
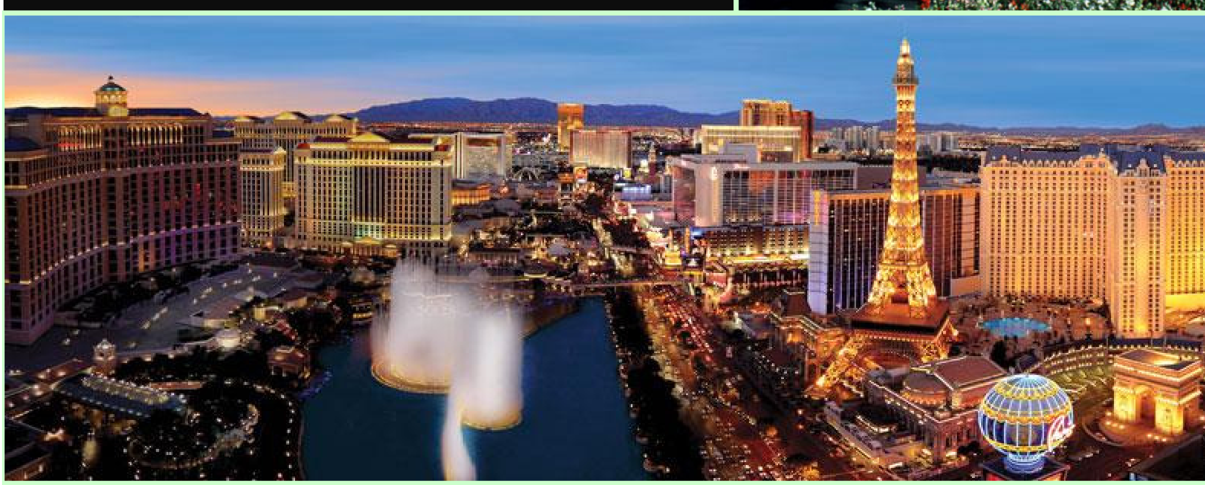

# Las Vegas Convention & Visitors Authority
## Comprehensive Annual Financial Report
## For The Year Ended June 30, 2012
## Las Vegas, Clark County, Nevada

# Comprehensive Annual Financial Report
## For The Year Ended June 30, 2012

Prepared by the Finance Department
Under the supervision of
Rana Lacer, Vice President of Finance
and
Shannon Swaner, Director of Finance & Accounting

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# INTRODUCTORY SECTION

November 13, 2012

Board of Directors
Las Vegas Convention and Visitors Authority
3150 Paradise Road
Las Vegas, Nevada 89109-9096

We are pleased to present this Comprehensive Annual Financial Report (CAFR) for the Las Vegas Convention and Visitors Authority (LVCVA) for the year ended June 30, 2012.

The Finance Department prepared these financial statements and assumes responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the Finance Department established a comprehensive internal control framework that is designed to provide reasonable assurance that the LVCVA's assets are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of maintaining internal controls should not exceed the benefits derived and that management is required to evaluate the cost and benefits by using estimates and judgments. All internal control evaluations occur within this framework. We believe the LVCVA's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Piercy Bowler Taylor & Kern, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of Nevada, has audited the LVCVA's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the LVCVA for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that the LVCVA's basic financial statements for the fiscal year ended June 30, 2012, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (GAAP). The independent auditor's report is presented as the first page of the financial section of this CAFR.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. It provides an analytical overview to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and other information contained in this report and should be read in conjunction with it.

## REPORTING ENTITY

This CAFR includes all funds of the LVCVA. The LVCVA is unique, as it does not operate as a typical membership-based convention and visitors bureau. We are a governmental agency established by state law, funded primarily by room tax revenues and the governing body is composed of an autonomous Board of Directors (the Board). This fourteen-member board is comprised of eight public officials representing Clark County and its incorporated cities, and six private sector representatives who are nominated by the Las Vegas Chamber of Commerce and Nevada Resort Association to represent the hotel industry and general business interests.

The LVCVA's mission statement is:

> ***"To attract visitors by promoting Las Vegas as the world's most desirable destination for leisure and business travel."***

The LVCVA is charged with the dual purpose of attracting visitors and operating its two convention facilities efficiently. Our primary responsibility is to market and brand Las Vegas and Southern Nevada as a travel destination. Extended destinations include Laughlin, Mesquite, Boulder City and Primm. Internationally, the LVCVA has representative offices in Australia, Brazil, Canada, China, France, Germany, Ireland, Japan, Mexico, Netherlands, South Korea, Spain and the United Kingdom, Las Vegas' number one overseas market. International travelers as a percentage of overall visitation have grown over the last five years from 13% in 2006 to 16% in 2011. International visitors contributed 29% of total visitor spending in calendar year 2011.

While resorts advertise and market their individual properties, the LVCVA markets and brands the destination as a whole.

The LVCVA integrates its famous branding campaign –

***"What Happens Here Stays Here"*** ™

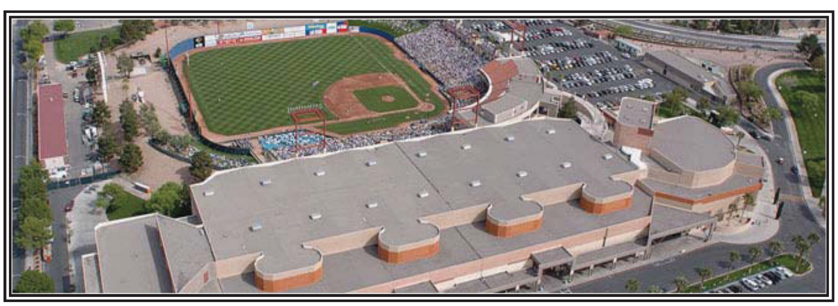
– with sales, marketing and public relations activities, as well as special events, to attract visitors. In addition to marketing the destination, we operate the Las Vegas Convention Center and Cashman Center to bring business travel for meetings and conventions. While leisure travel makes up the majority of visitors, business travel is a vital component of our market and represents 12.6% of annual visitation to Southern Nevada. Convention attendance improved during FY 2012 resulting in a 4.3% increase over the prior year. Las Vegas has been the number one tradeshow destination in North America for 18 consecutive years. In calendar year 2011, Las Vegas hosted 55 of the largest 250 tradeshows, more than the next two destinations combined.

## FACILITIES

*Las Vegas Convention Center*


The Las Vegas Convention Center (LVCC) opened with the World Congress of Flight in 1959. Today, it is one of the busiest and most functional facilities in the world - a 3.2 million square foot facility located within a short distance of more than 100,000 guest rooms. The center is well known among industry professionals for its versatility. In addition to approximately 2 million square feet of exhibit space, 144 meeting rooms handle seating capacities ranging from 20 to 2,500. A grand lobby and registration area efficiently link exhibit halls and meeting rooms, and allow simultaneous set-up, break-down and exhibiting of multiple events. The LVCC hosted more than 53 conventions and tradeshows during FY 2012. Some of the largest conventions held here annually include: MAGIC International, International Council of Shopping Centers (RECon) – the Global Retail Real Estate Convention, International CES, Specialty Equipment Marketing Association (SEMA), and National Association of Broadcasters (NAB). In fact, International CES, MAGIC (spring) and NAB all experienced record attendance during FY 2012. The LVCC also hosted six new events and attracted an estimated 1.4 million total attendees for the fiscal year. The LVCC can host nearly any event imaginable, from the largest conventions to international sporting events and full-scale concerts.

*Cashman Center*



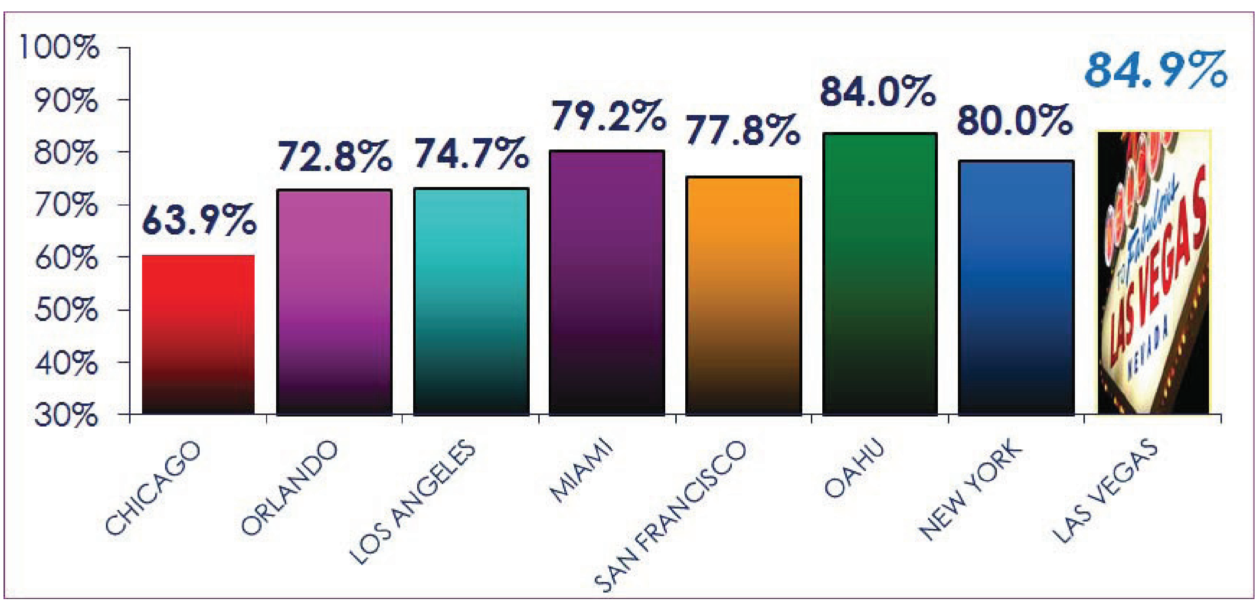
Cashman Center, which opened in 1983, is a multi-use facility encompassing 483,000 square feet on a 55-acre site near downtown Las Vegas. The facility includes 98,100 square feet of exhibit space, 14 meeting rooms, a 1,922 seat state-of-the-art theatre, over 2,500 spaces for parking, and a 10,000 seat baseball stadium which is the home of the Las Vegas 51s, AAA affiliate of the New York Mets. The center is used frequently for local events, but also has hosted national events like the United States Bowling Congress Open Championships, a five-month tournament which transformed the facility into a world-class bowling center in 2009 welcoming over 86,000 competitive bowlers.

## ECONOMIC CONDITION

The recession that began in 2008 affected Las Vegas, just as it impacted the national and global economies. Fortunately, Las Vegas began stabilizing and enjoying incremental revenue growth in 2010. The LVCVA developed a nine-point restoration plan designating funding for reserves, advertising, operating needs, and capital as revenue streams grow and prove sustainable. By the end of FY 2012, occupancy rates, visitation, and average daily rate (ADR) had all met or exceeded prior year results demonstrating incremental growth, allowing the LVCVA to implement significant components of the restoration plan.

Without a doubt, Las Vegas continues to be one of the most exciting destinations for leisure or business travel with the highest concentration of hotel rooms in a central area. Seventeen of the largest twenty hotels in North America are located in Las Vegas. Room inventory in Clark County is just over 162,000, with over 150,000 in the metropolitan Las Vegas area. Room inventory stayed relatively flat during FY 2012 and is expected to continue this trend into FY 2013. Instead of increased capacity, Las Vegas is continuing to invest in its future and engage the visitor with new amenities and in facilities and properties by renovating rooms, expanding restaurant and nightlife options and a variety of other activities to captivate and persuade the visitation. The number of visitors to the area exceeded 39.3 million for FY 2012, a 2.9% increase over the prior year. Room occupancy in the Las Vegas area consistently exceeds other major resort destinations and historically outpaces the US average by approximately 24 percentage points each year.

Year to Date Occupancy Rate: June 30, 2012




Source: Smith Travel and LVCVA Research Dept

## Room Tax

Room tax is the LVCVA's primary revenue source and is driven by room inventory, ADR and occupancy rates. Economic stabilization, consumer confidence and targeted ad campaigns continued to revive visitation and ADR in FY 2012. Room tax and gaming fees revenue increased from $180.5 million in FY 2011 to $202.6 million in FY 2012. Revenues from facility use also showed nearly a 3% growth, as trade shows and conventions increased facility space use and ancillary services based on exhibitor confidence. Total revenues for the General Fund exceeded the revised budget by approximately $6.0 million.

# MAJOR INITIATIVES IN FY 2012

## Marketing

The LVCVA continues to take a leadership role with a variety of post-recession marketing and sales initiatives. This work includes the complete redevelopment and launch of our consumer website visitlasvegas.com to integrate social media, video and other rich media while ensuring that the back-end programming allows for flexibility for future campaigns. Sales initiatives include the development of strategies that flow across all sales disciplines and focus on leads and bookings, including hosting industry events such as Meeting Professionals International and U.S. Travel Association's International PowWow in 2013, as well as the U.S. Conference of Mayors. The LVCVA also introduced the Las Vegas Convention Center District Improvement program, the initial launch to renovate the Las Vegas Convention Center and surrounding campus. Research focus groups are scheduled throughout the fall to hear from multiple clients and stakeholders on what their needs are.

Other significant initiatives include:

- Advertising campaigns such as: the famous *What Happens Here Stays Here, a dedicated summer campaign: Take Back Your Summer,* and other marketing initiatives to stimulate spontaneous travel to the destination.
- Continued to bring in media-driven special events to the destination like Muhammad Ali's 70$^{th}$ Birthday, Billboard Music Awards, National Finals Rodeo, NASCAR Champions Week, Latin Grammy Awards and Miss USA.
- Increased emphasis on the "branded weekend" concepts that leveraged existing destination-wide events to drive visitation from key feeder and/or drive markets.
- The Host Committee engaged the business community and rolled out the "red carpet" to welcome 11 major conventions and special events to the city, and continued to educate the public on the importance of tourism to our local economy.
- Continued the advancement of the business marketing campaign – Vegas Means Business – including print advertising, testimonials and the web site www.vegasmeansbusiness.com to promote the value of face-to-face meetings and business travel for the hotel and business community.

- Launched and repositioned the LVCVA.com site as the organization's corporate web presence that houses the organization's financial, human resources, purchasing and other administrative content while acting as a portal for the LVCVA's destination marketing web sites.
- Reworked extranet lead distribution system to provide more "user friendly" content for our hotel partners.
- Developed a travel agent rewards platform www.trackmylasvegasbookings.com that captured individual agent booking information and incentivized agents to book Las Vegas.
- Expanded programming in developing markets such as Brazil, India and China and capitalized on increases in visa processing capabilities.
- Selected new international office representation in South Korea, India and France.
- Launched new airline service with Copa (Panama City), Airberlin (Dusseldorf), ArkeFly (Amsterdam) and Virgin Atlantic (Manchester). British Airways begins new, non-stop service from Gatwick in October, complimenting their current service from Heathrow.
- Supported McCarran International Airport with the opening of Terminal 3, a $2.4 billion facility for international and long-haul domestic carriers, by incorporating a Las Vegas presence with the initial customer experience. Integrations included an international welcome video and multiple wall wraps throughout the Customs and Border Protection area.

**Financial Management and Accountability**

The FY 2012 original budget was developed at a time when economic conditions were showing marginal signs of improvement. The original budget was developed with conservative revenue expectations. The Finance Department diligently monitored these original forecast inputs and noted economic conditions which continued to stabilize and have steady overall growth. This growth produced revenue which exceeded original expectations and allowed for budget augmentation to increase expenditures in mission critical areas.

Finance staff also reviewed internal policies and procedures to ensure adequate internal controls were in place and reflect all promulgated GAAP and Government Accounting Standard Board (GASB) guidance. This included implementing multiple GASB statements as well as a review of best practices.

## LONG-TERM FINANCIAL PLANNING

Strategic planning has been a key focus of the LVCVA over the last decade. In FY 2010, a new comprehensive Three-Year Vision Plan was developed, which established critical goals covering three major areas: (1) *aggressive advertising and sales campaigns* responding to the current economic conditions, (2) *analysis of all current systems* to be operationally sound, and (3) *fiscal responsibility* in all areas to help lead the destination to recovery. The LVCVA continued its commitment to its mission and the vision plan throughout FY2012.

The long term General Fund operating forecast was updated during the fiscal year and incorporated recent trends for room tax and facility use. Incremental but conservative revenue growth expectations are prioritized to provide resources for objectives identified in the nine-point restoration plan, including rebuilding of reserves, advertising, personnel and capital. The long-term forecast provides sufficient flexibility to react to both positive and negative economic events as demonstrated during the most recent years of economic stress.

The FY 2013 budget was developed with conservative revenue projections and provides funding for short-term as well as long-term initiatives. All operating programs funded in the budget align with the strategic goals defined in the vision plan. Marketing activities will continue to emphasize the value of Las Vegas as a destination to conduct serious business, as well as to have fun. The primary objectives of the advertising programs are designed to promote domestic and international visitation for leisure activities, and emphasize the importance of the meetings and convention industry.

The Capital Improvement Plan (CIP) is the Authority's second significant long-term plan. The CIP is a financial planning and management tool that lists proposed capital projects and capital acquisitions. This multi-year document identifies and prioritizes the need for the capital improvements and acquisitions and coordinates the funding and optimal time frames for completion. FY 2012 provided the first new resources in three years for capital needs. These included capital transition projects that include items to comply with the safety and security of the facility as well as upgrades to maintain the quality of the facility and preserve client satisfaction. The FY 2013 budget continues to provide funds for the renovation of the facility's appearance and projects and equipment that were deferred during the recession, along with the purchase of land adjacent to the LVCC campus. The General Fund long term financial forecast specifically identifies additional capital funding as revenue streams improve.

## DEBT ADMINISTRATION

### Debt Issuance Compliance Policy

The LVCVA realizes the importance of complying with federal and other regulatory requirements regarding the issuance and ongoing management of its debt. The LVCVA's debt issuance compliance policy establishes the requirements and procedures for ensuring compliance with federal laws relating to issuance and post issuance monitoring of tax-exempt bonds and taxable direct pay bonds. The policy is intended to define compliance practices including compliance actions, records management, disclosures requirements, and process continuity within the Finance Department and the executive management of the LVCVA.

**Debt Overview**

It is the LVCVA's policy to fund principal and interest payments for outstanding debt issues due on January 1 and July 1 in monthly installments. The reserves in the debt service funds at June 30, 2012, were sufficient to pay principal and interest due on July 1, 2012. Outstanding bonded debt and debt service reserves at June 30, 2012, are shown as:

| | Rating S&P | Rating Moody's | Outstanding Debt | Reserves Restricted for Repayment of Debt Principal | Net Bonded Debt |
|---|---|---|---|---|---|
| 04/05 Series Bonds | A+ | A1 | $ 116,480,000 | $ 12,045,000 | $ 104,435,000 |
| 05/07 Series Bonds* | AA+ | Aa1 | 29,920,000 | 2,380,000 | 27,540,000 |
| 11/07 Series Bonds | A+ | A1 | 46,620,000 | 980,000 | 45,640,000 |
| 07/08 Series Bonds* | AA+ | Aa1 | 25,080,000 | 495,000 | 24,585,000 |
| 2010A Series Bonds* | AA+ | Aa1 | 70,770,000 | | 70,770,000 |
| 2010B Series Bonds* | AA+ | Aa1 | 51,440,000 | 2,125,000 | 49,315,000 |
| 2010C Series Bonds* | AA+ | Aa1 | 155,390,000 | | 155,390,000 |
| 2010D Series Bonds* | AA+ | Aa1 | 15,355,000 | 3,570,000 | 11,785,000 |
| 2010E Revenue Bonds | A+ | A1 | 81,925,000 | | 81,925,000 |
| | | | $ 592,980,000 | $ 21,595,000 | $ 571,385,000 |

* Issued through Clark County.

The outstanding debt issues of the LVCVA are general obligation bonds, taxable direct pay Build America Bonds and revenue bonds. Since the LVCVA's inception in 1955, room taxes and other revenues have provided sufficient funding for debt service with no effect on operations. Property taxes have never been used to finance debt service or any other expenditure.

The LVCVA issued an additional $25 million in debt in early FY 2013, for the purpose of acquiring and improving several parcels of property adjacent to the LVCC for future expansion purposes. Additional information regarding long-term debt can be found in Note 8 on pages 29 through 33.

## ACCOUNTING SYSTEMS AND BUDGETARY CONTROLS

The annual budget serves as the financial plan of the LVCVA. The process starts every December and advances through various review processes. The tentative budget is filed by April 15 with the Nevada Department of Taxation and the Clark County Clerk as required by Nevada Revised Statutes (NRS). Between April 15 and the third Thursday in May, the public has the opportunity to review the tentative budget document and submit any comments for inclusion on the agenda. A public hearing provides the public an opportunity to submit additional comments on the proposed budget to the Board.

The final budget is fully integrated on July 1 with the LVCVA's accounting system. The statutory level of budgetary control is at the function level; in reality, control is maintained at the line item level through the use of a purchase order and encumbrance system. An encumbrance is recorded in the accounting system when a purchase order is issued.

Budget variance reports are distributed to the Board on a regular basis. Adjustments to the budget are accomplished through an augmentation process, which requires adoption by a majority vote of the Board at a regular meeting to increase appropriations above levels originally approved. This formal resolution procedure adheres to the process prescribed by NRS.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the LVCVA for its CAFR for the year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to the program standards. The CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The LVCVA has received the Certificate of Achievement for the last 28 consecutive years (fiscal years ended 1984-2011). We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of this report involved the dedicated work of staff in the Finance Department with the support and cooperation of every division. We welcome inquiries concerning this report and the finances of the Las Vegas Convention and Visitors Authority.

