City of Las Vegas

Redevelopment Agency Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

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, 2011
Prepared By
The Department of Finance
Candace Falder, Director

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

INTRODUCTORY SECTION

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

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December 14, 2011

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, 2011.

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, 2011. 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, and debt service 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 to the Nevada Department of Taxation for each governmental fund for which an appropriated annual budget has been adopted are presented on page 20 in the Basic Financial Statements and pages 37 and 38 of the Other Supplementary Information.

Local Economy. The Las Vegas area has continued to be heavily impacted by the global economic crisis, with the current unemployment rate standing at 14.5 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 public projects have already created and retained construction jobs. The catalyst projects in the future 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 2011, the Agency and Redevelopment Area realized the following:

- Development of at least 55 businesses. The projects were as varied as they were numerous: company relocations, business startups and upgrades, new construction, housing assistance and more.

- Creation of jobs. Completed projects during fiscal year ended 2011 generated 512 permanent jobs valued at $204 million. In addition, projects under construction during fiscal year ended 2011 have resulted in 3,145 construction jobs and should generate 1,724 permanent jobs.

- Negotiation of an agreement involving the construction of a 58,909-square-foot U.S. Immigration and Customs Enforcement (ICE) agency building. The ICE building will be located at the southeast corner of Las Vegas Boulevard and Clark Avenue.

- Continued construction of large-scale downtown projects, slated for completion in late 2011 and early 2012. These include: The Smith Center for the Performing Arts, the (new) City Hall Campus Complex, the Museum of Organized Crime and Law Enforcement and the Metropolitan Police Headquarters Complex.

- Continued openings by small business operators in both the Fremont East Entertainment District and, the Las Vegas Arts District.

- Increased occupancy has occurred in some downtown high-rise residential developments that formerly have sat mostly vacant.

- Negotiations with Zappos.com, a well-known online retailer that is planning on relocating their corporate headquarters downtown in the old City Hall complex. This will be available once city operations relocate to the new City Hall.

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,

CFalder.

Candace Falder, CPA
Finance Director

FINANCIAL SECTION

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

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 unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2011, 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, 2011, and the respective changes in financial position, and the budgetary comparisons for the General Fund 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 14, 2011, 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 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 schedules for the Special Revenue fund, 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. The individual fund budgetary comparison schedules 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.

Las Vegas, Nevada
December 14, 2011

Kafoury, Armstrong & Co.

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, 2011. 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, 2011, by $(23,672,096) (*net assets* (deficit)). Of this amount, ($83,729,001) was used to meet the Agency's ongoing obligations to citizens and creditors. The major amounts that make up the unrestricted deficit resulted from the Agency contributing in fiscal year ended June 30, 2009, $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 and $15,472,180 in Fiscal Year ending June 30, 2011 to the City of Las Vegas Capital Project Fund for construction of the Mob Museum and Symphony Park.

- The Agency's total net assets decreased by $18,064,125 in fiscal year ended June 30, 2011.
- 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 $19,592,435, a decrease of $3,965,161 in comparison with the prior year. Approximately 10 percent of the ending fund balance,$1,885,719, is *available for spending* at the government's discretion (*unassigned*).
- At the end of the current fiscal year, the General Fund had $6,902,219 in nonspendable fund balance and $8,500,212 in restricted fund balance. The debt service fund also had $2,304,185 in restricted and assigned fund balance for a combined total of $10,804,497 designated for debt service.
- The City of Las Vegas Redevelopment Agency's total net debt increased by $11,941,598 (12 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 required supplemental information, other 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).

The governmental activities of the City of Las Vegas Redevelopment Agency include 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 two 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 and the debt service fund, both of which are considered to be major funds. Also presented for the General Fund is the Statement of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual.

These 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 22-35 of this report.

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

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

	Governmental Activities	
	June 30, 2011	June 30, 2010
Current and other assets	$ 30,982,264	$ 34,322,745
Capital assets (net of accumulated depreciation)	60,957,872	62,723,715
Total assets	91,940,136	97,046,460
Long-term liabilities	112,421,540	100,479,942
Other liabilities	3,190,692	2,174,489
	115,612,232	102,654,431
Net Assets:		
Invested in capital assets, net of related debt	48,988,481	47,015,790
Restricted	10,651,848	10,676,331
Unrestricted (deficit)	(83,312,425)	(63,300,092)
Total net assets (deficit)	$ (23,672,096)	$ (5,607,971)

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 $23,672,096 at June 30, 2011.

By far the largest positive portion of the City of Las Vegas Redevelopment Agency's net assets $49,252,408 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) ($83,729,001) has been used to meet the Agency's ongoing obligations to citizens and creditors. The deficit in net assets was brought about by the City issuing Redevelopment Tax Increment Bonds for $85,000,000 in Fiscal Year Ended June 30, 2009 and then contributing the proceeds of $74,739,000 to the City of Las Vegas for construction costs on the City's Performing Arts Center. The remainder was attributed from operational expenditures in excess of revenue from the downturn in the economy, and contribution to City Parkway V.

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.

