

City of Las Vegas
Redevelopment Agency
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008



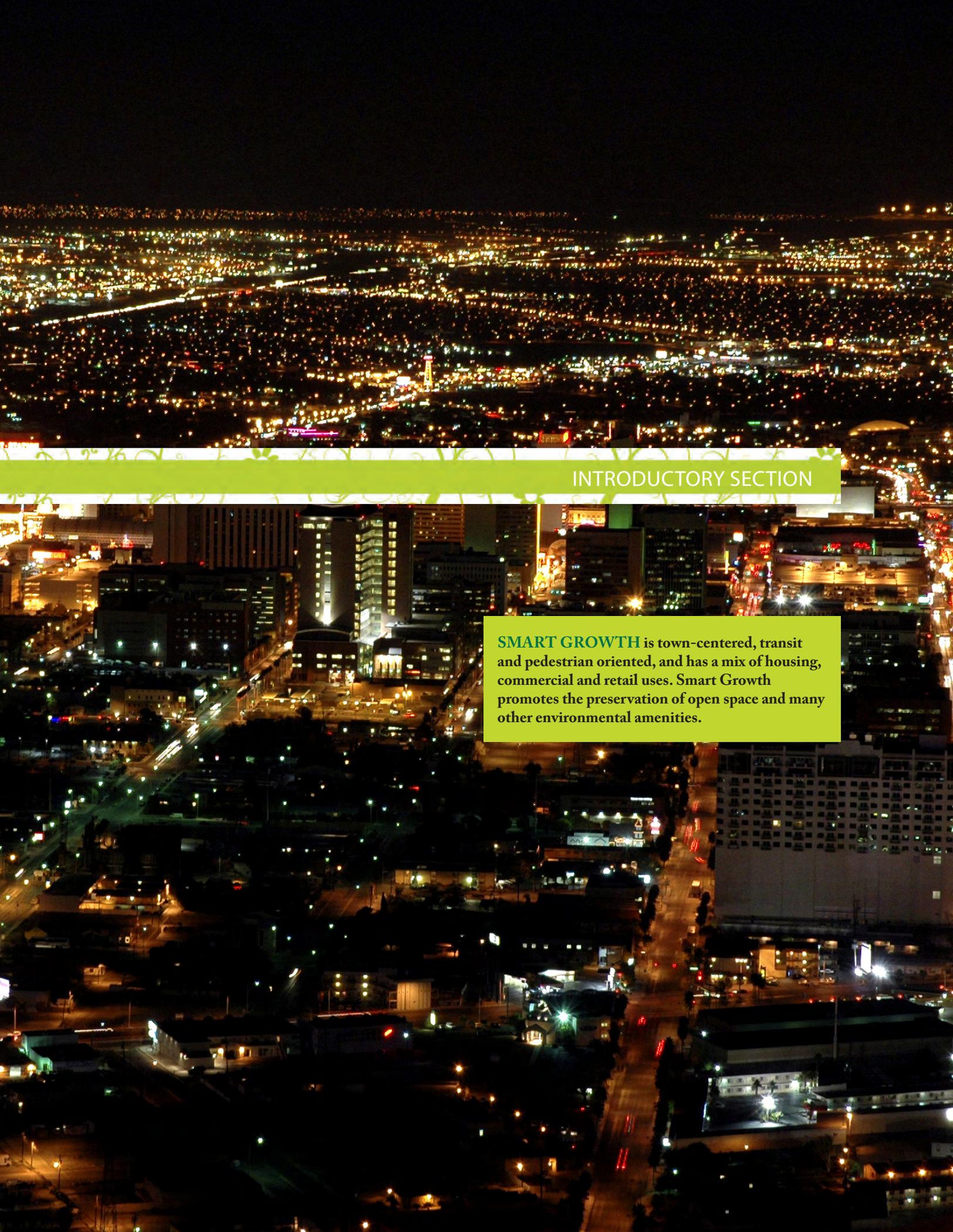
City of Las Vegas
Redevelopment Agency
Comprehensive Annual Financial Report
A Component Unit of the City of Las Vegas
For the Fiscal Year Ended June 30, 2008

Prepared By
The Department of Finance and Business Services
Mark Vincent, CPA, Director

‘SUSTAINABILITY’ is an all encompassing concept that embodies several principles such as smart growth, energy efficiency, recycling, conservation and green building. Each of the individual principles is related to the next. Picture a hand, where each of the four fingers and thumb represent one of the principles of sustainability. Each finger can work and move independently just as conservation or energy efficiency can be achieved separately. However, when the fingers and thumb work together as a hand in tandem; the benefits are amplified and much greater.

This document printed on environmentally friendly paper.





INTRODUCTORY SECTION

SMART GROWTH is town-centered, transit and pedestrian oriented, and has a mix of housing, commercial and retail uses. Smart Growth promotes the preservation of open space and many other environmental amenities.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	Page
<u>INTRODUCTORY SECTION</u>	
Table of Contents	1
Letter of Transmittal	3
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	5
Management's Discussion and Analysis	7
Basic Financial Statements:	
Agency-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit):	
Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances (Deficit) of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit):	
Budget and Actual-General Fund	20
Budget and Actual-Special Revenue Fund	21
Notes to the Basic Financial Statements	23
Supplemental Financial Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—	
Budget and Actual-Debt Service Fund	37
Budget and Actual-Capital Projects Fund	38
Agency Capital Assets:	
Capital Assets Used in the Operation of Governmental Funds:	
Schedule By Source	39
Schedule by Function and Activity	40
Schedule of Changes by Function and Activity	40
Compliance Section:	
Report on Internal Control over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with <i>Government Auditing Standards</i>	41

This page intentionally left blank

January 27, 2009

To the Board of Directors and Citizens of the City of Las Vegas Redevelopment Agency:

State law requires that local governments provide a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants at the close of each fiscal year. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Las Vegas Redevelopment Agency (Agency) for the year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

KPMG LLP, Certified Public Accountants have issued an unqualified ("clean") opinion on the Agency's financial statements for the year ended June 30, 2008. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Agency

The Agency was established November 6, 1985, by the City Council of the City of Las Vegas, Nevada. The mission of the Agency is to stimulate economic growth in decaying areas of the City of Las Vegas. A seven-member Board comprised of the seven City Council members governs the Agency. On March 5, 1986, the Agency Board members adopted the Redevelopment Plan that specified the boundaries of the Redevelopment Area. The use of eminent domain and tax increment financing are the primary tools made available to the Agency to carry out the Redevelopment Plan.

The Agency is a component unit of the City of Las Vegas, Nevada's financial reporting entity and is included with the comprehensive annual financial report of the City of Las Vegas, Nevada. The purpose of a separate Agency comprehensive annual financial report is to fulfill a trust indenture requirement and the requirements of Nevada law.

The annual budget serves as the foundation for the Agency's financial planning and control. Annual appropriated budgets are adopted for the general, special revenue, debt service and capital projects funds. The Agency is required to submit requests for appropriation to the City of Las Vegas Finance & Business Services Department on or before the first Tuesday in February each year for an Agency budget to be effective the following July 1. These requests are used as the starting point for developing a proposed budget. A tentative budget is submitted to the Department of Taxation by April 15. A public hearing is required on the third Tuesday of May and the final budget must be adopted by the Agency Board and filed with the Department of Taxation by June 1. The appropriated budget is prepared by fund, function (e.g., economic development) and department. The Agency Board may amend or augment the annual budget following the public hearing. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 20 as part of the basic financial statements.



CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

Telephone (702) 229-6100
Toll Free (866) 777-7483
Fax (702) 385-3128
TTY (702) 386-9108

400 Stewart Avenue
Las Vegas, Nevada 89101

www.lasvegasnevada.gov/obd
www.lvrda.org
www.lvdowntown.com



Local Economy. Despite the downturn in the global economy and the rise of unemployment in the state of Nevada, population growth for our area continues to average 5,600 people *per month*. Visitor counts were down only slightly and Las Vegas continues to maintain one of the highest hotel occupancy rates in the nation. Clark County has had a high rate of home foreclosures which has slowed the construction industry locally, causing negative impacts across other business and financial sectors.