Respectfully submitted,

Rossi Ralenkotter
President/CEO

Rana D. Lacer, C.P.A.
Vice President of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Las Vegas Convention & Visitors Authority, Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

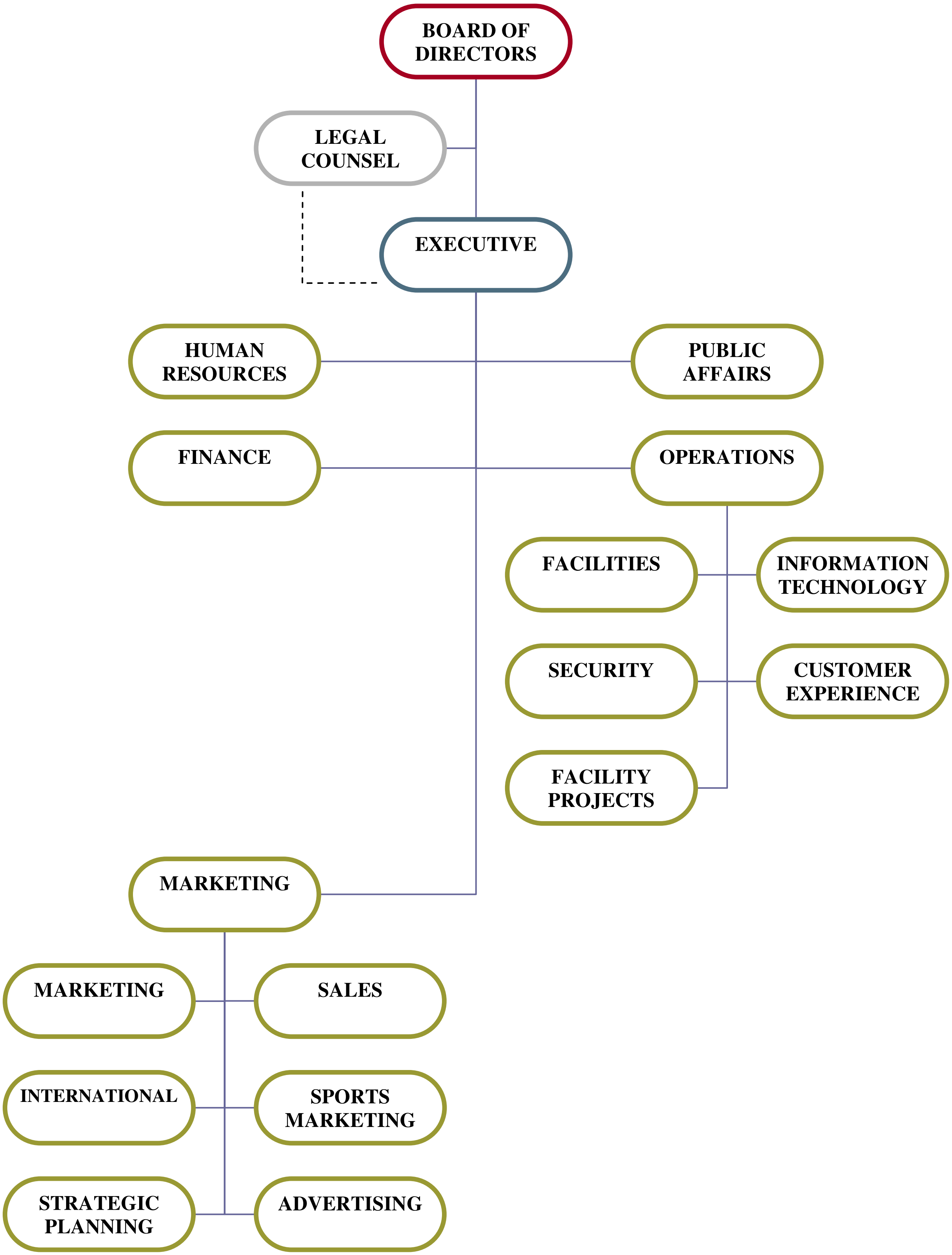
Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

## LAS VEGAS CONVENTION AND VISITORS AUTHORITY
## ORGANIZATION CHART



# LAS VEGAS CONVENTION AND VISITORS AUTHORITY
# PRINCIPAL OFFICIALS

The Las Vegas Convention and Visitors Authority is governed by a Board of Directors consisting of fourteen members. Eight members are elected officials of either Clark County or one of its incorporated cities. The Las Vegas Chamber of Commerce (CC) and Nevada Resort Association (NRA) nominate three each of the remaining six members. During FY 2012, members of the Board included:

Commissioner Tom Collins
Chairman
Clark County

Mr. Scott Nielson
Vice-Chairman
Representing resort hotel industry (NRA)

Mr. Tom Jenkin
Treasurer
Representing resort hotel business (CC)

Commissioner Lawrence Weekly
Secretary
Clark County

Mr. Charles Bowling
Representing central business district (NRA)

Mayor Shari L. Buck
City of North Las Vegas

Mr. Paul Chakmak
Representing resort hotel industry (NRA)

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY
# PRINCIPAL OFFICIALS

Mayor Carolyn Goodman
City of Las Vegas

Mayor Andy Hafen
City of Henderson

Ms. Kristin McMillan
Representing other
commercial interests (CC)

Councilman
George Rapson
City of Mesquite

Councilman
Steven Ross
City of Las Vegas

Ms. Marilyn Spiegel
Representing tourism (CC)

Mayor Pro Tem
Cam Walker
City of Boulder City

The terms of appointment for the eight elected officials is coterminous with their terms of office. The six remaining members serve a 2-year term and can be re-appointed to additional 2-year terms.

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY
# EXECUTIVE STAFF

The LVCVA Board of Directors serves as a policy-making body and employs a President to serve as Chief Executive Officer. The LVCVA executive committee consists of:

Mr. Terry Jicinsky
Sr. Vice President,
Operations

Mr. Rossi T. Ralenkotter
President\CEO

Ms. Cathy Tull
Sr. Vice President,
Marketing

| | |
|---|---|
| Mr. Vince Alberta | Vice President, Public Affairs |
| Mr. Michael Goldsmith | Vice President, International Sales |
| Ms. Rana Lacer | Vice President, Finance |
| Mr. Chris Meyer | Vice President, Sales |
| Mr. Mark Olson | Vice President, Human Resources |
| Mr. Luke Puschnig | Vice President, Legal Counsel |

# FINANCIAL SECTION

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

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

Board of Directors
Las Vegas Convention and Visitors Authority
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities and each major fund of the Las Vegas Convention and Visitors Authority (the LVCVA), as of and for the year ended June 30, 2012, which collectively comprise the LVCVA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the LVCVA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LVCVA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the LVCVA, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2012, on our consideration of the LVCVA'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress – postemployment benefits other than pensions and budgetary comparison information on pages 2-11 and 42-44 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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LVCVA's financial statements. The individual fund information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the individual fund information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LVCVA's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Piercy Bowler Taylor & Kern

October 4, 2012

# Management's Discussion and Analysis

As management of the Las Vegas Convention and Visitors Authority (the LVCVA), we offer readers of the LVCVA's financial statements this narrative overview and analysis of the LVCVA's financial performance for the fiscal year (FY) ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found on pages i to ix of this report.

## FINANCIAL HIGHLIGHTS

- The assets of the LVCVA exceeded its liabilities at the end of FY 2012 by $3.9 million (reported as net assets) compared with $60.2 million at the end of FY 2011. The decrease is primarily attributable to reduced cash related to payment of the legislative mandated expenditures in capital grants to other governments for the Nevada Department of Transportation (NDOT) projects. These mandated expenditures totaled $67.1 million in FY 2012.
- In FY 2012, total government-wide revenues grew approximately $23.8 million. Room taxes and gaming fees comprised $22.1 million of this increase.
- The LVCVA's total outstanding bonds payable decreased from $602.1 million in FY 2011 to $593.0 million in FY 2012 as a result of debt service payments. The LVCVA did not issue any new debt during FY 2012.

## OVERVIEW OF THE FINANCIAL STATEMENTS

**Comprehensive Annual Financial Report**

| | |
|---|---|
| Introductory Section | General information on the government structure, services and environment |
| Financial Section | Independent Auditor's Report<br>Management's Discussion and Analysis<br>Government-wide Financial Statements<br>Governmental Fund Financial Statements<br>Notes to the Financial Statements<br>Required Supplementary Information<br>Individual Fund Financial Schedules |
| Statistical Section | Trend data and non-financial data |
| Additional Report of the Independent Auditors' | Independent Auditors' Report |

Although the Comprehensive Annual Financial Report (CAFR) is comprised of various sections, the LVCVA's basic financial statements are presented in three components:

(1) Government-wide financial statements
(2) Governmental fund financial statements
(3) Notes to the financial statements.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

These two financial statements are designed to provide readers with a broad overview of the LVCVA's finances in a manner similar to private-sector business.

The *statement of net assets* is, in substance, the balance sheet. It includes not just current assets and liabilities, but also capital assets and long-term debt. All funds are included in this statement. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the financial position of the LVCVA is improving or deteriorating.

The *statement of activities* is the operating statement for the government as a whole. It is based on full accrual accounting rather than the traditional modified accrual. Depreciation and amortization of capital assets is recognized as an expense, as are compensated absences and postemployment benefits other than pensions. The format of the statement has an unfamiliar appearance. The format focuses on the net cost of a government's individual functions and is intended to answer the question "How much did it cost and how is it being paid for?"

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

Following the government-wide statements is a section containing the fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over specific activities. Governmental funds use the modified accrual basis of accounting, which focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. The LVCVA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 41 of this report.

## REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the LVCVA's progress in funding its obligation to provide postemployment benefits other than pensions to its employees. The general fund budgetary comparison schedule is also included in this section. Required supplementary information can be found on pages 42-44 of this report.

## CONDENSED COMPARATIVE DATA

### ASSETS, LIABILITIES AND NET ASSETS

The LVCVA's net assets, on the government-wide basis, decreased $56.3 million from the previous year. This decrease is primarily attributable increased spending throughout the year resulting in lower cash and investments funds available than in the previous year.

**CHANGES IN NET ASSETS**

| | FY 2011 | FY 2012 |
|---|---|---|
| Net assets – beginning | $ 256,316,859 | $ 60,194,034 |
| Revenues | 234,637,309 | 258,458,586 |
| Expenses | 371,278,892 | 314,749,651 |
| Special item | (59,481,242) | |
| Decrease in net assets | (196,122,825) | (56,291,065) |
| Net assets – ending | $ 60,194,034 | $ 3,902,969 |

Net assets were $3.9 million at June 30, 2012. A large portion of net assets reflects the LVCVA's investment in capital assets, less debt that was used to acquire those assets. Restricted net assets are reported separately to show legal constraints from debt covenants or other restrictions that limit the LVCVA's ability to use those assets for day-to-day operations.

**NET ASSETS**

| | June 30, 2011 | June 30, 2012 |
|---|---|---|
| Current and other assets | $ 269,964,509 | $ 212,193,725 |
| Capital assets | 467,790,363 | 458,119,472 |
| Total assets | 737,754,872 | 670,313,197 |
| Current and other liabilities | 69,716,812 | 76,487,594 |
| Long-term liabilities | 607,844,026 | 589,922,634 |
| Total liabilities | 677,560,838 | 666,410,228 |
| Net assets | | |
| Invested in capital assets, net of related debt | 161,799,709 | 156,089,778 |
| Restricted | 131,510,192 | 73,840,227 |
| Unrestricted | (233,115,867) | (226,027,036) |
| Total net assets | $ 60,194,034 | $ 3,902,969 |

Unrestricted net assets are negative due to the LVCVA's statutory debt obligations to NDOT for transportation infrastructure projects (See Note 3). Unrestricted net assets totaled ($226.0) million, of which ($293.5) million is related debt obligations for NDOT, $23.3 million represents the results of all years' operations and $44.2 million represents net assets specifically identified for ongoing capital projects.

## REVENUES

Revenues are classified as either *general* or *program*. The *general revenue* classification includes all room taxes and gaming fees and investment income because they are not related to charges to program customers. The LVCVA's primary source of revenue is from room taxes, which are classified as general revenue.

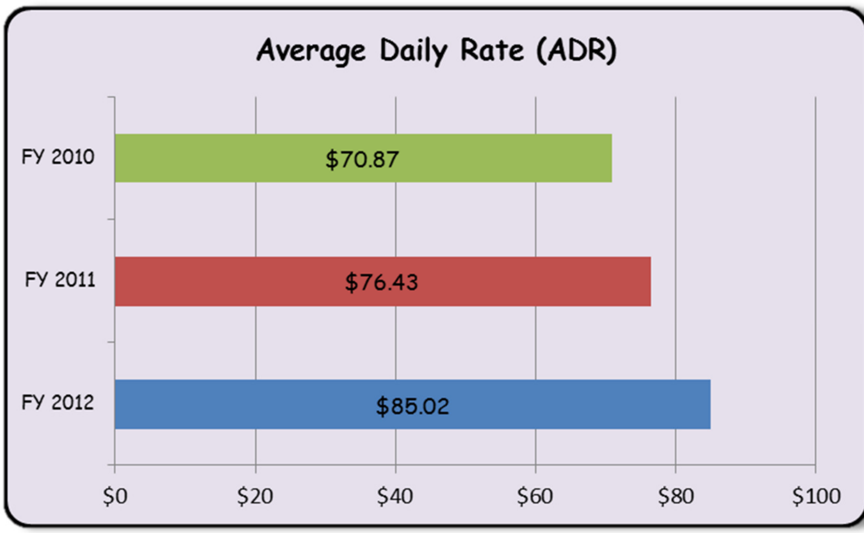
All revenues that do not qualify as general revenues should be reported as *program revenues*.

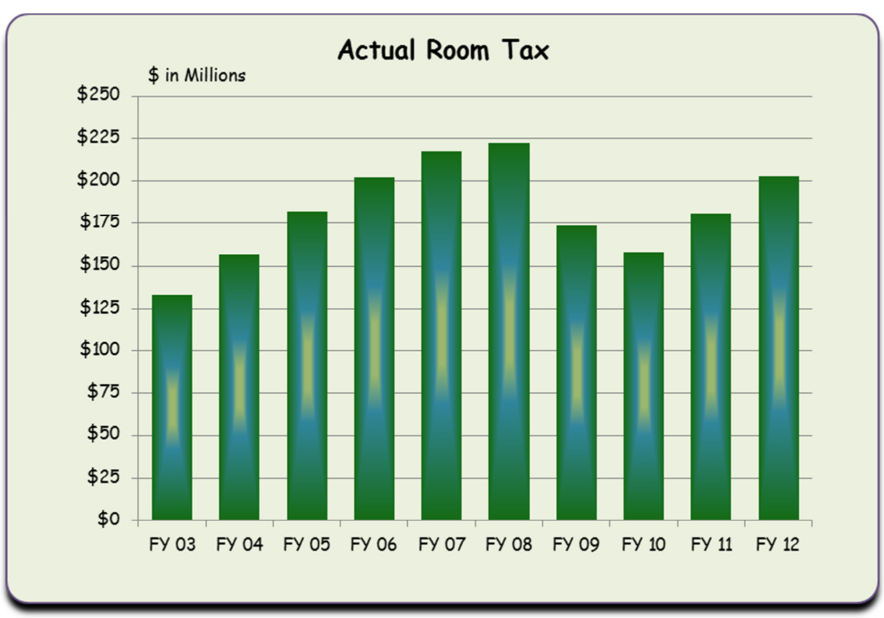
*Program revenues* are those directly generated by a function or activity of the government. For example, the cost of operating and maintaining the Las Vegas Convention Center and Cashman Center is reported in the operations function. Revenues are generated as a direct result of the operation of those facilities in the form of building rental charges, concession sales, parking fees and other charges to users of the facilities.

Total revenues for FY 2012 amounted to $258.5 million, a 10.2% increase over FY 2011.

| | FY 2011 | FY 2012 |
|---|---|---|
| General revenues | | |
| Room taxes and gaming fees | $ 180,466,049 | $ 202,571,146 |
| Interest and investment earnings | 1,044,510 | 447,735 |
| Miscellaneous | 1,412,520 | 1,620,422 |
| Total general revenue | 182,923,079 | 204,639,303 |
| Program revenues | | |
| Operations | 46,176,498 | 47,310,711 |
| Marketing | 1,929,437 | 1,387,596 |
| Grants and special events | 3,608,295 | 5,120,976 |
| Total program revenues | 51,714,230 | 53,819,283 |
| Total revenues | $ 234,637,309 | $ 258,458,586 |

FY 2012 represented the third year of improvement for room tax revenues. Room tax is based on the number of lodging rooms available, occupancy rate and the average daily taxable room rental rate (ADR). Room inventory in Clark County has been relatively flat during the fiscal year while average occupancy increased to 82.2% from 80.8% in FY 2011. The increase is attributable to the increase in visitor volume. In calendar year 2011 the greater Las Vegas area occupancy rate exceeded the national average by 23.7 percentage points. The most volatile factor in calculating room taxes is ADR. With hotel rooms being booked over the internet, price fluctuations are common with hotels having the ability to respond quickly to occupancy trends. During the recession, ADR declines were the single most significant cause of revenue losses. ADR has since shown consistent improvement throughout FY 2011 and FY 2012. ADR grew 11.2% in FY 2012. Room taxes and gaming fees provided $202.6 million during FY 2012, an increase of 12.2% from the previous fiscal year's total of $180.5 million.



| FACILITY OPERATIONS | | |
|---|---|---|
| | FY 2011 | FY 2012 |
| Revenues | $ 46,176,498 | $ 47,310,711 |
| Expense | 53,086,915 | 57,770,778 |
| Net expense | $ (6,910,417) | $ (10,460,067) |

In FY 2012, facilities revenue reflected an increase of 2.5% over the prior year, due primarily to an increase in building partner services. Total expenses to operate the facilities cost $57.8 million in FY 2012, including depreciation and amortization. Many maintenance and renovation programs had to be reduced or suspended in the recession. Increased revenue stream in FY 2012 allowed the LVCVA to reinvest additional funds into our facilities and infrastructure.

Clark County (the County) and the incorporated cities within the County levy room tax on all transient lodging establishments. The rate of tax levied varies from 12% to 13% for resort hotels and from 10% to 13% on other lodging facilities. In general, the tax is distributed as follows:

| | |
|---|---|
| 2% - 6% | LVCVA |
| 1 5/8% | Clark County School District |
| 0% - 2% | Collecting government – general fund |
| 1% | Clark County – transportation |
| 3/8% | State of Nevada – promotion of tourism |
| 2% - 3% | State of Nevada – education and other state programs |

The LVCVA received $202.6 million in room taxes and gaming fees, the majority of which were generated in Clark County. Clark County amounted to $187.6 million (92.6%) with the City of Las Vegas totaling the second largest collector of room taxes and gaming fees, at $9.5 million (4.7%). The other incorporated cities of North Las Vegas, Henderson, Boulder City and Mesquite combined provide the remaining 2.7%.

## EXPENSES

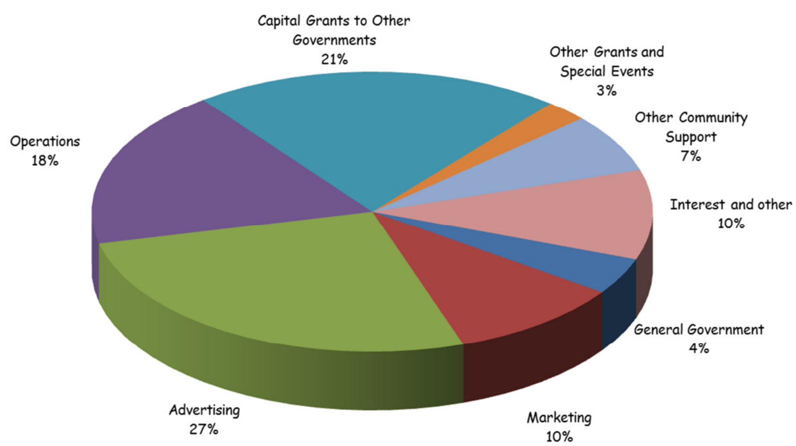
Total government-wide expenses by function were as follows:

| | FY 2011 | FY 2012 |
|---|---|---|
| General government | $ 11,226,354 | $ 13,161,575 |
| Marketing | 28,625,141 | 31,487,830 |
| Advertising | 79,504,487 | 83,636,233 |
| Operations | 53,086,915 | 57,770,778 |
| Community support: | | |
| Capital grants to other governments | 144,134,806 | 67,095,403 |
| Other grants and special events | 8,058,471 | 7,713,777 |
| Other community support | 19,297,232 | 21,274,096 |
| Interest and other | 27,345,486 | 32,609,959 |
| | $371,278,892 | $314,749,651 |

In FY 2012, as the economy stabilized the LVCVA looked toward getting back to business as usual. Many areas of the LVCVA saw an increase in expenses as funding was restored based on the nine-point restoration plan. Advertising and "human capital" were the most dramatically affected during the recession, so those were the first areas to receive funding restoration as revenue streams improved. The hiring freeze was lifted at the end of FY 2011, an early retirement package was offered and all previously frozen bonuses and salary increases were lifted during the fiscal year.

Expenses in capital grants to other governments is the result of a legislative mandate requiring the LVCVA to contribute funds to the NDOT for critical transportation projects essential to providing access to the recreational and tourism facilities in the County. In FY 2012, funding requirements decreased dramatically as compared to FY 2011 as these projects are nearing completion.

Other community support increased $2.0 million or 10.2% as compared to FY 2011. This amount includes a fee returned to the collecting government entities of room taxes and gaming fees. It equals 10% of the total room taxes and gaming fees collected in the County and therefore, fluctuates consistently with the related room tax revenue changes.




This chart shows the relative "slices" each function takes from the pie.

## OVERALL FINANCIAL POSITION

The LVCVA remains vigilant in staying fiscally stable through aggressive and continuous actions in response to slowly recovering economic conditions. As improvements in room tax revenue streams have continued, the LVCVA has restored funding to areas of the organization that had been reduced during the recession. This includes lifting hiring freezes for critical positions, eliminating furloughs, increasing budgets for advertising funds, re-implementing pay for performance compensation and beginning to restore funds for capital and reserves. We look toward growth in the long term while remaining alert to economic factors that could affect future results. Management continues to monitor the LVCVA's financial position and is dedicated to the preservation of adequate fund balances to meet operating cash flow requirements and to satisfy debt service obligations.

## FUND ANALYSIS

The fund balances in the general fund and the capital projects fund decreased during FY 2012 from the prior year.

| | General Fund | Capital Projects Fund |
|---|---|---|
| Fund balance - beginning | $ 35,727,203 | $ 134,785,522 |
| Fund balance - ending | 33,450,412 | 74,353,434 |
| Decrease in fund balance | ($ 2,276,791) | ($ 60,432,088) |
| Percent change | ( 6.4%) | ( 44.8%) |

During FY 2012, the national and state economies continued to stabilize and show moderate improvement which had a positive impact on tourism and room tax revenues. Room tax collections increased over the previous year in eleven of the twelve months of the fiscal year. Despite the improvement, total room tax is comparable to FY 2006 levels.

A capital reserve account in the capital projects fund was accumulated in prior years to provide a pay-as-you-go source of funding for construction projects in addition to incurrence of debt. Due to the recession, this reserve was reduced and used for operational expenditures in FY 2009 and FY 2010. With the reassessment of the LVCVA's vision for future construction and recovering revenue streams, $14 million was transferred to the capital projects fund from the general fund in FY 2012. Remaining proceeds from the issuance of bonds during FY 2011 for NDOT transportation projects offset this year's expenses of $67.1 million.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2012 budget was originally developed forecasting conservative growth in room tax revenues over the original FY 2011 budget. During the year, actual room tax revenues exceeded original forecasts and in March 2012 the budget was augmented to increase room tax estimates by $27 million. This allowed for the restoration of funds for operating activities within the general fund of approximately $18.8 million, providing additional resources to achieve the core mission of promoting Las Vegas as the world's most desirable destination for leisure and business travel. The augmentation also allocated funds to capital and reserves, sustaining our commitment to preserving the LVCVA's financial integrity. During the year, inter-departmental transfers were also made, as necessary.

