CLARK COUNTY, NEVADA

COUNTY OFFICIALS

COUNTY COMMISSIONERS

Rory Reid	Chairman
Chip Maxfield	Vice-Chair
Susan Brager	
Tom Collins	
Chris Giunchigliani	
Lawrence Weekly	
Bruce L. Woodbury	

OTHER ELECTED OFFICIALS

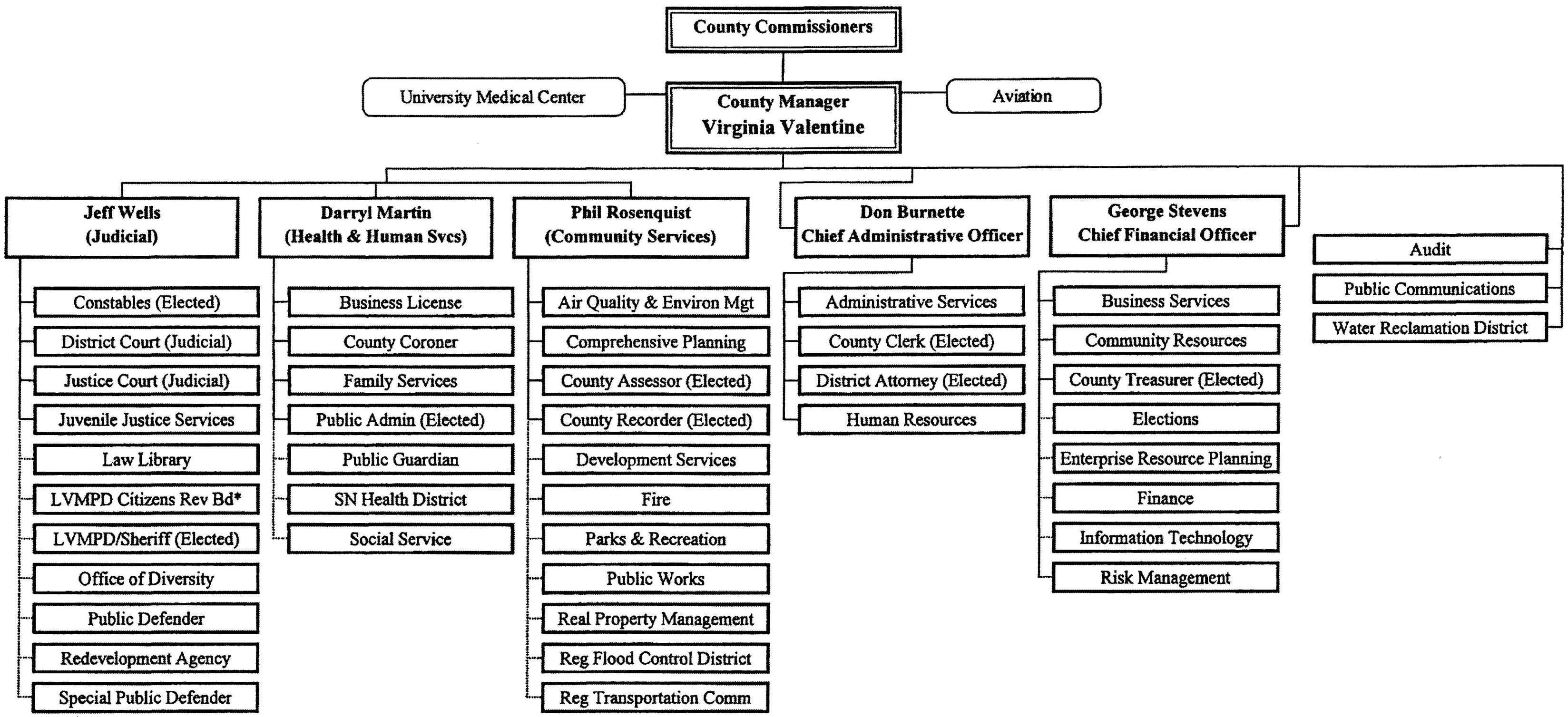
David Roger	District Attorney
Laura B. Fitzpatrick	Treasurer
Doug Gillespie	Sheriff
Shirley B. Parraguirre	Clerk
Mark W. Schofield	Assessor
John J. Cahill	Public Administrator
Debbie Conway	Recorder

APPOINTED ADMINISTRATIVE OFFICIAL

Virginia Valentine	County Manager

CLARK COUNTY ORGANIZATION CHART

1/1/08



* Also reports to City Manager's Office, City of Las Vegas

Office of the County Comptroller

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Edward M. Finger, CPA, Comptroller • Caroline R. Santoro, CPA, Assistant Comptroller

January 13, 2009

To the Honorable Board of County Commissioners and the Citizens of Clark County, Nevada:

The comprehensive annual financial report of Clark County, Nevada (the "County") for the fiscal year ended June 30, 2008, is hereby submitted. Nevada Revised Statute (NRS) 354.624 requires the County to issue a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentations, including all disclosures, rests with County management. To the best of our knowledge, the information in this report is accurate in all material respects and presents fairly the financial position of the various funds and component units of the County, including all disclosures necessary to understand the County's financial activities. In developing and evaluating the County's accounting system, consideration is given to the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management and the internal audit staff of the County. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

The County's financial statements have been audited by Kafoury, Armstrong and Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County as of and for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

BOARD OF COUNTY COMMISSIONERS
RORY REID, Chairman • SUSAN BRAGER, Vice-Chair
LARRY BROWN • TOM COLLINS • CHRIS GIUNCHIGLIANI • STEVE SISOLAK • LAWRENCE WEEKLY
VIRGINIA VALENTINE, P.E., County Manager

The independent audit of the financial statements of the County is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports will be available in the County's separately issued Single Audit Report prior to March 31, 2009.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

The County is a political subdivision of the State of Nevada (the "State"), established in 1909 and operated under the provisions of the general laws of the State. The County seat of government is the City of Las Vegas. The County is comprised of 8,012 square miles of land area and includes five incorporated cities: Las Vegas, Henderson, North Las Vegas, Boulder City and Mesquite; 14 unincorporated towns; one school district; four library districts; one urban and two rural fire districts; one water reclamation district; one urban and three rural water districts; and eleven judicial townships. All special districts in unincorporated areas of the County are created by the Board of Clark County Commissioners (the "Board").

The County is governed by the Board, a seven-member Commission, elected from geographic districts on a partisan basis for staggered four-year terms. Commissioners biennially elect a chairperson who serves as the commission's presiding officer. The Board in turn hires a county manager, who is responsible for administrative operations.

The financial statements cover a wide range of regional services that are provided by the County. These include services such as those of the County Recorder, Clerk, Assessor, Treasurer, Airport, Hospital, Family Services, Social Services, as well as a criminal justice system including Courts, District Attorney, Public Defender, and Juvenile Justice Services. As a large portion of the County's population resides in its unincorporated areas, the County provides a full range of local services such as fire and police protection, road maintenance and construction, animal control, parks and recreation, building inspection, and water and sewage systems.

This report includes all funds of the County that are under the control or supervision of the Board, acting directly or in an ex-officio capacity. The governing body of the County acts in an ex-officio capacity for the Las Vegas Valley Water District (the "Water District), the University Medical Center ("UMC"), and the Clark County Water Reclamation District (the "Reclamation District"); therefore, these activities are included in the reporting entity. However, the Las Vegas-Clark County Library District, Henderson Library District, Boulder City Library District, Clark County Health District, and the Las Vegas Convention and Visitors Authority have not met the established criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

The County is financially accountable for the Regional Transportation Commission of Southern Nevada ("RTC") and the Regional Flood Control District (the "Flood Control District"). RTC and the Flood Control District are reported separately within the County's financial statements.

Additional information on the Water District, UMC, the Reclamation District, RTC, and the Flood Control District can be found in the notes to the financial statements (See Note 1).

The budget serves as the foundation for the County's financial planning and control systems. The Board holds public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for the fiscal year. The Board is required to adopt a final budget by June 1 of each year.

ECONOMIC CONDITION AND OUTLOOK

The County, with a population of 2 million as of June 30, 2008, is the most populous of Nevada's 17 counties. The warm climate, friendly tax structure, and low unemployment rate helped fuel growth in the Las Vegas Valley for over two decades. In keeping up with this growth, the County has undergone tremendous change. The County's challenge is to serve the growing resident and visitor population with adequate infrastructure and support services.

The County is a community that historically has been reliant on the resort and gaming industry. Up until the Great Depression, the County's economy relied solely on railroading, mining and ranching. In 1931, to counter the effects of the depression, the Nevada State Legislature passed legislation to legalize gambling. While the resort and gaming industry remains the mainstay of the County's economy, industrial centers, retirement communities, the federal government, distribution centers and light manufacturing provide a balance to the service concentration of the economy. Efforts to diversify the local economy have resulted in the development of retail and wholesale trade, construction, transportation, health services, finance, insurance and real estate employment, and in providing attractive opportunities for high technology companies.

The County is one of the top resort and convention destinations in the world, attracting over 39 million tourists in 2007 who came to enjoy world-class entertainment and hospitality, splendid casinos, fine restaurants and an array of shopping venues. The County is home to the world-famous Las Vegas Strip, site of 14 of the nation's 15 largest hotels. The centerpiece of convention and meeting activity is the Las Vegas Convention Center, one of the most modern and versatile meeting facilities in the country. The Convention Center boasts over two million total square feet of exhibit space, 144 meeting rooms and sixteen exhibit halls, all within a short distance of more than 100,000 guest rooms.

