

City of Las Vegas

# Redevelopment Agency Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015



CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY

City of Las Vegas Redevelopment Agency  
**Comprehensive Annual  
Financial Report**

A Component Unit of the City of Las Vegas

For the Fiscal Year Ended June 30, 2015

Prepared By  
The Department of Finance  
Venetta Appleyard, Director



CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY





## **INTRODUCTORY SECTION**



**CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY**

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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December 22, 2015

To the Board of Directors and Citizens of the City of Las Vegas Redevelopment Agency:

State law requires that local governments provide a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants at the close of each fiscal year. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Las Vegas Redevelopment Agency (Agency) for the year ended June 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Piercy Bowler Taylor & Kern, Certified Public Accountants, have issued an unmodified opinion on the Agency's financial statements for the year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Agency**

The Agency was established November 6, 1985, by the City Council of the City of Las Vegas, Nevada. The mission of the Agency is to stimulate economic growth in decaying areas of the City of Las Vegas. A seven-member Board comprised of the seven City Council members governs the Agency. On March 5, 1986, the Agency Board members adopted the Redevelopment Plan that specified the boundaries of the Redevelopment Area. The use of eminent domain and tax increment financing are the primary tools made available to the Agency to carry out the Redevelopment Plan.

The Agency is a component unit of the City of Las Vegas, Nevada's financial reporting entity and is included with the comprehensive annual financial report of the City of Las Vegas, Nevada. The purpose of a separate Agency comprehensive annual financial report is to fulfill a trust indenture requirement and the requirements of Nevada law.

The annual budget serves as the foundation for the Agency's financial planning and control. Annual appropriated budgets are adopted for the general and debt service funds. The Agency is required to submit requests for appropriation to the City of Las Vegas Finance & Business Services Department on or before the first Tuesday in February each year for an Agency budget to be effective the following July 1. These requests are used as the starting point for developing a proposed budget. A tentative budget is submitted to the Department of Taxation by April 15. A public hearing is required on the third Tuesday of May and the final budget must be adopted by the Agency Board and filed with the Department of Taxation by June 1. The appropriated budget is prepared by fund, function (e.g., economic development) and department. The Agency Board may amend or augment the annual budget following the public hearing. Budget-to-actual comparisons are provided in this report to the Nevada Department of Taxation for each governmental fund for which an appropriated annual budget has been adopted are presented on page 22 in the Basic Financial Statements and page 37 of the Other Supplementary Information.



CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY

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**Local Economy.** The Las Vegas valley continues its recovery from the economic downturn. The Las Vegas Convention and Visitors Authority reported almost 41 million visitors for the calendar year 2014, exceeding 2007 pre-recession visitor volume, which totaled slightly over 39 million.

According to local research, 22,000 jobs were added to the Las Vegas economy in 2015, lowering the unemployment rate to 7%, which was still higher than the state of Nevada's unemployment rate of 6.8% and much higher than the national unemployment rate of 5.1% for 2015. Las Vegas valley wide experienced a population growth of 2.1%

The office vacancy rate in the city of Las Vegas has remained at 20.5% for the last two years compared to 23.3% for the Las Vegas valley.

The city of Las Vegas retail vacancy improved by 1% in the last year from 9.2% down to 8.2% compared to the Las Vegas valley retail vacancy rate of 8.9%

The industrial vacancy rate for the city of Las Vegas improved by 1.0%; down from 8.1% to 7.1%, compared to the Las Vegas valley industrial vacancy rate of 6.4%.

**Economic Factors.** According to the Las Vegas Convention and Visitors Authority's calendar year 2014 Visitor Profile Study, downtown's diversified scene has witnessed an increase in tourist traffic. New restaurants, numerous bars, shops and entertainment venues have opened in the past few years and many of downtown's hotel-casinos have undergone extensive renovations. Therefore, it might come as no surprise to some that when Entrepreneur.com announced its 2015 Business Travel Awards, downtown Las Vegas was named as the best meeting destination.

The increase in downtown tourist traffic has resulted in enhanced gaming revenue in the area as well. In March 2015, downtown Las Vegas saw a year-over-year gaming revenue increase of 4.6 percent to \$53.6 million.

While nearly 60 percent of tourists come downtown to see the Fremont Street Experience, other downtown destinations are also popular tourist attractions. For example, the Mob Museum saw a 21.5 percent increase in visitation in calendar year 2014, and in its first three years it welcomed more than 700,000 guests, hailing from all 50 states and 35 countries. Just a few blocks away, over 1.4 million visitors visited the Downtown Container Park shopping complex since its opening in late 2013. At the same time, revitalized neighborhoods, such as 18b, The Las Vegas Arts District and the Fremont East Entertainment District are welcoming thousands of new visitors every year.

**Long-Term Financial Planning.** Successful lobbying efforts during the 2015 Nevada State Legislative Session resulted in the Redevelopment Agency's ability to extend its maturity date to 2046 which was crucial for the Agency, for its ability to restructure long-term debt essential for future stability. Extending the life of the Agency provides the option to refinance several bond issues currently used to finance major projects such as The Smith Center for the Performing Arts, which have had a huge impact on the positive revitalization of downtown Las Vegas.

**Major Initiatives.** During the Fiscal Year Ended June 30, 2015, the Agency within the Redevelopment Area realized the following:

- Completed business projects resulted in at least 601 construction workers employed, 1,683 permanent jobs created, 10 permanent jobs retained and \$66.5 million in project value.
- Under-construction developments equated to at least 1,313 construction workers employed, 435 permanent jobs to be created, 409 permanent jobs to be retained and \$238.6 million in project value.
- Achieved future commitments for projects within the city's Redevelopment Areas with a combined taxable value of at least \$100 million.

- Completed a master plan for downtown Las Vegas with a proposed Medical District expansion, incorporating UNLV School of Medicine as an anchor. The Nevada Legislature approved \$27 million for funding the school's location.
- Awarded 33 matching fund grants totaling \$834,750 through our business facility improvement programs, which, in turn, helped generate \$159 million in private investment. These programs are designed to eliminate blight by assisting business owners with financing exterior and interior structural improvements to downtown buildings.
- Created a new Tourist Improvement District (TID), which includes Symphony Park and the Las Vegas North Premium Outlets mall. Designating an area as a TID enables a portion of city sales tax charged to be used for infrastructure improvements within the district.

**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,



Venetta Appleyard  
Director of Finance







## **FINANCIAL SECTION**



**CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY**

## **INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Las Vegas Redevelopment Agency (the Agency), a component unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

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

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

**Opinion.** In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency as of and for the year ended June 30, 2015, and the respective changes in financial position, and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters.** Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards*.** In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, 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.

Las Vegas, Nevada  
December 22, 2015

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION and ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015. We encourage readers to consider this information in conjunction with the accompanying basic financial statements.

