City of Las Vegas

Redevelopment Agency Annual Financial Report

For the Fiscal Year Ended June 30, 2020

City of Las Vegas Redevelopment Agency

Annual Financial Report

A Component Unit of the City of Las Vegas

For the Fiscal Year Ended June 30, 2020

Prepared By
The Department of Finance
Venetta Appleyard, Director

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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LAS VEGAS
CITY COUNCIL

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Mayor

STAVROS S. ANTHONY
Mayor Pro Tem

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CEDRIC CREAR
BRIAN KNUDSEN
VICTORIA SEAMAN
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February 4, 2021

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 annual financial report of the City of Las Vegas Redevelopment Agency (Agency) for the fiscal year ended June 30, 2020.

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.

BDO USA, LLP, a certified public accounting firm licensed and qualified to perform audits of state and local governments, have issued an unmodified opinion on the Agency's financial statements for the fiscal year ended June 30, 2020. 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 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 by the third Tuesday of May and the final budget must be adopted by the Agency Board and filed with the Department of Taxation by June 1. The appropriated budget is prepared by fund, function (e.g., economic development) and department. The Agency Board may amend or augment the annual budget following the public hearing. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted on page 22 in the Basic Financial Statements and page 39 of the Other Supplementary Information.

Local Economy and Economic Factors. The Las Vegas economy ended calendar year 2019 very strong with increases reported in several key economic indicators. With the onset of the COVID-19 virus in March 2020 leading to a shutdown of non-essential businesses including casinos, the economic indicators turned negative. The local economy, bolstered by Federal stimulus from the CARES Act, began to recover in late spring and current projections from local economists indicate a recovery period of up to two years.

According to the Bureau of Labor Statistics, the unemployment rate in Las Vegas was 3.5% as of December 2019. An all-time high unemployment rate of 32.1% for Las Vegas was reached in April 2020 as a result of the shutdown due to COVID-19. The April rate was much higher than the U.S. rate of 14.4%, which reflects the dependence of the City on travel and entertainment, an industry shut down at the beginning of the pandemic. As of June 2020, the unemployment rate had declined to 16.7%, and it has continued to slowly decline in the months since.

Statistics from Las Vegas Convention and Visitors Authority indicate a visitor count of 42.5 million for calendar year 2019, which was an increase of 1% compared to 2018. For the period of March through June 2020, the visitor volume was 2.8 million, which was a decrease of 80.4% over the same period in 2019.

Construction was completed on the Circa Resort & Casino, a new 44 story, 777-room hotel being built by Derek Stevens. The 1.2 million square foot hotel-casino opened its casino floor and restaurants in October 2020 and opened to hotel guests in December 2020. It is the first new construction casino for the downtown district in 40 years. There are three new hotels under construction in the downtown area that will prepare the City to accommodate visitation of conference attendees as well as the leisure visitor. To date, over 70% 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 the second quarter 2020, the city's office space inventory reported a 13.1% vacancy rate, down from 13.9% from the year prior. As of the second quarter of 2020, retail markets in the city are reporting a vacancy rate of 6.4%, which is a decrease from 7.0% 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 6.0%, which is the lowest vacancy rate since 2018.

The City's population currently is estimated at 653,350 and is trending upward over 2019 by 1.4%. In a press release, the U.S. Census Bureau listed Las Vegas as one of the cities with the largest population gains in recent years. The entire Las Vegas valley currently houses close to 2.29 million residents.

The housing market in the Las Vegas metropolitan area remains strong. According to the Nevada Housing Market Update published by the Lied Institute for Real Estate Studies at UNLV in June 2020, the average new home price rose 4.5% from the prior year and the average existing home price rose 1.9% from the prior year. Nonetheless, percentage increases reached near record values in October 2020, when the year-over-year growth was 15.7% and 9.4% for the average new home price and the average existing home price, respectively. 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 6.1% over the past year. Assessed property values in the City rose 9.8% to $21.1 billion in fiscal year 2020. Additionally, assessed values in the city's redevelopment areas increased 6.1% to $1.3 billion. With the aforementioned statistics, a large decline in property tax revenue is not expected.

Major Initiatives Completed by the Redevelopment Agency in Fiscal Year 2020

- 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. Each project will provide approximately 300 residential units and a combined total of 26,000 square feet of retail space.

- The Agency has contributed $275,000 in matching Visual, Office, Tenant and Residential Improvement Program grant money toward interior/exterior building renovations for businesses located in the city's redevelopment areas. This resulted in almost $2.1 million in private investment to improve rundown facilities and reduce urban blight. Another $695,000 in projects are under contract, which are not expected to be completed until fiscal year 2021.

- Fremont Street Experience completed renovating the five-block, audio-visual canopy over its pedestrian mall during the second quarter of fiscal year 2020. The Agency contributed $31.4 million toward the upgrades. The project was a collaboration with the Fremont Street Experience and the Las Vegas Convention and Visitors Association.

- Launched and funded three Innovation Centers that will serve as an incubator for the development of new and emerging technologies that align with city of Las Vegas priorities, including but not limited to internet of things (iOT), artificial intelligence, virtual and augmented reality, cybersecurity, water science and advanced mobile data.

- 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.

- In May 2019, the Agency was awarded $45 million in New Market Tax Credits. This is in addition to the $55 million granted in 2016 and $28 million awarded in 2014. 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. Projects that will be funded by New Market Tax Credits during fiscal year 2021 include the expansion of the Homeless Courtyard operated by the City and the construction of the Strong Start Academy at Wardelle. The Homeless Courtyard expansion will provide additional services to address the needs of the City's homeless population in an effort to decrease this population and put them on the road to breaking the cycle of homelessness. The purpose of the Strong Start at Wardelle is to provide quality education for children ages birth-5 years of age and to deliver comprehensive primary physical and mental health care to meet the needs of low-income individuals and families.

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,

Jorge Cervantes
Executive Director

Gary Ameling
Finance Officer

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund 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, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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 Agency as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

COVID-19 Pandemic

As discussed in Note 11 to the financial statements, the Agency may be adversely impacted by the outbreak of a novel strain of the coronavirus, known as COVID-19, which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

Prior Period Restatements

As discussed in Note 12 to the financial statements, the fund balance of the governmental funds as of July 1, 2019 has been restated to correct errors related to the recording of accounts payable and intergovernmental receivables. In addition, the governmental activities net position as of July 1, 2019 has been restated to correct errors related to the recording of a loan receivable, accounts payable and intergovernmental receivables. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 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 opinions on the financial statements that collectively comprise the Agency's basic financial statements. The debt service fund budget to actual schedule of revenues, expenditures and changes in fund balance is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The debt service fund budget to actual schedule of revenues, expenditures and changes in fund balance 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 debt service fund budget to actual schedule of revenues, expenditures and changes in fund balance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2021, 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.