For the first nine calendar months of 2008, the average occupancy rate was more than 88% for the over 137,000 rooms in Las Vegas, down from over 90% in 2007. However, average room rates decreased over 16% from June 2007 to June 2008 and gaming revenues decreased almost 2% for the fiscal year.

Total inventory increased by over 4,000 rooms during the fiscal year, primarily because of opening of the Palazzo Resort Hotel and Casino and the Trump International Hotel and Tower. An additional 8,000 new rooms are planned to come on line in the next 18 months, the most notable being the opening of the MGM Project CityCenter and the Encore at Wynn. However, in August, 2008, Boyd Gaming announced that construction work on the $4.8 billion Echelon project would be stopped due to the difficulties in the capital markets and existing economic conditions. Construction is expected to resume when credit market and economic conditions improve.

The softer economic that conditions emerged during the 2007 fiscal year worsened in 2008. Population growth slowed; consumer spending tightened; foreclosure rates skyrocketed; and unemployment rates increased. Taxable sales decreased 1% from the prior fiscal year. Median home values declined over 26% as foreclosures increased and sales slowed. In the month of June, 2008, about two-thirds of the monthly homes sales were bank-owned properties. The unemployment rate climbed from 4.7% to 6.5%, higher than the national average of 5.5%.

TAXPAYERS' BILL OF RIGHTS

The County has long fostered its reputation for strong and consistent fiscal policies. Residents in unincorporated areas of the County enjoy one of the lowest property tax rates in the nation. The County has accomplished this through nearly unprecedented reductions in the countywide tax rate over the past decade, coupled with conservative maintenance of town and special district rates, which are well below the limits allowed by State law. The County recognizes the need to maintain its application of strong measures designed to keep growth of government and spending under control. To address this need, the Board has adopted the Taxpayers' Bill of Rights resolution and uses it as a guide for the County's financial management.

The Taxpayers' Bill of Rights consists of ten policy points:

- The Countywide and unincorporated town property tax rates shall not be increased unless otherwise mandated by a vote of the people or Legislative enactment.
- Deficit spending will be avoided and a budgeted ending fund balance of between 8.3 percent and 10 percent of all expenditures will be maintained.
- The cumulative increases in budgeted expenditures for County operations and maintenance shall not exceed the combined growth in population and the consumer price index, excluding costs associated with voter-approved or legislative tax overrides or unfunded mandates designated by the Board.
- The average salary and benefit increases for County employees will be comparable to those of the private sector.
- A meaningful public input process will be provided during the annual budget review.
- Regular meetings will be conducted with city counterparts through a joint committee of elected officials to identify potential areas for cost-effective consolidation of services.
- The County Cost Containment Program will continue to safeguard against overspending.
- Independent performance evaluations for each County department will be performed on at least a five-year cycle.
- New leases of buildings will be avoided as the County endeavors to house all employees in the Clark County Government Center or other County-owned buildings and make its building program as cost effective as possible.
- Continued integration of the capital improvement and master plan programs will be pursued in order to ensure unified planning initiatives.

DEBT ADMINISTRATION

A formal Debt Management Policy (the "Policy") has been adopted by the Board. The purpose of the Policy is to manage the issuance of the County's debt obligations and to maintain the County's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities, and equipment needed for essential services. The Policy is updated annually and submitted to the County Clerk, the Clerk of the Debt Management Commission, and the State Department of Taxation. The County Manager and the Chief Financial Officer are responsible for the administration of the Policy, with the Board ultimately responsible for approval of the form of any County borrowing. Credit ratings indicate to potential buyers whether a governmental entity is considered a good credit risk. Credit ratings issued by the bond rating agencies are a major factor in determining the cost of borrowed funds in the municipal bond market. Moody's Investors Service and Standard & Poor's, the two principal rating agencies for municipal debt, have given the County favorable general obligation bond ratings of "Aa1" and "AA+", respectively. The County's conservative financial management practices and expanding tax base have contributed to these ratings, which are the highest in the State of Nevada.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Clark County, Nevada for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2007. The Certificate of Achievement is a prestigious award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. Clark County, Nevada has received a Certificate of Achievement for the last 27 consecutive years (fiscal years ended 1981-2007). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

We thank the staff of the Comptroller's Office and the independent certified public accounting firm of Kafoury, Armstrong and Company.

We commend the Board of County Commissioners and the staff of the County Manager's Office for conducting the affairs of the County in a competent and professional manner.

Respectfully submitted,

George W. Stevens

GEORGE W. STEVENS
Chief Financial Officer

EDWARD M. FINGER
County Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clark County Nevada

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director