

**City of Las Vegas
Redevelopment Agency
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**



**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, 2012

Prepared By

The Department of Finance

Candace Falder, Director



**CITY OF LAS VEGAS
REDEVELOPMENT AGENCY**



INTRODUCTORY SECTION



CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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January 21, 2013

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, 2012.

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, 2012. 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 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 22 in the Basic Financial Statements and pages 39 and 40 of the Other Supplementary Information.



CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

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Local Economy. The economic downturn in the national and state economy has negated 15 years of successful redevelopment efforts. During the downturn, the City of Las Vegas Redevelopment Agency invested funds into public projects to keep construction moving by creating viable anchor developments that would influence economic growth and long-term job creation. The Smith Center for the Performing Arts and the MOB Museum both completed construction and opened their doors to the public this year. Earlier redevelopment efforts, such as installation of public infrastructure at Symphony Park and the creation of the Fremont Entertainment District, prepared these areas for entrepreneurs who would choose to invest in Las Vegas in a downturned economy. The Redevelopment Agency has tried to create an attractive business atmosphere for private investment.

Economic Factors. Unemployment for the City of Las Vegas is still over 12% compared to the national rate of 8.3%. Vacancies for existing office, retail and commercial properties are double-digit. The federal restrictions on bank lending are still in effect, capping the amount of money potential developers can borrow for new projects. Generally, property values have stabilized, but the cost of assembling land in the urban core is a lengthy and expensive process.

Long-Term Financial Planning. Because the Redevelopment Agency only has a short window of time to turn blight areas back into prospering business centers and neighborhoods, the Agency has always had a long-term approach to everything they do. Best Practices for public to private investment is \$1 to \$8. The Agency strives for a \$1 to \$15 ratio, assuring an increasing revenue stream. The Agency's programs are performance driven rather than providing upfront incentives and then hoping projects will happen. There are only nineteen years remaining in the life of the Agency. The Agency is proposing to the Nevada State legislators that they extend the life of the Agency by fifteen years so the Agency can help reverse the affects of the downturned economy.

Major Initiatives. During the Fiscal Year Ended June 30, 2012, the Agency within the Redevelopment Area realized the following:

- Completion of major downtown development projects, totaling hundreds of millions of dollars and serving as catalysts for further development. These included:
 - \$485 million Smith Center for the Performing Arts, a public-private initiative
 - \$42 million National Museum of Organized Crime and Law enforcement
 - \$146.2 million New City Hall Campus Complex
- Finishing construction in Fiscal Year Ended 2012 and expected to open in 2013:
 - \$56 million Discovery Children's Museum located next to The Smith's Center for the Performing Arts
 - \$58 million in renovation costs to ready the former City Hall building for a new corporate headquarters for Zappos
- Creation of jobs and value for Fiscal Year Ended 2012 for completed projects:
 - 5,202 construction workers employed (peak employment)
 - 1,541 permanent jobs created
 - \$754 million in project value/cost generated
- Creation of jobs and value for Fiscal Year Ended 2012 projects under construction:
 - 1,726 construction workers currently employed
 - 1,928 permanent jobs to be created
 - \$355 million in project value/cost generated
- Creation of a second Redevelopment Area within the City of Las Vegas, Ward 1, which will allow the Redevelopment Agency to provide additional, qualified owners/operators with new business incentives.

- Creation of a Quick Start Program. Under this program, the Agency can reimburse qualified applicants up to \$50,000 toward the cost of rehabilitating older buildings to bring them up to current building and fire code standards.
- Developed an awareness campaign about downtown Las Vegas' revitalization targeted at suburban residents in order to increase positive perceptions and patronage. During a one-year period this campaign:
 - Realized \$1,879 million in positive publicity
 - Obtained positive exposure for at least 75 downtown businesses
 - Received \$313,250 in added-value donations
 - Earned an almost 1 to 15 return on a \$150,000 campaign budget

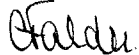
A subsequent survey sponsored by the Downtown Las Vegas Alliance, indicated that at least 74 percent of local respondents currently have a positive image of downtown and are patronizing and recommending it at impressive levels.

- Supplied in-kind business space and seed money for the Las Vegas Business Success Center. Currently housed in the Agency's business incubator in West Las Vegas, the Business Success Center is a one-stop resource for a variety of business programs supporting entrepreneurs. It is managed by the Nevada Small Business Development Center.
- Developed a five-year parking asset management plan that involves investing in new parking meters, online customer service and comprehensive parking location system. Plan also incorporates parking planning guidance for potential developers.

Acknowledgements. The preparation of this report was made possible by the dedicated service of the staff of the City of Las Vegas Finance 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,



Candace Falder, CPA
Finance Director

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THE RACE WIRE

Betting on horses was an old tradition. The race wire, brilliantly simple, added an innovative new twist.

