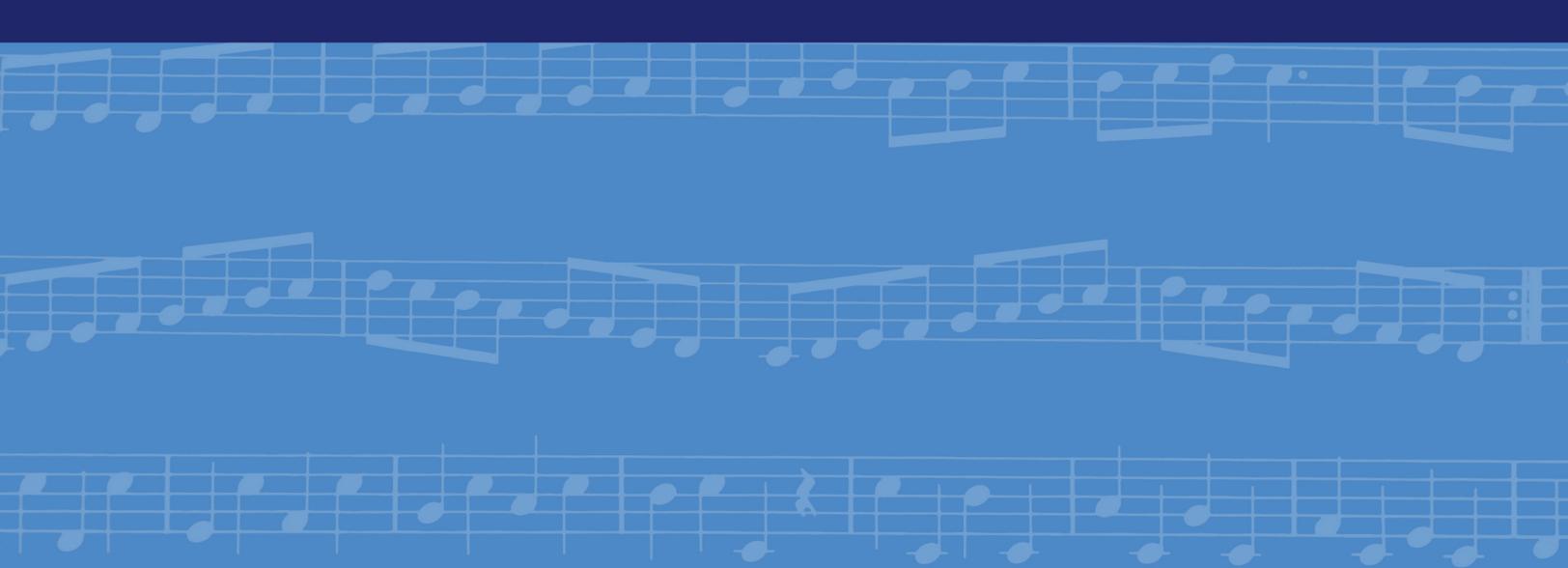


City of Las Vegas
Redevelopment Agency
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009



A decorative graphic at the top of the page consisting of three horizontal staves of musical notation. Each staff contains various notes, including quarter, eighth, and sixteenth notes, along with rests and stems, all rendered in a light blue color against a darker blue background.

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, 2009

Prepared By

The Department of Finance and Business Services

Mark Vincent, CPA, Chief Financial Officer





INTRODUCTORY SECTION



CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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: | | |
| 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: | | |
| 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 — | | |
| Budget and Actual-Debt Service Fund | 37 | |
| Agency Capital Assets: | | |
| Capital Assets Used in the Operation of Governmental Funds: | | |
| Schedule By Source | 38 | |
| Schedule By Function and Activity | 39 | |
| Schedule of Changes by Function and Activity | 39 | |
| 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

December 30, 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, 2009.

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.

Kafoury, Armstrong & Co., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Agency's financial statements for the year ended June 30, 2009. 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. The Las Vegas area has been heavily impacted by the recent global economic downturn, with the current unemployment rate standing at 13.9 percent (versus 9.5 percent nationally) and with one of the highest home foreclosure rate in the country. Due to double digit declines in taxable sales, a decrease in visitor volume and gaming revenue, unemployment has escalated in the construction and tourism-related industries.

Economic Factors. The worldwide economic downturn has resulted in reduced land prices and more affordable labor and construction costs within the Redevelopment Area. Once the national and regional economies improve, the Redevelopment Area is poised to recover sooner than some other submarkets in the Las Vegas Valley due to its centralized location, a variety of business assistance programs for companies located with this area, and a very pro-development council.

Long-Term Financial Planning. The Redevelopment Agency with sound long-term planning and adherence to a strict capital plan has helped to provide the Agency with the framework to assist in weathering the current financial climate. While we anticipate the financial markets' slow return to normalcy, the Agency has invested bond proceeds in various public projects that could be a catalyst to help spur future development in the downtown area. These future developments will significantly help to increase tax increment revenue for financing new projects and create jobs in the downtown Redevelopment area.

Major Initiatives. During Fiscal Year 2009, the Agency had the following initiatives:

- Opening of the Cleveland Clinic Lou Ruvo Center for Brain Health, dedicated to the research, treatment and cure of diseases such as Alzheimer's, Parkinson's, Huntington's and ALS (Lou Gehrig's disease). City Parkway V, a component unit of the City of Las Vegas, donated two acres of land, valued at \$1.4 million, on which this facility was built.
- Signed an Exclusive Negotiation Agreement with the Cleveland Clinic Foundation to explore developing an assortment of additional medical and auxiliary facilities on 12 acres of land adjacent to the Lou Ruvo Center for Brain Health.
- Completed almost \$30 million worth of infrastructure development in Symphony Park, a mixed-used neighborhood development being created in downtown.
- The City of Las Vegas began construction on the \$245 million Smith Center for the Performing Arts in Symphony Park, using \$69 million in Redevelopment Agency bonds.
- The City of Las Vegas started a renovation of the historic Post Office located at 300 Stewart Avenue in downtown Las Vegas, which will house the Museum of Organized Crime and Law Enforcement. The current phase of renovation for this project is being paid for with a \$15 million loan, which will be paid back by the Agency.
- The Agency has received state and local approvals to form the first Tourism Improvement District (TID) in Southern Nevada. This designation will allow the City of Las Vegas to retain and spend a percentage of the sales tax revenue generated within the TID on tourism and entertainment-related infrastructure, property and land improvement projects. The TID will be located in downtown Las Vegas along city blocks surrounding the future Museum of Organized Crime and Law Enforcement, and will capitalize on the proximity of the popular Fremont Street Experience.