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

### Financial Highlights

The liabilities on the Statement of Net Position of the Agency exceeded its assets at the close of fiscal year ended June 30, 2015, by (\$67,108,986) (*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 ending June 30, 2011, to the City of Las Vegas Capital Project Fund for construction of the Mob Museum and Symphony Park. Also, on July 1, 2014, the Agency contributed net capital assets of \$43,173,271 to the City of Las Vegas Municipal Parking Enterprise Fund.

- The Agency's total net position decreased by \$42,160,177 in fiscal year ended June 30, 2015.
- As of the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$17,605,421, an increase of \$762,847. Less than five percent of the ending fund balance, \$783,601, is *available for spending* at the government's discretion (*assigned*).
- At the end of the current fiscal year, the General Fund had \$5,094,799 in nonspendable fund balance and \$8,500,000 in restricted fund balance. The debt service fund also had \$3,227,021 in assigned fund balance.
- The Agency's total net debt decreased by \$3,013,082 (3 percent) (net of unamortized discounts) during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplemental information, other supplemental financial information, and the Auditors' Compliance Section in addition to the basic financial statements themselves.

**Agency-wide financial statements.** The *agency-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances. These statements include all assets, 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).

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION and ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The governmental activities of the Agency include economic development and assistance. The Agency has no business-type activities.

The Agency-wide financial statements can be found on pages 17 and 18 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency has only governmental fund types.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the agency-wide financial statements. However, unlike the Agency-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating an agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Agency-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the agency-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provides a reconciliation on pages 19 and 21 to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Also presented for the General Fund is the Statement of Revenues, Expenditures and Changes in Fund Balance—Budget 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 - 36 of this report.

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



CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION and ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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:

	Governmental Activities	
	June 30, 2015	June 30, 2014
Current and other assets	\$ 33,161,408	\$ 33,312,250
Capital assets (net of accumulated depreciation)		43,173,271
Total assets	33,161,408	76,485,521
Long-term liabilities	97,232,658	100,245,740
Other liabilities	3,037,736	1,188,590
	100,270,394	101,434,330
Net Position:		
Net investment in capital assets		43,173,271
Restricted	8,500,000	8,500,273
Unrestricted (deficit)	(75,608,986)	(76,622,353)
Total net position (deficit)	\$ (67,108,986)	\$ (24,948,809)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, liabilities exceeded assets by \$ 67,108,986 at June 30, 2015.

On June 30, 2014, the largest positive portion of the Agency's net position (\$43,173,271) reflected its investment in capital assets (e.g., land, land improvements, and buildings) less any related debt used to acquire those assets that are still outstanding. The Agency used these capital assets to improve the economic opportunities within the Agency. On July 1, 2014 the Agency contributed \$43,173,271 of net capital assets to the City of Las Vegas Municipal Parking Fund. The assets were land, parking buildings and equipment.

An additional portion of the Agency's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position deficit* (\$75,608,986) has been used to meet the Agency's ongoing obligations to citizens and creditors. The deficit in net position was brought about by the City issuing Redevelopment Tax Increment Bonds for \$85,000,000 in 2009, and then contributing proceeds of \$74,739,000 to the City for construction costs on the City's Performing Arts Center. The remainder was attributed from operational expenditures in excess of revenue from the downturn in the economy, and contribution to City Parkway V, the Mob Museum and the contribution of \$43,173,271 in capital assets to the City of Las Vegas Municipal Parking Enterprise Fund.

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

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION and ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

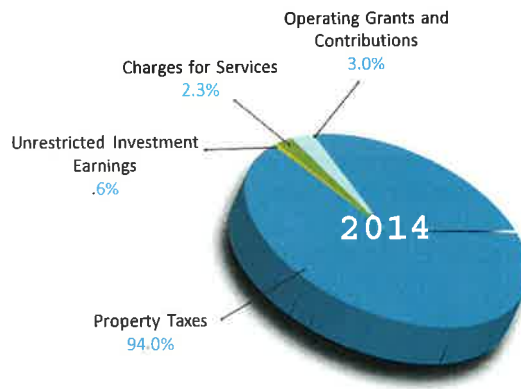
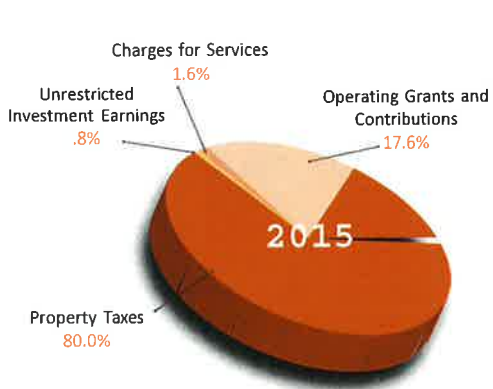
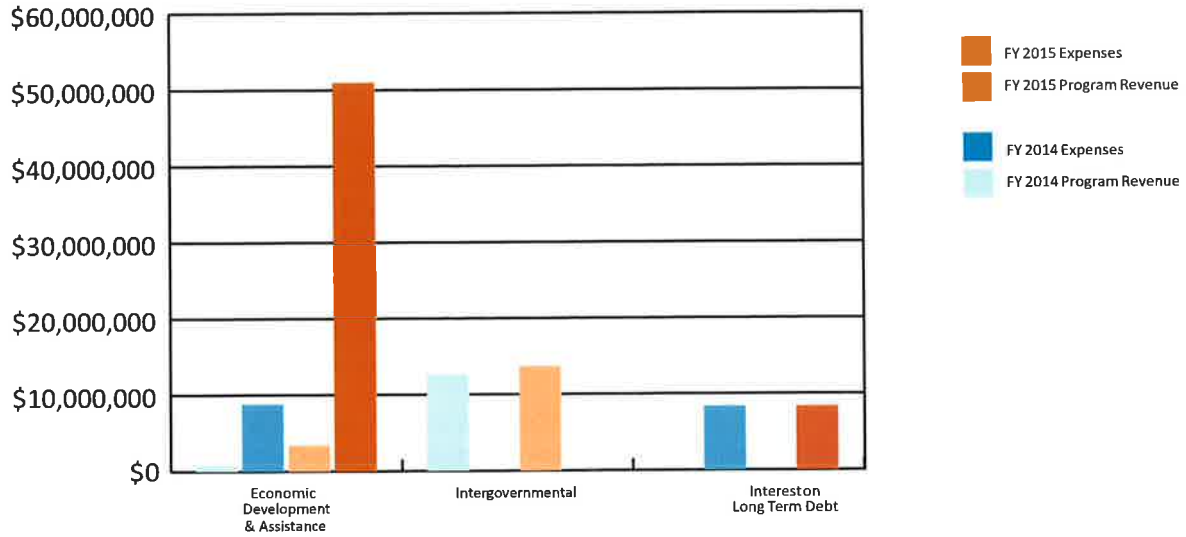
**Governmental activities.** Governmental activities decreased the Agency's ending net position by \$42,160,177 or (6.9 percent). Key elements of this decrease are as follows:

	Governmental Activities	
	June 30, 2015	June 30, 2014
Revenues:		
Program revenues:		
Charges for services	\$ 282,500	\$ 311,260
Operating grants and contributions	3,020,000	410,801
General revenues:		
Property taxes	13,742,638	12,714,860
Unrestricted investment earnings	140,471	83,929
Total revenues	17,185,609	13,520,850
Expenses:		
Economic development and assistance	50,995,413	8,763,818
Interest on long-term debt	8,350,373	8,350,031
Total expenses	59,345,786	17,113,849
Change in net position (deficit)	(42,160,177)	(3,592,999)
Net Position (deficit) - July 1	(24,948,809)	(21,355,810)
Net Position (deficit) - June 30	\$ (67,108,986)	\$ (24,948,809)

- Charges for services represent income from rentals of Agency property for \$5,000 and \$277,500 of reimbursements of expenditures for the Fremont Street Experience Parking Garage spent in previous years. The Agency received \$120,000 in contributions from the State of Nevada and \$2,900,000 from City Parkway V, Inc. for operations.
- The Agency received \$13,742,638 in ad valorem property taxes. Property taxes increased \$1,027,778 as compared to the prior fiscal year. The increase was from a slight increase in property values, but it now appears that the values are starting to stabilize from the economic downturn.
- The Agency had Economic Development and Assistance expenses of \$50,995,413. The expenses were for the following: a contribution of \$43,173,271 of Agency capital assets to the City of Las Vegas Municipal Parking Enterprise Fund; \$2,984,004 went to the City of Las Vegas Redevelopment Agency Reimbursement Fund for payroll and benefits for the Agency; \$938,000 to the City for debt service fund associated with bonds used for Symphony Park; \$2,494,189 to the City of Las Vegas for housing set-aside; \$308,845 in additional operating costs; \$387,042 for Visual Improvement Program, \$100,000 to Buy Low, \$212,890 to miscellaneous studies, and \$145,000 to the Redevelopment Agency #2 Quick Start Program and Visual Improvement Program, and \$252,171 to Take 2.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 MANAGEMENT'S DISCUSSION and ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Expenses & Program Revenues -Governmental Activities (in thousands)**



CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION and ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Financial Analysis of Agency's Funds**

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-regulated legal requirements.

**Governmental funds.** The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for future spending at the end of the fiscal year.

At June 30, 2015, the Agency's governmental funds reported combined ending fund balances of \$17,605,421, a net increase of \$762,847 in comparison with the prior year. Approximately 29 percent of the fund balance, or \$5,094,799, constitutes *nonspendable fund balance* on Economic Development Projects. Less than 23 percent, or \$4,010,622 constitutes *assigned fund balance*, which is available for spending at the Agency's discretion. The remainder of fund balance (\$8,500,000) is *restricted* to indicate that 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 \$14,378,400, of which \$5,094,799 was nonspendable, (\$8,500,000) was restricted and \$783,601 was assigned.

During the current fiscal year, the fund balance of the Agency's general fund had a net increase of \$768,196. The key factors in the increase was \$5,327,953 of expenditures related to economic development and assistance, consisting of \$2,984,004 for salaries and benefits, operating costs of \$308,845, \$938,000 in contributions to the City of Las Vegas debt service; and project cost of \$967,103. The expenditures were offset by \$6,096,149 in revenues, consisting of \$938,952 in miscellaneous rental income, \$2,120,000 in intergovernmental revenues from the City and State of Nevada, \$2,900,000 in other reimbursements, and \$137,197 in interest income.

The debt service fund has an ending fund balance of \$3,227,021, all of which is assigned.

**General Fund Budgetary Highlights**

The general fund had an original and final budget in economic development and assistance expenditures of \$7,027,170 for the fiscal year. The fund's actual expenditures were less than budgeted expenditures by \$1,699,217. This difference primarily due to the Agency reducing its operating costs and program expenditures.

**Capital Asset and Debt Administration**

**Capital Assets.** The Agency's investment in capital assets for its governmental activities as of June 30, 2015, decreased to zero. The decrease of \$43,173,271 in capital assets for the current fiscal year was due to the contribution of capital assets to the City's municipal parking fund. A summary of the Agency's capital assets follows:

**City of Las Vegas Redevelopment Agency Capital Assets**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Land	\$	\$ 27,989,684
Land improvements (net of depreciation)		40,119
Buildings and improvements (net of depreciation)		15,143,468
Total	\$	\$ 43,173,271

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION and ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Additional information on the Agency's capital assets can be found in Note 5 on page 31 of this report.

**Long-term debt.** At the end of the current fiscal year, the Agency had total bonded debt outstanding of \$97,232,658 net of premiums and discounts. The Agency's long-term debt is payable from ad valorem tax levied against the incremental assessed value for all taxable property within the redevelopment area.

**City of Las Vegas Redevelopment Agency Outstanding Debt Revenue Bonds**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Revenue bonds (net of unamortized original issue premiums and discounts)	<u>\$ 97,232,658</u>	<u>\$ 100,245,740</u>

The Agency's total net debt decreased by \$3,013,082 (3 percent) (net of unamortized discounts) during the current fiscal year. The Agency's overall bond credit rating with Standard & Poor's was BBB- on the Series 2009A and 2003A Bonds.

Additional information on the Agency's long-term debt can be found in Note 6 on pages 31-33 of this report.

**Economic Factors**

For Fiscal Year 2016, the incremental valuation (assessed value) of the Agency is \$738,640,089 with a tax rate of 2.5091 apportioned to the Agency per \$100 of assessed value. The incremental valuation increased \$111,633,344 from 2015.

**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.





## **BASIC FINANCIAL STATEMENTS**



**CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY**

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Current assets:	
Cash, cash equivalents and investments (Note 4)	\$ 3,335,554
Receivables:	
Accounts	419
Property taxes	734,196
Loans	13,404,737
Intergovernmental	2,928,089
Noncurrent assets:	
Restricted investments (Note 4)	8,500,148
Land held for resale	4,258,265
Total assets	33,161,408
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,466,608
Interest payable	433,254
Customer deposits (Note 7)	395,234
Intergovernmental payable	742,640
Noncurrent liabilities (Note 6)	
Due within one year	3,193,703
Due in more than one year	94,038,955
Total liabilities	100,270,394
Net position:	
Restricted for:	
Debt service (Note 6)	8,500,000
Unrestricted (deficit)	(75,608,986)
Total net position (deficit)	\$ (67,108,986)

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		PROGRAM REVENUES			
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS (NOTE 8)			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
<u>Functions/Programs</u>					
Governmental activities:					
Economic development and assistance	\$ 50,995,413	\$ 282,500	\$ 3,020,000	\$	(47,692,913)
Interest on long-term debt	8,350,373				(8,350,373)
Total governmental activities	\$ 59,345,786	\$ 282,500	\$ 3,020,000		(56,043,286)
General revenues:					
Property taxes					13,742,638
Unrestricted investment earnings					140,471
Total general revenues					13,883,109
Change in net position					(42,160,177)
Net position (deficit) - July 1,					(24,948,809)
Net position (deficit) - June 30				\$	(67,108,986)

