

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: S&P: “AA”
Moody’s: “Aa2”
See “RATINGS”**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016D Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016D Bonds (the “Tax Code”), and interest on the 2016D Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS.”

**\$22,930,000
CITY OF LAS VEGAS, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM VARIOUS PURPOSE BONDS
SERIES 2016D**

Dated: Date of Delivery

Due: June 1, as shown herein

The 2016D Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The 2016D Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), securities depository for the 2016D Bonds. Purchases of the 2016D Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2016D Bonds. See “THE 2016D BONDS – Book-Entry Only System.” The 2016D Bonds bear interest at the rates set forth herein, payable on June 1, 2017, and semiannually thereafter on June 1 and December 1 of each year, to and including the maturity dates shown herein (unless the 2016D Bonds are redeemed earlier) to the registered owners of the 2016D Bonds (initially Cede & Co.). The principal of the 2016D Bonds will be payable upon presentation and surrender at the principal operations office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its successor as the paying agent for the 2016D Bonds. See “THE 2016D BONDS.”

The maturity schedule for the 2016D Bonds appear on the inside cover page of this Official Statement.

The 2016D Bonds are subject to redemption prior to maturity at the option of the City. See “THE 2016D BONDS – Redemption Provisions.”

Proceeds of the 2016D Bonds will be used to (i) fund certain recreation projects in the City, and (ii) pay the costs of issuing the 2016D Bonds. See “SOURCES AND USES OF FUNDS.”

The 2016D Bonds constitute direct and general obligations of the City and the full faith and credit of the City is pledged for the payment of principal and interest thereon, subject to the limitations imposed by the constitution and laws of the State of Nevada (including limitations on the City’s operating levies with respect to the 2016D Bonds). See “SECURITY FOR THE 2016D BONDS – General Obligations.”

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2016D Bonds are offered when, as, and if issued and accepted by the initial purchaser, subject to the approval of legality of the 2016D Bonds by Sherman & Howard L.L.C., Las Vegas, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C. also has acted as special counsel to the City in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney. Zions Public Finance, Las Vegas, Nevada, is acting as Financial Advisor to the City. It is expected that the 2016D Bonds will be available for delivery through the facilities of DTC, on or about December 15, 2016.

Official Statement dated November 29, 2016.

MATURITY SCHEDULE
(CUSIP® 6-digit issuer number: 517696)

\$22,930,000
CITY OF LAS VEGAS, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM VARIOUS PURPOSE BONDS
SERIES 2016D

Maturing (December 1)	Principal Amount	Interest Rate	Yield	CUSIP® Issue No.
2017	\$1,850,000	5.000%	1.100%	7J3
2018	1,945,000	5.000	1.370	7K0
2019	2,045,000	5.000	1.620	7L8
2020	2,145,000	5.000	1.850	7M6
2021	2,260,000	5.000	2.050	7N4
2022	2,360,000 ⁽¹⁾	4.000	2.300	7P9
2023	2,460,000 ⁽¹⁾	4.000	2.450	7Q7
2024	2,545,000 ⁽¹⁾	3.000	2.850	7R5
2025	2,620,000	3.000	3.000	7S3
2026	2,700,000	3.000	3.100	7T1

(1) Priced to the par call on December 1, 2021.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2016D Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2016D Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City. The City maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2016D Bonds.

The information set forth in this Official Statement has been obtained from the City and from the other sources referenced throughout this Official Statement, which the City believes to be reliable. No guarantee is made by the City, however, as to the accuracy or completeness of information provided from sources other than the City. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2016D Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2016D Bonds, and not in connection with any subsequent sale or transfer of the 2016D Bonds, and may not be reproduced or used in whole or in part for any other purpose.

The 2016D Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2016D Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2016D BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2016D BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2016D BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF LAS VEGAS, NEVADA

MAYOR AND CITY COUNCIL

Carolyn G. Goodman, Mayor
Steven D. Ross, Mayor Pro Tem
Lois Tarkanian
Stavros S. Anthony
Ricki Y. Barlow
Bob Coffin
Bob Beers

CITY OFFICIALS

Elizabeth N. Fretwell, City Manager
Mark R. Vincent, Chief Financial Officer⁽¹⁾
Venetta Appleyard, Director of Finance
Bradford R. Jerbic, City Attorney

FINANCIAL ADVISOR

Zions Public Finance
Las Vegas, Nevada

BOND AND SPECIAL COUNSEL

Sherman & Howard L.L.C.
Las Vegas, Nevada

REGISTRAR AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

⁽¹⁾ Mr. Vincent is retiring on January 26, 2017. The City has initiated a national search for his successor.

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OFFICIAL STATEMENT

\$22,930,000

**CITY OF LAS VEGAS, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM VARIOUS PURPOSE BONDS
SERIES 2016D**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the City of Las Vegas, Nevada (the “City” and the “State,” respectively), to provide information about the City and its \$22,930,000 General Obligation (Limited Tax) Medium-Term Various Purpose Bonds, Series 2016D (the “2016D Bonds”). The 2016D Bonds will be issued pursuant to an ordinance (the “Bond Ordinance”) to be adopted by the City Council of the City (the “City Council”) on November 16, 2016. Capitalized terms used herein that are otherwise not defined have the meanings ascribed to them in the Bond Ordinance.

The offering of the 2016D Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2016D Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.

The Issuer

The City is the county seat of Clark County (the “County”) and was incorporated in 1911. The City is located in the central portion of the County, which is the southernmost county in the State. According to State Demographer estimates, the City’s population as of July 1, 2015, was approximately 620,935. See “THE CITY.”

Purpose

The proceeds of the 2016D Bonds will be used to: (i) finance certain recreation improvements in the City (the “Recreation Project”), and (ii) pay the costs of issuing the 2016D Bonds. See “SOURCES AND USES OF FUNDS.”

Authority for Issuance

The 2016D Bonds are issued pursuant to the laws of the State, including: Chapter 517, Statutes of Nevada 1983, as amended (the “Charter”); NRS 268.672 through 268.740, inclusive (the “City Bond Law”); the Local Government Securities Law (Nevada Revised Statutes (“NRS”) 350.087 through 350.095, as amended) (the “Bond Act”); NRS chapter 348 (the “Supplemental Bond Law”); and the Bond Ordinance.

Security for the 2016D Bonds

General Obligations. The 2016D Bonds are direct and general obligations of the City, payable as to principal and interest from annual general (ad valorem) taxes (sometimes referred to herein as “General Taxes”) levied against all taxable property within the City (except to the extent any other monies are made available therefor), subject to State constitutional and statutory limitations on the City’s operating levies and on the aggregate amount of ad valorem taxes. See “SECURITY FOR THE 2016D BONDS – General Obligations” and “PROPERTY TAX INFORMATION – Property Tax Limitations.”

The 2016D Bonds; Redemption Provisions

The 2016D Bonds are issued in denominations of \$5,000 or integral multiples thereof and initially will be registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company (“DTC”), the securities depository for the 2016D Bonds. Purchases of the 2016D Bonds are to be made in book-entry form only. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2016D Bonds. See “THE 2016D BONDS – Book-Entry Only System.”

The 2016D Bonds will be dated as of their date of delivery and will mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. See “THE 2016D BONDS.” The payment of the principal of and interest on the 2016D Bonds is described in “THE 2016D BONDS – Payment Provisions.”

The 2016D Bonds are subject to redemption prior to maturity at the option of the City. See “THE 2016D BONDS – Redemption Provisions.”

Tax Matters

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016D Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016D Bonds (the “Tax Code”), and interest on the 2016D Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS – Federal Tax Matters.”

Under the laws of the State in effect as of the date of delivery of the 2016D Bonds, the 2016D Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS, and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See “TAX MATTERS – State Tax Exemption.”

Professionals

Sherman & Howard L.L.C., Las Vegas, Nevada, has acted as Bond Counsel in connection with the 2016D Bonds and also has acted as special counsel to the City in connection with the preparation of this Official Statement. Certain legal matters will be passed on for the City by its City Attorney. The financial advisor to the City in connection with the issuance of the 2016D Bonds is Zions Public Finance, Las Vegas, Nevada (the “Financial Advisor”). See “FINANCIAL ADVISOR.” The audited basic financial statements of the City (contained in Appendix A to this Official Statement) include the report of Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada. See

“INDEPENDENT AUDITORS.” The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as Registrar and Paying Agent for the 2016D Bonds (the “Registrar” and “Paying Agent”).

Continuing Disclosure Undertaking

The City will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the 2016D Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2016D Bonds and the City will covenant in the Bond Ordinance to comply with the terms of the Disclosure Certificate. The Disclosure Certificate will provide that so long as the 2016D Bonds remains outstanding, the City will provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix C. The City has never failed to materially comply with any prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Pursuant to an inquiry by the City into its past continuing disclosure compliance, the City became aware that it filed late or failed to file material events notices related to ratings changes of certain bonds issued by the City. The material events notices were due in 2011, 2013 and 2014. Further, in connection with certain certificates of participation executed and delivered in 2009, the City filed late or failed to file several quarterly progress reports on construction of the parking garage and city hall and several semi-annual reports regarding certain space leased by the City for 2011 and 2012. Additionally, the City filed a notice of a June 1, 2016 bond call with respect to certain special improvements district bonds over four and a half months after such bond call. The City filed the material events notices and missing quarterly and semi-annual filings and has retained the Financial Advisor to assist it with future continuing disclosure compliance.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any statements referring to budgeted or anticipated or unaudited financial information for fiscal years 2016 or future years, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be materially adverse to the owners of the 2016D Bonds and could impact the availability of revenues to pay debt service on the 2016D Bonds.

Bondholder Risks

The purchase of the 2016D Bonds involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the 2016D Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.

Secondary Market

No guarantee can be made that a secondary market for the 2016D Bonds will develop or be maintained by the initial purchaser of the 2016D Bonds (the “Initial Purchaser”) or others. Thus, prospective investors should be prepared to hold their 2016D Bonds to maturity.

Additional Information

This introduction is only a brief summary of the provisions of the 2016D Bonds and the Bond Ordinance; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the City, the 2016D Bonds, the Bond Ordinance and other documents are included in this Official Statement. All references herein to the 2016D Bonds, the Bond Ordinance and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referenced above are available from the City and the Financial Advisor:

City of Las Vegas
495 S. Main Street
Las Vegas, NV 89101
Attention: Chief Financial Officer
Telephone: (702) 229-6280

Zions Public Finance
230 Las Vegas Boulevard South, Suite 200
Las Vegas, NV 89101
Telephone: (702) 796-7080

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds from the sale of the 2016D Bonds are expected to be applied in the following manner:

Sources and Uses of Funds

SOURCES:

Principal Amount of 2016D Bonds.....	\$22,930,000
Plus: Net original issue premium	1,332,387
Total	<u>\$24,262,387</u>

USES:

Construction Account	\$24,001,758
Costs of issuance (including underwriting discount).....	260,629
Total	<u>\$24,262,387</u>

Source: The Financial Advisor.

Recreation Project

A portion of the proceeds of the 2016D Bonds will be used by the City to fund various recreation projects within the boundaries of the City.

THE 2016D BONDS

General

The 2016D Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The 2016D Bonds will be dated as of their date of delivery and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) and mature as set forth on the inside cover page of this Official Statement. The 2016D Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the 2016D Bonds. Purchases of the 2016D Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2016D Bonds. See “Book-Entry Only System” below.

Payment Provisions

The payment of interest on any 2016D Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his or her address as shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month next preceding each interest payment (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date shall be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the 2016D Bonds not less than 10 days prior thereto by first class mail to each such registered owner as shown on the Registrar’s registration records

on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any 2016D Bond by such alternative means as may be mutually agreed upon between the owner of such 2016D Bond and the Paying Agent. The principal of and redemption premium, if any, on any 2016D Bond, shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent. If any 2016D Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by the 2016D Bond until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on the 2016D Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the 2016D Bonds. Disbursement of such payments to DTC's Participants (defined in Appendix B) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in Appendix B) is the responsibility of DTC's Participants and the Indirect Participants (defined in Appendix B), as more fully described herein. See "Book-Entry Only System" below.

Redemption Provisions

Optional Redemption of 2016D Bonds. The 2016D Bonds, maturing on and after December 1, 2022, are subject to redemption in whole or in part on and after December 1, 2021 at a price of par plus accrued interest to the redemption date from such maturities selected by the City and by any amount within a maturity.

Notice of Redemption. Unless waived by any owner of 2016D Bonds to be redeemed for purchase, official notice of any such redemption shall be given by the Registrar, on behalf of the City, by mailing a copy of an official redemption notice by U.S. or electronic mail so long as Cede & Co. is the registered owner of the 2016D Bonds and the Municipal Securities Rulemaking Board ("MSRB") and otherwise by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the 2016D Bonds to be redeemed at the address shown on the Bond register or at such other address as is furnished in writing by such registered owner to the Registrar. Actual receipt of mailed notice by any owner of the 2016D Bonds or the MSRB shall not be a condition precedent to redemption of any 2016D Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2016D Bonds. A certificate by the Registrar that such notice has been given as herein provided shall be conclusive against all parties.

Notwithstanding the provisions described above, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2016D Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2016D Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenants

In the Bond Ordinance, the City covenants for the benefit of the owners of the 2016D Bonds that it will not take any action or omit to take any action with respect to the 2016D Bonds, the proceeds thereof, any other funds of the City or any project refinanced with the proceeds of the 2016D Bonds if such action or omission (i) would cause the interest on the 2016D Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2016D Bonds to lose its exclusion from alternative minimum taxable income as

defined in Section 55(b)(2) of the Tax Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2016D Bonds until the date on which all obligations of the City in fulfilling the above-described covenants under the Tax Code have been met.

Defeasance

When all Bond Requirements of any 2016D Bond have been duly paid, the pledge, the lien, and all obligations under the Bond Ordinance as to the 2016D Bond shall thereby be discharged and the 2016D Bonds shall no longer be deemed to be Outstanding within the meaning of the Bond Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from direct obligations of, or obligations the principal of or interest on which are unconditionally guaranteed by, the United States of America (the “Federal Securities”) in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the 2016D Bond, as the same become due to the final maturity of the 2016D Bond, or upon any redemption date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of 2016D Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section “Federal Securities” shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owner of the 2016D Bond at the address last shown on the registration records for the 2016D Bonds maintained by the Registrar.

Book-Entry Only System

The 2016D Bonds will be available in book-entry form only. DTC will act as the initial securities depository for the 2016D Bonds. The ownership of one fully registered 2016D Bond for each maturity of the 2016D Bonds as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee of DTC. See Appendix B – Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2016D BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2016D BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the City, the Registrar or the Paying Agent will have any responsibility or obligation to DTC’s Participants or Indirect Participants (defined in Appendix B), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the DTC Participants, the Indirect Participants or the beneficial owners of the 2016D Bonds as further described in Appendix B to this Official Statement.

DEBT SERVICE REQUIREMENTS

2016D Bonds

The following table sets forth the debt service requirements for the 2016D Bonds in each fiscal year.

<u>Debt Service Requirements⁽¹⁾</u>			
<u>Fiscal Year⁽²⁾</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 0	\$ 433,906	\$ 433,906
2018	1,850,000	894,750	2,744,750
2019	1,945,000	799,875	2,744,875
2020	2,045,000	700,125	2,745,125
2021	2,145,000	595,375	2,740,375
2022	2,260,000	485,250	2,745,250
2023	2,360,000	381,550	2,741,550
2024	2,460,000	285,150	2,745,150
2025	2,545,000	197,775	2,742,775
2026	2,620,000	120,300	2,740,300
2027	2,700,000	40,500	2,740,500
Total	\$ 22,930,000	\$ 4,934,556	\$ 27,864,556

(1) Totals may not add due to rounding.

(2) The City's fiscal year ends on June 30 of each calendar year shown.

Source: The Financial Advisor.

SECURITY FOR THE 2016D BONDS

General Obligations

General. The 2016D Bonds are direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest due thereon, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See "PROPERTY TAX INFORMATION – Property Tax Limitations." The 2016D Bonds are a debt of the City payable from all legally available funds of the City. Provisions for the payment of principal and interest requirements on the 2016D Bonds will be made as provided in the Bond Act.

The 2016D Bonds are payable by the City from any source legally available at the times such payments are due. No funds of the City are specifically pledged to the payment of debt service on the 2016D Bonds. The City currently anticipates paying debt service on the 2016D Bonds from revenues in its Las Vegas Convention & Visitor's Authority Special Revenue Fund. However, the revenues in that fund are not pledged to the payment of debt service on the 2016D Bonds.

The City has covenanted in the Bond Ordinance that it will make sufficient provisions annually in its budget to pay the debt service requirements on the 2016D Bonds, when due. The City also has covenanted in the Bond Ordinance that, if necessary, it will make proper provisions through the levy of sufficient ad valorem taxes for the retirement of the principal of and interest on the 2016D Bonds and any other outstanding indebtedness, subject to the limitations on the City's operating levies (described below) and on the aggregate amount of ad valorem taxes imposed by the constitution and laws of the State, and the amount of money necessary for that purpose shall be a first charge against all legally available revenues received by the City.

Current Operating Tax Rate Information. The ad valorem tax rate available to pay the 2016D Bonds is limited to the City's maximum operating levy and any legally available tax overrides. Those rates are calculated annually by the State Department of Taxation ("Taxation") as described in "PROPERTY TAX INFORMATION – Property Tax Limitations – Local Government Property Tax Revenue Limitation." The City's maximum allowed operating levy changes each year. The City's fiscal year 2016-17 operating levy is \$0.6765 per \$100 of assessed valuation; the maximum allowed operating levy for fiscal year 2016-17 is \$1.8328 per \$100 of assessed valuation. The City also imposes an "override" tax rate as approved by voters; however, moneys from that rate are not legally available to pay debt service on the 2016D Bonds. In the future, the City also may levy a tax rate for the payment of debt service on general obligation bonds; if levied, the moneys realized from that tax levy also will not be legally available to pay debt service on the 2016D Bonds. The total ad valorem tax rate, including the operating rate available to pay the 2016D Bonds, is further limited by the limitation on the combined overlapping tax rate of \$3.64 per \$100 of assessed valuation. See "PROPERTY TAX INFORMATION – Property Tax Limitations."

No Repealer. State statutes provide that no act concerning the 2016D Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2016D Bonds or their security until all of the 2016D Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Certain Risks Associated With Property Taxes

Delays in Property Tax Collections Could Occur. Although the 2016D Bonds are general obligations of the City, the City may only levy property taxes to pay debt service on the 2016D Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes in addition to those described above, see "PROPERTY TAX INFORMATION – City Property Tax Collections." Due to the statutory process required for the levy of taxes, in any year in which the City is required to levy property taxes, there may be a delay in the availability of property tax revenues to pay debt service on the 2016D Bonds. Accordingly, although other City revenues may be available to pay debt service on the 2016D Bonds, if pledged revenues are insufficient for the 2016DA Bonds, time may elapse before the City receives property taxes levied to cover any insufficiency of such pledged revenues.

Property Tax Limitations. The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (*e.g.* the State, the County, the Clark County School District (the "School District"), any city, or any special district) in each year. Those limitations are described in "PROPERTY TAX INFORMATION – Property Tax Limitations." In any year in which the total property taxes levied within the City by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness. In addition, State law requires the abatement of property taxes in certain circumstances. See "PROPERTY TAX INFORMATION – Required Property Tax Abatements."

Additional Risks Related to Property Taxes. Numerous other factors over which the City has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include the valuation of property within the City, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner. The City's residential housing market has been slowly recovering since the recession it experienced between fiscal years 2009 and 2013. However, the Las Vegas area still maintains one of the highest foreclosure rates in the nation. It cannot be predicted at this time what impact these trends (or other economic trends) would have on property values or City property tax collections in the future. The assessed value of property in the City declined from a high of \$24,992,555,583 in fiscal year 2009 to a low of \$11,926,888,555 in fiscal year 2013, a decline of

approximately 52%; however, the assessed value increased to \$12,251,484,406 in fiscal year 2014 (an increase of 2.7%), increased to \$13,852,723,777 in fiscal year 2015 (an increase of 13.1%) increased 12.0% to \$15,520,077,988 in fiscal year 2016 and increased 6.8% to \$16,578,456,154 in fiscal year 2017. It is possible that the assessed valuation could decline in future years.

Limitations on Remedies Available to 2016D Bond Owners

Judicial Remedies. Upon the occurrence of an Event of Default under the Bond Ordinance, each owner of the 2016D Bonds is entitled to enforce the covenants and agreements of the City by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the pledged revenues and other moneys held under the Bond Ordinance (including General Taxes, if any) and not against any other fund or properties of the City.

The enforceability of the Bond Ordinance is also subject to equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the City under the Bond Ordinance, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2016D Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2016D Bonds and the obligations incurred by the City in issuing the 2016D Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2016D Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2016D Bonds in the event of a default in the payment of principal of or interest on the 2016D Bonds. Consequently, remedies available to the owners of the 2016D Bonds may have to be enforced from year to year.

Limitations upon Security. The payment of the 2016D Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City, except for the proceeds of ad valorem taxes (limited as described above) and any other moneys pledged for the payment of the 2016D Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the 2016D Bonds.

Changes in Law. Various State laws apply to the operation and finances of the City as well as the imposition, collection, and expenditure of property taxes and other City revenues. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the City and the imposition, collection, and expenditure of its revenues.

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

General. The assessed valuation of property within the City for the fiscal year ending June 30, 2017, is \$16,578,456,154 (excluding the assessed value of the Las Vegas Redevelopment Agency (the “Redevelopment Agency”)), which represents a 6.8% increase from the assessed valuation calculated for the prior fiscal year. State law requires that the County Assessor reappraise, at least once every 5 years, all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the County Assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the current policy of the County Assessor to reappraise all real and secured personal property in the County each year. State law currently requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the State Legislature. Based upon the assessed valuation for fiscal year 2017, the taxable value of all taxable property within the City is \$47,367,017,583. However, due to property tax abatement laws originally adopted in 2005 (described in “Required Property Tax Abatements” below), the amount of taxes that can be collected by taxing entities within the City is capped and likely will not change at the same rate as the assessed value.

“Taxable value” is defined in the statutes as the full cash value in the case of land and as the replacement cost less straight-line depreciation in the case of improvements to land and in the case of taxable personal property, less depreciation in accordance with the regulations of the Nevada Tax Commission but in no case an amount in excess of the full cash value. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of 50 years. Adjusted actual age is actual age adjusted for any addition or replacement made which is valued at 10% or more of the replacement cost after the addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its “actual age” is adjusted, *i.e.*, reduced to reflect the increased useful term of the structure. The adjusted actual age has been used on appraisals for taxes since 1986-87.

In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include railroads, airlines, and utility companies.

Ad Valorem Property Tax Data

History of Assessed Value. The following table illustrates a history of the assessed valuation in the City. Due to property tax abatement laws enacted in 2005 (described in “Required Property Tax Abatements” below), the taxes collected by taxing entities within the County are capped and there is no longer a direct correlation between changes in assessed value and property tax revenue.

History of Assessed Value

Fiscal Year Ended June 30	Total Assessed Value of City ⁽¹⁾	Percent Change
2013	\$11,926,888,555	--
2014	12,251,484,406	2.7%
2015	13,852,723,777	13.1
2016	15,520,077,988	12.0
2017	16,578,456,154	6.8

(1) Excludes the assessed valuation of the Redevelopment Agency in the following amounts; fiscal year 2013 – \$530,045,935; fiscal year 2014 – \$568,564,713; fiscal year 2015 – \$627,006,745; fiscal year 2016 – \$738,640,089 and fiscal year 2017 – \$855,006,156.

Source: State of Nevada Department of Taxation, *Local Government Finance Property Tax Rates for Nevada Local Governments fiscal years 2012-2013 through 2016-2017*.

City Property Tax Collections

General. In Nevada, county treasurers are responsible for collecting property taxes, and forwarding the allocable portions thereof to the overlapping taxing units within the counties.

Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January and March of each fiscal year. Penalties are assessed if any taxes are not paid within 10 days of the due date as follows: 4% of the delinquent amount if one installment is delinquent, 5% of the delinquent amount plus accumulated penalties if two installments are delinquent, 6% of the delinquent amount plus accumulated penalties if three installments are delinquent, and 7% of the delinquent amount plus accumulated penalties if four installments are delinquent. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property. State law provides alternative remedies for the collection of taxes in certain instances, including judicial foreclosure (which may take place before the expiration of the two-year redemption period) and the issuance of a tax lien to the county treasurer which may be sold before the expiration of the two-year redemption period (but remains subject to redemption).

City Tax Collections. A history of the City’s net tax roll collection record appears in the following table. The table includes real property taxes only; it does not include taxes levied or paid on personal property. The net secured levy is net of abatement amounts and other required adjustments. *The figures in the following table represent property taxes that have been collected in the past; they do not represent taxes that are available to pay debt service on the 2016D Bonds.* The information is included only to provide information with respect to the historic collection rates for the City and may not be relied

upon to predict what collection rates would be within the City should it levy additional ad valorem property taxes in the future.

City of Las Vegas, Nevada
Property Tax Levies, Collections and Delinquencies⁽¹⁾

Fiscal Year Ending June 30	Net Secured Roll Tax Levy (in thousands)	Current Tax Collections (in thousands)	% of Levy (Current) Collected	Delinquent Tax Collections	Total Tax Collections (in thousands)	Total Tax Collections as % of Current Levy ⁽²⁾
2012	\$93,015	\$91,744	98.63%	\$1,252,110	\$92,996	99.98%
2013	85,176	84,266	98.93	884,906	85,151	99.97
2014	85,310	84,461	99.00	804,440	85,266	99.95
2015	87,749	87,088	99.25	534,212	87,622	99.86
2016	91,239	90,594	99.29	215,402	90,810	99.53
2017	92,998	41,946	45.10	⁽³⁾	41,946	45.10

(1) Subject to revision. Represents the real property tax roll levies and collections as of September 30, 2016. Excludes the Redevelopment Agency.

(2) Percentage of total taxes collected to date (calculated on the Net Secured Roll Tax Levy).

(3) Collection in progress.

Source: City's Comprehensive Annual Financial Reports for fiscal years ended June 30, 2012-2015 and the Clark County Treasurer's Office.

Principal Property Taxpayers

The following table represents the principal property-owning taxpayers in the City based on fiscal year 2016-17 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (personal property). No independent investigation has been made of, and consequently there can be no representation as to the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the City.

During the recent economic recession, several major taxpayers in the City experienced varying degrees of financial difficulty, including bankruptcy proceedings. Although those entities continued to pay property taxes in a timely manner, those or other entities may encounter future difficulties that could negatively impact the timely payment of property taxes.

City of Las Vegas – Principal Property Taxpayers⁽¹⁾
(Fiscal Year 2016-17)

Taxpayer	Type of Business	Assessed Value	% of Total Assessed Value ⁽²⁾
Howard Hughes Corporation	Property Owner/Manager/Developer	\$140,671,390	0.85%
World Market Center Las Vegas	Retail Center	135,918,862	0.82
Universal Health Services Inc.	Health Care	120,779,481	0.73
Boyd Gaming Corporation	Hotels/Casino	114,779,020	0.69
Station Casinos Inc.	Hotels/Casino	104,268,259	0.63
Landry's Restaurants Inc.	Restaurants/Hotel/Casino	91,194,149	0.55
American Casino & Entertainment	Hotels/Casino	65,086,828	0.39
Molasky Group of Companies	Developer	58,311,577	0.35
Hospital Corporation of America	Hospitals	55,603,505	0.34
Picerne Real Estate Group	Apartments	<u>50,941,801</u>	<u>0.31</u>
TOTAL		<u>\$937,554,872</u>	<u>5.66%</u>

(1) Excludes centrally assessed properties.

(2) Based on the City's fiscal year 2016-17 assessed valuation of \$16,578,456,154 (excludes the assessed valuation attributable to the Redevelopment Agency).

Source: Clark County Assessor's Office website (report dated October 31, 2016).

Property Tax Limitations

Overlapping Property Tax Caps. Article X, Section 2, of the State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (*i.e.*, the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation (\$5 per \$100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to \$4.50 per \$100 in assessed valuation in the case of certain entities that are in financial difficulties; and (b) require that \$0.02 of the statewide property tax rate of \$0.17 per \$100 assessed valuation is not included in computing compliance with this \$3.64 cap. (This \$0.02 is, however, counted against the \$5.00 cap). State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in that in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. The 2016D Bonds are not exempt from such limits. This rate is generally limited as follows. The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

A local government, other than a school district, may exceed the property tax revenue limitation if the proposal is approved by its electorate at a general or special election. In addition, the Executive Director of the Department of Taxation will add, to the allowed revenue from ad valorem taxes, the amount approved by the legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from the Nevada Department of Taxation exceed actual revenues available to local governments, Nevada local governments receiving such sales tax may levy a property tax to make up the revenue shortfall. The County, the City and the other cities within the County levy various tax overrides as allowed or required by State statutes.

School districts levy a tax of \$0.75 per \$100 of assessed valuation for operating purposes. School districts are also allowed an additional levy for voter-approved pay-as-you-go tax rates, and voter approved or short-term public safety debt service.

The Nevada Tax Commission monitors the impact of tax legislation on local government services.

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship. At the November 5, 2002 election, the State's voters approved an amendment to the State constitution authorizing the State Legislature to enact a law providing for an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence.

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than \$175,000; the property owner does not own any other real property in the State with an assessed value of more than \$30,000; the residence has been occupied by the owner for at least 6 months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship caused by circumstances beyond his control (such as illness or disability expected to last for at least 12 continuous months); and the total annual income of the owner's household is at or below the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer. To date, the County Treasurer has not received material requests to postpone the payment of the property tax as described above.

Potential Constitutional Amendment - Senate Joint Resolution 13. Senate Joint Resolution 13 ("SJR 13"), adopted by the 2016 session of the Nevada Legislature, proposes to amend the Nevada Constitution. Under Nevada law, constitutional amendments require majority approval by each house of the Legislature in two separate legislative sessions and then majority approval by the general electorate. SJR 13, therefore, will be considered again in the 2017 Legislature. If it is approved again, it is expected that it will be placed on the ballot for the November 2018 general election.

SJR 13 would impose certain additional limitations on property taxes. It is unclear how the amendment would work with existing abatement requirements. If approved, SJR 13 is expected to require enabling legislation which has not yet been introduced. The proposed amendment itself would, among other provisions, limit taxes to 1.25% of taxable value. Property taxes for debt (including the 2016D Bonds), however, generally would be excluded from SJR 13's limit. SJR 13 only applies to real property taxes. It also requires a new "uniform and just" valuation of property for taxation and it

generally limits increases in property values to the lesser of 3% per year or the rate of inflation, with certain exceptions. SJR 13 would also change the taxable value of real property upon certain transfers of the property.

Many of the provisions of SJR 13 are unclear and the amendment will require additional legislation to implement. It is not possible to predict at this time whether it will become law, or what its impact will be on the County's property tax revenue if it does become law.

Required Property Tax Abatements

General. In 2005, the Legislature approved the Abatement Act (NRS 361.471 to 361.4735), which established formulas to determine whether tax abatements are required for property owners in each year. For residential properties, an abatement generally is required to reduce the amount of property taxes owed to not more than 3% more than the amount levied in the immediately preceding fiscal year. That same formula applies (as a charitable exemption) to commercial property that qualifies as low-income rental housing. Finally, for all properties, an abatement from ad valorem taxation is required to reduce the amount of property taxes owed to no more than an amount determined pursuant to a formula. The first part of the formula requires a determination of the greater of: (1) the average percentage change in the assessed valuation of all taxable property in the County, as determined by the Department of Taxation, over the fiscal year in which the levy is made and the 9 immediately preceding fiscal years; (2) the percentage equal to twice the increase in the Consumer Price Index for all Urban Consumers, U.S. City Average (All Items) for the immediately preceding calendar year or (3) zero. The second part of the formula requires determination of the lesser of: (1) 8% and (2) the percentage determined in the previous sentence. After making both determinations, whatever part of the formula yields the lowest percentage is used to establish the maximum percentage of increase (over the prior year) in tax liability for each property. This abatement formula also must be applied to residential properties and low-income rental properties if it yields a greater reduction in property taxes than the 3% test described above. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year. For example, in the County for fiscal year 2016-2017, the Abatement Act formula results in a maximum percentage increase of tax liability for each parcel of 0.2% over the prior year for all types of properties, including residential properties and low-income rental properties.

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. Revenues realized from new or increased ad valorem taxes that are required by any legislative act that was effective after April 6, 2005, generally are exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. *Any increase in the rate of ad valorem taxes required to pay the principal of or interest on the 2016D Bonds is not exempt from the partial abatement formulas described above.*

General Effects of Abatement. Limitations on property tax revenues could negatively impact the finances and operations of the taxing entities in the State, including the County, to an extent that cannot be determined at this time.

Current Legislative Efforts. A group representing various municipalities throughout the State is currently meeting to discuss recommendations to be made to the State Legislature regarding local government revenues, including property taxes. During the 2013 legislative session, the Legislature enacted beneficial changes to the Consolidated Tax distribution formula. The group of municipalities hopes to similarly influence positive change in the State's property tax system during the 2016 legislative session. The abatements enacted in 2005 have had unintended consequences and have significantly impeded economic recovery for not only local governments but also school districts and other special districts. This group is identifying potential solutions to allow for more rapid recovery without putting undue strain on residents. There is no guarantee that such efforts will be successful.

Overlapping Tax Rates

The following table presents a five-year tabulation of the average statewide tax rate and a sample overlapping tax rates for the City. The overlapping rates for areas within the City vary depending upon location. The highest overlapping tax rate in the City for 2016-17 is \$3.2782 (per \$100 of assessed valuation), located in several taxing districts in the City. The highest overlapping district tax rate in the County for 2016-17 is \$3.4030 (per \$100 of assessed valuation) in Mt. Charleston Town.

History of Statewide Average and Sample Overlapping Property Tax Rates⁽¹⁾

Fiscal Year Ended June 30	2013	2014	2015	2016	2017
Average Statewide Rate	\$3.1304	\$3.1212	\$3.1232	\$3.1360	\$3.1500
Clark County ⁽²⁾	\$0.6541	\$0.6541	\$0.6541	0.6541	0.6541
Clark County School District	1.3034	1.3034	1.3034	1.3034	1.3034
City of Las Vegas	0.7715	0.7715	0.7715	0.7715	0.7715
Las Vegas Metropolitan Police	0.2850	0.2850	0.2850	0.2850	0.2850
Las Vegas-Clark County Library District	0.0942	0.0942	0.0942	0.0942	0.0942
State of Nevada ⁽⁴⁾	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
TOTAL	\$3.2782	\$3.2782	\$3.2782	\$3.2782	\$3.2782

(1) Per \$100 of assessed valuation

(2) Includes the State Indigent Trust Rate of \$0.0150.

(3) Combined operating and debt levies.

(4) \$0.0200 of the State rate is exempt from the \$3.64 cap. See "Property Tax Limitations" above.

Source: Property Tax Rates for Nevada Local Governments-State of Nevada Department of Taxation, 2012-13 through 2016-17.

THE CITY

General

The City is the county seat of the County and was incorporated in 1911. The City is located in the central portion of the County, which is the southernmost county in the State. According to State Demographer estimates, the City's population as of July 1, 2015 was approximately 620,935.

The City provides its citizens with fire protection, sewer collection and treatment, parks, streets, a municipal court and other general governmental services. The Las Vegas Metropolitan Police Department ("Metro"), a joint venture between the City and the County, provides police protection for the City. Metro's organization and financing arrangements are discussed elsewhere in this Official Statement and in the notes to the audited financial statements attached hereto as Appendix A. Electricity is provided by NV Energy (formerly Nevada Power Company, a stand-alone subsidiary of Sierra Pacific Resources) with headquarters in the City. Telephone service is provided by CenturyLink and gas and water services are provided by Southwest Gas Corporation and the Las Vegas Valley Water District, respectively.

Mayor and City Council

The governing body of the City is its City Council, which has all municipal powers except as limited by the City Charter, which is a special legislative enactment by the Legislature.

The City Council currently has seven members, six of whom are elected from wards and the mayor who is elected at large. All positions are for four-year terms, with the Mayor and three Council members being elected at one biennial election and the other three members being elected at the next succeeding biennial election. The Mayor or, in his absence, the Mayor Pro Tem presides at meetings of the City Council. All members of the City Council, including the Mayor and the Mayor Pro Tem have full voting powers. The procedures for actions taken by the City Council are prescribed in the City Charter, which include provisions for initiatives and referenda by citizens.

Information about the Mayor and the City Council members is set forth in the following table.

<u>Name</u>	<u>Ward</u>	<u>Principal Occupation</u>	<u>Date of Election/ Appointment</u>	<u>Current Term Expires</u>
Carolyn G. Goodman, Mayor	At Large	Education	6/11	6/19
Steven D. Ross, Mayor Pro Tem	Ward 6	Electrical Contractor	7/05	6/17
Stavros S. Anthony	Ward 4	Retired Police Officer	6/09	6/17
Lois Tarkanian	Ward 1	Educator/Public Service	2/05	6/19
Ricki Y. Barlow	Ward 5	Public Service	6/07	6/19
Bob Coffin	Ward 3	Insurance	6/11	6/19
Bob Beers	Ward 2	Certified Public Accountant	3/12	6/17

Administration

The City Manager is appointed by the City Council to serve at its pleasure. As the chief administrative officer of the City, the City Manager has the power and responsibility, among others, to exercise control over all the departments and divisions (other than the office of the City Attorney and City Auditor) of City government and over all of the officers and employees of the City. The other duties of the City Manager include preparation and submission to the City Council of the annual budget of the City, as well as to supervise and observe that all contracts of the City are faithfully kept and fully performed and to cause all legal proceedings to be instituted or defended at the expense of the City.