Track observers telegraphed race results to "news services." Bookies bought legal news wire subscriptions, aiding their off-track betting operations. Many also used the wire to place bets, which wasn't legal. But police typically looked the other way...for a percentage.

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, 2012, 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, 2012, 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 January 21, 2013, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is 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.

Kajoury, Armstrong & Co.

Las Vegas, Nevada
January 21, 2013

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012. 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 Position of the City of Las Vegas Redevelopment Agency exceeded its assets at the close of fiscal year ended June 30, 2012, by (\$22,576,404) (*net assets* (deficit)). Of this amount, (\$84,741,448) 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 increased by \$1,095,692 in fiscal year ended June 30, 2012.
- 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 \$19,188,306, a decrease of \$40,412,900 in comparison with the prior year. Approximately 7.5 percent of the ending fund balance, \$1,450,530, is *available for spending* at the government's discretion (*unassigned*).
- At the end of the current fiscal year, the General Fund had \$5,869,548 in nonspendable fund balance and \$8,500,341 in restricted fund balance. The debt service fund also had \$3,367,887 in restricted and assigned fund balance for a combined total of \$11,868,228 designated for debt service.
- The City of Las Vegas Redevelopment Agency's total net debt decreased by \$3,716,421 (3.3 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 position* presents information on all of the Agency's assets and liabilities with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

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

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 17 and 18 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 19 and 21 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 19 through 23 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 24-37 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the report also presents 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 39 and 40 of this report. Also, the section includes information on the Agency's capital assets used in operation on pages 41-42 of this report.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 Position**

	Governmental Activities	
	June 30, 2012	June 30, 2011
Current and other assets	\$ 28,325,866	\$ 30,982,264
Capital assets (net of accumulated depreciation)	59,646,565	60,957,872
Total assets	87,972,431	91,940,136
Long-term liabilities	108,705,109	112,421,540
Other liabilities	1,843,726	3,190,692
	110,548,835	115,612,232
 Net Position:		
Invested in capital assets, net of related debt	51,488,637	48,988,481
Restricted	10,676,407	10,651,848
Unrestricted (deficit)	(84,741,448)	(83,312,425)
Total net position (deficit)	\$ (22,576,404)	\$ (23,672,096)

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 \$22,576,404 at June 30, 2012.

By far the largest positive portion of the City of Las Vegas Redevelopment Agency's net assets \$51,488,637 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) (\$84,741,448) 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.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Governmental activities. Governmental activities increased the City of Las Vegas Redevelopment Agency's net position by \$1,095,692 or (4.6 percent). Key elements of this increase are as follows:

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

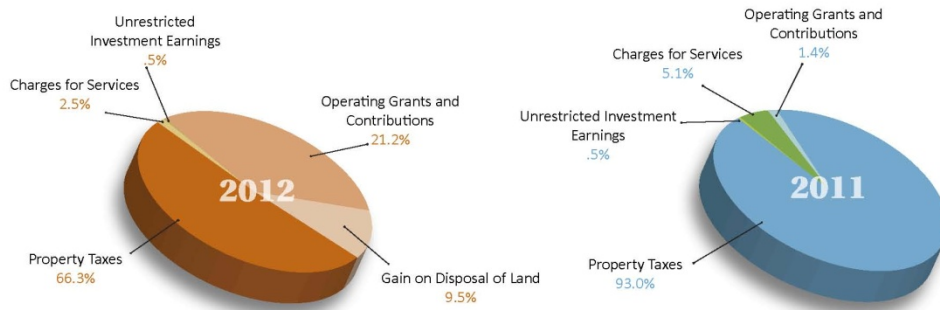
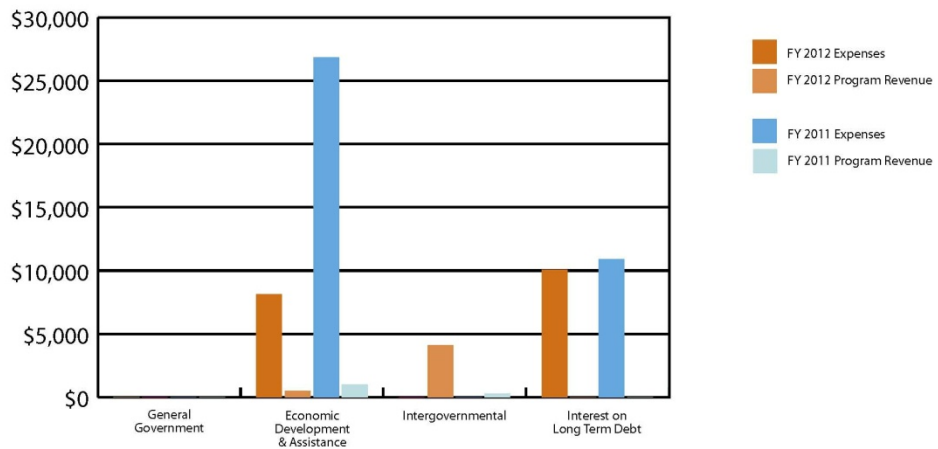
	<u>Governmental Activities</u>	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 488,886	\$ 1,003,202
Operating grants and contributions	4,085,100	274,300
General revenues:		
Property taxes	12,806,421	18,317,773
Unrestricted investment earnings	88,793	104,649
Gain on disposal of land held for resale	1,837,068	
Total revenues	<u>19,306,268</u>	<u>19,699,924</u>
Expenses:		
Economic development and assistance	8,139,118	26,841,456
Interest on long-term debt	10,071,458	10,922,593
Total expenses	<u>18,210,576</u>	<u>37,764,049</u>
Change in net position (deficit)	1,095,692	(18,064,125)
Net position (deficit) - July 1	(23,672,096)	(5,607,971)
Net position (deficit) - June 30	<u>\$ (22,576,404)</u>	<u>\$ (23,672,096)</u>