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
CASH, CASH EQUIVALENTS AND INVESTMENTS (Notes 1D and 4)	\$ 396,542	\$ 2,939,012	\$ 3,335,554
RESTRICTED INVESTMENTS (Note 4)	8,500,148		8,500,148
RECEIVABLES:			
ACCOUNTS	419		419
PROPERTY TAXES		734,196	734,196
LOANS	13,404,737		13,404,737
INTERGOVERNMENTAL RECEIVABLES	2,927,813	276	2,928,089
LAND HELD FOR RESALE	4,258,265		4,258,265
<b>TOTAL ASSETS</b>	<b>\$ 29,487,924</b>	<b>\$ 3,673,484</b>	<b>\$ 33,161,408</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,466,608		\$ 1,466,608
INTERGOVERNMENTAL PAYABLES	679,479	63,161	742,640
CUSTOMER DEPOSITS (Note 7)	395,234		395,234
<b>TOTAL LIABILITIES</b>	<b>2,541,321</b>	<b>63,161</b>	<b>2,604,482</b>
DEFERRED INFLOWS OF RESOURCES:			
UNAVAILABLE REVENUE - LOANS	12,568,203		12,568,203
UNAVAILABLE REVENUE - PROPERTY TAX		383,302	383,302
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,568,203</b>	<b>383,302</b>	<b>12,951,505</b>
FUND BALANCES:			
NONSPENDABLE:			
LAND HELD FOR RESALE	4,258,265		4,258,265
LOANS RECEIVABLE	836,534		836,534
RESTRICTED FOR:			
DEBT SERVICE (Note 6)	8,500,000		8,500,000
ASSIGNED:			
DEBT SERVICE (Note 6)		3,227,021	3,227,021
ECONOMIC DEVELOPMENT AND ASSISTANCE	783,601		783,601
<b>TOTAL FUND BALANCES</b>	<b>14,378,400</b>	<b>3,227,021</b>	<b>17,605,421</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 29,487,924</b>	<b>\$ 3,673,484</b>	

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

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)	(97,665,912)
Delinquent property taxes receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	383,302
Loan proceeds are not available to pay for current-period expenditures and, therefore, are deferred in the fund.	12,568,203
Net position (deficit) of governmental activities (Page 17)	<b>\$ (67,108,986)</b>

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, 2015

	<u>GENERAL FUND</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
PROPERTY TAXES	\$	\$ 13,856,608	\$ 13,856,608
INVESTMENT EARNINGS	137,197	3,274	140,471
MISCELLANEOUS RENTALS	938,952		938,952
INTERGOVERNMENTAL (NOTE 8)	5,020,000		5,020,000
 TOTAL REVENUES	 <u>6,096,149</u>	 <u>13,859,882</u>	 <u>19,956,031</u>
<b>EXPENDITURES</b>			
CURRENT:			
ECONOMIC DEVELOPMENT AND ASSISTANCE	5,327,953	2,494,189	7,822,142
DEBT SERVICE:			
PRINCIPAL RETIREMENT		3,035,000	3,035,000
INTEREST AND FISCAL CHARGES		8,336,042	8,336,042
 TOTAL EXPENDITURES	 <u>5,327,953</u>	 <u>13,865,231</u>	 <u>19,193,184</u>
 NET CHANGE IN FUND BALANCES	 768,196	 (5,349)	 762,847
 FUND BALANCES, JULY 1	 <u>13,610,204</u>	 <u>3,232,370</u>	 <u>16,842,574</u>
 FUND BALANCES, JUNE 30	 <u>\$ 14,378,400</u>	 <u>\$ 3,227,021</u>	 <u>\$ 17,605,421</u>

See accompanying notes to the basic financial statements.



CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Net change in fund balances - total governmental funds (page 20).	\$	762,847
Deferred loan proceeds in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(656,452)
Certain property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(113,970)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the book value of assets contributed to other governmental cities are reported as an expense.		(43,173,271)
Proceeds from repayments of loans receivable are reported as revenue at the fund level; but are not reported as revenue in the Statement of Activities.		(2,000,000)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (Note 2B)		3,035,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 2B)		<u>(14,331)</u>
Change in net position of governmental activities (page 18).	\$	<u><u>(42,160,177)</u></u>

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 4,900,000	\$ 4,900,000	\$ 5,020,000	\$ 120,000
Investment earnings	21,300	21,300	137,197	115,897
Miscellaneous rentals	700,404	700,404	938,952	238,548
Total revenues	<u>5,621,704</u>	<u>5,621,704</u>	<u>6,096,149</u>	<u>474,445</u>
Expenditures:				
Current:				
Economic development and assistance	<u>7,027,170</u>	<u>7,027,170</u>	<u>5,327,953</u>	<u>1,699,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,405,466)</u>	<u>(1,405,466)</u>	<u>768,196</u>	<u>2,173,662</u>
Other financing uses:				
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>		<u>1,000,000</u>
Net change in fund balance	(2,405,466)	(2,405,466)	768,196	3,173,662
Fund balance, July 1	16,526,002	16,526,002	13,610,204	(2,915,798)
Fund balance, June 30	<u>\$ 14,120,536</u>	<u>\$ 14,120,536</u>	<u>\$ 14,378,400</u>	<u>\$ 257,864</u>

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**1. Summary of significant accounting policies**

The basic financial statements of the City of Las Vegas Redevelopment Agency have been prepared in conformity with United States generally accepted accounting principles as applied to government units (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 City of Las Vegas Redevelopment Agency (hereafter referred to as the Agency) is a component unit of the City of Las Vegas, Nevada's financial reporting entity and is included in the comprehensive annual financial report of the City of Las Vegas, Nevada (City). The purpose of a separate Agency component unit financial report is to fulfill a trust indenture requirement and the requirements of the Nevada Revised Statutes (NRS).

On November 6, 1985, the City Council of the City of Las Vegas, acting pursuant to the provisions of the Nevada Community Redevelopment Law (NRS 279.382 to 279.680, inclusive), created the Agency by resolution. City Council members also serve as members of the Board of Directors for the Agency.

On March 5, 1986, the official Redevelopment Plan was adopted to facilitate redevelopment efforts for the downtown Las Vegas area.

**B. Agency-wide and fund financial statements**

The agency-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Agency. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support. The Agency engages only in governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The Agency has no proprietary funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

The Agency-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

**1. Summary of significant accounting policies (continued)**

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

Property taxes and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the Agency.

The Agency reports the following major governmental funds:

The *general fund* is the Agency's operating fund. It accounts for financial resources of the agency.

The *debt service fund* accounts for the resources (ad valorem property tax) accumulated and payments made for principal and interest on long-term tax increment revenue debt of governmental funds.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources, as they are needed.