The tables below summarize the changes in both revenues and expenditures budget.

| GENERAL FUND CHANGES IN BUDGETED REVENUES AND TRANSFERS | Original Budget | Revisions | Final Budget |
|---|---|---|---|
| Room taxes and gaming fees | $ 174,950,000 | $ 27,000,000 | $ 201,950,000 |
| Charges for service | 42,486,500 | | 42,486,500 |
| Transfers in | 5,492,668 | (5,063,768) | 428,900 |

| GENERAL FUND CHANGES IN BUDGETED EXPENDITURES AND TRANSFERS | Original Budget | Revisions | Final Budget |
|---|---|---|---|
| General government | $ 11,875,052 | $ 1,256,400 | $ 13,131,452 |
| Marketing | 27,758,400 | 3,623,200 | 31,381,600 |
| Advertising | 74,067,908 | 10,677,180 | 84,745,088 |
| Operations | 38,020,100 | 925,900 | 38,946,000 |
| Community support: | | | |
| Special events grants | 8,162,640 | (176,680) | 7,985,960 |
| Other community support | 20,495,000 | 800,000 | 21,295,000 |
| Transfers out | 49,596,394 | 14,000,000 | 63,596,394 |

Actual general fund revenues and transfers in totaled $250.9 million, $27.6 million higher than the original budget. Total actual general fund expenditures and transfers out totaled $253.4 million, about $23.4 million more than the original budget.

## CAPITAL ASSETS

Prior to FY 2012, many maintenance and renovation programs had been reduced or suspended due to the recession. Fortunately, continued growth in the room tax revenues have allowed the LVCVA to once again allocate resources to sustain our operational excellence and reinvest in our facilities and infrastructure. The LVCVA's investment in capital assets as of June 30, 2012 totaled $458.1 million (net of accumulated depreciation and amortization), which is a decrease of 2.1% from FY 2011. Depreciation and amortization expense for the year was approximately $16.9 million.

More detailed information on capital assets can be found in Note 5 on pages 27 and 28.

| CAPITAL ASSETS (net of depreciation) | June 30, 2011 | June 30, 2012 |
|---|---|---|
| Land | $ 163,406,143 | $ 163,406,143 |
| Intangibles | 136,338 | 118,726 |
| Construction in progress | 2,433,459 | 6,439,047 |
| Buildings | 269,399,538 | 258,205,599 |
| Improvements | 27,340,394 | 25,019,456 |
| Furniture and equipment | 5,074,491 | 4,930,501 |
| | $ 467,790,363 | $ 458,119,472 |

## LONG-TERM DEBT

At June 30, 2012, the LVCVA had a total outstanding bonded debt of $593 million. Of this amount, $348 million was general obligation bonds additionally secured by specified revenue sources and $245 million was revenue bonds. Furthermore, of the total outstanding debt the LVCVA is reporting, $293.5 million was for the purpose of providing funds to NDOT for transportation projects within the resort corridor in the Southern Nevada area.

You can find more detailed information on long-term debt in Note 8 on pages 29 through 33.

| | General Obligation Bonds | Revenue Bonds | Total |
|---|---|---|---|
| | (In Thousands) | | |
| Principal balance - beginning | $ 355,935 | $ 246,130 | $ 602,065 |
| Principal payments | (7,980) | (1,105) | (9,085) |
| Principal balance - ending | $ 347,955 | $ 245,025 | $ 592,980 |

## ADDITIONAL FINANCIAL INFORMATION

The LVCVA's financial statements are designed to present users (citizens, taxpayers, customers and investors) with a general overview of the LVCVA's finances and to demonstrate accountability. If you have any questions about the report or need additional financial information, please contact:

LVCVA Vice President of Finance
3150 Paradise Road
Las Vegas, NV 89109
(702) 892-2990

Or, please visit our website at:

www.lvcva.com/who-we-are/funding-and-finance/

# BASIC FINANCIAL STATEMENTS

## Government-Wide

| | |
|---|---|
| **Assets:** | |
| Cash and investments | $ 156,495,874 |
| Receivables: | |
| Room taxes and gaming fees | 36,569,404 |
| Accounts | 8,307,313 |
| Interest | 41,064 |
| Prepaid items | 1,348,274 |
| Inventory | 325,987 |
| Deferred charges, debt issuance costs | 8,227,965 |
| Postemployment benefits other than pensions prepayment | 85,888 |
| Other | 791,956 |
| Capital and intangible assets, | |
| Non-depreciable | 169,945,190 |
| Depreciable, net of accumulated depreciation and amortization | 288,174,282 |
| Total assets | 670,313,197 |
| **Liabilities:** | |
| Accounts payable | 24,870,134 |
| Accrued payroll and related items | 2,270,318 |
| Due to other governments | 7,200,436 |
| Customer deposits | 418,449 |
| Unearned revenue | 1,112,909 |
| Interest payable | 16,283,384 |
| Noncurrent liabilities: | |
| Due within one year: | |
| Capital lease obligation | 93,463 |
| Bonds payable | 21,595,000 |
| Compensated absences payable | 2,643,501 |
| Due in more than one year: | |
| Bonds payable, net of unamortized bond premiums, discounts and deferred refunding charges | 573,806,231 |
| Compensated absences payable | 1,798,805 |
| Postemployment benefits other than pensions payable | 14,317,598 |
| Total liabilities | 666,410,228 |
| **Net assets:** | |
| Invested in capital assets, net of related debt | 156,089,778 |
| Restricted for: | |
| Capital grants to other governments | 30,181,206 |
| Debt service | 43,659,021 |
| Unrestricted: | |
| Related to non-capital debt (See Note 3) | (293,465,000) |
| Related to capital projects | 44,172,228 |
| Other | 23,265,736 |
| Total net assets | $ 3,902,969 |

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

| | | Program Revenues | | Net (Expenses) |
|---|---|---|---|---|
| Function/Program | Expenses | Charges for Services | Capital Grants and Contributions | Revenues and Changes in Net Assets |
| Governmental activities: | | | | |
| General government | $ 13,161,575 | | $ 5,120,976 | $ (8,040,599) |
| Marketing | 31,487,830 | $ 1,387,596 | | (30,100,234) |
| Advertising | 83,636,233 | | | (83,636,233) |
| Operations | 57,770,778 | 47,310,711 | | (10,460,067) |
| Community support and grants: | | | | |
| Capital grants to other governments | 67,095,403 | | | (67,095,403) |
| Special events grants | 7,713,777 | | | (7,713,777) |
| Other community support | 21,274,096 | | | (21,274,096) |
| Interest on long-term debt | 32,609,959 | | | (32,609,959) |
| Total governmental activities | $ 314,749,651 | $ 48,698,307 | $ 5,120,976 | (260,930,368) |
| General revenues: | | | | |
| Room taxes and gaming fees | | | | 202,571,146 |
| Interest and investment earnings | | | | 447,735 |
| Miscellaneous | | | | 1,620,422 |
| Total general revenues | | | | 204,639,303 |
| Change in net assets | | | | (56,291,065) |
| Net assets - beginning | | | | 60,194,034 |
| Net assets - ending | | | | $ 3,902,969 |

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

# BASIC FINANCIAL STATEMENTS

## Governmental Funds

| | General Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|---|
| Assets: | | | | |
| Cash and investments | $ 31,395,208 | $ 78,785,248 | $ 46,315,418 | $ 156,495,874 |
| Receivables: | | | | |
| Room taxes and gaming fees | 19,034,745 | | | 19,034,745 |
| Accounts | 7,543,748 | 763,565 | | 8,307,313 |
| Interest | 10,316 | 23,763 | 6,985 | 41,064 |
| Due from other funds | 2,663,382 | | | 2,663,382 |
| Inventory | 325,987 | | | 325,987 |
| Prepaid items | 1,344,954 | 3,320 | | 1,348,274 |
| Other | 791,956 | | | 791,956 |
| Total assets | $ 63,110,296 | $ 79,575,896 | $ 46,322,403 | $ 189,008,595 |
| Liabilities and fund balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | $ 20,411,237 | $ 4,458,897 | | $ 24,870,134 |
| Accrued payroll and related items | 2,270,318 | | | 2,270,318 |
| Due to other governments | 5,446,970 | | | 5,446,970 |
| Due to other funds | | | $ 2,663,382 | 2,663,382 |
| Deferred revenue | 1,112,910 | 763,565 | | 1,876,475 |
| Customer deposits | 418,449 | | | 418,449 |
| Total liabilities | 29,659,884 | 5,222,462 | 2,663,382 | 37,545,728 |
| Fund balances: | | | | |
| Nonspendable | 2,462,897 | 3,320 | | 2,466,217 |
| Restricted | 5,446,970 | 30,181,206 | 43,659,021 | 79,287,197 |
| Committed | 10,350,312 | 43,399,036 | | 53,749,348 |
| Assigned | 11,090,000 | 769,872 | | 11,859,872 |
| Unassigned | 4,100,233 | | | 4,100,233 |
| Total fund balances | 33,450,412 | 74,353,434 | 43,659,021 | 151,462,867 |
| Total liabilities and fund balances | $ 63,110,296 | $ 79,575,896 | $ 46,322,403 | |

| | |
|---|---|
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital and intangible assets used in the governmental activities are not current financial resources; and therefore, are not reported in the funds (See note 2) | 458,119,472 |
| Certain assets are not available to pay for current period expenditures; and therefore, are not recorded or are deferred in the funds: | |
| Room taxes and gaming fees - earned but unavailable | 17,534,659 |
| Other community support | (1,753,466) |
| Other revenue - earned but unavailable | 763,566 |
| Deferred charges - debt issuance costs | 8,227,965 |
| Postemployement benefits other than pensions | 85,888 |
| Certain liabilities are not due and payable in the current period; and therefore, are not reported in the funds: | |
| Accrued compensated absences | (4,442,306) |
| Postemployment benefits other than pensions | (14,317,598) |
| Long-term liabilities, including bonds, deferred refunding charges and accrued interest (See note 2) | (611,778,078) |
| | $ 3,902,969 |

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

| | General Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|---|
| Revenues: | | | | |
| Room taxes and gaming fees | $ 201,406,046 | | | $ 201,406,046 |
| Charges for services | 49,168,968 | | | 49,168,968 |
| Interest and investment earnings | 240,177 | $ 129,984 | $ 77,574 | 447,735 |
| Federal grant subsidy | | | 5,120,976 | 5,120,976 |
| Miscellaneous | 5,393 | 1,615,032 | | 1,620,425 |
| Total revenues | 250,820,584 | 1,745,016 | 5,198,550 | 257,764,150 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 12,452,224 | | | 12,452,224 |
| Marketing | 30,289,998 | | | 30,289,998 |
| Advertising | 83,636,231 | | | 83,636,231 |
| Operations | 37,131,878 | | | 37,131,878 |
| Community support and grants: | | | | |
| Capital grants to other governments | | 67,095,403 | | 67,095,403 |
| Special events grants | 7,713,777 | | | 7,713,777 |
| Other community support | 21,157,585 | | | 21,157,585 |
| Capital outlay: | | | | |
| Capitalized assets | | 7,479,924 | | 7,479,924 |
| Non-capitalized assets | | 1,505,113 | | 1,505,113 |
| Debt service: | | | | |
| Principal | | 90,212 | 9,085,000 | 9,175,212 |
| Interest | | 6,452 | 33,669,341 | 33,675,793 |
| Total expenditures | 192,381,693 | 76,177,104 | 42,754,341 | 311,313,138 |
| Excess (deficiency) of revenues over (under) expenditures | 58,438,891 | (74,432,088) | (37,555,791) | (53,548,988) |
| Other financing sources (uses): | | | | |
| Transfers in | 97,149 | 14,000,000 | 47,035,737 | 61,132,886 |
| Transfers out | (61,035,737) | | (97,149) | (61,132,886) |
| Proceeds from the sale of assets | 222,906 | | | 222,906 |
| Total other financing sources (uses) | (60,715,682) | 14,000,000 | 46,938,588 | 222,906 |
| Net change in fund balances | (2,276,791) | (60,432,088) | 9,382,797 | (53,326,082) |
| Fund balances - beginning | 35,727,203 | 134,785,522 | 34,276,224 | 204,788,949 |
| Fund balances - ending | $ 33,450,412 | $ 74,353,434 | $ 43,659,021 | $ 151,462,867 |



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

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | $ (53,326,082) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of net assets, assets with an initial, individual cost that meets LVCVA's capitalization threshold are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. | | |
| Capital outlays | $ 7,479,924 | |
| Depreciation and amortization expense, net of decrease for disposed assets | (17,150,516) | (9,670,592) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 694,142 |
| The issuance of long-term debt (*i.e.* , bonds, capital leases and commercial paper) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred in the statement of net assets and amortized over the term of the related debt. | | |
| Amortization of debt premiums and discounts | 1,255,129 | |
| Amortization of debt issuance costs | (464,948) | |
| Amortization of deferred refunding charges | (834,380) | |
| Accrued interest expense | 1,110,032 | |
| Repayment of debt principal | 9,175,211 | 10,241,044 |
| 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 the governmental funds. | | |
| Compensated absences | 216,410 | |
| Postemployment benefits other than pensions | (4,329,476) | |
| Grants and special events - payable to other governments | (116,511) | (4,229,577) |
| Change in net assets of governmental activities | | $ (56,291,065) |

# BASIC FINANCIAL STATEMENTS

## Notes to the Financial Statements

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Las Vegas Convention and Visitors Authority (the LVCVA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the primary source of governmental accounting and financial reporting principles. The LVCVA's significant accounting policies are summarized below, along with a discussion of some of the practices that are unique to governments.

### REPORTING ENTITY

The LVCVA was created in 1955 under the provisions of Nevada Revised Statutes (NRS) 244A as the Clark County Fair and Recreation Board. This NRS governs the powers and duties of the Board of Directors (the Board), including the number, selection, and term of its members. The LVCVA is subject to all State of Nevada (the State or Nevada) laws governing local governments, including the Local Government Budget and Finance Act. The Board is responsible for establishing policy for overall operations. The LVCVA President serves as chief executive officer. The LVCVA does not include any component units in its financial statements and is not included as a component unit in any other entity's financial statements.

The LVCVA is mandated to establish, acquire and improve recreation and convention facilities and to advertise and promote the recreation facilities located within Clark County (the County). In addition, the LVCVA may solicit and promote conventions and tourism to enhance the general economy of the area.

### GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

*Government-wide financial statements* display information about the reporting government as a whole. In order to present an accurate financial picture, the effects of interfund activity have been eliminated. The purpose of the statement of activities is to allow financial statement users to determine operating results of the LVCVA in its entirety over a period of time. It demonstrates the degree to which the direct expenses are offset by program revenues.

*Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. The LVCVA's program revenues include, but are not limited to, charges to customers for facility rentals, commissions from concession stand sales, parking revenue, and commissions from electrical, plumbing and telephone services.

Room taxes and gaming fees and other items not included among program revenues are reported instead as general revenues.

The statement of net assets is intended to present a snapshot of the financial position of the LVCVA as a whole as of year end. It displays the difference between assets and liabilities as net assets.

*Governmental fund financial statements* are used to account for essentially the same functions reported 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental fund types are used to account for the general governmental activities. The operating fund of the LVCVA is the general fund. The capital projects fund is used to account for the acquisition of capital assets, the construction of new facilities and improvement of the facilities. Servicing of long-term debt obligations is recorded in the debt service fund.

### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of measurement focus.

*Government-wide financial statements* are presented on a *full* accrual basis of accounting with an *economic resource measurement focus*. An economic resource measurement focus concentrates on net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and liabilities are recorded at the time the obligations are incurred, regardless of the timing of related cash inflows and outflows.

*Governmental fund financial statements* are presented using a *modified* accrual basis and the *current financial resources measurement focus.* Earned 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. Liabilities are generally recorded when an obligation is incurred, as under accrual accounting. However, debt service expenditures and certain other long-term obligation expenditures are recorded only when payment is due.

Since the fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are necessary to explain the adjustments needed to transform the fund based financial statements into the government-wide presentation.

The financial transactions of the LVCVA are recorded in individual funds. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues and expenditures.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued):

The GASB Statement No. 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the government combined) for the determination of major funds for financial reporting purposes. This statement also gives governments the discretion to include as major funds those having particular importance.

The LVCVA reports the following major governmental funds:

*General Fund*

- Used as the LVCVA's primary operating fund, it accounts for resources traditionally associated with governments that are not required to be accounted for in another fund. The most significant sources of revenue are room taxes and gaming fees, which are assessed on hotels and motels in Clark County. Facility rentals, concession commissions, and contractor commissions also provide a large amount of general fund revenue. The primary expenditures are for advertising, marketing and operation of the facilities.

*Capital Projects Fund*

- Accounts for capital expenditures for furniture, equipment, and improvements or additions to land, and buildings financed by general government resources.
- Accounts for capital grants to other governments, which are for the express purpose of capital construction activities by the other government.

*Debt Service Fund*

- Used by the LVCVA to accumulate monies for the payment of principal and interest on the following long-term debt:

| | |
|---|---|
| 4/05 Revenue Bonds | 5/07 General Obligation Refunding Bonds |
| 12/07 Revenue Bonds | 7/08 (NDOT) General Obligation Bonds |
| 2010A (NDOT/BABs) General Obligation Bonds | 2010B (NDOT) General Obligation/Refunding Bonds |
| 2010C (NDOT/BABs) General Obligation Bond | 2010D (NDOT) General Obligation Bonds |
| 2010E Refunding Revenue Bonds | |

## ASSETS, LIABILITIES AND EQUITY

### DEPOSITS AND INVESTMENTS

Cash and cash equivalents are defined as bank accounts, petty cash, money market demand accounts and certificates of deposits with original maturities of three months or less.

The LVCVA's investment policy authorizes investments in obligations of the U.S. Treasury, U.S. Agencies, commercial paper, banker's acceptances, money market funds, repurchase agreements (REPOs) and the Nevada State Treasurer's investment pool (LGIP). The holding period of the LVCVA's investments does not exceed five years. The LVCVA's policy also governs the limitations as to the percentage of each type of investment held, its term to maturity, and allocation of investments in two to five year maturities.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued):**

The LVCVA's investments are generally reported at fair value, as determined by quoted market price. However, the LVCVA reports investments at cost if they have a remaining maturity at the time of purchase of one year or less. The LVCVA includes in investment income the change in fair value along with any realized gains or losses.

**RECEIVABLES AND PAYABLES**

Transactions between funds that are outstanding at year end are reported as "due to/from other funds" within the fund financials statements. For government-wide financial statements, receivables and related revenues are recognized as soon as they are earned, whereas for governmental fund financial statement purposes, receivables and related revenues are recognized only when they are both measurable and available. Room taxes and gaming fees receivable, the LVCVA's major revenue source, are considered measurable and available when they can be collected within 30 days after year end.

Receivables are reported at gross value and, if appropriate, are reduced by any significant amounts expected to be uncollectible.

**PREPAID ITEMS AND INVENTORY**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements, prepaid items are recorded as expenditures when consumed rather than when purchased.

Inventory is primarily comprised of promotional items and is recorded at cost. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased.

**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, capital leases and intangibles, are accounted for in the government-wide financial statements. All purchased capital assets are valued at historical cost net of impairment adjustments, if any. Donated assets are valued at their estimated fair value on the date of gift. Additions or improvements and other capital outlays that significantly extend the useful life of an asset or that significantly enhances the functionality of an asset are capitalized.

Costs incurred for normal repairs and maintenance that do not add to the functionality of assets or materially extend asset lives are expensed as incurred.

The LVCVA classifies an item as a capital asset that has an estimated useful life of at least one year and meets the cost thresholds of the following:

- Assets with a unit acquisition cost greater than $10,000.
- Bulk purchases with a total combined cost greater than $25,000.

Depreciation and amortization on exhaustible assets and intangibles is recorded in the statement of activities, while accumulated depreciation and amortization is reflected in the statement of net assets. Depreciation and amortization for buildings and land improvements is computed on a straight-line basis over the following estimated useful lives using a half-year convention. Depreciation for all other assets are computed on a straight-line basis based on date of acquisition.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued):

| ASSET DESCRIPTION | USEFUL LIFE (YEARS) |
|---|---|
| Buildings | 50 |
| Major land improvements, leasehold improvements and building improvements. Leasehold improvements are limited to the shorter of useful life or lease term. | 10 |
| Furniture/fixtures, and the following equipment items: baseball equipment, carts, communication equipment (mobile), forklifts, heavy equipment, set-up equipment, power tools, risers, tables, telephones, test equipment, turf equipment, typewriters, vacuums, and word processing equipment | 10 |
| Equipment items in the following categories: camera equipment, cleaning equipment, copiers, fax machines, MATV equipment, mowers, refuse equipment, mobile sound equipment, tools, turnstiles, vehicles, and other equipment | 5-15 |
| Computers, printers, and software | 3 |

Intangibles assets with indefinite lives are not amortized, but rather are evaluated annually for continued compliance with applicable requirements.

Gains or losses from sales or retirements of capital assets are included in the statement of activities.

### COMPENSATED ABSENCES

Personal time off (PTO) is a benefit that provides employees greater flexibility in the use of time off with pay. Employees who do not complete the introductory period of two months forfeit all accrued PTO and are not entitled to pay-out on accrued PTO. Upon separation from the LVCVA, regular employees having less than three years of service are entitled to receive 60% of their unused PTO balance. Employees having in excess of three years of service are entitled to payment of a maximum of 300 hours (500 hours for non-bargaining/non-management employees) at 100% with the remaining PTO balance paid on an increasing percentage based on years of service to the LVCVA. Management and executive employees having less than two years of service are entitled to payment for their unused PTO balance at a rate of 60% and are entitled to 100% for more than two years of service.

### OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

Effective July 1, 2007, the LVCVA implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of that statement, the LVCVA elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2008. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of the LVCVA, calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation at June 30, 2012, is determined by adding the annual OPEB cost to the OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued):

### LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are reported as deferred charges on the statement of net assets and are amortized over the term of the related debt.

For governmental fund types, bond premiums and discounts, as well as issuance costs are recognized during the current period, as applicable. Bond proceeds are 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, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

### ACCOUNTING CHANGES

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employers Plans,* effective for the LVCVA for the periods beginning after June 15, 2011. This statement relates to the use and reporting of alternative measurement methods for actuarial valuations first used to report funded status information in OPEB plan financial statements. The LVCVA implemented this standard and determined that it did not have a material effect on the LVCVA's reporting or financial position.