BDO USA, LLP

Las Vegas, Nevada
February 4, 2021

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, 2020. 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, 2020, by $64,190,048 (*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. Additionally, 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 $1,632,435 in fiscal year ended June 30, 2020, before the prior period adjustment.
- As of the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of $30,255,296, a decrease of $12,042,615 after the prior period adjustment. 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 2020, the Agency contributed $14,677,271 to the canopy project completing the Agency's funding commitment, which began in fiscal year 2018. Total contributions for this project were $31,418,528. Seventy-one (71%) percent of the ending fund balance, $21,631,865, is available for spending at the government's discretion (*unassigned*).
- As of June 30, 2020, the General Fund had $3,011,329 in nonspendable fund balance and $25,277,431 in unassigned fund balance. The debt service fund had a deficit unassigned fund balance of $3,645,566 and $5,612,102 in restricted fund balance.
- The Agency's total bonded debt decreased by $5,242,219 (4.5%) (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 are comprised of 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 does not have any 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.

As 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 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 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 debt service fund. The individual schedule provides budget-versus-actual comparisons and can be found in the Other Supplementary Information section on page 39 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, 2020	June 30, 2019
Current and other assets	$ 43,240,303	$ 48,060,498
Capital assets	13,923	15,759
Total assets	43,254,226	48,076,257
Deferred outflows:		
Deferred charges on refunding	11,299,909	12,429,899
Long-term liabilities	112,332,390	118,260,363
Other liabilities	6,411,793	7,772,690
	118,744,183	126,033,053
Net position:		
Investment in capital assets	13,923	15,759
Restricted	5,226,313	17,342,246
Unrestricted (deficit)	(69,430,284)	(82,884,902)
Total net position (deficit)	$ (64,190,048)	$ (65,526,897)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2020, the Agency's liabilities exceeded assets and deferred outflows by $64,190,048, of which $69,430,284 is unrestricted deficit net position. Additionally, $5,226,313 represents resources that are subject to external restrictions on how they may be used and is, therefore, reported as *restricted*. 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 expenses 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 two categories of net position (investment in capital assets and restricted) for the Agency as a whole.

Governmental activities. Governmental activities reduced the Agency's ending net position by $1,632,435 or 2.6% before the prior period adjustment. Key elements of this decrease are as follows:

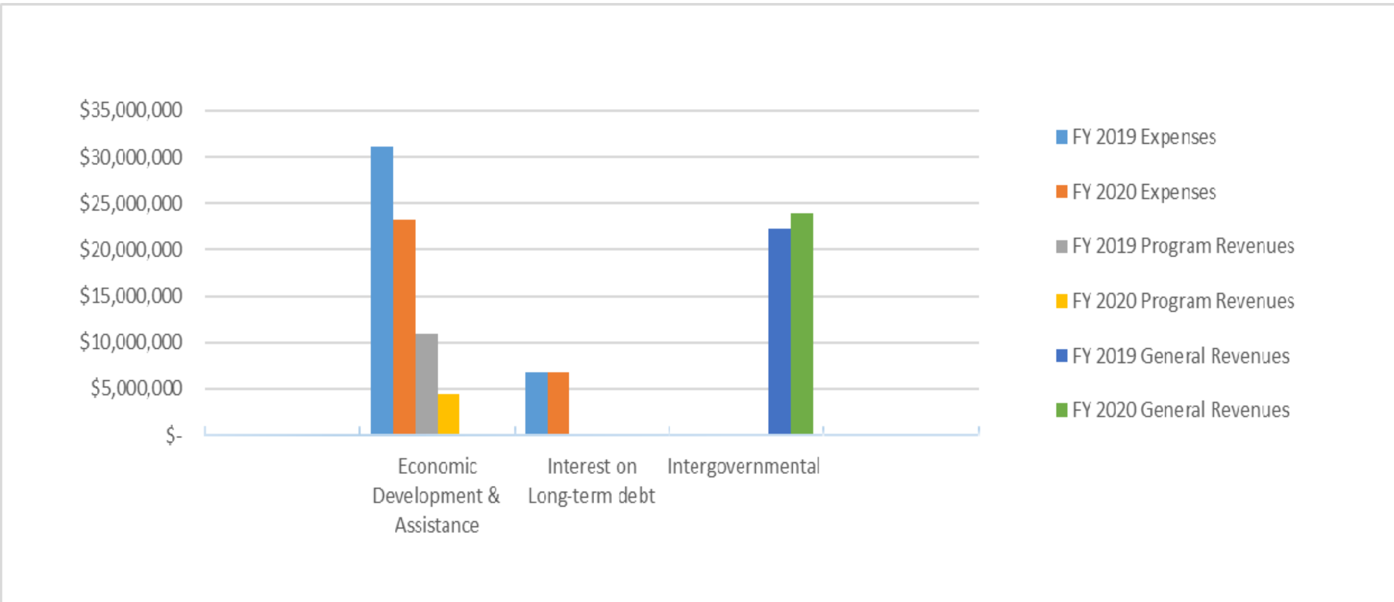
Summary of Activites
For the Years Ended