Information about the City Administrators most closely related to the financial management of the City and the issuance of the 2016D Bonds is set forth below.

Elizabeth N. Fretwell, City Manager. Ms. Fretwell was sworn in as City Manager on January 21, 2009. She joined the City in June 2000 as Assistant City Manager and was promoted to Deputy City Manager in March 2002. Ms. Fretwell has been involved in local government administration for nearly two decades. Prior to joining the City, she held the position of Intergovernmental Relations Director for the City of Henderson, Nevada, and prior to that she worked for the County, where she was involved in extensive public policy, legislative lobbying and organizational analysis. Ms. Fretwell also serves as the Executive Director of the Las Vegas Redevelopment Agency. She is a credentialed member of the International City/County Management Association and was on the nominating committee in 2009. She has recently been appointed to the Governor's Nevada Tourism Infrastructure Committee. In 2012, she was awarded the National Public Service Award by the American Society of Public Administration. In 2011, Ms. Fretwell was recognized as Woman of the Year by the Gay & Lesbian Community Center of Southern Nevada. She was recognized by Sierra Club 2010 with the Southern Nevada Environmental Stewardship Award. Ms. Fretwell is a graduate of the University of Georgia with a Bachelor of Arts degree in political science and a master's degree in public administration. She completed the Harvard University Senior Executives in State and Local Government Program in 2007.

Mark R. Vincent, Chief Financial Officer. Mr. Vincent was appointed chief financial officer in December 2010. Prior to that appointment, he was the City's Director of Finance and Business Services from 1998 through 2010, with the exception of a brief period beginning in December 2008 when he served as Acting Deputy City Manager until a permanent Deputy City Manager was hired. He is currently responsible for the departments of Finance, Human Resources and Information Technology as well as the City Clerk and Municipal Court. Prior to his employment with the City, Mr. Vincent served for seventeen years with several Department of Energy prime contractors. He was employed by EG&G Energy Measurements, Inc. for thirteen years, seven of which were as Treasurer and Director of Finance. He also worked for EG&G Reynolds Electrical and Engineering Company, Inc. as its Manager of the Finance and Management Control Department, and for two years with Bechtel Nevada as its Business Systems Manager. All three of these contractors supported the weapons testing program at the Nevada Test Site. Mr. Vincent was appointed to serve as a member of the PERS board in April 2009; he served as its Vice-Chairman from July 2009-July 2011, and was elected Chairman in July 2011. He also was appointed in December 2010 to serve on the State's Committee on Local Government Finance. Mr. Vincent has been a licensed certified public accountant in the State since 1981. He worked for national certified public accounting firms specializing in casino audits prior to his Nevada Test Site employment. Mr. Vincent received a Bachelor of Science degree in Business Administration, with distinction, from the University of Nevada, Las Vegas. **Mr. Vincent is retiring on January 26, 2017. The City has initiated a national search for his successor.**

Bradford R. Jerbic, City Attorney. Mr. Jerbic was appointed City Attorney in August 1992. Mr. Jerbic was an Assistant United States Attorney from May of 1990 until his appointment as City Attorney. He also served as a Clark County Deputy District Attorney from March of 1986 to May of 1990 and clerked for United States District Court Chief Judge Harry Claiborne from May of 1984 to March of 1986. Mr. Jerbic received a Bachelor of Arts degree from Pomona College in Claremont, California in 1980 and his law degree from Southwestern University School of Law in Los Angeles, California in May of 1984. Mr. Jerbic also worked as a Congressional Intern for Senator Howard W. Cannon in 1980 and has served on the Board of Directors of IMLA, the International Municipal Lawyer Association.

Employee Relations, Benefits and Pension Matters

Employee Relations. As of November 1, 2016, the City had 2,564 full-time employees and 672 part-time employees for a grand total of 3,236 employees. Four organized labor units representing five bargaining units represent employees of the City, including Fire Supervisory and Non-Supervisory (“IAFF”), Police Protective Association (“PPA”), Las Vegas Peace Officers Association (“LVPOA”) and the Las Vegas City Employees’ Association (“LVCEA”). The IAFF collective bargaining agreements will expire on June 25, 2016. The PPA collective bargaining agreement will expire on June 30, 2019. The LVCEA collective bargaining agreement will expire on June 30, 2016.

Benefits. The City provides life insurance, health insurance, dental and vision insurance, long-term disability insurance, paid vacation, sick leave and holidays, uniform, tool and vehicle benefits to certain employees, and reimbursement for certain education expenses to its employees. The City also provides short-term disability insurance coverage to its executive and appointive employees.

Pension Matters. The Nevada Public Employees’ Retirement System (“PERS”) covers substantially all public employees of the State, its agencies and its political subdivisions, including the City. PERS, established by the Legislature effective July 1, 1948, is governed by the Public Employees’ Retirement Board whose seven members are appointed by the Governor for four-year terms. Except for certain City specific information set forth below, the information in this section has been obtained from publicly-available documents provided by PERS. The City has not independently verified the information obtained from the publicly available documents provided by PERS and is not responsible for its accuracy.

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as established by statute, are determined by the number of years of accredited service at the time of retirement and the member’s highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits, and death benefits. PERS has several tiers based on legislative changes effective with membership dates. The following table illustrates the PERS service credit multiplier.

PERS Benefit Multiplier

<u>Membership Date</u>	<u>Service Credit Multiplier</u>				<u>Highest Contiguous Average Over</u>
	<u>Before 01/01/01</u>	<u>After 01/01/01</u>	<u>After 01/01/10</u>	<u>After 07/01/15</u>	
Before January 1, 2001	2.50%	2.67%	2.67%	2.67%	36 months
After January 1, 2001, before January 1, 2010	--	2.67%	2.67%	2.67%	36 months
After January 1, 2010, before July 1, 2015	--	--	2.50%	2.50%	36 months
After July 1, 2015	--	--	--	2.25%	36 months

Similarly, legislative changes have created several tiers of retirement eligibility thresholds. The following table illustrates the PERS retirement eligibility thresholds.

Nevada PERS Retirement Eligibility

<u>Membership Date</u>	<u>Regular</u>		<u>Police/Fire</u>	
	<u>Age</u>	<u>Years of Service</u>	<u>Age</u>	<u>Years of Service</u>
Before January 1, 2010	65	5	65	5
	60	10	55	10
	Any	30	50	20
			Any	25
After January 1, 2010, before July 1, 2015	65	5	65	5
	62	10	60	10
	Any	30	50	20
			Any	30
After July 1, 2015	65	5	65	5
	62	10	60	10
	55	30	50	20
	Any	33 1/3	Any	33 1/3

Nevada law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability (“UAAL”) and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State’s biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2015. The following table reflects some of the key valuation results.

PERS Actuarial Report

<u>Key Valuation Results</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
UAAL	\$12.35 billion	\$12.53 billion
Market Value Funding Ratio	75.1%	76.3%
Actuarial Value Funding Ratio	73.2%	71.3%
Assets Market Value	\$34.61 billion	\$33.57 billion
Assets Actuarial Value	\$33.72 billion	\$31.47 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The current effective amortization period is 20.6 years. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses. As of June 30, 2015, PERS has unrecognized net deferred gains of \$0.70 billion. Unless offset by future investment losses, the recognition of the \$0.70 billion net deferred market gains is expected to increase the future actuarial funded ratio and decrease the future contribution rate.

Contribution rates are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employer to pay for their proportionate share of the unfunded liability. The City is obligated to contribute all amounts due under PERS, however, in accordance with State law, non-police/fire employees share the annual increases equally with the employees. For fiscal years 2014 and 2015, the contribution rate was 25.75% for regular members and 40.50% for police/fire members. While the police/fire rate remains unchanged for the 2016/2017 biennium, the regular contribution rate increased to 28.00% from 25.75%. Under the Employer/Employee Pay method the City's regular employees will see their wage and salary rates reduced by 1.125% for their half of the increase.

For the year ended June 30, 2015, PERS adopted Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25. This GASB replaces the requirements of GASB statements 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans. In addition, it requires the determination of net pension liability ("NPL") as opposed to the previously disclosed UAAL.

Prior to these new standards, the accounting and reporting requirements of the pension related liabilities followed a long-term funding policy perspective. The new standards separate the accounting and reporting requirements from the funding decisions and require the unfunded portion of the pension liability to be apportioned among the participating employers. These standards apply for financial reporting purposes only and do not apply to contribution amounts for pension funding purposes.

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position, and NPL in its financial statements for the fiscal year ended June 30, 2014. The total pension liability for financial reporting was determined on the same basis as the actuarial accrued liability measure for funding. The fiduciary net position is equal to the market value of assets. The NPL is equal to the difference between the total pension liability and the fiduciary net position.

PERS's NPL as of June 30, 2014 was \$10.42 billion as compared to \$13.15 billion as of June 30, 2013, when measured in accordance with GASB 67. PERS' fiduciary net position as a percentage of the total pension liability is 76.31% as of June 30, 2014, as compared to 68.68% as of June 30, 2013. Although PERS Comprehensive Annual Financial Report is not complete, its June 30, 2015 actuary report is complete. It reports the June 30, 2015 NPL as \$11.46 billion, and its fiduciary net position as a percentage of total pension liability as 75.13%.

Effective with fiscal year 2015, the City is required to apply the GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27 ("GASB 68"), to its audited financial statements. The implementation of these standards requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan, which include the NPL, deferred outflows of resources, deferred inflows of resources and pension expense. Among other requirements, the City was required to report its proportionate share of the total PERS (fiduciary) NPL in its financial statements. PERS was required to implement GASB 67. As a result of an actuarial study, the City's proportionate share of PERS's NPL is 3.91932%, resulting in the recording of a June 30, 2015 unaudited pension liability of \$327,624,612. The implementation of this standard has no effect at the individual fund statement level. The City has no legal obligation to fund any of PERS's NPL nor does it have any ability to affect funding, benefit, or actuarially determined contribution decisions made by PERS or the Legislature.

The City's actual contributions to PERS for the last five fiscal years and its budgeted contribution for fiscal year 2017 are as follows:

Actual					Budgeted
Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
\$57,272,765	\$54,912,520	\$59,192,694	\$61,656,969	\$66,055,293	\$64,903,000

The City has budgeted \$64,903,000 in PERS contributions for the fiscal year ended June 30, 2017. For the year ended June 30, 2015, the City's contribution to PERS represented approximately 3.99% of total contributions to PERS.

See Note 8 in the audited financial statements attached hereto as Appendix A for additional information on PERS. In addition, copies of PERS' most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

Other Postemployment Benefits. The City also makes available certain post-retirement health insurance and other non-pension benefits ("OPEB") to employees who retire under PERS and elect to receive and pay for these benefits. Effective July 1, 2007, the City implemented Governmental Accounting Standards Board Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"). GASB 45 addresses how the City accounts for and reports its costs related to OPEB. GASB 45 requires the City to accrue the cost of its OPEB liability during the period of active employment (while the benefits are being earned) and disclose the unfunded actuarial accrued liability (the "UAAL") in order to accurately account for the total future costs of OPEB and the financial impact to the City. See Note 16(B) for a detailed description of the City's OPEB plan, its funding policy, annual costs, and associated UAAL (including significant methods and assumptions of the actuarial valuation). The City reports that it has made no changes to its significant methods and assumptions since fiscal year 2012. Also see the Required Supplementary Information in Appendix A for a history of the City's UAAL and other statistical information.

The City receives an actuarial valuation biannually. The most recent valuation was for fiscal year 2014 (*i.e.*, as of July 1, 2013); the next valuation will be for fiscal year 2016 which is currently in process. As illustrated in the Required Supplementary Information, the City's UAAL was \$54,258,703 as of the July 1, 2013, valuation date; the UAAL will not change until the fiscal year 2016 valuation is recorded. The actuarial value of assets as of the July 1, 2013, valuation date was \$10,972,954. The City's annual OPEB cost is calculated by adjusting the actuarially determined Annual Required Contribution ("ARC") for interest earned and other factors, including contributions made. Unfunded liabilities in excess of contributions increase the City's Net OPEB Obligation. The City's Net OPEB Obligation as of June 30, 2012 was \$58,637,391 and as of June 30, 2013, it was \$55,090,668. As of June 30, 2014, the Net OPEB Obligation was \$56,369,566. As of June 30, 2015, the Net OPEB Obligation was \$56,982,924 and as of June 30, 2016, the Net OPEB Obligation was \$57,500,000.

On June 16, 2010, the City Council adopted and passed a resolution which created a trust fund for OPEB. During the fiscal years ended June 30, 2013, June 30, 2014, June 30, 2015 and June 30, 2016, the City contributed \$5,000,000, \$0, \$0 and \$0, respectively, to the trust. The net market value of the trust at June 30, 2016, was \$13,619,096. The City has not included any contribution to the trust in its budget for fiscal year 2017. See Note 16(C) in the audited financial statements attached hereto as Appendix A for a description of the OPEB Trust Fund.

CITY FINANCIAL INFORMATION

Annual Reports

General. The City's Director of Finance prepares a comprehensive annual financial report ("CAFR") providing an overview of financial operations and changes in financial position of the County as of June 30 of each fiscal year. The latest audited report is for the year ended June 30, 2015. Those financial statements represent the City's most recent audited financial statements. Audited financial statements for prior years (and the City's CAFRs) may be obtained from the sources listed in "INTRODUCTION – Additional Information."

The audited basic financial statements attached hereto as Appendix A are derived from the CAFR, but they do not include all of the information contained in the CAFR, such as individual fund financial statements and statistical data. That information may be reviewed by reviewing the entire CAFR. The CAFR is the official financial report of the City. It was prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard setting body for governmental accounting and financial reporting. See Note 1 in the audited financial statements attached hereto as Appendix A for a description of the City's significant accounting policies.

Awards. The Government Finance Officers Association ("GFOA") of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 36th consecutive year that the City has received this recognition. A Certificate of Achievement is valid for a period of one year only.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Budgeting

Detailed requirements for the City's budget are set forth in State statutes. The City's budgeting process begins with City Council strategic planning sessions to determine if resources need realignment. That is followed with a series of reviews and analysis of budget requests submitted by various departments. City management and budget office staff compile and prioritize all data with the objective of aligning budget resources with the City Council's strategic plan objectives as closely as possible. A public hearing is held by the City Council on the final budget recommendations. The final budget is approved and adopted by the City Council and filed with the City Clerk, the County Clerk, and Taxation by June 1 of each year.

Budgetary controls are maintained at the line item level by department. Additional controls consist of the following: (a) City Manager's office approves all staff hiring; (b) on-going monitoring of expenditures; and (c) monthly analysis of departmental cost versus budget trends. Revenue monitoring may lead to curtailment of certain expenditures such as new hires, travel or capital outlay. If new programs have been initiated or existing programs change, or unanticipated revenue is realized, it may be necessary to realign or revise the budget. The City formalizes this procedure by preparing an augmented budget for the current year, which reflects both revenue and expenditure adjustments. Following a public hearing, the augmentation is filed with Taxation.

In May 2014, the City adopted a budget policy change that provides excess revenues over expenditures may be programmed only after considering the following objectives: (1) adequacy of general fund reserve levels, (2) unfunded long-term liabilities, (3) capital priorities that lack sufficient dedicated funding sources, and (4) operational expenditures such as employee compensation, benefits, infrastructure maintenance and new programs may be considered only if the excess is deemed sustainable.

Accounting

The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds to be used are determined by GAAP and the number of individual funds established is determined by sound financial administration.

The City's records are maintained on a modified accrual basis for all governmental and fiduciary fund types. Accordingly, revenues are recognized when susceptible to accrual, *i.e.*, both measurable and available. Expenditures, other than interest on long term debt, are recorded as liabilities when incurred. The accrual basis of accounting is utilized by all proprietary funds. A more detailed explanation of the basis of accounting for the various funds is included in the notes to the basic financial statements, located in Appendix A.

General Fund; Other Funds

General. The purpose of the general fund (the "General Fund") is to finance the ordinary operations of the City (including debt service to the extent that the portion of the ad valorem tax levy set aside for debt service is not sufficient to service general obligation debt) and to finance those operations not provided for in other funds. Included are all transactions related to the approved current operating budget, its accompanying revenue, expenditures and encumbrances, and its related asset, liability, and fund equity accounts.

Major General Fund Revenue Sources. For the bulk of its General Fund revenues, the City relies upon "intergovernmental revenues" comprised primarily of revenues derived from Consolidated Tax revenues (approximately 52.5% and 53.1% of General Fund revenues in both fiscal years 2015 and 2016 (unaudited), respectively; other taxes, including property taxes (approximately 16.8% of General Fund revenues in fiscal year 2015 and 17.1% of General Fund revenues in fiscal year 2016 (unaudited); revenue from licenses and permits (approximately 17.0% of General Fund revenues in fiscal year 2015 and 16.9% of General Fund revenues in fiscal year 2016 (unaudited); and charges for services (approximately 8.5% of General Fund revenues in fiscal year 2015 and 8.4% of General Fund revenues in fiscal year 2016 (unaudited). Other sources of General Fund revenue are intergovernmental revenues (other than Consolidated Taxes), fines and forfeitures, interest income and miscellaneous revenues; none of these sources accounted for more than 5% of General Fund revenue in fiscal years 2015 or 2016.

As described above, the majority of General Fund revenues are comprised of the Consolidated Taxes. Sales tax collections are subject to fluctuations in spending which is affected by, among other things, general economic cycles. Sales tax revenues may increase along with the increasing prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of sales tax collections may be expected to correspond generally to economic cycles. The City has no control over general economic cycles and is unable to predict what economic factors or cycles will occur while the 2016D Bonds remain Outstanding.

General Fund Expenditures. The City's annual General Fund expenditures are dominated by the funding support of a variety of mandated functions. These include: public safety functions, including police, fire protection and corrections services (approximately 70.1% and 70.4%, respectively, of fiscal years 2015 and 2016 (unaudited) General Fund expenditures); general governmental services, including City Council, the City Manager, City Clerk, other executive functions and financial administration (approximately 11.3% for both fiscal years 2015 and 2016 (unaudited) (General Fund expenditures); culture and recreation (approximately 9.4% and 9.0% of fiscal years 2015 and 2016 (unaudited), respectively (General Fund expenditures); and judicial functions (approximately 5.2% and 5.3%, respectively, of fiscal years 2015 and 2016 (unaudited) General Fund expenditures. Other General Fund functions include public works, health and economic development expenditures, none of which accounted for more than 5% of General Fund expenditures in fiscal years 2015 or 2016 (unaudited).

Other City Funds. As shown in Appendix A, the City has numerous other funds, the largest of which are the Capital Projects Funds, Enterprise Funds and Special Revenue Funds. Monies on deposit in the Capital Projects Funds are used for the acquisition or construction of major capital facilities. Monies on deposit in the Enterprise Funds are used for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

History of General Fund Revenues and Expenditures

General. The following table presents a history of the City's General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2012 through 2015. The information for fiscal years 2012 through 2015 was derived from the City's CAFR for each of those years. The table also provides unaudited information for fiscal year 2016 derived from the City's Finance Department and fiscal year 2017 information from the City's 2017 budget.

The information in this table is provided for informational purposes only and does not imply that all of the revenues shown below are legally available to pay debt service on the 2016D Bonds. The information in this table should be read together with the City's audited financial statements for the year ended June 30, 2015, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION – Additional Information."

Reserve Policies. The City's policy is to maintain an unreserved fund balance in the General Fund equal to 12% of budgeted General Fund revenues. That policy was temporarily suspended for fiscal year 2011 and replaced with a requirement that the fund balance equal 10% of budgeted General Fund revenues. However, the 12% policy was reinstated for the fiscal year 2012 budget and in 2013 the policy was modified to reflect an aspirational goal of 20%.

The City's reserve policies also stipulate that ending cash balance for Internal Service Funds should equal 10% of the prior year's expenditures for operations, 25% for capital acquisitions, and 25% of employee benefit expenditures.

Effect of GASB 54. Effective for the fiscal year ending June 30, 2011, the City is subject to Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). Under GASB 54, fund balance for governmental

funds are required to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints placed on the specific purposes for which amounts in those funds can be spent. As a result, the prior “reserved, unreserved and designated” designations of fund balance have been replaced with new categories: “nonspendable,” “restricted,” “committed,” “assigned” and “unassigned.” See Note 1(G) in the audited financial statements attached hereto as Appendix A for a description of each of these fund restriction categories.

With the application of GASB 54, the budgetary basis of accounting for the General Fund differs from GAAP. Effective with the fiscal year ending June 30, 2011, the GAAP application of GASB 54 requires amounts reported in special revenue funds that do not meet the definition of GASB 54 for a “Special Revenue Fund” from proceeds of specific revenue sources to be included in the General Fund. The City and its auditors have determined that for GAAP purposes, four existing special revenue funds will be required to be reported as part of the General Fund: the Fiscal Stabilization Fund (described below), the Industrial Development Special Revenue Fund, the Community Leisure Services Special Revenue Fund and the USDC-Economic Development Administration Special Revenue Fund. The City continues to budget the Fiscal Stabilization Fund separately from the General Fund.

Notwithstanding the foregoing, the information presented in the following table includes the General Fund only; the funds required to be reported with the General Fund for purposes of GASB 54 (described in the prior paragraph) have been excluded from this table.

General Fund - History of Revenues, Expenditures and Changes in Fund Balance

<u>Fiscal Year Ended June 30,</u>	<u>2012</u> <u>(Audited)</u>	<u>2013</u> <u>(Audited)</u>	<u>2014</u> <u>(Audited)</u>	<u>2015</u> <u>(Audited)</u>	<u>2016</u> <u>(Unaudited)</u>	<u>2017</u> <u>(Budgeted)</u>
Revenues						
Taxes	\$87,269,883	\$81,222,574	\$81,142,155	\$83,691,629	\$87,378,322	\$89,075,000
Licenses and Permits	74,793,925	78,580,650	76,173,424	84,831,131	86,467,484	85,609,610
Consolidated Tax	221,315,602	232,872,708	245,701,878	261,542,205	271,991,613	280,675,000
Intergovernmental Revenue	3,683,186	3,448,378	3,955,057	4,591,406	5,982,357	6,975,000
Charges for Services	32,958,376	38,360,750	36,270,268	42,158,795	42,977,300	40,790,412
Fines & Forfeitures	20,490,413	19,965,049	16,815,188	14,991,525	13,053,844	13,025,000
Interest	1,208,501	524,937	858,092	766,399	1,237,880	500,000
Miscellaneous	<u>3,398,212</u>	<u>7,409,438</u>	<u>4,375,832</u>	<u>5,209,373</u>	<u>3,176,191</u>	<u>3,805,000</u>
Total Revenues	\$445,118,098	\$462,384,484	\$465,291,894	\$497,782,463	\$512,264,991	\$520,455,022
Expenditures ⁽¹⁾						
General Government	64,208,260	50,438,953	51,186,319	51,004,679	55,172,767	63,012,792
Judicial	22,328,077	23,366,352	24,601,623	24,581,122	26,109,553	27,199,598
Public Safety	300,664,468	303,463,944	313,046,613	329,120,882	345,051,402	354,796,065
Public Works	12,241,645	12,586,505	12,433,825	11,758,542	11,082,459	11,408,173
Health	3,383,146	3,459,785	3,563,429	4,103,042	4,149,919	4,698,393
Culture & Recreation	42,757,083	44,670,677	45,569,377	44,078,659	44,171,247	46,559,731
Economic Development	2,050,954	2,633,975	2,147,368	4,827,701	4,571,852	5,540,270
Transit System	<u>13,383</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	\$447,647,016	\$440,620,191	\$452,548,554	\$469,474,627	\$490,309,199	\$513,215,022
Excess (deficiency) of revenues over expenditures	(2,528,918)	21,764,293	12,743,340	28,307,836	21,955,792	7,240,000
Other Financing Sources (Uses)						
Operating Transfers In ⁽²⁾⁽³⁾	9,402,894	10,520,000	9,387,721	9,550,000	10,021,261	11,160,000
Operating Transfers Out ⁽⁴⁾	(12,305,000)	(22,680,000)	(20,565,567)	(40,014,329)	(26,030,950)	(18,400,000)
Sales of Capital Assets	<u>3,613,445</u>	<u>302,797</u>	<u>229,475</u>	<u>1,208,773</u>	<u>--</u>	<u>--</u>
Total	\$711,339	\$(11,857,203)	\$(10,948,371)	\$(29,255,556)	\$(16,009,689)	\$(7,240,000)
Net Changes in Fund Balance	(1,817,579)	9,907,090	1,794,969	(947,720)	5,946,103	--
Fund Balance, July 1 ⁽⁵⁾	<u>101,400,074</u>	<u>99,582,495</u>	<u>106,982,815</u>	<u>108,777,784</u>	<u>107,830,064</u>	<u>113,776,167⁽⁷⁾</u>
GASB 54 Adjustment ⁽⁵⁾	--	--	--	--	--	--
Prior Period Adjustment ⁽⁶⁾	--	(2,506,770)	--	--	--	--
Fund Balance, June 30	<u>\$99,582,495</u>	<u>\$106,982,815</u>	<u>\$108,777,784</u>	<u>\$107,830,064</u>	<u>\$113,776,167⁽⁷⁾</u>	<u>\$113,776,167</u>
Nonspendable	\$29,529,088	\$29,818,363	\$29,923,174	\$29,730,805	\$29,100,000	\$29,000,000
Unassigned	\$70,053,407	\$77,164,452	\$78,854,610	\$78,099,259	\$84,676,167	\$84,776,167

Footnotes on next page

- (1) Includes capital outlay expenditures as well as current expenditures in certain of the categories shown.
- (2) Transfers include the portion of the City's property tax attributable to the Fire Safety Initiative that is used for operations.
- (3) A total of \$18,089,909 was transferred into the General Fund in 2011 due to the new Internal Service Fund balance policy (discussed above); of that amount, \$8,000,000 was subsequently transferred out to the Parks & Leisure Activities Capital Projects Fund. In addition, in 2011, the City completed a \$5,000,000 transfer from its utility funds to the General Fund; that transaction originally was scheduled to occur in fiscal year 2012. The fiscal year 2012 information (Operating Transfers In and Net Changes in Fund Balance) has been adjusted to reflect the occurrence of the transaction in fiscal year 2011.
- (4) The large variance in "operating transfers out" in 2015 is primarily attributable to a one-time transfer of \$11.3 million to the City's capital project fund for infrastructure improvements and strategic land acquisition and a \$5 million transfer to cover increases in employee benefits.
- (5) The implementation of GASB 54 has changed the categories for restriction of fund balance.
- (6) Adjustments to correct errors in prior years.
- (7) The fiscal year 2017 beginning fund balance has been adjusted to reflect the unaudited fiscal year 2016 ending balance.

Source: Derived from the City's CAFRs for fiscal years 2012-2015, the City's Finance Department and from the City's fiscal year 2017 budget.

Management Discussion

General. An overview of the financial activity and overall financial condition of the City is presented in the City of Las Vegas Management's Discussion and Analysis included within the financial statements of the City as of and for the year ended June 30, 2015, included hereto as Appendix A.

2017 Budget. The City's budget for fiscal year 2017 was adopted by City Council on May 18, 2016. The fiscal year 2017 budget for the General Fund forecasts revenues and transfer of \$531.6 million. This is a 1.8% increase over fiscal year 2016 estimated revenues.

The City is also projecting a 3.2% increase in consolidated tax revenues compared to the fiscal year 2016 unaudited amount which represents 53.9% of its revenue base. Property taxes (16.6% of the City's revenue base excluding the transfer in of the Fire Safety Initiative property tax) are expected to increase by 2.0%. Overall, budgeted revenues, including transfers in, are expected to increase by 1.6% in fiscal year 2017 from the fiscal year 2016 unaudited amount.

With the City's projected results in the General Fund for fiscal year 2016, this will be the fourth year in a row that the City will finish the year with an excess (revenues in excess of expenditures). The City began fiscal year 2016 with a \$1 million surplus budget and estimates that it will finish the year with a \$5 million positive position.

Efforts to date have positioned the City well for fiscal year 2017. One of the City's key priorities continues to be the growth and development of the urban core. This encompasses many areas including education, public safety, transportation, improved infrastructure and bringing in new business. Working with community leaders, the City is working on a downtown master plan. More parks are needed in the downtown area and the City is looking at ways to have green spaces that fit in with existing development. These linear parks will bring additional recreation areas to provide a more vibrant city.

The City has had some great success getting stakeholders working in the same direction. The Smith Center for the Performing Arts is a great example. The Lou Ruvo Cleveland Clinic Center for Brain Health has been another great addition to not only the downtown but the entire City. The energy and draw that Fremont East has become is an example of the momentum of new business and attractions coming downtown. The Downtown Master Plan sets the stage for the City to continue to welcome key projects while reaching for a shared vision for the entire urban core.

With the ongoing master planning efforts for the medical district, the City continues to prepare for the new UNLV School of Medicine that may be constructed on the site of the previous Health District building. In addition, the City is programming funds to do additional infrastructure improvements in support of this effort.

Like medical care, education is another key area that we know makes all the difference in a community. A poor educational system impacts everyone. The City does not control the Clark County School District or the State's education department, but has been partnering with these organizations recognizing the importance of improving education in the community. If successful in this area, the City believes that virtually all facets of life in Las Vegas will improve.

The budget reflects the ongoing emphasis on what is important to the citizens and to the council by continuing investment in the City. The fiscal year 2017 budget represents a growth rate in expenditures of 2.1% compared to the fiscal year 2016 budget and growth of 4.7% compared to fiscal year 2016 estimates. This includes modest program expansion, restorations and sustainable service levels, including:

- Complete rehabilitation of older existing parks and providing new parks where there are service gaps
- Building facilities that continue to support economic development
- Repaving and cleaning of streets throughout all wards
- Providing sidewalk infill improvements in our mature areas and within the medical district
- Maintaining city facilities and assets
- Add resources in critical service areas
- 70.5 new and restored full-time equivalent positions with 42.0 in public safety and 28.5 in the non-public safety functional areas.

The fiscal year 2017 budget represents the application of City policies, especially its fiscal and budget policies. The policies provide guidance in sustaining the fiscal integrity and viability of the City. As a management tool, the budget outlines operating programs and related activities, equipment, and facilities necessary to conduct those programs. The budget represents the City's financial plan, so citizens of the community can be informed of the City's fiscal condition and its focus for the upcoming year.

Quality of life considerations are significant in the large portion of the City's budget that goes toward the area of law enforcement. The City's primary police force is the Las Vegas Metropolitan Police Department. The City has allocated for \$138.7 million for its share of fiscal year 2017 police services. Funding is determined through a joint agreement with Clark County.

The City's Department of Public Safety will receive approximately \$8.4 million in revenue from other government agencies. This revenue represents fees received to house and supervise other agency inmates in the city's Detention Center and fees paid by the City of North Las Vegas to locate their jail housing operations within the City of Las Vegas facility. An estimated 160 inmates from North Las Vegas and Boulder City are housed in the facility on a daily basis. The budget contemplates adding 16 corrections officers for the operations at the Detention Center. In addition six marshals are planned to support security efforts for Fremont Street patrols.

The fiscal year 2017 budget contemplates 12 new firefighter paramedics for rescues at Fire Station 103 and 106 in the City's efforts to transition overtime to permanent staffing. Also contemplated are six positions to support ten-hour shifts in the Intermediate Life Support unit to absorb

the non-transport medical calls. These positions are budgeted for six months and are contingent on modification to the current collective bargaining agreement to allow for ten-hour shifts.

Investment Policy

The investment goal of the City is to maintain adequate cash availability to meet current obligations and invest excess monies at the maximum yield allowed, while assuring that the principal is protected from loss. Monies that are not required for immediate expenditures are invested within the guidelines of NRS Chapter 355, and City policy. See Note 3 in Appendix A for a more complete description of the City's investment practices.

Fiscal Stabilization Fund

The City has established a Fiscal Stabilization Special Revenue Fund (the "Fiscal Stabilization Fund") pursuant to NRS 354.6115 and a resolution adopted by the City Council on January 7, 2009. The Fiscal Stabilization Fund was funded with transfers of available balances from the General Fund, Special Revenue Funds, Internal Service Funds and Capital Projects Funds. As described above, beginning in fiscal year 2011, the Fiscal Stabilization Fund was required to be accounted for in the General Fund pursuant to GASB 54. Money in the fund is to be used only to stabilize the operation of City government and mitigate the effects of natural disasters. Transfers out of the Fiscal Stabilization Fund may be made only: (i) if the total actual revenue falls short of the total anticipated revenue in the General Fund for the fiscal year in which the City uses that money, and (a) the revenue shortfall is the result of an economic event that could not be anticipated, and (b) the resulting General Fund balance will fall below 10% of the anticipated expenditures; and (ii) to pay expenses incurred by the City to mitigate the effects of a natural disaster or act of terrorism. The fund balance in the Fiscal Stabilization Fund must not exceed 10% of the expenditures from the General Fund for the previous fiscal year. The ending fund balance of the Fiscal Stabilization Fund on June 30, 2016 was \$13,211,467.

Accounting for Liability Insurance and Employee Benefits

Liability Insurance and Property Damage Internal Service Fund. The City maintains a Liability Insurance and Property Damage Internal Service Fund to pay for tort liability losses and avoid escalating premiums and to cover damage and loss of City-owned assets.

The following table presents information about the revenues, expenditures and fund balances for the Liability Insurance and Property Damage Internal Service Fund. The information provided for fiscal years 2012 through 2015 was derived from the City's CAFR for each of those years. The table also provides unaudited information for fiscal year 2016 derived from the City's Finance Department and fiscal year 2017 information from the City's 2017 budget. The information in the table below does not conform to GAAP presentation, as all revenues (including operating revenues, non-operating revenues and transfers) are included in the "Total Revenue" category.

Liability Insurance and Property Damage Internal Service Fund

Fiscal Year Ended June 30	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Unaudited)	2017 (Budgeted)
Total Revenue	\$2,549,279	\$1,970,494	\$1,755,320	\$1,947,447	\$1,909,302	\$2,129,600
Total Expenditures	<u>1,922,523</u>	<u>1,869,467</u>	<u>2,417,611</u>	<u>2,479,984</u>	<u>2,692,866</u>	<u>2,758,370</u>
Net Income (Loss)	626,756	101,027	(662,291)	(532,984)	(783,564)	(628,770)
Operating Transfers Out ⁽¹⁾	<u>0</u>	<u>(745,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	626,756	(643,973)	(662,291)	(532,537)	(783,564)	(628,770)
Total Net Assets, Beginning	5,349,312	5,976,068	5,189,289	4,526,998	3,240,865	2,457,301
Prior Period Adjustment ⁽²⁾		(142,806)		(753,596) ⁽³⁾	0	0
Total Net Assets, Ending	\$5,976,068	\$5,189,289	\$4,526,998	\$3,240,865	\$2,457,301	\$1,828,531

(1) In fiscal year 2011, represents a transfer to the General Fund in accordance with the new internal service fund (ISF) fund balance policy. This amount was transferred to the General Fund and then from the General Fund to the Capital Projects Fund. In fiscal year 2013, represents the amount transferred to the Employee Benefit Internal Service Fund in accordance with the internal service fund balance policy.

(2) In fiscal year 2013, an adjustment was made to correct errors in prior years.

(3) Reflects implementation of GASB 68.

Source: Derived from the City's CAFRs for fiscal years 2012-2015, the City's Finance Department and from the City's fiscal year 2017 budget.

See Note 17 (particularly Note 17(A)(1)) in the audited financial statements attached hereto for a description of the City's risk management activities, including more specific information about the Liability Insurance and Property Damage Internal Service Fund. The City also carries reinsurance coverage in the Liability Insurance and Property Damage Internal Service Fund for any amounts in excess of a \$10,000 property deductible and a \$100,000 state tort claim limit for liability.

Employee Benefit Internal Service Fund. State law requires that employees be covered for workers' compensation either through a self-insurance fund or through the Employers Insurance Company of Nevada. The City is self-insured and utilizes the Employee Benefit Internal Service Fund to account for the activity. The fund includes the City's Workers' Compensation self-insurance program which expends payments of claims, as required by law, to employees injured at work and for presumptive liability for heart/lung diseases for public safety employees.

The purpose of the Employee Benefit Internal Service Fund is to account for monies collected from City departments, employees and former employees and dependents to be expended for premiums and claims for health insurance and other employee benefits (medical, dental, vision and other benefits) provided to employees and their dependents, former employees and retirees. The fund also is used to account for accrued vacation time and sick leave. Current City policy requires a minimum cash balance in the fund of not less than twenty-five percent of the prior year expenditures. The monies collected from City departments are determined based on a billing rate applied to the salaries and wages expended in those departments. The City periodically reviews its rate structure to ensure adequate funding going forward.

The following table presents the revenues, expenditures and fund balance for the Employee Benefit Internal Service Fund with the amounts in prior years adjusted to reflect this merger. The information is provided for fiscal years 2012 through 2015 and derived from the City's CAFR for each of those years. The table also provides unaudited information for fiscal year 2016 derived from the City's Finance Department and fiscal year 2017 information from the City's 2017 budget. The information in the table below does not conform to GAAP presentation, as all revenues (including operating revenues, non-operating revenues and transfers) are included in the "Total Revenue" category.