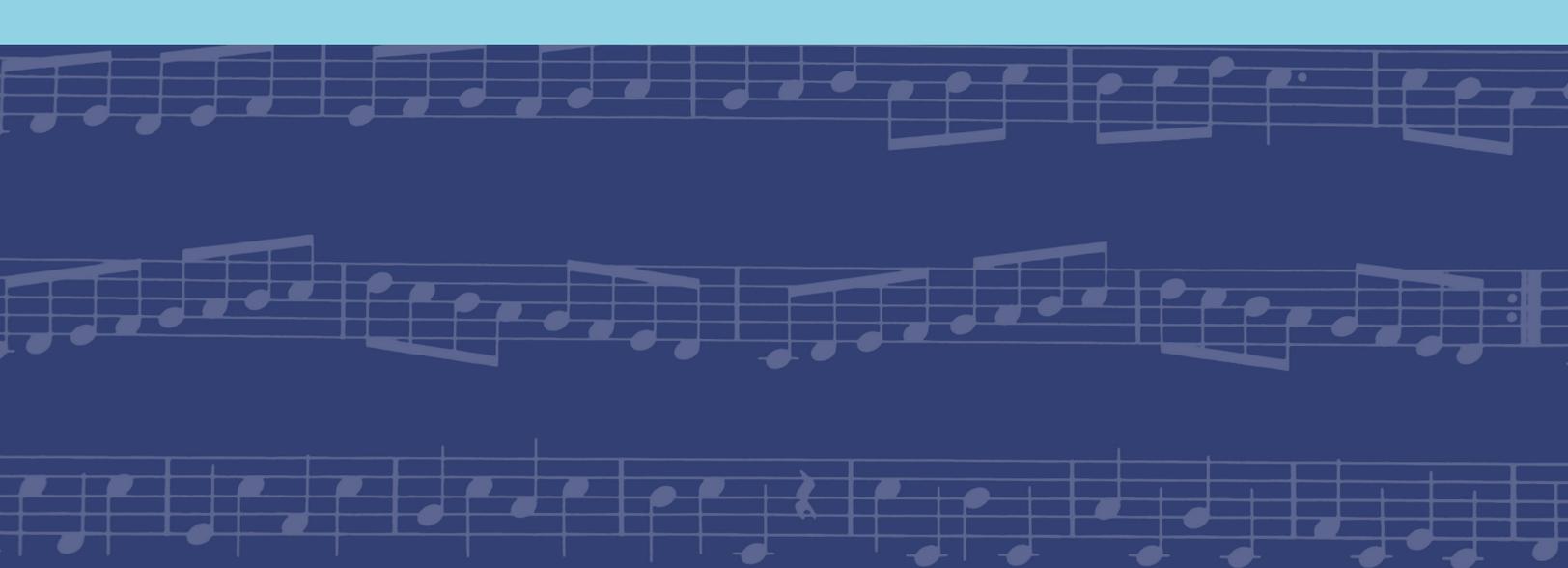
Acknowledgements. The preparation of this report was made possible by the dedicated service of the staff of the City of Las Vegas Finance & Business Services department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report.

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
Chief Financial Officer



FINANCIAL SECTION





KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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, 2009, 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 the *Governmental 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Redevelopment Agency as of June 30, 2009, and the respective changes in financial position, and the respective budgetary comparisons for the General and Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 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 (MD&A) on pages 7 through 14 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. 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 fund, and capital assets schedules are presented for purposes 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.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
December 30, 2009

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2009. 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 liabilities on the Statement of Net Assets of the City of Las Vegas Redevelopment Agency exceeded its assets at the close of fiscal year ended June 30, 2009, by \$(7,165,357) (*net assets* (deficit)). Of this amount, \$(62,686,154) (*unrestricted net assets* (deficit)) was used to meet the Agency's ongoing obligations to citizens and creditors. This deficit resulted from the Agency contributing \$74,739,000 to the City of Las Vegas Capital Projects Fund for construction costs on the City's Performing Arts Center, located within the Redevelopment Agency area.

- The Agency's total net assets decreased by \$70,279,268 in fiscal year ended June 30, 2009.
- 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 \$30,706,511, an increase of \$10,003,855 in comparison with the prior year. Approximately 24.3 percent of the ending fund balance, \$7,452,504, is *available for spending* at the government's discretion (*undesignated fund balance*).
- At the end of the current fiscal year, the designated fund balance for the general fund was \$2,670,034.
- The City of Las Vegas Redevelopment Agency's total net debt increased by \$81,110,000 (350 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, 2009

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 pages 17 and 19 to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains three 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, and the debt service 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 Funds. The individual schedules provide budget versus actual comparisons and can be found in the Supplemental Financial Information section on page 37 of this report. Also, the section includes information on the Agency's capital assets used in operation on pages 38-39 of this report.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2009</u> | <u>June 30, 2008</u> |
|--|-----------------------|----------------------|
| Current and other assets | \$ 37,354,770 | \$ 26,003,917 |
| Capital assets (net of accumulated depreciation) | <u>64,035,022</u> | <u>64,725,292</u> |
| Total assets | <u>101,389,792</u> | <u>90,729,209</u> |
| | | |
| Long-term liabilities | 103,854,032 | 23,025,691 |
| Other liabilities | <u>4,701,117</u> | <u>4,589,607</u> |
| | <u>108,555,149</u> | <u>27,615,298</u> |
| | | |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 44,845,116 | 41,699,601 |
| Restricted | 10,675,681 | 2,176,000 |
| Unrestricted (deficit) | <u>(62,686,154)</u> | <u>19,238,310</u> |
| Total net assets (deficit) | <u>\$ (7,165,357)</u> | <u>\$ 63,113,911</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, liabilities exceeded assets by \$7,165,357 at June 30, 2009.

By far the largest positive portion of the City of Las Vegas Redevelopment Agency's net assets \$44,845,116 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* (deficit) \$(62,686,154) has been 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, 2009