- Charges for services represent income from rentals of Agency property for \$126,148 and \$362,738 of reimbursement of expenditures for the Fremont Street Parking Garage spent in previous years. The Agency received \$4,085,100 in contributions from the City of Las Vegas. The contributions were for the following; \$285,100 for debt service payments, \$300,000 for operations, \$500,000 from car rental taxes for furniture in the Performing Arts Center, \$1,500,000 return of construction reserve for the Performing Arts center and \$1,500,000 from Affordable Housing set-aside.
- The Agency received \$12,806,421 in ad valorem property taxes. Property taxes decreased \$5.5 million from FY2011 to FY2012. The decrease was from a decline in property values derived from the downturn in the economy.
- The Agency sold land held for resale with a cost of \$1,032,932 for \$2,870,000 resulting in a net gain of \$1,837,068.
- The Agency had Economic Development and Assistance expenses of \$8,139,118. The expenses were for the following: \$2,646,225 went to the City of Las Vegas Redevelopment Agency Reimbursement Fund for payroll and benefits for the Agency, \$191,913 for operations of the Fifth Street School, \$118,070 for program costs, \$500,000 to the Performing Arts Center for furniture, \$786,700 to the City of Las Vegas for debt service fund associated with bonds used for Symphony Park, \$2,373,898 for housing set-aside, \$1,311,307 in depreciation expense and \$211,005 in additional operating costs.

The Agency has adopted new market strategies for the development of the downtown area that should help increase revenues for investments and capital improvements. This long-range planning strategy should help improve the Agency's financial position.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 MANAGEMENT'S DISCUSSION & ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Expenses & Program Revenues –Governmental Activities (in thousands)



CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012, the City of Las Vegas Redevelopment Agency's governmental funds reported combined ending fund balances of \$19,188,306, a decrease of \$404,129 in comparison with the prior year. Approximately 30 percent of the fund balance, or \$5,869,548 constitutes *nonspendable fund balance*. Approximately 7 percent, or \$1,450,530 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 \$11,868,228.

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 \$15,820,419, \$5,869,548 nonspendable, \$8,500,341 restricted and \$1,450,530 unassigned.

During the current fiscal year, the fund balance of the City of Las Vegas Redevelopment Agency's general fund decreased by \$1,467,731. The key factors in the decrease were \$7,633,913 in expenditures, \$4,453,913 in economic development and assistance and \$3,180,000 of operating transfers out to the debt service funds. The expenditures were offset by \$6,166,182 in revenues, \$821,548 in miscellaneous rental income, \$3,500,000 in intergovernmental revenues from the City of Las Vegas, \$1,837,068 in gain from sale of assets held for resale and \$7,566 in interest income.

The debt service fund has an ending fund balance of \$3,367,887, 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 \$5,339,606 (\$3,755,606 General Fund and \$1,584,000 Special Revenue Fund rolled into the General Fund in accordance with GASB 54) for the fiscal year. The fund's actual expenditures were less than budgeted expenditures by \$885,693. 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, 2012, amounts to \$59,646,565 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements and equipment. The total decrease of \$1,311,307 in the City of Las Vegas Redevelopment Agency's investment in capital assets for the current fiscal year was approximately 2 percent and was from depreciation expense for the current fiscal year. A summary of the Agency's capital assets follows:

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

City of Las Vegas Redevelopment Agency Capital Assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Land	\$ 31,816,684	\$ 31,816,684
Land improvements (net of depreciation)	157,056	178,766
Buildings and improvements (net of depreciation)	27,666,143	28,942,944
Equipment (net of depreciation)	6,682	19,478
Total	<u>\$ 59,646,565</u>	<u>\$ 60,957,872</u>

The Agency had depreciation expense of \$1,311,307 on depreciable assets for the year ended June 30, 2012.

