City of Las Vegas

Redevelopment Agency Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

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, 2019

Prepared By
The Department of Finance
Venetta Appleyard, Director

INTRODUCTORY SECTION

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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LAS VEGAS
CITY COUNCIL

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Mayor

MICHELE FIORE
Mayor Pro-Tem

STAVROS S. ANTHONY
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BRIAN KNUDSEN
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SCOTT D. ADAMS
City Manager

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cityoflasvegas
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December 2, 2019

To the Board of Directors, Residents and Stakeholders 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 fiscal year ended June 30, 2019.

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.

Piercy Bowler Taylor & Kern, Certified Public Accountant and Business Advisors, have issued an unmodified opinion on the Agency's financial statements for the fiscal year ended June 30, 2019. 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 City). The mission of the Agency is to stimulate economic growth in decaying areas of the city. 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 blended component unit of the City's financial reporting entity and is included with the comprehensive annual financial report of the City. The purpose of a separate Agency comprehensive annual financial report is to fulfill a bond 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 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. The 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 page 37 of the Other Supplementary Information.

Local Economy and Economic Factors. Las Vegas' local unemployment rate is 4.9 percent as of July 2019, down from 5.1 percent in July 2018. Furthermore, according to the state Department of Employment, Training and Rehabilitation, Nevada has been the fastest job growth state in the nation for the past 10 consecutive months.

Statistics from Las Vegas Convention and Visitors Authority indicate a visitor count of 42.1 million in 2018 which is a decrease of 0.2 percent or 100,000 visitors compared to 2017.

This past fiscal year, Circa Resort & Casino, a new 44 story, 777 room hotel being built by Derek Stevens, broke ground and is slated to be completed by December 2020. Two additional downtown hotel-casino towers along Fremont Street are planned to be under construction in fiscal year 2020. To date, almost 70.0 percent of downtown's hotel-casinos have undergone major refurbishments or renovation and rebranding. If more minor improvements are taken into account, virtually all downtown hotel-casinos have undergone upgrades within the last few years.

As of second quarter 2019, the city's office space inventory reported a 14.0 percent vacancy rate, down from 15.5 percent from the year prior compared to 15.4 percent valley-wide. As of the second quarter of 2019, retail markets in the city are reporting a vacancy rate of 7.0 percent, which is a decrease from 8.1 percent from the prior year; positive absorption is being realized in most of the city's wards. The industrial market has seen the greatest leasing activity with a valley-wide vacancy rate of 6.6 percent creating demand for an additional estimated four million square feet of new industrial space.

The City's population currently is estimated at 644,113 and is trending upward over 2018 by 1.8 percent. In addition, according to Forbes, Las Vegas is the sixth-fastest growing metropolitan area in the country. The entire Las Vegas valley currently houses close to 2.25 million residents.

The housing market in the Las Vegas metropolitan area remains strong. According to the Lied Institute for Real Estate Studies at UNLV, the average new home price rose 13.0 percent from the prior year and the average existing home price rose 4.8 percent from the prior year. The drive up in sales prices in Southern Nevada has put upward price pressure on the local rental market. According to Zillow, the median monthly rent for an apartment in Las Vegas has increased more than any other major metro market in the United States over the past year.

Major Initiatives Completed by the Redevelopment Agency in Fiscal Year 2019

- The Tax Cuts and Jobs Act of 2017 created a new financial program called "Opportunity Funds," which allows investors to defer and reduce their capital gains tax bills in exchange for investing in economically distressed areas referred to as "Opportunity Zones." Twenty-two "Opportunity Zones" have been designated in the City of Las Vegas. To date, several projects in downtown Las Vegas, including two multi-family projects in Symphony Park, are being funded via the program.

- The Agency has contributed $25,000 in matching Visual Improvement Program money toward exterior building renovations for businesses located in the City's Redevelopment Areas. This resulted in almost $170,000 in private investment to improve rundown facilities and reduce urban blight. Another $108,000 in projects are under contract, which are not expected to be completed until fiscal year 2020.

- The Agency created the Multi-Family Residential Visual and Interior Improvement Program. This program is intended to provide a property owner with the financial assistance for substantial rehabilitation and renovation of multifamily residential properties, substantial upgrades to multifamily properties that have changed ownership, and the conversion of office/retail/industrial properties to multifamily residential. The Agency also provided $435,000 in matching assistance with $1.99 million from private investments. Another $4.25 million in projects are under contract, which are not expected to be completed until fiscal year 2020.

- Fremont Street Experience has redesigned and commenced a $31.8 million renovation to the celestial canopy over its pedestrian mall. The Agency contributed $14.8 million in fiscal year 2019 toward the upgrades, which are expected to be completed by December 2019.

- The Agency partnered with Blackstone and the World Market Center to design and begin construction on a $105 million, 315,000 square foot convention center adjacent to Symphony Park in downtown Las Vegas. The Agency contribution is approximately $30 million to be paid in annual reimbursements of future property tax payments made to the Agency from the project. This agreement was approved by the Agency Board on September 8, 2018, but will not be fully executed until the convention center project is completed, which is anticipated in July 2020.

- In May of 2019, the Agency was awarded $45 million in New Market Tax Credits. These credits encourage private investment in struggling areas within the City by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments.