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

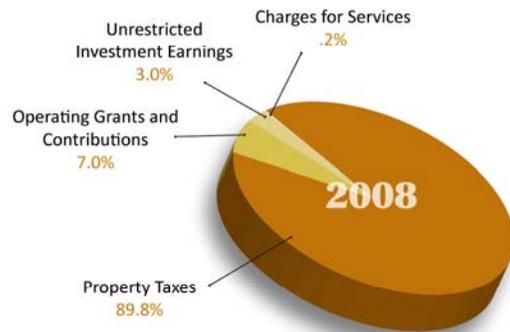
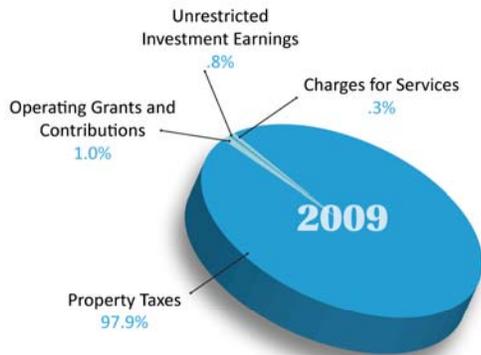
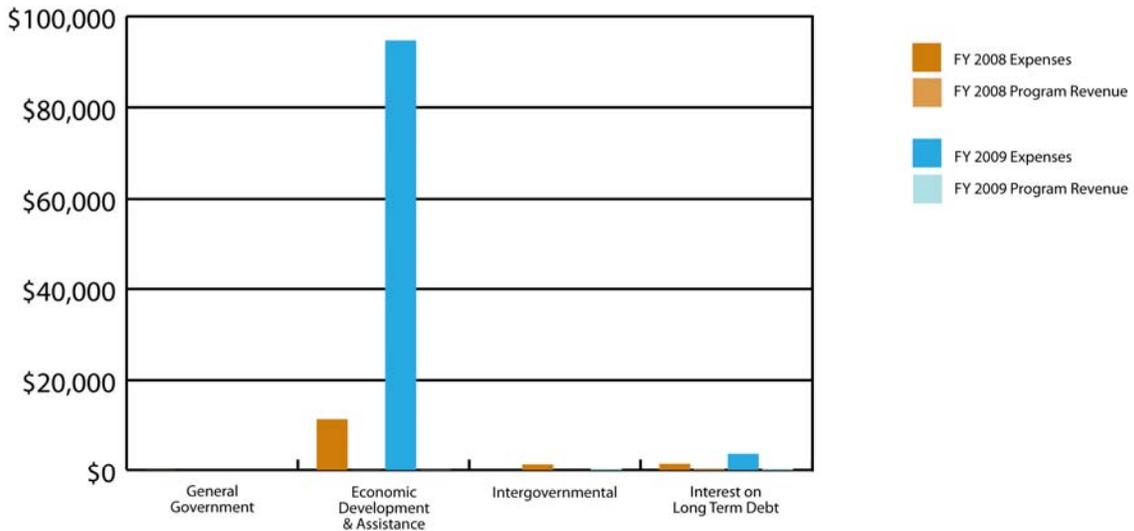
Governmental activities. Governmental activities decreased the City of Las Vegas Redevelopment Agency's net assets by \$70,279,268 (111.35 percent). Key elements of this decrease are as follows:

| | <u>June 30, 2009</u> | <u>June 30, 2008</u> |
|---|-----------------------|----------------------|
| City of Las Vegas Redevelopment Agency | | |
| Summary of Activities | | |
| For the Years Ended | | |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 86,780 | \$ 36,954 |
| Operating grants and contributions | 276,700 | 1,668,700 |
| General revenues: | | |
| Property taxes | 27,609,250 | 21,445,299 |
| Unrestricted investment earnings | 223,430 | 721,386 |
| Total revenues | <u>28,196,160</u> | <u>23,872,339</u> |
| Expenses: | | |
| General government | - | 43,899 |
| Economic development and assistance | 94,730,324 | 10,019,957 |
| Intergovernmental | - | 1,400,000 |
| Interest on long-term debt | 3,745,104 | 1,529,779 |
| Total expenses | <u>98,475,428</u> | <u>12,993,635</u> |
| Change in net assets (deficit) | (70,279,268) | 10,878,704 |
| Net assets-July 1 | <u>63,113,911</u> | <u>52,235,207</u> |
| Net assets (deficit) | <u>\$ (7,165,357)</u> | <u>\$ 63,113,911</u> |

- Charges for services represent income from rentals of Agency property for \$54,658, and refunds of \$32,122.
- The Agency received \$276,700 from the City of Las Vegas for debt service payments (see Note 8).
- The Agency had expenditures of \$4,913,994 for Housing Set-aside; an \$82,739,000 contribution to the City of Las Vegas Capital Projects Fund consisting of \$8,000,000 for reserves and \$74,739,000 for construction on the City's Performing Arts Center; \$1,430,000 for operating cost of Symphony Park, \$415,000 to the City of Las Vegas for debt payments associated with bonds used for Symphony Park; \$3,131,695 to the City of Las Vegas Redevelopment Agency Reimbursement Fund and incurred; and \$2,100,635 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, 2009

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, 2009

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, 2009, the City of Las Vegas Redevelopment Agency's governmental funds reported combined ending fund balances of \$30,706,511, an increase of \$10,003,855 in comparison with the prior year. Approximately 21.3 percent of the fund balance, or \$6,542,806 constitutes *unreserved fund balance designated for redevelopment projects*. Approximately 25 percent of this amount, or \$7,452,504 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 \$10,675,681.

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 \$ 2,670,034.

During the current fiscal year, the fund balance of the City of Las Vegas Redevelopment Agency's general fund decreased by \$308,405. The key factors in the decrease were \$78,932 in investment earnings offset by \$3,131,695 in reimbursable costs paid to the City of Las Vegas, \$255,642 in net operating costs and \$3,000,000 in an operating transfer in from the debt service fund.

The special revenue fund has an ending fund balance of \$18,408,292, an increase of \$11,169,404 from the prior year. This increase consists of \$508,956 in expenditures to capital outlay for the 5th Street School Rehab project and expenditures of \$78,407,896 for various economic development projects. The expenditures were offset from revenue of \$53,813 from rental of Agency property and \$32,122 from rebates. There was also an operating transfer in of \$5,000,000 from the debt service fund and \$85,000,000 from the issuance of the Tax Increment Revenue Bonds Series 2009A.

The debt service fund has an ending fund balance of \$9,628,185, with \$2,175,681 (22.6 percent) reserved for the payment of debt service. The remaining \$7,452,504 (77.4 percent) is unreserved and undesignated.

General Fund Budgetary Highlights

The general fund had an original budget in general government and economic development and assistance of \$6,224,327 for the fiscal year. The fund's actual expenditures were less than budgeted expenditures by \$2,836,990, mainly due to the economic development and assistance budget exceeding expenditures by \$1,698,440. This difference was primarily due to the Agency not making a budgeted contribution of \$1,400,000 to the City of Las Vegas municipal parking fund, and \$882,908 reduction in operating costs. There was \$1,138,550 budgeted in General Government, all expenditures in the fund were for Economic Development and Assistance.

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, 2009, amounts to \$64,035,022 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements and equipment. The total increase in the City of Las Vegas Redevelopment Agency's investment in capital assets for the current fiscal year was approximately 1 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, 2009

City of Las Vegas Redevelopment Agency Capital Assets

| | <u>June 30, 2009</u> | <u>June 30, 2008</u> |
|--|----------------------|----------------------|
| Land | \$ 32,271,220 | \$ 32,271,220 |
| Land improvements (net of depreciation) | 222,186 | 243,898 |
| Buildings and improvements (net of depreciation) | 31,496,544 | 19,140,452 |
| Equipment (net of depreciation) | 45,072 | 51,058 |
| Construction in progress | | 13,018,664 |
| Total | \$ 64,035,022 | \$ 64,725,292 |

Major capital events during the fiscal year included the following:

- The Agency contributed \$502,601 to the construction in progress of the 5th Street building remodel. The construction was completed and \$13,269,179 was transferred to Building and Improvements in August 2008.