Employee Benefit Internal Service Fund

Fiscal Year Ended June 30,	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Unaudited)	2017 (Budgeted)
Total Revenue	\$172,994,153	\$149,089,647	\$145,701,608	\$148,985,359	\$158,845,657	\$161,966,000
Total Expenditures	<u>169,909,869</u>	<u>162,285,463</u>	<u>155,214,912</u>	<u>164,237,629</u>	<u>161,328,112</u>	<u>159,984,615</u>
Net Income (Loss)	3,084,284	(13,195,816)	(9,513,304)	(15,252,270)	(2,482,455)	1,981,385
Operating Transfers In	<u>14,510,096</u>	<u>5,745,000</u>	<u>0</u>	<u>5,000,000</u>	<u>2,000,000</u>	<u>0</u>
Net Change in Fund						
Balance	17,594,380	(7,450,816)	(9,513,304)	(10,252,270)	(482,455)	1,981,385
Total Net Assets, Beginning	19,152,224	36,746,604	29,046,849	19,533,545	8,527,678	8,045,223
Prior Period Adjustment ⁽¹⁾	0	(248,939)	0	(753,597) ⁽²⁾	0	0
Total Net Assets, Ending	\$36,746,604	\$29,046,849	\$19,533,545	\$8,527,678	\$8,045,223	\$10,026,608

(1) In fiscal year 2013, an adjustment was made to correct errors in prior years.

(2) Reflects implementation of GASB 68.

Source: Derived from the City's CAFRs for fiscal years 2012-2015, the City's Finance Department and from the City's fiscal year 2017 budget.

See Note 17 (particularly Note 17(A)(2)) in the audited financial statements attached hereto for a description of the City's risk management activities, including more specific information about the Employee Benefit Internal Service Fund. The City also carries reinsurance coverage in the Employee Benefit Internal Service Fund for any amounts in excess of a \$250,000 health insurance claim deductible and Workers Compensation excess insurance coverage for claims in excess of \$1 million for regular employees and \$4 million for public safety employees.

DEBT STRUCTURE

Debt Limitation

State law limits the aggregate principal amount of the City's general obligation debt to 20% of its total reported assessed valuation. The following table presents a history of the City's outstanding general obligation indebtedness with respect to its statutory debt limitation.

Statutory Debt Limitation

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Assessed</u> <u>Valuation</u> ⁽¹⁾	<u>Debt Limit</u>	<u>Outstanding General</u> <u>Obligation Debt</u> ⁽²⁾	<u>Statutory</u> <u>Debt Capacity</u>
2013	\$12,456,934,490	\$2,491,386,898	\$321,615,000	\$2,169,771,898
2014	12,820,049,119	2,564,009,824	295,825,000	2,268,184,824
2015	14,479,730,522	2,895,946,104	338,410,000	2,557,536,104
2016	16,258,718,077	3,251,743,615	495,005,000	2,756,738,615
2017	17,433,462,310	3,486,692,462	513,215,000 ⁽³⁾	2,973,477,462

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- (1) Includes the assessed valuation of the Redevelopment Agency. These values are included for purposes of calculating the debt limit but are not subject to taxation for the retirement of general obligation debt.
- (2) Includes general obligation bonds, general obligation bonds additionally secured with pledged revenues and medium-term general obligation bonds. Excludes revenue bonds and lease purchase agreements.
- (3) Outstanding as of November 1, 2016, after taking into account the issuance of the 2016D Bonds. See the table in "Outstanding Indebtedness and other Obligations" below.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2012-13 through 2016-17; debt information compiled by the Financial Advisor.

Outstanding Indebtedness and Other Obligations

Outstanding Indebtedness and Other Obligations. The following table presents the City's outstanding obligations as of November 1, 2016, after taking into account the issuance of the 2016D Bonds.

City's Outstanding Debt and Other Obligations⁽¹⁾

	Dated Date	Maturity Date	Original Amount	Amount Outstanding
<u>GENERAL OBLIGATION REVENUE BONDS⁽²⁾</u>				
Performing Arts Center Bonds, Series 2009	04/01/09	04/01/39	\$101,220,000	\$6,485,000
Golf Course Refunding Bonds, Series 2012B	05/01/12	06/01/22	8,230,000	5,185,000
Adjustable Rate Various Purpose Refunding Bonds, Series 2013	07/31/13	06/01/36	30,025,000	27,740,000
Parking Refunding Bonds, Series 2014B	12/04/14	05/01/34	8,985,000	8,645,000
Sewer Bonds, Series 2014A	12/11/14	05/01/34	74,765,000	70,295,000
Taxable Various Purpose Refunding Bonds, Series 2015B	09/15/15	06/01/24	11,090,000	11,090,000
City Hall Bonds, Series 2015C	12/22/15	09/01/39	160,805,000	160,805,000
Performing Arts Center Refunding Bonds, Series 2016A	05/03/16	06/01/39	90,100,000	90,100,000
Various Purpose Refunding Bonds, Series 2016B	05/03/16	06/01/36	42,590,000	42,590,000
Sewer Refunding Bonds, Series 2016C	05/03/16	06/01/21	16,145,000	16,145,000
Total				439,080,000
<u>GENERAL OBLIGATION MEDIUM-TERM BONDS⁽³⁾</u>				
Various Purpose Bonds, Series 2007	11/01/07	11/01/17	22,500,000	2,680,000
Various Purpose Bonds, Series 2011A	12/01/11	12/01/21	27,590,000	17,735,000
Various Purpose Bonds, Series 2011B	12/01/11	12/01/19	3,545,000	1,875,000
Medium-Term Bonds, Series 2012A	05/01/12	05/01/22	8,115,000	5,065,000
Medium-Term Recreation Project Bonds, Series 2015A	09/15/15	09/01/25	26,000,000	23,850,000
Medium-Term Various Purpose Bonds, Series 2016D (<i>this issue</i>)	12/15/16	12/01/26	22,930,000	22,930,000
Total				74,135,000
TOTAL GENERAL OBLIGATION BONDS				513,215,000
<u>OTHER OBLIGATIONS⁽⁴⁾</u>				
Certificates of Participation, Series 2009A ⁽⁵⁾⁽⁶⁾	12/17/09	09/01/19	13,770,000	9,445,000
Certificates of Participation, Series 2009B (BABs) ⁽⁵⁾⁽⁶⁾	12/17/09	09/01/39	174,500,000	174,500,000
Installment Purchase Agreement (QECBs), Series 2011	05/18/11	05/01/26	5,874,300	4,148,394
Installment Purchase Agreement (NCREBSs), Series 2011	05/18/11	05/01/26	4,974,400	3,512,890
Energy Conservation Revenue Bond, Series 2014 ⁽⁷⁾	06/30/14	07/30/28	1,244,000	1,096,411
Sales Tax Increment Revenue Bonds, Series 2016 ⁽⁸⁾	06/28/16	06/15/35	24,800,000	24,800,000
Total				217,502,695
<u>ASSESSMENT DISTRICTS⁽⁹⁾</u>				
District No. 1463, 1470, 1471, 1473, 1477, Series 2002	12/01/02	12/01/22	4,245,000	1,125,000
District No. 1481, Series 2004A	07/21/04	06/01/24	1,975,000	635,000
District No. 1493, Series 2007	05/01/07	12/01/16	444,000	17,000
District No. 1506, Series 2007	06/01/07	06/01/27	1,724,000	1,104,000
District No. 1490, Series 2007	07/19/07	06/01/17	320,000	26,000
District No. 1507, Series 2012	10/11/12	06/01/32	1,777,852	1,413,965
Total				4,320,965
<u>OTHER ASSESSMENT DISTRICTS⁽¹⁰⁾</u>				
District No. 809 Bonds, Series 2003	06/25/03	06/01/23	10,000,000	3,585,000
District No. 808 Senior Refunding Bonds, Series 2007A	09/13/07	06/01/21	22,820,000	7,520,000
District No. 808 Subordinate Refunding Bonds, Series 2007B	09/13/07	05/01/21	2,415,000	820,000
District No. 607 Refunding Bonds, Series 2013	05/30/13	06/01/24	30,865,000	20,340,000
District Nos. 808 and 810 Refunding Bonds, Series 2014	11/25/14	06/01/31	19,075,000	17,275,000
District No. 812 Bonds, Series 2015	12/17/15	12/01/35	29,500,000	29,500,000
Total				79,040,000
TOTAL ASSESSMENT DISTRICTS				\$83,360,965

Footnotes on the following page:

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- (1) As of November 1, 2016; after taking into account the issuance of the 2016D Bonds. Does not include capital leases or interim warrants. Also does not include tax increment bonds issued by the Redevelopment Agency; no City revenues are used to pay debt service on those bonds.
 - (2) General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit. See “PROPERTY TAX INFORMATION – Property Tax Limitations.” These bonds are additionally secured by specified pledged revenues; if revenues are not sufficient, the City is obligated to pay the difference between such revenues and the debt service requirements of the respective bonds.
 - (3) General obligation medium-term bonds secured by the full faith and credit and payable from all legally available funds of the City. The ad valorem tax available to pay these bonds is limited to the statutory and constitutional limit described in note (2) above as well as the statutory limitation on the City’s maximum operating levy tax rate.
 - (4) Payable from legally available City revenues and subject to annual appropriation.
 - (5) The City entered into a lease-purchase agreement for the construction and purchase of a new City Hall. The City’s lease payments are payable from legally available revenues and support the repayment of certain certificates of participation (“COPS”). The COPS are not a general obligation or direct or indirect debt of the City within the meaning of any constitutional debt limitation.
 - (6) Does not reflect impact of partial economic defeasance of these Certificates as a result of the City’s deposit of funds in a revocable escrow in connection with the issuance of its Series 2015C City Hall Bonds.
 - (7) Revenue bonds secured by a subordinate pledge of 15% of the Consolidated Tax Revenues.
 - (8) These Bonds do not constitute a debt or indebtedness of the City within the meaning of any constitutional or statutory provision or limitation and are not a general obligation of the City and are secured by a pledge of sales tax revenues.
 - (9) Secured by special assessment against the property improved; the City’s General Fund is contingently liable if collections of the assessments are insufficient.
 - (10) These bonds are not secured by the general fund of the City nor by its taxing power (except to the extent of its power to impose and collect the assessments); and neither the City nor the State nor any political subdivision thereof has pledged its full faith and credit for the payment of these bonds. The payment of these bonds is not secured by any encumbrance, mortgage, or other pledge of the property of the City. In the event of a delinquency in the payment of any assessment installment, the City will have no obligation with respect to these bonds other than to apply available funds in a reserve fund and to commence and pursue sale or foreclosure proceedings with respect to the property in question.

Source: City Finance Department.

Annual Debt Service Requirements

The following table presents the debt service requirements on the City's outstanding general obligation bonds, after taking into account the issuance of the 2016D Bonds.

Annual Debt Service Requirements - General Obligation Bonds⁽¹⁾

Fiscal Year Ending June 30	General Obligation Revenue Bonds		General Obligation Medium-Term Bonds ⁽²⁾		Grand Total
	Principal	Interest	Principal	Interest	
2017	\$ 14,095,000	\$ 14,312,206	\$ 3,950,000	\$ 1,540,222	\$ 33,897,428
2018	14,915,000	20,188,415	10,865,000	2,267,405	48,235,820
2019	13,025,000	19,444,965	8,540,000	1,855,963	42,865,928
2020	14,005,000	18,783,609	8,895,000	1,506,050	43,189,659
2021	19,480,000	18,002,793	8,725,000	1,161,419	47,369,211
2022	16,715,000	17,054,043	9,055,000	844,488	43,668,530
2023	16,540,000	16,198,973	5,120,000	611,388	38,470,360
2024	16,630,000	15,329,898	5,280,000	455,663	37,695,560
2025	16,705,000	14,434,450	5,430,000	304,106	36,873,556
2026	17,435,000	13,513,950	5,575,000	157,238	36,681,188
2027	18,225,000	12,552,700	2,700,000	40,500	33,518,200
2028	19,295,000	11,564,925	0	0	30,859,925
2029	20,155,000	10,602,138	0	0	30,757,138
2030	21,990,000	9,633,731	0	0	31,623,731
2031	22,830,000	8,500,581	0	0	31,330,581
2032	24,225,000	7,321,256	0	0	31,546,256
2033	24,145,000	6,163,956	0	0	30,308,956
2034	25,050,000	5,125,256	0	0	30,175,256
2035	20,065,000	3,995,594	0	0	24,060,594
2036	20,855,000	3,058,269	0	0	23,913,269
2037	16,340,000	2,132,719	0	0	18,472,719
2038	16,945,000	1,528,919	0	0	18,473,919
2039	17,575,000	894,850	0	0	18,469,850
2040	11,840,000	236,800	0	0	12,076,800
Total	\$439,080,000	\$250,574,994	\$74,135,000	\$10,744,439	\$774,534,434

(1) Outstanding debt as of November 1, 2016. Totals may not add due to rounding.

(2) Reflects amounts after taking into account the issuance of the 2016D Bonds.

Source: The City.

Other Obligations. The City records long-term liabilities for its long-term debt and other obligations, including the COPS, compensated absences, arbitrage rebate and reserves required by bond covenants. See Note 10 in the audited financial statements attached hereto as Appendix A.

The City also records a long-term liability for heart and lung presumptive liability for public safety employees who develop heart disease, lung disease or hepatitis as described in Note 16 in the audited financial statements attached hereto as Appendix A. In addition, the City and the County jointly fund the Las Vegas Metropolitan Police Department ("LVMPD"). See "CITY FINANCIAL INFORMATION – Management Discussion." In fiscal year 2017, the City is budgeted to fund 36.5% of the LVMPD. A liability has been established in the government-wide statement of net assets for the City's portion. The City's liability for the Metro net OPEB obligation for fiscal year 2016 is not yet available.

Additional Contemplated Indebtedness

The City may issue general obligation bonds by means of authority granted to it by its electorate or the State Legislature or, under certain circumstances, without an election as provided in existing statutes. The City reserves the privilege of issuing general obligation bonds or other securities any time legal requirements are satisfied. In addition, the City reserves the ability to issue general obligation bonds for refunding purposes at any time.

The City has \$12,215,000 in remaining authorization to issue general obligation bonds secured by 15% of consolidated tax revenues. This authorization will be used to finance a parking project in the City. The City anticipates issuing these bonds in calendar year 2017. An additional aggregate principal amount of \$18,000,000 of general obligation bonds to be secured by 15% of consolidated tax revenues is anticipated in the future but not yet authorized.

Overlapping Debt

In addition to the general obligation indebtedness of the City (see “General Obligation Debt and Other Outstanding Obligations” above), other taxing entities are authorized to incur general obligation debt with boundaries which overlap or partially overlap the boundaries of the City. The following chart sets forth the estimated overlapping general obligation debt within the City as of November 1, 2016.

Outstanding Overlapping Net General Obligation Indebtedness

As of November 1, 2016

<u>Entity</u> ⁽¹⁾	<u>Overlapping Total G.O. Indebtedness</u>	<u>Presently Self- Supporting G.O. Indebtedness</u>	<u>Net Direct G.O. Indebtedness</u>	<u>Percent Applicable</u> ⁽²⁾	<u>Overlapping Net G.O. Indebtedness</u> ⁽³⁾
Clark County	\$ 2,531,026,417	\$ 2,513,643,000	\$ 17,383,417	22.22%	\$ 3,862,595
Clark County School District	2,590,805,000	709,420,000	1,881,385,000	22.22	418,043,747
Las Vegas Valley Water District	3,275,829,414	3,275,829,414	0	22.43	0
Las Vegas/Clark County Library	20,775,000	0	20,775,000	29.50	6,128,625
State of Nevada	1,433,993,500	299,865,000	1,134,128,500	15.66	177,604,523
TOTAL	\$ 9,852,429,331	\$ 6,798,757,414	\$ 3,053,671,917		\$ 605,639,490

(1) Other taxing entities overlap the City and may issue general obligation debt in the future.

(2) Based on fiscal year 2017 assessed valuation in the respective jurisdiction (excluding redevelopment agencies). The percent applicable is derived by dividing the assessed valuation of the City into the assessed valuation of the governmental entity.

(3) Overlapping Net General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times the percent applicable.

Source: Debt information compiled by the Financial Advisor; applicable percentages calculated using Property Tax Rates for Nevada Local Governments, State of Nevada Department of Taxation, 2016-17.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the City as of November 1, 2016, after taking into account the issuance of the 2016D Bonds.

Net Direct & Overlapping General Obligation Indebtedness

Total Direct General Obligation Indebtedness ⁽¹⁾	\$513,215,000
Less: Presently Self-Supporting General Obligation Indebtedness ⁽¹⁾	439,080,000
Net Direct General Obligation Indebtedness	<u>74,135,000</u>
Plus: Overlapping General Obligation Indebtedness	605,639,490
Direct & Overlapping General Obligation Indebtedness	<u>\$679,774,490</u>

(1) See “Outstanding Indebtedness and Other Obligations” above.

Selected Debt Ratios

The following table sets forth selected ratios of the City.

Selected Direct General Obligation Debt Ratios

<u>Fiscal Year Ended June 30,</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Population ⁽¹⁾	598,520	610,637	620,935	620,935	620,935
Assessed Value ⁽²⁾	\$11,926,888,555	\$12,251,484,406	\$13,852,723,777	\$15,520,077,988	\$16,578,456,154
Taxable Value ⁽²⁾	\$34,076,824,443	\$35,004,241,160	\$39,579,210,791	\$44,343,079,966	\$47,367,017,583
Gross Direct G.O. Debt ⁽³⁾	\$321,615,000	\$295,825,000	\$338,410,000	\$495,005,000	\$513,215,000
<u>RATIO TO:</u>					
Per Capita	\$537.35	\$494.26	\$554.00	\$797.19	\$826.52
Percent of Assessed Value	2.70%	2.41%	2.44%	3.19%	3.10%
Percent of Taxable Value	0.94%	0.85%	0.86%	1.12%	1.08%
Net Direct G.O. Debt ⁽³⁾	\$67,025,000	\$55,909,000	\$36,230,000	\$55,925,000	\$74,135,000
<u>RATIO TO:</u>					
Per Capita	\$111.98	\$92.04	\$58.35	\$90.07	\$119.39
Percent of Assessed Value	0.56%	0.45%	0.26%	0.36%	0.45%
Percent of Taxable Value	0.20%	0.16%	0.09%	0.13%	0.16%

(1) For 2013-2015, reflects State Demographer estimates for the City as of July 1 of each year shown. The 2015 population estimate also is used in 2016 because it is the most recent estimate available.

(2) See “PROPERTY TAX INFORMATION – Property Tax Base and Tax Roll Collection” for an explanation of Assessed Value and Taxable Value. The assessed valuation of the Redevelopment Agency is not included.

(3) In 2016, reflects outstanding debt as of November 1, 2016, including the issuance of 2016D Bonds.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2011-12 through 2015-16; Nevada State Demographer. Compiled by the Financial Advisor.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the City. It is intended only to provide prospective investors with general information regarding the City's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City.

Population and Age Distribution

The table below shows the population growth of the City, Clark County, and the State since 1970. Between 2000 and 2010, the City's population increased by 22.0%, the County's population increased by 41.8% and the State's population increased by 35.1%.

<u>Population</u>						
Year	City of Las Vegas	Percent Change	Clark County	Percent Change	State of Nevada	Percent Change
1970	125,787	--	273,288	--	488,738	--
1980	164,674	30.9%	463,087	69.5%	800,493	63.8%
1990	258,295	56.9	741,459	60.1	1,201,833	50.1
2000	478,434	85.2	1,375,765	85.5	1,998,257	66.3
2010	583,756	22.0	1,951,269	41.8	2,700,551	35.1
2011	588,274	0.8	1,967,722	0.8	2,721,794	0.8
2012	589,156	0.1	1,988,195	1.0	2,750,217	1.0
2013	598,520	1.6	2,031,723	2.2	2,800,967	1.8
2014	610,637	2.0	2,069,450	1.9	2,843,301	1.5
2015	620,935	1.7	2,118,353	2.4	2,897,584	1.9

Sources: United States Department of Commerce, Bureau of Census (1970-2010 as of April 1st); and Nevada State Demographer's Office (2011-2015 estimates as of July 1st and are subject to periodic revision).

The following table sets forth a comparative age distribution profile for the City, the County, the State and the nation as of January 1, 2017.

Age Distribution
Percent of Population

Age	City of Las Vegas	Clark County	State of Nevada	United States
0-17	23.8%	23.4%	23.0%	22.8%
18-24	9.1	8.9	8.8	9.7
25-34	13.4	14.2	13.9	13.4
35-44	13.6	14.0	13.4	12.6
45-54	13.7	13.4	13.3	13.1
55-64	11.6	11.8	12.4	12.9
65-74	8.7	8.8	9.4	9.1
75 and Older	6.1	5.5	5.8	6.4

Source: © 2016 The Nielsen Company.

Income

The following two tables reflect Median Household Effective Buying Income (“EBI”) and the percentage of households by EBI Groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income⁽¹⁾

Year	City of Las Vegas	Clark County	State of Nevada	United States
2013	\$39,348	\$40,897	\$40,617	\$41,358
2014	40,160	41,576	42,480	43,715
2015	42,125	43,603	44,110	45,448
2016	44,478	45,634	46,230	46,738
2017	46,877	47,610	47,914	48,043

(1) The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © The Nielsen Company, *SiteReports*, 2013-2016.

Percent of Households by Effective Buying Income Groups – 2017 Estimates

Effective Buying Income Group	City of Las Vegas Households	Clark County Households	State of Nevada Households	United States Households
Under \$24,999	23.9%	22.3%	22.6%	24.0%
\$25,000 - \$49,999	29.4	30.4	29.7	28.2
\$50,000 - \$74,999	20.7	21.4	21.2	19.3
\$75,000 - \$99,999	12.8	13.1	13.3	13.0
\$100,000 - \$124,999	5.6	5.6	5.9	6.0
\$125,000 - \$149,999	2.7	2.6	2.7	3.5
\$150,000 or more	4.9	4.6	4.6	6.0

Source: © 2016 The Nielsen Company.

The following table sets forth annual per capita personal income levels of Clark County, the State and the nation.

Per Capita Personal Income⁽¹⁾

Year	Clark County	State of Nevada	United States
2010	\$36,057	\$36,818	\$40,277
2011	36,488	37,979	42,453
2012	38,713	39,178	44,267
2013	38,091	38,885	44,462
2014	39,533	40,490	46,414
2015	n/a	41,889	48,112

(1) County figures posted November 2015; state and national figures posted September 2016. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The average annual labor force summary for the Las Vegas-Henderson-Paradise Metropolitan Statistical Area (“MSA”) is set forth in the following table. The Las Vegas-Henderson-Paradise MSA is coextensive with Clark County.

Average Annual Labor Force Summary
Las Vegas-Henderson-Paradise MSA, Nevada
(Estimates in Thousands)

Calendar Year ⁽¹⁾	2011	2012	2013	2014	2015	2016 ⁽¹⁾
TOTAL LABOR FORCE	995.1	1,000.7	1,007.3	1,024.6	1,047.5	1,052.0
Unemployment	131.6	112.6	96.9	81.7	71.3	65.0
Unemployment Rate ⁽²⁾	13.2%	11.2%	9.6%	8.0%	6.8%	6.2%
Total Employment	863.5	888.1	910.4	942.9	976.3	987.0

(1) Averaged figures through September 30, 2016.

(2) The annual average U.S. unemployment rates for the years 2011 through 2015 are 8.9%, 8.1%, 7.4%, 6.2%, and 5.3%, respectively.

Sources: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Bureau of Labor, Bureau of Labor Statistics.

The following table indicates the number of persons employed by type of employment in non-agricultural industrial employment in the Las Vegas-Henderson-Paradise MSA.

Establishment Based Industrial Employment⁽¹⁾
Las Vegas-Henderson-Paradise MSA, Nevada
(Estimates in Thousands)

Calendar Year	2011	2012	2013	2014	2015	2016 ⁽²⁾
Natural Resources and Mining	0.2	0.3	0.3	0.4	0.4	0.4
Construction	37.6	37.4	41.1	45.4	50.9	56.0
Manufacturing	19.8	20.2	20.7	21.1	21.6	22.0
Trade (Wholesale and Retail)	114.5	117.7	120.0	124.1	128.3	131.6
Transportation, Warehousing & Utilities	35.2	36.2	36.6	38.3	40.6	42.5
Information	9.3	9.7	9.8	10.6	10.6	10.3
Financial Activities	40.0	41.7	43.3	43.6	45.3	45.0
Professional and Business Services	102.2	106.7	111.6	117.7	125.9	125.6
Education and Health Services	72.7	75.6	79.2	82.8	87.7	93.5
Leisure and Hospitality (casinos excluded)	100.4	103.9	109.6	115.7	121.2	124.6
Casino Hotels and Gaming	159.2	157.9	157.8	162.6	160.8	159.1
Other Services	23.3	24.0	24.4	25.4	25.7	25.8
Government	<u>94.0</u>	<u>93.9</u>	<u>95.1</u>	<u>96.4</u>	<u>98.2</u>	<u>98.6</u>
TOTAL ALL INDUSTRIES	<u>808.3</u>	<u>825.2</u>	<u>849.4</u>	<u>883.9</u>	<u>917.0</u>	<u>934.7</u>

(1) Totals may not add up due to rounding. Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. Subject to periodic revision.

(2) Averaged figures through September 30, 2016.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table is based on unemployment insurance tax account numbers and is an estimate based on reported information. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in metro area.

Ten Principal Employers in the Las Vegas Area
1st Quarter 2016

Employer	Employment Range	Industry
Clark County School District	30,000 - 30,999	Public education
Clark County	8,500 - 8,999	Local government
Wynn Las Vegas	8,000 - 8,499	Casino hotel
MGM Grand Hotel/Casino	7,500 - 7,999	Casino hotel
Bellagio LLC	7,500 - 7,999	Casino hotel
Aria Resort & Casino LLC	7,000 - 7,499	Casino hotel
Mandalay Bay Resort and Casino	7,000 - 7,499	Casino hotel
The Venetian/Palazzo Casino Resorts LLC	6,000 - 6,499	Casino/hotel
University of Nevada – Las Vegas	5,500 - 5,999	University
Caesars Palace	5,000 - 5,499	Casino hotel

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table lists the size breakdown of non-government worksites in the County.

Size Class of Industries⁽¹⁾
Clark County, Nevada (Non-Government Worksites)

CALENDAR YEAR	1 st Qtr 2016	1 st Qtr 2015	Percent Change 2016/2015	Employment Totals 1 st Qtr 2016
TOTAL NUMBER OF WORKSITES	55,286	52,641	5.0%	820,608
Less Than 10 Employees	42,105	39,734	6.0	103,748
10-19 Employees	6,308	6,211	1.6	85,450
20-49 Employees	4,348	4,190	3.8	129,973
50-99 Employees	1,352	1,387	(2.5)	92,917
100-249 Employees	842	789	6.7	123,661
250-499 Employees	174	178	(1.7)	61,478
500-999 Employees	87	90	(3.3)	58,580
1000+ Employees	69	62	11.3	164,801

(1) Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Retail Sales

The following table sets forth a record of taxable sales in Clark County and the State.

<u>Taxable Sales⁽¹⁾</u>				
Fiscal Year ⁽²⁾	County Total	Percent Change	State Total	Percent Change
2012	\$31,080,880,557	--	\$42,954,750,131	--
2013	32,566,664,630	4.8%	45,203,408,413	5.2%
2014	35,040,891,695	7.6	47,440,345,167	4.9
2015	37,497,073,742	7.0	50,347,535,591	6.1
2016	39,242,730,088	4.7	52,788,295,421	4.8
Jul 15-Aug 15	6,289,201,282	--	8,509,183,869	--
Jul 16-Aug 16	6,528,344,056	3.8%	9,079,845,338	6.7%

(1) Subject to revision.

(2) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada - Department of Taxation.

Construction

Construction valuation is a value placed on a project in order to determine permit and plan fees. Construction valuation has no relationship to assessed valuation. Set forth in the following three tables are summaries of the number and valuation of building permits issued in the City and the County within the years indicated.

Building Permit Issuance in City of Las Vegas

Calendar Year	New Single Family		New Multi-Family ⁽¹⁾		New Commercial		All Permits	
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Permits	Valuation
2012	1,234	\$149,750,712	1	\$4,394,400	21	\$44,887,871	5,333	\$411,022,949
2013	1,536	193,153,050	2	9,258,765	57	62,308,515	5,653	497,750,543
2014	1,453	202,296,089	0	0	57	40,849,433	5,461	596,103,559
2015	1,646	237,948,746	17	5,724,836	45	101,103,178	5,596	602,775,475
2016 ⁽²⁾	1,186	175,565,953	15	65,740,091	36	59,913,273	4,345	489,525,565

(1) Includes duplex and multiplex.

(2) As of September 30, 2016.

Source: City of Las Vegas Building and Safety Department.

Residential Building Permits

Clark County, Nevada

(Values in Thousands)

Calendar Year	2012		2013		2014		2015		2016 ⁽²⁾	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value	Permits	Value
Las Vegas	1,235	\$154,145	1,538	\$202,412	1,453	\$202,296	1,663	\$243,674	1,201	\$241,306
North Las Vegas	636	98,280	506	70,222	491	66,508	698	91,462	651	92,643
Henderson	1,133	145,144	1,352	185,094	1,318	196,376	1,696	255,663	1,757	252,375
Mesquite	169	26,341	202	33,066	196	34,323	206	40,564	162	37,528
Unincorporated										
Clark County	2,984	415,477	3,593	449,225	3,428	452,740	3,847	492,320	3,153	404,862
Boulder City ⁽¹⁾	9	3,201	10	3,401	16	5,199	22	6,977	3	962
TOTAL	6,166	\$842,588	7,201	\$943,419	6,902	\$957,443	8,132	\$1,130,658	6,927	\$1,029,676

(1) Boulder City imposed a strict growth control ordinance effective July 1, 1979.

(2) As of September 30, 2016.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

The following table is a summary of the total valuation of all building permits within the County and its incorporated areas.

<u>Total Building Permits</u>					
<u>Calendar Year</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016⁽¹⁾</u>
Las Vegas	\$411,022,949	\$497,750,543	\$596,103,559	\$602,775,475	\$489,525,565
North Las Vegas	158,651,851	203,590,405	263,192,557	262,266,938	272,191,968
Henderson	243,753,376	359,371,027	385,009,871	423,923,070	495,157,656
Mesquite	28,789,392	38,879,662	38,059,247	45,697,056	46,454,317
Unincorporated					
Clark County	1,661,632,803	1,631,904,822	1,987,655,692	2,251,507,323	1,637,069,898
Boulder City	96,450,660	333,212,307	29,391,159	18,566,548	91,662,547
TOTAL	\$2,600,301,031	\$3,064,708,766	\$3,299,412,085	\$3,604,736,410	\$3,032,061,951
Percent Change	60.59%	17.86%	7.66%	9.25%	--

(1) As of September 30, 2016.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

Gaming

General. The economy of the County (and the State) is substantially dependent upon the tourist industry, which is based on legalized casino gambling and related forms of entertainment. The following table shows a history of the gross taxable gaming revenue and total gaming taxes collected in the County and the State. Over the last five years, an average of 85.7% of the State's total gross taxable gaming revenue has been generated from Clark County.

<u>Gross Taxable Gaming Revenue and Total Gaming Taxes⁽¹⁾</u>						
<u>Fiscal Year Ended</u>	<u>Gross Taxable Gaming Revenue⁽²⁾</u>		<u>% Change Clark</u>	<u>State Gaming Collection⁽³⁾</u>		<u>% Change Clark</u>
<u>June 30</u>	<u>State Total</u>	<u>Clark County</u>	<u>County</u>	<u>State Total</u>	<u>Clark County</u>	<u>County</u>
2012	\$9,764,332,506	\$8,304,531,003	--	\$864,621,791	\$750,628,068	--
2013	10,208,528,371	8,758,837,726	5.47%	892,106,457	774,549,912	3.19%
2014	10,208,211,093	8,768,009,640	0.10	912,371,316	795,514,687	2.71
2015	10,511,527,575	9,025,697,588	2.94	909,857,085	790,506,339	(0.63)
2016	10,612,567,883	9,105,161,255	0.88	876,040,147	756,465,063	(4.31)
Jul 15 – Sept 15	\$2,585,555,238	\$2,184,418,666	--	\$193,743,327	\$165,722,105	--
Jul 16 – Sept 16	2,723,633,897	2,302,649,725	5.41%	188,563,887	158,712,845	4.23%

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada - Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries and internet gaming. As presently operated, lotteries offer a considerably different

gaming product than that offered in Nevada. The City cannot predict the impact of legalization of state lotteries and casino gaming in other states on the economy of the County or the State.

Tourism

Tourism is an important industry in the County. Hoover Dam, Lake Mead, Mt. Charleston and other tourist attractions are in Clark County. Attractions such as the Great Basin, Grand Canyon, Yosemite, Bryce Canyon, Zion, and Death Valley National Parks are each within a short flight or day's drive of southern Nevada.

The growth of tourism in southern Nevada is reflected in the number of hotel and motel rooms available for occupancy. The area's hotels and motels have historically experienced higher occupancy rates than those on a national level. Set forth in the table below is the Las Vegas Convention and Visitors Authority ("LVCVA") Marketing Department's estimate of the number of visitors to the Las Vegas Metropolitan Area since 2011.

Visitor Volume and Room Occupancy Rate
Las Vegas Metropolitan Area, Nevada

Calendar Year	Total Visitor Volume	Number of Hotel/Motel Rooms Available	Hotel/Motel Occupancy Rate ⁽¹⁾	National Occupancy Rate ⁽²⁾
2011	38,928,708	150,161	83.8%	60.1%
2012	39,727,022	150,481	84.4	61.4
2013	39,668,221	150,593	84.3	62.3
2014	41,126,512	150,544	86.8	64.4
2015	42,312,216	149,213	87.7	65.6
2016 ⁽³⁾	32,469,130	149,273	90.1	67.1

(1) The sample size for this survey represents approximately 75% of the hotel/motel rooms available.

(2) Smith Travel Research.

(3) As of September 30, 2016. Total visitor volume reflects a 1.8% increase over the same time period in 2015.

Source: Las Vegas Convention and Visitors Authority.

The LVCVA is financed with the proceeds of hotel and motel room taxes in the County and its incorporated cities. A history of the room tax revenue collected is presented in the following table.

Room Tax Revenue⁽¹⁾
Las Vegas Convention & Visitors Authority, Nevada

Calendar Year	Revenue	Percent Change
2011	\$194,329,584	--
2012	200,384,250	3.12%
2013	210,138,974	4.87
2014	232,443,537	10.61
2015	254,438,208	9.46
2016 ⁽²⁾	182,540,225	--

(1) Subject to revision. Room tax revenue represents a 5% tax allocated to the Las Vegas Convention & Visitors Authority; a total 9-11% room tax is assessed on all Clark County hotel/motel properties.

(2) As of August 31, 2016. Revenue total reflects a 7.7% increase over the same time period in 2015.

Source: Las Vegas Convention and Visitors Authority.

Transportation

Clark County, through its Department of Aviation, operates an airport system comprised of McCarran International Airport (“McCarran”) and a reliever airport in North Las Vegas. Other general aviation airports in the County include Jean Sport, Overton-Perkins Field, and Henderson Executive Airport in Henderson. Boulder City Municipal Airport, which is not owned by the County, is located in the southeastern part of Clark County.

Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the southern Nevada economy. McCarran's long range plan focuses on building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology. McCarran opened Terminal 3 in 2012, a new 1.9 million-square-foot facility, which eases congestion within garages, ticketing lobbies and security checkpoints. McCarran reported 45.4 million arriving and departing passengers in 2015, making that year the third-busiest year in the airport's 67-year history. Statistics for 2016 indicate further growth as airport officials report a 5.0% increase through September. A history of passenger statistics is set forth in the following table.

McCarran International Airport Enplaned & Deplaned Passenger Statistics

<u>Calendar Year</u>	<u>Scheduled Carriers</u>	<u>Charter, Commuter & Other Aviation</u>	<u>Total</u>	<u>Percent Change</u>
2011	39,506,442	1,974,762	41,481,204	--
2012	39,807,361	1,860,235	41,667,596	0.4%
2013	40,334,735	1,522,324	41,857,059	0.5
2014	41,327,024	1,558,326	42,885,350	2.5
2015	43,933,404	1,455,670	45,389,074	5.8
2016 ⁽¹⁾	34,374,467	1,210,640	35,585,107	--

(1) As of September 30, 2016. Total passengers increased 5.0% over year-to-date passenger count for the same time period in 2015.

Source: McCarran International Airport.

A major railroad crosses Clark County. There are nine federal highways in Nevada, two of which are part of the interstate system. Interstate 15, connecting Salt Lake City and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles area. Interstate 80 connects Salt Lake City with the San Francisco Bay area and passes through the Reno-Sparks area. Several national bus lines and trucking lines serve the State.

U.S. Highways 95 and 93 are major routes north from Las Vegas, through Reno and Ely, Nevada, respectively. South of Las Vegas, U.S. 95 extends to the Mexican border, generally following the Colorado River, and U.S. 93 crosses Hoover Dam into Arizona.

Federal Activities

Operations and facilities of the Federal Government in the State have been significant, beginning with Hoover Dam in the 1930's, an Army Air Force gunnery school (which later became Nellis Air Force Base) during World War II, and the subsequent creation of the Nevada Test Site. Currently, the following federal activities are located in the County.

Hoover Dam. Hoover Dam, operated by the Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is still one of the world's largest hydroelectric installations with a capacity of more than 2,000,000 kilowatts. Hoover Dam also is a major tourist attraction in the County.

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, and its vast ranges provide 15,000 square miles of airspace for flying operations. The base hosts

numerous military programs as well as civilian workers. It is the home base of the “Thunderbirds,” the world famous air demonstration squadron.

Nevada National Security Site. The Nevada National Security Site (“NNSS”), previously the Nevada Test Site, was established in 1950 as the nation’s proving ground for nuclear weapons testing. In recent years, under the direction of the Department of Energy’s (DOE) Nevada Operations Office, NNSS use has diversified into many other areas such as hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects that can best be conducted in this remote desert area. The NNSS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles northeast of Las Vegas, the NNSS is a massive outdoor laboratory and national experimental center. NNSS comprises 1,360 square miles, surrounded by thousands of additional acres of land withdrawn from the public domain for use as a protected wildlife range and for a military gunnery range, creating an unpopulated area of some 5,470 square miles. Federal employees and independent contractors are employed at NNSS.