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,

Scott D. Adams
Executive Director

Gary Ameling
Finance Officer

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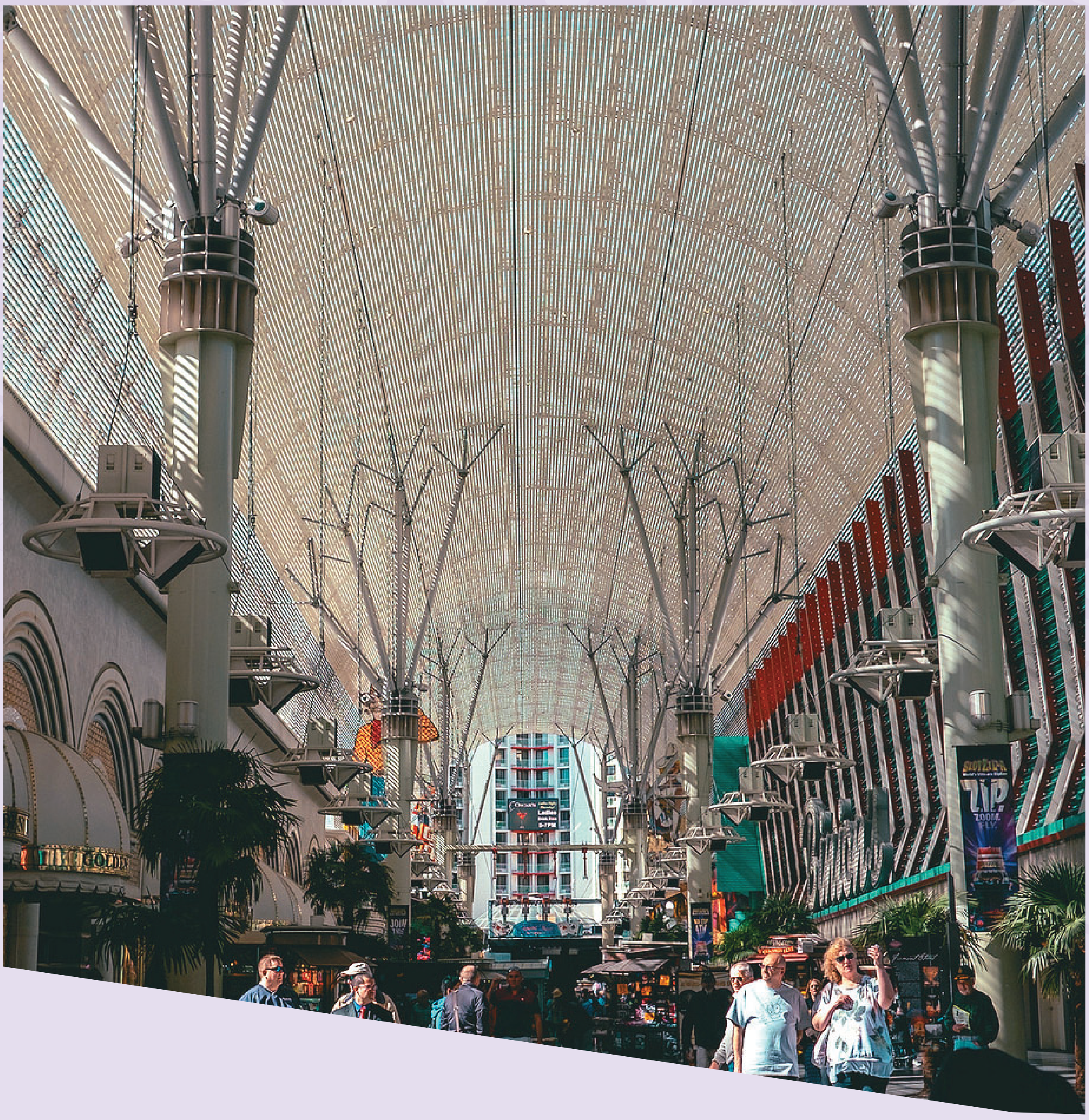
FINANCIAL SECTION



PBTK
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Las Vegas Redevelopment Agency (the Agency), a component unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2019, and the budgetary comparison information for the general fund and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the Agency's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the basic financial statements to enable the design of audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency as of June 30, 2019, and the respective changes in financial position, and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-15 be presented to supplement the basic financial

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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 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.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section and other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
December 2, 2019

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, 2019. We encourage readers to consider this information in conjunction with the accompanying basic financial statements.

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

Financial Highlights

The liabilities on the Statement of Net Position of the Agency exceeded its assets at the close of fiscal year ended June 30, 2019, by ($65,526,897) (*net position deficit*). 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 $15,472,192 in fiscal year ended June 30, 2011, to the City of Las Vegas Capital Project Fund for construction of the Mob Museum and Symphony Park. Also, on July 1, 2014, the Agency contributed net capital assets of $43,173,271 to the City of Las Vegas Municipal Parking Enterprise Fund.

- The Agency's total net position decreased by $4,762,497 in fiscal year ended June 30, 2019.
- As of the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of $42,297,911, a decrease of $5,521,789. The primary reason for the decrease in ending fund balance can be attributed to the distribution of bond funds in the form of a contribution for the renovation of the celestial canopy over the Fremont Street Pedestrian Mall. In fiscal year 2019, there was $14,815,822 contributed to the canopy project of which $10,220,698 came from the proceeds of bonds issued in fiscal year 2018. Fifty-two (52%) percent of the ending fund balance, $21,944,336 is *available for spending* at the government's discretion (*assigned and unassigned*).
- As of June 30, 2019, the General Fund had $3,011,329 in nonspendable fund balance, $11,687,123 in restricted fund balance and $20,471,650 in unassigned fund balance. The debt service fund had $1,472,686 in assigned fund balance and $5,655,123 in restricted fund balance.
- The Agency's total bonded debt decreased by $3,967,605 (3.1 percent) (net of unamortized premiums) during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The 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 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, liabilities and deferred inflows/outflows of resources, 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, revenues, 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, liabilities and deferred inflows/outflows of resources with the net difference between the two reported as *net position.* Over time, increases or decreases in net position 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 position, revenues, and expenses have changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The governmental activities of the Agency include economic development and assistance. The 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 to Actual.

These governmental fund financial statements can be found on pages 19 through 22 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to have a full understanding of the data provided in the Agency-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 through 35 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 Debt Service Fund. The individual schedule provides budget versus actual comparisons and can be found in the Other Supplementary Information section on page 37 of this report.

Agency-wide Financial Analysis

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

City of Las Vegas Redevelopment Agency
Summary of Net Position

	Governmental Activities	
	June 30, 2019	June 30, 2018
Total assets:	$ 48,076,257	$ 55,886,427
Deferred outflows:		
Deferred charges on refunding	12,429,899	13,559,889
Long-term liabilities	118,260,363	124,067,829
Other liabilities	7,772,690	6,142,887
	126,033,053	130,210,716
Net Position:		
Net investment in capital assets	15,759	17,595
Restricted	17,342,246	27,202,781
Unrestriced (deficit)	(82,884,902)	(87,984,776)
Total net position (deficit)	$ (65,526,897)	$ (60,764,400)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, liabilities exceeded assets and deferred outflows by $65,526,897 at June 30, 2019.

A portion of the Agency's net position represents resources that are subject to external restrictions on how they may be used and is, therefore, reported as *restricted*. The remaining balance of *unrestricted net position deficit* ($82,884,902) has been used to meet the Agency's ongoing obligations to citizens and creditors. The deficit in net position was brought about by the Agency issuing Redevelopment Tax Increment Bonds for $85,000,000 in 2009, and then contributing proceeds of $74,739,000 to the City of Las Vegas for construction costs on the City's Performing Arts Center. The remainder is due to operational expenditures in excess of revenue, and in prior years, the contribution to the Mob Museum and other capital assets to the City of Las Vegas.