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 \$103,854,032. 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, 2009</u> | <u>June 30, 2008</u> |
|---|----------------------|----------------------|
| Revenue bonds (net of original issue premiums and discounts and unamortized debt refunding costs) | \$ 103,854,032 | \$ 23,025,691 |

The City of Las Vegas Redevelopment Agency's total net debt increased by \$81,110,000 (350 percent) (excluding premiums and discounts and unamortized debt refunding costs) during the current fiscal year. The net increase was from the issuance on March 26, 2009 of \$85,000,000 of City of Las Vegas Redevelopment Agency Tax Increment Revenue Bonds Series 2009A. The bond proceeds were contributed to the City of Las Vegas for construction costs associated with the Performing Arts Center and Symphony Park, net of \$1,593,128 for discount and issuance costs, \$8,500,000 for debt reserve, and \$167,871 excess cash. 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 \$326,624,774 which is \$222,269,774 (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.

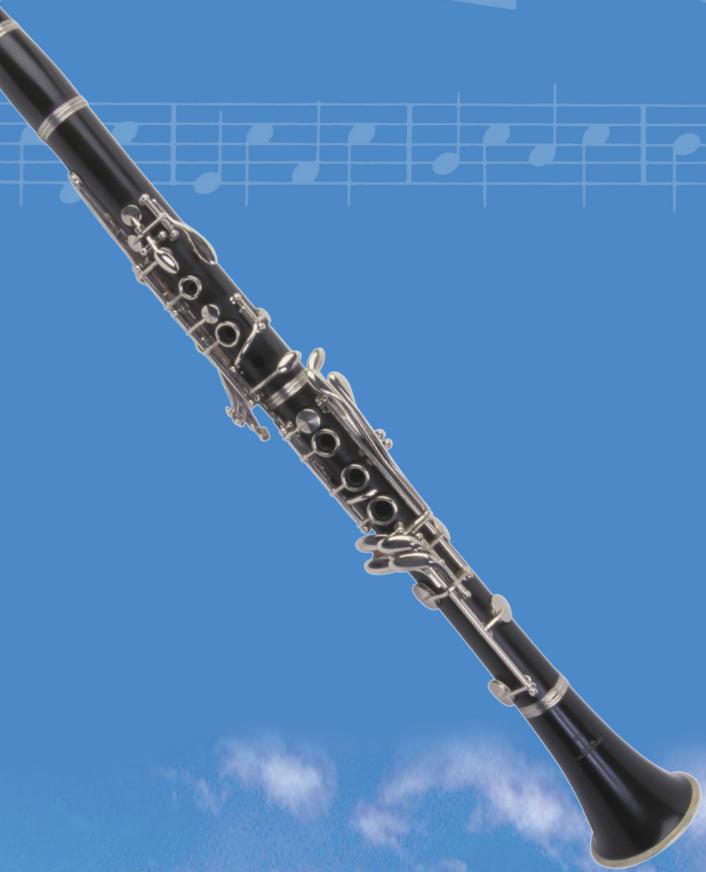
CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Economic Factors

For fiscal year 2010 the incremental valuation (assessed value) of the Agency is \$1,829,934,024 with a tax rate of \$2.5322 apportioned to the Agency per \$100 of assessed value. The incremental valuation increased \$196,810,154 over 2009.

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 Chief Financial Officer , 400 Stewart Avenue, Las Vegas, Nevada, 89101.



BASIC FINANCIAL STATEMENTS



CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2009

| | | <u>GOVERNMENTAL ACTIVITIES</u> |
|--|----|------------------------------------|
| Current assets: | | |
| Cash and cash equivalents (Notes 1D and 4) | \$ | 16,564,128 |
| Receivables: | | |
| Property taxes | | 1,568,118 |
| Investment income receivable | | 363 |
| Loans | | 836,534 |
| Intergovernmental | | 281,988 |
| Deferred charges | | 1,392,438 |
| Restricted assets: | | |
| Cash and cash equivalents (Note 4) | | 10,675,681 |
| Land held for resale | | 6,035,520 |
| Capital assets not being depreciated (Note 5) | | |
| Land | | 32,271,220 |
| Capital assets being depreciated (Note 5) | | |
| Land improvements | | 222,186 |
| Building and improvements | | 31,496,544 |
| Equipment | | <u>45,072</u> |
| Total assets | | <u>101,389,792</u> |
| Current liabilities: | | |
| Accounts payable | | 30,641 |
| Interest payable | | 306,619 |
| Customer deposits (Note 7) | | 1,726,861 |
| Intergovernmental payable | | 2,636,996 |
| Noncurrent liabilities (Note 6): | | |
| Due within one year | | 3,374,090 |
| Due in more than one year | | <u>100,479,942</u> |
| Total liabilities | | <u>108,555,149</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | | 44,845,116 |
| Restricted for: | | |
| Debt service (Note 6) | | 10,675,681 |
| Unrestricted (deficit) | | <u>(62,686,154)</u> |
| Total net assets (deficit) | \$ | <u><u>(7,165,357)</u></u> |

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| | 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: | | | | |
| Economic development and assistance | \$ 94,730,324 | \$ 86,780 | \$ | \$ (94,643,544) |
| Intergovernmental (Note 8) | | | 276,700 | 276,700 |
| Interest on long-term debt | 3,745,104 | | | (3,745,104) |
| Total governmental activities | \$ 98,475,428 | \$ 86,780 | \$ 276,700 | (98,111,948) |
| General revenues: | | | | |
| Property taxes | | | | 27,609,250 |
| Investment earnings | | | | 223,430 |
| Total general revenues | | | | 27,832,680 |
| Change in net assets (deficit) | | | | (70,279,268) |
| Net assets - July 1 | | | | 63,113,911 |
| Net assets (deficit) - June 30 | | | | \$ (7,165,357) |