Development Activity

The Nevada Development Authority (“NDA”) is a nonprofit organization dedicated to the expansion and diversification of the entire southern Nevada community. Now in its fifth decade of service, NDA’s membership is comprised of hundreds of business-oriented individuals. NDA’s primary function is to provide information to companies considering relocation as well as to firms already doing business in southern Nevada. Nevada does not have corporate or personal income tax; inheritance or gift tax; unitary franchise on income; admission’s tax; inventory tax; chain-store tax; special intangible tax; or franchise tax, which attracts many businesses to the area.

Complementing the area’s emphasis on economic diversification are the numerous business incentives unique to the State of Nevada. Competitive wage rates, an expanding labor force, low out-bound freight transportation costs to other prominent southwestern markets and a graduated schedule for payment of sales and use tax on new capital equipment combine to give business and industry an attractive advantage. The State also abates sales and use taxes on capital equipment for qualified relocating or expanding companies. Additional incentives include a customized job training program (Train Employees Now) as well as no corporate, personal or inventory taxes.

Utilities

Electric utility services are provided to the vast majority of southern Nevada residents by NV Energy (formerly Nevada Power Company, a stand-alone subsidiary of Sierra Pacific Resources) with headquarters in Las Vegas, Nevada, and natural gas is provided by Southwest Gas Corporation.

CenturyLink (formerly Embarq) is the largest provider of local telephone service to the greater Las Vegas area, including the smaller communities of Blue Diamond, Boulder City, Cal-Nev-Ari, Cottonwood Cove, Goodsprings, Jean, Laughlin, Mt. Charleston, Nelson, Primm and Searchlight.

Water

The major water purveyors in Clark County are: The Big Bend Water District, Boulder City, Henderson, the Las Vegas Valley Water District (the “LVVWD”), Nellis Air Force Base, and North Las Vegas. The LVVWD provides water service to the City of Las Vegas, the unincorporated urban areas of Clark County, Jean, Mt. Charleston, Blue Diamond, and Searchlight. The Big Bend Water District serves the Town of Laughlin. In addition, the Virgin Valley Water District serves the City of

Mesquite and surrounding area, and the Moapa Valley Water District serves Logandale, Overton, Moapa and Glendale.

In July 1991, a regional water entity was created for southern Nevada. This new entity, the Southern Nevada Water Authority (the “SNWA”), was established in recognition of the need to address water on a regional basis rather than an individual purveyor basis. The members of the SNWA include the cities of Boulder City, Henderson, Las Vegas and North Las Vegas, the Big Bend Water District, Clark County Water Reclamation District, and the LVVWD. Among other things, this agency is addressing water resource management and water conservation on a regional basis; planning, managing and developing additional supplies of water for southern Nevada; and expanding and enhancing regional treatment and delivery capabilities. The LVVWD provides the management and staff for the SNWA.

The Southern Nevada Water System (the “SNWS”) is a water supply system comprised of two water treatment plants and pumping and transmission facilities with an annual delivery capacity of approximately 750 million gallons per day (mgd). Water is treated after diversion from Lake Mead and the potable product is delivered to the SNWA water purveyors. As a result of legislative action in 1995, the SNWS was transferred from the Colorado River Commission (the “CRC”) to the SNWA. The LVVWD, under a facilities and operations agreement with the SNWA, operates the SNWS for the benefit of all SNWA water purveyor member agencies.

The State’s annual consumptive use right to Colorado River water is 300,000 acre-feet. This right was established pursuant to the Colorado River Compact, various federal laws and contracts and various court decrees. Consumptive use is the amount of water withdrawn, less water that is returned to the river. The SNWA and its purveyor members’ share of the State’s annual Colorado River consumptive use right is about 272,000 acre-feet annually. The SNWA also has a contract right to unused and surplus Colorado River water when available as determined by the Secretary of the Interior.

As part of its mission, the SNWA maintains several key planning documents, including a Water Resource Plan. These documents summarize existing resources and options that reflect current conditions. The SNWA is engaged in the development of additional in-state water resources. The development of these in-state resources will be a significant focus of the SNWA over the next decade.

Education

Clark County School District provides public education services to the residents of the County and enrolls approximately 68% of all school children in the State; it is one of the largest school districts in the United States. Higher education is provided by the College of Southern Nevada (a two-year institution), by Nevada State College in Henderson (a four-year institution) and by the University of Nevada, Las Vegas (a four-year university). All of these institutions are part of the Nevada System of Higher Education.

LEGAL MATTERS

Litigation

There are various suits pending in courts within the State to which the City is a party. In the opinion of the City Attorney, there is no litigation or controversy of any nature now pending, or to the knowledge of the City Attorney, threatened, (i) restraining or enjoining the issuance, sale, execution or delivery of the 2016D Bonds, or (ii) in any way contesting or affecting the validity of the 2016D Bonds or any proceedings of the City taken with respect to the issuance or sale thereof, the pledge, collection or application of any moneys or securities provided for the payment of the 2016D Bonds or the corporate existence of the City.

Sovereign Immunity

Pursuant to State statute (NRS Section 41.035), an award for damages in an action sounding in tort against the City may not include any amount as exemplary or punitive damages and is limited to \$100,000 per cause of action. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

Approval of Certain Legal Proceedings

The legal opinion of Sherman & Howard L.L.C., Bond Counsel, Las Vegas, Nevada as to the validity and enforceability of the 2016D Bonds will be made available to the Initial Purchaser at the time of original delivery. See Appendix D – Form of Approving Opinion of Bond Counsel. Sherman & Howard L.L.C. also has acted as special counsel to the City in connection with the preparation of this Official Statement. The City Attorney will pass upon certain legal matters for the City.

Police Power

The obligations of the City are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2016D Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of Tax Code, and interest on the 2016D Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the 2016D Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2016D Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2016D Bonds; (b) limitations on the extent to which proceeds of the 2016D Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2016D Bonds above the yield on the 2016D Bonds to be paid to the United States Treasury. The City will covenant and represent in the Bond Ordinance that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2016D Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws. Bond Counsel’s opinion as to the exclusion of interest on the 2016D Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the City to comply with these requirements could cause the interest on the 2016D Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is

rendered in reliance upon certifications of the City and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the 2016D Bonds.

With respect to the 2016D Bonds that are sold in the initial offering at a discount (the "2016D Discount Bonds"), the difference between the stated redemption price of the 2016D Discount Bonds at maturity and the initial offering price of the 2016D Discount Bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will be used in determining the basis of the 2016D Discount Bonds for the purpose of determining the amount of gain or loss on such 2016D Discount Bonds on the sale or other disposition thereof. At the election of the owner of a 2016D Bond, exercised in the manner provided in the Tax Code and regulations and other official pronouncements thereunder, such *de minimis* original issue discount may be treated as regular "original issue discount," a portion of which is included as interest income in the gross income of the 2016D Discount Bond owner annually as provide in the Tax Code. Owners who desire to make such an election or who make such an election, and owners who do not purchase the 2016D Discount Bonds in the initial offering or who purchase the 2016D Bonds in the initial offering at a price different from the initial offering price of the 2016D Discount Bonds to the public, should consult their own tax advisors about the tax consequences thereof.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2016D Bonds. Owners of the 2016D Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Certain of the 2016D Bonds may be sold at a premium, representing a difference between the original offering price of those 2016D Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the 2016D Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2016D Bonds. Owners of the 2016D Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based upon existing law as of the delivery date of the 2016D Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to any pending or proposed legislation. Amendments to the federal tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the 2016D Bonds, the exclusion of interest on the 2016D Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2016D Bonds or any other date, or which could result in other adverse federal tax consequences. Bond owners are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt

obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2016D Bonds. If an audit is commenced, the market value of the 2016D Bonds may be adversely affected. Under current audit procedures, the Service will treat the City as the taxpayer and the Owners may have no right to participate in such procedures. The City has covenanted in the Bond Ordinance not to take any action that would cause the interest on the 2016D Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the City, the Underwriter, Financial Advisor or Bond Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the 2016D Bonds.

State Tax Exemption

The 2016D Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS, and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

FINANCIAL ADVISOR

Zions Public Finance, Las Vegas, Nevada, is serving as Financial Advisor to the City in connection with the 2016D Bonds. See “INTRODUCTION – Additional Information” for contact information for the Financial Advisor. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the City, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The basic financial statements of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2015, included hereto as Appendix A, have been audited by Piercy Bowler Taylor & Kern, independent certified public accountants, Las Vegas, Nevada, to the extent and for the period indicated in their report thereon.

The audited basic financial statements of the City, including the auditor’s report thereon, are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. Accordingly, the City has not requested consent from its auditors. Since the date of its report, Piercy Bowler Taylor & Kern has not been engaged to perform and has not performed any procedures on the basic financial statements addressed in that report and also has not performed any procedures relating to this Official Statement.

RATINGS

S&P Global Services, a Division of The McGraw-Hill Companies (“S&P”), and Moody’s Investors Service, Inc. (“Moody’s”), have assigned the 2016D Bonds the respective ratings shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of any ratings given by Moody’s may be obtained from Moody’s at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

There is no assurance that such ratings will continue for any given period of time after they are received or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Other than the City's obligations under the Disclosure Certificate, neither the City nor the Financial Advisor has undertaken any responsibility either to bring to the attention of the owners of the 2016D Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2016D Bonds.

UNDERWRITING

The City sold the 2016D Bonds at public sale to Morgan Stanley & Co. LLC at a price of \$24,156,757.41 (equal to the par amount of the 2016D Bonds, plus net original issue premium of \$1,332,386.75, and less underwriter's discount of \$105,629.34).

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., the underwriter of the Series 2016D Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2016D Bonds.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2016D Bonds has been duly authorized by the City Council.

CITY OF LAS VEGAS, NEVADA

By: Mark R. Vincent
Chief Financial Officer

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APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE: The audited basic financial statements of the City included in this Appendix A have been excerpted from the City's Comprehensive Annual Financial Report for the year ended June 30, 2015. The introductory section, combining and individual fund financial statements and schedules, statistical section, compliance section and supplementary information and single audit section of the CAFR for the fiscal year ended June 30, 2015, were purposely excluded from this Appendix A. Such statements provide supporting details and are not necessary for a fair presentation of the general purpose financial statement of the City.

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

Members of the City Council
City of Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Las Vegas (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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 City'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 City'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 City'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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund and each major special revenue fund, as listed in the table of contents 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, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information and proportionate share of statutorily required pension contribution information on pages 17-27 and 106-107 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 City's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, statistical section and schedule of business license fees 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, statistical section and schedule of business license fees have 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 them.

Other Reporting Required by Government Auditing Standards. In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the City'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 City's internal control over financial reporting and compliance.

Percy Bowler Taylor & Ken

Las Vegas, Nevada
December 31, 2015

CITY OF LAS VEGAS, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

As management of the City of Las Vegas, Nevada, we offer readers of the City's basic financial statements this narrative overview and analysis of the City's financial activities as of and for the year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-9 of this report.

Financial Highlights

Government-wide:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year ended June 30, 2015, by \$3,589,733,856 (net position). Governmental activities represent \$2,807,750,561 of the total net position and \$781,983,295 is from business-type activities. Of this amount, \$4.0 billion is net investment in capital assets, \$130.6 million is restricted for various purposes, and unrestricted net position is a deficit of \$519.9 million. Unrestricted net position has been used to meet the City's ongoing obligation to citizens and creditors.
- Government-wide total governmental expenses were \$600,023,513. The major expense functions were Public Safety at \$275,512,135, Public Works at \$79,774,105, General Government at \$72,289,018, and Culture and Recreation at \$80,989,423. Business-type activities (*proprietary funds*) operating and non-operating expenses totaled \$112,397,314.
- The City's primary revenue sources are ad valorem (property) taxes of \$106,579,224 and intergovernmental-consolidated taxes of \$261,542,205. Combined, these two sources represent 51 percent of the total governmental activities revenue of \$727,360,991 from the statement of activities.

Fund Level:

- At the close of Fiscal Year 2015, the City's governmental funds reported combined ending fund balances of \$365,454,655. Of this amount \$55,826,810 is nonspendable, \$118,913,248 is restricted, \$22,493,139 is committed, \$90,161,921 is assigned and \$78,059,537 is unassigned.
- The general fund had a total fund balance of \$120,829,251 at June 30, 2015, which represented 24 percent of total General Fund revenues. The assigned and unassigned fund balance was \$91,098,446. It is the City's fiscal policy to maintain a total ending fund balance in the general fund of at least 12 percent of operating revenues.

Long-term Debt:

- The City's total debt had a net decrease of \$31,485,504 excluding premiums and discounts. Contributing factors were the refunding of \$8,875,000 of Main Street Parking garage bonds series 2009 and debt payments of \$22,610,504 during the current fiscal year.

Overview of the Basic Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the 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 City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position 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

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this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, judicial, public safety, public works, welfare, health, culture and recreation, economic development and assistance, transit systems, and interest on long-term debt. The business-type activities of the City include operations of its water pollution control facility (sanitation), municipal golf course, municipal parking, building permits and inspections, and nonprofit corporation activities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the activities of legally separate component units: City of Las Vegas Redevelopment Agency, and Non-Profit Corporations. Because the City Council acts as the governing board or has oversight power for each of these component units, their activities are blended with those of the primary government because they function as part of the City. The City also reports two discretely presented component units; The Commission for the Las Vegas Centennial and LVCIC-SUB CDE I, LLC which are both legally and operationally separate from the City.

By Nevada state statute, the City and Clark County (County) are partners in a joint venture that created the Las Vegas Metropolitan Police Department (LVMPD). A five-member fiscal affairs committee approves the LVMPD budget and related business matters. The committee is composed of two appointees each from the City and the County, and one appointee from the general public. The statute defines the funding formula shared by the City and the County. Complete financial information for the LVMPD is included in the comprehensive annual financial report of Clark County, Nevada.

Additional information on the LVMPD joint venture can be found in the notes to the government-wide financial statements on page of this report. In addition to funding its share of the LVMPD, the City maintains its own detention facility and a small police force (City marshals) that has jurisdiction over City property, especially parks and recreation facilities.

The government-wide financial statements can be found on pages 31-34 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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-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 the City's near-term financing requirements.

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

The City maintains several 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, the City of Las Vegas Redevelopment Agency special revenue fund, and the Road and Flood capital projects fund. Each of these funds is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the Combining and Individual Funds Statements and Schedules subsections of this report.

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The City adopts an annual appropriated budget for its general fund and each of its special revenue funds, debt service funds, and capital project funds and its permanent fund. A budgetary comparison statement is provided for each of the City's governmental funds to demonstrate compliance with this budget. The budgetary comparison schedules for the General Fund and the City of Las Vegas Redevelopment Agency-Component Unit major Special Revenue Fund are major governmental funds, and are located in the basic financial statements; the Road and Flood major Capital Projects Fund and other Non-major governmental funds are included in the Combining and Individual Fund Statements and Schedules subsection of this report.

The basic governmental fund financial statements can be found on pages 35, 37 and 39-41 of this report.

Proprietary funds. The City maintains two different types of proprietary funds.

1. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its municipal golf course, sewer (sanitation), municipal parking, and building and safety (development services), as well as its non-profit corporations.
2. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the following activities:
 - Emergency dispatch services
 - Reprographics equipment and operations
 - Vehicle, computer and phone management
 - Self-insurance activities, including:
 - * Liability insurance and property damage
 - * Employee benefits
 - Facilities maintenance and custodial services

Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements provide separate information for the Sanitation Enterprise Fund, Non-Profit Corporations and Municipal Parking, which are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds and non-major enterprise funds is provided in the Combining and Individual Funds Statements and Schedules subsections of this report.

The basic proprietary fund financial statements can be found on pages 43-47 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City's Fiduciary funds consist of three Agency funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The basic fiduciary funds financial statement can be found on page 48 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 49-103 of this report.

Required supplementary information. This section has additional information to support the basic financial statement. It includes a schedule of funding progress for the City's postemployment health care plan, reconciliation to combine the General Fund and the Fiscal Stabilization Special Revenue Fund together, and schedules related to the City's proportionate share of changes in the PERS net pension liability and schedule

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of contributions. The required supplementary information can be found on pages 106-107 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the report also presents a subsection titled Combining and Individual Funds Statements and Schedules Section, which includes the schedules for the City's major governmental funds – budget and actual, non-major governmental funds, major proprietary funds - budget and actual, non-major proprietary funds, internal service funds and fiduciary funds, together with information on capital assets used in the operation of governmental funds (those not included in internal service funds). Combining and individual fund statements and schedules, and information on governmental fund capital assets can be found on pages 113-207 of this report

The Statistical section can be found on pages 211-230 of this report. This section includes schedules on statistical information provided on a trend basis for historical analysis.

The Compliance and Supplementary Information section can be found on pages 232-234 of this report. This section includes a schedule in compliance with state statutes.

The Single Audit section can be found on pages 236-247 of this report. This section presents a schedule of expenditures of federal awards for the City, related notes and a schedule of findings and questioned costs.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,589,733,856 at the close of the most recent fiscal year.

The largest portion of the city's net position (110.8 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.), less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Total net position decreased by (18.3) percent or \$(655,855,593), including a prior period adjustment of \$(804,687,411) related to the retroactive adoption of new accounting standards.

City of Las Vegas, Nevada
Summary Schedule of Net Position
As of June 30, 2015 and 2014

	Governmental		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 502,318,654	\$ 503,983,278	\$ 168,458,548	\$ 115,069,414	\$ 670,777,202	\$ 619,052,692
Net capital assets	3,742,467,221	3,772,786,979	819,707,884	701,503,047	4,562,175,105	4,474,290,026
Total assets	4,244,785,875	4,276,770,257	988,166,432	816,572,461	5,232,952,307	5,093,342,718
Deferred outflows of resources	58,576,428	992,438	8,626,635	1,360,539	67,203,063	2,352,977
Long-term liabilities outstanding	1,340,471,090	733,986,835	182,686,013	57,041,008	1,523,157,103	791,027,843
Other liabilities	61,942,768	47,621,626	19,971,938	11,449,329	81,914,706	59,070,955
Total liabilities	1,402,413,858	781,608,461	202,657,951	68,490,337	1,605,071,809	850,098,798
Deferred inflows of resources	93,197,884		12,151,822	7,448	105,349,706	7,448
Net position:						
Net investment in capital assets	3,238,046,743	3,243,155,566	741,024,815	650,625,694	3,979,071,558	3,893,781,260
Restricted	130,570,186	137,916,005			130,570,186	137,916,005
Unrestricted (Deficit)	(560,866,368)	115,082,663	40,958,480	98,809,521	(519,907,888)	213,892,184
Total net position	\$2,807,750,561	\$3,496,154,234	\$ 781,983,295	\$ 749,435,215	\$3,589,733,856	\$4,245,589,449

The City's total net position is \$3,589,733,856, of which \$(519,907,888) is *unrestricted deficit net position*, which has been used to meet the City's ongoing obligations to citizens and creditors. An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. Of the total restricted net position, 18.1 percent is for construction and maintenance of capital projects, 34.3

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percent is for repayment of long-term debt, and 27.4 percent is for street maintenance.

At the end of the current fiscal year, the City is able to report positive balances in two of the three categories of its net position, for the governmental activities and business-type activities. In the prior fiscal year the City had positive balances in all three categories of net position..

Governmental activities. Governmental activities decreased the City's net position by \$(688,403,673). The City's governmental operations generated \$63,710,413 of positive net position, but there was a prior period adjustment of \$(752,114,086) that created the decrease in net position, thereby contributing to a 19.7 percent decrease in total net position of the City. Key elements of this decrease are as follows:

City of Las Vegas, Nevada Changes in Net Position For the Fiscal Year Ended June 30, 2015 and 2014						
	Governmental		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 182,528,888	\$ 170,255,263	\$ 105,966,931	\$ 70,787,697	\$ 288,495,819	\$ 241,042,960
Operating grants and contributions	13,098,844	16,338,817	14,286,481	23,560,754	27,385,325	39,899,571
Capital grants and contributions	144,082,990	86,157,894	12,569,180	8,710,956	156,652,170	94,868,850
General revenues:						
Consolidated tax	261,542,205	245,701,828			261,542,205	245,701,828
Property taxes	106,579,224	103,179,415			106,579,224	103,179,415
Room tax	4,552,418	4,024,556			4,552,418	4,024,556
Residential construction tax	963,409	854,690			963,409	854,690
Motor vehicle fuel tax	8,826,963	7,731,834			8,826,963	7,731,834
Unrestricted investment earnings	3,331,862	5,366,405	1,069,062	1,726,290	4,400,924	7,092,695
Contributions not restricted to specific programs		3,331,413				3,331,413
Gain on disposal of capital assets	1,854,188	558,980		2,467,466	1,854,188	3,026,446
Total revenues	<u>727,360,991</u>	<u>643,501,095</u>	<u>133,891,654</u>	<u>107,253,163</u>	<u>861,252,645</u>	<u>750,754,258</u>
Expenses:						
General government	72,289,018	71,824,252			72,289,018	71,824,252
Judicial	27,459,625	27,854,226			27,459,625	27,854,226
Public safety	275,512,135	289,743,777			275,512,135	289,743,777
Public works	79,774,105	79,292,416			79,774,105	79,292,416
Welfare	280,154	502,647			280,154	502,647
Health	4,316,002	3,843,394			4,316,002	3,843,394
Culture and recreation	80,989,423	82,722,588			80,989,423	82,722,588
Economic development and assistance	24,845,071	22,956,509			24,845,071	22,956,509
Transit systems	954	941			954	941
Interest on long-term debt	34,557,026	31,888,792			34,557,026	31,888,792
Sanitation			90,258,118	91,059,934	90,258,118	91,059,934
Development services			10,712,867	7,753,637	10,712,867	7,753,637
Parking			7,371,382	4,833,576	7,371,382	4,833,576
Golf course			2,560,156	2,282,058	2,560,156	2,282,058
Land development			1,494,791	515,172	1,494,791	515,172
Total expenses	<u>600,023,513</u>	<u>610,629,542</u>	<u>112,397,314</u>	<u>106,444,377</u>	<u>712,420,827</u>	<u>717,073,919</u>
Change in net position before transfers	127,337,478	32,871,553	21,494,340	808,786	148,831,818	33,680,339
Transfers in (out)	(63,627,065)	1,003,659	63,627,065	(1,003,659)		
Change in net position	<u>63,710,413</u>	<u>33,875,212</u>	<u>85,121,405</u>	<u>(194,873)</u>	<u>148,831,818</u>	<u>33,680,339</u>
Net position - July 1, as previously reported	3,496,154,234	3,448,384,681	749,435,215	749,630,088	4,245,589,449	4,198,014,769
Prior period adjustment	(752,114,086)	13,894,341	(52,573,325)		(804,687,411)	13,894,341
Net position - July 1, as restated	<u>2,744,040,148</u>	<u>3,462,279,022</u>	<u>696,861,890</u>	<u>749,630,088</u>	<u>3,440,902,038</u>	<u>4,211,909,110</u>
Net position - June 30	<u>\$2,807,750,561</u>	<u>\$3,496,154,234</u>	<u>\$ 781,983,295</u>	<u>\$ 749,435,215</u>	<u>\$3,589,733,856</u>	<u>\$4,245,589,449</u>

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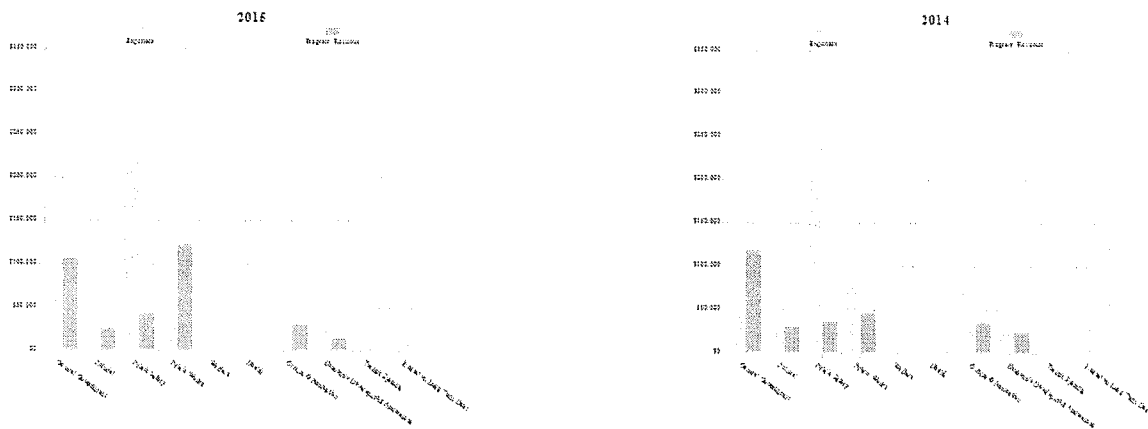
Note: Certain amounts in the 2014 balances have been reclassified for comparability with the current year. Such reclassification has no effect on previously reported results of operations.

Program revenues for governmental activities include charges for services, licenses and permits, special assessments, inter-governmental fines and forfeitures, and both operating and capital grants and contributions. Program revenues of the governmental activities provided 46.7 percent of the resources necessary to pay the cost of providing program services. The remaining program costs were financed from general revenues. Operating grants and contributions have decreased \$3.2 million to \$13.1 million. Capital grants and contributions increased 67 percent over the prior year to approximately \$144.1 million.

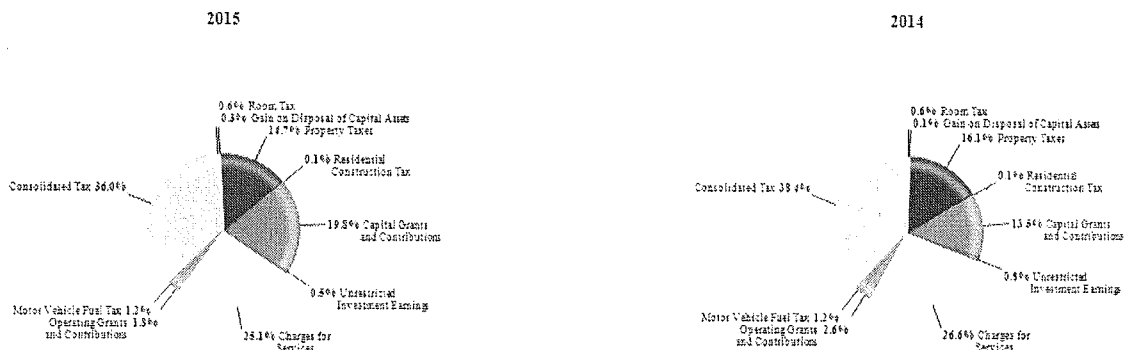
The largest general revenues are consolidated tax of \$261,542,205 and Ad Valorem tax (property tax) of \$106,579,224, representing 51 percent of total governmental revenues. Consolidated tax increased 6.4 percent from an increase in taxable sales. Property taxes have increased \$3,399,809 during the year, attributable to a 12.9 percent increase in assessed property values city-wide and a 10.3 percent increase in assessed property values within the City's Redevelopment Agency tax increment area.

Expenses in public safety of \$275,512,135 and public works of \$79,774,105 represent 59.2 percent of the total governmental expenses. Public Works major expenses consist of planning and engineering of the City's arterial street and floodwater conveyance systems. Public Safety's major expenses increased by 4.9 percent, or approximately \$14.2 million, due to the Metropolitan Police Department using reserves to fund current expenditures and a slowing in the annual increase of the liability for post employment benefits for fire and police employees.

Expenses & Revenues - Governmental Activities (in thousands)



Revenues by Source - Governmental Activities



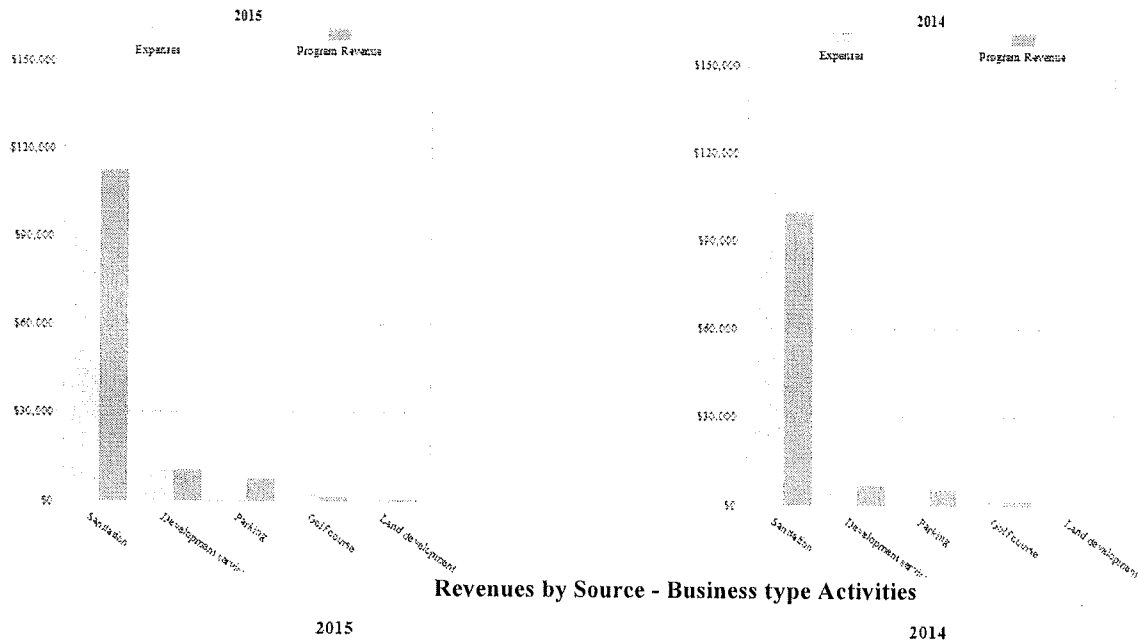
CITY OF LAS VEGAS, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Business-type activities. Business-type activities increased the City's net position by \$32,548,080, net of a prior period adjustment of \$52,573,325. A key element was an increase in sanitation revenues of approximately \$31.6 million due to a change in the City sanitation billing system from an annual to a quarterly billing basis. There was also a \$90.4 million increase in the investment in capital assets, and a \$57.9 million decrease in unrestricted net position.

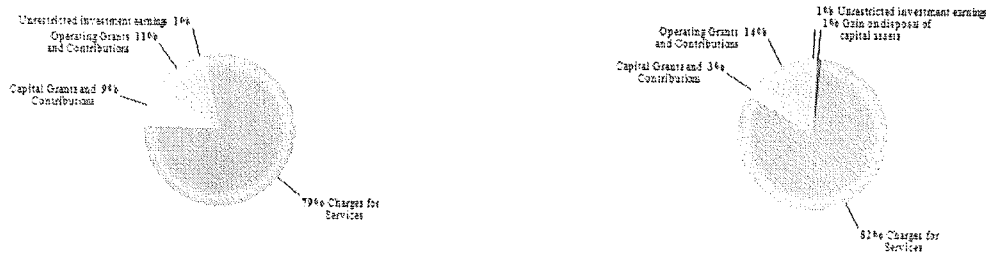
Sanitation-related operating expenses represent 79.9 percent of total operating expenses for business-type activities. These expenses decreased by (0.9) percent in 2015 due to repair and cleanup costs associated with a catastrophic flood in the northwest section of the city in August 2013. Reimbursements from the regional flood control district caused operating grants and contributions to decrease by \$(9.3) million in fiscal year 2015 compared to fiscal year 2014. The fiscal 2014 amount includes \$16 million, a one-time interlocal joint venture with the Clark County Clean Water Coalition. This amount decreased to \$1.6 million in 2015. The fund also got \$800,000 less from the Southern Nevada Water Authority. Other costs include operations at the water pollution control facility, maintenance of sewer lines and storm drainage, and street cleaning.

Business-type activities program revenues provided 118 percent of the resources to finance their operations.

Expenses & Program Revenues - Business type Activities



Revenues by Source - Business type Activities



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Financial Analysis of City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$365.5 million, a decrease of \$17.2 million from the prior year. Approximately \$168.2 million, or 46.0 percent of the total fund balance, constitutes an assigned and unassigned fund balance. Approximately \$197.2 million, or 54.0 percent of the total fund balance constitutes reserved fund balance which includes \$55.8 million nonspendable, \$118.9 million restricted and \$22.5 million committed.

The general fund is the primary operating fund of the City. At the end of the current fiscal year, the assigned and unassigned fund balance in the General Fund was \$91.1 million and total fund balance was \$120.8 million. As a measure of the general fund's liquidity, it may be useful to compare both an assigned and unassigned fund balance and total fund balance to total fund expenditures. An assigned and unassigned fund balance represents 18 percent of total fund expenditures and transfers out, while total fund balance represents 24 percent of that same amount.

The general fund also has \$29.7 million in nonspendable fund balance, consisting of \$27.4 million in noncurrent loans receivable and \$2.2 million in inventories and prepaids of \$129.676.

The fund balance of the City's General Fund decreased by \$847,713 during the current fiscal year. Key factors in this change are as follows:

- Total revenue increased from the prior year by \$32.5 million or 7.0 percent. Changes were mixed among major categories, with the largest increase seen to intergovernmental revenue (consolidated tax).
- Total expenditures of \$469.5 million increased from the prior year by \$16.9 million or 3.6 percent. This increase was driven primarily by increases in public safety (employee benefit costs) of \$16.1 million or 5.2 percent.
- Transfers out increased by \$19.4 million or 94.6 percent

The City of Las Vegas, Nevada Redevelopment Agency component unit has a total fund balance of \$14.4 million; \$5.1 million was nonspendable for land held for sale and loans receivable, \$8.5 million was restricted for debt service, and \$784 thousand was assigned for projects

The Road and Flood capital projects fund has a total fund balance of \$14.9 million; \$5.0 million was assigned for construction projects for road improvements which included \$1.1 million for flood channels and basins; and \$9.9 million was restricted for road improvements. The net decrease in fund balance during the current year was \$1.4 million. The fund received \$71.1 million in revenues from other governmental reimbursements and had expenditures for capital projects of \$72.1 million. The fund had a net transfer in of \$4.4 million, \$3.9 million from other nonmajor governmental funds.

Other non-major governmental funds had a total fund balance of \$215.4 million, of which \$21.0 million is nonspendable, \$100.5 million is restricted, \$22.5 million is committed and \$71.4 million is assigned. See Note 1. G. 11. for a complete breakdown.

Enterprise Funds. The City's enterprise funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary funds totaled \$782.6 million, of which the Sanitation Fund had \$689.6 million in net position. The net position of the proprietary funds increased by \$80 million from capital contributions of \$12.6 million to Sanitation and \$67.5 million to Municipal Parking. The Sanitation Fund was established to account for the City-owned and operated sewer system. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the City's business-type activities.

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Internal Service Funds. The City's internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its computer services, communications, graphic arts and automotive operations. The City also uses internal service funds to account for its self-insurance activities, including liability insurance, workers' compensation, property damage insurance and employee benefits. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Other factors concerning the finances of the internal service funds have already been addressed in the discussion of the City's governmental activities.

General Fund Budgetary Highlights

During the year, the General Fund was amended to increase original estimated revenues and original budgeted appropriations. The City also made an amendment to reallocate appropriations among departments. Generally, the movement of the appropriations between departments was *not* significant.

Capital Asset and Debt Administration

Capital assets. The City and its blended component units' net capital assets for its governmental and business-type activities amounts to \$4,562,175,105, net of accumulated depreciation of \$1,873,356,147, as of June 30, 2015. Capital assets include land, buildings, improvements, machinery and equipment and vehicles, wastewater systems, infrastructure (roadways, traffic signals and lighting, signage, pavement markers, storm drainage and sanitary sewer lines) and construction in progress. For the current fiscal year, the City's net increase in capital assets was 3.7 percent before depreciation and after retirements (1 percent for governmental activities, 14.7 percent for business-type activities). The city retired \$5,326,545 in capital assets. The major amount was from the sale of depreciated city vehicles.

The City has an aggressive capital improvement program totaling over \$925.00 million over the next five years (the City budgets its capital program in rolling 5-year increments). The City budgets these projects in six categories: general government, public safety, sanitation, public works, culture and recreation, and economic development and assistance. Among these categories, the major projects include park and leisure facilities (\$82.6 million), sanitation facilities (\$253.7 million), road and flood construction (\$387.4 million), and city facilities (\$113.8 million).

Major capital asset events during the current fiscal year included the following:

Construction in progress (CIP) increased by a net \$69,987,949. Fiscal year 2015 additions to CIP were \$127,855,720. The major additions to CIP were \$41.2 million on sewer lines and repairs, \$3.4 million on buildings and building improvements, \$7.2 million for land improvement, \$28.8 million on roadways, \$26.7 million on storm drains, and \$17.4 million on other sewer improvements. The City completed and placed into service \$57,867,771 of projects, and transferred them from construction in progress to the appropriate capital asset category.

Additional information on capital assets can be found in Note 7. on pages 68-70 of this report.