Governmental activities. Governmental activities decreased the City of Las Vegas Redevelopment Agency's net assets by $18,064,125 or (3.22 percent). Key elements of this decrease are as follows:

City of Las Vegas Redevelopment Agency
Summary of Activities
For the Years Ended

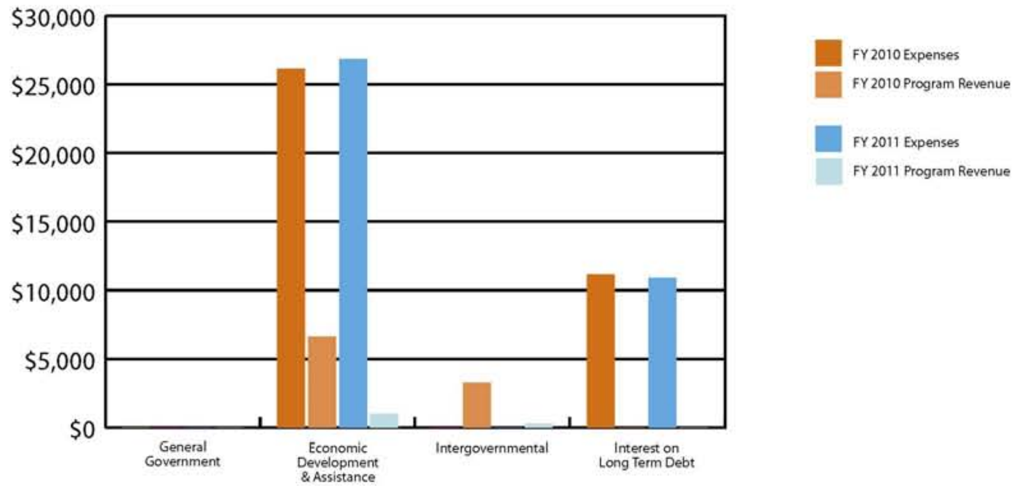
	Governmental Activities	
	June 30, 2011	June 30, 2010
Revenues:		
Program revenues:		
Charges for services	$ 1,003,202	$ 6,525,173
Operating grants and contributions	274,300	3,273,100
General revenues:		
Property taxes	18,317,773	28,845,015
Unrestricted investment earnings	104,649	183,729
Total revenues	19,699,924	38,827,017
Expenses:		
Economic development and assistance	26,841,456	26,124,197
Interest on long-term debt	10,922,593	11,145,434
Total expenses	37,764,049	37,269,631
Change in net assets (deficit)	(18,064,125)	1,557,386
Net assets (deficit) - July 1	(5,607,971)	(7,165,357)
Net assets (deficit) - June 30	$ (23,672,096)	$ (5,607,971)

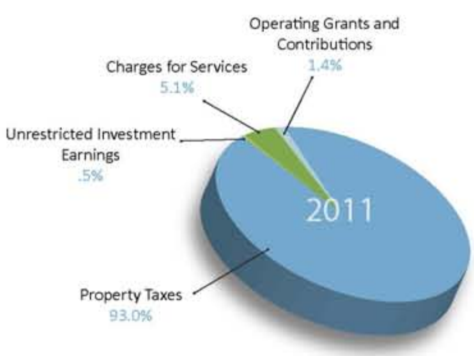
- Charges for services represent income from rentals of Agency property for $88,380, and $914,822 of reimbursements of expenditures for the Fremont Street Experience Parking Garage spent in previous years. In FY2010, the Redevelopment Agency recognized $6.5 million from reimbursements of expenditures on the construction of the Fremont Street Experience Parking Garage. In FY2011, the Redevelopment Agency recognized the remainder of the reimbursement of expenditures for $914,822 on the construction of the Fremont Street Experience Parking Garage. The difference between the two fiscal years is $5,521,971.

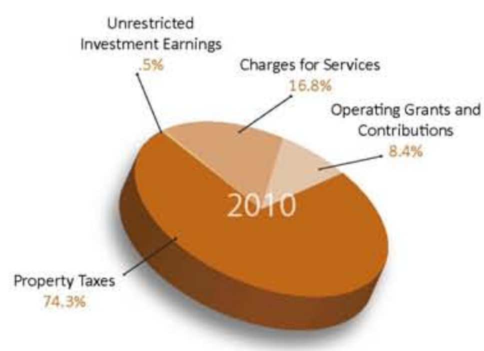
- The Agency received $274,300 from the City of Las Vegas for debt service payments, and $18,317,733 in ad valorem property taxes. Property taxes decreased $9.7 million from FY2010 to FY2011. The decrease was from a decline in property values derived from the downturn in the economy.

- The Agency had expenditures of $3,340,789 for Housing Set-aside; a $15,472,192 contribution to the City of Las Vegas Capital Projects Fund to be used on redevelopment projects as follows: $11,504,009 for The Mob Museum, $3,495,991 for Symphony Park, and $472,192 for bond interest. Additional expenditures of $863,890 for operating and development costs of Symphony Park, $782,145 to the City of Las Vegas for debt payments associated with bonds used for Symphony Park, $3,155,124 to the City of Las Vegas Redevelopment Agency Reimbursement Fund for operating costs incurred, $325,617 to the City of Las Vegas for the operation of Reed Whipple Cultural Center, $1,311,307 in depreciation expense, $1,399,487 in project and operating costs, and $140,905 in capital loss from the sale of Redevelopment land. 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.

Expenses & Program Revenues –Governmental Activities (in thousands)







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 *unassigned fund balance* may serve as a useful measure of a government's net resources available for future spending at the end of the fiscal year.