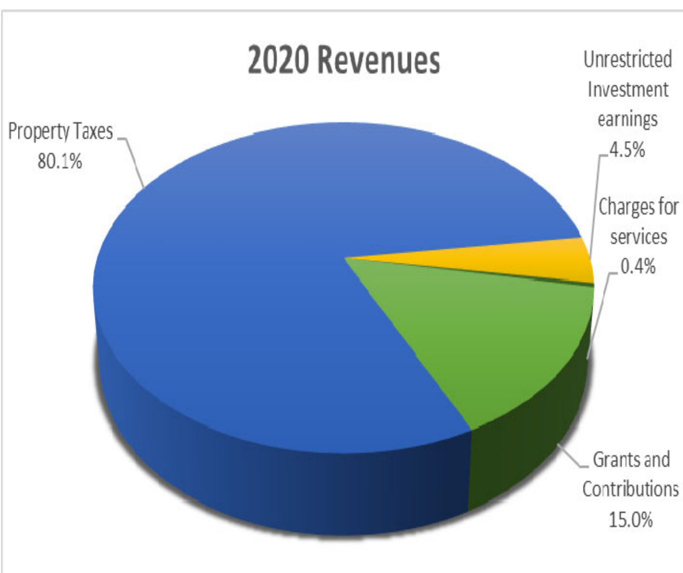
	Governmental Activities	
	June 30, 2020	June 30, 2019
Revenues:		
Program revenues:		
Charges for services	$ 109,838	$ 431,551
Operating grants and contributions	-	4,500,000
Capital grants and contributions	4,263,064	6,005,730
General revenues:		
Property taxes	22,688,441	21,064,013
Unrestricted investment earnings	1,278,477	1,172,034
Total revenues	28,339,820	33,173,328
Expenses:		
Economic development and assistance	23,173,801	31,161,688
Interest on long-term debt	6,798,454	6,774,137
Total expenses	29,972,255	37,935,825
Change in net position (deficit)	(1,632,435)	(4,762,497)
Net position (deficit) - July 1, as previously reported	(65,526,897)	(60,764,400)
Prior period adjustment*	2,969,284	-
Net position (deficit) - July 1, as restated	(62,557,613)	(60,764,400)
Net position (deficit) - June 30	$ (64,190,048)	$ (65,526,897)

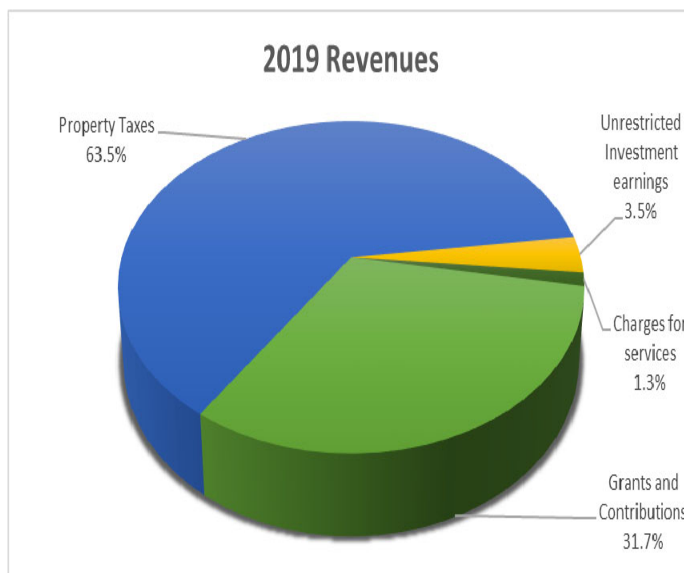
*Additional details about the prior period adjustment can be found on pages 35-36 of this report.

- Property tax collections increased by $1,624,428 or 7.7% as compared to the prior fiscal year, due to an increase in property values. During the year ended June 30, 2019, the Agency received $4,500,000 in excess car rental fees that were refunded from the City pursuant to the Interlocal Agreement with the City and the Smith Center for the Performing Arts. No such transaction occurred during the year ended June 30, 2020, resulting in a decrease in operating grants and contributions (see note 10c). In addition, the Agency received contributions of $4,263,064 for the renovation of the celestial canopy at the Fremont Street Experience; a decrease in capital grants and contributions of $1,742,666 from the prior year.
- The Agency had Economic Development and Assistance expenses of $23,173,801. The larger expenses consisted of the following: $14,677,271 was contributed to the Fremont Street Experience for the renovation of the celestial canopy; $4,173,907 to the City of Las Vegas for payroll and benefits for the Agency; $4,081,920 to the City of Las Vegas for housing and education set-aside; $1,870,000 to the City of Las Vegas for Fremont Street Marshal Patrols and Downtown Ranger Support, and operations and maintenance on Fremont Street; $1,291,496 to the City of Las Vegas Debt Service

Fund associated with bonds used for Symphony Park; and $342,614 to the City of Las Vegas for the Historic Fifth Street School and the Las Vegas Library leases. These expenses were partially offset by the Fremont Street Experience reimbursement of $5,930,825 (see note 2b). Economic development and assistance expenses decreased by $7,987,887 mainly due to an effort to curb non-essential spending in response to the uncertainty of how the COVID-19 pandemic will affect the Agency's revenue sources and the aforementioned Fremont Street Experience reimbursement.







Financial Analysis of Agency's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related 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, 2020, the Agency's governmental funds reported combined ending fund balances of $30,255,296, a net decrease of $12,042,615 in comparison with the prior year after the prior period adjustment. Approximately 10% of the fund balance, or $3,011,329, constitutes *nonspendable fund balance* on Economic Development Projects, 71%, or $21,631,865 constitutes *unassigned fund balance*, which is available for spending at the Agency's discretion. The remaining fund balance of $5,612,102, is *restricted* to indicate it is not available for new spending because it has already been restricted 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 $28,288,760 of which $3,011,329 was nonspendable.

During the fiscal year, the fund balance of the Agency's general fund had a net decrease from current year activity of $5,597,719 compared to $7,045,570 in the prior year. The key factors contributing to the decrease include a contribution of $14,677,271 to the Fremont Street Experience for updating of the celestial canopy. Additionally, there was an increase of $700,000 in the amount transferred to the Agency's Debt Service Fund for debt service payment, $170,000 increase in the amount transferred to the City for the operations and maintenance on Fremont Street. Moreover, the transfer to the City for housing and education set aside increased approximately $300,000 due to an increase of $1,568,339 in property tax collections.

The Debt Service Fund has an ending fund balance of $1,966,536, which included $5,612,102 restricted for debt service reserves and unassigned fund balance deficit of $3,645,566.

General Fund Budgetary Highlights

There were no amendments to the budget for the year ended June 30, 2020. The General Fund had a final budget for economic development and assistance expenditures of $37,453,055 for the fiscal year. The fund's actual expenditures were less than budgeted expenditures by $9,214,249. This difference is primarily due to timing of contributions planned for renovation of the Fremont Street Experience canopy and an effort to reduce non-essential spending in response to the uncertainty of how the coronavirus pandemic will impact the Agency's future financial condition.