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

| | GENERAL | SPECIAL REVENUE | DEBT SERVICE | TOTAL GOVERNMENTAL FUNDS |
|---|--------------|--------------------|-----------------|--------------------------------|
| ASSETS | | | | |
| CASH & CASH EQUIVALENTS (Notes 1D and 4) \$ | 4,431,074 | \$ 13,623,044 | \$ 9,185,691 | \$ 27,239,809 |
| RECEIVABLES: | | | | |
| PROPERTY TAXES | | | 1,568,118 | 1,568,118 |
| INTEREST | 165 | 70 | 128 | 363 |
| LOANS | | 836,534 | | 836,534 |
| DUE FROM OTHER GOVERNMENTS | 4,194 | | 277,794 | 281,988 |
| LAND HELD FOR RESALE | | 6,035,520 | | 6,035,520 |
| TOTAL ASSETS | \$ 4,435,433 | \$ 20,495,168 | \$ 11,031,731 | \$ 35,962,332 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES: | | | | |
| ACCOUNTS PAYABLE \$ | 22,596 | \$ 8,045 | | \$ 30,641 |
| DEFERRED REVENUE | | | 861,323 | 861,323 |
| DUE TO OTHER GOVERNMENTS | 1,742,803 | 351,970 | 542,223 | 2,636,996 |
| CUSTOMER DEPOSITS (Note 7) | | 1,726,861 | | 1,726,861 |
| TOTAL LIABILITIES | 1,765,399 | 2,086,876 | 1,403,546 | 5,255,821 |
| FUND BALANCES: | | | | |
| RESERVED FOR: | | | | |
| LAND HELD FOR RESALE | | 6,035,520 | | 6,035,520 |
| DEBT SERVICE (Note 6) | | 8,500,000 | 2,175,681 | 10,675,681 |
| UNRESERVED: | | | | |
| DESIGNATED FOR PROJECTS | 2,670,034 | 3,872,772 | | 6,542,806 |
| UNDESIGNATED | | | 7,452,504 | 7,452,504 |
| TOTAL FUND BALANCES | 2,670,034 | 18,408,292 | 9,628,185 | 30,706,511 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 4,435,433 | \$ 20,495,168 | \$ 11,031,731 | |

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) | 64,035,022 |
| 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) | (103,323,918) |
| Delinquent property taxes receivable are not available to pay for current-period expenditures and, therefore are deferred in the funds. | 861,323 |
| Unamortized debt refunding transactions used in governmental activities that are not a financial resource and therefore, are not reported in the funds. | 555,705 |
| Net assets (deficit) of governmental activities (Page 15) | \$ (7,165,357) |

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| | <u>GENERAL FUND</u> | <u>SPECIAL REVENUE</u> | <u>DEBT SERVICE</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|-------------------------|----------------------------|-------------------------|---|
| REVENUES | | | | |
| PROPERTY TAXES | \$ | \$ | \$ 27,299,968 | \$ 27,299,968 |
| INVESTMENT EARNINGS | 78,932 | 321 | 66,055 | 145,308 |
| MISCELLANEOUS RENTALS | | 53,813 | 845 | 54,658 |
| INTERGOVERNMENTAL (NOTE 8) | | | 276,700 | 276,700 |
| REBATES AND REFUNDS | | 32,122 | | 32,122 |
| TOTAL REVENUES | <u>78,932</u> | <u>86,256</u> | <u>27,643,568</u> | <u>27,808,756</u> |
| EXPENDITURES | | | | |
| CURRENT: | | | | |
| ECONOMIC DEVELOPMENT AND ASSISTANCE | 3,387,337 | 76,814,767 | 13,328,994 | 93,531,098 |
| DEBT SERVICE: | | | | |
| PRINCIPAL RETIREMENT | | | 3,890,000 | 3,890,000 |
| INTEREST AND FISCAL CHARGES | | | 3,281,718 | 3,281,718 |
| BOND ISSUANCE COSTS | | 1,252,277 | | 1,252,277 |
| CAPITAL OUTLAY: | | | | |
| ECONOMIC DEVELOPMENT AND ASSISTANCE | | 508,956 | | 508,956 |
| TOTAL EXPENDITURES | <u>3,387,337</u> | <u>78,576,000</u> | <u>20,500,712</u> | <u>102,464,049</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(3,308,405)</u> | <u>(78,489,744)</u> | <u>7,142,856</u> | <u>(74,655,293)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| BONDS ISSUED | | 85,000,000 | | 85,000,000 |
| (DISCOUNTS) | | (340,852) | | (340,852) |
| TRANSFERS IN | 3,000,000 | 5,000,000 | | 8,000,000 |
| TRANSFERS OUT | | | (8,000,000) | (8,000,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>3,000,000</u> | <u>89,659,148</u> | <u>(8,000,000)</u> | <u>84,659,148</u> |
| NET CHANGE IN FUND BALANCE | (308,405) | 11,169,404 | (857,144) | 10,003,855 |
| FUND BALANCES, JULY 1 | 2,978,439 | 7,238,888 | 10,485,329 | 20,702,656 |
| FUND BALANCES, JUNE 30 | <u>\$ 2,670,034</u> | <u>\$ 18,408,292</u> | <u>\$ 9,628,185</u> | <u>\$ 30,706,511</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, 2009

Amounts reported for governmental activities in the Statement of Activities (page 16) are different because:

| | | |
|--|----|----------------------------|
| Net change in fund balance - total governmental funds (page 18). | \$ | 10,003,855 |
| Certain property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund. | | 309,282 |
| 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) | | (690,270) |
| 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) | | (79,516,871) |
| 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>(385,264)</u> |
| Change in net assets (deficit) of governmental activities (page 16). | \$ | <u><u>(70,279,268)</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 - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| | <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 | <u>220,642</u> | <u>220,642</u> | <u>78,932</u> | <u>(141,710)</u> |
| Total revenues | <u>1,620,642</u> | <u>1,620,642</u> | <u>78,932</u> | <u>(1,541,710)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,138,550 | 1,138,550 | | 1,138,550 |
| Economic development and assistance | <u>5,085,777</u> | <u>5,085,777</u> | <u>3,387,337</u> | <u>1,698,440</u> |
| Total expenditures | <u>6,224,327</u> | <u>6,224,327</u> | <u>3,387,337</u> | <u>2,836,990</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,603,685)</u> | <u>(4,603,685)</u> | <u>(3,308,405)</u> | <u>1,295,280</u> |
| Other financing sources (uses): | | | | |
| Transfers in | <u>3,000,000</u> | <u>3,000,000</u> | <u>3,000,000</u> | <u></u> |
| Total other financing sources (uses) | <u>3,000,000</u> | <u>3,000,000</u> | <u>3,000,000</u> | <u>0</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (1,603,685) | (1,603,685) | (308,405) | 1,295,280 |
| Fund balances, July 1 | <u>2,969,781</u> | <u>2,969,781</u> | <u>2,978,439</u> | <u>8,658</u> |
| Fund balances, June 30 | <u>\$ 1,366,096</u> | <u>\$ 1,366,096</u> | <u>\$ 2,670,034</u> | <u>\$ 1,303,938</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 - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Investment earnings | \$ | \$ | \$ 321 | \$ 321 |
| Miscellaneous rentals | 6,000 | 6,000 | 53,813 | 47,813 |
| Rebates and refunds | | | 32,122 | 32,122 |
| Total revenues | <u>6,000</u> | <u>6,000</u> | <u>86,256</u> | <u>80,256</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic development and assistance | 113,617,000 | 113,617,000 | 78,067,044 | 35,549,956 |
| Capital outlay: | | | | |
| Economic development and assistance | <u>5,600,000</u> | <u>5,600,000</u> | <u>508,956</u> | <u>5,091,044</u> |
| Total expenditures | <u>119,217,000</u> | <u>119,217,000</u> | <u>78,576,000</u> | <u>40,641,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(119,211,000)</u> | <u>(119,211,000)</u> | <u>(78,489,744)</u> | <u>40,721,256</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 5,000,000 | 5,000,000 | 5,000,000 | |
| Bonds issued | 111,300,000 | 111,300,000 | 85,000,000 | (26,300,000) |
| Bond (discount) | | | <u>(340,852)</u> | <u>(340,852)</u> |
| Total other financing sources | <u>116,300,000</u> | <u>116,300,000</u> | <u>89,659,148</u> | <u>(26,640,852)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (2,911,000) | (2,911,000) | 11,169,404 | 14,080,404 |
| Fund balances, July 1 | <u>9,637,171</u> | <u>9,637,171</u> | <u>7,238,888</u> | <u>(2,398,283)</u> |
| Fund balances, June 30 | <u>\$ 6,726,171</u> | <u>\$ 6,726,171</u> | <u>\$ 18,408,292</u> | <u>\$ 11,682,121</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, 2009