Additional information on the City of Las Vegas Redevelopment Agency's capital assets can be found in Note 5 on page 32 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 \$108,705,109 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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Revenue bonds (net of original issue premiums and discounts and unamortized debt refunding costs)	<u>\$ 108,705,109</u>	<u>\$ 112,421,540</u>

The City of Las Vegas Redevelopment Agency's total net debt decreased by \$3,825,000 (3.4 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 was lowered to A- from A on the Series 2003B Bonds and to BBB- on the Series 2009A and 2003A Bonds.

Additional information on the City of Las Vegas Redevelopment Agency's long-term debt can be found in Note 6 on pages 33-34 of this report.

Economic Factors

For fiscal year 2013 the incremental valuation (assessed value) of the Agency is \$530,045,935 with a tax rate of 2.5046 apportioned to the Agency per \$100 of assessed value. The incremental valuation decreased \$27,465,122 from 2012.

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, Chief Financial Officer, 495 South Main Street, Las Vegas, Nevada, 89101.

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BASIC FINANCIAL STATEMENTS



CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets:	
Cash and investments (Notes 1D and 4)	\$ 2,293,602
Receivables:	
Accounts	11,714
Property taxes	1,005,664
Investment income	628
Loans	6,969,186
Intergovernmental	1,500,923
Prepays	456
Deferred charges	834,729
Noncurrent assets:	
Restricted assets:	
Cash and investments (Note 4 and 6)	10,676,406
Land held for resale	5,032,558
Capital assets not being depreciated (Note 5)	
Land	31,816,684
Capital assets being depreciated (Note 5)	
Land improvements	157,056
Building and improvements	27,666,143
Equipment	6,682
	87,972,431
Total assets	87,972,431
LIABILITIES	
Current liabilities:	
Accounts payable	1,669
Interest payable	475,991
Customer deposits (Note 7)	424,969
Intergovernmental payable	941,097
Noncurrent liabilities (Note 6):	
Due within one year	4,147,417
Due in more than one year	104,557,692
Total liabilities	110,548,835
Net position:	
Invested in capital assets, net of related debt	51,488,637
Restricted for:	
Debt service (Note 6)	10,676,407
Unrestricted (deficit)	(84,741,448)
Total net position (deficit)	\$ (22,576,404)

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

		PROGRAM REVENUES			
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS (NOTE 8)			NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS
<u>Functions/Programs</u>					
Governmental activities					
Economic development and assistance	\$ 8,139,118	\$ 488,886	\$	\$	(7,650,232)
Intergovernmental (Note 8)				4,085,100	
Interest on long-term debt	10,071,458				(10,071,458)
Total governmental activities	\$ 18,210,576	\$ 488,886	\$ 4,085,100		(13,636,590)
General revenues:					
Property taxes					12,806,421
Investment earnings					88,793
Gain on disposal of land					1,837,068
Total general revenues					14,732,282
Change in net position					1,095,692
Net position (deficit) - July 1					(23,672,096)
Net position (deficit) - June 30				\$	(22,576,404)

See accompanying notes to the basic financial statements

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS			
CASH & CASH EQUIVALENTS (Notes 1D and 4) \$	1,269,851	\$ 1,320,665	\$ 2,590,516
INVESTMENTS (Note 4)	8,499,492	1,880,000	10,379,492
RECEIVABLES:			
ACCOUNTS	11,714		11,714
PROPERTY TAXES		1,005,664	1,005,664
INTEREST	628		628
LOANS	6,969,186		6,969,186
DUE FROM OTHER GOVERNMENTS	1,500,342	581	1,500,923
PREPAIDS	456		456
LAND HELD FOR RESALE	5,032,558		5,032,558
TOTAL ASSETS	\$ 23,284,227	\$ 4,206,910	\$ 27,491,137
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE \$	1,669	\$	\$ 1,669
DEFERRED REVENUE	6,132,652	802,444	6,935,096
DUE TO OTHER GOVERNMENTS	904,518	36,579	941,097
CUSTOMER DEPOSITS (Note 7)	424,969		424,969
TOTAL LIABILITIES	7,463,808	839,023	8,302,831
FUND BALANCES:			
NONSPENDABLE:			
LAND HELD FOR RESALE	5,032,558		5,032,558
PREPAIDS	456		456
LOANS RECEIVABLE	836,534		836,534
RESTRICTED FOR:			
DEBT SERVICE (Note 6)	8,500,341	2,176,066	10,676,407
ASSIGNED:			
DEBT SERVICE (Note 6)		1,191,821	1,191,821
UNASSIGNED:	1,450,530		1,450,530
TOTAL FUND BALANCES	15,820,419	3,367,887	19,188,306
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,284,227	\$ 4,206,910	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 5)	59,646,565
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)	(108,568,653)
Delinquent property taxes receivable are not available to pay for current-period expenditures and, therefore are deferred in the funds.	802,444
Loan proceeds that are not available to pay for current-period expenditures and, therefore are deferred in the fund.	6,132,652
Unamortized debt refunding transactions used in governmental activities that are not a financial resource and therefore, are not reported in the funds.	222,282
Net position (deficit) of governmental activities (Page 17)	\$ (22,576,404)