Capital Assets

At June 30, 2020 and 2019, the Agency had $13,923 and $15,759 invested in capital assets, which was comprised of fences acquired to protect land parcels held for sale from vandalism and homeless encampments.

Debt Administration

Long-term debt. At the end of the current fiscal year, the Agency had total bonded debt and loans payable of $118,260,363 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, 2020	June 30, 2019
Debt obligations (including unamortized original issue premiums)	$ 118,260,363	$ 124,067,829

The Agency's total net debt decreased by $5,807,466 or 4.7% (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 7 on pages 30-32 of this report.

Economic Factors

For fiscal year 2021, the incremental valuation (assessed value) of the Agency is $1,422,195,394, with a tax rate of 2.4298 apportioned to the Agency per $100 of assessed value. The incremental valuation increased $69,894,268 from 2020.

COVID-19

The outbreak of a novel coronavirus and the incidence of the related disease (COVID-19) starting in late 2019 has continued, spreading throughout the United States and much of the world beginning in the first quarter of 2020. In March 2020, the World Health Organization declared the outbreak as a pandemic. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The COVID-19 outbreak did not adversely affect the Agency's results of operations for fiscal year 2020. Nonetheless, given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to the Agency's future results of operations, cash flows, or financial condition.

On March 27, 2020, the President of the United States signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES Act)." The CARES Act, among other things, includes provisions appropriating funds from programs of the United States Department of the Treasury and Department of Education to be used to make payments for specified uses to states and certain local governments. There is no assurance the Agency is eligible for these funds, and will continue to examine the impact that the CARES Act may have on its operations.

The Consolidated Appropriations Act of 2021 passed on December 27th, 2020. There are programs in the Act that are specifically for State and Local Governments. The Agency is currently evaluating the impact of the Act.

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, 2020

		GOVERNMENTAL ACTIVITIES
ASSETS		
Current assets:		
Cash and investments (Notes 1D and 4)	$	21,647,682
Receivables:		
Accounts		17,767
Interest		20,421
Intergovernmental		3,399
Property taxes		662,331
Loans (Note 5)		12,265,272
Noncurrent assets:		
Land held for resale		3,011,329
Restricted assets:		
Investments (Note 4)		5,612,102
Capital assets:		
Equipment, net of depreciation		13,923
Total assets		43,254,226
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding		11,299,909
LIABILITIES		
Current liabilities:		
Current portion on bonds and loans payable (Note 7)		5,927,973
Accounts payable		59,885
Interest payable		385,789
Customer deposits		30,833
Intergovernmental payable		7,313
Noncurrent liabilities (Note 7)		
Due in more than one year - bonds and loans payable		112,332,390
Total liabilities		118,744,183
Net position:		
Investment in capital assets		13,923
Restricted for:		
Debt service (Note 7)		5,226,313
Unrestricted (deficit)		(69,430,284)
Total net position (deficit)	$	(64,190,048)

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		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	$ 23,173,801	$ 109,838	$ -	$ 4,263,064	$ (18,800,899)
Interest	6,798,454	-	-	-	(6,798,454)
Total governmental activities	$ 29,972,255	$ 109,838	$ -	$ 4,263,064	$ (25,599,353)

General revenues:	
Property taxes	22,688,441
Unrestricted investment earnings	1,278,477
Total general revenues	23,966,918
Change in net position	(1,632,435)
Net position (deficit) - July 1, as previously reported	(65,526,897)
Prior period adjustment	2,969,284
Net position (deficit) - July 1, as restated	(62,557,613)
Net position (deficit) - June 30	$ (64,190,048)

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash, cash equivalents and investments (Notes 1D and 4)	$ 21,647,682	$ -	$ 21,647,682
Restricted investments (Note 4)	-	5,612,102	5,612,102
Receivables:			
Accounts	17,767	-	17,767
Interest	20,159	262	20,421
Intergovernmental	3,399	-	3,399
Property taxes	662,331	-	662,331
Loans (Note 5)	12,265,272	-	12,265,272
Due from other funds	3,645,828	-	3,645,828
Land held for resale	3,011,329	-	3,011,329
Total assets	$ 41,273,767	$ 5,612,364	$ 46,886,131
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 59,885	$ -	$ 59,885
Due to other funds	-	3,645,828	3,645,828
Due to other governments	7,313	-	7,313
Customer deposits	30,833	-	30,833
Total liabilities	98,031	3,645,828	3,743,859
Deferred inflows of resources:			
Unavailable revenue - Loans	12,265,272	-	12,265,272
Unavailable revenue - Property tax	621,704	-	621,704
Total deferred inflow of resources	12,886,976	-	12,886,976
Total liabilities and deferred inflows of resources	12,985,007	3,645,828	16,630,835
FUND BALANCES:			
Nonspendable:			
Land held for resale	3,011,329	-	3,011,329
Restricted for:			
Debt service (Note 7)	-	5,612,102	5,612,102
Unassigned	25,277,431	(3,645,566)	21,631,865
Total fund balances	28,288,760	1,966,536	30,255,296
Total liabilities, deferred inflows of resources and fund balances	$ 41,273,767	$ 5,612,364	
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 6)			13,923
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)			(107,346,243)
Delinquent property taxes receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			621,704
Loans receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			12,265,272
Net position (deficit) of governmental activities (Page 17)			$ (64,190,048)

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, 2020

	GENERAL FUND	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property taxes	$ 22,677,335	$ -	$ 22,677,335
Investment and other interest earnings	852,854	425,623	1,278,477
Intergovernmental (Note 8)	4,263,064	-	4,263,064
Miscellaneous	547,834	191,016	738,850
Total revenues	28,341,087	616,639	28,957,726
EXPENDITURES			
Current:			
Economic Development and Assistance	28,238,806	-	28,238,806
Debt Service:			
Principal retirement	-	5,242,219	5,242,219
Interest and fiscal charges	-	6,235,693	6,235,693
Total expenditures	28,238,806	11,477,912	39,716,718
Excess (deficiency) of revenues over (under) expenditures	102,281	(10,861,273)	(10,758,992)
Other financing sources (uses):			
Transfers in	-	5,700,000	5,700,000
Transfers out	(5,700,000)	-	(5,700,000)
Total other financing sources (uses)	(5,700,000)	5,700,000	-
Net change in fund balances	(5,597,719)	(5,161,273)	(10,758,992)
Fund balances, July 1, as previously reported	35,170,102	7,127,809	42,297,911
Prior period adjustment	(1,283,623)	-	(1,283,623)
Fund balances, July 1, as restated	33,886,479	7,127,809	41,014,288
Fund balances, June 30	$ 28,288,760	$ 1,966,536	$ 30,255,296

