PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 28, 2016

NEW ISSUE
BOOK-ENTRY ONLY

RATING: S&P: "A+"
See "RATING"

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS--Federal Tax Matters."

$10,940,000*
DOUGLAS COUNTY, NEVADA
HIGHWAY REVENUE
(MOTOR VEHICLE FUEL TAX) BONDS
SERIES 2016

Dated: Date of Delivery **Due: November 1, as shown herein**

The Bonds are issued as fully registered bonds in denominations of $5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS--Book-Entry Only System." The Bonds bear interest at the rates set forth herein, to and including the maturity dates shown herein (unless the Bonds are redeemed earlier), to the registered owners of the Bonds (initially Cede & Co.). Interest on the Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2017. The principal of the Bonds will be payable upon presentation and surrender at the principal office of Zions Bank, a division of ZB, National Association, Los Angeles, California, or its successor as the paying agent for the Bonds. See "THE BONDS."

The maturity schedule for the Bonds appears on the inside cover page of this Official Statement.

The Bonds are subject to optional redemption prior to maturity as described in "THE BONDS—Redemption Provisions." At the option of the winning bidder, certain of the Bonds may also be subject to mandatory sinking fund redemption.

Proceeds of the Bonds will be used to: (i) finance transportation improvement projects within the County; and (ii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds constitute special, limited obligations of Douglas County, Nevada, payable solely from and secured by an irrevocable pledge of the Net Pledged Revenues (defined herein) derived from certain excise taxes on motor vehicle fuel more particularly described herein. See "SECURITY FOR THE BONDS." As more fully described herein, the Bonds have a lien on the Net Pledged Revenues on a parity with the lien thereon of any parity bonds issued in the future. **The Bonds do not constitute a debt or indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and shall not be considered or held to be a general obligation of the County. Owners of the Bonds may not look to any other funds or accounts other than those specifically pledged to the payment of the Bonds.**

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as, and if issued by the County, subject to the approval of legality of the Bonds by Sherman & Howard L.L.C., Reno, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C. also has acted as special counsel to the County in connection with the preparation of this Official Statement. JNA Consulting Group, LLC, Boulder City, Nevada, is acting as Financial Advisor to the County. Certain legal matters will be passed upon for the County by the District Attorney. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about November 30, 2016.*

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*Preliminary, subject to change.

MATURITY SCHEDULE
(CUSIP*© 6-digit issuer number: ______)

$10,940,000*
DOUGLAS COUNTY, NEVADA
HIGHWAY REVENUE
(MOTOR VEHICLE FUEL TAX) BONDS
SERIES 2016

Maturing (November 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP© Issue Number
2017	$ 345,000			
2018	360,000			
2019	370,000			
2020	390,000			
2021	410,000			
2022	430,000			
2023	455,000			
2024	475,000			
2025	500,000			
2026	525,000			
2027	555,000			
2028	580,000			
2029	610,000			
2030	635,000			
2031	660,000			
2032	680,000			
2033	705,000			
2034	725,000			
2035	750,000			
2036	780,000			

* Preliminary, subject to change.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by Douglas County, Nevada (the "County"). The County provides certain information to the public on the internet; however, such information is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

The information set forth in this Official Statement has been obtained from the County and from the other sources referenced throughout this Official Statement, which are believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information received from parties other than the County. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

DOUGLAS COUNTY, NEVADA

<u>Board of County Commissioners</u>
Doug N. Johnson, Chair
Nancy McDermid, Vice Chair
Greg Lynn, Commissioner
Barry Penzel, Commissioner
Steve Thaler, Commissioner

<u>Regional Transportation Commission</u>
Gregg Lynn, Chair
Nancy McDermid, Vice Chair
Bobby Wartgow, Commissioner

<u>County Officials</u>
Larry Werner, County Manager
Kathy Lewis, County Clerk/Treasurer
Mark B. Jackson, District Attorney

FINANCIAL ADVISOR
JNA Consulting Group, LLC
Boulder City, Nevada

BOND AND SPECIAL COUNSEL
Sherman & Howard L.L.C.
Reno, Nevada

REGISTRAR AND PAYING AGENT
Zions Bank, a division of ZB, National Association
Los Angeles, California

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NOTE: Tables marked with (*) indicate Annual Financial Information to be updated by the County pursuant to SEC Rule 15c2-12, as amended. See "INTRODUCTION--Continuing Disclosure Undertaking."

[(1)] Only historical information (and not budgeted or estimated information) in this table is required to be updated.

OFFICIAL STATEMENT

$10,940,000*
DOUGLAS COUNTY, NEVADA
HIGHWAY REVENUE
(MOTOR VEHICLE FUEL TAX) BONDS
SERIES 2016

INTRODUCTION

General

This Official Statement, including the cover page and the appendices, is furnished by Douglas County, Nevada (the "County"), to provide information about the County's $10,940,000* Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2016 (the "Bonds"). The Bonds will be issued pursuant to an ordinance (the "Bond Ordinance") adopted by the Board of County Commissioners of the County (the "Board") on November 3, 2016. Capitalized terms used herein that are otherwise not defined have the meanings ascribed to them in the Bond Ordinance.

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page and the appendices, is unauthorized.

The County

The County is a political subdivision of the State of Nevada (the "State" or "Nevada") organized in 1861. The County covers an area of approximately 751 square miles in the western-central portion of the State. The County estimated population as of July 1, 2015, was 48,223. See "THE COUNTY."

Regional Transportation Commission

The Regional Transportation Commission (the "Commission") of Douglas County was established by ordinance of the Board on April 6, 1970, pursuant to enabling legislation passed by the 1970 Nevada Legislature. The Commission is responsible for the administration of the funds of the County generated from the County Motor Vehicle Fuel Tax (as defined herein). For more information, see "REVENUES AVAILABLE FOR DEBT SERVICE--Regional Transportation Commission."

The Bonds; Prior Redemption

The Bonds are issued solely as fully registered certificates in denominations of $5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of

* Subject to change.

Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS--Book-Entry Only System." The Bonds are dated as of the date of their delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the Bonds is described in "THE BONDS--Payment Provisions."

The Bonds are subject to redemption prior to maturity at the option of the County. At the option of the winning bidder certain of the Bonds may also be subject to mandatory sinking fund redemption.

Authority for Issuance

The Bonds are being issued pursuant to: the County Fuel Tax Law, Nevada Revised Statutes ("NRS") 373.010 through 373.200 (the "Project Act"); the Local Government Securities Law, NRS 350.500 through 350.720; the Supplemental Bond Act, Chapter 348 of NRS; Chapter 365 of NRS (the "Tax Act"); and the Bond Ordinance.

Purpose

Proceeds of the Bonds will be used to: (i) finance transportation improvement projects within the County; and (ii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

Security

Special, Limited Obligations. *The Bonds are special, limited obligations of the County payable solely from the Net Pledged Revenues (described below).* The Bonds do not constitute a general obligation debt or indebtedness of the County, the State or any other political subdivision of the State and no owner of any Bond may look to any source of funds other than the Net Pledged Revenues (defined below) for payment of debt service on the Bonds.

Net Pledged Revenues. The term "Net Pledged Revenues" is generally defined in the Bond Ordinance as all income and revenues derived directly or indirectly by the County from the "Fuel Taxes," after the deduction of the "Administration Expenses" and the "Direct Distributions." The term "Administration Expenses" is generally defined in the Bond Ordinance as the expenses incurred in collecting the Fuel Taxes and administering and enforcing all laws, rules and regulations pertaining thereto, and the term "Direct Distributions" is generally defined in the Bond Ordinance as the share of the proceeds of the Fuel Taxes distributed to any other municipality within the County. For complete definitions of the terms "Net Pledged Revenues," "Administration Expenses," and "Direct Distributions," see Appendix B.

Notwithstanding the definition of Net Pledged Revenues, the County has never incurred any Administration Expenses because the Fuel Taxes are, by contract, collected and enforced by the Nevada Department of Taxation (the "Department of Taxation") and the Department of Taxation deducts its collection and enforcement costs before remitting the balance of the Fuel Taxes to the County. See "REVENUES AVAILABLE FOR DEBT SERVICE--Manner of Collection of Fuel Taxes." Further, because the County does not presently have any incorporated municipalities located within its boundaries it does not presently make any Direct

Distributions. Consequently, because the County has never incurred any Administration Expenses (nor does it expect to incur any such Administration Expenses in the future) and does not make any Direct Distributions, all of the Fuel Taxes remitted to the County by the Department of Taxation have historically been, and are expected to continue to be, "Net Pledged Revenues."

Generally, the Fuel Taxes include the "County Motor Vehicle Fuel Tax" and the "State Motor Vehicle Fuel Tax," as further described below. The Fuel Taxes currently are levied and/or received by the County pursuant to the Project Act, the Tax Act, and the Tax Ordinance, as applicable. See "SECURITY FOR THE BONDS" and "REVENUES AVAILABLE FOR DEBT SERVICE." *No other revenues of the County are pledged to pay the Bonds.*

County Motor Vehicle Tax. The "County Motor Vehicle Tax" means an excise tax levied by the County by the ordinance adopted by the Board on April 6, 1970, as amended, and codified in Chapter 03.08 of the Douglas County Code (the "Tax Ordinance"), at the current rate of nine cents (9¢) per gallon on all motor vehicle fuel sold, distributed or used in the County as provided by the Tax Ordinance, except as therein otherwise provided. See "REVENUES AVAILABLE FOR DEBT SERVICE--County Motor Vehicle Fuel Tax and "--Historical and Pro Forma Net Pledged Revenues and Debt Service Coverage." The Tax Ordinance as originally adopted imposed the County Motor Vehicle Fuel Tax in the amount of two cents (2¢) per gallon. It was amended on June 5, 1986, to increase the tax to four cents (4¢) per gallon, and amended again on December 3, 2015, to increase the tax to nine cents (9¢) per gallon, where it remains today.

State Motor Vehicle Tax. The "State Motor Vehicle Tax" means the County's interest in an additional five and thirty-five hundredths cents (5.35¢) per gallon on all motor vehicle fuel sold, distributed or used in and levied by the State by the Tax Act, and distributed in part to the County (as well as the other counties of the State) by NRS 365.550 and 365.560. See "REVENUES AVAILABLE FOR DEBT SERVICE--State Motor Vehicle Fuel Tax" and "--Historical and Pro Forma Net Pledged Revenues and Debt Service Coverage."

Lien Priority; Additional Bonds. The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien thereon of any additional bonds or other obligations issued in the future with a lien on the Net Pledged Revenues which is on a parity with the lien of the Bonds. The Bonds and any additional bonds or other obligations with a lien on the Net Pledged Revenues that is on a parity with the lien of the Bonds are referred to together as the "Parity Bonds." See "SECURITY FOR THE BONDS--Additional Bonds." The County may not authorize or issue any additional bonds or other securities with a lien on the Net Pledged Revenues which is superior to the lien of the Bonds.

The County does not currently plan to issue additional parity bonds or other additional parity securities; however, it reserves the right to do so at any time the County determines that it is necessary to meet its capital needs.

Contingent Reserve Fund. The Bonds are secured by, to the extent it is funded, the "Douglas County, Nevada, Highway Revenue Bonds Reserve Fund" (the "Reserve Fund"). In general, the Reserve Fund is required to be funded over a 24 month period if the Net Pledged Revenues received in the preceding Fiscal Year are calculated to be less than two times the sum of: (i) the annual principal and interest requirements paid in such preceding Fiscal Year with respect to the Bonds and all parity securities outstanding; and, (ii) if such calculation is made in connection with the proposed issuance of any additional parity securities, the annual principal and interest requirements in the current Fiscal Year with respect to such proposed securities. For a detailed description of the circumstances under which the Reserve Fund is required to be funded, and a detailed description of its method of funding, see “Flow of Funds--Contingent Reserve Fund-Payments” below and Appendix B - Summary of Certain Provisions of the Bond Ordinance.

Professionals

Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel and also has acted as Special Counsel to the County in connection with preparation of this Official Statement. The County’s financial advisor in connection with the issuance of the Bonds is JNA Consulting Group, LLC, Boulder County, Nevada (the “Financial Advisor”). See “FINANCIAL ADVISOR.” The fees of the Financial Advisor will be paid only from Bond proceeds at closing. The audited basic financial statements of the County (contained in Appendix A to this Official Statement) include the report of Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada. See “INDEPENDENT AUDITORS.” Zions Bank, a division of ZB, National Association, Los Angeles, California, will act as Registrar and Paying Agent for the Bonds (the “Registrar” and “Paying Agent”).

Tax Matters

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income pursuant to the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS--Federal Tax Matters.”

Under laws of the State in effect as of the date of issuance of the Bonds, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See “TAX MATTERS--State Tax Exemption.”

Continuing Disclosure Undertaking

The County will execute a continuing disclosure certificate with respect to the Bonds (the “Disclosure Certificate”) at the time of the closing for the Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Bonds and the County will covenant in the Bond Ordinance to comply with its terms. The Disclosure Certificate will provide that so long as the Bonds remain outstanding, the County will provide the following information to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; all as more particularly described in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D.

The County has entered into similar continuing disclosure undertakings with respect to certain of its outstanding bonds (the “Prior Undertakings”). The Prior Undertakings require the County to provide notice “in a timely manner” of certain enumerated events. The County’s third-party paying agent for one series of such bonds agreed to file a notice of redemption with respect to such bonds on or about July 1, 2014 (for an August 1, 2014 redemption) but did not file such notice until August 5, 2014.

The Prior Undertakings also require the County to file its annual reports and audited financial statements within 9 months of each fiscal year end. The County has timely filed such annual reports and audited financial statements with respect to each of its outstanding and prior outstanding obligations, but did not link such reports to one of its outstanding bond issues for fiscal years 2010 through 2013. Such reports were linked to such bond issue on September 29, 2016.

Certain Bondholder Risks

The purchase of the Bonds involves certain investment risks that are discussed throughout this Official Statement. See, in particular, “CERTAIN RISK FACTORS.” Each prospective investor should read this Official Statement in its entirety and to give particular attention to the risks described herein which could affect the payment of the Bonds and could affect the market price of the Bonds to an extent that cannot be determined at this time.

Additional Information

<u>This introduction is only a brief summary of the provisions of the Bonds, the Bond Ordinance, and related documents. A full review of the entire Official Statement should be made by potential investors</u>. Brief descriptions of the Bonds, the Bond Ordinance, the County, and the Net Pledged Revenues are included in this Official Statement. All references herein to the Bonds, the Bond Ordinance and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the County and the Financial Advisor at the addresses set forth below:

Douglas County, Nevada
Attn: Accounting Manager
P.O. Box 218
Minden, Nevada 89423
Telephone: (775) 782-9097

JNA Consulting Group, LLC
410 Nevada Way, Suite 200
Boulder County, NV 89005
Telephone: (702) 294-5100

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied in the manner set forth in the following table.

Sources and Uses of Funds

SOURCES:	
Principal amount	
Plus/(less): net original issue premium/(discount)	
Total	
USES:	
The Project	
Costs of issuance (including underwriting discount) ...	
Total	

Source: The Financial Advisor.

The Project

The net proceeds of the Bonds will be used to finance transportation improvement projects authorized by the Board within the area covered by the County's 5-Year Transportation Plan.

THE BONDS

General

The Bonds will be issued as fully registered bonds in denominations of $5,000 and any integral multiple thereof. The Bonds will be dated as of their date of delivery and will mature and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The Bonds initially will be registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the Bonds. See "Book-Entry Only System" below.

Payment Provisions

The Bonds shall bear interest (calculated on the basis of a 360 day year consisting of twelve 30 day months) from their date until their respective maturity dates (or, if redeemed prior to maturity as provided below, their redemption dates) at the respective rates set forth on the inside cover page hereof, and payable semiannually on May 1 and November 1 of each year commencing on May 1, 2017; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates set forth on the inside cover page hereof from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from the date of the Bonds. The Bonds shall mature on the designated dates in the amounts of principal, as designated on the inside cover page hereof. The principal of any Bond shall be payable upon presentation and surrender at the principal office of the Paying Agent. If any Bond shall not be paid when due (after presentation and surrender at maturity, if applicable), it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full.

The of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his or her address as shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten (10) days prior thereto by first-class mail to each such registered owner as shown on the Registrar's registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent (provided, however, that the County shall not be required to make funds available to the Paying Agent prior to the due dates of interest and principal, respectively). All such payments shall be made in lawful money of the

United States of America, without charge for any fees or charges of the Paying Agent or Registrar.

Notwithstanding the foregoing, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to DTC's Participants (defined in Appendix C) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in Appendix C) is the responsibility of DTC's Participants and the Indirect Participants (defined in Appendix C), as more fully described herein. See "Book-Entry Only System" below.

Redemption Provisions

Optional Redemption. The Bonds, or portions thereof ($5,000 or any integral multiple), maturing on or after November 1, 2027 will be subject to redemption prior to their respective maturities at the option of the County on and after November 1, 2026, in whole or in part at any time, from any maturities selected by the County and by lot within a maturity (giving proportionate weight to the Bonds in denominations larger than $5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on November 1, 20__ (the "Term Bonds"), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date.

As a sinking fund for the redemption of the Term Bonds, there shall be deposited into the Bond Fund on or before the dates set forth below, a sum which, together with other moneys available in the Bond Fund, is sufficient to redeem (after credit as described below) the Term Bonds on the dates and in the principal amounts set forth below, plus accrued interest to the redemption date.

Redemption Date (November 1)	Principal Amount

Term Bonds being redeemed in part will be selected by lot in such manner as the Registrar may determine. Not more than 60 days nor less than 30 days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all Outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments, and shall call such Term Bonds or portions thereof for redemption from the sinking fund on the next principal payment date, and give notice of such call as described in "Notice of Redemption" below.

At the option of the County to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds, or portions thereof ($5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or, (ii) specify a principal amount of Term Bonds, or portions thereof ($5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portions thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the County on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the County determines.

Notice of Redemption. Unless waived, notice of prior redemption shall be given electronically by the Registrar in the name and on behalf of the County as long as Cede & Co., or a nominee of a successor depository is the registered owner of the Bonds and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the Municipal Securities Rulemaking Board vita its Electronic Municipal Market Access ("MSRB"), in the insurer of the Bonds, if any, and the registered owner of any Bond all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. The notice shall identify the Bonds or portions thereof to be redeemed, specify the Redemption Date, and state that on such date the principal amount thereof will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Ordinance), and that after such Redemption Date interest will cease to accrue. The notice of prior redemption shall further state that on such date there will become and will be due and payable upon each Bond so to be redeemed at the office of the Paying Agent or at such other office as is designated by the Paying Agent, the principal amount thereof, accrued interest thereon to the Redemption Date, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof at the Paying Agent or at such other office as is designated by the Paying Agent, the County will pay the Bond or Bonds so called for redemption. Actual receipt of notice by the MSRB, the insurer of the Bonds, if any, or any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the MSRB, the insurer of the Bonds, if any, or the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

Notwithstanding the provisions described above, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that is such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was given.

Tax Covenants

In the Bond Ordinance, the County covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the County or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

Defeasance

When all Bond Requirements of any of the Bonds have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and such Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment of any Bond when the County has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested wholly or in part) to meet all Bond Requirements of such Bond, as the same become due to the final maturity of such Bond. The Federal Securities shall become due prior to the respective times in which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owners of the defeased Bonds at the address last shown on the registration records for the Bonds maintained by the Registrar.

Book-Entry Only System

The Bonds will be available only in book-entry form in the principal amount of $5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity of each series, as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL <u>NOT</u> MEAN THE BENEFICIAL OWNERS.

None of the County, the Registrar or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix C), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix C to this Official Statement.

Debt Service Requirements

The following table sets forth the estimated annual debt service requirements for the Bonds.

Debt Service Requirements[(1)*]

Fiscal Year	Principal*	Interest[(2)*]	Total[(2)*]
2017		$ 191,372	$ 191,372
2018	$ 345,000	451,075	796,075
2019	360,000	438,700	798,700
2020	370,000	424,100	794,100
2021	390,000	406,950	796,950
2022	410,000	386,950	796,950
2023	430,000	365,950	795,950
2024	455,000	343,825	798,825
2025	475,000	320,575	795,575
2026	500,000	296,200	796,200
2027	525,000	270,575	795,575
2028	555,000	243,575	798,575
2029	580,000	215,200	795,200
2030	610,000	188,500	798,500
2031	635,000	163,600	798,600
2032	660,000	137,700	797,700
2033	680,000	114,300	794,300
2034	705,000	93,525	798,525
2035	725,000	72,075	797,075
2036	750,000	46,200	796,200
2037	780,000	15,600	795,600
TOTAL:	$ 10,940,000	$ 5,186,547	$ 16,126,547

*Preliminary, subject to change.

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(1) Totals do not add due to rounding.
(2) Assumes interest at rates estimated by the Financial Advisor.

Source: The Financial Advisor.

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* Subject to change.

SECURITY FOR THE BONDS

Special, Limited Obligations

The Bonds are special, limited obligations of the County payable solely from the Net Pledged Revenues. Neither the Bonds nor the interest thereon constitute a general obligation debt or indebtedness of the County, the State, nor any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation; and the Bonds shall not be considered or held to be general obligations of the County. The owners of the Bonds do not have the right to require or compel the exercise of the taxing power of the County or of any other taxing entity for payment of the principal of or interest on the Bonds. The owners of the Bonds may not look to the County's General Fund or any other funds of the County (other than those pledged) for payment of the Bonds. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the generation of Net Pledged Revenues in an amount sufficient to meet debt service requirements on the Bonds.

Net Pledged Revenues

The term "Net Pledged Revenues" is generally defined in the Bond Ordinance as all income and revenues derived directly or indirectly by the County from the "Fuel Taxes," or any part thereof, after the deduction of the "Administration Expenses" and the "Direct Distributions." The term "Administration Expenses" is generally defined in the Bond Ordinance as the expenses incurred in fixing and collecting the Fuel Taxes and the costs of administering and enforcing laws, rules and regulations pertaining thereto, and the term "Direct Distributions" is generally defined in the Bond Ordinance as the shares of the proceeds of the Fuel Taxes levied and collected pursuant to the Project Act and the Tax Ordinance and allocated thereunder to certain cities and towns within the County in aid of approved construction projects from the Highway Fund. For complete definitions of the terms "Net Pledged Revenues," "Administration Expenses," and "Direct Distributions," see Appendix B.

Notwithstanding the definition of Net Pledged Revenues, the County has never incurred any Administration Expenses because the Fuel Taxes are, by contract, collected and enforced by the Department of Taxation and the Department of Taxation deducts its collection and enforcement costs before remitting the balance of the Fuel Taxes to the County. See "REVENUES AVAILABLE FOR DEBT SERVICE--Manner of Collection of Fuel Taxes." Further, because the County presently has no incorporated municipalities located within its boundaries it does not presently make any Direct Distributions. Consequently, because the County has never incurred any Administration Expenses (nor does it expect to incur any such Administration Expenses in the future) and does not make any Direct Distributions, all of the Fuel Taxes remitted to the County by the Department of Taxation have historically been, and are expected to continue to be, "Net Pledged Revenues."

Generally, the Fuel Taxes include the "County Motor Vehicle Fuel Tax" and the "State Motor Vehicle Fuel Tax." The Fuel Taxes currently are levied and/or received by the County pursuant to the Project Act, the Tax Act, and the Tax Ordinance, as applicable. For a description of the Fuel Taxes, see "REVENUES AVAILABLE FOR DEBT SERVICE." *No other revenues of the County are pledged to pay the Bonds.*

Lien Priority

The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with any additional Parity Bonds issued in the future. The Bond Ordinance prohibits the County from issuing additional bonds or other additional securities payable from all or a portion of the Net Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the Bonds

No Repeal of Fuel Taxes

Pursuant to NRS 373.120, the State has pledged that the State statutes imposing the Fuel Taxes shall not be repealed, amended or otherwise directly or indirectly modified in such a manner as to impair adversely the Bonds or any outstanding parity bonds. NRS 373.120 also prohibits the County from repealing, amending or otherwise directly or indirectly modifying the County Motor Vehicle Fuel Tax in such a manner as to impair adversely the Bonds or any outstanding parity bonds.

The County has covenanted in the Bond Ordinance that, while the Bonds or any of them remain Outstanding and unpaid, the County shall (i) not decline to accept the State Motor Vehicle Fuel Tax levied by the State in the amounts not less than five and thirty-five hundredths cents (5.35¢) and (ii) cause the County Motor Vehicle Fuel Tax to be levied and collected by the County in amounts of not less than nine cents (9¢) per gallon, on all motor vehicle fuel sold, distributed or used in the County as provided in the Bond Ordinance, the Tax Ordinance, the Project Act, and the Tax Act, except as otherwise provided in the Bond Ordinance, the Tax Ordinance, the Project Act and the Tax Act, including, without limitation, provisions therein for any deductions and any refunds not constituting Administration Expenses or Direct Distributions, and so including provisions in the Bond Ordinance, the Tax Ordinance, the Project Act, and the Tax Act pertaining to exempt sales and other exempt transactions or to amounts derived from any other excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes, regardless of whether now or hereafter fixed and imposed. The covenant described in this paragraph is hereafter referred to as the “Fuel Tax Covenant.”

Contingent Reserve Fund

General. The Bonds, the Parity Lien Bonds, and any parity securities hereafter issued are also secured by, to the extent it is funded, a Reserve Fund. In general, the Reserve Fund is required to be funded over a 24 month period if the Net Pledged Revenues received in the preceding Fiscal Year are calculated to be less than two times the sum of: (i) the annual principal and interest requirements paid in such preceding Fiscal Year with respect to the Bonds and all parity securities outstanding; and, (ii) if such calculation is made in connection with the proposed issuance of any additional parity securities, the annual principal and interest requirements in the current Fiscal Year with respect to such proposed securities. For a detailed description of the circumstances under which the Reserve Fund is required to be funded, and a detailed description of its method of funding, see “Flow of Funds--Contingent Reserve Fund-Payments” below and Appendix B - Summary of Certain Provisions of the Bond Ordinance. At the time of issuance of the Bonds, no funds shall be required to be on deposit in the Reserve Fund.

Reserve Fund Requirement. The Reserve Fund Requirement is defined in the Bond Ordinance as an amount equal to the combined maximum annual debt service on the Bonds and any parity securities outstanding at the time of calculation; provided, however, there shall be no Reserve Fund Requirement unless and until the conditions specified in "Flow of Funds--Contingent Reserve Fund-Payments" below are met.

Flow of Funds

So long as any of the Bonds shall be Outstanding, as to any Bond Requirements (defined in Appendix B), the entire Gross Pledged Revenues (as more particularly described in Appendix B) except for such amounts withheld by dealers, users and the Department to reimburse themselves (excluding the Department) for handling losses occasioned by evaporation, spillage and other similar causes, and to reimburse themselves (including the Department) for the costs of their respective services in the performance by them of all functions incident to the administration of the Fuel Taxes, and constituting Administration Expenses, pursuant to the Project Act, to the Tax Act, to the Tax Ordinance, except for amounts refunded to taxpayers as provided in such statutes and ordinance, and except for the required share of the Net Proceeds of the taxes levied by the State in NRS 365.180 and 365.190, needed to make the remittances and deposits required of the State by NRS 365.535 and 365.565, shall continue to be set aside upon the receipt of such revenues by the County and credited to the Highway Fund (defined in Appendix B).

Payments shall be made from the Highway Fund as described below:

First Charges. First, as a first charge on the Highway Fund, there shall from time to time be withdrawn and set aside:

Administration Expenses. Initially, as a first charge thereon, sufficient moneys to pay any Administration Expenses not withheld by dealers, users and the Department or otherwise defrayed by other than the County; and

Direct Distribution. Thereafter, as the next charge thereon, sufficient moneys to make the required Direct Distributions, if any.

Nothing in the Bond Ordinance permits the payment of any Administration Expenses incurred by the County with any proceeds of the taxes levied by the State in NRS 365.180 and 365.190, or otherwise, or requires the withdrawal from the Highway Fund of any moneys allocated for the payment of Administration Expenses or Direct Distributions until obligations pertaining thereto have accrued and become due, and any such moneys so allocated may be retained in the Highway Fund pending withdrawals for the payment of such obligations. Any such withdrawals becoming surplus and remaining at the end of the Fiscal Year and not needed for Administration Expenses or Direct Distributions shall be transferred back to the Highway Fund and shall be used for the purposes thereof, as herein provided.

As described above under "SECURITY FOR THE BONDS--Net Pledged Revenues, the County has never incurred any Administration Expenses or made any Direct Distributions. Consequently, all of the Fuel Taxes remitted to the County by the Department of Taxation have historically been, and are expected to continue to be, "Net Pledged Revenues."

Bond Fund Payments. Second, and subject to the aforesaid provisions, from any moneys remaining in the Highway Fund, i.e., from the Net Pledged Revenues, the following transfers shall be made for the payment of the Bonds and any parity securities issued with a lien on the Net Pledged Revenues on a parity with the lien of the Bonds:

A. Monthly, commencing on the first of the month following the date of delivery of the Bonds, one-sixth of the amount necessary to pay the next maturing installment of interest on the Bonds, taking into account other moneys from time to time available therefor from whatever source, including without limitation the moneys, if any, provided in Section 402 hereof, except to the extent any other moneys are available therefor.

B. Monthly, commencing on the first of the month following the date of delivery of the Bonds, in substantially equal amounts, the amount necessary to pay the principal coming due on the Bonds on the first principal payment date, and thereafter, monthly commencing on the first principal payment date, one-twelfth of the amount necessary to pay the next maturing principal of the Outstanding Bonds, taking into account other moneys from time to time available therefor from whatever source, except to the extent any other moneys are available therefor.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds. In addition, if parity securities are hereafter issued, payments for such bonds shall be made into the Bond Fund concurrently with the payments for the Bonds.

Rebate Fund. Third, after the payments hereinabove required to be made are made, the County shall deposit Net Pledged Revenues into the "Douglas County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2016, Rebate Fund" (the "Rebate Fund") as required under Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code") and regulations promulgated thereunder and shall apply such funds to the extent required to comply with the covenant in Section 820 hereof to make payments to the United States. Any moneys in such fund not needed for such purpose shall be transferred to the Highway Fund. Payments into similar rebate funds for additional bonds hereafter issued with a lien on the Net Pledged Revenues on a parity with the lien on the Bonds shall be made concurrently with payments into the Rebate Fund.

Termination of Deposits. No payment need be made into the Bond Fund, the Reserve Fund, or both, if the amount in the Bond Fund and the Reserve Fund total a sum at least equal to the entire amount of the Outstanding Bonds and any Outstanding securities hereafter issued with a lien on the Net Pledged Revenues on a parity with the lien of the Bonds as to all Bond Requirements to their respective maturities or to any redemption date on which the County shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities any such Outstanding securities hereafter issued with a lien on the Net Pledged Revenues on a parity with the lien of the Bonds thereafter maturing, and both accrued and not accrued, in which case moneys in those two accounts in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such deposit to the time or respective times the proceeds of any such investment shall be needed for such payment, at least equal to such Bond Requirements, shall be used together with any such gain from investments solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Board.

Defraying Delinquencies. If the County shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then, to the extent the Reserve Fund has been funded as described in the Bond Ordinance, an amount shall be paid into the Bond Fund in such month from the Reserve Fund at such time equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The moneys in the Bond Fund and in the Reserve Fund shall be used solely and only for the purpose of paying the Bond Requirements of the Bonds and any outstanding parity securities hereafter issued; but any moneys at any time in excess of the Reserve Fund Requirement in the Reserve Fund, including, without limitation, any such excess resulting from investment gain as provided in the Bond Ordinance, may be withdrawn therefrom, and transferred from time to time to the Bond Fund, and used as herein provided for the redemption of the Outstanding Bonds and any such outstanding parity securities as they become due at maturity, on any redemption date, or as they otherwise are made available for payment by purchase in the open market or otherwise; and also any moneys in the Bond Fund and in the Reserve Fund in excess of the Bond Requirements, both accrued and not accrued, to the respective maturities or designated redemption date of the Outstanding Bonds and any such outstanding parity securities may be used as hereinabove provided in the Bond Ordinance.

Payment of Additional Subordinate Securities. Fourth, and subject to the provisions in Article V of the Bond Ordinance, but subsequent to the payments hereinabove required to be made, as provided in Article VII of the Bond Ordinance, any moneys remaining in the Highway Fund may be used by the County for the payment of Bond Requirements of additional Bonds or other additional securities payable from the Pledged Revenues having a lien on the Net Pledged Revenues subordinate to the lien of the Bonds and subordinate to the lien of any securities hereafter issued on a parity with the Bonds which are hereafter authorized to be issued in accordance with Article VII of the Bond Ordinance and any other provisions supplemental thereto, including reasonable reserves for such securities, as the same accrue; but the lien of such additional Bonds or other additional securities on the Pledged Revenues and the pledge thereof for the payment of such additional securities shall be subordinate to the lien and pledge of the Bonds and any Bonds on a parity with the Bonds, as herein provided. (Any additional securities on a parity with the Bonds shall be payable from the Bond Fund pursuant to the Bond Ordinance.)

Use of Remaining Revenues. After the transfers required to be made as described above are made, any remaining Net Pledged Revenues in the Highway Fund may be used for any one or any combination of lawful purposes, as the Board may from time to time determine, including, without limitation:

A. State Tax of 3.60¢. The use of the proceeds received by the County pursuant to NRS 365.550 (or such part thereof as may remain after there are made the payments required to be made in the provisions of the Bond Ordinance described above) of the tax of three and six-tenths cents (3.60¢) per gallon levied by the State on motor vehicle fuel by NRS 365.180, for any one or combination of purposes (other than the payment of securities issued pursuant to the Project Act or any law supplemental thereto) permitted by NRS 365.550, as from time to time amended, and by all laws supplemental thereto; and

B. State Tax of 1.75¢. The apportionment by the County of the proceeds received pursuant to NRS 365.560 (or such part thereof as may remain after there are made the payments required to be made in the provisions of the Bond Ordinance described above) between the County, towns with town board organized under NRS 269.016 to 269.019 and the incorporated cities within the County pursuant to section 365.560 from the tax of one and three quarter cent (1.75¢) per gallon levied by the State in NRS 365.190, as allocated by the State to the County and received by it, and the use of the part remaining to the County after such allocation for any one or combination of purposes (other than the payment of securities issued pursuant to the Project Act or any law supplemental thereto) permitted by NRS 365.560(3), as from time to time amended, and by all laws supplemental thereto.