At the end of the fiscal year, the Agency is able to report positive balances in one category of net position (restricted) for the Agency as a whole.

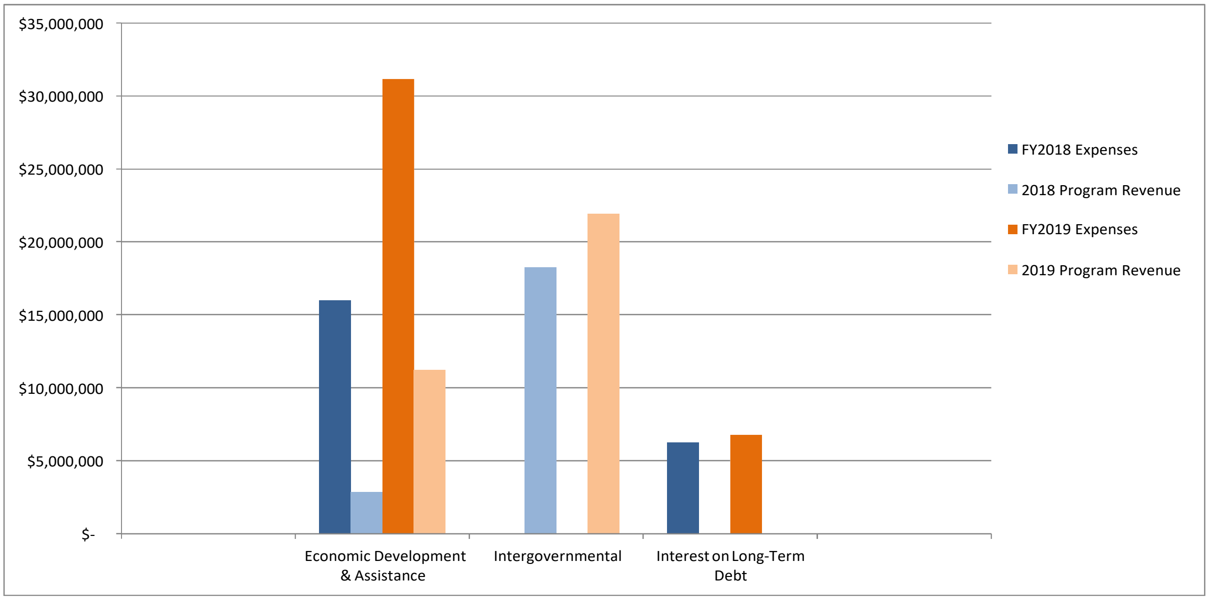
Governmental activities. Governmental activities decreased the Agency's ending net position by $4,762,497 or (7.8 percent). Key elements of this decrease are as follows:

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

	Governmental Activities	
	June 30, 2019	June 30, 2018
Revenues:		
Program revenues:		
Charges for services	$ 431,551	$
Operating grants and contributions	4,500,000	2,520,000
Capital grants and contributions	6,005,730	
General revenues:		
Property taxes	21,064,013	18,134,213
Gain on disposal of land held for resale		16,242
Unrestricted investment earnings	1,172,034	411,690
Total revenues	33,173,328	21,082,145
Expenses:		
Economic development and assistance	31,161,688	15,968,789
Interest on long-term debt	6,774,137	6,238,841
Total expenses	37,935,825	22,207,630
Change in net position (deficit)	(4,762,497)	(1,125,485)
Net Position (deficit) - July 1	(60,764,400)	(59,638,915)
Net Position (deficit) - June 30	$ (65,526,897)	$ (60,764,400)

- The primary reasons for increased revenue in fiscal year 2019 are property tax collections and contributions received. Property tax collections increased $2,929,800 or 16.2 percent as compared to the prior fiscal year, due to an increase in property values. Contributions to the Agency from the City of Las Vegas were $4,500,000 and is related to transfers of car rental tax funds. The Agency also received $6,005,730 for the renovation of the celestial canopy at the Fremont Street Experience.

- The Agency had Economic Development and Assistance operating expenses of $31,161,688. The primary reason for the increase in fiscal 2019 operating expense was $14,815,822 in contributions from the Agency to the Fremont Street Experience for the renovation of the celestial canopy. Other large expenditures consisted of the following: $1,434,015 to the City of Las Vegas Debt Service Fund associated with bonds used for Symphony Park; $4,299,000 to the City of Las Vegas Capital Projects Fund for land improvements; $3,799,619 to the City of Las Vegas for housing and education set-aside and $1,700,000 to the City of Las Vegas for Fremont Street marshal patrols, Downtown Ranger program support and operations and maintenance on Fremont Street.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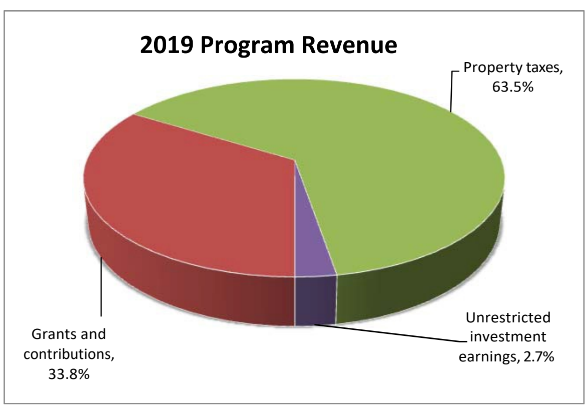
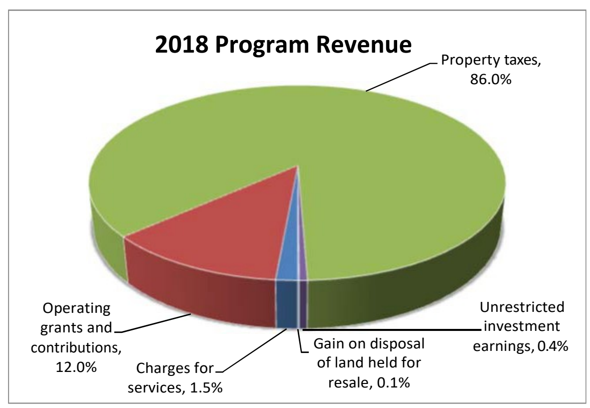
Economic Development & Assistance
Intergovernmental
Interest on Long-Term Debt
FY2018 Expenses
2018 Program Revenue
FY2019 Expenses
2019 Program Revenue