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, 2020

Net change in fund balances - total governmental funds (page 20).	$	(10,758,992)
Deferred loan proceeds in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(1,492,996)
Certain property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		11,106
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 6)		(1,836)
Repayment of the principal of long-term debt consumes the current financial resources of government funds, but does not have any affect on net position.		5,242,219
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)		5,368,064
Change in net position of governmental activities (page 18).	$	(1,632,435)

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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Property taxes	$ 22,891,482	$ 22,891,482	$ 22,677,335	$ (214,147)
Intergovernmental	4,120,000	4,120,000	4,263,064	143,064
Investment and other interest earnings	331,400	331,400	852,854	521,454
Other reimbursements	8,000	8,000	-	(8,000)
Miscellaneous	700,200	700,200	547,834	(152,366)
Total revenues	28,051,082	28,051,082	28,341,087	290,005
Expenditures:				
Current:				
Economic development and assistance	37,453,055	37,453,055	28,238,806	9,214,249
Excess (deficiency) of revenues over (under) expenditures	(9,401,973)	(9,401,973)	102,281	9,504,254
Other financing uses:				
Transfers out	(5,700,000)	(5,700,000)	(5,700,000)	-
Net change in fund balance	(15,101,973)	(15,101,973)	(5,597,719)	9,504,254
Fund balance, July 1, as previously reported	38,274,752	38,274,752	35,170,102	(3,104,650)
Prior period adjustment	-	-	(1,283,623)	(1,283,623)
Fund balance, July 1, as restated	38,274,752	38,274,752	33,886,479	(4,388,273)
Fund balance, June 30	$ 23,172,779	$ 23,172,779	$ 28,288,760	$ 5,115,981

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 blended 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 bond trust indenture requirement and the requirements of the Nevada Revised Statutes (NRS). The financial statements of the Agency are not intended to present fairly the financial position and results of operations of the City of Las Vegas. Only the accounts of the Agency are included in the reporting entity.

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. 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, intergovernmental revenues 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. Capital grants and contributions are recognized when earned and billable. 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.

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. All investments are recorded at estimated fair value.

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

2. Property taxes receivable

The Agency's primary source of revenue is ad valorem property tax. The Nevada Tax Commission must certify all tax rates on June 25, the levy date, and property is liened on July 1. Property taxes are levied in

July and are payable to the County Treasurer in four equal installments during August, October, January and March. Apportionment of taxes by Clark County to the Agency is made in the calendar quarters of September, December, March and June.

The Agency receives that portion of ad valorem tax, which is produced by the rate at which the tax is levied each year by all taxing entities in the redevelopment area. This tax is applied to that portion of the assessed valuation of all taxable property in the redevelopment area, which is in excess of the amount of the assessed valuation as certified by the Clark County Tax Assessor for the 1986 fiscal year. For fiscal year 2020, the incremental valuation (assessed value) was $1,352,301,126 with a tax rate of $2.4298 apportioned to the Agency per $100 of assessed value.

1. Summary of significant accounting policies (continued)

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

3. Loans receivable

Loans receivable represent amounts due from Fremont Street Experience, LLC.

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.

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 their acquisition 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

1. Summary of significant accounting policies (continued)

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

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: investment in capital assets, 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.

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.

1. Summary of significant accounting policies (continued)

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

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 $107,346,243 difference is as follows:

Debt obligations	$	110,255,535
Unamortized original issue premiums (amortized over the life of the bonds to interest expense)		8,004,828
Accrued interest payable		385,789
Deferred charges on refunding (to be amortized as interest expense and fiscal charges)		(11,299,909)
Net adjustment to decrease fund balance total governmental Funds to arrive at *net position – governmental activities*	$	107,346,243

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

One element of that reconciliation states "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 $5,368,064 difference is as follows:

Amortization of bond premium	$	565,247
Amortization of the deferred charge on refunding		(1,129,990)
Change in accrued interest		1,982
Fremont Street Experience reimbursement		5,930,825
Net adjustment to increase *net changes in fund balance governmental funds to arrive at changes in net position of governmental activities*	$	5,368,064

3. Stewardship and legal compliance

A. Budgetary information

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general 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.

The Redevelopment Agency Debt Service Fund expenditures exceeded appropriations by $190,453. The excess was due to an increase on interest payments on the Tax Increment Financing Notes during the current fiscal year. However, Nevada Revised Statute 354.626(1) states that expenditures over appropriations for debt repayment does not constitute a violation of law.

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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, 2020, the Agency has the following cash, cash equivalents and investments:

Investment Type	Market Value	Weighted-Average Maturity Years	Investment Maturity 1 - 30 Days
Money Market fund	$ 5,612,102	0.0027	$ 5,612,102
Local Government Investment Pool	20,525,788	0.0027	20,525,788
Total	$ 26,137,890		$ 26,137,890

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

	Unrestricted	Restricted	Total
Cash on deposit	$ 1,121,894	$ -	$ 1,121,894
Money market fund	-	5,612,102	5,612,102
Local government investment pool	20,525,788	-	20,525,788
Total cash, cash equivalents and investments	$ 21,647,682	$ 5,612,102	$ 27,259,784

4. Cash, cash equivalents and investments (continued)

The State of Nevada Local Government Investment Pool (LGIP) is an external investment pool administered by the Treasurer of the State of Nevada with oversight provided by the Board of Finance. The LGIP operates in accordance with all applicable NRS. The reported fair value of the Agency's investment pool is based upon the Agency's pro-rata share of the fair value provided by LGIP. As of June 30, 2020, the Agency held $20,525,788 in the LGIP. The LGIP fair value factor of 1.0026009 was used to calculate the fair value of the investments in the LGIP.

The Agency categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles.

- Level 1 – Inputs are quoted prices in active markets for identical assets;
- Level 2 – Inputs are significant other observable inputs; and
- Level 3 – Inputs are significant unobservable inputs.

The Agency has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Amount	Level 1 Inputs
Local government investment pool	$ 20,525,788	$ -
Money market fund	5,612,102	5,612,102
	$ 26,137,890	$ 5,612,102

The Agency does not have any investments that are measured using Level 2 and Level 3 inputs.

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: Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies (i.e., FNMA, FHLB, etc.), corporate bonds rated "A" or better by a nationally recognized rating service, commercial paper rated "A-1", "P-1" by a nationally recognized rating services, repurchase agreements, certificates of deposit, money market mutual funds rated "AAA" by a nationally recognized rating services or other securities in which banking institutions may legally invest, State of Nevada Local Government Pooled Funds or collateralized investment contracts. The Agency has adopted the state statutes for its investing policies to minimize its credit risk.

Investment Type	Amount	Minimum Legal Rating	Year End Rating
Local government investment pool	$ 20,525,788	N/A	N/A
Money market fund	5,612,102	AAA	AAA
	$ 26,137,890		

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, 2020, more than 5% of the Agency's investments are in the Morgan Stanley Institutional Liquidity Funds Treasury Portfolio and Local government investment pool. These investments are 21% and 79%, respectively, of total investments.

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

4. Cash, cash equivalents and investments (continued)

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, 2020, the Agency had a cash balance per books of $1,121,894 and a bank balance of $1,158,556. 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. Loans receivable

The Agency has loans receivable as follows:

- Fremont Street Experience, LLC for $3,136,540. 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 total payments received for the year were $695,400, with principal of $437,996 and interest of $257,404.

- Fremont Street Experience, LLC for $9,128,732. The note bears interest ranging between 2.50% and 3.60%. Principal and interest payments commenced on December 1, 2018. The note matures June 1, 2028. The annual total payments received for the year were $547,114, with principal of $191,016 and interest of $356,098.

6. Capital assets

Capital asset activity for the fiscal year ended June 30, 2020, 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	(2,601)	(1,836)	-	(4,437)
Governmental activities capital assets, net	$ 15,759	$ (1,836)	$ -	$ 13,923

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

Governmental activities:	
Economic development and assistance	$ 1,836

7. 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, $5,612,102 has been deposited in a reserve account with the Agency's trustee.

7. 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, 2019	Additions	Deletions	Balance June 30, 2020	Due within one Year
3.0% to 5.0% Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2016, due 06/15/2045	$ 83,400,000	$ 83,400,000	$ -	$ (1,765,000)	$ 81,635,000	$ 1,815,000
Direct Borrowings:						
1.43%/average earning rate of the City's Sanitation Fund plus .25% Loan Payable to the City's Sanitation Fund, due 06/1/2027	15,472,192	12,377,754	-	(1,547,219)	10,830,535	1,547,219
2.5% to 3.6% Loan Payable to the City's Debt Service Fund, due 06/01/2028	21,615,000	19,720,000	-	(1,930,000)	17,790,000	1,985,000
	120,487,192	115,497,754	-	(5,242,219)	110,255,535	5,347,219
Deferred Amounts:						
Add: Issuance Premiums		8,570,075	-	(565,247)	8,004,828	580,754
		$ 124,067,829	$ -	$ (5,807,466)	$ 118,260,363	$ 5,927,973

C. Annual debt service requirements to maturity

Annual debt service requirements to maturity for the Agency's bonds and loans at June 30, 2020, are as follows:

	Government Activities						
	Direct Borrowing Loans		Tax Increment Revenue Bonds		Total Bonds and Loans		
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	$ 3,532,219	$ 859,631	$ 1,815,000	$ 3,769,831	$ 5,347,219	$ 4,629,462	$ 9,976,681
2022	3,592,219	763,786	1,890,000	3,697,231	5,482,219	4,461,017	9,943,236
2023	3,657,219	662,080	1,985,000	3,602,731	5,642,219	4,264,811	9,907,030
2024	3,722,219	556,217	2,080,000	3,503,481	5,802,219	4,059,698	9,861,917
2025	3,792,219	446,066	2,185,000	3,399,481	5,977,219	3,845,547	9,822,766
2026-2030	10,324,440	633,809	12,680,000	15,244,905	23,004,440	15,878,714	38,883,154
2031-2035	-	-	15,815,000	12,114,168	15,815,000	12,114,168	27,929,168
2036-2040	-	-	19,005,000	8,926,119	19,005,000	8,926,119	27,931,119
2041-2045	-	-	24,180,000	3,745,000	24,180,000	3,745,000	27,925,000
	$ 28,620,535	$ 3,921,589	$ 81,635,000	$ 58,002,947	$ 110,255,535	$ 61,924,536	$ 172,180,071

7. Long-term debt (continued)

D. Pledged revenues - tax increment revenue supported bonds and loans payable

The Agency's bonds and loan payables 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, 2020, the Agency collected $22,677,335 incremental property tax revenue and contributed $4,081,920 to low income housing and education. This leaves a remaining balance of $18,595,415 to retire $5,242,219 and $4,744,034 in current year bonds and loans payable principal and interest payments, respectively. The total principal and interest remaining to be paid on the bonds and loans payable is $110,255,535 and $61,924,536, respectively.

Bonds Issued	Maturity (Length of Pledge)
Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2016	6/15/2045
Redevelopment Agency Loan Payable to the City's Sanitation Fund 2017	6/1/2027
Redevelopment Agency Loan Payable to the City's Debt Service Fund 2018	6/1/2028

E. Direct borrowings

The Redevelopment Agency Tax Increment Revenue Subordinate Lien Bonds, Series 2017, due June 1, 2027 were sold directly to the City. Pursuant to state statutes, this Bond is to be treated as a loan, resulting in a loan payable to the City's 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 Agency's Tax Increment Revenue Subordinate Lien Bonds, Series 2018, due June 1, 2028, were purchased by the City. In accordance with state statutes, the City cancelled the Bond and entered into an agreement with the Agency, which set forth the terms and conditions of repayment of the Bond and provided that such agreement constitutes a loan by the City to the Agency. The repayment terms of the loan payable to the City mirror the City's debt service requirements on the Various Purpose General Obligation Medium-Term Bonds Series 2018B. 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.

8. Intergovernmental revenues

During the year ended June 30, 2020, all intergovernmental revenues were received from the City. The City provided $4,263,064 for improvements on the Fremont Street Experience Celestial Canopy over the Pedestrian Mall, which is recorded in the Agency's General Fund.

9. Interfund transactions

A. Due to/from other funds

The outstanding balances between funds results mainly from the time lag between the dates that payments between funds are made.

The following schedule details the amounts due from/to other funds at June 30, 2020:

Receivable Fund	**Payable Fund**	**Amount**
General Fund	Debt Service Fund	$ 3,645,828

9. Interfund transactions (continued)

B. Interfund transfers

Interfund transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. During the year ended June 30, 2020, a total of $5,700,000 was transferred from the General Fund to the Debt Service Fund to fund current year debt service principal and interest payments.

10. 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.

As 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. The outstanding balance was $1,833,539 at June 30, 2020, 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 $111,738 in interest to WMCV Phase II. The outstanding balance was $22,538,041 at June 30, 2020, which includes $13,812,496 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 $352,998 in interest to WMCV Phase III, LLC. The outstanding balance was $26,549,054 at June 30, 2020, which includes $12,718,361 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 $328,118 in interest to SP Sahara Development, LLC. The outstanding balance at June 30, 2020 was $43,549,190, which includes $22,937,511 of accrued interest.

10. Commitments and contingent liabilities (continued)

B. Tax increment financing (continued)

- 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 $37,828 in interest to PH GSA, LLC. The outstanding balance at June 30, 2020 was $1,747,874, which includes $752,364 of accrued interest.

- 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 $465,086 in interest to WMCV Phase III, LLC. The outstanding balance was $18,236,765 at June 30, 2020, which includes $5,915,145 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 and continue 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 $55,673 in interest to WMCII Associates, LLC. The outstanding balance was $4,922,818 at June 30, 2020, which includes $2,259,745 of accrued interest.

C. Future car rental fee distribution

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 did not receive any refunding fees from the City in fiscal year 2020. At June 30, 2020, refunded fees totaled $11,900,000, leaving a balance due of $8,100,000.

11. COVID-19 and CARES Act

The outbreak of a novel coronavirus and the incidence of the related disease (COVID-19) starting in December 2019 has continued, spreading throughout the United States and much of the world. In March 2020, the World Health Organization declared the outbreak as a pandemic. While the Agency has not been adversely impacted by the pandemic, given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19, management cannot reasonably estimate the impact to the Agency's future cash flows or financial condition.

On March 27, 2020, the President of the United States signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES Act)." The CARES Act, among other things, includes provisions appropriating funds from programs of the United States Department of the Treasury and Department of Education to be used to make payments for specified uses to states and certain local governments. There is no assurance the Agency is eligible for these funds, and will continue to examine the impact that the CARES Act may have on its operations.

12. Prior period adjustment

As of July 1, 2019, loans receivable and deferred inflows of resources have been restated to adjust for a loan due to the Agency. Additionally, the intergovernmental receivable and accounts payable have been adjusted to properly reflect transactions related to the Fremont Street Experience project. These corrections also impacted the Agency-wide unrestricted net position deficit.

The impact of the restatement to the beginning balances is as follows:

General Fund	As Previously Reported July 1, 2019	Restatement	Restated Balances July 1, 2019
Assets:			
Loans receivable	$ 3,574,536	$ 4,252,907	$ 7,827,443
Intergovernmental receivable	616	641,812	642,428
Other assets	37,353,918	-	37,353,918
Total Assets	$ 40,929,070	$ 4,894,719	$ 45,823,789
Liabilities:			
Accounts payable	$ 7,704	$ 1,925,435	$ 1,933,139
Other liabilities	1,566,130	-	1,566,130
Total libailities	$ 1,573,834	$ 1,925,435	$ 3,499,269
Deferred Inflows of Resources:			
Unavailable revenue - loans	$ 3,574,536	$ 4,252,907	$ 7,827,443
Other unavailable revenue	610,598	-	610,598
Total Deferred Inflows of Resources	$ 4,185,134	$ 4,252,907	$ 8,438,041
Fund Balance:			
Nonspendable	$ 3,011,329	$ -	$ 3,011,329
Restricted	11,687,123	-	11,687,123
Unassigned	20,471,650	(1,283,623)	19,188,027
Total Fund Balance	$ 35,170,102	$ (1,283,623)	$ 33,886,479
Governmental Activities			
Net Position:			
Investment in capital assets	$ 15,759	$ -	$ 15,759
Net position - restricted	17,342,246	-	17,342,246
Net position - unrestricted	(82,884,902)	2,969,284	(79,915,618)
Total net position (deficit)	$ (65,526,897)	$ 2,969,284	$ (62,557,613)

13. Recently issued accounting pronouncements

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which was effective immediately. The objective of this Statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. For the statements below that were impacted by this Statement, the postponed dates are reflected.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for reporting periods beginning after June 15, 2021, except requirements in paragraph 4 and paragraph 5, which are effective upon issuance. The objectives of this statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has not yet completed its assessment of this statement.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for reporting periods beginning after June 15, 2022. The objectives of this statement are to define subscription-based information technology arrangements (SBITAs); establish that a SBITA results in a right-to-use subscription asset and a corresponding liability; provide the capitalization criteria for outlays other than subscription payments; require note disclosures regarding a SBITA. Management has not yet completed its assessment of this statement.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for reporting periods beginning after June 15, 2022. The objectives of this statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements, and provide guidance for accounting and financial reporting for availability payment arrangements. Management has not yet completed its assessment of this statement.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for reporting periods beginning after June 15, 2020. Certain requirements of this statement will become effective for reporting periods beginning after December 31, 2021 and June 15, 2021. The objective of this statement is to address the accounting and financial reporting implications that result from the replacement of an interbank offered rate and the removal of the London Interbank Offered Rate as an appropriate benchmark interest rate. Management has not yet completed its assessment of this statement.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, effective for reporting period beginning June 15, 2021, except the requirements related to the effective date of Statement No. 87, *Leases*, Implementation Guide 2019-3, *Leases*, reinsurance recoveries, and terminology used to refer to derivative instruments, which are effective upon issuance. The objectives of this statement are to address a variety of topics and includes specific provisions about the following: (1) the effective date of Statement No. 87, and Implementation Guide No. 2019-3 for interim financial reports; (2) reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit plan; (3) the applicability of Statements No. 73 and No. 74; (4) the applicability of certain requirements of Statement No. 84 to postemployment benefit arrangements; (5) measurement of liabilities related to asset impairment obligations in a government acquisition; (6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; (8) terminology used to refer to derivative instruments. Management has not yet completed its assessment of this statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations,* effective for reporting periods beginning after December 15, 2021. 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

13. Recently issued accounting pronouncements (continued)

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 – an amendment of GASB Statements No. 14 and No. 61*, effective for reporting periods beginning December 15, 2019. 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, 2020. 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 June 15, 2021. 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, 2019. The objective of this Statement 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.

14. Subsequent events

On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021 (the Act), which includes $900 billion in stimulus relief for the COVID-19 pandemic. There are programs in the Act that are specifically for State and Local Governments. The Agency is currently evaluating the impact of the Act.

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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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	$ 3,100,000	$ 3,100,000	$ -	$ (3,100,000)
Investment and other interest earnings	120,000	120,000	425,623	305,623
Miscellaneous	1,411,098	1,411,098	191,016	(1,220,082)
Total revenues	4,631,098	4,631,098	616,639	(4,014,459)
Expenditures:				
Debt service:				
Principal retirement	5,242,219	5,242,219	5,242,219	-
Interest and fiscal charges	6,045,240	6,045,240	6,235,693	(190,453)
Total expenditures	11,287,459	11,287,459	11,477,912	(190,453)
Deficiency of revenues under expenditures	(6,656,361)	(6,656,361)	(10,861,273)	(4,204,912)
Other financing sources:				
Transfers in	5,700,000	5,700,000	5,700,000	-
Net change in fund balance	(956,361)	(956,361)	(5,161,273)	(4,204,912)
Fund balance, July 1	7,121,477	7,121,477	7,127,809	6,332
Fund balance, June 30	$ 6,165,116	$ 6,165,116	$ 1,966,536	$ (4,198,580)

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AUDITOR'S COMPLIANCE SECTION

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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*

Honarable 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 and each major fund of the City of Las Vegas Redevopment Agency (the Agency), a component unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2020, the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 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 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, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, 2020-002, and 2020-003 that we consider to be material weaknessses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's 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 financial statements. 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*.

The Agency's Responses to Findings

The Agency's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Las Vegas, Nevada
February 4, 2021

Financial Statement Finding – Material Weakness in Internal Control Over Financial Reporting

Finding 2020 - 001: Loans Receivable

Criteria	Loans receivables are required to be recorded when a legal obligation exists.
Condition and context	The Agency should have recorded a loan receivable in the prior year related to a funding commitment agreement with a third-party.
Effect	The general fund as of July 1, 2019 has been restated to correct the recording of the loan receivable and unavailable revenue by $4,252,907. As a result of this adjustment, the governmental activities net position was also restated and increased by $4,252,907. In addition, loans receivable and unavailable revenue have been increased by $4,875,825 in the current year to reflect the balance of this loan receivable as of June 30, 2020.
Cause	Review and approval of the Agency's loans receivable did not identify a loan receivable that needed to be recorded which was mainly due to the lack of understanding of the relevant agreement.
Recommendation	We recommend that all agreements entered into by the Agency be reviewed and approved to ensure they are properly recorded in the Agency's financial statements.
View of Responsible Officials	Management informed us that the Fremont Street Experience canopy renovation project originated in fiscal year 2018. As a result of the review of this transaction in fiscal year 2020, a loan receivable was recorded, which impacted fiscal years 2019 and 2020. Finance management presumed the transaction had been properly recorded in 2018 and did not think there was a need to look back at the original entries, but instead focus on future transactions. Management will review agreements to ensure that any related financial transactions are accurately recorded in the Agency's financial statements.

Financial Statement Finding – Material Weakness in Internal Control Over Financial Reporting

Finding 2020 - 002: Accounts Payable / Expenditures

Criteria	Expenditure and accounts payable cutoff procedures are properly designed and utilized to ensure all accruals are completely and accurately recorded.
Condition and context	Expenditures were incurred in the Agency's general fund for the Fremont Street Experience improvement projects in fiscal year 2019, however the expenditures were incorrectly recorded in fiscal year 2020.
Effect	The fund balance of the general fund as of July 1, 2019 has been restated by $1,925,435 to correct the recording of an expenditure and related accounts payable that was improperly excluded in the prior year. As a result of this adjustment, the governmental activities net position was also restated and decreased by $1,925,435.
Cause	The review and approval to provide reasonable assurance that expenditures are posted to the proper accounting period did not function as intended.
Recommendation	We recommend accounts payable and the related expenditures be reviewed and approved to ensure the expenditure is recorded in the correct fiscal year.
View of Responsible Officials	Management concurs with the auditor's finding and recommendation. Management informed us that the Agency has internal controls in place to ensure revenues and expenditures are recorded in the proper period. Due to the complexity of the Fremont Street Experience canopy renovation transaction, the Agency implemented distinct and especial procedures to process and pay invoices received from Fremont Street Experience and this accrual was overlooked. In the future, Finance management will ensure that procedures to account for unusual and significant transactions do not deviate from established internal processes to ensure expenditures are recorded in the correct fiscal year

Financial Statement Finding –Material Weakness in Internal Control Over Financial Reporting

Finding 2020 - 003: Intergovernmental Receivable / Revenue

Criteria	A governmental fund should recognize revenues in the accounting period the revenues become both measurable and available.
Condition and context	Intergovernmental revenue related to the Las Vegas Convention and Visitor Authority (LVCVA) portion of the Fremont Street Experience improvement project was incorrectly recorded in fiscal year 2020.
Effect	The fund balance of the general fund as of July 1, 2019 has been restated by $641,812 to correct the recording of an intergovernmental receivable and related revenue that was improperly excluded in the prior year. As a result of this adjustment, the governmental activities net position was also restated and increased by $641,812.
Cause	The review over the LVCVA intergovernmental revenue failed to ensure the intergovernmental receivable and related revenue was recorded properly in the Agency's financial statements.
Recommendation	We recommend intergovernmental receivable and the related revenue be reviewed and approved to ensure the revenue is recorded in the correct fiscal year.
View of Responsible Officials	Management concurs with the auditor's finding and recommendation. Management informed us that the Agency has internal controls in place to ensure revenues and expenditures are recorded in the proper period. Due to the complexity of the Fremont Street Experience canopy renovation transaction, the Agency implemented distinct procedures to record the contributions of Las Vegas Convention and Visitor Authority (LVCVA) to the project and this revenue accrual was overlooked. In the future, Finance management will ensure that procedures to account for unusual and significant transactions do not deviate from established internal processes to ensure intergovernmental revenues are recorded in the correct fiscal year.

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