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, 2009

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.

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, 2009

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 2009, the incremental valuation (assessed value) was \$1,633,123,870 with a tax rate of \$2.5712 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, 2009

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:

| Assets | Years |
|--------------------------------|-------|
| Buildings | 40 |
| Building and Land Improvements | 20 |
| Equipment | 7-10 |

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, 2009

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 \$103,323,918 difference is as follows:

| | |
|---|-----------------------|
| Bonds and loans payable | \$ 104,355,000 |
| Add: previously amortized original issue discount and premium (amortized over the life of the bonds to interest expense and fiscal charges) | 54,737 |
| Less: previously amortized deferred bonds issuance costs (amortized over the life of the bonds to interest expense and fiscal charges) | (1,392,438) |
| Add: Accrued interest payable | <u>306,619</u> |
| Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i> | <u>\$ 103,323,918</u> |

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 \$690,270 difference is as follows:

| | | |
|---|----|-------------------------|
| Capital outlay | \$ | 508,956 |
| Depreciation expense | | <u>(1,199,226)</u> |
| | | |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i> | \$ | <u><u>(690,270)</u></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 \$79,516,871 difference is as follows:

| | | |
|---|----|--------------------------|
| Debt issued: | | |
| Issuance of Tax Increment Revenue Bonds Series 2009A | \$ | 85,000,000 |
| Less discount | | (340,852) |
| Less issuance costs | | <u>(1,252,277)</u> |
| | | 83,406,871 |
| | | |
| Principal repayments | | |
| Tax Increment Revenue Bonds | | <u>(3,890,000)</u> |
| | | |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i> | | <u><u>79,516,871</u></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 \$385,264 difference is as follows:

| | | |
|---|----|-------------------------|
| Amortization of bond premiums | \$ | 78,122 |
| Change in accrued interest | | (251,299) |
| Amortization of defeasance costs | | (111,140) |
| Amortization of bond issuance costs | | (74,772) |
| Amortization of bond discounts | | <u>(26,175)</u> |
| | | |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i> | \$ | <u><u>(385,264)</u></u> |

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 2009, 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, 2009, the Agency had the following investments:

| <u>Investment Type</u> | <u>Book Value</u> | <u>Weighted-Average Maturity (Year)</u> |
|-------------------------------------|----------------------|---|
| Money Market Fund (face value) | <u>\$ 27,220,266</u> | 0.003 |
| Portfolio weighted-average maturity | | 0.003 |

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

| | |
|---------------------------------|-----------------------------|
| Cash | \$ 19,543 |
| Money market fund | 27,220,266 |
| Total cash and cash equivalents | <u><u>\$ 27,239,809</u></u> |

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2009, the Agency had a cash balance per books of \$19,543 and a bank balance of \$22,183. 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, 2009

5. Capital assets

Capital asset activity for the Year Ended June 30, 2009, 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 | 13,018,664 | 502,601 | 13,521,265 | <u>32,271,220</u> |
| Total capital assets not being depreciated | <u>45,289,884</u> | <u>502,601</u> | <u>13,521,265</u> | <u>32,271,220</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 434,211 | | | 434,211 |
| Buildings and improvements | 24,255,213 | 13,521,265 | | 37,776,478 |
| Equipment | 118,884 | 6,355 | | 125,239 |
| Total capital assets being depreciated | <u>24,808,308</u> | <u>13,527,620</u> | | <u>38,335,928</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (190,314) | (21,711) | | (212,025) |
| Buildings and improvements | (5,114,761) | (1,165,173) | | (6,279,934) |
| Equipment | (67,825) | (12,342) | | (80,167) |
| | <u>(5,372,900)</u> | <u>(1,199,226)</u> | | <u>(6,572,126)</u> |
| Total capital assets being depreciated, net | <u>19,435,408</u> | <u>12,328,394</u> | | <u>31,763,802</u> |
| Governmental activities capital assets, net | <u>\$ 64,725,292</u> | <u>\$ 12,830,995</u> | <u>\$ 13,521,265</u> | <u>\$ 64,035,022</u> |

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

| | |
|-------------------------------------|---------------------|
| Governmental activities: | |
| Economic development and assistance | <u>\$ 1,199,226</u> |

6. Long-term debt

The Agency bonds (Tax Incremental Revenue Bonds) do not constitute a debt or indebtedness of the Agency within the meaning of any constitutional or statutory provision or limitation and are not a general obligation of the Agency. The Agency has no taxing power. 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, the debt is designated as Tax Increment Revenue Bonds. As security, \$10,675,681 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, 2009