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City of Las Vegas, Nevada
Capital Assets
(net of depreciation)
As of June 30, 2015 and 2014

	Governmental		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,152,444,215	\$ 1,182,962,884	\$ 82,394,209	\$ 45,946,952	\$ 1,234,838,424	\$ 1,228,909,836
Construction in progress	141,263,068	123,900,601	150,189,872	97,564,390	291,452,940	221,464,991
Land improvements	330,240,559	340,267,279	28,370,656	29,606,914	358,611,215	369,874,193
Sewer plant improvements			206,955,323	222,083,595	206,955,323	222,083,595
Buildings	549,613,826	590,323,467	42,914,341	13,539,082	592,528,167	603,862,549
Building improvements	112,888,654	119,811,676	1,223,311	1,202,093	114,111,965	121,013,769
Sewer lines			305,594,748	289,838,230	305,594,748	289,838,230
Machinery and equipment	17,356,885	15,586,731	2,065,424	1,721,791	19,422,309	17,308,522
Vehicles	17,220,693	15,679,075			17,220,693	15,679,075
Roadways	734,951,225	739,116,897			734,951,225	739,116,897
Traffic pavement markers	513,989	197,406			513,989	197,406
Traffic signals and lighting	54,017,877	54,215,204			54,017,877	54,215,204
Traffic signage	1,514,143	1,376,896			1,514,143	1,376,896
Storm drainage	630,442,087	589,348,863			630,442,087	589,348,863
Total capital assets	<u>\$ 3,742,467,221</u>	<u>\$ 3,772,786,979</u>	<u>\$ 819,707,884</u>	<u>\$ 701,503,047</u>	<u>\$ 4,562,175,105</u>	<u>\$ 4,474,290,026</u>

Long-term debt. At the end of the current fiscal year, the City and its blended component units' total bonded debt outstanding was \$622,975,611, exclusive of deferred issuance costs, and premiums and discounts. Of this amount, \$302,180,000 comprises general obligation debt backed by the full faith and credit of the government, \$118,195,000 of general obligation debts additionally secured by specified revenue sources, \$4,808,875 of special assessment debt for which the City is obligated in the event of default by the bonded property owners, \$188,255,000 of Certificates of Participation (COPS), \$8,328,813 of Installment Purchases and \$1,207,923 of revenue bonds.

City of Las Vegas, Nevada
General Obligation and Revenue Bonds
(before amortization of premiums, discounts and unamortized debt refunding transaction)
As of June 30, 2015 and 2014

	Governmental		Business-type		Total	
	2015	2014	2015	2014	2015	2014
General obligation medium-term bonds	\$ 36,230,000	\$ 55,090,000	\$	\$	\$ 36,230,000	\$ 55,090,000
General obligation tax increment revenue bonds	81,965,000	85,000,000			81,965,000	85,000,000
Certificates of Participation (COPS)	188,255,000	188,270,000			188,255,000	188,270,000
Installment Purchases	8,328,813	8,980,125			8,328,813	8,980,125
Special assessment bonds	4,808,875	5,321,990			4,808,875	5,321,990
Revenue bonds	1,207,923	1,244,000			1,207,923	1,244,000
General obligation revenue bonds	191,610,000	199,985,000	110,570,000	40,750,000	302,180,000	240,735,000
Total	<u>\$ 512,405,611</u>	<u>\$ 543,891,115</u>	<u>\$ 110,570,000</u>	<u>\$ 40,750,000</u>	<u>\$ 622,975,611</u>	<u>\$ 584,641,115</u>

The City and its blended component units added new debt of \$83,750,000 during the current fiscal year. The increase resulted from the issuance of \$74,765,000 of General Obligation Sewer and Sewer Refunding Bonds, and \$8,985,000 in General Obligation Parking Refunding Bonds. The City's debt principal payments totaled \$28,725,504 and \$16,690,000 in bond refundings for fiscal year ended June 30, 2015, resulting in a net increase in total debt of \$38,334,496.

State statutes and City Charter limit the amount of general obligation debt a governmental entity may issue to 20 percent of its total assessed valuation. The current debt limitation for the City is \$3.0 billion (see page 224), which is significantly in excess of the City's outstanding general obligation debt.

The City maintains an AA rating from Fitch, an AA rating from Standard and Poors (S&P) Corporation, and an AA2 rating from Moody's Investors Service. These ratings apply to all of the City's bond issues except for the Redevelopment Agency whose S&P rating is BB.

CITY OF LAS VEGAS, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Additional information on the City's long-term debt can be found in Note 10, on pages 77-88 of this report.

Economic Factors

For fiscal year 2016, the assessed valuation of the City is \$15,520,077,988, an increase of \$1,667,354,211 over fiscal year 2015, with a combined tax rate of \$0.7715 apportioned to the City per \$100 of assessed value. This is the third annual increase in assessed values after four consecutive annual decreases, due to the downturn in the economy which caused a dramatic decrease in property values in the City.

Requests for Information

The financial report is designed to provide a general overview of the City finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, 495 S. Main St., Las Vegas, Nevada, 89101.

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BASIC FINANCIAL
STATEMENT





CITY OF LAS VEGAS, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2015

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMMISSION FOR THE LAS VEGAS CENTENNIAL	LVCIC SUB - CDE I, LLC
ASSETS					
Pooled cash, cash equivalents and investments, unrestricted	\$ 321,111,187	\$ 137,797,743	\$ 458,908,930	\$ 2,614,303	\$ 14,784
Receivables net of allowance:					
Property taxes	3,085,105		3,085,105		
Consolidated taxes	46,140,947		46,140,947		
Accounts	10,071,756	3,743,258	13,815,014		
Interest	830,499	343,077	1,173,576		6,178
Loans	20,046,939	9,359,692	29,406,631		10,819,006
Special assessments	5,454,036		5,454,036		
Intergovernmental	38,689,524	15,506,761	54,196,285		
Internal balances	1,548,332	(1,548,332)			
Land held for resale	4,831,668		4,831,668		
Inventories	2,980,103	3,052,275	6,032,378		
Property held for resale	17,553,380		17,553,380		
Prepaid items	132,544	177,883	310,427		309,332
Deposits		26,191	26,191		
Restricted investments	29,842,634		29,842,634		
Capital assets:					
Land and construction in progress	1,293,707,283	232,584,081	1,526,291,364		
Depreciable improvements, buildings, machinery and equipment, and infrastructure, net of depreciation	2,448,759,938	587,123,803	3,035,883,741		
TOTAL ASSETS	4,244,785,875	988,166,432	5,232,952,307	2,614,303	11,149,300
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	777,483	1,094,428	1,871,911		
Deferred amounts related to pensions	57,798,945	7,532,207	65,331,152		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	58,576,428	8,626,635	67,203,063		

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAS VEGAS, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2015

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMMISSION FOR THE LAS VEGAS CENTENNIAL	LVCIC SUB - CDE I, LLC
LIABILITIES					
Accounts payable	43,882,518	16,534,402	60,416,920	19,558	8,000
Salaries payable	4,706,781	536,605	5,243,386		
Deposits payable	1,168,901	94,244	1,263,145		
Interest payable	7,240,058	871,699	8,111,757		
Contracts payable	2,153,106	1,933,165	4,086,271		
Intergovernmental payable	930,490	1,823	932,313	637	
Claims and judgments payable	284,111		284,111		
Unearned revenue	1,576,803		1,576,803		
Noncurrent liabilities:					
Current portion due or payable within one year:					
Bonds payable	35,771,168	9,620,011	45,391,179		
Benefits payable	7,639,703		7,639,703		
Compensated absences payable	27,674,941	3,315,620	30,990,561		
Heart lung presumptive liability	4,498,232		4,498,232		
Long-term portion due or payable after one year:					
Bonds payable	477,417,295	109,609,699	587,026,994		
Benefits payable	630,969		630,969		
Compensated absences payable	14,004,190	1,677,784	15,681,974		
Unearned revenue		2,393,295	2,393,295		
Arbitrage rebate payable	71,085		71,085		
Unfunded Metropolitan Police OPEB liability	32,609,037		32,609,037		
Unfunded Metropolitan Police net pension liability	269,307,644		269,307,644		
Net pension liability	361,377,150	47,093,727	408,470,877		
OPEB liability	48,007,047	8,975,877	56,982,924		
Heart lung presumptive liability	61,462,629		61,462,629		
TOTAL LIABILITIES	1,402,413,858	202,657,951	1,605,071,809	20,195	8,000
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding		6,517	6,517		
Deferred amounts related to pension	93,197,884	12,145,305	105,343,189		
TOTAL DEFERRED INFLOWS OF RESOURCES	93,197,884	12,151,822	105,349,706		
NET POSITION					
Net investment in capital assets	3,238,046,743	741,024,815	3,979,071,558		
Restricted for:					
Debt service	35,115,935		35,115,935		
Capital projects	18,568,435		18,568,435		
Economic development and assistance	28,253,035		28,253,035		11,141,300
Street maintenance	28,079,117		28,079,117		
Judicial	730,408		730,408		
Culture and recreation	7,876,626		7,876,626		
Public safety	9,075,075		9,075,075		
Darling tennis endowment	750,000		750,000		
Cemetery perpetual care-nonexpendable	2,121,555		2,121,555		
Unrestricted (deficit)	(560,866,368)	40,958,480	(519,907,888)	2,594,108	
TOTAL NET POSITION	\$ 2,807,750,561	\$ 781,983,295	\$ 3,589,733,856	\$ 2,594,108	\$ 11,141,300

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

FUNCTIONS/PROGRAMS	PROGRAM		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Primary Government:			
Governmental Activities:			
General government	\$ 72,289,018	\$ 99,616,040	\$ 149,949
Judicial	27,459,625	24,133,014	569,370
Public safety	275,512,135	31,963,318	1,946,652
Public works	79,774,105	3,988,662	1,232,072
Welfare	280,154	6,500	279,885
Health	4,316,002	463,802	
Culture and recreation	80,989,423	18,266,939	115,869
Economic development and assistance	24,845,071	4,090,613	8,805,047
Transit systems	954		
Interest on long-term debt	34,557,026		
Total governmental activities	<u>600,023,513</u>	<u>182,528,888</u>	<u>13,098,844</u>
Business-type activities:			
Sanitation	90,258,118	85,812,230	14,286,481
Development services	10,712,867	10,329,247	
Parking	7,371,382	7,683,050	
Golf course	2,560,156	1,583,347	
Land development	1,494,791	559,057	
Total business-type activities	<u>112,397,314</u>	<u>105,966,931</u>	<u>14,286,481</u>
Total primary government	<u>\$ 712,420,827</u>	<u>\$ 288,495,819</u>	<u>\$ 27,385,325</u>
Component units:			
Commission for the Las Vegas Centennial	\$ 1,174,785	\$ 1,951,739	\$
LVCIC SUB CDE I, LLC	35,582	15,975	11,121,364
Total component units	<u>\$ 1,210,367</u>	<u>\$ 1,967,714</u>	<u>\$ 11,121,364</u>

The notes to the basic financial statements are an integral part of this statement.

REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
CAPITAL GRANTS AND CONTRIBUTIONS		PRIMARY GOVERNMENT			COMPONENT UNITS
		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMMISSION FOR THE LAS VEGAS CENTENNIAL LVCIC SUB - CDE I, LLC
\$	7,159,815	\$ 34,636,786	\$	\$ 34,636,786	
		(2,757,241)		(2,757,241)	
	8,075,447	(233,526,718)		(233,526,718)	
	117,482,614	42,929,243		42,929,243	
		6,231		6,231	
		(3,852,200)		(3,852,200)	
	11,315,114	(51,291,501)		(51,291,501)	
	50,000	(11,899,411)		(11,899,411)	
		(954)		(954)	
		(34,557,026)		(34,557,026)	
	144,082,990	(260,312,791)		(260,312,791)	
	12,569,180		22,409,773	22,409,773	
			(383,620)	(383,620)	
			311,668	311,668	
			(976,809)	(976,809)	
			(935,734)	(935,734)	
	12,569,180		20,425,278	20,425,278	
\$	156,652,170	(260,312,791)	20,425,278	(239,887,513)	
\$					776,954
					11,101,757
\$					776,954
					11,101,757
General revenues:					
Intergovernmental revenue -					
consolidated tax		261,542,205		261,542,205	
Property taxes		106,579,224		106,579,224	
Room tax		4,552,418		4,552,418	
Residential construction tax		963,409		963,409	
Motor vehicle fuel tax		8,826,963		8,826,963	
Unrestricted investment earnings		3,331,862	1,069,062	4,400,924	39,543
Gain on disposal of capital assets		1,854,188		1,854,188	
Transfers		(63,627,065)	63,627,065		
Total general revenues and transfers		324,023,204	64,696,127	388,719,331	39,543
Change in net position		63,710,413	85,121,405	148,831,818	776,954
					11,141,300
Net position - July 1		3,496,154,234	749,435,215	4,245,589,449	1,817,154
as previously reported					
Prior period adjustment		(752,114,086)	(52,573,325)	(804,687,411)	
Net position - July 1, as restated		2,744,040,148	696,861,890	3,440,902,038	1,817,154
Net position - June 30	\$	2,807,750,561	\$ 781,983,295	\$ 3,589,733,856	\$ 2,594,108
					\$ 11,141,300

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

	General	Road and Flood	City of Las Vegas Redevelopment Agency - Component Unit	Other Non-Major Governmental Funds	Total
ASSETS					
Pooled cash, cash equivalents and investments, unrestricted	\$ 61,693,523	\$ 12,274,400	\$ 396,542	\$ 176,375,847	\$ 250,740,312
Receivables (net of allowances for uncollectibles)					
Property tax	2,037,533			1,047,574	3,085,107
Consolidated tax	46,140,947				46,140,947
Accounts	6,599,021		420	2,338,863	8,938,304
Interest	393,335			293,798	687,133
Loans	27,378,562		13,404,737		40,783,299
Special assessments				5,454,036	5,454,036
Intergovernmental	2,470,992	25,288,603		10,729,165	38,488,760
Due from other funds	1,710,095		2,927,813	63,161	4,701,069
Land held for resale			4,258,264	573,404	4,831,668
Inventories	2,222,567				2,222,567
Property held for resale				17,553,380	17,553,380
Prepaid items	129,676			2,868	132,544
Restricted investments			8,500,149	21,342,484	29,842,633
Total assets	<u>\$ 150,776,251</u>	<u>\$ 37,563,003</u>	<u>\$ 29,487,925</u>	<u>\$ 235,774,580</u>	<u>\$ 453,601,759</u>
LIABILITIES					
Accounts payable	\$ 6,152,426	\$ 20,971,547	\$ 1,466,609	\$ 13,057,906	\$ 41,648,488
Salaries payable	4,221,305			58,948	4,280,253
Due to other funds	2,610		679,479	63,301	745,390
Deposits payable	686,287		395,234	80,705	1,162,226
Contracts payable		1,715,844		437,262	2,153,106
Loans payable	811,534				811,534
Intergovernmental payable	930,490				930,490
Unearned revenue	882,637			694,166	1,576,803
Total current liabilities	<u>13,687,289</u>	<u>22,687,391</u>	<u>2,541,322</u>	<u>14,392,288</u>	<u>53,308,290</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property tax	1,259,711			574,102	1,833,813
Unavailable revenue - loans	15,000,000		12,568,203		27,568,203
Unavailable revenue - special assessments				5,436,798	5,436,798
Total deferred inflows of resources	<u>16,259,711</u>		<u>12,568,203</u>	<u>6,010,900</u>	<u>34,838,814</u>
Total liabilities and deferred inflows of resources	<u>29,947,000</u>	<u>22,687,391</u>	<u>15,109,525</u>	<u>20,403,188</u>	<u>88,147,104</u>
FUND BALANCES					
Nonspendable	29,730,805		5,094,799	21,001,206	55,826,810
Restricted		9,888,133	8,500,000	100,525,115	118,913,248
Committed				22,493,139	22,493,139
Assigned	12,999,187	4,987,479	783,601	71,391,654	90,161,921
Unassigned	78,099,259			(39,722)	78,059,537
Total fund balances	<u>120,829,251</u>	<u>14,875,612</u>	<u>14,378,400</u>	<u>215,371,392</u>	<u>365,454,655</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 150,776,251</u>	<u>\$ 37,563,003</u>	<u>\$ 29,487,925</u>	<u>\$ 235,774,580</u>	<u>\$ 453,601,759</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAS VEGAS, NEVADA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Amounts reported for governmental activities in the statement of net position (pages 31-32) are different because:

Total fund balances - total governmental funds (page 35)	\$ 365,454,655
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets consist of governmental assets of \$3,730,891,506 and internal service fund assets of \$11,575,715.	3,742,467,221
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,311,332,000)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	11,845,353
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Total net position in the internal service funds is \$10,230,048, plus \$660,999 to reflect consolidation of internal service fund activities to related enterprise funds; and less \$11,575,715 of internal service fund net capital assets reflected in governmental activities.	<u>(684,668)</u>
Net position of governmental activities (page 32)	<u>\$ 2,807,750,561</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAS VEGAS, NEVADA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Road and Flood	City of Las Vegas Redevelopment Agency - Component Unit	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 83,691,629	\$	\$	\$ 37,665,100	\$ 121,356,729
Licenses and permits	84,831,131			597,541	85,428,672
Intergovernmental	266,133,611	70,929,599	120,000	44,363,847	381,547,057
Charges for services	42,158,795	684		7,208,934	49,368,413
Fines and forfeits	14,991,525			210,489	15,202,014
Special assessments				3,666,076	3,666,076
Interest	876,061		137,197	1,721,632	2,734,890
Miscellaneous	5,209,373	163,760	938,952	6,965,428	13,277,513
Total revenues	<u>497,892,125</u>	<u>71,094,043</u>	<u>1,196,149</u>	<u>102,399,047</u>	<u>672,581,364</u>
Expenditures					
Current:					
General government	50,970,359			6,354,255	57,324,614
Judicial	24,581,122			3,448,586	28,029,708
Public safety	329,091,798			3,175,993	332,267,791
Public works	11,758,542	3,883,119		5,723,342	21,365,003
Health	4,103,042			207,309	4,310,351
Welfare				285,832	285,832
Culture and recreation	43,897,098			4,508,780	48,405,878
Economic development and assistance	4,827,701		4,389,953	13,856,831	23,074,485
Debt Service:					
Principal retirement				22,610,504	22,610,504
Payment to current bond refunding agent				8,875,000	8,875,000
Interest and fiscal charges				35,136,063	35,136,063
Capital outlay:					
General government	43,975			2,199,534	2,243,509
Public safety	29,084			14,544,033	14,573,117
Public works		72,149,687		9,506,422	81,656,109
Culture and recreation	181,561			7,710,958	7,892,519
Economic development and assistance				1,695,625	1,695,625
Total expenditures	<u>469,484,282</u>	<u>76,032,806</u>	<u>4,389,953</u>	<u>139,839,067</u>	<u>689,746,108</u>
Excess of revenues over expenditures	<u>28,407,843</u>	<u>(4,938,763)</u>	<u>(3,193,804)</u>	<u>(37,440,020)</u>	<u>(17,164,744)</u>
Other financing sources (uses)					
Transfers in	9,550,000	4,420,378	4,900,000	92,743,923	111,614,301
Transfers out	(40,014,329)	(892,297)	(938,000)	(71,972,609)	(113,817,235)
Proceeds from sale of capital assets	1,208,773			950,584	2,159,357
Total other financing sources (uses)	<u>(29,255,556)</u>	<u>3,528,081</u>	<u>3,962,000</u>	<u>21,721,898</u>	<u>(43,577)</u>
Net changes in fund balances	<u>(847,713)</u>	<u>(1,410,682)</u>	<u>768,196</u>	<u>(15,718,122)</u>	<u>(17,208,321)</u>
Fund balances, July 1	<u>121,676,964</u>	<u>16,286,294</u>	<u>13,610,204</u>	<u>231,089,514</u>	<u>382,662,976</u>
Fund balances, June 30	<u>\$ 120,829,251</u>	<u>\$ 14,875,612</u>	<u>\$ 14,378,400</u>	<u>\$ 215,371,392</u>	<u>\$ 365,454,655</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAS VEGAS, NEVADA
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 33-34) are different because:

Net changes in fund balances - total governmental funds (page 37)	\$ (17,208,321)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceed capital outlay in the current period.	(9,202,939)
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to increase net position.	(22,423,845)
Property tax revenue and special assessments revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,705,480)
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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	31,485,504
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.	84,363,862
Internal service funds are used by management to charge the costs of a variety of services (i.e., fleet, graphic reproduction, purchase and maintenance of computers, maintenance of radios, pagers, cellular, and telephones, etc.) to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(1,598,368)</u>
Change in net position of governmental activities (page 34)	<u>\$ 63,710,413</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAS VEGAS, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 83,220,000	\$ 83,220,000	\$ 83,691,629	\$ 471,629
Licenses and permits	77,524,837	79,524,837	84,831,131	5,306,294
Intergovernmental	256,653,673	263,173,673	266,133,611	2,959,938
Charges for services	40,926,319	40,926,319	42,158,795	1,232,476
Fines and forfeits	17,439,000	17,439,000	14,991,525	(2,447,475)
Interest	800,000	800,000	766,399	(33,601)
Miscellaneous	4,244,850	4,244,850	5,209,373	964,523
Total revenues	480,808,679	489,328,679	497,782,463	8,453,784
Expenditures:				
General government				
Legislative	3,193,698	3,193,698	3,179,423	14,275
Elections	985,022	985,022	380,923	604,099
Executive	9,555,654	9,555,654	8,742,437	813,217
Financial administration	19,279,018	19,279,018	18,217,113	1,061,905
Other	25,600,615	22,350,615	20,484,783	1,865,832
Total general government	58,614,007	55,364,007	51,004,679	4,359,328
Judicial				
Municipal court	21,450,486	20,400,486	20,380,255	20,231
City attorney - criminal division	3,936,202	3,936,202	3,667,935	268,267
Public defender	500,000	500,000	532,932	(32,932)
Total judicial	25,886,688	24,836,688	24,581,122	255,566
Public safety				
Police	137,018,866	138,232,866	137,314,761	918,105
Fire	116,559,583	116,559,583	119,871,585	(3,312,002)
Corrections	53,644,015	53,644,015	52,189,686	1,454,329
Protective inspection	3,622,912	3,622,912	3,880,202	(257,290)
Other protection	17,478,509	17,478,509	15,864,648	1,613,861
Total public safety	328,323,885	329,537,885	329,120,882	417,003
Public works				
Administration	764,550	764,550	877,715	(113,165)
Engineering and planning	9,428,434	8,928,434	8,631,763	296,671
Right of way	961,496	961,496	991,349	(29,853)
Paved streets	1,441,072	1,441,072	1,257,715	183,357
Total public works	12,595,552	12,095,552	11,758,542	337,010
Health				
Animal control	4,301,956	3,971,956	4,001,834	(29,878)
Cemetery operation	150,000	150,000	78,340	71,660
Communicable disease control	15,000	15,000	22,868	(7,868)
Total health	4,466,956	4,136,956	4,103,042	33,914

CITY OF LAS VEGAS, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS - CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture and recreation				
Culture and recreation administration	\$ 7,045,021	\$ 6,045,021	\$ 6,426,190	\$ (381,169)
Participant recreation	17,581,509	16,981,509	17,322,248	(340,739)
Parks	21,100,353	19,950,353	20,330,221	(379,868)
Total culture and recreation	<u>45,726,883</u>	<u>42,976,883</u>	<u>44,078,659</u>	<u>(1,101,776)</u>
Economic development and assistance				
Office of business development	1,599,042	1,479,042	1,409,513	69,529
Neighborhood services	2,889,722	2,889,722	3,418,188	(528,466)
Total economic development and assistance	<u>4,488,764</u>	<u>4,368,764</u>	<u>4,827,701</u>	<u>(458,937)</u>
Total expenditures	<u>480,102,735</u>	<u>473,316,735</u>	<u>469,474,627</u>	<u>3,842,108</u>
Excess of revenues over expenditures	<u>705,944</u>	<u>16,011,944</u>	<u>28,307,836</u>	<u>12,295,892</u>
Other financing sources (uses)				
Transfers in	9,657,280	9,657,280	9,550,000	(107,280)
Transfers out	(18,700,000)	(38,006,000)	(40,014,329)	(2,008,329)
Proceeds from sale of capital assets			1,208,773	1,208,773
Total other financing sources (uses)	<u>(9,042,720)</u>	<u>(28,348,720)</u>	<u>(29,255,556)</u>	<u>(906,836)</u>
Net changes in fund balances	(8,336,776)	(12,336,776)	(947,720)	11,389,056
Fund balances, July 1	<u>100,071,795</u>	<u>104,071,795</u>	<u>108,777,784</u>	<u>4,705,989</u>
Fund balances, June 30	<u>\$ 91,735,019</u>	<u>\$ 91,735,019</u>	<u>\$ 107,830,064</u>	<u>\$ 16,095,045</u>
Reconciliation of budget basis reporting to GAAP reporting:				
Fund balance of fiscal stabilization special revenue fund (pages 121 and 161)			12,999,187	
Fund balances, June 30 GAAP basis			<u>\$ 120,829,251</u>	

The notes to the basic financial statements are an integral part of this statement.

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ 120,000	\$ (1,880,000)
Interest	21,300	21,300	137,197	115,897
Miscellaneous	3,600,404	3,600,404	938,952	(2,661,452)
Total revenues	<u>5,621,704</u>	<u>5,621,704</u>	<u>1,196,149</u>	<u>(4,425,555)</u>
Expenditures:				
Current:				
Economic development and assistance	<u>7,027,170</u>	<u>7,027,170</u>	<u>4,389,953</u>	<u>2,637,217</u>
Deficiency of revenues under expenditures	<u>(1,405,466)</u>	<u>(1,405,466)</u>	<u>(3,193,804)</u>	<u>(1,788,338)</u>
Other financing sources (uses):				
Transfers in	4,500,000	4,500,000	4,900,000	400,000
Transfers out	<u>(5,500,000)</u>	<u>(5,500,000)</u>	<u>(938,000)</u>	<u>4,562,000</u>
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>3,962,000</u>	<u>4,962,000</u>
Net changes in fund balances	(2,405,466)	(2,405,466)	768,196	3,173,662
Fund balances, July 1	<u>16,526,002</u>	<u>16,526,002</u>	<u>13,610,204</u>	<u>(2,915,798)</u>
Fund balances, June 30	<u>\$ 14,120,536</u>	<u>\$ 14,120,536</u>	<u>\$ 14,378,400</u>	<u>\$ 257,864</u>

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CITY OF LAS VEGAS, NEVADA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sanitation	Nonprofit Corporations	Municipal Parking	Non-Major Proprietary Funds	Total	
ASSETS						
Current assets:						
Pooled cash, cash equivalents and investments, unrestricted	\$ 111,260,888	\$ 14,022,947	\$ 4,070,044	\$ 8,443,864	\$ 137,797,743	\$ 70,370,876
Other investments	15,472,192				15,472,192	
Receivables (net of allowances for uncollectibles)						
Accounts	3,310,850	2,750	425,530	4,128	3,743,258	1,133,452
Interest	321,574			21,502	343,076	143,364
Loans		9,359,692	2,781,449		12,141,141	
Intergovernmental	15,506,761				15,506,761	200,764
Due from other funds	109,163	40,144			149,307	283
Inventories	2,998,804			53,471	3,052,275	757,536
Prepaid items	3,175	74,298		100,410	177,883	
Deposits				26,191	26,191	
Total current assets	148,983,407	23,499,831	7,277,023	8,649,566	188,409,827	72,606,275
Noncurrent assets:						
Capital assets:						
Land	12,525,633	30,095,189	38,978,340	795,047	82,394,209	
Land improvements	29,259,336		348,877	13,762,831	43,371,044	257,077
Sewer plant improvements	461,277,652				461,277,652	
Buildings	15,484,391		42,615,434	4,414,014	62,513,839	4,001,165
Building improvements	3,241,225		716,377	191,203	4,148,805	4,483,820
Sewer lines	421,568,410				421,568,410	
Machinery and equipment	2,023,835		2,063,731	580,648	4,668,214	5,776,685
Vehicles						37,412,364
Construction in progress	150,162,159		27,713		150,189,872	
Less accumulated depreciation	(384,593,105)		(14,057,152)	(11,773,904)	(410,424,161)	(40,355,396)
Total capital assets (net of accumulated depreciation)	710,949,536	30,095,189	70,693,320	7,969,839	819,707,884	11,575,715
Total assets	859,932,943	53,595,020	77,970,343	16,619,405	1,008,117,711	84,181,990
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	1,084,444		9,984		1,094,428	
Deferred amounts related to pensions	5,532,063		622,885	1,377,259	7,532,207	5,398,407
Total deferred outflows of resources	6,616,507		632,869	1,377,259	8,626,635	5,398,407

CITY OF LAS VEGAS, NEVADA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sanitation	Nonprofit Corporations	Municipal Parking	Non-Major Proprietary Funds	Total	
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 16,232,166	\$ 61,648	\$ 174,329	\$ 66,258	\$ 16,534,401	\$ 2,234,026
Salaries payable	390,155		49,027	97,423	536,605	426,528
Compensated absences payable	2,340,129		174,679	800,812	3,315,620	1,810,193
Deposits payable		75,000	19,244		94,244	6,675
Due to other funds		4,067,735	37,534		4,105,269	
Benefits payable						7,639,703
Claims and judgments payable						284,111
Heart lung presumptive liability						4,498,232
General obligation revenue bonds payable	8,470,087		351,682	798,242	9,620,011	
Interest payable	808,005		51,302	12,392	871,699	
Contracts payable	1,933,165				1,933,165	
Intergovernmental payable				1,823	1,823	
Total current liabilities	<u>30,173,707</u>	<u>4,204,383</u>	<u>857,797</u>	<u>1,776,950</u>	<u>37,012,837</u>	<u>16,899,468</u>
Noncurrent liabilities:						
Compensated absences payable	1,184,162		88,392	405,230	1,677,784	916,001
Benefits payable						630,969
General obligation revenue bonds payable	95,669,617		8,705,637	5,234,445	109,609,699	
Loans payable		15,185,011			15,185,011	
Unearned revenue			540,625	1,852,670	2,393,295	
OPEB liability	6,371,664		609,766	1,994,447	8,975,877	5,435,315
Heart lung presumptive liability						13,011,400
Net pension liability	<u>34,588,196</u>		<u>3,894,473</u>	<u>8,611,058</u>	<u>47,093,727</u>	<u>33,752,537</u>
Total noncurrent liabilities	<u>137,813,639</u>	<u>15,185,011</u>	<u>13,838,893</u>	<u>18,097,850</u>	<u>184,935,393</u>	<u>53,746,222</u>
Total liabilities	<u>167,987,346</u>	<u>19,389,394</u>	<u>14,696,690</u>	<u>19,874,800</u>	<u>221,948,230</u>	<u>70,645,690</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding				6,517	6,517	
Deferred amounts related to pensions	<u>8,920,173</u>		<u>1,004,371</u>	<u>2,220,761</u>	<u>12,145,305</u>	<u>8,704,659</u>
Total deferred inflows of resources	<u>8,920,173</u>		<u>1,004,371</u>	<u>2,227,278</u>	<u>12,151,822</u>	<u>8,704,659</u>
NET POSITION						
Net investment in capital assets	647,356,473	30,095,189	61,636,001	1,937,152	741,024,815	11,575,715
Unrestricted	<u>42,285,458</u>	<u>4,110,437</u>	<u>1,266,150</u>	<u>(6,042,566)</u>	<u>41,619,479</u>	<u>(1,345,667)</u>
Total net position	<u>\$ 689,641,931</u>	<u>\$ 34,205,626</u>	<u>\$ 62,902,151</u>	<u>\$ (4,105,414)</u>	<u>\$ 782,644,294</u>	<u>\$ 10,230,048</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (page 36)(Note 2c page 63)					<u>(660,999)</u>	
Net position of business-type activities (page 32)					<u>\$ 781,983,295</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAS VEGAS, NEVADA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sanitation	Nonprofit Corporations	Municipal Parking	Non-Major Proprietary Funds	Total	
Operating revenues:						
Licenses and permits	\$	\$	\$	\$ 9,619,388	\$ 9,619,388	\$
Charges for services	85,791,903		3,607,410	1,807,887	91,207,200	209,392,349
Fines and forfeits			2,961,121		2,961,121	
Miscellaneous	20,328	559,057	1,114,520	485,319	2,179,224	582,990
Total operating revenues	<u>85,812,231</u>	<u>559,057</u>	<u>7,683,051</u>	<u>11,912,594</u>	<u>105,966,933</u>	<u>209,975,339</u>
Operating expenses:						
Salaries and employee benefits	23,707,755		2,956,252	5,923,121	32,587,128	165,328,867
Services and supplies	36,087,366	1,494,791	2,881,072	6,578,124	47,041,353	25,265,310
Cost of stores issued				119,244	119,244	3,001,065
Insurance claims						11,222,054
Insurance premiums						8,848,270
Depreciation	27,187,401		1,246,672	726,839	29,160,912	2,008,853
Total operating expenses	<u>86,982,522</u>	<u>1,494,791</u>	<u>7,083,996</u>	<u>13,347,328</u>	<u>108,908,637</u>	<u>215,674,419</u>
Operating income (loss)	<u>(1,170,291)</u>	<u>(935,734)</u>	<u>599,055</u>	<u>(1,434,734)</u>	<u>(2,941,704)</u>	<u>(5,699,080)</u>
Nonoperating revenues (expenses):						
Interest revenue	915,544	42,119	30,798	80,622	1,069,083	596,971
Interest expense	(3,391,687)		(274,964)	(154,137)	(3,820,788)	
Sewer connection charges	6,901,806				6,901,806	
Gain (loss) on sale of capital assets						84,433
Intergovernmental revenue	7,384,675				7,384,675	
Intergovernmental expense	(64,193)			(20,318)	(84,511)	(2,224,280)
Total nonoperating revenues (expenses)	<u>11,746,145</u>	<u>42,119</u>	<u>(244,166)</u>	<u>(93,833)</u>	<u>11,450,265</u>	<u>(1,542,876)</u>
Income (loss) before capital contributions and transfers	10,575,854	(893,615)	354,889	(1,528,567)	8,508,561	(7,241,956)
Capital contributions	12,569,180		67,484,319		80,053,499	
Transfers in		9,368,021		1,200,000	10,568,021	7,013,000
Transfers out		(2,900,000)	(11,525,274)		(14,425,274)	(952,813)
Changes in net position	<u>23,145,034</u>	<u>5,574,406</u>	<u>56,313,934</u>	<u>(328,567)</u>	<u>84,704,807</u>	<u>(1,181,769)</u>
Net position, July 1 as previously reported	705,109,608	28,631,220	10,935,832	5,836,152		49,091,635
Prior period adjustment	<u>(38,612,711)</u>		<u>(4,347,615)</u>	<u>(9,612,999)</u>		<u>(37,679,818)</u>
Net position, July 1 as restated	<u>666,496,897</u>	<u>28,631,220</u>	<u>6,588,217</u>	<u>(3,776,847)</u>		<u>11,411,817</u>
Net position, June 30	<u>\$ 689,641,931</u>	<u>\$ 34,205,626</u>	<u>\$ 62,902,151</u>	<u>\$ (4,105,414)</u>		<u>\$ 10,230,048</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					416,598	
Changes in net position of business-type activities (page 34)					<u>\$ 85,121,405</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAS VEGAS, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sanitation	Nonprofit Corporations	Municipal Parking	Non-Major Proprietary Funds	Total	
Cash flows from operating activities:						
Cash received from customers	\$ 85,441,647	\$ 533,917	\$ 7,959,231	\$ 12,458,258	\$ 106,393,053	\$ 9,569,344
Cash received from internal services provided						201,789,418
Cash payments to suppliers for goods and services	(35,933,133)	(10,896,117)	(2,797,772)	(6,781,192)	(56,408,214)	(36,373,940)
Cash payments to employees for salaries and benefits	(24,041,622)		(3,016,259)	(6,102,238)	(33,160,119)	(172,070,238)
Net cash provided by (used in) operating activities	25,466,892	(10,362,200)	2,145,200	(425,172)	16,824,720	2,914,584
Cash flows from noncapital financing activities:						
Cash advanced to other funds	(109,163)				(109,163)	
Reimbursements from other governments	2,500,073				2,500,073	
Cash received from other funds		4,063,734			4,063,734	
Transfers in from other funds		9,368,020		1,200,000	10,568,020	7,013,000
Transfers out to other funds		(2,900,000)	(11,525,274)		(14,425,274)	(952,813)
Subsidies paid to other governments						(2,224,280)
Contributions to other governments	(64,193)			(20,319)	(84,512)	
Net cash provided by (used in) noncapital financing activities	2,326,717	10,531,754	(11,525,274)	1,179,681	2,512,878	3,835,907
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(58,875,200)		(427,472)	(40,920)	(59,343,592)	(3,918,757)
Sewer connection charges	6,901,806				6,901,806	
Proceeds from bonds	82,895,105		9,070,112		91,965,217	
Payment to refunded bond escrow agent	(7,732,584)				(7,732,584)	
SNWA infrastructure fund	(1,485,936)				(1,485,936)	
Principal paid on bonds	(5,340,000)			(775,000)	(6,115,000)	
Interest paid on bonds	(2,924,696)		(246,439)	(164,600)	(3,335,735)	
Proceeds from sale of capital assets						84,433
Net cash provided by (used in) capital and related financing activities	13,438,495		8,396,201	(980,520)	20,854,176	(3,834,324)
Cash flows from investing activities:						
Interest and dividends on investments	934,729	42,119	40,736	77,229	1,094,813	585,858
Net change in pooled cash, cash equivalents and investments	42,166,833	211,673	(943,137)	(148,782)	41,286,587	3,502,025
Pooled cash, cash equivalents and investments, July 1	69,094,055	13,811,274	5,013,181	8,592,646	96,511,156	66,868,851
Pooled cash, cash equivalents and investments, June 30	\$ 111,260,888	\$ 14,022,947	\$ 4,070,044	\$ 8,443,864	\$ 137,797,743	\$ 70,370,876

Continued

CITY OF LAS VEGAS, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sanitation	Nonprofit Corporations	Municipal Parking	Non-Major Proprietary Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (1,170,291)	\$ (935,734)	\$ 599,055	\$ (1,434,734)	\$ (2,941,704)	\$ (5,699,080)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	27,187,402		1,246,674	726,839	29,160,915	2,008,853
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(370,580)	(140)	299,662	1,919	(69,139)	298,201
Increase in loans receivable		(9,359,692)			(9,359,692)	
Decrease in intergovernmental receivable						881,656
(Increase) decrease in due from other funds		(40,144)			(40,144)	220,283
(Increase) decrease in inventories	77,148			(16,955)	60,193	(168,727)
(Increase) decrease in prepaid items	95,500	13,811		(37,774)	71,537	
(Increase) decrease in deposits		(25,000)	20	(400)	(25,380)	(16,716)
Increase (decrease) in accounts payable	(18,416)	(15,301)	45,762	(29,378)	(17,333)	(143,560)
Increase (decrease) in salaries payable	73,668		9,502	23,707	106,877	(378)
Increase (decrease) in compensated absences payable	36,445		4,077	20,611	61,133	(107,366)
Increase in benefits payable						6,297,520
Decrease in claims and judgments payable						(75,035)
Increase (decrease) in unearned revenue			(23,500)	544,145	520,645	
Increase in intergovernmental payable			37,534	283	37,817	
Decrease in PERS pension liability	(636,405)		(71,656)	(158,440)	(866,501)	(621,029)
Increase (decrease) in OPEB liability	192,421		(1,930)	(64,995)	125,496	39,962
Net cash provided by (used in) operating activities	<u>\$ 25,466,892</u>	<u>\$ (10,362,200)</u>	<u>\$ 2,145,200</u>	<u>\$ (425,172)</u>	<u>\$ 16,824,720</u>	<u>\$ 2,914,584</u>
Schedule of noncash investing, capital, and financing activities:						
Contributions of capital assets from developers	\$ 12,569,180				\$ 12,569,180	
Increase in fair value of investments	154,532			\$ 22,557	177,089	\$ 109,065
Decrease in fair value of investments			\$ (1,873)		(1,873)	28,339
Transfer of assets from other funds			67,484,318		67,484,318	

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAS VEGAS, NEVADA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	<u>Total Agency Funds</u>
ASSETS	
Pooled cash, cash equivalents and investments, unrestricted	\$ 18,592,694
Receivables (net of allowances for uncollectibles)	
Interest	<u>76</u>
Total assets	<u>\$ 18,592,770</u>
LIABILITIES	
Deposits payable	\$ 16,840,525
Intergovernmental payable	680,713
Outstanding bail payable	782,884
Unclaimed monies payable	66,702
Arbitrage rebate payable	<u>221,946</u>
Total liabilities	<u>\$ 18,592,770</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies

A. Description of government-wide financial statements

The government-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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. The financial statements of the City of Las Vegas, Nevada (the City) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The City was incorporated in 1911. The City provides a full range of municipal services as directed by statute. Services provided include public safety (police and fire), street construction and maintenance, sanitation, culture and recreation, public improvements, planning and zoning, and general administration and services. The City has a Council-Manager form of government. The Mayor is elected by the voters of the City at large for a four-year term. The City is divided into six wards. Voters of each ward elect a member of the Council for a four-year term. The Mayor and City Council are limited to three four-year terms, or a total of twelve years. Policymaking and legislative authority are vested in the Council. The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. City officials appoint board members to the Southern Nevada Health District, Las Vegas Convention and Visitors Authority, Regional Flood Control District, Regional Transportation Commission, Southern Nevada Regional Planning Coalition, and the Southern Nevada Water Authority.