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

1. Cash and investments

Investments include short-term investments that are easily converted to cash and long-term investments with a maturity of more than three months when purchased. Investments are stated at fair value or amortized cost in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*.

The Agency reports investments at amortized cost (book value) if they have a remaining maturity at the time of purchase of one year or less. Fair value of investments is determined by using quoted market prices provided by a nationally recognized major financial institution.

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

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 2015, the incremental valuation (assessed value) was \$627,006,745 with a tax rate of \$2.5037 apportioned to the Agency per \$100 of assessed value.

3. Loans receivable

The Redevelopment Agency has loans receivable as follows:

- City Parkway V Inc. for \$25,000

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**1. Summary of significant accounting policies (continued)**

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

- City of Las Vegas General Fund for \$811,534

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

- Fremont Street Experience, LLC for \$1,254,731
- Fremont Street Experience, LLC for \$3,792,208

The first note bears interest at 4.152%, with monthly payments of principal and interest of \$57,950 and matures on May 1, 2017. The annual total payments received for the year ended June 30, 2015 were \$933,952 which included delinquent payments from the year ended June 30, 2014.

The second note bears interest at 7.623%, with monthly payments of principal and interest of \$57,950 starting on June 30, 2017 and maturing January 31, 2026. Accrued interest of \$277,500 was added to the outstanding principal balance for the year ended June 30, 2015.

- City of Las Vegas for \$7,521,264

The City shall make annual payments to the Agency for a period of seven years with a possible extension of an additional five years, commencing on July 18, 2012. The agreement bears no interest. The annual payment shall equal five percent of the Agency tax increment revenue received less any positive Agency Unassigned General Fund Balance. The annual payment shall not be less than \$500,000 nor exceed \$2,000,000. For the Year Ended June 30, 2015, the Agency received \$2,000,000.

4. Intergovernmental receivables/payables

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

5. Deferred inflows of resources

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

6. Restricted assets

Resources set aside for repayment of debt are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and are required by bond covenants to make up potential future deficiencies in debt service payments.

7. Land held for resale

Land held for resale is recorded at cost.



**1. Summary of significant accounting policies (continued)**

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

8. Long-term obligations

In the Agency-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statements of net position. Initial-issue bond premiums and discount are deferred and amortized over the life of the bonds. 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.

9. Net position

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

10. 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 1) it is not in a spendable form, such as inventory, prepaid items and land held for resale, or 2) legally or contractually required to be maintained intact. Restricted fund balance is externally (outside the Agency) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority, namely, Mayor and Council. Mayor and Council approval is required to commit resources or to rescind the commitment.

Assigned fund balance represents limitations imposed by management. Assigned fund balance requests are submitted to the Chief Financial Officer for approval/non-approval. Unassigned fund balance represents the residual net resources in excess of the other classifications.

The General fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

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

11. Estimates

The preparation of financial statements in conformance with U. S. Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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 \$97,665,912 difference is as follows:

Bonds and loans payable	\$	97,437,192
Previously amortized original issue discount (amortized over the life of the bonds to interest expense and fiscal charges)		(204,534)
Accrued interest payable		433,254
Net adjustment to decrease <i>fund balance</i> total governmental funds to arrive at net <i>position – governmental activities</i>		\$ 97,665,912

**B. Explanation of certain differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Agency-wide Statement of Activities**

The Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the Agency-wide Statement of Activities.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**B. Explanation of certain differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Agency-wide Statement of Activities (continued)**

One element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.” The detail of this \$3,035,000 difference is as follows:

Principal repayments	
Tax Increment Revenue Bonds	\$ 3,035,000

One element of that reconciliation states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The detail of this \$14,331 difference is as follows:

Change in accrued interest	\$ 7,587
Amortization of bond discounts	(21,918)
Net adjustment to decrease <i>net changes in fund balances governmental funds to arrive at changes in net position of governmental activities</i>	\$ (14,331)

Another element of the reconciliation states that, “Proceeds from repayments of loans receivable are reported as revenue at the fund level; but are not reported as revenue in the Statement of Activities.” The details of the \$2,000,000 difference are as follows:

Proceeds from loan repayment	\$ (2,000,000)
Net adjustment to decrease net change in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	\$ (2,000,000)

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**3. Stewardship and legal compliance**

**A. Budgetary information**

Budgets are adopted on a basis consistent with U. S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and debt service funds. The budget is filed with the Nevada Department of Taxation, a branch of the state government charged with the responsibility to oversee local government finances. The Agency Board of Directors approves annual appropriated budgets by expenditure categories; however, expenditures for all governmental fund types are controlled at the function level as prescribed by law.

By the first Tuesday in February of each year, Agency staff submits appropriation requests to the City'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. For the fiscal year ended June 30, 2015, the Agency did not augment its original budget

**B. Legal compliance**

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

**4. Cash, cash equivalents and investments**

As of June 30, 2015, the Agency had the following investments:

<u>Investment Type</u>	<u>Book Value</u>	<u>Weighted-Average Maturity (Years)</u>
U.S. Agency	\$ 8,500,148	0.3068
Money Market Fund (face value)	<u>453,142</u>	0.0027
	<u>\$ 8,953,290</u>	
Portfolio weighted-average maturity		0.2915

<u>Type of Investments</u>	<u>Amount</u>	<u>Investment Maturities</u>	
		<u>1-30 Days</u>	<u>61-365 Days</u>
U.S. Agency	\$ 8,500,148	\$	\$ 8,500,148
Money Market Fund	<u>453,142</u>	<u>453,142</u>	<u></u>
	<u>\$ 8,953,290</u>	<u>\$ 453,142</u>	<u>\$ 8,500,148</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**4. Cash, cash equivalents and investments (continued)**

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

Cash, cash equivalents and investments	\$ 2,882,412
Money market fund	<u>453,142</u>
Total cash, cash equivalents and investments	<u>\$ 3,335,554</u>

**Interest Rate Risk:** In accordance with its investment policy, the Agency manages its exposure to declines in fair value by limiting the weighted-average maturity of its investment portfolio to less than ten months.

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

**Credit Risk:** Nevada Revised Statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies (i.e., FNMA, FHLB, etc.), repurchase agreements, certificates of deposit, money market mutual funds or other securities in which banking institutions may legally invest.

Investment Type	Amount	Minimum Legal Rating	Year End Rating	
			AAA	Not Rated
U.S. Agency	\$ 8,500,148	N/A	\$	\$ 8,500,148
Money Market Fund	<u>453,142</u>	AAA	<u>453,142</u>	
	<u>\$ 8,953,290</u>		<u>\$ 453,142</u>	<u>\$ 8,500,148</u>

**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, 2015, approximately 95% of the Agency's investments are in Federal Home Loan Bank Discount Notes.