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* effective for periods beginning after December 15, 2011. This statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The LVCVA implemented this standard and determined that it did not have any service concession arrangements to which this standard applies and therefore, this implementation did not have any impact on current reporting.

Also in November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and 34*. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2012. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The LVCVA implemented this standard and determined that it did not have an effect on the LVCVA's reporting or financial position as the LVCVA does not have any component units which require reporting and has no ownership interests in other entities.

In December 2010, GASB issued Statement No. 62*, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued):

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures.

This statement also supersedes GASB Statement No. 20, *Accounting and financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The LVCVA implemented this standard and determined that it did not modify any of the LVCVA's accounting and reporting practices.

In June 2011, the GASB issued Statement No. 64*, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53,* effective for periods beginning after June 15, 2011. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establishes when the effective relationship continues and hedge accounting should continue to be applied. As the LVCVA does not enter into derivatives transactions, this statement is not applicable to the LVCVA and had no effect on the LVCVA's financial position or operations.

### USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

## NOTE 2 . RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "capital and intangible assets used in the governmental activities are not current financial resources; and therefore, are not reported in the funds." The details of this $458,119,472 difference are as follows:

| | | |
|---|---|---|
| Depreciable and amortizable capital and intangible assets | $ | 493,205,411 |
| Accumulated depreciation and amortization | | (205,031,129) |
| Depreciable and amortizable capital and intangible assets, net | | 288,174,282 |
| Non-depreciable and non-amortizable capital and intangible assets | | 169,945,190 |
| Net adjustment to increase *fund balance – total governmental funds* to arrive at *net assets – governmental activities* | $ | 458,119,472 |

## NOTE 2 . RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued):

Another element of that reconciliation explains that "long-term liabilities, including bonds, deferred refunding charges and accrued interest" are not due and payable in the current period; and therefore, are not reported in the funds. The details of this $611,778,078 difference are as follows:

| | | |
|---|---|---|
| Bonds payable, due in more than one year | $ | 571,385,000 |
| Bonds payable, due within one year | | 21,595,000 |
| Capital lease obligation, due within one year | | 93,463 |
| Unamortized bond premiums, discounts and deferred refunding charges | | 2,421,231 |
| Interest payable | | 16,283,384 |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities* | $ | 611,778,078 |

## NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

### BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with GAAP for all of the LVCVA's governmental funds. Requests for current year transfers and following year appropriations are submitted by divisions and sections for review and approval. As required by the NRS, the tentative budget documents are filed with the Nevada Department of Taxation and the County Clerk by April 15. After April 15 and before the third Thursday in May, the public has the opportunity to review the tentative budget document and submit any comments for inclusion on the agenda of the public hearing. The approved budget is fully integrated on July 1 with LVCVA's accounting system. All appropriations lapse at the end of the fiscal year.

The NRS prohibit expenditures in excess of appropriations at the function level, which is the legal level of budgetary control. Budget transfers are reviewed by the Finance Department for budget availability and conformance with policies and the NRS. Three types of budget transfers are permitted by the NRS:

- Functional budget transfers are defined as transfers within the same function (*i.e.* general government, marketing, operations, and community support) and same fund (*i.e.* general fund, capital projects fund). The LVCVA President approves these transfers.
- Intra-fund budget transfers are defined as transfers between different functions, but within the same fund. The LVCVA President approves and the Board is advised of these transfers.
- Inter-fund or contingency budget transfers are defined as transfers between different funds and require prior approval of the Board.

Augmentations (increasing total appropriations) are accomplished by formal Board action. During the year, funds were re-appropriated to honor encumbrances that lapsed at June 30, 2011. All amendments made to the original budget were as prescribed by law.

## NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued):

### UNRESTRICTED NET ASSETS

Total unrestricted net assets at June 30, 2012, were ($226,027,036). The components of unrestricted net assets were as follows:

- Outstanding non-capital debt obligation of ($293,465,000) to NDOT for critically needed transportation projects (see Notes 8 and 13).
- Cumulative results of all past years' operations of $23,265,736 and $44,172,228 specifically identified for ongoing capital projects.

### NEW PRONOUNCEMENTS

In June 2011, the GASB issued Statement No. 63*, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* effective for periods beginning after December 15, 2011. This statement provides financial reporting guidance for identifying and reporting deferred outflows and deferred inflows of resources. The LVCVA will implement this statement in FY 2013.

The GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in March 2012. The provisions of this statement are effective for periods beginning after December 15, 2012. The intent of the statement is to further clarify which balances, currently reported in the financial statements as asset and liabilities, should instead be reported as deferred inflows or outflows. The LVCVA will determine if any items apply to the LVCVA's financial statements, and implement them in FY 2014.

Also, in March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. This statement attempts to remove the conflict in guidance which exists between No. 54 and No. 62, pertaining to the type of fund used to report risk financing. The statement will allow financial risk reporting to be reported in a general fund, an internal service fund, or in some cases a special revenue fund. The provisions of this statement are effective for periods beginning after December 15, 2012, which means FY 2014 for the LVCVA. The LVCVA does not currently have a conflict in reporting these items, since there are no special revenue funds within the LVCVA's financial statements. The LVCVA will evaluate the provisions and implement in FY 2014.

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, in June 2012, effective for periods beginning after June 15, 2013. This statement is intended to improve financial reporting by state and local governmental pension plans. This statement results from a comprehensive review of effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating addition transparency. The LVCVA will evaluate the provisions and implement in FY 2014.

Also, in June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* This statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans covered by the scope of this statement, as well as nonemployer governments that have a legal obligation to contribute to those plans. The provisions of this statement are effective for periods beginning after June 15, 2014, which means FY 2015 for the LVCVA. The LVCVA will evaluate the provisions and implement in FY 2015.

## NOTE 4. CASH AND INVESTMENTS:

The LVCVA maintains a cash and investment pool that is available for use by all funds. At June 30, 2012, this pool is displayed in the statement of net assets and governmental funds balance sheet as "cash and investments". The LVCVA accounts for its debt issuance proceeds portfolio separately in the capital projects funds. At year end, the LVCVA's cash and investment balances consisted of the following:

| | | |
|---|---|---|
| Cash: | | |
| Cash on hand | $ | 14,400 |
| Deposits in bank and cash equivalents | | 60,006,004 |
| Investments (U.S. Agencies and LGIP) | | 96,475,470 |
| | $ | 156,495,874 |

At year end, the LVCVA's carrying amount of deposits was $42,727,113, and the bank balance was $43,090,514. According to the NRS, the LVCVA monies must be deposited in federally insured banks, credit unions, or savings and loan associations in the State. The LVCVA is authorized to use demand accounts, time accounts, and certificates of deposits. The NRS do not specifically require collateral for all demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible investments. Permissible investments are similar to allowable LVCVA investments described below, except that the NRS permit longer terms and include securities issued by municipalities within the State. The LVCVA's deposits are fully covered by the federal depository insurance or collateralized at 102% by securities held by the LVCVA's agent in the LVCVA's name.

The LGIP operates in accordance with all applicable NRS and the fair value of its' shares is the same as the reported value of the shares.

As of June 30, 2012, the LVCVA had the following investments:

| | | | Investments by Maturities | | | |
|---|---|---|---|---|---|---|
| | Original Cost | Fair Value | Less than 1 Year | 1 - 5 Years | Accrued Interest | Total Value |
| U.S. Agencies | $ 56,655,766 | $ 56,675,435 | $ 45,969,965 | $ 10,705,470 | $ 35,694 | $ 56,711,129 |
| REPO | 17,278,891 | 17,278,891 | 17,278,891 | | | 17,278,891 |
| LGIP | 39,800,035 | 39,800,035 | 39,800,035 | | 5,370 | 39,805,405 |
| Total | $ 113,734,692 | $ 113,754,361 | $ 103,048,891 | $ 10,705,470 | $ 41,064 | $ 113,795,425 |

### CONCENTRATION OF CREDIT RISK

The NRS and the LVCVA's investment policy limit investment instruments by credit risk. All of the LVCVA's investments in commercial paper must to be rated P-1 by Moody's Investor Service and A-1 by Standard and Poor's. The LVCVA's money market investments must be invested in those funds rated by a nationally recognized rating service as AAA or its equivalent and that invest only in securities issued by the Federal Government, U.S. Agencies, or REPOs fully collateralized by such securities. The LVCVA's investments in U.S. Agencies, which are implicitly guaranteed by the U.S. Government must be all rated AAA or its equivalent by a nationally recognized rating service. The LGIP does not have a credit rating.

## NOTE 4. CASH AND INVESTMENTS (continued):

To limit exposure to concentrations of credit risk, the LVCVA's investment policy limits investment in U.S. Agencies to 80%, money market mutual funds to 30%, REPOs to 20% and LGIP to 40%, of the entire portfolio on the day of purchase. As of June 30, 2012, 50% of the LVCVA's investments were classified in U.S. Agencies, 15% in REPOs and 35% in the LGIP.

The LVCVA's investment in U.S. Agencies was comprised of securities issued by the Federal Home Loan Bank (19%), the Federal Home Loan Mortgage Corporation (56%), the Federal National Mortgage Association (20%), and the Federal Farm Credit Bank (5%).

### INTEREST RISK:

The LVCVA manages its exposure to the declines in fair Value by limiting the maturities of its investments to five years or less. Some of the U.S. Agency investments have call options or prepayment risk, which, if exercise, could shorten the maturity of these investments.

### CUSTODIAL CREDIT RISK:

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the LVCVA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At year end, the LVCVA did not have any significant custodial credit risk.

## NOTE 5. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2012, was as follows:

| Description | Balance at June 30, 2011 | Increases | Decreases | Balance at June 30, 2012 |
|---|---|---|---|---|
| Capital assets not being depreciated or amortized: | | | | |
| Land | $ 163,406,143 | | | $ 163,406,143 |
| Intangibles | 100,000 | | | 100,000 |
| Construction in progress | 2,433,459 | $ 5,172,890 | $ (1,167,302) | 6,439,047 |
| Total capital assets not being depreciated or amortized | 165,939,602 | 5,172,890 | (1,167,302) | 169,945,190 |
| Capital assets being depreciated or amortized: | | | | |
| Buildings | 433,086,588 | 1,162,222 | (1,280,051) | 432,968,759 |
| Intangibles | 306,581 | | | 306,581 |
| Improvements other than buildings | 40,704,395 | 1,157,763 | | 41,862,158 |
| Furniture and equipment | 17,565,273 | 1,154,351 | (651,711) | 18,067,913 |
| Total capital assets being depreciated or amortized | 491,662,837 | 3,474,336 | (1,931,762) | 493,205,411 |
| Accumulated depreciation or amortization: | | | | |
| Buildings | (163,687,050) | (12,107,168) | 1,031,058 | (174,763,160) |
| Intangibles | (270,243) | (17,612) | | (287,855) |
| Improvements other than buildings | (13,364,001) | (3,478,701) | | (16,842,702) |
| Furniture and equipment | (12,490,782) | (1,284,352) | 637,722 | (13,137,412) |
| Total accumulated depreciation or amortization | (189,812,076) | (16,887,833) | 1,668,780 | (205,031,129) |
| Net capital assets being depreciated or amortized | 301,850,761 | (13,413,497) | (262,982) | 288,174,282 |
| Governmental activities capital assets, net | $ 467,790,363 | $ (8,240,607) | $ (1,430,284) | $ 458,119,472 |

## NOTE 5. CAPITAL ASSETS (continued):

Depreciation and amortization expense for governmental activities was charged to functions as follows:

| | | |
|---|---|---|
| General government | $ | 10,130 |
| Marketing | | 87,304 |
| Operations | | 16,790,399 |
| | $ | 16,887,833 |

## NOTE 6. INTERFUND TRANSACTIONS:

The following schedule details the amounts due from/to other funds at June 30, 2012:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Debt Service Fund | $ 2,663,382 |

The outstanding balances between funds result mainly from the delayed time period between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) interest on investments in the debt funds is earned and is transferred back to the general fund.

Fund transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. For the year ended June 30, 2012, transfers between funds were as follows:

| | Transfers In | Transfers Out: General Fund | Transfers Out: Debt Service Fund |
|---|---|---|---|
| General Fund | $ 97,149 | | $ 97,149 |
| Capital Fund | 14,000,000 | $ 14,000,000 | |
| Debt Service Fund | 47,035,737 | 47,035,737 | |
| | $ 61,132,886 | $ 61,035,737 | $ 97,149 |

## NOTE 7. LEASES:

### OPERATING LEASES

The LVCVA has non-cancelable operating leases for office space, parking spaces, computers, copiers and other office equipment. Total rental costs for such leases were $41,233 for the year ended June 30, 2012. Future minimum lease payments for these leases are as follows:

| Year Ending June 30, | | |
|---|---|---|
| 2013 | $ | 23,427 |
| 2014 | | 9,284 |
| 2015 | | 2,040 |
| 2016 | | 510 |
| Total | $ | 35,261 |

## NOTE 7. LEASES (continued):

### CAPITAL LEASES

On October 1, 2010, the LVCVA entered into a $280,505 capital lease for office equipment, which has been capitalized as furniture and equipment. Amortization expense for FY 2012, was $93,502 and total accumulated amortization was $163,628 as of June 30, 2012 for a net value of $116,877. Total lease payments were $96,831 for the year ended June 30, 2012. Future minimum lease payments for this lease is as follows:

| Year Ending June 30, | |
|---|---|
| 2013 | $ 96,831 |
| Less portion of payment representing interest | (3,368) |
| Present value of minimum lease payments | $ 93,463 |

## NOTE 8. LONG-TERM DEBT:

### GENERAL OBLIGATION BONDS

The LVCVA issues general obligation and revenue bonds to provide funds for the improvement, acquisition or construction of major capital assets for the facilities. The LVCVA also issued debt in relation to its NDOT obligation. The total amount of the debt outstanding related to this legislative obligation is $293,465,000 at June 30, 2012, and is designated as NDOT as the purpose in the following summaries of debt. See Note 13 for further discussion.

Six of the LVCVA's outstanding bonds are general obligation bonds of Clark County, Nevada, acting by and through the LVCVA. They are primarily secured by ad valorem taxes and are additionally secured by net pledged revenues of the LVCVA primarily room taxes on hotels and motels in Clark County, Nevada.

It has been the practice of the LVCVA never to resort to the use of ad valorem taxes for debt service, but rather to use only net pledged revenues derived from operations. In fact, as of June 30, 2012, no ad valorem tax revenues have been allocated to the LVCVA for any purpose. No change in this practice is contemplated in the future.

In August 2012, the LVCVA issued $25 million in general obligation bonds for the purpose of acquiring and improving several parcels of land adjacent to the Las Vegas Convention Center, which is described in Note 15.

**NOTE 8. LONG-TERM DEBT (continued):**

The following is a summary of general obligation bonds payable at June 30, 2012:

| | |
|---|---|
| $38,200,000 - 5/07 Refunding Bonds due in annual installments through FY 2022. Semi-annual interest from 4.0 - 5.0% | $ 29,920,000 |
| $26,455,000 - 7/08 (NDOT) Bonds due in annual installments through FY 2028. Semi-annual interest from 4-5% | 25,080,000 |
| $70,770,000 - 2010A (NDOT/BABs) Bonds due in annual installments through FY 2020. Semi-annual interest from 6.55 - 6.75% | 70,770,000 |
| $53,520,000- 2010B (NDOT/Refunding) Bonds due in annual installments through FY 2027. Semi-annual interest from 4.25-6.0% | 51,440,000 |
| $155,390,000- 2010C (NDOT/BABs) Bonds due in annual installments through FY 2039. Semi-annual interest from 4- 7% | 155,390,000 |
| $18,515,000 - 2010D (NDOT) Bonds due in annual installments through FY 2016. Semi-annual interest from 3-5% | 15,355,000 |
| | $ 347,955,000 |

Annual debt service requirements to maturity for general obligation bonds, principal and interest are as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2013 | $ 8,570,000 | $ 20,058,283 |
| 2014 | 8,930,000 | 19,706,333 |
| 2015 | 9,335,000 | 19,299,283 |
| 2016 | 9,760,000 | 18,873,058 |
| 2017 | 10,200,000 | 18,429,383 |
| 2018-2022 | 57,345,000 | 84,728,000 |
| 2023-2027 | 72,365,000 | 67,996,118 |
| 2028-2032 | 60,405,000 | 47,813,406 |
| 2033-2037 | 75,645,000 | 25,140,637 |
| 2038-2039 | 35,400,000 | 2,412,745 |
| | $ 347,955,000 | $ 324,457,246 |

## NOTE 8. LONG-TERM DEBT (continued):

### REVENUE BONDS

In 1999, the State passed legislation that allowed the LVCVA to issue revenue bonds. The legislation allowed the bonds to be secured by and payable from room taxes and gaming fees, in addition to revenues from the operation of the facility.

The following is a summary of revenue bonds payable at June 30, 2012:

| | |
|---|---|
| $118,745,000 - 4/05 Revenue Bonds due in annual installments through FY 2020. Semi-annual interest from 3 - 5% | $ 116,480,000 |
| $50,000,000- 11/07 Revenue Bonds due in annual installments through FY 2037. Semi-annual interest from 4.25 - 6.0% | 46,620,000 |
| $81,925,000- 2010E Revenue Bonds due in annual installments through FY 2041. Semi-annual interest from 4 - 5.5% | 81,925,000 |
| | $ 245,025,000 |

Annual debt service requirements to maturity for the revenue bonds, principal and interest are as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2013 | $ 13,025,000 | $ 12,009,624 |
| 2014 | 13,720,000 | 11,310,067 |
| 2015 | 14,450,000 | 10,573,205 |
| 2016 | 16,870,000 | 9,764,167 |
| 2017 | 17,740,000 | 8,904,018 |
| 2018-2022 | 65,695,000 | 32,197,495 |
| 2023-2027 | 20,305,000 | 24,395,733 |
| 2028-2032 | 25,915,000 | 18,686,001 |
| 2033-2037 | 33,515,000 | 11,074,513 |
| 2038-2041 | 23,790,000 | 2,434,325 |
| | $ 245,025,000 | $ 141,349,148 |

## NOTE 8. LONG-TERM DEBT (continued):

### ARBITRAGE REBATE AND DEBT COVENANT REQUIREMENTS

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the LVCVA. Under this Act, an amount may be required to be rebated to the United States Treasury (called "arbitrage") for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. As of the most recent such date, the LVCVA's management believes that there is no rebatable arbitrage amount due. Future calculations might result in adjustments to this determination.

In addition, certain LVCVA long-term debt obligations are subject to restrictive debt covenants, including certain revenue levels and revenue/expense ratios for which LVCVA management believes it to be in compliance.

The changes in long-term liabilities for the fiscal year are as follows:

| | Interest paid During the Year | Beginning Balance, July 1, 2011 | Additions | Reductions | Ending Balance, June 30, 2012 |
|---|---|---|---|---|---|
| **BONDS** | | | | | |
| General Obligation/Pledged Revenue Bonds | | | | | |
| 5/07 Refunding Bonds | $ 1,485,644 | $ 32,185,000 | | $ (2,265,000) | $ 29,920,000 |
| 7/08 General Obligation Bonds | 1,183,985 | 25,555,000 | | (475,000) | 25,080,000 |
| 2010A General Obligation Bonds | 4,721,166 | 70,770,000 | | | 70,770,000 |
| 2010B General Obligation/Refunding Bonds | 2,256,800 | 53,520,000 | | (2,080,000) | 51,440,000 |
| 2010C General Obligation Bonds | 10,543,346 | 155,390,000 | | | 155,390,000 |
| 2010D General Obligation Bonds | 832,277 | 18,515,000 | | (3,160,000) | 15,355,000 |
| Revenue Bonds | | | | | |
| 4/05 Revenue Bonds | 5,957,681 | 116,645,000 | | (165,000) | 116,480,000 |
| 11/07 Revenue Bonds | 2,283,535 | 47,560,000 | | (940,000) | 46,620,000 |
| 2010E Revenue Bonds | 4,404,907 | 81,925,000 | | | 81,925,000 |
| Unamortized premiums, discounts and deferred refunding charges | | 2,841,980 | | (420,749) | 2,421,231 |
| **OTHER LIABILITIES** | | | | | |
| Compensated absences | | 4,658,716 | $ 3,383,959 | (3,600,369) | 4,442,306 |
| Capital lease obligation | | 183,674 | | (90,211) | 93,463 |
| Postemployment benefits other than pensions | | 9,902,234 | 5,467,889 | (1,138,413) | 14,231,710 |
| | $ 33,669,341 | $ 619,651,604 | $ 8,851,848 | $ (14,334,742) | $ 614,168,710 |

## NOTE 8. LONG-TERM DEBT (continued):

The portion of each long-term liability that is due in FY 2013 is shown below:

| | | Principal | | Interest |
|---|---|---|---|---|
| **BONDS** | | | | |
| General Obligation/Pledged Revenue Bonds | | | | |
| 5/07 Refunding Bonds | $ | 2,380,000 | $ | 1,386,938 |
| 7/08 General Obligations Bonds | | 495,000 | | 1,164,585 |
| 2010A General Obligations Bonds | | | | 4,721,166 |
| 2010B General Obligations Bonds | | 2,125,000 | | 2,214,750 |
| 2010C General Obligations Bonds | | | | 9,910,195 |
| 2010D General Obligations Bonds | | 3,570,000 | | 660,650 |
| Revenue Bonds | | | | |
| 4/05 Revenue Bonds | | 12,045,000 | | 5,638,406 |
| 12/07 Revenue Bonds | | 980,000 | | 2,230,835 |
| 2010E Revenue Bonds | | | | 4,140,382 |
| | | 21,595,000 | | 32,067,907 |
| **OTHER LIABILITIES** | | | | |
| Compensated absences | | 2,643,501 | | |
| Capital lease obligation | | 93,463 | | 3,368 |
| | $ | 24,331,964 | $ | 32,071,275 |

The general fund has been used in prior years to liquidate compensated absences.

## NOTE 9. RISK MANAGEMENT:

The LVCVA is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The LVCVA has third-party coverage for all lines of insurance, including property, commercial liability, and employees. For worker's compensation, the LVCVA is self-insured at a relatively low threshold. For claims over the threshold, third-party coverage would take effect. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

## NOTE 10. EMPLOYEE RETIREMENT PLAN:

### PLAN DESCRIPTION

All of the LVCVA's regular, full-time employees participate in a statewide, cost-sharing, multiple-employer defined benefit pension plan for governmental employees administered by the Public Employees Retirement System of Nevada (PERS). PERS was established in 1948 by the Nevada State Legislature and is governed by the Public Employees Retirement Board whose seven members are appointed by the Governor. The LVCVA exercises no control over PERS and is not liable for any obligations of the system.