2019 Program Revenue
Property taxes, 63.5%
Grants and contributions, 33.8%
Unrestricted investment earnings, 2.7%


2018 Program Revenue
Property taxes, 86.0%
Operating grants and contributions, 12.0%
Charges for services, 1.5%
Gain on disposal of land held for resale, 0.1%
Unrestricted investment earnings, 0.4%

Financial Analysis of Agency's Funds

As noted earlier, the 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, 2019, the Agency's governmental funds reported combined ending fund balances of $42,297,911, a net decrease of $5,521,789 in comparison with the prior year. Approximately 7.1 percent of the fund balance, or $3,011,329, constitutes *nonspendable fund balance* on Economic Development Projects, 52.0 percent, or $21,994,336 constitutes *assigned and unassigned fund balance*, which is available for spending at the Agency's discretion. The remainder of fund balance, $17,342,246, is *restricted* to indicate that it is not available for new spending because it has already been restricted for a project or to pay debt service.

The General Fund is the chief operating fund of the Agency. At the end of the current fiscal year, total fund balance of the general fund was $35,170,102, of which $3,011,329 was nonspendable and $11,687,123 was restricted.

During the fiscal year, the fund balance of the Agency's general fund had a net decrease of $7,045,570. The key factor contributing to the decrease was $14,815,822 contributed to the Fremont Street Experience for updating of the celestial canopy. Expenditures for fiscal year 2019 from the general fund totaled $31,159,852 and included the following in addition to the Fremont Street Experience contributions; Reimbursement to the City of Las Vegas amounting to $4,103,802 for payroll and benefits for the Agency; $1,434,015 to the City of Las Vegas Debt Service Fund for debt payments associated with bonds used for Symphony Park; $4,299,000 to the City of Las Vegas Capital Projects Fund for land improvements at Symphony Park; $3,799,619 to the city of Las Vegas for housing and education set-aside; and $1,700,000 to the city of Las Vegas for Fremont Street Marshal Patrols, Downtown Ranger Support and operations and maintenance on Fremont Street. Revenues totaled $29,114,282 and include $21,108,996 of property tax collections which was a $3,164,276 increase over fiscal year 2018.

The Debt Service Fund has an ending fund balance of $7,127,809, which included $5,655,123 restricted for debt service reserves and $1,472,686 assigned.

General Fund Budgetary Highlights

The General Fund had a final budget in economic development and assistance expenditures of $46,928,283 for the fiscal year. The fund's actual expenditures were less than budgeted expenditures by $15,768,431. This difference is primarily due to timing of contributions planned for renovation of the Fremont Street Experience canopy.

Debt Administration

Long-term debt. At the end of the current fiscal year, the Agency had total bonded debt and loans payable of $124,067,829 including unamortized premiums. 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 Obligations

	June 30, 2019	June 30, 2018
Debt obligations (including unamortized original issue premiums)	$ 124,067,829	$ 128,035,434

The Agency's total net debt decreased by $3,967,605 (3.1 percent) (debt obligations including unamortized premiums) during the fiscal year.

The Agency's overall bond credit rating with Standard & Poor's was BBB+.

Additional information on the Agency's long-term debt can be found in Note 6 on pages 30-32 of this report.

Economic Factors

For fiscal year 2020, the incremental valuation (assessed value) of the Agency is $1,352,301,126, with a tax rate of $2.4448 apportioned to the Agency per $100 of assessed value. The incremental valuation increased $77,963,558 from 2019.

Requests for Information

The financial report is designed to provide a general overview of the 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, Director of Finance, 495 South Main Street, Las Vegas, Nevada, 89101.

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BASIC FINANCIAL STATEMENTS

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2019

		GOVERNMENTAL ACTIVITIES
ASSETS		
Current assets:		
Cash and investments (Notes 1D and 4)	$	23,341,055
Receivables:		
Interest		74,906
Intergovernmental		616
Property taxes		715,811
Loans		3,574,536
Noncurrent assets:		
Restricted assets:		
Permanently restricted:		
Investments (Note 4)		17,342,245
Land held for resale		3,011,329
Capital assets:		
Equipment, net of depreciation		15,759
Total assets		48,076,257
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding		12,429,899
LIABILITIES		
Current liabilities:		
Current portion on bonds and loans payable (Note 6)		5,807,466
Accounts payable		9,454
Interest payable		387,771
Customer deposits		6,139
Intergovernmental payable		1,561,860
Noncurrent liabilities (Note 6)		
Due in more than one year - bonds and loans payable		118,260,363
Total liabilities		126,033,053
Net position:		
Net investment in capital assets		15,759
Restricted for:		
Debt service (Note 6)		5,655,123
Fremont Street Experience project		11,687,123
Unrestricted (deficit)		(82,884,902)
Total net position (deficit)	$	(65,526,897)

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
Functions/Programs					
Governmental activities:					
Economic development and assistance	$ 31,161,688	$ 431,551	$ 4,500,000	$ 6,005,730	$ (20,224,407)
Interest	6,774,137				(6,774,137)
Total governmental activities	$ 37,935,825	$ 431,551	$ 4,500,000	6,005,730	(26,998,544)
General revenues:					
Property taxes					21,064,013
Unrestricted investment earnings					1,172,034
Total general revenues					22,236,047
Change in net position					(4,762,497)
Net position (deficit) - July 1					(60,764,400)
Net position (deficit) - June 30					$ (65,526,897)