At June 30, 2011, the City of Las Vegas Redevelopment Agency's governmental funds reported combined ending fund balances was $19,592,435 , a decrease of $3,965,161 in comparison with the prior year. Approximately 36 percent of the fund balance, or $6,902,219 constitutes *nonspendable fund balance*. Approximately 10 percent, or $1,885,719 constitutes *unassigned fund balance*, which is available for spending at the Agency's discretion. The remainder of fund balance is *restricted or assigned* to indicate that it is not available for new spending because it has already been restricted or assigned to pay debt service of $10,804,492.

The general fund is the chief operating fund of the City of Las Vegas Redevelopment Agency. At the end of the current fiscal year, total fund balance of the general fund was $17,288,150, $8,602,219 *nonspendable*, $8,500,212 *restricted* and $1,885,719 *unassigned*.

During the current fiscal year, the fund balance of the City of Las Vegas Redevelopment Agency's general fund decreased by $644,776. The key factors in the decrease were $20,580 in investment earnings, $783,253 miscellaneous rental income offset by $19,784,079 in reimbursable costs paid to the City of Las Vegas, and $863,890 in operating costs paid to Symphony Park, $1,399,482 in net operating costs and $4,813,456 in an operating transfer in from the debt service fund, $15,472,192 in bond proceeds and $313,632 from the sale of Agency land.

The debt service fund has an ending fund balance of $2,304,285, with 100 percent restricted or assigned for the payment of debt service.

General Fund Budgetary Highlights

The general fund had an original and final budget in economic development and assistance of $5,575,840 for the fiscal year. The fund's actual expenditures were less than budgeted expenditures by $1,109,279. This difference was primarily due to the Agency reducing its operating costs.

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, 2011 , amounts to $60,957,872 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements and equipment. The total decrease of $1,765,843 in the City of Las Vegas Redevelopment Agency's investment in capital assets for the current fiscal year was approximately 3 percent. A summary of the Agency's capital assets follows:

City of Las Vegas Redevelopment Agency Capital Assets

	June 30, 2011	June 30, 2010
Land	$ 31,816,684	$ 32,271,220
Land improvements (net of depreciation)	178,766	200,478
Buildings and improvements (net of depreciation)	28,942,944	30,219,742
Equipment (net of depreciation)	19,478	32,275
Total	$ 60,957,872	$ 62,723,715

The Agency sold land located at 708 South Las Vegas Blvd, Las Vegas, Nevada with a cost paid of $454,536 for $313,632 incurring a capital loss of $140,904. The Agency had depreciation expense of $1,311,307 on depreciable assets for the year ended June 30, 2011.

Additional information on the City of Las Vegas Redevelopment Agency's capital assets can be found in Note 5 on page 30 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 $112,421,540 net of premium, discounts and unamortized debt refunding costs. 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

	June 30, 2011	June 30, 2010
Revenue bonds (net of original issue premiums and discounts and unamortized debt refunding costs)	$ 112,421,540	$ 100,479,942

The City of Las Vegas Redevelopment Agency's total net debt increased by $11,792,195 (12 percent) (excluding premiums and discounts and unamortized debt refunding costs) during the current fiscal year. The Agency's overall bond credit rating with Standard & Poor's is A.

Additional information on the City of Las Vegas Redevelopment Agency's long-term debt can be found in Note 6 on pages 31-32 of this report.

Economic Factors

For fiscal year 2012 the incremental valuation (assessed value) of the Agency is $557,511,057 with a tax rate of 2.5045 apportioned to the Agency per $100 of assessed value. The incremental valuation decreased $246,083,340 from 2011.

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

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2011

		GOVERNMENTAL ACTIVITIES
ASSETS		
Current assets:		
Cash and investments (Notes 1D and 4)	$	4,555,867
Receivables:		
Accounts		6,648
Property taxes		1,342,366
Loans		7,301,848
Intergovernmental		849
Prepaids		195
Deferred charges		1,032,737
Noncurrent assets:		
Restricted assets:		
Cash and investments (Note 4 and 6)		10,676,264
Land held for resale		6,065,490
Capital assets not being depreciated (Note 5)		
Land		31,816,684
Capital assets being depreciated (Note 5)		
Land improvements		178,767
Building and improvements		28,942,943
Equipment		19,478
Total assets		91,940,136
LIABILITIES		
Current liabilities:		
Accounts payable		10,560
Interest payable		483,257
Customer deposits (Note 7)		428,236
Intergovernmental payable		2,268,639
Noncurrent liabilities (Note 6):		
Due within one year		3,716,431
Due in more than one year		108,705,109
Total liabilities		115,612,232
Net assets:		
Invested in capital assets, net of related debt		48,988,481
Restricted for:		
Debt service (Note 6)		10,651,848
Unrestricted (deficit)		(83,312,425)
Total net assets (deficit)	$	(23,672,096)

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

		PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS (NOTE 8)	NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS
Functions/Programs				
Governmental activities:				
Economic development and assistance	$ 26,841,456	$ 1,003,202	$	$ (25,838,254)
Intergovernmental (Note 8)			274,300	274,300
Interest on long-term debt	10,922,593			(10,922,593)
Total governmental activities	$ 37,764,049	$ 1,003,202	$ 274,300	(36,486,547)
General revenues:				
Property taxes				18,317,773
Investment earnings				104,649
Total general revenues				18,422,422
Change in net assets				(18,064,125)
Net assets (deficit) - July 1				(5,607,971)
Net assets (deficit) - June 30				$ (23,672,096)