In evaluating how to define the financial reporting entity, management considered all potential component units using the standards prescribed under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Component units would include any legally separate organizations for which the City Council is financially accountable. Financial accountability would result where the City Council appoints a voting majority of the organization's governing body and (1) is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. Financial accountability may also result where an organization is fiscally dependent on the City. Based upon these criteria, no component units or other reportable organizations other than those discussed below were identified.

The accompanying basic financial statements present the financial position of the City (primary government) and its blended component units for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations. The blended component units discussed below are included in the City's reporting entity because of the significance of their operation or financial relationship with the City. The City's discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that they are operationally separate from the City.

Blended component units

On March 5, 1986, the Official Redevelopment Plan was adopted to facilitate urban redevelopment efforts for the downtown area. The City of Las Vegas Redevelopment Agency (Agency) has the same elected governing board as the City, comprised of the six city council persons and the City mayor. The management of the City also manage the activities of the Agency in essentially the same manner as it manages the city's activities. The Agency exists to benefit the City and its citizens through redevelopment and revitalization of the city's downtown areas. This revitalization is based on the City's redevelopment plan which aligns the Agency's efforts with the City's vision for downtown

The Nonprofit Corporations exclusively promote the health and welfare of the City, and therefore, are reported as blended component units. The services of the non-profit corporations are provided entirely to the City (the primary government). Their services include the acquisition and disposition of property for public purposes, or the distribution of the proceeds from the disposition thereof, to the City. The City is financially accountable as follows: The Nonprofit Corporations are governed by a

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

B. Reporting entity (continued)

Blended component units (continued)

two-member board of directors appointed by the Mayor and ratified by the Las Vegas City Council, and the Nonprofit Corporations are also fully dependent on the City for fiscal and operational support.

Discretely presented component units

The Commission for the Las Vegas Centennial (the Commission) is a nonprofit corporation formed on May 20, 2004, to advance, support and promote the health and social welfare of the City and its citizens for the City's 100 year birthday celebration (centennial). The Commission is governed by a twelve member Board of Directors (Board) which provides management for the business and affairs of the Commission. The City of Las Vegas is financially accountable because all members of the Board are appointed by the Mayor of the City and ratified by the Las Vegas City Council. The financial operations of the commission are reported as a separate column in the basic financial statements to emphasize that it is legally and operationally separate from the City. All grants over \$100,000 must be approved by the City Council.

LVCIC SUB-CDE I, LLC (the Company), a Nevada non-profit corporation, was incorporated on March 12, 2013. The Company was formed to obtain Qualified Equity Investments (QEI) from investors and make qualified investments in qualified Active Low-Income Community Business in accordance with the terms under the New Markets Tax Credit (NMTC) Program pursuant to Section 450 of the Internal Revenue Code. The Company's principal business objective is to provide nontraditional investment capital to underserved markets and enhance the return on said investments by providing its investor member with NMTC. This mission is accomplished by providing loans to qualified businesses in the low-income communities of the City's service area. The three member board is appointed by the LVCIC, Inc. The company is legally and operationally separate from the City.

Complete financial statements of the Agency, the Nonprofit Corporations, the Commission, and LVCIC SUB-CDE I, LLC can be obtained from the City of Las Vegas Department of Finance, 4th Floor, 495 South Main Street, Las Vegas, Nevada 89101.

C. Basis of presentation - government-wide and fund financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City has two discretely presented component units. While neither the Commission for the Las Vegas Centennial nor LVCIC SUB-CDE I, LLC are considered to be major component units, they are, nevertheless, shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's sanitation and municipal parking functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

D. Basis of presentation - fund financial statements (continued)

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *City of Las Vegas Redevelopment Agency - Component Unit (the Agency)*. This fund accounts for the financial activity of the Agency, which derives its revenue from property tax that will be used to rehabilitate the various redevelopment districts.

The *Road and Flood capital projects fund*. This fund is used to account for major infrastructure improvements to the City's arterial street system and floodwater conveyance systems. Financing is provided primarily by Clark County, the Regional Transportation Commission and the Clark County Regional Flood Control District.

The City reports the following major enterprise funds:

The *Sanitation enterprise fund* accounts for the City's sewage treatment plant, sewage pumping stations and collection systems and the wastewater distribution system.

The *Nonprofit Corporations fund* promotes the health and welfare of the City and its citizens through the acquisition and disposition of property, exclusively for public purposes that benefit the City.

The *Municipal Parking fund* accounts for the revenues and expenses of providing public parking. This includes the leasing of two downtown parking garages owned by the City, all parking enforcement and parking ticket collection activity throughout the City, and the construction and operation of downtown parking facilities.

Additionally, the City reports the following fund types:

Internal service funds account for a variety of services provided to other departments or agencies of the City on a cost reimbursement basis. These services include graphic reproduction, purchase and maintenance of personal computers, emergency dispatch services, purchase and maintenance of radios, pagers, cellular and telephone equipment, automotive operations, city facilities, employee benefits, workers compensation insurance, and liability and property damage insurance.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. These funds are custodial in nature and do not involve measurement of operations. The Agency funds are merely clearing accounts and have no fund equity. The agency funds consist of a deposits fund, municipal court bail fund and developer special assessment fund.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers among the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, transfers among the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

E. Measurement focus, basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except agency funds that have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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.

Government fund financial statements are reported using the *current financial resources measurement focus* and *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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are recognized when earned and billable to the grant-awarding agency. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, and other taxpayer-assessed tax revenues (franchise fees, intergovernmental consolidated tax, room tax, residential construction tax, and motor vehicle fuel tax), licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The City reports unearned revenue in the fund financial statements. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues are recorded when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary information

1. Budgetary basis of accounting

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general, special revenue, capital projects, and debt service funds. An annual budget report is filed with the Nevada Department of Taxation, a branch of the state government charged with the responsibility to oversee local government finances.

The City's budgeting process consists of a series of reviews and analyses of budget requests that are submitted by the various departments by February 1 of each year. City management and budget office staff compile and prioritize all data, with the objective of aligning budget resources with the City Council's strategic plan objectives as closely as possible. A series of public hearings are held for the City Council and the general public on budget recommendations. The final budget is approved and adopted by the Mayor and City Council and filed with the City Clerk, County Clerk and the Nevada Department of Taxation by June 1.

The annual appropriated budgets approved by the City Council are controlled at the function level, which is the legal level of budgetary control. The revenue classifications and expenditure functions shown in the basic financial statements are those prescribed by the Nevada Department of Taxation. An amended budget is one in which internal modifications

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

1. Budgetary basis of accounting (continued)

are made but the total resources and expenditures remain the same as the original. Per Nevada law, the City Manager may amend the budget by transferring appropriations within any function or program or between any function or program within a fund, and may authorize the transfer of appropriations between funds at any time if the City Council is advised of the action at a Council meeting and the action is recorded in the official minutes of the meeting.

An augmented budget is approved by the City Council and filed with the Nevada Department of Taxation when the total revenues and corresponding expenditures increase. All annual appropriations lapse at fiscal year-end.

Non-appropriated budgets are prepared for all proprietary type funds as a guide to levels of operating expenses. Budgets are not required for agency (fiduciary) type funds.

For the fiscal year ended June 30, 2015, funds were augmented and realigned between functions to provide for additional expenditures for new and expanded programs. Non-appropriated budgets for proprietary type funds were augmented and filed with the Nevada Department of Taxation for informational purposes, according to Nevada law. The following governmental funds were augmented from actual beginning fund balance in excess of the original budgeted amount to increase total appropriations (expenditures, other financing uses).

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>
General fund	\$ 498,802,735	\$ 12,520,000	\$ 511,322,735
Multipurpose special revenue fund	20,628,508	1,720,000	22,348,508
Fremont Street Room Tax special revenue fund	1,562,800	130,000	1,692,800

For budgetary control purposes, the City records encumbrances for purchase orders, contracts and other commitments in memorandum accounts. Since they do not constitute actual liabilities of the City in accordance with GAAP, encumbrances are not reported in the basic financial statements.

2. Excess of expenditures over appropriations

The Special Improvement District Administration Special Revenue Fund expenditures exceeded appropriations by \$1,105,089. The excess was for expenditures associated with bond refunding costs.

The Municipal Parking Enterprise Fund expenditures exceeded appropriations by \$1,204,388. The excess was for expenditures associated with depreciation of capital assets.

The Employee Benefit Internal Service Fund expenditures exceeded appropriations by \$9,652,159. The excess was for expenditures associated with the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and an increase in accruals for workers compensation claims.

In the General Fund, the function Culture and Recreation expenditures exceeded appropriations by \$1,101,776. The excess was from the result of negotiated collective bargaining contracts that increased the weekly working hours from 38 to 40. Also, services and supplies increased from efforts to generate additional program revenues. Capital outlay increased from land purchases and security system upgrades at community centers.

In the General Fund, the function Economic Development and Assistance expenditures exceeded appropriations by \$458,937. The excess was from the re-organization of one department into two departments during the fiscal year and the reassigning of the contract for helping the homeless from non-departmental to Neighborhood Services without a budget transfer.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

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

1. Pooled cash, cash equivalents and investments

The City maintains a cash and investment pool that is available for use by all funds. Monies that are not required for immediate obligations are invested. Pooled cash, cash equivalents and investments include currency on hand, demand deposits with banks or other financial institutions, and highly liquid short-term investments with original maturities of three months or less from date of acquisition.

The City's investment policies are governed by state statutes and its own written policies. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, bankers acceptances, corporate, state, and local government bonds, repurchase agreements, commercial paper and money market mutual funds.

Investments include short-term investments that are easily converted to cash and long-term investments with maturity dates ranging from six months to 47 years. Investments are stated at fair value, determined by using quoted market prices provided by a nationally recognized independent bank, or amortized cost for investments that have a remaining maturity at time of purchase of one year or less.

The City's cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Receivables are reported at their gross value and, where appropriate, are shown net of an allowance for uncollectible accounts. General fund accounts receivable consists of \$6.6 million and other non major government funds of \$2.3 million. Accounting operations division reviews outstanding receivables twice a year to determine uncollectible receivables. Accounts deemed uncollectible are then written off or reserved via an allowance. The allowance for uncollectible accounts for the General Fund was \$2.6 million at June 30, 2015.

3. Inventories and prepaid items

Inventories in the internal service and enterprise funds consist of expendable supplies held for consumption and are stated at cost, which approximates market value, using the first-in, first-out method. The balances are determined by physical count. Inventories in governmental funds are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit future periods are recorded as prepaid items in both government-wide and fund financial statements. In fund financial statements, a portion of fund balance equal to total prepaid items is reflected as nonspendable.

4. Restricted investments

Cemetery Operations Permanent Fund - Restricted investments in this fund are derived from the endowment care portion of the fee charged for a cemetery lot. The monies are invested and the interest income is used for the perpetual care and maintenance of the cemetery in accordance with the cemetery system's lease agreement (Note 9.1). An independent trustee manages the fund. At June 30, 2015, the restricted investments were \$2,121,554.

Other Funds - The City also has restricted investments in the Redevelopment Agency for \$8,500,150 and \$18,470,930 in the (Debt Service Fund), both are debt reserves. An amount of \$750,000 is in the Multipurpose Special Revenue Fund for the Darling Tennis Foundation. Total restricted investments equal \$29,842,634 as of June 30, 2015.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

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

5. Capital assets

Capital assets, which include land, buildings, land and building improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair value at the date of donation.

Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment acquired by proprietary funds are reported in those funds at cost or estimated fair value at the time of donation. In enterprise funds, interest expense on bonds issued for construction of capital assets is netted against interest revenue earned on the investment of bond proceeds, and if determined to be immaterial will not be capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Storm drains	50 years	Building improvements	10-20 years
Roadways	30 years	Vehicles	3-10 years
Buildings	20-40 years	Traffic signage	10 years
Land and sewer plant improvements	20-24 years	Machinery and equipment	7-10 years
Traffic signals and lighting	20 years	Traffic pavement markers	4 years

6. Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred amounts related to pensions for the changes in the difference between the City's actual pension contributions and the City's actuarial share of pension contributions. This amount is deferred and amortized over the average expected remaining service lives of all employees, active, inactive and retirees. Deferred outflows are also recorded for city contributions made subsequent to the measurement date of the net pension liability and before the end of the City's fiscal year.

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 City has two items that qualify 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 three resources: property taxes, special assessments and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows for the difference between expected and actual pension plan experience with economic factors and the effect of changes in assumptions about future economic factors, which are deferred and amortized over the average expected service lives of all employees that are provided pension benefits and the recognition of deferrals attributable to differences between projected and actual earnings on plan investments, which are amortized over five years.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

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

7. *Compensated absences*

It is the City's policy to permit employees to accumulate earned, but unused vacation (including TILO and Executive Severance) and sick pay benefits which are collectively referred to as compensated absences. Compensated absences paid or accrued due to employment terminations within the current year are reported as an expenditure in governmental fund types. The estimated long-term liability of vested or accumulated compensated absences that is not expected to be liquidated within the current year is accounted for in the government-wide financial statements. Vested or accumulated compensated absences of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to the employees.

8. *Long-term obligations*

In the government-wide financial statements, and in proprietary fund types financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

An arbitrage rebate payable is recorded as a liability to account for arbitrage amounts to be rebated to the federal government that result from interest earned in excess of the interest costs on the monies invested from the proceeds of bond issues.

The City and Clark County (a joint venture) both provide financing for the Las Vegas Metropolitan Police Department Self Insurance internal service fund. In the City's government-wide financial statements, the City reports its portion of the unfunded Las Vegas Metropolitan Police OPEB Liability and Pension Liability in governmental activities.

9. *Net position flow assumption*

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. *Fund balance flow assumptions*

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Unassigned fund balance is applied last.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

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

11. Fund balance components

The fund balance amounts for governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

- *Non-spendable* fund balances include items that cannot be spent. This includes amounts that are not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and amounts that are legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- *Restricted* fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or state enabling legislation.
- *Committed* fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Mayor and City Council, the city's highest level of decision-making authority. This formal action is the passage of ordinances creating, modifying, or rescinding committed resources.
- *Assigned* fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. The City's Chief Financial Officer is authorized to assign amounts to a specific purpose based on the City's policy (see below).
- *Unassigned* fund balances are the residual amount not included in the four categories described above. The general fund is the only fund that can report a positive unassigned fund balance and any deficit fund balances with the other governmental fund types are reported as unassigned.

It is the City's policy 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.

It is the City's fiscal policy to maintain a total ending fund balance in the General Fund of at least 12 percent of General Fund operating revenues.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

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

11. Fund balance components (continued)

The following schedule shows the composition of the fund balances of the governmental funds for the year ended June 30, 2015:

Fund Balances	Major Governmental Funds			Non Major Governmental Funds			Permanent Fund	Total
	General Fund	Road and Flood	Redevelopment Agency	Special Revenue Funds	Debt Service Funds	Capital Project Funds		
Nonspendable:								
Inventories	\$ 2,222,567	\$	\$	\$	\$	\$	\$	\$ 2,222,567
Prepaid items	129,676			2,868				132,544
Noncurrent loans receivable	27,378,562							27,378,562
Land/Property held for resale			4,258,265	18,126,784				22,385,049
Loans receivable			836,534					836,534
Cemetery perpetual care							2,121,554	2,121,554
Endowment principal				750,000				750,000
Total nonspendable	29,730,805		5,094,799	18,879,652			2,121,554	55,826,810
Restricted:								
Debt service			8,500,000	400,000	26,215,935			35,115,935
Econ Dev and Assistance				9,351,147		1,348,508		10,699,655
Culture and Recreation				7,876,626				7,876,626
City Facilities						1,026,344		1,026,344
Public Safety - Fire				586,069		4,450,626		5,036,695
Public Safety - Traffic				237,173		2,856,303		3,093,476
Public Safety - Detention				944,905				944,905
Parks Projects						6,757,569		6,757,569
Public Works - Road and Flood		9,888,133		17,323,137		867,845		28,079,115
Special Improvement						19,552,520		19,552,520
Judicial				730,408				730,408
Total Restricted		9,888,133	8,500,000	37,449,465	26,215,935	36,859,715		118,913,248
Committed:								
Parks construction						5,508,509		5,508,509
Public Works - Road and Flood						262,456		262,456
Econ Dev and Assistance				27,195				27,195
Culture and Recreation				703,746				703,746
Debt Service				2,355,962				2,355,962
Special Improvement				13,635,271				13,635,271
Total Committed				16,722,174		5,770,965		22,493,139
Assigned								
Debt service					3,227,022			3,227,022
Culture and Recreation				440,381				440,381
Land Acquisition						13,291,367		13,291,367
City Facilities						4,071,255		4,071,255
Public Safety - Fire						4,669,582		4,669,582
Public Safety - Traffic						6,275,473		6,275,473
Public Safety - Detention						9,373,597		9,373,597
Public Works - Road and Flood		4,987,479				7,796,071		12,783,550
Parks Projects						18,715,313		18,715,313
Econ Dev and Assistance			783,601	6,521		2,535,034		3,325,156
General Government				990,038				990,038
Fiscal Stabilization	12,999,187							12,999,187
Total Assigned	12,999,187	4,987,479	783,601	1,436,940	3,227,022	66,727,692	\$	90,161,921
Unassigned	78,099,259			(39,722)				78,059,537
	<u>\$ 120,829,251</u>	<u>\$ 14,875,612</u>	<u>\$ 14,378,400</u>	<u>\$ 74,448,509</u>	<u>\$ 29,442,957</u>	<u>\$ 109,358,372</u>	<u>\$ 2,121,554</u>	<u>\$ 365,454,655</u>

12. Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

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

13. Grant portion of intergovernmental revenues

Grant revenues and expenditures are generally recorded in special revenue funds. If an expenditure of monies by a grantee is the prime factor for determining the release of grant funds, revenue is recognized at the time of the expenditure. If release of grant funds is not contingent upon expenditure of monies, revenue is recorded when received or when the grant becomes an obligation of the grantor.

14. Interfund transactions

During the course of normal operations, the City has numerous transactions between funds, which include transfers of resources from one fund to another. The fund financial statements reflect such transactions as transfers. Certain receivable/payable balances between the primary government and blended component units are eliminated for financial statement presentation. Internal service funds record charges for services to all City departments and funds as operating revenue. All City funds record these payments to the internal service funds as operating expenditures/expenses.

15. Fiscal Stabilization Fund

The City Council through Resolution established a special revenue fund whose purpose is to provide for the stabilization of operations during periods of economic downturn, or for the mitigation of the effects of disasters in accordance with NRS 354.6115. The ending fund balance of the Fiscal Stabilization Special Revenue Fund at June 30, 2015 was \$12,999,187.

A transfer of available resources from the general fund, special revenue funds, internal service funds and capital project funds was used to establish the fund. The fund will maintain a fund balance not to exceed ten percent (10%) of the prior year's general fund expenditures. The general fund transfer will be 20% of the excess actual audited ending fund balance over the budgeted ending fund balance to the fund until such time as the maximum fund balance is reached.

The fund balance will not be used to finance routine operations. Revenues will be realized only through transfers in from other funds and interest earnings. Expenditures will be limited to transfers out to other funds to provide for the stabilization of operations under the following conditions:

- A) If the total actual revenue of the City falls short of the total anticipated revenue in the general fund for the fiscal year in which the local government uses that money, and
 - 1. The revenue shortfall is the result of an economic event that could not be anticipated, and
 - 2. The resulting general fund balance will fall below 10% of the anticipated expenditures, or
- B) To pay expenses incurred by the City to mitigate the effects of a natural disaster or act of terrorism.

At June 30, 2015, based on the requirements of GASB 54, the City's Fiscal Stabilization Special Revenue Fund did not meet the reporting requirements to be presented as a special revenue fund, and is, therefore, presented as part of the City's General Fund. However, the City budgeted this Fund as a Special Revenue Fund (see reconciliation at page 121).

16. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sanitation Fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$1,311,332,000 difference are as follows:

Bonds payable, net of unamortized premium and discounts	\$ 513,188,463
Deferred charges on refunding (to be amortized as interest expense and fiscal charges)	(777,483)
Accrued interest payable	7,240,058
Arbitrage rebate payable	71,085
Las Vegas Metropolitan Police Department OPEB liability	32,609,037
Compensated absences	38,952,935
City OPEB liability	42,571,732
Heart lung presumptive liability	48,451,229
Net pension liability	327,624,613
Las Vegas Metropolitan Police Department net pension liability	269,307,644
Deferred amounts related to pensions	84,493,225
Deferred amounts related to pensions	<u>(52,400,538)</u>
Net adjustment to reduce fund balance - total governmental funds	<u>\$ 1,311,332,000</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$(9,202,939) difference are as follows:

Capital outlay	\$ 108,060,879
Depreciation expense (Note 7)	<u>(117,263,818)</u>
<i>Net adjustment to decrease net changes in fund balance - total governmental</i>	<u><u>\$ (9,202,939)</u></u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of the \$(22,423,845) difference are as follows:

Donations of capitals assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 45,587,883
Capital assets transferred to proprietary funds	(67,484,318)
The statement of activities reports losses from the disposal or trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on the trade-in of capital assets.	<u>(527,410)</u>
<i>Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position - governmental activities.</i>	<u><u>\$ (22,423,845)</u></u>

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the 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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$31,485,504 difference are as follows:

Principal repayments:	
Bond principal repayments	\$ 22,610,504
Payment to current bond refunding agent	<u>8,875,000</u>
<i>Net adjustment to decrease net changes in fund balance total governmental funds to arrive at changes in net position - governmental activities</i>	<u><u>\$ 31,485,504</u></u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities (continued)

Another element of the reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$(84,363,862) difference are as follows:

City OPEB liability	\$ 447,900
Net pension liability	(6,028,126)
Heart lung presumptive liability	(1,625,619)
Compensated absences	96,875
Las Vegas Metropolitan Police Department OPEB liability	2,705,283
Las Vegas Metropolitan Police Department net pension liability	(79,381,198)
Accrued interest	(224,342)
Amortization of bond discounts	210,653
Amortization of bond premiums	(780,243)
Amortization of debt refunding	<u>214,955</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds to arrive at changes in net position - governmental activities</i>	<u>\$ (84,363,862)</u>

Another element of the reconciliation states that some revenue reported in the statement of activities does not provide current financial resources and therefore is not reported as revenue in governmental funds. The details of this \$(1,705,480) difference are as follows:

Deferred loan proceeds	\$ (656,452)
Property tax revenue	(434,713)
Special assessments	<u>(614,315)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds to arrive at changes in net position - governmental activities</i>	<u>\$ (1,705,480)</u>

Another element of the reconciliation states that internal service funds are used by management to charge the costs of a variety of services: fleet, graphic reproduction, purchase and maintenance of computers, maintenance of radios and telephones, employee benefits, property damage, facilities maintenance and fire equipment acquisition to individual funds. The net revenue of certain activities of internal service funds is reported with government activities. The details of this \$(1,598,368) difference are as follows:

Change in net position of the internal services funds	\$ (1,181,770)
Gain from charges to business-type activities	<u>(416,598)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds to arrive at changes in net position - governmental activities</i>	<u>\$ (1,598,368)</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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

C. Explanation of certain differences between the proprietary fund statement of net position and the government-wide statement of net position

The proprietary fund statement of net position includes a reconciliation between *net position - total enterprise funds* and *net position of business-type* activities as reported in the government-wide statement of net position. The description of the sole element of that reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The details of this \$(660,999) difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$ (1,077,597)
Internal receivables representing charges in excess of cost to business-type activities - current year	<u>416,598</u>
Net adjustment to decrease <i>net position - total enterprise funds</i> to arrive at <i>Net position - business-type activities</i>	<u><u>\$ (660,999)</u></u>

3. Pooled cash, cash equivalents and investments

As of June 30, 2015, the City had the following pooled cash, cash equivalents and investments:

Pooled cash and investments reconciled to government-wide financial statements:

Total cash equivalents and investments	\$ 459,607,205
Add: Cash in checking accounts	<u>47,737,053</u>
	507,344,258
Less: Cash and cash equivalents in agency funds	<u>(18,592,694)</u>
Pooled cash, cash equivalents and investments - government wide	<u><u>\$ 488,751,564</u></u>

GASB Statement 31 allows the City to report short-term money market investments such as commercial paper and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less, to be reported at amortized cost (book value). All other investments are reported at their fair value.

Type of Investments	Book Value	Fair Value	Total Value	Weighted-Average Maturity (Years)
U.S. Treasury	\$ 26,971,079	\$ 67,224,200	\$ 67,224,200	2.139
U.S. Agencies		113,537,960	140,509,039	1.830
Corporate Bonds		47,208,042	47,208,042	2.076
Money Market Fund		137,724,380	137,724,380	0.003
NVEST Program:				
U.S. Treasury		1,071,807	1,071,807	2.252
U.S. Agencies		41,026,977	41,026,977	3.456
Collateralized Mortgage Obligations		23,410,934	23,410,934	2.866
Money Market Fund		1,431,826	1,431,826	0.003
Total Value	<u>\$ 26,971,079</u>	<u>\$ 432,636,126</u>	<u>\$ 459,607,205</u>	
Portfolio weighted-average maturity				1.546

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

3. Pooled cash, cash equivalents and investments (continued)

Type of Investments	Amount	Investment Maturities				
		1 to 30 Days	31 to 60 Days	61 to 365 Days	366 Days to 5 Years	5 Years to 10 Years
U.S. Treasury	\$ 67,224,200	\$	\$	\$ 20,169,550	\$ 47,054,650	\$
U.S. Agencies	140,509,039			52,072,629	88,436,410	
Corporate Bonds	47,208,042	2,148,722		12,054,560	33,004,760	
Money Market Fund	137,724,380	137,724,380				
NVEST Program:						
U.S. Treasury	1,071,807				1,071,807	
U.S. Agencies	41,026,977		310,468	5,419,589	26,433,079	8,863,841
Collateralized Mortgage Obligations	23,410,934			3,216,901	16,850,318	3,343,715
Money Market Fund	1,431,826	1,431,826				
Total Investments	<u>\$ 459,607,205</u>	<u>\$ 141,304,928</u>	<u>\$ 310,468</u>	<u>\$ 92,933,229</u>	<u>\$ 212,851,024</u>	<u>\$ 12,207,556</u>

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

Some of the U.S. agency investments have call options which, if exercised, could shorten the maturity of these investments. The asset-backed securities are backed by mortgages that are subject to prepayment risk which could also shorten the maturity of these investments.

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

As of June 30, 2015, more than 5% of the City's investments are in Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Morgan Stanley Institutional Money Market Fund and U.S. Treasuries. These investments are 9%, 26%, 22%, and 16% respectively, of the total investments.

As of June 30, 2015, the City was holding a \$250,000 par value security of Lehman Brothers Holdings in the Darling Foundation special revenue fund. Although rated as "A", Lehman Brothers filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code on September 18, 2008. During the current fiscal year, the value of the investment was written down by \$27,187 to \$27,188, which was the market value as determined by the City's investment custodian.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

3. Pooled cash, cash equivalents and investments (continued)

Type of Investments	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End			
				AAA	AA	A	Not Rated
U.S. Treasury	\$ 67,224,200	N/A	\$ 67,224,200	\$	\$	\$	\$
U.S. Agencies	140,509,039	N/A			113,537,960		26,971,079
Corporate Bonds	45,086,545	A		1,988,240	34,178,800	8,892,280	27,225
Corporate Bonds- Cemetery	2,121,497	N/A					2,121,497
Money Market Funds	137,724,380	AAA		137,724,380			
NVEST Program:							
U.S. Treasury	1,071,807	N/A	1,071,807				
U.S. Agencies	41,026,977	N/A			41,026,977		
Collateralized Mortgage Obligations	23,410,934	AAA		18,137,791	5,273,143		
Money Market Fund	1,431,826	AAA		1,431,826			
Total Investments	\$ 459,607,205		\$ 68,296,007	\$ 159,282,237	\$ 194,016,880	\$ 8,892,280	\$ 29,119,801

Concentration of Credit Risk: The City's investment policy allows for investments as follows: (1) U.S. Treasury, money market funds and agencies, State of Nevada local government pooled funds, 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. Collateralized investment contracts may be utilized on bond proceeds for which the original amount of the principal of the original issuance was \$10,000,000 or more. To reduce the overall portfolio risks, the City 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 City's total investment portfolio will be invested in a single security type or with a single financial institution.

Related Party Investment: The Sanitation Enterprise fund holds an investment in the Redevelopment Agency, which is a blended Component Unit of the City. The Redevelopment Agency Tax Increment Revenue Subordinate Lien Bond Series 2011 is due February 17, 2021. The investment is for \$15,472,192. This investment is eliminated and reflected in the internal balances in the Statement of Net Position.

4. Property taxes

By December 31 of each year, all property in Clark County is assessed by parcel for property tax purposes by the Clark County Assessor. The assessment valuation roll is published in a local newspaper for the information of all taxpayers. If desired, property owners have until January 15 to appeal the valuation to the Clark County Board of Equalization. Any taxpayer not agreeing with the decision of the County Board of Equalization may file an appeal with the State Board of Equalization no later than the first Monday of March.

The Nevada Department of Taxation provides the maximum allowable tax rates for operating purposes to local governments for inclusion in their budgets. Each local government that receives property taxes must file a budget on or before June 1, which provides for the allowed tax rate for the next fiscal year. The Nevada Tax Commission must certify all tax rates on June 25, the levy date, and property is lienied on July 1. Property taxes are then payable to the County Treasurer in four equal installments, the first Monday of August, October, January and March. Apportionment of taxes by Clark County to the City of Las Vegas, Nevada is made in the calendar quarters of September, December, March and June.

The actual rates, which were levied for June 30, were as follows:

	2015	2014
General	0.6765	0.6765
Special	0.0950	0.0950
Total Tax	0.7715	0.7715

Amounts per \$100 of assessed value

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

5. Intergovernmental receivables

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

						Business-type Activities	
	Major Governmental Funds						
	General Fund	Road and Flood	Other Non-Major Governmental Funds	Internal Service Funds	Total	Sanitation Fund	Government-Wide Total
City of Boulder	\$ 197	\$	\$	\$	\$ 197	\$	\$ 197
City of Henderson	2,288				2,288		2,288
City of North Las Vegas	846,451			200,764	1,047,215		1,047,215
Clark County	21,108		381,150		402,258	9,500,000	9,902,258
Clark County Regional Flood Control District		19,191,158			19,191,158		19,191,158
Clark County Regional Transportation Commission		5,879,185	674,258		6,553,443		6,553,443
Clark County Detention Center	805,194				805,194		805,194
Commission for the Las Vegas Centennial	637		259,000		259,637		259,637
Las Vegas Convention and Visitors Authority			1,676,714		1,676,714		1,676,714
Nevada Dept of Transportation		218,260	1,263,225		1,481,485		1,481,485
Southern Nevada Water Authority						6,006,761	6,006,761
State of Nevada			3,981,758		3,981,758		3,981,758
U.S. Department of Commerce			640,161		640,161		640,161
U.S. Department of Housing and Urban Development			1,497,378		1,497,378		1,497,378
U.S. Department of Interior (Bureau of Land Management)			355,521		355,521		355,521
U.S. Department of Homeland Security	795,117				795,117		795,117
	<u>\$ 2,470,992</u>	<u>\$ 25,288,603</u>	<u>\$ 10,729,165</u>	<u>\$ 200,764</u>	<u>\$ 38,689,524</u>	<u>\$15,506,761</u>	<u>\$ 54,196,285</u>

Payments of intergovernmental receivables are expected to be received and available soon enough after year-end to finance expenditures of the year ended June 30, 2015. In addition, the City has resources available from the U.S. Department of Housing and Urban Development through the Community Development Block Grant Program totaling \$4,013,454, the Housing Opportunities for Persons With AIDS totaling \$577,748, HOME Investment Program totaling \$2,452,408, Emergency Solutions Grant totaling \$52,528 and Neighborhood Stabilization Program totaling \$2,342,171, which are available to reimburse the City for qualifying expenditures.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

6. Joint Venture

A. Las Vegas Metropolitan Police Department (Metro)

The City is a participant in a joint venture with Clark County created by a special financing relationship for the Las Vegas Metropolitan Police Department (Metro) established by state statute. A five-member committee composed of two appointees each from the City and the County, and one appointee from the general public approves Metro's budget.