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash, cash equivalents and investments (Notes 1D and 4)	$ 21,875,118	$ 1,465,937	$ 23,341,055
Restricted investments (Note 4)	11,687,122	5,655,123	17,342,245
Receivables:			
Interest	64,538	10,368	74,906
Intergovernmental	616		616
Property taxes	715,811		715,811
Loans	3,574,536		3,574,536
Land held for resale	3,011,329		3,011,329
Total assets	$ 40,929,070	$ 7,131,428	$ 48,060,498
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	7,704	1,750	9,454
Due to other governments	1,559,991	1,869	1,561,860
Customer deposits	6,139		6,139
Total liabilities	1,573,834	3,619	1,577,453
Deferred inflows of resources:			
Unavailable revenue - Loans	3,574,536		3,574,536
Unavailable revenue - Property tax	610,598		610,598
Total deferred inflow of resources	4,185,134		4,185,134
Total liabilities and deferred inflows of resources	5,758,968	3,619	5,762,587
FUND BALANCES:			
Nonspendable:			
Land held for resale	3,011,329		3,011,329
Restricted for:			
Debt service (Note 6)		5,655,123	5,655,123
Fremont Street Experience project	11,687,123		11,687,123
Assigned:			
Debt service		1,472,686	1,472,686
Unassigned	20,471,650		20,471,650
Total fund balances	35,170,102	7,127,809	42,297,911
Total liabilities, deferred inflows of resources and fund balances	$ 40,929,070	$ 7,131,428	
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)			15,759
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (Note 2A)			(112,025,701)
Delinquent property taxes receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			610,598
Loans receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			3,574,536
Net position (deficit) of governmental activities (Page 17)			$ (65,526,897)

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, 2019

	GENERAL FUND	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property taxes	$ 21,108,996	$	$ 21,108,996
Investment earnings	1,051,403	120,631	1,172,034
Intergovernmental (Note 7)	6,116,388	4,500,000	10,616,388
Other reimbursements	417,042	1,410,606	1,827,648
Miscellaneous rentals	420,453		420,453
Total revenues	29,114,282	6,031,237	35,145,519
EXPENDITURES			
Current:			
Economic Development and Assistance	31,159,852		31,159,852
Debt Service:			
Principal retirement		3,442,219	3,442,219
Interest and fiscal charges		6,065,237	6,065,237
Total expenditures	31,159,852	9,507,456	40,667,308
Deficiency of revenues under expenditures	(2,045,570)	(3,476,219)	(5,521,789)
Other financing sources (uses):			
Transfers in		5,000,000	5,000,000
Transfers out	(5,000,000)		(5,000,000)
Total other financing sources (uses)	(5,000,000)	5,000,000	-
Net change in fund balances	(7,045,570)	1,523,781	(5,521,789)
Fund balances, July 1	42,215,672	5,604,028	47,819,700
Fund balances, June 30	$ 35,170,102	$ 7,127,809	$ 42,297,911

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, 2019

Net change in fund balances - total governmental funds (page 20).	$	(5,521,789)
Deferred loan proceeds in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(405,944)
Certain property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(44,983)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense. (Note 5)		(1,836)
Repayment of the principal of long-term debt consumes the current financial resources of government funds.		3,442,219
Proceeds from repayment of a loan receivable are reported as revenue at the fund level, but are not reported as revenue in the Statement of Activities		(1,521,264)
Some expenses reported in the Statement of Activities do not require the use of current financial financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 2B)		(708,900)
Change in net position of governmental activities (page 18).	$	(4,762,497)

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Property taxes	$ 20,800,000	$ 20,800,000	$ 21,108,996	$ 308,996
Intergovernmental	15,641,264	15,641,264	6,116,388	(9,524,876)
Investment earnings	15,106	15,106	1,051,403	1,036,297
Other reimbursements	1,825,000	1,825,000	417,042	(1,407,958)
Miscellaneous rentals	470,000	470,000	420,453	(49,547)
Total revenues	38,751,370	38,751,370	29,114,282	(9,637,088)
Expenditures:				
Current:				
Economic development and assistance	46,928,283	46,928,283	31,159,852	15,768,431
Deficiency of revenues under expenditures	(8,176,913)	(8,176,913)	(2,045,570)	6,131,343
Other financing uses:				
Transfers out	(9,550,000)	(9,550,000)	(5,000,000)	4,550,000
Net change in fund balance	(17,726,913)	(17,726,913)	(7,045,570)	10,681,343
Fund balance, July 1	39,526,756	39,526,756	42,215,672	2,688,916
Fund balance, June 30	$ 21,799,843	$ 21,799,843	$ 35,170,102	$ 13,370,259

1. Summary of significant accounting policies

The basic financial statements of the City of Las Vegas Redevelopment Agency (hereafter referred to as the Agency) have been prepared in conformity with Generally Accepted Accounting Principles in the United States as applied to government units (GAAP). 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 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 (City). The purpose of a legally 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 the Agency by resolution. 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 nonfiduciary activities of the Agency. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support. The Agency engages only in governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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*.

The Agency has no proprietary funds or 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.

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 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.

1. Summary of significant accounting policies (continued)

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

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 that are not required to be reported in other funds.

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.

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, deferred outflows/inflows of resources, and net position/fund balance

1. Cash, cash equivalents and investments

Cash equivalents include currency on hand, demand deposits with banks and other highly liquid investments with original maturities of three months or less from the date of acquisition, which are readily convertible to cash. 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 (book value) if they have a remaining maturity at the time of purchase of one year or less. All other investments are reported at estimated fair value, determined by using quoted market prices provided by a nationally recognized major financial institution.

The Nevada Revised Statutes (NRS) authorize 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.

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based upon the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Agency has the following recurring fair value measurements as of June 30, 2019:

- Local Government Investment Pool investments and Money Market funds at $5,703,588 and $5,860,968, respectively, are valued using quoted prices in an active market for identical assets (Level 1 inputs)
- Local Government Investment Pool investments at $25,243,718 are valued using significant other observable inputs (Level 2 inputs).

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,

1. Summary of significant accounting policies (continued)

December, March and June.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

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 2019, the incremental valuation (assessed value) was $1,274,337,568 with a tax rate of $2.4448 apportioned to the Agency per $100 of assessed value.

3. Loans receivable

The Agency has loans receivable as follows:

- Fremont Street Experience, LLC for $3,574,536

The note bears interest at 7.62%, with monthly payments of principal and interest of $57,950 that started on June 30, 2017, and matures January 31, 2026.

The annual payment received for the year was $695,400, principal of $405,944 and interest of $289,456.

4. Intergovernmental receivables/payables

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

5. Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two resources: property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 covenants to make up potential future deficiencies in debt service payments.

7. Land held for resale

Land held for resale is recorded at cost.

1. Summary of significant accounting policies (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

8. Capital assets

Capital assets which include equipment 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.

Equipment of the Agency is depreciated using the straight-line method over the following estimated useful life:

Asset	Years
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 Statement of Net Position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the unamortized portion of applicable premium or discount.

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 is reported in three categories: net investment in capital assets, net of related debt; restricted and unrestricted. Restricted net position represents net position restricted by parties outside of the Agency (such as creditors, grantors, contributors, laws and regulations of other governments). All other net position is 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.