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, 2012

	GENERAL FUND	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES			
PROPERTY TAXES	\$	\$ 13,188,320	\$ 13,188,320
INVESTMENT EARNINGS	7,566	3,105	10,671
MISCELLANEOUS RENTALS	821,548		821,548
INTERGOVERNMENTAL (NOTE 8)	3,500,000	585,100	4,085,100
TOTAL REVENUES	4,329,114	13,776,525	18,105,639
 EXPENDITURES			
CURRENT:			
ECONOMIC DEVELOPMENT AND ASSISTANCE	4,453,913	2,373,898	6,827,811
DEBT SERVICE:			
PRINCIPAL RETIREMENT		3,875,000	3,875,000
INTEREST AND FISCAL CHARGES		9,644,025	9,644,025
TOTAL EXPENDITURES	4,453,913	15,892,923	20,346,836
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(124,799)	(2,116,398)	(2,241,197)
 OTHER FINANCING SOURCES (USES):			
TRANSFERS IN		3,180,000	3,180,000
TRANSFERS OUT	(3,180,000)		(3,180,000)
GAIN ON SALE OF LAND HELD FOR RESALE	1,837,068		1,837,068
TOTAL OTHER FINANCING SOURCES (USES)	(1,342,932)	3,180,000	1,837,068
NET CHANGE IN FUND BALANCE	(1,467,731)	1,063,602	(404,129)
FUND BALANCES, JULY 1	17,288,150	2,304,285	19,592,435
FUND BALANCES, JUNE 30	\$ 15,820,419	\$ 3,367,887	\$ 19,188,306

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, 2012

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

Net change in fund balance - total governmental funds (page 20).	\$	(404,129)
Deferred loan proceeds in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(332,662)
Certain property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(381,899)
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 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 position. (Note 2B)		3,875,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 2B)		<u>(349,311)</u>
Change in net position of governmental activities (page 18).	\$	<u><u>1,095,692</u></u>

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (BUDGET BASIS) - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget -</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$	\$ 2,000,000	\$ 3,500,000	\$ 1,500,000
Investment earnings	7,310	7,310	7,566	256
Miscellaneous rentals			821,548	821,548
	<u>7,310</u>	<u>2,007,310</u>	<u>4,329,114</u>	<u>2,321,804</u>
Total revenues				
Expenditures:				
Current:				
Economic development and assistance	3,755,606	5,755,606	4,453,913	1,301,693
Total expenditures	<u>3,755,606</u>	<u>5,755,606</u>	<u>4,453,913</u>	<u>1,301,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,748,296)</u>	<u>(3,748,296)</u>	<u>(124,799)</u>	<u>1,020,111</u>
Other financing sources (uses):				
Transfers in	3,700,000	3,700,000		
Transfers out		(4,000,000)	(3,180,000)	820,000
Gain on sale of land held for resale			1,837,068	1,837,068
Total other financing sources (uses)	<u>3,700,000</u>	<u>(300,000)</u>	<u>(1,342,932)</u>	<u>2,657,068</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(48,296)	(4,048,296)	(1,467,731)	3,677,179
Fund balances, July 1	<u>876,611</u>	<u>4,876,611</u>	<u>17,288,150</u>	<u>12,411,539</u>
Fund balances, June 30	<u>\$ 828,315</u>	<u>\$ 828,315</u>	<u>\$ 15,820,419</u>	<u>\$ 16,088,718</u>

See accompanying notes to the basic financial statements.

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CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 position and the statement of activities) report information on all of the non fiduciary 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 and similar items are recognized as revenue as soon as all eligibility requirements have been met.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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.