Economic Factors. The global economic slowdown has had some positive effects in the Redevelopment Area, through reduced land prices and more affordable labor and construction costs. In addition, in August 2008 *Forbes* magazine declared that Las Vegas ranked as one of the top 10 U.S. real estate markets for investment.

Long-Term Financial Planning. The Agency is anticipating issuing bonds in Fiscal Year 2008-2009. The bonds will be used on projects that will have the greatest impact on creating new jobs and increasing property tax revenues. Bond proceeds will be devoted to building the infrastructure at Union Park, an 11-million-square-foot, mixed-used development that is estimated to create 11,700 new jobs upon build-out and will provide partial funding for The Smith Center for the Performing Arts, an anchor tenant and prime catalyst for the Union Park development as well as other smaller projects.

Major Initiatives. During Fiscal Year 2008, the Agency had the following initiatives:

- Staff provided assistance on \$19.3 billion of private development projects currently under construction or entitled.
- Contracted for development projects generating 6,165 construction jobs and 4,463 permanent jobs.
- Initiated \$40 million in Phase 1 infrastructure construction for the 61-acre downtown development project Union Park.
- Completed revitalization of the Historic Fifth Street School, which now houses an assortment of local arts and architectural organizations. In addition, some of the historic school's common areas are available for public and private functions.
- Signed a development agreement with Live Work Las Vegas – Forest City for two major downtown projects. The first project involves five city blocks and would create office and retail space, a new Las Vegas City Hall campus and the City Center Intermodal Transit Terminal. The second project involves a five and one-half acre site in Union Park to be used for a hotel-casino and retail.
- Secured a Disposition and Development Agreement with the Hollywood, California-based CIM Group regarding land adjacent to the historic Post Office building on Stewart Avenue in downtown Las Vegas. The CIM Group seeks to create a retail-oriented, mixed-use development on the property. This development would complement the revitalization effort the CIM Group plans for the currently closed Lady Luck Hotel and Casino, situated across the street.
- Initiated the Retail Downtown Las Vegas program, which has successfully assisted in recruiting retail tenants for the downtown and west Las Vegas areas.

Acknowledgements. The preparation of this report was made possible by the dedicated service of the staff of the City of Las Vegas Finance & Business Services department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report.

It is the goal of the Agency to stimulate economic growth by participating in and supporting major development in the redevelopment areas. The commitment and leadership of the Agency Board will ensure a bright future for those areas in need of revitalization.

Respectfully submitted,



Mark R. Vincent, CPA
Financial Officer



FINANCIAL SECTION

ENERGY EFFICIENCY can reduce the need for future investment in infrastructure, cut fuel costs and improve the city's delivery of services.



KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

Independent Auditor's Report

The Honorable Chairperson, Members of the Board,
and Executive Director
City of Las Vegas Redevelopment Agency:

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Las Vegas Redevelopment Agency (Redevelopment Agency), a component financial reporting unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2008, which collectively comprise the Redevelopment Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Redevelopment Agency's management. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Redevelopment Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Las Vegas Redevelopment Agency as of June 30, 2008, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General and Special Revenue Funds for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2009 on our consideration of the Redevelopment Agency'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 7 through 14 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Redevelopment Agency's basic financial statements. The introductory section, individual fund budgetary comparison financial statements for the Debt Service and Capital Projects funds, and the capital assets schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such individual fund budgetary comparison financial statements and capital assets schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

KPMG LLP

January 27, 2009

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The information presented in the "Management's Discussion and Analysis" is intended to be a narrative overview of the City of Las Vegas Redevelopment Agency (Agency) financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the accompanying basic financial statements.

The City of Las Vegas Redevelopment Agency is a component unit of the City of Las Vegas, Nevada. Separate financial information for the Agency is required to fulfill a trust indenture requirement and requirements of Nevada State law.

Financial Highlights

The assets of the City of Las Vegas Redevelopment Agency exceeded its liabilities at the close of fiscal year ended June 30, 2008, by \$63,113,911 (*net assets*). Of this amount, \$19,238,310 (*unrestricted net assets*) may be used to meet the Agency's on-going obligations to citizens and creditors.

- The Agency's total net assets increased by \$10,878,704 in fiscal year ended June 30, 2008.
- As of the close of the current fiscal year, the City of Las Vegas Redevelopment Agency's governmental funds reported combined ending fund balances of \$20,702,656, a decrease of \$1,304,778 in comparison with the prior year. Approximately 54.5 percent of the ending fund balance, \$11,287,768, is *available for spending* at the government's discretion (*unreserved undesignated fund balance*).
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$2,978,439.
- The City of Las Vegas Redevelopment Agency's total debt decreased by \$3,625,785 (13.6 percent) (net of premiums, discounts and amortized debt refunding costs) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Las Vegas Redevelopment Agency's basic financial statements. The City of Las Vegas Redevelopment Agency's basic financial statements comprise three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental financial information and the Auditors' Compliance Section in addition to the basic financial statements themselves.

Agency-wide financial statements. The *Agency-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the fiscal year's revenues and expenses are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus assets, liabilities and expenses are reported in these statements for some items that will result in cash flows in future periods.

The *statement of net assets* presents information on all of the Agency's assets and liabilities with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net assets, revenues and expenses have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The governmental activities of the City of Las Vegas Redevelopment Agency include general government and economic development and assistance. The City of Las Vegas Redevelopment Agency has no business-type activities.

The Agency-wide financial statements can be found on pages 15 and 16 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency has only governmental fund types.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the agency-wide financial statements. However, unlike the Agency-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating an agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Agency-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the agency-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provides a reconciliation on page 17 and 19 to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, debt service fund and the capital projects fund, all of which are considered to be major funds. Budgetary comparison information for the general fund and special revenue fund are also presented.

The governmental fund financial statements can be found on pages 17 through 21 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to have a full understanding of the data provided in the agency-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23-35 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the report also present certain Supplemental Financial Information relating to the Agency's budget for its Debt Service and Capital Projects Funds. The individual schedules provide budget versus actual comparisons and can be found in the Supplemental Financial Information section on pages 37-38 of this report. Also, the section includes information on the Agency's capital assets used in operation on pages 39-40 of this report.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Agency-wide Financial Analysis

Our Agency-wide analysis focuses on the net assets and changes in net assets for the Agency's governmental activities. A summary of the Agency's net assets is as follows:

**City of Las Vegas Redevelopment Agency
Summary of Net Assets**

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Current and other assets	\$ 26,003,917	\$ 25,564,837
Capital assets (net of accumulated depreciation)	<u>64,725,292</u>	<u>56,095,876</u>
Total assets	<u>90,729,209</u>	<u>81,660,713</u>
Long-term liabilities	23,025,691	26,651,476
Other liabilities	<u>4,589,607</u>	<u>2,774,030</u>
	<u>27,615,298</u>	<u>29,425,506</u>
Net Assets:		
Invested in capital assets, net of related debt	41,699,601	29,444,400
Restricted	2,176,000	2,352,089
Unrestricted	<u>19,238,310</u>	<u>20,438,718</u>
Total net assets	<u>\$ 63,113,911</u>	<u>\$ 52,235,207</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$63,113,911 at June 30, 2008.

By far the largest portion of the City of Las Vegas Redevelopment Agency's net assets (66 percent) reflects its investment in capital assets (e.g., land, land improvements and buildings) less any related debt used to acquire those assets that are still outstanding. The City of Las Vegas Redevelopment Agency uses these capital assets to improve the economic opportunities within the Agency. Although the City of Las Vegas Redevelopment Agency's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Las Vegas Redevelopment Agency's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$19,238,310 may be used to meet the Agency's ongoing obligations to citizens and creditors.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

At the end of the current fiscal year, the City of Las Vegas Redevelopment Agency is able to report positive balances in all three categories of net assets, both for the Agency as a whole, as well as for its governmental-type activities.