Nonspendable fund balance includes amounts that cannot be spent because, either it is 1) 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.

1. Summary of significant accounting policies (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

11. Fund balance policies (continued)

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 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 position – 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 detail of this $112,025,701 difference is as follows:

Debt obligations	$	115,497,754
Unamortized original issue premiums (amortized over the life of the bonds to interest expense)		8,570,075
Accrued interest payable		387,771
Deferred charges on refunding (to be amortized as interest expense and fiscal charges)		(12,429,899)
Net adjustment to decrease fund balance total governmental Funds to arrive at *net position – governmental activities*	$	112,025,701

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

B. Explanation of certain differences between Governmental Funds Statements of Reviews, 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 position of governmental activities* as reported in the Agency-wide Statement of Activities.

One 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 detail of this $708,900 difference is as follows:

Amortization of bond premium	$	525,386
Amortization of the deferred charge on refunding		(1,129,990)
Change in accrued interest		(104,296)
Net adjustment to decrease *net changes in fund balances governmental funds to arrive at changes in net position of governmental activities*	$	(708,900)

3. Stewardship and legal compliance

A. Budgetary information

Budgets are adopted on a basis consistent with United States 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's 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.

B. Legal compliance

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

4. Cash, cash equivalents and investments

As of June 30, 2019, the Agency has the following investments:

Investment Type		Market Value	Weighted-Average Maturity Years		Investment Maturity 1 - 30 Days
Money Market fund (Face Value)	$	5,860,968	0.0027	$	5,860,968
Local Government Investment Pool		30,947,306	0.0027		30,947,306
Total	$	36,808,274		$	36,808,274

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

		Unrestriced		Restricted		Total
Cash on deposit	$	3,875,026	$		$	3,875,026
Money market fund				5,860,968		5,860,968
Local government investment pool		19,466,029		11,481,277		30,947,306
Total cash, cash equivalents and investments	$	23,341,055	$	17,342,245	$	40,683,300

Interest Rate Risk: In accordance with the City of Las Vegas investment policy, which applies to assets held for, or on behalf of the Agency, the Agency manages its exposure to declines in fair value by limiting the weighted-average maturity of its investment portfolio to less than ten months.

Credit Risk: Nevada Revised 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	Year End Rating
Local government investment pool	$	30,947,306	N/A	N/A
Money market fund		5,860,968	AAA	AAA
	$	36,808,274		

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

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

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency has a deposit policy for custodial credit risk requiring all money deposited with a bank, savings and loan, savings bank or credit union in excess of the amount of federal insurance to be fully collateralized. As of June 30, 2019, the Agency had a cash, cash equivalents and investments balance per books of $3,875,026 and a bank balance of $3,876,652. The bank balances were not exposed to custodial credit risk because they were collateralized with securities held in the name of the Agency at a third party depository on behalf of the Agency.

5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Equipment	$ 18,360	$ -	$ -	$ 18,360
Less accumulated depreciation for:				
Equipment	(765)	(1,836)	-	(2,601)
Governmental activities capital assets, net	$ 17,595	$ (1,836)	$ -	$ 15,759

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

Governmental activities:	
Economic development and assistance	$ 1,836

6. Long-term debt

A. Reserve

The Agency bonds (Tax Increment 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, $5,655,123 has been deposited in a reserve account with the Agency's trustee.

6. Long-term debt (continued)

B. Changes in long-term debt

The following schedule summarizes the changes in general long-term debt:

Governmental Activities:	Original Issue	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Direct Borrowings:						
1.43%/average earning rate of the City's Sanitation Fund plus .25% Tax Increment Revenue Subordinate Lien Bonds , Series 2017, due 6/1/2027	$ 15,472,192	$ 13,924,973	$ -	$ (1,547,219)	$ 12,377,754	$ 1,547,219
2.5% to 3.6% Tax Increment Subordinate Lien Revenue Bonds Series 2018, due 6/1/2028	21,615,000	21,615,000	-	(1,895,000)	19,720,000	1,930,000
3.0% to 5.0% Tax Increment Revenue Refunding Bonds, Series 2016, due 6/15/2045	83,400,000	83,400,000	-	-	83,400,000	1,765,000
	120,487,192	118,939,973	-	(3,442,219)	115,497,754	5,242,219
Deferred Amounts:						
Add: Issuance Premiums		9,095,461	-	(525,386)	8,570,075	565,247
		$ 128,035,434	$ -	$ (3,967,605)	$ 124,067,829	$ 5,807,466

C. Annual debt service requirements to maturity

Annual debt service requirements to maturity for the Agency's bonds at June 30, 2019, are as follows:

	Government Activities						
	Direct Borrowing Bonds		Tax Increment Revenue Bonds		Total Bonds		
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	$ 3,477,219	$ 921,252	$ 1,765,000	$ 3,822,781	$ 5,242,219	4,744,033	$ 9,986,252
2021	3,532,219	833,638	1,815,000	3,769,831	5,347,219	4,603,469	9,950,688
2022	3,592,219	741,505	1,890,000	3,697,231	5,482,219	4,438,736	9,920,955
2023	3,657,219	643,513	1,985,000	3,602,731	5,642,219	4,246,244	9,888,463
2024	3,722,219	541,364	2,080,000	3,503,481	5,802,219	4,044,845	9,847,064
2025-2029	14,116,659	1,057,595	12,075,000	15,848,656	26,191,659	16,906,251	43,097,910
2030-2034			15,230,000	12,697,594	15,230,000	12,697,594	27,927,594
2035-2039			18,210,000	9,720,925	18,210,000	9,720,925	27,930,925
2040-2044			23,030,000	4,896,500	23,030,000	4,896,500	27,926,500
2045			5,320,000	266,000	5,320,000	266,000	5,586,000
	32,097,754	4,738,867	83,400,000	61,825,730	115,497,754	66,564,597	182,062,351
Unamortized portion of:							
Original issue premium	-	-	8,570,075	-	8,570,075	-	8,570,075
Net total debt obligations	$ 32,097,754	$ 4,738,867	$ 91,970,075	$ 61,825,730	$124,067,829	$ 66,564,597	$190,632,426

6. Long-term debt (continued)

D. Pledged revenues - tax increment revenue supported bonds

The Agency's 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, less the aggregate amount of incremental taxes to be set aside (18%) for low-income housing and education. For fiscal year ended June 30, 2019, the Agency collected $21,108,996 incremental property tax revenue, contributed $3,799,619 to low income housing and education, leaving a balance of $17,309,377 to retire $8,189,392 in debt principal and interest payments.