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS			
CASH & CASH EQUIVALENTS (Notes 1D and 4)	$ 4,556,608	$ 296,052	$ 4,852,660
INVESTMENTS (Note 4)	8,499,471	1,880,000	10,379,471
RECEIVABLES:			
ACCOUNTS	6,645		6,645
PROPERTY TAXES		1,342,366	1,342,366
INTEREST	3		3
LOANS	7,301,848		7,301,848
DUE FROM OTHER GOVERNMENTS	500	349	849
PREPAIDS	195		195
LAND HELD FOR RESALE	6,065,490		6,065,490
TOTAL ASSETS	$ 26,430,760	$ 3,518,767	$ 29,949,527
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE	$ 8,865	$ 1,695	$ 10,560
DEFERRED REVENUE	6,465,314	1,184,343	7,649,657
DUE TO OTHER GOVERNMENTS	2,240,195	28,444	2,268,639
CUSTOMER DEPOSITS (Note 7)	428,236		428,236
TOTAL LIABILITIES	9,142,610	1,214,482	10,357,092
FUND BALANCES:			
NONSPENDABLE:			
LAND HELD FOR RESALE	6,065,490		6,065,490
PREPAIDS	195		195
LOANS RECEIVABLE	836,534		836,534
RESTRICTED FOR:			
DEBT SERVICE (Note 6)	8,500,212	2,176,052	10,676,264
ASSIGNED:			
DEBT SERVICE (Note 6)		128,233	128,233
UNASSIGNED:	1,885,719		1,885,719
TOTAL FUND BALANCES	17,288,150	2,304,285	19,592,435
TOTAL LIABILITIES AND FUND BALANCES	$ 26,430,760	$ 3,518,767	

Amounts 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)	60,957,872
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)	(112,205,483)
Delinquent property taxes receivable are not available to pay for current-period expenditures and, therefore are deferred in the funds.	1,184,343
Loan proceeds that are not available to pay for current-period expenditures and, therefore are deferred in the fund.	6,465,314
Unamoritized debt refunding transactions used in governmental activities that are not a financial resource and therefore, are not reported in the funds.	333,423
Net assets (deficit) of governmental activities (Page 15)	$ (23,672,096)

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, 2011

	GENERAL FUND	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES			
PROPERTY TAXES	$	$ 18,559,938	$ 18,559,938
INVESTMENT EARNINGS	20,580	5,947	26,527
MISCELLANEOUS RENTALS	783,253		783,253
INTERGOVERNMENTAL (NOTE 8)		274,300	274,300
OTHER REIMBURSEMENTS	527		527
TOTAL REVENUES	804,360	18,840,185	19,644,545
EXPENDITURES			
CURRENT:			
ECONOMIC DEVELOPMENT AND ASSISTANCE	22,048,456	3,340,789	25,389,245
DEBT SERVICE:			
PRINCIPAL RETIREMENT		3,680,000	3,680,000
INTEREST AND FISCAL CHARGES		10,326,285	10,326,285
TOTAL EXPENDITURES	22,048,456	17,347,074	39,395,530
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(21,244,096)	1,493,111	(19,750,985)
OTHER FINANCING SOURCES (USES):			
BONDS ISSUED	15,472,192		15,472,192
TRANSFERS IN	4,813,496		4,813,496
TRANSFERS OUT		(4,813,496)	(4,813,496)
SALE OF CAPITAL ASSET	313,632		313,632
TOTAL OTHER FINANCING SOURCES (USES)	20,599,320	(4,813,496)	15,785,824
NET CHANGE IN FUND BALANCE	(644,776)	(3,320,385)	(3,965,161)
FUND BALANCES, JULY 1	17,932,926	5,624,670	23,557,596
FUND BALANCES, JUNE 30	$ 17,288,150	$ 2,304,285	$ 19,592,435

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 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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).	$	(3,965,161)
Deferred loan proceeds in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		219,422
Certain property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(242,165)
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. (Note 2B)		(1,311,307)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase (decrease) net assets		(454,536)
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)		(11,792,192)
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)		(518,186)
Change in net assets of governmental activities (page 16).	$	(18,064,125)

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 BASIS) - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget -
Revenues:				
Investment earnings	$ 7,310	$ 7,310	$ 10,690	$ 3,380
Total revenues	7,310	7,310	10,690	3,380
Expenditures:				
Current:				
Economic development and assistance	5,575,840	5,575,840	4,466,561	1,109,279
Total expenditures	5,575,840	5,575,840	4,466,561	1,109,279
Excess (deficiency) of revenues over (under) expenditures	(5,568,530)	(5,568,530)	(4,455,871)	1,112,659
Other financing sources (uses):				
Transfers in	4,500,000	4,500,000	4,500,000	
Total other financing sources (uses)	4,500,000	4,500,000	4,500,000	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,068,530)	(1,068,530)	44,129	1,112,659
Fund balances, July 1	1,144,038	1,144,038	1,022,878	(121,160)
Fund balances, June 30	$ 75,508	$ 75,508	1,067,007	$ 991,499

Reconciliation of budget basis reporting to GAAP reporting	
Net change in fund balance	(688,905)
Fund balances, July 1	16,910,048
Fund balances, June 30, GAAP basis	$ 17,288,150

Note: See page 21 for a detailed reconciliation of budget to GAAP Reporting.