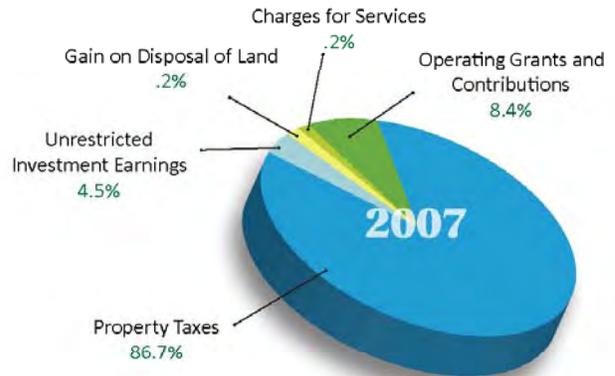
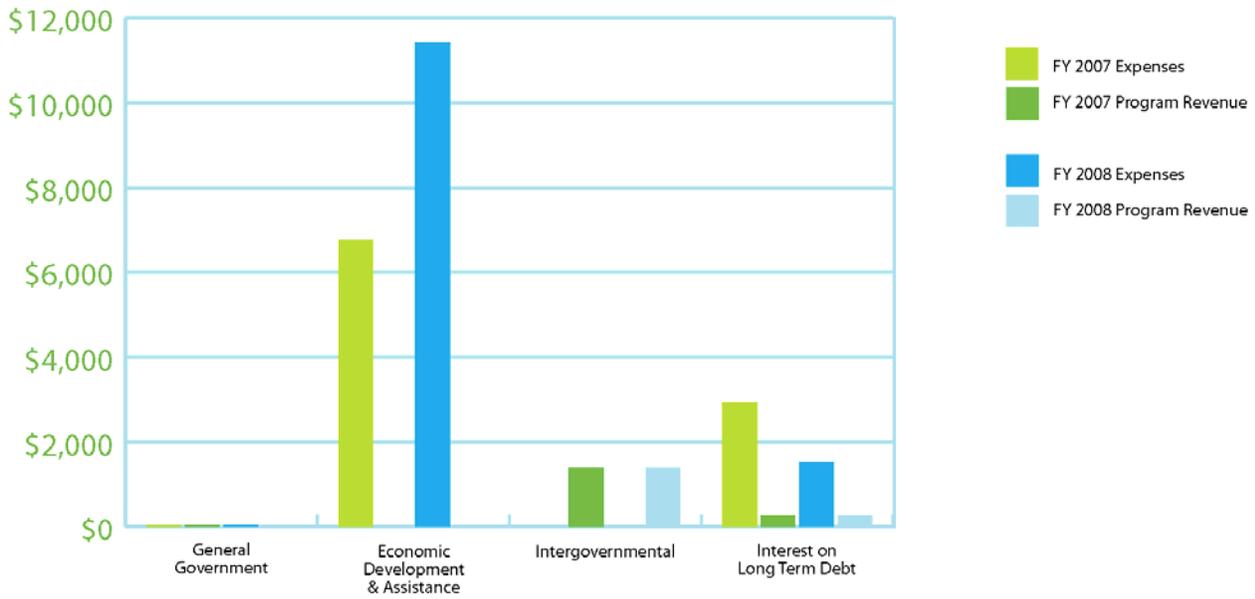
Governmental activities. Governmental activities increased the City of Las Vegas Redevelopment Agency's net assets by \$10,878,704 (20.8 percent). Key elements of this increase are as follows:

City of Las Vegas Redevelopment Agency		
Summary of Activities		
For the Years Ended		
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 36,954	\$ 37,006
Operating grants and contributions	1,668,700	1,670,526
General revenues:		
Property taxes	21,445,299	17,171,833
Unrestricted investment earnings	721,386	892,202
Gain on disposal of assets		33,036
Total revenues	<u>23,872,339</u>	<u>19,804,603</u>
Expenses:		
General government	43,899	32,274
Economic development and assistance	10,019,957	5,370,124
Intergovernmental	1,400,000	1,400,000
Interest on long-term debt	1,529,779	2,950,931
Total expenses	<u>12,993,635</u>	<u>9,753,329</u>
Change in net assets	10,878,704	10,051,274
Net assets-July 1	52,235,207	42,183,933
	<u>\$ 63,113,911</u>	<u>\$ 52,235,207</u>

- Charges for services represent income from rentals of Agency property for \$21,300, fines for \$11,300 and refunds of \$4,354.
- The Agency received \$1,668,700 from the City of Las Vegas for debt service payments (see Note 8).
- The Agency had expenditures of \$3,864,638 for Housing Set-aside, \$1,400,000 to the City of Las Vegas Municipal Parking Fund, \$1,506,910 to the City of Las Vegas Redevelopment Agency Reimbursement Fund and incurred \$4,692,308 in project and operating costs. The Agency has adopted new market strategies for the development of the downtown area that should help increase revenues for investments and capital improvements. This long range planning strategy should help improve the Agency's financial position.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Expenses & Program Revenues –Governmental Activities (in thousands)



CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Financial Analysis of Agency's Funds

As noted earlier, the City of Las Vegas Redevelopment Agency uses fund accounting to ensure and demonstrate compliance with finance-regulated legal requirements.

Governmental funds. The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2008, the City of Las Vegas Redevelopment Agency's governmental funds reported combined ending fund balances of \$20,702,656, a decrease of \$1,304,778 in comparison with the prior year. Approximately .6 percent of the fund balance, or \$1,203,368 constitutes *unreserved fund balance designated for redevelopment projects*. Approximately 55 percent of this amount, or \$11,287,768 constitutes *unreserved undesignated fund balance*, which is available for spending at the Agency's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) for land held for resale \$6,035,520, and (2) to pay debt service of \$2,176,000.

The general fund is the chief operating fund of the City of Las Vegas Redevelopment Agency. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,978,439.

During the current fiscal year, the fund balance of the City of Las Vegas Redevelopment Agency's general fund increased by \$175,706. The key factors in the increase was \$211,695 in investment earnings offset by \$1,506,910 in reimbursable costs paid to the City of Las Vegas, \$29,079 in net operating costs and \$1,500,000 in an operating transfer in from the special revenue fund.

The special revenue fund has an ending fund balance of \$7,238,888, a decrease of \$9,319,576 from the prior year. This decrease consists of \$9,270,054 in expenditures to capital outlay for the 5th Street School Rehab project and expenditures of \$2,150,162 for various economic development projects. The expenditures were offset from revenue of \$21,300 from rental of Agency property and \$834 from rebates. There was also an operating transfer in of \$2,000,000 from the debt service fund and \$78,506 from the capital projects fund.

The debt service fund has a total fund balance of \$10,485,329, with \$2,176,000 (21 percent) reserved for the payment of debt service. The remaining \$8,309,329 (79 percent) is unreserved and undesignated.

The capital projects fund balance was reduced to zero. The fund was closed out during fiscal year ended June 30, 2008 and \$78,506 of the fund balance was transferred to the special revenue fund and \$97,609 was contributed to the City of Las Vegas general fund.

General Fund Budgetary Highlights

The general fund had an original budget in general government and economic development and assistance of \$4,785,605 for the fiscal year. The fund's actual expenditures were less than budgeted expenditures by \$1,834,796, mainly due to the economic development and assistance budget exceeding expenditures by \$1,819,195. This difference was primarily due to the Agency not making a budgeted contribution of \$1,700,000 to the City of Las Vegas industrial development special revenue fund.

Capital Asset and Debt Administration

Capital assets. The City of Las Vegas Redevelopment Agency's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$64,725,292 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, equipment and construction in progress. The total increase in the City of Las Vegas Redevelopment Agency's investment in capital assets for the current fiscal year was approximately 1.5 percent. A summary of the Agency's capital assets follows:

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

City of Las Vegas Redevelopment Agency Capital Assets

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Land	\$ 32,271,220	\$ 32,271,220
Land improvements (net of depreciation)	243,898	265,609
Buildings and improvements (net of depreciation)	19,140,452	19,747,491
Equipment (net of depreciation)	51,058	62,946
Construction in progress	<u>13,018,664</u>	<u>3,748,610</u>
Total	<u>\$ 64,725,292</u>	<u>\$ 56,095,876</u>

Major capital events during the fiscal year included the following:

- The Agency contributed \$9,270,054 to the construction in progress of the 5th Street building remodel.