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

**Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency has a deposit policy for custodial credit risk requiring all money deposited with a bank, savings and loan, savings bank or credit union in excess of the amount of federal insurance to be fully collateralized. As of June 30, 2015, the Agency had a cash, cash equivalents and investments balance per books of \$2,882,412 and a bank balance of \$1,582,051. 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 depository.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**5. Capital assets**

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 27,989,684	\$	\$ (27,989,684)	\$
Capital assets being depreciated:				
Land improvements	299,526		(299,526)	
Buildings and improvements	23,782,214		(23,782,214)	
Total capital assets being depreciated	<u>24,081,740</u>		<u>(24,081,740)</u>	
Less accumulated depreciation for:				
Land improvements	(259,407)		259,407	
Buildings and improvements	(8,638,746)		8,638,746	
	<u>(8,898,153)</u>		<u>8,898,153</u>	
Total capital assets being depreciated, net	<u>15,183,587</u>		<u>(15,183,587)</u>	
Governmental activities capital assets, net	<u>\$ 43,173,271</u>	<u>\$</u>	<u>\$ (43,173,271)</u>	<u>\$</u>

There was no depreciation expense recorded in the Statement of Activities for the year ended June 30, 2015.

As of July 1, 2014, the Agency contributed capital assets with a net book value of \$43,173,271 to the City of Las Vegas Municipal Parking Enterprise Fund.

**6. Long-term debt**

**A. Reserve**

The Agency bonds (Tax Increment Revenue Bonds) do not constitute a debt or indebtedness of the Agency within the meaning of any constitutional or statutory provision or limitation and are not a general obligation of the Agency. The Agency has no taxing power. The Agency's long-term debt is payable from ad valorem property tax levied against the incremental assessed value for all taxable property within the redevelopment area, the debt is designated as Tax Increment Revenue Bonds. As security, \$8,500,000 has been deposited in a reserve account with the Agency's trustee. The following schedule summarizes the changes in general long-term debt:

**B. Changes in long-term debt**

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

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**6. Long-term debt (continued)**

**B. Changes in long-term debt (continued)**

Governmental activities:	<u>Original Issue</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Due within one year</u>
6.0% to 8.00% Redevelopment Agency Tax Increment Revenue Bonds Series 2009A, due 06/15/2030	\$ 85,000,000	\$ 85,000,000		\$ (3,035,000)	\$ 81,965,000	\$ 3,215,000
3% Redevelopment Agency Tax Increment subordinate Lien Bonds, due 02/17/2021	15,472,192	15,472,192			15,472,192	
		<u>100,472,192</u>		<u>(3,035,000)</u>	<u>97,437,192</u>	<u>3,215,000</u>
Less deferred amounts for: Original issue discounts		(226,452)		21,918	(204,534)	(21,297)
<b>Total long-term debt</b>		<u>\$ 100,245,740</u>		<u>\$ (3,013,082)</u>	<u>\$ 97,232,658</u>	<u>\$ 3,193,703</u>

**C. Annual debt service requirements to maturity**

Annual debt service requirements to maturity for the Agency's bonds and loans at June 30, 2015, are as follows:

Year Ending June 30,	<u>Governmental Activities</u> <u>Tax Increment Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,215,000	\$ 6,716,154	\$ 9,931,154
2017	6,240,319	6,515,216	12,755,535
2018	6,535,912	6,208,481	12,744,393
2019	6,867,790	5,875,904	12,743,694
2020	7,227,273	5,514,470	12,741,743
2021-2025	29,550,898	21,591,752	51,142,650
2026-2030	<u>37,800,000</u>	<u>9,535,600</u>	<u>47,335,600</u>
	97,437,192	61,957,577	159,394,769
Unamortized portion of: Original issue discount	<u>(204,534)</u>		<u>(204,534)</u>
<b>Net total debt outstanding</b>	<u>\$ 97,232,658</u>	<u>\$ 61,957,577</u>	<u>\$ 159,190,235</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**6. Long-term debt (continued)**

**D. Pledged revenues - tax increment revenue supported bonds**

The bonds are supported by incremental increases in property tax revenues to be generated by all property located within the Redevelopment Agency area over the remaining term of the outstanding bonds, less the aggregate amount of incremental taxes to be set aside (18%) for low-income housing. For fiscal year ended June 30, 2015, the Agency collected \$13,742,638 in property tax revenue, contributed \$2,494,189 to low income housing, leaving a balance of \$11,248,449 to retire \$3,035,000 in bond principal and \$6,898,254 in interest.

Bonds Issued	Maturity (Length of Pledge)
Redevelopment Agency Tax Increment Revenue Bonds Series 2009A	6/15/2030
Redevelopment Agency Tax Increment Subordinate Lien Bonds	2/17/2021

**7. Customer deposits**

In prior years, the Stratosphere Corporation deposited \$4,295,000 with the Agency. This money, along with interest earned, has been used by the Agency for the acquisition of property. Of this total, \$3,899,766 has been spent, net of interest income, leaving a balance of \$395,234 at June 30, 2015. The excess money will be returned to Stratosphere Corporation. The Agency has no other deposits at June 30, 2015.

**8. Intergovernmental revenues and expenditures**

The following schedule details intergovernmental revenues as of June 30, 2015:

	General Fund
City of Las Vegas	\$ 2,000,000
City Parkway V, Inc.	2,900,000
State of Nevada	120,000
	\$ 5,020,000

The \$2,000,000 was provided by the City for payment on the note receivable related to the 5<sup>th</sup> Street School. The amount was used to fund Agency projects and operations. City Parkway V, Inc. contributed \$2,900,000 for operations and the State of Nevada provided \$120,000 to fund Take 2 Interactive, a video game company.

**9. Commitments and contingent liabilities**

**A. Litigation**

The Agency is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Agency's financial position, changes in net assets or liabilities.

**B. Tax Increment Financing**

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



**9. Commitments and contingent liabilities (continued)**

**B. Tax Increment Financing (continued)**

The indebtedness represented by the notes have been allocated to the land and improvements and is payable solely and exclusively from a predetermined percentage of the Site Tax Increment received by the Agency on the parcels, and shall not be payable from any other source.

Because the requirements to repay the notes are contingent on the Agency receiving sufficient site tax increment on the specific parcels and subordinate to the lien of the Agency's preexisting debt and future debt, the potential future obligation of the Agency has not been reflected in the basic financial statements. The following summarizes the unique terms of various notes:

- Simon/Chelsea Las Vegas Development, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2004, in the amount of \$1,837,360 (on June 18, 2008, the note was modified to add an additional note for \$756,095 for a total of \$2,593,455). Payments started June 30, 2004 on the first note and continue until March 5, 2016. Interest accrues at 7 percent per annum, beginning July 1, 2004. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. The second note payments started June 30, 2008 and continue until June 30, 2016, with interest at 7 percent beginning accrual June 18, 2008. Also, the percentage of site tax increment from which the note is paid is 41%, and all unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue and paid \$135,248 in combined interest to Simon/Chelsea, which was charged to economic development and assistance. The combined outstanding balance at June 30, 2015 was \$3,052,122 which includes \$603,567 of accrued interest.
- WMCV Phase I, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2005, in the amount of \$1,696,622. Payments started June 30, 2006 and continue until June 30, 2025. Interest accrues at 8.07 percent per annum, beginning July 1, 2005. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue and paid \$136,917 in interest to WMCV Phase I, LLC, which was charged to economic development and assistance. The outstanding balance was \$1,833,540 at June 30, 2015, 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, beginning July 1, 2005. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue and paid \$72,922 in interest to WMCV Phase II, which was charged to economic development and assistance. The outstanding balance was \$15,673,857 at June 30, 2015, which includes \$6,948,312 of accrued interest.
- WMCV Phase II, 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, beginning 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 \$303,132 in interest to WMCV Phase III, LLC, which was charged to economic development and assistance. The outstanding balance was \$18,442,931 at June 30, 2015, which includes \$4,616,038 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 for nineteen years until June 30, 2027. Interest accrues at 7.9 percent beginning 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 \$297,388 in interest to SP Sahara Development, LLC, which was charged to economic and development assistance. The outstanding balance at June 30, 2015 was \$31,131,565 which includes \$10,519,886 of accrued interest.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**9. Commitments and contingent liabilities (continued)**

**B. Tax Increment Financing (continued)**

- PH ASA, 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 percent per annum, beginning April 24, 2006. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue and paid \$35,719 in interest to PH ASA, LLC, which was charged to economic development and assistance. The outstanding balance at June 30, 2015 was \$1,414,576, which includes \$419,066 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% 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 \$406,173 in interest to WMCV Phase III, LLC, which was charged to economic development and assistance. The outstanding balance was \$14,520,985 at June 30, 2015, which includes \$2,199,365 of accrued interest.
- WMCII Associates, L LC Note – Taxable tax increment subordinate Lien Note entered into June 17, 2009, in the amount of \$2,663,073, payments started June 30, 2009 upon the payment of property taxes and continue for seventeen years until June 30, 2025. Interest accrues at 7.57% 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 \$44,539 in interest to WMCII Associates, LLC, which was charged to economic development and assistance. The outstanding balance was \$3,571,257 at June 30, 2015, which includes \$908,184 of accrued interest.
- On June 15, 2011, the Redevelopment Agency entered into an Interlocal Cooperative Agreement with the City. This Agreement is for the purpose of transferring to the City a portion of the real estate taxes attributable to the Las Vegas Metropolitan Police Department Metroplex that are distributed to and received by the Agency. The Agency will transfer to the City sixty percent (60%) of the Agency share only of real estate taxes as defined in the Metro Interlocal Agreement between Clark County and the City of Las Vegas each year in connection with the Metroplex. The transfer will occur annually commencing on the first anniversary of the date of a Certificate of Occupancy issued for the Metroplex and will continue thereafter until the County either closes escrow on the purchase of the Metroplex or March 5, 2031, whichever comes first. During the year ended June 30, 2015, the RDA was not obligated to transfer real estate taxes to the City of Las Vegas for Metroplex taxes.

**C. Future Car Rental Fee Distributions**

On March 26, 2009, the City of Las Vegas issued \$101,220,000 of City of Las Vegas Nevada General Obligation Performing Arts Center Bonds, Series 2009, to be paid from a fee (Rental Car Fee) upon the lease of a passenger car in the amount of not more than 2 percent of the total amount for which the passenger car was leased.

On May 6, 2009, the City of Las Vegas, Nevada and the City of Las Vegas Redevelopment Agency entered into an 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.

On February 15, 2012, the City of Las Vegas (Landlord) and the Smith Center for the Performing Arts (Tenant) entered into a Lease and Operating Agreement for the Performing Arts Center.

**C. Future Car Rental Fee Distributions (continued)**

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 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 any excess Rental Car Fees it receives from Landlord will be used first to pay all amounts necessary to satisfy all of Tenant's obligations under Tenant's revolving line of credit agreement dated January 28, 2010 with Bank of Nevada. After the Bank has been fully repaid, Tenant agrees that excess Rental Car Fees in the amount of \$20,000,000 plus the City Contingency Amount to the extent actually expended and used, provided such amount shall not exceed \$5,000,000 in any event (the City Reimbursement Amount), 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. No fees were refunded to the Agency as of June 30, 2015.



## **OTHER SUPPLEMENTARY INFORMATION**



**CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY**

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

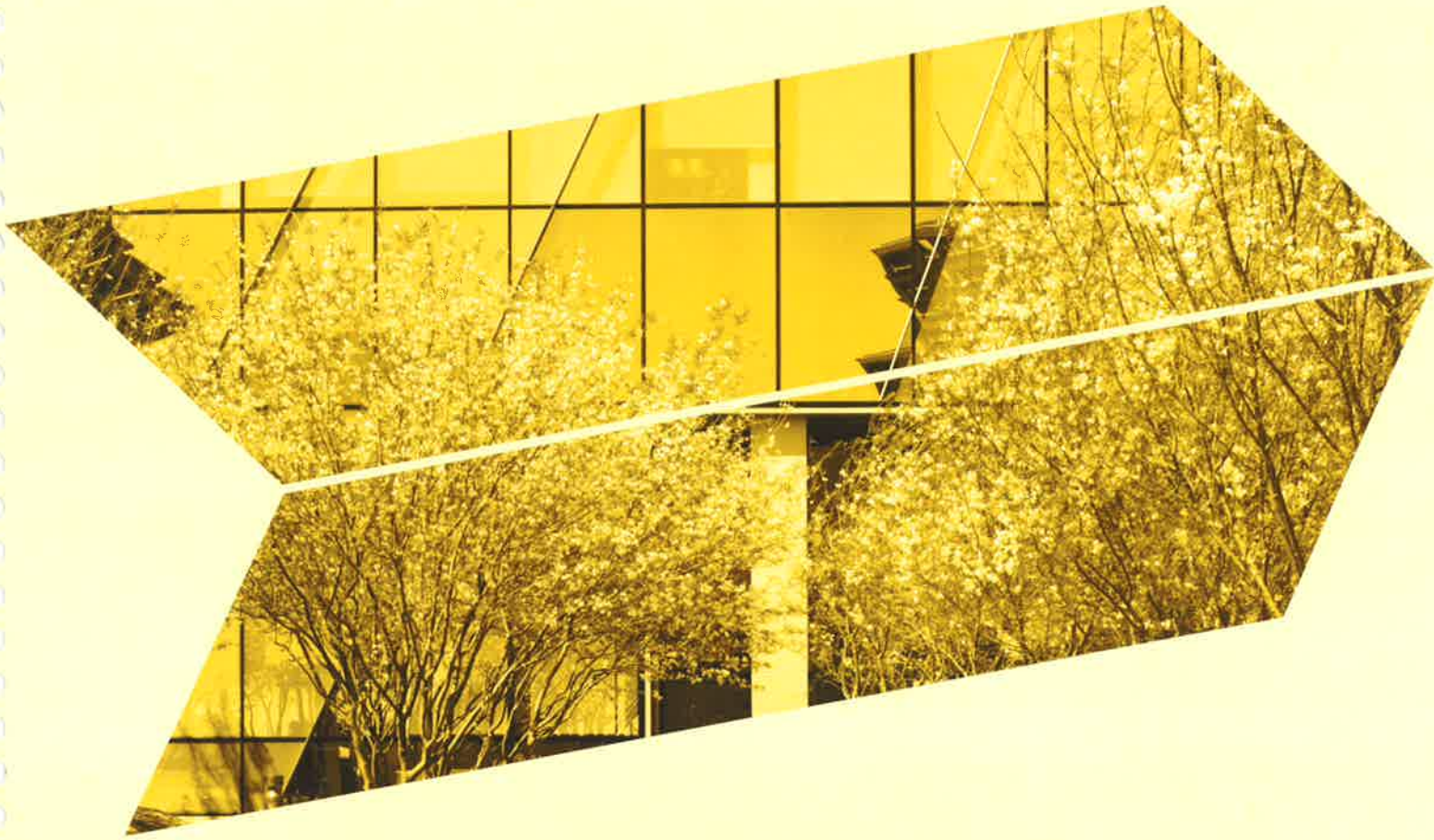
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget -</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 13,550,000	\$ 13,550,000	\$ 13,856,608	\$ 306,608
Investment earnings	3,076	3,076	3,274	198
Total revenues	<u>13,553,076</u>	<u>13,553,076</u>	<u>13,859,882</u>	<u>306,806</u>
Expenditures:				
Current:				
Economic development and assistance	2,439,000	2,439,000	2,494,189	(55,189)
Debt service:				
Principal retirement	3,035,000	3,035,000	3,035,000	
Interest and fiscal charges	8,410,754	8,410,754	8,336,042	74,712
Total expenditures	<u>13,884,754</u>	<u>13,884,754</u>	<u>13,865,231</u>	<u>19,523</u>
Deficiency of revenues under expenditures	<u>(331,678)</u>	<u>(331,678)</u>	<u>(5,349)</u>	<u>326,329</u>
Other financing sources:				
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>		(1,000,000)
Net change in fund balance	668,322	668,322	(5,349)	(673,671)
Fund balance, July 1	<u>5,138,494</u>	<u>5,138,494</u>	<u>3,232,370</u>	<u>(1,906,124)</u>
Fund balance, June 30	<u>\$ 5,806,816</u>	<u>\$ 5,806,816</u>	<u>\$ 3,227,021</u>	<u>\$ (2,579,795)</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
 JUNE 30, 2015