Chapter 286 of the NRS establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation.

PERS provides pension, survivor, death and disability benefits. Various payment options for these benefits are available. Regular members of the system receive full benefits upon retirement at:

Age 65 with at least 5 years of service
Age 60 with 10 or more years of service
Any age with 30 years or more service

Retirement benefits, payable monthly for life, are equal to 2.5% of a member's average compensation per service year completed prior to July 1, 2001 and 2.67% for each year completed on or after July 1, 2001. Average compensation is the average of 36 consecutive months of the highest compensation. Benefits are fully vested upon reaching 5 years of service up to a maximum of 90% for those entering the system prior to July 1985 and 75% for those entering after that date. Vested employees who have not attained the required age may retire at any age with reduced benefits.

Contribution rates are established by the NRS and may only be amended through legislation. The contribution structure provides for yearly increases until such time as the actuarially determined unfunded liability of PERS is reduced to zero.

The required contribution rate and amount paid for fiscal years 2010-2012 were as follows:

| Fiscal year ended June 30, | Annual Required Contribution Rate | Annual Contribution Amounts |
|---|---|---|
| 2010 | 21.5% | $ 6,148,339 |
| 2011 | 21.5% | 5,905,538 |
| 2012 | 23.75% | 6,757,897 |

PERS issues a stand-alone CAFR that includes financial statements and required supplementary information for the plan. This report may be obtained by contacting PERS at the following address:

Public Employees Retirement System of Nevada
693 W. Nye Lane
Carson City, NV 89703-1599
(775) 687-4200

## NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

From the accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the costs occur, rather than in the future years when paid. The requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, were adopted for the year ended June 30, 2008. The LVCVA recognizes the cost of postemployment healthcare in the year when the employee services are received by reporting the accumulated liability from the prior years, and providing useful information in assessing potential demands on the LVCVA's future cash flows.

### PLAN DESCRIPTION

In accordance with NRS, retirees of the LVCVA may continue insurance through existing plans, if enrolled as an active employee at the time of retirement. The two programs available to active employees and retirees are the Clark County Self-Funded Group Medical and Dental Benefits Plan (CCSF), a cost-sharing multiple-employer defined benefit plan, and Health Plan of Nevada (HPN), a fully-insured health maintenance organization (HMO) plan.

The CCSF plan is not administered as a qualifying trust or equivalent arrangement, as defined by GASB Statement No. 45, and is included in the Clark County CAFR as an internal service fund (the Self-Funded Group Insurance Fund). The CCSF report may be obtained by writing Clark County, Nevada, PO Box 551210, 500 S. Grand Central Parkway, Las Vegas, Nevada 89155-1210.

The LVCVA provides continuation of medical insurance coverage to retirees under the State of Nevada Public Employees Benefits Program (PEBP) a cost-sharing multiple-employer defined benefit plan. For participants who enrolled in the PEBP prior to September 1, 2008, the LVCVA is responsible for payment of a monthly subsidy, based on the years of service with a local government in the Nevada PERS system for the life of the retiree. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The PEBP report may be obtained by writing or calling the Public Employee Benefit Plan, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701, (800) 326-5496.

### FUNDING POLICY

For the CCSF and HPN plans, contribution requirements of plan members and the LVCVA are established and may be amended through negotiations between the LVCVA and Clark County. In prior years, the LVCVA has made additional contributions to CCSF under terms of the agreement, which are held by Clark County. Retirees in the CCSF and HPN programs receive no direct subsidy from the LVCVA. Retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claim cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the LVCVA. The LVCVA currently pays for postemployment healthcare benefits on a pay-as-you-go basis.

## NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued):

At the September 13, 2011, Board of Directors meeting, revisions to the LVCVA's Financial Management Policy were approved to establish a funding plan for OPEB obligations. Beginning in FY 2013, the LVCVA has established an internal service fund to accumulate resources to be held in a reserve to offset the liability for postemployment benefits. Operating transfers from the General Fund to the OPEB Reserve Fund will be incorporated into the annual budget process based on the current revenue streams and the goal of fully funding the outstanding liability. The target for fully funding is 10 years from the establishment of the OPEB Reserve Fund.

The LVCVA is required to pay the PEBP an explicit subsidy, based on years of service, for retirees enrolled in this plan. The subsidy is set by the Nevada State Legislature.

Annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the LVCVA's annual OPEB cost for the year, the amount contributed to the plan, and the changes in the LVCVA's net OPEB obligation.

| | CCSF and HPN | PEBP | Total |
|---|---|---|---|
| Annual required contribution (ARC) | $ 4,645,087 | $ 426,713 | $ 5,071,800 |
| Interest on net OPEB obligation | 362,765 | 33,324 | 396,089 |
| Adjustment to the ARC | (524,544) | (48,186) | (572,730) |
| Annual OPEB cost (expense) | 4,483,308 | 411,851 | 4,895,159 |
| Contributions made | (337,551) | (228,132) | (565,683) |
| Increase in net OPEB obligations | 4,145,757 | 183,719 | 4,329,476 |
| Net OPEB obligation - beginning of the year | 10,171,841 | (269,607) | 9,902,234 |
| Net OPEB obligation - end of the year | $ 14,317,598 | $ (85,888) | $ 14,231,710 |

The LVCVA's annual OPEB cost, the percentage of annual cost contributed and net OPEB obligation for fiscal years 2010-2012 were as follows:

| | Fiscal year ended June 30, | Annual OPEB Cost | Percent of OPEB cost contributed | Net OPEB obligation |
|---|---|---|---|---|
| CCSF and HPN | 2010 | $ 2,843,816 | 16.9% | $ 6,141,038 |
| | 2011 | 4,373,784 | 6.6% | 10,171,841 |
| | 2012 | 4,483,308 | 7.5% | 14,317,598 |
| PEBP | | | | |
| | 2010 | 13,005 | 1863.7% | (413,420) |
| | 2011 | 401,791 | 63.2% | (269,607) |
| | 2012 | 411,851 | 55.4% | (85,888) |

## NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued):

### FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of June 30, 2012, was as follows:

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as a percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| CCSF and HPN | | | | | | |
| 7/1/2010 | | $ 40,177,231 | $ 40,177,231 | 0% | $ 28,609,549 | 140% |
| PEBP | | | | | | |
| 7/1/2010 | | $ 7,094,936 | $ 7,094,936 | 0% | N/A* | N/A* |

*PEBP is a closed plan; and therefore, there are no current employees covered by the PEBP.

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 multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan participates) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the LVCVA and the plan members. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

## NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued):

| | CCSF, HPN and PEBP |
|---|---|
| Actuarial valuation date | July 1, 2010 |
| Actuarial cost method | Entry age normal, level dollar amount |
| Amortization method | 30 years, open, level dollar |
| Remaining amortization period | 30 years remaining as of July 1, 2010 |
| Asset valuation | N/A, no assets in trust |
| | |
| Actuarial assumptions: | |
| Investment rate of return | 4% |
| Projected salary increases | N/A |
| Cost of living adjustments | N/A |
| Healthcare inflation rates | 9.5% to 10% in 2011/2012, grading down 0.5% per year until it reaches an ultimate rate of 5.0%. |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans 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.

## NOTE 12. CLASSIFICATION OF NET ASSETS AND FUND BALANCES:

### FUND BALANCE CLASSIFICATIONS:

In February 2009, the GASB issued Statement No. 54*, Fund Balance Reporting and Government Fund Type Definitions*, effective for periods beginning after June 15, 2010. Under GASB Statement No. 54, fund balances are required to be reported in new classifications based on the following definitions:

<u>Nonspendable Fund Balance</u> – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. These classifications include inventories, prepaid items, assets held for sale and long-term receivables.

<u>Restricted Fund Balance</u> – Includes constraints placed on the use of these resources that are either externally imposed by creditors (such as debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

<u>Committed Fund Balance</u> – Includes amounts that can only be used for a specific purpose because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

<u>Assigned Fund Balance</u> – Includes amounts that are constrained by the LVCVA's intent for specific purposes, but do not meet the criteria to be classified as restricted or committed. Such intent should be expressed by the Board or authorized designated officials. Constraints imposed on the use of assigned amounts can be removed without formal Board action.

## NOTE 12. CLASSIFICATION OF NET ASSETS AND FUND BALANCES (continued):

Unassigned Fund Balance – This is the residual classification of the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as a result of overspending for specific purposes for which amount has been restricted, committed or assigned.

### SPENDING PRIORITIZATION IN USING AVAILABLE RESOURCES:

When both restricted resources and other resources (*i.e.* committed, assigned, and unassigned) can be used for the same purposes, the LVCVA financial management policy considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the LVCVA budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

### GENERAL FUND BALANCE POLICY:

The LVCVA begins each new fiscal year operating from beginning fund balance for six weeks based on the timing of the first "new" years' room tax collections. Six weeks is approximately 12% of budgeted operating expenditures. Thus, in order to ensure that the LVCVA has sufficient cash on hand to meet all of its financial obligations in a timely manner and to ensure that essential services are not disrupted in times of fluctuating revenues, the LVCVA sets target ending fund balance between 4% and 16%.

The fund balances by component at June 30, 2012, were:

| | General Fund | Capital Project Funds | Debt Service Funds |
|---|---|---|---|
| Non-Spendable | | | |
| Inventory | $ 325,987 | | |
| Prepaids | 1,344,954 | $ 3,320 | |
| Other | 791,956 | | |
| Restricted | | | |
| Debt Service Funds | | | $ 43,659,021 |
| Collection Allocation | 5,446,970 | | |
| Nevada Department of Transportation | | 30,181,206 | |
| Committed | | | |
| Capital Project Funds | | 40,279,961 | |
| Operating Budget | 10,350,312 | 3,119,075 | |
| General Government | | | |
| Assigned | | | |
| Capital Project Funds | 8,000,000 | 769,872 | |
| General Government | 3,090,000 | | |
| Unassigned | 4,100,233 | | |
| | $ 33,450,412 | $ 74,353,434 | $ 43,659,021 |

## NOTE 13. COMMITMENTS AND CONTINGENCIES:

The United States is experiencing a widespread decline in residential real estate sales, mortgage lending and related construction activity, high unemployment, weakness in the commercial and investment banking systems, and is engaged in a war, all of which are likely to continue to have far-reaching effects on the economic activity in the country for an indeterminate period. The near- and long-term impact of these factors on the Nevada economy and the LVCVA's operations cannot be predicted at this time but may be substantial.

The LVCVA often carries cash and cash equivalents on deposits with financial institutions in excess of federally-insured limits, and the risk of losses related to such concentrations may be increasing as a result of the economic conditions discussed in the foregoing paragraph. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, is not subject to estimation at this time.

### ***CONTRACTS AND COMMITMENTS***

### VISITORS' CENTERS

The LVCVA has entered into cooperative agreements with the State to staff, operate, and maintain two visitor information centers owned by the State in Boulder City and Mesquite, Nevada. The centers provide information on recreational opportunities in Clark County. The agreements will expire in October 2013.

### NATIONAL FINALS RODEO

In January 2006, the LVCVA entered into an agreement with Professional Rodeo Cowboys Association (PRCA) to provide annual payments of $1,000,000 as a sponsorship fee for the National Finals Rodeo. The final payment will be made in fiscal year 2014.

### NEVADA DEPARTMENT OF TRANSPORTATION (NDOT) FUNDING

In June 2007, the Nevada State Legislature passed Assembly Bill 595, which will provide close to $1 billion in funding for critically needed transportation projects. To fund this bill, future tax revenues are to be diverted from several entities, including the LVCVA. The LVCVA's total commitment to the transportation funding bill is $300 million. Per the tenets of the bill, this debt service can be payable over 30 years and is not to exceed $20 million per year. At June 30, 2012, approximately $265.2 million had been disbursed to NDOT.

### CONSTRUCTION CONTRACTS AND COMMITMENTS

The LVCVA is a party to several contracts and commitments relating to construction projects and services. At June 30, 2012, such contracts totaled approximately $12,972,983 with an estimated outstanding balance of $5,787,352.

## NOTE 13. COMMITMENTS AND CONTINGENCIES (continued):

### WORLDWIDE ROUTES DEVELOPMENT FORUM ("ROUTES")

Las Vegas, *via* the LVCVA's sponsorship, will be hosting the 19th Worldwide Routes Development Forum (Routes) in October 2013. Routes is considered the premier international forum for the world's airline development industry. Routes acts as a facilitator where commercial and charter airlines, airports, and tourism authorities from every continent can meet in a single location. The LVCVA will provide approximately $2.2 million dollars to host this event.

### LEGAL MATTERS

The LVCVA is the defendant in various legal actions. It is the opinion of the LVCVA's management and legal counsel that they will not result in any material liabilities to the LVCVA.

The LVCVA does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

There may be possible expenses (unknown at this time) related to alleged ground water contamination in a parking area at the Las Vegas Convention Center. No order or request has been made regarding the scope of clean up of such contamination nor is one expected to be made in the near future.

## NOTE 14. ROOM TAX REVENUE:

Revenue for the LVCVA is primarily provided by a 10%-13% room tax imposed on lodging establishments in Clark County, Nevada. The division of this tax is presented below:

| | Total | LVCVA | Clark County School District | Clark County Transportation | Taxing Entity | State of Nevada |
|---|---|---|---|---|---|---|
| Resort hotels | 12%-13% | 5%-6% | 1 5/8% | 1% | 0%-1% | 3 3/8% |
| Other hotel and motels | 10%-13% | 2%-5% | 1 5/8% | 1% | 0%-2% | 2 3/8% - 3 3/8% |

## NOTE 15. SUBSEQUENT EVENTS:

On July 19, 2012, the LVCVA issued $25 million in general obligation bonds for the purpose of acquiring and improving several parcels of property adjacent to the Las Vegas Convention Center for future expansion purposes.

On August 8, 2012, and September 4, 2012, the LVCVA purchased approximately 1.4 and .3 acres of land, respectively.

# REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF FUNDING PROGRESS

Postemployment Benefits Other Than Pensions

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

### Governmental Funds

General Fund

This fund is the primary operating fund which accounts for the accumulation of financial resources of the LVCVA; except for those required to be accounted for in a separate fund.

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| CCSF and HPN | | | | | | |
| 7/1/2006 | --- | $ 17,453,525 | $ 17,453,525 | 0% | $ 22,804,727 | 77% |
| 7/1/2008 | --- | 25,033,272 | 25,033,272 | 0% | 30,317,437 | 83% |
| 7/1/2010 | --- | 40,177,231 | 40,177,231 | 0% | 28,609,549 | 140% |
| PEBP | | | | | | |
| 7/1/2006 | --- | $ 4,495,818 | $ 4,495,818 | 0% | $ 5,874,223 | 77% |
| 7/1/2008 | --- | 221,086 | 221,086 | 0% | N/A* | N/A* |
| 7/1/2010 | --- | 7,094,936 | 7,094,936 | 0% | N/A* | N/A* |

* PEBP is a closed plan; and therefore, there are no current employess covered by the PEBP.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Revenues: | | | | |
| Room taxes and gaming fees | $ 174,950,000 | $ 201,950,000 | $ 201,406,046 | $ (543,954) |
| Charges for service | 42,486,500 | 42,486,500 | 49,168,968 | 6,682,468 |
| Interest and investment earnings | 374,000 | 374,000 | 240,177 | (133,823) |
| Miscellaneous | 6,000 | 6,000 | 5,393 | (607) |
| Total revenues | 217,816,500 | 244,816,500 | 250,820,584 | 6,004,084 |
| Expenditures: | | | | |
| General government | 11,875,052 | 13,131,452 | 12,452,224 | 679,228 |
| Marketing | 27,758,400 | 31,381,600 | 30,289,998 | 1,091,602 |
| Advertising | 74,067,908 | 84,745,088 | 83,636,231 | 1,108,857 |
| Operations | 38,020,100 | 38,946,000 | 37,131,878 | 1,814,122 |
| Community support and grants: | | | | |
| Special events grants | 8,162,640 | 7,985,960 | 7,713,777 | 272,183 |
| Other community support | 20,495,000 | 21,295,000 | 21,157,585 | 137,415 |
| Total expenditures | 180,379,100 | 197,485,100 | 192,381,693 | 5,103,407 |
| Excess of revenues over expenditures | 37,437,400 | 47,331,400 | 58,438,891 | 11,107,491 |
| Other financing sources (uses): | | | | |
| Transfers in | 5,492,668 | 428,900 | 97,149 | (331,751) |
| Transfers out | (49,596,394) | (63,596,394) | (61,035,737) | 2,560,657 |
| Proceeds from the sale of assets | 10,000 | 10,000 | 222,906 | 212,906 |
| Total other financing sources (uses): | (44,093,726) | (63,157,494) | (60,715,682) | 2,441,812 |
| Net change in fund balances | (6,656,326) | (15,826,094) | (2,276,791) | 13,549,303 |
| Fund balances - beginning | 35,727,203 | 35,727,203 | 35,727,203 | |
| Fund balances - ending | $ 29,070,877 | $ 19,901,109 | $ 33,450,412 | $ 13,549,303 |

**NOTE 1. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:**

For the year ended June 30, 2012, no significant events occurred that would have affected or changed the benefits provision, size or composition of those covered by the other postemployment benefit plans, or actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2006, July 1, 2008 and July 1, 2010.

The actuarial accrued liability and unfunded actuarial accrued liability involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These estimates are subject to continual revisions.

Additional information related to postemployment benefits other than pensions can be found in Note 11 to the LVCVA's basic financial statements on pages 36 through 39 of this report.

**NOTE 2. BASIS OF PRESENTATION:**

The accompanying required supplementary general fund schedule of revenues, expenditures and changes in fund balances presents the original adopted budget, the final amended budget and actual general fund data. The original budget was adopted on a basis consistent with the LVCVA's financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budget were as prescribed by law and similarly consistent.

Additional budgetary information can be found in Note 3 to the LVCVA's financial statements on page 25 of this report.

# INDIVIDUAL FUND INFORMATION

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

### Governmental Funds

Capital Projects Fund

This fund is used to account for the acquisition of capital assets and the construction of new facilities or improvements.

Debt Service Fund

This fund accounts for the accumulation of resources and principal and interest payments of the LVCVA's long-term debt.

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Revenues: | | | | |
| Interest and investment earnings | $ 100,400 | $ 100,400 | $ 129,984 | $ 29,584 |
| Miscellaneous | 401,000 | 401,000 | 1,615,032 | 1,214,032 |
| Total revenues | 501,400 | 501,400 | 1,745,016 | 1,243,616 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Land | | 2,000,000 | | 2,000,000 |
| Land improvements | 100,000 | 294,064 | 1,115,063 | (820,999) |
| Building | 187,000 | 2,268,813 | 1,022,353 | 1,246,460 |
| Furniture and equipment | 1,676,031 | 1,575,705 | 1,154,351 | 421,354 |
| Construction in progress | 949,500 | 42,390,265 | 4,188,157 | 38,202,108 |
| Noncapitalized assets | | | 1,505,113 | (1,505,113) |
| Capital grants to other governments | | 97,233,970 | 67,095,403 | 30,138,567 |
| Debt service | | | | |
| Principal | | | 90,212 | (90,212) |
| Interest | | | 6,452 | (6,452) |
| Total expenditures | 2,912,531 | 145,762,817 | 76,177,104 | 69,585,713 |
| Deficiency of revenues under expenditures | (2,411,131) | (145,261,417) | (74,432,088) | 70,829,329 |
| Other financing sources (uses): | | | | |
| Transfers in | | 14,000,000 | 14,000,000 | |
| Transfers out | (5,164,168) | (100,400) | | 100,400 |
| Total other financing sources (uses): | (5,164,168) | 13,899,600 | 14,000,000 | 100,400 |
| Net change in fund balances | (7,575,299) | (131,361,817) | (60,432,088) | 70,929,729 |
| Fund balances - beginning | 134,785,522 | 134,785,522 | 134,785,522 | |
| Fund balances - ending | $ 127,210,223 | $ 3,423,705 | $ 74,353,434 | $ 70,929,729 |

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| Revenues: | | | | |
| Interest and investment earnings | $ 328,500 | $ 328,500 | $ 77,574 | $ (250,926) |
| Federal grant subsidy | 2,560,488 | 2,560,488 | 5,120,976 | 2,560,488 |
| | 2,888,988 | 2,888,988 | 5,198,550 | 2,309,562 |
| Expenditures: | | | | |
| Principal | 165,000 | 165,000 | 165,000 | |
| Interest | 5,957,681 | 5,957,681 | 5,957,681 | |
| 2007 Bond | | | | |
| Principal | 2,265,000 | 2,265,000 | 2,265,000 | |
| Interest | 1,485,644 | 1,485,644 | 1,485,644 | |
| 11/07 Bond | | | | |
| Principal | 940,000 | 940,000 | 940,000 | |
| Interest | 2,283,535 | 2,283,535 | 2,283,535 | |
| 7/08 NDOT Bond | | | | |
| Principal | 475,000 | 475,000 | 475,000 | |
| Interest | 1,183,985 | 1,183,985 | 1,183,985 | |
| 2010B NDOT/Refunding Bonds | | | | |
| Principal | 2,000,000 | 2,000,000 | 2,000,000 | |
| Interest | 1,074,950 | 1,074,950 | 1,074,950 | |
| 2010A NDOT/BABs Bond | | | | |
| Interest | 4,721,166 | 4,721,166 | 4,721,166 | |
| 2010B Refunding Bond | | | | |
| Principal | 80,000 | 80,000 | 80,000 | |
| Interest | 1,181,850 | 1,181,850 | 1,181,850 | |
| 2010C NDOT/BABs Bond | | | | |
| Interest | 10,543,346 | 10,543,346 | 10,543,346 | |
| 2010D NDOT Bond | | | | |
| Principal | 3,160,000 | 3,160,000 | 3,160,000 | |
| Interest | 832,277 | 832,277 | 832,277 | |
| 2010E Refunding Bond | | | | |
| Interest | 4,404,907 | 4,404,907 | 4,404,907 | |
| Total expenditures | 42,754,341 | 42,754,341 | 42,754,341 | |
| Deficiency of revenues under expenditures | (39,865,353) | (39,865,353) | (37,555,791) | 2,309,562 |
| Other financing sources (uses): | | | | |
| Transfers in | 49,596,394 | 49,596,394 | 47,035,737 | (2,560,657) |
| Transfers out | (328,500) | (328,500) | (97,149) | 231,351 |
| Total other financing sources (uses): | 49,267,894 | 49,267,894 | 46,938,588 | (2,329,306) |
| Net change in fund balances | 9,402,541 | 9,402,541 | 9,382,797 | (19,744) |
| Fund balances - beginning | 34,276,224 | 34,276,224 | 34,276,224 | |
| Fund balances - ending | $ 43,678,765 | $ 43,678,765 | $ 43,659,021 | $ (19,744) |

# STATISTICAL SECTION

# Statistical Section
# (unaudited)

Statistical schedules differ from financial statements because they usually cover several fiscal years and may present non-accounting data. The statistical tables presented in this section reflect social and economic data along with financial trends of the LVCVA. Certain tables recommended by the Governmental Accounting Standards Board (GASB) are not included because property taxes are not a source of revenue.