Additional information on the City of Las Vegas Redevelopment Agency's capital assets can be found in Note 5 on page 31 of this report.

Long-term debt. At the end of the current fiscal year, the City of Las Vegas Redevelopment Agency had total bonded debt outstanding of \$23,025,691. The Agency's long-term debt is payable from ad valorem tax levied against the incremental assessed value for all taxable property within the redevelopment area.

**City of Las Vegas Redevelopment Agency Outstanding Debt
Revenue Bonds and Loans Payable**

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Revenue bonds (net of original issue premiums and discounts and unamortized debt refunding costs)	<u>\$ 23,025,691</u>	<u>\$ 26,651,476</u>

The City of Las Vegas Redevelopment Agency's total debt decreased by \$3,680,000 (14 percent) (excluding premiums and discounts and unamortized debt refunding costs) during the current fiscal year. The reduction was due to scheduled debt service payments of the bonds.

The Agency's overall bond credit rating with Standard & Poor's is A.

State statutes limit the amount of general obligation debt the Agency may issue up to 20 percent of its total assessed valuation. The current debt limitation for the City of Las Vegas Redevelopment Agency is \$186,603,188 which is \$163,358,188 (excludes original issue premiums, discounts, and unamortized debt refunding costs) in excess of the City of Las Vegas Redevelopment Agency's outstanding general obligation debt.

Additional information on the City of Las Vegas Redevelopment Agency's long-term debt can be found in Note 6 on pages 31-33 of this report.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Economic Factors

For fiscal year 2009 the incremental valuation (assessed value) of the Agency is \$1,633,123,870 with a tax rate of \$2.5712 apportioned to the Agency per \$100 of assessed value. The incremental valuation increased \$700,107,928 over 2008.

Requests for Information

The financial report is designed to provide a general overview of the City of Las Vegas Redevelopment Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Department of Finance and Business Services Director, 400 Stewart Avenue, Las Vegas, Nevada, 89101.



BASIC FINANCIAL STATEMENTS

RECYCLING is the reprocessing of materials into new products, whereas reuse occurs when existing items or products are used for a new purpose.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES
Current assets:	
Cash and cash equivalents (Notes 1D and 4)	\$ 15,981,154
Receivables:	
Property taxes	728,637
Investment income receivable	24,930
Loans	836,534
Intergovernmental	6,209
Deferred charges	214,933
Restricted assets:	
Cash and cash equivalents (Note 4)	240,887
Investments (Note 4)	1,934,938
Investment income receivable	175
Land held for resale	6,035,520
Capital assets (net of accumulated depreciation) (Note 5)	64,725,292
Total assets	90,729,209
Current liabilities:	
Accounts payable	1,975,303
Contracts payable	1,017,560
Interest payable	55,320
Customer deposits (Note 7)	745,116
Intergovernmental payable	796,308
Noncurrent liabilities (Note 6):	
Due within one year	3,835,783
Due in more than one year	19,189,908
Total liabilities	27,615,298
Net assets:	
Invested in capital assets, net of related debt	41,699,601
Restricted for:	
Debt service (Note 6)	2,176,000
Unrestricted	19,238,310
Total net assets	\$ 63,113,911

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	PROGRAM REVENUES			
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS (NOTE 8)		NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS
<u>Functions/Programs</u>				
Governmental activities:				
General government	\$ 43,899	\$	\$	\$ (43,899)
Economic development and assistance	10,019,957	36,954		(9,983,003)
Intergovernmental (Notes 6 and 8)	1,400,000		1,668,700	268,700
Interest on long-term debt	1,529,779			(1,529,779)
Total governmental activities	12,993,635	36,954	1,668,700	(11,287,981)
General revenues:				
Property taxes				21,445,299
Investment earnings				721,386
Total general revenues				22,166,685
Change in net assets				10,878,704
Net assets - July 1				52,235,207
Net assets - June 30				\$ 63,113,911

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH & CASH EQUIVALENTS (Notes 1D and 4) \$	3,578,407	\$ 4,246,103	\$ 8,397,531	\$ 16,222,041
INVESTMENTS (Note 4)			1,934,938	1,934,938
RECEIVABLES:				
PROPERTY TAXES			728,637	728,637
INTEREST	13,159	581	11,365	25,105
LOANS		836,534		836,534
DUE FROM OTHER GOVERNMENTS	4,194		2,015	6,209
LAND HELD FOR RESALE		6,035,520		6,035,520
TOTAL ASSETS	\$ 3,595,760	\$ 11,118,738	\$ 11,074,486	\$ 25,788,984
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE \$	411	\$ 1,969,563	\$ 5,329	\$ 1,975,303
CONTRACTS PAYABLE		1,017,560		1,017,560
DEFERRED REVENUE			552,041	552,041
DUE TO OTHER GOVERNMENTS	616,910	147,611	31,787	796,308
CUSTOMER DEPOSITS (Note 7)		745,116		745,116
TOTAL LIABILITIES	617,321	3,879,850	589,157	5,086,328
FUND BALANCES:				
RESERVED FOR:				
LAND HELD FOR RESALE		6,035,520		6,035,520
DEBT SERVICE (Note 6)			2,176,000	2,176,000
UNRESERVED:				
DESIGNATED FOR PROJECTS		1,203,368		1,203,368
UNDESIGNATED	2,978,439		8,309,329	11,287,768
TOTAL FUND BALANCES	2,978,439	7,238,888	10,485,329	20,702,656
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,595,760	\$ 11,118,738	\$ 11,074,486	

Amount reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 5)	64,725,292
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 2A)	(23,532,923)
Delinquent property taxes receivable are not available to pay for current-period expenditures and, therefore are deferred in the funds.	552,041
Unamortized debt refunding transactions used in governmental activities that are not a financial resource and therefore, are not reported in the funds.	666,845
Net assets of governmental activities (Page 15)	\$ 63,113,911

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
PROPERTY TAXES	\$	\$	\$ 21,470,211	\$	21,470,211
INVESTMENT EARNINGS	211,695		431,543	26	643,264
MISCELLANEOUS RENTALS		21,300			21,300
INTERGOVERNMENTAL (NOTES 6 AND 8)	1,400,000		268,700		1,668,700
REBATES AND REFUNDS	14,820	834			15,654
TOTAL REVENUES	<u>1,626,515</u>	<u>22,134</u>	<u>22,170,454</u>	<u>26</u>	<u>23,819,129</u>
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	43,899				43,899
ECONOMIC DEVELOPMENT AND ASSISTANCE	2,906,910	2,150,162	5,624,638	97,609	10,779,319
DEBT SERVICE:					
PRINCIPAL RETIREMENT			3,680,000		3,680,000
INTEREST AND FISCAL CHARGES			1,350,635		1,350,635
CAPITAL OUTLAY:					
ECONOMIC DEVELOPMENT AND ASSISTANCE		9,270,054			9,270,054
TOTAL EXPENDITURES	<u>2,950,809</u>	<u>11,420,216</u>	<u>10,655,273</u>	<u>97,609</u>	<u>25,123,907</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,324,294)</u>	<u>(11,398,082)</u>	<u>11,515,181</u>	<u>(97,583)</u>	<u>(1,304,778)</u>
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	1,500,000	2,078,506			3,578,506
TRANSFERS OUT			(3,500,000)	(78,506)	(3,578,506)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,500,000</u>	<u>2,078,506</u>	<u>(3,500,000)</u>	<u>(78,506)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	175,706	(9,319,576)	8,015,181	(176,089)	(1,304,778)
FUND BALANCES, JULY 1	2,802,733	16,558,464	2,470,148	176,089	22,007,434
FUND BALANCES, JUNE 30	<u>\$ 2,978,439</u>	<u>\$ 7,238,888</u>	<u>\$ 10,485,329</u>	<u>\$ 0</u>	<u>\$ 20,702,656</u>