Bonds Issued	Maturity (Length of Pledge)
Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2016	6/15/2045
Redevelopment Agency Tax Increment Revenue Subordinate Lien Bonds Series 2017	6/1/2027
Redevelopment Agency Tax Increment Subordinate Lien Revenue Bonds Series 2018	6/1/2028

E. Direct Borrowings

The Redevelopment Agency Tax Increment Revenue Subordinate Lien Bonds, Series 2017, due June 1, 2027 are a loan payable to the City of Las Vegas Sanitation Enterprise Fund. A payment from the Agency to the City is made annually for the principal and interest related to the loan payable.

The payment terms of the Agency's loan payable to the City of Las Vegas, mirror the City's debt service requirements on the Redevelopment Agency Tax Increment Revenue Subordinate Lien Bonds, Series 2018, due on June 1, 2028. This means that as principal and interest come due on the City's 2018B Bonds, the Agency is required to make those payments to the City.

The Agency does not have any unused line of credit or assets pledged as collateral related to these direct borrowings. The Agency does not have terms specified in its debt agreements related to (1) significant events of default with finance-related consequences, (2) termination events with finance related consequences, or (3) subjective acceleration clauses.

7. Intergovernmental revenues

During the year ended June 30, 2019, all intergovernmental revenues were received from the City. The $4,500,000 recorded in the debt service fund relates to an Interlocal Agreement with the City and the Smith Center for the Performing Arts, (see Note 8c). The City also provided $4,595,124 for improvements on the Fremont Street Experience Celestial Canopy over the Pedestrian Mall and $1,521,264 related to payment on a note receivable related to the 5th Street School, which are recorded in the General Fund.

8. Commitments and contingent liabilities

A. Litigation

The Agency is not involved in claims or legal actions arising in the ordinary course of business.

B. Tax Increment Financing

The Agency has entered into seven tax increment subordinate lien notes as part of various owner participation agreements.

The indebtedness represented by the notes 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.

8. Commitments and contingent liabilities (continued)

B. Tax Increment Financing (continued)

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:

- WMCV Phase I, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2005, in the amount of $1,696,622. Payments started June 30, 2006 and continue until June 30, 2025. Interest accrues at 8.07 percent per annum, effective 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, 2019, 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 started June 30, 2006 and continue until June 30, 2025. Interest accrues at 8.04 percent per annum, effective 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 $73,511 in interest to WMCV Phase II, which was charged to economic development and assistance. The outstanding balance was $20,972,569 at June 30, 2019, which includes $12,247,024 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 started June 30, 2008 and continue until June 30, 2025. Interest accrues at 7.90 percent per annum, effective June 30, 2008. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue and paid $305,114 in interest to WMCV Phase III, LLC, which was charged to economic development and assistance. The outstanding balance was $24,958,238 at June 30, 2019, which includes $11,127,545 of accrued interest.

- SP Sahara Development, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2008, in the amount of $20,912,094. Payments started June 30, 2008 and continue until June 30, 2027. Interest accrues at 7.90 percent per annum effective June 30, 2008. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue and paid $317,395 in interest to SP Sahara Development, LLC, which was charged to economic and development assistance. The outstanding balance at June 30, 2019 was $40,688,813, which includes $20,077,134 of accrued interest.

- PH GSA, LLC Note – Taxable tax increment subordinate Lien Note entered into April 24, 2006, in the amount of $995,510. Payments started June 30, 2006 and continue until June 30, 2026. Interest accrues at 7.00 percent per annum, effective 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 $39,009 in interest to PH GSA, LLC, which was charged to economic development and assistance. The outstanding balance at June 30, 2019 was $1,671,355 which includes $675,845 of accrued interest.

8. Commitments and contingent liabilities (continued)

B. Tax Increment Financing (continued)

- WMCV Phase III, LLC Note—Taxable tax increment subordinate Lien Note entered into June 17, 2009, in the amount of $12,321,620. Payments started June 30, 2009 and continue until June 30, 2025. Interest accrues at 7.57 percent per annum, effective 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 $413,248 in interest to WMCV Phase III, LLC, which was charged to economic development and assistance. The outstanding balance was $17,418,480 at June 30, 2019, which includes $5,096,860 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 started June 30, 2009 upon the payment of property taxes and continue for seventeen years until June 30, 2025. Interest accrues at 7.57 percent per annum 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 $26,071 in interest to WMCII Associates, LLC, which was charged to economic development and assistance. The outstanding balance was $4,632,059 at June 30, 2019, which includes $1,968,986 of accrued interest.

C. Future Car Rental Fee Distributions

On March 26, 2009, the City issued $101,220,000 of City of Las Vegas Nevada General Obligation Performing Arts Center Bonds, Series 2009, to be paid from a fee associated with rental cars.

On May 6, 2009, the City and the Agency entered into the Interlocal Agreement regarding the distribution of funds for a performing arts center. On May 26, 2009, the Agency issued $85,000,000 of Tax Increment Revenue Bonds, which were used for the construction of the Performing Arts Center project in the City of Las Vegas and carried interest rates ranging from 6.0% to 8.0%. In April 2016, the Series 2009 bonds were refunded with proceeds from the issuance of Series 2016 Tax Increment Revenue Refunding Bonds in the amount of $83,400,000 and bearing interest rates ranging from 3.0% to 5.0%.

On February 15, 2012, the City (Landlord) and the Smith Center for the Performing Arts (Tenant) entered into a Lease and Operating Agreement for the Performing Arts Center. Under the terms of the agreement, the Landlord agrees that any Rental Car Fees received by the Landlord in excess of what is determined by the Landlord to be needed to pay annual debt service on the performing arts center bonds for the then current year, and a reserve for the next succeeding year, shall be used only as permitted by NRS 244A.860(3) and the Interlocal Agreement.

The Landlord shall pay Tenant any excess Rental Car Fees on a quarterly basis. Tenant agrees that excess Rental Car Fees in the amount of $20,000,000, may be retained by Landlord as a reimbursement for funds that have been contributed.