6. Long-term debt (continued)

A. Changes in long-term debt

| Governmental activities: | Balance July 1, 2008 | Additions | Reductions | Balance June 30, 2009 | Due within one year |
|--|-------------------------|------------------------|---------------------|--------------------------|------------------------|
| 4.25 to 5.6% Tax Increment Insured Refunding Parity Lien Revenue Bonds Series 1995 A, due 6/1/09 | \$ (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 | (95,000) | | 95,000 | | |
| 3.00 to 5.00 % Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2003A, due 6/15/14 | (18,300,000) | | 175,000 | (18,125,000) | (3,295,000) |
| 3.00 to 4.50% Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2003B, due 6/15/14 | (1,445,000) | | 215,000 | (1,230,000) | (220,000) |
| 6.00 to 8.00% Redevelopment Agency Tax Increment Revenue Bonds Series 2009A, Due 06/15/30 | | (85,000,000) | | (85,000,000) | |
| | <u>(23,245,000)</u> | <u>(85,000,000)</u> | <u>3,890,000</u> | <u>(104,355,000)</u> | <u>(3,515,000)</u> |
| Less deferred amounts for: | | | | | |
| Unamortized debt refunding costs | 666,845 | | (111,140) | 555,705 | 111,141 |
| Original issue discounts | 21,197 | 340,852 | (26,175) | 335,874 | 107,891 |
| Original issue premiums | (468,733) | | 78,122 | (390,611) | (78,122) |
| | <u>219,309</u> | <u>340,852</u> | <u>(59,193)</u> | <u>500,968</u> | <u>140,910</u> |
| Total long-term debt | <u>\$ (23,025,691)</u> | <u>\$ (84,659,148)</u> | <u>\$ 3,830,807</u> | <u>\$ (103,854,032)</u> | <u>\$ (3,374,090)</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. On September 18, 2008, Lehman Brothers Holding, Inc. filed for Chapter 11 Bankruptcy. As of June 30, 2009, no interest has been paid to Lehman Brothers and the status of the Forward Delivery Agreement is undeterminable.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

6. Long-term debt (continued)

B. Annual debt service requirements to maturity

Annual debt service requirements to maturity for the Agency's bonds and loans at June 30, 2009, are as follows:

| Year Ending June 30, | Governmental Activities | | Total |
|----------------------------|-----------------------------|-----------------------|-----------------------|
| | Tax Increment Revenue Bonds | | |
| | Principal | Interest | |
| 2010 | \$ 3,515,000 | \$ 7,358,838 | \$ 10,873,838 |
| 2011 | 3,680,000 | 7,201,763 | 10,881,763 |
| 2012 | 3,875,000 | 7,020,063 | 10,895,063 |
| 2013 | 4,045,000 | 6,845,688 | 10,890,688 |
| 2014 | 4,240,000 | 6,644,738 | 10,884,738 |
| 2015-2019 | 17,190,000 | 30,149,576 | 47,339,576 |
| 2020-2024 | 24,045,000 | 23,291,100 | 47,336,100 |
| 2025-2029 | 35,000,000 | 12,335,600 | 47,335,600 |
| 2030 | 8,765,000 | 701,200 | 9,466,200 |
| | <u>104,355,000</u> | <u>101,548,566</u> | <u>205,903,566</u> |
| Unamortized portion of: | | | |
| Original issue premium | 390,611 | | 390,611 |
| Original issue discount | (335,874) | | (335,874) |
| Net total debt outstanding | <u>\$ 104,409,737</u> | <u>\$ 101,548,566</u> | <u>\$ 205,958,303</u> |

C. Pledged revenues

1. Tax Increment Revenue Supported Bonds

The bonds are supported by pledged property tax revenues from the property located within the Redevelopment Agency area.

| Bonds Issued | Maturity (Length of Pledge) |
|---|--------------------------------|
| Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2003A | 06/01/14 |
| Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2003B | 06/01/14 |
| Redevelopment Agency Tax Increment Revenue Bonds Series 2009A | 06/01/30 |

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 \$3,900,496 has been spent, net of interest income, leaving a balance of \$394,504 at June 30, 2009. The excess money will be returned to Stratosphere Corporation. The Agency has other deposits of \$1,332,357 for other projects. At June 30, 2009, total customer deposits were \$1,726,861.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

8. Intergovernmental revenues and expenditures

The following schedule details intergovernmental revenues as of June 30, 2009:

| From | To |
|-------------------|--------------------------|
| | <u>Debt Service Fund</u> |
| City of Las Vegas | <u>\$ 276,700</u> |

The City of Las Vegas gave the Agency \$276,700 for principal and interest payment on the Series 2003B Tax Increment Subordinate Lien Revenue Refunding Bonds.

| To | From |
|---|-----------------------------|
| | <u>Special Revenue Fund</u> |
| City of Las Vegas Capital Projects Fund | \$ 74,739,000 |
| City Parkway V, Inc. | 1,430,000 |
| | <u>\$ 76,169,000</u> |

The \$76,169,000 is for construction costs for the City's Performing Arts Center and operating capital. These amounts are included in Economic Development and Assistance expenditures Governmental Funds.

9. Interfund transfers

Interfund transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. Transfers between fund types during the year ended June 30, 2009, were as follows:

| | TRANSFERS IN | TRANSFERS OUT Debt Service Fund |
|-------------------------|-----------------|--|
| General Fund | \$ 3,000,000 | \$ 3,000,000 |
| Special Revenue Fund | 5,000,000 | 5,000,000 |
| Total | \$ 8,000,000 | \$ 8,000,000 |

10. 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.

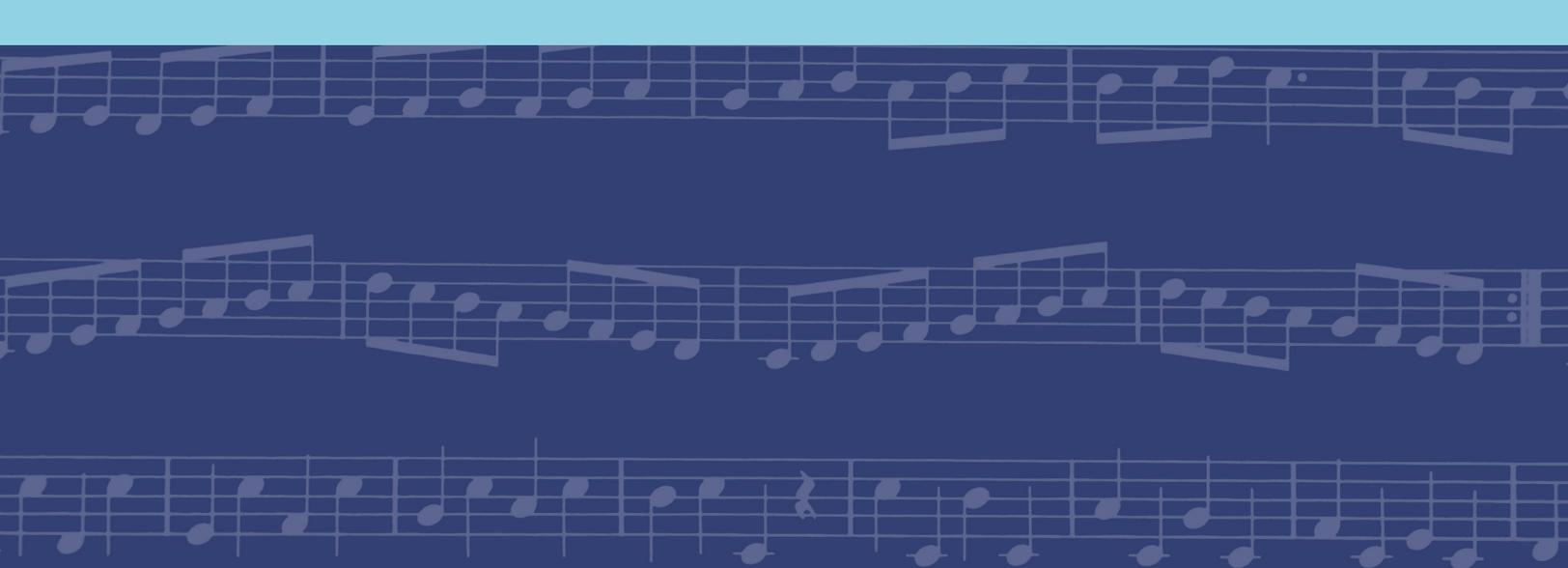
The Agency has entered into six tax increment subordinate lien notes as part of various owner participation agreements. The indebtedness represented by the notes have been allocated to the land and improvements and is payable solely and exclusively from a predetermined percentage of the Site Tax Increment 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 summarizes the unique terms of various notes:

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

10. Commitments and contingent liabilities (continued)

- 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, 2009 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, 2009 was \$2,568,768.
- 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, 2009.
- WMCV Phase II, 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, 2009.
- WMCV Phase III, LLC Note – Taxable tax increment subordinate Lien Note entered into June 18, 2008, in the amount of \$14,268,157, payments starting June 30, 2009 upon the payment of property taxes and continuing for seventeen years until June 30, 2025, interest at 7.90 percent beginning June 30, 2009. 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 and paid \$441,264 in principal and \$33,258 in interest to WMCV Phase III, LLC, which was charged to economic and development assistance. The outstanding balance was \$14,807,219 at June 30, 2009, which includes \$980,326 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, 2009 and continuing for nineteen years until June 30, 2027, interest at 7.09 percent beginning June 30, 2009. 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 and paid \$300,418 in principal to SP Sahara Development, LLC, which was charged to economic and development assistance. The outstanding balance at June 30, 2009 was \$20,611,676.
- 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 and paid \$84,877 in interest to PH ASA, LLC, which was charged to economic and development assistance. The outstanding balance at June 30, 2009 was \$1,062,796, which includes \$152,163 of accrued interest.

This page intentionally left blank



SUPPLEMENTAL FINANCIAL INFORMATION



CITY OF LAS VEGAS REDEVELOPMENT AGENCY
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|---------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 24,651,251 | \$ 24,651,251 | \$ 27,299,968 | \$ 2,648,717 |
| Intergovernmental | 276,700 | 276,700 | 276,700 | |
| Investment earnings | 383,896 | 383,896 | 66,055 | (317,841) |
| Miscellaneous | | | 845 | 845 |
| | <u>25,311,847</u> | <u>25,311,847</u> | <u>27,643,568</u> | <u>2,331,721</u> |
| Total revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Economic development and assistance | 5,572,225 | 5,572,225 | 13,328,994 | (7,756,769) |
| Debt service: | | | | |
| Principal retirement | 8,765,000 | 8,765,000 | 3,890,000 | 4,875,000 |
| Interest and fiscal charges | 8,447,643 | 8,447,643 | 3,281,718 | 5,165,925 |
| | <u>22,784,868</u> | <u>22,784,868</u> | <u>20,500,712</u> | <u>2,284,156</u> |
| Total expenditures | | | | |
| Excess of revenues over expenditures | <u>2,526,979</u> | <u>2,526,979</u> | <u>7,142,856</u> | <u>4,615,877</u> |
| Other financing sources (uses): | | | | |
| Bond proceeds | 18,700,000 | 18,700,000 | | (18,700,000) |
| Payment to refund bonds escrow agent | (18,300,000) | (18,300,000) | | 18,300,000 |
| Transfers out | (8,000,000) | (8,000,000) | (8,000,000) | |
| | <u>(7,600,000)</u> | <u>(7,600,000)</u> | <u>(8,000,000)</u> | <u>(400,000)</u> |
| Total other financing sources (uses) | | | | |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (5,073,021) | (5,073,021) | (857,144) | 4,215,877 |
| Fund balances, July 1 | <u>8,869,267</u> | <u>8,869,267</u> | <u>10,485,329</u> | <u>1,616,062</u> |
| Fund balances, June 30 | <u>\$ 3,796,246</u> | <u>\$ 3,796,246</u> | <u>\$ 9,628,185</u> | <u>\$ 5,831,939</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, 2009

| | | 2009 |
|--|----|------------|
| CAPITAL ASSETS: | | |
| Land | \$ | 32,271,220 |
| Land improvements | | 434,211 |
| Buildings and improvements | | 37,776,478 |
| Equipment | | 125,239 |
| Total capital assets | \$ | 70,607,148 |
| INVESTMENT IN CAPITAL ASSETS BY SOURCE: | | |
| General obligation bonds | \$ | 52,644,842 |
| Donation | | 4,300,000 |
| Revenue | | 13,662,306 |
| Total investment in capital assets | \$ | 70,607,148 |

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, 2009

| | <u>Land</u> | <u>Land Improvements</u> | <u>Buildings and Improvements</u> | <u>Equipment</u> | <u>Total</u> |
|--------------------------------------|----------------------|------------------------------|---------------------------------------|-------------------|----------------------|
| Economic development and assistance: | | | | | |
| Urban redevelopment | \$ 32,271,220 | \$ 434,211 | \$ 37,776,478 | \$ 125,239 | \$ 70,607,148 |
| Total capital assets | <u>\$ 32,271,220</u> | <u>\$ 434,211</u> | <u>\$ 37,776,478</u> | <u>\$ 125,239</u> | <u>\$ 70,607,148</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, 2009

| | <u>Capital Assets July 1, 2008</u> | <u>Additions</u> | <u>Deletions</u> | <u>Capital Assets June 30, 2009</u> |
|--------------------------------------|--|-------------------|------------------|---|
| Economic development and assistance: | | | | |
| Urban redevelopment | \$ 70,098,192 | \$ 508,956 | \$ | \$ 70,607,148 |
| Total capital assets | <u>\$ 70,098,192</u> | <u>\$ 508,956</u> | <u>\$ 0</u> | <u>\$ 70,607,148</u> |

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

See accompanying independent auditors' report.

This page intentionally left blank



AUDITOR'S COMPLIANCE SECTION





KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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 City of Las Vegas Redevelopment Agency, (the "Redevelopment Agency"), a component financial reporting unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2009, which collectively comprise the Redevelopment Agency's basic financial statements and have issued our report thereon dated December 30, 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 opinion 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 Redevelopment Agency'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 Redevelopment Agency's financial statements that is more than inconsequential will not be prevented or detected by the Redevelopment Agency'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 Redevelopment Agency'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 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.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
December 30, 2009



CITY OF LAS VEGAS
REDEVELOPMENT AGENCY