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the Statement of Activities (page 18) are different because:

Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (page 18).	\$	(1,304,778)
Certain property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(24,912)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period. (Note 2B)		8,629,416
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. (Note 2B)		3,680,000
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. (Note 2B)		<u>(101,022)</u>
Change in net assets of governmental activities (page 16).	\$	<u><u>10,878,704</u></u>

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ -
Investment earnings	379,952	379,952	211,695	(168,257)
Rebates and refunds			14,820	14,820
	<u>1,779,952</u>	<u>1,779,952</u>	<u>1,626,515</u>	<u>(153,437)</u>
Total revenues				
Expenditures:				
Current:				
General government	59,500	59,500	43,899	15,601
Economic development and assistance	<u>4,726,105</u>	<u>4,726,105</u>	<u>2,906,910</u>	<u>1,819,195</u>
Total expenditures	<u>4,785,605</u>	<u>4,785,605</u>	<u>2,950,809</u>	<u>1,834,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,005,653)</u>	<u>(3,005,653)</u>	<u>(1,324,294)</u>	<u>1,681,359</u>
Other financing sources (uses):				
Transfers in	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	
Total other financing sources (uses)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,505,653)	(1,505,653)	175,706	1,681,359
Fund balances, July 1	<u>2,779,753</u>	<u>3,678,374</u>	<u>2,802,733</u>	<u>(875,641)</u>
Fund balances, June 30	<u>\$ 1,274,100</u>	<u>\$ 2,172,721</u>	<u>\$ 2,978,439</u>	<u>\$ 805,718</u>

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Miscellaneous rentals	\$ 29,600	\$ 29,600	\$ 21,300	\$ (8,300)
Rebates and refunds			834	834
	<u>29,600</u>	<u>29,600</u>	<u>22,134</u>	<u>(7,466)</u>
Total revenues				
Expenditures:				
Current:				
Economic development and assistance	3,370,028	3,370,028	2,150,162	1,219,866
Capital outlay:				
Economic development and assistance	<u>13,500,000</u>	<u>13,500,000</u>	<u>9,270,054</u>	<u>4,229,946</u>
Total expenditures	<u>16,870,028</u>	<u>16,870,028</u>	<u>11,420,216</u>	<u>5,449,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,840,428)</u>	<u>(16,840,428)</u>	<u>(11,398,082)</u>	<u>5,442,346</u>
Other financing sources (uses):				
Transfers in	<u>2,078,500</u>	<u>2,078,500</u>	<u>2,078,506</u>	<u>6</u>
Total other financing sources	<u>2,078,500</u>	<u>2,078,500</u>	<u>2,078,506</u>	<u>6</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(14,761,928)	(14,761,928)	(9,319,576)	5,442,352
Fund balances, July 1	<u>16,013,629</u>	<u>16,013,629</u>	<u>16,558,464</u>	<u>544,835</u>
Fund balances, June 30	<u>\$ 1,251,701</u>	<u>\$ 1,251,701</u>	<u>\$ 7,238,888</u>	<u>\$ 5,987,187</u>

See accompanying notes to the basic financial statements.

This page intentionally left blank

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. Summary of significant accounting policies

The basic financial statements of the City of Las Vegas Redevelopment Agency have been prepared in conformity with United States generally accepted accounting principles 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. The more significant accounting policies are described below.

A. Reporting entity

The City of Las Vegas Redevelopment Agency (hereafter referred to as the Agency) is a component unit of the City of Las Vegas, Nevada's financial reporting entity and is included in the comprehensive annual financial report of the City of Las Vegas, Nevada. The purpose of a separate Agency component unit financial report is to fulfill a trust indenture requirement and the requirements of the Nevada Revised Statutes (NRS).

On November 6, 1985, the City Council of the City of Las Vegas, acting pursuant to the provisions of the Nevada Community Redevelopment Law (NRS 279.382 to 279.680, inclusive), created by resolution the City of Las Vegas Redevelopment Agency. City Council members also serve as members of the Board of Directors for the Agency.

On March 5, 1986, the official Redevelopment Plan was adopted to facilitate redevelopment efforts for the downtown Las Vegas area.

B. Agency-wide and fund financial statements

The agency-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Agency. The effect of interfund activity has been removed from these statements. *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 fees and charges for support. The Agency engages only in governmental activities.

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. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Agency-wide financial statements (note that the Agency has no proprietary funds and fiduciary funds). Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The Agency-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of 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 have been met.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are 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 Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the Agency.

The Agency reports the following major governmental funds:

The *general fund* is the Agency's primary operating fund. It accounts for all financial resources of the agency, except those required to be accounted for in another fund.

The *special revenue fund* accounts for the Agency's expenditures associated with redevelopment projects.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term tax increment revenue debt of governmental funds.

The *capital projects fund* accounts for funds established for the extraordinary maintenance, repair or improvement of capital projects constructed from bond proceeds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the Agency-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, liabilities and net assets

1. Cash, cash equivalents and investments

Investments include short-term investments that are easily converted to cash and long-term investments with a maturity of more than three months when purchased. Investments are stated at fair value or amortized cost in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. Summary of significant accounting policies (continued)

D. Assets, liabilities and net assets (continued)

1. Cash, cash equivalents and investments (continued)

The Agency reports investments at amortized cost if they have a remaining maturity at the time of purchase of one year or less. Fair value of investments is determined by using quoted market prices provided by a nationally recognized major financial institution.

The Nevada Revised Statutes (NRS) authorized the Agency to invest in obligations of the U.S. Government and its agencies, commercial paper, corporate bonds, mutual funds, repurchase agreements or other securities in which commercial banks may legally invest money.

2. Property taxes receivable

The Agency's primary source of revenue is ad valorem property tax. The Nevada Tax Commission must certify all tax rates on June 25, the levy date, and property is liened on July 1. Property taxes are levied in July and are payable to the County Treasurer in four equal installments during August, October, January and March. Apportionment of taxes by Clark County to the Agency is made in the calendar quarters of September, December, March and June.

The Agency receives that portion of ad valorem tax which is produced by the rate at which the tax is levied each year by all taxing entities in the redevelopment area. This tax is applied to that portion of the assessed valuation of all taxable property in the redevelopment area, which is in excess of the amount of the assessed valuation as certified by the Clark County Tax Assessor for the 1986 fiscal year. For fiscal year 2008, the incremental valuation (assessed value) was \$933,015,942 with a tax rate of \$2.5719 apportioned to the Agency per \$100 of assessed value.

3. Loans

The Redevelopment Agency has loans receivable as follows:

- Office District Parking, Inc. for \$25,000
- City of Las Vegas Industrial Development Special Revenue Fund for \$811,534

The loans accrue interest at 2% per annum with principal and interest due when borrower and Agency mutually agree to the repayment of the note.

4. Intergovernmental receivables/payables

Intergovernmental receivables and payables represent current amounts due from or payable to the City of Las Vegas and other governmental agencies.

5. Deferred charges

Deferred charges represent bond issuance costs. In the governmental funds, issuance costs are recognized in the current period as expenditures. On the Agency-wide financial statements, the issuance costs are recorded as deferred charges and amortized.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. Summary of significant accounting policies (continued)

D. Assets, liabilities and net assets (continued)

6. Restricted assets

Resources set aside for repayment of debt are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and are required by bond covenant to make up potential future deficiencies in debt service payments.

7. Land held for resale

Land held for resale is recorded at the lower of cost or estimated net realizable value.

8. Capital assets

Capital assets which include land, land improvements, buildings, building improvements, equipment and construction in progress are reported in the applicable governmental activities column in the Agency-wide financial statements. Capital assets are defined by the Agency as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements, land improvements and equipment of the Agency are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Land Improvements	20
Equipment	3-10

9. Long-term obligations

In the Agency-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statements of net assets. Initial-issue bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Unamortized bond issuance costs, including underwriters' discounts, are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. Summary of significant accounting policies (continued)

D. Assets, liabilities and net assets or equity (continued)

10. Net assets

In the Agency-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the Agency (such as creditors, grantors, contributors, laws and regulations of other governments). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Estimates

The preparation of financial statements in conformance with U. S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. Reconciliation of agency-wide and fund financial statements

A. Explanation of certain differences between Governmental Funds Balance Sheet and the Agency-wide Statement of Net Assets

The Governmental Funds Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the Agency-wide Statement of Net Assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$23,532,923 difference is as follows:

Bonds and loans payable	\$ 23,245,000
Add: previously amortized original issue discount and premium (amortized over the life of the bonds to interest expense and fiscal charges)	447,536
Less: previously amortized deferred bonds issuance costs (amortized over the life of the bonds to interest expense and fiscal charges)	(214,933)
Add: Accrued interest payable	55,320
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$ 23,532,923

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

2. Reconciliation of agency-wide and fund financial statements (continued)

B. Explanation of certain differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Agency-wide Statement of Activities

The Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the Agency-wide Statement of Activities. One element of the reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$8,629,416 difference is as follows:

Capital outlay	\$ 9,270,054
Depreciation expense	<u>(640,638)</u>
Net adjustment to <i>increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 8,629,416</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.” The details of this \$3,680,000 difference is as follows:

Principal repayment:

Tax increment revenue bonds - Net adjustment to <i>increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 3,680,000</u>
---	---------------------

Another element of that reconciliation states that “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.” The details of this \$101,022 difference is as follows:

Amortization of bond premiums	\$ 78,122
Change in accrued interest	15,537
Amortization of defeasance costs	(111,140)
Amortization of bond issuance costs	(62,344)
Amortization of bond discounts	<u>(21,197)</u>
Net adjustment to <i>increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (101,022)</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

3. Stewardship and legal compliance

A. Budgetary information

Budgets are adopted on a basis consistent with U. S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital projects and debt service funds. The budget is filed with the Nevada Department of Taxation, a branch of the state government charged with the responsibility to oversee local government finances. The Agency Board of Directors approves annual appropriated budgets by expenditure categories; however, expenditures for all governmental fund types are controlled at the function level as prescribed by law.

By the first Tuesday in February of each year, Agency staff submits appropriation requests to the City of Las Vegas' Financial Services Division for the preparation of an Agency budget to be effective the following July 1. The budget is prepared by fund, function and activity and includes information on the prior year, current year estimates and requested appropriations for the next fiscal year.

A tentative budget is submitted to the Nevada Department of Taxation by April 15. A public hearing is required on the third Tuesday of May and the final budget must be adopted by the Agency Board and filed with the Department of Taxation by June 1. For fiscal year 2008, management believes that the Agency complied with all legal mandates.

The Agency Board may amend or augment the annual budget following a public hearing. In any legislative year the State of Nevada Legislature increases the revenues of any local government, and such increase was not anticipated and included in the final budget, the local government may amend the final budget before August 15 and file such amended budget with the Department of Taxation increasing budgeted revenues and expenditures (NRS 354.599). An augmented budget is approved and filed when the total revenues and corresponding expenditures change. All budget appropriations lapse at the end of each fiscal year.

4. Deposits and investments

As of June 30, 2008, the Agency had the following investments:

<u>Investment Type</u>	<u>Book Value</u>	<u>Weighted-Average Maturity (Year)</u>
US Treasury	\$ 1,934,938	0.049
Money Market Fund	16,171,638	0.002
Total fair value	<u>\$ 18,106,576</u>	
Portfolio weighted-average maturity		0.051

Reconciliation of cash, cash equivalents and investments for government-wide financial statements:

Cash	\$ 50,403
Money market fund	16,171,638
Total cash and cash equivalents	<u>16,222,041</u>
Investments	<u>1,934,938</u>
Total cash and investments	<u>\$ 18,156,979</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

4. Deposits and Investments (continued)

Interest Rate Risk: In accordance with its investment policy, the Agency manages its exposure to declines in fair value by limiting the weighted-average maturity of its investment portfolio to less than ten months.

Credit Risk: Statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies (i.e., FNMA, FHLB, etc.), repurchase agreements, certificates of deposit, money market mutual funds or other securities in which banking institutions may legally invest.

Concentration of Credit Risk: The Agency's investment policy allows for investments as follows (1) U.S. Treasury, money market funds and agencies, no limit; (2) Repurchase agreements, 20% of portfolio; (3) commercial paper, 20% of portfolio with a 10% per issue limit; (4) corporate notes, 20% of portfolio with a 25% per issue limit; and (5) certificates of deposit, \$100,000 per institution. To reduce the overall portfolio risks, the Agency will diversify its investments by security type and institution. With the exception of U.S. Treasuries and government agency securities, no more than 50% of the Agency's total investment portfolio will be invested in a single security type or with a single financial institution.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency has a deposit policy for custodial credit risk requiring all money deposited with a bank, savings and loan, savings bank or credit union including checking accounts, savings accounts, NOW accounts, non-negotiable certificates of deposit, time deposits or similar type accounts provided by the financial institution in excess of the amount of federal insurance to be fully collateralized. As of June 30, 2008, the Agency had a cash balance per books of \$50,403 and a bank balance of \$55,403. The bank balance was not exposed to custodial credit risk because it was collateralized with securities held in the name of the Agency at a third party depository on behalf of the depository.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's investments are registered and the securities are held by the Agency's agent in the Agency's name, minimizing the Agency's custodial credit risk.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

5. Capital assets

Capital asset activity for the year ended June 30, 2008, was as follows:

Depreciation expense was charged to functions of the Agency as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 32,271,220	\$	\$	\$ 32,271,220
Construction in progress	3,748,610	9,270,054		13,018,664
Total capital assets not being depreciated	<u>36,019,830</u>	<u>9,270,054</u>	<u>-</u>	<u>45,289,884</u>
Capital assets being depreciated:				
Land improvements	434,211			434,211
Buildings and improvements	24,255,213			24,255,213
Equipment	118,884			118,884
Total capital assets being depreciated	<u>24,808,308</u>	<u>-</u>	<u>-</u>	<u>24,808,308</u>
Less accumulated depreciation for:				
Land improvements	(168,603)	(21,711)		(190,314)
Buildings and improvements	(4,507,722)	(607,039)		(5,114,761)
Equipment	(55,937)	(11,888)		(67,825)
	<u>(4,732,262)</u>	<u>(640,638)</u>	<u>-</u>	<u>(5,372,900)</u>
Total capital assets being depreciated, net	<u>20,076,046</u>	<u>(640,638)</u>	<u>-</u>	<u>19,435,408</u>
Governmental activities capital assets, net	<u>\$ 56,095,876</u>	<u>\$ 8,629,416</u>	<u>\$ -</u>	<u>\$ 64,725,292</u>

Depreciation expense is recorded in the Statement of Activities as follows:

Governmental activities:	
Economic development and assistance	<u>\$ 640,638</u>

6. Long-term debt

The Agency's long-term debt is payable from ad valorem property tax levied against the incremental assessed value for all taxable property within the redevelopment area. In addition and if necessary, the Agency receives \$1,400,000 from the City of Las Vegas parking fund per an agreement between the entities to be used for the repayment of principal and interest. As added security, \$2,176,000 has been deposited in a debt service reserve account with the Agency's trustee. The following schedule summarizes the changes in general long-term debt:

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

6. Long-term debt (continued)

A. Changes in long-term debt

Governmental activities:	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due within one year
4.25 to 5.6% Tax Increment Insured Refunding Parity Lien Revenue Bonds Series 1995 A, due 6/1/09	\$ 6,630,000	\$	\$ (3,225,000)	\$ 3,405,000	\$ 3,405,000
5.25 to 6.25% Tax Increment Insured Refunding Parity Lien Revenue Bonds Series 1995 B, due 6/15/09	180,000		(85,000)	95,000	95,000
3.00 to 5.00% Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2004A, due 6/15/14	18,470,000		(170,000)	18,300,000	175,000
3.00 to 4.50% Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2004B, due 6/15/14	1,645,000		(200,000)	1,445,000	215,000
	<u>26,925,000</u>	-	<u>(3,680,000)</u>	<u>23,245,000</u>	<u>3,890,000</u>
Less deferred amounts for:					
Unamortized debt refunding costs	(777,984)		111,139	(666,845)	(111,141)
Original issue discounts	(42,394)		21,197	(21,197)	(21,197)
Original issue premiums	546,854		(78,121)	468,733	78,121
	<u>(273,524)</u>		<u>54,215</u>	<u>(219,309)</u>	<u>(54,217)</u>
Total long-term debt	<u>\$ 26,651,476</u>	<u>\$ -</u>	<u>\$ (3,625,785)</u>	<u>\$ 23,025,691</u>	<u>\$ 3,835,783</u>

In September 1997, the Agency entered into a Forward Delivery Investment Agreement with Lehman Brothers Special Financing Inc. and received \$3,026,000. This represents interest that would have been earned on the reserve funds for the 1989, 1994A, 1995A and 1995B bonds. In September 1998, the Agency canceled the portion of the Agreement associated with the 1989 and 1995A bond reserve funds at a cost of \$1,650,000. The portion of the Forward Delivery Agreement associated with the 1994 and 1995B bond reserve funds remains outstanding and will mature on June 14, 2014.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

6. Long-term debt (continued)

B. Defeasance of debt

On December 1, 1989, the Agency placed \$14,065,459 of the \$35,000,000 long-term bond proceeds in trust to defease the outstanding December 1986 \$15,000,000 tax increment revenue long-term bonds. The 1986 bonds were defeased to relieve the Agency of restrictive covenants contained in that issue, resulting in the removal of the defeased debt from the Agency's financial statements. The outstanding balance on the defeased 1986 bonds is \$1,790,000 at June 30, 2008.

C. Annual debt service requirements to maturity

Annual debt service requirements to maturity for the Agency's bonds and loans at June 30, 2008, are as follows:

Year Ending June 30,	<u>Governmental Activities</u> <u>Tax Increment Revenue Bonds</u>		Total
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 3,890,000	\$ 1,136,968	\$ 5,026,968
2010	3,515,000	924,750	4,439,750
2011	3,680,000	767,675	4,447,675
2012	3,875,000	585,975	4,460,975
2013	4,045,000	411,600	4,456,600
2014	4,240,000	210,650	4,450,650
	<u>23,245,000</u>	<u>4,037,618</u>	<u>27,282,618</u>
Unamortized portion of:			
Original issue premium	468,733		468,733
Original issue discount	(21,197)		(21,197)
Net total debt outstanding	<u>\$ 23,692,536</u>	<u>\$ 4,037,618</u>	<u>\$ 27,730,154</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

7. Customer Deposits

In prior years, the Stratosphere Corporation deposited \$4,295,000 with the Agency. This money, along with interest earned, has been used for the acquisition of property. Of this total \$3,903,134 has been spent, net of interest income, leaving a balance of \$391,866 at June 30, 2008. The excess money will be returned to Stratosphere Corporation. The Agency has other deposits of \$353,250 for other projects. At June 30, 2008, total customer deposits were \$ 745,116.

8. Intergovernmental revenues

The following schedule details intergovernmental revenues as of June 30, 2008:

From	To		Total
	General Fund	Debt Service	
City of Las Vegas	\$ 1,400,000	\$ 268,700	\$ 1,668,700

The City of Las Vegas gave the Agency \$1,400,000 of pledged revenue from parking meter fees and fines for debt service (See Note 6), and \$268,700 for principal and interest payment on the Series 2003B Tax Increment Subordinate Lien Revenue Refunding Bonds.

9. Commitments and contingent liabilities

The Agency is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Agency's financial position, changes in net assets or liabilities.

The Agency has entered into six tax increment subordinate lien notes as part of various owner participation agreements. The indebtedness represented by the notes have been allocated to the land and improvements and is payable solely and exclusively from a predetermined percentage of the Site Tax Increment received by the Agency on the parcels and shall not be payable from any other source. Because the requirements to repay the notes are contingent on the Agency receiving sufficient site tax increment on the specific parcels and subordinate to the lien of the Agency's preexisting debt and future debt, the potential future obligation of the Agency has not been reflected in the basic financial statements. The following summa-

- Simon/Chelsea Las Vegas Development, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2004, in the amount of \$1,837,360, payments starting June 30, 2004 and continuing for twelve years until March 5, 2016, interest at 7 percent beginning accrual July 1, 2004. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. On June 18, 2008, a second subordinate taxable tax increment subordinate Lien Note in the amount of \$756,095, was entered into with Simon/Chelsea Las Vegas Development, LLC. The note has payments starting June 30, 2008 and continuing for eight years until June 30, 2016, with interest at 7 percent beginning accrual June 18, 2008. Also, the percentage of site tax increment from which the note is paid is 41%, and all unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year the Agency received site tax increment revenue. No payments were made on the two notes during the current fiscal year. The combined outstanding balance at June 30, 2008 was \$2,568,768.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

9. Commitments and contingent liabilities (continued)

- WMCV Phase I, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2005, in the amount of \$1,696,622, payments starting June 30, 2006 upon the payment of property taxes and continuing for twenty years until June 30, 2026, interest at 8.07 percent beginning July 1, 2005. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. The Agency made no payments on the note during the current fiscal year. The outstanding balance was \$1,835,539 at June 30, 2008.
- WMCV Phase I, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2006, in the amount of \$8,725,545, payments starting June 30, 2006 upon the payment of property taxes and continuing for nineteen years until June 30, 2025, interest at 8.04 percent beginning July 1, 2005. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. The Agency made no payments on the note during the current fiscal year. The outstanding balance was \$10,115,912 at June 30, 2008.
- WMCV Phase I, LLC Note – Taxable tax increment subordinate Lien Note entered into June 18, 2008, in the amount of \$14,268,157, payments starting June 30, 2008 upon the payment of property taxes and continuing for seventeen years until June 30, 2025, interest at 7.98 percent beginning June 30, 2008. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. The Agency made no payments on the note during the current fiscal year. The note payment was made during August 2008. The outstanding balance was \$14,301,415 at June 30, 2008, which includes \$33,258 of accrued interest.
- SP Sahara Development, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2008, in the amount of \$20,912,094, payments starting June 30, 2008 and continuing for nineteen years until June 30, 2027, interest at 7.09 percent beginning June 30, 2008. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. No payment was made on the note during the current fiscal year. The note payment was made during August 2008. The outstanding balance at June 30, 2008 was \$20,912,094
- PH ASA, LLC Note – Taxable tax increment subordinate Lien Note entered into April 24, 2006, in the amount of \$995,510, payments starting June 30, 2006 and continuing for twenty years until June 30, 2026, interest at 7 percent beginning April 24, 2006. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. No payment was made on the note during the current fiscal year. The note payment was made during August 2008. The outstanding balance at June 30, 2008 was \$1,147,673, which includes \$152,163 of accrual interest.

This page intentionally left blank



SUPPLEMENTAL FINANCIAL INFORMATION

CONSERVATION is the careful stewardship and management of the environment and its natural resources.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 16,192,358	\$ 17,292,358	\$ 21,470,211	\$ 4,177,853
Intergovernmental	268,700	268,700	268,700	0
Investment earnings	484,700	484,700	431,543	(53,157)
Total revenues	<u>16,945,758</u>	<u>18,045,758</u>	<u>22,170,454</u>	<u>4,124,696</u>
Expenditures:				
Current:				
Economic development and assistance	4,674,624	5,624,624	5,624,638	(14)
Debt service:				
Principal retirement	3,680,000	3,680,000	3,680,000	
Interest and fiscal charges	2,851,520	3,001,520	1,350,635	1,650,885
Total expenditures	<u>11,206,144</u>	<u>12,306,144</u>	<u>10,655,273</u>	<u>1,650,871</u>
Excess of revenues over expenditures	<u>5,739,614</u>	<u>5,739,614</u>	<u>11,515,181</u>	<u>5,775,567</u>
Other financing sources (uses):				
Transfers out	(3,500,000)	(3,500,000)	(3,500,000)	
Total other financing sources (uses)	<u>(3,500,000)</u>	<u>(3,500,000)</u>	<u>(3,500,000)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,239,614	2,239,614	8,015,181	5,775,567
Fund balances, July 1	<u>2,819,440</u>	<u>2,819,440</u>	<u>2,470,148</u>	<u>(349,292)</u>
Fund balances, June 30	<u>\$ 5,059,054</u>	<u>\$ 5,059,054</u>	<u>\$ 10,485,329</u>	<u>\$ 5,426,275</u>

See accompanying independent auditors' report.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$	\$	\$ 26	\$ 26
Total revenues	<u>0</u>	<u>0</u>	<u>26</u>	<u>26</u>
Expenditures:				
Current:				
Economic development and assistance	<u>97,602</u>	<u>97,602</u>	<u>97,609</u>	<u>(7)</u>
Total expenditures	<u>97,602</u>	<u>97,602</u>	<u>97,609</u>	<u>(7)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(97,602)</u>	<u>(97,602)</u>	<u>(97,583)</u>	<u>19</u>
Other financing sources (uses):				
Transfers out	<u>(78,500)</u>	<u>(78,500)</u>	<u>(78,506)</u>	<u>(6)</u>
Total other financing sources (uses)	<u>(78,500)</u>	<u>(78,500)</u>	<u>(78,506)</u>	<u>(6)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(176,102)	(176,102)	(176,089)	13
Fund balances, July 1	<u>176,102</u>	<u>176,102</u>	<u>176,089</u>	<u>(13)</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying independent auditors' report.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 BY SOURCE
 JUNE 30, 2008

		2008
CAPITAL ASSETS:		
Land	\$	32,271,220
Land improvements		434,211
Buildings and improvements		24,255,213
Equipment		118,884
Construction in progress		13,018,664
Total capital assets	\$	70,098,192
 INVESTMENT IN CAPITAL ASSETS BY SOURCE:		
General obligation bonds	\$	52,644,842
Donation		4,300,000
Revenue		13,153,350
Total investment in capital assets	\$	70,098,192

Note: Capital assets listed above do not reflect accumulated depreciation.

See accompanying independent auditors' report.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 BY FUNCTION AND ACTIVITY
 JUNE 30, 2008

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Economic development and assistance:						
Urban redevelopment	\$ 32,271,220	\$ 434,211	\$ 24,255,213	\$ 118,884	\$ 13,018,664	\$ 70,098,192
Total capital assets	<u>\$ 32,271,220</u>	<u>\$ 434,211</u>	<u>\$ 24,255,213</u>	<u>\$ 118,884</u>	<u>\$ 13,018,664</u>	<u>\$ 70,098,192</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 JUNE 30, 2008

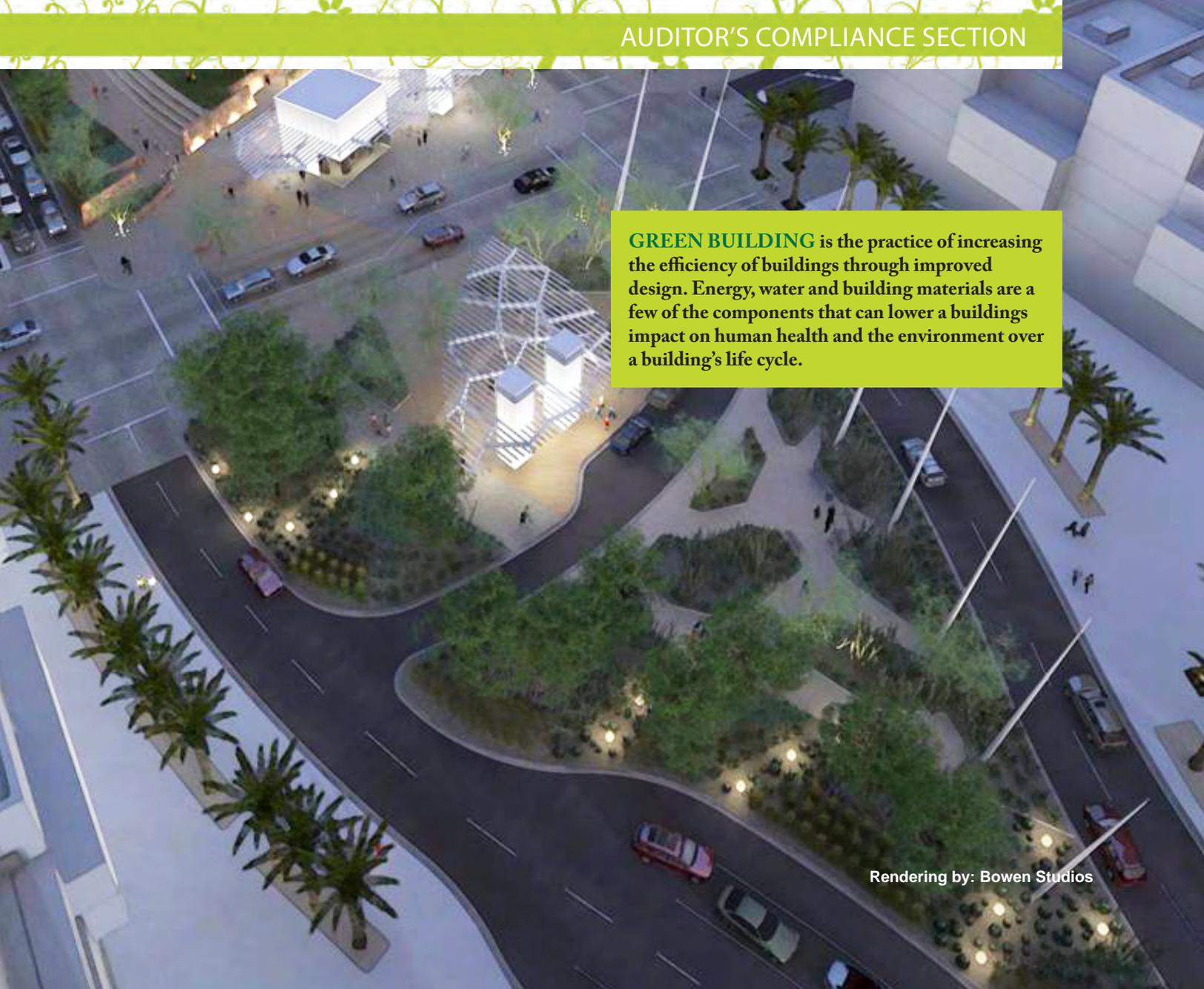
	<u>Capital Assets July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets June 30, 2008</u>
Economic development and assistance:				
Urban redevelopment	\$ 60,828,138	\$ 9,270,054	\$ -	\$ 70,098,192
Total capital assets	<u>\$ 60,828,138</u>	<u>\$ 9,270,054</u>	<u>\$ -</u>	<u>\$ 70,098,192</u>

Note: Capital assets listed above do not reflect accumulated depreciation.

See accompanying independent auditors' report.



AUDITOR'S COMPLIANCE SECTION



GREEN BUILDING is the practice of increasing the efficiency of buildings through improved design. Energy, water and building materials are a few of the components that can lower a buildings impact on human health and the environment over a building's life cycle.



KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

**Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Honorable Chairperson, Members of the Board,
and Executive Director
City of Las Vegas Redevelopment Agency:

We have audited the financial statements of the governmental activities and each major fund of the City of Las Vegas Redevelopment Agency (Redevelopment Agency), a component financial reporting unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2008, which collectively comprise the Redevelopment Agency's basic financial statements and have issued our report thereon dated January 27, 2009. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Redevelopment Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Redevelopment Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Redevelopment Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Redevelopment Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Redevelopment Agency's board of directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 27, 2009



CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