Under the terms of the Interlocal Agreement between the City and the Agency, the $20,000,000 of excess Rental Car Fees will be refunded to the Agency plus $141,433 in Agency Contingency Funds paid. This refund is contingent solely upon excess Rental Car Fees and shall be completed no later than September 6, 2030, if funds are available. The Agency received $4,500,000 in refunding fees in fiscal year 2019 from the City for a total refunding of $11,900,000, leaving a balance due at June 30, 2019 of $8,100,000.

9. Recently Issued Accounting Pronouncements

In May, 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations,* effective for reporting periods beginning after December 15, 2020. The objectives of this statement are to clarify the existing definition of conduit debt obligations; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has not yet completed its assessment of this statement.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, effective for reporting periods beginning December 15, 2018. The objectives of this statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. Management has not yet completed its assessment of this statement.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* effective for reporting periods beginning after December 15, 2019. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management has not yet completed its assessment of this statement.

In June 2017, the GASB issued Statement No. 87, *Leases* for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Management has not yet completed its assessment of this statement.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities* for periods beginning after December 15, 2018. This Statement's purpose is to enhance the consistency and comparability of fiduciary activity reporting and also to improve the usefulness of fiduciary activity for assessing the accountability of governments in their role as fiduciaries. Management has not yet completed its assessment of this statement.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* for periods beginning after December 15, 2018. This statements purpose is to address the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Management has not yet completed its assessment of this statement.

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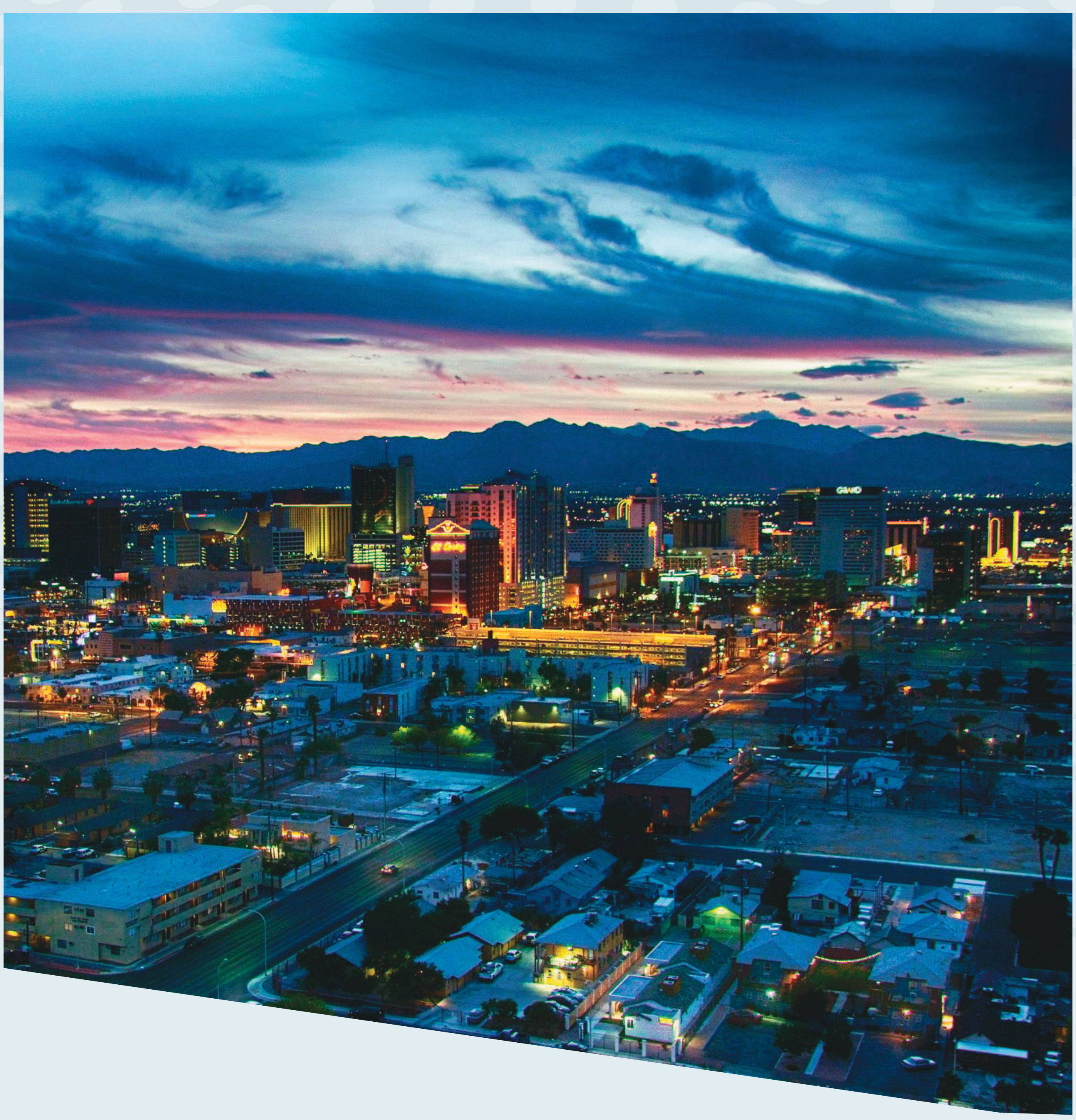
OTHER SUPPLEMENTARY INFORMATION



CITY OF LAS VEGAS REDEVELOPMENT AGENCY
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	$	$	$ 4,500,000	$ 4,500,000
Investment earnings	95,000	95,000	120,631	25,631
Miscellaneous			1,410,606	1,410,606
Total revenues	95,000	95,000	6,031,237	5,936,237
Expenditures:				
Debt service:				
Principal retirement	3,442,219	3,442,219	3,442,219	
Interest and fiscal charges	6,158,219	6,158,219	6,065,237	92,982
Total expenditures	9,600,438	9,600,438	9,507,456	92,982
Deficiency of revenues under expenditures	(9,505,438)	(9,505,438)	(3,476,219)	6,029,219
Other financing sources:				
Transfers in	9,550,000	9,550,000	5,000,000	(4,550,000)
Net change in fund balance	44,562	44,562	1,523,781	1,479,219
Fund balance, July 1	5,588,971	5,588,971	5,604,028	15,057
Fund balance, June 30	$ 5,633,533	$ 5,633,533	$ 7,127,809	$ 1,494,276

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AUDITOR'S COMPLIANCE SECTION

PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' 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*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Las Vegas Redevelopment Agency (the Agency), a component unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 2, 2019.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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 Agency's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the Agency, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
December 2, 2019

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