Financial Trends

These schedules contain trend information to help the reader understand how the LVCVA's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the LVCVA's most significant local revenue source, room tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the LVCVA's current levels of outstanding debt and the LVCVA's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the LVCVA's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the LVCVA's financial report relates to services the LVCVA provides and the activities it measures.

## LAS VEGAS CONVENTION AND VISITORS AUTHORITY
## NET ASSETS BY COMPONENT (1) (2)
## LAST TEN FISCAL YEARS
(amounts expressed in thousands)
(unaudited)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | $ 105,501 | $ 113,002 | $ 97,216 | $ 143,282 | $ 136,713 | $ 136,347 | $ 183,400 | $ 189,393 | $ 161,799 | $ 156,090 |
| Restricted: | | | | | | | | | | |
| Capital grants to other governments | | | | | | | 13,281 | 68,705 | 97,234 | 30,181 |
| Debt service | 17,882 | 17,298 | 16,771 | 17,502 | 16,684 | 20,423 | 48,584 | 51,058 | 34,276 | 43,659 |
| Unrestricted: | | | | | | | | | | |
| Related to non-capital debt | | | | | | | (26,455) | (125,655) | (299,100) | (293,465) |
| Related to capital projects | 26,767 | 31,929 | 44,747 | 51,330 | 84,605 | 115,136 | 77,250 | 56,272 | 37,552 | 44,172 |
| Other | 34,407 | 41,913 | 52,075 | 33,075 | 48,615 | 58,729 | 18,938 | 16,544 | 28,433 | 23,266 |
| Total primary government net assets | $ 184,557 | $ 204,142 | $ 210,809 | $ 245,189 | $ 286,617 | $ 330,635 | $ 314,998 | $ 256,317 | $ 60,194 | $ 3,903 |

## LAS VEGAS CONVENTION AND VISITORS AUTHORITY
## FUND BALANCES OF GOVERNMENTAL FUNDS (1)
## LAST TEN FISCAL YEARS
(amounts expressed in millions)
(unaudited)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | | | |
| Reserved | $ 1.1 | $ 1.6 | $ 1.1 | $ 2.8 | $ 4.0 | $ 1.1 | $ 0.5 | $ 0.9 | - | - |
| Unreserved | 32.3 | 40.8 | 46.0 | 26.8 | 33.2 | 44.7 | 17.9 | 18.6 | - | - |
| Nonspendable (2) | - | - | - | - | - | - | - | - | $ 1.8 | $ 2.5 |
| Restricted (2) | - | - | - | - | - | - | - | - | 5.3 | 5.4 |
| Committed (2) | - | - | - | - | - | - | - | - | 11.7 | 10.4 |
| Assigned (2) | - | - | - | - | - | - | - | - | 13.7 | 11.1 |
| Unassigned (2) | - | - | - | - | - | - | - | - | 3.2 | 4.1 |
| Total general fund | 33.4 | 42.4 | 47.1 | 29.6 | 37.2 | 45.8 | 18.4 | 19.5 | 35.7 | 33.5 |
| All other governmental funds | | | | | | | | | | |
| Reserved | 44.6 | 49.2 | 61.5 | 68.8 | 101.3 | 133.8 | 141.3 | 176.0 | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue Fund | - | - | - | - | - | - | 0.1 | - | - | - |
| Capital Fund | - | - | - | - | - | - | - | - | - | - |
| Debt Service Fund | - | - | 0.1 | 0.1 | 1.4 | 11.6 | - | - | - | - |
| Nonspendable (2) | - | - | - | - | - | - | - | - | - | - |
| Restricted (2) | - | - | - | - | - | - | - | - | 131.6 | 73.9 |
| Committed (2) | - | - | - | - | - | - | - | - | 37.2 | 24.9 |
| Assigned (2) | - | - | - | - | - | - | - | - | 0.3 | 19.2 |
| Unassigned (2) | - | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | 44.6 | 49.2 | 61.6 | 68.9 | 102.7 | 145.4 | 141.4 | 176.0 | 169.1 | 118.0 |
| Total governmental funds | $ 78.0 | $ 91.6 | $ 108.7 | $ 98.5 | $ 139.9 | $ 191.2 | $ 159.8 | $ 195.5 | $ 204.8 | $ 151.5 |

(1) This schedule uses the modified accrual basis of accounting.

(2) In FY11, new classifications were implemented as required under GASB 54.

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY
# CHANGES IN NET ASSETS (1)
# LAST TEN FISCAL YEARS
(amounts expressed in thousands)
(unaudited)

| **Program Revenues** | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Charges for Services*** | | | | | | | | | | |
| Marketing | $ 1,838 | $ 1,906 | $ 2,065 | $ 2,843 | $ 2,671 | $ 3,486 | $ 1,618 | $ 1,869 | $ 1,929 | $ 1,388 |
| Advertising | - | - | - | - | - | - | - | - | - | - |
| Operations | 32,788 | 35,749 | 43,004 | 45,575 | 48,400 | 55,781 | 45,408 | 43,832 | 46,177 | 47,311 |
| Administration(3) | 25 | - | - | - | - | - | - | - | - | - |
| ***Operating Grants and Contributions:*** | | | | | | | | | | |
| Special events grants | - | - | - | - | - | - | 866 | - | - | - |
| ***Capital Grants and Contributions:*** | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | 711 | 3,608 | 5,121 |
| Total governmental activities program revenues | 34,651 | 37,655 | 45,069 | 48,418 | 51,071 | 59,267 | 47,892 | 46,412 | 51,714 | 53,820 |
| **Expenses** | | | | | | | | | | |
| General government(2) | 3,891 | 4,461 | 4,063 | 7,527 | 7,798 | 9,773 | 14,279 | 11,040 | 11,226 | 13,162 |
| Marketing | 23,410 | 25,176 | 30,374 | 32,198 | 33,061 | 34,617 | 30,620 | 27,329 | 28,625 | 31,488 |
| Advertising | 59,224 | 65,003 | 78,213 | 82,923 | 84,713 | 88,074 | 89,548 | 87,199 | 79,504 | 83,636 |
| Operations | 36,841 | 41,924 | 45,890 | 50,554 | 54,072 | 58,248 | 50,099 | 50,810 | 53,087 | 57,771 |
| Administration(3) | 5,655 | - | - | - | - | - | - | - | - | - |
| Capital grants to other governments | - | - | - | - | - | - | 10,960 | 45,989 | 144,135 | 67,095 |
| Special events grants | 6,155 | 6,846 | 8,128 | 11,017 | 14,810 | 12,967 | 6,574 | 7,437 | 8,059 | 7,714 |
| Other community support | 15,502 | 17,643 | 21,168 | 22,871 | 25,360 | 25,590 | 21,317 | 16,929 | 19,297 | 21,274 |
| Interest on long-term debt | 14,788 | 14,440 | 11,688 | 12,826 | 12,552 | 14,317 | 17,230 | 17,138 | 27,346 | 32,610 |
| Total governmental activities expenses | 165,466 | 175,493 | 199,524 | 219,916 | 232,366 | 243,586 | 240,627 | 263,871 | 371,278 | 314,750 |
| **Net Expenses** | (130,816) | (137,839) | (154,455) | (171,498) | (181,295) | (184,319) | (192,735) | (217,459) | (319,564) | (260,930) |
| **General Revenues and Other Changes in Net Assets** | | | | | | | | | | |
| Room taxes and gaming fees | 133,030 | 156,435 | 181,805 | 202,050 | 216,893 | 221,744 | 173,580 | 157,810 | 180,466 | 202,571 |
| Interest and investment earnings | 1,436 | 997 | 2,048 | 3,800 | 5,777 | 6,599 | 3,522 | 875 | 1,045 | 448 |
| Miscellaneous | - | - | - | - | - | - | - | - | 1,412 | 1,620 |
| Gain/loss on the sale of capital assets(4) | 4 | (9) | 17 | 28 | 53 | (7) | - | - | - | - |
| Total general revenues | 134,470 | 157,423 | 183,870 | 205,878 | 222,723 | 228,336 | 177,102 | 158,685 | 182,922 | 204,639 |
| *Special item* - Miscellaneous (6) | - | - | - | - | - | - | - | - | (59,481) | - |
| Total general revenues and special items | 134,470 | 157,423 | 183,870 | 205,878 | 222,723 | 228,336 | 177,102 | 158,685 | 123,441 | 204,639 |
| Change in net assets | 3,654 | 19,585 | 29,415 | 34,380 | 41,428 | 44,017 | (15,633) | (58,774) | (196,123) | (56,291) |
| Net assets - beginning (as previously reported) | 180,901 | 184,555 | 204,139 | 210,807 | 245,187 | 286,614 | 330,631 | 314,998 | 256,317 | 60,194 |
| Adjustments (5) | - | - | (22,748) | - | - | - | - | 93 | - | - |
| Net assets - beginning (as restated) | 180,901 | 184,555 | 181,391 | 210,807 | 245,187 | 286,614 | 330,631 | 315,091 | 256,317 | 60,194 |
| Net assets - ending | $184,555 | $204,139 | $210,807 | $245,187 | $286,614 | $ 330,631 | $314,998 | $ 256,317 | $ 60,194 | $ 3,903 |

(1) This schedule uses the accrual basis of accounting under GASB 34.
(2) In FY 2006, Public affairs section transferred from Marketing to General Government. Beginning in FY 2009, the Finance and Materials Management sections was included with General Government.
(3) In FY 2004, the Administration Function and Operations Function were merged.
(4) Beginning in FY 2009, any gains or losses on the sale of capital assets have been recorded as an expense of the Operations function.
(5) In Adjustments to beginning fund balance were the result of a change in accounting estimate in FY 2005 and GASB 51 implemention in FY 2010, respectively.
(6) Special item in FY 2012 related to an impairment of CWIP.

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY
## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS [1]
## LAST TEN FISCAL YEARS
(amounts expressed in thousands)
(unaudited)

| **Revenues** | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Room taxe and gaming fees | $ 132,631 | $155,034 | $ 178,201 | $ 202,050 | $215,205 | $ 222,585 | $178,828 | $ 156,007 | $177,345 | $201,406 |
| Charges for service | 34,645 | 37,354 | 45,056 | 48,360 | 50,916 | 57,689 | 46,504 | 44,536 | 48,159 | 49,169 |
| Earnings on investments | 1,437 | 997 | 2,048 | 3,801 | 5,777 | 6,599 | 3,522 | 875 | 1,045 | 448 |
| Federal grant subsidy | - | - | - | - | - | - | - | 711 | 3,608 | 5,121 |
| Miscellaneous | 6 | 302 | 12 | 59 | 155 | 1,004 | 794 | 1,046 | 1,396 | 1,620 |
| Total revenues | 168,719 | 193,687 | 225,318 | 254,270 | 272,053 | 287,877 | 229,648 | 203,175 | 231,552 | 257,764 |
| **Expenses** | | | | | | | | | | |
| General government[2] | 3,728 | 4,438 | 4,061 | 7,430 | 7,799 | 9,192 | 12,861 | 10,701 | 10,374 | 12,452 |
| Marketing | 23,283 | 25,181 | 30,225 | 31,991 | 33,079 | 33,909 | 30,165 | 26,755 | 27,459 | 30,290 |
| Advertising | 59,224 | 65,003 | 78,213 | 82,923 | 84,713 | 88,074 | 89,548 | 87,199 | 79,504 | 83,636 |
| Operations | 27,626 | 32,854 | 34,824 | 36,890 | 41,270 | 43,940 | 37,350 | 34,186 | 34,009 | 37,132 |
| Administration[3] | 5,377 | - | - | - | - | - | - | - | - | - |
| Community support and grants: | | | | | | | | | | |
| Capital grants to other governments | - | - | - | - | - | - | 10,960 | 45,989 | 144,135 | 67,095 |
| Special events grants | 4,975 | 5,666 | 6,948 | 9,817 | 13,544 | 11,967 | 6,574 | 7,438 | 8,058 | 7,714 |
| Other community support | 16,650 | 18,723 | 21,805 | 24,435 | 24,873 | 26,920 | 22,559 | 16,749 | 18,985 | 21,158 |
| Other | - | - | - | - | - | - | - | - | 5,193 | - |
| Capital outlay: | | | | | | | | | | |
| Capitalized assets | 5,307 | 2,714 | 5,574 | 46,794 | 29,801 | 112,556 | 46,378 | 9,410 | 9,619 | 7,480 |
| Non-capitalized assets | 500 | 281 | 572 | 918 | 992 | 906 | 616 | 698 | 848 | 1,505 |
| Debt service: | | | | | | | | | | |
| Principal | 10,350 | 10,865 | 9,950 | 11,725 | 11,050 | 11,605 | 13,340 | 13,580 | 121,511 | 9,175 |
| Interest | 15,779 | 14,372 | 14,528 | 11,498 | 13,341 | 12,384 | 17,114 | 14,983 | 19,236 | 33,676 |
| Bond issuance costs | 194 | - | 1,816 | 2 | 722 | 1,053 | - | 1,018 | - | - |
| Total expenditures | 172,993 | 180,097 | 208,516 | 264,423 | 261,184 | 352,506 | 287,465 | 268,706 | 478,931 | 311,313 |
| Excess (deficiency of revenues over (under) expenditures | (4,274) | 13,590 | 16,802 | (10,153) | 10,869 | (64,628) | (57,817) | (65,531) | (247,379) | (53,549) |
| **Other financing sources (uses)** | | | | | | | | | | |
| Transfers in | 43,821 | 32,684 | 46,852 | 79,275 | 62,393 | 67,761 | 60,217 | 43,928 | 84,168 | 61,133 |
| Transfers out | (43,821) | (32,684) | (46,852) | (79,275) | (62,393) | (67,761) | (60,217) | (43,928) | (84,168) | (61,133) |
| Proceeds from the sale of capital assets | 5 | 7 | 33 | 30 | 70 | 14 | 15 | 218 | 29 | 223 |
| Issuance of capital lease obligation | - | - | - | - | - | - | - | - | 281 | - |
| Issuance of debt | 35,075 | - | 118,745 | - | 69,200 | 115,000 | 26,455 | 124,290 | 255,830 | - |
| Premium on debt issuance | 2,749 | - | 10,359 | - | 2,050 | 911 | - | 2,052 | 1,685 | - |
| Discount on debt issuance | - | - | - | - | - | - | - | - | (1,192) | - |
| Payment of refunded debt escrow agent | (38,423) | - | (128,953) | - | (40,797) | - | - | (25,322) | - | - |
| Total other financing sources (uses) | (594) | 7 | 185 | 30 | 30,524 | 115,925 | 26,470 | 101,238 | 256,633 | 223 |
| Net change in fund balances | (4,868) | 13,597 | 16,987 | (10,123) | 41,393 | 51,296 | (31,347) | 35,707 | 9,254 | (53,326) |
| **Fund balance - beginning** | 82,894 | 78,026 | 91,624 | 108,610 | 98,487 | 139,879 | 191,176 | 159,829 | 195,535 | 204,789 |
| **Fund balance - ending** | $ 78,026 | $ 91,624 | $ 108,610 | $ 98,487 | $139,879 | $ 191,176 | $159,829 | $ 195,535 | $204,789 | $ 151,463 |
| **Debt service as a percentage of noncapital expenditures** | 15.6% | 14.2% | 12.1% | 10.7% | 10.5% | 10.0% | 12.7% | 11.1% | 30.1% | 14.2% |

(1) This schedule uses the modified accrual basis of accounting.

(2) In FY 2005, Safety section was transferred from General Government to Operations. In FY 2006, the Public Affairs section transferred from Marketing to General Government. Beginning in FY 2010, the Finance and Materials Management sections were included with General Government from Operations.

(3) Beginning in FY 2004, the Administration section and Operations section were merged.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
FOR ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS
(unaudited)

The schedule below includes expenditures recorded in the general, debt service, capital improvement and replacement funds excluding nonrecurring expenditures. Nonrecurring expenditures include miscellaneous expenditures from the general fund including; annual depreciation and amortization, OPEB, non-capitalized assets, disposal of assets and related gain or loss, compensated absences, capital grants to other governments, non-capitalized assets and other. Additionally, expenditures from any special revenue fund and capital expansion funds are excluded.

| Fiscal Year | Total Expenditures | General Government (4) | | Marketing (3) | | Advertising | | Administration(2) | |
|---|---|---|---|---|---|---|---|---|---|
| 2003 | $ 211,302,185 | $ 3,727,811 | 2% | $ 23,282,693 | 11% | $ 59,224,247 | 28% | $ 5,377,499 | 3% |
| 2004 | 180,096,563 | 4,437,711 | 2% | 25,180,916 | 14% | 65,002,609 | 36% | n/a | |
| 2005 | 171,875,281 | 4,060,571 | 2% | 30,226,424 | 18% | 78,211,815 | 46% | n/a | |
| 2006 | 226,611,762 | 7,429,634 | 3% | 31,990,835 | 14% | 82,923,473 | 37% | n/a | |
| 2007 | 198,904,193 | 7,799,028 | 4% | 33,079,358 | 17% | 84,713,300 | 43% | n/a | |
| 2008 | 214,024,724 | 9,192,348 | 4% | 33,908,754 | 16% | 88,074,185 | 41% | n/a | |
| 2009 | 236,824,486 | 12,860,753 | 5% | 30,165,052 | 13% | 89,547,692 | 38% | n/a | |
| 2010 | 186,919,649 | 10,700,951 | 6% | 26,754,911 | 14% | 87,199,280 | 47% | n/a | |
| 2011 | 232,226,854 | 10,373,913 | 4% | 27,458,590 | 12% | 79,504,487 | 34% | n/a | |
| 2012 | 242,712,622 | 12,452,224 | 5% | 30,289,998 | 13% | 83,636,231 | 34% | n/a | |

0.12480

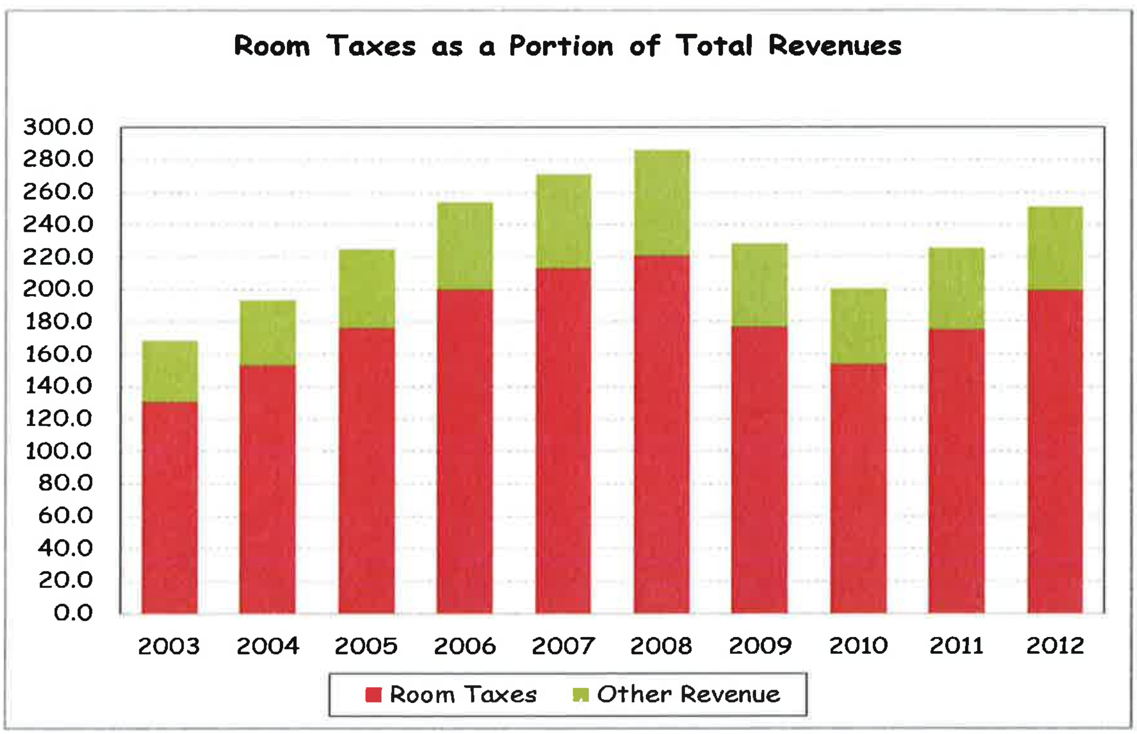
| Fiscal Year | Operations | | Special Events Grants | | Other Community Grants | | Capital Outlay | | Debt Service (5) | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2003 | $ 27,625,785 | 13% | $ 4,974,665 | 2% | $ 16,537,197 | 8% | $ 5,806,115 | 3% | $ 64,746,172 | 30% |
| 2004 | 32,854,219 | 18% | 5,665,849 | 3% | 18,722,791 | 10% | 2,995,162 | 2% | 25,237,306 | 14% |
| 2005 | 34,824,210 | 20% | 6,948,346 | 4% | 21,804,746 | 13% | 6,145,825 | 4% | 24,477,554 | 14% |
| 2006 | 36,890,102 | 16% | 9,816,706 | 4% | 24,431,488 | 11% | 46,794,116 | 21% | 23,225,511 | 10% |
| 2007 | 41,269,630 | 21% | 13,543,716 | 7% | 24,872,455 | 13% | 10,505,252 | 5% | 24,391,084 | 12% |
| 2008 | 43,940,271 | 21% | 11,967,338 | 6% | 26,673,197 | 12% | 20,209,772 | 9% | 23,999,130 | 11% |
| 2009 | 37,350,037 | 16% | 6,574,416 | 3% | 20,227,815 | 9% | 46,994,159 | 20% | 30,454,599 | 13% |
| 2010 | 34,186,143 | 18% | 7,437,670 | 4% | 16,650,670 | 9% | 9,409,687 | 5% | 28,766,480 | 15% |
| 2011 | 34,008,771 | 15% | 8,058,471 | 3% | 18,785,979 | 8% | 9,618,513 | 4% | 44,418,130 | 19% |
| 2012 | 37,131,878 | 15% | 7,713,777 | 3% | 21,157,585 | 9% | 7,479,924 | 3% | 42,851,005 | 18% |

(1) This schedule uses the modified accrual basis of accounting.
(2) In FY 2004, the Administration section and Operations section were merged.
(3) In FY 2006, the Public Affairs section was transferred from the Marketing function to the General government function.
(4) In FY 2009, the Finance and Materials Management sections were included with the General government function.
(5) Includes debt service from capital Projects Fund and Debt Service Funds.