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
RECONCILIATION TO COMBINE GENERAL FUND AND SPECIAL REVENUE FUND TO GENERAL FUND
AS REPORTED ON THE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

With the implementation of Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the budgetary basis of accounting for the General Fund differs from generally accepted accounting principles (GAAP). GASB (Statement 54) now requires actual amounts reported in special revenue funds that do not meet the new definition of a Special Revenue Fund from proceeds of specific revenue sources to be included in the General Fund, or other related governmental funds.

Under the new definition, the Redevelopment Agency's special revenue fund did not qualify as a special revenue fund and was combined with the Agency's general fund as follows:

	General Fund (Budget Basis)	Special Revenue Fund (Internally Reported)	General Fund (GAAP Basis)
Revenues:			
Investment earnings	$ 10,690	$ 9,890	$ 20,580
Miscellaneous rentals		783,253	783,253
Other reimbursements		527	527
Total revenues	10,690	793,670	804,360
Expenditures:			
Current:			
Economic development and assistance	4,466,561	17,581,895	22,048,456
Total expenditures	4,466,561	17,581,895	22,048,456
Excess (deficiency) of revenues over (under) expenditures	(4,455,871)	(16,788,225)	(21,244,096)
Other financing sources (uses):			
Bonds issued		15,472,192	15,472,192
Sale of capital assets		313,632	313,632
Transfers in	4,500,000	313,496	4,813,496
Total other financing sources (uses)	4,500,000	16,099,320	20,599,320
Net change in fund balance	44,129	(688,905)	(644,776)
Fund balances, July 1	1,022,878	16,910,048	17,932,926
Fund balances, June 30	$ 1,067,007	$ 16,221,143	$ 17,288,150

See accompanying notes to the basic financial statements.

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.

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 operating fund. It accounts for financial resources of the agency, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources (ad valorem property tax) 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. The Agency has elected not to adopt standards issued after that date.

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*.

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.

Summary of significant accounting policies (continued)

D. Assets, liabilities and net assets (continued)

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 2011, the incremental valuation (assessed value) was $803,594,397 with a tax rate of $2.5209 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

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

- Fremont Street Experience, LLC for $3,667,104
- Fremont Street Experience, LLC for $2,798,210

The first note bears interest at 4.152%, with monthly payments of principal and interest of $57,950 and matures 5/01/2017. The annual total payments for the year ended June 30, 2011 was $695,400.

The second note bears interest at 7.623%, with monthly payments of principal and interest of $57,950 starting 6/30/2017 and maturing 12/31/2024.

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 over the life of the related debt.

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.

1. Summary of significant accounting policies (continued)

D. Assets, liabilities and net assets (continued)

7. Land held for resale

Land held for resale is recorded at cost.

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 issuance 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.

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 assets other than investments in capital assets and restricted assets are considered unrestricted.

11. Fund balance policies

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable and restricted fund balances represent the restricted classifications and Committed, Assigned, and Unassigned represent the unrestricted classifications.

1. Summary of significant accounting policies (continued)

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

11. Fund balance policies (continued)

Nonspendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory, prepaid items and land held for resale, or 2) legally or contractually required to be maintained intact. Restricted fund balance is externally (outside the Agency) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority, namely, Mayor and Council. Mayor and Council approval is required to commit resources or to rescind the commitment. Assigned fund balance represents limitations imposed by management. Assigned fund balance requests are submitted to the Chief Financial Officer for approval/non-approval. Unassigned fund balance represents the residual net resources in excess of the other classifications. The General fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific resources, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

12. 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 $112,205,483 difference is as follows:

Bonds and loans payable	$ 112,632,192
Add: previously amortized original issue discount and premium (amortized over the life of the bonds to interest expense and fiscal charges)	122,771
Less: previously amortized deferred bonds issuance costs (amortized over the life of the bonds to interest expense and fiscal charges)	(1,032,737)
Add: Accrued interest payable	483,257
Net adjustment to decrease *fund balance – total governmental funds* to arrive at *net assets – governmental activities*	$ 112,205,483

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 $(1,311,307) difference is as follows:

Depreciation expense	$	(1,311,307)
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$	(1,311,307)

Another element of that reconciliation states that "the net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to increase net assets." The details of this $(454,536) difference is as follows:

In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the Governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	$	(454,536)
Net adjustment to decrease *net change in fund balance - total governmental funds to arrive at changes in net assets of governmental activities*	$	(454,536)

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 ($11,792,192) difference is as follows:

Department issued:		
Issuance of Tax Increment Subordinate Lien Bonds	$	(15,472,192)
Principal repayments		
Tax Increment Revenue Bonds		3,680,000
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$	(11,792,192)

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 (continued)

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 $(518,186) difference is as follows:

Amortization of bond premiums	$	78,122
Change in accrued interest		(183,183)
Amortization of defeasance costs		(111,141)
Amortization of bond issuance costs		(185,597)
Amortization of bond discounts		(116,387)
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$	(518,186)

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, 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.

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.

For the fiscal year ended June 30, 2011, the Agency did not augment its original budget.

B. Legal compliance

The Agency complied with all statutory, administrative code and bond covenants requirements during the year.

4. Deposits and investments

As of June 30, 2011, the Agency had the following investments:

Investment Type	Book Value	Weighted-Average Maturity (Year)
Money Market Fund (face value)	$ 693,820	0.0027
U.S. Treasury Obligations	1,880,000	0.5014
U.S. Agency Obligations	8,499,471	0.4822
	$ 11,073,291	
Portfolio weighted-average maturity		0.4554

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31-60 Days	61-365 Days	366 Days To 5 Years
U.S. Treasury	$ 1,880,000	$	$	$ 1,880,000	$
U.S. Agency	8,499,471			8,499,471	
Money Market Fund	693,820	693,820			
Total Investments	$ 11,073,291	$ 693,820	$	$ 10,379,471	$

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

Cash in bank	$ 4,158,840
Money market fund	693,820
Total cash and cash equivalents	$ 4,852,660

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.

The U.S. Agency investment is a discount note that will mature in six months and is not subject to prepayment or call risk.

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.

				Rating as of Year End				
Investment Type	**Amount**	**Minimum Legal Rating**	**Exempt From Disclosure**	**AAA**	**AA**	**A**	**A-1/P-1**	**Not Rated**
U.S. Treasury	$ 1,880,000	N/A	$ 1,880,000	$	$	$	$	$
U.S. Agency	8,499,471	N/A						8,499,471
Money Market Fund	693,820	AAA		693,820				
Total	$ 11,073,291		$ 1,880,000	$ 693,820	$ 0	$ 0	$ 0	$ 8,499,471

4. Deposits and Investments (continued)

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.

As of June 30, 2011, more than 50% of the Agency's investments are in U.S. Treasury and Federal National Mortgage Association. These investments are 17% and 77% respectively, of the total investments.

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.

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, 2011, the Agency had a cash balance per books of $4,158,840 and a bank balance of $4,271,945. The bank balance was not exposed to custodial credit risk because the deposits were insured by the Federal Deposit Insurance Corporation (FDIC).

5. Capital assets

Capital asset activity for the Year Ended June 30, 2011, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 32,271,220	$	$ (454,536)	$ 31,816,684
Total capital assets not being depreciated	32,271,220		(454,536)	31,816,684
Capital assets being depreciated:				
Land improvements	434,211			434,211
Buildings and improvements	37,776,478			37,776,478
Equipment	125,239			125,239
Total capital assets being depreciated	38,335,928			38,335,928
Less accumulated depreciation for:				
Land improvements	(233,735)	(21,710)		(255,445)
Buildings and improvements	(7,556,734)	(1,276,800)		(8,833,534)
Equipment	(92,964)	(12,797)		(105,761)
	(7,883,433)	(1,311,307)		(9,194,740)
Total capital assets being depreciated, net	30,452,495	(1,311,307)		29,141,188
Governmental activities capital assets, net	$ 62,723,715	$ (1,311,307)	$ (454,536)	$ 60,957,872

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

Governmental activities:	
Economic development and assistance	$ 1,311,307

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, $10,676,264 has been deposited in a reserve account with the Agency's trustee. The following schedule summarizes the changes in general long-term debt:

A. Changes in long-term debt

The Agency issued tax increment revenue refunding bonds to get a better interest rate and refund bonds that were issued for early redevelopment projects. In March 2009, the Agency issued tax increment revenue bonds for construction of public infrastructure and a performing arts center.

Governmental activities:	Original Issue	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
3.00 to 5.00 % Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2003A, due 6/15/14	$ 19,115,000	$ (14,830,000)	$	$ 3,450,000	$ (11,380,000)	$ (3,625,000)
3.00 to 4.50% Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2003B, due 6/15/14	2,395,000	(1,010,000)		230,000	(780,000)	(250,000)
6.00 to 8.00% Redevelopment Agency Tax Increment Revenue Bonds Series 2009A, Due 06/15/30	85,000,000	(85,000,000)			(85,000,000)	
3% Redevelopment Agency Tax Increment Subordinate Lien Bonds, Due 02/17/2021	15,472,192		(15,472,192)		(15,472,192)	
		(100,840,000)	(15,472,192)	3,680,000	(112,632,192)	(3,875,000)
Less deferred amounts for:						
Unamortized debt refunding costs		444,564		(111,141)	333,423	111,141
Original issue discounts		227,983		(116,387)	111,596	125,550
Original issue premiums		(312,489)		78,122	(234,367)	(78,122)
		360,058		(149,406)	210,652	158,569
Total long-term debt		$ (100,479,942)	$ (15,472,192)	$ 3,530,594	$ (112,421,540)	$ (3,716,431)

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. The funds are currently invested in U.S. Treasury Bills and the interest is going to the Bankruptcy. The outstanding restricted funds at June 30, 2011 is $1,936,551, included in debt service funds' investment and cash and cash equivalents.

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, 2011, are as follows:

	Governmental Activities		
	Tax Increment Revenue Bonds		
Year Ending June 30,	Principal	Interest	Total
2012	$ 3,875,000	$ 7,484,226	$ 11,359,226
2013	4,045,000	7,309,854	11,354,854
2014	4,240,000	7,108,904	11,348,904
2015	3,035,000	6,898,254	9,933,254
2016	3,215,000	6,716,154	9,931,154
2017-2021	35,012,192	29,245,523	64,257,715
2022-2026	27,855,000	19,484,300	47,339,300
2027-2030	31,355,000	6,511,600	37,866,600
	112,632,192	90,758,815	203,391,007
Unamortized portion of:			
Original issue premium	234,367		234,367
Original issue discount	(111,596)		(111,596)
Net total debt outstanding	$ 112,754,963	$ 90,758,815	$ 203,513,778

C. Pledged revenues

1. Tax Increment Revenue Supported Bonds

The bonds are supported by incremental increases in property tax revenues to be generated by all property located within the Redevelopment Agency area over the remaining term of the outstanding bonds minus the aggregate amount of incremental taxes to be set aside (18%) for low-income housing. For fiscal year ended June 30, 2011, the Agency collected $18,559,931 in property tax revenue, contributed $3,340,789 to low income housing, leaving a balance of $15,219,142 to retire $3,680,000 in bond principal and $7,201,763 in interest. The excess of $4,337,379 was available for Economic Development and Assistance.

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
Redevelopment Agency Tax Increment Subordinate Lien Bonds	02/17/21

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 $3,899,970 has been spent, net of interest income, leaving a balance of $395,030 at June 30, 2011. The excess money will be returned to Stratosphere Corporation. The Agency has other deposits of $33,206 for other projects. At June 30, 2011, total customer deposits were $428,236.

8. Intergovernmental revenues and expenditures

The following schedule details intergovernmental revenues as of June 30, 2011:

From	To
	Debt Service Fund
City of Las Vegas	$ 274,300

The City of Las Vegas gave the Agency $274,300 for principal and interest payment on the Series 2003B Tax Increment Subordinate Lien Revenue Refunding Bonds.

The following schedule details intergovernmental expenditures as of June 30, 2011:

To	From
	Special Revenue Fund
City of Las Vegas Capital Projects Fund	$ 15,472,192
City Parkway V, Inc.	754,590
City Parkway IVA, Inc.	89,300
Office District Parking, Inc.	20,000
	$ 16,336,082

The Agency gave the City of Las Vegas $15,472,192 to be used on redevelopment projects: $11,504,009 for The Mob Museum historical reconstruction, $3,495,991 for Symphony Park infrastructure, and $472,192 toward interest expense on the Tax Increment Subordinate Lien Bonds.

The Agency gave $754,590 to City Parkway V, Inc. for Symphony Park Development costs. and $89,300 to City Parkway IVA, Inc. for operations and $20,000 to Office District Parking, Inc. for operations. 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, 2011, were as follows:

		Transfers Out
	Transfers In	Debt Service Fund
General Fund	$ 4,813,496	$ 4,813,496

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 eight 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:

- 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, 2010 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 and paid $189,381 in interest to Simon/Chelsea, which was charged to economic development and assistance. The combined outstanding balance at June 30, 2011 was $2,817,095 , which includes $368,539 of accrued interest.

- 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 and paid $284,884 in interest to WMCV Phase I, LLC, which was charged to economic development and assistance. The outstanding balance was $1,696,622 at June 30, 2011.

- 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 and paid $216,036 in interest to WMCV Phase II, which was charged to economic development and assistance. The outstanding balance was $12,058,423 at June 30, 2011, which includes $3,332,878 of accrued interest.

- 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, 2010 upon the payment of property taxes and continuing for seventeen years until June 30, 2025, interest at 7.90 percent beginning June 30, 2010. 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 $690,468 in interest to WMCV Phase III, LLC, which was charged to economic development and assistance. The outstanding balance was $15,290,476 at June 30, 2011, which includes $1,463,583 of accrued interest.

10. Commitments and contingent liabilities (continued)

- 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, 2010 and continuing for nineteen years until June 30, 2027, interest at 7.09 percent beginning June 30, 2010. 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 $674,900 in interest to SP Sahara Development, LLC, which was charged to economic and development assistance. The outstanding balance at June 30, 2011 was $24,080,637, which includes $3,468,959 in accrued interest.

- 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 $2,191 in interest to PH ASA, LLC, which was charged to economic development and assistance. The outstanding balance at June 30, 2011 was $1,255,594 which includes $260,084 of accrued interest.

- WMCV Phase 3, LLC Note—Taxable tax increment subordinate Lien Note entered into June 17, 2009, in the amount of $12,321,620, payments starting June 30, 2009 upon the payment of property taxes and continuing for seventeen years until June 30, 2025, interest at 7.57% 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 $897,527 in interest to WMCV Phase 3, LLC, which was charged to economic development and assistance. The outstanding balance was $12,525,118 at June 30, 2011, which includes $203,498 of accrued interest.

- WMCII Associates, LLC Note – Taxable tax increment subordinate Lien Note entered into June 17, 2009, in the amount of $2,663,073, payments starting June 30, 2009 upon the payment of property taxes and continuing for seventeen years until June 30, 2025, interest at 7.57% 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 $143,458 in interest to WMCII Associates, LLC, which was charged to economic development and assistance. The outstanding balance was $2,901,062 at June 30, 2011, which includes $237,989 of accrued interest.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (BUDGET BASIS) - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget -
Revenues:				
Investment earnings	$	$	$ 9,890	$ 9,890
Miscellaneous rentals	757,900	757,900	783,253	25,353
Other reimbursements			527	527
Total revenues	757,900	757,900	793,670	35,770
Expenditures:				
Current:				
Economic development and assistance	17,601,224	17,601,224	17,581,895	19,329
Capital outlay:				
Economic development and assistance	50,000	50,000		50,000
Total expenditures	17,651,224	17,651,224	17,581,895	69,329
Excess (deficiency) of revenues over (under) expenditures	(16,893,324)	(16,893,324)	(16,788,225)	105,099
Other financing sources (uses):				
Transfers in	1,800,000	1,800,000	313,496	(1,486,504)
Sale of capital asset			313,632	313,632
Bonds issued	15,000,000	15,000,000	15,472,192	472,192
Total other financing sources	16,800,000	16,800,000	16,099,320	(700,680)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(93,324)	(93,324)	(688,905)	(595,581)
Fund balances, July 1	16,821,347	16,821,347	16,910,048	88,701
Fund balances, June 30	$ 16,728,023	$ 16,728,023	$ 16,221,143	$ (506,880)

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (BUDGET BASIS) - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget -
Revenues:				
Property taxes	$ 21,648,130	$ 21,648,130	$ 18,559,938	$ (3,088,192)
Intergovernmental	274,300	274,300	274,300	
Investment earnings	3,356	3,356	5,947	2,591
Total revenues	21,925,786	21,925,786	18,840,185	(3,085,601)
Expenditures:				
Current:				
Economic development and assistance	3,896,664	3,896,664	3,340,789	555,875
Debt service:				
Principal retirement	4,988,458	4,988,458	3,680,000	1,308,458
Interest and fiscal charges	10,015,763	10,015,763	10,326,285	(310,522)
Total expenditures	18,900,885	18,900,885	17,347,074	1,553,811
Excess of revenues over expenditures	3,024,901	3,024,901	1,493,111	(1,531,790)
Other financing sources (uses):				
Transfers out	(6,300,000)	(6,300,000)	(4,813,496)	1,486,504
Total other financing sources (uses)	(6,300,000)	(6,300,000)	(4,813,496)	1,486,504
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,275,099)	(3,275,099)	(3,320,385)	(45,286)
Fund balances, July 1	5,471,378	5,471,378	5,624,670	153,292
Fund balances, June 30	$ 2,196,279	$ 2,196,279	$ 2,304,285	$ 108,006

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
JUNE 30, 2011

		2011
CAPITAL ASSETS:		
Land	$	31,816,684
Land improvements		434,211
Buildings and improvements		37,776,478
Equipment		125,239
Total capital assets	$	70,152,612
INVESTMENT IN CAPITAL ASSETS BY SOURCE:		
General obligation bonds	$	52,190,306
Donation		4,300,000
Revenue		13,662,306
Total investment in capital assets	$	70,152,612

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

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY FUNCTION AND ACTIVITY
JUNE 30, 2011

	Land	Land Improvements	Buildings and Improvements	Equipment	Total
Economic development and assistance:					
Urban redevelopment	$ 31,816,684	$ 434,211	$ 37,776,478	$ 125,239	$ 70,152,612
Total capital assets	$ 31,816,684	$ 434,211	$ 37,776,478	$ 125,239	$ 70,152,612

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
JUNE 30, 2011

	Capital Assets July 1, 2010	Additions	Deletions	Capital Assets June 30, 2011
Economic development and assistance:				
Urban redevelopment	$ 70,607,148	$	$ 454,536	$ 70,152,612
Total capital assets	$ 70,607,148	$	$ 454,536	$ 70,152,612

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

AUDITOR’S COMPLIANCE SECTION

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

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 unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2011, which collectively comprise the Redevelopment Agency's basic financial statements and have issued our report thereon dated December 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 other matters, 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 14, 2011

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
AUDITOR'S COMMENTS
JUNE 30, 2011

CURRENT YEAR STATUTE COMPLIANCE

The City of Las Vegas Redevelopment Agency (the Agency) conformed to all significant statutory constraints on its financial administration during the year.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Agency monitored all significant constraints during the year ended June 30, 2011.

PRIOR YEAR RECOMMENDATIONS

There were no prior year recommendations of a magnitude to justify inclusion in our report.

CURRENT YEAR RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within this report.

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have received from Agency management the statement required by Nevada Revised Statute 354.624(5)(a) which indicates for each of the funds set forth in that paragraph:

- The identified funds are being used in accordance with the provisions of NRS Chapter 354.
- The funds are administered in accordance with accounting principles generally accepted in the United States of America.
- The reserves (ending fund balances) in the funds at June 30, 2011, are limited to amounts that are reasonable and necessary to carry out the purposes of the funds.
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements.
- The statutory and regulatory requirements applicable to each of the funds.
- The balance and net assets of the funds are as noted in the financial statements.

This assertion (statement) is the responsibility of the management of the City of Las Vegas Redevelopment Agency. Our responsibility is to review this assertion.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

Kafoury Armstrong & Co.

Las Vegas, Nevada
December 14, 2011

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

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