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

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

1. 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 2012, the incremental valuation (assessed value) was \$557,511,057 with a tax rate of \$2.5045 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 \$3,113,511
- Fremont Street Experience, LLC for \$3,019,141

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, 2012 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.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 position

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

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.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 Position

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 Position. 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 \$108,568,653 difference is as follows:

Bonds and loans payable	\$ 108,757,192
Add: previously amortized original issue discount and premium (amortized over the life of the bonds to interest expense and fiscal charges)	170,199
Less: previously amortized deferred bonds issuance costs (amortized over the life of the bonds to interest expense and fiscal charges)	(834,729)
Add: Accrued interest payable	475,991
Net adjustment to decrease <i>fund balance</i> total governmental funds to arrive at net <i>position – governmental activities</i>	<u><u>\$ 108,568,653</u></u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	\$ (1,311,307)

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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.” The details of this \$3,875,000 difference are as follows:

Principal repayments	
Tax Increment Revenue Bonds	\$ 3,875,000
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	\$ 3,875,000

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 \$349,311 difference are as follows:

Amortization of bond premiums	\$ 78,122
Change in accrued interest	7,266
Amortization of defeasance costs	(111,141)
Amortization of bond issuance costs	(198,008)
Amortization of bond discounts	(125,550)
Net adjustment to decrease <i>net changes in fund balances governmental funds to arrive at changes in net position of governmental activities</i>	\$ (349,311)

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012, 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, 2012, the Agency had the following investments:

<u>Investment Type</u>	<u>Book Value</u>	<u>Weighted-Average Maturity (Year)</u>
Money Market Fund (face value)	\$ 1,292,320	0.0027
U.S. Treasury Obligations	10,379,492	0.4548
	<u>\$ 11,671,812</u>	
Portfolio weighted-average maturity		0.4047

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Type of Investments	Amount	Investment Maturities			
		1 to 30 Days	31-60 Days	61-365 Days	366 Days To 5 Years
U.S. Treasury	\$ 10,379,492	\$	\$	\$ 10,379,492	\$
Money Market Fund	1,292,320	1,292,320			
Total Investments	\$ 11,671,812	\$ 1,292,320	\$	\$ 10,379,492	\$

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

Cash in bank	\$ 1,298,196
Money market fund	1,292,320
Total cash and cash equivalents	\$ 2,590,516

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.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End				Not Rated
				AAA	AA	A	A-1/P-1	
U.S. Treasury	\$ 10,379,492	N/A	\$ 10,379,492	\$	\$	\$	\$	\$
Money Market Fund	1,292,320	AAA		1,292,230				
Total	\$ 11,671,812		\$ 10,379,492	\$ 1,292,230	\$ 0	\$ 0	\$ 0	\$ 0

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, 2012, more than 89 % of the Agency's investments are in U.S. Treasury.

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

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012, the Agency had a cash balance per books of \$1,298,196 and a bank balance of \$1,324,514. 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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,816,684	\$	\$	\$ 31,816,684
Total capital assets not being depreciated	31,816,684			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	(255,445)	(21,710)		(277,155)
Buildings and improvements	(8,833,534)	(1,276,800)		(10,110,334)
Equipment	(105,761)	(12,797)		(118,558)
	(9,194,740)	(1,311,307)		(10,506,047)
Total capital assets being depreciated, net	29,141,188	(1,311,307)		27,829,881
Governmental activities capital assets, net	\$ 60,957,872	\$ (1,311,307)	\$	\$ 59,646,565

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

Governmental activities:	
Economic development and assistance	\$ <u>1,311,307</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, \$10,676,407 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, 2011	Additions	Reductions	Balance July 1, 2012	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	\$ (11,380,000)	\$	\$ 3,625,000	(7,755,000)	\$ (3,785,000)
3.00% to 4.50% Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2003B, due 6/15/14	2,395,000	(780,000)		250,000	(530,000)	(260,000)
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)	
		<u>(112,632,192)</u>		<u>3,875,000</u>	<u>(108,757,192)</u>	<u>(4,045,000)</u>
Less deferred amounts for:						
Unamortized debt refunding costs		333,423		(111,141)	222,282	111,141
Original issue discounts		111,596		(125,550)	(13,954)	(135,436)
Original issue premiums		(234,367)		78,122	(156,245)	(78,122)
		<u>210,652</u>		<u>(158,569)</u>	<u>52,083</u>	<u>(102,417)</u>
Total long-term debt		<u>\$ (112,421,540)</u>	<u>\$</u>	<u>\$ 3,716,431</u>	<u>\$ (108,705,109)</u>	<u>\$ (4,147,417)</u>

In September 1997, the Agency entered into a Forward Delivery Investment Agreement with Lehman Brothers Special Financing Inc. and received \$3,026,000. This represents interest that would have been earned on the reserve funds for the 1989, 1994A, 1995A and 1995B bonds. In September 1998, the Agency canceled the portion of the Agreement associated with the 1989 and 1995A bond reserve funds at a cost of \$1,650,000. The portion of the Forward Delivery Agreement associated with the 1994 and 1995B bond reserve funds remains outstanding and will mature on June 14, 2014. On September 18, 2008, Lehman Brothers Holding, Inc. filed for Chapter 11 Bankruptcy. 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, 2012 is \$1,936,907, included in debt service funds' investment and cash and cash equivalents.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012, are as follows:

Year Ending June 30,	Governmental Activities		Total
	Tax Increment Revenue Bonds		
	Principal	Interest	
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	6,240,319	6,515,216	12,755,535
2018-2022	33,551,873	27,417,507	60,969,380
2023-2027	30,035,000	17,305,500	47,340,500
2028-2030	24,395,000	4,003,200	28,398,200
	<u>108,757,192</u>	<u>83,274,589</u>	<u>192,031,781</u>
Unamortized portion of:			
Original issue premium	156,245		156,245
Original issue discount	13,954		13,954
Net total debt outstanding	<u>\$ 108,927,391</u>	<u>\$ 83,274,589</u>	<u>\$ 192,201,980</u>

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, 2012, the Agency collected \$13,188,320 in property tax revenue, contributed \$2,373,898 to low income housing, leaving a balance of \$10,814,422 to retire \$3,875,000 in bond principal and \$7,484,226 in interest. The additional debt service amount of \$544,804 was contributed to the Agency from the City of Las Vegas, Special Revenue Fund, \$285,100 and \$259,704 from the General Fund.

Bonds Issued	Maturity (Length of Pledge)
Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2003B	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

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 \$3,899,924 has been spent, net of interest income, leaving a balance of \$395,076 at June 30, 2012. The excess money will be returned to Stratosphere Corporation. The Agency has other deposits of \$29,893 for other projects. At June 30, 2012, total customer deposits were \$424,969.

8. Intergovernmental revenues and expenditures

The following schedule details intergovernmental revenues as of June 30, 2012:

From	To Agency		Total
	Debt Service Fund	General Revenue Fund	
City of Las Vegas	\$ 585,100	\$ 3,500,000	\$ 4,085,100

The City of Las Vegas gave the Agency \$285,100 for principal and interest payment on the Series 2003B Tax Increment Subordinate Lien Revenue Refunding Bonds, and \$259,704 to make up the remainder of the debt requirement. The additional \$3,540,296 was available for projects and operations.

The following schedule details intergovernmental expenditures as of June 30, 2012:

To	From Agency
	General Fund
City of Las Vegas Internal Service Fund	\$ 2,646,225
City of Las Vegas Debt Service Fund	2,373,898
City of Las Vegas Special Revenue Fund	786,700
	\$ 5,806,823

The Agency reimbursed the City of Las Vegas \$2,646,225 for redevelopment salaries and benefits. The Agency contributed \$2,373,898 for the 18% set-aside (from property taxes) and \$786,700 toward interest and principal expense on the Tax Increment Subordinate Lien Bonds.

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, 2012, were as follows:

Transfer In	Transfers Out
Debt Service Fund	General Fund
\$ 3,180,000	\$ 3,180,000

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 \$149,784 in interest to Simon/Chelsea, which was charged to economic development and assistance. The combined outstanding balance at June 30, 2012 was \$2,864,508, which includes \$415,953 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 \$136,917 in interest to WMCV Phase I, LLC, which was charged to economic development and assistance. The outstanding balance was \$1,833,539 at June 30, 2012, which includes \$136,917 of accrued interest.
- 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 \$215,693 in interest to WMCV Phase II, which was charged to economic development and assistance. The outstanding balance was \$12,622,169 at June 30, 2012, which includes \$3,896,624 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 \$493,085 in interest to WMCV Phase III, LLC, which was charged to economic development and assistance. The outstanding balance was \$15,846,527 at June 30, 2012, which includes \$2,019,634 of accrued interest.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

- 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 \$347,247 in interest to SP Sahara Development, LLC, which was charged to economic and development assistance. The outstanding balance at June 30, 2012 was \$25,608,328, which includes \$4,996,649 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 \$80,298 in interest to PH ASA, LLC, which was charged to economic development and assistance. The outstanding balance at June 30, 2012 was \$1,257,567 which includes \$262,057 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 \$652,679 in interest to WMCV Phase 3, LLC, which was charged to economic development and assistance. The outstanding balance was \$12,771,182 at June 30, 2011, which includes \$449,562 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 \$77,551 in interest to WMCII Associates, LLC, which was charged to economic development and assistance. The outstanding balance was \$3,037,251 at June 30, 2012, which includes \$374,178 of accrued interest.
- The Redevelopment Agency on June 15, 2011 entered into an Interlocal Cooperative Agreement between the City of Las Vegas and the Agency. This Agreement is for the purpose of transferring to the City a portion of the real estate taxes attributable to the Las Vegas Metropolitan Police Department Metroplex that are distributed to and received by the Agency. The Agency will transfer to the City sixty percent (60%) of the Agency share only of real estate taxes as defined in the Metro Interlocal Agreement between Clark County and the City of Las Vegas each year in connection with the Metroplex. The transfer will be annually commencing on the first anniversary of the date of a Certificate of Occupancy issued for the Metroplex and will continue thereafter until the County either closes escrow on the purchase of the Metroplex or March 5, 2031, whichever comes first. During September 2012 the RDA transferred \$9,885 of real estate taxes to the City of Las Vegas for Metroplex tax paid for fiscal year ended June 30, 2012.