The schedule below includes revenues recorded in the general, debt service, and capital improvement and replacement funds, with the exception of nonrecurring items. Nonrecurring revenues include miscellaneous revenues from the general fund, revenues from any special revenue fund, and federal grant subsidies.

| Fiscal Year | Total Revenues | Room Tax | | Charges for Services | | Gaming Tax | | Interest | |
|---|---|---|---|---|---|---|---|---|---|
| 2003 | $ 168,712,193 | $ 130,749,469 | 77% | $ 34,644,610 | 21% | $ 1,881,540 | 1% | $ 1,436,574 | <1% |
| 2004 | 193,385,339 | 153,119,152 | 79% | 37,353,826 | 20% | 1,914,919 | 1% | 997,443 | <1% |
| 2005 | 225,305,805 | 176,339,258 | 78% | 45,056,357 | 20% | 1,861,748 | 1% | 2,048,441 | <1% |
| 2006 | 254,210,786 | 200,086,827 | 79% | 48,359,640 | 19% | 1,963,608 | 1% | 3,800,710 | 1% |
| 2007 | 271,663,033 | 213,256,076 | 79% | 50,916,320 | 19% | 1,949,332 | 1% | 5,541,305 | 2% |
| 2008 | 286,098,907 | 220,733,128 | 77% | 57,689,079 | 20% | 1,851,848 | 1% | 5,824,852 | 2% |
| 2009 | 228,854,315 | 176,726,992 | 77% | 46,503,953 | 20% | 2,101,166 | 1% | 3,522,204 | 2% |
| 2010 | 201,417,740 | 154,046,265 | 76% | 44,535,733 | 22% | 1,960,431 | 1% | 875,310 | <1% |
| 2011 | 226,290,335 | 175,425,978 | 78% | 47,900,661 | 21% | 1,919,186 | <1% | 1,044,510 | <1% |
| 2012 | 251,177,767 | 199,592,498 | 79% | 49,323,986 | 20% | 1,813,548 | <1% | 447,735 | <1% |

(1) This schedule uses the modified accrual basis of accounting.



# LAS VEGAS CONVENTION AND VISITORS AUTHORITY
## RATIOS OF OUTSTANDING DEBT BY TYPE
## LAST TEN FISCAL YEARS
(unaudited)

| Fiscal Year | General Obligation Bonds | Revenue Bonds | Medium-Term Bonds | Commercial Paper | Total Primary Government | Amount of Debt per Visitor [1] |
|---|---|---|---|---|---|---|
| 2003 | $ 127,505,000 | $ 150,000,000 | $ 1,095,000 | | $ 278,600,000 | $ 7.84 |
| 2004 | 117,735,000 | 150,000,000 | | | 267,735,000 | 7.16 |
| 2005 | 107,885,000 | 150,870,000 | | | 258,755,000 | 6.71 |
| 2006 | 97,610,000 | 149,420,000 | | | 247,030,000 | 6.35 |
| 2007 | 85,135,000 | 149,180,000 | | | 234,315,000 | 5.98 |
| 2008 | 73,775,000 | 198,935,000 | | $96,000,000 | 368,710,000 | 9.84 |
| 2009 | 87,810,000 | 198,015,000 | | 96,000,000 | 381,825,000 | 10.50 |
| 2010 | 184,645,000 | 187,005,000 | | 96,000,000 | 467,650,000 | 12.53 |
| 2011 | 355,935,000 | 246,130,000 | | | 602,065,000 | 15.47 |
| 2012 | 347,955,000 | 245,025,000 | | | 592,980,000 | n/a [2] |

(1) These ratios are calculated using the total number of visitors to Las Vegas based on a calendar year located in the Visitors Analysis schedule.

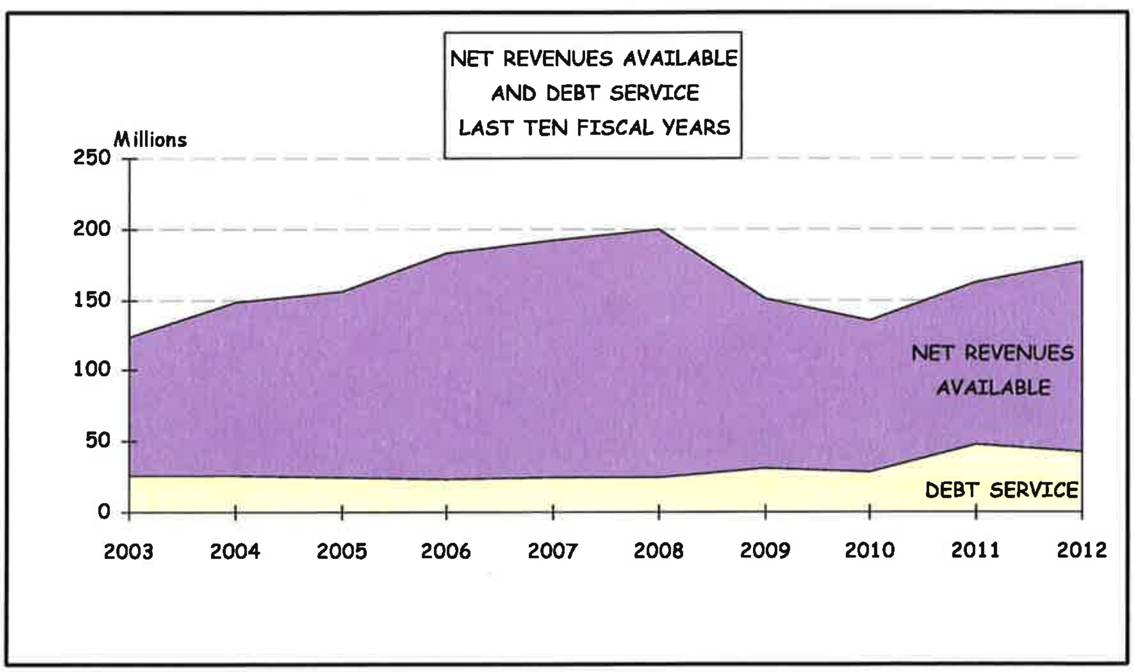
(2) Information was not available as of the report issuance date.

Six of the LVCVA's nine outstanding bonds are general obligation bonds of Clark County, acting by and through the LVCVA. They are primarily secured by ad valorem taxes and are additionally secured by net pledged revenues of the LVCVA, represented basically by room taxes. The LVCVA has never resorted to the use of ad valorem taxes for debt service, using only net pledged revenues derived from operations. In fact, as of June 30, 2012, no ad valorem property tax revenues are allocated to the LVCVA for any purpose. No change in this practice is contemplated. The remaining bond issues are LVCVA revenue bonds.

Although the LVCVA's operations are not considered to be a business-type activity, its bond issues and related debt service have characteristics similar to traditional revenue bonds, making this schedule relevant.

Revenues and expenditures from the general, capital projects and debt service funds are included here, with the exception of unusual nonrecurring items. Expenditures for marketing, advertising, bond issuance costs, construction in progress, and debt service are excluded from operating and maintenance expenditures.

| FISCAL YEAR | GROSS REVENUES | MAINTENANCE EXPENDITURES | AVAILABLE FOR DEBT SERVICE | PRINCIPAL AND INTEREST | SERVICE COVERAGE |
|---|---|---|---|---|---|
| 2003 | $ 168,352,691 | $ 44,524,955 | $ 123,827,736 | $ 26,129,200 | 4.74 |
| 2004 | 193,181,747 | 45,407,501 | 147,774,246 | 25,237,306 | 5.86 |
| 2005 | 224,770,553 | 69,073,445 | 155,697,108 | 24,477,554 | 6.36 |
| 2006 | 253,172,523 | 70,240,449 | 182,932,074 | 23,223,269 | 7.88 |
| 2007 | 269,118,610 | 77,608,699 | 191,509,911 | 24,391,084 | 7.85 |
| 2008 | 281,918,943 | 81,762,822 | 200,156,121 | 23,989,128 | 8.34 |
| 2009 | 225,143,478 | 74,174,227 | 150,969,251 | 30,454,599 | 4.96 |
| 2010 | 200,737,367 | 65,614,509 | 135,122,858 | 28,562,969 | 4.73 |
| 2011 | 226,060,027 | 66,460,656 | 159,599,371 | 44,321,298 | 3.60 |
| 2012 | 250,820,583 | 73,815,377 | 177,005,206 | 42,754,341 | 4.14 |



# LAS VEGAS CONVENTION AND VISITORS AUTHORITY
## COMPUTATION OF LEGAL DEBT MARGIN
## LAST TEN FISCAL YEARS
## JUNE 30, 2011
(unaudited)

| FISCAL YEAR | APPROXIMATE ASSESSED VALUATION (1) | BONDED DEBT LIMIT (2) | TOTAL DEBT APPLICABLE TO DEBT LIMIT (3) | DEBT MARGIN |
|---|---|---|---|---|
| 2003 | $ 40,613,952,632 | $ 2,030,697,632 | $ 128,600,000 | $ 1,902,097,632 |
| 2004 | 41,137,397,088 | 2,056,869,854 | 117,735,000 | 1,939,134,854 |
| 2005 | 44,626,661,108 | 2,231,333,055 | 107,885,000 | 2,123,448,055 |
| 2006 | 66,848,185,904 | 3,342,409,295 | 97,610,000 | 3,244,799,295 |
| 2007 | 93,359,179,034 | 4,667,958,952 | 85,135,000 | 4,582,823,952 |
| 2008 | 108,649,925,840 | 5,432,496,292 | 73,775,000 | 5,358,721,292 |
| 2009 | 112,805,485,594 | 5,640,274,280 | 87,810,000 | 5,552,464,280 |
| 2010 | 91,733,233,181 | 4,586,661,659 | 184,645,000 | 4,402,016,659 |
| 2011 | 64,126,946,544 | 3,206,347,327 | 355,935,000 | 2,850,412,327 |
| 2012 | 56,712,550,689 | 2,835,627,534 | 347,955,000 | 2,487,672,534 |

(1) This is the net total assessed value for the secured and estimated unsecured property for Clark County, Nevada (the County). It includes the assessed valuation of the redevelopment agencies. These values are included for purposes of calculating the debt limit but are not subject to County taxation for the retirement of general obligation bonded indebtedness. This valuation is used to determine the LVCVA's debt margin since our debt is issued in the name of the County as described below.

(2) State statute requires debt issued by the LVCVA to be issued in the name of the County. The LVCVA's Board of Directors is empowered to issue general obligation bonds, which are secured by the full faith and credit of the County and are additionally secured by a pledge of revenues derived by the LVCVA. NRS 244A.653 states that the County may not become indebted in excess of 5% of the total last assessed valuation of taxable County property for the issuance of general obligation bonds designated for County recreational purposes. This requirement applies to the LVCVA.

NRS 244A.059 limits the aggregate principal amount of the County's general obligation debt to 10% of the County's total reported assessed valuation.

(3) The LVCVA's outstanding general obligation indebtedness includes general obligation bonds, and medium-term obligations, as applicable.

# COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2012

(unaudited)

| | GROSS DEBT | MONIES AVAILABLE | NET OUTSTANDING DEBT | ESTIMATED PERCENTAGE APPLICABLE | ESTIMATED SHARE OF OVERLAPPING DEBT |
|---|---|---|---|---|---|
| Direct Debt: | | | | | |
| Las Vegas Convention and Visitors Authority (1) (2) | $ 592,980,000 | $ 21,595,000 | $ 571,385,000 | 100% | $ 571,385,000 |
| Overlapping Debt: | | | | | |
| Clark County (3) | | | 4,664,805,679 | 100% | 4,664,805,679 |
| | | | | Total | $ 5,236,190,679 |

(1) Ad valorem taxes are not used to repay these debts.

(2) The LVCVA's gross debt includes general obligation bonds, issued on behalf of the County, and revenue bonds.

(3) Source: Clark County Comptroller's Office.

Even though Clark County combines the exciting gaming and entertainment mecca of Las Vegas alongside rural living, it is not much different from other counties of its size. There are parks, museums, libraries and religious centers.

The median age of the population is 34.5, with 25.5% of the population under the age of 18. The Clark County School District is the fifth largest in the nation with 357 schools. The median household income is $54,255.

Per the Census Bureau, Clark County is the nation's 13th most populous county in the United States. The population in FY 2011 was virtually unchanged as compared to FY 2010.

| Entity | Incorp-oration Date | 2011 Population | Square Miles (approx.) |
|---|---|---|---|
| Clark County | 1909 | 858,363 | 8,260 |
| Las Vegas | 1911 | 588,271 | 131 |
| North Las Vegas | 1946 | 223,873 | 79 |
| Henderson | 1953 | 264,839 | 80 |
| Boulder City | 1958 | 15,335 | 203 |
| Mesquite | 1984 | 17,038 | 16 |


Source: http://gisgate.co.clark.nv.us/gismo/gismo

| AS OF JUNE 30, | POPULATION (A) | PER CAPITA INCOME (B) | LABOR FORCE (C) | UN-EMPLOYMENT RATE (C) |
|---|---|---|---|---|
| 2003 | 1,620,748 | $ 30,861 | 805,300 | 5.80% |
| 2004 | 1,715,337 | 33,049 | 834,230 | 4.80% |
| 2005 | 1,796,380 | 34,980 | 875,710 | 4.30% |
| 2006 | 1,874,837 | 37,024 | 915,440 | 4.30% |
| 2007 | 1,954,319 | 39,187 | 936,950 | 4.70% |
| 2008 | 1,967,716 | 39,269 | 968,980 | 6.30% |
| 2009 | 1,952,040 | 37,457 | 986,350 | 12.40% |
| 2010 | 1,968,831 | 35,207 | 970,653 | 15.30% |
| 2011 | 1,967,722 | n/a | 991,963 | 14.40% |
| 2012 | n/a | n/a | 1,366,299 | 12.10% |

| AS OF DEC 31, | MEDIAN HOUSE-HOLD INCOME | MEDIAN AGE | SCHOOL ENROLLMENT (D) |
|---|---|---|---|
| 2002 | $ 45,607 | 47.8 | 269,382 |
| 2003 | 44,307 | 48.4 | 283,885 |
| 2004 | 47,097 | 47.5 | 295,165 |
| 2005 | 47,320 | 47.9 | 304,444 |
| 2006 | 53,111 | 47.5 | 315,697 |
| 2007 | 53,704 | 50.1 | 323,037 |
| 2008 | 57,403 | *35.7 | 330,519 |
| 2009 | 58,148 | *35.3 | 323,607 |
| 2010 | 58,432 | *35.4 | 323,637 |
| 2011 | 54,255 | *34.5 | 322,555 |

Sources:
- (A) Population is only available on a calendar year basis.
- (B) U.S. Bureau of Economic Analysis, AMSA04, per capita personal income -update not available at time of printing.
- (C) June 30 labor force statistics and unemployment rate provided by Nevada Department of Employment, Training & Rehabilitation - Information Development & Processing Division - Research & Analysis Bureau.
- (D) Total public, private and parochial school enrollments for FY 1999 - 2003 are from the Nevada Department of Education, Administrative & Fiscal Services. FY 2004 - 2009 comes from the Las Vegas Perspective.

All other statistics are as of December 31 and are from the Las Vegas Perspective.
*Starting with calendar year 2008 - median age calculation includes entire population; previously it was the adult population only.

## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (IN THOUSANDS)
## LAST TEN FISCAL YEARS

| | Amounts expressed in thousands | | | | | |
|---|---|---|---|---|---|---|
| | REAL PROPERTY | | PERSONAL PROPERTY | | TOTAL | |
| FISCAL YEAR | NET ASSESSED VALUE | ESTIMATED ACTUAL VALUE | NET ASSESSED VALUE | ESTIMATED ACTUAL VALUE | NET ASSESSED VALUE | ESTIMATED ACTUAL VALUE |
| 2003 | $ 36,258,580 | $ 103,595,943 | $ 4,355,373 | $ 12,443,922 | $ 40,613,953 | $ 116,039,865 |
| 2004 | 39,852,174 | 113,863,354 | 4,774,487 | 13,641,392 | 44,626,661 | 127,504,746 |
| 2005 | 45,391,834 | 126,690,955 | 5,029,248 | 14,369,280 | 50,421,082 | 141,060,235 |
| 2006 | 61,060,916 | 174,459,759 | 5,787,270 | 16,535,058 | 66,848,186 | 190,994,817 |
| 2007 | 87,405,016 | 249,728,618 | 5,954,163 | 17,011,894 | 93,359,179 | 266,740,512 |
| 2008 | 102,349,025 | 292,425,787 | 6,300,900 | 18,002,573 | 108,649,925 | 310,428,360 |
| 2009 | 106,988,179 | 305,680,511 | 5,817,307 | 16,620,877 | 112,805,486 | 322,301,388 |
| 2010 | 86,961,002 | 248,460,005 | 4,772,231 | 13,634,947 | 91,733,233 | 262,094,952 |
| 2011 | 60,420,431 | 172,629,803 | 3,706,515 | 10,590,044 | 64,126,946 | 183,219,847 |
| 2012 | 53,342,795 | 152,407,986 | 3,369,756 | 9,627,873 | 56,712,551 | 162,035,859 |

The total net assessed value over the last ten years has consistently represented 35% of the total estimated actual value.

## NEW CONSTRUCTION (IN THOUSANDS)
## LAST TEN CALENDAR YEARS

| CAL-ENDAR YEAR | HOTEL/MOTEL CONSTRUCTION NUMBER OF PERMITS | HOTEL/MOTEL CONSTRUCTION VALUE | COMMERCIAL/PUBLIC CONSTRUCTION NUMBER OF PERMITS | COMMERCIAL/PUBLIC CONSTRUCTION VALUE | RESIDENTAL CONSTRUCTION NUMBER OF PERMITS | RESIDENTAL CONSTRUCTION VALUE | TOTAL NEW CONSTRUCTION |
|---|---|---|---|---|---|---|---|
| 2002 | 44 | $ 771,441 | 734 | $ 775,440 | 22,925 | $ 3,080,649 | $ 4,627,530 |
| 2003 | 36 | 486,457 | 880 | 994,652 | 28,461 | 3,731,828 | 5,212,937 |
| 2004 | 74 | 924,101 | 1,007 | 1,031,196 | 32,685 | 4,043,096 | 5,998,393 |
| 2005 | 27 | 610,299 | 1,223 | 1,358,803 | 31,041 | 4,726,394 | 6,695,496 |
| 2006 | 39 | 616,411 | 1,120 | 2,569,673 | 21,898 | 4,278,204 | 7,464,288 |
| 2007 | 69 | 2,286,411 | 1,074 | 2,486,733 | 13,831 | 3,902,161 | 8,675,305 |
| 2008 | 41 | 2,090,020 | 558 | 1,738,803 | 6,241 | 1,333,286 | 5,162,109 |
| 2009 | 3 | 25,797 | 170 | 790,695 | 4,034 | 562,291 | 1,378,783 |
| 2010 | 5 | 1,701 | 129 | 184,969 | 4,719 | 583,602 | 770,272 |
| 2011 | 0 | - | 154 | 215,499 | 4,088 | 559,749 | 775,248 |

Residential Construction includes only single family and multi-family units not additions, upgrades, guest homes or mobile homes.

Note: New construction information is only available on a calendar year basis.

SOURCES:
Assessed and estimated actual property values - Clark County Assessor's Office.
New construction - Las Vegas Perspective

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
VISITOR ANALYSIS
LAST TEN CALENDAR YEARS
(unaudited)

In its role of promoting Las Vegas as a travel destination, the LVCVA contributes to the growth of the entire local economy. The Las Vegas economy is heavily dependent on the hotel and gaming industry, which employs 32.2% of the labor force. The health of the hotel and gaming industry is directly related to the volume of visitors, presented below.

| CALENDAR YEAR | CONVENTION DELEGATES | % OF TOTAL VISITORS | TOURISTS | % OF TOTAL VISITORS | TOTAL VISITORS | CHANGE |
|---|---|---|---|---|---|---|
| 2002 | 5,105,450 | 14.6% | 29,966,054 | 85.4% | 35,071,504 | 0.2% |
| 2003 | 5,657,796 | 15.9% | 29,882,330 | 84.1% | 35,540,126 | 1.3% |
| 2004 | 5,724,864 | 15.3% | 31,663,917 | 84.7% | 37,388,781 | 5.2% |
| 2005 | 6,166,194 | 16.0% | 32,400,523 | 84.0% | 38,566,717 | 3.2% |
| 2006 | 6,307,961 | 16.2% | 32,606,928 | 83.8% | 38,914,889 | 0.9% |
| 2007 | 6,209,253 | 15.8% | 32,987,508 | 84.2% | 39,196,761 | 0.7% |
| 2008 | 5,899,725 | 15.7% | 31,581,827 | 84.3% | 37,481,552 | -4.4% |
| 2009 | 4,492,275 | 12.4% | 31,859,194 | 87.6% | 36,351,469 | -3.0% |
| 2010 | 4,473,134 | 12.0% | 32,862,302 | 88.0% | 37,335,436 | 2.7% |
| 2011 | 4,865,272 | 12.5% | 34,063,436 | 87.5% | 38,928,708 | 4.3% |

Source: Las Vegas Convention and Visitors Authority Marketing Division - Research Department

Strong visitor levels produce beneficial secondary effects in other industries, as well, since visitors purchase a significant amount of goods and services while they visit the area. Indicators of the economic impact include total gaming revenues and room taxes collected in Clark County.

| CALENDAR YEAR | NON-GAMING CONVENTION REVENUE (In Thousands) | CHANGE | GAMING REVENUES (In Thousands) | CHANGE | ROOM TAXES (Fiscal Year) | CHANGE |
|---|---|---|---|---|---|---|
| 2002 | $ 5,962,850 | 2.5% | $ 7,630,562 | -0.1% | $ 124,171,822 | -8.6% |
| 2003 | 6,546,776 | 9.8% | 7,831,464 | 2.6% | 130,749,469 | 5.3% |
| 2004 | 6,860,512 | 4.8% | 8,710,976 | 11.2% | 153,119,152 | 17.1% |
| 2005 | 7,608,151 | 10.9% | 9,709,408 | 11.5% | 176,339,258 | 15.2% |
| 2006 | 8,182,818 | 7.6% | 10,643,206 | 9.6% | 200,086,827 | 13.5% |
| 2007 | 8,388,240 | 2.5% | 10,868,029 | 2.1% | 213,256,076 | 6.6% |
| 2008 | n/a * | n/a | 9,796,970 | -9.9% | 220,733,128 | 3.5% |
| 2009 | n/a * | n/a | 8,833,902 | -9.8% | 176,726,992 | -19.9% |
| 2010 | n/a * | n/a | 8,908,698 | 0.8% | 163,809,985 | -7.3% |
| 2011 | n/a * | n/a | 9,222,906 | 3.5% | 194,329,584 | 18.6% |

Source: Las Vegas Convention and Visitors Authority; Nevada State Gaming Control Board
*Beginning in 2008, the LVCVA no longer tracks non-gaming convention revenue.