For the purpose of accounting for such remaining revenues to meet the requirements of NRS 365.550 and 365.560, there shall be deemed to have been used in any Fiscal Year from the moneys accounted for in the Highway Fund to meet the requirements provided in the Bond Ordinance as to the use of the Net Pledged Revenues in sections of the Bond Ordinance described above, the proceeds of the taxes levied by the State in NRS 365.180 and 365.190, only to the extent that the proceeds of the Fuel Taxes levied by the County are insufficient for that purpose. If the proceeds of such State taxes are so used in any Fiscal Year, the proceeds of the State tax designated above in subsection A and the proceeds of the State tax designated above in subsection B shall respectively be reduced to the extent of such use for such Fiscal Year on a pro rata basis related to the amount received in the Fiscal Year by the County from each such State tax, prior to the use of any such tax proceeds pursuant to subsections A and B as moneys become available therefor.

Contingent Reserve Fund. There is created in the Bond Ordinance a separate account to be known as the "Douglas County, Nevada Highway Revenue Bonds Reserve Fund." At the time of issuance of the Bonds, no funds shall be required to be on deposit in the Reserve Fund. No later than December 31 of each year, the chief financial officer of the County shall calculate the coverage of the Net Pledged Revenues received over the debt service requirements paid in the preceding Fiscal Year. Such calculation shall be performed using audited financial information. In the event that, according to such calculation, the Net Pledged Revenues received in any Fiscal Year are less than two times the debt service requirements paid in such Fiscal Year with respect to the Bonds and all parity bonds outstanding, the County shall fund the Reserve Fund with twenty-four equal monthly payments, commencing on January 1 of the following calendar year. The monthly payments shall be in an amount sufficient that upon the completion of the payments, the Reserve Fund shall be funded at the Reserve Fund Requirement.

If the Reserve Fund is required to be funded as described in the preceding paragraph, the payments to fund the Reserve Fund shall be made concurrently with the transfers required to be made to the Bond Fund, and before the payments required to be made to the Rebate Fund. Transfers shall also be made to the Reserve Fund to reaccumulate funds up to the Reserve Fund Requirement, with twenty-four substantially equal monthly payments, beginning on the first day of the month following a withdrawal from the Reserve Fund or a valuation of the investments therein which shows that the amounts therein are less than the Reserve Fund Requirement. No transfer need be made to the Reserve Fund so long as the moneys therein shall equal not less than the Reserve Fund Requirement. The moneys in the Reserve Fund, to the extent it is required to be funded as herein described, shall continue to be accumulated and maintained as a continuing reserve, except as provided in the Bond Ordinance, and other provisions herein supplemental to such sections, only to prevent deficiencies in the payment of the principal of and the interest on the Outstanding Bonds and any outstanding parity securities hereafter issued resulting from the failure to deposit in the Bond Fund sufficient funds to pay such principal and interest as the same accrue.

Additional Bonds

Additional Parity Securities. The Bond Ordinance allows the County to issue additional parity securities; provided however, that before any such additional parity bonds or other additional parity securities are authorized or actually issued, the following requirements must be met.

Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities as provided in the Bond Ordinance, the County shall not be in default in the maintenance of the Fuel Tax Covenant (described above under "Fuel Tax Covenant") or in default in making any payments described in "Flow of Funds" above (including, without limitation, required Reserve Fund payments, if any).

Earnings Test. Except as otherwise expressly provided in the Bond Ordinance, the Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional parity securities shall have been at least sufficient to pay an amount equal to 170% of the combined maximum annual principal and interest requirements of the Outstanding Bonds, and any Outstanding Bonds issued with a lien on the Pledged Revenues which is on a parity with the lien thereon of the Bonds, and the bonds or other securities proposed to be issued (excluding any reserves therefor); but, the County may authorize and issue additional bonds or other securities to refund any Outstanding Bonds and may authorize and issue additional bonds or other securities with a lien on the Net Pledged Revenues that is subordinate to the lien of the Bonds without complying with this provision.

Adjustment of Pledged Revenues. If any Fuel Tax constituting supplemental Pledged Revenues had not accrued and been payable for the full Fiscal Year immediately preceding the date of the issuance of any such additional parity securities, any amount of Net Pledged Revenues which was actually collected for the designated Fiscal Year may be increased to an amount which it is estimated would have been collected if such Fuel Tax had accrued and been payable for the full Fiscal Year designated based upon the known collections of Net Pledged Revenues preceding such adjustment

Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement for the purposes of this additional bonds test the amount of any prior redemption premiums due on any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

Certification of Revenues. A written certification or written opinion by the chief financial officer of the County or an Independent Accountant (each defined in Appendix B), based upon estimates thereby as described in "Adjustment of Net Pledged Revenues" above, that such Net Pledged Revenues, when adjusted as described in "Adjustment of Net Pledged Revenues" and "Reduction of Annual Requirements" above, are sufficient to pay the amounts described in "Historic Earnings Test" above, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the Bonds.

Refunding Bonds. The Bond Ordinance provides different requirements for the issuance of refunding bonds to be issued on a parity with the Bonds.

At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the Governing Body shall find it desirable to refund any Outstanding Bonds or other Outstanding securities payable from and constituting a lien upon the Pledged Revenues, such Bonds or other securities, or any part thereof, may be refunded (but only with the consent of the owner or owners of all such Outstanding securities unless the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for refunding purposes at the County's option upon proper call), regardless of whether the priority of the lien for the payment of the refunding securities on the Pledged Revenues is changed (except as described below).

Partial Refundings. The refunding bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any Bonds or other securities of the same issue which is not refunded, if there are any; and the owner or owners of such refunding bonds or such other refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the unrefunded Bonds or other unrefunded securities of the same issue partially refunded by the refunding securities.

Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from the Pledged Revenues shall be issued with such details as the Governing Body may by instrument provide, subject to the provisions of the Bond Ordinance, and subject to the inclusion of any such rights and privileges described in "Partial Refundings" above, but without any impairment of any contractual obligation imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues (including but not necessarily limited to the Bonds).

Protection of Securities Not Refunded. If only a part of the Outstanding Bonds and any other Outstanding securities of any issue or issues payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

Requirements Not Increased. Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date of such unrefunded securities, and the lien of any refunding bonds or other refunding securities on the Pledged Revenues is not raised to a higher priority than the lien thereon of the Bonds or other securities thereby refunded; or

Subordinate Lien. Unless the lien on the Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

Default and Earnings Test. Unless the refunding bonds or other refunding securities are issued in compliance with the requirements described in "Additional Parity Securities" above.

Superior Lien Securities Prohibited; Subordinate Securities Permitted

The Bond Ordinance prohibits the County from authorizing or issuing additional bonds or other securities with a lien on the Pledged Revenues which is superior to the lien of the Bonds or superior to the lien of any bonds or other securities issued on a parity with the Bonds.

Subject to certain limitations contained in the Bond Ordinance, the County may issue additional bonds or other additional securities payable from the Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

REVENUES AVAILABLE FOR DEBT SERVICE

Fuel Taxes Generally

The term "Net Pledged Revenues" is generally defined in the Bond Ordinance as all income and revenues derived directly or indirectly by the County from the "Fuel Taxes," after the deduction of the "Administration Expenses" and the "Direct Distributions." The term "Administration Expenses" is generally defined in the Bond Ordinance as the expenses incurred in collecting the Fuel Taxes and administering and enforcing all laws, rules and regulations pertaining thereto, and the term "Direct Distributions" is generally defined in the Bond Ordinance as the share of the proceeds of the Fuel Taxes distributed to any other municipality within the County. For complete definitions of the terms "Net Pledged Revenues," "Administration Expenses," and "Direct Distributions," see Appendix B.

Notwithstanding the definition of Net Pledged Revenues, the County has never incurred any Administration Expenses because the Fuel Taxes are, by contract, collected and enforced by the Department of Taxation and the Department of Taxation deducts its collection and enforcement costs before remitting the balance of the Fuel Taxes to the County. See "Manner of Collection of Fuel Taxes" below. Further, because the County presently has no incorporated municipalities within its boundaries it does not presently make any Direct Distributions. Consequently, because the County has never incurred any Administration Expenses (nor does it expect to incur any such Administration Expenses in the future) and does not make any Direct Distributions, all of the Fuel Taxes remitted to the County by the Department of Taxation have historically been, and are expected to continue to be, "Net Pledged Revenues."

Fuel Taxes may hereafter consist of revenues from excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or of any such excise taxes of any value pledged in supplementation thereof. Pursuant to Section 373.160, NRS, the lien on the Net Pledged Revenues extends to the proceeds of any tax collected for the use by the County on any fuel so long as the Bonds remain outstanding and is not limited to any type or types of fuel in use when the Bonds are issued.

County Motor Vehicle Fuel Tax

Authority for Imposition of County Motor Vehicle Fuel Tax. The County is authorized by the Project Act, among other powers, to impose the County Motor Vehicle Fuel Tax on motor vehicle fuel sold in the County (subject to certain exceptions and refunds) in an amount not to exceed nine cents (9¢) per gallon and to pay the costs of any approved street or highway construction project by direct use of such tax proceeds or by borrowing money therefor by the issuance of revenue bonds and other revenue securities payable from the net proceeds of the County Motor Vehicle Fuel Tax.

Pursuant to such statutory authority, on April 6, 1970, the County passed the Tax Ordinance, imposing an excise tax of two cents (2¢) per gallon on sales of motor vehicle fuel, subject to exempt sales and transactions provided therein and noted above. The Tax Ordinance was amended on June 5, 1986, to increase the tax to four cents (4¢) per gallon, and again on December 3, 2015, to increase the tax to nine cents (9¢) per gallon where it remains today. The full nine cents (9¢) per gallon of the County Motor Vehicle Fuel Tax is pledged to the Bonds, subject to certain lien priorities as described under "SECURITY FOR THE BONDS--Lien Priority."

Description of County Motor Vehicle Fuel Tax. The County Motor Vehicle Fuel Tax, currently imposed at the rate of nine cents (9¢) per gallon, is an excise tax imposed on motor vehicle fuel as defined in the Project Act. The Tax Ordinance is required to include provisions identical to those contained in the Tax Act (including those relating to collection, rebate, and exemptions described below). Any amendments to the Project Act automatically become a part of the Tax Ordinance.

Accounting for County Motor Vehicle Fuel Tax. All proceeds of the County Motor Vehicle Fuel Tax received by the County are deposited into the County's Regional Transportation Fund. See "REVENUES AVAILABLE FOR DEBT SERVICE--Regional Transportation Commission" below.

State Motor Vehicle Fuel Tax

Authority for Imposition of State Motor Vehicle Fuel Taxes. Pursuant to the Tax Act, the State levies the State Motor Vehicle Fuel Tax for distribution to the counties and cities in the State on all motor vehicle fuel sold, distributed or used in the State (subject to certain exceptions and refunds) equal to 5.35 cents per gallon (comprised of two taxes – one for 3.60 cents per gallon and another for 1.75 cents per gallon).

Description of State Motor Vehicle Fuel Tax. The State Motor Vehicle Fuel Tax is imposed on suppliers in the State. A supplier is every person who is licensed under the Tax Act and who: (i) imports or acquires immediately upon importation into the State motor vehicle fuel, except aviation fuel, from within or without a state, territory or possession of the United States or the District of Columbia into a terminal located in the State; (ii) otherwise acquires for distribution in the State motor vehicle fuel, except aviation fuel, with respect to which there has been no previous taxable sale or use; or (iii) produces, manufactures or refines motor vehicle fuel, except aviation fuel, in the State. Pursuant to the Tax Act, "motor vehicle" means every self-propelled motor vehicle, including tractors, operated on a surface highway, and "motor vehicle fuel" means gasoline, natural gasoline, casing-head gasoline, methanol, ethanol or any other inflammable or combustible liquid, regardless of the name by which the liquid is known or sold, the chief use of which in the State is for the propulsion of motor vehicles, motorboats or aircraft other than jet or turbine-powered aircraft. Kerosene, gas oil, fuel oil, fuel for jet or turbine-powered aircraft, diesel fuel, biodiesel, biodiesel blend, liquefied petroleum gas and an emulsion of water-phased hydrocarbon fuel, as that term is defined in NRS 366.026, are not considered motor vehicle fuel.

Allocation of State Motor Vehicle Fuel Tax. The 3.60 cent per gallon State Motor Vehicle Fuel Tax collected by the State (less Administration Expenses retained by the State) is allocated monthly to the County and the other counties and cities of the State based upon the following formula:

(i) Determine the average monthly amount each county received in the Fiscal Year ending on June 30, 2003, and allocate to each county that amount, or if the total amount to be allocated is less than that amount, allocate to each county a percentage of the total amount to be allocated that is equal to the percentage of the total amount allocated to that county in the Fiscal Year ending on June 30, 2003;

(ii) If the total amount to be allocated is greater than the average monthly amount all counties received in the Fiscal Year ending on June 30, 2003, determine for each county an amount from the total amount to be allocated using the following formula:

(a) Multiply the county's percentage share of the total state population by 2;

(b) Add the percentage determined pursuant to subparagraph (1) to the county's percentage share of total mileage of improved roads or streets maintained by the county or an incorporated County located within the county;

(c) Divide the sum of the percentages determined pursuant to subparagraph (b) by 3; and

(d) Multiply the total amount to be allocated by the percentage determined pursuant to subparagraph (c);

(iii) Identify each county for which the amount determined pursuant to paragraph (ii) is greater than the amount allocated to the county pursuant to paragraph (i):

(a) Subtract the amount determined pursuant to paragraph (i) from the amount determined pursuant to paragraph (ii); and

(b) Add the amounts determined pursuant to subparagraph (a) for all counties;

(iv) Identify each county for which the amount determined pursuant to paragraph (ii) is less than or equal to the amount allocated to the county pursuant to paragraph (1) and:

(a) Subtract the amount determined pursuant to paragraph (ii) from the amount determined pursuant to paragraph (i); and

(b) Add the amounts determined pursuant to subparagraph (a) for all counties;

(v) Subtract the amount determined pursuant to subparagraph (b) of paragraph (iv) from the amount determined pursuant to subparagraph (b) of paragraph (iii);

(vi) Divide the amount determined pursuant to subparagraph (a) of paragraph (iii) for each county by the sum determined pursuant to subparagraph (b) of paragraph (iii) for all counties to determine each county's percentage share of the sum determined pursuant to subparagraph (b) of paragraph (iii); and

(vii) In addition to the allocation made pursuant to paragraph (i), allocate to each county that is identified pursuant to paragraph (iii) a percentage of the total amount determined pursuant to paragraph (v) that is equal to the percentage determined pursuant to paragraph (vi).

The formula computations are made as of July 1 of each year by the Nevada Department of Taxation (the "Department of Taxation"), based on estimates furnished by the State Department of Transportation and, if applicable, any adjustments to the estimates determined to be appropriate by the Committee for Local Government Taxes and Finance of the Nevada Legislature after request for such review has been made by a county or an incorporated County. Except for any adjustments determined by the Committee, the determination of the committee is conclusive. Monies received by the County from the 3.60 cent per gallon State Motor Vehicle Fuel Tax which represent 1.25 cents of the 3.60 cents tax per gallon must be used exclusively for the payment of revenue bonds issued pursuant to Chapter 373, NRS (including the Bonds), for the construction, maintenance and repair of County roads, and for the purchase of equipment for that work, and may not be used to defray expenses of administration. An amount equal to that part of the County's allocation which represents 2.35 cents of the State Motor Vehicle Fuel Tax per gallon is allocated to the County pursuant to the following formula:

(1) Determine the average monthly amount the county and each incorporated County in the county received in the fiscal year ending on June 30, 2005, and allocate to the county and each incorporated County in the county that amount, or if the total amount to be allocated is less than that amount, allocate to the county and each incorporated County in the county a percentage of the total amount to be allocated that is equal to the percentage of the total amount allocated to that county or incorporated County, as applicable, in the fiscal year ending on June 30, 2005.

(2) If the total amount to be allocated is greater than the average monthly amount the county and all incorporated cities within the county received in the fiscal year ending on June 30, 2005, determine for the county and each incorporated County in the county an amount from the total amount to be allocated using the following formula:

(I) One-fourth in proportion to total area.

(II) One-fourth in proportion to population.

(III) One-fourth in proportion to the total mileage of improved roads and streets maintained by the county or incorporated County in the county, as applicable.

(IV) One-fourth in proportion to vehicle miles of travel on improved roads and streets maintained by the county or incorporated County in the county, as applicable. For the purpose of applying the formula, the area of the county excludes the area included in any incorporated County.

(3) Identify whether the county or any incorporated County in the county had an amount determined pursuant to subparagraph (2) that was greater than the amount allocated to the county or incorporated County, as applicable, pursuant to subparagraph (1) and, if so:

(I) Subtract the amount determined pursuant to subparagraph (1) from the amount determined pursuant to subparagraph (2); and

(II) Add the amounts determined pursuant to sub-subparagraph (I) for the county and all incorporated cities in the county.

(4) Identify whether the county or any incorporated County in the county had an amount determined pursuant to subparagraph (2) that was less than or equal to the amount determined for the county or incorporated County, as applicable, pursuant to subparagraph (1) and, if so:

(I) Subtract the amount determined pursuant to subparagraph (2) from the amount determined pursuant to subparagraph (1); and

(II) Add the amounts determined pursuant to sub-subparagraph (I) for the county and all incorporated cities in the county.

(5) Subtract the amount determined pursuant to sub-subparagraph (II) of subparagraph (4) from the amount determined pursuant to sub-subparagraph (II) of subparagraph (3).

(6) Divide the amount determined pursuant to sub-subparagraph (I) of subparagraph (3) for the county and each incorporated County in the county by the sum determined pursuant to sub-subparagraph (II) of subparagraph (3) for the county and all incorporated cities in the county to determine the county's and each incorporated County's percentage share of the sum determined pursuant to sub-subparagraph (II) of subparagraph (3).

(7) In addition to the allocation made pursuant to subparagraph (1), allocate to the county and each incorporated County in the county that is identified pursuant to subparagraph (3) a percentage of the total amount determined pursuant to subparagraph (5) that is equal to the percentage determined pursuant to subparagraph (6).

The 1.75 cents per gallon State Motor Vehicle Fuel Tax collected by the State within the boundaries of the County (less Administration Expenses retained by the State) is allocated monthly to the County and apportioned by the Department of Motor Vehicles between the county, towns with town boards organized under NRS 269.061 to 269.019, inclusive, and incorporated cities within the County in the same ratio as the assessed valuation of property within the boundaries of the towns or incorporated cities within the county bears to the total assessed valuation of property within the county, including property within the towns or incorporated cities. Monies apportioned to the County from the 1.75 cents per gallon State Motor Vehicle Fuel Tax must be used solely for the payment of revenue bonds issued pursuant to Chapter 373, NRS (including the Bonds), for the construction, maintenance and repair of the public highways of the County and for purchase of equipment for such work and may not be used to defray the expenses of administration.

During any period any securities payable from the State Motor Fuel Tax are outstanding, the State Motor Fuel Tax must not be used directly for the construction, maintenance and repair of any streets, roads or other highways nor for any purchase of equipment therefore.

Accounting for State Motor Vehicle Fuel Tax. All proceeds of the State Motor Vehicle Fuel Tax received by the County are deposited into the County's Road Operating Fund.

See "REVENUES AVAILABLE FOR DEBT SERVICE--Historical and Pro-Forma Net Pledged Revenues and Debt Service Coverage."

Manner of Collection of Fuel Taxes

Suppliers must pay the Fuel Taxes (i.e., both the State Motor Vehicle Fuel Tax and the County Motor Vehicle Fuel Tax) to the Department of Taxation and send a statement of motor vehicle fuel sold, distributed or used to the Department of Taxation on or before the last day of the first month following the month to which they relate. The Department of Taxation, for good cause, may grant a 30 day extension to dealers for making their monthly report and return. A supplier has 90 days after the last day prescribed for payment of the Fuel Taxes to bring an action against the State Treasurer for recovery of an alleged overpayment of such taxes. Failure to bring suit within the 90 days constitutes a waiver of all demands against the State for alleged overpayment of excise taxes. The supplier is allowed to deduct 2% of the taxes so paid to the Department of Taxation to cover costs of collection and compliance with the Tax Act. The Department of Taxation deposits with the State Treasurer all Fuel Taxes collected.

Pursuant to the Project Act and the Tax Ordinance, the County has contracted with the Department of Taxation to perform all functions incident to the administration and operation of the Tax Ordinance. The Department of Taxation currently remits monthly to the County the revenues collected from the Fuel Taxes for the applicable month less a deduction for the cost of collecting such taxes and enforcing the laws, regulations and rules pertaining thereto and less any refunds or reimbursements. The fee charged by the State for collecting the Motor Vehicle Fuel Taxes is currently 0.5% of the revenues collected.

Exemptions from State Motor Vehicle Fuel Tax; Refunds

The Tax Act provides that various transactions and sales are exempt from the Fuel Taxes and entitles certain dealers to refunds. The State exempts from the Fuel Taxes: (i) motor vehicle fuel if it remains in interstate or foreign commerce; (ii) motor vehicle fuel, except aviation fuel, exported from the State by a supplier; (iii) aviation fuel or fuel for turbine-powered or jet aircraft exported from the State by a dealer; (iv) motor vehicle fuel or fuel for jet or turbine-powered aircraft sold to the United States Government for official use of the United States Armed Forces; (v) motor vehicle fuel other than aviation fuel distributed, or delivered on the order of the owner to a supplier, or aviation fuel for jet or turbine-powered aircraft distributed or delivered on the order of the owner, to a dealer who has furnished bond and security in the amount prescribed in Section 365.290, NRS, and who has established to the satisfaction of the Department of Taxation that the bond is sufficient security to ensure payment of all excise taxes as they may become due to the State from such dealer under the Tax Act; (vi) leaded racing fuel (which contains lead and is produced for motor vehicles designed and built for racing and not for operation on a public highway); and (vii) motor vehicle fuel, other than aviation fuel, sold by a supplier; or aviation fuel or fuel for jet or turbine-powered aircraft sold by a dealer in individual quantities of 500 gallons or less for export to another state or country by the purchaser other than in the supply tank of a motor vehicle or an aircraft, provided such dealer or supplier is licensed in the state of destination to collect and remit the applicable destination state taxes thereon.

Any person who had paid the Fuel Taxes and (i) who exports any motor vehicle fuel from the State, or (ii) who sells any such fuel to the United States Government for official use of the United States Armed Forces, or (iii) who buys and uses any such fuel for purposes other than for the propulsion of motor vehicles, is entitled to a refund or credit, for the amount of such tax so paid by such person upon filing a claim therefore and complying with certain procedural requirements. The minimum claim for refund shall be based on at least 200 gallons purchased and used in a six-month period. No refund of Fuel Taxes shall be made for off-highway use of motor vehicle fuel consumed in water craft in the State for recreational purposes or for off-highway use when the consumption of such fuel takes place on highways constructed and maintained by public funds, on federal proprietary lands or reservations where the claimant has no ownership or control over such lands or highways, except where such person is under contractual relationship with the Federal Government or one of its agencies and is engaged in the performance of duties pursuant to such relationship. In addition, any farmer or rancher, not engaged in other activities which would distort such person's highway usage, may claim a refund only on the basis of 80 percent of such person's bulk purchases (in excess of 50 gallons of motor vehicle fuel which is not placed directly into the tank of motor vehicles), without maintaining records of use. Any refund of State Motor Vehicle Fuel Tax is deducted from the amount of future payments to the county or counties in which the taxes were collected.

Remedies for Delinquent Taxes. If the Fuel Taxes are not paid on or before the last day of the month after due, they become delinquent. Proceeds from any penalty assessments are allocated to the State Highway Fund. In addition, anyone violating the Tax Ordinance is guilty of a misdemeanor and may be subject to a fine of not less than $100 and not more than $500 or imprisonment of not less than 30 days nor more than six months, or both.

Fuel Tax Data

The following table sets forth a history of taxable gallons of motor vehicle fuel sold in the County and the State.

Motor Vehicle Fuel Taxable Gallons Sold[1]

Fiscal Year Ended June 30	State Total	Percent Change	Douglas County	Percent Change
2010	1,092,266,404	--	19,861,675	--
2011	1,088,047,529	(0.39)%	19,175,534	(3.45)%
2012	1,082,471,710	(0.51)	18,544,657	(3.29)
2013	1,085,270,514	0.26	19,021,843	2.57
2014	1,097,073,787	1.09	20,055,020	5.43
2015	1,128,948,080	2.90	20,645,608	2.94
2016[2]	1,167,544,211	3.42	21,394,883	3.63

(1) Actual gallons are net gallons after refunds.
(2) Actual unaudited figures through June 2016.

Source: State of Nevada, Department of Taxation, Local Government Finance Final Revenue Projections, *County Option Motor Vehicle Fuel Tax.*

The following table presents a comparison of monthly County Motor Vehicle Fuel Tax revenues received by the County for the twelve-month periods ending June 30, 2016, and June 30, 2015. *The information below is intended to illustrate collection trends only; it is not a representation of amounts available to pay the Bonds.* This table is presented on an accrual basis; accordingly, revenues are accounted for in the month of the original sales rather than the month of actual collection by the County. The increase in collections beginning in February of 2016 is attributable to the increase in the County Motor Vehicle Fuel Tax from 4.0 cents per gallon to 9.0 cents per gallon.

Comparison of Monthly County Motor Vehicle Fuel Tax Collections[1][2]

	Twelve-Month Period Ending June 30, 2016		Twelve-Month Period Ending June 30, 2015		Percent Change	
	Current Month	Cumulative	Current Month	Cumulative	Current Month	Cumulative
July	$ 86,074	$ 86,074	73,908	73,908	16.46%	16.46%
August	82,278	168,352	73,895	147,803	11.34	13.90
September	71,670	240,022	61,368	209,171	16.79	14.75
October	67,637	307,659	65,471	274,642	3.31	12.02
November	61,467	369,126	58,287	332,928	5.46	10.87
December	62,332	431,458	63,878	396,806	(2.42)	8.73
January	62,606	494,065	64,048	460,854	(2.25)	7.21
February[3]	132,404	626,468	61,737	522,591	114.46	19.88
March	149,430	775,898	68,251	590,841	118.94	31.32
April	154,304	930,202	68,957	659,798	123.77	40.98
May	160,217	1,090,419	72,319	732,117	121.54	48.94
June	169,877	1,260,296	73,187	805,304	132.11	56.50

(1) Figures may not add due to rounding
(2) Represents collections of the 4.0 cent County Motor Vehicle Fuel Tax through January 2016 and the collection of the 9.0 cent County Motor Vehicle Fuel Tax beginning in February 2016.
(3) The increase in collections beginning in February of 2016 is attributable to the increase in the County Motor Vehicle Fuel Tax from 4.0 cents per gallon to 9.0 cents per gallon.

Source: The County (unaudited).

The following table presents a comparison of monthly State Motor Vehicle Fuel Tax revenues received by the County for the twelve-month periods ending June 30, 2016, and June 30, 2015. *The information below is intended to illustrate collection trends only; it is not a representation of amounts available to pay the Bonds.* This table is presented on an accrual basis; accordingly, revenues are accounted for in the month of the original sales rather than the month of actual collection by the County.

Comparison of Monthly State Motor Vehicle Fuel Tax Collections[1]

	Twelve-Month Period Ending June 30, 2016		Twelve-Month Period Ending June 30, 2015		Percent Change	
	Current Month	Cumulative	Current Month	Cumulative	Current Month	Cumulative
July	88,365	88,365	82,223	82,223	7.47%	7.47%
August	89,144	177,509	82,659	164,882	7.85	7.66
September	80,396	257,905	74,293	239,174	8.21	7.83
October	79,399	337,304	77,453	316,628	2.51	6.53
November	74,421	411,725	72,042	388,670	3.30	5.93
December	75,885	487,610	75,919	464,589	(0.04)	4.96
January	75,228	562,838	75,480	540,069	(0.33)	4.22
February	72,700	635,537	72,143	612,212	0.77	3.81
March	79,282	714,819	79,652	691,864	(0.46)	3.32
April	78,855	793,674	78,563	770,427	0.37	3.02
May	82,095	875,769	81,386	851,813	0.87	2.81
June	84,871	960,640	82,246	934,059	3.19	2.85

(1) Figures may not add due to rounding.

Source: The County (unaudited).

Outstanding Debt and Other Obligations Payable from Net Pledged Revenues

Assuming their issuance, as of their date, the Bonds will be the only outstanding indebtedness of the County secured by or payable from the Net Pledged Revenues.

Historical and Estimated Net Pledged Revenues and Debt Service Coverage

The following table sets forth: (i) a history of the Net Pledged Revenues for fiscal years 2012-15, unaudited Net Pledged Revenues for fiscal year 2016; and budgeted amounts for fiscal year 2017; and (ii) the actual debt service payable on designated obligations in fiscal years 2012 through 2016. *There is no assurance that the Net Pledged Revenues will continue to be realized in the amounts illustrated below*. See "CERTAIN RISK FACTORS" and other factors described throughout this Official Statement.

Historical and Pro-Forma Net Pledged Revenues and Debt Service Coverage

	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016[(2)(3)] (Unaudited)	2017[(2)] (Budgeted)
PLEDGED REVENUES:						
State Motor Vehicle Fuel Tax[(1)]	$ 885,432	$ 890,665	$912,862	$934,059	$960,640	992,761
County Motor Vehicle Fuel Tax[(1)]	723,413	741,944	783,518	805,304	1,260,296	1,779,255
TOTAL PLEDGED REVENUES	$1,608,845	$1,632,609	$1,696,380	$1,739,363	$2,220,936	$2,772,016
Debt Service[(4)]	$ 222,442	$ 226,142	$ 224,533	$ 222,650	$ 225,348	$ 798,825*
Combined Coverage	7.23x	7.22x	7.56x	7.81x	9.86x	3.47x

(1) Net of Administration Expenses and Direct Distributions, which were $0 in each Fiscal Year. See "REVENUES AVAILABLE FOR DEBT SERVICE--Fuel Taxes Generally."

(2) Figures for fiscal years 2016 and 2017 reflect the increase in the County Motor Vehicle Fuel Tax from 4.0 cents per gallon to 9.0 cents per gallon beginning in February 2016. Debt service figures for fiscal year 2016 reflect payments on obligations that have since been retired.

(3) Subject to change during the auditing process.

(4) For budgeted fiscal year 2017, assumes maximum annual combined debt service after the issuance of the Bonds.

Source: Financial Advisor. Derived from the County's audited financial statements for the fiscal years 2012-15 and the County's fiscal year 2017 budget for the estimated fiscal year 2016 amounts and the budgeted 2017 amounts.

The County's 2016-17 budget includes Net Pledged Revenues of $2,772,016 (comprised of $992,761 of State Motor Vehicle Fuel tax revenues and $1,779,255 of County Motor Vehicle Fuel Tax Revenues). The estimated combined debt service coverage for fiscal year 2017 is 3.47x*, calculated using the estimated maximum annual combined debt service after the issuance of the Bonds of $798,825* on the Bonds. See "THE BONDS – Debt Service Requirements".

* Preliminary, subject to change.

Regional Transportation Commission

The Regional Transportation Commission of Douglas County (the "Commission"), was established by an ordinance of the Board on April 6, 1970, pursuant to enabling legislation passed by the 1970 Nevada Legislature. The Commission is responsible for the administration of the funds of the County generated from Motor Vehicle Fuel Taxes.

The Commission does not enter into construction for its own account. The Commission is under no obligation to expend funds in excess of its receipts from the Motor Vehicle Fuel Taxes. However, the policy of the Commission has been to expend all Motor Vehicle Fuel Tax receipts after payment of debt service on the Bonds to finance road construction, rehabilitation and other eligible transportation projects within the County.

All projects approved by the Commission are reviewed by the Board. All projects must be proposed to the Board by the Commission, and the Board cannot disburse any Commission funds not first recommended for disbursement by the Commission. The Commission reviews and updates a five year capital plan annually.

The Commission is composed of two members selected by the Board, who are members of the Board, and one member who is a resident of the largest town in the County.

History of Regional Transportation Fund and Road Operating Fund Revenue and Expenses

The County accounts for motor vehicle fuel tax revenues in the County's Regional Transportation Fund and Road Operating Fund. The following tables present a history of the revenues, expenses and changes in net position for the County's regional transportation and road operating funds for the fiscal years ending June 30, 2012 through 2016 (unaudited). Also included are the County's budgeted figures for fiscal year 2017 based on final budgets approved by the Board of County Commissioners. The information in these tables should be read together with the County's audited financial statements and the accompanying notes for the years ended June 30, 2012 through June 30, 2015.

Regional Transportation Fund Summary of Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ended June 30,	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Unaudited)[3]	2017 (Budgeted)
Revenues						
Taxes [1]	$ 111,905	$ 54,457	$ 770,849	$ 1,033,873	$1,151,570	$1,068,375
Intergovernmental shared revenue[2]	723,413	741,944	783,670	805,459	1,261,587	1,779,255
Miscellaneous	21,665	(2,064)	13,471	23,188	95,885	10,000
Total Revenues	856,983	794,337	1,567,990	1,862,520	2,509,042	2,857,630
Expenditures						
Current						
Public works	614,093	617,545	826,943	836,160	1,100,082	705,289
Capital Outlay	--	1,823	419,824	137,305	1,810,745	4,076,640
Total Expenditures	614,093	629,358	1,246,767	973,465	2,910,827	4,781,929
Excess (deficiency) of revenues over expenditures	242,890	174,979	321,223	889,055	(401,785)	(1,924,299)
Debt issued	--	--	--	--	--	--
Operating transfers in	41,498	140,250	399,496	1,017,578	1,136,729	1,200,159
Operating transfers out	(227,765)	(228,516)	(226,890)	(325,927)	(427,915)	(422,513)
Total	(186,267)	(88,266)	172,606	691,651	708,814	777,646
Net Changes in Fund Balance	56,623	86,713	493,829	1,580,706	307,029	(1,146,653)
Fund Balance, July 1	1,715,858	1,772,481	1,859,194	3,139,663	5,038,116	5,345,145
Adjustment	n/a	n/a	786,640	317,747	n/a	n/a
Fund Balance, July 1, as adjusted	n/a	n/a	2,645,834	3,457,410	n/a	n/a
Fund Balance, June 30	$1,772,481	$1,859,194	$3,139,663	$5,038,116	$5,345,145	$4,198,492

(1) Taxes include County option gas taxes and room taxes not pledged to the payment of the bonds. Such amounts do not include amounts received by the County from the County or State Motor Vehicle Tax.

(2) The Intergovernmental Shared Revenue consists of amounts received by the County from the County Motor Vehicle Fuel Tax and payments in lieu of taxes.

(3) Figures subject to change during the auditing process.

Sources: Derived from the County's audited financial statements for the fiscal years 2012-15 and the County's fiscal year 2017 budget for the estimated fiscal year 2016 amounts and the budgeted 2017 amounts.