State statute mandates apportionment of costs among the participating political subdivisions based upon a percentage of the permanent population and the total number of calls for service within each subdivision. Complete financial information for Metro is included in the comprehensive annual financial report of Clark County, Nevada. The following schedule presents a two-year summary of condensed financial information for Metro, as of and for the years ended June 30:

	2015	2014
Assets	\$ 51,763,396	\$ 34,850,746
Liabilities	(20,530,214)	(20,451,275)
Deferred inflows	(1,712,685)	(1,893,726)
Fund balance	<u>29,520,497</u>	<u>12,505,745</u>
Revenues	286,205,675	275,306,818
Expenditures	<u>(485,695,231)</u>	<u>(501,431,063)</u>
	(199,489,556)	(226,124,245)
Other financing sources	<u>216,504,308</u>	<u>198,590,209</u>
Change in fund balance	<u>\$ 17,014,752</u>	<u>\$ (27,534,036)</u>
Political Subdivision Funding Percentage:		
Clark County	63.0%	62.1%
City of Las Vegas	37.0%	37.9%

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

7. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

Primary Government

	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,182,962,884	\$ 5,959,749	\$ (36,447,257)	\$ (31,161)	\$ 1,152,444,215
Construction in progress	123,900,601	69,146,266	(51,783,799)		141,263,068
Total capital assets, not being depreciated	<u>1,306,863,485</u>	<u>75,106,015</u>	<u>(88,231,056)</u>	<u>(31,161)</u>	<u>1,293,707,283</u>
Capital assets, being depreciated:					
Land improvements	499,290,134	6,811,246	6,363,962	(620,321)	511,845,021
Buildings	694,841,279	630,528	(34,917,286)	(873,368)	659,681,153
Building improvements	177,038,758	1,671,493	552,454	(301,071)	178,961,634
Machinery and equipment	50,894,975	2,803,025	1,652,935	(917,185)	54,433,750
Vehicles	69,873,842	5,030,166		(2,570,589)	72,333,419
Roadways	1,392,398,913	29,106,423	9,853,714		1,431,359,050
Traffic pavement markers	2,488,036	416,121			2,904,157
Traffic signals and lighting	184,478,559	5,016,713	375,539		189,870,811
Traffic signage	2,819,665	242,867	128,035		3,190,567
Storm drainage	750,142,181	30,130,043	26,840,138		807,112,362
Total capital assets, being depreciated	<u>3,824,266,342</u>	<u>81,858,625</u>	<u>10,849,491</u>	<u>(5,282,534)</u>	<u>3,911,691,924</u>
Less accumulated depreciation for:					
Land improvements	(159,022,855)	(23,420,945)	259,407	579,931	(181,604,462)
Buildings	(104,517,812)	(15,829,673)	9,623,313	656,845	(110,067,327)
Building improvements	(57,227,082)	(9,028,643)	14,494	168,251	(66,072,980)
Machinery and equipment	(35,308,244)	(2,579,290)		810,669	(37,076,865)
Vehicles	(54,194,767)	(3,488,548)		2,570,589	(55,112,726)
Roadways	(653,282,016)	(43,125,842)	33		(696,407,825)
Traffic pavement markers	(2,290,630)	(99,538)			(2,390,168)
Traffic signals and lighting	(130,263,355)	(5,589,579)			(135,852,934)
Traffic signage	(1,442,769)	(233,655)			(1,676,424)
Storm drainage	(160,793,318)	(15,876,957)			(176,670,275)
Total accumulated depreciation	<u>(1,358,342,848)</u>	<u>(119,272,670)</u>	<u>9,897,247</u>	<u>4,786,285</u>	<u>(1,462,931,986)</u>
Total capital assets, being depreciated, net	<u>2,465,923,494</u>	<u>(37,414,045)</u>	<u>20,746,738</u>	<u>(496,249)</u>	<u>2,448,759,938</u>
Governmental activities capital assets, net	<u>\$ 3,772,786,979</u>	<u>\$ 37,691,970</u>	<u>\$ (67,484,318)</u>	<u>\$ (527,410)</u>	<u>\$ 3,742,467,221</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 9,331,269
Judicial	15,403
Public safety	13,411,459
Public works	58,941,030
Health	33,606
Culture and recreation	32,976,251
Economic development	2,553,860
Transit systems	940
Subtotal	<u>117,263,818</u>

Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets 2,008,852

Total depreciation expense-governmental activities \$ 119,272,670

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

7. Capital Assets (continued)

	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 45,946,952	\$	\$ 36,447,257	\$	\$ 82,394,209
Construction in progress	97,564,390	58,709,454	(6,083,972)		150,189,872
Total capital assets, not being depreciated	143,511,342	58,709,454	30,363,285		232,584,081
Capital assets, being depreciated:					
Land improvements	42,319,012	51,280	1,000,752		43,371,044
Sewer plant improvements	459,339,956	1,937,696			461,277,652
Buildings	22,007,587		40,506,252		62,513,839
Building improvements	4,012,920		135,885		4,148,805
Sewer lines	397,701,176	18,651,649	5,215,585		421,568,410
Machinery and equipment	3,989,906	531,352	159,806	(12,850)	4,668,214
Total capital assets, being depreciated	929,370,557	21,171,977	47,018,280	(12,850)	997,547,964
Less accumulated depreciation for:					
Land improvements	(12,712,098)	(2,028,850)	(259,440)		(15,000,388)
Sewer plant improvements	(237,256,361)	(17,065,968)			(254,322,329)
Buildings	(8,468,505)	(1,507,680)	(9,623,313)		(19,599,498)
Building improvements	(2,810,827)	(100,173)	(14,494)		(2,925,494)
Sewer lines	(107,862,946)	(8,110,716)			(115,973,662)
Machinery and equipment	(2,268,115)	(347,525)		12,850	(2,602,790)
Total accumulated depreciation	(371,378,852)	(29,160,912)	(9,897,247)	12,850	(410,424,161)
Total capital assets, being depreciated, net	557,991,705	(7,988,935)	37,121,033		587,123,803
Business-type activities capital assets, net	<u>\$ 701,503,047</u>	<u>\$ 50,720,519</u>	<u>\$ 67,484,318</u>	<u>\$</u>	<u>\$ 819,707,884</u>
Business-type activities:					
Sanitation				\$	27,187,401
Municipal Parking					1,246,672
Municipal Golf Course					718,834
Building and Safety					8,005
Total depreciation expenses business-type activities				<u>\$</u>	<u>29,160,912</u>

On July 1, 2014 the City of Las Vegas Redevelopment Agency transferred the Neonopolis and City Center Parking Garages to the City's Municipal Parking Enterprise Fund. The garages had a net book value of \$43,173,271. The City also transferred from General Fixed Assets the Main Street Parking Garage with a net book value of \$24,311,047. The total transfer of the parking garages equaled \$67,484,318.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

7. Capital Assets (continued)

Construction Commitments

The City of Las Vegas, Nevada has active construction projects as of June 30, 2015. The projects include buildings, building improvements, land improvements (associated with various parks), machinery and equipment (mainly associated with upgrades to technology in progress), roadways, storm sewers (widening, construction of new and existing streets and detention basin and drainage facilities), traffic signals and streetlights in progress. The City is also in the process of constructing sewer plant improvements and sanitary sewer lines. At year end, the City commitments with contractors are as follows:

<u>Projects - Governmental funds</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Buildings	\$ 1,979,544	\$ 1,492,790
Building improvements	1,960,334	980,625
Land improvements	11,963,794	4,093,991
Machinery and equipment	229,513	379,706
Roadways	81,799,552	31,196,200
Vehicles		42,556
Storm drains	35,280,054	19,922,672
Traffic signals, lighting, signs and markers	8,050,277	1,199,666
	<u>\$ 141,263,068</u>	<u>\$ 59,308,206</u>
 <u>Projects - Proprietary funds</u>		
Buildings	\$ 97,559	\$ 20,380
Building improvements	84,912	
Land improvements	46,197	840,289
Machinery and equipment		64,775
Sanitation plant improvements	77,077,462	21,757,244
Sanitation sewer lines	72,883,742	24,023,875
	<u>\$ 150,189,872</u>	<u>\$ 46,706,563</u>

The major financing for roadways and storm sewer projects includes reimbursements from the Regional Transportation Commission of Southern Nevada (RTC), Clark County, Clark County Regional Flood Control District, Nevada Department of Transportation, Motor Vehicle Fuel Tax, special assessments, and bond issuances. Sanitation sewer lines and sanitation plant improvements are financed by sewer revenues. Reimbursements from federal (i.e., SNPLMA) and local governments (i.e., RTC) and bond proceeds finance solar energy projects in the General Capital Projects Fund, building and land improvements, mainly in the Parks and Leisure Activities and City Facilities capital projects funds.

8. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by The Nevada Legislature in 1947, effective July, 1948. PERS is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The City does not exercise any control over PERS. NRS 286.110 states that "The respective participating public employers are not liable for any obligations of the system."

A. Plan Description

PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

8. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan (continued)

B. Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

C. Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

D. Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

PERS basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by statute. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary. For the fiscal year ended June 30, 2014 and June 30, 2015 the Statutory Employer/employee matching rate was 13.25% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 25.75% for Regular and 40.50% for Police/Fire.

E. Basis of Accounting

The City participates in PERS cost sharing multiple-employer defined benefit plans and is required to report pension information in its financial statements for fiscal periods beginning on or after June 30, 2014, in accordance with

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

8. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan (continued)

E. Basis of Accounting (continued)

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

The underlying financial information used to prepare the pension allocation schedules is based on PERS financial statements. PERS financial statements are prepared in accordance with GAAP that apply to governmental accounting for fiduciary funds.

Contributions for employer pay dates that fall within PERS fiscal year ending June 30, 2014, are used as the basis for determining each employer's proportionate share of the collective pension amounts.

The total pension liability is calculated by PERS' actuary. The plan's fiduciary net position is reported in PERS financial statements and the net pension liability is disclosed in PERS notes to the financial statements. An annual report containing financial statements and required information for the System may be obtained by writing to PERS, 693 W. Nye Lane, Carson City, Nevada 89703-1599, or by calling (775) 687-4200.

F. Investment Policy

PERS policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the PERS.

The following was the Board adopted policy target asset allocation as of June 30, 2014.

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

*As of June 30, 2014 PERS' long-term inflation assumption was 3.5%

G. Pension Liability

1. Net Pension Liability

PERS collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014.

2. Pension Liability Discount Rate Sensitivity

The following presents the City's net pension liability of PERS as of June 30, 2014, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net pension liability	\$ 635,216,879	\$ 408,470,876	\$ 219,987,209

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

8. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan (continued)

3. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Report, available on the PERS website.

4. Actuarial Assumptions

PERS net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Discount rate	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service; Police/Fire: 5.25% to 14.5%, depending on service; Rates include inflation and productivity increases
Consumer price index	3.50%

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013, applied to all periods included in the measurement.

At June 30, 2014, assumed mortality rates and projected life expectancies for selected ages were as follows:

Regular Members				
Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10%	0.05%	41.1	44.4
50	0.17%	0.12%	31.6	34.7
60	0.55%	0.42%	22.4	25.4
70	1.82%	1.39%	14.3	17.0
80	5.65%	3.79%	7.7	10.1

Police/Fire Members				
Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10%	0.06%	40.2	42.5
50	0.19%	0.15%	30.7	32.8
60	0.63%	0.54%	21.5	23.6
70	2.02%	1.72%	13.5	15.5
80	6.41%	4.63%	7.1	9.0

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

8. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan (continued)

4. Actuarial Assumptions (continued)

These mortality rates and projected life expectancies are based on the following:

For non-disabled male regular members - RP-2000 Combined Health Mortality Table, projected to 2013 with Scale AA

For non-disabled female regular members - RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year

For all non-disabled police/fire members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year

For all disabled regular members and all disabled police/fire members - RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years

The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 and June 30, 2013.

5. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the total employer pension expense is \$54,141,314. At June 30, 2014, the measurement date, PERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 19,547,581
Change of assumptions		
Net difference between projected and actual earnings on investments		85,795,608
Changes in proportion and differences between actual contributions and proportionate share of contributions	3,674,183	

Average expected remaining service lives: 5.70 years

Deferred outflows/(inflows) of resources related to pension will be recognized as follows:

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$61,656,969 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2016	(24,010,591)
2017	(24,010,591)
2018	(24,010,591)
2019	(24,010,591)
2020	(3,309,789)
Thereafter	(2,316,852)

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

8. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan (continued)

5. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Changes in the City's net pension liability were as follows:

Net pension liability, beginning of year	\$ 515,384,070
Pension expense	54,141,314
Employer contributions	(59,385,501)
Net new deferred inflows and outflows of resources	<u>(101,669,006)</u>
Net pension liability, end of year	<u>\$ 408,470,877</u>

As of June 30, 2015, the required contribution to PERS was \$4,843,857 and is included in benefits payable in the Employee Benefit Internal Service Fund.

9. Lease commitments

A. The City (lessor) leases various buildings and a cemetery under non-cancelable operating leases. The major asset class and accumulated depreciation at June 30, 2015 are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Woodlawn Cemetery			
Land	\$ 23,810	\$	\$ 23,810
Building and improvements	<u>1,244,838</u>	<u>1,215,842</u>	<u>28,996</u>
	<u>1,268,648</u>	<u>1,215,842</u>	<u>52,806</u>
Atrium Building			
Land	2,600,000		2,600,000
Building and improvements	<u>35,231,971</u>	<u>5,031,351</u>	<u>30,200,620</u>
	<u>37,831,971</u>	<u>5,031,351</u>	<u>32,800,620</u>
Carson Parking Garage			
Land	1,457,500		1,457,500
Building and improvements	<u>1,322,202</u>	<u>1,322,202</u>	<u>1,457,500</u>
	<u>2,779,702</u>	<u>1,322,202</u>	<u>1,457,500</u>
Ogden Parking Garage			
Land	783,583		783,583
Building and improvements	<u>1,370,642</u>	<u>1,370,642</u>	<u>783,583</u>
	<u>2,154,225</u>	<u>1,370,642</u>	<u>783,583</u>
Historic Westside School			
Land	25,000		25,000
Buildings and Improvements	<u>1,444,034</u>	<u>645,813</u>	<u>798,221</u>
	<u>1,469,034</u>	<u>645,813</u>	<u>823,221</u>
	<u>\$ 45,503,580</u>	<u>\$ 9,585,850</u>	<u>\$ 35,917,730</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

9. Lease commitments (continued)

1. Woodlawn Cemetery

On May 19, 2000, the City (lessor) entered into a systems lease agreement with a private company to manage and operate Woodlawn Cemetery. The initial term of the agreement was for 10 years, which expired on May 13, 2010. The City agreed to two of three five-year renewal options beginning on May 14, 2010 and expiring on May 13, 2020. The following is a schedule of future rental income for the years ending June 30:

Year Ending June 30	Amount
2016	\$ 69,143
2017	69,143
2018	69,143
2019	69,143
2020	60,051

The above rental income is subject to a yearly increase based on the consumer price index. Per the agreement, the City will bear responsibility for the first \$50,000 in water charges and one-half of the water charges over \$100,000.

2. Ogden and Carson Parking Garages:

The City (lessor) leases two off-street parking garages in the downtown area to private companies on a long-term basis. The agreements require monthly payments. The leases run for 50 years from their inception and rental rates are subject to change at five-year intervals based on changes in the consumer price index. The Ogden lease has been renegotiated and will be extended to 2058.

The following is a schedule of future rental income for the years ending June 30:

Year Ending June 30	Amount	Year Ending June 30	Amount
2016	\$ 1,124,721	2021-2025	\$ 6,170,985
2017	1,124,721	2026-2030	6,170,985
2018	1,124,721	2031-2035	6,170,985
2019	1,124,721	2036-2040	6,170,985
2020	1,161,212	2041-2045	6,170,985
		2046-2050	5,315,739
		2051-2055	2,750,000
		2056-2058	1,650,000

3. Atrium Building:

The City (lessor) owns an office building and leases office space and areas on the roof for cell towers. The lease terms vary in length from two to fifteen years and the rental income is adjusted annually based on various percentages.

The following is a schedule of future rental income for the year ending June 30:

Year Ending June 30	Amount
2016	\$ 400,566
2017	235,970
2018	194,322
2019	149,951
2020	61,022

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

9. Lease commitments (continued)

4. Historic Westside School

In December 2014 the City entered into a facility lease agreement with Historic Westside School Corporation. In exchange for the possession and use of the premises, Historic Westside School Corporation shall pay an advance rental fee of \$700,000. The term of the lease shall commence on December 19, 2014 and shall remain in force until December 31, 2074, unless the lease is extended or sooner terminates. The following is a schedule of future rental income:

Year Ending June 30	Amount
2016	\$ 11,664
2017	11,664
2018	11,664
2019	11,664
2020	11,664
Thereafter	641,680

In December 2014 the City leased back from the Historic Westside School Corporation site and improvements of the Westside School for the use and occupancy and enjoyment of the school. The lease commences in December 2014 and shall end on December 2046. The following schedule details the annual lease payment the city will make:

Year Ending June 30	Amount
2016	\$ 67,249
2017	135,667
2018	136,871
2019	138,112
2020	139,389
Thereafter	13,998,612

10. Long-term liabilities and debt service requirements to maturity

A. Changes in long-term liabilities

Governmental Activities:	Original Issue	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Bonds payable:						
General obligation						
Revenue Bonds:						
Variable rate general obligation various purpose refunding Bonds Series 2013, due 06/01/2036	\$ 30,025,000	\$ 29,300,000	\$	\$ (760,000)	\$ 28,540,000	\$ 800,000
3.0% to 5.0% Various purpose general obligation Refunding Bonds Series 2005B, due 06/01/2018	21,295,000	9,675,000		(2,245,000)	7,430,000	7,430,000

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

A. Changes in long-term liabilities (continued)

	Original Issue	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental Activities:						
5.6% to 5.9% Taxable various purpose general obligation Bonds Series 2006A, due 05/01/2024	18,000,000	12,390,000		(1,005,000)	11,385,000	11,385,000
4.0% to 5.0% Various purpose general obligation Bonds Series 2006B, due 05/01/2036	50,745,000	49,580,000		(1,215,000)	48,365,000	1,255,000
5.0% to 7.0% General Obligation Performing Arts Center Bonds Series 2009, due 04/01/2039	101,220,000	96,305,000		(1,810,000)	94,495,000	1,910,000
2.0% General Obligation Fremont Street Experience refunding bonds Series 2012C, due on 07/01/2015	4,020,000	2,735,000		(1,340,000)	1,395,000	1,395,000
		<u>199,985,000</u>		<u>(8,375,000)</u>	<u>191,610,000</u>	<u>24,175,000</u>
<i>General Obligation Medium- Term Bonds:</i>						
2.5% to 5.0% General Obligation medium-term Bonds Series 2011A, due 12/01/2021	27,590,000	22,875,000		(2,525,000)	20,350,000	2,615,000
2.5% to 3.5% General Obligation medium-term Bonds Series 2011B, due 12/01/2019	3,545,000	2,735,000		(425,000)	2,310,000	435,000
2.0% to 3.0% General Obligation medium-term Bonds Series 2012A, due 05/01/2022	8,115,000	6,620,000		(770,000)	5,850,000	785,000
3.0% to 4.0% Recreation General Obligation medium- term Bonds Series 2004C, due 10/01/2014	20,000,000	2,295,000		(2,295,000)		
4.0% to 4.3% Neighborhood Services General Obligation medium-term Bond Series 2007, due 11/01/2017	12,500,000	5,615,000		(1,320,000)	4,295,000	1,375,000
4.0% to 4.3% Fire Safety General Obligation medium- term Bond Series 2007, due 11/01/2017	10,000,000	4,480,000		(1,055,000)	3,425,000	1,095,000

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

A. Changes in long-term liabilities (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>
2.0% to 4.0% General Obligation medium-term Main Street Parking Garage Bonds Series 2009, due 10/01/2019	15,000,000	<u>10,470,000</u> <u>55,090,000</u>		<u>(10,470,000)</u> <u>(18,860,000)</u>	<u>36,230,000</u>	<u>6,305,000</u>
<i>Certificates of Participation (COPs):</i>						
Certificates of Participation 4.0% to 5.0% Tax exempt Certificates of Participation (City Hall Project) Series 2009A, due 09/01/2019	13,770,000	13,770,000		(15,000)	13,755,000	15,000
6.1% to 7.8% Taxable Certificates of Participation (City Hall Project) Series 2009B, due 09/01/2039	174,500,000	<u>174,500,000</u> <u>188,270,000</u>		<u>(15,000)</u>	<u>174,500,000</u> <u>188,255,000</u>	<u>15,000</u>
<i>Installment Purchase:</i>						
6.0% Installment Purchase Clean Renewable Energy Bonds Series 2011, due 05/01/2026	4,974,000	4,117,612		(298,643)	3,818,969	306,079
6.0% Installment Purchase Qualified Energy Conservation Bonds Series 2011, due 05/01/2026	5,874,300	<u>4,862,513</u> <u>8,980,125</u>		<u>(352,669)</u> <u>(651,312)</u>	<u>4,509,844</u> <u>8,328,813</u>	<u>361,450</u> <u>667,529</u>
<i>Revenue Bonds:</i>						
3.0% Energy Conservation Revenue Bonds Series 2014 due 07/30/2028	251,000	251,000		(7,279)	243,721	14,888
3.0% Energy Conservation Revenue Bonds Series 2014 due 07/30/2028	463,400	463,400		(13,439)	449,961	27,486
3.0% Energy Conservation Revenue Bonds Series 2014 due 07/30/2028	529,600	<u>529,600</u> <u>1,244,000</u>		<u>(15,359)</u> <u>(36,077)</u>	<u>514,241</u> <u>1,207,923</u>	<u>31,412</u> <u>73,786</u>
<i>General Obligation Tax Increment Revenue Bonds:</i>						
6.0% to 8.0% Redevelopment Agency Tax Increment Revenue Bonds Series 2009A, due 06/15/2030	85,000,000	<u>85,000,000</u>		<u>(3,035,000)</u>	<u>81,965,000</u>	<u>3,215,000</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

A. Changes in long-term liabilities (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>
<i>Special Assessment Improvement Bonds:</i>						
4.1% Special Assessment local improvement Bonds, due 12/01/2016	444,000	50,000		(16,000)	34,000	17,000
3.6% to 5.0% Special Assessment local improvement Bonds Series 2003, due 12/01/2022	4,245,000	1,400,000		(130,000)	1,270,000	135,000
3.3% to 4.9% Special Assessment local improvement Bonds, due 06/01/2024	1,975,000	805,000		(85,000)	720,000	85,000
4.0% Special Assessment local improvement Bonds, due 12/01/2015	818,000	148,000		(113,000)	35,000	35,000
4.3% Special Assessment local improvement Bonds, due 06/01/2027	1,724,000	1,282,000		(75,000)	1,207,000	78,000
4.5% Special Assessment local improvement Bonds due, 06/01/2017	320,000	75,000		(24,000)	51,000	25,000
4.7% Special Assessment local improvement Bonds, due 06/01/2032	1,777,852	<u>1,561,990</u> <u>5,321,990</u>		<u>(70,115)</u> <u>(513,115)</u>	<u>1,491,875</u> <u>4,808,875</u>	<u>57,910</u> <u>432,910</u>
Bonds payable subtotal		<u>543,891,115</u>		<u>(31,485,504)</u>	<u>512,405,611</u>	<u>34,884,225</u>
Deferred amounts						
Add: Issuance premiums		4,658,456		(780,243)	3,878,213	1,096,645
Less: Issuance discounts		<u>(3,306,014)</u>		<u>210,653</u>	<u>(3,095,361)</u>	<u>(209,702)</u>
		545,243,557		(32,055,094)	513,188,463	35,771,168
Compensated absences		41,689,622	25,118,838	(25,129,329)	41,679,131	27,674,941
Heart lung presumptive liability						
(Note 16D)		60,193,630	5,767,231		65,960,861	4,498,232
OPEB liability		47,519,185	3,628,151	(3,140,289)	48,007,047	
Net pension liability		<u>403,425,244</u>	<u>57,798,945</u>	<u>(99,847,039)</u>	<u>361,377,150</u>	
Government activity long-term liabilities		<u>\$ 1,098,071,238</u>	<u>\$92,313,165</u>	<u>\$(160,171,751)</u>	<u>\$ 1,030,212,652</u>	<u>\$67,944,341</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

A. Changes in long-term liabilities (continued)

Variable rate debt. In July 2013, the City issued \$30,025,000 of General Obligation (limited tax) Adjustable Rate Various Purpose Refunding Bonds Series 2013 to refund the August 2006 outstanding \$30,025,000 General Obligation Adjusted Rate Various Purpose Bonds Series 2006C, which bore interest at a variable rate. Pursuant to the bond ordinance, the new bonds have their interest rate determined on a daily basis. This daily rate is determined by the remarketing agent (Merrill Lynch), under the then existing market conditions, that would result in the sale of the bonds at a price equal to the principal amount, thereof, plus interest, if any accrued through the current date.

The interest requirements for the variable rate debt was computed using the maximum allowable rate effective at June 30, 2015.

Compensated absences. Included in the City's governmental long-term obligations is \$41,679,131 of accrued compensated absences, of which \$38,662,774 relates to the General fund, \$2,726,196 to the Internal Service funds, \$273,811 to the Special Revenue funds and \$16,350 to the Capital Project funds.

Bond covenants. For the Fremont Street Experience general obligation revenue bonds, the City is required to maintain a reserve fund in the amount of \$400,000. At June 30, 2015, the reserve is \$400,000. For the Redevelopment Agency Tax Increment Revenue Bonds Series 2009A the Agency (a blended component unit) is required to maintain a reserve fund in the amount of \$8,500,000. This amount at year end was \$8,500,000 and was invested with a trustee bank.

Special Assessment Debt. Special assessment local improvement bonds are unique obligations of the City, payable primarily from the assessments levied in each district, and secondly from pledged and general fund revenues. The special assessment receivable balance at June 30, 2015, is \$5,454,036.

B. Changes in long-term liabilities - business type activities

	Original Issue	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Business-type Activities						
Major Funds:						
Bonds payable:						
Sanitation:						
<i>General obligation Revenue Bonds:</i>						
3.0% to 4.0% Sewer general obligation Refunding Bonds Series 2004, due 11/01/2017	\$ 21,050,000	\$ 10,220,000	\$	\$ (10,220,000)	\$	\$
4.0% to 5.0% Sanitary Sewer general obligation Refunding Bonds Series 2006A, due 04/01/2021	31,920,000	23,780,000		(2,935,000)	20,845,000	3,080,000
3.0% to 5.0% General Obligation Sewer and Refunding Bonds Series 2014A, due 05/01/2034	74,765,000		74,765,000		74,765,000	4,470,000

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

B. Changes in long-term liabilities - business type activities (continued)

	Original Issue	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Parking:						
2.0% to 5.0% General Obligation Parking Refunding bond Series 2014B, due 05/01/2034	8,985,000	<u>34,000,000</u>	<u>8,985,000</u> 83,750,000	<u>(13,155,000)</u>	<u>8,985,000</u> 104,595,000	<u>340,000</u> 7,890,000
Business-type Activities Non-Major Funds:						
2.0% to 3.3% Golf Course refunding general obligation Revenue Bonds Series 2012B, due 06/01/2022	8,230,000	<u>6,750,000</u> 40,750,000	<u>83,750,000</u>	<u>(775,000)</u> (13,930,000)	<u>5,975,000</u> 110,570,000	<u>790,000</u> 8,680,000
Deferred amounts:						
Add: Issuance Premiums		<u>659,206</u> 41,409,206	<u>8,610,557</u> 92,360,557	<u>(610,053)</u> (14,540,053)	<u>8,659,710</u> 119,229,710	<u>940,011</u> 9,620,011
Compensated absences		4,932,271	3,009,384	(2,948,252)	4,993,403	3,315,620
OPEB liability		8,850,381	757,389	(631,893)	8,975,877	
Net pension liability		<u>52,573,324</u>	<u>7,532,208</u>	<u>(13,011,805)</u>	<u>47,093,727</u>	
Business-type activity long- term liabilities		<u>\$ 107,765,182</u>	<u>\$ 103,659,538</u>	<u>\$ (31,132,003)</u>	<u>\$ 180,292,717</u>	<u>\$12,935,631</u>

The nonprofit corporations have interfund loans payable to the Municipal Parking enterprise fund for \$2,781,449, the General Fund for \$12,378,562 and Redevelopment Agency Special Revenue fund for \$25,000.

Interfund loans payable between the Non-Profit Corporations and the Municipal Parking Fund were eliminated in the Government-wide Statement of Net Position. The interfund loans payable to the Industrial Development Special Revenue fund and Redevelopment Agency Special Revenue fund are reflected in the internal balances in the Statement of Net Position.

Interfund 3.0% Redevelopment Agency Tax Increment Revenue Subordinate Lien Bond Series 2011, due February 17, 2021, for \$15,472,192 payable between the Redevelopment Agency and the Sanitation Enterprise fund was eliminated in the Statement of Net Position.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

C. Current refundings

In November 2014, the City issued \$74,765,000 in General Obligation (Limited Tax) Sewer Refunding Bonds, Series 2014A. Proceeds of the 2014A bonds were used to current refund \$7,815,000 of the City's General Obligation (Limited Tax) Sewer Refunding Bonds, Series 2004. The 2004 Bonds were redeemed on the date of issuance of the Series 2014A Bonds. The refunding was undertaken as part of a new issue for working capital for the sewer plant improvements and upgrades.

Additionally, in December of 2014 the City issued \$8,985,000 in General Obligation (Limited Tax) Parking Refunding Bonds, Series 2014B. Proceeds of the 2014B bonds were used to current refund \$8,875,000 of the City's General Obligation (Limited Tax) Medium-Term Main Street Parking Garage Bonds, Series 2009. The 2009 Bonds were redeemed on the date of issuance of the Series 2014B Bonds. The refunding was undertaken in order to extend the term of the debt, achieving a lower debt service payment and to move the debt to the Municipal Parking Enterprise fund.

D. Payment requirements for debt service

The annual debt service requirements for all bonds outstanding are as follows:

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

June 30	General Obligation Revenue Bonds		General Obligation Medium-Term Bonds		LVRA Tax Increment Revenue Bonds		Special Assessment Local Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 32,855,000	\$ 15,297,483	\$ 6,305,000	\$ 1,086,222	\$ 3,215,000	\$ 6,251,988	\$ 432,910	\$ 216,648
2017	13,255,000	13,951,908	6,520,000	877,423	3,415,000	6,051,050	410,835	198,176
2018	13,935,000	13,270,798	6,765,000	631,268	3,640,000	5,829,075	383,897	179,877
2019	12,065,000	12,551,467	4,230,000	430,076	3,885,000	5,583,375	386,101	162,368
2020	12,650,000	11,950,075	4,360,000	301,287	4,155,000	5,311,425	403,453	144,284
2021-2025	52,435,000	51,523,426	8,050,000	263,732	25,855,000	21,480,875	1,780,274	437,850
2026-2030	60,690,000	38,213,352			37,800,000	9,535,600	766,826	147,737
2031-2035	72,875,000	20,617,140					244,579	17,194
2036-2040	31,420,000	4,291,387						
Total	<u>\$ 302,180,000</u>	<u>\$181,667,036</u>	<u>\$36,230,000</u>	<u>\$ 3,590,008</u>	<u>\$ 81,965,000</u>	<u>\$60,043,388</u>	<u>\$ 4,808,875</u>	<u>\$ 1,504,134</u>

June 30	Certificates of participation Bonds		Installment Purchase		Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 15,000	\$ 13,881,761	\$ 667,529	\$ 505,560	\$ 73,786	\$ 35,689
2017	4,295,000	13,774,086	684,150	465,039	76,017	33,458
2018	4,505,000	13,554,086	701,186	423,512	78,314	31,161
2019	4,735,000	13,323,086	718,646	380,950	80,681	28,794
2020	4,970,000	13,054,635	736,540	337,328	83,120	26,355
2021-2025	28,455,000	60,036,668	3,967,102	993,337	454,837	92,538
2026-2030	35,925,000	48,327,530	853,660	51,817	361,168	21,994
2031-2035	46,115,000	32,456,775				
2036-2040	59,240,000	12,014,730				
Total	<u>\$ 188,255,000</u>	<u>\$220,423,357</u>	<u>\$ 8,328,813</u>	<u>\$ 3,157,543</u>	<u>\$ 1,207,923</u>	<u>\$ 269,989</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

D. Payment requirements for debt service (continued)

	GOVERNMENTAL ACTIVITIES TOTAL BONDS		BUSINESS-TYPE ACTIVITIES TOTAL BONDS	
June 30	Principal	Interest	Principal	Interest
2016	\$ 34,884,225	\$ 32,443,193	\$ 8,680,000	\$ 4,832,157
2017	19,566,002	30,929,285	9,090,000	4,421,857
2018	20,473,397	29,928,120	9,535,000	3,991,657
2019	18,685,428	28,920,309	7,415,000	3,539,807
2020	19,613,113	27,902,958	7,745,000	3,222,432
2021-2025	97,187,213	122,776,513	23,810,000	12,052,213
2026-2030	113,796,654	88,979,133	22,600,000	7,318,898
2031-2035	97,539,579	50,848,161	21,695,000	2,242,947
2036-2040	90,660,000	16,306,117		
Total	<u>\$ 512,405,611</u>	<u>\$ 429,033,789</u>	<u>\$ 110,570,000</u>	<u>\$ 41,621,968</u>

Various purpose General Obligation Refunding Bonds Series Series 2005B with an outstanding principal of \$7,430,000 at June 30, 2014 was retired on July 15, 2015, therefore the entire principal balance was recorded in the column "due within one year."

Taxable various purpose General Obligation Bonds Series 2006A with outstanding principal of \$11,385,000 were refunded on August 27, 2015 (see Note 19) therefore the total balance due at June30,2015 is presented as "due within one year."

E. Pledged Revenues

The City has pledged certain revenues for the payment of debt principal and interest. The following revenues were pledged as of June 30, 2015.

1. General Obligation Consolidated Tax Supported Bonds

These bonds are secured by a pledge of up to 15% of the consolidated taxes allocable to the City. These bonds also constitute direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest. The following debt issuances are consolidated tax supported.

Bonds Issued	Maturity (Length of Pledge)
Various Purpose Refunding Bonds Series 2005B	06/01/2018
Various Purpose Refunding Bonds Series 2006A	05/01/2024
Various Purpose Series 2006B	05/01/2036
Adjustable Rate Various Purpose Refunding Bonds Series 2013	06/01/2036
Fremont Street Experience 2012C	07/01/2015

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

E. Pledged Revenues (continued)

2. General Obligation Medium-Term Supported Bonds

These bonds are secured by a pledge of general fund revenues (primarily consolidated and property taxes). These bonds constitute direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest. The ad valorem tax levy available to pay on the bonds is limited to the City's maximum operating levy.

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
Medium Term Cultural/Stupak Community Center 2007	11/01/2017
Medium Term Public Safety Bonds 2007	11/01/2017
Medium Term Various Purpose Bonds Series 2011A	12/01/2021
Medium Term Various Purpose Bonds Series 2011B (taxable)	12/01/2019
Medium Term Bonds Series 2012 A (F Street)	05/01/2022

3. Downtown Room Tax Revenue Supported Bonds

The Fremont Street Experience Refunding Bond Series 2012C bonds with a maturity date of July 1, 2015, are secured from the proceeds derived from a one and two percent tax on the gross receipts from the rental of transient lodging within the specific boundaries in the City. The Downtown Room Tax proceeds are limited to receipts from the 1% (2% in the case of properties that front Fremont Street) tax imposed on hotels with 75 or more rooms located in a specified area.

4. General Obligation Sanitation and Flood Control Supported Bonds

These bonds are general obligation bonds additionally secured by an irrevocable pledge of the net revenue received by the City in connection with the ownership and operation of the City's sewer system. Pledged revenues consist of all fees, rates and other charges for the use of the sewer system remaining after deduction of operation and maintenance expenses is the sewer system.

The City covenants in its bond ordinances to fix and collect rates and other charges for the services or commodities pertaining to the utility system in amounts sufficient to pay the operation and maintenance expenses of the sewer system and any debt service of its outstanding sewer bonds.

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
Sewer Refunding Bonds Series 2006A	04/01/2021
Sewer Refunding Bonds Series 2014A	05/01/2034

5. General Obligation Golf Course Supported Bonds

The Golf Course Refunding Bonds Series 2012B bonds are secured by a pledge of revenue derived from the operation and use of the City's Durango Hills Golf Course.

The City covenants in its bond ordinance to set rates and charges for the use of the golf course at a sufficient level to produce gross revenues, which together with any other monies available therefore, will be sufficient to pay the operation and maintenance expenses of the golf course and 100% of debt service on the Golf Course Bonds in each year.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

E. Pledged Revenues (continued)

5. General Obligation Golf Course Supported Bonds (continued)

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
Golf Course Refunding Bonds Series 2012B	06/01/2022

6. General Obligation Performing Arts Center Supported Bonds

The General Obligation Performing Arts Center Supported Bonds (Series 2009) revenue bonds are secured by a pledge of revenues defined in the bond ordinance as the "Pledged Rental Car Fees," as that term is defined in the Second Amended and Restated Interlocal Agreement Regarding the Distribution of Taxes for a Performing Arts Center dated as of April 1, 2008, between the City and Clark County (the "Interlocal Agreement").

The Interlocal Agreement defines "Rental Car Fee" as a fee imposed by Clark County ("the County") upon the lease of a passenger car by a short-term lessor in the County in the amount of not more than 2% of the total amount for which the passenger car was leased, excluding any taxes or other fees imposed by a governmental entity.

The County imposed the Rental Car Fee in the amount of 2% pursuant to NRS 244A.860 and Sections 4.28.020 through 4.28.050 of the County Code (the "Rental Car Fee Ordinance"), effective July 1, 2005. The "Pledged Rental Car Fees" are amounts remaining after (i) a required distribution by the County of the initial \$3 million of Rental Car Fee proceeds were distributed to the Culinary and Hospitality Academy of Las Vegas (the "Culinary Academy") for the planning, design and construction of a facility for vocational training in southern Nevada; and (ii) the reimbursement of the State Department of Taxation for its expense in collecting and administering the Rental Car Fee. The required distribution to the Culinary Academy has been made.

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
General Obligation Performing Arts Center Supported Bonds Series 2009	04/01/2039

7. General Obligation Special Assessment Bonds

Special Assessment Bonds are secured by property assessments within the individual districts.

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
Special Assessment Bonds 1507	06/01/2032
Special Assessment Bonds 1463, 1470, 1471	12/01/2022
Special Assessment Bonds 1481	06/01/2024
Special Assessment Bank Loan 1487 and 1503	12/01/2015
Special Assessment Bonds 1506	06/01/2027
Special Assessment Bank Loan 1493	12/01/2016
Special Assessment Bonds 1490	06/01/2017

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

E. Pledged Revenues (continued)

8. *Certificates of Participation (COPS)*

The City is using an Installment Purchase to finance the new City Hall project. Certificates of Participation (COPS) were sold to investors as Build America Bonds under the American Recovery and Reinvestment Act, which means the effective interest rate, after federal rebates, is approximately 5.2 percent. The bonds are supported by consolidated tax revenue, with a potential secondary payment support from the Redevelopment Agency tax increment revenue via an Interlocal Agreement between the City and the Agency. Through the Interlocal Agreement, the Agency has agreed to consider using future increment revenue (to the extent revenue is available) to make a partial payment toward the COPS payment.

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
COPS Tax Exempt City Hall Project Series 2009A	09/01/2019
COPS Taxable City Hall Project Series 2009B (Direct Pay Build America Bonds)	09/01/2039

9. *General Obligation Tax Increment Revenue Supported Bonds*

The bonds are supported by pledged property tax revenues from the property located within the Redevelopment Agency.

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2009A	06/15/2030

10. *Installment Purchase Agreements*

The American Recovery and Reinvestment Act of 2009 (ARRA) provided the City with low-cost financing to fund energy conservation and renewable energy projects. The City was designated by the U.S. Department of the Treasury to receive an allocation of Qualified Energy Conservation Bonds (QECB) and New Clean Renewable Energy Bonds (NCREB) to finance energy projects. The Treasury provided a subsidy of approximately 70% (based on a formula) of the amount of interest due on QECB and NCREB bonds. The bonds will be used on lighting improvements to outdoor streetlights and energy conservation retrofits to city buildings and solar panel installations at various city facilities, which are expected to reduce utility costs generating savings sufficient to repay the debt service on the Agreements.

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
Taxable Direct Pay Qualified Energy Conservations Bonds	05/01/2026
Taxable Direct Pay New Clean Renewable Energy Bonds	05/01/2026

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. Long-term liabilities and debt service requirements to maturity (continued)

E. Pledged Revenues (continued)

11. Revenue Bonds

The City received funds from the State of Nevada. The bonds were from the State's Renewable Energy, Energy Efficiency and Energy Conservation loan funding. The Bonds are authorized to defray in part the cost to acquire, improve and equip building projects as defined in NRS 268.676, including without limitation, the prepayment of solar energy electricity for city buildings under the authority of, and in full conformity with, the constitution and laws of the State of Nevada. The City does not pledge its full faith and credit for the payment of the bonds. The Bonds are a special obligation of the City, payable and collectible solely out of and secured by the City's consolidated tax.

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
Revenue Bond Series 2014	07/30/2028
Revenue Bond Series 2014	07/30/2028
Revenue Bond Series 2014	07/30/2028

12. General Obligation Parking Supported Bonds

These bonds are general obligation refunding bonds additionally secured by a pledge of the net revenues of the City's Main Street Parking facility refinanced by the bonds and additionally secured by 15% of all income and revenues derived by and distributed to the City pursuant to NRS 360.698 (Consolidated tax).

<u>Bonds Issued</u>	<u>Maturity (Length of Pledge)</u>
General Obligation Parking Refunding Bonds Series 2014B	05/01/2034

11. Developer special assessment debt

In May 1996, the City created Special Improvement District No. 707 for the Summerlin development area. In July 1996, the City issued \$40,000,000 in tax-exempt bonds on behalf of the property owners. The City is not liable for repayment of the debt and is prohibited from assuming the debt in the event of default by the property owners. The City acts as an agent for the property owners in collecting the assessment and forwarding the collections to the bondholders. These transactions are accounted for in an agency fund. The Summerlin project consists of the acquisition of certain improvements developed by Howard Hughes Properties, Ltd. These improvements, which are accounted for in a capital projects fund, include construction of streets, water distribution systems, sanitary sewers, storm sewers, curbs and gutters, sidewalks, localized drainage facilities, and landscaping.

As of June 30, 2015, the City had released approximately \$45,135,153 of the construction funds for improvements, which included \$5,406,962 of interest income used. The outstanding balance on the bonds was \$1,690,000 at June 30, 2015.

In February 2001, the City created Special Improvement District No. 808 for the Summerlin development area. In May 2001, the City issued \$46,000,000 in tax-exempt local improvement bonds on behalf of the property owners. The City is not liable for repayment of the debt and is prohibited from assuming the debt in the event of default by the property owners. The City acts as an agent for the property owners in collecting the assessment and forwarding the collections to the bondholders. These transactions are accounted for in an agency fund. The Summerlin project consists of the acquisition of certain improvements developed by Howard Hughes Properties, Ltd. These improvements, which are accounted for in a capital projects fund, include street improvements (including grading, paving, base, street lights, curbs and gutters, sidewalks and striping), together with traffic signals, sanitary sewers, water lines, storm drains, and related facilities. As of June 30, 2015, the City has released \$41,990,010 of the construction funds, which includes \$3,121,256 of interest income used. The outstanding balance on the bonds payable was \$10,310,000 at June 30, 2015.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

11. Developer special assessment debt (continued)

In May 2003, the City created Special Improvement District No. 809 for the Summerlin development area. In June 2003, the City issued \$10,000,000 in tax-exempt local improvement bonds on behalf of the property owners. The City is not liable for repayment of the debt and is prohibited from assuming the debt in the event of default by the property owners. The City acts as an agent for the property owners in collecting the assessment and forwarding the collections to the bondholders. These transactions are accounted for in an agency fund. The Summerlin project consists of the acquisition of certain improvements developed by Howard Hughes Properties, Ltd. These improvements, which are accounted for in a capital projects fund, include street improvements (including grading, paving, base, street lights, curbs and gutters, sidewalks and striping), together with traffic signals, sanitary sewers, water lines, storm drains, and related facilities. As of June 30, 2015, the City has released \$10,797,533 of the construction funds, which includes \$797,536 in interest income used. The outstanding balance on the bonds payable was \$4,295,000 at June 30, 2015.

In May 2004, the City created Special Improvement District No. 607 for the Providence development area. On June 3, 2004, the City issued \$51,185,000 in tax-exempt local improvement bonds on behalf of the property owners. The City is not liable for repayment of the debt and is prohibited from assuming the debt in the event of default by the property owners. The City acts as the agent for the property owners in collecting the assessments and forwarding the collection to the bond holders. These transactions are accounted for in an agency fund. The Providence project consists of the acquisition of certain improvements developed by Cliffs Edge, LLC. These improvements, which are accounted for in a capital projects fund, include street, water, sewer, storm drainage and other improvements. The outstanding balance on the bonds payable was \$24,180,000 at June 30, 2015.

In July 2007, the City created Special Improvement District No. 810 for the Summerlin development area. In September 2007, the City issued \$23,625,000 in tax-exempt local improvement bonds on behalf of the property owners. The City is not liable for repayment of the debt and is prohibited from assuming the debt in the event of default by the property owners. The City acts as an agent for the property owners in collecting the assessment and forwarding the collections to the bondholders. These transactions are accounted for in an agency fund. The Summerlin project consists of the acquisition of certain improvements developed by Howard Hughes Properties, Ltd. These improvements, which are accounted for in a capital projects fund, include street improvements (including grading, paving, base, street lights, curbs and gutters, sidewalks and striping), together with traffic signals, sanitary sewers, water lines, storm drains, and related facilities. As of June 30, 2015, the City has released \$9,436,942 of the construction funds, \$8,090,758 for refunding of District No. 808, and \$4,460,100 for bond costs and reserves. The outstanding balance on the bonds payable was \$18,310,000 at June 30, 2015.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

12. Unearned Revenues and deferred inflows of resources

The following schedule details unearned revenues at June 30, 2015, and the reasons for each:

	Major Governmental Funds		Nonmajor Governmental Funds					
	City of Las Vegas Redevelopment Agency - Component Unit		Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Governmental Funds	Total Business-Type Activities	GASB 34 Adjustments
	General							
Deferred inflows:								
Property taxes	\$ 1,259,711	\$	\$ 190,442	\$ 383,660	\$	\$ 1,833,813	\$	\$ (1,833,813)
Related to Pensions							12,145,305	93,197,884
Gain on Refunding							6,517	
Record sale of Old City Hall	15,000,000					15,000,000		(15,000,000)
Special assessments					5,436,798	5,436,798		(5,436,798)
Fremont Experience loan		5,046,939				5,046,939		(5,046,939)
5th Street School loan		7,521,264				7,521,264		(7,521,264)
	<u>\$ 16,259,711</u>	<u>\$ 12,568,203</u>	<u>\$ 190,442</u>	<u>\$ 383,660</u>	<u>\$ 5,436,798</u>	<u>\$ 34,838,814</u>	<u>\$ 12,151,822</u>	<u>\$ (58,359,070)</u>

Unearned revenue:								
Prepaid tuitions	\$ 879,637				\$ 879,637	\$		
Prepaid rent	3,000				694,166	697,166		
Gift certificates							4,540	
Prepaid parking garage rental							540,625	
Prepaid building permits							1,848,130	
	<u>\$ 882,637</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 694,166</u>	<u>\$ 1,576,803</u>	<u>\$ 2,393,295</u>	<u>\$</u>

	Governmental Activities	Business-type Activities	Total Primary Government
Deferred inflows:			
Property taxes	\$	\$	\$
Related to Pensions	93,197,884	12,145,305	105,343,189
Gain on Refunding		6,517	6,517
Record sale of Old City Hall			
Special assessments			
Fremont Experience loan			
5th Street School loan			
	<u>\$ 93,197,884</u>	<u>\$ 12,151,822</u>	<u>\$ 105,349,706</u>

Unearned revenue:			
Prepaid tuitions	\$ 879,637	\$	\$ 879,637
Prepaid rent	697,166		697,166
Gift certificates		4,540	4,540
Prepaid parking garage rental		540,625	540,625
Prepaid building permits		1,848,130	1,848,130
	<u>\$ 1,576,803</u>	<u>\$ 2,393,295</u>	<u>\$ 3,970,098</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

13. Encumbrances / Commitments

Encumbrances:

Encumbrances for purchase orders, contracts, and other commitments for expenditures are recorded in memorandum accounts of the City's governmental funds. Encumbrance balances include contracts that span over multiple fiscal years.

The following schedule details encumbrances outstanding for the year ended June 30, 2015

General Fund	\$ 131,279
Special Revenue Funds	9,848,936
Capital Projects Funds	62,549,176
	<u>\$ 72,529,391</u>

Commitments:

In October 1998, the City and Clark County entered into the Regional Justice Center Financing Agreement. The County has constructed a Regional Justice Center (RJC) for the Eighth Judicial District Court of the State of Nevada, Las Vegas Justice Court, and the Municipal Court of the City. In exchange for leasing a portion of the RJC, the City agreed to pay 25% of the project cost limited to a maximum of \$29,000,000. On March 1, 1999, on behalf of the City, the County issued the \$29,000,000 of Clark County, Nevada General Obligation (Limited Tax) Public Facilities Bonds (Additionally Secured by Interlocal Agreement Pledged Revenues) Series 1999C. Pursuant to the financing agreement, the City makes semi-annual payments to the County on December 1 and June 1, which are in-substance rent. For the year ended June 30, 2015, the City made \$1,991,040 of in-substance lease payments per the agreement.

The County issued public safety bonds for the purpose of financing all or a portion of the cost of acquiring, constructing, improving, and equipping a police training academy and four area command substations for the Las Vegas Metropolitan Police Department. In March 2000, the City and Clark County entered into an interlocal financing agreement which requires the City to make semi-annual payments to the County to fund a portion of the outstanding balance of the public safety bonds. The City's annual financial commitment varies based on the City's apportionment of the funding formula approved by the City and the County pursuant to NRS 280.190 (4) for the fiscal year in which such debt service payment is due and payable. For the year ended June 30, 2015, the City made \$644,725 in payments, and the bonds were fully repaid.

14. Interfund transactions

A. Due to/from other funds

The following schedule details the amounts due from/to other funds at June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Redevelopment Agency	\$ 679,196
	Non-major governmental	140
	Nonprofit corporations	<u>1,030,759</u>
		<u>1,710,095</u>
Nonprofit corporations	General Fund	2,610
	Municipal Parking	<u>37,534</u>
		<u>40,144</u>
Redevelopment Agency	Nonprofit corporations	2,927,813
Sanitation	Nonprofit corporations	109,163
Non-major governmental	Non-major governmental	63,161
Internal Service Fund	Redevelopment Agency	<u>283</u>
Total		<u>\$ 4,850,659</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

14. Interfund transactions (continued)

A. Due to/from other funds (continued)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital advances made to various funds that the general fund expects to collect in the subsequent year.

B. Interfund transfers

Interfund transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. Transfers between fund types during the year ended June 30, 2015, were as follows:

	TRANSFERS OUT							
	TRANSFERS IN	General Fund	Redevelopment Agency	Road and Flood	Non-Major Governmental	Municipal Parking	Nonprofit Corps	Internal Service
General Fund	\$ 9,550,000	\$	\$	\$	\$ 9,550,000	\$	\$	\$
Redevelopment Agency	4,900,000	2,000,000					2,900,000	
Road and Flood	4,420,378	500,000			3,920,378			
Non-Major Governmental	92,743,923	30,013,000	938,000	892,297	48,422,539	11,525,274		952,813
Nonprofit Corporations	9,368,021	8,329			9,359,692			
Non-Major Proprietary	1,200,000	1,200,000						
Internal Service	7,013,000	6,293,000			720,000			
Total	<u>\$ 129,195,322</u>	<u>\$ 40,014,329</u>	<u>\$ 938,000</u>	<u>\$ 892,297</u>	<u>\$ 71,972,609</u>	<u>\$ 11,525,274</u>	<u>\$ 2,900,000</u>	<u>\$ 952,813</u>

Transfers are used to move revenues from the funds with collection authorization to other funds where expenditures are recorded. These include debt service principal and interest payments, voter-approved fire safety initiative expenditures for operating and capital costs, residential construction taxes and hotel/motel room taxes for capital projects. Unrestricted general fund revenues are moved to finance various programs and capital projects that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies for various programs or matching funds for various grant programs.

15. Segment information

In a prior fiscal year, the City issued general obligation revenue bonds to finance construction of a golf course. Summary financial information for the Municipal Golf Course Enterprise Fund as of and for the years ending June 30, 2015 and 2014 is presented below.

CONDENSED STATEMENT OF NET ASSETS

	2015	2014
Assets:		
Current assets	\$ 1,077,128	\$ 910,862
Capital assets, net of accumulated depreciation	7,865,349	8,584,183
Total Assets	<u>8,942,477</u>	<u>9,495,045</u>
Liabilities:		
Current liabilities	817,213	803,682
Noncurrent liabilities	5,238,986	6,036,834
Total Liabilities	<u>6,056,199</u>	<u>6,840,516</u>
Deferred inflows of resources:		
Deferred gain on refunding	6,517	7,448
Net assets:		
Net investment in capital assets	1,832,662	1,768,255
Unrestricted	1,047,099	878,827
Total Net Position	<u>\$ 2,879,761</u>	<u>\$ 2,647,082</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

15. Segment information (continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	2015	2014
Charges for services	\$ 1,098,028	\$ 958,736
Miscellaneous revenue	485,319	490,182
Depreciation expense	(718,834)	(743,682)
Other operating expenses	(1,666,866)	(1,332,153)
Operating loss	(802,353)	(626,917)
Non-Operating revenue (expenses):		
Interest revenue	9,487	10,215
Interest expense	(154,137)	(169,269)
Contributions to other governments	(20,318)	(36,954)
Loss before transfers	(967,321)	(822,925)
Transfers in	1,200,000	1,200,000
Change in net position	232,679	377,075
Beginning net position, July 1	2,647,082	2,270,007
Ending net position, June 30	<u>\$ 2,879,761</u>	<u>\$ 2,647,082</u>

CONDENSED STATEMENT OF CASH FLOWS

	2015	2014
Net cash provided (used) by:		
Operating activities	\$ (136,123)	\$ (452,834)
Noncapital financing activities	1,179,681	1,163,046
Capital and related financing activities	(939,600)	(934,700)
Investing activities	8,945	12,173
Net increase (decrease)	112,903	(212,315)
Beginning cash and cash equivalents	778,200	990,515
Ending cash and cash equivalents	<u>\$ 891,103</u>	<u>\$ 778,200</u>

16. Risk management and contingent liabilities

State and local governments are subject to many types of claims; such as those arising out of workers' compensation claims, contractual actions, claims for delays or inadequate specifications, damage to privately owned vehicles by City-owned vehicles, and claims relating to personal injuries and property damage.

Claims against state and local governments are characterized by the following conditions that could make estimation of the ultimate liability extremely difficult:

- a. Certain types of claims may be filed in amounts far greater than those that can reasonably be expected to be agreed on by the City and the claimant or awarded by a court.
- b. The time permitted between the occurrence of an event causing a claim and the actual filing of the claim may be lengthy.
- c. The time that may elapse between filing and ultimate settlement and payment of a claim may be extremely lengthy. Similarly, the adjudicated loss may be paid over a period of years after a settlement.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

16. Risk management and contingent liabilities (continued)

A liability for claims will be reported if information is available prior to issuance of the basic financial statements and indicates it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. In addition, there are situations in which incidents occur before the balance sheet date but claims are not reported or asserted when the basic financial statements are prepared. These "incurred but not reported" claims have been estimated based upon the City's past experience, adjusted for current trends and an inflation factor. The claims are included in the appropriate liability accounts.

A. Self-Insurance programs

The City operates two self-insured programs – one for liability and property damage purposes and one for employee benefits including workers' compensation and group insurance as follows:

1. Liability Insurance and Property Damage Internal Service Fund

The fund was established December 15, 2004, by City Council Resolution. It is a consolidation of the Liability Insurance Internal Service Fund, established July 5, 1979, by City Council Resolution and modified August 7, 1985, and the Property Damage Insurance Fund, established October 6, 1993, by City Council Resolution. The fund's pooled cash and investments balance was \$4,261,332 at June 30, 2015, and charges for services of \$1,879,468 were made to the consolidated funds during the year ended June 30, 2015. The purpose of the fund is to pay for self-assumed losses. As of June 30, 2015, \$284,111 has been accrued for claims and judgments payable, including incurred, but not reported claims, which are estimated to be payable within one year.

Changes in the balance of claims and judgments during fiscal years ended June 30 were as follows:

	Balance at beginning of fiscal year	Current year claims and changes in estimates	Claims and Claim payments	Balance at end of fiscal year	Due within one year
2014	\$ 316,836	\$ 1,136,997	\$ (1,094,687)	\$ 359,146	\$ 359,146
2015	359,146	965,842	(1,040,877)	284,111	284,111

2. Employees Benefit Internal Service Fund

The fund was established December 15, 2004, by City Council Resolution. It is a consolidation of the Workers' Compensation Insurance Internal Service Fund established August 21, 1985, by City Council Resolution and the Group Insurance Internal Service Fund. The resolution establishes a minimum cash balance not less than twenty-five percent of the prior year expenditures. The purpose of the fund is to provide employees and beneficiaries with compensation for occupational accidents and diseases and other insurance benefits, and is funded by an adjustable payroll allocation and payroll deductions. The City's maximum payment for industrial injuries as of June 30, 2015, ranges from \$350,000 to \$5,000,000 per claim, with excess insurance coverage provided by an insurance company. Settled claims have not exceeded this commercial coverage over the past three fiscal years. The City will be reimbursed \$1,185,867 by an insurance company for payments on settled claims in excess of the self-insurance limits in effect at the time of the claims. The fund's pooled cash and investments and other investments at June 30, 2015, was \$34,467,967 with a net position balance of \$8,527,679. Current benefits payable totaled \$7,639,703 which include \$2,713,723 in accrued judgements payable, PERS liability of \$4,843,857 and employee withholding payable of \$82,123. The current portion of the heart lung presumptive claims liability totaled \$4,498,231 at June 30, 2015.

Noncurrent liabilities consisted of heart lung (workers' compensation) presumptive liability of \$13,011,400 and \$630,969 of accrued general workers' compensation claims payable. There were charges for services of \$148,614,250 made to the fund during the current year.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

16. Risk management and contingent liabilities (continued)

A. Self-Insurance programs (continued)

2. Employees Benefit Internal Service Fund (continued)

Changes in the balance of workers' compensation claims during fiscal years ended June 30 were as follows:

	Balance at beginning of fiscal year	Current year claims and changes in estimates	Claim payments	Balance at end of fiscal year	Due within one year
2014	\$ 11,443,809	\$ 9,063,398	\$ (5,740,752)	\$ 14,766,455	\$ 6,353,261
2015	14,766,455	10,785,482	(4,697,612)	20,854,325	7,211,955

B. Other Postemployment Benefits (OPEB) Plan

1. Background:

The City accounts for and reports its costs and estimated future liability related to postemployment healthcare and other non-pension benefits. Historically, the City's subsidy was funded on a pay-as-you-go basis. The City now accrues the cost of the retiree health subsidy and other postemployment benefits during the period of employees' active employment, while the benefits are being earned, and discloses the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the City. The net OPEB liability is reduced each year by the amount of employee contributions. Employee contributions equal the claim payments, administrative charges and state charged subsidies paid on behalf of retirees, less any retiree contribution premiums.

2. Plan Description:

The City sponsors a single-employer defined benefit healthcare plan. The plan options are: Sierra Health and Life (PPO); Health Plan of Nevada (HMO); and dental (MetLife) and vision plans (VSP). Each City plan provides medical, prescription drug, dental and vision benefits to retirees and their covered dependents. Retirees are eligible to participate at age 55 with 5 years of service or at any age with 30 years of service. Those retiring on or before September 1, 2008, also had the option of transferring to the State of Nevada Plan. This plan, the Public Employee Benefit Program (PEBP), is an agent multiple employer, defined benefit plan. PEBP benefit provisions are established by the Nevada State Legislature. For those retirees who selected the PEBP Plan, the City is obligated to pay a monthly subsidy to the PEBP for the coverage on those transferees. Information on the State plan can be obtained at Public Employee Benefits Plan, 901 South Stewart Street, Suite 101, Carson City, Nevada 89701, 1-800- 326-5496.

3. Funding Policy

The City has a six-member Insurance Committee (three labor and three management) that reviews the insurance needs of the City. They make recommendations to City management, who then determines funding requirements and plan options. Insurance funding for the Las Vegas Police Officers Association/Correction Officers (POA), the Las Vegas Police Protection Association Marshals (PPA) and the International Association of Firefighters Local 1285 are governed by collective bargaining association contracts. The associations cover the OPEB insurance needs of these organizations based on contract funding with the City, therefore they are not included in the City OPEB liability and cost. The City is required to pay the PEBP a monthly subsidy based on the number of years of service with the City at retirement. The subsidy levels payable by the City differ based upon Medicare status. For retirees not on Medicare who retired prior to January 1, 1994 the subsidy is \$462 and does not vary by years of service at retirement. Otherwise, the subsidy level does vary by years of service, except in those instances where greater than 20 years of service is attained. The subsidy contribution ranges from 5 years of service at \$116 per month to 20 or more years of services at \$636 per month. For those on Medicare, the subsidy level ranges from \$55 (5 years of service) to \$220 (20 or more years of service). The level is \$165 for all Medicare retirees that retired prior to January 1, 1994. Approximately 469 retirees are with the State Plan as of the most recent valuation. The City's current funding policy for its OPEB liability is pay as you go.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

16. Risk management and contingent liabilities (continued)

B. Other Postemployment Benefits (OPEB) Plan (continued)

4. Annual OPEB Cost:

The annual OPEB cost for the City plan is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for the current year and the related information is as follows:

	City	PEBP	Total
Annual Required Contribution (ARC)	\$ 3,939,790	\$ 1,336,128	\$ 5,275,918
Interest on net OPEB obligation	2,225,100	1,498	2,226,598
Adjustments to ARC	<u>(3,114,878)</u>	<u>(2,098)</u>	<u>(3,116,976)</u>
Annual OPEB cost	3,050,012	1,335,528	4,385,540
Contributions	<u>(1,651,000)</u>	<u>(2,121,182)</u>	<u>(3,772,182)</u>
Increase (decrease) in net OPEB obligation	1,399,012	(785,654)	613,358
Net OPEB obligation, beginning of year	<u>56,331,633</u>	<u>37,933</u>	<u>56,369,566</u>
Net OPEB obligation, end of year	<u><u>\$ 57,730,645</u></u>	<u><u>\$ (747,721)</u></u>	<u><u>\$ 56,982,924</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation, as of and for the years ended June 30, is as follows:

Plan	Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation/(Asset)
City of Las Vegas	June 30, 2013	\$ 2,688,893	128.7%	\$ 54,609,418
City of Las Vegas	June 30, 2014	3,077,215	44.0%	56,331,633
City of Las Vegas	June 30, 2015	3,050,012	54.1%	57,730,645
PEBP	June 30, 2013	1,638,613	269.3%	481,250
PEBP	June 30, 2014	1,328,526	133.4%	37,933
PEBP	June 30, 2015	1,335,528	158.8%	(747,721)

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

16. Risk management and contingent liabilities (continued)

B. Other Postemployment Benefits (OPEB) Plan (continued)

5. Funding Status and Funding Progress:

The funding status of the plan as of the most recent actuarial valuation date, July 1, 2013 is as follows:

	<u>City</u>	<u>PEBP</u>	<u>Total</u>
Actuarial accrued liability (AAL) (a)	\$ 37,285,394	\$ 27,946,263	\$ 65,231,657
Actuarial value of Plan assets (b)	(6,271,969)	(4,700,985)	(10,972,954)
Unfunded actuarial accrued liability (UAAL)=(a)-(b)	<u>\$ 31,013,425</u>	<u>\$ 23,245,278</u>	<u>\$ 54,258,703</u>
Funded ratio (b)/(a)	16.8%	16.8%	16.8%
Covered payroll (c)	\$ 113,476,559	*	\$ 113,476,559
UAAL as a percentage of covered payroll ((a)-(b))/(c)	27.3%	0.0%	47.8%

*PEBP closed to City participants as of September 1, 2008, therefore covered payroll is zero
Annualized pay of active employees as of the valuation date.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions are as follows:

	<u>City</u>	<u>PEBP</u>	<u>Total</u>
Actuarial valuation date	July 1, 2013	July 1, 2013	
Actuarial cost method	Projected unit	Projected unit	
Amortization method	Level dollar on an open period amortization basis	Level dollar on an open period amortization basis	
Remaining amortization period	30 years	30 years	
Actuarial value of assets	\$6,271,969	\$4,700,985	\$10,972,954
Valuation rate of return (Investment rate)	3.95%	3.95%	
Inflation rate	3.0%	3.0%	
Healthcare inflation trend rate years from measurement date	1 through 10	1 through 10	
Increase over prior year	7.5% initial through 5.25% ultimate	First year based on actual 2nd year 7.25% through 5.25% ultimate	

The City uses the Employee Benefit Internal Service fund to allocate OPEB cost to each fund based on a payroll benefit rate. Each fund incurs a charge for the service.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

16. Risk management and contingent liabilities (continued)

C. OPEB Trust Fund

In a prior fiscal year, the City approved the creation of an OPEB Trust Fund. The assets of the OPEB Trust are intended to be invested in the Retirement Benefits Investment Fund (RBIF), which is managed through an intrastate interlocal agreement with the Retirement Benefits Investment Board, located at 693 W. Nye Lane, Carson City, Nevada 89703. The trust was established pursuant to NRS 355.220 and the investments are not allowed to violate Section 10 of Article 8 of the Constitution of the State of Nevada. The trust is intended to provide the means to fund post-retirement benefits provided by the employee benefit plans. The assets to fund retiree health benefits are to be held in trust and treated as wholly separate from the City's assets and are for the benefit of participants and beneficiaries. There are no tax consequences to the trust, and the income of the trust is tax exempt. The trust is subject to the usual rules applicable to health benefit plans. During the Fiscal Year ended June 30, 2015, the City made no contribution to the trust. The net market value of the trust at June 30, 2015, was \$13,409,353.

D. Heart, Lung Presumptive Liability

The City has estimated the potential exposure for costs of indemnity (wage replacement) benefits and medical benefits for disability of public safety employees (police, fire) who develop heart disease, lung disease, cancer or hepatitis. The estimated liability is the sum of two components:

- The outstanding benefit costs due to reported claims for which the City is currently paying benefits, and
- The outstanding benefit costs for future claims incurred but not reported (IBNR) by the City (current population of active and retired public safety employees who may meet future eligibility requirements for awards under Nevada revised statutes).

The claims liability currently payable for indemnity claims is \$4,498,232. Reported as noncurrent is \$61,462,629 consisting of \$13,011,400 of case reserves for existing claims and \$48,451,229 of IBNR claims. IBNR is discounted and amortized over a 20 year period.

E. Litigation

The City is currently involved in litigation including tort actions, condemnations and civil rights allegations. The City Attorney is vigorously contesting each case. Since the minimum probable loss, if any, cannot be reasonably estimated, no provision for loss has been recorded in the accompanying basic financial statements.

F. Unfunded Metropolitan Police (Metro) OPEB Liability and Net Pension Liability

The City and the County jointly fund Metro. The City funds 37.0% and is liable for \$32,609,037 of the Metro net OPEB obligation. A liability has been established in the government-wide statement of net position for the City's portion (see Note 6A).

For the fiscal year ended June 30, 2015, in connection with the adoption of GASB No. 68, the City has recorded its percentage share of Metro's net pension liability of \$269,307,644, in accordance with the City fund percentage.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

16. Risk management and contingent liabilities (continued)

G. Tax Increment Notes of the Redevelopment Agency

The Agency has entered into tax increment subordinate lien notes as part of various owner participation agreements related to development of land included in the various redevelopment districts. The indebtedness represented by the notes has been allocated to the land and improvements and is payable solely and exclusively from a predetermined percentage of site tax increment received by the Agency on the parcels, and is not 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 the obligation is subordinate to the Agency's pre-existing and future debt, the potential future obligation of the Agency has not been reflected in the basic financial statements. The following is a summary of the terms of the 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 \$756,095 for a total of \$2,593,455). Payments started June 30, 2004 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 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 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, LLC, 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.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

16. Risk management and contingent liabilities (continued)

G. Tax Increment Notes of the Redevelopment Agency (continued)

- SP Sahara Development, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2008, in the amount of \$20,912,094. Payments 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 in accrued interest.
- PH ASA, LLC Note – Taxable tax increment subordinate Lien Note entered into April 24, 2006, in the amount of \$995,510. Payments 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, LLC Note – Taxable tax increment subordinate Lien Note entered into June 17, 2009, in the amount of \$2,663,073, payments started June 30, 2009 upon the payment of property taxes and continue for seventeen years until June 30, 2025. Interest accrues at 7.57% 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 Agency entered into an Interlocal Cooperative Agreement with the City of Las Vegas. 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 Agency was not obligated to transfer real estate taxes to the City of Las Vegas for Metroplex taxes.

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

17. Nonprofit Corporations

The corporations were established to promote the health and welfare of the City through the acquisition and disposition of property located within the City. The following schedule presents the financial information for each of the nonprofit corporations that comprise the nonprofit corporations on the Statement of Net Position-Proprietary Funds for the year ended June 30, 2015:

	City Parkway V, Inc.	495 Main Corporation	Las Vegas Community Investment Corporation	Total
Assets:				
Pooled cash, cash equivalents and investments, unrestricted	\$ 13,856,134	\$ 4,043	\$ 162,770	\$ 14,022,947
Accounts receivable	2,750			2,750
Prepaid insurance	74,298			74,298
Loans	9,359,692			9,359,692
Due from other funds	40,144			40,144
Land	30,095,189			30,095,189
Total assets	<u>\$ 53,428,207</u>	<u>\$ 4,043</u>	<u>\$ 162,770</u>	<u>\$ 53,595,020</u>
Liabilities and Net Position				
Accounts payable	\$ 22,427	\$	\$ 39,221	\$ 61,648
Deposits payable	25,000		50,000	75,000
Due to other funds	4,052,428		15,307	4,067,735
Loans payable	15,185,011			15,185,011
Net position	34,143,341	4,043	58,242	34,205,626
Total Liabilities and Net Position	<u>\$ 53,428,207</u>	<u>\$ 4,043</u>	<u>\$ 162,770</u>	<u>\$ 53,595,020</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

17. Nonprofit Corporations (continued)

	City Parkway V, Inc.	495 Main Corporation	Las Vegas Community Investment Corporation	Total
Changes in Net Position				
Revenues				
Rentals	\$ 78,233	\$	\$	\$ 78,233
Other reimbursements	32,821		448,003	480,824
Total revenues	<u>111,054</u>	<u></u>	<u>448,003</u>	<u>559,057</u>
Expenses:				
Association fees	57,440			57,440
Premiums paid (insurance)	31,678	4,627		36,305
Professional services	238,225		335,237	573,462
Legal services	618,684		46,534	665,218
Other services and supplies	154,376		7,990	162,366
Total operating expenses	<u>1,100,403</u>	<u>4,627</u>	<u>389,761</u>	<u>1,494,791</u>
Operating income (loss)	<u>(989,349)</u>	<u>(4,627)</u>	<u>58,242</u>	<u>(935,734)</u>
Nonoperating revenues (expenses):				
Interest revenue	42,119			42,119
Transfers in	9,359,692	8,329		9,368,021
Transfers out	<u>(2,900,000)</u>	<u></u>	<u></u>	<u>(2,900,000)</u>
Net nonoperating revenues	<u>6,501,811</u>	<u>8,329</u>	<u></u>	<u>6,510,140</u>
Changes in net position	5,512,462	3,702	58,242	5,574,406
Net Position - July 1, 2014	<u>28,630,879</u>	<u>341</u>	<u></u>	<u>28,631,220</u>
Net Position - June 30, 2015	<u>\$ 34,143,341</u>	<u>\$ 4,043</u>	<u>\$ 58,242</u>	<u>\$ 34,205,626</u>

CITY OF LAS VEGAS, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

18. Prior Period Adjustments

Effective July 1, 2014, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements collectively require governments to report an allocated portion of multi- employer cost-sharing pension funds' liability in which they participate, along with other deferred amounts related to pensions. In connection with the adoption of these standards, beginning net position of governmental and business-type activities has been restated by \$752,114,086 and \$52,573,325, respectively.

The City is a participant in a joint venture with Clark County creating a special financing relationship for the Las Vegas Metropolitan Police Department (Metro) established by State statute (see Note 6). The city is required to fund 37% of Metro's pension liability. Reflected below is the effect of recording the liability on net position.

Net position as of July 1, 2014 has been retroactively restated as follows:

	Governmental Activities	Business-Type Activities	Total
Net Position as previously reported	\$ 3,496,154,234	\$ 749,435,215	\$ 4,245,589,449
Adjustment:			
Record City of Las Vegas pension liability	(403,425,244)	(52,573,325)	(455,998,569)
Record City percentage of Metro pension liability	<u>(348,688,842)</u>		<u>(348,688,842)</u>
Net Position as restated	<u>\$ 2,744,040,148</u>	<u>\$ 696,861,890</u>	<u>\$ 3,440,902,038</u>

19. Subsequent events

On August 27, 2015, the City issued \$26,000,000 of General Obligation (limited tax) medium-term Recreation Project Bonds Series 2015A. Interest ranges from 2.0 percent to 5.0 percent and is payable semi-annually on March 1 and September 1, commencing March 1, 2016. The bonds mature September 1, 2025.

Also, on August 27, 2015, the City issued \$11,090,000 of General Obligation (limited tax) taxable various purpose refunding bonds (additionally secured by pledged revenues) Series 2015B. Interest ranges from 0.950 percent to 3.30 percent and is payable semi-annually on June 1 and December 1, comencing June 1, 2016. The bonds mature June 1, 2024.

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APPENDIX B

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2016D Bonds. The 2016D Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016D Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2016D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016D Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016D Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016D Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016D Bonds, except in the event that use of the book-entry system for the 2016D Bonds is discontinued.

To facilitate subsequent transfers, all 2016D Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016D Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016D Bonds are credited,

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016D Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016D Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016D Bond documents. For example, Beneficial Owners of 2016D Bonds may wish to ascertain that the nominee holding the 2016D Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016D Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. However, see "THE 2016D Bonds – Redemption Provisions – Pro Rata Selection of 2016D Bonds."

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2016D Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2016D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2016D Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016D Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2016D Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016D Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Las Vegas, Nevada (the “Issuer”) in connection with the issuance of the City of Las Vegas, Nevada, of its General Obligation (Limited Tax) Medium-Term Various Purpose Bonds, Series 2016D (the “Bonds”). The Bonds are being issued pursuant to the bond ordinance of the City Council of the Issuer adopted on November 16, 2016 (the “Ordinance”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than March 31 following the end of the Issuer’s fiscal year of each year, commencing March 31 following the end of the Issuer’s fiscal year ending June 30, 2016, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other

information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of bondholders, if material;

- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the Bonds, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person¹;
- m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: December 15, 2016

CITY OF LAS VEGAS, NEVADA

City Manager

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Las Vegas, Nevada

Name of Bond Issue: City of Las Vegas, Nevada, of its General Obligation (Limited Tax) Medium-Term Various Purpose Bonds, Series 2016D

CUSIP:

Date of Issuance: December 15, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Ordinance adopted on November 16, 2016, and the Continuing Disclosure Certificate executed on December 15, 2016 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF LAS VEGAS, NEVADA

By: _____
Title: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(see page -iv- of the Official Statement)

APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

[Closing Date]

City of Las Vegas, Nevada
495 South Main Street
Las Vegas, Nevada 89101

\$22,930,000
CITY OF LAS VEGAS, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM VARIOUS PURPOSE BONDS
SERIES 2016D

Ladies and Gentlemen:

We have acted as bond counsel to the City of Las Vegas, Nevada (the “City”), in connection with its issuance of the above-captioned bonds (the “Bonds”) pursuant to an authorizing ordinance of the City Council of the City adopted on November 16, 2016 (the “Bond Ordinance”). In such capacity, we have examined the City’s certified proceedings and such other documents and such law of the State of Nevada (the “State”) and of the United States of America as we have deemed necessary to render this opinion letter. Except as otherwise expressly defined herein, capitalized terms used herein have the meanings ascribed to such terms in the Bond Ordinance.

Regarding questions of fact material to our opinions, we have relied upon the City’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding limited tax general obligations of the City.
2. The principal of and interest on the Bonds are payable from any monies of the City legally available for the purpose of making such payment and the City has irrevocably pledged its full faith and credit for the purpose of making such payment on the Bonds.
3. Ad valorem taxes, if any, levied for the purpose of paying the principal of and interest on the Bonds are subject to the limitations contained in the Constitution and laws of the State.
4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the City’s certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under laws of the State in effect as of the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the City pursuant to the Bonds and the Bond Ordinance are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the adequacy, accuracy or completeness of the Official Statement relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any state or federal tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,