## LAS VEGAS CONVENTION AND VISITORS AUTHORITY
## USE OF FACILITIES
## LAST TEN FISCAL YEARS
(unaudited)

CONVENTION CENTER BUILDING UTILIZATION

| FY | CONVENTIONS | EVENTS | SPECIAL EVENTS | PUBLIC INVITED EVENTS | MEETINGS | TOTAL ACTIVITIES | FACILITIES USAGE REVENUE |
|---|---|---|---|---|---|---|---|
| 2003 | 79 | 3 | - | - | 23 | 105 | $25,599,432 |
| 2004 | 80 | 4 | - | - | 24 | 108 | 26,877,290 |
| 2005 | 74 | 12 | - | - | 10 | 96 | 33,244,601 |
| 2006 | 84 | 12 | - | - | 10 | 106 | 35,825,314 |
| 2007 | 78 | 15 | - | - | 3 | 96 | 35,961,983 |
| 2008 | 66 | 12 | - | - | 5 | 83 | 42,587,445 |
| 2009 (2) | 68 | - | 11 | 4 | 7 | 90 | 35,951,249 |
| 2010 | 64 | - | 7 | 2 | 2 | 75 | 35,783,911 |
| 2011 | 64 | - | 7 | 3 | 2 | 76 | 38,483,619 |
| 2012 | 53 | - | 8 | 3 | 3 | 67 | 45,159,282 |

Source: Las Vegas Convention and Visitors Authority

CASHMAN CENTER BUILDING UTILIZATION

| FY | CONVENTIONS | EVENTS | SPECIAL EVENTS | PUBLIC INVITED EVENTS | MEETINGS | TOTAL ACTIVITIES | FACILITIES USAGE REVENUE |
|---|---|---|---|---|---|---|---|
| 2003 | 6 | 241 | - | - | 232 | 479 | $ 1,904,130 |
| 2004 (1) | 4 | 136 | - | - | 77 | 217 | 1,971,544 |
| 2005 | 6 | 135 | - | - | 62 | 203 | 1,884,378 |
| 2006 | 4 | 137 | - | - | 99 | 240 | 1,966,014 |
| 2007 | 4 | 158 | - | - | 95 | 257 | 2,157,445 |
| 2008 | 2 | 163 | - | - | 112 | 277 | 2,069,376 |
| 2009 (2) | - | - | 11 | 91 | 38 | 140 | 1,412,766 |
| 2010 | 1 | - | 6 | 94 | 38 | 139 | 1,497,930 |
| 2011 | 1 | - | 3 | 115 | 34 | 153 | 1,592,040 |
| 2012 | 1 | - | 4 | 142 | 36 | 183 | 1,752,683 |

Source: Las Vegas Convention and Visitors Authority

(1) In 2004, the LVCVA changed the methodology for reporting meetings held at Cashman Center. Prior to the methodolgy change all meetings (including internally scheduled meetings) were counted. Pursuant to the methodolgy change, the LVCVA began counting only meetings held by external customers.

(2) In 2009, the categorizations of events at both facilities was revised. Rather than "Events" and "Meetings", the new categories are "Special Events", which are directly tied to visitors to the County and "Public Events", which include shows aimed at local residents, meetings and other local organization events. Historical data for 2009 was adjusted under the new method.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
SUMMARY OF AUTHORIZED POSITIONS
LAST TEN FISCAL YEARS
(unaudited)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| *GENERAL GOVERNMENT* | | | | | | | | | | |
| Executive | 17 | 15 | 15 | 17 | 17 | 17 | 17 | 18 | 15 | 15 |
| Finance [1] | -- | -- | -- | -- | -- | -- | 42 | 43 | 35 | 35 |
| Human Resources | 7 | 7 | 7 | 8 | 10 | 10 | 10 | 10 | 8 | 8 |
| Public Affairs | -- | -- | -- | 12 | 14 | 18 | 18 | 19 | 19 | 19 |
| | 24 | 22 | 22 | 37 | 41 | 45 | 87 | 90 | 77 | 77 |
| *MARKETING* | | | | | | | | | | |
| Advertising | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Research [2] | 7 | 6 | 5 | 6 | 6 | 7 | 7 | 11 | 2 | 2 |
| Digital Marketing [2] | -- | -- | -- | -- | -- | -- | -- | -- | 9 | 9 |
| Sports Marketing | 2 | 2 | 2 | 2 | 2 | 4 | 2 | 2 | 3 | 3 |
| Strategic Planning [3] | -- | -- | -- | -- | -- | -- | -- | -- | 3 | 3 |
| Sales | 35 | 38 | 44 | -- | -- | -- | -- | -- | -- | -- |
| Convention Center Sales | -- | -- | -- | 12 | 12 | 12 | 13 | 12 | 10 | 10 |
| Diversity Marketing | -- | -- | -- | 2 | 4 | 4 | 4 | 2 | 1 | 1 |
| Convention Sales | -- | -- | -- | 30 | 30 | 28 | 28 | 31 | 26 | 26 |
| Tourism | 19 | 17 | 19 | -- | -- | -- | -- | -- | -- | -- |
| Leisure Sales | -- | -- | -- | 17 | 19 | 15 | 17 | 16 | 12 | 12 |
| International Sales | -- | -- | -- | 2 | 2 | 8 | 8 | 6 | 7 | 7 |
| Destination Services | 7 | 11 | 10 | 10 | 10 | 10 | 10 | 7 | 4 | 4 |
| Registration & Housing [3] | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 6 | 6 |
| Call Center [3] | 31 | 30 | 26 | 26 | 26 | 24 | 23 | 23 | -- | -- |
| Visitor Information [3] | 19 | 19 | 18 | 18 | 18 | 18 | 18 | 18 | 26 | 26 |
| Convention Services | -- | 15 | 15 | 15 | 15 | 16 | 16 | 16 | 15 | 15 |
| Public Affairs | 11 | 11 | 12 | -- | -- | -- | -- | -- | -- | -- |
| Transportation | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | 137 | 155 | 157 | 146 | 150 | 152 | 152 | 150 | 125 | 125 |

[1] In FY 2009, the Finance, Purchasing and Materials Management sections were combined into one department.
[2] In FY 2010, Destination Services and Internet Marketing/Research were re-organized, creating an additional department called Digital Marketing.
[3] In FY 2011, Call Center was consolidated into the Visitor Information. The Registration and Housing sections were combined and a new department - Strategic Planning - was added.

(continued)

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY
## SUMMARY OF AUTHORIZED POSITIONS (continued)
## LAST TEN FISCAL YEARS
(unaudited)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| *OPERATIONS* | | | | | | | | | | |
| Facilities | 20 | 2 | 2 | -- | -- | -- | -- | -- | -- | -- |
| Client Services | 119 | 115 | 113 | 112 | 116 | 126 | 126 | 126 | 112 | 112 |
| Engineering | -- | -- | -- | -- | -- | 111 | 113 | 109 | 101 | 101 |
| Engineering Systems | 61 | 55 | 49 | 50 | 50 | -- | -- | -- | -- | -- |
| Engineering Maintenance | 41 | 48 | 49 | 49 | 50 | -- | -- | -- | -- | -- |
| Security | 50 | 46 | 47 | 49 | 50 | 39 | 39 | 39 | 34 | 34 |
| Traffic | 3 | 5 | 5 | 11 | 15 | 17 | 17 | 17 | 19 | 19 |
| Physical Security | 5 | 6 | 6 | 5 | 5 | 17 | 17 | 17 | 17 | 17 |
| Finance (1) | 19 | 19 | 20 | 19 | 21 | 22 | -- | -- | -- | -- |
| Purchasing & Contracts (1) | 8 | 8 | 9 | 9 | 10 | 11 | -- | -- | -- | -- |
| Materials Management (1) | 8 | 8 | 9 | 9 | 9 | 10 | -- | -- | -- | -- |
| Information Technology | 11 | 11 | 12 | 12 | 12 | 15 | 15 | 15 | 13 | 13 |
| Transportation | 3 | 3 | -- | -- | -- | -- | -- | -- | -- | -- |
| Facility Projects | -- | -- | 3 | 5 | 6 | 7 | 4 | 8 | 5 | 5 |
| Customer Experience | -- | -- | -- | -- | 2 | 2 | 2 | 1 | 2 | 2 |
| | 348 | 326 | 324 | 330 | 346 | 377 | 333 | 332 | 303 | 303 |
| *TOTAL LVCVA* | 509 | 503 | 503 | 513 | 537 | 574 | 572 | 572 | 505 | 505 |

(1) In FY 2009, the Finance, Purchasing and Materials Management sections were combined into one department and moved into the Executive Division.

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY
# ACTIVITY MEASURES
# LAST NINE FISCAL YEARS (1)
(unaudited)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|
| *GENERAL GOVERNMENT* | | | | | | | | | |
| **Human Resources** | | | | | | | | | |
| # of active employees | 459 | 496 | 515 | 539 | 531 | 500 | 484 | 477 | 482 |
| # of new full-time employees processed | 46 | 79 | 63 | 75 | 48 | - | - | 13 | 47 |
| **Public Affairs** | | | | | | | | | |
| Media inquiries received | n/a | 626 | 944 | 1,000 | 1,095 | 1,284 | 1,042 | 3,689 | 4,165 |
| Press releases distributed | 25 | 48 | 52 | 60 | 93 | 102 | 95 | 63 | 50 |
| Video projects completed | n/a | n/a | n/a | 92 | 108 | 76 | 215 | 274 | 292 |
| Photo assignments completed | n/a | n/a | 510 | 600 | 659 | 720 | 678 | 614 | 593 |
| **Finance** | | | | | | | | | |
| Payroll checks/deposit advises issued | 19,252 | 19,282 | 19,862 | 21,314 | 22,271 | 22,199 | 20,164 | 18,884 | 20,157 |
| Accounts Payable disbursements | 6,180 | 6,859 | 6,905 | 7,051 | 7,060 | 6,002 | 4,997 | 4,135 | 3,928 |
| **Purchasing and Contracts** | | | | | | | | | |
| Contracts administered | 515 | 441 | 580 | 706 | 436 | 259 | 471 | 645 | 755 |
| Purchase orders issued | 940 | 1,034 | 1,209 | 1,298 | 1,218 | 869 | 553 | 752 | 787 |
| **Materials** | | | | | | | | | |
| Packages shipped | 210,000 | 260,000 | 296,000 | 280,000 | 281,585 | 191,170 | 44,586 | 45,892 | 44,019 |
| Copies produced | 1.2M | 1.3M | 1.3M | 1.5M | 1.5M | 1.0M | 0.7M | 0.6M | .6M |
| *MARKETING* | | | | | | | | | |
| **Internet Marketing and Research** | | | | | | | | | |
| Statistical Reports and Publications produced | 15 | 16 | 30 | 26 | 31 | 34 | 33 | 32 | 28 |
| Web site visits - combined LVCVA sites | 7.4M | 7.3M | 8.8M | 7.0M | 7.1M | 8.2M | 8.7M | 9.0M | 10.5M |
| Web site referrals - combined LVCVA sites | n/a | n/a | 3.3M | 4.6M | 4.9M | 4.6M | 4.3M | 3.9M | 3.4M |
| **Sales** | | | | | | | | | |
| Total leads distributed (originated and facilitated) | n/a | n/a | 3,540 | 4,018 | 4,013 | 3,186 | 2,890 | 2,930 | 3,640 |
| Converted leads | n/a | n/a | 1,014 | 1,238 | 1,229 | 1,026 | 845 | 885 | 1,322 |
| In-person out of market sales calls | n/a | n/a | 1,163 | 1,974 | 1,983 | 4,846 | 4,144 | 3,112 | 3,108 |
| Travel industry events attended | n/a | n/a | 595 | 681 | 813 | 819 | 902 | 711 | 732 |
| **Registration Services** | | | | | | | | | |
| Meetings and conventions supported | 300 | 325 | 343 | 314 | 283 | 281 | 266 | 282 | 284 |
| **Call Center** | | | | | | | | | |
| Total calls managed | n/a | n/a | 281,666 | 224,778 | 201,384 | 156,401 | 133,736 | 112,461 | 92,594 |
| **Visitor Information** | | | | | | | | | |
| Total visitor volume | n/a | n/a | 278,500 | 283,306 | 246,818 | 225,307 | 277,539 | 213,152 | 206,513 |
| *OPERATIONS* | | | | | | | | | |
| **Client Services** | | | | | | | | | |
| Show support (man-hours) | 12,443 | 12,992 | 12,899 | 15,093 | 16,093 | 13,550 | 12,323 | 12,853 | 11,971 |
| Set/strike meeting rooms/halls (man-hours) | 19,382 | 20,217 | 21,442 | 23,402 | 23,432 | 21,875 | 19,957 | 17,045 | 19,031 |
| **Facilities** | | | | | | | | | |
| Leased net square foot serviced (LVCC) | 14,749,005 | 16,651,949 | 17,785,909 | 16,357,462 | 19,197,948 | 14,334,348 | 12,856,175 | 12,464,837 | 14,756,549 |
| Building attendees supported (LVCC) | 1,334,434 | 1,592,285 | 1,679,219 | 1,619,615 | 1,811,749 | 1,376,943 | 1,408,063 | 1,477,949 | 1,413,981 |
| **Security** | | | | | | | | | |
| Special events hours worked | n/a | n/a | 2,006 | 2,347 | 637 | 363 | 274 | 22 | 385 |
| Percentage of lost items returned to owner | 61% | 52% | 50% | 50% | 48% | 49% | 47% | 51% | 50% |
| Patients treated in First Aid | n/a | n/a | n/a | n/a | 3,932 | 3,000 | 2,151 | 1,854 | 1,928 |
| **Information Technology** | | | | | | | | | |
| Computer training hours | 2,854 | 1,440 | 1,896 | 2,104 | 2,053 | 1,803 | 302 | 410 | 361 |
| Call resolution time (average hours) | 3.0 | 3.5 | 3.5 | 3.5 | 4.0 | 4.1 | 4.3 | 7.5 | 7.0 |

(1) Ten years of data is not available but will be accumulated over time.

# CAPITAL ASSETS BY FUNCTION
## LAST EIGHT FISCAL YEARS (1)
(unaudited)

| Fiscal Year | General Government (2) (3) | Marketing (2) | Operations (2) (3) | Total |
|---|---|---|---|---|
| 2006 | $ 25,527 | $ 61,693 | $ 388,324,539 | $ 388,411,759 |
| 2007 | 35,497 | 205,351 | 405,975,373 | 406,216,221 |
| 2008 | 26,006 | 294,258 | 506,030,244 | 506,350,508 |
| 2009 | 191,960 | 212,482 | 539,608,792 | 540,013,234 |
| 2010 | 355,203 | 259,280 | 533,519,929 | 534,134,412 |
| 2011 | 5,761 | 41,341 | 467,743,263 | 467,790,365 |
| 2012 | 94,230 | 19,800 | 458,005,442 | 458,119,472 |

(1) Ten years of data is not available but will be accumulated over time.

(2) Totals are net of accumulated depreciation and amorization.

(3) Finance and Materials Mangement transferred from Operations to General Government in FY 2009.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
CLARK COUNTY'S TEN LARGEST EMPLOYERS (1)
CURRENT YEAR and NINE YEARS PRIOR
(unaudited)

| Employers | Employees (2) | Percentage of County Employment |
|---|---|---|
| CLARK COUNTY SCHOOL DISTRICT | 60,120 | 4.40% |
| CLARK COUNTY, NEVADA | 13,660 | 1.00% |
| WYNN LAS VEGAS LLC | 13,660 | 1.00% |
| BELLAGIO LLC | 13,660 | 1.00% |
| MGM GRAND HOTEL/CASINO | 13,660 | 1.00% |
| ARIA RESORT & CASINO LLC | 10,930 | 0.80% |
| MANDALAY BAY RESORT AND CASINO | 10,930 | 0.80% |
| UNIVERSITY OF NV-LV | 9,560 | 0.70% |
| LAS VEGAS METROPOLITAN POLICE | 9,560 | 0.70% |
| CAESARS PALACE | 6,830 | 0.50% |
| Total for Principal Employers | 162,570 | 11.90% |

| | |
|---|---|
| Clark County Employment as of June 30, 2012 | 1,366,299 |

| Employers | Employees (2) | Percentage of County Employment |
|---|---|---|
| CLARK COUNTY SCHOOL DISTRICT | 30,910 | 3.89% |
| CLARK COUNTY, NEVADA | 9,930 | 1.25% |
| MANDALAY BAY RESORT AND CASINO | 6,750 | 0.85% |
| MIRAGE CASINO-HOTEL | 6,750 | 0.85% |
| UNIVERSITY OF NV-LV | 6,200 | 0.78% |
| STATE OF NEVADA | 5,640 | 0.71% |
| LAS VEGAS METROPOLITAN POLICE | 5,090 | 0.64% |
| CAESARS PALACE | 5,090 | 0.64% |
| RIO SUITE HOTEL | 4,530 | 0.57% |
| UNIVERSITY MEDICAL CTR OF SO NEV | 4,050 | 0.51% |
| Total for Principal Employers | 84,940 | 10.69% |

| | |
|---|---|
| Clark County Employment as of June 30, 2003 | 794,600 |

(1) The labor and employer statistics provided by Nevada Department of Employment

(2) Number of employees is rounded based on percentage of total county labor force

The primary source of revenue for the LVCVA is from room taxes imposed on hotels and motels in Clark County. The hotels listed below represent the ten largest hotel properties in Clark County and generate the greatest volume of room taxes for the LVCVA.

| | Rooms at June 30 | % of total rooms |
|---|---|---|
| MGM Grand | 5,044 | 3.1% |
| Luxor | 4,400 | 2.7% |
| Venetian | 4,027 | 2.4% |
| Aria Resort | 4,004 | 2.4% |
| Excalibur | 3,981 | 2.4% |
| Bellagio | 3,933 | 2.4% |
| Circus Circus | 3,767 | 2.3% |
| Flamingo | 3,545 | 2.1% |
| Caesars Palace | 3,348 | 2.0% |
| Mandalay Bay | 3,211 | 1.9% |
| | 39,260 | 23.8% |
| Other Hotels and motels | 110,985 | 67.1% |
| Total Las Vegas metropolitan area | 150,245 | 90.9% |
| Total Laughlin | 10,333 | 6.2% |
| Total Mesquite | 1,759 | 1.1% |
| Total Jean and Primm | 2,944 | 1.8% |
| Total inventory of rooms | 165,281 | 100.0% |

Note: Other Hotels and motels does not include timeshare properties.

In spite of the increasing availability of rooms, the occupancy rate for the Las Vegas metropolitan area exceeds the national average by over 20% for the past ten calendar years.

| Calendar Year | Total VisitorVolume | Rooms Inventory (1) | Occupany Rate | Average Rooms Occupied Daily | Average Daily Rate | National Occupancy Percentage |
|---|---|---|---|---|---|---|
| 2002 | 35,071,504 | 126,787 | 84.0% | 106,501 | $ 76.69 | 59.1% |
| 2003 | 35,540,126 | 130,482 | 85.0% | 110,910 | 82.48 | 59.2% |
| 2004 | 37,388,781 | 131,503 | 88.6% | 116,512 | 89.78 | 61.3% |
| 2005 | 38,566,717 | 133,186 | 89.2% | 118,802 | 103.12 | 63.1% |
| 2006 | 38,914,889 | 132,605 | 89.7% | 118,947 | 119.66 | 63.4% |
| 2007 | 39,196,761 | 132,947 | 90.4% | 120,184 | 132.09 | 63.2% |
| 2008 | 37,481,552 | 140,529 | 86.0% | 120,855 | 119.19 | 60.4% |
| 2009 | 36,351,469 | 148,941 | 81.5% | 115,196 | 93.19 | 55.1% |
| 2010 | 37,335,436 | 151,880 | 80.4% | 119,744 | 94.91 | 57.6% |
| 2011 | 38,928,708 | 150,245 | 83.8% | 125,905 | 105.11 | 60.1% |

Source: Las Vegas Convention and Visitors Authority, Marketing Division – Research Department
(1) Total Las Vegas metropolitan area and Jean/Primm properties.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2012
(unaudited)

| | NAME OF INSURER | POLICY NUMBER | LIMIT | EXPIRATION DATE |
|---|---|---|---|---|
| Property/Terrorism | Factory Mutual Insurance Co. | PH12FPK0A1T7ONV | Various | 08/01/13 |
| Crime | Great American Insurance Co. | GVT379271407 | Various | 08/01/13 |
| General Liability | Philadelphia Indemnity Ins. Co. | PHPK896866 | Various | 08/01/13 |
| Workers Compensation (DC & IL) | Hartford Ins. Co. | 53WECRQ2921 | $1,000,000 | 08/01/13 |
| Excess Workers Compensation | Safety National Casualty Corp. | AGC4046835 | $1,000,000 | 08/01/13 |
| Automobile | Philadelphia Indemnity Ins Co. | PHPK748013 | $1,000,000<br>$5,000<br>$1,000,000 | 08/01/13 |
| Umbrella Liability | Nat'l Union Fire Ins. Co. | BE25053512 | $25,000,000 | 08/01/13 |
| Excess over $25 million | Fireman's Fund Insurance Co. | SHX00014960033 | $25,000,000 | 08/01/13 |
| Excess over $50 million | Great American Insurance Co. of New York | EXC4646399 | $25,000,000 | 08/01/13 |
| Excess over $75 million | Federal Insurance Co. (Chubb) | 79736487 | $25,000,000 | 08/01/13 |
| Public Officials & Employees Liability | Ace American Insurance Co. | G21656586009 | $10,000,000 | 08/01/13 |
| Travel Insurance | CIGNA | ABL 962204 | Various | 11/30/12 |
| Medical Benefits Abroad | CIGNA | 04071A | Various | 11/30/12 |

# Additional Report of the Independent Auditors'

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

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

Board of Directors
Las Vegas Convention and Visitors Authority
Las Vegas, Nevada

We have audited the basic financial statements of the Las Vegas Convention and Visitors Authority (the LVCVA) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the LVCVA is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the LVCVA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LVCVA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the LVCVA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the LVCVA's financial statements will not be prevented, or detected and corrected on a timely basis.

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the LVCVA's management, members of the Board of Directors and Audit Committee and others within the LVCVA. However, this report is a matter of public record, and its distribution is not limited.

Piercy Bowler Taylor & Kern

October 4, 2012