Road Operating Fund Summary of Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ended June 30,	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Unaudited)[3]	2017 (Budgeted)
Revenues						
Taxes[1]	$ 258,599	$ 263,711	$ 275,631	$ 291,897	$310,404	$303,754
Intergovernmental shared revenue[2]	927,784	890,665	929,084	947,651	975,268	992,761
Investment income	--	--	3,489	--	5,337	2,000
Charges for Services	--	--	62,033	3,747	39,773	--
Change in fair value of investments	--	--	(163)	--	--	--
Miscellaneous	3,030	7,422	4,644	6,322	1,904	--
Total Revenues	1,219,009	1,210,056	1,274,718	1,249,617	1,332,686	1,298,515
Expenditures						
Public works	1,397,109	1,380,804	1,511,899	2,298,636	1,708,702	2,219,995
Debt Service	--	--	--	5,136	--	--
Total Expenditures	1,397,109	1,380,804	1,511,899	2,303,772	1,708,702	2,219,995
Excess (deficiency) of revenues over expenditures	(177,204)	(170,748)	(237,181)	(1,054,155)	(376,016)	(921,480)
Contingencies	--	--	--	--	--	(49,654)
Disposal of capital assets	17,860	1,425	--	380	1,408	
Debt issued	--	--	--	320,000	--	--
Operating transfers in	191,000	191,000	221,218	844,690	914,343	414,343
Operating transfers out	(41,498)	--	--	(49,979)	(49,979)	(49,979)
Total	167,362	192,425	221,218	1,115,091	865,772	314,710
Net Changes in Fund Balance	(9,842)	21,677	(15,963)	60,936	489,756	(606,770)
Fund Balance, July 1	869,000	859,158	880,835	864,872	925,808	1,415,564
Adjustment	n/a	n/a	n/a	n/a	n/a	n/a
Fund Balance, July 1, as adjusted	n/a	n/a	n/a	n/a	n/a	n/a
Fund Balance, June 30	$765,575	$880,835	$864,872	$ 925,808	$1,415,564	$808,794

(1) Taxes include County option gas taxes and room taxes but do not include amounts received by the County from the County or State Motor Vehicle Tax.
(2) The Intergovernmental Shared Revenue consists of grants and amounts received by the County from the State Motor Vehicle Fuel Tax.
(3) Figures subject to change during the auditing process.

Sources: Derived from the County's audited financial statements for the fiscal years 2012-15 and the County's fiscal year 2017 budget for the estimated fiscal year 2016 amounts and the budgeted 2017 amounts.

THE COUNTY

General

The County, a political subdivision of the State, was one of the first nine counties established by the first Nevada Territorial Legislature in 1861. The County is situated on Nevada's western border, between the Carson Range of the Sierra Nevada and the Pinenut Mountains. The County is located 15 minutes south of Carson City, the State capital, and a short drive from Lake Tahoe, a popular recreational destination.

The County includes the unincorporated towns of Minden, Gardnerville and Genoa. Major industries are in the fields of tourism and gaming, research and manufacturing, retail, agriculture, government, education and health care and services. Major employers include Bently Nevada, a product line of General Electric, a Starbuck's roasting facility, North Sails, Douglas County, Douglas County School District, Carson Valley Medical Center, Heavenly Valley LTD, and Harrah's and Harvey's Hotel Casinos.

The State Demographer estimated the County's population to be 48,223 as of July 1, 2015. However, seasonal populations can exceed 65,000. The area provides many popular cultural, recreational and outdoor activities, including skiing, snowshoeing, hunting, horseback riding, cycling, mountain biking, hiking, camping and other similar outdoor activities.

Governing Body

The Board of County Commissioners (the "Board") is the governing body of the County. The five members are elected from County commission election districts for four-year staggered terms. The current members of the Board and their terms of office are as follows:

The current members of the Board and their terms of office are as follows:

Name and Title	Principal Occupation	Year First Elected/ Appointed	Current Term Expires
Doug N. Johnson, Chair	Private investments	11/2005	2016
Nancy McDermid, Vice Chair	Lodging properties owner	11/2007	2018
Greg Lynn	General contractor	11/2009	2016
Barry Penzel	Small business owner	11/2013	2016
Steve Thaler	Military / law enforcement	11/2015	2018

County Commissioners are subject to term limitations (12 years) pursuant to a constitutional amendment approved by State voters in 1996.

Administration

The County Manager is the County's chief executive officer and serves at the pleasure of the Board. He is charged with performing administrative duties assigned by the Board and may appoint clerical and administrative assistants as he deems necessary, subject to the approval of the Board.

Lawrence A. Werner, County Manager. Lawrence Werner was appointed the County Manager for Douglas County on March 7, 2016. Prior to serving as County Manager, Mr. Werner worked as an engineer and surveyor in both the public and private sectors. Since starting his career in 1973 he has been the Public Works Director for Carson City, Nevada; Puyallup, Washington; and the County. He also served as Assistant County Manager in Carson City, Nevada; and Puyallup, Washington. From 2008 to 2013 he was the Carson City Manager. His career in the private sector was as one of four partners of Vasey Engineering Co., based in Minden, Nevada and Seattle, Washington from 1992 to 2000. Mr. Werner obtained a Bachelor of Science in Civil Engineering from the University of Nevada in 1971 and is a Nevada Registered Engineer and Professional Land Surveyor and Washington Registered Engineer and Land Surveyor.

Employee Relations, Benefits and Pension Matters

Employee Relations. The County estimates that as of September 1, 2016, there were approximately 461 full time employees, 24 of which are full-time seasonal. The County employs 162 part time employees, 154 of which are part-time seasonal.

The employees of the County (other than its executive officers) are represented by five collective bargaining associations which represent their respective employees in negotiations with the County for employee benefits, including wages. The five bargaining units include , the Douglas County Employees Association ("DCEA"); the Douglas County Sheriff's Protective Association ("DCSPA"); the Douglas County Sheriff's Protective Association- Sergeants Bargaining Unit ("DCSBU"); the East Fork Professional Firefighters Association, International Association of Firefighters, Local 3726; and the East Fork Professional Firefighter Battalion Chiefs. The contract with the DCEA expires on June 30, 2017, and the current contract with the East Fork Professional Firefighters and Battalion Chiefs will continue until a new labor agreement is reached. The labor negotiations with the DCSPA and SBU have reached an impasse and a mediation is scheduled to occur on September 29, 2016. Their current contracts expired June 30, 2016.

Benefits. The County provides health insurance, paid vacation and holidays and sick leave to its employees. The County also provides access to voluntary life and disability insurance and access to a voluntary deferred compensation plan.

Pension Matters. The State Public Employees' Retirement System ("PERS") covers substantially all public employees of the State, its agencies and its political subdivisions, including the County. PERS, established by the Legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor. Retirement Board members serve for a term of four years. **Except for certain County specific information set forth below, the information in this section has been obtained from publicly-available documents provided by PERS. The County has not independently verified the information obtained from the publicly available documents provided by PERS and is not responsible for its accuracy.**

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits, and death benefits. PERS has several tiers based on legislative changes effective with membership dates. The following table illustrates the PERS service credit multiplier.

PERS Benefit Multiplier

	Service Credit Multiplier				
Membership Date	Before 07/01/01	After 07/01/01	After 01/01/10	After 07/01/15	Highest Contiguous Average Over
Before July 1, 2001	2.50%	2.67%	2.67%	2.67%	36 months
After July 1, 2001, before January 1, 2010	--	2.67%	2.67%	2.67%	36 months
After January 1, 2010, before July 1, 2015	--	--	2.50%	2.50%	36 months
After July 1, 2015 Regular Police/Fire	--	--	--	2.25% 2.50%	36 months

Similarly, legislative changes have created several tiers of retirement eligibility thresholds. The following table illustrates the PERS retirement eligibility thresholds:

Nevada PERS Retirement Eligibility

Membership Date	Regular		Police/Fire	
	Age	Years of Service	Age	Years of Service
Before January 1, 2010	65	5	65	5
	60	10	55	10
	Any	30	50	20
			Any	25
After January 1, 2010, before July 1, 2015	65	5	65	5
	62	10	60	10
	Any	30	50	20
			Any	30
After July 1, 2015	65	5	65	5
	62	10	60	10
	55	30	50	20
	Any	33 1/3	Any	33 1/3

Nevada law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability ("UAAL") and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State's biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2015. The following table reflects some of the key valuation results from the last three PERS' actuary studies:

PERS Actuarial Report

Key Valuation Results	June 30, 2015	June 30, 2014	June 30, 2013
UAAL	$12.35 billion	$12.53 billion	$12.88 billion
Market Value Funding Ratio	75.1%	76.3%	68.7%
Actuarial Value Funding Ratio	73.2%	71.5%	69.3%
Assets Market Value	$34.61 billion	$33.58 billion	$28.83 billion
Assets Actuarial Value	$33.72 billion	$31.47 billion	$29.11 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The current combined, effective average amortization period for regular members and police/fire members is 20.7 years. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses. As of June 30, 2015, PERS has unrecognized investment gains of $893 million. Unless offset by future investment losses or other unfavorable experience, the recognition of the $893 million in market gains is expected to increase the future actuarial funded ratio and decrease the future contribution rate.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board Statement ("GASB") No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25 ("GASB 67"). GASB 67 replaces the requirements of GASB Statement Nos. 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans.

Prior to these new standards, the accounting and reporting requirements of the pension related liabilities followed a long-term funding policy perspective. The new standards separate the accounting and reporting requirements from the funding decisions and require the unfunded portion of the pension liability to be apportioned among the participating employers. These standards apply for financial reporting purposes only and do not apply to contribution amounts for pension funding purposes.

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position, and net pension liability in its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The total pension liability for financial reporting was determined on the same basis as the Actuarial Accrued Liability measure for funding. The fiduciary net position is equal to the market value of assets.

Effective with fiscal year 2015, the County was required to apply the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* ("GASB 68"), to its audited financial statements. Among other requirements, the County was required to report its proportionate share of the total PERS net pension liability in its financial statements.

The following presents the net pension liability of PERS as of June 30, 2014, and the County's proportionate share of the net pension liability of PERS as of June 30, 2014, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current discount rate.

Net Pension Liability as of June 30, 2014

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
PERS Net Pension Liability	$16,207,317,042	$10,421,979,023	$5,612,889,953
County Share of PERS Net Pension Liability	$100,817,354	$64,829,752	$34,914,891

The following presents the net pension liability of PERS as of June 30, 2015 and the County's proportionate share of the net pension liability of PERS as of June 30, 2015, calculated using the discount rate of 8.00%, as provided in the most recent schedule of employer allocations provided by PERS in its report dated June 29, 2016. Pension liability amounts at 7%

and 9% discount rates for the County are expected to be provided in the County's upcoming audited financial statements for fiscal year 2016.

Net Pension Liability as of June 30, 2015

	Discount Rate (8%)
PERS Net Pension Liability	$11,459,436,845
County Share of PERS Net Pension Liability	$57,494,703

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The State Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their proportionate share of the unfunded liability. Plan members' benefits are funded under one of two methods. Under the employer pay contribution plan, the Commission is required to contribute all amounts due under the plan; however, in accordance with State law, non-police/fire employees share the annual increases equally with the employer (unless otherwise prohibited by contract). Under the employer/employee paid contribution plan, employees are required to match that contribution. As of September 1, 2016, the Commission had 504 employees participating in the employer pay plan and no employees participating in the employer/employee pay plan. A history of contribution rates for each funding method, as a percentage of payroll, is shown below.

	Fiscal Years 2008 and 2009	Fiscal Years 2010 and 2011	Fiscal Years 2012 and 2013	Fiscal Years 2014 and 2015	Fiscal Years 2016 and 2017
Regular members					
Employer-pay plan	20.50%	21.50%	23.75%	25.75%	28.00%
Employee/Employer Rate Plan	10.50%	11.25%	12.25%	13.25%	14.50%
Police/Fire employees					
Employer-pay plan	33.50%	37.00%	39.75%	40.50%	40.50%
Employee/Employer Rate Plan	17.25%	19.00%	20.25%	20.75%	20.75%

The County's contributions to PERS for the last five fiscal years are as follows:

Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
$8,868,852	$8,807,672	$9,472,854	$9,670,413	$10,322,633 (unaudited)

The County has budgeted $11,026,815 in PERS contributions for the fiscal year ended June 30, 2017, which is equal to the required contribution for that year. For the year ended June 30, 2015, the County's contribution to PERS represented approximately 0.50172% of total contributions to PERS.

See Note 3 in the audited financial statements attached hereto as Appendix A for additional information on PERS. In addition, copies of PERS' most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

Other Postemployment Benefits. The County administers a single-employer postemployment defined benefit healthcare plan, the Douglas County Health Benefits Plan ("DCHBP"). Additionally, the County contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees' Benefits Plan ("PEBP"). Both plans provide medical, vision, dental, prescription, and life insurance benefits to eligible County retirees and beneficiaries.

Benefit provisions for DCHBP are established pursuant by the State legislature and amended through negotiations between the County and the respective associations. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the County's group health insurance plan, which covers both active and retired employees. Eligible retirees are able to participate in the plan at the same rates as active employees, thereby benefiting from an implicit subsidy. All retirees, except elected officials, are required to pay 100% of their premiums under the plan. Retired elected officials subsidies are based on the number of complete four-year terms of office served by the elected officials.

PEBP eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the County is obligated to provide postemployment benefits is limited to eligible employees who retired from County service prior to September 1, 2008.

Annual Reports

The County prepares a comprehensive annual financial report ("CAFR") setting forth the financial condition of the County as of June 30 of each fiscal year. The CAFR is the official financial report of the County. It was prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board is the standard setting body for governmental accounting and financial reporting. See Note 1 in the audited financial statements attached hereto as Appendix A for a description of the County's significant accounting policies. Audited financial statements for prior years (and the County's CAFRs) may be obtained from the sources listed in "INTRODUCTION--Additional Information" and on the County's website.

The latest completed CAFR is for the year ended June 30, 2015. The audited basic financial statements attached hereto as Appendix A are excerpted from the CAFR, but they do not include all of the information contained in the CAFR, such as individual fund financial statements and statistical data. That information may be reviewed by reviewing the entire

CAFR. The County expects the CAFR for the year ended June 30, 2016 to be approved by the Board at its meeting on December 22, 2016.

Awards. The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the second year that the County has received this recognition. A Certificate of Achievement is valid for a period of one year only. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Budgeting

Prior to April 15 of each year, the County Manager is required to submit to the State Department of Taxation the tentative budget for the next fiscal year which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, the State Department of Taxation is required to notify the County upon its acceptance of the budget. Following acceptance of the proposed budget by the State Department of Taxation, the Board is required to conduct public hearings on the third Monday in May. The Board normally is required to adopt the final budget on or before June 1. The County has met all of its statutory deadlines for submitting its budget requirements.

The County Manager is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the Board. Increases to a fund's budget other than by transfers are accomplished through formal action of the Board. With the exception of monies appropriated for specific capital projects or Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Accounting

All governmental funds are accounted for using the modified accrual basis of accounting in which revenues are recognized when they become measurable and available as net current assets. Sales and use taxes, motor vehicle fuel taxes and privilege taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Ad valorem property taxes are considered measurable when received by the County.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting in which revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled service receivables are recorded at year end.

Investment Policy

NRS 355.170 sets forth investments in which the County Treasurer may invest taxes and other County monies, which currently include United States Treasury notes, bonds and bills, certain federal agency securities, bankers acceptances, commercial paper, money market mutual funds, certificates of deposit of local banks, corporate securities, collateralized mortgage obligations, and repurchase agreements. The County has adopted an investment policy that conforms to State law.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The County has joined together with similar public agencies throughout the state to create the Nevada Public Agency Insurance Pool ("NPAIP") under the Nevada Interlocal Cooperation Act. NPAIP is an intergovernmental public entity risk pool currently operating as a common risk management and insurance program for its members. The County pays an annual premium and specific deductibles, as necessary, to NPAIP for its general insurance coverage.

The County also joined together with similar public agencies to create the Public Agency Compensation Trust ("PACT"), an intergovernmental self-insured association for workers compensation insurance. The County pays premiums based on payroll costs to the PACT. The PACT is considered a self-sustaining pool that will provide coverage based on established statutory limits.

The County continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by the Pool (airport liability and bonding coverage) and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

See Note 3 in the audited financial statements attached hereto as Appendix A for a description of the County's insurance coverage as of June 30, 2015. The coverage for fiscal year 2016 is substantially similar and is expected to remain so for fiscal year 2017.

CERTAIN RISK FACTORS

The purchase of the Bonds involves special risks and the Bonds may not be appropriate investments for all types of investors. Each prospective investor should read this Official Statement in its entirety and give particular attention to the factors described below which, among other factors discussed herein, could affect the payment of the Bonds and could affect the market price of the Bonds to an extent that cannot be determined at this time. *The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.*

Special, Limited Obligations

The Bonds are special, limited obligations of the County. The Bonds do not constitute a general obligation debt or indebtedness of the County, the State or any other political subdivision of the State, and no owner of any Bond may look to any source of funds other than the Net Pledged Revenues for payment of debt service on the Bonds. The Bonds are payable solely from the Net Pledged Revenues. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the generation of Net Pledged Revenues in an amount sufficient to meet debt service requirements on the Bonds, taking into consideration the lien priority that certain superior obligations have with respect to a portion of the Net Pledged Revenues. See "REVENUES AVAILABLE FOR DEBT SERVICE--Lien Priority."

Factors that May Impact Collection of Fuel Taxes

Numerous factors over which the County has no control may impact the collection of Net Pledged Revenues in the future. Certain of those factors are discussed below.

General Factors Impacting Fuel Tax Revenues. Many factors beyond the control of the County and the State may adversely affect the level of Net Pledged Revenues in the future. Such factors include, but are not limited to: the possibility of reduction in supplies of motor vehicle fuel or special fuel; imposed or recommended governmental restrictions on the sale and use of such fuels; other governmental activity which indirectly or directly affects the consumption of fuels subject to the Fuel Taxes, including increased fuel efficiency standards; voluntary conservation; increases in the cost of motor vehicle fuel and/or special fuels which may result in less usage; reduced fuel consumption by more modern, fuel-efficient vehicles; increased usage of vehicles employing alternate technologies (such as electric cars) which do not consume fuels subject to the Fuel Taxes; or any other activities or innovations that result in less use of the Fuel Taxes in the future. In addition, consumers may be inclined to purchase motor vehicle fuel in locations outside the County if the relative price is perceived as being significantly higher in the County.

Gaming, Tourism and Other Factors. The economy of the County is heavily dependent on the tourist industry, which is based on outdoor recreation and legalized gambling. The generation of Net Pledged Revenues relies to a certain extent on tourism and may be sensitive to general economic conditions in the region and the nation. Gaming competition from

California has increased in recent years, adding competitive pressure to the region. See "ECONOMIC AND DEMOGRAPHIC INFORMATION--Gaming."

Fluctuations in Gallons of Motor Vehicle Fuel Taxes Sold. The number of taxable gallons of motor vehicle fuel sold in the County has slightly increased in the past two fiscal years. See "REVENUES AVAILABLE FOR DEBT SERVICE--Fuel Tax Data." It is possible, however, that general economic conditions or various other factors described herein will result in a decline of gallons of motor vehicle fuel sold in the County in the future.

Fuel Tax Collections Subject to Fluctuation

Revenues derived from the Fuel Taxes are subject to fluctuations in spending which is affected by, among other things, general economic cycles, and changes in business and personal travel needs. Fuel Tax receipts are vulnerable to increases in gas prices generally and the increasing prices brought about by inflation. Collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. The County has no control over general economic cycles and is unable to predict what economic factors or cycles will occur while the Bonds remain outstanding.

Effect of Bankruptcy on Collection of Delinquent Taxes

The ability and willingness of a business owner or operator to remit Fuel Tax revenues collected may be adversely affected by the filing of a bankruptcy proceeding by the owner or operator. The ability to collect delinquent Fuel Taxes using State law remedies for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner or operator of a motor vehicle fuel tax business, or by the holder of any liens on the business. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in Fuel Tax collections that may be insufficient to pay debt service on the Bonds when due.

Collection Risks

Pursuant to the Project Act, the Fuel Taxes are collected by the State and then remitted to the County; the Department of Taxation performs all collection and administrative functions with respect to the Fuel Taxes. The County has no statutory authority to collect the Fuel Taxes itself and also has no control over the collection processes in place at the State. Receipt of the Fuel Taxes is dependent upon the ability and willingness of the State to collect the taxes and forward them to the County in a timely manner. There generally is a two-to-three month lag between the sale of motor vehicle fuel and the receipt of the Fuel Taxes by the County. If the State fails to perform its collection duties in a timely fashion or fails to remit the revenues to the County within a reasonable time, the County may not receive Fuel Tax revenues in time to meet scheduled debt service payments. If the State fails to collect, remit or transfer the Fuel Taxes, the County's only remedy is to file suit against the State, including an action in mandamus to compel performance. Further, the County has no control over the auditing procedures in place at the State. The County must depend upon the State to ensure that vendors are collecting and remitting the required Fuel Taxes. In the case of small users, suppliers or distributors of motor vehicle fuel or special fuels, it may be difficult or impossible for the State to identify parties that ought to be remitting taxes. If the State fails to do so, the County may not receive all of the moneys to which it is entitled.

No Pledge of Property

The payment of the Bonds is not secured by any encumbrance, mortgage or other pledge of property of the County, except for the Net Pledged Revenues and other security specifically pledged in the Bond Ordinance for the payment of the Bonds. No property of the County or the Commission (except as described in the preceding sentence) shall be liable to be forfeited or taken in payment of the Bonds.

Limitations on Remedies Available to Owners of Bonds

No Acceleration. There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

Judicial Remedies. Upon the occurrence of an Event of Default under the Bond Ordinance, each owner of the Bonds is entitled to enforce the covenants and agreements of the County by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the Net Pledged Revenues and other moneys held under the Bond Ordinance and not against any other County funds or properties.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the County or the Commission under the Bond Ordinance, to the extent enforceable, could result in delays in any payment of principal of and interest on the Bonds.

Bankruptcy; Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the County in issuing the Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any statements referring to budgeted information for fiscal year 2015, contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not occur as assumed or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be materially adverse to the owners of the Bonds and could impact the availability of revenues to pay debt service on the Bonds.

Changes in Law

Various State laws apply to the imposition, collection, and expenditure of the Fuel Taxes as well as the operation and finances of the County. For example, the Legislature has increased the administrative fee retained by the State for collecting Fuel Taxes from time to time; that increase results in a decrease in Net Pledged Revenues. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the County and the imposition, collection, and expenditure of revenues, including Fuel Taxes.

Secondary Market

No guarantee can be made that a secondary market for the Bonds will develop or be maintained by the initial purchaser of the Bonds (the "Initial Purchaser") or others. Thus, prospective investors should be prepared to hold their Bonds to maturity.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The County will covenant and represent in the Bond Ordinance that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the County to comply with these requirements could cause the interest on the Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the County and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Bonds may be sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures the Service will treat the County as the taxpayer and the Bond owners may have no right to participate in such procedures. The County has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the County, the Financial Advisor, Bond Counsel or Special Counsel is responsible for paying or reimbursing any Bond holder with respect to any audit or litigation costs relating to the Bonds.

State Tax Exemption

Under laws of the State in effect on the date of delivery of the Bonds, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

LEGAL MATTERS

Litigation

There are various suits pending in courts within the State to which the County is a party. In the opinion of the District Attorney, however, there is no litigation or controversy of any nature now pending, or to the knowledge of the District Attorney threatened: (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds or (ii) in any way contesting or affecting the validity of the Bonds or any proceedings of the County taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds. Further, the District Attorney is of the opinion that although the County is subject to certain pending or threatened litigation or administrative proceedings, these matters either are adequately covered by insurance or, to the extent not insured, the final settlement thereof is not expected to materially, adversely affect the financial position of the County.

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the Bonds. The form of the Bond Counsel opinion is attached to this Official Statement as Appendix E. The opinion will include a statement that the obligations of the County are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Sherman & Howard L.L.C., has also acted as Special Counsel to the County in connection with this Official Statement. Certain matters will be passed upon for the County by the District Attorney.

Police Power

The obligations of the County are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution (including bankruptcy).

Sovereign Immunity

Pursuant to State statute (NRS Section 41.035), an award for damages in an action sounding in tort against the County may not include any amount as exemplary or punitive damages and is limited to $100,000 per cause of action. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

RATING

S&P Global Ratings Inc. ("S&P") has assigned the Bonds the rating shown on the cover page of this Official Statement. An explanation of the significance of the rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

The rating reflects only the views of S&P, and there is no assurance that any such rating, once received, will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Except for its responsibilities under the Disclosure Certificate, the County has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

INDEPENDENT AUDITORS

The audited basic financial statements of the County as of and for the year ended June 30, 2015, and the report rendered thereon by Piercy Bowler Taylor & Kern ("Piercy"), certified public accountants, Las Vegas, Nevada, have been included herein as Appendix A.

The audited basic financial statements of the County, including the auditor's report thereon, are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited basic financial statements in this Official Statement. Since the date of their respective reports, Piercy has not been engaged to perform or has performed any procedures on the basic financial statements addressed in its report, nor has Piercy performed any procedures relating to this Official Statement.

FINANCIAL ADVISOR

JNA Consulting Group, LLC, is serving as financial advisor to the County in connection with the Bonds. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the County, with respect to the accuracy and completeness of disclosure of such information and no guaranty, warranty or other representation is made by JNA Consulting Group, LLC, respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

PUBLIC SALE

The County expects to offer the Bonds at public sale on November 15, 2016. See Appendix G - Official Notice of Bond Sale.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official of the County hereby confirms that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the Bonds have been duly authorized by the Board.

DOUGLAS COUNTY, NEVADA

By: ______________________________

County Manager

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE COUNTY AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE: The audited basic financial statements of the County included in this Appendix A have been excerpted from the County's Comprehensive Annual Financial Report for the year ended June 30, 2015. The combining and individual fund financial statements, introductory section and statistical tables, and other supplementary information for the fiscal year ended June 30, 2015, were purposely excluded from this Appendix A. Such statements provide supporting details and are not necessary for a fair presentation of the general purpose financial statement of the County.

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the County Commission
Douglas County, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Douglas County (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the County's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the basic financial statements to enable the design of audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information, proportionate share of statutorily

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progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and budgetary comparison information on pages 11-24 and 85-104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
December 15, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following section provides an overview of the financial activity and overall financial position of Douglas County (the County) for the fiscal year ended June 30, 2015. It includes condensed financial data followed by the County's independently audited basic financial statements, along with notes to the financial statements and supplemental information. We encourage the reader to consider the information presented here in conjunction with the additional information provided in our letter of transmittal.

Financial Highlights

The County's government-wide net position totaled $183,681,745 at June 30, 2015, an increase of $9,062,124, over the prior fiscal year.

Current, restricted and other (non-capital) assets totaled $88,526,168, an increase of $2,883,241.

Capital assets totaled $226,342,040, an increase of $2,666,848.

Current liabilities totaled $13,813,959 an increase of $157,566.

Long-term liabilities totaled $111,288,166, a decrease of $19,601,774.

The County's governmental activities funds reported combined total net position of $81,179,584, an increase of $2,045,500.

The County's business type activities funds reported a combined total net position of $102,502,161, an increase of $7,016,624.

Financial Statement Overview

Government-wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the County's finances that is similar to a private-sector business.

Statement of Net Position - Presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

Statement of Activities - Presents information showing how the County's net position changed during the fiscal year. The County reports changes in net position when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses in this statement are for some items that will only result in cash flows for future fiscal periods.

The amounts in the government-wide financial statements distinguish the operating functions of the County as follows.

Governmental Activities - Activities principally supported by taxes and intergovernmental revenues, including federal and state grants and other shared revenues and include general government, judicial, public safety, public works, community development, culture and recreation, health and sanitation, and welfare.

(Continued)

Business-type Activities - Functions that recover all or a significant portion of their costs through user fees and charges. The business-type activities of the County include water, sewer, and trash service operations; and debt service.

The government-wide financial statements can be found in the "Basic Financial Statements" section of this report.

Fund Financial Statements

A fund is a legal and accounting entity with a self-balancing set of accounts used to maintain accounting control over resources segregated to record specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds fall into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on the balances of expendable resources available at the end of the fiscal year.

This report includes separately presented information in the balance sheet, and the statement of revenues, expenditures, and changes in fund balances for each of the major funds as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, as amended. Data from the remaining non-major funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual fund statements and schedules included elsewhere in this report.

Governmental funds include four types:

General Fund – Accounts for all financial resources not accounted for in other funds.

Special Revenue Funds - Accounts for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

Debt Service Funds - Accounts for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Capital Project Funds - Accounts for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

The governmental fund financial statements can be found in the "Basic Financial Statements" section of this report.

Proprietary Funds

The County maintains two types of proprietary funds:

Enterprise Funds – Account for activities for which a user fee is charged for the provision of goods or services. The County uses enterprise funds to account for its water, sewer and refuse service operations.

(Continued)

Internal Service Funds - Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis. The County uses internal service funds to account for risk management, employee dental programs, and fleet services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for each major proprietary fund. Data from the remaining non-major enterprise funds are combined into a single aggregated presentation. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual and combining fund data for the non-major enterprise and internal service funds is provided in the other supplementary information section of this report.

The proprietary fund financial statements can be found in the "Basic Financial Statements" section of this report.

Fiduciary Funds

Fiduciary Funds - Account for the County's activities that are custodial in nature (assets equal liabilities) and do not involve measurement of operational results. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds do not arise from County operational activities and are not available to support the County’s own programs. The accounting method used for fiduciary funds is much like the method used for the proprietary funds.

The fiduciary fund financial statement can be found in the "Basic Financial Statements" section of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found immediately following the "Basic Financial Statements" section of this report.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, including budget comparison data for the general and major special revenue funds. Other supplementary information for the non-major funds includes budget comparison data and combining and individual fund statements and schedules.

The required and other supplementary information can be found immediately following the notes to the basic financial statements in this report.

(Continued)

Government-wide financial analysis

The following table summarizes the County's net position at June 30, 2015 and 2014.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
Assets						
Current, restricted and other	$ 67,137,570	$ 65,689,023	$ 21,388,598	$ 19,953,904	$ 88,526,168	$ 85,642,927
Capital	122,103,345	122,492,052	104,238,695	101,183,140	226,342,040	223,675,192
Total assets	189,240,915	188,181,075	125,627,293	121,137,044	314,868,208	309,318,119
Deferred outflows of resources	9,809,832	8,990,397	825,194	857,438	10,635,026	9,847,835
Liabilities						
Current	10,943,426	9,856,497	2,870,533	3,799,896	13,813,959	13,656,393
Long-term	90,987,057	108,180,891	20,301,109	22,709,049	111,288,166	130,889,940
Total liabilities	101,930,483	118,037,388	23,171,642	26,508,945	125,102,125	144,546,333
Deferred inflows of resources	15,940,680		778,684		16,719,364	
Net position						
Net investment in capital assets	103,545,887	103,681,416	87,721,290	82,994,996	191,267,177	186,676,412
Restricted	41,170,332	37,255,075	684,789	716,905	41,855,121	37,971,980
Unrestricted	(63,536,635)	(61,802,407)	14,096,082	11,773,636	(49,440,553)	(50,028,771)
Total net position	$ 81,179,584	$ 79,134,084	$ 102,502,161	$ 95,485,537	$ 183,681,745	$ 174,619,621

At June 30, 2015, the County's primary government total net position was $183,681,745 representing an increase of $9,062,124 over the prior year.

Assets totaled $314,868,208, and exceeded liabilities by $189,766,083. Current assets totaled $88,526,168, an increase of $2,883,241, primarily due to increases in cash, cash equivalents and investments.

Capital assets totaled $226,342,040 (72%) reflecting the County's investment in land, buildings and building improvements, machinery and equipment, vehicles, and infrastructure, net of depreciation. Capital assets increased by $2,666,848 in fiscal year 2014-15.

Liabilities totaled $125,102,125. Current liabilities totaled $13,813,959, an increase of $157,566. Long-term liabilities totaled $111,288,166, a decrease of $19,601,774. Long-term liabilities include long-term debt outstanding, compensated absences as well as the net pension liability and other postemployment benefit obligations. The net pension liability is recorded for the first time this fiscal year due to the required implementation of GASB Statement Nos. 68 and 71. Additional pension plan information is presented in notes 1 and 4 to the basic financial statements.

The total primary government net position includes the following components, net investment in capital assets of $191,267,177, restricted net position of $41,855,121 and negative unrestricted net position of $49,440,553. The negative unrestricted net position is due to the recognition of a net pension liability of $64,829,752, as a result of the required adoption of GASB Statement Nos. 68 and 71, discussed above. Together these three components make up the total net position of $183,681,745.

(Continued)

The following table summarizes the County's statement of activities and details the changes in net position for the fiscal years ended June 30, 2015 and 2014.

Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Revenues						
Program revenues						
Charges for services	$ 13,941,613	$ 12,316,608	$ 11,214,386	$ 10,506,035	$ 25,155,999	$ 22,822,643
Operating grants and contributions	6,853,920	6,819,224			6,853,920	6,819,224
Capital grants and contributions	395,150	2,135,366	6,143,818	4,920,192	6,538,968	7,055,558
General revenues						
Property taxes	37,221,860	35,969,749			37,221,860	35,969,749
Intergovernmental consolidated taxes	13,303,618	12,824,547			13,303,618	12,824,547
Room taxes	5,711,688	5,414,873			5,711,688	5,414,873
Intergovernmental sales taxes	1,614,104	1,470,298			1,614,104	1,470,298
Construction taxes	181,599	125,057			181,599	125,057
Intergovernmental franchise and public service taxes	7,366,250	6,912,030			7,366,250	6,912,030
Investment income	312,694	296,778	88,283	64,467	400,977	361,245
Gain on disposal of capital assets	45,235	262,461	238,983		284,218	262,461
Miscellaneous	740,117	269,635	110,505	107,249	850,622	376,884
Total revenues	87,687,848	84,816,626	17,795,975	15,597,943	105,483,823	100,414,569
Expenses						
General government	12,956,802	13,920,640			12,956,802	13,920,640
Judicial	13,915,522	13,425,448			13,915,522	13,425,448
Public safety	29,112,782	29,491,135			29,112,782	29,491,135
Public works	7,294,588	13,034,974			7,294,588	13,034,974
Community development	4,186,295	3,605,357			4,186,295	3,605,357
Culture and recreation	14,539,072	11,803,428			14,539,072	11,803,428
Health and sanitation	496,018	953,423			496,018	953,423
Welfare	2,425,146	2,267,169			2,425,146	2,267,169
Interest expense and fiscal charges	616,123	600,564			616,123	600,564
Water			7,613,179	6,968,703	7,613,179	6,968,703
Sewer			1,779,765	1,937,546	1,779,765	1,937,546
Health and sanitation			976,081	878,886	976,081	878,886
Trash service			510,326	583,922	510,326	583,922
Total expenses	85,542,348	89,102,138	10,879,351	10,369,057	96,421,699	99,471,195
Transfers	(100,000)	(91,336)	100,000	91,336		
Change in net position	2,045,500	(4,376,848)	7,016,624	5,320,222	9,062,124	943,374
Net position, beginning of year	79,134,084	83,510,932	95,485,537	90,165,315	174,619,621	173,676,247
Net position, end of year	$ 81,179,584	$ 79,134,084	$ 102,502,161	$ 95,485,537	$ 183,681,745	$ 174,619,621

(Continued)

In fiscal year 2015, the net position of the County's governmental activities totaled $81,179,584, an increase of $2,045,500. Revenues received from governmental activities totaled $87,687,848, an increase of $2,871,222 (3.4%) over the prior year primarily due to increased revenues from charges for service, taxes and intergovernmental revenues. Expenses in governmental activities totaled $85,542,348, a decrease of $3,559,790 (4.0%) over the prior year, due primarily to decreases in general government, and public works expenditures.

The net position of the County's business-type activities totaled $102,502,161 an increase of $7,016,624 over the prior year. Revenues from business-type activities totaled $17,795,975, an increase of $2,198,032 (14.1%) over the prior year, primarily due to increases in capital grants and contributions, and charges for services. Expenses in business-type activities totaled 10,897,351, an increase of $510,294 (4.9%) primarily due to an increase in water systems expenditures.

Financial Analysis of Major Funds

As previously discussed, the County was required to implement the provisions of GASB Statement Nos. 68 and 71 for fiscal year 2014-15. As a result, equity balances, as previously reported, have been adjusted. Detailed information related to these and other equity related adjustments can be found in note 2 to the basic financial statements.

Governmental Funds

Governmental Funds
Summary Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

		Special Revenue Funds		Capital Projects Funds		
	General Fund	Room Tax	East Fork Fire Protection District	Park Residential Construction Tax	Non-major Governmental Funds	Total Governmental Funds
Total revenues	$ 43,451,959	$ 10,525,132	$ 7,408,589	$ 43,836	$ 28,046,850	$ 89,476,366
Total expenditures	38,348,082	12,743,680	11,907,709	53,923	26,587,654	89,641,048
Excess (deficiency) of revenues over (under) expenditures	5,103,877	(2,218,548)	(4,499,120)	(10,087)	1,459,196	(164,682)
Total other financing sources (uses)	(3,470,651)	571,463	5,114,478		(878,760)	1,336,530
Change in fund balance	1,633,226	(1,647,085)	615,358	(10,087)	580,436	1,171,848
Fund balance, beginning of year, as previously reported	10,597,894	3,584,786	2,178,158	(618)	32,282,229	48,642,449
Adjustment	(104,888)				317,747	212,859
Fund balance, beginning of year, as adjusted	10,493,006	3,584,786	2,178,158	(618)	32,599,976	48,855,308
Fund balance, end of year	$ 12,126,232	$ 1,937,701	$ 2,793,516	$ (10,705)	$ 33,180,412	$ 50,027,156

(Continued)

The County's governmental fund financial statements provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year. At June 30, 2015, the County's governmental funds reported a combined ending fund balance of $50,027,156, an increase of $1,171,848 in comparison to the prior year. Of the total ending fund balance, $41,382,675 is set aside to indicate non-spendable amounts, funds restricted for debt service, capital improvement projects and other programs, and amounts committed for or assigned to specific programs. The remaining fund balance of $8,644,481 is unassigned.

Governmental Funds
Fund Balance
June 30, 2015

		Special Revenue Funds		Capital Projects Funds		
	General Fund	Room Tax	East Fork Fire Protection District	Park Residential Construction Tax	Non-major Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable						
Prepaid items	$ 193,615	$ 7,855	$ 173,410	$	$ 122,978	$ 497,858
Land held for resale					179,292	179,292
Deposits	13,795				7,656	21,451
Restricted for						
Debt service					1,928,270	1,928,270
Capital improvement projects				(10,705)	16,187,319	16,176,614
General, town and district redevelopment programs	170,539		2,620,106		3,051,713	5,842,358
Youth and other judicial programs	2,292,997				2,038,117	4,331,114
Fire, police and other public safety programs	69,377				787,116	856,493
Streets and other public works programs					2,831,523	2,831,523
Cultural, community and development programs					5,234,157	5,234,157
Committed to						
Streets and other public works programs					657,280	657,280
Assigned to						
General, town and district redevelopment programs	376,373					376,373
Youth and other judicial programs	2,954					2,954
Cultural, community and development programs		1,929,846				1,929,846
Sanitation and other health programs					154,991	154,991
Stabilization programs	362,101					362,101
Unassigned	8,644,481					8,644,481
Total fund balances	$ 12,126,232	$ 1,937,701	$ 2,793,516	$ (10,705)	$ 33,180,412	$ 50,027,156

(Continued)

General Fund

The general fund is the County's chief operating fund. At June 30, 2015, fund balance in the general fund was $12,126,232, an increase of $1,633,226 over the prior fiscal year. The increase is the net result of actual revenues, expenditures, and other financing sources and uses.

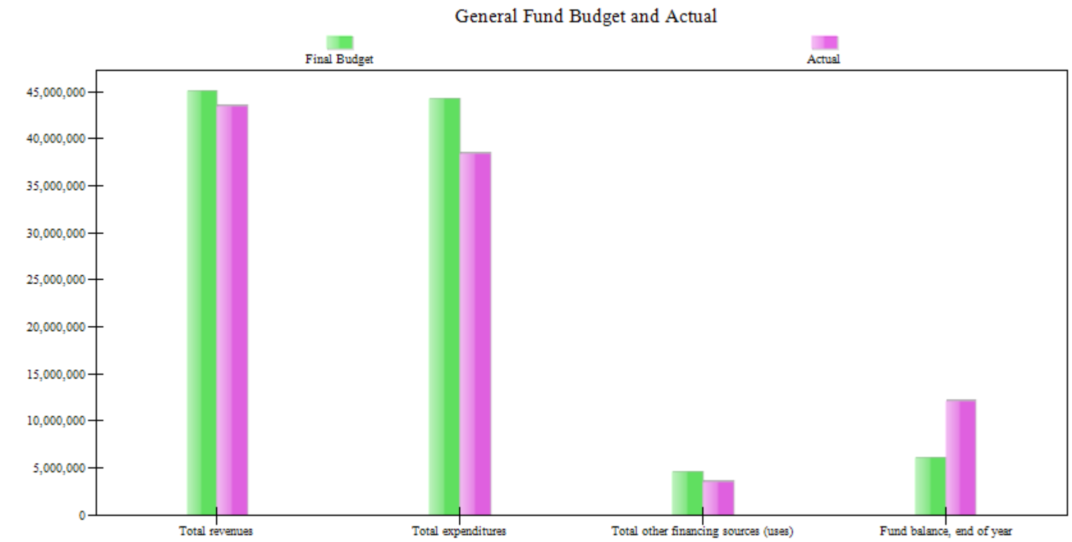
In the final budget, general fund revenues totaled $45,096,028, while actual revenues received were $43,451, 959, which was $1,644,069 less than budgeted. This decrease resulted primarily due to judicial fines that were included in the amended budget, but were not received during the fiscal year.

Budgeted expenditures totaled $44,346,729. Actual expenditures totaled $38,348,082, which was $5,998,647 less than budgeted, and resulted primarily from judicial expenditures that were included in the amended budget, but were not made in the current fiscal year.

General Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Total revenues	40,743,535	45,096,028	43,451,959	(1,644,069)
Total expenditures	38,048,876	44,346,729	38,348,082	5,998,647
Excess of revenues over expenditures	2,694,659	749,299	5,103,877	4,354,578
Total other financing sources (uses)	(3,892,935)	(4,520,267)	(3,470,651)	1,049,616
CHANGE IN FUND BALANCE	(1,198,276)	(3,770,968)	1,633,226	5,404,194
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			10,597,894	
Adjustment			(104,888)	
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	7,644,407	9,788,395	10,493,006	704,611
FUND BALANCE, END OF YEAR	6,446,131	6,017,427	12,126,232	6,108,805

(Continued)



Room Tax Fund

At June 30, 2015, the ending fund balance in the room tax fund totaled $1,937,701, a decrease of $1,647,085 over the prior year. The decrease resulted primarily due to the remaining capital expenditures associated with the completion of construction of the County's new Community and Senior Center. Actual room tax fund revenues totaled $10,525,132, which was $397,200 higher than budgeted. Expenditures totaled $12,743,680, which was $911,148 less than budgeted.

East Fork Fire Protection District Fund

At June 30, 2015, the total fund balance in the east fork fire protection district fund was $2,793,516, an increase of $615,358 over the prior year. Actual revenues totaled $7,408,589. Transfers in of revenues and the remaining fund balances from the east fork paramedic district, east fork equipment and the east fork construction reserve funds totaled $5,229,183.

Park Residential Construction Tax Capital Projects Fund

At June 30, 2015, the ending fund balance in the park residential construction tax fund was a negative $10,705. Actual revenues totaled $43,836, which was $336 higher than budgeted. Actual expenditures totaled $53,923, which is $10,087 higher than budgeted, resulting in a $618 decrease in fund balance for the year.

Proprietary Funds

Proprietary Funds
Summary Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Business-type Activities				
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility
Total operating revenues	$ 997,005	$ 1,915,053	$ 2,868,339	$ 1,112,280	$ 1,084,410
Total operating expenses	1,308,673	1,657,711	2,157,687	1,104,061	1,129,058
Operating income (loss)	(311,668)	257,342	710,652	8,219	(44,648)
Total nonoperating revenues (expenses)	126,314	(101,278)	(200,250)	(67,359)	19,758
Income (loss) before capital contributions and transfers	(185,354)	156,064	510,402	(59,140)	(24,890)
Total capital contributions	199,061	3,634,475	1,606,155	94,934	
Total transfers	(125,000)		125,000	13,538,808	
CHANGE IN NET POSITION	(111,293)	3,790,539	2,241,557	13,574,602	(24,890)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	16,245,854	19,455,190	22,194,246		13,672,930
Adjustment	(10,725)	(539,714)	(802,402)	(644,727)	(271,889)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	16,235,129	18,915,476	21,391,844	(644,727)	13,401,041
NET POSITION, END OF YEAR	$ 16,123,836	$ 22,706,015	$ 23,633,401	$ 12,929,875	$ 13,376,151

	Business-type Activities			Governmental Activities
	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Total operating revenues	$ 1,027,871	$ 2,209,428	$ 11,214,386	$ 4,968,236
Total operating expenses	866,476	1,933,734	10,157,400	6,022,647
Operating income (loss)	161,395	275,694	1,056,986	(1,054,411)
Total nonoperating revenues (expenses)	202,749	(30,795)	(50,861)	386,074
Income (loss) before capital contributions and transfers	364,144	244,899	1,006,125	(668,337)
Total capital contributions	381,414		5,916,039	
Total transfers		(13,438,808)	100,000	
CHANGE IN NET POSITION	745,558	(13,193,909)	7,022,164	(668,337)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	11,873,988	15,460,462	98,902,670	5,955,146
Adjustment	(296,966)	(804,415)	(3,370,838)	(661,298)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	11,577,022	14,656,047	95,531,832	5,293,848
NET POSITION, END OF YEAR	$ 12,322,580	$ 1,462,138	$ 102,553,996	$ 4,625,511

(Continued)

Proprietary Funds
Net Position
June 30, 2015

	Business-type Activities				
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility
NET POSITION					
Net investment in capital assets	$ 15,743,175	$ 19,315,181	$ 20,006,341	$ 11,113,764	$ 12,733,219
Restricted					
Debt service		424,352	260,437		
Insurance liabilities					
Unrestricted	380,661	2,966,482	3,366,623	1,816,111	642,932
Total net position	$ 16,123,836	$ 22,706,015	$ 23,633,401	$ 12,929,875	$ 13,376,151

	Business-type Activities			Governmental Activities
	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
NET POSITION				
Net investment in capital assets	$ 7,884,778	$ 924,832	$ 87,721,290	$ 498,330
Restricted				
Debt service			684,789	
Insurance liabilities				3,969,803
Unrestricted	4,437,802	537,306	14,147,917	157,378
Total net position	$ 12,322,580	$ 1,462,138	$ 102,553,996	$ 4,625,511

Regional Water Utility Fund

At June 30, 2015, the net position in the regional water utility fund totaled $16,123,836, a decrease of $111,293 over the prior fiscal year. Operating revenues totaled $997,005, and net non-operating revenues totaled $126,314. Operating expenses totaled $1,308,673, resulting in an operating loss before capital contributions and transfers of $185,354. Capital contributions totaled $199,061, while transfers out were $125,000. The adjustment to net position at the beginning of the fiscal year as a result of the GASB Statement Nos. 68 and 71 was $10,725. Of the net position in this fund at the end of the year, $15,743,175 represents net investment in capital assets, and the remaining $380,661 is unrestricted.

Sewer Utility Fund

At June 30, 2015, the net position in the sewer utility fund totaled $22,706,015, an increase of $3,790,539 over the prior fiscal year. This fund had operating income before capital contributions and transfers of $156,064. Operating revenues totaled $1,915,053. Operating expenses totaled $1,657,711, while net non-operating expenses totaled $101,278. Capital contributions and connection charges totaled $3,634,475. The adjustment to net position at the beginning of the fiscal year as a result of the GASB Statement Nos. 68 and 71 was $539,714. Of the net position in this fund at the end of the year, $19,315,181 represents net investment in capital assets, $424,352 is restricted for debt service, and the remaining $2,966,482 is unrestricted.

(Continued)

Carson Valley Water Utility Fund

At June 30, 2015, the net position in the carson valley water utility fund totaled $23,633,401, an increase of $2,241,557 over the prior year. This fund had income before capital contributions and transfers of $510,402. Operating revenues totaled $2,868,339. Operating expenses totaled $2,157,687, and net non-operating expenses totaled $200,250. Capital contributions and connection charges totaled $1,606,155 and transfers in were $125,000. The adjustment to net position at the beginning of the fiscal year as a result of the GASB Statement Nos. 68 and 71 was $802,402. Of the net position in this fund at the end of the year, $20,006,341 represents net investment in capital assets, $260,437 is restricted for debt service and the remaining $3,366,623 is unrestricted.

Lake Tahoe Water Utility Fund

In fiscal year 2014-15 the cave rock, skyland and zephyr water utility funds were financially consolidated into the new lake tahoe water utility fund. As of June 30, 2015 the net position in the new lake tahoe water utility fund totaled $12,929,875. This fund had a loss before capital contributions and transfers of $59,140, however as the consolidation was completed mid-year additional operating activity is still reflected in the original funds for fiscal year 2014-15, which results in a net loss of $17,886 when taking the activity in these funds into account. Operating revenues totaled $1,112,280. Operating expenses totaled $1,104,061, and net non-operating expenses totaled $67,359. Capital contributions and connection charges totaled $94,934, and transfers in from the three original funds totaled $13,538,808. The adjustment to net position at the beginning of the fiscal year as a result of the GASB Statement Nos. 68 and 71 was $644,727. Of the net position in this fund at the end of the year, $11,113,764 represents net investment in capital assets, and the remaining $1,816,111 is unrestricted.

Town of Minden Wholesale Water Utility Fund

At June 30, 2015, the net position in the town of minden wholesale water utility fund totaled $13,376,151. Operating revenues totaled $1,084,410, and net non-operating revenues totaled $19,758. Operating expenses totaled $1,129,058. The adjustment to net position at the beginning of the fiscal year as a result of the GASB Statement Nos. 68 and 71 was $271,889. Of the net position in this fund at the end of the year, $12,733,219 represents net investment in capital assets, and the remaining $642,932 is unrestricted.

Town of Minden Water Company Fund

At June 30, 2015, the net position in the town of minden water company fund totaled $12,322,580, an increase of $745,558 over the prior fiscal year. This fund had income of $364,144 before capital contributions. Operating revenues totaled $1,027,871, and net non-operating revenues totaled $202,749. Operating expenses totaled $866,476. The adjustment to net position at the beginning of the fiscal year as a result of the GASB Statement Nos. 68 and 71 was $296,966. Of the net position at the end of the year in this fund, $7,884,778 represents net investment in capital assets, and the remaining $4,437,802 is unrestricted.

Capital Assets

Investment in capital assets includes land, construction in progress, water rights, buildings and building improvements, machinery, equipment and software, infrastructure, and water and sewer systems. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2015 totaled $226,342,040 (net of accumulated depreciation), a net increase of $2,666,848.

(Continued)

Capital Assets, Net of Accumulated Depreciation and Amortization

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Land	$ 17,503,756	$ 17,215,387	$ 2,831,609	$ 2,891,609	$ 20,335,365	$ 20,106,996
Construction in progress	3,789,143	19,919,172	2,112,911	12,294,318	5,902,054	32,213,490
Water rights			5,772,013	2,960,865	5,772,013	2,960,865
Buildings and building improvements	57,398,938	41,843,768	2,063,407	2,132,270	59,462,345	43,976,038
Machinery, equipment and software	6,835,524	6,935,822	400,191	496,453	7,235,715	7,432,275
Infrastructure	36,575,984	36,577,903			36,575,984	36,577,903
Water and sewer systems			91,058,564	80,407,625	91,058,564	80,407,625
	$ 122,103,345	$ 122,492,052	$ 104,238,695	$ 101,183,140	$ 226,342,040	$ 223,675,192

Major capital projects capitalized during fiscal year 2014-15 include, but are not limited to, the following:

Douglas County Community and Senior Center

Sunridge Sewer Lines and Lift Station

Clear Creek Clubhouse Road Water Lines

North County Waterline and Booster Pump Station

Additional detailed information regarding capital assets is included in notes 1 and 3 to the basic financial statements.

Long-term Liabilities

The following table summarizes the County's long-term liabilities for the fiscal years ended June 30, 2015 and 2014.

Summary of Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
Bonds and notes payable, net of unamortized premiums and discounts	$ 18,563,439	$ 20,090,072	$ 16,872,058	$ 18,448,247	$ 35,435,497	$ 38,538,319
Net pension liability	61,810,388	77,988,644	3,019,364	3,809,652	64,829,752	81,798,296
Compensated absences	3,967,624	3,705,902	166,528	223,164	4,134,152	3,929,066
Postemployment benefits other than pensions	6,599,444	6,346,751	243,159	227,986	6,842,603	6,574,737
	$ 90,940,895	$ 108,131,369	$ 20,301,109	$ 22,709,049	$ 111,242,004	$ 130,840,418

As of June 30, 2015, the County had long-term liabilities outstanding totaling $111,242,004, which includes a new category, net pension liability, as a result of the required implementation of GASB Statement Nos. 68 and 71. Long-term liabilities outstanding decreased $19,598,414 over the prior year, primarily as a result of the repayment of bonds and notes payable and a decrease in the net pension liability.

(Continued)

The County's underlying bond rating from Standard & Poor's in 2015 is AA "very strong" with a stable outlook, which was an upgrade in 2014 from its previous A+ "strong" rating. Moody's Investors Service, Inc. last confirmed the County's Aa2 credit rating in 2013.

Additional detailed information regarding debt is included in Notes 1 and 3 to the basic financial statements.

Economic Factors

The County reviews a variety of economic factors in the development and of its operating and capital budgets. Throughout the year, the County monitors changes in economic trends and events. The five-year Capital Improvement Plan includes assumptions reviewed by the Board of County Commissioners and associated committees. Below are highlights of current economic indicators and assumptions used in developing the fiscal year 2015-16 budget.

Overall, economic conditions are improving in the County, with the County's unemployment rate continuing to trend lower. The June 2015 rate was 7.0%, as compared to 7.8% in June of 2014. As of October 2015, the unemployment rate has decreased to 6.0% and the size of the County's labor force increased over the prior year.

Residential building permits, which are a leading indicator of economic activity, have continued to trend higher as we have seen over the last several years. For the twelve-month period ended September 2015, residential property sales in the County are 3.6% lower than last year. However, the sales price of residential homes in the County is 6.6% higher than last year, with the median sales price at $293,750. Total assessed property value within the County was valued at $2,678,417,112 for fiscal year 2015-16, a 2.8% increase over the prior fiscal year, for the second consecutive annual increase since the low in 2014.

It is the County's policy to adopt a structurally balanced budget. Operating revenue projections are based on current economic trends, and revenue information provided by the State of Nevada. For fiscal year 2015-16, the County's general fund revenues are budgeted to increase 2.9%. The three major revenue sources which make up 73% of the general fund budget are property taxes (projected to increase 1.9%), charges for services (projected to increase 11.0%) and intergovernmental consolidated taxes (projected to increase 2.3%). General fund operating expenses are projected to increase 1.6% overall. The largest categories of operating expenses include personnel services (projected to increase 2.4%) and services and supplies (projected to increase 6.1%).

Requests for Information

This financial report provides a general overview of the County’s finances for those interested. For questions regarding the information provided in this report or requests for additional financial information contact Christine Vuletich, Assistant County Manager/Chief Financial Officer, by writing to P.O. Box 218, Minden, Nevada, 89423, calling (775) 782-9097, or *via* email at cvuletich@co.douglas.nv.us.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DOUGLAS COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments, unrestricted	$ 58,096,001	$ 17,336,103	$ 75,432,104
Cash, cash equivalents and investments, restricted	471,838	686,457	1,158,295
Accounts receivable, net	2,781,878	1,242,141	4,024,019
Notes receivable, net		1,812,500	1,812,500
Taxes and penalties receivable	1,043,714		1,043,714
Interest receivable	105,001	29,728	134,729
Due from other governments	3,717,739	49,866	3,767,605
Special assessments receivable		5,044	5,044
Inventories	222,798	57,435	280,233
Prepaid items	497,858	57,084	554,942
Property held for resale	179,292		179,292
Other assets	21,451		21,451
Internal balances *		112,240	
Capital assets, net of accumulated depreciation and amortization			
Land	17,503,756	2,831,609	20,335,365
Construction in progress	3,789,143	2,112,911	5,902,054
Water rights		5,772,013	5,772,013
Buildings and building improvements	57,398,938	2,063,407	59,462,345
Machinery, equipment and software	6,835,524	400,191	7,235,715
Infrastructure	36,575,984		36,575,984
Water and sewer systems		91,058,564	91,058,564
Total assets	189,240,915	125,627,293	314,755,968
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized deferred refunding charges	5,981	348,608	354,589
Unamortized amounts related to pensions	9,803,851	476,586	10,280,437
Total deferred outflows of resources	9,809,832	825,194	10,635,026
LIABILITIES			
Accounts payable and accrued expenses	4,976,283	567,973	5,544,256
Accrued salaries, wages and benefits	1,663,900	57,251	1,721,151
Unearned revenue	2,602,579	2,050,186	4,652,765
Contract retentions payable	8,890		8,890
Deposits	211,227	58,451	269,678
Amounts held for others	1,004,919		1,004,919
Due to other governments	203,422		203,422
Interest payable	159,966	136,672	296,638
Internal balances *	112,240		
Long-term liabilities, due within one year			
Claims and judgments, estimated	46,162		46,162
Compensated absences	2,685,516	166,528	2,852,044
Bonds and notes payable	1,689,288	1,911,927	3,601,215
Long-term liabilities, due in more than one year			
Compensated absences	1,282,108		1,282,108
Postemployment benefits other than pensions	6,599,444	243,159	6,842,603
Net pension liability	61,810,388	3,019,364	64,829,752
Bonds and notes payable, net of unamortized premiums and discounts	16,874,151	14,960,131	31,834,282
Total liabilities	101,930,483	23,171,642	124,989,885
DEFERRED INFLOWS OF RESOURCES			
Unamortized amounts related to pensions	15,940,680	778,684	16,719,364

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	$ 103,545,887	$ 87,721,290	$ 191,267,177
Restricted for			
Debt service	1,928,270	684,789	2,613,059
Capital improvement projects	16,176,614		16,176,614
General, town and district redevelopment programs	5,842,358		5,842,358
Youth and other judicial programs	4,331,114		4,331,114
Fire, police and other public safety programs	856,493		856,493
Streets and other public works programs	2,831,523		2,831,523
Cultural, community and development programs	5,234,157		5,234,157
Insurance liabilities	3,969,803		3,969,803
Unrestricted	(63,536,635)	14,096,082	(49,440,553)
Total net position	$ 81,179,584	$ 102,502,161	$ 183,681,745

* Internal balances are eliminated in consolidation. Accordingly, the amounts reported in the total column have been adjusted to remove internal balances.

See notes to basic financial statements.

DOUGLAS COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTION/PROGRAM							
Governmental activities							
General government	$ 12,956,802	$ 4,939,355	$ 150,979	$ 135,000	$ (7,731,468)	$	$ (7,731,468)
Judicial	13,915,522	1,936,518	4,607,924		(7,371,080)		(7,371,080)
Public safety	29,112,782	3,575,766	699,544		(24,837,472)		(24,837,472)
Public works	7,294,588	500,399	13,592	41,495	(6,739,102)		(6,739,102)
Community development	4,186,295		1,062,974	153,689	(2,969,632)		(2,969,632)
Culture and recreation	14,539,072	2,417,420	117,593	64,966	(11,939,093)		(11,939,093)
Health and sanitation	496,018	536,261			40,243		40,243
Welfare	2,425,146	35,894	201,314		(2,187,938)		(2,187,938)
Debt service							
Interest expense and fiscal charges	616,123				(616,123)		(616,123)
Total governmental activities	85,542,348	13,941,613	6,853,920	395,150	(64,351,665)		(64,351,665)
Business-type activities							
Water	7,613,179	7,674,835		2,509,343		2,570,999	2,570,999
Sewer	1,779,765	1,915,053		3,634,475		3,769,763	3,769,763
Health and sanitation	976,081	8,644				(967,437)	(967,437)
Trash service	510,326	1,615,854				1,105,528	1,105,528
Total business-type activities	10,879,351	11,214,386		6,143,818		6,478,853	6,478,853
Total function/program	$ 96,421,699	$ 25,155,999	$ 6,853,920	$ 6,538,968	(64,351,665)	6,478,853	(57,872,812)

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GENERAL (UNRESTRICTED) REVENUES							
Property taxes					37,221,860		37,221,860
Intergovernmental consolidated taxes					13,303,618		13,303,618
Room taxes					5,711,688		5,711,688
Intergovernmental sales taxes					1,614,104		1,614,104
Construction taxes					181,599		181,599
Intergovernmental franchise and public service taxes					7,366,250		7,366,250
Investment income					312,694	88,283	400,977
Gain on disposal of capital assets					45,235	238,983	284,218
Miscellaneous					740,117	110,505	850,622
Total general (unrestricted) revenues					66,497,165	437,771	66,934,936
Transfers					(100,000)	100,000	
CHANGE IN NET POSITION					2,045,500	7,016,624	9,062,124
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					149,198,909	98,856,375	248,055,284
Adjustment					(70,064,825)	(3,370,838)	(73,435,663)
NET POSITION BEGINNING OF YEAR, AS ADJUSTED					79,134,084	95,485,537	174,619,621
NET POSITION, END OF YEAR					$ 81,179,584	$ 102,502,161	$ 183,681,745

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

DOUGLAS COUNTY

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

		Special Revenue Funds		Capital Projects Fund		
	General Fund	Room Tax	East Fork Fire Protection District	Park Residential Construction Tax	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash, cash equivalents and investments	$ 11,686,459	$ 1,717,398	$ 2,440,340	$ 1,625,611	$ 34,660,946	$ 52,130,754
Cash, cash equivalents and investments, restricted	471,838					471,838
Accounts receivable, net	826,381	982,692	671,534		224,013	2,704,620
Taxes receivable	708,045		148,627		183,071	1,039,743
Interest receivable	21,802	3,307	4,682	3,139	59,687	92,617
Due from other governments	2,198,168	279,427	368,731		870,268	3,716,594
Due from other funds	81,160	26,894		2,332	583,011	693,397
Prepaid items	193,615	7,855	173,410		122,978	497,858
Other assets	13,795				7,656	21,451
Property held for sale					179,292	179,292
Total assets	$ 16,201,263	$ 3,017,573	$ 3,807,324	$ 1,631,082	$ 36,890,922	$ 61,548,164
LIABILITIES						
Accounts payable and accrued expenses	$ 709,643	$ 910,964	$ 83,956	$ 23,379	$ 1,743,994	$ 3,471,936
Due to others	1,004,919					1,004,919
Accrued salaries, wages and benefits	1,048,927	87,235	311,280		202,622	1,650,064
Due to other funds	111,369	5,471		1,000	841,784	959,624
Unearned revenue, current	426,817	42,734	78	1,617,408	515,542	2,602,579
Contract retentions payable					8,890	8,890
Deposits	103,686	33,468			74,073	211,227
Due to other governments	51,188				152,234	203,422
Compensated absences					4,981	4,981
Total liabilities	3,456,549	1,079,872	395,314	1,641,787	3,544,120	10,117,642
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, taxes and penalties	602,503		128,519		153,005	884,027
Unavailable revenue, special assessments					378	378
Unavailable revenue, grants	15,979		5,480		13,007	34,466
Unavailable revenue, other			484,495			484,495
Total deferred inflows of resources	618,482		618,494		166,390	1,403,366
Total liabilities and deferred inflows of resources	4,075,031	1,079,872	1,013,808	1,641,787	3,710,510	11,521,008

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
JUNE 30, 2015

	General Fund	Special Revenue Funds: Room Tax	Special Revenue Funds: East Fork Fire Protection District	Capital Projects Fund: Park Residential Construction Tax	Non-major Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable						
Prepaid items	$ 193,615	$ 7,855	$ 173,410	$	$ 122,978	$ 497,858
Land held for resale					179,292	179,292
Deposits	13,795				7,656	21,451
Restricted for						
Debt service					1,928,270	1,928,270
Capital improvement projects				(10,705)	16,187,319	16,176,614
General, town and district redevelopment programs	170,539		2,620,106		3,051,713	5,842,358
Youth and other judicial programs	2,292,997				2,038,117	4,331,114
Fire, police and other public safety programs	69,377				787,116	856,493
Streets and other public works programs					2,831,523	2,831,523
Cultural, community and development programs					5,234,157	5,234,157
Committed to						
Streets and other public works programs					657,280	657,280
Assigned to						
General, town and district redevelopment programs	376,373					376,373
Youth and other judicial programs	2,954					2,954
Cultural, community and development programs		1,929,846				1,929,846
Sanitation and other health programs					154,991	154,991
Stabilization programs	362,101					362,101
Unassigned	8,644,481					8,644,481
Total fund balances	12,126,232	1,937,701	2,793,516	(10,705)	33,180,412	50,027,156
Total liabilities, deferred inflows of resources and fund balances	$ 16,201,263	$ 3,017,573	$ 3,807,324	$ 1,631,082	$ 36,890,922	$ 61,548,164

See notes to basic financial statements.

DOUGLAS COUNTY

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2015

FUND BALANCES, GOVERNMENTAL FUNDS		$ 50,027,156
Amounts reported in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Capital assets	$ 369,292,157	
Less accumulated depreciation	(247,687,142)	
		121,605,015
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Bonds and notes payable	(18,510,331)	
Unamortized premiums and discounts	(53,108)	
Unamortized deferred refunding charges	5,981	
Compensated absences payable	(3,946,090)	
Postemployment benefits other than pensions	(6,574,180)	
Net pension liability	(61,218,043)	
Deferred outflows relaated to pensions	9,710,354	
Deferred inflows relaated to pensions	(15,787,916)	
		(96,373,333)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(159,966)	
		(159,966)
Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue, taxes and penalties	884,027	
Unavailable revenue, special assessments	378	
Unavailable revenue, grants	34,466	
Unavailable revenue, other	484,495	
		1,403,366
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund assets and liabilities included in governmental activities in the statement of net position	4,625,511	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	46,295	
Internal service fund balance receivable from business-type activities from current year activity	5,540	
		4,677,346
NET POSITION, GOVERNMENTAL ACTIVITIES		$ 81,179,584

See notes to basic financial statements.

DOUGLAS COUNTY

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

		Special Revenue Funds		Capital Projects Fund		
	General Fund	Room Tax	East Fork Fire Protection District	Park Residential Construction Tax	Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 18,456,623	$ 5,109,746	$ 4,597,572	$ 41,500	$ 13,872,268	$ 42,077,709
Licenses, permits, franchise and other fees	4,544,640	2,182,710			781,755	7,509,105
Intergovernmental shared revenues	13,150,347	1,625,712	1,978,826		8,103,616	24,858,501
Charges for services	4,930,129	1,433,867	164,511		3,219,988	9,748,495
Fines and forfeitures	1,146,690				158,357	1,305,047
Miscellaneous	1,223,530	173,097	667,680	2,336	1,910,866	3,977,509
Total revenues	43,451,959	10,525,132	7,408,589	43,836	28,046,850	89,476,366
EXPENDITURES						
Current						
General government	9,699,360				2,037,448	11,736,808
Judicial	9,008,809				4,785,978	13,794,787
Public safety	15,452,170		11,677,323		1,928,779	29,058,272
Public works	885,129				4,155,125	5,040,254
Community development	1,895,047				2,227,460	4,122,507
Culture and recreation		10,212,311			1,081,910	11,294,221
Health and sanitation	687,675				279,809	967,484
Welfare					2,567,844	2,567,844
Total current	37,628,190	10,212,311	11,677,323		19,064,353	78,582,177
Capital outlay						
General government	89,503				1,988,114	2,077,617
Judicial					247,616	247,616
Public safety	630,389		230,386			860,775
Public works					716,380	716,380
Community development					131,056	131,056
Culture and recreation		2,531,369		53,923	811,174	3,396,466
Welfare					73,259	73,259
Total capital outlay	719,892	2,531,369	230,386	53,923	3,967,599	7,503,169
Debt service						
Principal payments					2,918,524	2,918,524
Interest expense					561,859	561,859
Debt issuance costs					74,019	74,019
Fiscal charges					1,300	1,300
Total debt service					3,555,702	3,555,702
Total expenditures	38,348,082	12,743,680	11,907,709	53,923	26,587,654	89,641,048
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,103,877	(2,218,548)	(4,499,120)	(10,087)	1,459,196	(164,682)
OTHER FINANCING SOURCES (USES)						
Proceeds from capital asset disposal	15,114		15,675		10,741	41,530
Debt issuance proceeds					1,395,000	1,395,000
Transfers in	75,000	963,897	5,229,183		9,509,869	15,777,949
Transfers out	(3,560,765)	(392,434)	(130,380)		(11,794,370)	(15,877,949)
Total other financing sources (uses)	(3,470,651)	571,463	5,114,478		(878,760)	1,336,530

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

		Special Revenue Funds		Capital Projects Fund		
	General Fund	Room Tax	East Fork Fire Protection District	Park Residential Construction Tax	Non-major Governmental Funds	Total Governmental Funds
CHANGE IN FUND BALANCE	$ 1,633,226	$ (1,647,085)	$ 615,358	$ (10,087)	$ 580,436	$ 1,171,848
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	10,597,894	3,584,786	2,178,158	(618)	32,282,229	48,642,449
Adjustment	(104,888)				317,747	212,859
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	10,493,006	3,584,786	2,178,158	(618)	32,599,976	48,855,308
FUND BALANCE, END OF YEAR	$ 12,126,232	$ 1,937,701	$ 2,793,516	$ (10,705)	$ 33,180,412	$ 50,027,156

See notes to basic financial statements.

DOUGLAS COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		$ 1,171,848
Amounts reported in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:		
Expenditures for capital assets	$ 6,703,169	
Less current year depreciation	(7,048,375)	
Disposition of capital assets	(145,964)	
		(491,170)
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds. Some revenues reported in the governmental funds result from interfund transactions; and therefore, are not reported in the statement of activities:		
Capital asset contributions	153,689	
Change in unavailable revenue	(202,265)	
Revenues from interfund transactions	(2,147,546)	
		(2,196,122)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued		
Debt issuance proceeds	(1,075,000)	
Capital lease obligations incurred	(320,000)	
Debt principal repayments	2,918,524	
		1,523,524
Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:		
Change in postemployment benefits other than pensions	(240,641)	
Change in compensated absences payable	(276,362)	
Change in net pesion liability	1,048,619	
Amortization of debt premiums and discounts	3,109	
Amortization of deferred refunding charges	(1,294)	
Change in interest payable	19,240	
		552,671
Some expenditures reported in governmental funds benefit a future period or result from interfund transactions; and therefore, are not reported in the statement of activities:		
Expenditures from interfund transactions	2,147,546	
		2,147,546
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund change in net position included in governmental activities in the statement of activities	(668,337)	
The internal service funds change in net position related to business-type activities	5,540	
		(662,797)
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		$ 2,045,500

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS									
Current assets									
Cash, cash equivalents and investments	$ 387,553	$ 3,629,413	$ 3,912,948	$ 2,625,710	$ 760,717	$ 4,704,163	$ 1,315,599	$ 17,336,103	$ 5,965,247
Accounts receivable, net	153,764	214,046	393,769	34,752	91,587	178,628	175,595	1,242,141	77,258
Notes receivable	125,000							125,000	
Taxes receivable									3,971
Interest receivable	739	7,805	8,082	5,044	1,463	9,087	2,552	34,772	12,384
Due from other governments	4,797			41,487	3,582			49,866	1,145
Due from other funds	1,210	5,645	80,378	6,143	98,929	191,187	338	383,830	102,152
Inventories					26,000	31,435		57,435	222,798
Prepaid items		8,561	3,827	642	11,590	11,683	20,781	57,084	
Restricted assets									
Cash, cash equivalents and investments		424,352	260,438				1,667	686,457	
Total current assets	673,063	4,289,822	4,659,442	2,713,778	993,868	5,126,183	1,516,532	19,972,688	6,384,955
Noncurrent assets									
Capital assets, net of accumulated depreciation and amortization									
Land		1,005,900	697,567	563,191	222,504	107,456	234,991	2,831,609	
Construction in progress		242,873	247,493	41,234		1,347,441	233,870	2,112,911	
Water rights			5,154,594	117,419		500,000		5,772,013	
Buildings and building improvements		197,403	72,717	640,611	893,576		259,100	2,063,407	2,440
Machinery, equipment and software		76,430	4,896	45,573	19,288	57,133	196,871	400,191	495,890
Water and sewer systems	15,743,175	21,648,130	21,482,736	14,713,924	11,597,851	5,872,748		91,058,564	
Total capital assets, net of accumulated depreciation and amortization	15,743,175	23,170,736	27,660,003	16,121,952	12,733,219	7,884,778	924,832	104,238,695	498,330

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Other assets									
Notes receivable	$ 1,687,500	$	$	$	$	$	$	$ 1,687,500	$
Total noncurrent assets	17,430,675	23,170,736	27,660,003	16,121,952	12,733,219	7,884,778	924,832	105,926,195	498,330
Total assets	18,103,738	27,460,558	32,319,445	18,835,730	13,727,087	13,010,961	2,441,364	125,898,883	6,883,285
DEFERRED OUTFLOWS OF RESOURCES									
Unamortized deferred refunding charges		122,455	191,553	34,600				348,608	
Unamortized amounts related to pensions	1,516	76,308	113,447	91,155	38,441	41,987	113,732	476,586	93,497
Total deferred outflows of resources	1,516	198,763	305,000	125,755	38,441	41,987	113,732	825,194	93,497
LIABILITIES									
Current liabilities									
Accounts payable and accrued expenses	96,537	147,422	66,051	48,364	39,083	104,961	65,555	567,973	1,504,347
Accrued salaries, wages and benefits	360	10,970	13,782	9,161	6,310	4,542	12,126	57,251	13,836
Due to other funds	58,977	20,800	6,879	6,720		99,057	27,322	219,755	
Unearned revenue, current	125,000	118,624	21,895	83,572		1,344	12,251	362,686	
Deposits			5,000			53,451		58,451	
Interest payable		22,343	48,515	65,789			25	136,672	
Claims and judgments									46,162
Compensated absences	764	18,427	53,644	32,204	22,045	15,761	23,683	166,528	16,553
Bonds and notes payable		649,000	799,372	460,630			2,925	1,911,927	
Total current liabilities	281,638	987,586	1,015,138	706,440	67,438	279,116	143,887	3,481,243	1,580,898

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Noncurrent liabilities									
Unearned revenue, long-term	$ 1,687,500	$	$	$	$	$	$	$ 1,687,500	$
Postemployment benefits other than pensions	196	28,594	25,966	16,574	15,592	116,649	39,588	243,159	25,264
Net pension liability	9,606	483,439	718,737	577,502	243,539	266,002	720,539	3,019,364	592,345
Bonds and notes payable, net of unamortized premiums and discounts		3,329,010	7,045,843	4,582,158			3,120	14,960,131	
Total noncurrent liabilities	1,697,302	3,841,043	7,790,546	5,176,234	259,131	382,651	763,247	19,910,154	617,609
Total liabilities	1,978,940	4,828,629	8,805,684	5,882,674	326,569	661,767	907,134	23,391,397	2,198,507
DEFERRED INFLOWS OF RESOURCES									
Unamortized amounts related to pensions	2,478	124,677	185,360	148,936	62,808	68,601	185,824	778,684	152,764

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
NET POSITION									
Net investment in capital assets	$ 15,743,175	$ 19,315,181	$ 20,006,341	$ 11,113,764	$ 12,733,219	$ 7,884,778	$ 924,832	$ 87,721,290	$ 498,330
Restricted									
Debt service		424,352	260,437					684,789	
Insurance liabilities									3,969,803
Unrestricted	380,661	2,966,482	3,366,623	1,816,111	642,932	4,437,802	537,306	14,147,917	157,378
Total net position	$ 16,123,836	$ 22,706,015	$ 23,633,401	$ 12,929,875	$ 13,376,151	$ 12,322,580	$ 1,462,138	102,553,996	$ 4,625,511
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time								(51,835)	
Net position of business-type activities								$ 102,502,161	

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES									
Charges for services	$ 997,005	$ 1,915,053	$ 2,868,339	$ 1,112,280	$ 1,084,410	$ 1,027,871	$ 2,209,428	$ 11,214,386	$ 4,968,236
OPERATING EXPENSES									
Salaries and wages	13,620	279,671	410,058	175,410	198,200	131,437	537,307	1,745,703	375,027
Employee benefits	4,327	130,395	139,978	51,274	67,487	106,397	241,733	741,591	179,422
Services and supplies	831,621	404,893	791,927	422,142	469,665	378,724	870,134	4,169,106	5,311,084
Depreciation	459,105	842,752	815,724	455,235	393,706	249,918	284,560	3,501,000	157,114
Total operating expenses	1,308,673	1,657,711	2,157,687	1,104,061	1,129,058	866,476	1,933,734	10,157,400	6,022,647
Operating income (loss)	(311,668)	257,342	710,652	8,219	(44,648)	161,395	275,694	1,056,986	(1,054,411)
NONOPERATING REVENUES (EXPENSES)									
Investment income	1,314	18,285	21,678	13,227	3,664	23,566	6,549	88,283	26,948
Interest and fiscal charges		(123,903)	(375,637)	(102,342)			(54,529)	(656,411)	
Property taxes									246,867
Intergovernmental shared revenues			142,075					142,075	5,528
Water capacity fees	125,000							125,000	
Lease revenues				21,453		200	10,560	32,213	
Gain (loss) on capital asset disposition						178,983		178,983	3,705
Miscellaneous		4,340	11,634	303	16,094		6,625	38,996	103,026
Total nonoperating revenues (expenses)	126,314	(101,278)	(200,250)	(67,359)	19,758	202,749	(30,795)	(50,861)	386,074
Income (loss) before capital contributions and transfers	(185,354)	156,064	510,402	(59,140)	(24,890)	364,144	244,899	1,006,125	(668,337)
CAPITAL CONTRIBUTIONS									
Capital contributions	199,061	3,420,383	1,532,321	62,118				5,213,883	
Connection charges		214,092	73,834	32,816		381,414		702,156	
Total capital contributions	199,061	3,634,475	1,606,155	94,934		381,414		5,916,039	

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
TRANSFERS									
Transfers in	$	$	$ 125,000	$ 13,538,808	$	$	$	$ 13,663,808	$
Transfers out	(125,000)						(13,438,808)	(13,563,808)	
Total transfers	(125,000)		125,000	13,538,808			(13,438,808)	100,000	
CHANGE IN NET POSITION	(111,293)	3,790,539	2,241,557	13,574,602	(24,890)	745,558	(13,193,909)	7,022,164	(668,337)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	16,245,854	19,455,190	22,194,246		13,672,930	11,873,988	15,460,462		5,955,146
Adjustment	(10,725)	(539,714)	(802,402)	(644,727)	(271,889)	(296,966)	(804,415)		(661,298)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	16,235,129	18,915,476	21,391,844	(644,727)	13,401,041	11,577,022	14,656,047		5,293,848
NET POSITION, END OF YEAR	$ 16,123,836	$ 22,706,015	$ 23,633,401	$ 12,929,875	$ 13,376,151	$ 12,322,580	$ 1,462,138		$ 4,625,511
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds								(5,540)	
CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES								$ 7,016,624	

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers	$ 1,253,938	$ 1,917,664	$ 2,791,543	$ 1,051,012	$ 1,064,741	$ 885,068	$ 2,282,520	$ 11,246,486	$
Cash received from interfund services									4,964,457
Cash received from other souces	125,000							125,000	
Cash payments for goods and services	(1,069,438)	(313,073)	(847,999)	(283,486)	(495,256)	(263,787)	(952,077)	(4,225,116)	
Cash payments for interfund goods and services									(4,318,313)
Cash payments for employee services and benefits	(17,567)	(426,115)	(600,169)	(213,676)	(272,304)	(204,091)	(840,839)	(2,574,761)	
Cash payments for interfund employee services and benefits									(568,667)
Net cash provided by (used in) operating activities	291,933	1,178,476	1,343,375	553,850	297,181	417,190	489,604	4,571,609	77,477
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers in			125,000	2,299,907				2,424,907	
Transfers out	(125,000)						(2,199,907)	(2,324,907)	
Repayments of advances from other funds			(100,000)				(600,000)	(700,000)	
Property taxes									247,317
Intergovernmental shared revenues			142,075					142,075	5,528
Net cash provided by (used in) noncapital financing activities	(125,000)		167,075	2,299,907			(2,799,907)	(457,925)	252,845

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES									
Acquisition and construction of capital assets	$ (66,484)	$ (232,406)	$ (194,895)	$ (55,438)	$ (10,284)	$ (950,300)	$ (91,926)	$ (1,601,733)	$ (102,183)
Proceeds received from disposal of capital assets						238,983		238,983	
Proceeds from debt issuance			113,930	58,549			54,402	226,881	
Principal payments on debt		(595,000)	(744,160)	(226,119)			(147,696)	(1,712,975)	
Interest payments on debt		(113,749)	(392,626)	(46,038)			(116,136)	(668,549)	
Connection charges		214,092	73,834	32,816		381,414		702,156	
Contributed capital	199,061							199,061	
Net cash provided by (used in) capital financing activities	132,577	(727,063)	(1,143,917)	(236,230)	(10,284)	(329,903)	(301,356)	(2,616,176)	(102,183)
CASH FLOWS FROM INVESTING ACTIVITIES									
Investment income received	691	15,341	18,742	8,183	2,837	20,714	9,316	75,824	22,342
Net cash provided by (used in) investing activities	691	15,341	18,742	8,183	2,837	20,714	9,316	75,824	22,342
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	300,201	466,754	385,275	2,625,710	289,734	108,001	(2,602,343)	1,573,332	250,481
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	87,352	3,587,011	3,788,111		470,983	4,596,162	3,919,609	16,449,228	5,714,766
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 387,553	$ 4,053,765	$ 4,173,386	$ 2,625,710	$ 760,717	$ 4,704,163	$ 1,317,266	$ 18,022,560	$ 5,965,247

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES									
Operating income (loss)	$ (311,668)	$ 257,342	$ 710,652	$ 8,219	$ (44,648)	$ 161,395	$ 275,694	$ 1,056,986	$ (1,054,411)
Adjustments to reconcile operating to net cash provided by (used in) operating activities									
Depreciation and amortization	459,105	842,752	815,724	455,235	393,706	249,918	284,560	3,501,000	157,114
(Increase) decrease in operating assets									
Accounts receivable	105,907	8,009	6,443	(12,996)	55,667	(426)	55,154	217,758	81,383
Notes receivable	125,000							125,000	
Due from other governments	151,214			(41,487)	(228)	39,528		149,027	(1,142)
Due from other funds	(188)	(2,865)	(80,246)	(6,143)	(48,866)	(181,663)	17,525	(302,446)	(81,237)
Inventories					(26,000)			(26,000)	(2,783)
Prepaid expenses		(2,533)	(2,993)	(642)	(242)	(242)	413	(6,239)	
Increase (decrease) in operating liabilities									
Accounts payable and accrued expenses	(39,217)	70,608	(49,147)	48,364	(17,763)	64,015	(28,790)	48,070	1,013,379
Accrued salaries and benefits	189	1,931	1,119	9,161	1,846	(122)	(10,752)	3,372	3,037
Due to other funds	58,977	20,668	(7,486)	6,720	(7,828)	48,994	24,414	144,459	(20,608)
Unearned revenue	(125,000)	544	(2,239)	83,572		(1,672)	(42,781)	(87,576)	
Contract retentions payable	(132,577)						(34,786)	(167,363)	
Deposits			2,800			3,600		6,400	
Compensated absences	152	(10,813)	(16,318)	32,204	1,778	(5,542)	(58,097)	(56,636)	(19,621)
Postemployment benefits other than pensions	196	739	(23,182)	(18,913)	(6,258)	43,757	18,834	15,173	12,052
Net pension liability	(157)	(7,906)	(11,752)	(9,444)	(3,983)	(4,350)	(11,784)	(49,376)	(9,686)
Total adjustments	603,601	921,134	632,723	545,631	341,829	255,795	213,910	3,514,623	1,131,888
Net cash provided by (used in) operating activities	$ 291,933	$ 1,178,476	$ 1,343,375	$ 553,850	$ 297,181	$ 417,190	$ 489,604	$ 4,571,609	$ 77,477

(Continued)

See notes to basic financial statements.

DOUGLAS COUNTY

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities					Business-type Activities			Governmental Activities
	Regional Water Utility	Sewer Utility	Carson Valley Water Utility	Lake Tahoe Water Utility	Town of Minden Wholesale Water Utility	Town of Minden Water Company	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES									
Contribution of capital assets	$	$ 3,420,383	$ 1,532,321	$ 62,118	$	$	$	$ 5,014,822	$

See notes to basic financial statements.

DOUGLAS COUNTY

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Agency Funds
ASSETS	
Cash, cash equivalents and investments	$ 2,410,867
Accounts receivable, net	132,338
Taxes receivable	560,489
Interest receivable	1,881
Due from other governments	279,099
Special assessments receivable	2,481
Inventories	32,557
Prepaid items	10,530
Total assets	3,430,242
LIABILITIES	
Due to others	3,430,242
NET POSITION	$

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of Douglas County (the County) have been prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The County is incorporated as a municipality of the State of Nevada (the State) and is governed by a five member elected Board of County Commissioners (the County Commission). The County's major operations include various tax assessments and collections, judicial functions, law enforcement, certain public health and welfare functions, road maintenance, parks, libraries and various administrative activities.

The reporting entity is defined as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

The County has determined that it is financially accountable, as the County Commission (or members thereof in an ex officio capacity) serves as the governing body for; and therefore, has the ability to impose its will on, each of the following entities, which are presented as blended component units:

East Fork Fire Protection District

Douglas County Redevelopment Agency

Town of Gardnerville

Town of Genoa

Town of Minden

East Fork Paramedic District

For the year ended June 30, 2015, none of the County's component units issued stand-alone financial statements.

(Continued)

Basic Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities and present consolidated information for the County's nonfiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

Included in the statement of net position are capital assets and long-term liabilities including general obligation and revenue bonds, notes, compensated absences, obligations for pensions and other postemployment benefits, and claims and judgments. Net position is classified as 1) net investment in capital assets, 2) restricted net position, or 3) unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment and include indirect expenses allocated to each function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not restricted for use by a particular function or segment are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns on the fund financial statements. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances with schedules presented to reconcile fund balances presented in the governmental fund financial statements to net position presented in the government-wide financial statements. Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

(Continued)

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the current fiscal year end. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property taxes, interest, intergovernmental consolidated taxes, governmental service taxes, motor vehicle fuel taxes and grants. All other revenue sources are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, obligations for postemployment benefits other than pensions, and claims and judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

General Fund - Accounts for all financial resources not accounted for in other funds.

Room Tax Fund - Accounts for activities related to, and support of, chambers of commerce, visitor authorities, and other specific Douglas County programs, such as parks, recreation and libraries.

East Fork Fire Protection District Fund - Accounts for the operations and activities of the East Fork Fire Protection District.

Park Residential Construction Tax Capital Projects Fund - Accounts for the construction of new park facilities within specified park districts.

The County reports the following non-major governmental fund types:

Special Revenue Funds - Accounts for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

Debt Service Funds - Accounts for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Capital Projects Funds - Accounts for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

Proprietary Fund Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges for services and other user fees. Operating expenses include the cost of goods and services, administrative expenses, and capital asset depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

The County reports the following major proprietary funds:

Regional Water Utility Fund - Accounts for the operations of the Regional water system, a separate water system in Douglas County.

Sewer Utility Fund - Accounts for the operations of the Douglas County sewer system.

Carson Valley Water Fund - Accounts for the operations of the Carson Valley water system, a separate water system in Douglas County.

Lake Tahoe Water Utility Fund - Accounts for the operations of the Zepher, Cave Rock and Skyland water systems, three separate water systems in Douglas County.

Town of Minden Wholesale Water Fund - Accounts for the operations of the Town of Minden wholesale water system.

Town of Minden Water Fund - Accounts for the operations of the Town of Minden water system, a separate water system in Douglas County

The County reports the following non-major proprietary fund types:

Enterprise Funds - Accounts for activities for which a user fee is charged for goods or services.

Internal Service Funds - Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements, comprised of a statement of net position, report the County's activities that are custodial in nature (assets equal liabilities) and do not involve measurement of operational results. Fiduciary funds are excluded from the government-wide financial statements.

The County reports the following fiduciary fund type:

Agency Funds - Accounts for assets held as an agent for individuals, private organizations, or other governments.

Assets and Liabilities

Cash, Cash Equivalents and Investments

The County's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All County cash, cash equivalents and investments are pooled for investment purposes. The pooled cash, cash equivalents and investments belonging to proprietary funds are available on demand; accordingly, amounts invested by proprietary funds are considered to be cash equivalents.

(Continued)

Investments are reported at fair value, regardless of the length of time remaining to maturity. The fair values of investments are determined using quotations obtained from independent published sources. Interest earned on investments is allocated to the General Fund and various other funds in accordance with the Nevada Revised Statutes (NRS) and policies established by management.

Receivables, Payables and Unearned Revenues

The assessed valuation of the real property and its improvements and personal property is computed at 35% of taxable value as defined by NRS and is further limited to $3.64 per hundred dollars of assessed valuation, except in cases of severe financial emergency as defined by NRS 354.705. The NRS also provide for a partial abatement of the property tax levied on qualified property that limits the increase of property taxes based on the previous year's assessed value. All real property in Douglas County is subject to physical reappraisal every five years. Taxes on personal property (primarily, commercial and mobile homes) are based on annual personal property declarations and computed using percentages and tax rates previously discussed.

Upon the certification of the combined tax rate by the State Tax Commission, the County Commission levies the real property tax rate for the fiscal period beginning with the succeeding July 1. Effective upon the tax levy on July 1 each year, a perpetual lien is recorded against the property assessed until the tax and any penalty charges and interest, which may accrue thereon, are paid. Real property taxes are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August and first Mondays in October, January and March. Penalties are assessed if a taxpayer fails to pay an installment within 10 days of the due date. In the event of nonpayment, on the first Monday in June of the subsequent year, a Treasurer's Trustee Certificate is issued conveying the property to the County Treasurer as Trustee, constituting a lien for back taxes and accumulated delinquency charges. The County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances and may sell the property to satisfy the tax lien.

Property taxes and other receivables that are not collected within 60 days of year end are classified as unavailable revenue in the fund financial statements rather than current revenue since the asset is not available to satisfy current obligations.

No allowance for uncollectable amounts related to other receivables, except for those related to ambulance billings, has been established since management does not anticipate any material collection loss in respect to delinquent accounts. In the East Fork Paramedic District Fund, accounts receivable from ambulance billings are reported net of a 23.9% allowance for uncollectable accounts.

Unearned revenues arise when the County receives resources before it has a legal claim to them, such as when grant funds are received prior to fulfillment of all eligibility requirements or property taxes for the following tax year are received before year end.

(Continued)

During the course of operations, individual funds engage in numerous reimbursable transactions with one another for goods provided or services rendered and any outstanding receivables and payables at year end are reported as due to/from other funds. Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as advances to/from other funds. All such balances within the governmental activities or business-type activities are eliminated in the government-wide statements. Indirect cost allocations for support services, reported as revenues and expenses in the fund financial statements, are eliminated in the government-wide statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as internal balances.

Inventories

Inventories in the governmental funds are valued at cost, which approximates market, using the first-in/first-out method. Inventories in proprietary funds are valued at the lower of cost (first-in/first-out method) or market. In the governmental fund financial statements, inventories are recorded as expenditures when purchased rather than when consumed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Bond covenants and other legal restrictions require portions of debt proceeds and other resources, be set aside for various purposes. These amounts are reported as restricted cash, cash equivalents and investments.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of $5,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost or estimated historical cost, including capitalized interest incurred during the construction phase on debt-financed projects. Donated assets are recorded at their estimated fair value on the date donated. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets.

The costs of normal maintenance and repairs that do not significantly increase the functionality of the assets or materially extend the assets' useful lives are not capitalized.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and building improvements	25-50
Machinery, equipment and software	5-25
Infrastructure	20-30
Water and sewer systems	40

(Continued)

Long-term Liabilities

In the government-wide and proprietary fund statements, long-term obligations are reported as liabilities in the statement of net position. Premiums and discounts are deferred and amortized as a component of interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the defeased debt is deferred and amortized as a component of interest expense using the straight-line method, which also approximates the effective interest method. Debt issuance costs are expensed in the period incurred.

In the governmental fund financial statements, premiums, discounts and debt issuance costs are recognized in the period they are paid or received. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the County's policy to permit employees to accumulate earned vacation and sick leave benefits that would be paid to them upon separation from County service if not previously taken. Accumulated sick leave benefits are payable to terminated employees who have accumulated a set number of hours up to a specified maximum, depending on the particular employee association. A liability for these obligations is reported in the government-wide and proprietary fund financial statements as incurred. A liability for compensated absences is reported in the governmental fund financial statements only to the extent it is due and payable at year end.

Postemployment Benefits Other Than Pensions

In accordance with the transition rules of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the County elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net postemployment benefits other than pensions (OPEB) obligation at zero upon adoption. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the County, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at year end is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The County uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Comprehensive Annual Financial Report, for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related to PERS fiduciary net position and related additions to/deductions. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

(Continued)

Deferred Outflows and Inflows of Resources

Deferred outflows of resources, represents a consumption of net position or fund balance that applies to future periods; and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide and proprietary funds statement of net position reports deferred refunding charges (the difference between the reacquisition price and the net carrying amount of the defeased debt), which will be amortized over the life of the related debt and amounts related to penisons (Note 4), including 1) the changes in proportion and differences between actual contributions and proportionate share of contributions related to pensions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) contributions made subsequent to the measurement date, which will be recognized in the subsequent year.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds balance sheet reports unavailable revenues, which will be recognized as revenue in the period that the amounts become available. The government-wide and proprietary funds statement of net position reports amounts related to pensions (Note 4), including 1) the differences between expected and actual experience and changes of assumptions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) the net difference between projected and actual earnings on investments, which will be amortized over five years.

Net Position

In the government-wide and proprietary fund financial statements, net position is reported as net investment in capital assets, restricted, or unrestricted. Net position is reported as restricted when constraints placed on it are either imposed by external parties (such as creditors, grantors, contributors or other governments) or imposed by law through a constitutional provision or enabling legislation.

Fund Balance

Fund balances of the governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* as follows:

Nonspendable fund balances include items that cannot be spent, such as amounts that are not in a spendable form (for example, inventories and prepaid items) and amounts that are legally or contractually required to remain intact, such as a permanent fund principal balance.

Restricted fund balances have constraints placed upon the use of the resources either by external parties (such as creditors, grantors, contributors or other governments) or imposed by law through a constitutional provision or enabling legislation.

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by an ordinance of the County Commission, which is the County's highest level of decision-making authority. These constraints remain binding unless removed or changed in the same manner used to create the constraints.

(Continued)

Assigned fund balances include amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent should be expressed by the County Commission or appropriately authorized officials. The Assistant County Manager/Chief Financial Officer has been authorized by the County Commission in the budget approval process to make all fund balance assignments. Constraints imposed on the use of assigned fund balances can be removed or changed without formal County Commission action. For governmental funds, other than the General Fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

Unassigned fund balance is the classification used by the general fund for residual amounts not included in the four categories described above.

Prioritization and Use of Available Resources

When both restricted resources and other resources (committed, assigned and unassigned) can be used for the same purposes, it is the County's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the County's policy to use committed resources first, assigned second, and unassigned last.

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect reported amounts. Accordingly, these estimates may require revision in future periods. Significant estimates include compensated absences, pension benefits, postemployment benefits other than pensions and useful lives of capital assets.

Note 2. Stewardship and Accountability

Budgetary Information

The County adopts annual budgets for all funds except for agency funds. All budget augmentations made during the year ended June 30, 2015, were as prescribed by law. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States and used by the County for financial reporting.

The County uses the following procedures to establish, modify, and control budgetary data:

Prior to April 15, the County submits the tentative budget for the next fiscal year, commencing on July 1, to the State Department of Taxation. The County Commission has the ability to reject the tentative budget prior to its submission to the State.

Public hearings are conducted on the third Monday in May.

After all changes have been noted and the public hearings closed, the County Commission adopts the budget on or before June 1.

Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the Budget Officer and/or the Board of Commissioners, depending on established criteria.

(Continued)

Budget augmentations in excess of original budget amounts may not be made without prior approval from the County Commission.

All annual appropriations lapse at the fiscal year end.

Excess of Expenditures over Appropriations

The NRS require that governmental fund budgetary controls to be exercised at the function level and that proprietary fund operating and nonoperating expenses not exceed the combined operating and nonoperating expenses budget. The NRS does not require budgetary limitations for capital asset purchases, debt service payments and other cash transactions typically reported in the proprietary fund statement of net position; however, it is the County's policy that these items be approved prior to payment.

For the year ended June 30, 2015, total expenditures exceeded appropriations for the following funds and/or functions, which are potential violations of the NRS:

Park residential construction tax capial projects fund, culture and recreation function	$	10,423
Town of Gardnerville special revenue fund, general government function		2,498
Town of Gardnerville special revenue fund, culture and recreation function		4,497

These over expenditures were funded by available assets in excess of liabilities as represented by fund balance in the respective funds.

Deficit Fund Balance

At June 30, 2015, the following fund had a deficit fund balance:

Park residential construction tax capital projects fund	$	10,705

Prior Period Adjustment

Fund balance or net position as of July 1, 2014, has been retroactively adjusted as follows:

	General Fund	Non-major Governmental Funds	Regional Water Utility Enterprise Fund	Sewer Utility Enterprise Fund	Carson Valley Water Utility Enterprise Fund
Net position or fund balance, as previously reported	$ 10,597,894	$ 32,282,229	$ 16,245,854	$ 19,455,190	$ 22,194,246
Adjustments					
Cumulative effect of adopting GASB Statement Nos. 68 and 71.			(10,725)	(539,714)	(802,402)
Adjust amounts held for others for amounts recognized in prior years	(789,080)				
Adjust unearned revenues for amounts earned in prior years	684,192	317,747			
Adjust capital assets for amounts capitalized in prior years					
Total adjustments	(104,888)	317,747	(10,725)	(539,714)	(802,402)
Net position or fund balance, as adjusted	$ 10,493,006	$ 32,599,976	$ 16,235,129	$ 18,915,476	$ 21,391,844

(Continued)

	Lake Tahoe Water Utility Enterprise Fund	Town of Minden Wholesale Water Utility Enterprise Fund	Town of Minden Water Company Enterprise Fund	Non-major Enterprise Funds	Internal Service Funds
Net position or fund balance, as previously reported	$	$ 13,672,930	$ 11,873,988	$ 15,460,462	$ 5,955,146
Adjustments					
Cumulative effect of adopting GASB Statement Nos. 68 and 71.	(644,727)	(271,889)	(296,966)	(804,415)	(661,298)
Adjust amounts held for others for amounts recognized in prior years					
Adjust unearned revenues for amounts earned in prior years					
Adjust capital assets for amounts capitalized in prior years					
Total adjustments	(644,727)	(271,889)	(296,966)	(804,415)	(661,298)
Net position or fund balance, as adjusted	$ (644,727)	$ 13,401,041	$ 11,577,022	$ 14,656,047	$ 5,293,848

	Governmental Activities	Business-type Activities
Net position or fund balance, as previously reported	$ 149,198,909	$ 98,856,375
Adjustments		
Cumulative effect of adopting GASB Statement Nos. 68 and 71.	(69,005,522)	(3,370,838)
Adjust amounts held for others for amounts recognized in prior years	(789,080)	
Adjust unearned revenues for amounts earned in prior years	1,001,939	
Adjust capital assets for amounts capitalized in prior years	(1,272,162)	
Total adjustments	(70,064,825)	(3,370,838)
Net position or fund balance, as adjusted	$ 79,134,084	$ 95,485,537

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for periods beginning after June 15, 2015. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Management has not yet completed its assessment of this statement.

(Continued)

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The requirements of this statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement 68 are effective for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement 67 or for pensions that are within the scope of GASB Statement 68 are effective for fiscal years beginning after June 15, 2015. This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement 68. It also amends certain provisions of GASB Statement No. 67, Financial Reporting for Pension Plans, and GASB Statement 68 for pension plans and pensions that are within their respective scopes. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016. This statement addresses the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017. This statement addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB) and the information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for periods beginning after June 15, 2015. This statement identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP), which consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. Management has completed its assessment of this statement and determined that is will not have a material effect on the County's financial position or changes therein.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for periods beginning after December 15, 2015. This statement addresses the need for financial statements prepared by state and local governments in conformity with generally accepted accounting principles to provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. Management has not yet completed its assessment of this statement.

(Continued)

Note 3. Detailed Notes on all Funds

Cash, Cash Equivalents and Investments

When investing monies, the County is required to comply with the NRS. County monies must be deposited with federally insured banks. The County is authorized to use demand accounts, time accounts and certificates of deposit. The NRS do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible State investments. Permissible State investments are similar to allowable County investments, described below, except that some State investments are for longer terms and include securities issued by municipalities outside of the State.

At June 30, 2015, the County's carrying amount of deposits was $6,014,769 and the bank balance was $6,017,236. The Federal Depository Insurance Corporation (FDIC) covered $250,000 of the bank balance at fiscal year end and the bank balance was collateralized by the Nevada Collateral Pool.

The County manages its custodial credit risk related to deposits by participating in the Nevada Collateral Pool, which requires depositories to maintain as collateral, acceptable securities having a fair market value of at least 102% of the amount of the uninsured balances of the public money held by the depository. Under NRS, the State Treasurer manages and monitors all collateral for all public monies deposited by members of the Nevada Collateral Pool. However, the County often carries cash and cash equivalents on deposit with financial institutions in excess of federally-insured limits, and the risk of losses related to such concentrations may be increasing as a result of ongoing economic instability.

At June 30, 2015, total cash, cash equivalents and investments (including restricted amounts) were presented in the County's financial statements as follows:

Governmental activities	$ 58,567,839
Business-type activities	18,022,560
Fiduciary funds	2,410,867
Total cash, cash equivalents and investments	$ 79,001,266

The County has a formal investment policy that, in the opinion of management, is designed to ensure conformity with the NRS and seeks to limit exposure to investment risks.

All investments are governed by the County Commission's policy of the "prudent person" rule. The prudent person rule is a standard to guide those with responsibility for investing the money of others. Such fiduciaries, must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculation.

Allowable County investments are as follows:

United States bonds and debentures maturing within ten (10) years from the date of purchase.

Certain farm loan bonds.

Bills and notes of the United States Treasury and obligations of an agency or instrumentality of the United States or a corporation sponsored by the United States maturing within ten (10) years from the date of purchase.

(Continued)

Negotiable and non-negotiable certificates of deposit from commercial banks and insured credit unions or savings and loan associations.

Certain securities issued by local governments within the State.

Local Government Investment Pool (an external investment pool administered by the State Treasurer, with oversight provided by the State Board of Finance. The fair value of the County's position in the pool is the same as the value of the pool shares.)

Other securities expressly provided by other statutes, including repurchase agreements.

Certain bankers acceptances, commercial paper issued by a corporation organized and operating in the United States, and Money Market Mutual Funds.

At June 30, 2015, the County had the following cash equivalents and investments:

	Reported Amount (Fair Value)	Investment Maturities (In Years) Less Than One	One to Five
U.S. Treasury obligations	$ 11,803,862	$	$ 11,803,862
U.S. Agency securities			
Federal Home Loan Bank	8,141,338		8,141,338
Federal Farm Credit Bank	5,014,100		5,014,100
Federal Home Loan Mortgage Corporation	3,039,530	1,024,910	2,014,620
Federal Home Loan Mortgage Bank	2,502,725		2,502,725
Federal National Mortgage Association	9,051,558	1,001,390	8,050,168
Local government investment pool	33,433,384	33,433,384	
Total investments	72,986,497	$ 35,459,684	$ 37,526,813
Total cash and cash equivalents	6,014,769		
Total cash, cash equivalents and investments	$ 79,001,266		

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the County’s investment policy, one of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

(Continued)

At June 30, 2015, the County's cash equivalents and investments were rated by Moody's Investors Service as follows:

	Reported Amount (Fair Value)	Quality Rating
U.S. Treasury obligations	$ 11,803,862	AAA
U.S. Agency securities		
Federal Home Loan Bank	8,141,338	AAA
Federal Farm Credit Bank	5,014,100	AAA
Federal Home Loan Mortgage Corporation	3,039,530	AAA
Federal Home Loan Mortgage Bank	2,502,725	AAA
Federal National Mortgage Association	9,051,558	AAA
Local government investment pool	33,433,384	N/A *
Total investments	$ 72,986,497	

* The requirement to disclose credit ratings does not apply to debt securities of the United States government, or obligations of United States government agencies that are explicitly guaranteed by the United States government.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical organization. The County's investment policy allows investments in obligations of the U.S. Treasury and U.S. agencies, agency issued mortgage backed securities, negotiable medium-term obligations issued by local governments of the State of Nevada, corporate bonds rated "AA" or better, commercial paper rated "A-1", "P-1" or better, and repurchase agreements, certificates of deposit, money market mutual funds rated "AAA" by a nationally recognized rating service or other securities in which banking institutions may legally invest.

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. Investments in any one issuer that represent 5% or more of total investments at June 30, 2015, were as follows:

	Percentage of Portfolio
U.S. Treasury obligations	16.03 %
Federal Home Loan Bank	11.06 %
Federal Farm Credit Bank	6.81 %
Federal National Mortgage Association	12.29 %

(Continued)

Capital Assets

For the year ended June 30, 2015, capital asset activity was as follows:

	Balance July 1, 2014 (Restated)	Increases	Decreases	Completed Construction	Balance June 30, 2015
Governmental activities					
Capital assets not being depreciated or amortized					
Land	$ 17,215,387	$	$	$ 288,369	$ 17,503,756
Construction in progress	19,919,172	5,439,362	(103,966)	(21,465,425)	3,789,143
Total capital assets not being depreciated or amortized	37,134,559	5,439,362	(103,966)	(21,177,056)	21,292,899
Capital assets being depreciated or amortized					
Buildings and building improvements	71,240,408	33,632	(36,898)	17,610,484	88,847,626
Machinery, equipment and software	32,029,241	1,388,551	(816,918)	216,008	32,816,882
Infrastructure	224,706,923	101,200	(11,545)	3,350,564	228,147,142
Total capital assets being depreciated or amortized	327,976,572	1,523,383	(865,361)	21,177,056	349,811,650
Accumulated depreciation and amortization					
Buildings and building improvements	(29,396,640)	(2,060,658)	8,610		(31,448,688)
Machinery, equipment and software	(25,093,419)	(1,693,266)	805,327		(25,981,358)
Infrastructure	(188,129,020)	(3,451,566)	9,428		(191,571,158)
Total accumulated depreciation and amortization	(242,619,079)	(7,205,490)	823,365		(249,001,204)
Total capital assets being depreciated or amortized, net	85,357,493	(5,682,107)	(41,996)	21,177,056	100,810,446
Total governmental activities	$ 122,492,052	$ (242,745)	$ (145,962)	$	$ 122,103,345

* Includes transfers from and to proprietary funds, if any.

(Continued)

	Balance July 1, 2014	Increases	Decreases	Completed Construction	Balance June 30, 2015
Business-type activities					
Capital assets not being depreciated or amortized					
Land	$ 2,891,609	$	$ (60,000)	$	$ 2,831,609
Construction in progress	12,294,318	1,581,267	(248)	(11,762,426)	2,112,911
Water rights	2,960,865			2,811,148	5,772,013
Total capital assets not being depreciated or amortized	18,146,792	1,581,267	(60,248)	(8,951,278)	10,716,533
Capital assets being depreciated or amortized					
Buildings and building improvements	2,784,150	3,500			2,787,650
Machinery, equipment and software	2,541,774	6,784	(17,030)	13,142	2,544,670
Water and sewer systems	107,437,372	5,025,252		8,938,136	121,400,760
Total capital assets being depreciated or amortized	112,763,296	5,035,536	(17,030)	8,951,278	126,733,080
Accumulated depreciation and amortization					
Buildings and building improvements	(651,880)	(72,363)			(724,243)
Machinery, equipment and software	(2,045,321)	(116,188)	17,030		(2,144,479)
Water and sewer systems	(27,029,747)	(3,312,449)			(30,342,196)
Total accumulated depreciation and amortization	(29,726,948)	(3,501,000)	17,030		(33,210,918)
Total capital assets being depreciated or amortized, net	83,036,348	1,534,536		8,951,278	93,522,162
Total business-type activities	$ 101,183,140	$ 3,115,803	$ (60,248)	$	$ 104,238,695

* Includes transfers from and to governmental funds, if any.

For the year ended June 30, 2015, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	$ 1,301,619
Judicial	339,805
Public safety	1,174,521
Public works	2,268,644
Community development	79,731
Culture and recreation	1,798,836
Health and sanitation	85,220
Internal service fund depreciation expense is charged to specific functions based on asset usage	157,114
Total depreciation expense, governmental activities	$ 7,205,490
Business-type activities	
Water	$ 2,583,499
Sewer	842,752
Trash service	74,749
Total depreciation expense, business-type activities	$ 3,501,000

(Continued)

Expenditures and transfers in the ad valorem capital projects funds for the year ended June 30, 2015, were as follows:

	Ad Valorem Capital Projects Fund	Town of Gardnerville Ad Valorem Capital Projects Fund	Town of Minden Ad Valorem Capital Projects Fund
Motor vehicles	$	$ 2,612	$ 25,311
Transfers out	1,311,112		

Interfund Balances and Activity

Due To and From Other Funds

At June 30, 2015, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made, were as follows:

	Receivable	Payable
General Fund	$ 81,160	$ 111,369
Room Tax Special Revenue Fund	26,894	5,471
Park Residential Construction Tax Capital Projects Fund		1,000
Non-major Governmental Funds	585,343	841,784
Regional Water Utility Enterprise Fund	1,210	58,977
Sewer Utility Enterprise Fund	5,645	20,800
Carson Valley Water Utility Enterprise Fund	80,378	6,879
Lake Tahoe Water Utility Enterprise Fund	6,143	6,720
Town of Minden Wholesale Water Utility Enterprise Fund	98,929	
Town of Minden Water Company Enterprise Fund	191,187	99,057
Non-major Enterprise Funds	338	27,322
Internal Service Funds	102,152	
	$ 1,179,379	$ 1,179,379

Interfund Transfers

Transfers of revenues collected in various funds are used to finance various programs and expenditures accounted for in other funds in accordance with budgetary authorization or legal requirements.

For the year ended June 30, 2015, interfund transfers were as follows:

	Transfers In	Transfers Out
General Fund	$ 75,000	$ 3,560,765
Room Tax Special Revenue Fund	963,897	392,434
East Fork Fire Protection District Special Revenue Fund	5,229,183	130,380
Non-major Governmental Funds	8,857,908	11,142,409
Regional Water Utility Enterprise Fund		125,000
Carson Valley Water Utility Enterprise Fund	125,000	
Lake Tahoe Water Utility Enterprise Fund	13,524,513	
Non-major Enterprise Funds		13,424,513
	$ 28,775,501	$ 28,775,501

(Continued)

Long-term Liabilities

Outstanding long-term debt obligations at June 30, 2015, were as follows:

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2015
Governmental activities				
General obligation medium term financing bonds and notes				
Community Center Medium Term Bonds, Series 2013	March 2013 - March 2023	2.05%	$ 7,800,000	$ 7,800,000
East Fork Fire Protection District Medium Term Bond, Series 2010	June 2010 - April 2020	4.04%	1,115,000	708,000
Gardnerville Medium Term Note, Series 2005	August 2005 - April 2015	4.35%	900,000	
Parking Garage Medium Term Bonds, Series 2005	February 2005 - February 2015	3.00 - 4.75%	3,220,000	
Parking Garage Medium Term Bonds, Series 2004	October 2004 - October 2014	3.50 - 5.00%	2,780,000	
Total general obligation medium term financing bonds and notes			15,815,000	8,508,000
Revenue bonds				
Airport Revenue Bonds, Series 2014	June 2015 - June 2029	2.95%	1,075,000	1,075,000
Highway Revenue Improvement and Refunding Bonds, Series 2003	April 2003 - December 2017	2.00 - 3.85%	3,145,000	635,000
Total revenue bonds			4,220,000	1,710,000
General obligation/pledged revenue bonds				
Community Center Bonds, Series 2012	August 2012 - August 2032	3.00 - 3.25%	6,750,000	6,650,000
Transportation Refunding Bonds, Series 2012	July 2012 - May 2020	2.08%	2,009,000	1,370,000
Solid Waste Disposal Refunding Bonds, Series 2004	September 2004 -December 2019	3.00 - 4.75%	1,670,000	
Total general obligation/pledged revenue bonds			10,429,000	8,020,000
Capital lease				
Vacuum truck lease	October 2014 - October 2020	2.82%	320,000	272,331
Total governmental activities			30,784,000	18,510,331

(Continued)

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2015
Business-type activities				
General obligation/pledged revenue bonds				
State Revolving Fund Water Bonds, Series 2014	January 2015 - January 2035	2.56%	$ 1,000,000	$ 113,930
Douglas County, Nevada General Obligation Sewer Refunding Bonds Series 2014	May 2014 - August 2024	.32% - 3.28%	2,010,000	2,010,000
State Revolving Fund Water Bonds, Series 2012	July 2012 - July 2032	2.49%	1,300,000	1,025,022
Douglas County, Nevada General Obligation Water Refunding Bonds, Series 2012A	March 2012 - November 2024	2.00 - 4.00%	2,485,000	2,295,000
State Revolving Fund Water Bonds, Series 2011	April 2011 - January 2031	3.21%	1,000,000	915,031
State Revolving Fund Water Bonds, Series 2010	February 2010 - January 2030	2.84%	1,150,000	956,270
Douglas County, Nevada General Obligation Sewer Refunding Bonds, Series 2010C	September 2010 - December 2020	2.00 - 4.00%	2,420,000	1,675,000
Douglas County, Nevada General Obligation Water Improvement and Refunding Bonds, Series 2010B	September 2010 - December 2022	2.00 - 4.50%	3,970,000	2,665,000
Douglas County, Nevada General Obligation Water Improvement Bonds (TRZED), Series 2010A	September 2010 - December 2029	6.00%	1,570,000	1,570,000
State Revolving Fund Water Bonds, Series 2009	March 2009 - January 2029	3.27%	3,500,000	1,942,402
State Revolving Fund Water Bonds, Series 2005	December 2005 - July 2025	2.99%	674,542	455,826
Douglas County, Nevada General Obligation Water Refunding Bonds, Series 2005C (Valley)	May 2005 - December 2016	5.00%	1,785,000	465,000
Douglas County, Nevada General Obligation Sewer Refunding Bonds, Series 2005B	May 2005 - December 2015	3.50 - 5.00%	1,540,000	210,000

(Continued)

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2015
Douglas County, Nevada General Obligation Water Refunding Bonds, Series 2005A (Lake)	May 2005 - December 2015	3.50 - 5.00%	$ 1,190,000	$ 160,000
Douglas County, Nevada General Obligation Sewer Improvement Bonds Series 2004B	August 2004 - August 2014	3.50 - 4.125%	3,000,000	
Douglas County, Nevada General Obligation Water Improvement Bonds Series 2004A	August 2004 - August 2014	3.25 - 4.125%	2,065,000	
Total general obligation/pledged revenue bonds			30,659,542	16,458,481
Total business-type activities			30,659,542	16,458,481
Total long-term debt obligations			$ 61,443,542	$ 34,968,812

General Obligation Bonds and Notes

The County issues general obligation bonds and notes payable for various purposes including, but not limited to, financing the improvement, acquisition or construction of capital assets. These bonds and notes constitute general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest.

Revenue Bonds and General Obligation/Pledged Revenue Bonds

The County issues revenue bonds and general obligation/pledged revenue bonds for various purposes including, but not limited to, financing the improvement, acquisition or construction of capital assets and has pledged specific revenues to repay these bonds.

Governmental activities

Pledged revenue – Revenues generated from the operations of the Airport system.	
Total revenue bond principal and interest remaining to be paid at June 30, 2015	$ 1,327,815
Total revenue bond principal and interest paid during the year ended June 30, 2015	15,768
Total pledged revenue for the year ended June 30, 2015	1,008,198
Maturity of revenue bonds issued and revenue pledge	
Airport Revenue Bonds, Series 2014 [1]	June 2029

Pledged revenue – Revenues generated from a 1% transient occupancy tax levied in the Tahoe-Douglas Transportation District and revenues generated by projects financed with the bonds.	
Total revenue bond principal and interest remaining to be paid at June 30, 2015	$ 1,449,727
Total revenue bond principal and interest paid during the year ended June 30, 2015	290,531
Total pledged revenue for the year ended June 30, 2015	502,868
Maturity of revenue bond issued and revenue pledge	
Transportation Refunding Bonds, Series 2012	May 2020

(Continued)

Pledged revenue – Revenues generated from intergovernmental consolidated taxes (liquor taxes, tobacco taxes, real property transfer taxes, basic governmental services tax and basic supplemental sales taxes).

Total revenue bond principal and interest remaining to be paid at June 30, 2015	$ 9,292,266
Total revenue bond principal and interest paid during the year ended June 30, 2015	304,694
Total pledged revenue for the year ended June 30, 2015	1,650,657
Maturity of revenue bond issued and revenue pledge	
Community Center Bonds, Series 2012	August 2032

Pledged revenue – Revenues generated from motor vehicle fuel taxes ($0.04 per gallon levied by the County and $0.0535 per gallon levied by the State).

Total revenue bond principal and interest remaining to be paid at June 30, 2015	$ 672,095
Total revenue bond principal and interest paid during the year ended June 30, 2015	222,650
Total pledged revenue for the year ended June 30, 2015	1,739,363
Maturity of revenue bond issued and revenue pledge	
Highway Revenue Improvement and Refunding Bonds, Series 2003	December 2017

Business-type activities

Pledged revenue – Revenues generated from water utility customer net revenues.

Total revenue bond principal and interest remaining to be paid at June 30, 2015	$ 17,045,829
Total revenue bond principal and interest paid during the year ended June 30, 2015	1,615,245
Total pledged revenue for the year ended June 30, 2015	2,564,802
Maturity of revenue bonds issued and revenue pledge	
State Revolving Fund Water Bonds, Series 2014	January 2035
State Revolving Fund Water Bonds, Series 2012	July 2032
Douglas County, Nevada General Obligation Water Refunding Bonds, Series 2012A	November 2024
State Revolving Fund Water Bonds, Series 2011	January 2031
State Revolving Fund Water Bonds, Series 2010	January 2030
Douglas County, Nevada General Obligation Water Improvement and Refunding Bonds, Series 2010B	December 2022
Douglas County, Nevada General Obligation Water Improvement Bonds (TRZED), Series 2010A	December 2029
State Revolving Fund Water Bonds, Series 2009	January 2029
State Revolving Fund Water Bonds, Series 2005	July 2025
Douglas County, Nevada General Obligation Water Refunding Bonds, Series 2005C (Valley)	December 2016
Douglas County, Nevada General Obligation Water Refunding Bonds, Series 2005A (Lake)	December 2015

Pledged revenue – Revenues generated from sewer utility customer net revenues.

Total revenue bond principal and interest remaining to be paid at June 30, 2015	$ 4,344,518
Total revenue bond principal and interest paid during the year ended June 30, 2015	708,439
Total pledged revenue for the year ended June 30, 2015	1,317,576
Maturity of revenue bonds issued and revenue pledge	
Douglas County, Nevada General Obligation Sewer Refunding Bonds, Series 2014	August 2024
Douglas County, Nevada General Obligation Sewer Refunding Bonds, Series 2010C	December 2020
Douglas County, Nevada General Obligation Sewer Refunding Bonds, Series 2005B	December 2015

(Continued)

Changes in Long-term Liabilities

Long-term liabilities activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Governmental activities					
General obligation medium term financing bonds and notes					
Community Center Medium Term Bonds, Series 2013	$ 7,800,000	$	$	$ 7,800,000	$ 905,000
East Fork Fire Protection District Medium Term Bond	808,000		(100,000)	708,000	113,000
Gardnerville Medium Term Note, Series 2005	117,855		(117,855)		
Parking Garage Medium Term Bonds, Series 2005	725,000		(725,000)		
Parking Garage Medium Term Bonds, Series 2004	545,000		(545,000)		
Total general obligation medium term financing bonds and notes	9,995,855		(1,487,855)	8,508,000	1,018,000
Revenue bonds					
Airport Revenue Bond, Series 2014		1,075,000		1,075,000	63,000
Highway Revenue Improvement and Refunding Bonds, Series 2003	830,000		(195,000)	635,000	205,000
Total revenue bonds	830,000	1,075,000	(195,000)	1,710,000	268,000
General obligation/pledged revenue bonds					
Community Center Bonds, Series 2012	6,750,000		(100,000)	6,650,000	100,000
Transportation Refunding Bonds, Series 2012	1,628,000		(258,000)	1,370,000	261,000
Solid Waste Disposal Refunding Bonds, Series 2004	830,000		(830,000)		
Total general obligation/pledged revenue bonds	9,208,000		(1,188,000)	8,020,000	361,000
Capital lease					
Vacuum truck lease		320,000	(47,669)	272,331	42,288
Unamortized bond premiums	56,217		(3,109)	53,108	

(Continued)

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Compensated absences	$ 3,705,902	$ 3,178,107	$ (2,916,385)	$ 3,967,624	$ 2,685,516
Postemployment benefits other than pensions	6,346,751	828,123	(575,430)	6,599,444	
Net pension liability	77,988,644	8,189,563	(24,367,819)	61,810,388	
Total governmental activities	108,131,369	13,590,793	(30,781,267)	90,940,895	4,374,804
Business-type activities					
General obligation/pledged revenue bonds					
State Revolving Fund Water Bonds, Series 2014		113,930		113,930	
Douglas County, Nevada General Obligation Sewer Refunding Bonds Series 2014	2,010,000			2,010,000	184,000
State Revolving Fund Water Bonds, Series 2012	912,071	112,951		1,025,022	45,587
Douglas County, Nevada General Obligation Water Refunding Bonds, Series 2012A	2,365,000		(70,000)	2,295,000	230,000
State Revolving Fund Water Bonds, Series 2011	958,192		(43,161)	915,031	44,557
State Revolving Fund Water Bonds, Series 2010	1,006,769		(50,500)	956,269	51,945
Douglas County, Nevada General Obligation Sewer Refunding Bonds, Series 2010C	1,920,000		(245,000)	1,675,000	255,000
Douglas County, Nevada General Obligation Water Improvement and Refunding Bonds, Series 2010B	3,005,000		(340,000)	2,665,000	350,000
Douglas County, Nevada General Obligation Water Improvement Bonds (TRZED), Series 2010A	1,570,000			1,570,000	
State Revolving Fund Water Bonds, Series 2009	2,050,262		(107,859)	1,942,403	118,285
State Revolving Fund Water Bonds, Series 2005	492,281		(36,455)	455,826	37,553
Douglas County, Nevada General Obligation Water Refunding Bonds, Series 2005C (Valley)	680,000		(215,000)	465,000	225,000
Douglas County, Nevada General Obligation Sewer Refunding Bonds, Series 2005B	410,000		(200,000)	210,000	210,000

(Continued)

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Douglas County, Nevada General Obligation Water Refunding Bonds, Series 2005A (Lake)	$ 310,000	$	$ (150,000)	$ 160,000	$ 160,000
Douglas County, Nevada General Obligation Sewer Improvement Bonds Series 2004B	150,000		(150,000)		
Douglas County, Nevada General Obligation Water Improvement Bonds Series 2004A	105,000		(105,000)		
Total general obligation/pledged revenue bonds	17,944,575	226,881	(1,712,975)	16,458,481	1,911,927
Unamortized bond premiums	503,672		(90,095)	413,577	
Compensated absences	223,164	151,077	(207,713)	166,528	166,528
Postemployment benefits other than pensions	227,986	36,376	(21,203)	243,159	
Net pension liability	3,809,652	400,051	(1,190,339)	3,019,364	
Total business-type activities	22,709,049	814,385	(3,222,325)	20,301,109	2,078,455
Total long-term liabilities	$ 130,840,418	$ 14,405,178	$ (34,003,592)	$ 111,242,004	$ 6,453,259

Compensated absences, net pension liability and postemployment benefits other than pensions typically have been liquidated by the fund incurring the related salaries and wages.

At June 30, 2015, the annual requirements to pay principal and interest on bonds and notes outstanding were as follows:

	General obligation medium term financing bonds and notes		Revenue bonds		General obligation/pledged revenue bonds	
For the Year Ended June 30,	Principal	Interest	Principal	Interest	Principal	Interest
Governmental activities						
2016	$ 1,018,000	$ 187,372	$ 268,000	$ 52,060	$ 361,000	$ 228,838
2017	1,051,000	164,133	275,000	42,367	367,000	220,378
2018	1,085,000	139,939	287,000	32,172	275,000	213,283
2019	1,121,000	114,749	69,000	25,960	281,000	207,531
2020	1,158,000	88,502	71,000	23,925	286,000	201,666
2021 - 2025	3,075,000	126,895	387,000	86,996	1,110,000	952,969
2026 - 2030			353,000	26,430	3,145,000	590,344
2031 - 2035					2,195,000	106,983
	$ 8,508,000	$ 821,590	$ 1,710,000	$ 289,910	$ 8,020,000	$ 2,721,992

(Continued)

For the Year Ended June 30,	General obligation/pledged revenue bonds Principal	Interest
Business-type activities		
2016	$ 1,883,873	$ 554,524
2017	1,599,436	493,414
2018	1,405,265	443,414
2019	1,449,901	395,470
2020	1,514,832	343,641
2021 - 2025	5,442,127	1,063,300
2026 - 2030	2,878,618	316,867
2031 - 2035	284,429	6,844
	$ 16,458,481	$ 3,617,474

Debt Covenants and Legal Debt Margin

Certain long-term liabilities are subject to restrictive debt covenants with which management believes the County to be in compliance.

The amount of long-term general obligation debt that can be incurred by the County is limited by the NRS and the County's Charter limits total outstanding long-term liabilities (debt principal) during a year to no more than 10% of the assessed value of taxable property at the beginning of the fiscal year. Management believes the County to be in compliance with these requirements.

Arbitrage Rebate Requirement

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term debt obligations. Under this Act, an arbitrage amount may be required to be rebated to the United States Treasury for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. As of the most recent date, management believes that there is no rebatable arbitrage amount due. Future calculations might result in adjustments to this determination.

Conduit Debt

The County has provided third-party borrowers conduit debt to finance the improvement, acquisition or construction of capital assets, which are deemed to be in the public interest, including, but not limited to, hospital facilities. The conduit debt obligations are secured by the pledged revenues of the third-party borrowers, and the County has no obligation with respect to the conduit debt after its issuance because the third-party services the debt. The conduit debt, issued pursuant to NRS 268, is not, and shall never become, an obligation of the County.

Outstanding conduit debt obligations at June 30, 2015, were as follows:

	Issuance Date	Original Amount	Balance June 30, 2015
Washoe Barton Medical Clinic Project, Hospital Revenue and Refunding Bonds, Series 2013	April 2013	$ 8,700,000	$ 7,673,372

(Continued)

Capital Leases - Governmental Activities

The County entered into a capital lease agreement, which expires October 2020, to finance the acquisition of capital assets used by the County and in general operations. For accounting purposes, the assets acquired under this capital lease has been recorded at the present value of the future minimum lease payments as of the lease inception date. Total capital lease payments for the year ended June 30, 2015, were $49,979.

At June 30, 2015, the assets acquired through these capital leases were as follows:

Machinery, equipment and software	$ 322,422

At June 30, 2015, future minimum capital lease payments were as follows:

For the Year Ended June 30,	
2016	$ 49,979
2017	49,979
2018	49,979
2019	49,979
2020	49,979
2021 - 2025	49,979
2026 - 2030	
Total future minimum capital lease payments	299,874
Less portion of payment representing interest	(27,543)
Present value of total future minimum capital lease payments	$ 272,331

Segment Information

The County has issued long-term debt (in some cases revenue supported) to finance the improvement, acquisition or construction of capital assets that has historically been paid from the revenues of the County's enterprise funds. The financial position, results of operations and cash flows of the enterprise funds are presented separately in the accompanying proprietary fund financial statements and no additional segment information disclosure is considered necessary.

(Continued)

Note 4. Other Information

Commitments

Operating Leases

The County has certain non-cancelable operating lease agreements primarily for office equipment. Such leases expire at various times through June 2019.

At year end, the County's future minimum lease payments under these non-cancelable operating leases were as follows:

For the Year Ended June 30,	
2016	$ 83,259
2017	63,170
2018	50,754
2019	28,579
2020	8,243
	$ 234,005

Construction Project Commitments

The County entered into contractual commitments for the construction and/or improvement of capital assets. At year end, such commitments were as follows:

	Contract Amount	Amount of Work Completed as of June 30, 2015	Commitment Remaining at June 30, 2015
Governmental activities			
General government projects	$ 2,861,913	$ 898,737	$ 1,963,176
Airport projects	437,091	218,545	218,546
Erosion control projects	175,000	66,201	108,799
Judicial system projects	54,391	35,168	19,223
Public safety projects	10,817	252	10,565
Public works projects	1,490,992	493,593	997,399
Total governmental activities	$ 5,030,204	$ 1,712,496	$ 3,317,708
Business-type activities			
Water system projects	$ 2,173,877	$ 1,124,810	$ 1,049,067
Sewer system projects	68,449	52,527	15,922
Total business-type activities	$ 2,242,326	$ 1,177,337	$ 1,064,989

(Continued)

Litigation

In the ordinary course of its operations, claims are filed against the County including, but not limited to those arising from alleged improper actions by employees, police actions and negligence. County management intends to vigorously defend each claim and believes that most claims will be dismissed or settled for substantially less than the claimed amount and may be partially offset by payments from the County's liability insurance policies, discussed below under "Risk Management," and will not result in any material adverse future effect on the County's financial position, results of operation, or cash flows.

The County does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

Risk Management

The United States has experienced a widespread decline in residential real estate sales, mortgage lending and related construction activity, high unemployment, as well as weakness in the commercial and investment banking systems, which has had far-reaching effects on the economic activity in the country. In fiscal years 2014 and 2015, the economy has begun to stabilize and has helped to stabilize the County’s current operations as well. However, the long-term impact of these factors on the Nevada economy and the County's future operations cannot be predicted at this time, but may be substantial.

The County is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these and other risks, the County participates with other governmental entities in the Nevada Public Agency Insurance Pool (the Pool) and the Public Agency Compensation Trust (PACT) and purchases commercial insurance coverage for other risks of loss, including specific risks not covered by PACT or the Pool (airport liability and bonding coverage) and employee health and accident insurance. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

Nevada Public Agency Insurance Pool

The Pool, created under the Nevada Interlocal Cooperation Act, is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The County pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide liability coverage for its members. The deductible paid by the County for each incident is $5,000 for property damages and crime and $50,000 for all other incidents, with a maximum aggregate deductible of $300,000 annually.

(Continued)

At June 30, 2015, Pool insurance coverages were as follows:

Property, crime and equipment		
Blanket Limit per schedule of locations	$ 300,000,000	Per loss
Sublimit for earthquake coverage	125,000,000	Annual aggregate
Sublimit for flood coverage	125,000,000	Annual aggregate
Sublimit for flood coverage zone A	10,000,000	Annual aggregate
Sublimit for equipment breakdown, boiler and machinery	60,000,000	Each accident
Sublimit for money and securities including dishonesty	500,000	Each loss
Casualty		
Bodily injury, property damage, personal injury		
Employment based benefits administration	$ 10,000,000	Per event
Law enforcement activities, and wrongful acts	10,000,000	Annual aggregate

Public Agency Compensation Trust

PACT, created under the Nevada Interlocal Cooperation Act, is an intergovernmental self-insured association for insurance.

The County pays PACT premiums based on payroll costs. The PACT is considered a self-sustaining pool that will provide workers compensation coverage based on established statutory limits.

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The County's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The County does not exercise any control over PERS.

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits, as required by NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the system on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

(Continued)

Post-retirement increases are provided by authority of NRS 286.575 - .579, which for members entering the system before January 1, 2010, is equal to the lesser of:

1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or

2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase.

For members entering the system on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/fire members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted toward the eligibility for retirement as Police/fire accredited service.

The normal ceiling limitation on the monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both regular and police/fire members become fully vested as to benefits upon completion of five years of service.

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires, in agencies which did not elect the employer-pay contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

PERS's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the entry age normal cost method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

(Continued)

For the fiscal years ended June 30, 2014 and 2015, the required employer/employee matching rate was 13.25% for regular and 20.75% for police/fire members. The EPC rate was 25.75% for regular and 40.50% for police/fire members.

Effective July 1, 2015, the required contribution rates for regular members will be 14.5% and 28% for employer/employee matching and EPC, respectively. The required contribution rates for police/fire members will remain the same.

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PER's website, www.nvpers.org under publications.

PERS collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following actuarial assumptions (based on the results of an experience review completed in 2013), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2014
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%, including inflation
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer price index	3.50%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases

At June 30, 2014, assumed mortality rates and projected life expectancies for selected ages were as follows:

Regular Members

	Mortality Rates		Expected Years of Life Remaining	
Age	Males	Females	Males	Females
40	0.10 %	0.05 %	41.1	44.4
50	0.17 %	0.12 %	31.6	34.7
60	0.55 %	0.42 %	22.4	25.4
70	1.82 %	1.39 %	14.3	17.0
80	5.65 %	3.79 %	7.7	10.1

Police/Fire Members

	Mortality Rates		Expected Years of Life Remaining	
Age	Males	Females	Males	Females
40	0.10 %	0.06 %	40.2	42.5
50	0.19 %	0.15 %	30.7	32.8
60	0.63 %	0.54 %	21.5	23.6
70	2.02 %	1.72 %	13.5	15.5
80	6.41 %	4.63 %	7.1	9.0

(Continued)

These mortality rates and projected life expectancies are based on the following:

For non-disabled male regular members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA

For non-disabled female regular members - RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year

For all non-disabled police/fire members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year

For all disabled regular members and all disabled police/fire members - RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years

PERS's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following target asset allocation policy was adopted as of June 30, 2014:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42 %	5.50 %
International equity	18 %	5.75 %
Domestic fixed income	30 %	25.00 %
Private markets	10 %	6.80 %

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 3.5%.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

The County's proportionate share of the net pension liability at June 30, 2014, calculated using the discount rate of 8.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	$ 100,817,354	$ 64,829,752	$ 34,914,891

(Continued)

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and additions to/deductions from it have been determined on the same basis used in the PERS Comprehensive Annual Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The County's proportionate share (amount) of the collective net pension liability was $64,829,752, which represents 0.62205% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2014, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014.

For the period ended June 30, 2015, the County’s pension expense was $8,589,614 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2015, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ 3,102,461
Net difference between projected and actual earnings on investments		13,616,902
Changes in proportion and differences between actual contributions and proportionate share of contributions	583,142	
Contributions made subsequent to the measurement date	9,697,296	

At June 30, 2014, the average expected remaining service life is 6.70 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $9,697,296 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30,	
2016	$ (3,810,800)
2017	(3,810,800)
2018	(3,810,800)
2019	(3,810,800)
2020	(525,307)
Thereafter	(367,714)

Changes in the County’s net pension liability were as follows:

Net pension liability, beginning of year	$ 81,798,296
Pension expense	8,589,614
Employer contributions	(9,421,937)
Net new deferred inflows and outflows of resources	(16,136,221)
Net pension liability, end of year	$ 64,829,752

(Continued)

At June 30, 2015, approximately $800,000 was payable to PERS, for the June 2015 required contribution.

Postemployment Benefits Other Than Pensions

Plan Information

In accordance with NRS, the County provides other postemployment benefits to retirees through a single-employer postemployment defined benefit healthcare plan, the Douglas County Health Benefits Plan (the County Plan) and by participating in the State's Public Employee Benefit Plan (PEBP), an agent multiple-employer defined benefit plan administered by a nine member governing board. Both plans provide healthcare, prescription, dental, vision and life insurance benefits.

Benefit provisions for the County Plan are established pursuant to NRS 287.023 and amended through negotiations between the County and the respective associations. Eligible retirees are able to participate in the plan at the same rates as active employees, thereby benefiting from an implicit subsidy. All retirees, except elected officials, are required to pay 100% of their premiums under the plan. Retired elected officials' subsidies are based on the number of complete four-year terms of office served by the elected officials.

PEBP eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the County is obligated to provide postemployment benefits is limited to eligible employees who retired from County service prior to September 1, 2008.

PEBP issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing or calling the following:

Public Employee Benefit Plan
901 South Stewart Street, Suite 101
Carson City, NV 89701
(775) 684-7000

The County Plan does not issue a separate financial report; however, additional information may be obtained by writing or calling the following:

Douglas County
P.O. Box 218
Minden, Nevada, 89423
(775) 782-9097

Funding Policy, Annual OPEB Cost and Net OPEB Obligation

Contribution requirements to the County Plan are established by and may be amended through negotiations between the County and various employee groups. Retirees enrolled in the County Plan receive no direct subsidy from the County; however, retiree loss experience is pooled with active employee loss experience for the purpose of setting rates and the difference between the true claims cost and the blended rate creates an implicit rate subsidy from the County. For fiscal year 2015, the County's estimated implicit benefit subsidy payment was $84,265. At June 30, 2015, 512 active employees and 34 retirees were participating in the County Plan.

The County is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. In fiscal year 2015, this subsidy ranged from $4 to $636 per retiree, per month. At June 30, 2015, 146 retirees were participating in the PEBP.

Annual OPEB cost for the plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	Public Employee Benefit Program	Douglas County Health Benefits Plan	Total
Annual required contribution (ARC)	$ 450,765	$ 455,466	$ 906,231
Interest on net OPEB obligation	67,220	195,769	262,989
Adjustment to ARC	(110,219)	(194,502)	(304,721)
Annual OPEB cost	407,766	456,733	864,499
OPEB contributions made	(472,952)	(123,680)	(596,632)
Increase (decrease) in net OPEB obligation	(65,186)	333,053	267,867
Net OPEB obligation, beginning of year	1,680,498	4,894,239	6,574,737
Net OPEB obligation, end of year	$ 1,615,312	$ 5,227,292	$ 6,842,604

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plan and the net OPEB obligation for the most current three years were as follows:

For the Year Ended June 30,	Annual OPEB Cost	OPEB Contributions Made	Percentage Contributed	Net OPEB Obligation
Public Employee Benefit Program				
2013	$ 486,541	$ 559,872	115.1 %	$ 1,628,831
2014	553,015	501,348	90.7 %	1,680,498
2015	407,766	472,952	116.0 %	1,615,312
Douglas County Health Benefits Plan				
2013	1,138,234	114,570	10.1 %	3,858,148
2014	1,138,234	114,570	10.1 %	4,894,239
2015	456,733	123,680	27.1 %	5,227,292

(Continued)

Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date was as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
Public Employee Benefit Program						
July 1, 2014	N/A [1]	$ 6,872,797	$ 6,872,797	0.0 %	N/A [2]	N/A [2]
Douglas County Health Benefits Plan						
July 1, 2014	N/A [1]	3,390,021	3,390,021	0.0 %	28,360,401	12.0 %

1. No assets have been placed in trust.
2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits provided at the valuation date and the pattern of sharing benefit costs between the County and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

(Continued)

Significant actuarial methods and assumptions as of the most recent actuarial valuation date were as follows:

	Public Employee Benefit Program	Douglas County Health Benefits Plan
Actuarial valuation date	July 1, 2014	July 1, 2014
Actuarial cost method	Entry age normal, closed	Entry age normal, open
Amortization method	Level dollar	Level percent of pay
Amortization period	24	30 years
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions		
Average retiree age	65.9	66.9
Investment rate of return	4%	4%
Projected salary increases	N/A [1]	4%
Inflation rate	2.75%	2.75%
Health cost inflation rates		
Initial	7.5%	7.5%
Ultimate	5%	5%
Health cost inflation rates for the year ending June 30,		

1. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

The following statements are summaries of certain provisions of the Bond Ordinance. Such statements do not purport to be complete and are qualified in their entirety by the provisions of and reference to the Bond Ordinance itself.

Certain Definitions

Certain terms used in the Bond Ordinance are defined substantially as follows:

"Acquire" or "acquisition" means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the United States of America, any agency, instrumentality or corporation thereof, the State of Nevada, any body corporate and politic therein, any corporation, the State, or any person, the endowment, bequest, devise, condemnation, transfer, assignment, option to purchase, other contract, or other acquirement (or any combination thereof) of any project or an interest therein, authorized by NRS Chapter 373.

"Acquisition Account" "Acquisition Account" means the Douglas County, Nevada Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2016, Acquisition Account" created in the Bond Ordinance, to which the proceeds of securities and any other monies appropriated to defray the costs of the Project may be credited.

"Administration Expenses" means the expenses incurred in fixing and collecting the Fuel Taxes and the costs of administering and enforcing laws, rules and regulations pertaining thereto, including, without limitation, the deductions allowed by law to any dealer or user to cover his or her costs of collection of the taxes and of compliance with any law pertaining thereto, statute or ordinance, and the dealer's or user's handling losses occasioned by evaporation, spillage or other similar causes, not exceeding two percent (2%) of the amount thereby collected, the reasonable charges against the County or the State acting by or through the Department or otherwise to reimburse the State for the cost to it of rendering its services in the performance by it of all functions incident to the administration or operation of the Tax Ordinance, to defray such administration and operation costs incurred by the State, also so including those portions of the net proceeds of the tax levied by the State in NRS 365.180 and 365.190, needed to make the remittances and deposits required of the State by NRS 365.535 and 365.565, and also so including any such administration costs pertaining to any Fuel Taxes other than the taxes presently imposed by the Tax Ordinance and by the Tax Act and now or hereafter subject to the pledge and lien to secure the payment of the Bonds; and the term may include at the County's option (except as limited by law), without limitation:

(a) Auditing, legal and other overhead expenses of the County directly or indirectly related to the administration, operation and maintenance of the Fuel Taxes;

(b) Property, liability and other insurance and fidelity bond premiums pertaining to the Pledged Revenues or the Facilities, or both, or a reasonably allocated share of a premium of any blanket policy or bond pertaining to the Pledged Revenues or the Facilities, or both;

(c) The reasonable charges of any depository bank pertaining to the Fuel Taxes or any securities payable from the Pledged Revenues;

(d) Any general taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the County or its income or operations pertaining to the Fuel Taxes;

(e) Ordinary and current rentals of equipment or other property;

(f) The costs of making any refunds of any Pledged Revenues lawfully due to others;

(g) Expenses in connection with the issuance of bonds or other securities evidencing any loan to the County and payable from the Pledged Revenues;

(h) The expenses and compensation of any trustee or other fiduciary;

(i) Contractual services, professional services required by the Bond Ordinance, salaries, labor and the cost of materials and supplies used for current operation; and

(j) All other administrative, general and commercial expenses pertaining to the Fuel Taxes, but:

(i) Excluding any operation and maintenance expenses incurred in connection with the Facilities or other streets and highways in the County and not directly pertaining to the Fuel Taxes;

(ii) Excluding any allowance for depreciation or any amounts for capital replacements, renewals, major repairs and maintenance items (or any combination thereof);

(iii) Excluding any costs of the acquisition of any Facilities or any improvements thereto or any other costs pertaining to any other street or highway improvements, or any reserves therefor;

(iv) Excluding any reserves for operation, maintenance or repair of the Facilities or other streets and highways in the County;

(v) Excluding any allowance for the redemption of any bonds or other securities evidencing a loan, or the payment of any interest thereon, or any reserve therefor; and

(vi) Excluding liabilities incurred by the County as the result of its negligence in the operation and maintenance of the Facilities or any other streets and highways in the County or any other ground of legal liability not based on contract, or any reserve therefor.

"Board" or "Governing Body" means the Board of County Commissioners of Douglas County, in the State of Nevada, or its successor in functions, if any, or if the context requires, the Regional Transportation Commission of Douglas County, or its successor in functions, if any.

"Bond Fund" means the "Douglas County, Nevada, Highway Revenue Bond Interest and Bond Retirement Fund" created in the Bond Ordinance, and required to be accumulated, deposited and maintained in the Bond Ordinance and other provisions supplemental thereto.

"Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds and any Outstanding additional bonds or other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

"Bond Year" for the purposes of the Bond Ordinance means the twelve (12) months commencing on November 2 of any calendar year and ending on November 1 of the next succeeding calendar year.

"Bonds" or "Bonds" means the securities issued under the Bond Ordinance and designated as the "Douglas County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2016."

"Combined maximum annual principal and interest requirements" means the maximum sum of the principal of and interest on the Outstanding Bonds and any other Outstanding designated securities payable from the Net Pledged Revenues to be paid during any one Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any Bond or other designated securities last becomes due at maturity, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. Any such computation shall be made by an Independent Accountant or the chief financial officer of the County unless otherwise expressly provided.

"Commercial bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, is located within the United States, and has a capital and surplus of $10,000,000 or more, including, without limitation, any "trust bank" as defined in the Bond Ordinance.

"Commission" means the Regional Transportation Commission of Douglas County originally created pursuant to NRS Chapter 373 (with additional powers currently set forth in NRS Chapter 277A), or the Commission's successor in functions, if any.

"Cost of the Project," or any phrase of similar import, means all or any part designated by the Governing Body of the cost of the Project, which cost, at the option of the Governing Body (except as limited by law) may include all or any part of the incidental costs pertaining to the Project, including, without limitation:

(a) Preliminary expenses advanced by the County from funds available for use therefor or any other source, or advanced by any city or town with the approval of the County from funds available therefor or from any other source, or advanced by the State or the Federal Government, with the approval of the County (or any combination thereof);

(b) The costs in the making of surveys, audits, preliminary plans, other plans, specifications, estimates of costs, and other preliminaries;

(c) The costs of appraising, printing, estimates, services of engineers, architects, financial consultants, attorneys at law, clerical help, or other agents or employees;

(d) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project, the filing or recordation of instruments, the taking of options, the issuance of the Bonds and any other securities pertaining to the Project, and the bank fees and expenses;

(e) The costs of contingencies;

(f) The costs of the capitalization with the proceeds of the Bonds of any interest on the Bonds for any period not exceeding the period estimated by the Governing Body to effect the Project plus one (1) year, of any discount on the Bonds, and of any reserves for the payment of the Bond Requirements of the Bonds, of any replacement expenses, and of any other cost of the issuance of the Bonds;

(g) The costs of amending any ordinance, resolution or other instrument authorizing the issuance of or otherwise pertaining to outstanding securities payable from any Pledged Revenues;

(h) The costs of funding any emergency loans and other temporary loans of not exceeding five (5) years pertaining to the Project and of the incidental expenses incurred in connection with such loans;

(i) The costs of any properties, rights, easements or other interests in properties, of any licenses, privileges, agreements and franchises; and

(i) All other expenses necessary or desirable and pertaining to the Project, as estimated or otherwise ascertained by the Governing Body.

"County" or "Issuer" means the County of Douglas, in the State of Nevada, and constituting a political subdivision thereof, or any successor municipal corporation; and where the context so indicates, either such term means the geographical area comprising the County of Douglas.

"County Treasurer" or "Treasurer" means the de jure or de facto county treasurer of the County, or his or her successor in functions, if any.

"Department of Taxation" or "Department" means the Nevada Department of Taxation.

"Direct Distributions" means the shares of the proceeds of the Fuel Taxes levied and collected pursuant to the Project Act and the Tax Ordinance and allocated thereunder to those cities and towns within the County, whose respective territories are not included wholly or in part in the Plan in aid of approved construction projects from the Highway Fund, in the proportion which the total assessed valuation of those cities and towns bears to the total assessed valuation of the entire County, pursuant to NRS 373.150. "Direct Distributions" also means the shares of the unrefunded balance of the Fuel Taxes levied and collected pursuant to the Project Act and Tax Ordinance, which are subject to refund by reason of the use of such taxed fuel as aviation fuel, and allocated to the local governments which own or control any airports, landing areas and air navigation facilities within the County, pursuant to NRS 373.150.

"Events of default" means the events stated in Section 1003 of the Bond Ordinance and described below under "Events of Default and Remedies of Bondholders."

"Facilities" means the properties comprising the street and highway system embraced by the Plan, as from time to time amended, consisting of all properties real, personal, mixed, or otherwise, now owned or hereafter acquired by the County, the State, and any other political subdivision of the State (other than the County), through purchase, construction, or otherwise, and used in connection with the street and highways system within the Plan, as so amended, and in any way pertaining thereto.

"Federal Government" means the United States, or any agency, instrumentality or corporation thereof.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America and the full faith and credit of the United States of America is pledged to such direct obligation or guarantee.

"Fiscal Year" means the twelve (12) months commencing on the first day of July of any calendar year and ending on the last day of June of the next succeeding calendar year.

"Fuel Taxes" means the excise taxes collected for use by the County in connection with the privilege of selling, using or distributing motor vehicle fuel in the County or the State, as the case may be, so long as the Bonds issued under the Bond Ordinance remain Outstanding, the proceeds of which taxes now or hereafter are authorized to be pledged for the payment of the Bonds, whether levied by the County, the State, or otherwise, subject to the exempt sales and to the other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses. Such taxes are not necessarily limited to any type or types of motor vehicle fuel in use when the Bonds are issued; and, subject to such exempt sales and to such other exempt transactions, such taxes now consist:

(a) Of a tax levied by the County by the Tax Ordinance pursuant to the Project Act of nine cents ($0.09) per gallon on all motor vehicle fuel sold, distributed or used in the County as provided by the Tax Ordinance, except as therein otherwise provided, and

(b) Of the County's interest in additional taxes levied by the State in NRS 365.180 and 365.190, of three and six- tenths (3.6¢) and one and seventy-five hundredths cents (1.75¢), respectively, per gallon on all motor vehicle fuel sold, distributed, or used in the County, as well as other counties of the State, as provided in NRS 365.550 and 365.560, except as otherwise provided in the Tax Act, but

(c) Not of any portion of any such excise tax otherwise now levied by the State;

and such taxes may hereafter consist of any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or of any such excise taxes of any value pledged in supplementation thereof.

"Governing Body" means the Board.

"Gross Pledged Revenues" or "gross income" means all income and revenues derived directly or indirectly by the County from the Fuel Taxes, or any part thereof, whether resulting from excise taxes pertaining to motor vehicle fuel hereafter authorized to be pledged to the Bonds, or otherwise, and includes all revenues received for use by the County or any political corporation succeeding to the rights of the County from the Fuel Taxes, but:

(a) Excluding any moneys received as grants, appropriations or gifts from the United States, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the County, and

(b) Excluding any other moneys which are not authorized by statute heretofore or hereafter adopted to be pledged to the payment of the Bonds.

"Highway Fund" means the Regional Street and Highway Fund in the treasury of the County, which fund was created by the Tax Ordinance, pursuant to NRS 373.110, and is also known as the "General Fund" of the Commission.

"Holder" or "owner" or any similar term, when used in connection with any coupons, any bonds, or any other designated securities, means the Person in possession and the apparent owner of the designated item, if such obligation is registered to bearer or is not registered, and the term means the registered owner of any Bond or other security which is fully registered for payment as to both principal and interest otherwise than to bearer.

"Improve" or "improvement" means the extension, widening, lengthening, betterment, alteration, reconstruction or other major improvement, or any combination thereof, of any properties pertaining to the Facilities, or an interest therein, or any other properties designated in the Bond Ordinance; but the term does not mean renovation, reconditioning, patching, general maintenance or other minor repair.

"Independent Accountant" means any certified public accountant, or firm of such certified public accountants, as from time to time determined by the Governing Body, duly licensed to practice and practicing as such under the laws of the State, appointed and compensated by the Governing Body on behalf and in the name of the County:

(a) Who is, in fact, independent and not under the domination of the County;

(b) Who does not have any substantial interest, direct or indirect, with the County, and

(c) Who is not connected with the County as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the County.

"Net Pledged Revenues" means the Gross Pledged Revenues, after the deduction of the Administration Expenses and Direct Distributions, including without limitation in the case of the taxes levied by the State in NRS 365.180 and 365.190, including without limitation, the deductions from such taxes by the State of amounts for the remittances and deposits required by the provisions of NRS 365.535 and 365.565.

"Outstanding" when used with reference to the Bonds or any other designated securities and as of any particular date means all the bonds or any such other securities payable from the Pledged Revenues in any manner theretofore or thereupon being executed and delivered:

(a) Except any Bond or other security canceled by the County or otherwise on the County's behalf, at or before such date;

(b) Except any Bond or other security for the payment of the redemption of which cash at least equal to the Bond Requirements to the date of maturity or the Redemption Date, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as described in "Defeasance" below; and

(c) Except any Bond in lieu of or in substitution for which another bond shall have been duly executed and delivered.

"Parity bonds" or "parity securities" means in either case bonds or securities payable hereafter authorized to be issued from the Pledged Revenues with a lien on the Net Pledged Revenues on a parity with the Bonds.

"Paying Agent" means Zions Bank, a division of ZB, National Association or any successor thereof.

"Person" means a corporation, firm, other body corporate (including the Federal Government, the State, or any other body corporate and politic other than the County), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

"Plan" means the 5-Year Transportation Plan of the County, as from time to time amended and supplemented.

"Pledged Revenues" means all or a portion of the proceeds of the gross Fuel Taxes, i.e., the Gross Pledged Revenues. The term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

"Project" means the street and highway construction, improvement and repair, as delineated in the Plan, including, without limitation, the acquisition, repair and improvement of:

(a) Any street, avenue, boulevard, alley, highway or other public right-of-way used for any vehicular traffic,

(b) Sidewalks designed primarily for use by pedestrians,

(c) Grades, regrades, gravel, oiling, surfacing, macadamizing, paving, cross-walks, sidewalks, pedestrian rights-of- way, driveway approaches, curb cuts, curbs, gutters, culverts, catch basins, drains, sewers, manholes, inlets, outlets, retaining walls, bridges, overpasses, tunnels, underpasses, approaches, sprinkling facilities, artificial lights and lighting equipment, parkways, grade separators, traffic separators, and traffic control equipment, and all appurtenances and incidentals, or any combination thereof, and

(d) The acquisition and improvement of all types of property therefor.

"Project Act" means the act originally adopted as ch. 470, Statutes of Nevada 1965, designated as NRS 373.010 through 373.200, as from time to time amended, and cited in NRS 373.010, as the County Fuel Tax Law.

"Rebate Fund" means the account designated as the "Douglas County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2016, Rebate Fund" created in the Bond Ordinance.

"Registrar" means the Paying Agent, (i.e., Zions Bank, a division of ZB, National Association) which acts as agent of the County for the registration and transfer of Bonds and is required to keep records for the registration and transfer of Bonds, pursuant to the Bond Ordinance, and the defined term includes any successor trust bank as registrar appointed as provided herein.

"Reserve Fund" means the "Douglas County, Nevada, Highway Revenue Bonds, Reserve Fund," created in the Bond Ordinance.

"Reserve Fund Requirement" means an amount equal to the combined maximum annual debt service on the Bonds and any parity securities outstanding at the time of calculation; provided, however, there shall be no Reserve Fund Requirement unless and until the conditions specified in the Bond Ordinance are met.

"State" means the State of Nevada; and where the context so indicates, "State" means the geographical area comprising the State of Nevada.

"Subordinate bonds" or "subordinate securities" means in either case bonds or securities payable from the Pledged Revenues and junior to the lien thereon of the Bonds.

"Tax Act" means NRS 365.010 through 365.090, and all laws amendatory thereof.

"Tax Code" means the Internal Revenue Code of 1986, as amended.

"Tax Ordinance" means Ordinance No. 178 duly adopted by the Governing body on April 6, 1970, as amended by Ordinance No. 451 duly adopted by the Governing Body on June 5, 1986 and as amended by Ordinance No. 2015-1446 duly adopted by the Governing Body on December 3, 2015, as amended from time to time.

"Trust bank" means a "commercial bank," as defined herein, which bank is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

Disposition of Bond Proceeds

The proceeds of the Bonds, upon their receipt, except as otherwise expressly provided in the Bond Ordinance, shall be credited to the Acquisition Account. Moneys in the Acquisition Account shall be used solely to defray wholly or in part the Cost of the Project, including the costs of issuing the Bonds. The County may defray any such costs of issuance as Administration Expenses to the extent the moneys credited to the Acquisition Account are insufficient therefor. When the Project shall have been completed and all amounts due therefor, including all proper incidental expenses, shall have been paid, or for which full provision shall have been made, the Treasurer shall cause to be transferred to the Bond Fund, for the payment of the Bond Requirements of the Bonds, all surplus moneys remaining in the Acquisition Account, if any, except for any moneys designated to be retained to pay any unpaid accrued costs or contingent obligations.

Highway Fund Deposits

So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the entire Gross Pledged Revenues, except for such amounts withheld by dealers, users and the Department to reimburse themselves (excluding the Department) for handling losses occasioned by evaporation, spillage and other similar causes, and to reimburse themselves (including the Department) for the costs of their respective services in the performance by them of all functions incident to the administration of the Fuel Taxes, and constituting Administration Expenses, pursuant to the Project Act, to the Tax Act, to the Tax Ordinance, except for amounts refunded to taxpayers as provided in such statutes and ordinance, and except for the required share of the Net

Proceeds of the taxes levied by the State in NRS 365.180 and 365.190, needed to make the remittances and deposits required of the State by NRS 365.535 and 365.565, shall continue to be set aside upon the receipt of such revenues by the County and credited to the special account in the County Treasury of the County created by the Tax Ordinance, pursuant to NRS 373.110, and designated as the “Regional Street and Highway Fund” (the “Highway Fund”).

So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the following payments from the Highway Fund, shall be made in the following order:

(a) To pay Administration expenses (with certain exceptions), and to make Direct Distributions;

(b) To the Bond Fund, for the payment of the Bonds and any Outstanding parity securities:

(i) Monthly, commencing on the first of the month following the date of delivery of the Bonds, one-sixth of the amount necessary to pay the next maturing installment of interest on the Bonds, taking into account other moneys from time to time available therefor from whatever source, except to the extent any other moneys are available therefor;

(ii) Monthly, commencing on the first of the month following the date of delivery of the Bonds, in substantially equal amounts, the amount necessary to pay the principal coming due on the Bonds on the first principal payment date, and thereafter, monthly commencing on the first principal payment date, one-twelfth of the amount necessary to pay the next maturing principal of the Outstanding Bonds, taking into account other moneys from time to time available therefor from whatever source, except to the extent any other moneys are available therefor;

(c) Concurrently with payments to the Bond Fund summarized in (b) above, to the Reserve Fund, monthly, in the amount and at such time as it is reasonably required. At the time of the issuance of the Bonds, no funds are required to be on deposit in the Reserve Fund. Transfers shall also be made to the Reserve Fund to reaccumulate funds up to the Reserve Fund Requirement, with twenty-four substantially equal monthly payments, beginning on the first day of the month following a withdrawal from the Reserve Fund or a valuation of the investments therein which shows that the amounts therein are less than the Reserve Fund Requirement. No transfer need be made to the Reserve Fund so long as the moneys therein shall equal not less than the Reserve Fund Requirement. The moneys in the Reserve Fund, to the extent it is required to be funded as described in the Bond Ordinance, shall continue to be accumulated and maintained as a continuing reserve, except as provided in the Bond Ordinance, only to prevent deficiencies in the payment of the principal of and the interest on the outstanding Bonds and any outstanding parity securities hereafter issued resulting from the failure to deposit in the Bond Fund sufficient funds to pay such principal and interest as the same accrue;

(d) Subsequent to the payments required in (a) through (c), to the Rebate Fund, as required under Section 148 of the Tax Code and regulations promulgated thereunder;

(e) Subsequent to the payments summarized in (a) through (d) above, there may be paid out of any moneys remaining in the Highway Fund the payment of Bond Requirements of additional subordinate securities payable from the Pledged Revenues and hereafter authorized to be issued, including reasonable reserves for such securities, as the same accrue; and

(f) The balance remaining in the Highway Fund may be used for any one or any combination of lawful purposes, as the Governing Body may from time to time determine.

Lien of the Bonds

The Bonds, subject to the payment of Administration Expenses and Direct Distributions, constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues. The Bonds and any securities or hereafter authorized to be issued with a lien on the Net Pledged Revenues on a parity with the lien of the Bonds and from time to time Outstanding, are equitably and ratably secured by a lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of such securities, it being the intention of the Governing Body that there shall be no priority among the Bonds and any such parity securities regardless of the fact that they may be actually issued and delivered at different times, except as expressly set forth in the Bond Ordinance.

Parity Bonds

The County may issue additional bonds or other securities (other than refunding bonds or other parity refunding securities, which are permitted subject to conditions described below) payable from the Pledged Revenues and constituting a lien on the Pledged Revenues on a parity with the lien of the Bonds if:

(a) at the time of the adoption of the supplemental instrument authorizing the issuance of such additional securities, the County is not in violation of the maintenance of fuel tax covenant as described in the Bond Ordinance or in default in making any payments required to be made to the various accounts designated in the Bond Ordinance; and

(b) the Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional parity securities shall have been at least sufficient to pay an amount equal to 170% of the combined maximum annual principal and interest requirements of the Outstanding Bonds, and any Outstanding bonds issued with a lien on the Pledged Revenues which is on a parity with the lien thereon of the Bonds, and the bonds or other securities proposed to be issued (excluding any reserves therefor); but, the County may authorize and issue additional bonds or other securities to refund any Outstanding Bonds and may authorize and issue additional bonds or other securities with a lien on the Net Pledged Revenues that is subordinate to the lien of the Bonds without complying with this subsection (b) of this Section.

The above earnings test is subject to the following adjustments:

(a) if any Fuel Tax constituting supplemental Pledged Revenues had not accrued and been payable for the full Fiscal Year immediately preceding the date of the issuance of any such additional parity securities, any amount of Net Pledged Revenues which was actually collected for the designated Fiscal Year may be increased to an amount which it is estimated would have been collected if such Fuel Tax had accrued and been payable for the full Fiscal Year designated based upon the known collections of Net Pledged Revenues preceding such adjustment; and

(b) the amount of any prior redemption premiums due on any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

The Bonds and any parity securities hereafter authorized to be issued with a lien on the Net Pledged Revenues are equitably and ratably secured by a lien on the Pledged Revenues, and shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of the issuance of the Bonds and any other such securities.

Superior Bonds

The Bond Ordinance prohibits the issuance of additional bonds or other additional securities with a lien on the Net Pledged Revenues which is superior to the lien of the Bonds or superior to the lien of any bonds or other securities issued with a lien on a parity with the Bonds.

Refunding Bonds; Subordinate Bonds

The Bond Ordinance provides that refunding securities may be issued only if the securities to be refunded will mature at the time or times of their required surrender for payment or be then callable for prior redemption at the County's option for the purpose of refunding them, unless the holders of all such securities consent to such surrender and payment. Except in certain events (absences of increase in principal and interest requirements, subordination of the lien of such refunding bonds, or meeting of the requirements for additional parity securities), partial refunding of an issue requires consent of the holders of the unrefunded portion of the outstanding securities payable from Pledged Revenues.

The Bond Ordinance provides that the County may issue subordinate bonds or securities payable from the Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien of the Bonds.

Investments

Any moneys in any account designated in the Bond Ordinance, and not needed for immediate use, may be invested or reinvested by the Treasurer in Authorized Investments. Authorized Investments shall be immediately available in lawful money of the United States on demand, or shall be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or shall mature on or prior to the date or respective dates on which the proceeds are to be expended as estimated by the Treasurer upon each date of such investment or reinvestment, but in no event exceeding 10 years from the date of the investment or reinvestment, but Authorized Investments in the Reserve Fund shall be subject to redemption at the holder's option at face value, shall mature within 5 years of the date of the investment or reinvestment and shall mature at least 5 days prior to the last maturity date of the Bonds or any other Outstanding parity securities. For the purpose of any such investment or reinvestment, Authorized Investments shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. Authorized Investments shall be valued as frequently as deemed necessary, but not less often than quarterly, at the market value thereof, exclusive of accrued interest. Deficiencies in any fund or account shall be remedied no later than the succeeding valuation date.

Tax Covenant

The County covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the County or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

Events of Default and Remedies of Bondholders

Each of the following events is defined in the Bond Ordinance as an "Event of Default":

(a) the County fails to pay when due the principal of the Bonds or to pay any installment of interest when due;

(b) the County is rendered incapable of fulfilling its obligations under the Bond Ordinance;

(c) the County shall have failed to carry out and, to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Pledged Revenues, or otherwise, including, without limitation, the Bond Ordinance, and such failure shall continue for sixty (60) days after receipt of notice from the insurer, if any, or from the owners of at least ten percent (10%) in aggregate principal amount of the Bonds then Outstanding;

(d) an order or decree shall be entered by a court of competent jurisdiction with the consent or acquiescence of the County appointing a receiver or receivers for the Pledged

Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the County, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry; and

(e) The County shall make default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in the Bond Ordinance on its part to be performed (except with respect to the Continuing Disclosure Undertaking described below), and if such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the County by the insurer, if any, or by the owners of at least ten percent (10%) in aggregate principal amount of the Bonds then Outstanding.

Upon the happening and continuance of any of the events of default, then and in every case the owner or owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the County and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under the Bond Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or in an award of execution of any power granted in the Bond Ordinance for the enforcement of any proper, legal or equitable remedy as such owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any holder of any Bond, or to require the County to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Bonds then Outstanding.

Defeasance

When all Bond Requirements of any of the Bonds have been duly paid, the pledge and lien and all obligations under the Bond Ordinance as to that Bond shall thereby be discharged and such Bond shall no longer be deemed to be Outstanding within the meaning of the Bond Ordinance. There shall be deemed to be such due payment of any Bond when the County has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested wholly or in part) to meet all Bond Requirements of such Bond, as the same become due to the final maturity of such Bond. The Federal Securities shall become due prior to the respective times in which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owners of the defeased Bonds at the address last shown on the registration records for the Bonds maintained by the Registrar.

Amendment of the Bond Ordinance

The Bond Ordinance may be amended or supplemented by instruments adopted by the Governing Body in accordance with the laws of the State, without receipt by the County, but with the written consent of the insurer, if any, if it is not in default in its payment obligation under the policy of insurance relating to the Bonds, or if the insurer, if any, is in default in its payment obligations under the policy of insurance relating to the Bonds, with the written consent of the holders of at least sixty-six percent (66%) in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental instrument, not including in any case any Bonds which may then be held or owned for the account of the County, but including such refunding securities as may be issued for the purpose of refunding any of the Bonds issued under the Bond Ordinance if such refunding securities are not owned by the County. No such instrument shall permit without the consent of the insurer, if any, and the owners of the Bonds adversely affected thereby: (a) a change in the maturity or in the terms of redemption of the principal of any Outstanding Bond or any installment of interest thereon; or (b) a reduction in the principal amount of any Bond, or the rate of interest thereon, or the redemption premium, without the consent of the holder of the Bond; or (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Bond Ordinance except as specifically provided in the Bond Ordinance; or (d) a reduction of the principal amount or percentages or otherwise affecting the description of Bonds or the consent of the holders of which is required for any such modification or amendment; or (e) the establishment of priorities as between Bonds issued and Outstanding under the provisions of the Bond Ordinance; or (f) the modifications of or otherwise materially and prejudicially affecting the rights or privileges of the holders of less than all of the Bonds then Outstanding.

Continuing Disclosure Undertaking

The County covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the final Continuing Disclosure Certificate, to be executed by the chief financial officer of the County, or in such officer’s absence, the County Manager, and delivered in connection with the delivery of the Bonds.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Douglas County, Nevada (the "Issuer") in connection with the issuance of the Douglas County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2016, in the aggregate principal amount of $_________ (the "Bonds"). The Bonds are being issued pursuant to an ordinance adopted by the Board of County Commissioners of the Issuer on November 3, 2016 (the "Ordinance"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at http://emma.msrb.org.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

a. The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's fiscal year of each year, commencing nine (9) months following the end of the Issuer's fiscal year ending June 30, 2016, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

b. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall file or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit "A."

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. <u>Reporting of Material Events</u>. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

a. Principal and interest payment delinquencies;

b. Non-payment related defaults, *if material*;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of credit or liquidity providers or their failure to perform;

f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

g. Modifications to rights of bondholders, *if material*;

h. Bond calls, *if material*, and tender offers;

i. Defeasances;

j. Release, substitution or sale of property securing repayment of the Bonds, *if material;*

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the obligated person;*

m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to

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* For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATED: ____________, 2016.

DOUGLAS COUNTY, NEVADA

By:____
County Manager

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Douglas County, Nevada

Name of Bond Issue:

CUSIP:

Date of Issuance: ___________, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Ordinance adopted on _________, 2016, and the Continuing Disclosure Certificate executed on ____________, 2016, by the Issuer. The Issuer anticipates that the Annual Report will be filed by ________________________.

Dated: _______________, _____

DOUGLAS COUNTY, NEVADA

By:____
Its:____

EXHIBIT "B"

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(See page iii of the Official Statement)

APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

Douglas County, Nevada
1616 Eighth Street
Minden, NV 89423

$_______
Douglas County, Nevada
Highway Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2016

Ladies and Gentlemen:

We have acted as bond counsel to Douglas County, Nevada (the "County"), in connection with the issuance of its Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2016, in the aggregate principal amount of $_______ (the "Bonds") pursuant to an authorizing ordinance adopted and approved by the County's Board of Board of County Commissioners on November 3, 2016 (the "Bond Ordinance"). In such capacity, we have examined the County's certified proceedings and such other documents and such law of the State of Nevada (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Ordinance.

Regarding questions of fact material to our opinions, we have relied upon the County's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds are valid and binding, special, limited obligations of the County payable solely from the Net Pledged Revenues and from certain funds and accounts pledged therefor under the Bond Ordinance.

2. The Bond Ordinance creates a valid lien on the Net Pledged Revenues pledged therein for the security of the Bonds on a parity with other parity bonds (if any) to be issued (collectively, the "Parity Lien Bonds"). The Bond Ordinance also creates a valid lien on the "Bond Fund" on a parity with the Parity Lien Bonds. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Pledged Revenues or on the Bond Fund created by the Bond Ordinance.

3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date

hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and the continued accuracy of the representations contained in the County's certified proceedings and in certain other documents and certain other certifications furnished to us.

4. Under the laws of the State in effect on the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the County incurred pursuant to the Bonds and the Bond Ordinance may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein. We are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning the economic and demographic conditions in the County. This information is intended only to provide prospective investors with general information regarding the County's community. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The information presented was obtained from the sources indicated, and the County makes no representation as to the accuracy or completeness of the data obtained from parties other than the County.

Population and Age Distribution

Population. The table below sets forth the population growth of the County and the State since 1970. Between 2000 and 2010, the County's population increased 13.9% and the State increased 35.1%.

Population

Year	Douglas County	Percent Change	State of Nevada	Percent Change
1970	6,882	--	488,738	--
1980	19,421	182.2%	800,493	63.8%
1990	27,637	42.3	1,201,833	50.1
2000	41,259	49.2	1,998,257	66.3
2010	46,997	13.9	2,700,551	35.1
2011	47,661	1.4	2,721,794	0.8
2012	48,015	0.7	2,750,217	1.0
2013	48,478	1.0	2,800,967	1.8
2014	48,553	0.2	2,843,301	1.5
2015	48,223	(0.7)	2,897,585	1.9

Sources: United States Bureau of the Census (1970-2010 as of April 1st), and Nevada State Demographer (2011-2015 estimates as of July 1st).

Age Distribution. The following table sets forth a comparative age distribution profile for the County, the State and the nation as of January 1, 2016.

Age Distribution

	Percent of Population		
Age	Douglas County	State of Nevada	United States
0-17	17.8%	23.3%	23.0%
18-24	7.2	9.0	9.8
25-34	9.5	13.8	13.4
35-44	9.6	13.5	12.6
45-54	12.8	13.4	13.3
55-64	18.1	12.3	12.8
65-74	15.5	9.1	8.8
75 and Older	9.5	5.6	6.3

Source: © 2016 The Nielsen Company.

Income

The following two tables reflect Median Household Effective Buying Income ("EBI"), and also the percentage of households by EBI groups. EBI is defined as "money income" (defined below) less personal tax and nontax payments. "Money income" is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as "disposable" or "after-tax" income.

Median Household Effective Buying Income

Year	Douglas County	State of Nevada	United States
2012	$51,711	$45,512	$41,253
2013	45,280	40,617	41,358
2014	49,677	42,480	43,715
2015	52,633	44,110	45,448
2016	53,720	46,230	46,738

(1) The difference between consecutive years is not an estimate of change from one year to the next; separate combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © The Nielsen Company, *SiteReports*, 2012-2016.

Percent of Households by Effective Buying Income Groups – 2016 Estimates

Effective Buying Income Group	Douglas County Households	State of Nevada Households	United States Households
Under $24,999	18.8%	23.8%	24.8%
$25,000 - $49,999	27.9	30.5	28.8
$50,000 - $74,999	22.1	20.7	19.1
$75,000 - $99,999	13.7	12.4	12.2
$100,000 - $124,999	7.2	5.7	5.8
$125,000 - $149,999	3.9	2.6	3.7
$150,000 or more	6.4	4.3	5.6

Source: © 2016 The Nielsen Company.

The following table sets forth the annual per capita personal income levels for the residents of the County, the State and the nation.

Per Capita Personal Income(1)

Year	Douglas County	State of Nevada	United States
2010	$49,621	$36,918	$40,277
2011	51,293	37,745	42,453
2012	54,152	39,436	44,266
2013	54,943	39,223	44,438
2014	57,113	40,742	46,049
2015	n/a	42,185	47,669

(1) County figures updated November 2015; state and national figures updated March 2016. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The following table sets forth labor force figures as reported by the State of Nevada's Department of Employment, Training and Rehabilitation.

Average Annual Labor Force Summary
Douglas County, Nevada

Calendar Year	2011	2012	2013	2014	2015	2016(1)
CIVILIAN LABOR FORCE	23,178	22,791	22,808	22,494	22,602	22,917
Unemployment	3,069	2,610	2,180	1,790	1,529	1,409
Unemployment Rate(2)	13.2%	11.5%	9.6%	8.0%	6.8%	6.2%
Total Employment	20,109	20,181	20,628	20,704	21,073	21,508

(1) Averaged figures through July 31, 2016.
(2) The annual average U.S. unemployment rates for the years 2011 through 2015 are 8.9%, 8.1%, 7.4%, 6.2%, and 5.3%, respectively.

Sources: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Bureau of Labor, Bureau of Labor Statistics.

The largest employment sector in the County is the leisure and hospitality sector. The leisure and hospitality sector represents an average of 33.8% of all jobs in the County since 2011. Douglas County ranks first among all Nevada counties in its percentage of leisure and hospitality jobs, mainly due to casino related employment at Stateline, Minden and Gardnerville. The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in the County.

Establishment Based Industrial Employment(1)
Douglas County, Nevada

Calendar Year	2011	2012	2013	2014	2015	2016(2)
Natural Resources and Mining	134	137	136	132	136	122
Construction	767	752	808	991	1,164	1,199
Manufacturing	1,694	1,786	1,653	1,678	1,664	1,707
Trade, Transportation & Utilities	2,335	2,401	2,693	2,683	2,713	2,735
Information	131	125	127	139	176	169
Financial Activities	760	752	725	694	702	729
Professional and Business Services	1,499	1,453	1,593	1,597	1,774	1,696
Education and Health Services	1,296	1,352	1,416	1,444	1,469	1,452
Leisure and Hospitality	6,087	5,904	6,007	5,983	6,263	6,010
Other Services	351	365	400	400	410	402
Unclassified	14	17	13	14	16	18
Government	2,205	2,159	2,208	2,216	2,230	2,243
TOTAL ALL INDUSTRIES	17,270	17,202	17,776	17,967	18,715	18,482

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(1) Totals may not add up due to rounding. Subject to periodic revision.
(2) As of March 31, 2016.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following two tables are based on unemployment insurance tax account numbers and are an estimate based on reported information. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

Douglas County's Ten Largest Employers
4th Quarter 2015

Employer	Employment Range	Industry
Harrah's Stateline	1,000 - 1,499	Casino hotel
Douglas County School District	900 - 999	Public education
Douglas County	600 - 699	Local government
Bently Nevada	600 - 699	Industrial instruments
Montbleu Resort Casino and Spa	600 - 699	Casino hotel
Harvey's Resort Hotel Casino	500 - 599	Casino hotel
Hard Rock Hotel & Casino	400 - 499	Casino hotel
Carson Valley Inn	400 - 499	Casino hotel
Carson Valley Medical Center	300 - 399	Hospital
Wal-Mart Supercenter	300 - 399	Retail supercenter

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table lists the firm employment size breakdown for the County.

Size Class of Industries(1)
Douglas County, Nevada (Non-Government Worksites)

CALENDAR YEAR	1st Qtr 2016	1st Qtr 2015	Percent Change 2016/2015	Employment Totals 1st Qtr 2016
TOTAL NUMBER OF WORKSITES	1,869	1,810	3.3%	16,235
Less Than 10 Employees	1,578	1,526	3.4	3,785
10-19 Employees	168	162	3.7	2,178
20-49 Employees	76	78	-2.6	2,147
50-99 Employees	30	26	15.4	2,061
100-249 Employees	7	9	-22.2	1,308
250-499 Employees	6	5	20.0	1,929
500-999 Employees	3	3	0.0	1,686
1000+ Employees	1	1	0.0	1,141

(1) Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Retail Sales

The following table presents a record of taxable sales in Douglas County and the State.

Taxable Sales[1]

Fiscal Year[2]	County Total	Percent Change	State Total	Percent Change
2012	$557,659,542	--	$42,954,750,131	--
2013	592,823,014	6.3%	45,203,408,413	5.2%
2014	599,622,888	1.1	47,440,345,167	4.9
2015	653,187,566	8.9	50,347,535,591	6.1
2016	663,490,226	1.6	52,788,295,421	4.8

(1) Subject to revision.
(2) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada - Department of Taxation.

Construction

In 2007, the County passed Ordinance 2007-1199, the Building Permit Allocation and Growth Management Ordinance (the "Ordinance"), which limits residential growth and requires building permit allocations. The Ordinance is a strategy to protect the rural lifestyle enjoyed in the Carson Valley and Topaz communities. The number of allocations is based off of the 2000 Census population in Douglas County, outside of the Lake Tahoe Basin, and is compounded annually at a 2 percent rate for a 50 year planning period. It is estimated that the number of accruing available allocations will be more than sufficient to meet current and foreseeable demand.

Construction valuation has no relationship to assessed valuation, and is placed on a project to determine permit and plans check fees. The County Building Division issues permits for all properties in the County, including those within municipalities. The following table sets forth a five-year history of the number and valuations of permits issued in the County.

Building Permits
Douglas County, Nevada

	Single Family Dwellings		Total Permits Issued	
Calendar Year	Permits	Value	Permits	Value
2011	35	$11,106,794	1,091	$ 44,246,751
2012	49	16,042,805	1,103	43,396,050
2013	108	38,094,761	1,297	75,481,328
2014	156	56,185,007	1,472	133,139,123
2015	138	53,899,129	2,005	115,310,778
2016[1]	114	44,135,470	1,183	74,994,575

(1) As of August 31, 2016.

Source: Douglas County Building Division.

Gaming

The economy of the State and the County are substantially dependent upon the tourist industry, which is based on legalized casino gambling and related forms of entertainment. The County of Douglas basically encompasses two gaming revenue reporting areas: Carson Valley and South Shore Lake Tahoe. Carson Valley is a combination of the Towns of

Gardnerville and Minden in Douglas County (the "Towns") and Carson City Consolidated Municipality, outside of the County. Nevada statutes regarding confidentiality preclude publishing the Towns' gaming revenue separately due to the limited number of licensees in the Towns. South Shore Lake Tahoe Area is the more active gaming area, and the following table shows a history of the gross taxable gaming revenue and total gaming taxes collected in the South Shore Lake Tahoe Area and the State.

Gross Taxable Gaming Revenue and Total Gaming Taxes(1)
South Lake Tahoe Area, Nevada

Fiscal Year Ended June 30	Gross Taxable Gaming Revenue(2) State Total	Gross Taxable Gaming Revenue(2) South Shore	% Change South Shore	State Gaming Collection(3) State Total	State Gaming Collection(3) South Shore	% Change South Shore
2012	$ 9,764,332,506	$201,879,838	--	$864,621,791	$15,020,866	--
2013	10,208,528,371	194,910,856	-3.45%	892,106,457	14,796,909	-1.49%
2014	10,208,211,093	189,973,767	-2.53	912,371,316	15,232,975	2.95
2015	10,511,527,575	208,224,735	9.61	909,857,085	16,773,592	10.11
2016	10,612,567,883	206,083,307	-1.03	876,040,147	15,842,515	-5.55
Jul 15 – Jul 15	$881,660,276	$ 16,116,312	--	$ 53,444,068	$ 1,374,017	--
Jul 16 – Jul 16	947,380,744	21,879,091	35.76%	51,627,885	1,510,239	9.91%

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada - Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, including tribal casinos in California and elsewhere across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries. Some forms of gaming offered elsewhere compete with the gaming products offered in the County and will continue to do so in the future.

Transportation

Douglas County is connected to Reno to the north by U.S. Highway 395. At the northwestern edge of the County, U.S. Highway 50 runs along the Lake Tahoe basin and connects the City of South Lake Tahoe, CA to Carson City. General aviation airports are located in Minden and Carson City. The Minden-Tahoe Airport is home base to approximately 350 aircraft including 80 gliders. It is one of the leading airports in the Lake Tahoe region. In 2015, Minden-Tahoe Airport received a $1.3 million grant from the Federal Aviation Administration to fund the rehabilitation of taxiway and apron pavement at the Airport. Bus and train service are also available in the area.

Utilities

Douglas County has several sources of water. These include surface water from Lake Tahoe, ground water wells and purchased ground water from the Town of Minden. Douglas County uses this purchased water in its own operations and to sell to other municipalities.

Wastewater services are provided by special districts and the County. Some areas of the County have individual sewage disposal systems to treat wastewater.

Electricity in the County is provided by Nevada Energy. Southwest Gas provides natural gas service. Local telephone service is provided by Frontier Communications.

Development Activity

The Northern Nevada Development Authority (the "NNDA") serves to promote economic development activity in the counties of Carson City, Douglas, Lyon and Storey. According to the *Douglas County Economic Development Annual Performance Measures Report 2015*, NNDA assisted three companies to relocate to the Douglas County and guided two companies to expand their operations in Fiscal Year 2014-2015. A total of 55 new jobs were created.

Complimenting the area's emphasis on economic diversification are the numerous business incentives unique to the state of Nevada. Competitive wage rate and expanding labor force; low cost and readily available electric power; proximity and transportation costs to other prominent western markets; and a graduated schedule for payment of sales and use tax on new capital equipment combine to give business and industry an attractive advantage.

Education

Elementary and secondary education is primarily provided by the Douglas County School District. Private elementary and high schools also operate within the County. All public higher education in the State is administered by the Nevada System of Higher Education (the "System"). Western Nevada Community College is part of that System and is a community college chartered to provide comprehensive high quality education throughout western Nevada. The Minden campus in Douglas County offers several associate degree programs and one-year certificates of achievement, as well as basic education and job development skills.

APPENDIX G

OFFICIAL NOTICE OF BOND SALE

$10,940,000*
DOUGLAS COUNTY, NEVADA
HIGHWAY REVENUE
(MOTOR VEHICLE FUEL TAX) BONDS
SERIES 2016

PUBLIC NOTICE IS HEREBY GIVEN that the Board of County Commissioners of Douglas County, Nevada (the "Board", the "County", and the "State", respectively), on **Tuesday, November 15, 2016 at 8:30 a.m. Pacific Time**, in the office of the County Manager of the County:

County Manager
Douglas County
1594 Esmeralda Avenue
Minden, Nevada 89423

will cause to be received and publicly opened sealed bids and cause to be received electronically via PARITY (see "MANNER OF BID SUBMITTAL" below) for the purchase of the bonds of the County, particularly described below. Sealed bids must be delivered via messenger (no bids will be received by mail) at location specified above addressed to the County Manager of the County (the "County Manager"), and must be received on or before 8:30 a.m., Pacific Time, on such day of sale.

BOND PROVISIONS

THE BONDS: The Douglas County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2016, in the aggregate principal amount of $10,940,000* (the "Bonds") will be dated as of the date of delivery of the Bonds, will be issued in fully registered, book entry form in denominations of $5,000 or any integral multiple thereof. The Bonds will be issued by means of a book entry system with no physical distribution of bonds to the public. See "BOOK ENTRY TRANSFER AND EXCHANGE" below.

MATURITIES: The Bonds (except as otherwise provided in "MANDATORY SINKING FUND REDEMPTION" below) will mature in each of the amounts of principal designated in the maturity schedule (the "Maturity Schedule") set forth in the preliminary official statement relating to the Bonds dated October 28, 2016 (the "Preliminary Official Statement") subject to adjustment as provided below in "ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID."

* Preliminary; subject to change.

ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID: The aggregate principal amount and the principal amount of each maturity of the Bonds are subject to adjustment by the County, after the determination of the best bid. Changes to be made will be communicated to the successful bidder by time of written award of the Bonds, and will not reduce or increase the amount of the Bonds payable in any year by more than $100,000 or ten percent, whichever is greater, from the amounts shown in the Maturity Schedule. The price bid (i.e., par less the discount bid or plus the premium bid) by a successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits. The price bid (i.e., par less the discount bid or plus the premium bid) by a successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits. The price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the County (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in the Maturity Schedule.

To facilitate any adjustment in the principal amounts and price bid, the successful bidder is required to indicate by email to the Financial Advisor on behalf of the County, to marty@jnaconsultinggroup.com no later than one-half hour after the bid opening, the amount of any original issue discount or premium on each maturity of the Bonds, the amount received from the sale of the Bonds to the public that will be retained by the successful bidder as its compensation, and in the case of a bid submitted with bond insurance, the cost of the insurance premium. A bidder who intends to insure the Bonds shall also state, in that electronic communication, whether the amount of the insurance premium will change as a result of changes in the principal amount of the Bonds or the amount of principal maturing in any year, and the method used to calculate any such change in the insurance premium.

DISCOUNT OR PREMIUM PERMITTED: A bidder may offer to purchase the Bonds at par, at a discount not to exceed one percent (1%) of the aggregate principal amount of the Bonds, or at a premium.

REOFFERING PRICES: The successful bidder or bidders (or manager of the purchasing account or accounts) shall notify the County's Financial Advisor by email to marty@jnaconsultinggroup.com within one-half hour of the bid opening, of the initial offering prices of such Bonds to the public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) at which prices a substantial amount (at least 10 percent) of each maturity of the Bonds was sold. The mail notification must be confirmed in writing in the form and substance satisfactory to Sherman & Howard L.L.C. ("Bond Counsel") prior to the delivery of the Bonds. The information about the initial offering prices shall be based on the successful bidder's expectations as of the date of sale, and shall be in substantially the following form: "A bona fide public offering was made for all of the Bonds on this sale date at the initial public offering prices (or yields) shown on the cover page of the Official Statement.

As of such sale date (i) based upon our assessment of market conditions, investor demand, sale and offering prices for comparable bonds, and the recent behavior of interest rates, we reasonably expected that the first prices (or yields) at which at least 10% of each maturity of the Bonds would be sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) would be those prices (or yields) and that none of the Bonds would be sold to the public at prices higher than or at yields less than those prices (or yields), and (ii) such initial offering prices (or yields) represented a fair market value for the Bonds."

OPTIONAL PRIOR REDEMPTION: The Bonds, or portions thereof ($5,000 or any integral multiple), maturing on and after November 1, 2027 are subject to redemption prior to their respective maturities, at the option of the County, on and after November 1, 2026, in whole or in part at any time, from any maturities selected by the County and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than $5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date.

MANDATORY SINKING FUND REDEMPTION: A bidder may request that one or more Bonds maturing on and after November 1, 2027, be included in one or more term Bonds ("Term Bonds"). Amounts included in a single Term Bond must consist of consecutive maturities of Bonds, must bear the same rate of interest and must include the entire principal amount between a serial maturity and mandatory sinking fund redemption. Any such Term Bond will be subject to mandatory sinking fund redemption in installments in the same amounts and on the same dates as the Bonds would have matured if they were not included in a Term Bond. Bonds redeemed pursuant to the mandatory sinking fund redemption provisions will be redeemed at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date in the manner and as otherwise provided in the Bond Ordinance (as defined below). Any election to designate the Bonds as being included in a Term Bond must be made via electronic bidding or in the printed official bid form (see "BID PROPOSALS" below).

INTEREST RATES AND LIMITATIONS: The following interest limitations are applicable to the Bonds:

(A) Interest on the Bonds will be payable on May 1 and November 1 of each year commencing on May 1, 2017.

(B) The interest rate specified for any maturity of the Bonds and the True Interest Cost (see "Basis of Award" below) of the Bonds may not exceed by more than 3% the "Index of Revenue Bonds" which is most recently published in The Bond Buyer before the bids are received.

(C) Only one interest rate can be stated for any maturity, i.e., all Bonds with the same maturity date must bear the same rate of interest.

(D) Each interest rate specified must be stated in a multiple of 1/8th or 1/20th of 1% per annum.

(E) Each Bond as initially issued will bear interest from its dated date to its stated maturity or prior redemption date at the interest rate stated in the bid. A zero rate of interest may not be named.

It is permissible to bid different interest rates for the Bonds, but only as stated in the bid and subject to the above limitations.

PAYMENT: The principal of and any prior redemption premiums due in connection with the Bonds shall be payable at the office of Zions Bank, a division of ZB, National Association, as Paying Agent, or at such other office as shall be designated by the Paying Agent, to the registered owner thereof (i.e., Cede & Co.) as shown on the registration records of Zions Bank, a division of ZB, National Association, as Registrar, upon maturity thereof, or call therefor, and upon presentation and surrender of such Bonds at the Paying Agent. Payment of interest on any Bond shall be made to the registered owner thereof (i.e., Cede & Co.) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the registered owner thereof (i.e., Cede & Co.) at his address as it appears on the registration records of the Registrar as of the close of business on the fifteenth day of the calendar month next preceding each interest payment date for the Bonds (other than a special interest payment date fixed for payment of defaulted interested (the "Regular Record Date"). If any Bond is not paid upon presentation at maturity, it will draw interest at the same rate until the principal is paid in full. Alternative arrangements for the payment of interest may be made upon agreement between the Paying Agent and any registered owner. All such payments of principal, interest and prior redemption premiums (the "Bond Requirements") shall be made in lawful money of the United States of America.

BOOK ENTRY/TRANSFER AND EXCHANGE: The Bonds will be issued as fully registered book entry bonds, in the denomination of $5,000 or any integral multiple thereof. The Bonds will be issued in registered form and bond certificates for each maturity will be issued to DTC, New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book entry system will be employed, evidencing ownership of the Bonds in principal amounts of $5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Paying Agent by wire transfer or in same day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. None of the Board, the County or the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. After the initial deposit of the Bonds with DTC, they may not be removed from such custodial deposit, transferred or exchanged except as provided in the Bond Ordinance.

AUTHORIZATION AND PURPOSE OF BONDS: The Bonds are being issued pursuant to the County Motor Vehicle Fuel Tax Law, Nevada Revised Statutes ("NRS") 373.010 through 373.200; the Local Government Securities Law, NRS 350.500 through 350.720, designated in NRS 350.500 as the Local Government Securities Law (the "Bond Act"); and Chapter 348 of NRS (the "Supplemental Bond Act"). The Bonds are being issued for the purpose of providing funds for street and highway construction, improvement or repair within the County (the "Project").

FORM OF BOND ORDINANCE: Copies of the Bond Ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") are available for inspection at the office of the County Clerk and at the office of the County's Financial Advisor at the addresses listed under "INFORMATION," below.

SECURITY FOR THE BONDS: In the opinion of bond counsel, the Bonds will not constitute a debt or an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, and will not be considered or held to be general obligations of the County; the Bonds shall not be considered to be obligations of the State, general, special or otherwise; but they shall constitute special obligations of the County and shall be payable and collectible solely out of and shall be secured by an irrevocable pledge of the Net Pledged Revenues, which shall be so pledged and, if necessary, to the extent funded as described in the Bond Ordinance a reserve fund (the "Reserve Fund"); and the owner thereof may not look to any general or other fund for the payment of the Bond Requirements of the Bonds except the special funds pledged therefor.

Pursuant to NRS 373.120, the faith of the State is pledged that the State statutes imposing the motor vehicle fuel taxes shall not be repealed or modified in such a manner as to impair adversely any outstanding Bonds. NRS 373.120 also prohibits the County from repealing or modifying the motor vehicle fuel tax levied by the County in such a manner as to impair adversely any outstanding Bonds. The County will covenant in the Bond Ordinance to cause motor vehicle fuel taxes to be levied and collected in amounts of at least four cents per gallon as long as any Bonds remain outstanding. Although the County is permitted to decline to accept its proportional share of one of the motor vehicle fuel taxes levied by the State (equal in the aggregate to 1.75 cents per gallon), the County will covenant in the Bond Ordinance not to exercise such right as long as any Bonds remain outstanding.

NET PLEDGED REVENUES: The Bonds are payable and collectible as special obligations of the County solely from, and such payment is secured by an irrevocable pledge of, revenues derived from certain excise taxes collected for use by the County in connection with the privilege of selling, using or distributing motor vehicle fuel, the proceeds of which taxes now or hereafter are authorized to be pledged for the payment of the Bonds, whether levied by the County, the State, or otherwise, which taxes are not limited to any type or types of motor vehicle fuel in use when the Bonds are issued, which taxes now consist of nine (9) cents per gallon levied by the County on all motor vehicle fuel sold, distributed or used in the County (subject to certain exceptions) and of the County's share of an additional 5.35 cents per gallon levied by the State on all motor vehicle fuel sold, distributed or used in the State (subject to certain exceptions) and distributed to the County (and other counties in the State), and which taxes may consist subsequently of any excise taxes pertaining to motor vehicle fuel levied in at least an equivalent value and pledged in lieu of such present tax or such excise taxes levied in any amount and pledged in supplementation thereof, regardless of whether now or hereafter fixed and imposed (collectively, the "Gross Pledged Revenues") after the deduction of the Administration Expenses pertaining to the County taxes and State taxes and subject to Direct Distributions, both as defined in the Bond Ordinance, including, without limitation the deduction of an allocable and pro-rata share of the proceeds of such State tax for required remittances and deposits (after such deduction, the "Net Pledged Revenues"). The term "Pledged Revenues" indicates a source or sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

CONTINGENT RESERVE FUND: The Bond Ordinance creates the Reserve Fund for the securing of the payment of the Bonds and any parity obligations which may hereafter be issued. The Reserve Fund will not be funded at the time the Bonds are issued. In the event that, in any complete fiscal year, the Net Pledged Revenues received in such fiscal year are less than two times the debt service requirements for such fiscal year with respect to the Bonds and all parity obligations outstanding (if any), the County is required by the Bond Ordinance to fund the Reserve Fund over a twenty-four month period, with twenty-four equal monthly payments. Such funding is required to continue until the Reserve Fund is accumulated to an amount equal to the maximum annual debt service requirements of the Bonds and any outstanding parity obligations (the "Reserve Fund Requirement"). Upon funding, the Reserve Fund is required to be maintained at the Reserve Fund Requirement and to be held for the benefit of the owners of all outstanding Bonds and any additional parity bonds outstanding.

ADDITIONAL BONDS: Bonds and other securities pertaining to the County, in addition to the Bonds, subject to expressed conditions, may be issued and made payable from Net Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the Bonds, in accordance with the provisions of the Bond Ordinance. Superior lien bonds may not be issued. The County reserves the right to issue any bonds or any other securities pertaining to the County, payable from the Net Pledged Revenues or otherwise in accordance with the provisions of law and the Bond Ordinance.

BOND INSURANCE/RATING LETTERS: Payment of the principal of and interest on the Bonds when due may be insured by a municipal bond insurance policy at the bidder's option and expense. The County will pay for the fees for the rating on the Bonds from S&P Global Ratings Inc.

FEDERAL TAX EXEMPTION: In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described in the Preliminary Official Statement.

STATE TAX EXEMPTION: In the opinion of Bond Counsel, under present laws of the State, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

NO PLEDGE OF PROPERTY: The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County.

IMMUNITY OF INDIVIDUALS: NRS 350.606 provides:

> "No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with any bonds or other municipal securities or for any claim based thereon or otherwise upon the ordinance authorizing their issuance or other instrument appertaining thereto, against any individual member of the governing body or any officer or other agent of the municipality, past, present or future, either directly or indirectly through the governing body or the municipality, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the securities and as a part of the consideration of their issuance specially waived and released."

ACTS IRREPEALABLE: NRS 350.610 provides:

> "The faith of the state is hereby pledged that the Local Government Securities Law, any law supplemental or otherwise appertaining thereto, and any other act concerning the bonds or other municipal securities, taxes or the pledged revenues or any combination of such securities, such taxes and such revenues shall not be repealed nor amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding municipal securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made, including without limitation the known minimum yield from the investment or reinvestment of moneys pledged therefor in federal securities."

TERMS OF SALE

<u>BID PROPOSALS</u>: Each bidder must use the printed official bid form or submit a bid electronically via PARITY. Any bid in any other form may be disregarded. A bidder is required to submit an unconditional bid for all the Bonds specifying:

(1) The lowest rate or rates of interest and the premium or discount at which the bidder will purchase all of the Bonds.

It is also requested for informational purposes only, but is not required, that each bid disclose:

(2) The True Interest Cost (i.e, actuarial yield) on the Bonds expressed as a nominal annual percentage rate. (See "BASIS OF AWARD", below).

Bids submitted on an official bid form must be in a sealed envelope marked on the outside:

"<u>Proposal for Bonds</u>"

and addressed to

County Manager
Douglas County, Nevada

Electronic bids may only be submitted through PARITY. If any provisions in this Official Notice of Sale conflict with information or terms provided or required by PARITY, this Official Notice of Sale (and any amendments thereto provided by PARITY or Munifacts or Bloomberg wire services) shall control. Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. Neither the County nor the Financial Advisor shall have any duty or obligations to provide or assure such access to any bidder, and neither the County nor the Financial Advisor shall be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, use of PARITY. The County is using PARITY as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds.

<u>GOOD FAITH DEPOSIT</u>: Except as otherwise provided below, a good faith deposit ("Deposit") in the form of a certified or cashier's check drawn on a solvent commercial bank or trust company in the United States of America, made payable to

Douglas County, Nevada

in the amount of

$130,000

is required for each bid to be considered. If a check is used, it must accompany each bid. **If the apparent winning bidder on the Bonds is determined to be a bidder who has not submitted a Deposit in the form of a check, as provided above, the Financial Advisor will request the apparent winning bidder to immediately wire the Deposit and provide the Federal wire reference number of such Deposit to the Financial Advisor within 90 minutes of such request by the Financial Advisor.** The Bonds will not be officially awarded to a bidder who has not submitted a Deposit, as provided above, until such time as the bidder has provided a Federal wire reference number for the Deposit to the Financial Advisor.

Except as provided below, no interest on the Deposit will accrue to any bidder. The Deposit of the winning bidder of the Bonds will be applied to the purchase price of the Bonds. In the event a winning bidder fails to honor its accepted bid, the Deposit plus any interest accrued on the Deposit will be retained by the County. The Deposit will be returned to such successful bidder in the event the County is unable to deliver the Bonds as provided under "MANNER AND TIME OF DELIVERY", below. Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder.

CUSIP NUMBERS: The Bonds will be assigned separate CUSIP identification numbers. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser to accept delivery of any payment for the Bonds. All expenses relating to printing the CUSIP numbers on the Bonds will be paid by the County; but the CUSIP Service Bureau charge for the assignment of the numbers will be the responsibility of and must be paid by the purchaser.

SALE RESERVATIONS: The Board reserves the privilege:

A. Of waiving any irregularity or informality in any bid;
B. Of rejecting any and all bids; and
C. Of reoffering the Bonds for sale, as provided by law.

If bids are not taken or if all bids are rejected on November 15, 2016, the County may reoffer the Bonds for sale any time thereafter. The time and date of any subsequent Bond sale will be announced via PARITY, Munifacts and/or the BLOOMBERG System before the time of the sale.

BASIS OF AWARD: The Bonds, subject to such sale reservations, will be sold by the Board to the responsible bidder making the best bid for all the Bonds.

The best bid will be determined by computing the True Interest Cost on the Bonds (i.e., using an actuarial or true interest cost method) for each bid received. An award on the Bonds will be made (if any is made) to the responsible bidder submitting the bid which results in the lowest true interest cost on the Bonds. "True Interest Cost" on the Bonds, as used herein, means that yield which if used to compute the present worth as of the date of the Bonds of all payments of principal and interest to be made on the Bonds from their date to their respective maturity dates (or any mandatory sinking fund redemption dates), using the interest rates specified in the bid, and in using the principal amounts shown in the Maturity Schedule, produces an amount equal to the principal amount of the Bonds, plus any premium bid or less any discount bid. No adjustment shall be made in such calculation for accrued interest on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360 day year and a semiannual compounding interval. If there are two or more equal bids and such equal bids are the best bids received, the chief financial officer of the County, or in such officer's absence, the County Manager will determine which bid will be accepted.

PLACE AND TIME OF AWARD: Bids will be opened on behalf of the Board at the time and place stated. The chief financial officer of the County, or in such officer's absence, the County Manager will take action, upon the determination of the best bid for the Bonds not later than 36 hours after the time stated for opening bids. A bid may not be withdrawn before that time (i.e., a bid may not be withdrawn until 36 hours after the time stated for opening bids). An award may be made after the stated period if the bidder shall not have given to the County Manager notice in writing of the withdrawal of its bid.

MANNER AND TIME OF DELIVERY: The Deposit will be credited to the purchaser at the time of delivery of the Bonds (without accruing interest). If the successful bidder for the Bonds fails, neglects, or refuses to complete the purchase of the Bonds on the date on which the Bonds are made ready and are tendered by the County for delivery, the amount of its Deposit will be forfeited (as liquidated damages for noncompliance with the bid) to the County. In that event, the County may reoffer the Bonds for sale, as provided by law. The Bonds will be made available for delivery by the County to the purchaser as soon as reasonably possible after the date of the sale, and the County contemplates delivering the Bonds on or about **November 30, 2016**. The purchaser of the Bonds will be given 72 hours' notice of the time fixed by the Board for tendering the Bonds for delivery.

PAYMENT AT AND PLACE OF DELIVERY: The successful bidder will be required to accept delivery of the Bonds at DTC in New York, New York. Payment of the balance of the purchase price due for the Bonds at the time of their delivery must be made in Federal Reserve Bank funds or other funds acceptable to the Board for immediate and unconditional credit to the account of the County, at a bank designated by the County Manager, so that such Bond proceeds may be deposited or invested, as the County Manager may determine, simultaneously with the delivery of the Bonds. The balance of the purchase price must be paid in such funds and not by any waiver of interest, and not by any other concession as a substitution for such funds.

INFORMATION: This Official Notice of Bond Sale, an official statement, the Bond Ordinance and financial and other information concerning the County and the Bonds may be obtained prior to the sale from:

The County's Financial Advisor:

JNA Consulting Group, LLC
410 Nevada Way, Suite 200
Boulder City, Nevada 89005

(702) 294-5100
marty@jnaconsultinggroup.com

or

The County Manager:

Larry Werner
Douglas County, Nevada
1594 Esmeralda Avenue
Minden, Nevada 89423
(775) 782-9821

THE COUNTY IS REPRESENTED BY INDEPENDENT REGISTERED MUNICIPAL ADVISOR: The County has engaged, is represented by and will rely on the advice of the Financial Advisor, an independent registered municipal advisor, to advise it on the issuance of the Bonds and other aspects of the financing for which the Bonds are being issued. The County intends that this statement constitutes the "required representation" for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3) and prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of that exemption. Each bidder should consult with its own advisors in determining whether the exemption is available to that bidder and other requirements applicable for the exemption to be available to that bidder.

LEGAL OPINION, BONDS AND TRANSCRIPT: The validity and enforceability of the Bonds will be approved by:

Sherman & Howard L.L.C.
50 West Liberty Street, Suite 1000
Reno, Nevada 89501
(775) 323-1980

whose final, approving opinion, together with the printed Bonds, a certified transcript of the legal proceedings, including a certificate stating that there is no litigation pending affecting the validity of the Bonds as of the date of their delivery (the "Closing Date"), and other closing documents, will be furnished to the initial purchaser of the Bonds without charge by the County. The form of the approving opinion of Bond Counsel appears as Appendix E in the Preliminary Official Statement for the Bonds.

OFFICIAL STATEMENT: The County has prepared the Preliminary Official Statement which is deemed by the County to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12(b) of the Securities and Exchange Commission (the "Rule"), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendment and completion in a final official statement (the "Final Official Statement').

The County will prepare a Final Official Statement, dated the date of its delivery to the winning bidder, as soon as practicable after the date of the award to the winning bidder. The County will provide the Final Official Statement to the winning bidder of the Bonds electronically, on or before seven business days following the date of the award to the winning bidder.

The County authorizes the winning bidder to distribute the Final Official Statement in connection with the offering of the Bonds.

For a period beginning on the date of the Final Official Statement and ending twenty five days following the date the winning bidder shall no longer hold for sale any of the Bonds (such date shall be the Closing Date unless the winning bidder advises the County in writing of another date), if any event concerning the affairs, properties or financial condition of the County shall occur as a result of which it is necessary to supplement the Final Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, at the request of the winning bidder, the County shall forthwith notify that winning bidder of any such event of which it has knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Final Official Statement necessary, in the reasonable opinion of the County and the winning bidder, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

DISCLOSURE CERTIFICATES: The final certificates included in the transcript of legal proceedings will include:

1. A certificate, dated as of the Closing Date, and signed by the Chairman of the Board, the Treasurer of the County, the chief financial officer of the County, the County Manager and the District Attorney (or deputy thereof) for the County, in which each of them states, after reasonable investigation, that to the best of his or her knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of the knowledge of each of them, threatened, in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement as it pertains to the County and the Bonds does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (c) no event affecting the County has occurred since the date of the Final Official Statement which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the County does not make any representations concerning pricing information contained in the Final Official Statement; and

2. A certificate, dated as of the Closing Date, and signed by the County Manager, stating after reasonable investigation, that, to the best of his knowledge, as of the date of the official statement and on the date of such certificate, the information contained in the Final Official Statement relating to revenues and expenditures of the County is true and correct and does not contain any untrue statement of a material fact or omit any information necessary to be

included therein in order that the Final Official Statement be not misleading for the purpose for which it is to be used.

CONTINUING DISCLOSURE UNDERTAKING: Pursuant to the Rule, the County will undertake in a continuing disclosure certificate, which is authorized in the Bond Ordinance, to provide certain ongoing disclosure, including annual operating data and financial information, audited financial statements and notices of the occurrences of certain material events. A copy of the continuing disclosure certificate is included as Appendix D to the Preliminary Official Statement.

CONSENT TO JURISDICTION: A bid submitted by sealed bid or electronic bidding, if accepted by the chief financial officer of the County or the County Manager on behalf of the County, forms a contract between the winning bidder and the County subject to the terms of this Official Notice of Bond Sale. By submitting a bid, the bidder consents to the exclusive jurisdiction of any court of the State of Nevada located in Douglas County or the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising as a result of the submittal of the bid, and the bidder irrevocably agrees that all claims in respect to any such suit, action or proceeding may be heard and determined by such court. The bidder further agrees that service of process in any such action commenced in such State or Federal court shall be effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid.

Dated this October 28, 2016.

DOUGLAS COUNTY, NEVADA

/s/ Larry Werner
County Manager