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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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget -</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 400,000	\$ 400,000	\$	\$ (400,000)
Investment earnings	10,500	10,500		(10,500)
Miscellaneous rentals	<u>820,400</u>	<u>820,400</u>		<u>(820,400)</u>
Total revenues	<u>1,230,900</u>	<u>1,230,900</u>	<u>0</u>	<u>(1,230,900)</u>
Expenditures:				
Current:				
Economic development and assistance	<u>1,584,000</u>	<u>1,584,000</u>		<u>1,584,000</u>
Total expenditures	<u>1,584,000</u>	<u>1,584,000</u>	<u>0</u>	<u>1,584,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(353,100)</u>	<u>(353,100)</u>	<u>0</u>	<u>353,100</u>
Other financing sources (uses):				
Transfers in	1,800,000	1,800,000		(1,800,000)
Transfers out	(6,930,000)	(6,930,000)		6,930,000
Gain on sale of land held for resale	<u>1,837,068</u>	<u>1,837,068</u>		<u>(1,837,068)</u>
Total other financing sources	<u>(3,292,932)</u>	<u>(3,292,932)</u>	<u>0</u>	<u>3,292,932</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,646,032)</u>	<u>(3,646,032)</u>	<u>0</u>	<u>3,646,032</u>
Fund balances, July 1	<u>17,696,913</u>	<u>17,696,913</u>		<u>(17,696,913)</u>
Fund balances, June 30	<u>\$ 14,050,881</u>	<u>\$ 14,050,881</u>	<u>\$ 0</u>	<u>\$ (14,050,881)</u>

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget -</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 13,826,091	\$ 13,826,091	\$ 13,188,320	\$ (637,771)
Intergovernmental	285,100	285,100	585,100	300,000
Investment earnings	<u>4,565</u>	<u>4,565</u>	<u>3,105</u>	<u>(1,460)</u>
Total revenues	<u>14,115,756</u>	<u>14,115,756</u>	<u>13,776,525</u>	<u>(339,231)</u>
Expenditures:				
Current:				
Economic development and assistance	2,488,696	2,488,696	2,373,898	114,798
Debt service:				
Principal retirement	3,875,000	3,875,000	3,875,000	
Interest and fiscal charges	<u>9,707,226</u>	<u>9,707,226</u>	<u>9,644,025</u>	<u>63,201</u>
Total expenditures	<u>16,070,922</u>	<u>16,070,922</u>	<u>15,892,923</u>	<u>177,999</u>
Excess of revenues over expenditures	<u>(1,955,166)</u>	<u>(1,955,166)</u>	<u>(2,116,398)</u>	<u>(161,232)</u>
Other financing sources (uses):				
Transfers in	<u>3,180,000</u>	<u>3,180,000</u>	<u>3,180,000</u>	
Total other financing sources (uses)	<u>3,180,000</u>	<u>3,180,000</u>	<u>3,180,000</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,224,834	1,224,834	1,063,602	(161,232)
Fund balances, July 1	<u>953,500</u>	<u>953,500</u>	<u>2,304,285</u>	<u>1,350,785</u>
Fund balances, June 30	<u>\$ 2,178,334</u>	<u>\$ 2,178,334</u>	<u>\$ 3,367,887</u>	<u>\$ 1,189,553</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 BY SOURCE
 JUNE 30, 2012

		2012
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, 2012

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

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 JUNE 30, 2012

	<u>Capital Assets July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets June 30, 2012</u>
Economic development and assistance:				
Urban redevelopment	\$ 70,152,612	\$ _____	\$ _____	\$ 70,152,612
Total capital assets	<u>\$ 70,152,612</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 70,152,612</u>

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, 2012, which collectively comprise the Redevelopment Agency's basic financial statements and have issued our report thereon dated January 21, 2013. 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
January 21, 2013

**CITY OF LAS VEGAS REDEVELOPMENT AGENCY
AUDITOR'S COMMENTS
JUNE 30, 2012**

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, 2012.

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.



CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

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