	<u>Capital Assets July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets June 30, 2015</u>
Economic development and assistance:				
Urban redevelopment	\$ 52,071,424	\$ _____	\$ (52,071,424)	\$ _____

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





**AUDITOR'S COMPLIANCE SECTION**



CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Las Vegas Redevelopment Agency (the Agency), a component unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 22, 2015.

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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



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

Las Vegas, Nevada  
December 22, 2015

**CITY OF LAS VEGAS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

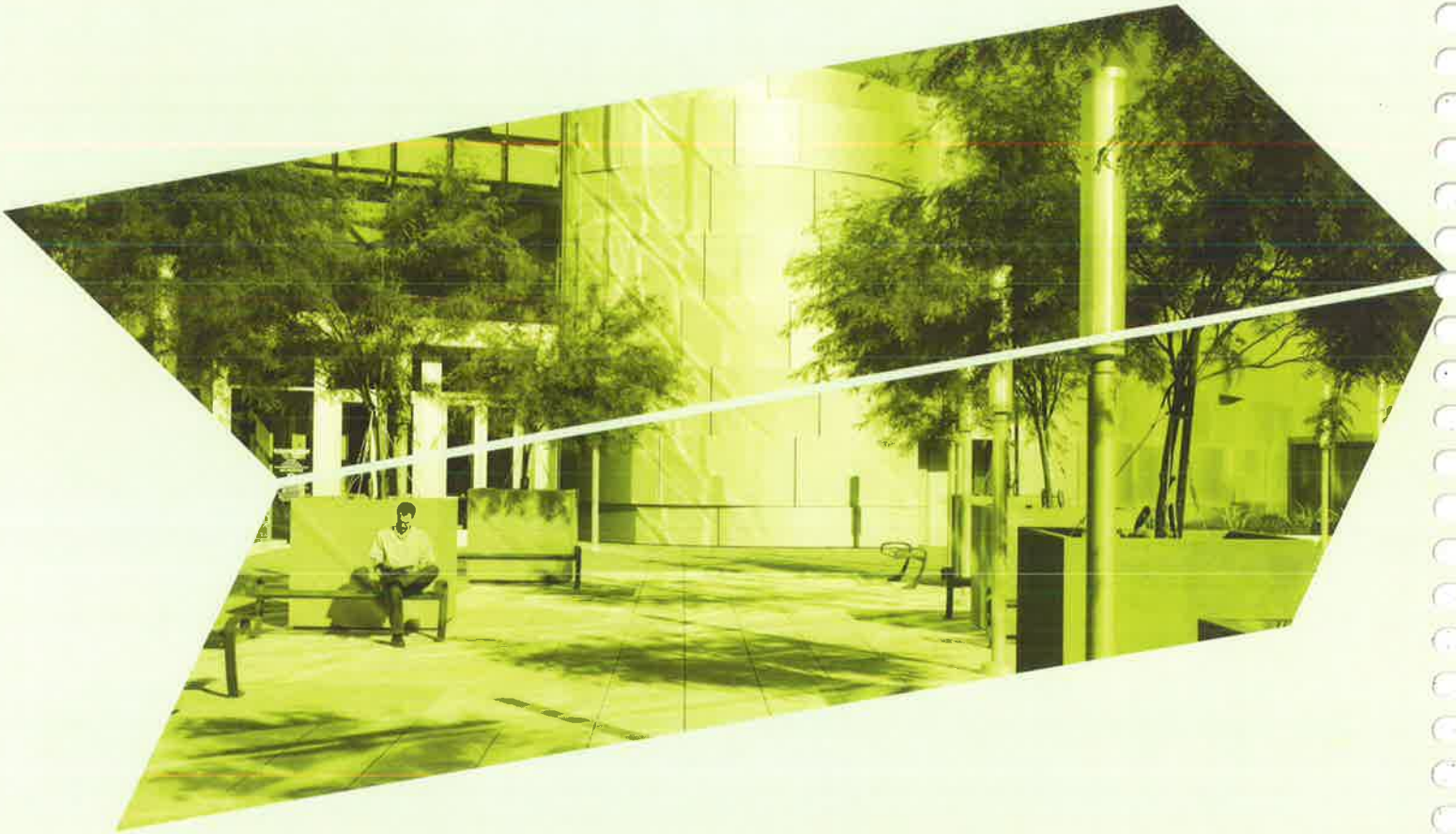
None reported

**CITY OF LAS VEGAS**  
**SCHEDULE OF PRIOR FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

None reported



CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY