

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: Moody's: "Aa1"
S&P: "AA+"
See "RATINGS"**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2018 Bonds (defined herein) is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2018 Bonds (the "Tax Code"), and interest on the 2018 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that for taxable years of corporations beginning before January 1, 2018, such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS" herein.

**\$200,000,000
CLARK COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
LAS VEGAS CONVENTION AND VISITORS AUTHORITY
CONVENTION CENTER EXPANSION BONDS
(ADDITIONALLY SECURED WITH PLEDGED REVENUES)
SERIES 2018**

Dated: Date of Delivery

Due: July 1, as shown herein

The 2018 Bonds are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The 2018 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the 2018 Bonds. Purchases of the 2018 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2018 Bonds. See "THE 2018 BONDS--Book-Entry Only System." The 2018 Bonds bear interest at the rates shown herein, payable semiannually on January 1 and July 1 of each year, commencing July 1, 2018, to and including the maturity dates shown herein (unless the 2018 Bonds are redeemed earlier), to the registered owners of the 2018 Bonds (initially Cede & Co.). The principal of the 2018 Bonds will be payable upon presentation and surrender at the principal operations office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its successor as the paying agent for the 2018 Bonds. See "THE 2018 BONDS."

The maturity schedule for the 2018 Bonds appears on the inside cover page of this Official Statement.

The 2018 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described in "THE 2018 BONDS--Prior Redemption."

Proceeds of the 2018 Bonds will be used to: (i) finance a portion of the costs of the renovation or expansion of the Las Vegas Convention Center; and (ii) pay the costs of issuing the 2018 Bonds. See "SOURCES AND USES OF FUNDS."

The 2018 Bonds constitute direct and general obligations of the County. The full faith and credit of the County is pledged for the payment of principal and interest subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See "SECURITY FOR THE 2018 BONDS--General Obligations." The 2018 Bonds are additionally secured by: (i) a lien on the Expansion Pledged Revenues (defined herein) on a parity with the lien thereon of certain parity bonds or parity securities of the County and the Authority, if any, hereafter issued; and (ii) the Pledged Revenues (defined herein) on a parity with the lien thereon of certain outstanding parity bonds or parity securities of the County and the Authority. See "SECURITY FOR THE 2018 BONDS--Additional Parity Bonds."

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

The 2018 Bonds are offered when, as, and if issued and accepted by the initial purchaser, subject to the approval of legality of the 2018 Bonds by Sherman & Howard L.L.C., Las Vegas, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., has also acted as special counsel to the County and the Authority in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the County by the Clark County District Attorney and for the Authority by its Legal Counsel. It is expected that the 2018 Bonds will be available for delivery through the facilities of DTC on or about April 4, 2018.

This Official Statement is dated March 14, 2018

MATURITY SCHEDULE
(CUSIP® 6-digit issuer number: 180848)

\$200,000,000
CLARK COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
LAS VEGAS CONVENTION AND VISITORS AUTHORITY
CONVENTION CENTER EXPANSION BONDS
(ADDITIONALLY SECURED WITH PLEDGED REVENUES)
SERIES 2018

Maturing (July 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP® Issue Number
2021	\$ 100,000	5.000%	1.800%	VJ9
2022	100,000	5.000	2.000	VK6
2023	100,000	5.000	2.150	VL4
2024	100,000	5.000	2.300	VM2
2025	100,000	5.000	2.410	VN0
2026	1,000,000	5.000	2.550	VP5
2027	1,000,000	5.000	2.700	VQ3
2028	1,000,000	5.000	2.800 ^c	VR1
2029	1,000,000	5.000	2.850 ^c	VS9
2030	1,000,000	5.000	2.950 ^c	VT7
2031	1,000,000	3.000	3.150	VU4
2034	1,000,000	3.250	3.500	VX8
2035	1,000,000	4.000	3.440 ^c	VY6
2036	1,000,000	3.500	98.500	VZ3
2044	42,030,000	4.000	3.830 ^c	WH2
2045	44,185,000	4.000	3.840 ^c	WJ8
2046	46,450,000	4.000	3.850 ^c	WK5
2047	48,835,000	4.000	3.860 ^c	WL3

\$2,000,000 4.000% Term Bond due July 1, 2033, Yield 3.350%^c, CUSIP® Issue No. VW0

\$2,000,000 3.500% Term Bond due July 1, 2038, Price 98.000 CUSIP® Issue No. WB5

\$2,000,000 3.625% Term Bond due July 1, 2040, Price 98.000 CUSIP® Issue No. WD1

\$3,000,000 3.750% Term Bond due July 1, 2043, Price 98.500 CUSIP® Issue No. WG4

^cYield to the first optional redemption date of July 1, 2027.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2018 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2018 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by Clark County, Nevada (the "County") or the Las Vegas Convention and Visitors Authority (the "Authority"). The County and the Authority each maintain an internet website for various purposes; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2018 Bonds.

The information set forth in this Official Statement has been obtained from the County, the Authority and from the sources referenced throughout this Official Statement, which the County and the Authority believe to be reliable. No representation is made by the County or the Authority, however, as to the accuracy or completeness of information provided from sources other than the County or the Authority, and nothing contained herein is or shall be relied upon as a guarantee of the County or the Authority. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2018 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2018 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2018 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2018 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2018 BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2018 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2018 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CLARK COUNTY, NEVADA

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Steve Sisolak, Chairman
Chris Giunchigliani, Vice Chair
Susan Brager
Lawrence L. Brown, III
James B. Gibson
Marilyn Kirkpatrick
Lawrence Weekly

County Officials

Yolanda T. King, County Manager
Jessica L. Colvin, Chief Financial Officer
Laura B. Fitzpatrick, Treasurer
Lynn Marie Goya, Clerk
Steven B. Wolfson, District Attorney

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Board of Directors

Lawrence Weekly, Chairman
Chuck Bowling, Vice Chairman
Bill Noonan, Secretary
Larry Brown, Treasurer

Carolyn Goodman	Peggy Leavitt
Gregory Lee	Tom Jenkin
John Marz	John Lee
George Rapson	Maurice Wooden
Mary Beth Sewald	Michele Fiore

Authority Officials

Rossi T. Ralenkotter, CEO
Steve Hill, President/COO
Ed Finger, CFO

COUNTY MUNICIPAL ADVISORS

Hobbs, Ong & Associates, Inc. Las Vegas, Nevada	PFM Financial Advisors LLC Seattle, Washington
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AUTHORITY MUNICIPAL ADVISORS

JNA Consulting Group, LLC Boulder City, Nevada	Montague DeRose and Associates LLC Westlake Village, California
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BOND COUNSEL AND SPECIAL COUNSEL

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

REGISTRAR AND PAYING AGENT

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

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OFFICIAL STATEMENT

\$200,000,000
CLARK COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
LAS VEGAS CONVENTION AND VISITORS AUTHORITY
CONVENTION CENTER EXPANSION BONDS
(ADDITIONALLY SECURED WITH PLEDGED REVENUES)
SERIES 2018

INTRODUCTION

General

This Official Statement, which includes the cover page, the inside cover page and the appendices, provides information concerning the Las Vegas Convention and Visitors Authority (the “Authority”), Clark County, Nevada (the “County”), and the \$200,000,000 Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Convention Center Expansion Bonds (Additionally Secured with Pledged Revenues), Series 2018 (the “2018 Bonds”). Unless otherwise defined, all capitalized terms used in this Official Statement shall have the same meanings as used in the resolution authorizing the issuance of the 2018 Bonds (the “Bond Resolution”), adopted by the Board of Directors of the Authority (the “Authority Board”) on February 13, 2018, and ratified by an ordinance adopted by the Board of County Commissioners of the County (the “County Board”) on February 20, 2018. See “APPENDIX C--SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

The offering of the 2018 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2018 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.

The County’s participation in the preparation of this Official Statement has been limited to the sections entitled “CLARK COUNTY, NEVADA,” “COUNTY FINANCIAL INFORMATION,” “COUNTY DEBT STRUCTURE” and “LEGAL MATTERS--Litigation--The County.”

Changes from Preliminary Official Statement

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated March 5, 2018 (the “POS”), including the final sources and uses of the proceeds of the 2018 Bonds and the maturity dates, interest rates, yields, redemption provisions, and other terms of the 2018 Bonds. In addition, the County’s preliminary assessed valuation for fiscal year 2019 (excluding the assessed valuation attributable

to the Redevelopment Agencies (as defined below)) has been updated pursuant to a final report from the Nevada Department of Taxation dated March 15, 2018. See “INTRODUCTION--The County” and “PROPERTY TAX INFORMATION--Property Tax Base and Tax Roll.” Further, in the “Historical and Budgeted Pledged Revenues and Debt Service Coverage” table on page 22, the 2018 “Annual Principal and Interest Requirements” has been amended to reflect actual fiscal year 2018 debt service and not maximum annual debt service on the 2018 Bonds and the Existing Bonds, and the related debt service coverage ratios for fiscal year 2018 have also been updated. Information comparing Pledged Revenues and Combined Pledged Revenues to the maximum annual principal and interest requirements of the 2018 Bonds and the Existing Bonds continues to be presented in the narrative information preceding the “Historical and Budgeted Pledged Revenues and Debt Service Coverage” table on page 22. Finally, the information under the heading “COUNTY DEBT STRUCTURE – Additional Contemplated Indebtedness” has been updated to reflect the County’s contemplated issuance of general obligation transportation improvements bonds in late 2018. Such general obligation transportation improvements bonds will be additionally secured by certain room tax revenues.

The Authority

The Authority is an instrumentality of the County established pursuant to Nevada Revised Statutes (“NRS”) Sections 244A.597 through 244A.655 (the “Act” or “SB1”) for the purpose, among others, of acquiring, operating and promoting public convention hall and recreational facilities within the County. The Las Vegas Convention Center (the “Convention Center”), the Cashman Center (described herein) and certain incidental recreational facilities currently comprise the Authority’s Facilities (defined below). See “REVENUES AVAILABLE FOR DEBT SERVICE--Facilities Revenues--Present Facilities; Rates and Charges.”

The County

The County is a political subdivision of the State of Nevada (the “State” or “Nevada”) organized in 1909. The County covers an area of approximately 8,012 square miles in the southern portion of the State. The City of Las Vegas, the County seat, is the most populous city in the State. According to the State Demographer, the County’s estimated population as of July 1, 2017 was 2,193,818. See “APPENDIX G--ECONOMIC AND DEMOGRAPHIC INFORMATION--Population and Age Distribution.” As more fully described in “PROPERTY TAX INFORMATION--Property Tax Base and Tax Roll,” the County’s assessed valuation for fiscal year 2017-18 is \$78,890,801,494, excluding the assessed valuation attributable to the Redevelopment Agencies (defined herein). According to the Nevada Department of Taxation, the County’s preliminary assessed valuation for fiscal year 2018-19 is \$87,227,328,091 (subject to change until July 1, 2018), excluding the assessed valuation attributable to the Redevelopment Agencies.

Authority for Issuance

The 2018 Bonds are being issued by the Authority, on behalf of and in the name of the County, pursuant to the constitution and laws of the State, including Section 56 of Chapter 2, Statutes of Nevada 2016, 30th Special Session, as amended by Chapter 575, Statutes of Nevada 2017 (the “Act”), NRS 244A.597 through 244A.655, as amended (the “Project Act”); NRS 268.095, as amended (the “City Tax Act”); NRS 244.335, as amended (the “County Tax Act”); NRS 350.500 through 350.720, Chapter 348 of NRS, and the Bond Resolution.

The 2018 Bonds; Prior Redemption

The 2018 Bonds are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The 2018 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the 2018 Bonds. Purchases of the 2018 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2018 Bonds. See “THE 2018 BONDS--Book-Entry Only System.” The 2018 Bonds are dated as of the date of their delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the 2018 Bonds is described in “THE 2018 BONDS--Payment Provisions.”

The 2018 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described in “THE 2018 BONDS--Prior Redemption.”

Purpose

Proceeds of the 2018 Bonds will be used to: (i) finance a portion of the costs of the renovation or expansion of the Convention Center; and (ii) pay the costs of issuing the 2018 Bonds. See “SOURCES AND USES OF FUNDS.”

Security for the 2018 Bonds

General Obligations. The 2018 Bonds are direct and general obligations of the County, payable as to principal and interest from general (ad valorem) taxes (sometimes referred to herein as “General Taxes”) levied against all taxable property within the County (except to the extent any other monies are made available therefor), subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. Generally, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation. See “SECURITY FOR THE 2018 BONDS--General Obligations” and “PROPERTY TAX INFORMATION--Property Tax Limitations.”

Additional Security. The 2018 Bonds are additionally secured by a pledge of: (i) the Expansion Pledged Revenues (described below) of the Authority; and (ii) the Pledged Revenues (described below) of the Authority. For purposes of this Official Statement only, the Expansion Pledged Revenues and the Pledged Revenues are sometimes collectively referred to herein as the “Combined Pledged Revenues.”

Expansion Pledged Revenues.

General. The Act was approved by a special session of the Nevada Legislature (the “Legislature”) held in October 2016. The Act includes a provision requiring the County and the Cities (defined below) to impose a tax of one-half of one percent (0.5%) of the gross receipts from the rental of transient lodging in the County and the Cities upon all persons in the business of providing lodging (the “Expansion License Taxes”). The Act further requires such Expansion License Taxes to be distributed to the Authority for use in expanding the Convention Center with the addition of not less than 600,000 square feet of leasable exhibition space, plus associated support space, and to further expand, construct, improve, maintain, and renovate the facilities of the Authority (the “Convention Center Project”) and/or to pledge the proceeds of

such Expansion License Taxes to bonds of the County and/or the Authority issued to finance the Convention Center Project. Finally, the Act also limits the collection fees that may be distributed to the County and the Cities for the collection of the Expansion License Taxes and the License Taxes (which are described below and are separate from the Expansion License Taxes) to a sum not to exceed the lesser of 10% of the gross revenues of the Expansion License Taxes and the License Taxes or \$25,000,000, and requires any collection fee in excess of such amount (the “Pledged Collection Fees”) to be used solely for the Convention Center Project and/or to be pledged to bonds of the County and/or the Authority issued to finance the Convention Center Project.

Bond Resolution. The Bond Resolution defines “Expansion Pledged Revenues” to mean: (i) all proceeds from the Expansion License Taxes but excluding the reasonable costs of the collection of the Expansion License Taxes not exceeding, for any collection period, an amount not to exceed the lesser of 10% of the gross revenues collected from the License Taxes and the Expansion License Taxes or a total of \$25,000,000, as more specifically provided in the Bond Resolution; and (ii) the Pledged Collection Fees. Notwithstanding the foregoing language of the Bond Resolution, the Act does not permit a collection fee to be charged in connection with the collection of the Expansion License Taxes and, thus, the proceeds from the Expansion License Taxes are not expected to be reduced by any costs of collecting the same. The Bond Resolution further states that: (a) all investment income from any fund or account established under the Bond Resolution shall be treated as a part of the Expansion Pledged Revenues; and (ii) with respect to the Expansion License Taxes, nothing in the Bond Resolution shall be deemed to be an assignment or pledge of any license tax on gaming, or of license taxes other than the Expansion License Taxes assigned or pledged by the Authority to the Bonds. See “APPENDIX C--SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

Pledged Revenues. The Bond Resolution defines Pledged Revenues (which are separate and distinct from the Expansion Pledged Revenues) to mean the Gross Revenues (defined below) remaining after the payment of the Operation and Maintenance Expenses of the Facilities (defined below). For a detailed definition of Operation and Maintenance Expenses, see “APPENDIX C--SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

The Bond Resolution generally defines “Gross Revenues” to mean all of the Facilities Revenues (defined below) and all of the proceeds from the License Taxes (defined below), but excluding the reasonable costs of the collection of the License Taxes not exceeding, for any collection period, an amount equal to 10% of the gross revenues collected from the License Taxes. As clarification of the term “Gross Revenues,” the Bond Resolution states that: (i) all investment income from any fund or account established under the Bond Resolution, shall be treated as a part of the Gross Revenues; and (ii) with respect to the License Taxes, nothing in the Bond Resolution shall be deemed to be an assignment or pledge of any license tax on gaming, or of license taxes other than the License Taxes assigned or pledged by the Authority to the Existing Bonds (defined below) by ordinances adopted by the County Board and City Councils of the Cities of Boulder City, Henderson, Las Vegas, Mesquite, and North Las Vegas, Nevada (collectively, the “Cities”), prior to the delivery of the 2018 Bonds. APPENDIX C--SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

The Bond Resolution generally defines “Facilities Revenues” to mean the gross revenues derived from the operation of the Facilities. The Bond Resolution defines “Facilities” to mean the Convention Center and incidental recreational facilities under the jurisdiction of the

Authority, including, without limitation, fairgrounds, auditoriums, fieldhouses, amusement halls, public parks, playgrounds, other recreational facilities, buildings therefor, improvements incidental thereto, and sites and grounds, equipment and furnishings therefor, as the same may thereafter (both heretofore and hereafter) from time to time be extended or otherwise improved, or any combination thereof. Although not specifically listed in the definition of “Facilities,” the Cashman Center is currently managed by the Authority on behalf of the City of Las Vegas. For a description of the Cashman Center and the future plans regarding ownership of the Cashman Center, see “REVENUES AVAILABLE FOR DEBT SERVICE--Facilities Revenues--Present Facilities; Rates and Charges--Cashman Center. APPENDIX C--SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

The Bond Resolution generally defines “License Taxes” to mean, collectively, the City License Taxes and the County License Taxes. The Bond Resolution generally defines “City License Taxes” to mean the license tax for revenue upon hotels and motels and certain other rental businesses and also upon gaming, fixed by each City and assigned for a pledge to bonds by ordinance adopted by each City, pursuant to the City Tax Act and the Project Act and all laws supplemental thereto and includes any license taxes subsequently substituted therefor; however, with respect to Boulder City, Nevada, such license taxes will not include a tax upon gaming. “County License Taxes” means the license taxes for revenue upon hotels and motels and certain other rental businesses and upon gaming, fixed by the County, acting by and through the County Board, and assigned for a pledge to bonds issued by the County, acting by and through the Authority, pursuant to the County Tax Act, the Project Act and all laws supplemental thereto and includes any license taxes subsequently substituted therefor. See “REVENUES AVAILABLE FOR DEBT SERVICE--License Taxes.”

The proceeds from license taxes imposed on hotels and motels are sometimes referred to herein as “Room Taxes” and the proceeds from license taxes imposed on taxable gaming businesses are sometimes referred to herein as “Gaming Fees.”

Lien Priority. The 2018 Bonds have a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien thereon of \$799,955,000 aggregate principal amount of outstanding bonds described below (comprised of both the Prior Parity Bonds and Prior Parity Revenue Bonds described below).

The following County general obligation bonds (additionally secured by Pledged Revenues) are outstanding as of March 1, 2018:

<u>Prior Parity Bonds Outstanding</u>		<u>Amount</u>
<u>Name of Issue</u>		<u>Outstanding</u>
Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2008 (the “2008 Bonds”)		\$630,000
Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2010A (Taxable Direct Pay Build America Bonds) (the “2010A Bonds”).....		\$70,770,000

Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds and Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2010B (the “2010B Bonds”).....	\$37,670,000
Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2010C (Taxable Direct Pay Build America Bonds) (the “2010C Bonds”) ⁽¹⁾	\$146,620,000
Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Bonds (Additionally Secured with Pledged Revenues), Series 2012 (the “2012 Bonds”)	\$20,805,000
Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Bonds (Additionally Secured with Pledged Revenues), Series 2014 (the “2014 Bonds”)	\$50,000,000
Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2015A (the “2015A Bonds”)	\$153,720,000
Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2017 (the “2017 Bonds”)	\$21,175,000
Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Crossover Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2017C (the “2017C Bonds”) ⁽¹⁾	<u>\$126,855,000</u>
 TOTAL	 <u>\$628,245,000</u>

(1) The net proceeds of the 2017C Bonds were placed into an escrow account (the “2017C Escrow Account”) established for the purpose of (i) paying the interest on the 2017C Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010C Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010C Bonds due and payable on and prior to July 1, 2020 will be paid by the Authority and will not be paid from monies on deposit in the 2017C Escrow Account. Consequently, the 2010C Bonds are not expected to remain outstanding beyond July 1, 2020.

The 2008 Bonds, the 2010A Bonds, the 2010B Bonds, the 2010C Bonds, the 2012 Bonds, the 2014 Bonds, the 2015A Bonds, the 2017 Bonds, and the 2017C Bonds are collectively referred to as the “Prior Parity Bonds.” All of the Prior Parity Bonds are direct and general obligations of the County, payable as to principal and interest from annual general (ad valorem) taxes levied against all taxable property within the County (except to the extent any other monies are made available therefor), subject to the limitations imposed by the constitution and statutes of the State.

As of March 1, 2018, the Authority also has the following revenue bonds outstanding that also have a lien on the Pledged Revenues on a parity with the lien thereon of the Prior Parity Bonds:

Prior Revenue Parity Bonds Outstanding

<u>Name of Issue</u>	<u>Amount Outstanding</u>
Las Vegas Convention and Visitors Authority, Revenue Refunding Bonds, Series 2016C (the “2016C Bonds”)	\$100,705,000
Las Vegas Convention and Visitors Authority, Revenue Refunding Bonds, Series 2017B (the “2017B Bonds”).....	<u>\$71,005,000</u>
TOTAL.....	<u>\$171,710,000</u>

The 2016C Bonds and the 2017B Bonds are referred to herein as the “Prior Revenue Parity Bonds.” The Prior Revenue Parity Bonds are special, limited obligations of the Authority payable solely from the Pledged Revenues and do not constitute direct and general obligations of the County. No Gaming Fees are pledged to any of the Prior Revenue Parity Bonds.

The Prior Parity Bonds and the Prior Revenue Parity Bonds are collectively referred to herein as the “Existing Bonds.”

The Authority has not previously issued any bonds with a lien on the Expansion Pledged Revenues.

The Authority also currently has outstanding \$1,000,000 aggregate principal amount of its Subordinate Revenue Bonds, Series 2016A (the “2016A Subordinate Bonds”). The 2016A Subordinate Bonds have a lien on the Pledged Revenues that is subordinate to the lien thereon of the 2018 Bonds, the Existing Bonds and any additional Parity Bonds (defined below) or additional Parity Securities (defined below) hereafter issued. The 2016A Subordinate Bonds evidence and secure amounts drawn by the Authority under a Revolving Credit Agreement, dated as of July 1, 2016 (the “Revolving Credit Agreement”), between the Authority and JPMorgan Chase Bank, National Association (the “Lender”). Pursuant to the Revolving Credit Agreement, the Authority is entitled to receive advances from the Lender up to a maximum outstanding principal amount of \$100,000,000. Subject to the repayment of previous advances and the requirement that no more than \$100,000,000 of unpaid advances be outstanding at any given time, the Authority is entitled to receive a cumulative total of \$300,000,000 in advances from the Lender pursuant to the Revolving Credit Agreement. As of March 1, 2018, the Authority has \$1,000,000 outstanding on the Revolving Credit Agreement. The Revolving Credit Agreement expires on July 13, 2018, unless extended in accordance with the terms of the Revolving Credit Agreement.

For a description of certain risk related to the 2016A Subordinate Bonds, see “CERTAIN FISK FACTORS--Risks Related to Existing and Additional Bonds--Subordinate Bonds.”

Neither the 2016A Subordinate Bonds nor the Revolving Credit Agreement have a lien upon the Expansion Pledged Revenues.

Additional Bonds. The Authority, for itself or on behalf of the County, may issue additional bonds or other obligations with a lien on the Pledged Revenues (or portions thereof) and/or the Expansion Pledged Revenues that is on a parity with the lien thereon of the 2018 Bonds (“Parity Bonds” or “Parity Securities”). See “SECURITY FOR THE 2018 BONDS--Additional Parity Bonds.” The Authority, for itself or on behalf of the County, may also issue additional bonds or other obligations with a lien on the Pledged Revenues (or portions thereof) (including additional draws on the Revolving Credit Agreement discussed below) and/or the Expansion Pledged Revenues that is subordinate to the lien thereon of the 2018 Bonds. See “SECURITY FOR THE 2018 BONDS--Subordinate Securities Authorized; Superior Securities Prohibited”

During the next seven fiscal years, the Authority, for itself or on behalf of the County, currently anticipates issuing approximately \$1.1 billion of additional securities (including the 2018 Bonds) to support the LVCCD Program (defined herein). These additional securities will be supported by the Expansion Pledged Revenues and may further be secured by a parity or subordinate lien on the Pledged Revenues. Notwithstanding the foregoing, the amount of securities actually issued in support of the LVCCD Program will depend on several factors, including, but not limited to, projected Expansion Pledged Revenues, projected Pledged Revenues, and projected LVCCD Program costs. See “LAS VEGAS CONVENTION AND VISITORS AUTHORITY--Capital Plans.” The Oversight Panel for Convention Facilities (the “Oversight Panel”), which was created by the Act, has approved the issuance of up to \$900,000,000 of additional securities related to Phase II of the LVCCD Program. The Authority has adopted a resolution, which has been ratified by the County, authorizing \$400,000,000 of general obligation backed bonds. The 2018 bonds are part of this authorization and the remaining \$200,000,000 of bonds is expected to be issued in fall 2019. Additional legal proceedings are required to issue the remaining \$500,000,000 of bonds approved by the Oversight Panel.

Professionals

Sherman & Howard L.L.C., Las Vegas, Nevada, has acted as Bond Counsel and has also acted as Special Counsel to the County and the Authority in connection with the preparation of this Official Statement. The municipal advisors to the Authority in connection with the issuance of the 2018 Bonds are JNA Consulting Group, LLC, Boulder City, Nevada, and Montague DeRose and Associates LLC, Westlake Village, California (the “Authority Municipal Advisors”). The municipal advisors to the County in connection with the issuance of the 2018 Bonds are Hobbs, Ong & Associates, Inc., Las Vegas, Nevada and PFM Financial Advisors LLC, Seattle, Washington (the “County Municipal Advisors” and together with the Authority Municipal Advisors, the “Municipal Advisors”). See “MUNICIPAL ADVISORS.” The fees of the Municipal Advisors will be paid only from 2018 Bond proceeds at closing. The basic audited financial statements of the Authority (contained in APPENDIX A to this Official Statement) include the report of Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada and the basic audited financial statements of the County (contained in APPENDIX B to this Official Statement) include the report of Eide Bailly LLP, certified public accountants, Las Vegas, Nevada. See “INDEPENDENT AUDITORS.” The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as Registrar and Paying Agent for the 2018 Bonds (the “Registrar” and “Paying Agent”).

Tax Status

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2018 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2018 Bonds (the “Tax Code”), and interest on the 2018 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that for taxable years of corporations beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS--Federal Tax Matters.”

Under the laws of the State in effect as of the date of delivery of the 2018 Bonds, the 2018 Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS. See “TAX MATTERS--State Tax Exemption.”

Continuing Disclosure Undertaking

The County and the Authority each will execute a continuing disclosure certificate (each, a “Disclosure Certificate” and, collectively, the “Disclosure Certificates”) at the time of the closing for the 2018 Bonds. The Disclosure Certificates will be executed for the benefit of the beneficial owners of the 2018 Bonds and the Authority and the County will covenant in the Bond Resolution to comply with the terms of the respective agreements. The Disclosure Certificates will provide that so long as the 2018 Bonds remain outstanding, the Authority and the County will annually provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as specified in the Disclosure Certificates. The form of each Disclosure Certificate is attached hereto as APPENDIX E.

County Compliance. Pursuant to an inquiry by the County into its continuing disclosure compliance during the last five years, the County became aware that certain of its filings under continuing disclosure undertakings were made without listing all of the CUSIP numbers associated with the bond issues for which the filings were made, that notice of a 2013 rating change to the County’s general obligation bond rating was, for certain series of County general obligations bonds, filed two days late, that two event notices associated with credit enhancer rating changes were not timely filed, and that in 2014 the annual reports required to be filed for two series of County bond issues were filed six days late.

On December 4, 2015, S&P (defined herein), raised the rating on one series of the County’s special improvement district refunding bonds (the “SID Bonds”) from BBB- to BBB. The County’s Comptroller and the County’s dissemination agent were unaware that the rating on the SID Bonds had been changed by S&P until January 22, 2016, and the County’s dissemination agent filed a material event notice relating to the rating change on January 26, 2016, which was more than 10 business days following the date of the rating change.

In July 2016, the County discovered that the trustee for one of the County's special improvement district bonds incorrectly applied funds received by the County for a mandatory sinking fund payment due on February 1, 2016, to the wrong maturity. The County's dissemination agent filed an event notice disclosing the trustee's failure to redeem the correct special improvement district bonds on July 22, 2016.

Except as set forth in the two immediately preceding paragraphs, the County has not failed to materially comply with any prior continuing disclosure undertakings previously entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") in the last five years. The County will continue to monitor its compliance with its continuing disclosure undertakings.

Authority Compliance. The Authority has not failed to materially comply with any continuing disclosure undertakings entered into pursuant to the Rule in the last five years. The Authority notes that in 2014, the Authority failed to timely file a material event notice relating to an insurer upgrade on its 2010E Bonds. Additionally, in its annual report for fiscal year 2015, the Authority did not include budgeted information for the ensuing 2016 fiscal year in its Historical and Budgeted Pledged Revenues and Debt Service Coverage table. However, audited 2016 financial results are available and have been previously disclosed.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any statements referring to budgeted, unaudited or estimated information for fiscal year 2018 or future years, contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not occur as assumed or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be material and could impact the availability of funds to pay debt service on the 2018 Bonds.

Additional Information

This introduction is only a brief summary of the provisions of the 2018 Bonds and the Bond Resolution; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2018 Bonds, the Bond Resolution, the County, the Authority, the General Taxes, the Pledged Revenues and the Expansion Pledged Revenues are included in this Official Statement. All references herein to the 2018 Bonds, the Bond Resolution and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the Authority and the Authority Municipal Advisors at the addresses set forth below:

Las Vegas Convention and Visitors Authority
Attn: Chief Financial Officer
3150 Paradise Road
Las Vegas, Nevada 89109
Telephone: (702) 892-2990

JNA Consulting Group, LLC.
410 Nevada Way, Suite 200
Boulder City, Nevada 89005
Telephone: (702) 294-5100

Montague DeRose and Associates LLC
2801 Townsgate Road, Suite 221
Westlake Village, California 91361
Telephone: (805) 496-2211

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the 2018 Bonds are expected to be applied in the manner set forth in the following table.

<u>Sources and Uses of Funds</u>	
	<u>Amount</u>
<u>SOURCES:</u>	
Principal amount	\$200,000,000.00
Net Original Issue Premium	3,065,093.50
Total	<u>\$203,065,093.50</u>
 <u>USES:</u>	
The Project	\$201,884,920.10
Costs of issuance (including underwriting discount)....	<u>1,180,173.40</u>
Total	<u>\$203,065,093.50</u>

Source: The Authority Municipal Advisors.

The Project

The Project. The proceeds of the 2018 Bonds will be used to finance a portion of the costs of the Convention Center Project, which Convention Center Project includes, in total, the addition of approximately 1.4 million square feet of meeting, exhibition and support space, including not less than 600,000 square feet of leasable exhibition space, and the further expansion, construction, improvement, maintenance, and renovation of the facilities of the Authority.

THE 2018 BONDS

General

The 2018 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The 2018 Bonds will be dated as of their date of delivery and will bear interest and mature as set forth on the inside cover page of this Official Statement. The 2018 Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the 2018 Bonds. Purchases of the 2018 Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2018 Bonds. See “Book-Entry Only System” below.

Payment Provisions

Interest on the 2018 Bonds is payable on each January 1 and July 1 (each an “Interest Payment Date”), commencing July 1, 2018, by check or draft mailed by the Paying Agent on or before the Interest Payment Date (or if such day is not a business day, on or before the next succeeding business day) to the person in whose name each 2018 Bond is registered (i.e., Cede & Co.) on the 15th day of the calendar month preceding the Interest Payment Date (the “Regular Record Date”), at the address shown on the registration records maintained by the Paying Agent as of the close of business on the Regular Record Date. However, if there is a default in payment or provision of interest due with respect to a 2018 Bond on any Interest Payment Date, such interest will cease to be payable to the person who is the registered owner at the close of business on the Regular Record Date and will be payable to the registered owner (the “Holder”) of such 2018 Bond as of a special record date (the “Special Record Date”) for the payment of any such defaulted interest. The Special Record Date will be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date will be given to the registered owners of the 2018 Bonds not less than 10 days prior thereto by first-class mail to each registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date selected for the payment of the defaulted interest. The principal of the 2018 Bonds will be payable at maturity or upon prior redemption upon presentation and surrender of the 2018 Bond at the principal office of the Paying Agent (or at such other office designated by the Paying Agent). Any 2018 Bond not paid upon presentation and surrender at or after maturity shall continue to bear interest at the rate stated in the 2018 Bond until the principal is paid in full. The Paying Agent may make payments of interest on any 2018 Bond by any alternative means agreed upon between the Holder and the Paying Agent. All payments of principal and interest shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on the 2018 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the 2018 Bonds. Disbursement of such payments to DTC’s Participants (defined in APPENDIX D) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in APPENDIX D) is the responsibility of DTC’s Participants and the Indirect Participants (defined in APPENDIX D), as more fully described herein. See “Book-Entry Only System” below.

Prior Redemption

Optional Prior Redemption. The 2018 Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after July 1, 2028, will be subject to redemption prior to their respective maturities at the option of the Authority on and after July 1, 2027, in whole or in part at any time, from such maturities as are selected by the Authority and if less than all the 2018 Bonds of a maturity are to be redeemed, the 2018 Bonds of such maturity are to be selected by lot (giving proportionate weight to 2018 Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each 2018 Bond or portion thereof so redeemed, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The 2018 Bonds maturing on July 1, 2033 (the “2033 Term Bonds”), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the 2033 Term Bonds, there shall be deposited into the 2018 Bond Fund on or before July 1, 2033, a sum which, together with other moneys available therein is sufficient to redeem (after credit is provided below) the 2033 Term Bonds on July 1, 2032, in the principal amount of \$1,000,000, and on July 1, 2033, in the principal amount of \$1,000,000 (final maturity, not a mandatory sinking fund redemption date).

The 2018 Bonds maturing on July 1, 2038 (the “2038 Term Bonds”), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the 2038 Term Bonds, there shall be deposited into the 2018 Bond Fund on or before July 1, 2038, a sum which, together with other moneys available therein is sufficient to redeem (after credit is provided below) the 2038 Term Bonds on July 1, 2037, in the principal amount of \$1,000,000, and on July 1, 2038, in the principal amount of \$1,000,000 (final maturity, not a mandatory sinking fund redemption date).

The 2018 Bonds maturing on July 1, 2040 (the “2040 Term Bonds”), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the 2040 Term Bonds, there shall be deposited into the 2018 Bond Fund on or before July 1, 2040, a sum which, together with other moneys available therein is sufficient to redeem (after credit is provided below) the 2040 Term Bonds on July 1, 2039, in the principal amount of \$1,000,000, and on July 1, 2040, in the principal amount of \$1,000,000 (final maturity, not a mandatory sinking fund redemption date).

The 2018 Bonds maturing on July 1, 2043 (the “2043 Term Bonds”), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the 2043 Term Bonds, there shall be deposited into the 2018 Bond Fund on or before July 1, 2043, a sum which, together with other moneys available therein is sufficient to redeem (after credit is provided below) the 2043 Term Bonds on July 1, 2041, in the principal amount of \$1,000,000, on July 1, 2042, in the principal amount of \$1,000,000, and on July 1, 2043, in the principal amount of \$1,000,000 (final maturity, not a mandatory sinking fund redemption date).

Not more than 60 days nor less than 30 days prior to the sinking fund payment date for the 2033 Term Bonds, the 2038 Term Bonds, the 2040 Term Bonds, and the 2043 Term Bonds (collectively, the “Term Bonds”), the Registrar shall proceed to select for redemption (in the manner described above) from all outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments.

At the option of the Authority to be exercised by delivery of a written notice to the Registrar not less than sixty days next preceding any sinking fund redemption date, the Authority may (i) deliver to the Registrar for cancellation Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the Authority or, (ii) specify a principal amount of Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation with respect to such Term Bond. Each Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Authority on the sinking fund redemption date and any excess shall be so credited against future sinking fund redemption obligations in such manner as the Authority determines. In the event the Authority shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled, or in the event the Term Bonds are registered in the name of Cede & Co., the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

Notice of Redemption. Unless waived by any registered owner of a 2018 Bond to be redeemed, notice of prior redemption shall be given by the Registrar, by electronic mail to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System (“MSRB”) and as long as Cede & Co. or a nominee or a successor depository is the registered owner of the 2018 Bonds, and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date to the Municipal Securities Rulemaking Board (“MSRB”) and the registered owner of any 2018 Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar.

The notice shall identify the 2018 Bonds and state that on such date the principal amount thereof, and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in the Bond Resolution), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said 2018 Bonds, the 2018 Bonds called for redemption will be paid. Actual receipt of notice by the MSRB or any registered owner of 2018 Bonds shall not be a condition precedent to redemption of such 2018 Bonds. Failure to give such notice to the MSRB or the registered owner of any 2018 Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2018 Bond. A certificate by the Registrar that notice of call and redemption has been given as described above shall be conclusive as against all parties; and no owner whose 2018 Bond is called for redemption or any other owner of any 2018 Bond may object thereto or may object to the

cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

Notwithstanding the provisions described above, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2018 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2018 Bonds called for redemption in the same manner as the original redemption notice was given.

Tax Covenant

In the Bond Resolution, the Authority, on behalf of the County, covenants for the benefit of the Holders of the 2018 Bonds that it will not take any action or omit to take any action with respect to the 2018 Bonds, the proceeds thereof, any other funds of the Authority or the County or any facilities refinanced with the proceeds of the 2018 Bonds if such action or omission (i) would cause the interest on the 2018 Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the 2018 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations for taxable years of corporations beginning before January 1, 2018. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2018 Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met.

Defeasance

When all Bond Requirements of any 2018 Bond have been duly paid, the pledge and lien and all obligations under the Bond Resolution shall thereby be discharged and that 2018 Bond shall no longer be deemed to be Outstanding within the meaning of the Bond Resolution. There shall be deemed to be due payment of any Outstanding 2018 Bond or other securities when the Authority has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of such 2018 Bond or other security, as the same becomes due to the final maturity of the 2018 Bond or other security, or upon any redemption date as of which the Authority shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of 2018 Bond or other security for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Authority and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as so needed to meet the schedule.

“Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or obligations which are unconditionally guaranteed by, the United States. However, for the purposes described in this section, “Federal

Securities” shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof.

Book-Entry Only System

The 2018 Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2018 Bonds. The ownership of one fully registered 2018 Bond for each maturity, as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See APPENDIX D--BOOK-ENTRY ONLY SYSTEM.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2018 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2018 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the Authority, the County, the Registrar or the Paying Agent will have any responsibility or obligation to DTC’s Participants or Indirect Participants (defined in APPENDIX D), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2018 Bonds as further described in APPENDIX D to this Official Statement.

Authority Debt Service Requirements

The following table sets forth the annual (fiscal year) debt service requirements for the 2018 Bonds, the total annual debt service payable on the Existing Bonds, the combined debt service requirements on the 2018 Bonds and the Existing Bonds, and the combined debt service requirements on the 2018 Bonds and the Existing Bonds, all as of March 1, 2018.

Authority Debt Service Requirements⁽¹⁾

Fiscal Year Ending June 30	2018 Bonds			Debt Service on Prior Parity Bonds ⁽²⁾	Debt Service on Prior Revenue Parity Bonds ⁽³⁾	Grand Total	2010C Bonds ⁽⁴⁾	Revised Total
	Principal	Interest	Total					
2019	--	\$5,938,896	\$5,938,896	\$57,968,421	\$7,439,871	\$71,347,188	--	\$71,347,188
2020	--	8,007,500	8,007,500	57,234,166	7,405,175	72,646,841	--	72,646,841
2021	--	8,007,500	8,007,500	44,293,736	7,405,175	59,706,411	(\$4,422,925)	55,283,486
2022	\$100,000	8,005,000	8,105,000	47,092,606	10,076,675	65,274,281	(13,759,500)	51,514,781
2023	100,000	8,000,000	8,100,000	47,429,726	12,372,300	67,902,026	(13,661,570)	54,240,456
2024	100,000	7,995,000	8,095,000	50,171,078	12,378,675	70,644,753	(13,552,520)	57,092,233
2025	100,000	7,990,000	8,090,000	49,981,675	12,371,300	70,442,975	(13,440,700)	57,002,275
2026	100,000	7,985,000	8,085,000	49,783,796	12,359,925	70,228,721	(13,314,380)	56,914,341
2027	1,000,000	7,957,500	8,957,500	49,590,105	12,446,425	70,994,030	(13,181,730)	57,812,300
2028	1,000,000	7,907,500	8,907,500	44,106,215	12,439,800	65,453,515	(13,043,700)	52,409,815
2029	1,000,000	7,857,500	8,857,500	43,874,796	12,436,425	65,168,721	(12,891,575)	52,277,146
2030	1,000,000	7,807,500	8,807,500	43,647,375	12,440,175	64,895,050	(12,731,900)	52,163,150
2031	1,000,000	7,757,500	8,757,500	43,390,198	12,440,050	64,587,748	(12,557,375)	52,030,373
2032	1,000,000	7,717,500	8,717,500	43,115,997	12,440,175	64,273,672	(12,376,225)	51,897,447
2033	1,000,000	7,682,500	8,682,500	42,849,168	12,439,225	63,970,893	(12,185,750)	51,785,143
2034	1,000,000	7,642,500	8,642,500	40,817,046	12,434,863	61,894,409	(11,984,900)	49,909,509
2035	1,000,000	7,606,250	8,606,250	40,519,220	12,440,650	61,566,120	(11,777,450)	49,788,670
2036	1,000,000	7,570,000	8,570,000	40,206,482	12,441,350	61,217,832	(11,557,175)	49,660,657
2037	1,000,000	7,532,500	8,532,500	39,864,779	12,430,200	60,827,479	(11,327,850)	49,499,629
2038	1,000,000	7,497,500	8,497,500	39,520,642	12,433,575	60,451,717	(11,088,075)	49,363,642
2039	1,000,000	7,462,500	8,462,500	39,141,088	9,294,450	56,898,038	(10,836,450)	46,061,588
2040	1,000,000	7,426,875	8,426,875	10,434,211	9,292,300	28,153,386	--	28,153,386
2041	1,000,000	7,390,625	8,390,625	10,455,870	9,291,800	28,138,295	--	28,138,295
2042	1,000,000	7,353,750	8,353,750	10,476,068	3,868,700	22,698,518	--	22,698,518
2043	1,000,000	7,316,250	8,316,250	10,500,619	3,871,900	22,688,769	--	22,688,769
2044	1,000,000	7,278,750	8,278,750	10,523,844	3,869,900	22,672,494	--	22,672,494
2045	42,030,000	6,419,400	48,449,400	6,976,800	3,867,600	59,293,800	--	59,293,800
2046	44,185,000	4,695,100	48,880,100	--	3,869,700	52,749,800	--	52,749,800
2047	46,450,000	2,882,400	49,332,400	--	3,870,900	53,203,300	--	53,203,300
2048	48,835,000	976,700	49,811,700	--	--	49,811,700	--	49,811,700
Total:	\$200,000,000	\$213,667,496	\$413,667,496	\$1,013,965,727	\$282,169,259	\$1,709,802,482	(\$229,691,750)	\$1,480,110,732

Footnotes on following page.

- (1) Totals may not add due to rounding.
- (2) Includes total principal and interest payable on the Prior Parity Bonds. Table shows gross debt service and does not net out any BAB Credit expected to be received on the 2010A Bonds or 2010C Bonds.
- (3) Includes total principal and interest payable on the Prior Revenue Parity Bonds. Excludes debt service on the 2016A Subordinate Bonds. See "AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Outstanding Obligations of the Authority--Subordinate Bonds."
- (4) The net proceeds of the 2017C Bonds were placed into the 2017C Escrow Account established for the purpose of (i) paying the interest on the 2017C Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010C Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010C Bonds due and payable on and prior to July 1, 2020 will be paid by the Authority and will not be paid from monies on deposit in the 2017C Escrow Account. Consequently, the 2010C Bonds are not expected to remain outstanding beyond July 1, 2020.

Source: The Authority Municipal Advisors.

SECURITY FOR THE 2018 BONDS

General Obligations

General. The 2018 Bonds are direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “PROPERTY TAX INFORMATION--Property Tax Limitations.” The 2018 Bonds are payable by the County and the Authority from any source legally available therefor at the times such payments are due, including the General Fund of the County and the General Fund of the Authority. In the event, however, that such legally available sources of funds are insufficient, the County is obligated to levy a general (ad valorem) tax on all taxable property within the County for payment of the 2018 Bonds, subject to the limitations provided in the constitution and statutes of the State. Due to the statutory process required for the levy of taxes, in any year in which the County is required to levy property taxes, there may be a delay in the availability of revenues to pay debt service on the 2018 Bonds. See “PROPERTY TAX INFORMATION--Property Tax Collections.”

It is the Authority’s policy not to resort to the use of property taxes for the payment of debt service; pursuant to that policy debt service is to be paid only from Pledged Revenues and the Expansion Pledged Revenues. No property tax revenues have ever been allocated by the County to the Authority for any purpose.

Limitations on Property Tax Revenues. The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (including the State, the County, the Clark County School District (the “School District”), any city, or any special district) in each year. Generally, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation. Those limitations are described in “PROPERTY TAX INFORMATION--Property Tax Limitations.” In any year in which the total property taxes levied within the County by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness. See “PROPERTY TAX INFORMATION--Property Tax Limitations.”

No Repealer. State statutes provide that no act concerning the 2018 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2018 Bonds or their security until all of the 2018 Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Expansion Pledged Revenues and Pledged Revenues

The 2018 Bonds are additionally secured by: (i) a lien (but not necessarily an exclusive lien) on the Expansion Pledged Revenues on a parity with the lien thereon of certain Parity Bonds or Parity Securities of the County and the Authority, if any, hereafter issued; and (ii) a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien thereon of certain outstanding Parity Bonds or Parity Securities of the County and the

Authority. See “REVENUES AVAILABLE FOR DEBT SERVICE” for a detailed description of the Expansion Pledged Revenues and the Pledged Revenues.

State law prohibits the Cities and the County from repealing or amending (or otherwise directly or indirectly modifying) the ordinances imposing the License Taxes or Expansion License Taxes in such a manner as to impair the 2018 Bonds or any other outstanding bonds or obligations which are payable from or secured by a pledge of the License Taxes or the Expansion License Taxes until the 2018 Bonds (or other bonds or obligations secured by such License Taxes or Expansion License Taxes) have been discharged in full.

Historical and Budgeted Pledged Revenues and Debt Service Coverage

The combined maximum annual principal and interest requirements on the 2018 Bonds and the Existing Bonds is \$72,646,841 in fiscal year 2020. This amount is not net of the estimated BAB Credit on the 2010A Bonds or the 2010C Bonds; to the extent the BAB Credit is received, the combined maximum annual debt service payable from Pledged Revenues will be lower. See “THE 2018 BONDS--Authority Debt Service Requirements” for the total debt service due on the 2018 Bonds and the Existing Bonds. For fiscal year 2018, the Authority currently projects receiving Pledged Revenues of \$248,001,200 (subject to change) and Combined Pledged Revenues (i.e., Pledged Revenues and Expansion Pledged Revenues) of \$279,561,200. When compared to the combined maximum annual principal and interest requirements on the 2018 Bonds and the Existing Bonds (i.e. \$72,646,841 in fiscal year 2020), the resulting pro-forma debt service coverage is **3.41x** projected fiscal year 2018 Pledged Revenues and **3.85x** projected fiscal year 2018 Combined Pledged Revenues.

The Authority also currently maintains various reserves that it may elect in its sole discretion to use to pay debt service on its outstanding obligations. The budgeted balances of those reserves is expected to be approximately \$100 million at June 30, 2018. Such reserves are not pledged to the 2018 Bonds or the Existing Bonds and the balances in such funds may be applied for other purposes of the Authority at any time at its sole discretion.

The following table sets forth a history of the Pledged Revenues, the Combined Pledged Revenues (beginning in fiscal year 2017), the Annual Principal and Interest Requirements, and the associated debt service coverage in each fiscal year, calculated by dividing the Pledged Revenues and, where applicable, the Combined Pledged Revenues, received in each fiscal year by the Annual Principal and Interest Requirements in each fiscal year. The table also includes similar debt service coverage information using the Authority’s augmented budget for fiscal year 2018, and the Authority’s projected fiscal year 2018 results (provided by Authority staff; subject to change). *There is no assurance that the Combined Pledged Revenues or any portion thereof will continue to be realized in the amounts illustrated below.* See “CERTAIN RISK FACTORS” and other factors described throughout this Official Statement.

Historical and Budgeted Pledged Revenues and Debt Service Coverage⁽¹⁾

Revenues	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Augmented Budget	FY 2018 Projected Results
Room Tax	\$203,196,429	\$222,781,385	\$ 239,318,802	\$ 259,967,636	\$ 281,389,017	\$ 294,500,000	\$ 282,000,000
Gaming Fees ⁽²⁾	1,831,589	1,710,108	1,726,843	1,646,281	1,593,600	1,600,000	1,600,000
Use of Facilities ⁽⁹⁾	45,043,436	56,927,724	49,001,770	56,884,742	59,984,760	54,594,300	54,594,300
Other fees and charges	2,803,458	3,858,682	2,966,604	3,950,825	8,022,339	3,771,000	3,771,000
Other ⁽³⁾	246,378	471,938	326,209	320,489	607,295	464,100	464,100
Total	253,121,290	285,749,837	293,340,228	322,769,973	351,597,011	354,929,400	342,429,400
Less Operation & Maintenance Expenses							
General Government ⁽⁴⁾	10,872,247	11,459,425	11,662,296	13,563,830	17,036,148	20,981,200	19,932,140
Marketing ⁽⁵⁾⁽⁶⁾	6,565,106	--	3,778,156	3,985,899	4,282,028	4,712,400	4,608,727
Operations ⁽⁶⁾	36,690,902	43,141,589	39,453,977	41,415,858	39,289,788	43,131,300	41,527,333
Total	54,128,255	54,601,014	54,894,429	58,965,587	60,607,964	68,824,900	66,068,200
Less Collection Fee⁽⁷⁾							
Returned to County/Cities	20,502,802	22,449,149	24,104,565	26,161,392	25,000,000	25,000,000	25,000,000
Restricted for LVCCD Program	--	--	--	--	3,298,262	4,610,000	3,360,000
Total	20,502,802	22,449,149	24,104,565	26,161,392	28,298,262	29,610,000	28,360,000
Total Pledged Revenues⁽²⁾	178,490,233	208,699,674	214,341,234	237,642,994	262,690,785	256,494,500	248,001,200
Annual Principal and Interest Requirements⁽⁸⁾ Coverage	\$53,951,716 3.3x	\$54,393,473 3.8x	\$57,183,145 3.7x	\$61,252,680 3.9x	\$62,892,859 4.2x	\$62,693,064 4.1x	\$62,693,064 4.0x
Revenues Available for Operations	\$124,538,517	\$154,306,201	\$157,158,089	\$176,390,314	\$199,797,926	\$182,020,159	\$173,526,859
Expansion Pledged Revenues							
Expansion License Taxes	--	--	--	--	11,246,673	29,450,000	28,200,000
Pledged Collection Fees	--	--	--	--	<u>3,298,262</u>	<u>4,610,000</u>	<u>3,360,000</u>
Total Expansion Pledged Revenues	--	--	--	--	14,544,935	34,060,000	31,560,000
Total Combined Pledged Revenues	--	--	--	--	\$277,235,720	\$290,554,500	\$279,561,200
Annual Principal and Interest Requirements⁽⁸⁾⁽¹⁰⁾ Coverage⁽¹⁰⁾	--	--	--	--	\$62,892,859 4.4x	\$62,693,064 4.6x	\$62,693,064 4.5

Footnotes on the following page.

- (1) Totals may not add due to rounding
- (2) Gaming Fees **are not** pledged to pay debt service on the Prior Revenue Bonds.
- (3) Comprised of interest income, miscellaneous fees and miscellaneous charges for services. Amounts differ from past continuing disclosure reports filed by the Authority due to the recent decision to include interest on its debt service funds in this category. The Authority's future continuing disclosure reports will continue to include interest on its debt service funds in this category.
- (4) Excludes the Public Affairs Department.
- (5) Includes only the expenditures related to the sales efforts of the Convention Center and Cashman Center (Destination Services Administration, Registration & Housing, and Convention Services). The remainder of the Authority's marketing costs are not Operation and Maintenance Expenses under the Bond Resolution and therefore are excluded.
- (6) In fiscal year 2014, a strategic realignment took place within the Authority and the Operations Division was renamed the Global Business District ("GBD"). Departments within marketing that had a function related to operating the Authority's buildings were moved to the GBD division. The sales departments were combined and now market the destination as a whole with no distinction between selling the Authority's facility space and other Las Vegas hotel facility space. In fiscal year 2015, a realignment took place. Departments within the GBD that were a function of marketing were moved back to the Marketing Division and the GBD Division returned to its traditional title of "Operations."
- (7) As of fiscal year 2017, and pursuant to SB1, collection fees up to the lesser of 10% of the proceeds of the License Taxes or \$25 million are distributed to the political subdivisions which collected the taxes on behalf of the Authority. Collection fees in excess of \$25 million are retained by the Authority and are restricted by SB1 to the payment of the LVCCD Program. See "INTRODUCTION—Security for the 2018 Bonds—Additional Security."
- (8) Includes principal and interest payments on Existing Bonds. Excludes any bond issuance costs and operating transfers out. In the budgeted 2018 column, reflects the budgeted debt service on the Existing Bonds (as estimated at the time of preparation of the original 2018 Budget). Excludes interest payments due on subordinate lien bonds, including the 2016A Subordinate Bonds. See "CERTAIN RISK FACTORS--Risks Related to Existing and Additional Bonds--Subordinate Bonds." Amounts are gross of any BAB Credit expected to be received on the 2010A Bonds and the 2010C Bonds. Includes the 2017C Bonds interest to be paid from escrow but excludes 2010C Bonds after July 1, 2020.
- (9) Facilities revenue are higher in fiscal year 2014 and 2017 as compared to the other fiscal years due primarily to the seasonality of trade shows. Fiscal year 2014 and fiscal year 2017 included one large trade show which occurs only on a triennial basis.
- (10) The Existing Bonds do not have a lien upon the Expansion Pledged Revenues.

Source: The Authority, from information derived from the Authority's Comprehensive Annual Financial Reports for fiscal years 2013-2017, and from the Authority's augmented FY 2018 Budget.

Rate Maintenance Covenant and Covenant Regarding Collection of License Taxes and Expansion Pledged Revenues

Rate Maintenance Covenant. In the Bond Resolution, the Authority and the County covenant to charge users of the Facilities (but not necessarily all users thereof) such rentals, fees, rates and other charges as shall be at least adequate to meet the requirements described below and other provisions of the Bond Resolution. Such charges relating to the Facilities shall be sufficient, together with the proceeds of the License Taxes, to produce Gross Revenues and Expansion Pledged Revenues (provided that the Expansion Pledged Revenues shall only be used for purposes permitted by the Act) to pay in each Fiscal Year:

(a) Operation and Maintenance. An amount equal to the annual Operation and Maintenance Expenses of the Facilities for the Fiscal Year,

(b) Principal, Interest and Reserves. An amount equal to the sum of (i) 1.25 times the Annual Principal and Interest Requirements, as long as the 2016C Bonds are Outstanding, and otherwise the Annual Principal and Interest Requirements on the 2018 Bonds and any other Parity Securities or Subordinate Securities payable in the comparable Bond Year and (ii) any amounts required to be accumulated from the Pledged Revenues and the Expansion Pledged Revenues in such Bond Year into any reserves for such securities, and

(c) Deficiencies. Any amounts required to meet then existing deficiencies relating to any account relating to the Pledged Revenues and the Expansion Pledged Revenues or any securities payable therefrom.

However, the rate maintenance covenant described above is subject to compliance by the County (or the Authority) with any legislation of the United States or the State or any regulation or other action taken by the Federal Government or any State agency or public body of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges due to the Authority for the use of or otherwise relating to, and all services rendered by, the Facilities, including, without limitation, increases in the amounts of such charges. All of such Gross Revenues shall be subject to distribution to the payment of Operation and Maintenance Expenses of the Facilities and to the payment of the Bond Requirements of all securities payable from the Pledged Revenues, including reasonable reserves therefor, as provided in the Bond Resolution. All of such Expansion Pledged Revenues shall be subject to the payment of the Bond Requirements of all securities payable from the Expansion Pledged Revenues, including reasonable reserves therefor, as herein provided.

The Bond Resolution defines “Annual Principal and Interest Requirements” to mean the sum of the principal of and interest on the 2018 Bonds and any other Outstanding Parity Securities to be paid during any Bond Year, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. In calculating this amount, any principal amount of securities required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the resolution, ordinance or other instrument authorizing the issuance of such securities shall be treated as maturing in the Bond Year in which such amounts are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such securities occurs. In the case of any calculation of the annual principal and interest requirements to be paid in the future on any bonds with respect to which the Authority expects to receive a BAB Credit, including the 2010A Bonds and the 2010C Bonds, “interest” for any Bond Year shall be treated as the amount of interest to be paid by the Authority on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the ordinance or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year or to reimburse the Authority for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as of the date of such a calculation, “interest” shall be the total amount of interest to be paid by the Authority on the bonds without a deduction for the credit to be paid by the United States under Section 6431 of the Tax Code. The Chief Financial Officer may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of the Bond Resolution.

Collection of Charges and License Taxes. The Authority, on behalf of the County, shall cause the Gross Revenues, both the proceeds of the License Taxes and the rentals, fees, rates and other charges relating to the Facilities, to be collected as soon as reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, to the end that the Gross Revenues shall be adequate to meet the requirements of the Bond Resolution and of any other resolutions supplemental thereto. If the Authority is of the opinion that any License Taxes are not being duly collected, fully, promptly or otherwise, the

Authority shall perform all proper acts duly to effect their collection, as authorized by the County Board and the city council of each of the Cities as prescribed in NRS 268.460.

Collection of Expansion Pledged Revenues. The Authority, on behalf of the County, shall cause the Expansion Pledged Revenues to be collected as soon as reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, to the end that the Expansion Pledged Revenues shall be adequate to meet the requirements of this Resolution and of any other resolutions supplemental hereto. If the Authority is of the opinion that any Expansion Pledged Revenues are not being duly collected, fully, promptly or otherwise, the Authority shall perform all proper acts duly to effect their collection, as heretofore authorized by the Board and each City Council of the Cities in the County and as prescribed in NRS 268.460.

Additional Parity Bonds

Bond Resolution Requirements for Parity Securities Payable from all or a Portion of Gross Revenues. The Bond Resolution authorizes the issuance of additional Parity Bonds having a lien on all or a portion of the Pledged Revenues that is on a parity with the lien thereon of the 2018 Bonds. However, before any such additional Parity Bonds are authorized or actually issued (excluding any additional Parity Bonds issued as refunding bonds, which are subject to different conditions as described in APPENDIX C hereto), the following conditions must be met:

(a) *Absence of Default.* At the time of the adoption of the supplemental instrument authorizing the issuance of the additional Parity Bonds, the Authority shall not be in default in making any payments required by the Bond Resolution (as described in APPENDIX C--SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION--Flow of Funds).

(b) *Historic Earnings Test.* Except as otherwise provided in the Bond Resolution, the Gross Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional Parity Securities shall have been at least sufficient to pay:

(i) An amount equal to the Operation and Maintenance Expenses of the Facilities for such Fiscal Year, and

(ii) An amount equal to 150 percent of the Combined Maximum Annual Principal and Interest Requirements (to be paid during any one Bond Year commencing with the Bond Year in which the additional Parity Securities are issued and ending on the first day of July of the year in which any then Outstanding Bonds last mature) of the Outstanding Bonds and any other Outstanding Parity Securities and the additional Parity Securities proposed to be issued.

(c) *Consideration of Additional Expenses.* In determining whether or not additional Parity Securities may be issued as described under paragraph (b) above, consideration shall be given to any probable estimated increase (but not reduction) in Operation and Maintenance Expenses of the Facilities that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Parity Securities.

(d) *Adjustment of Pledged Revenues.* In any computation of the earnings test as to whether or not additional Parity Securities may be issued as described in (b) above, the amount of the Gross Revenues for such Fiscal Year shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Independent Accountant or by the Chief Financial Officer of the Authority making the computations described above which loss or gain results from any change in any schedule of License Taxes constituting a part of the Gross Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of the Additional Parity Bonds, based on the number of taxpayers during such next preceding Fiscal Year as if such modified schedule of License Taxes shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the Authority or other legislative body having or purportedly having jurisdiction in the premises before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year. Nothing in the Bond Resolution shall be construed to permit a reduction in License Taxes from the rates charged at the time of delivery of the 2018 Bonds.

A written certification or written opinion by an Independent Accountant or by the Chief Financial Officer, based upon estimates thereby as described in paragraph (c) above, that the annual revenues when adjusted as described in paragraph (d) above, are sufficient to pay such amounts as described in paragraph (b) above, shall be conclusively presumed to be accurate in determining the right of the Authority or the County to authorize, issue, sell and deliver Additional Parity Bonds.

Bond Resolution Requirements for Parity Securities Payable from all or a Portion of Pledged Revenues and Expansion Pledged Revenues. The Bond Resolution authorizes the issuance of additional Parity Bonds having a lien on all or a portion of the Pledged Revenues and the Expansion Pledged Revenues that is on a parity with the lien thereon of the 2018 Bonds. However, before any such additional Parity Bonds are authorized or actually issued (excluding any additional Parity Bonds issued as refunding bonds, which are subject to different conditions as described in APPENDIX C hereto), the following conditions must be met:

(a) *Absence of Default.* At the time of the adoption of the supplemental instrument authorizing the issuance of the additional Parity Bonds, the Authority shall not be in default in making any payments required by the Bond Resolution (as described in APPENDIX C--SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION--Flow of Funds).

(b) *Historic Earnings Test.* Except as otherwise provided in the Bond Resolution, the Pledged Revenues and the Expansion Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional Parity Securities shall have been at least sufficient to pay:

(i) An amount equal to 150 percent of the Combined Maximum Annual Principal and Interest Requirements (to be paid during any one Bond Year commencing with the Bond Year in which the additional Parity Securities are issued and ending on the first day of July of the year in which any then Outstanding Bonds last mature) of the Outstanding Bonds and any other Outstanding Parity Securities and the additional Parity Securities proposed to be issued under the Act.

(c) *Consideration of Additional Expenses.* In determining whether or not additional Parity Securities may be issued as described under paragraph (b) above, consideration shall be given to any probable estimated increase (but not reduction) in Operation and Maintenance Expenses of the Facilities that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Parity Securities.

(d) *Adjustment of Pledged Revenues.* In any computation of the earnings test as to whether or not additional Parity Securities may be issued as described in (b) above, the amount of the Gross Revenues and Expansion Pledged Revenues for such Fiscal Year shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Independent Accountant or by the Chief Financial Officer of the Authority making the computations described above which loss or gain results from any change in any schedule of License Taxes constituting a part of the Gross Revenues and Expansion Pledged Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such Parity Securities, based on the number of taxpayers during such next preceding Fiscal Year as if such modified schedule of License Taxes and Expansion License Taxes shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the Authority or other legislative body having or purportedly having jurisdiction in the premises before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year. Nothing in the Bond Resolution shall be construed to permit a reduction in License Taxes and Expansion License Taxes from the rates charged at the time of delivery of the 2018 Bonds.

A written certification or written opinion by an Independent Accountant or by the Chief Financial Officer, based upon estimates thereby as described in paragraph (c) above, that the annual revenues when adjusted as described in paragraph (d) above, are sufficient to pay such amounts as described in paragraph (b) above, shall be conclusively presumed to be accurate in determining the right of the Authority or the County to authorize, issue, sell and deliver Additional Parity Bonds.

Subordinate Bonds Resolution Requirements. The resolution pursuant to which the Revolving Credit Agreement was authorized and the 2016A Subordinate Bonds were issued (the “Subordinate Bond Resolution”) also restricts the ability of the Authority to issue additional bonds which are on a parity with the 2018 Bonds and other Parity Bonds. The restrictions of the Subordinate Bond Resolution are substantially similar to the restrictions of the Bond Resolution set forth above, except that the historic earnings test requires that Gross Revenues be equal to 175 percent of the Combined Maximum Annual Principal and Interest Requirements of any Parity Securities and the 2016A Subordinate Bonds and any additional bonds issued on a parity therewith.

Subordinate Securities Authorized; Superior Securities Prohibited

Nothing in the Bond Resolution prevents the County or the Authority from issuing additional securities payable from all or a portion of the Pledged Revenues and the Expansion Pledged Revenues having a lien thereon that is subordinate, inferior and junior to the lien thereon of the 2018 Bonds, and the Authority currently has outstanding the Revolving Credit Agreement and the 2016A Subordinate Bonds. See “AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE—Outstanding Obligations of the Authority—Existing Subordinate Debt.” The Subordinate Bond Resolution restricts the ability of the

Authority to issue additional bonds which are on a parity with the 2016A Subordinate Bonds (such obligations would have a lien on the Pledged Revenues which is subordinate to the lien thereon of the 2018 Bonds). The restrictions of the Subordinate Bond Resolution are substantially similar to the restrictions of the Bond Resolution set forth above regarding additional Parity Bonds, except that the historic earnings test requires that Gross Revenues be equal to 175 percent of the Combined Maximum Annual Principal and Interest Requirements of Parity Bonds and the 2016A Subordinate Bonds and any additional bonds issued on a parity therewith.

The Bond Resolution prohibits the County and the Authority from issuing additional bonds or other additional securities payable from the Pledged Revenues and Expansion Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 2018 Bonds.

Other Obligations

The Bond Resolution does not limit the ability of the County or the Authority to issue bonds or other obligations which are not secured by a lien on any part of the Pledged Revenues and the Expansion Pledged Revenues.

REVENUES AVAILABLE FOR DEBT SERVICE

General

The 2018 Bonds are additionally secured by a pledge of: (i) the Expansion Pledged Revenues (described below) of the Authority; and (ii) the Pledged Revenues (described below) of the Authority. For purposes of this Official Statement only, the Expansion Pledged Revenues and the Pledged Revenues are sometimes collectively referred to herein as the “Combined Pledged Revenues.”

For a description of the Expansion Pledged Revenues, see “INTRODUCTION - Security for the 2018 Bonds - Additional Security—Expansion Pledged Revenues” and “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.” For a description of the Pledged Revenues, see “INTRODUCTION - Security for the 2018 Bonds - Additional Security—Pledged Revenues” and “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

License Taxes

Generally. License taxes are levied on money received from room rentals by operators of hotels, motels, apartments and hotel apartments throughout the County and the Cities. The aggregate rate of license taxes levied on any particular room rental varies from 12% to 14% for resort hotels and 10.5% to 13% for non-resort hotels depending on the location of the property. The Authority receives only a portion of the aggregate license taxes imposed (described in more detail below) and the remainder is allocated to certain State agencies, the County, the Cities and the School District pursuant to State law. The License Taxes do not include the proceeds of certain license taxes imposed pursuant to State law that are required to be remitted to other governmental entities or used for purposes other than the payment of debt service.

The following table illustrates the license tax rates applicable to the Authority, the County, the School District, various taxing jurisdictions within the County, and the State.

	Total *	LVCVA General Fund & LVCVA Capital Fund ⁽¹⁾	Las Vegas Stadium Authority	Clark County School District	Clark County Transportation	Taxing Entity	State of Nevada
Resort Hotels ⁽¹⁾	12% - 14%	4 1/2% - 5 1/2%	0% - 7/8%	1 5/8%	1%	0% - 2%	3 3/8%
Other hotel and motels ⁽²⁾	10% - 13%	2 1/2% - 4 1/2%	0% - 7/8%	1 5/8%	1%	0% - 2%	3 3/8%

* The individual components of room tax have distinct geographical regions and therefore each property pays varying room tax rates.

⁽¹⁾ The Expansion License Tax rate is included in this figure, being one-half of one percent (0.5%).

⁽²⁾ Each entity defines the categories of establishments renting rooms within its boundaries. “Resort Hotel” is not a defined term in all of the municipal codes.

⁽³⁾ The “other” includes all other transient lodging not defined as a Resort Hotel.

Source: The Authority.

Rentals paid by permanent occupants, defined as resident guests from and after thirty days of continued residence, are exempt from the tax. Certain of the governmental entities collecting license taxes allow property operators that make prompt payment of the taxes to retain a discount equal to 2% on the total taxes due (those amounts otherwise would constitute license taxes); operators who pay taxes late are not allowed to retain the 2% discount.

As described above, the Cities, the County, the School District and the State also receive license tax revenues that are not distributed to the Authority and, therefore, do not constitute any portion of the Combined Pledged Revenues.

License Tax Collections. The County and each of the Cities are responsible for the collection of the License Taxes, including the Expansion License Taxes. The Authority receives License Taxes and Expansion License Taxes from the County and the Cities on a monthly basis. Pursuant to an agreement dated December 5, 1995, as amended on September 11, 2007, between the Authority, the County and the Cities, the Authority returns 10% of the combined gross tax revenues it receives to the County and the Cities for their services in collecting the taxes; however, as further described in “INTRODUCTION - Security for the 2018 Bonds - Additional Security—Expansion Pledged Revenues.” the Act capped such collection fees at the lesser of 10% of the gross revenues of the Expansion License Taxes and the License Taxes or \$25,000,000 and any collection fees in excess of such amount must be used solely for the LVCCD Program, which includes payments on the 2018 Bonds.

License Tax Data

History of Room Tax Collections. The table below presents a history of the License Taxes collected by the County and each of the Cities and remitted to the Authority and the collection fee returned by the Authority to the County and each of the Cities in the years shown. The table also includes the Authority’s budgeted and projected (subject to change) amounts for fiscal year 2018. Such table also includes the Pledged Collection Fees received or projected to be received by the Authority pursuant to the Act, which are also pledged to the payment of the 2018 Bonds as part of the Expansion Pledged Revenues.

History of Room Tax and Gaming Fee Collections⁽¹⁾

<u>Fiscal Year Ending June 30,</u>	<u>2013</u> <u>(Actual)</u>	<u>2014</u> <u>(Actual)</u>	<u>2015</u> <u>(Actual)</u>	<u>2016</u> <u>(Actual)</u>	<u>2017</u> <u>(Actual)</u>	<u>2018</u> <u>(Augmented</u> <u>Budget)</u>	<u>2018</u> <u>Projected</u>
ROOM TAXES (2)							
Collected by:							
Clark County	\$188,590,987	\$206,596,998	\$221,053,936	\$ 239,469,354	\$ 258,814,625	\$ 272,657,300	\$ 259,038,700
City of Las Vegas	9,310,685	10,482,979	11,924,254	13,607,247	15,206,184	14,344,300	15,349,600
City of North Las Vegas	774,918	848,826	972,025	1,104,943	1,236,988	1,183,700	1,285,500
City of Henderson	3,675,766	3,991,690	4,454,066	4,818,604	5,071,188	5,270,700	5,156,300
City of Boulder City	72,745	90,514	98,234	76,390	77,618	77,300	89,500
City of Mesquite	<u>771,328</u>	<u>770,378</u>	<u>816,287</u>	<u>891,099</u>	<u>982,414</u>	<u>966,700</u>	<u>1,080,400</u>
Total	<u>203,196,429</u>	<u>222,781,385</u>	<u>239,318,802</u>	<u>259,967,637</u>	<u>281,389,017</u>	<u>294,500,000</u>	<u>282,000,000</u>
GAMING FEES (3)							
Collected by:							
Clark County	1,367,233	1,301,541	1,306,230	1,271,387	1,198,738	1,223,400	1,223,400
City of Las Vegas	111,892	106,265	96,032	73,247	92,559	82,900	82,900
City of North Las Vegas	122,888	114,164	107,247	110,484	111,638	111,000	111,000
City of Henderson	193,217	144,791	179,623	153,920	153,790	150,600	150,600
City of Mesquite	<u>36,359</u>	<u>43,347</u>	<u>37,711</u>	<u>37,243</u>	<u>36,875</u>	<u>32,100</u>	<u>32,100</u>
Total	<u>1,831,589</u>	<u>1,710,108</u>	<u>1,726,843</u>	<u>1,646,281</u>	<u>1,593,600</u>	<u>1,600,000</u>	<u>1,600,000</u>
LICENSE TAXES	<u>\$205,028,018</u>	<u>\$224,491,493</u>	<u>\$241,045,645</u>	<u>\$261,613,918</u>	<u>\$282,982,617</u>	<u>\$296,100,000</u>	<u>\$283,600,000</u>
EXPANSION LICENSE TAX	--	--	--	--	\$11,246,673	\$29,450,000	\$28,200,000
TOTAL LICENSE TAXES	<u>\$205,028,018</u>	<u>\$224,491,493</u>	<u>\$241,045,645</u>	<u>\$261,613,918</u>	<u>\$294,229,290</u>	<u>\$325,550,000</u>	<u>\$311,800,000</u>
COLLECTION ALLOCATION (4)							
Redistributed To:							
Clark County	\$8,529,166	\$9,770,369	\$11,411,502	\$ 13,289,888	\$ 12,135,909	\$ 11,543,315	\$ 11,543,315
City of Las Vegas	5,845,349	6,503,053	6,503,336	6,667,739	6,671,182	7,018,013	7,018,013
City of North Las Vegas	2,224,554	2,082,929	2,096,928	2,110,967	2,099,224	2,345,873	2,345,873
City of Henderson	2,632,560	2,758,525	2,758,525	2,758,525	2,759,411	2,758,525	2,758,525
City of Boulder	451,062	473,452	473,452	473,252	473,452	473,452	473,452
City of Mesquite	<u>820,112</u>	<u>860,822</u>	<u>860,822</u>	<u>860,822</u>	<u>860,822</u>	<u>860,822</u>	<u>860,822</u>
Total Collection Allocation	<u>\$20,502,803</u>	<u>\$22,449,150</u>	<u>\$24,104,565</u>	<u>\$26,161,193</u>	<u>\$25,000,000</u>	<u>\$25,000,000</u>	<u>\$25,000,000</u>
Pledged Collection Fees					\$3,298,262	\$4,610,000	\$3,360,000

(1) Totals may not add due to rounding.

(2) Does not include license taxes that are not pledged to the payment of the 2018 Bonds.

(3) Boulder City prohibits gaming; therefore, it does not impose Gaming Fees.

(4) As of fiscal year 2017, and pursuant to the Act, collection fees up to the lesser of 10% of the gross revenues of the License Taxes or \$25,000,000 are distributed to the political subdivisions which collected the taxes on behalf of the Authority. Collection fees in excess of such amount are retained by the Authority and are restricted by the Act to the payment of the LVCCD Program, including the payment of the 2018 Bonds. See "INTRODUCTION--Security for the 2018 Bonds—Additional Security."

Source: The Authority.

Largest Room Taxpayers. The primary revenue source for the Authority is Room Taxes imposed on hotels and motels in the County. The following table sets forth the ten largest hotel properties in the County (which, accordingly, are in the group which generates the greatest volume of Room Taxes for the Authority). The ten largest hotel properties according to the

number of rooms as of December 31, 2017, are set forth in the following table together with aggregate information about other properties within the County. The ten largest hotel properties represented 24.6% of the total room inventory in the County as of December 31, 2017; such properties represented 26.6% of the total room inventory in the Las Vegas metropolitan area as of that date. MGM Resorts International was the owner of seven of the ten principal Room Taxpayers as of December 31, 2017, representing 28,260 rooms (approximately 17.6% of the total rooms in the County).

Caesar's Entertainment Corporation ("Caesars") owned two of the ten principal Room Taxpayers as of December 31, 2017, representing 7,259 rooms (approximately 4.5% of the total rooms in the County). In addition to the two properties owned by Caesars that are in the top ten list below (Caesars Palace and Flamingo Las Vegas), Caesars also owns, directly or indirectly, numerous additional properties in the County, including but not limited to Bally's Hotel and Casino, the Cromwell Hotel, Harrah's Hotel and Casino, Nobu Hotel, Paris Hotel and Casino, Planet Hollywood Hotel and Casino, The Linq Hotel and the Rio Hotel and Casino. Together, these properties contained 15,918 rooms as of December 31, 2017, representing approximately 9.9% of the total rooms in the County.

Principal Room Taxpayers⁽¹⁾⁽²⁾
As of December 31, 2017

	Rooms at Dec 31, 2017	% of total rooms
MGM Grand ⁽³⁾	4,968	3.1%
Luxor ⁽³⁾	4,400	2.7%
Venetian ⁽⁴⁾	4,027	2.5%
Aria Resort ⁽³⁾	4,004	2.5%
Excalibur ⁽³⁾	3,981	2.5%
Bellagio ⁽³⁾	3,933	2.4%
Caesars Palace ⁽⁵⁾	3,793	2.4%
Circus Circus ⁽³⁾	3,763	2.3%
Flamingo ⁽⁵⁾	3,466	2.2%
Mandalay Bay ⁽³⁾	3,211	2.0%
	39,546	24.6%
Total Jean/Primm	3,043	1.9%
Other Hotels/Motels ⁽⁶⁾	106,307	66.2%
	148,896	92.7%
Total Las Vegas metropolitan area	148,896	92.7%
Total Laughlin	9,862	6.1%
Total Mesquite	1,895	1.2%
Total Inventory of Rooms	160,653	100%

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ See “CERTAIN RISK FACTORS – Dependence on Gaming, Tourism and Other Factors.”

⁽³⁾ Owned by MGM Resorts International.

⁽⁴⁾ Owned by Las Vegas Sands Corporation.

⁽⁵⁾ Owned by Caesars Entertainment Corporation or related entities.

⁽⁶⁾ Does not include timeshare properties.

Source: The Authority.

Room Availability and Occupancy. One measure of the historic growth of tourism in the County is the increase in the number of hotel and motel rooms available for occupancy as shown in the following table. The County’s hotels and motels have historically experienced higher occupancy rates than those on a national level. The following table illustrates a history of total visitor volume, rooms available, occupancy rate, average rooms occupied daily (calculated by multiplying the inventory by the occupancy rate) and average daily room rate.

Rooms Available and Occupancy⁽¹⁾

Calendar Year	Total Visitor Volume	Room Inventory ⁽²⁾	Occupancy Rate	Average Rooms Occupied Daily	National Occupancy Rates ⁽³⁾	Average Daily Rate
2008	37,481,552	140,529	86.0%	120,855	60.3%	\$119.19
2009	36,351,469	148,941	81.5%	121,387	54.5%	93.06
2010	37,335,436	148,935	80.4%	119,744	57.5%	94.91
2011	38,928,708	150,161	83.8%	125,835	59.9%	105.11
2012	39,727,022	150,481	84.4%	127,006	61.3%	108.08
2013	39,668,221	150,593	84.3%	126,950	62.2%	110.72
2014	41,126,512	150,544	86.8%	130,672	64.4%	116.26
2015	42,312,216	149,213	87.7%	130,860	65.6%	119.94
2016	42,936,109	149,339	89.1%	133,061	65.5%	125.97
2017	42,208,200	148,896	88.6%	131,922	65.9%	129.41

(1) See “CERTAIN RISK FACTORS – Dependence on Gaming, Tourism and Other Factors.”

(2) Total rooms available in Las Vegas metropolitan area and Jean/Primm properties.

(3) National Occupancy Rate from Smith Travel Research.

Source: Authority Marketing Division - Research Center.

Las Vegas room inventory has remained steady since 2011 at approximately 150,000 rooms but there has been significant investment in the destination. Extensive renovation and modernization of existing room inventory and construction of other entertainment amenities is occurring. Fiscal year 2018 room inventory is expected to remain steady, although new room inventory is under development and expected to come online within the next several years. Based upon plans as announced by the developers of the applicable hotel properties, approximately 4,000 rooms will be added in 2020, including a 3,500 room resort on the strip from the Genting Group. However, not all of the anticipated projects have begun design or construction. Projects under construction may be significantly delayed or abandoned at the discretion of the applicable developer. Therefore, these estimates remain subject to change.

Facilities Revenues

General. The Authority’s Facilities are not intended to be self-supporting but to generate convention, tourism and business activity within the County. This activity, in turn, generates the Room Tax revenues and Gaming Fee revenues which are used to maintain the functions of the Authority. In 1959, the Convention Center was opened, and the Authority has regularly expanded its facilities to accommodate the growth of population and convention activity in metropolitan Las Vegas.

Present Facilities; Rates and Charges. The Facilities currently consist primarily of the Convention Center and the Cashman Center. Brief descriptions of those facilities follow, including a general description of current rates and charges at each facility.

Facility rates are reviewed annually as a part of the Authority’s budget development process. Rate increases to support operations, as well as contribute to the costs of the LVCCD Program will be considered to the extent rates do not exceed competitive tradeshow and meeting destinations that would negatively impact the Authority’s ability to attract and retain

those shows. The Authority approved two phased rate increases as a part of the fiscal year 2016 budget process. The first increase, from 29¢ to 33¢ per net square foot, became effective for leases executed on or after July 1, 2016. The second increase from 33¢ to 35¢ per net square foot, will become effective for leases executed on or after July 1, 2018.

Convention Center – Located on a campus over 190 acres, including portions adjacent to the Las Vegas Strip, the Convention Center is one of the busiest and functional facilities in the country. The Convention Center is a 3.2 million square foot facility located within a short distance of more than 100,000 hotel rooms. The exhibit space consists of 16 exhibit halls; the exhibit space in the South Hall is equally divided between two floors and is connected to the older building by a span across Desert Inn Road. Truck ramps on the south side of the building allow freight vehicles direct access to the second floor. An additional 80,000 square feet is dedicated to food service facilities, including two restaurants with seating for 1,600. Additionally, more than two million square feet of net exhibit space, 145 meeting rooms (more than 241,000 square feet) handle seating capacities ranging from 20 to 2,500. A grand lobby and registration area link existing exhibit halls with new exhibit and meeting rooms, and allows simultaneous setup, breakdown and exhibition of multiple events. Parking for 7,000 cars is available on-site. Concessions currently are provided by Volume Services, Inc, dba Centerplate, (“Centerplate”) pursuant to a lease between the Authority and Centerplate (see “AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Other Obligations and Long-Term Contracts”).

At the Convention Center, the cost per individual exhibit hall is either the minimum daily rate or 33¢ per net square foot, whichever is greater. Exhibit halls are not charged when used for catered food functions or general sessions. Move-in/move-out days exceeding the number of show days are charged at 50% of the minimum daily rate. Meeting room charges are based on 10 complimentary meeting rooms per 100,000 square feet of exhibit space used for halls N1-N4 and C1-C5. Meeting rooms for exhibit halls S1-S4 are assigned. Additional meeting rooms are charged minimum daily rates. If any meeting room and office space is used for exhibits, the rent is double the minimum daily rate.

The daily parking fee at the Convention Center is \$10 per vehicle.

Cashman Center - The Cashman Center is located on a 55-acre site adjacent to the downtown area of the City of Las Vegas. The Cashman Center currently provides a 9,260-seat outdoor sports stadium. The Cashman Center currently is the home of the Las Vegas “51s,” a AAA baseball franchise. Concessions (including operation of the Club Level Restaurant) currently are provided by Centerplate, see “AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Other Obligations and Long-Term Contracts.” On June 1, 2017, the Cashman Center property was transferred to the City of Las Vegas in an effort to redevelop the site. The transfer agreement is joined to a management agreement, whereby the City of Las Vegas engaged the Authority to continue operating the meeting and exhibit hall facilities through December 2017. As of the end of calendar year 2017, the Authority closed the meeting, convention and theater space, and now maintains it in “mothballed” status. Under the management agreement, the Authority will continue to operate Cashman Field (the stadium) until the expiration of the baseball team lease (December 2022) or until the team terminates the lease with sufficient notice, whichever comes first. At that time, the management agreement for the Cashman campus will cease and the City of Las Vegas will assume all responsibilities for the

property. On October 10, 2017, the Authority Board of Directors approved a Naming Rights and Marketing Agreement with the Clark County Las Vegas Stadium LLC (Stadium Company) providing for naming and marketing rights for a replacement baseball field for Cashman Stadium. Under the terms of the agreement, the Authority will pay \$4 million per year to the Stadium Company for a period of 20 years once the new facility is operational. The new facility is expected to be open for the 2019 minor league baseball season. The Authority has no control over the opening date of the new facility and the facility may open at a later date. At such time, the Authority's obligations to operate Cashman Field would cease. At present, the Cashman Center is operated at an annual loss.

The daily parking fee at Cashman Center is \$5 per vehicle.

For additional information on the Cashman Center, see "AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Other Obligations and Long-Term Contracts."

Facilities Revenue Data

Facilities Revenues. The following table shows revenue generated from the Convention Center and the Cashman Center for the years indicated, augmented budget information for fiscal year 2018 as approved in November 2017, and projected fiscal year 2018 information provided by Authority staff (subject to change).

Revenues from Use of Facilities⁽¹⁾

Fiscal Year Ended June 30,	2013	2014	2015	2016	2017	2018	
	Actual	Actual ⁽⁴⁾	Actual	Actual	Actual ⁽⁴⁾	Amended Budget	2018 Projected
Convention Center:							
Exhibit Halls	\$22,337,839	\$27,898,115	\$ 23,765,221	\$ 26,748,020	\$ 28,915,297	\$ 28,500,000	\$ 28,500,000
Meeting Rooms	628,763	1,134,390	915,020	1,070,906	940,160	1,000,000	1,000,000
Parking	2,713,704	3,101,721	3,007,161	3,175,539	3,842,975	3,200,000	3,200,000
Contractors	6,659,066	8,722,924	7,102,865	9,217,368	9,963,838	8,100,000	8,100,000
Caterers	6,063,135	7,748,847	6,257,047	7,554,524	7,229,597	6,000,000	6,000,000
Reimbursed Services	311,032	320,659	231,638	322,233	498,223	325,000	325,000
Telephone	3,195,835	4,151,495	3,833,749	4,725,905	4,794,084	4,400,000	4,400,000
Other ⁽²⁾	1,318,849	2,059,250	1,981,445	2,016,930	1,826,238	1,716,000	1,716,000
Total	\$43,228,223	\$55,137,401	\$47,094,146	\$54,831,425	\$58,010,412	\$53,241,000	\$53,241,000
Cashman Center:⁽⁵⁾							
Exhibit Halls	\$497,025	\$537,053	560,500	615,552	524,333	347,000	347,000
Meeting Rooms	72,240	60,960	114,480	162,320	120,560	69,100	69,100
Parking	546,946	513,072	510,840	547,695	551,600	430,000	430,000
Stadium	321,787	318,023	334,383	340,871	348,324	344,300	344,300
Theater	205,050	184,820	197,063	172,500	173,250	43,300	43,300
Caterer	42,774	55,487	70,768	36,788	111,503	48,700	48,700
Reimbursed Services	11,547	26,243	21,515	26,957	17,944	11,600	11,600
Other ⁽³⁾	117,847	94,666	98,075	150,634	126,834	59,300	59,300
Total	1,815,216	1,790,324	1,907,624	2,053,317	1,974,348	1,353,300	1,353,300
Total Facilities Revenues	\$45,043,439	\$56,927,725	\$49,001,770	\$56,884,742	\$59,984,760	\$54,594,300	\$54,594,300

(1) Totals may not add due to rounding.

(2) Other (Convention Center) is comprised of advertising, cable and recording fees, cell site leases, equipment rental, late fees, and miscellaneous use of facilities.

(3) Other (Cashman Center) is comprised of Club Level Restaurant, cell site leases, contractor services, equipment rental, late fees, miscellaneous use of facilities, and telephone services.

(4) Facilities revenue are higher in fiscal year 2014 and 2017 as compared to the other fiscal years due primarily to the seasonality of trade shows. Fiscal year 2014 and fiscal year 2017 included one large trade show which occurs only on a triennial basis.

(5) On June 1, 2017, the Cashman Center property was transferred to the City of Las Vegas in an effort to redevelop the site. The transfer agreement is joined to a management agreement, whereby the City of Las Vegas engaged the Authority to continue operating the meeting and exhibit hall facilities through December 2017. At the end of calendar year 2017, the Authority closed the meeting, convention and theater space, and now maintains it in “mothballed” status. Under the management agreement, the Authority will continue to operate Cashman Field (the stadium) until the expiration of the baseball team lease (December 2022) or until the team terminates the lease with sufficient notice, whichever comes first. At that time, the management agreement for the Cashman campus will cease and the City of Las Vegas will assume all responsibilities for the property. See “REVENUES AVAILABLE FOR DEBT SERVICE – Facilities Revenues – Present Facilities; Rates and Charges – Cashman Center.”

Source: The Authority.

Usage Statistics. The following tables set forth the number of conventions, events and meetings held at the Convention Center and Cashman for the past five years. In the following categories, “Special Events” are directly tied to visitors to the County and “Public Events” includes shows aimed at local residents, meetings and other local organization events.

Summary of Convention Center and Cashman Center Activity

Convention Center					
Fiscal Year	Conventions	Special Events	Public Invited Events	Meetings	Total
2012	53	7	3	3	66
2013	47	9	7	1	64
2014	47	12	1	3	63
2015	51	11	5	3	70
2016	51	9	10	1	71
2017	50	12	7	4	73

Source: The Authority.

Cashman Center⁽¹⁾					
Fiscal Year	Conventions	Special Events	Public Invited Events	Meetings	Total
2012	1	4	142	36	183
2013	2	3	149	35	189
2014	1	5	164	35	205
2015	1	3	152	47	203
2016	1	9	164	62	236
2017	1	11	143	49	204

⁽¹⁾ On June 1, 2017, the Cashman Center property was transferred to the City of Las Vegas in an effort to redevelop the site. The transfer agreement is joined to a management agreement, whereby the City of Las Vegas engaged the Authority to continue operating the meeting and exhibit hall facilities through December 2017. At the end of calendar year 2017, the Authority closed the meeting, convention and theater space, and now maintains it in “mothballed” status. Under the management agreement, the Authority will continue to operate Cashman Field (the stadium) until the expiration of the baseball team lease (December 2022) or until the team terminates the lease with sufficient notice, whichever comes first. At that time, the management agreement for the Cashman campus will cease and the City of Las Vegas will assume all responsibilities for the property. See “REVENUES AVAILABLE FOR DEBT SERVICE – Facilities Revenues – Present Facilities; Rates and Charges – Cashman Center.”

Source: The Authority.

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

General. The State Department of Taxation reports the assessed valuation of property within the County for the fiscal year ending June 30, 2018, to be \$78,890,801,494 (excluding the assessed valuation attributable to the Redevelopment Agencies), which represents an increase of 5.8% from the assessed valuation for the prior fiscal year. According to the Nevada Department of Taxation, the County's preliminary assessed valuation for fiscal year 2018-19 is \$87,227,328,091 (subject to change until July 1, 2018), excluding the assessed valuation attributable to the Redevelopment Agencies. State law requires that the County assessor reappraise at least once every five years all real and secured personal property (other than certain utility-owned property which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the County assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the policy of the Clark County Assessor to reappraise all real and secured personal property in the County each year. State law requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the State Legislature (the "Legislature"). Based on the assessed valuation for fiscal year 2018, the taxable value of all taxable property within the County is \$225,402,289,983 (excluding the taxable value attributable to the Redevelopment Agencies).

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

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

History of Assessed Value

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

History of Assessed Value

Fiscal Year Ended June 30	Total Assessed Valuation of Clark County ⁽¹⁾	Percent Change	Redevelopment Agencies Assessed Valuation	Total Assessed Valuation ⁽²⁾
2014	\$55,220,637,749	--	\$1,076,210,139	\$56,296,847,888
2015	62,904,942,089	13.9%	1,347,691,561	64,252,633,650
2016	69,266,468,466	10.1	1,788,784,767	71,055,253,233
2017	74,597,622,262	7.7	2,035,576,833	76,633,199,095
2018	78,890,801,494	5.8	2,415,329,758	81,306,131,252

⁽¹⁾ Excludes the assessed valuations of the Boulder City Redevelopment Agency, the Clark County Redevelopment Agency, the Henderson Redevelopment Agency, the Las Vegas Redevelopment Agency, the Mesquite Redevelopment Agency and the North Las Vegas Redevelopment Agency (collectively, the "Redevelopment Agencies").

⁽²⁾ Includes the combined assessed values of the Redevelopment Agencies in each year.

Sources: State of Nevada Department of Taxation, *Property Tax Rates for Nevada Local Governments*, 2013-2014 through 2017-2018.

Property Tax Collections

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

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

A history of the County's tax roll collection record appears in the following table. *This table reflects all amounts collected by the County, including amounts levied by the County, the School District, the cities within the County and certain special taxing districts. The figures in the following table include property taxes that are not available to pay debt service on the 2018 Bonds.* The table below provides information with respect to the historic collection rates for the County, but may not be relied upon to depict the amounts of ad valorem property taxes available to the County in each year. There is no assurance that collection rates will be similar to the historic collection rates depicted below.

Property Tax Levies, Collections and Delinquencies - Clark County, Nevada⁽¹⁾

Fiscal Year Ending June 30	Net Secured Roll Tax Levy ⁽²⁾	Current Tax Collections	% of Levy (Current) Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as % of Current Levy ⁽³⁾
2013	\$1,460,273,292	\$1,446,106,236	99.03%	\$13,894,469	\$1,460,000,705	99.98%
2014	1,467,839,647	1,453,556,514	99.03	13,973,522	1,467,530,036	99.98
2015	1,515,617,947	1,506,108,484	99.37	9,010,904	1,515,119,388	99.97
2016	1,582,391,388	1,572,448,659	99.37	8,128,712	1,580,577,371	99.89
2017	1,630,068,726	1,620,819,654	99.43	4,536,812	1,625,356,466	99.71
2018	1,717,879,967	1,335,447,161 ⁽⁴⁾	77.74	n/a ⁽⁵⁾	1,335,447,161	77.74

(1) Represents the real property tax roll levies and collections. Subject to revision.

(2) Adjusted county tax levied for the fiscal year.

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

(4) Collections as of January 31, 2018 (unaudited).

(5) Fiscal year 2018 delinquent collections in progress.

Source: Clark County Treasurer.

Largest Taxpayers in the County

The following table represents the ten largest property-owning taxpayers in the County based on fiscal year 2017-2018 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (generally personal property). No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the County.

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

Clark County Ten Largest Taxpayers
Fiscal Year 2017-2018

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value⁽¹⁾</u>
MGM Resorts International	Hotels/Casinos	\$ 3,729,884,054	4.59%
Caesars Entertainment Corporation ⁽²⁾	Hotels/Casinos	1,980,576,639	2.44
NV Energy	Utility	1,814,717,852	2.23
Las Vegas Sands Corporation	Hotels/Casinos	963,349,099	1.18
Wynn Resorts Limited	Hotels/Casinos	935,228,090	1.15
Station Casinos Incorporated	Hotels/Casinos	738,555,229	0.91
Boyd Gaming Corporation	Hotels/Casinos	484,665,011	0.60
Howard Hughes Corporation	Developer	435,626,875	0.54
Eldorado Energy LLC	Solar Energy	417,745,527	0.51
Nevada Property 1 LLC	Hotels/Casinos	379,172,394	0.47
Total		<u>\$11,879,520,770</u>	<u>14.62%</u>

⁽¹⁾ Based on the County's fiscal year 2017-2018 assessed valuation of \$81,306,131,252 (which includes the assessed valuation attributable to the Redevelopment Agencies).

⁽²⁾ Caesars Entertainment Corporation ("CEC") owns, directly or indirectly, numerous properties within the boundaries of the County. In 2015, Caesars Palace Realty Corp., which is an entity related to CEC, filed a voluntary bankruptcy petition under Chapter 11 of Title 11 of the United States Code. On October 6, 2017, CEC exited from bankruptcy when its court-approved bankruptcy plan went into effect.

Source: County Assessor's website (report dated 10/31/17).

Property Tax Limitations

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

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the 2018 Bonds, which are exempt from such ad valorem revenue limits. This rate is generally limited as follows. The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and

new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

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

The County and the cities within the County are levying various tax overrides as allowed or required by State statutes.

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

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

Required Property Tax Abatements

General. In 2005, the Legislature approved the Abatement Act (NRS 361.471 to 361.4735), which established formulas to determine whether tax abatements are required for property owners in each year. For residential properties, an abatement generally is required to reduce the amount of property taxes owed to not more than 3% more than the amount levied in the immediately preceding fiscal year. That same formula applies (as a charitable exemption) to commercial property that qualifies as low-income rental housing. Finally, for all properties, an abatement from ad valorem taxation is required to reduce the amount of property taxes owed to no more than an amount determined pursuant to a formula. The first part of the formula requires a determination of the greater of: (1) the average percentage change in the assessed valuation of all taxable property in the County, as determined by the Department of Taxation, over the fiscal year in which the levy is made and the 9 immediately preceding fiscal years; (2) the percentage equal to twice the increase in the Consumer Price Index for all Urban Consumers, U.S. City Average (All Items) for the immediately preceding calendar year or (3) zero. The second part of the formula requires determination of the lesser of: (1) 8% and (2) the percentage determined in the previous sentence. After making both determinations, whatever part of the formula yields the lowest percentage is used to establish the maximum percentage of increase (over the prior year) in tax liability for each property. This abatement formula also must be applied to residential properties and low-income rental properties if it yields a greater reduction in property taxes than the 3% test described above. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year. For example, in the County for fiscal year 2017-2018, the Abatement Act formula results in a maximum percentage increase of tax liability for each parcel of 2.6% over the prior year for all types of properties,

including residential properties and low-income rental properties. For fiscal year 2018-2019, the Abatement Act formula results in a maximum percentage increase of tax liability for residential parcels of 3.0% and for all other parcels of 4.2%.

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

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (i) the tax-secured obligations were issued before July 1, 2005; or (ii) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. Ad valorem tax rate increases to pay debt service on the 2018 Bonds are exempt from the Abatement Act formulas.

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

Additional Abatement of Taxes for Severe Economic Hardship. In 2002, following voter approval of a State constitutional amendment, the Legislature enacted a law implementing an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence. Pursuant to that legislation, the low-income owner (defined by law) of a single-family residence with an assessed value of \$175,000 or less may file a claim with the county treasurer to postpone the payment of all or part of the property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer.

Overlapping Tax Rates and General Obligation Indebtedness

Overlapping Tax Rates. The following table presents a history of statewide average tax rates and a representative overlapping tax rate for several taxing districts located in Las Vegas, the County seat and the most populous city in the County. The overlapping rates for incorporated and unincorporated areas within the County vary depending on the rates imposed by applicable taxing jurisdictions. The highest overlapping tax rate in the County currently is \$3.4030 in Mt. Charleston Town.

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

<u>Fiscal Year Ended June 30,</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Average Statewide rate	<u>\$3.1212</u>	<u>\$3.1232</u>	<u>\$3.1360</u>	<u>\$3.1500</u>	<u>\$3.1615</u>
Clark County	\$0.6541	\$0.6541	\$0.6541	\$0.6541	\$0.6541
Clark County School District	1.3034	1.3034	1.3034	1.3034	1.3034
City of Las Vegas	0.7715	0.7715	0.7715	0.7715	0.7715
Las Vegas-Clark County Library District	0.0942	0.0942	0.0942	0.0942	0.0942
Las Vegas Metro Police	0.2850	0.2850	0.2850	0.2850	0.2850
State of Nevada ⁽²⁾	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total	\$3.2782	\$3.2782	\$3.2782	\$3.2782	\$3.2782

(1) Per \$100 of assessed valuation.

(2) \$0.0200 of the State rate is exempt from the \$3.64 cap. See "Property Tax Limitations" above.

Source: *Property Tax Rates for Nevada Local Governments* - State of Nevada, Department of Taxation, 2013-14 through 2017-18.

Estimated Overlapping General Obligation Indebtedness. In addition to the general obligation indebtedness of the County, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the County. In addition to the entities listed below, other governmental entities may overlap the County but have no general obligation debt outstanding. The following chart sets forth the estimated overlapping general obligation debt (including general obligation medium-term bonds which may not be payable from a property tax levy) chargeable to property owners within the County as of March 1, 2018.

Estimated Overlapping Net General Obligation Indebtedness

<u>Entity⁽¹⁾</u>	<u>Total General Obligation Indebtedness</u>	<u>Presently Self-Supporting General Obligation Indebtedness</u>	<u>Net Direct General Obligation Indebtedness</u>	<u>Percent Applicable⁽²⁾</u>	<u>Overlapping Net General Obligation Indebtedness⁽³⁾</u>
Clark County School District	\$2,656,530,000	\$639,635,000	\$2,016,895,000	100.00%	\$2,016,895,000
Henderson	201,211,292	175,976,292	25,235,000	100.00%	25,235,000
Las Vegas	511,055,000	451,885,000	59,170,000	100.00%	59,170,000
Mesquite	21,363,189	14,134,189	7,229,000	100.00%	7,229,000
North Las Vegas	422,187,958	414,712,958	7,475,000	100.00%	7,475,000
Clark County Water Reclamation District	449,814,449	449,814,449	0	100.00%	0
Las Vegas Valley Water District	3,145,155,000	3,145,155,000	0	100.00%	0
Las Vegas-Clark County Library District	7,265,000	0	7,265,000	100.00%	7,265,000
Boulder City Library District	655,000	0	655,000	100.00%	655,000
Big Bend Water District	3,124,406	3,124,406	0	100.00%	0
Virgin Valley Water District	18,609,000	13,831,000	4,778,000	100.00%	4,778,000
State of Nevada	1,435,015,000	299,245,000	1,135,770,000	70.57%	801,512,889
TOTAL	\$8,871,985,294	\$5,607,513,294	\$3,264,472,000		\$2,930,214,889

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

(2) Based on fiscal year 2018 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the governmental entity into the assessed valuation of the County.

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

Source: Clark County Department of Finance; Hobbs, Ong & Associates; Nevada Department of Taxation; and/or the respective jurisdiction/agency.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the County as of March 1, 2018 after taking the issuance of the 2018 Bonds into account.

Net Direct & Overlapping General Obligation Indebtedness

Total General Obligation Indebtedness ⁽¹⁾	\$2,786,720,884
Less: Self-supporting General Obligation Indebtedness ⁽¹⁾	<u>(2,782,128,000)</u>
Net Direct General Obligation Indebtedness	4,592,884
Plus: Overlapping Net General Obligation Indebtedness	<u>2,930,214,889</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$2,934,807,773

⁽¹⁾ Assumes the issuance of the 2018 Bonds. See “COUNTY DEBT STRUCTURE - Outstanding Indebtedness and Other Obligations.”

Selected Debt Ratios

The following table sets forth selected debt ratios of the County.

Selected Direct General Obligation Debt Ratios

<u>Fiscal Year Ended June 30</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Population ⁽¹⁾	2,069,450	2,118,353	2,166,181	2,193,818	2,193,818
Assessed Value ⁽²⁾	\$55,220,637,749	\$62,904,942,089	\$69,266,468,466	\$74,597,622,262	\$78,890,801,494
Taxable Value ⁽²⁾	\$157,773,250,711	\$179,728,405,969	\$197,904,195,617	\$213,136,063,606	\$225,402,289,983
Per Capita Income ⁽³⁾	\$39,860	\$41,915	\$42,284	\$42,284	\$42,284
<u>Gross Direct G.O. Debt⁽⁴⁾</u>	\$2,676,021,848	\$2,835,706,851	\$2,668,202,771	\$2,445,556,292	\$2,786,720,884
<u>RATIO TO:</u>					
Per Capita	\$1,293.11	\$1,338.64	\$1,231.75	\$1,114.75	\$1,270.26
Percent of Per Capita Income	3.24%	3.19%	2.91%	2.64%	3.00%
Percent of Assessed Value	4.85%	4.51%	3.85%	3.28%	3.53%
Percent of Taxable Value	1.70%	1.58%	1.35%	1.15%	1.24%
<u>Net Direct G.O. Debt⁽⁵⁾</u>	\$42,851,848	\$31,106,851	\$19,128,771	\$8,915,292	\$4,592,884
<u>RATIO TO:</u>					
Per Capita	\$20.71	\$14.68	\$8.83	\$4.06	\$2.09
Percent of Per Capita Income	0.05%	0.04%	0.02%	0.01%	0.00%
Percent of Assessed Value	0.08%	0.05%	0.03%	0.01%	0.01%
Percent of Taxable Value	0.03%	0.02%	0.01%	0.00%	0.00%

⁽¹⁾ Reflects State Demographer estimates for the County as of July 1 of each year shown. The population figure for 2018 is the same as the projected figure for 2017 because no population estimate yet exists for 2018. See “APPENDIX G - ECONOMIC AND DEMOGRAPHIC INFORMATION - Population.”

⁽²⁾ See “Property Tax Base and Tax Roll” for an explanation of Assessed Value and Taxable Value. The assessed valuations of the Redevelopment Agencies were not included in calculating debt ratios.

⁽³⁾ See “APPENDIX G - ECONOMIC AND DEMOGRAPHIC INFORMATION - Income.” The 2016 figure also is used in 2017 and 2018 as no information is yet available for those years. Subject to revision by the Bureau of Economic Analysis.

⁽⁴⁾ See “COUNTY DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations.”

⁽⁵⁾ Includes general obligation bonds and medium-term bonds, but does not include Bond Bank bonds, self-supporting general obligation bonds, revenue bonds, assessment district bonds, lease purchase agreements or contingent liabilities.

Source: County Municipal Advisors for debt information only.

CERTAIN RISK FACTORS

Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below which, among others discussed herein, could affect the payment of debt service on the 2018 Bonds and could affect the market price of the 2018 Bonds to an extent that cannot be determined at this time. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 2018 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.

No Pledge of Property

The payment of the 2018 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except the proceeds of the General Taxes, the Pledged Revenues and any other moneys or accounts as set forth pledged in the Bond Resolution for the payment of the 2018 Bonds. No property of the County or the Authority, subject to such exceptions, shall be liable to be forfeited or taken in payment of the 2018 Bonds.

Dependence on Gaming, Tourism and Other Factors

The economy of the County and the State (and therefore the revenues of the Authority) is heavily dependent on the tourist industry, which is based significantly on legalized gambling. Any decrease in the level of tourist activity (including convention activity) in the County is likely to result in a reduction in Pledged Revenues. Factors such as weakening in the national economy and reductions in travel for any reason, including terrorist attacks and increases in gas prices, have impacted Pledged Revenues in the past and could do so in the future. The recession from approximately 2008 to 2010 decreased Pledged Revenues from a pre-recession high of nearly \$221 million (occurring in 2008) to a low of approximately \$154 million (occurring in 2010) (a drop of over 30%); however, Pledged Revenues have increased every year since fiscal year 2010, and are projected to increase slightly during fiscal year 2018. See “SECURITY FOR THE 2018 BONDS--Historical and Budgeted Pledged Revenues and Debt Service Coverage.” Prior to the recessionary period occurring between 2008 and 2010, Room Tax Revenues have only decreased year-over-year one prior time in the Authority’s history (i.e., since 1961). In 2002, Room Tax Revenues decreased by over 8% from the prior year’s Room Tax Revenues as a likely consequence of the terrorist attacks occurring on September 11, 2001. There can be no assurance that a future recession or other significant local or national event will not again have a materially negative impact on the Authority’s Pledged Revenues.

On October 1, 2017, Las Vegas was the site of one of the worst mass shootings in U.S. history. The tragedy is likely to have adverse effects on tourism to the area, the local economy, and Authority’s revenues and operations for an undeterminable period that are not fully estimable at this time. The first six months of FY 2018 general fund room tax revenues reflect a 1.5% increase over the prior year which is below the budgeted annual growth of 4.7%. Management will continue to monitor revenue trends in the following months to determine if economic conditions are likely to result in a need to formally reduce revenue budgets. In the interim, staff has identified and implemented cost saving strategies to help offset potential reduced revenues.

Other factors that are beyond the control of the Authority also may adversely affect the level of Room Tax revenues in the future. These factors include a dependence on the individual members of the hotel/casino industry to attract visitors to the Las Vegas area through the use of advertising and other promotional activities, and to not significantly decrease hotel rates or provide excessive “complimentary” rooms to customers. Another factor is the availability of affordable and frequent air service to the County. Reductions in air service or increases in the price of such service may occur due to the poor health of the airline industry in general, increases in jet fuel costs or other factors.

Class Action Lawsuits Against Resort Fees

Multiple class action lawsuits have been filed against various local resort hotels that may affect the Room Tax collected by these hotels and distributed to the County. The initial complaint, *Cabral et al vs Caesars Entertainment Corporation*, Case No. 2:17-cv-02841-APG-VCF was filed for damages and declaratory relief on November 10, 2017, and alleges that Caesars Entertainment Corporation charges a resort fee to overnight guests which includes the provision of internet access and that Caesars Entertainment Corporation collects taxes on the portion of the resort fee attributable to internet access by overnight guests in violation of the Internet Tax Freedom Act (“ITFA”), P.L. 105-277, Div. C., Title XI § 1100 (Oct. 21, 1998), 112 Stat. 2681-719 (enacted as statutory note to 47 U.S.C. § 151, as amended). The County is not a party to these complaints. The County receives taxes collected on the resort fee as Room Tax. The complaints seeks, among other things, damages in the amount of the portion of the taxes on the resort fee attributable to internet access. The complaints do not seek to enjoin, suspend, or restrain the assessment, levy, or collection of the Room Tax by Clark County or the State of Nevada. To date, the Clark County Department of Business License has received “protective claims for refunds” from Caesars Entertainment Corporation (“Caesars”), MGM Resorts International (“MGM”) and Gaughan South LLC dba South Point Hotel and Casino (South Point”), which are not being treated as ripe claims at this time, as no judicial determination has been made of improper tax collection. Caesars, MGM and South Point all dispute the allegations made against them. The “protective claim for refund” submitted on behalf of seventeen properties owned by Caesars estimates that if the overpayment constitutes the entire amount of tax paid on the resort fees from October 2013 to present, Caesar’s estimates \$68 million as a potential refund. The “protective claim for refund” submitted by MGM on behalf of ten properties owned by MGM does not estimate a particular refund amount but covers Room Tax paid by such entities from November 1, 2014 through December 31, 2017. The “protective claim for refund” submitted by South Point estimates that if the overpayment constitutes the entire amount of tax paid on the resort fees from March 1, 2013 to present, South Point estimates \$2.9 million as a potential refund. The claims asserted in the complaints do not specifically define the amounts of overpayments within the resort fee attributable to internet access, and may cover a period greater than the applicable statute of limitations for refunds therefore, the amount of the resort fee tax collected attributable to internet access cannot be determined at this time.

Competition for Convention Space

The Facilities Revenues are largely dependent upon the continued attractiveness of convention activities in the metropolitan Las Vegas area. Competition for convention activity in other metropolitan areas may cause downward pressure on Facilities rates and thus cause a

decline in future Facilities Revenues. Furthermore, any decline in the continued attractiveness of the Facilities themselves as a venue for holding conventions could lead to a decline in Facilities Revenues.

Hotel/Casino Practices with Respect to Room Rentals

Other factors which are beyond the Authority's control include the rates at which hotels rent rooms and the rate at which hotel/casinos provide complimentary ("comp") rooms to guests. Hotel/casinos may be inclined, especially during low tourism periods or for competitive advantage, to significantly decrease the price of room rentals. When the price of the room rental decreases, Room Tax revenues (and therefore Pledged Revenues) may also decline. In addition, "comp" rooms are not subject to Room Tax. Accordingly, an increase in the number of "comp" rooms may adversely impact Room Tax revenues. The Authority has no control over the room rates charged by individual properties or the amount of "comp" rooms provided by hotel/casinos. Accordingly, when the hotel/casino operators decide to lower room rates for extended periods of time or increase the number of "comp" rooms, Room Tax revenues decline.

Impact of Foreclosure on Collection of Pledged Revenues

The ability and willingness of an owner or operator of a property to pay License Taxes (including the Room Tax) may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent License Taxes using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner of a taxed property or the holder of mortgage liens on the taxed property. Prosecution of such proceedings could be delayed due to crowded local court calendars or legal delaying tactics. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Additionally, trade shows or other exhibitors filing for bankruptcy could result in delayed or drastically reduced payments to the Authority for the use of the Facilities. Delays in the exercise of remedies could result in Pledged Revenues collections which may be insufficient to pay debt service on the 2018 Bonds when due. On January 15, 2015, Caesars Entertainment Operating Company and approximately 172 other entities filed for Chapter 11 bankruptcy. Caesars Entertainment Operating Company has since exited bankruptcy. However, the payment of Room Tax by hotels owned by entities which have filed for bankruptcy could be delayed, and the Authority's ability to collect delinquent Room Taxes using foreclosure could be forestalled or delayed. See "REVENUES AVAILABLE FOR DEBT SERVICE – License Tax Data – Largest Taxpayers."

Authority Cannot Increase Rates of Taxes

The Authority has no control over the rate at which License Taxes are imposed; the rate of such taxes can be increased only by action of the State legislature (the "Legislature"). Accordingly, should the Expansion Pledged Revenues and/or the Pledged Revenues, as applicable, be insufficient to pay debt service on the 2018 Bonds and the Existing Bonds, none of the Authority, the Cities or the County is authorized to increase the rate of the Expansion License Taxes and/or the License Taxes in order to raise sufficient revenues to pay debt service.

Delays in Property Tax Collections Could Occur

General. Although the 2018 Bonds are general obligations of the County, the County may only levy property taxes to pay debt service on the 2018 Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes, see “PROPERTY TAX INFORMATION--Property Tax Collections.” Due to the statutory process required for the levy of taxes, in any year in which the County is required to levy property taxes, there may be a delay in the availability of property tax revenues to pay debt service on the 2018 Bonds. Accordingly, although other County revenues may be available to pay debt service on the 2018 Bonds if the Pledged Revenues and the Expansion Pledged Revenues are insufficient, time may elapse before the County receives property taxes levied to cover any insufficiency of Pledged Revenues.

Certain Risks Related to Property Taxes. Numerous other factors over which the County has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include the valuation of property within the County, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner.

Risks Related to Existing and Additional Bonds

Subordinate Bonds. The terms of the 2016A Subordinate Bonds (and the related Revolving Credit Agreement) provide that the 2016A Subordinate Bonds are subject to acceleration upon an event of default, among other remedies. Such terms also provide that from and after the date on which the Lender accelerates any of the 2016A Subordinate Bonds, no payments may be made during any Bond Year until all payments due on the 2018 Bonds, the Existing Bonds, and all other Parity Securities for such Bond Year have been paid. If acceleration were to occur, however, the payment of the 2016A Subordinate Bonds could materially impair, or even eliminate, funds to pay all expenses of the Authority (including its marketing budget) in such Bond Year not otherwise falling under the definition of Operation and Maintenance Expenses, and could further cause the Authority to be in default of its rate maintenance covenant to the extent it could not, or chose not, to raise Facilities rates to amounts sufficient to pay accelerated amounts due under the 2016A Subordinate Bonds in the following Bond Year. See “SECURITY FOR THE 2018 BONDS—Rate Maintenance Covenant and Covenant Regarding Collection of Taxes.”

The Authority expects that \$1,000,000 will be outstanding on the 2016A Subordinate Bonds on the date of issuance of the 2018 Bonds, which will leave approximately \$299,000,000 of available draw capacity under the related Revolving Credit Agreement (subject to the requirement that no more than \$100,000,000 of unpaid advances be outstanding at any given time). See “INTRODUCTION--Security for the 2018 Bonds--Lien Priority – Subordinate Lien Obligations.”

All principal and accrued and unpaid interest on the 2016A Subordinate Bonds is due on July 13, 2018 (the “Subordinate Bonds Maturity Date”). Any amounts not paid on the Subordinate Bonds Maturity Date will, unless an event of default under the Revolving Credit Agreement has occurred, convert into amortizing term loans (the “Amortizing Term Loans”) on the Subordinate Bonds Maturity Date with approximately equal semi-annual principal payments,

plus accrued interest, due through July 1, 2021 (with all unpaid principal and accrued interest due on July 1, 2021).

Any failure or inability of the Authority to refinance the 2016A Subordinate Bonds prior to the Subordinate Bonds Maturity Date, or any failure to make a required payment due on the Amortizing Term Loans, if applicable, would present the same risks and potential consequences as are described in the first paragraph of this section.

Additional Bonds. The Authority, for itself or on behalf of the County, may issue Parity Bonds or Parity Securities in the future. See “SECURITY FOR THE 2018 BONDS--Additional Parity Bonds.” Specifically, during the next five to seven fiscal years, the Authority, for itself or on behalf of the County, currently anticipates issuing approximately \$900 million of additional securities to support the LVCCD Program. These additional securities will be supported by the Expansion Pledged Revenues and may further be secured by a parity or subordinate lien on the Pledged Revenues. Notwithstanding the foregoing, the amount of securities actually issued in support of the LVCCD Program will depend on several factors, including, but not limited to, projected Expansion Pledged Revenues, projected Pledged Revenues, and projected LVCCD Program costs. See “LAS VEGAS CONVENTION AND VISITORS AUTHORITY—Capital Plans.” The Oversight Panel for Convention Facilities in Clark County has approved the issuance of up to \$900,000,000 of additional securities related to Phase II of the LVCCD Program. The Authority has adopted a resolution, which has been ratified by the County, authorizing \$400,000,000 of general obligation backed bonds. The 2018 bonds are part of this authorization and the remaining \$200,000,000 of bonds is expected to be issued in fall 2019. Additional legal proceedings are required to issue the remaining \$500,000,000 bonds approved by the Oversight Panel.

The Authority may draw additional amounts under the Revolving Credit Agreement relating to the Authority’s 2016A Subordinate Bonds to pay for a portion of the LVCCD Program. For a description of the 2016A Subordinate Bonds, see “INTRODUCTION--Security for the 2018 Bonds--Lien Priority” and “CERTAIN RISK FACTORS--Risks Related to Existing and Additional Bonds.”

Limitation of Remedies

Judicial Remedies. Upon the occurrence of an Event of Default under the Bond Resolution, each owner of the 2018 Bonds is entitled to enforce the covenants and agreements of the Authority by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the Pledged Revenues, the Expansion Pledged Revenues and other moneys held under the Bond Resolution (including General Taxes, if any) and not against any other fund or properties of the Authority.

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

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the Authority under the Bond Resolution, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2018 Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2018 Bonds and the obligations incurred by the Authority in issuing the 2018 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2018 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2018 Bonds in the event of a default in the payment of principal of or interest on the 2018 Bonds. Consequently, remedies available to the owners of the 2018 Bonds may have to be enforced from year to year.

Future Changes in Laws

Various State laws apply to the imposition, collection, and expenditure of General Taxes and Room Taxes and to other County and Authority revenues as well as to the operation and finances of the County and the Authority. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the County and the Authority and the imposition, collection, and expenditure of revenues, including General Taxes and Room Taxes.

Secondary Market

Investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Bonds should consider such investment. No guarantee can be made that a secondary market for the Bonds will develop or be maintained by the initial purchaser or others. Thus, prospective investors should be prepared to hold their Bonds to maturity.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

General

The Authority was originally established in 1955 as the Clark County Fair and Recreation Board in order to acquire and operate convention hall and recreation facilities within the Las Vegas metropolitan area. In addition, the Authority is charged with the responsibility of promoting the recreational facilities of the County and is the operating instrumentality of the County for convention purposes and recreational facilities. The Authority is also the primary marketing organization for the area. To provide revenue to support such efforts, pursuant to NRS 244.335 and NRS 268.095, the County and the incorporated cities of Las Vegas, North Las Vegas, and Henderson imposed certain taxes in 1957 on hotel, motel and gaming businesses, as more fully described under "REVENUES AVAILABLE FOR DEBT SERVICE--License Taxes." Shortly after its incorporation in 1959, Boulder City imposed a similar tax on hotel and motel businesses, but not on gaming, which is prohibited in Boulder City. The City of Mesquite, which was incorporated in 1984, has similarly imposed a license tax on hotel, motel and gaming business.

Governing Body

In accordance with State statutes, the Board consists of fourteen members composed of (1) two members of the Board of Clark County Commissioners; (2) two members of the Council of the City of Las Vegas; (3) one member of the Council of the City of Henderson; (4) one member of the Council of the City of Mesquite (5) one member of the Council of the City of Boulder City; (6) one member of the Council of the City of North Las Vegas; and (7) six private sector members appointed by the aforementioned elected officials. Three of the six private sector members are nominated by the Greater Las Vegas Chamber of Commerce the ("Chamber"). Of the three private sector members nominated by the Chamber, two must represent tourism interests (at least one of those must represent the resort hotel industry) and one must represent other commercial interests or interests related to tourism. The remaining three private sector members must be selected from a list of nominees submitted by the Nevada Resort Association; two must represent the resort hotel industry and one must represent the downtown hotel industry. Seven of eight elected officials are selected periodically by their respective governing bodies; their terms on the Board are coterminous with their terms of office. The elected official from the second least populated incorporated city serves a two-year term, starting with their term in office. The six private sector members serve staggered two-year terms.

The present members of the Board, their representation and the date of expiration of their respective terms are set forth below.

<u>Name</u>	<u>Title</u>	<u>Entity Represented</u>	<u>Term Expires</u>
Lawrence Weekly	Chair	Clark County	December 2020
Chuck Bowling	Vice Chair	Nevada Resort Association	June 2019
Bill Noonan	Secretary	Nevada Resort Association	June 2018
Larry Brown	Treasurer	Clark County	December 2020
Michele Fiore	Member	City of Las Vegas	June 2021
Carolyn Goodman	Member	City of Las Vegas	June 2019
Tom Jenkin	Member	Chamber of Commerce	June 2019
Peggy Leavitt	Member	Boulder City	June 2019
Gregory Lee	Member	Chamber of Commerce	June 2018
John Lee	Member	City of North Las Vegas	June 2021
John Marz	Member	City of Henderson	June 2021
Mary Beth Sewald	Member	Chamber of Commerce	June 2019
George Rapson	Member	City of Mesquite	December 2018
Maurice Wooden	Member	Nevada Resort Association	June 2019

Administration

The Board appoints administrators who serve at the pleasure of the Board to carry out the policy of the Authority. Certain of those administrators are described below.

The Authority Board appoints administrators who serve at the pleasure of the Authority Board to carry out the policy of the Authority. Certain of those administrators are described below.

Rossi T. Ralenkotter, CEO. Rossi Ralenkotter is CEO for the Authority. As CEO of the Authority, Mr. Ralenkotter is responsible for marketing and branding Las Vegas and Southern Nevada as the world’s most desirable destination for leisure and business travel.

Mr. Ralenkotter began his career at the Authority 44 years ago as a research analyst. Prior to becoming President/CEO in 2004, he was the Authority’s Executive Vice President and Senior Vice President of Marketing. Before joining the Authority, Mr. Ralenkotter worked for a local telephone company and served in the United States Air Force. He has been a resident of Southern Nevada for more than 60 years.

Mr. Ralenkotter is a member of the American Society of Travel Agents, Destination Marketing Association International, the American Society of Association Executives and the Hotel Sales Marketing Association. He also is the past Chair of U.S. Travel Officers on the board of directors for the U.S. Travel Association. Mr. Ralenkotter has served as Chair to the Travel and Tourism Advisory Board for the U.S. Department of Commerce and remains on the board. Mr. Ralenkotter was named “Employer of the Year” by the Employee Service Management Association in 2006, one of the “25 Most Influential People in the Meetings Industry” by *Meeting News* in 2005, and in 2004, he was selected “Co-Brand Marketer of the Year” by *Brandweek* magazine. In 2014, he was inducted into both U.S. Travel’s “Hall of Leaders” and DMAI’s “Hall of Fame.” Mr. Ralenkotter was named one of the Outstanding Young Men of America, listed in *Who’s Who of America*. Additionally, he served as a delegate

to the White House Conference on Tourism. He served as a First Lieutenant in the United States Air Force with the 468th Medical Service Flight. He is a member of the Las Vegas Ad Club, which inducted him into the Las Vegas Advertising Hall of Fame for lifetime marketing achievements. He also received Lifetime Achievement honors from the American Marketing Association and the Travel and Tourism Research Association.

Mr. Ralenkotter earned a Bachelor of Science degree in marketing from Arizona State University in 1969 and a Master in Business Administration degree from University of Nevada, Las Vegas, in 1971. He was honored with UNLV's Distinguished Nevadan Award in 2009, UNLV Alumni of the Year in 2008 and inducted into the Nevada Business Hall of Fame in March 2016.

Steve Hill, President/COO. Steve Hill is the President/COO of the Authority. In his role, Mr. Hill will be responsible for operations, finance, and the Las Vegas Convention Center expansion. Mr. Hill also serves as the chairman of the Las Vegas Stadium Authority.

Mr. Hill joined the LVCVA in 2018 with extensive years of operations, finance, and construction experience. Prior to joining the LVCVA, Mr. Hill was the director of the Governor's Office of Economic Development (GOED), having been appointed to the position in 2011 by Nevada Governor Brian Sandoval. He is a founder of Silver State Materials, a concrete, sand and gravel supplier in the Las Vegas area since 1987. Silver State was purchased by CalPortland in 2008 with Mr. Hill serving as its senior vice president, responsible for Nevada and Arizona operations. Additionally, he was the chairman of Service 1st Bank of Nevada, chairman of the Las Vegas Chamber of Commerce Board of Trustees, and commissioner on the Nevada Commission on Economic Development.

Mr. Hill is a past chair of the Chamber's State Policy Task Force and the Boys & Girls Clubs of Las Vegas. He has also served as chairman of Government Affairs for the Las Vegas Chamber, the Associated Builders & Contractors and the Associated General Contractors.

In recent years, Mr. Hill has served as a member of the Nevada Savings and Government Efficiency (SAGE) Commission; the Clark County Growth Task Force; the Trauma System Development Task Force; the RTC Regional Fixed Guideway Citizens Advisory Committee; the Clean Water Coalition; the legislative Interim Advisory Committee on Air Quality; and as chairman of the Governor's Construction Liability Insurance Task Force.

Mr. Hill earned a bachelor of science degree in mechanical engineering from Rose-Hulman Institute of Technology in Terre Haute, Indiana.

Ed Finger, Chief Financial Officer. Ed Finger is the Chief Financial Officer of the Authority. Mr. Finger is responsible for directing the activities of the Authority's finance department, including financial reporting and analysis for more than \$959 million in assets; accounting and payroll; financial systems; purchasing and contracts; central warehouse administration; debt management; cash management and investments. He is also responsible for the preparation, administration and control of a combined annual budget of nearly \$485 million including a \$255 million general fund operating budget plus capital project funds, debt service fund, and an internal service fund.

Mr. Finger has over 20 years of public sector experience, having served as Deputy County Manager of Adams County, Colorado, as Comptroller and then Assistant County Manager of Clark County, Nevada, and as Finance Director of the City of Thornton, Colorado. Mr. Finger began his career in public accounting with Grant Thornton LLP. Mr. Finger is a Certified Public Accountant, belongs to the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA), and has served on a number of boards including as President of the Nevada Society of CPAs. He holds a Bachelor's Degree in Accounting and a Master's Degree in Finance, both from the University of Colorado at Denver.

Employee Relations and Pension Benefits

Employees. As of March 1, 2018, the Authority will have 538 authorized full-time positions. The Authority also has over 400 intermittent and temporary employees who are available as needed. Presently, approximately 57% of the Authority employees are represented by a union, the Nevada Service Employees Union/SEIU Local 1107. The Authority and the Employees Association entered into an agreement which expires June 30, 2018 and is currently being bargained.

Benefits. The Authority provides a deferred compensation plan to its employees, as well as long-term disability and life insurance, health insurance, paid personal time off and holidays, and reimbursement for certain educational expenses. The Authority participates in the County's self-funded health insurance fund.

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

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

PERS Benefit Multiplier

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

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

Nevada PERS Retirement Eligibility

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

⁽¹⁾ Age 55 for police or firefighters

Nevada law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability (“UAAL”) and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State’s biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2016. The following table reflects some of the key valuation results from the last three PERS’ actuary studies:

PERS Actuarial Report

Key Valuation Results	June 30, 2017	June 30, 2016	June 30, 2015
UAAL	\$13.27 billion	\$12.56 billion	\$12.35 billion
Market Value Funding Ratio	74.4%	72.2%	75.1%
Actuarial Value Funding Ratio	74.5%	74.1%	73.2%
Assets Market Value	\$38.69 billion	\$35.00 billion	\$34.61 billion
Assets Actuarial Value	\$38.72 billion	\$35.90 billion	\$33.72 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board Statement (“GASB”) No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25 (“GASB 67”). GASB 67 replaces the requirements of GASB Statement Nos. 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans.

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

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position, and net pension liability in its Comprehensive Annual Financial Report for the fiscal years ended June 30, 2014 and 2015. The total pension liability for financial reporting was determined on the same basis as the Actuarial Accrued Liability measure for funding. The fiduciary net position is equal to the market value of assets.

Effective with fiscal year 2015, the Authority was required to apply the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (“GASB 68”), to its audited financial statements. Among other requirements, the Authority was required to report its proportionate share of the total PERS net pension liability in its financial statements.

The following presents the net pension liability of PERS as of June 30, 2016, and the Authority’s proportionate share of the net pension liability of PERS as of June 30, 2017, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (7.00%) or one percentage point higher (9.00%) than the current discount rate:

Net Pension Liability

	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
PERS Net Pension Liability	\$19,725,527,478	\$13,457,132,664	\$8,241,905,366
Authority Share of PERS Net Pension Liability	111,042,247	75,755,148	46,396,716

Contribution rates to PERS are established by State statute. The statutes currently require an adjustment in the statutory contribution rates on July 1 of each odd-numbered fiscal year. However, contribution rates are only adjusted if the difference between the existing and actuarially determined rates exceeds one-half of 1%. Plan members have the option of being funded under two alternative methods. Under the employer pay contribution plan, the Authority is required to contribute all amounts due under the plan. Under the employee-employer contribution plan, the Authority and the employee share equally in contribution of amounts due under the plan. A history of contribution rates for each funding method, as a percentage of payroll, is shown below.

Contribution Rates

	<u>Fiscal Years 2012 and 2013</u>	<u>Fiscal Years 2014 and 2015</u>	<u>Fiscal Years 2016 and 2017</u>	<u>Fiscal Years 2018 and 2019</u>
Regular members Employer-pay plan	23.75%	25.75%	28.00%	28.00%
Regular members Employee/Employer- plan	12.25	13.25	14.50	14.50

A history of the Authority's contribution to PERS in each of its last five fiscal years is shown below. For each fiscal year shown, the amount contributed equaled the Authority's required contribution.

PERS Contributions

	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>
Contribution	\$7,174,667	\$8,204,400	\$8,585,609	\$9,545,749	\$10,088,792

The Authority has budgeted a contribution to PERS of \$10,911,000 for the fiscal year ending June 30, 2018.

See Note 10 in the audited financial statements attached hereto as APPENDIX A for additional information on PERS. In addition, copies of PERS' most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

Other Post-Employment Benefits. Beginning in fiscal year 2007-08, Governmental Accounting Standards Board Statement No. 45 ("GASB 45") required that the Authority begin recording a liability for its share of the OPEB Program. The Authority has

obtained an actuarial study to determine the actuarial value of the obligations under the OPEB Program. See Note 11 in the audited financial statements attached hereto as APPENDIX A for a further description of the Authority's OPEB liabilities, a description of the plan, and the funding policy. The Authority historically has funded its OPEB liabilities on a pay-as-you go basis; that basis results in payments that are less than the actuarially determined Annual Required Contribution (or "ARC"). In a proactive measure to address the OPEB liability, the Authority created an internal service fund in fiscal year 2013 in order to accumulate resources through yearly budget transfers from the General Fund for its OPEB liability. Transfers to the internal service fund do not constitute an OPEB contribution for actuarial reporting. Rather, the funds are an earmarking of employer assets to reflect the Authority's current intent to apply those assets to finance the cost of benefits at some time in the future and therefore does not offset or reduce the liability recorded for OPEB.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Other Than Pension, which is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve the accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Authority has not yet completed its assessment of this statement.

Insurance

The Authority has a comprehensive insurance program in place. Current coverage includes property coverage with a limit in excess of \$500,000,000. In addition, the Authority carries commercial general liability insurance with a \$1,000,000 base policy, which includes automobile liability coverage, umbrella excess policies which total \$100,000,000 and terrorist acts insurance. These policies expire on August 1, 2018.

Effective July 1, 2003, the Authority began self-insuring for workers' compensation. The Authority has purchased excess workers compensation insurance for all claims over \$400,000 per claim and \$1,250,000 in total. The Authority also has purchased Directors and Officer's liability insurance, which includes employment practices liability coverage (\$10,000,000 coverage).

In the opinion of the Authority's Legal Counsel, the Authority's insurance policies provide adequate insurance protection for the Authority.

Capital Plans

General. The Authority develops a five-year Capital Improvement Plan ("CIP") in conjunction with its budget process and updates it annually. The CIP is a planning document and does not authorize or fund projects; the Authority authorizes individual projects on an as-needed basis. Capital projects that are expected to be designed and constructed over the next five years, as well as equipment purchases exceeding \$30,000, are included in the CIP. The Authority maintains a Capital Improvement and Replacement Fund ("CIRF") for these purposes. The Authority also plans for significant, non-recurring facility capital improvements, in addition to routine CIRF. These capital programs, depending on scope and projected costs, are generally accounted for in separate dedicated capital funds. The Las Vegas Convention Center District (the

“LVCCD”) capital program (the “LVCCD Program”) consists of multiple phases including land acquisition, new construction to expand exhibit space, and the renovation, improvement and modernization of the existing campus and facilities. Phase One of the LVCCD Program, consisting solely of land acquisition, demolition, and site preparation, was funded from the Authority’s CIRF fund. Phases Two and Three of the LVCCD Program are programmed over a seven-year horizon at a projected budget of \$1.4 billion and are accounted for in a separate LVCCD fund, further described below.

Capital Improvement and Replacement Fund (CIRF). The following table sets forth the currently planned expenditures from the CIRF for fiscal years 2018 through 2022. Near-term capital improvement projects are not expected to affect the ability to lease all available square footage in the Convention Center. The acquisition of the Riviera Hotel and Casino real property in 2015 was funded through the CIRF. The land purchases were part of the first phase of the LVCCD Program and a key component to the accomplishment of Phase Two of the LVCCD Program. Phase One of the LVCCD Program, inclusive of acquisition, demolition and site preparation, is now complete and the property began being used by clients in January 2017. The acreage provides for traffic circulation, additional parking, outdoor exhibit space and attendee access until such time as construction commences on Phase Two of the LVCCD Program.

Fiscal Year	CIRF Expenditures
2018	\$1,600,000
2019	3,486,815
2020	3,157,200
2021	2,554,400
2022	2,779,100
	<u>\$13,577,515</u>

The Authority has historically funded CIP projects using transfers from the General Fund; in fiscal year 2015, \$21.5 million was transferred; \$14.0 million in fiscal year 2016 and \$11.5 million in fiscal year 2017 and \$7.9 million is budgeted for CIP projects in fiscal year 2018. A review of projects by Authority staff indicated that not all budgeted transfers and expenditures will be utilized in the current fiscal year, and the current projected transfer from the general fund is \$3.2 million in FY 2018. The funding will be used for current capital projects, equipment additions and replacements, to supplement the economic reserve in accordance with board directives.

Las Vegas Convention Center District Program. In January 2017, a new capital fund was created to account for Phases Two and Three of the LVCCD Program. This fund is restricted to report all revenues and expenditures related to the expansion and renovation project(s) associated with the LVCCD Program. The following table sets forth the currently planned expenditures for Phases II and III of the LVCCD Program for fiscal years 2018 through 2022.

Fiscal <u>Year</u>	LVCCD <u>Expenditures</u>
2018	\$ 40,208,000
2019	308,014,800
2020	494,587,550
2021	377,511,650
2022	<u>131,513,500</u>
	\$1,351,835,500

The LVCCD Program includes the expansion of the Convention Center and a comprehensive facility renovation plan to modernize and grow the existing facility.

There are four major conceptual phases in the LVCCD Program. Phase One was completed in 2017, as discussed earlier with the CIRF.

Phase Two is currently in architectural design phase with site work scheduled to begin in late summer 2018. Phase Two will add approximately 1.4 million total square feet with a minimum of 600,000 square feet of new indoor and outdoor exhibit space, plus additional square footage for meeting rooms, additional parking, new food and beverage outlets, and support and service spaces. The estimated budget for Phase Two of the LVCCD Program is \$860 million.

Phase Three of the LVCCD Program consists of renovation, modernization and additions to the current facility. Improvements include upgrades to the exhibit halls, meeting rooms, restrooms and entrances with upgraded technology, lights and design. Phase Three of the LVCCD Program will also provide upgraded restrooms and new food and beverage outlets as well as an enclosed connector between the current halls. Structuring the project in this manner provides space for the Authority's trade shows while existing facilities are closed for renovation during Phase Three of the LVCCD Program. The estimated budget for Phase Three of the LVCCD Program is \$540 million.

Phase Four of the LVCCD Program includes concepts of potential future improvements and expansions. Conceptual components include a campus media center, administrative offices for trade show partners and a plaza. Specifics are yet to be determined due to potential timing of this phase and the possibility of additional customer needs at that time. Phase Four's schedule and funding will be based upon the completion of the previous phases. Funding for Phase Four is not included in the financing analysis referenced above.

Substantial accomplishment of Phases Two and Three was contingent upon receipt of new funding streams sufficient to complement the Authority's existing resources to support the capital financing program, which was achieved through the Expansion License Taxes and the Pledged Collection Fees. See "INTRODUCTION--Security for the 2018 Bonds—Additional Security." The Expansion License Taxes went into effect in January 2017 (i.e., approximately halfway through the 2017 fiscal year), and the fiscal year 2017 receipts from the Expansion License Taxes were \$11.2 million. The fiscal year 2018 Expansion License Tax receipts are projected to be \$28.2 million.

The fiscal year 2018 projected budget for the transfer from the General Fund to the LVCCD Fund is \$50.9 million, \$47.5 million in pay-as-you-go reserves and \$3.6 million in Excess Collection Fees.

AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE

General

General. The Authority's revenue is derived from the following sources: Room Taxes, Gaming Fees, Facilities Revenues and income from investments and other miscellaneous sources. Not all of the Authority's revenue is pledged to the repayment of the 2018 Bonds; only the Pledged Revenues and the Expansion Pledged Revenues are available to pay debt service on the 2018 Bonds.

Major Sources of Revenue. Room Taxes historically have provided the main source of Authority General Fund revenue (historically averaging approximately 80% of such revenue). Facilities Revenues (charges for services) historically have provided the next largest source of Authority General Fund revenue (historically averaging approximately 16%). Descriptions of Room Taxes and Facilities Revenues and related collection data can be found in "REVENUES AVAILABLE FOR DEBT SERVICE."

Budgeting

Prior to April 15 of each year, the tentative budget for the next fiscal year commencing on July 1 is filed with the State Department of Taxation and the County Clerk. The proposed operating budget contains the proposed expenditures and means of financing them.

The Authority is required to conduct a public hearing, no earlier than the third Monday in May and no later than the last day in May. The Authority is required to adopt the final budget on or before June 1. The final budget, as approved by the Authority, is on file for public inspection at the Authority offices, the State Department of Taxation and the office of the County Clerk.

Chief Officers and Senior Vice Presidents are authorized to transfer appropriations between accounts within their respective departments. The CEO is authorized to transfer appropriations between departments within the various functional levels of the general fund. Any revisions that alter or augment total appropriations at the functional level of the General Fund or fund level of other funds must be approved in advance by the Authority Board. Formal budgetary integration is employed as a management control device during the year for all funds of the Authority.

Budgeted appropriations may not be exceeded by actual expenditures of the various governmental functions in the General Fund or by total expenditures in the Capital Projects Fund, except for designated exceptions under Nevada Revised Statutes. Capital Projects Fund expenditures for construction or completion of public works may exceed budgetary appropriations if financed by bond or medium-term debt proceeds. At year end, any encumbered appropriations lapse and outstanding encumbrances are re-appropriated in the following year's budget.

Awards. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded the Authority the Distinguished Budget Presentation Award for its 2017-18 budget. This was the 29th consecutive year the Authority has received this award.

Annual Reports

General. The Authority prepares a comprehensive annual financial report (“CAFR”) setting forth the financial condition of the Authority as of June 30 of each fiscal year. The latest completed report is for the year ended June 30, 2017. The CAFR is the official financial report of the Authority. It was prepared following generally accepted accounting principles (“GAAP”). See Note 1 to the audited financial statements attached hereto as APPENDIX A for a description of the Authority’s significant accounting policies.

Certificate of Achievement. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive financial report for the fiscal year ended June 30, 2016. This is the 33rd consecutive year the Authority has received this recognition. A certificate of achievement is valid for a period of one year only. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Authority has submitted its 2017 CAFR for award consideration.

Accounting

The Authority maintains governmental fund types for accounting purposes. The governmental funds include: the General Fund, used to account for all financial resources of the Authority except those required to be accounted for in another fund; the Capital Projects Fund, used to account for the financial resources to be used for the acquisition or construction of major capital facilities; the LVCCD Capital Fund, used to account for all project costs related to Phase Two and Three of the LVCCD program; and the Debt Service Funds, used to accumulate monies for the payment of principal and interest on certain outstanding bonds. All governmental funds are accounted for using the modified accrual basis of accounting in which revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due.

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

General. The table below presents a five-year history of the Authority’s General Fund revenues, expenditures and changes in fund balance. The historical information in this table has been derived from the Authority’s CAFRs for the years ended June 30, 2013 through 2017. The table also presents augmented budget information fiscal year 2018, as approved in November 2017, and projected fiscal year 2018 information provided by Authority staff (subject to change). The information in this table should be read together with the Authority’s audited basic financial statements for the year ended June 30, 2017, and the accompanying notes, which are included as APPENDIX A hereto. Financial statements for prior years can be obtained from the sources listed in “INTRODUCTION--Additional Information.”

Pursuant to an adopted financial management policy, the Authority targets ending general fund balance to between 4.0% and 16%. The budgeted ratio for fiscal year 2017 was approximately 11%; however, actual ending fund balance was in excess of 23% based mainly on

Room Tax revenues higher than expected combined with savings in expenditures compared to budget. Fiscal year 2018 ending fund balance was budgeted at 6% in the original budget, and is budgeted to end fiscal year 2018 at 12% as a result of the fiscal year 2017 surplus. The Authority also budgets a contingency reserve of \$500,000 each fiscal year for the discretionary use of the Authority Board. Additionally, the Authority targets a goal of accumulating 10% of annual Room Tax projections as an extraordinary economic reserve. The economic reserve is maintained in the Capital Fund, and is budgeted to be \$29.4 million in fiscal year 2018, after augmentation. In the following table, portions of the amounts depicted as “Fund Balance, Ending” represent these budgeted reserves (as well as other reserves required by GAAP) that are restricted and are only available for specific expenditures. Other portions represent amounts that are designated (for contingencies and reserves) but are available for expenditure.

This table provides information about the Authority’s General Fund for informational purposes only. *Investors are cautioned that not all of the revenues shown in the following table are available to pay debt service on the 2018 Bonds. Only the Pledged Revenues and Expansion Pledged Revenues are available to pay debt service on the 2018 Bonds.*

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

Fiscal Year Ending June 30,	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	2018	
						Augmented Budget	2018 Projected
REVENUES							
Room Tax	\$203,196,429	\$222,781,385	\$ 239,318,802	\$ 259,967,636	\$ 281,389,017	\$ 294,500,000	\$ 282,000,000
Gaming Fees	1,831,589	1,710,108	1,726,843	1,646,281	1,593,600	1,600,000	1,600,000
Charges for Services	47,846,895	60,786,406	51,968,375	60,835,567	68,007,099	58,365,300	58,365,300
Interest	170,348	353,464	188,829	195,706	389,506	266,000	266,000
Miscellaneous	6,091	4,020	4,527	4,368	8,100	7,000	7,000
Total Revenues	253,051,352	285,635,383	293,207,376	322,649,558	351,387,322	354,738,300	342,238,300
EXPENDITURES⁽¹⁾							
General Government	13,246,144	14,208,721	14,322,106	16,146,746	19,532,835	24,128,900	22,914,433
Marketing/Advertising/Special Events ⁽²⁾	120,889,064	129,284,703	127,874,290	143,214,809	153,195,998	162,165,600	160,217,433
Operations	36,690,902	44,964,997	39,453,977	41,415,858	39,289,787	43,131,300	41,527,333
Community Support and Grants	28,742,952	22,449,149	32,870,164	26,161,392	25,000,000	25,000,000	25,000,000
Total Expenditures	199,569,062	210,907,570	214,520,537	226,938,805	237,018,620	254,425,800	249,659,199
Revenues over expenditures	53,482,290	74,727,813	78,686,839	95,710,753	114,368,702	100,312,500	92,579,101
OTHER SOURCES/USES							
Operating transfers in	69,938	114,454	132,853	120,416	209,689	191,100	191,100
Proceeds-Sale of fixed assets	57,083	80,073	35,893	45,964	24,271	40,000	40,000
Transfer out to OPEB internal service fund	(3,000,000)	(3,000,000)	(3,500,000)	(4,500,000)	(10,500,000)	(2,500,000)	(2,500,000)
Transfers out to Capital Funds	(12,800,000)	(7,250,000)	(21,500,000)	(14,000,000)	(11,500,000)	(7,900,000)	(3,200,000)
Transfers out to LVCCD fund	--	--	--	--	(20,000,000)	(47,500,000)	(47,500,000)
Transfers to LVCCD fund – excess coll alloc.	--	--	--	--	(3,298,262)	(4,610,000)	(3,360,000)
Transfers out to Debt Service Fund	(49,978,233)	(51,233,509)	(54,988,725)	(58,010,457)	(66,453,419)	(63,282,477)	(61,115,286)
Total other sources/uses	(65,651,212)	(61,288,982)	(79,819,979)	(76,344,077)	(111,517,721)	(125,561,377)	(117,444,186)
Revenues & other sources over (under) expenditures and other uses ⁽³⁾	(12,168,922)	13,438,831	(1,133,140)	19,366,676	2,850,981	(25,248,877)	(24,865,085)
Reserve for contingency	n/a	n/a	n/a	n/a	n/a	(500,000)	(500,000)
FUND BALANCE, BEGINNING	33,450,412	21,281,490	34,720,321	33,587,181	52,953,857	55,804,838	55,804,838
FUND BALANCE, ENDING	\$21,281,490	\$34,720,321	\$33,587,181	\$52,953,857	\$55,804,838	\$30,055,961	\$30,439,753

**Footnotes on following page.

- (1) Operation and Maintenance Expenses, as defined in the Bond Resolution, are a subset of these Expenditures.
- (2) In fiscal year 2014, a strategic realignment took place within the Authority. Departments within marketing that had a function related to operating the Authority's buildings were moved to the Operations Division. The sales departments were combined and now market the destination as a whole with no distinction between selling the Authority's facility space and other Las Vegas hotel facility space. In fiscal year 2015, a realignment took place. Departments within Operations that were a function of marketing were moved back to the Marketing Division.
- (3) Changes in Charges for Services are related to the cyclical fluctuation of tradeshow in the facilities. Specifically, fiscal years 2014 and 2017 include a large construction show which only occurs every three years.

Source: Derived from the Authority's CAFRs for fiscal years 2013-2017 and the Authority's fiscal year 2018 Augmented Budget.

Recent Developments

2018 Budgeting Factors

The fiscal year 2018 budget was prepared during the Authority's seventh consecutive period of year-over-year revenue growth. Revenues across all categories are projected to continue the growth trend over the coming budget cycle. Tourism, which is the backbone of the Las Vegas economy, was one of the first industries in Southern Nevada to demonstrate recovery post-recession, and many economic indicators now exceed pre-recession levels. Due to the strength of the tourism industry and the destination as a whole, total room tax forecast in fiscal year 2018 is expected to slightly exceed the previous year record high. The increases are driven by growth in visitation and average daily room rate, and occupancy rate. Recent reinvestments in the destination from resort partners and other local businesses also support projections for continued moderate growth in the long-term.

On October 1, 2017, Las Vegas was the site of one of the worst mass shootings in U.S. history. The tragedy is likely to have adverse effects on tourism to the area, the local economy, and Authority's revenues and operations for an undeterminable period that are not fully estimable at this time. The first seven months of FY 2018 general fund room tax revenues reflect a 0.5% increase over the prior year which is below the budgeted annual growth of 4.7%. Management will continue to monitor revenue trends in the following months to determine if economic conditions are likely to result in a need to formally reduce revenue budgets. In the interim, staff has identified and implemented cost saving strategies to help offset potential reduced revenues.

Results for room tax for fiscal year 2017 exceeded \$281 million, a 9% increase over the previous year. Original projections indicated visitor volume in Las Vegas would exceed 43 million in calendar year 2017, but reduced room inventory due to property renovation and reinvestment, as well as the event on October 1 both impacted visitation and actual visitors were 42.2 million. Further impact of October 1 on visitation is unavailable at this time.

The Authority continually monitors numerous key visitation statistics to ensure appropriate budgeting of its primary revenue source. For the 2017 calendar year, average daily auto traffic was up 1.0%, deplaned passengers at McCarran International Airport were up 2.2% and convention and meeting attendance was up 5.3% over calendar year 2015. All of these factors point toward new growth for the destination. The Authority also reviews tourism data at a macro-level. Data from the United States Department of Commerce and the US Travel Association is monitored frequently, to evaluate trends for international visitation as well as domestic business and leisure travel. Although most recent indicators for the local economy trend slightly to the positive, the Authority is keenly aware of national and global economic conditions as well as legislative actions that could affect future revenue. Conservative budgeting techniques and continuous monitoring of the environment are used to reduce the potential impact of these risks. Long-term plans for Authority expansion and renovation, as described earlier, are phased to align with available revenues to ensure the financial integrity of the entity.

The fiscal year 2018 budgeted room taxes and gaming revenues budgeted at \$296.1 million, a 4.7% increase over the 2017 actual results. FY 2018 projections indicate the total will be only slightly up compared to FY 2017 at \$283.6 million. Use of facilities revenue for the Convention Center reflects an 8% decrease, an anticipated reflection of the annual

rotation of tradeshow. Total fiscal year 2018 revenues, including other financing sources, are budgeted to be \$355 million, an increase of 1% over fiscal year 2017 actual.

Expenditures for Marketing, Advertising, and Special Events are projected at \$160.2 million, after augmentation, as the Authority continues to support its core mission. This is a 5% increase from fiscal year 2017 mainly due to the increase in advertising in support of Brand USA, airline development, and various sponsorships. Post-augmentation, projected fiscal year 2018 transfers out from the General Fund include the Capital Projects Fund at \$7.9 million, which includes an increase to the Economic Reserve of \$3.2 million, the LVCCD Capital Fund at \$50.9 million, OPEB at \$2.5 million, and Debt Service at \$61.1 million. In the aggregate, total expenditures and transfers to other funds for fiscal year 2018 are projected to increase 5.3% over fiscal year 2017 mainly due to increased “pay-as-you-go” funding for the LVCCD.

The Authority continues to assess its position with a commitment to remain flexible and responsive to ensure resource allocations align with the objectives of the Authority to achieve sustainable growth for the destination. The Authority undertakes the follow analysis when monitoring its finances:

- The Authority’s cash and investments position is monitored daily. The analysis includes an evaluation of cash resources against the timing of cash requirements. The Authority has never failed to meet its financial obligations for debt service funding or vendor obligations.
- Room Tax revenues and Facility Use revenues are assessed as preliminary information from the County becomes available. Final monthly revenue data is communicated to the CEO and Executive Committee as soon as it is verified.
- Multiple economic indicators are monitored continuously by the Authority’s Research and Finance staff, and shared with management and executive staff as available.
- The Chief Financial Officer advises executive management no less than monthly and the Authority Board no less than quarterly on the Authority’s financial position and recommendation for budgetary actions.

Other Information

The Authority’s fiscal year 2018 budget reflects the Authority’s commitment to its core mission of marketing Southern Nevada as a leisure and business destination worldwide and operating the Convention Center. The Authority continually conducts research to assist it in creating effective messaging for consumers. Advertising in the current year will continue to be aggressive using unique, innovative ways to make the Las Vegas message stand out and drive awareness and favorability for the destination. Business marketing initiatives will continue to emphasize that serious business gets done in Las Vegas while highlighting the tremendous value available compared to other major business destinations.

Investment Policy

The Authority Board has adopted an investment policy which is applicable to all investments of Authority funds. This policy received the “Certification of Excellence” in 2015

from the Association of Public Treasurers of the U.S. and Canada. The investment policy can be changed only by the Authority Board. Pursuant to the investment policy, investments of Authority money, bank deposits and certificates of deposit must be fully insured by the FDIC or collateralized; repurchase agreements and certificates of deposit which require collateral must be collateralized with obligations of the United States Government, its agencies or instrumentalities. Collateral must be delivered to the Authority's third party custodial agent for safe-keeping or another third party. The market value of all collateral must equal or exceed 102% of the uninsured deposits, principal amount of the certificates of deposit, or repurchase agreements and collateral must be marked to market daily for repurchase agreements and monthly for bank deposits and certificates of deposit. The policy also allows investments of the Authority's money in Banker's Acceptances & Commercial Paper with a minimum of A-1, P-1, or equivalent rating; a minimal of AAA rating for Money Market Funds and two of the three ratings of A-1, P-1 or F-1 for Negotiable Certificates of Deposit. The Authority's policy has a strategy that investments are to be held to maturity unless unforeseen circumstances require liquidation and require that investments be purchased with a time horizon which matches the anticipated time funds will be needed. A cash need analysis is utilized to maximize the investment of idle cash while insuring adequate cash to meet existing commitments. Under the policy guidelines, investment maturities may not exceed five years; the amount of investments exceeding two year maturities is limited to 10% of the total portfolio at the time of the investment. The investment policy also requires diversification within specified parameters. Variable interest rates securities may not be purchased or accepted as collateral, the use of leveraging is not permitted, trading and speculating is not permitted, and the acquisition of derivatives and reverse repurchase agreements is prohibited. See Note 4 in the audited financial statements attached hereto as APPENDIX A for a further description of the Authority's investments (as of June 30, 2017).

Debt Issuance Compliance Policy

The Authority Board has adopted a debt issuance compliance policy which is applicable to all debt issuance activities of the Authority. This policy received the "Certification of Excellence" in 2016 from the Association of Public Treasurers of the U.S. and Canada. The policy establishes the requirements and procedures for ensuring compliance with federal laws relating to the issuance and post-issuance monitoring of tax-exempt bonds and taxable Direct Pay Bonds. The use of tax-exempt debt plays an important role in funding the Authority's capital projects. As a result, the Authority realizes the importance of complying with federal and regulatory requirements regarding the issuance and ongoing management of its tax-exempt debt. In order to maintain the debt status as tax-exempt, the Authority must comply with post-issuance debt requirements.

Debt Limit - County Bonds For Recreation Purposes

State statutes limit the aggregate principal amount of general obligation bonds issued by the County for recreational purposes to five percent (5%) of the total last assessed valuation of the taxable property in the County. Based upon the County's assessed valuation for fiscal year 2017-2018 of \$81,306,131,252, which includes the assessed valuation of various redevelopment agencies located within the County, the County is limited to general obligation indebtedness for recreational purposes in the aggregate amount of \$4,065,306,563. As of March 1, 2018, the County has outstanding \$628,245,000 (or \$828,245,000 including the 2018 Bonds) of general obligation debt issued by the Authority for recreational purposes, consisting entirely of the Prior Parity Bonds. See "Outstanding Obligations of the Authority" below.

Outstanding Obligations of the Authority

General. The following table illustrates the outstanding bonds and other obligations of the Authority as of March 1, 2018. The following table includes the 2018 Bonds.

<u>Authority's Proposed and Outstanding Indebtedness</u>				
	<u>Dated</u>	<u>Maturity</u>	<u>Original</u>	<u>Amount</u>
	<u>Date</u>	<u>Date</u>	<u>Amount</u>	<u>Outstanding</u>
<u>PRIOR REVENUE PARITY BONDS⁽¹⁾</u>				
2016C Bonds	08/09/16	07/01/46	\$100,705,000	\$100,705,000
2017B Bonds	12/27/17	07/01/40	71,005,000	<u>71,005,000</u>
Total				\$171,710,000
<u>PRIOR PARITY BONDS⁽²⁾</u>				
2008 Bonds	08/19/08	07/01/18	\$26,455,000	\$ 630,000
2010A Bonds	01/26/10	07/01/38	70,770,000	70,770,000
2010B Bonds	01/26/10	07/01/26	53,520,000	37,670,000
2010C Bonds ⁽³⁾	12/08/10	07/01/38	155,390,000	146,620,000
2012 Bonds	08/08/12	07/01/32	24,990,000	20,805,000
2014 Bonds	02/20/14	07/01/43	50,000,000	50,000,000
2015 Bonds	04/02/15	07/01/44	181,805,000	153,720,000
2017 Bonds	05/11/17	07/01/38	21,175,000	21,175,000
2017C Bonds	12/28/17	07/01/38	126,855,000	126,855,000
2018 Bonds ⁽⁴⁾ (<i>this issue</i>)	04/04/18	07/01/47	200,000,000	<u>200,000,000</u>
Total				<u>\$828,245,000</u>
GRAND TOTAL				<u>\$999,955,000</u>

- (1) These bonds are special limited obligations of the Authority payable solely from the Pledged Revenues.
- (2) Comprised of the Prior Parity Bonds, which are general obligation bonds secured by the full faith, credit and taxing power of the County. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit. These bonds are additionally secured by a lien on the Pledged Revenues on a parity with the lien thereon of the Prior Revenue Parity Bonds and the 2018 Bonds.
- (3) The net proceeds of the 2017C Bonds were placed into the escrow account established for the purpose of (i) paying the interest on the 2017C Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010C Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010C Bonds due and payable on and prior to July 1, 2020 will be paid by the County and will not be paid from monies on deposit in the escrow account. Consequently, the 2010C Bonds are not expected to remain outstanding beyond July 1, 2020.
- (4) The 2018 Bonds are additionally secured by a lien on the Expansion Pledged Revenues.

Source: The Authority.

Additional Bonds. The Authority, for itself or on behalf of the County, may issue Parity Bonds or Parity Securities in the future. See "SECURITY FOR THE 2018 BONDS--Additional Parity Bonds." Specifically, during the next five to seven fiscal years, the Authority, for itself or on behalf of the County, currently anticipates issuing approximately \$1.1 billion of additional securities (including the 2018 Bonds) to support the LVCCD Program. These additional securities will be supported by the Expansion Pledged Revenues and may further be secured by a parity or subordinate lien on the Pledged Revenues. Notwithstanding the foregoing, the amount of securities actually issued in support of the LVCCD Program will depend on

several factors, including, but not limited to, projected Expansion Pledged Revenues, projected Pledged Revenues, and projected LVCCD Program costs. See “LAS VEGAS CONVENTION AND VISITORS AUTHORITY--Capital Plans.” The Oversight Panel for Convention Facilities in Clark County has approved the issuance of up to \$900,000,000 of additional securities related to Phase II of the LVCCD Program. The Authority has adopted a resolution, which has been ratified by the County, authorizing \$400,000,000 of general obligation backed bonds. The 2018 bonds are part of this authorization and the remaining \$200,000,000 of bonds is expected to be issued in fall 2019. Additional legal proceedings are required to issue the remaining \$500,000,000 bonds approved by the Oversight Panel.

Subordinate Bonds. The Authority may draw additional amounts under the Revolving Credit Agreement relating to the Authority’s 2016A Subordinate Bonds to pay for a portion of the LVCCD Program. For a description of the 2016A Subordinate Bonds, see “INTRODUCTION--Security for the 2018 Bonds--Lien Priority – *Subordinate Lien Obligations*” and “CERTAIN RISK FACTORS--Risks Related to Existing and Additional Bonds.”

Other Obligations and Long-Term Contracts

Other Obligations. The Authority is a party to several non-cancellable operating leases for office space, parking spaces, computers, copiers and other office equipment. Total rental costs under such leases were \$321,155 for the fiscal year ended June 30, 2017. The remaining amount due under those leases as of June 30, 2017 was \$2,533,107 through fiscal year 2026. The Authority has entered into two capital leases for computer and office equipment. The total amount due for these capital leases as of June 30, 2017 totaled \$312,299 through fiscal year 2020.

The Authority entered into an agreement with the Professional Rodeo Cowboys Association, through Las Vegas Events, to provide annual payments of \$2.2 million as an annual sponsorship fee for the National Finals Rodeo, and \$250,000 annually to be the exclusive national sponsor for the National Finals of Steer Roping if not held in Las Vegas. The contract is for 10 years, lasting through fiscal year 2024.

In March 2017, the Authority entered into an agreement with the Las Vegas Motor Speedway to provide annual sponsorship payments of \$2,000,000 each year, in addition to expending \$500,000 annually for marketing efforts, for two (2) annual National Association for Stock Car Racing (“NASCAR”) races to be held in the spring and summer of each year. The agreement is for seven (7) years, lasting through December 31, 2024, and may be extended for three (3) additional years at the Authority’s notice.

The Authority has no long-term obligation to fund other organizations, for example, Las Vegas Events. However, we acknowledge these other organizations do engage in long-term sponsorship commitments.

It is the Authority’s policy to permit employees to accumulate earned but unused paid time off (“PTO”) benefits. Such benefits are accrued within the government-wide statements when earned by the employee.

The Authority records a liability for these PTO (compensated absence) accruals as described in Notes 1 and 8 to the audited financial statements attached hereto as APPENDIX A.

Long-Term Contracts. The Authority is a party to many long-term contracts, some of which are discussed below.

The Authority 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. These centers provide information on recreational opportunities in the County. The Boulder City and Mesquite agreements end in October 2018; each contains a five-year renewal option.

The Authority leases Cashman Center baseball park, stadium and necessary appurtenances (including storage space, offices and parking) pursuant to a lease agreement dated September 8, 1992, as amended, with Summerlin LV Baseball Club, which owns the “51s” AAA baseball club. The term of the current lease ends December 31, 2022. The baseball club pays the Authority a base rental set forth in the lease. The Authority also receives revenue from parking. There is a provision whereby the 51’s may terminate the lease, with proper notice, before 2022. On June 1, 2017, the Cashman Center property was transferred to the City of Las Vegas in an effort to redevelop the site. The transfer agreement is joined to a management agreement, whereby the City of Las Vegas engaged the Authority to continue operating the meeting and exhibit hall facilities through December 2017. At the end of the calendar year, the Authority closed the meeting, convention and theater space, and now maintains it in “mothballed” status. Under the management agreement, the Authority will continue to operate Cashman Field (the stadium) until the expiration of the baseball team lease (December 2022) or until the team terminates the lease with sufficient notice, whichever comes first. At that time, the management agreement for the Cashman campus will cease and the City of Las Vegas will assume all responsibilities for the property.

For a further description of the Transfer Agreement, see “REVENUES AVAILABLE FOR DEBT SERVICE--Facilities Revenues – Present Facilities; Rates and Charges – Cashman Center.”

The Authority also has entered into a lease commencing on January 1, 2017, with Centerplate for services at the Convention Center and Cashman Center. Pursuant to this lease, the Authority leases concession stands, restaurants, customer serving locations, food preparation areas, kitchen and warehouse facilities, administrative offices and other food service areas to Centerplate for a period of 7 1/2 years (from January 1, 2017, through June 30, 2024). The lease may be renewed and extended upon written agreement of the parties. Centerplate is granted the exclusive right to sell and prepare food and beverages (including catering and restaurant services) for all events held at the Convention Center and Cashman Center. Centerplate agreed in the lease to make an initial investment of \$17.5 million for the design, purchase, construction and installation of new or renovated food service facilities amortized over the term of the agreement. Construction and installation has been completed as of December 2017. As of June 30, 2017, the total investment made by Centerplate was \$5.9 million. The improvements are owned by the Authority at the end of the term. If early termination occurs the Authority is obligated to reimburse Centerplate for a portion of their investment (\$5.4 million if termination occurred June 30, 2017). This is considered a contingent liability which is not recorded in the Authority’s financial statements. For the current lease term Centerplate pays rent to the Authority, at a

minimum of 22.5% to a maximum of 40% based on its gross receipts, as defined by agreement. The agreement also currently requires Centerplate to set aside 3% of its gross receipts for Authority replacement and maintenance reserve purposes.

R&R Partners is the official advertising and marketing communications agency for the Authority. The company develops marketing plans for both long-term and short-term initiatives and works with the Authority in the areas of consumer marketing, business and convention marketing, international marketing and extended destination marketing. Compensation is 6.5% of gross billed amounts for commission on media and external production and services. In addition, in fiscal year 2017 there was an agency service fee of \$7,029,600 and content creation services fee of \$8,585,000. Both service fees are subject to CPI increases. The current contract term is through June 2018, which can be terminated by either party with 90 days' notice. The Authority, through R&R, also sponsors various special events which bring people to Las Vegas. Some of these involve multi-year contracts. The sponsorship contract commitments at June 30, 2017, were \$11.4 million for fiscal year 2018 and \$1.1 million for fiscal year 2019.

Telecommunications services provided to clients who lease the Convention Center and Cashman Center are provided by Cox Communications. This agreement began September 29, 2013, and runs through September 28, 2020. Cox pays the Authority 46% of all gross revenues. In addition, 3% of gross revenues are set aside for Authority replacement and maintenance reserve purposes. Cox is obligated to invest at least \$9.5 million of telecommunication infrastructure improvements to the Authority's facilities over the life of the agreement. The total investment through June 30, 2017, is in excess of \$10.3 million. The investment will be owned by the Authority at the end of the term. If early termination occurs, the Authority is obligated to reimburse Cox for a portion of their investment (\$4.9 million if termination occurred June 30, 2017). This is considered a contingent liability which is not recorded in the Authority financial statements.

During the year, as contemplated under the Cox agreement, a neutral host digital antenna system (DAS) was installed in the Las Vegas Convention Center with proceeds from the cellular carriers that use the DAS. Under these agreements, all operating costs of the DAS are paid by the carriers in addition to monthly rent to the Authority. The DAS becomes property of the Authority at the earlier of the end of the DAS agreement term (November 2026) or the termination of the Cox agreement. If the agreement with COX terminates before September 28, 2020, the Authority would assume the rights to the DAS assets and also be responsible for executing the administrative function of operating and maintaining the DAS as defined in the agreement through the remainder of the DAS contract term. This is considered a contingent commitment and asset which is not recorded in the Authority's financial statements as it is dependent on potential future events.

American Express leases an area at the Convention Center, currently paying \$848,556 annually with a 2.5% increase per year. The lease runs from November 1, 2012, to October 31, 2019. Federal Express leases space to provide business center services to building clients. This lease runs from February 1, 2018 through January 31, 2020, and pays the Authority \$2.8 million for the term of the lease. The Authority anticipates both leases will be extended.

The Authority is party to contracts for international office representation which covers the following areas: Australia and New Zealand, Benelux, Canada, China, Hong Kong,

Taiwan, Europe, France, Germany, Scandinavia, Switzerland, Austria, Japan, Mexico and Central America, South America, South Korea, and the United Kingdom. The 2-year contracts were approved at the May 10, 2016, Authority Board meeting. The contract's value for fiscal year 2018 is \$2.3 million, and can be terminated by either party with or without cause with 30 days written notice.

On October 10, 2017, the Authority Board approved a Naming Rights and Marketing Agreement with the Clark County Las Vegas Stadium LLC (Stadium Company) providing for naming and marketing rights for a replacement baseball field for Cashman Stadium. Under the terms of the agreement, the Authority will pay the Stadium Company \$80 million, at \$4 million per year for a period of 20 years once the new facility is operational. Site acquisition, all improvements, and operation of the park would be the sole responsibility of the professional team and not the Authority. The agreement provides the Authority with exclusive naming rights, dominant sponsorship signage and other marketing assets. This agreement does not go into effect until the stadium is built which is currently expected in FY19. There is no guarantee the stadium will be built and is not under the control of the Authority.

CLARK COUNTY, NEVADA

General

Clark County, a political subdivision of the State, was organized in 1909. The County has been and is now operating under the provisions of the general laws of the State. The County covers an area of 8,012 square miles in the southern portion of the State. Approximately 92% of the land in the County is owned by the United States or agencies thereof. The County is the most populous of the State's 17 counties and holds approximately 74% of the State's total population. The County seat and most populous city in the State is the City of Las Vegas. The economy of the County is dependent largely on tourism (which is based on legalized gaming and related forms of entertainment), federal government activities, industry, finance and retail merchandising.

The County provides a variety of governmental services, such as those of the County recorder, assessor and treasurer, and a criminal justice system, which includes the courts, district attorney, and public defender. In addition, the County provides local social and welfare services and local institutional youth services. The County also operates local public airports and hospitals from revenues provided from operations. The County supervises water and sewage systems through the Las Vegas Valley Water District, the Clark County Water Reclamation District, the Big Bend Water District, the Kyle Canyon Water District and the Coyote Springs Water Resources General Improvement District. The County provides road maintenance and construction, animal control, parks and recreation, fire protection, building inspection, and other local services to its unincorporated areas.

Board of County Commissioners

The Board of County Commissioners is the governing body of the County. The seven members are elected from County commission election districts for four-year staggered terms. The County Board members also serve as the directors of the Las Vegas Valley Water District, as trustees of the University Medical Center of Southern Nevada, the Clark County Water Reclamation District, the Big Bend Water District, the Kyle Canyon Water District, the Coyote Springs Water Resources General Improvement District, and as members of the Clark County Liquor and Gaming Licensing Board, and the Mount Charleston Fire Protection District.

The current members of the County Board and their terms of office are as follows:

Commission Member	District	Years of Service	Expiration of Current Term
Steve Sisolak, Chair	A	9 years	2021
Chris Giunchigliani, Vice Chair	E	11 years	2019
Susan Brager	F	11 years	2019
Lawrence L. Brown, III	C	9 years	2021
Marilyn Kirkpatrick	B	2 year	2021
James B. Gibson	G	--	2019
Lawrence Weekly	D	11 years	2021

County Commissioners are subject to term limitations (12 years) pursuant to the State constitution.

Administration

The County Manager is the County's chief executive officer and serves at the pleasure of the Board. Yolanda T. King is the County Manager. Jessica L. Colvin is the County's Chief Financial Officer. Brief biographies for Ms. King and Ms. Colvin follow:

Yolanda T. King was appointed County Manager for Clark County effective December 2, 2016. In her position as the County's chief executive officer, Ms. King is responsible for the executive oversight of the nation's 14th-largest county, which provides both regional and municipal-type services to 2.2 million residents and 44 million visitors per year. Ms. King is charged with carrying out the policies established by the seven-member Board of County Commissioners. She is responsible for the fiscal management of the County's \$6.5 billion budget and provides administrative oversight for 38 diverse and geographically dispersed departments (including McCarran International Airport and University Medical Center of Southern Nevada) and for more than 10,000 employees. Ms. King served as Clark County's Chief Financial Officer from January 2014 to December 2016 and Assistant County Manager from June 2013 to January 2014. Prior to that, she served as director of Budget and Financial Planning, before which she was budget manager, a principal financial analyst and senior financial analyst. Ms. King began her tenure at the County in 1986 as a part-time employee. She has a dual bachelor of science degree in Accounting and Management Information Systems (MIS) from the University of Nevada, Las Vegas and a Master's of Business Administration from the University of Phoenix.

Jessica Colvin was appointed Chief Financial Officer for Clark County, effective December 2016. Prior to this appointment, she was Comptroller. In her role as the CFO, Ms. Colvin is responsible for administering the County's total budget and overseeing the County's bond program, capital program, accounting, payroll, the automotive division, and more. Ms. Colvin currently chairs the Clark County Nevada OPEB Trust, vice-chairs the LVMPD OPEB Trust, and is a member of the Committee on Local Government Finance. Ms. Colvin has a bachelor's degree in accounting from the University of Nevada, Reno and is a licensed certified public accountant in Nevada.

Employee Relations, Benefits and Pension Matters

Employee Relations. The County considers its relations with its employees to be satisfactory. The County estimates that as of March 1, 2018, there were approximately 7,200 full-time employees (excluding Las Vegas Metropolitan Police Department ("LVMPD") employees). More than 6,100 of these employees belong to the employee unions and associations which represent their respective employees in negotiation with the County for employee benefits including wages. The employees of the County are currently represented by twelve collective bargaining associations. The associations and the status of each of the contracts is set forth in the table below.

<u>Bargaining Unit</u>	<u>Expiration of Current Term</u>
Service Employees International Union Local 1107	June 2020 ⁽¹⁾⁽²⁾
Service Employees International Union Local 1107 (supervisory personnel)	June 2020 ⁽¹⁾⁽²⁾
Clark County Park Police Association, Nevada Association of Public Safety Officers	June 2019 ⁽¹⁾
Clark County Deputy Sheriff's Association	June 2019 ⁽¹⁾
Clark County Public Defenders Union	June 2020
Clark County District Attorney Investigators Association	June 2021 ⁽¹⁾
Clark County Prosecutors Association	June 2020 ⁽¹⁾
International Association of Fire Fighters Local 1908	June 2020
International Association of Fire Fighters Local 1908 (supervisory personnel)	June 2018
Juvenile Justice Probation Officers Association	June 2018 ⁽¹⁾
Juvenile Justice Supervisors and Assistant Managers Association	June 2018 ⁽¹⁾
International Union of Elevator Constructors	Under negotiation ⁽³⁾

⁽¹⁾ Fiscal year 2019 reopeners are currently under negotiation.

⁽²⁾ An impasse has been declared on the fiscal year 2019 cost of living adjustment. Fact finding is expected to be scheduled before June 30, 2018.

⁽³⁾ The contract expired June 30, 2014 and was presented to fact finding in October 2017. A non-binding decision was made in favor of the County's proposal. The County intends to provide IUEC a proposal consistent with the fact finding recommendation.

Benefits. The County provides a deferred compensation plan to its employees, as well as long term disability and life insurance, health insurance, paid vacation, sick leave and holidays, and reimbursement for certain educational expenses.

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

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

PERS Benefit Multiplier

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

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

Nevada PERS Retirement Eligibility

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

Nevada law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability (“UAAL”) and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State’s biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2017. The following table reflects some of the key valuation results from the last three PERS’ actuary studies:

PERS Actuarial Report

Key Valuation Results	June 30, 2017	June 30, 2016	June 30, 2015
UAAL	\$13.27 billion	\$12.56 billion	\$12.35 billion
Market Value Funding Ratio	74.4%	72.2%	75.1%
Actuarial Value Funding Ratio	74.5%	74.1%	73.2%
Assets Market Value	\$38.69 billion	\$35.00 billion	\$34.61 billion
Assets Actuarial Value	\$38.72 billion	\$35.90 billion	\$33.72 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board Statement (“GASB”) No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25 (“GASB 67”). GASB 67 replaces the requirements of GASB Statement Nos. 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans.

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

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position, and net pension liability in its Comprehensive Annual Financial Report for the fiscal years ended June 30, 2014 and 2015. The total pension liability for financial reporting was determined on the same basis as the Actuarial Accrued Liability measure for funding. The fiduciary net position is equal to the market value of assets.

Effective with fiscal year 2015, the County was required to apply the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (“GASB 68”), to its audited financial statements. Among other requirements, the County was required to report its proportionate share of the total PERS net pension liability in its financial statements.

The following presents the net pension liability of PERS as of June 30, 2016, and the County’s proportionate share of the net pension liability of PERS as of June 30, 2017, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (7.00%) or one percentage point higher (9.00%) than the current discount rate:

Net Pension Liability

	1% Decrease in <u>Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	1% Increase in <u>Discount Rate (9%)</u>
PERS Net Pension Liability	\$19,725,527,478	\$13,457,132,664	\$8,241,905,366
County Share of PERS Net Pension Liability	\$3,377,611,209	\$2,304,271,061 ⁽¹⁾	\$1,411,265,274

⁽¹⁾ The County's proportionate share of the PERS net pension liability (discounted at 8% above) includes \$1,157,118,287 for the LVMPD. The LVMPD is jointly funded by the County and the City of Las Vegas, Nevada (the "City"). Accordingly, the City is liable for its portion of the LVMPD net pension liability, totaling \$332,845,252. A corresponding receivable has been recorded in the County's Government-Wide Statement of Net Position as of June 30, 2017.

The following represents the net pension liability of PERS at June 30, 2017. The County's proportionate share has not yet been determined.

Net Pension Liability

	1% Decrease in <u>Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	1% Increase in <u>Discount Rate (8.5%)</u>
PERS Net Pension Liability	\$20,105,650,986	\$13,299,844,084	\$7,647,514,976

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The State Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their proportionate share of the unfunded liability. The County is obligated to contribute all amounts due under PERS. A history of contribution rates, as a percentage of payroll, is shown below.

Contribution Rates

	<u>Fiscal Years 2010 and 2011</u>	<u>Fiscal Years 2012 and 2013</u>	<u>Fiscal Years 2014 and 2015</u>	<u>Fiscal Years 2016 and 2017</u>	<u>Fiscal Years 2018 and 2019</u>
Regular members					
Employer-pay plan	21.50%	23.75%	25.75%	28.00%	28.00%
Police/Fire employees					
Employer-pay plan	37.00%	39.75%	40.50%	40.50%	40.50%

The County's contribution to PERS (which includes contributions for McCarran International Airport, the University Medical Center of Southern Nevada, the LVMPD, and the Clark County Water Reclamation District) for the years ended June 30, 2014, 2015, 2016, and 2017 were \$328,011,410, \$331,674,882, \$358,389,264, and \$377,686,761 respectively, equal to the required contributions for each year. The County has budgeted a contribution to PERS of \$411,282,143 for the year ended June 30, 2018.

See Note (III)(12) in the audited financial statements attached hereto as APPENDIX B for additional information on PERS. In addition, copies of PERS' most recent annual financial report, including audited financial statements and required supplemental

information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

Other Post-Employment Benefits.

The County and the component units described in Note I of APPENDIX B contribute to five different defined-benefit post-retirement health programs: Clark County Retiree Health program, Public Employee Benefit Program (“PEBP”), Clark County Firefighters Union Local 1908, Las Vegas Metro Employees Benefit Trust, and Las Vegas Police Protective Association Civilian Employees. Each plan provides medical, dental, and vision benefits to eligible active and retired employees and beneficiaries. Except for PEBP, benefit provisions are established and amended through negotiations between the respective unions and the employers. PEBP benefit provisions are established by the Legislature. Prior to June 2017, the County used the Other Post-employment Benefits Reserve internal service fund to allocate OPEB costs to each fund, based on employee count. Each fund incurred a charge for service from the Other Post-employment Benefit Reserve fund for their portion of the annual OPEB cost. For a discussion of the plans’ benefits and costs, valuation of the OPEB Program, its UAAL, annual required contributions (“ARC”) and funding status as of June 30, 2017, see Note (III)(14) in the audited financial statements attached hereto as APPENDIX B. The County historically has funded its OPEB liability on a pay-as-you-go basis; the amounts funded historically have been less than the ARC.

The County exercised its purchase option and purchased the LVMPD headquarters for \$208 million from reserves held in the Other Post-employment Benefit Reserve internal service fund. Lease revenue generated from the lease of the LVMPD headquarters to LVMPD has been committed by the Board of the County Commissioners to the Other Post-employment Benefit Reserve internal service fund for the purpose of funding the County’s OPEB obligations. The current monthly base rent is \$1,156,173 and is subject to an annual base rent adjustment. The term of the lease is scheduled to expire on June 1, 2041.

In June 2017, the County closed the OPEB Reserve internal service fund and transferred the internal service fund’s assets to a new Post-Employment Benefit Reserve special revenue fund due to upcoming accounting standard changes in Governmental Accounting Standards Board (GASB) Statement No. 75. In addition, the lease revenue from the LVMPD headquarters has been committed by the Board of County Commissioners to the Post-Employment Benefit Reserve special revenue fund. The purpose and function of the Post-Employment Benefit Reserve special revenue fund is the same as the former OPEB internal service fund except the use of these funds has been expanded to include post-retirement benefits in general, including pension contributions. Although the allowed use of these funds has been expanded, the County continues to only charge OPEB related costs to this fund.

In addition, on March 4, 2014, the Board executed a trust agreement for the Clark County, Nevada OPEB Trust Fund (“the Trust”). The County made \$82.9 million in payments to the Trust in fiscal year 2015 and made no payments to the Trust in fiscal years 2016 and 2017. The County has not budgeted to make any payments to the Trust in fiscal year 2018.

In June 2015, the GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which is effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of

information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental benefit plans for making decisions and assessing accountability. The County has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Other Than Pension, which is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve the accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The County has not yet completed its assessment of this statement.

COUNTY FINANCIAL INFORMATION

Annual Reports

General. The County Comptroller prepares a comprehensive annual financial report (“CAFR”) setting forth the financial condition of the County as of June 30 of each fiscal year. The latest audited report is for the year ended June 30, 2017. The basic financial statements come from the CAFR, which is the official financial report of the County. The basic financial statements were prepared following generally accepted accounting principles. See Note I in the audited basic financial statements attached hereto as APPENDIX B for a summary of the County’s significant accounting policies. The County’s CAFR for the year ended June 30, 2017, is attached hereto as APPENDIX B.

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clark County for its CAFR for the fiscal year ended June 30, 2016. This is the 35th consecutive year that the County has received this recognition. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Budgeting

Prior to April 15 of each year, the County Manager is required to submit to the State Department of Taxation the tentative budget for the next fiscal year which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, the State Department of Taxation is required to notify the County upon its acceptance of the budget. The County has met all of its statutory deadlines for submitting its budget requirements.

Following acceptance of the proposed budget by the State Department of Taxation, the County Board is required to conduct public hearings on the third Monday in May. The County Board normally is required to adopt the final budget on or before June 1.

The County Manager is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the County Board. Increases to a fund’s budget other than by transfers are accomplished through formal action of the County Board. With the exception of moneys appropriated for specific capital projects or Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Accounting

All governmental funds are accounted for using the modified accrual basis of accounting in which revenues are recognized when they become measurable and available as net current assets. Sales and use taxes, motor vehicle fuel taxes and privilege taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Ad valorem property taxes are considered measurable when received by the County.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting in which revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled service receivables are recorded at year end.

County Investment Policy

NRS 355.170 sets forth investments in which the County Treasurer may invest taxes and other County moneys, which currently include United States Treasury notes, bonds and bills, certain federal agency securities, bankers acceptances, commercial paper, money market mutual funds, certificates of deposit of local banks, corporate securities, collateralized mortgage obligations, and repurchase agreements (“Authorized Investments for Counties”). Under the current investment policy approved by the Board of County Commissioners (the “Investment Policy”), the County Treasurer is required to invest all County moneys in accordance with the Investment Policy. Under the Investment Policy, the County Treasurer may invest such moneys in investments described therein, which include certain State Authorized Investments (the “County Authorized Investments”). Certain other restrictions are contained in the Investment Policy, including limitations on maturities of certain County Authorized Investments and ratings qualifications on certain categories of investments.

A large portion of the money held by the County Treasurer for investment is invested through the Treasurer’s general pooled investment fund (the “County Pool”). Unexpected withdrawals could force the sale of some investments prior to maturity and lead to realization of losses. Such unexpected withdrawals by the County Treasurer are considered highly unlikely. The current Investment Policy allocates gains on securities in the County Pool on a pro rata basis and the County Treasurer reports that any losses would be allocated on the same basis.

General Fund Information

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

Revenue and Expenditures. The County relies upon the consolidated tax, property taxes and revenue from licenses, permits and fees for the bulk of its General Fund revenues. The County's annual General Fund expenditures are dominated by the funding support of a variety of mandated functions. These include support of the court system, aid and relief to the indigent, public safety functions (i.e., police, fire protection and detention services), and several general government services (assessor, clerk, recorder, treasurer, commission/administration, etc.). Functions other than indigent care (which were capped by statute) are appropriated for on the basis of the demand for the service, subject to funding constraints.

Effect of Federal Sequester. On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as sequestration, including reductions in subsidy payments related to "Build America Bonds" ("BAB subsidies"). BAB subsidies were reduced by 7.2% in federal fiscal year 2014, by 7.3% in federal fiscal year 2015, by 6.8% in federal fiscal year 2016, by 6.9% in federal fiscal year 2017, and by 6.6% in federal fiscal year 2018. Under a federal budget bill enacted in February 2018, the sequestration reduction will continue through federal fiscal year 2027. The sequestration reduction rate remains subject to change should additional laws be enacted which impact the sequester.

As set forth under the caption "COUNTY DEBT STRUCTURE - Outstanding Indebtedness and Other Obligations," a small portion of the County's outstanding indebtedness is comprised of "Build America Bonds." However, the County's projected general obligation debt service does not reflect the receipt of any BAB subsidies and the County does not expect sequestration to have a material adverse effect on its ability to make payments of interest on the County's outstanding "Build America Bonds."

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

The following table presents a history of the County's General Fund revenues, expenditures and changes in fund balance for its fiscal years ended June 30, 2013 through 2017, and final budget information for its fiscal year ending June 30, 2018. The information in this table should be read together with the County's audited financial statements for the year ended June 30, 2017, and the accompanying notes, which are included as APPENDIX B hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

The information presented in the following table includes the County's General Fund only; the funds required to be reported with the County's General Fund for purposes of GASB 54 have been excluded from this table.

County General Fund Statement of Revenues, Expenditures and Changes in Fund Balances

<u>Fiscal Year Ended June 30,</u>	2013 (Actual)	2014 (Actual)	2015 (Actual)	2016 (Actual)	2017 (Actual)	2018 (Final Budget)
Revenues						
Taxes	\$257,375,116	\$253,254,155	\$261,802,906	\$272,190,901	\$285,435,529	\$294,758,278
Licenses and permits ⁽⁸⁾	212,148,330	224,811,427	230,845,568	235,611,794	243,939,925	241,250,000
Intergovernmental revenue	4,934,590	4,638,637	4,451,676	5,119,998	5,333,338	4,498,250
Consolidated tax	288,481,527	309,987,642	333,258,147	346,354,488	364,982,554	367,500,000
Charges for services	74,544,474	74,033,153	74,021,847	78,912,177	80,451,572	73,012,870
Fines & forfeitures	24,953,878	22,357,315	21,035,822	19,823,760	21,581,972	20,020,000
Interest	32,069	2,288,145	2,356,743	3,640,723	102,754	1,000,000
Other	5,281,702	13,584,084	3,381,033	6,384,315	1,833,933	2,000,000
Total	867,751,686	904,954,558	931,153,742	968,038,156	1,003,661,577	1,004,039,398
Expenditures⁽¹⁾						
General Government	110,785,014	109,482,301	109,584,563	118,285,480	117,413,448	128,329,874
Judicial	142,117,507	146,773,868	145,331,446	151,616,061	152,108,786	167,958,296
Public Safety	198,485,736	203,994,733	206,787,688	217,109,088	217,689,242	227,894,577
Public Works	10,258,273	10,868,498	10,976,682	11,295,359	11,302,394	12,313,575
Health ⁽²⁾	101,000,239	76,072,981	33,284,845	33,106,611	31,731,021	38,450,816
Welfare	76,767,785	67,944,224	65,052,141	53,500,693	59,762,973	78,047,356
Culture and Recreation	9,863,924	10,272,006	9,394,166	9,685,654	9,741,510	10,697,773
Other ⁽³⁾	113,485,175	121,650,934	103,086,601	107,383,727	110,768,587	127,933,943
Total	762,763,653	747,059,545	683,498,132	701,982,673	710,517,961	791,626,210
Excess (Deficiency) of Revenues Over (Under) Expenditures	104,988,033	157,895,013	247,655,610	266,055,483	293,143,616	212,413,188
Other Financing Sources (Uses)						
Transfers from other funds ⁽⁴⁾	305,388,441	284,123,810	275,429,651	292,023,102	302,894,202	311,927,597
Transfers to other funds ⁽⁵⁾	(381,998,350)	(473,588,105)	(529,555,570)	(541,049,135)	(595,237,085)	(536,823,288)
Total	(76,609,909)	(189,464,295)	(254,125,919)	(249,026,033)	(292,342,883)	(224,895,691)
Net Change in Fund Balance	28,378,124	(31,569,282)	(6,470,309)	17,029,450	800,733	(12,482,503)
Fund Balance – Beginning⁽⁶⁾	191,010,879	219,389,003	187,819,721	181,349,412	198,378,862	145,361,434
Fund Balance – Ending	\$219,389,003	\$187,819,721	\$181,349,412	\$198,378,862	\$199,179,595	\$132,878,931
Reserved/Nonspendable portion of Ending Fund Balance ⁽⁷⁾	\$24,042,768	\$4,530,973	--	--	--	--
Unreserved portion of Ending Fund Balance ⁽⁷⁾	\$195,346,235	\$183,288,748	\$181,349,412	\$198,378,862	\$199,179,595	\$132,878,931
% of unreserved fund balance to expenditures and transfers out	17.06%	15.02%	14.95%	15.96%	15.25%	10.00%
Footnotes on following page						

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- (1) The fluctuation in these categories is due in part to the reclassification of budget items.
 - (2) For fiscal year 2014, “Health” expenditures included \$41 million in payments to the University Medical Center of Southern Nevada (“UMC”) that have now been reclassified as transfers out. “Transfers to other funds” includes \$61 million in transfers to UMC for fiscal year 2015, \$31 million in transfers to UMC for fiscal year 2016, and \$31 million in transfers to UMC for fiscal year 2017 that would have historically been recorded as Health expenditures.
 - (3) For fiscal year 2017, “Other” expenses include \$19,230,050 for utilities, \$1,663,463 for building rental, \$8,053,095 for capital replacement, \$566,952 for administrative assessments, \$3,766,260 for insurance and official bonds, \$9,894,105 for miscellaneous refunds and expenditures, \$46,626,006 for internal service charges, \$859,624 for publications and professional services, and \$20,109,032 for contributions to the Southern Nevada Health District.
 - (4) Transfers include interest earnings and funds received from unincorporated towns within the County and the Clark County Fire District for services that the County provides. The main sources of transfers are taxes collected by the unincorporated towns and fire district via property taxes and/or consolidated tax.
 - (5) Includes transfers for detention, the LVMPD, and the Capital Projects Fund. Detention transfers include \$166 million in fiscal year 2014, \$180 million in fiscal year 2015, \$201 million in fiscal year 2016 and \$205 million in fiscal year 2017. Transfers to the LVMPD include \$196 million in fiscal year 2014, \$214 million in fiscal year 2015, \$223 million in fiscal year 2016, and \$239 million in fiscal year 2017. Capital transfers include \$82 million in fiscal year 2014, \$44 million in fiscal year 2015, \$53 million in fiscal year 2016, and \$67 million in fiscal year 2017.
 - (6) In the fiscal year 2018 budget column, the beginning fund balance represents the budgeted fund balance; it has not been adjusted to reflect actual fiscal year 2017 results.
 - (7) Beginning with fiscal year 2011, the categories used to classify fund balance changed in accordance with GASB 54. Reserved fund balance includes nonspendable and restricted fund balance classifications under GASB 54 and consists of long-term receivables. Unreserved fund balance includes committed, assigned and unassigned fund balance classifications under GASB 54.
 - (8) Licenses and permits revenue was budgeted to decline 1.1% in fiscal year 2018. However, year-to-date revenues are trending at an 11% increase, excluding marijuana fees. Marijuana fee year-to-date total \$4.2 million.

Source: Derived from the County’s CAFRs for its fiscal years 2013 through 2017, and the County’s 2018 final budget.

Budget Considerations

General. Recent County consolidated tax revenues are shown in the following table. For the first six months of fiscal year 2018 (through December 2017, unaudited), General Fund consolidated tax revenues totaled \$190,222,811, which represents a 4.9% increase over collections for the first six months of fiscal year 2017 (\$181,279,928). The table below shows consolidated tax revenues for the County's General Fund for the past five fiscal years and final budget information for fiscal year 2018.

	2013 (Actual)	2014 (Actual)	2015 (Actual)	2016 (Actual)	2017 (Actual)	2018 (Budget)
Consolidated Tax	\$288,481,527	\$309,987,642	\$333,258,147	\$346,354,488	\$364,982,554	\$367,500,000
Amount of Change	\$14,200,933	\$21,506,115	\$23,270,505	\$13,096,341	\$18,628,066	\$10,700,000
Percentage Change	5.2%	7.5%	7.5%	3.9%	5.4%	3.0%

Ad valorem property tax revenue lags any change in property value, and is capped by State law as discussed under "PROPERTY TAX INFORMATION--Required Property Tax Abatements." Recent County ad valorem property tax revenues, including interest and penalties, are shown in the following table. For the first seven months of fiscal year 2018 (through January 2018, unaudited), General Fund property tax revenues totaled \$186,242,843, which represents a 6.1% increase over collections for the first seven months of fiscal year 2017 (\$175,492,094). Note, ad valorem property tax revenues are expected to increase approximately 3.8% in fiscal year 2018; the interim increase experienced to date is due to changes in the billing cycle. The table below shows ad valorem property tax revenues (including penalties and interest on delinquent taxes) for the County General Fund for the past five fiscal years and final budget information for fiscal year 2018.

	2013 (Actual)	2014 (Actual)	2015 (Actual)	2016 (Actual)	2017 (Actual)	2018 (Budget)
Property Tax	\$257,375,116	\$253,254,155	\$261,802,906	\$272,190,901	\$285,435,529	\$294,758,278
Amount of Change	(\$20,421,025)	(\$4,120,961)	\$8,548,751	\$10,387,995	\$13,244,628	\$10,794,361
Percentage Change	(7.4)%	(1.6)%	3.4%	4.0%	4.9%	3.8%

Current County policy provides that the General Fund maintain an unreserved ending fund balance of between 8.3% to 10% of expenditures and transfers. Since fiscal year 2010, unreserved ending fund balance of the General Fund has exceeded policy guidelines. The fiscal year 2018 final budget maintains an unreserved fund balance of 10% of General Fund expenditures and operating transfers out.

Other County Funds

As shown in APPENDIX B, the County has numerous other funds, the largest of which are the Capital Projects Funds and the Enterprise Funds. Moneys on deposit in the Capital Projects Funds are used for the acquisition of capital equipment or construction of major capital facilities. Moneys on deposit in the Enterprise Funds are used for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the County Board is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses

incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

County Debt Service Fund

The following table presents a history of the County's Debt Service Fund (for long-term County bonds) revenues, expenditures and changes in fund balance for its fiscal years ended June 30, 2013 through 2017 and final budget information for its fiscal year ending June 30, 2018. The information in this table should be read together with the County's audited financial statements for its fiscal year ended June 30, 2017, and the accompanying notes, which are included as APPENDIX B hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

County Debt Service Fund History⁽¹⁾

<u>Fiscal Year Ended June 30,</u>	2013	2014	2015	2016	2017	2018
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Final Budget)
Revenues						
Property taxes ⁽⁴⁾	\$ 6,775,514	\$ 6,767,909	\$6,984,673	\$7,283,152	\$24,632	--
Intergovernmental revenues ⁽²⁾	63,363,416	63,210,282	63,381,306	86,568,488	94,584,772	\$88,401,898
Interest	348,320	1,124,527	1,098,051	1,687,786	252,877	844,000
Other	--	295,808	--	--	--	--
Total Revenues	70,487,250	71,398,526	71,464,030	95,539,426	94,862,281	89,245,898
Expenditures						
Services and supplies	74,379	143,820	33,026	28,000	38,398	1,000,000
Principal	56,190,000	58,785,000	58,584,997	92,555,329	106,575,988	70,826,000
Interest	82,268,709	79,825,168	73,756,422	65,359,764	54,158,451	56,501,174
Bond issuance costs	--	88,988	189,269	1,363,748	3,602,620	--
Total Expenditures	138,533,088	138,842,976	132,563,714	159,306,841	164,375,457	128,327,174
Deficiency of Revenues Under Expenditures	(68,045,838)	(67,444,450)	(61,099,684)	(63,767,415)	(69,513,176)	(39,081,276)
Other Financing Sources (Uses)						
Transfers from other funds ⁽³⁾	63,853,593	61,315,897	55,347,542	60,346,383	68,038,888	43,594,323
Proceeds of bonds and loans	--	24,566,848	54,466,000	296,646,000	593,310,000	--
Premium on bonds issued	--	--	--	52,252,052	98,560,447	--
Payment to bond bank entity	--	--	--	--	--	--
Payment to escrow agent	--	(24,466,579)	(54,974,696)	(344,710,719)	(691,864,607)	--
Total	63,853,593	61,416,166	54,838,846	64,533,716	68,044,728	43,594,323
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(4,192,245)	(6,028,284)	(6,260,838)	766,301	(1,468,448)	4,513,047
Beginning Fund Balance⁽⁵⁾	97,902,096	93,709,851	87,681,567	81,420,729	82,187,030	84,437,348
Ending Fund Balance	\$93,709,851	\$87,681,567	\$81,420,729	\$82,187,030	\$80,718,582	\$88,950,395

(1) Includes long-term County bonds, does not include Searchlight Town, County Fire District, Medium-Term Bonds, Flood Control, MTP Revenue Stabilization, Special Assessment Bonds, Moapa and Regional Transportation Commission.

(2) Clark County has entered into interlocal agreements regarding the repayment of certain bonds. The majority of this amount represents the various entities' share.

(3) Includes debt service and transfers in for the payment of self-supported County general obligation debt.

(4) Clark County general obligation bonds were retired in June, 2017; therefore, no property tax is required in budget year 2018.

(5) In the fiscal year 2018 budget column, the beginning fund balance represents the budgeted balance; it has not been adjusted to reflect actual fiscal year 2017 results.

Source: Derived from the County's CAFRs for its fiscal years 2013 through 2017, and the County's 2018 final budget.

Liability Insurance

General. The County has established a general liability self-insurance fund for losses up to a \$25,000 per occurrence retention limit. Losses in excess of this retention are covered by the County liability insurance pool fund.

Since January 1, 1986, the County (along with the Clark County Regional Flood Control District) has had a self-funded program for losses over the \$25,000 retention up to a \$2,000,000 per occurrence, accident or loss. Coverage from private insurers is maintained for losses in excess of the stop loss amount up to \$20,000,000. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques. The pool had a cash balance of \$14,501,481 as of June 30, 2016, and a cash balance of \$14,709,302 as of June 30, 2017. The estimated cash balance as of February 28, 2018, is \$10,720,604.

Combined Liability Funds Activity. The following table reflects the combined activity for the County’s Self-Funded Liability Insurance Fund, Liability Insurance Pool, and Detention Center Self-Funded Insurance Fund (together, the “Liability Funds”) ended June 30, 2013 through 2017 and final budget information for the fiscal year ending June 30, 2018. The information in this table should be read together with the County’s audited financial statements for fiscal year 2017, and the accompanying notes, which are included as APPENDIX B. Financial statements for prior years can be obtained from the sources listed in “INTRODUCTION--Additional Information.”

County Self-Funded Liability Insurance & Liability Insurance Pool⁽¹⁾

Fiscal Year Ended June 30,	2013 (Actual)	2014 (Actual)	2015 (Actual)	2016 (Actual)	2017 (Actual)	2018 (Final Budget)
Total Revenues ⁽²⁾	\$ 7,504,053	\$8,135,934	\$10,117,600	\$12,391,519	\$8,411,186	\$9,367,775
Total Expenses ⁽³⁾	(6,075,847)	(4,079,296)	(8,531,616)	(10,289,015)	(8,591,970)	(13,574,266)
Change in Net Position	1,428,206	4,056,638	1,585,984	2,102,504	(180,784)	(4,206,491)
Net Position, Beginning ⁽⁴⁾	16,971,812	11,903,696	15,960,334	17,546,318	19,648,822	19,800,471
Transfers	(6,496,322)	--	--	--	--	--
Net Position, Ending	<u>\$11,903,696</u>	<u>\$15,960,334</u>	<u>\$17,546,318</u>	<u>\$19,648,822</u>	<u>\$19,468,038</u>	<u>\$15,593,980</u>

(1) Represents combined information for the Clark County and Clark County Detention Liability Funds. The LVMPD liability insurance fund has been excluded and is funded 64% by the County and 36% by the City of Las Vegas.

(2) Represents combined total operating and non-operating revenue for the Liability Funds.

(3) Represents combined total operating and non-operating expenses for the Liability Funds.

(4) In the fiscal year 2018 budget column, the beginning fund balance represents the budgeted fund balance; it has not been adjusted to reflect actual fiscal year 2017 results.

Source: Derived from the County’s CAFRs for its fiscal years 2013 through 2017, and the County’s 2018 final budget.

COUNTY DEBT STRUCTURE

Capital Program

The County has implemented a comprehensive capital replacement program to provide for annual departmental capital replacements. Long-term needs are addressed as a component of the Clark County Master Plan. Capital replacements as well as new capital needs are addressed in the County’s Capital Improvement Program, which is funded through annual appropriations. These appropriations have ranged from \$0 to \$79.9 million per year in fiscal years 2011 through 2018. For fiscal year 2017, the County made transfers of \$64 million to the Capital Projects Fund, \$2.7 million to the Information Technology Capital Projects Fund, and \$31 million to UMC to be used for capital purposes.

Debt Limitation

State statutes limit the aggregate principal amount of the County’s general obligation debt (other than Bond Bank debt) to 10% of the County’s total reported assessed valuation. The County has integrated a debt management policy with its capital planning process. The following table presents a record of the County’s outstanding general obligation indebtedness with respect to its statutory debt limitation, excluding Bond Bank debt, as of March 1, 2018.

County Statutory Debt Limitation - Excluding Bond Bank Debt

<u>Fiscal Year Ended June 30,</u>	<u>Assessed Valuation⁽¹⁾</u>	<u>Debt Limit</u>	<u>Outstanding General Obligation Debt⁽²⁾</u>	<u>Statutory Debt Capacity</u>
2014	\$56,296,847,888	\$5,629,684,789	\$1,439,266,848	\$4,190,417,941
2015	64,252,633,650	6,425,263,365	1,600,911,851	4,824,351,514
2016	71,055,253,233	7,105,525,323	1,509,847,771	5,595,677,552
2017	76,633,199,095	7,663,319,910	1,403,176,292	6,260,143,618
2018	81,306,131,252	8,130,613,125	1,771,420,884	6,359,192,241

⁽¹⁾ 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 bond debt.

⁽²⁾ Includes general obligation bonds, general obligation revenue bonds and notes and medium-term bonds (but excludes Bond Bank bonds). For fiscal year 2018, indicates outstanding general obligation debt as of March 1, 2018, assumes the issuance of the 2018 Bonds.

Source: Clark County Comptroller’s Office; compiled by the County Municipal Advisors.

Bond Bank Debt Limitation

State law imposes a County debt limitation of 15% for assessed valuation for general obligation bonds issued through its Bond Bank. This Bond Bank debt limitation is separate from and in addition to the 10% debt limitation for the County’s general obligation debt as described above. The following table presents a record of the County’s outstanding general obligation indebtedness with respect to its statutory Bond Bank debt limitation as of March 1, 2018:

County Bond Bank Statutory Debt Limitation

Fiscal Year Ended <u>June 30,</u>	Assessed <u>Valuation</u> ⁽¹⁾	<u>Debt Limit</u>	Outstanding Bond Bank General <u>Obligation Debt</u>	Statutory <u>Debt Capacity</u>
2014	\$56,296,847,888	\$8,444,527,183	\$1,236,755,000	\$7,207,772,183
2015	64,252,633,650	9,637,895,048	1,234,795,000	8,403,100,048
2016	71,055,253,233	10,658,287,985	1,158,355,000	9,499,932,985
2017	76,633,199,095	11,494,979,864	1,042,380,000	10,452,599,864
2018	81,306,131,252	12,195,919,688	1,015,300,000 ⁽²⁾	11,180,619,688

⁽¹⁾ 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 bond debt.

⁽²⁾ Outstanding as of March 1, 2018. See “Outstanding Indebtedness and Other Obligations” below.

Source: Clark County Comptroller’s Office; compiled by the County Municipal Advisors.

The County may issue general obligation bonds by means of authority granted to it by its electorate or the Legislature or, under certain circumstances, without an election as provided in existing statutes. See “Additional Contemplated Indebtedness” below.

Outstanding Indebtedness and Other Obligations

Outstanding Bonds. The following table presents the outstanding indebtedness and other obligations of the County as of March 1, 2018, after taking the issuance of the 2018 Bonds into account.

County Outstanding Debt and Other Obligations

	<u>Issue Date</u>	<u>Original Amount</u>	<u>Outstanding</u>
<u>GENERAL OBLIGATION BONDS⁽¹⁾</u>			
--			
<u>MEDIUM-TERM GENERAL OBLIGATION BONDS</u>			
Public Facilities Bonds	03/10/09	\$24,750,000	\$2,870,000
Loan from Clark County Water Reclamation District ⁽²⁾	01/01/16	2,440,344	<u>1,722,884</u>
TOTAL			<u>4,592,884</u>
<u>SELF-SUPPORTING GENERAL OBLIGATION BONDS⁽¹⁾⁽³⁾</u>			
Public Facilities and Refunding Bonds, Series 2007A	05/24/07	2,655,000	1,010,000
Public Facilities and Refunding Bonds, Series 2007B	05/24/07	5,800,000	2,185,000
Public Facilities and Refunding Bonds, Series 2007C	05/24/07	13,870,000	8,735,000
Transportation Refunding Bonds, 2008A	03/13/08	64,625,000	13,615,000
Transportation Refunding Bonds, 2008C	03/13/08	6,420,000	400,000
Airport Refunding Bonds, Series 2008A (VRDO)	02/26/08	43,105,000	43,105,000
LVCVA Transportation Bonds, Series 2008	08/19/08	26,455,000	630,000
Public Facilities and Refunding Bonds, Series 2009A	05/14/09	10,985,000	330,000
Public Facilities and Refunding Bonds, Series 2009B	05/14/09	5,820,000	795,000
Public Facilities and Refunding Bonds, Series 2009C	05/14/09	8,060,000	3,110,000
Flood Control BABS, Series 2009B	06/23/09	150,000,000	120,955,000
Transportation BABS, Series 2009B-1	06/23/09	60,000,000	40,790,000
Transportation Refunding Bonds, Series 2009A	12/08/09	111,605,000	100,845,000
Transportation Refunding Bonds, Series 2009B-3	12/08/09	12,860,000	5,655,000
LVCVA BABS, Series 2010A	01/26/10	70,770,000	70,770,000
LVCVA 2010B Bonds	01/26/10	53,520,000	37,670,000
Flood Control Refunding Bonds, Series 2010	07/13/10	29,425,000	10,305,000
LVCVA BABS, Series 2010C	12/08/10	155,390,000	146,620,000
LVCVA Bonds, Series 2012	08/08/12	24,990,000	20,805,000
Airport Refunding Bonds, Series 2013B	04/02/13	32,915,000	32,915,000
Hospital Refunding Bonds, Series 2013	09/03/13	26,065,000	25,435,000
Flood Control Bonds, Series 2013	12/19/13	75,000,000	74,800,000
LVCVA Bonds, Series 2014A	02/20/14	50,000,000	50,000,000
MTP Refunding Bonds, Series 2014A	09/10/14	19,922,000	6,606,000
MTP Refunding Bonds, Series 2014B	09/10/14	17,004,000	5,923,000
Hospital Refunding Bonds, Series 2014	12/01/14	29,374,000	11,988,000
Flood Control Bonds, Series 2014A	12/11/14	100,000,000	99,900,000
Flood Control Refunding Bonds, Series 2015	03/31/15	186,535,000	186,535,000
LVCVA Refunding Bonds, Series 2015A	04/02/15	181,805,000	153,720,000
Parks, RJC Refunding Bonds, Series 2015	09/10/15	32,691,000	32,691,000
LVCVA Refunding Bonds, Series 2017	05/09/17	21,175,000	21,175,000
Flood Control Refunding Bonds, Series 2017	11/28/17	109,955,000	109,955,000
LVCVA Crossover Refunding Bonds, Series 2017C	12/28/17	126,855,000	126,855,000
LVCVA Bonds (<i>This Issue</i>)	04/14/18	200,000,000	<u>200,000,000</u>
TOTAL			<u>1,766,828,000</u>
<i>TOTAL GENERAL OBLIGATION BONDS SUBJECT TO 10% LIMIT</i>			<u>\$1,771,420,884</u>

Continued on next page.

County Outstanding Debt and Other Obligations (Continued)

	<u>Issue Date</u>	<u>Original Amount</u>	<u>Outstanding</u>
<u>SELF SUPPORTING BOND BANK BONDS</u>⁽¹⁾⁽³⁾			
Bond Bank Bonds (SNWA 2006)	11/02/06	\$604,140,000	\$69,545,000
Bond Bank Bonds (SNWA 2008)	07/02/08	400,000,000	9,635,000
Bond Bank Refunding Bonds (SNWA 2009)	11/10/09	50,000,000	40,175,000
Bond Bank Refunding Bonds (SNWA 2012)	06/20/12	85,015,000	79,515,000
Bond Bank Refunding Bonds (SNWA 2016A)	03/03/16	263,955,000	226,905,000
Bond Bank Refunding Bonds (SNWA 2016B)	08/03/16	271,670,000	267,885,000
Bond Bank Refunding Bonds (SNWA 2017)	03/22/17	321,640,000	<u>321,640,000</u>
<i>TOTAL GENERAL OBLIGATION BONDS SUBJECT TO 15% LIMIT</i>			<u>\$1,015,300,000</u>
TOTAL GENERAL OBLIGATION BONDS			<u>\$2,786,720,884</u>
<u>REVENUE BONDS</u>⁽⁴⁾			
Highway Revenue (Motor Vehicle Fuel Tax) Imp. & Refunding	06/12/07	300,000,000	64,700,000
Airport Subordinate Lien 2008C1	03/19/08	122,900,000	122,900,000
Airport Subordinate Lien 2008C2	03/19/08	71,550,000	65,815,000
Airport Subordinate Lien 2008C3	03/19/08	71,550,000	65,810,000
Airport Subordinate Lien 2008D1	03/19/08	58,920,000	55,040,000
Airport Subordinate Lien 2008D2	03/19/08	199,605,000	199,605,000
Airport Subordinate Lien 2008D3	03/19/08	122,865,000	121,435,000
Airport Bonds 2008A PFC	06/26/08	115,845,000	17,565,000
Airport 2008A VRB	06/26/08	150,000,000	46,200,000
Airport 2008B VRB	06/26/08	150,000,000	46,235,000
Car Rental Fee Bonds	04/01/09	10,000	10,000
Airport 2009B BABS	09/24/09	300,000,000	300,000,000
Airport 2009C	09/24/09	168,495,000	168,495,000
Airport 2010A (PFC)	02/03/10	450,000,000	447,360,000
Airport 2010B (Subordinate)	02/03/10	350,000,000	350,000,000
Highway Revenue (Motor Vehicle Fuel Tax), Series 2010A	02/25/10	32,595,000	32,595,000
Highway Revenue (Sales Excise Tax)	02/23/10	69,595,000	6,450,000
Airport 2010C Senior Lien (BAB)	02/23/10	454,280,000	454,280,000
Airport 2010D Senior Lien (Tax Exempt)	02/23/10	132,485,000	100,185,000
Highway Revenue (Sales Excise Tax) 2010B	08/11/10	94,835,000	32,600,000
Highway Revenue (Sales Excise Tax) 2010C (BABS)	08/11/10	140,560,000	140,560,000
Airport 2010F2	11/04/10	100,000,000	97,470,000
Airport 2011B1	08/03/11	100,000,000	92,400,000
Airport 2011B2	08/03/11	100,000,000	92,465,000
Highway Revenue (MVFT), Series 2011	11/29/11	118,105,000	76,030,000
Airport 2012B	07/02/12	64,360,000	64,360,000
Airport 2013A	04/02/13	70,965,000	70,965,000
Highway Revenue (Indexed Motor Vehicle Fuel Tax) 2014A	04/01/14	100,000,000	90,230,000
Airport Refunding 2014A1	04/08/14	95,950,000	22,340,000
Airport Refunding 2014A2	04/08/14	221,870,000	221,870,000
Airport Refunding 2014B	07/01/14	103,365,000	103,365,000
Airport Refunding 2015A	04/30/15	59,915,000	59,915,000
Airport Refunding 2015C	07/22/15	98,965,000	98,965,000
Highway Revenue (Indexed Motor Vehicle Fuel Tax) 2015	11/10/15	85,000,000	82,480,000
Highway Revenue Refunding 2016	06/29/16	107,350,000	107,350,000
Highway Revenue Refunding (Sales Tax) 2016	11/09/16	36,405,000	36,405,000
Highway Revenue Refunding (MVFT) 2016B	11/09/16	43,495,000	43,495,000
Airport Refunding 2017A-1	04/25/17	65,505,000	65,505,000
Airport Refunding 2017A-2	04/25/17	47,800,000	47,800,000
Airport Refunding 2017B	04/25/17	69,305,000	69,305,000
Highway Revenue (Indexed Motor Vehicle Fuel Tax) 2017	06/13/17	150,000,000	150,000,000
Airport Refunding 2017C	06/29/17	146,295,000	<u>146,295,000</u>
TOTAL REVENUE BONDS			<u>\$4,676,850,000</u>

Continued on next page.

County Outstanding Debt and Other Obligations (Continued)

	<u>Issue Date</u>	<u>Original Amount</u>	<u>Outstanding</u>
<u>LAND-SECURED ASSESSMENT BONDS</u>⁽⁵⁾			
Special Improvement District No. 128B	05/17/01	\$10,000,000	\$965,000
Special Improvement District No. 128A	11/03/03	10,000,000	885,000
Special Improvement District No. 124A-SR	12/23/03	4,399,431	420,000
Special Improvement District No. 124A-SUB	12/23/03	1,929,727	215,000
Special Improvement District No. 128-2021	05/01/07	480,000	130,000
Special Improvement District No. 128-2031	05/01/07	10,755,000	7,165,000
Special Improvement District No. 132	08/01/12	8,925,000	2,130,000
Special Improvement District No. 142	08/01/12	49,445,000	21,875,000
Special Improvement District No. 151	07/29/15	13,060,000	10,090,000
Special Improvement District No. 159	12/08/15	24,500,000	23,195,000
Special Improvement District No. 121	05/31/16	14,880,000	<u>9,910,000</u>
TOTAL LAND SECURED ASSESSMENT BONDS			<u>\$76,980,000</u>
<u>OTHER ASSESSMENT BONDS</u>⁽⁶⁾			
Improvement District No. 135 and 144C	11/10/09	\$ 5,645,000	\$ 850,000
Improvement District No. 158	07/11/17	12,130,000	11,955,000
Special Improvement District No. 112	08/23/11	54,110,000	<u>54,110,000</u>
TOTAL OTHER ASSESSMENT BONDS			<u>\$ 66,915,000</u>
 GRAND TOTAL			 <u>\$7,607,465,884</u>

- (1) General obligation bonds secured by the full faith, credit and taxing power of the County. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit (see "PROPERTY TAX INFORMATION--Property Tax Limitations").
- (2) General obligation bonds secured by the full faith and credit of the County and payable from any legally available funds of the County. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the County's maximum operating levy (see "PROPERTY TAX INFORMATION--Property Tax Limitations"). The County has entered into an agreement pursuant to which it may borrow up to \$7 million from the Clark County Water Reclamation District for construction costs associated with the Sloan flood channel. The City of North Las Vegas has agreed to pay the County for all amounts borrowed in connection with the construction of the Sloan flood channel, including interest as payments on this loan become due. To date, \$2,440,344 has been borrowed from the Clark County Water Reclamation District and has been added to the table above and \$1,722,884 is outstanding. This amount is included in the medium term obligations listed in the table.
- (3) General obligation bonds additionally secured by pledged revenues; if revenues are not sufficient, the County is obligated to pay the difference between the revenues and debt service requirements of the respective bonds.
- (4) Highway improvement bonds are secured by County and State taxes on motor vehicle fuels and in some cases, by sales tax and jet fuel tax revenues. Airport bonds and airport refunding bonds are secured solely by airport revenues. Economic Development Revenue Bonds issued for and payable by private companies are not included.
- (5) Secured by assessments against property improved. In the event of a delinquency in the payment of any assessment installment, the County will not have any obligation with respect to these bonds other than to apply available funds in the reserve fund and the bond fund and to cause to be commenced and pursued, foreclosure proceedings with respect to the property in question. These bonds do not constitute a debt of the County, and the County is not liable thereon.
- (6) Secured by assessments against property improved; also secured by reserve funds (in some instances), the Surplus and Deficiency Fund, the General Fund and the County's general taxing power if assessment collections are insufficient. These bonds do not constitute a debt of the County, and the County is not liable thereon.

Source: Clark County Comptroller's Office.

Capital Lease. On September 14, 2007, the County entered in a long-term lease agreement (the “Detention Master Lease”) with PH Metro, LLC for the lease of a detention facility of approximately 1,000 beds contained in approximately 139,000 square feet and an administrative building of approximately 60,000 square feet located on 17 acres at the northeast corner of Sloan and Las Vegas Boulevard in Las Vegas, Nevada (the “Detention Leased Property”). The Detention Leased Property is for the operation of a low level offender facility and administrative offices. The term of the lease commenced on August 10, 2009, and continues for a period of approximately thirty years at an initial monthly base rent of \$945,660 and is subject to a 6% increase every 24 months. The Detention Master Lease provides for the option to extend the lease term by three separate renewal periods, each of five years in duration. Clark County has the option to purchase the Detention Leased Property beginning on the date that is the earlier of: (i) ten years after the recordation of the deed of trust for the landlord’s permanent loan on the Detention Leased Property; and (ii) ten years and three months from the commencement date (the earlier of such dates is the “Option Commencement Date”), and expiring on the date that is twelve months after the Option Commencement Date. The purchase price for the Detention Leased Property if purchased will be based on the appraised fair value. In accordance with State law, the County may terminate the Detention Master Lease at the end of each fiscal year if the County decides not to appropriate funds to pay amounts due under the Detention Master Lease in the ensuing fiscal year. The County presently intends to exercise its purchase option in 2018 and finance such purchase with an interim financing that would subsequently be refinanced with general obligation bonds additionally secured by pledged consolidated tax revenues. The length of the interim financing and the value of the purchase price have not yet been determined; however, the purchase price of the Detention Leased Property will ultimately be determined through one or more appraisals.

Additional Contemplated Indebtedness

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

The County presently intends to issue up to \$750,000,000 of general obligation bonds for the purpose of constructing an NFL football stadium, which would be additionally secured by the proceeds of a dedicated room tax imposed upon hotel rentals located within the County. The County presently expects to issue approximately \$650,000,000 in bonds for the NFL stadium project because the principal amount of such bonds is subject to reduction to the extent necessary to account for any dedicated room taxes collected before such bonds are issued. Such collections could reach \$100,000,000 depending on the date of issuance of such bonds in 2018.

Additionally, the Board has adopted a reimbursement resolution relating to the proposed issuance of general obligation public safety bonds of up to \$250 million for public safety projects including, but not limited to, the purchase of a newly constructed building for use as the Department of Family Services, and has also adopted a reimbursement resolution relating to the proposed issuance of general obligation park bonds of up to \$150 million for park improvements. Accordingly, the County may reimburse itself for such expenditures with the proceeds of such public safety bonds and park bonds, both of which would be additionally

secured by consolidated tax revenues. The complete construction cost and financing portion of the Department of Family Services building has yet to be determined. Furthermore, the County contemplates issuing approximately \$300 million in general obligation transportation improvement bonds in late 2018 for transportation improvements to the Las Vegas strip resort corridor. Such transportation improvement bonds would be additionally secured by room tax revenues.

Furthermore, as stated above, the County may use interim financing to fund the purchase of the Detention Leased Property. It is expected that upon the termination of any interim financing related to the purchase of the Detention Leased Property, the County will issue general obligation bonds additionally secured by consolidated tax revenues to refinance any such interim financing. The amount of the purchase price of the Detention Leased Property will be determined pursuant to one or more appraisals but will not exceed \$285,000,000.

The Authority may request that the County issue additional bonds for the purposes of financing a portion of the LVCCD Program. The Authority has adopted a resolution, which has been ratified by the County, authorizing \$400,000,000 of general obligation backed bonds. The 2018 bonds are part of this authorization and the remaining \$200,000,000 of bonds is expected to be issued in fall 2019. See “LAS VEGAS CONVENTION AND VISITORS AUTHORITY--Capital Plans.”

The Regional Transportation Commission of Southern Nevada (the “RTC”) has also identified approximately \$528 million of public road projects in its Regional Transportation Plan to be undertaken over the next 4-6 years, a portion of which will be financed with bonds issued by the County on behalf of the RTC. Those bonds are expected to be secured by indexed motor vehicle fuel tax revenues received by the RTC.

Finally, the County sells bonds and interim warrants for assessment districts from time to time, which may be additionally secured by the General Fund and taxing powers.

County Annual Debt Service Requirements

The following table illustrates the debt service requirements for the County’s outstanding general obligation bonds as of March 1, 2018 (after taking into account the issuance of the 2018 Bonds).

Annual General Obligation Debt Service Requirements - Clark County, Nevada*

As of March 1, 2018

Fiscal Year Ended June 30,	Medium-Term General Obligation Bonds ⁽¹⁾		Self-Supporting General Obligation Bonds ⁽²⁾		Bond Bank Bonds ⁽³⁾		Grand Total	2009B	2010C Bonds ⁽⁵⁾	Revised
	Principal	Interest	Principal	Interest	Principal	Interest		Bonds ⁽⁴⁾		Total ⁽⁶⁾
2018	\$ 91,712	\$66,014	\$ 13,180,000	\$19,075,813	\$11,905,000	\$23,156,488	\$ 67,475,027	--	--	\$ 67,475,027
2019	3,241,457	87,249	81,595,000	78,906,332	40,760,000	45,005,975	249,596,013	--	--	249,596,013
2020	378,942	22,364	73,297,000	77,731,537	42,820,000	42,931,850	237,181,693	(\$3,973,394)	--	233,208,299
2021	386,578	14,728	55,971,000	75,039,972	44,990,000	40,752,600	217,154,878	(11,742,225)	(\$4,422,925)	200,989,728
2022	394,368	6,938	61,391,000	72,449,719	47,275,000	38,462,975	219,980,000	(11,659,492)	(13,759,500)	194,561,008
2023	99,827	499	64,570,000	69,536,463	49,705,000	36,056,350	219,968,139	(11,571,039)	(13,661,570)	194,735,530
2024	--	--	70,401,000	66,367,123	52,255,000	33,525,975	222,549,098	(11,477,878)	(13,552,520)	197,518,700
2025	--	--	64,768,000	63,050,637	54,930,000	30,865,850	213,614,487	(11,379,040)	(13,440,700)	188,794,747
2026	--	--	63,990,000	59,756,919	57,760,000	28,069,225	209,576,144	(11,269,054)	(13,314,380)	184,992,710
2027	--	--	68,080,000	56,241,143	63,030,000	25,071,100	212,422,243	(11,148,075)	(13,181,730)	188,092,438
2028	--	--	109,175,000	51,740,980	66,270,000	21,861,350	249,047,330	(11,020,881)	(13,043,700)	224,982,749
2029	--	--	69,285,000	47,279,008	69,240,000	18,772,475	204,576,483	(10,886,768)	(12,891,575)	180,798,140
2030	--	--	68,355,000	43,720,352	73,895,000	15,738,350	201,708,702	(10,749,853)	(12,731,900)	178,226,949
2031	--	--	67,705,000	40,482,673	61,455,000	12,573,175	182,215,848	(10,598,225)	(12,557,375)	159,060,248
2032	--	--	70,810,000	37,052,178	47,225,000	10,024,625	165,111,803	(10,445,356)	(12,376,225)	142,290,222
2033	--	--	74,130,000	33,397,336	35,870,000	8,122,525	151,519,861	(10,275,919)	(12,185,750)	129,058,192
2034	--	--	71,250,000	29,849,227	41,840,000	6,692,775	149,632,002	(10,104,006)	(11,984,900)	127,543,096
2035	--	--	68,570,000	26,554,045	38,785,000	5,205,525	139,114,570	(9,923,350)	(11,777,450)	117,413,770
2036	--	--	71,510,000	23,253,639	45,180,000	3,660,575	143,604,214	(9,737,681)	(11,557,175)	122,309,358
2037	--	--	76,220,000	19,680,617	46,700,000	2,139,313	144,739,930	(9,535,913)	(11,327,850)	123,876,167
2038	--	--	79,715,000	15,796,392	23,410,000	936,400	119,857,792	(9,331,775)	(11,088,075)	99,437,942
2039	--	--	83,380,000	11,701,781	--	--	95,081,781	(9,113,819)	(10,836,450)	75,131,512
2040	--	--	9,445,000	9,416,086	--	--	18,861,086	--	--	18,861,086
2041	--	--	9,820,000	9,026,495	--	--	18,846,495	--	--	18,846,495
2042	--	--	10,210,000	8,619,818	--	--	18,829,818	--	--	18,829,818
2043	--	--	10,620,000	8,196,869	--	--	18,816,869	--	--	18,816,869
2044	--	--	11,045,000	7,757,594	--	--	18,802,594	--	--	18,802,594
2045	--	--	48,870,000	6,556,200	--	--	55,426,200	--	--	55,426,200
2046	--	--	44,185,000	4,695,100	--	--	48,880,100	--	--	48,880,100
2047	--	--	46,450,000	2,882,400	--	--	49,332,400	--	--	49,332,400
2048	--	--	48,835,000	976,700	--	--	49,811,700	--	--	49,811,700
Total	<u>\$4,592,884</u>	<u>\$197,792</u>	<u>\$1,766,828,000</u>	<u>\$1,076,791,148</u>	<u>\$1,015,300,000</u>	<u>\$449,625,476</u>	<u>\$4,313,335,300</u>	<u>(\$205,943,743)</u>	<u>(\$229,691,750)</u>	<u>\$3,877,699,807</u>

*Totals may not add due to rounding.

**Footnotes on following page.

- (1) The ad valorem tax rate available to pay these bonds is limited to the County's maximum operating levy and certain tax overrides. See "PROPERTY TAX INFORMATION--Property Tax Limitations."
- (2) General obligation bonds additionally supported by non-ad valorem revenues and project revenues; if revenues are not sufficient, the County is obligated to pay the difference between such revenues and debt service requirements of the respective bonds. ***Includes the Flood Control Crossover Refunding Bonds, Series 2017 and the 2017C Bonds and does not take the refunding project of the 2017 Flood Control Crossover Refunding Bonds or the refunding project of the 2017C Bonds into account.*** See "Outstanding Indebtedness and Other Obligations – Outstanding Bonds" above.
- (3) General obligation bonds additionally supported by non-ad valorem revenues and project revenues; if revenues are not sufficient, the County is obligated to pay the difference between such revenues and debt service requirements of the respective bonds.
- (4) Reference is to the Flood Control BABS, Series 2009B. See "Outstanding Indebtedness and Other Obligations – Outstanding Bonds" above.
- (5) Reference is to the LVCVA BABS, Series 2010C. See "Outstanding Indebtedness and Other Obligations – Outstanding Bonds" above.
- (6) Revised total subtracts the debt service payable on the Flood Control BABS, Series 2009B, due on and after November 1, 2019, and the debt service payable on the Authority's BABS, Series 2010C, due on and after July 1, 2020, as such amounts are expected to be fully paid on such respective dates with escrowed funds and other legally available monies of the County. See "Outstanding Indebtedness and Other Obligations – Outstanding Bonds" above.

Source: Clark County Comptroller's Office; compiled by the County Municipal Advisors.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2018 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2018 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that for taxable years of corporations beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. For purposes of this paragraph and the succeeding discussion, “interest” includes the original issue discount on certain of the 2018 Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the 2018 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2018 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2018 Bonds; (b) limitations on the extent to which proceeds of the 2018 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2018 Bonds above the yield on the 2018 Bonds to be paid to the United States Treasury. The Authority, on behalf of the County, covenants and represents in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2018 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under federal income tax laws in effect when the 2018 Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2018 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority to comply with these requirements could cause the interest on the 2018 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the Authority and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the 2018 Bonds. The alternative minimum tax on corporations described in this paragraph has been repealed effective for taxable years beginning after December 31, 2017, but continues to apply for taxable years of corporations that begin before January 1, 2018. Corporations with taxable years that do not coincide with the calendar year

should consult their tax advisors about inclusion of interest on the 2018 Bonds in alternative minimum taxable income of the corporation as described in this paragraph during the corporation's taxable year that begins during calendar year 2017.

With respect to the 2018 Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2018 Bonds. Owners of the 2018 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2018 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2018 Bonds were sold at a premium, representing a difference between the original offering price of those

2018 Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2018 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2018 Bonds. Owners of the 2018 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2018 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2018 Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2018 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2018 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2018 Bonds. Owners of the 2018 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2018 Bonds. If an audit is commenced, the market value of the 2018 Bonds may be adversely affected. Under current audit procedures the Service will treat the County as the taxpayer and the 2018 Bond owners may have no right to participate in such procedures. The Authority has covenanted in the Bond Resolution not to take any action that would cause the interest on the 2018 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. The County, by ordinance adopted on February 20, 2018, consents to and agrees to be bound by the provisions of the Bond Resolution. None of the County, the Authority, the Municipal Advisors, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2018 Bond holder with respect to any audit or litigation costs relating to the 2018 Bonds.

State Tax Exemption

The 2018 Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

LEGAL MATTERS

Litigation

The Authority. The Authority's Legal Counsel states that, as of the date of this Official Statement, there is no pending or threatened litigation which would restrain or enjoin the issuance of the 2018 Bonds or the collection of the Pledged Revenues or the Expansion Pledged Revenues. The Authority is, however, subject to certain pending and threatened litigation regarding various other matters arising in the ordinary course of operation of the Authority. It is the opinion of counsel to the Authority that the pending or threatened litigation will not result in final judgments against the Authority which would, individually or in the aggregate, materially adversely affect the Authority's financial position, its ability to pay debt service on the 2018 Bonds or its ability to perform its obligations to the owners of the 2018 Bonds.

The Authority is the defendant in various legal actions. It is the opinion of the Authority's management and legal counsel that they will not result in any material liabilities to the Authority other than disclosed below. The Authority 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 is ground water contamination in one of the parking areas of the Convention Center. Management believes it is probable that the Authority will be named as a responsible party for remediation activities; and therefore, has recorded a \$1,845,000 remediation liability on the government-wide financials using the expected cash flow technique for future remediation costs. This estimate is based on a preliminary analysis which could change over time due to continued investigation, actual remediation actions performed, future regulator rulings, changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

The Authority is not a party to the class action lawsuits described under "RISK FACTORS – Class Action Lawsuits Against Resort Fees." The Authority is considering intervening in such class actions lawsuits to defend its interests. The impact, if any, of these class action lawsuits and any other similar cases that may be filed on the Authority's collection and distribution of License Taxes cannot be determined at this time.

The County. Based on its review and search of the court dockets for the Eighth Judicial District Court for the State, Clark County, and the United States District Court of Nevada, and based on due investigation, the District Attorney's office is of the opinion that no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending against the County or, to their knowledge, threatened against the County, seeking to (i) restrain or enjoin the issuance, sale, execution or

delivery of the 2018 Bonds or (ii) in any way contest or affect the validity of the 2018 Bonds or any proceedings of the County taken with respect to the issuance or sale thereof or the pledge, collection or application of any moneys or security provided for the payment of the 2018 Bonds, or the corporate existence or the powers of the County.

The County has been served with a lawsuit filed by the Department of Justice regarding a modification to a 1999 lease that the County entered into involving land subject to the Southern Nevada Public Lands Management Act. The complaint alleges that a 2011 amendment impermissibly changed the rent structure in violation of the County's duty to obtain fair market value for the land. While the initial demand requests the present value of future rent, in the event of an adverse ruling, the County would likely only be subject to back rent of approximately \$12 million. Alternatively, the complaint seeks rescission of the amendment, which would relieve the County of the back rent obligation. The County has no objection to rescission but plans to vigorously defend the claims for back rent. At this early time, counsel is unable to predict the outcome of the dispute. The current tenant is also a defendant in this litigation and may share responsibility for back payments.

On September 15, 2015 Clark County awarded Bid No 603740-15 to Ames Construction, Inc. in the amount of \$20,440,260 for the construction of flood control improvements within the Las Vegas Wash from Nellis Boulevard to Stewart Avenue. Ames Construction is seeking a claim against Clark County for approximately \$16,429,332 for alleged damages it incurred during the construction of the project. On February 16, 2018, Ames Construction filed a complaint in federal court under the case name *Ames Construction v Clark County*, 2:18-cv-00299-JCM-GWF alleging various causes of action, including breach of contract, defective specifications, superior knowledge and cardinal change. Clark County's position is that the claims lack merit as any damages sustained resulted from Ames own acts, unsuitable weather or acts of God, and are the responsibility of Ames Construction pursuant to contract clauses allocating risk to the contractor. The County is vigorously disputing the allegations. Outside counsel is handling the litigation on behalf of the County.

The County's participation in the preparation of this Official Statement has been limited to the sections entitled "CLARK COUNTY, NEVADA," "COUNTY FINANCIAL INFORMATION," "COUNTY DEBT STRUCTURE" and "LEGAL MATTERS--Litigation - The County."

Sovereign Immunity

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

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2018 Bonds. The form of the Bond Counsel opinion is attached to this Official Statement as APPENDIX F. The opinion will include a statement that the obligations of the County are subject to the reasonable exercise in the future by the State and its governmental

bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Sherman & Howard L.L.C., has also acted as Special Counsel to the Authority and the County in connection with this Official Statement.

Police Power

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

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned the respective ratings to the 2018 Bonds shown on the cover page of this Official Statement. An explanation of the significance of the rating given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. An explanation of the significance of any rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

There is no assurance that such ratings will continue for any given period of time after they are received or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Other than the Authority's obligations under the Disclosure Certificate, neither the Authority nor either of the Municipal Advisors has undertaken any responsibility either to bring to the attention of the owners of the 2018 Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2018 Bonds.

INDEPENDENT AUDITORS

The Authority. The Authority's audited basic financial statements as of and for the year ended June 30, 2017, and the report rendered thereon by Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada, have been included herein as APPENDIX A.

The County. The County's audited basic financial statements as of and for the year ended June 30, 2017, and the report rendered thereon by Eide Bailly LLP, independent certified public accountants, Las Vegas, Nevada, have been included in this Official Statement as APPENDIX B.

No Auditor Consents Requested or Obtained. The audited basic financial statements of the Authority and the County, including the respective auditors' reports thereon, are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited basic financial statements in this Official Statement. Since the date of their respective reports, neither Piercy Bowler Taylor & Kern nor Eide Bailly LLP has been engaged to perform or has performed any procedures on the basic financial statements addressed in its report, nor has Piercy Bowler Taylor & Kern or Eide Bailly LLP performed any procedures relating to this Official Statement.

MUNICIPAL ADVISORS

The Municipal Advisors have not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the County or the Authority, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisors respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

UNDERWRITING

The Authority sold the 2018 Bonds at a public sale on Wednesday, March 14, 2018 to Morgan Stanley & Co, LLC (the “Initial Purchaser”) at a purchase price equal to \$202,433,605.10 (equal to the par amount of the 2018 Bonds, plus net original issue premium of \$3,065,093.50, and less underwriting discount of \$631,488.40).

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

OFFICIAL STATEMENT CERTIFICATION

The undersigned official of the Authority hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2018 Bonds have been duly authorized by the Authority Board.

LAS VEGAS CONVENTION AND VISITORS
AUTHORITY

By: /s/ Rossi T. Ralenkotter
CEO

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE AUTHORITY AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE: The audited basic financial statements of the Authority included in this APPENDIX A have been excerpted from the Authority's restated Comprehensive Annual Financial Report for the year ended June 30, 2017. The combining and individual fund financial statements, introductory section and statistical tables for the fiscal year ended June 30, 2017, were purposely excluded from this APPENDIX A. Such statements provide supporting details and are not necessary for a fair presentation of the general purpose financial statement of the Authority.

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Las Vegas Convention and Visitors Authority (the LVCVA) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the LVCVA's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LVCVA as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter. As discussed in Note 1, "Accounting Changes During FY 2017", previously issued

financial statements as of and for the year ended June 30, 2017, have been recalled and restated. Our opinion is not modified with respect to this matter.

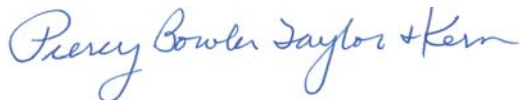
Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and budgetary comparison information on pages 3-13 and 51-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017, 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* in considering the LVCVA's internal control over financial reporting and compliance.



Las Vegas, Nevada

October 5, 2017, except for the item discussed in the emphasis of matter paragraph above as to which the date is January 31, 2018

Management's Discussion and Analysis

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Management’s Discussion and Analysis

For the Year Ended June 30, 2017

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, 2017. 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 x of this report.

FINANCIAL HIGHLIGHTS

- In October 2016, the Nevada Legislature approved Senate Bill 1 (SB1) which provided for a 0.5% increase to transient lodging tax for the LVCVA to partially fund Phase Two and Three of the Las Vegas Convention Center District (LVCCD), the \$1.4 billion project to expand and renovate the Las Vegas Convention Center. The LVCCD capital fund was created for the purpose of accounting for these new legislatively restricted revenues, as well as all associated construction and financing costs. Through June 30, 2017, the new restricted room tax rate generated \$13.6 million since the January 15, 2017 implementation.
- Phase One of the LVCCD project was completed in early FY 2017. Phase One was comprised of the demolition of the former Riviera property towers, followed by clearing and improvements to the land to prepare it for client use. The land is being utilized for outdoor exhibits and overflow parking until construction activities begin on the exhibit hall expansion as part of Phase Two. Approximately \$19.7 million was spent on demolition and improvement activities during FY 2017.
- In June 2017, the LVCVA transferred ownership of the Cashman Center real property to the City of Las Vegas to enhance redevelopment opportunities on the site for the benefit of the community. Associated with the transfer agreement is a management operating agreement stating that the LVCVA will continue to operate the convention facility until December 2017 and operate the stadium until the expiration of the baseball lease. As a result of this transfer, the LVCVA recorded a capital asset reduction totaling \$9.9 million as a special item.
- Total government-wide revenues increased approximately \$38.9 million, which is the seventh consecutive year of growth. Room taxes and gaming fees increased \$31.8 million, 12% over the prior year. FY 2017 saw the highest room tax collection in history for the LVCVA due to average daily room rate (ADR) increases, combined with the new 0.5% increase in room tax rate. Facility charges for services also increased over the prior year due to strong cyclical show rotation schedules and rate increases.
- Net position increased to \$75.5 million, primarily as a result of higher room taxes totaling \$296.6 million and service revenues of \$72.6 million, combined with maturing debt. Beginning net position was adjusted down \$5.7 million as a result of the implementation of GASB Statement No. 82.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2017

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

- (1) Government-wide financial statements
- (2) Governmental fund financial statements
- (3) Proprietary fund financial statements
- (4) 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 Position is, in substance, the balance sheet. It includes not just current assets and liabilities and deferred outflows and inflows, but also capital assets and long-term debt. All funds are included in this statement. Over time, increases or decreases in net position 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 LVCVA 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, postemployment benefits other than pensions (OPEB) and an allocated share of PERS' net pension liability. The format of the statement has an unfamiliar appearance and it focuses on the net cost of the LVCVA'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.

PROPRIETARY FUND FINANCIAL STATEMENTS

Following the governmental fund financial statements is a section containing the proprietary fund financial statements. The LVCVA uses an internal service fund to accumulate monies in reserve for its OPEB liabilities. Because this service benefits governmental rather than business type functions, it is included within the governmental activities in the government-wide financial statements. Proprietary funds use the accrual basis of accounting, which focuses on the determination of net position, operating income, changes in net position and cash flows.

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 22 through 50 of this report.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information found on pages 51-54, including a schedule of OPEB funding progress, the LVCVA's allocated share of the PERS net pension liability, contributions to the PERS pension plan, and general fund budgeted and actual revenues, expenditures, and change in fund balance.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2017

CONDENSED COMPARATIVE DATA

ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (RESTATED)

The LVCVA's net position, on the government-wide basis, increased \$48.9 million during the year as follows:

CHANGES IN NET POSITION						
	FY 2016 (restated)		FY 2017		Increase (Decrease)	
					Amount	Percent
Net position (deficit) – beginning (as adjusted)	\$	(22,318,908)	\$	26,532,598	\$48,851,506	219%
Revenues		332,718,001		371,606,410	38,888,409	12%
Expenses		283,866,495		312,769,138	28,902,643	10%
Excess before special item		48,851,506		58,837,272	9,985,766	20%
Special Item		-		9,907,463	9,907,463	100%
Change in net position		48,851,506		48,929,809	78,303	0%
Net position – ending	\$	26,532,598	\$	75,462,407	\$48,929,809	184%

This growth is primarily attributed to the LVCVA's increase in room tax revenues while continuing the practice of containing expenses below revenues. The LVCVA transferred the real property and land of Cashman Center to the City of Las Vegas, resulting in an asset reduction of \$9.9 million which is shown as a special item in the above table. Restatement of net position is a result of implementation of GASB Statement No. 82.

During FY 2017, net position consists of the following:

NET POSITION						
	June 30, 2016 (restated)		June 30, 2017		Increase (Decrease)	
					Amount	Percent
Current and other assets	\$	274,934,630	\$	282,521,541	\$ 7,586,911	3%
Capital assets		679,077,721		677,365,626	(1,712,095)	0%
Total assets		954,012,351		959,887,167	5,874,816	1%
Deferred outflows of resources		9,241,382		19,433,119	10,191,737	110%
Current and other liabilities		102,614,288		83,979,327	(18,634,961)	-18%
Long-term liabilities		825,859,862		814,805,792	(11,054,070)	-1%
Total liabilities		928,474,150		898,785,119	(29,689,031)	-3%
Deferred inflows of resources		8,246,985		5,072,760	(3,174,225)	-38%
Net position						
Net investment in capital assets		189,376,462		209,841,668	20,465,206	11%
Restricted		69,025,936		70,033,074	1,007,138	1%
Unrestricted (deficit)		(231,869,800)		(204,412,335)	(27,457,465)	-12%
Total net position	\$	26,532,598	\$	75,462,407	\$48,929,809	184%

A large portion of net position reflects an investment in capital assets, less debt used to acquire those assets. Restricted net position is reported separately to show legal constraints from debt covenants or other restrictions that limit the LVCVA's ability to use those resources. See Note 3 on page 28 for additional information on net position.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Management’s Discussion and Analysis

For the Year Ended June 30, 2017

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 for program services. The LVCVA’s primary source of revenue is from room taxes, which are classified as general revenue. Clark County (the County) and the incorporated cities within the County, which includes Las Vegas, levy room tax on all transient lodging establishments.

All revenues that do not qualify as general revenues are reported as program revenues.

Program revenues are those directly generated by a function or activity of the LVCVA. For example, the cost of operating and maintaining the Las Vegas Convention Center (LVCC) and Cashman Center (CC) 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 2017 amounted to \$371.6 million, an 11.7% increase over FY 2016.

	FY 2016		FY 2017		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General revenues						
Room taxes and gaming fees	\$ 264,844,257		\$ 296,626,214		\$ 31,781,957	12%
Interest and investment earnings	1,201,484		1,014,447		(187,037)	-16%
Miscellaneous	855,070		1,328,542		473,472	55%
Total general revenue	266,900,811		298,969,203		32,068,392	12%
Program revenues						
Operations	59,536,936		61,623,859		2,086,923	4%
Marketing	1,506,532		6,302,091		4,795,559	318%
General government	4,773,722		4,711,257		(62,465)	-1%
Total program revenues	65,817,190		72,637,207		6,820,017	10%
Total revenues	\$ 332,718,001		\$ 371,606,410		\$ 38,888,409	12%

FY 2017 represented the seventh consecutive year of growth on a year-over-year basis for room tax revenues. Room tax is based on the number of lodging rooms available, occupancy rate and ADR. Room inventory in Clark County was relatively flat during the fiscal year. Clark County occupancy increased slightly from 87.7% to 89.1% in calendar year 2016 and exceeded the national average by 24 percentage points.

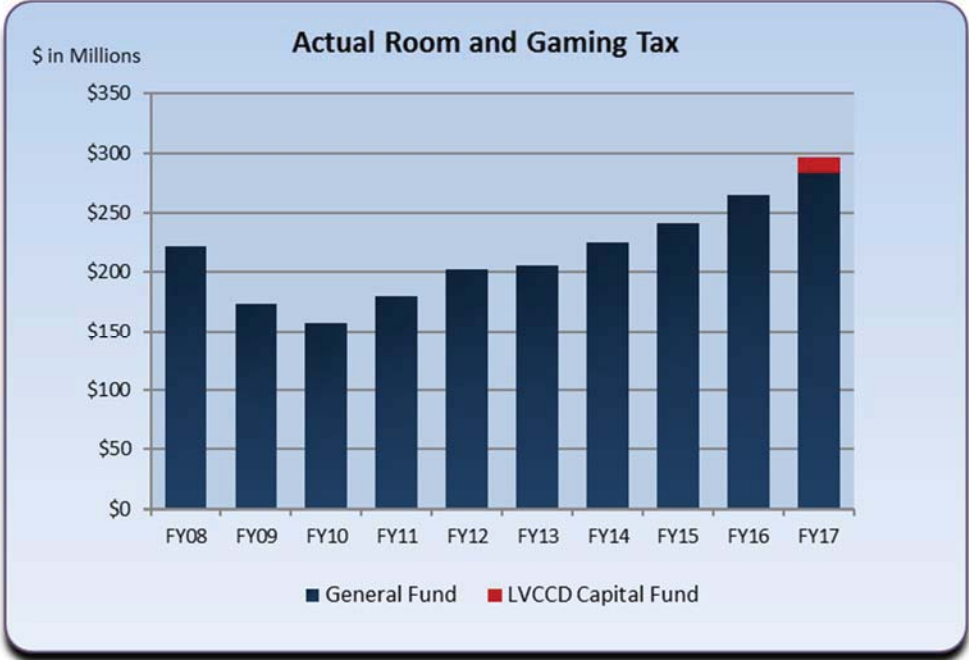
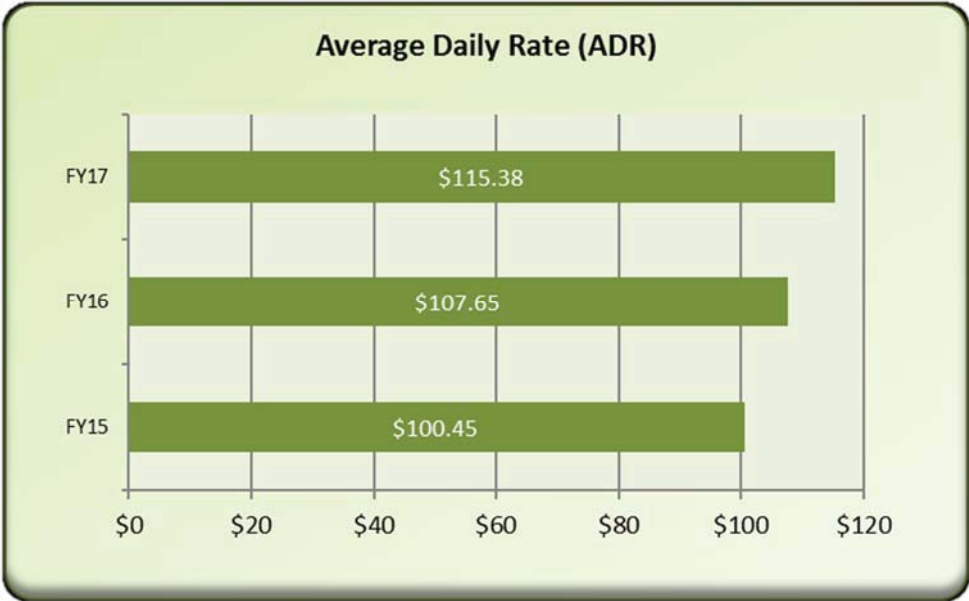
The most volatile factor in calculating room taxes is ADR. With hotel rooms being booked over the internet, price fluctuations are common with hotels having the ability to respond quickly to occupancy trends. ADR averaged \$115.38 in FY 2017, a 7.2% increase over the \$107.65 result in FY 2016. The growth in ADR is largely a result of increased visitor demand. Government-wide room taxes and gaming fees provided \$296.6 million during FY 2017, an increase of \$31.8 million. The LVCVA expects modest increases in ADR to continue based on an improving global economy.

The rate of tax levied in Clark County averages from 10% to 13.38% on lodging facilities. The rate of taxes can only be increased by the action of the Nevada State Legislature.

In October 2016, SB1 passed during the 30th Special Session of the Nevada Legislature. SB1 provides for a 0.5% increase to transient lodging tax. The new revenues are legislatively restricted to support the construction and financing program of the LVCCD capital fund.

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Management’s Discussion and Analysis
 For the Year Ended June 30, 2017



SB1 also provided for up to an additional 0.88% increase to the lodging tax, to create and fund the Las Vegas Stadium Authority (LVSA). The LVSA will be responsible for the ownership and oversight of a new National Football League (NFL) stadium to be built in Clark County, for the expressed purpose of housing a NFL team.

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In general, the tax for resort hotel room rentals will be distributed as follows:

4% - 5%	LVCVA - General Fund
0.5%	LVCVA – LVCCD Capital Fund
0.0% - 0.88%	Las Vegas Stadium Authority
1.625%	Clark County School District - Capital Projects
0% - 2%	City/County (collecting entities jurisdiction) - General Fund
1%	Clark County - County transportation tax
0.375%	State General Fund – a portion of the proceeds are allocated to tourism
2% - 3%	State of Nevada - Education and other state programs

The LVCVA received \$296.6 million in room taxes and gaming fees, from the collecting entities. The majority was generated in Clark County and totaled \$272.5 million (92.0%). The City of Las Vegas was the second largest collector of room taxes and gaming fees, at \$16.1 million (5.4%). The other incorporated cities of North Las Vegas, Henderson, Boulder City, and Mesquite combined to provide the remaining 2.6%.

	FACILITY OPERATIONS			
	FY 2016 (restated)	FY 2017	Increase (Decrease)	
			Amount	Percent
Charges for services	\$ 59,536,936	\$ 61,623,859	\$ 2,086,923	4%
Expense (Restated)	62,433,482	60,313,350	(2,120,132)	-3%
Net proceeds/(expense)	\$ (2,896,546)	\$ 1,310,509	\$ 4,207,055	145%

Facility charges for services reflected an increase of 4% over FY 2016, due primarily to the customary cyclical rotation of trade shows including CONEXPO-CON/AGG, a large construction trade show held every three years. Total expenses to operate the facilities were \$60.3 million in FY 2017, including depreciation and amortization, a decrease of 3% compared to FY 2016. The decline is primarily due to an organizational structure adjustment moving the Information Technology department from the Operations division to the General Government division.

Program revenues for Marketing also increased \$4.8 million as compared to FY 2016. This is primarily attributable to non-recurring revenues related to hosting the final 2016 Presidential Debate. It is also reflects the first year of restricted revenues totaling \$1.4 million related to a new inter-local agreement with Clark County. The agreement provides for a pass-through of certain marriage license fees, which the LVCVA must use to conduct marketing efforts specifically for wedding promotion.

EXPENSES (RESTATED)

Total government-wide expenses by function were as follows:

	FY 2016 (restated)	FY 2017	Increase (Decrease)	
			Amount	Percent
General government	\$ 16,703,627	\$ 20,894,797	\$ 4,191,170	25%
Marketing:				
Advertising	95,012,365	95,905,154	892,789	1%
Marketing and sales	37,768,704	46,561,372	8,792,668	23%
Special events grants	11,665,284	12,196,297	531,013	5%
Operations	62,433,482	60,313,350	(2,120,132)	-3%
Community support and grants:				
Capital grants to other governments	671,219	17,754,180	17,082,961	2545%
Other community support	26,484,425	25,005,309	(1,479,116)	-6%
Interest and other	33,127,390	34,138,679	1,011,289	3%
	\$ 283,866,496	\$ 312,769,138	\$28,902,642	10%

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Management's Discussion and Analysis

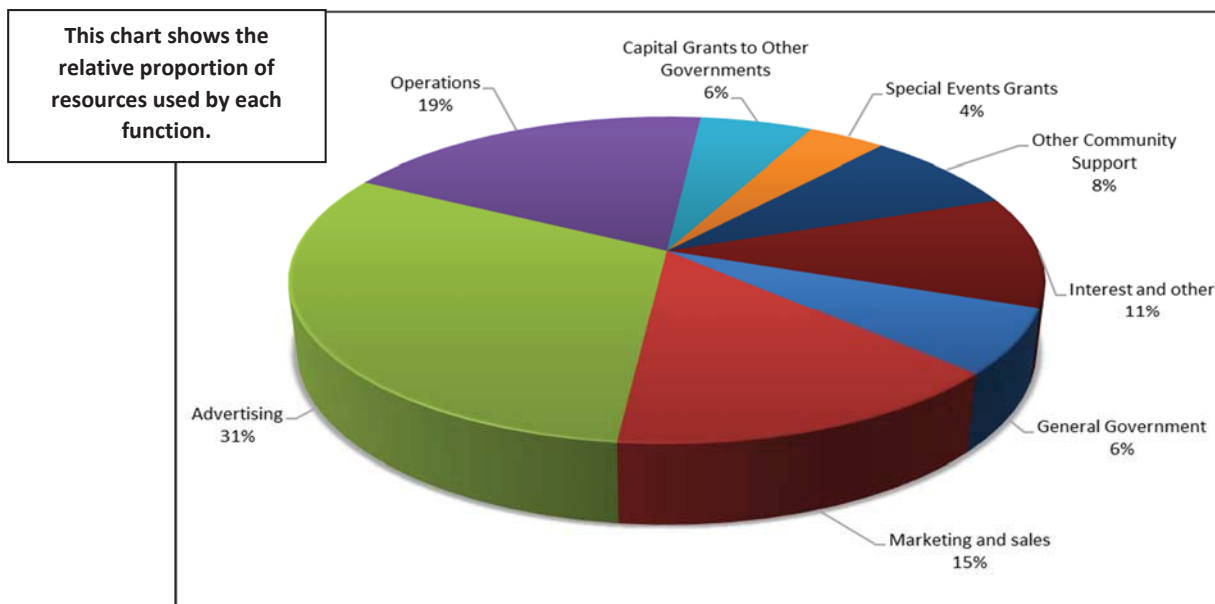
For the Year Ended June 30, 2017

The largest increases in expenses relate to capital grants to other governments. Expenses in capital grants to other governments is the result of a legislative mandate requiring the LVCVA to contribute funds to the Nevada Department of Transportation (NDOT) for critical transportation projects essential to providing access to the recreational and tourism facilities in Clark County. In FY 2017, amounts designated for improvements at the intersection of Las Vegas Boulevard and Tropicana Avenue were utilized and the LVCVA's contribution to the project is substantially complete. Final payments of approximately \$200 thousand are expected in FY 2018 at which point all legislatively mandated amounts will have been expended.

The increase in Marketing expenses is primarily attributable to hosting the final 2016 Presidential Debate.

Operations expenses decrease primarily due to an organizational structure adjustment moving the Information Technology department to General Government.

Community Support, the administrative fee returned to the collecting government entities of room taxes and gaming fees, decreased by 5.6% as a direct result of a cap enacted under SB1. As provided for by NRS 244A.645, up to 10% of the total room taxes and gaming fees received by the LVCVA may be paid back to the county and incorporated cities. The calculation excludes revenues generated from SB1 as those revenues are wholly restricted to the LVCCD expansion and renovation project. Additionally, SB1 imposed a cap of \$25 million on the total annual collection eligible to be returned to the collecting entities. Any funds above the cap are restricted to the LVCCD capital fund.



OVERALL FINANCIAL POSITION

The LVCVA demonstrated strong financial results for FY 2017, the seventh consecutive year of revenue growth over recessionary lows. During the period, the LVCVA's general fund revenues exceeded budget by \$12.8 million and expenditures were under budget by \$13.7 million. LVCCD capital fund generated \$13.6 million in SB1 revenues which also contributed to the \$49.6 million increase in overall net position. Additional fund balance was allocated to economic reserves as well as the LVCCD capital fund for "pay-as-you-go" reserves for future phases. The LVCVA's debt coverage ratio remains more than double the 1.5 times minimum coverage required by bond covenants and also exceeds the 3.0 times coverage required by internal policy. Management remains vigilant to maintain fiscal sustainability through conservative budgeting and continuous monitoring of actual financial results and economic trends at the local, state and national level. Such approach allows the LVCVA the ability to react swiftly to changing conditions and sustain operations during challenging periods. The LVCVA is dedicated to the preservation of adequate fund balances to meet operating cash flow requirements and to satisfy debt service obligations.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

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FUND ANALYSIS

The fund balance in the general fund and debt fund increased while the capital projects fund decreased during FY 2017 as follows:

	General Fund	Capital Projects Fund	LVCCD Capital Fund	Debt Fund
Fund balance - beginning	\$ 52,953,857	\$ 79,186,650	\$ -	\$ 55,096,758
Fund balance - ending	55,804,838	45,550,159	36,970,630	62,232,978
Increase/(Decrease)	\$ 2,850,981	\$ (33,636,491)	\$ 36,970,630	\$ 7,136,220
Percent change	5.4%	-42.5%	100.0%	13.0%

The final budget for FY 2017 targeted an ending general fund balance of \$28.0 million, or 11.2% of operating expenditures. The actual ending general fund balance was \$55.8 million a \$27.8 million positive variance. Actual revenues exceeded budget by \$12.8 million or 3.8% which is primarily due to increased visitation and growth in ADR that generated higher room tax revenues. Expenditures were lower than budget by \$13.7 million or 5.5% due to the LVCVA's practice of budgeting expenditures to capture all potential programmatic costs, yet monitoring the actual spend and identifying cost-saving opportunities throughout the fiscal year. Transfers out were reduced by \$1.1 million due to the receipt of unbudgeted federal grant subsidy related to taxable bonds.

The decrease in fund balance for the capital projects fund is primarily due to payments to other governments of \$17.8 million and the completion of Phase One of the LVCCD project.

Funding for the LVCCD capital fund included SB1 room tax revenues, transfers from the general fund of \$20 million for "pay-as-you-go reserves", a transfer of \$3.3 million representing the excess collection allocation above the \$25 million returned to collecting entities, and a \$3.3 million transfer of accumulated reserves from the capital projects fund.

The debt fund ending fund balance was increased in anticipation of the issuance of debt related to LVCCD Phases Two and Three.

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2017 budget was originally based on 9.0% growth in room tax revenues over the revised FY 2016 budget. During the year, actual room tax revenues showed more robust growth than anticipated. Therefore, in November 2016, the budget was adjusted to reflect the increased estimates. New revenue projections due to the passage of SB1 were also budgeted. Revenue augmentation also included charges for service revenue related to non-recurring amounts from the hosting of the October 2016 Final Presidential Debate. Expenditure augmentation included funds for the cost of hosting the 2016 Final Presidential Debate along with additional transfers to debt, OPEB and capital projects to increase reserves. In January 2017, LVCCD capital fund was created and related funds were augmented out of the general fund to provide for separate reporting. Additional reserves were also augmented for transfer from the general fund to debt and OPEB funds in preparation for future year costs. The \$3.2 million change between the General Government division and the Operations division is related to the transfer of the Information Technology department from the Operations division to the General Government division.

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Management's Discussion and Analysis

For the Year Ended June 30, 2017

The following tables 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	\$ 268,950,000	\$ 2,800,000	\$ 271,750,000
Charges for service	60,327,000	6,250,000	66,577,000
Interest and other	233,800	-	233,800
Transfers in	109,900	-	109,900
Proceeds from sale of capital assets	58,000	-	58,000

GENERAL FUND CHANGES IN BUDGETED EXPENDITURES AND TRANSFERS			
	Original Budget	Revisions	Final Budget
General government	\$ 20,173,800	\$ 3,214,300	\$ 23,388,100
Marketing:			
Advertising	96,500,000	100,000	96,600,000
Marketing and sales	45,164,200	4,450,000	49,614,200
Special events grants	14,280,600	(300,000)	13,980,600
Operations	44,866,100	(3,214,300)	41,651,800
Community support:			
Other community support	27,395,000	(1,895,000)	25,500,000
Transfers out	(78,073,300)	(34,825,000)	(112,898,300)

Actual general fund revenues, transfers in and proceeds from the sale of capital assets totaled \$351.6 million which is \$12.9 million higher than the final budget. Total actual general fund expenditures and transfers out totaled \$348.8 million, about \$14.9 million less than the final budget. These results are largely due to conservative budgeting practices, which are based on the strategy of budgeting revenues cautiously while budgeting expenditures aggressively.

CAPITAL ASSETS

Capital assets additions totaled \$27.9 million, which includes \$19.7 million related to the Riviera Hotel demolition and site improvements on land purchased in FY 2015. Investment in capital assets as of June 30, 2017 totaled \$677.4 million (net of accumulated depreciation and amortization), which is a slight decrease compared to FY 2016. This is primarily due to a modest increase in depreciable assets during the year which was offset by the transfer of Cashman Center capital assets of \$9.9 million to the City of Las Vegas. Depreciation and amortization expense for the year was approximately \$17.7 million.

In June 2017, the LVCVA transferred ownership of Cashman Center real property and land to the City of Las Vegas in an effort to redevelop the site. Associated with the transfer agreement is a management operating agreement stating that the LVCVA will continue to operate the convention facility until December 31, 2017 at which time that facility will be mothballed. Additionally, the operating agreement provides for the LVCVA to operate the stadium until the expiration of the baseball

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2017

lease in 2022, or until such time as the team provides notices of termination, whichever is earlier. At that time, the LVCVA's obligation to manage and operate any activities at the Cashman campus will cease in full.

Capital assets consist of assets accounted for in both the capital projects fund and the LVCCD capital fund. More detailed information on capital assets can be found in Note 5 on page 32.

CAPITAL ASSETS				
(net of depreciation and amortization)				
			Increase (Decrease)	
	June 30, 2016	June 30, 2017	Amount	Percent
Land	\$ 423,033,987	\$ 439,064,772	\$ 16,030,785	4%
Intangibles	100,000	563,363	463,363	463%
Construction in progress	1,113,900	1,402,611	288,711	26%
Buildings	229,579,340	214,788,871	(14,790,469)	-6%
Improvements	21,817,763	17,930,110	(3,887,653)	-18%
Furniture and equipment	3,432,732	3,615,899	183,167	5%
	\$ 679,077,722	\$ 677,365,626	\$ (1,712,096)	0%

LONG-TERM DEBT

At June 30, 2017, debt totaled \$707.7 million. Of this amount, \$527.5 million was general obligation bonds additionally secured by specified revenue sources and \$180.2 million was revenue bonds. Furthermore, of the total outstanding, \$260.3 million was for the purpose of providing funds to NDOT for transportation projects within the Southern Nevada resort corridor in compliance with a 2007 legislative mandate.

The LVCVA completed four bond issuances in FY 2017. In July 2016, the LVCVA issued Subordinate Revenue Bonds 2016A (2016A LOC) and 2016B (2016B) which provided a current refunding of the 2014A Subordinate Revenue Bonds (2014 LOC). The 2016A LOC issuance is a revolving line of credit with JPMorgan, allowing for a maximum principal outstanding amount of up to \$100,000,000, and a maximum cumulative amount of \$300,000,000. The LVCVA drew \$1,000,000 from the 2016A LOC in July 2016, and used those proceeds to partially defease the 2014A LOC. The LVCVA simultaneously issued the 2016B in the principal amount of \$69,200,000, and used those proceeds to defease the remaining portion of the 2014 LOC. The 2016B were refunded with the issuance of the 2016C Revenue Bonds in August 2016. The 2016C Revenue Bonds also advance refunded a portion of the 11/07 Revenue Bonds. In May 2017, the LVCVA issued the 2017 General Obligation Bonds which provided an advanced refunding of the 2008 General Obligation Bonds. Total present value of refunding's was \$8,958,473.

	General Obligation Bonds Principal Balance	Revenue Bonds Principal Balance	Unamortized Premiums and Discounts	Total
	(In Thousands)			
Beginning balance	\$ 552,365	\$ 192,915	\$ 14,363	\$ 759,643
Payments/retirements and amortization	(46,090)	(183,585)	(3,638)	(233,313)
New Issuances	21,175	170,905	13,870	205,950
Ending balance	\$ 527,450	\$ 180,235	\$ 24,595	\$ 732,280

More detailed information on debt can be found in Note 8 on pages 34 through 39.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2017

INTERNAL SERVICE FUND

In FY 2013, an internal service fund was established to accumulate resources, through yearly transfers from the general fund, for future payment of liabilities related to post-employment benefits other than pensions. Discretionary transfers since FY 2013 total \$24.5 million. The annual funding considerations include biannual actuarial studies among other factors and conditions.

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 Chief Financial Officer

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

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
Statement of Net Position - Governmental Activities
June 30, 2017

Assets:	
Cash, cash equivalents and investments	\$ 216,232,651
Receivables:	
Room taxes and gaming fees	51,958,472
Accounts	8,998,864
Interest	175,177
Inventory	587,609
Prepaid and other items	4,568,768
Capital and intangible assets:	
Non-depreciable	440,567,383
Depreciable, net of accumulated depreciation and amortization	236,798,243
Total assets	959,887,167
Deferred outflows of resources:	
Deferred charges on refunding	5,285,822
Deferred resources related to pension (Restated)	14,147,297
Total deferred outflows of resources	19,433,119
Liabilities:	
Accounts payable	20,999,217
Accrued payroll and related items	4,529,145
Due to other governments	6,822,683
Deposits	305,990
Unearned revenue	225,867
Interest payable	17,534,951
Other	1,845,000
Noncurrent liabilities:	
Due within one year:	
Capital lease obligation	126,300
Bonds payable	27,865,000
Compensated absences payable	3,725,174
Due in more than one year:	
Capital lease obligation	185,999
Bonds payable, net of unamortized discounts and premiums	704,414,782
Compensated absences payable	2,317,997
Post-employment benefits other than pensions payable	32,131,866
Net pension liability	75,755,148
Total liabilities	898,785,119
Deferred inflows of resources:	
Deferred resources related to pension	5,072,760
Net position:	
Net investment in capital assets	209,841,668
Restricted for:	
Community support	4,538,328
Other purposes	579,628
LVCCD capital project	13,715,630
Debt service	51,199,488
Unrestricted (deficit):	
Related to non-capital debt (See Note 3)	(261,021,461)
Related to capital projects	68,614,482
Other	(12,005,356)
Total net position (Restated)	\$ 75,462,407

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

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
Statement of Activities - Governmental Activities (Restated)
For the Year Ended June 30, 2017

Function/Program	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Governmental activities:				
General government	\$ 20,894,797	\$ -	\$ 4,711,257	\$ (16,183,540)
Marketing:				
Advertising	95,905,154	-	-	(95,905,154)
Marketing and sales	46,561,372	6,302,091	-	(40,259,281)
Special events grants	12,196,297	-	-	(12,196,297)
Operations	60,313,350	61,623,859	-	1,310,509
Community support and grants:				
Capital grants to other governments	17,754,180	-	-	(17,754,180)
Other community support	25,005,309	-	-	(25,005,309)
Interest on long-term debt	33,124,760	-	-	(33,124,760)
Bond issuance costs	1,013,919	-	-	(1,013,919)
Total governmental activities	\$ 312,769,138	\$ 67,925,950	\$ 4,711,257	(240,131,931)
General revenues:				
Room taxes and gaming fees				296,626,214
Interest and investment earnings				1,014,447
Miscellaneous				1,328,542
Special item				
Transfer of capital assets (See Note 3)				(9,907,463)
Total general revenues and special items				289,061,740
Change in net position				48,929,809
Net position - beginning (as previously reported)				32,227,967
Adjustment (See Note 1)				(5,695,369)
Net position - beginning (as adjusted)				26,532,598
Net position - ending				\$ 75,462,407

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

BASIC FINANCIAL STATEMENTS

Governmental Funds

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Balance Sheet - Governmental Funds

June 30, 2017

	General Fund	Capital Projects Fund	LVCCD Capital Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash, cash equivalents and investments	\$ 50,799,238	\$ 46,070,518	\$ 32,128,179	\$ 62,362,390	\$ 191,360,325
Receivables:					
Room taxes and gaming fees	47,151,314	-	4,807,158	-	51,958,472
Accounts	7,362,947	1,635,917	-	-	8,998,864
Interest	14,236	66,366	20,366	33,302	134,270
Due from other funds	162,714	3,652	2,447,724	-	2,614,090
Inventory	587,609	-	-	-	587,609
Prepaid and other items	4,536,121	32,647	-	-	4,568,768
Total assets	\$ 110,614,179	\$ 47,809,100	\$ 39,403,427	\$ 62,395,692	\$ 260,222,398
Liabilities:					
Accounts payable	\$ 19,915,060	\$ 995,175	\$ 88,982	\$ -	\$ 20,999,217
Accrued payroll and related items	4,529,145	-	-	-	4,529,145
Due to other governments	4,538,327	-	-	-	4,538,327
Due to other funds	2,451,376	-	-	162,714	2,614,090
Customer deposits	305,990	-	-	-	305,990
Unearned revenue	225,867	-	-	-	225,867
Total liabilities	31,965,765	995,175	88,982	162,714	33,212,636
Deferred inflows of resources:					
Unavailable revenue	22,843,576	1,263,766	2,343,815	-	26,451,157
Fund balances:					
Nonspendable	5,123,730	32,647	-	-	5,156,377
Restricted	4,927,279	190,677	13,715,630	51,199,488	70,033,074
Committed	12,048,877	40,133,479	23,255,000	11,033,490	86,470,846
Assigned	13,400,000	5,193,356	-	-	18,593,356
Unassigned	20,304,952	-	-	-	20,304,952
Total fund balances	55,804,838	45,550,159	36,970,630	62,232,978	200,558,605
Total liabilities, deferred inflows of resources, and fund balances	\$ 110,614,179	\$ 47,809,100	\$ 39,403,427	\$ 62,395,692	

Amounts reported for governmental activities in the statement of net position 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)	677,365,626
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	25,187,391
Other community support	(2,284,356)
Other revenue - earned but unavailable	1,263,766
Deferred inflows related to pension	14,147,297
The internal service fund is used by management to fund the future other post-employment benefit costs. The net position of the internal service fund is reported with governmental activities.	24,913,233
Certain liabilities are not due and payable in the current period; and therefore, are not reported in the funds:	
Accrued compensated absences	(6,043,171)
Post-employment benefits other than pensions	(32,131,866)
Net effect of difference in the treatment of long-term debt and related items (See Note 2)	(744,841,210)
Accrued pollution remediation	(1,845,000)
Net pension liability	(75,755,148)
Deferred outflows related to pension	(5,072,760)
Net position, governmental activities	\$ 75,462,407

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

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2017

	General Fund	Capital Projects Fund	LVCCD Capital Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Room taxes and gaming fees	\$ 282,982,617	\$ -	\$ 11,246,673	\$ -	\$ 294,229,290
Charges for services	68,007,099	-	-	-	68,007,099
Interest and investment earnings	389,506	323,975	80,289	154,298	948,068
Federal grant subsidy	-	-	-	4,711,257	4,711,257
Miscellaneous	8,100	1,320,442	-	-	1,328,542
Total revenues	<u>351,387,322</u>	<u>1,644,417</u>	<u>11,326,962</u>	<u>4,865,555</u>	<u>369,224,256</u>
Expenditures:					
Current:					
General government	19,532,835	-	-	-	19,532,835
Marketing:					
Advertising	95,905,154	-	-	-	95,905,154
Marketing and sales	45,094,547	-	-	-	45,094,547
Special events grants	12,196,297	-	-	-	12,196,297
Operations	39,289,787	-	-	-	39,289,787
Community support and grants:					
Capital grants to other governments	-	17,754,180	-	-	17,754,180
Other community support	25,000,000	-	-	-	25,000,000
Capital outlay:					
Capitalized assets	-	25,027,655	904,470	-	25,932,125
Non-capitalized assets	-	1,040,512	5,124	-	1,045,636
Debt service:					
Principal	-	72,672	-	27,820,000	27,892,672
Interest	-	10,162	-	35,372,829	35,382,991
Principal retirement	-	-	-	70,200,000	70,200,000
Payment to refunded debt escrow agent	-	-	-	69,200,000	69,200,000
Debt issuance costs	-	-	-	1,013,919	1,013,919
Total expenditures	<u>237,018,620</u>	<u>43,905,181</u>	<u>909,594</u>	<u>203,606,748</u>	<u>485,440,143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>114,368,702</u>	<u>(42,260,764)</u>	<u>10,417,368</u>	<u>(198,741,193)</u>	<u>(116,215,887)</u>
Other financing sources (uses):					
Transfers in	209,689	11,500,000	26,553,262	66,453,419	104,716,370
Transfers out	(111,751,681)	(3,255,000)	-	(209,689)	(115,216,370)
Proceeds from the sale of assets	24,271	-	-	-	24,271
Issuance of capital lease obligation	-	379,273	-	-	379,273
Issuance of debt refunding bonds	-	-	-	192,080,000	192,080,000
Premium on debt issuance	-	-	-	13,870,085	13,870,085
Payment to refunded debt escrow agent	-	-	-	(66,316,402)	(66,316,402)
Total other financing sources (uses)	<u>(111,517,721)</u>	<u>8,624,273</u>	<u>26,553,262</u>	<u>205,877,413</u>	<u>129,537,227</u>
Net change in fund balances	<u>2,850,981</u>	<u>(33,636,491)</u>	<u>36,970,630</u>	<u>7,136,220</u>	<u>13,321,340</u>
Fund balances - beginning	52,953,857	79,186,650	-	55,096,758	187,237,265
Fund balances - ending	<u>\$ 55,804,838</u>	<u>\$ 45,550,159</u>	<u>\$ 36,970,630</u>	<u>\$ 62,232,978</u>	<u>\$ 200,558,605</u>

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

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$	13,321,340
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures and do not report donated capital assets. However, in the statement of net position, 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 (asset additions)	25,932,125	
Special Item	(9,907,463)	
Depreciation and amortization expense, including disposed assets	(17,736,756)	(1,712,094)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,315,775
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The issuance of long-term debt (*i.e.*, bonds and capital leases) 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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred in the statement of net position and amortized over the term of the related debt.

Issuance of debt	(192,080,000)	
Payment to refunded debt escrow agent	135,516,402	
Issuance of capital lease obligation	(379,273)	
Premium on debt issuance	(13,870,085)	
Amortization of debt premiums and discounts	2,988,831	
Amortization of refunding charges	(777,818)	
Accrued interest expense	47,218	
Repayment/retirement of debt principal	98,092,672	29,537,947

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	346,903	
Postemployment benefits other than pensions	(3,112,526)	
Net pension liability	(12,014,736)	
Deferred inflows related to pension	3,174,225	
Deferred outflows related to pension	7,756,905	
Pollution remediation	(1,245,000)	
Due to other governments	(5,309)	(5,099,538)

The internal service fund is used by management to fund future other post-employment benefit costs. The change in net position of the internal service fund is reported with governmental activities.		10,566,379
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Change in net position of governmental activities	\$	48,929,809
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The notes to the financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS

Proprietary Fund

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Statement of Net Position

Proprietary Fund

June 30, 2017

	Governmental Activities
	<u>Internal Service Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 8,898,962
Investments	15,973,364
Interest receivable	<u>40,907</u>
Total assets	<u>24,913,233</u>
Net position:	
Unrestricted	<u>\$ 24,913,233</u>

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

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
Statement of Revenues, Expenses and Change in Net Position
Proprietary Fund
For the Year Ended June 30, 2017

	Governmental Activities
	<u>Internal Service Fund</u>
Nonoperating revenues (expenses):	
Interest and investment earnings	\$ <u>66,379</u>
Income before transfers	66,379
Transfers in	<u>10,500,000</u>
Change in net position	10,566,379
Net position - beginning	<u>14,346,854</u>
Net position - ending	<u>\$ 24,913,233</u>

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

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

	Governmental Activities
	Internal Service Fund
Cash flows from noncapital financing activities:	
Transfers in	\$ 6,500,000
Cash flows from investing activities:	
Interest on investments	182,880
Net cash used in investing activities	182,880
Net increase in cash and cash equivalents	6,682,880
Cash and cash equivalents, beginning	2,216,082
Cash and cash equivalents, ending	\$ 8,898,962
Noncash investing and non-capital financing activities	
Transfer to investments	\$ 4,000,000
Interest on investments	22,565
Unrealized loss	(144,538)
	-

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

BASIC FINANCIAL STATEMENTS

Notes to the Financial Statements

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

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 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's 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 has been charged with the promotion of tourism as well as to own, operate and promote recreation and convention facilities within Clark County (the County) for the benefit of the local economy.

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 telecommunication services.

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

The Statement of Net Position 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 deferred outflows and liabilities and deferred inflows as net position.

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 (FY).

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates operations 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 general governmental activities. The operating fund of the LVCVA is the general fund. The capital projects fund is used to account for the acquisition and improvement of routine capital assets. The LVCCD capital fund, created in January 2017, is used to account for the construction of new facilities and improvement of the existing facilities related to the Las Vegas Convention Center District (LVCCD) project. Servicing of long-term debt obligations is recorded in the debt service fund.

Proprietary fund financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements For the Year Ended June 30, 2017

nonoperating revenue and expenses. Internal service funds may be used to account for all or a portion of a government's risk financing activities. The LVCVA's only proprietary fund is an internal service fund. This internal service fund was established during FY 2013 for the purpose of receiving resources from the general fund designated for future payment of post-employment benefits.

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, as are the proprietary fund financial statements. An economic resource measurement focus concentrates on net position. All transactions and events that affect the total economic resources (net position) 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, generally, within 30 days of year end. Liabilities are generally recorded when an obligation is incurred. However, debt service expenditures and certain other long-term obligation expenditures are recorded only when payment is due.

Since governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, the statements include reconciliations that explain the differences between the net change in fund balances of governmental funds using a modified accrual basis and the change in government-wide governmental activities using a full accrual basis and between total fund balances and net position.

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 and deferred outflows, liabilities and deferred inflows, fund balance, revenues, expenditures and other funding sources (uses).

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of each major fund, as defined by GAAP, and any other fund the government determines to have particular importance are presented separately.

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, intangibles, and routine 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.

LVCCD Capital Fund

- Accounts for all project costs related to LVCCD Phase Two and Three of the expansion and renovation project. This fund accounts for transfer from the general fund and tax revenues enacted and restricted by the Nevada legislature.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

Debt Service Fund

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

5/07 General Obligation/Refunding Bonds	7/08 (NDOT) General Obligation Bonds
2010 A (NDOT/BABs) General Obligation Bonds	2010B (NDOT) General Obligation/Refunding Bonds
2010 C (NDOT/BABs) General Obligation Bonds	2010E Revenue/Refunding Bonds
2012 General Obligation Bonds	2014 General Obligation Bonds
2015 General Obligation/Refunding Bonds	2016 A Subordinate Revenue Bonds/Line of Credit
2016 C Revenue/Refunding Bonds	2017 General Obligation/Refunding Bonds

The LVCVA reports the following proprietary fund:

Internal Service Fund

- Used to accumulate monies for future payment of liabilities related to post-employment benefits other than pensions.

DEPOSITS AND INVESTMENTS

Cash and cash equivalents are defined as demand deposit 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 Local Government 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.

The LVCVA's investments are generally reported at fair value. 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 financial statements. For government-wide and proprietary fund 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 when earned and 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. Room taxes and gaming fees received more than 30 days after year end are classified as deferred inflows in governmental fund financial statements.

Receivables are reported net of any significant amounts not expected to be collected.

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 using the first-in/first-out (FIFO) method. The cost of such inventories is recorded in the fund financial statements as expenditures when consumed rather than when purchased.

CAPITAL ASSETS

Capital assets, which include property, equipment (including some under 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

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

adjustments, if any. Donated assets are valued at their acquisition 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 enhance 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 when its estimated useful life is at least one year and meets one of the following thresholds:

- Property and equipment with unit acquisition cost exceeding \$10,000.
- Bulk purchases which are part of the rolling stock of recurring purchases.
- Capital leases with total acquisition costs exceeding \$50,000.
- Trademarks, patents, logos, easements and internally generated software with an acquisition cost equal or exceeding \$200,000.

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 Position. Depreciation and amortization is computed on a straight-line basis over the following estimated useful lives:

ASSET DESCRIPTION	USEFUL LIFE (YEARS)
Buildings	40
Major land improvements, leasehold improvements and building improvements. Leasehold improvements are limited to the shorter of useful life or lease term.	5-20
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.	5-15
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

It is the LVCVA’s policy to permit employees to accumulate earned but unused paid time off (PTO) benefits. Such benefits are accrued within the government-wide statements when earned by the employee.

PUBLIC EMPLOYEES’ RETIREMENT SYSTEM NEVADA (PERS) DEFINED BENEFIT PENSION PLAN

The LVCVA participates in PERS, a cost-sharing multiple-employer defined benefit plan (the System), and is required to report a net pension liability and related amounts in its financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended. The underlying financial information used to calculate amounts to be reported in the LVCVA’s financial statements is based on PERS financial statements, which are prepared in accordance with GAAP that apply to governmental accounting for pension plans. This includes measuring net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System’s fiduciary net position on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements For the Year Ended June 30, 2017

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The LVCVA has 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, 2017, 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 and other adjustments required by the standard.

In a proactive measure to address the OPEB liability, the LVCVA created an internal service fund in FY 2013 to accumulate resources through yearly transfers from the general fund. Transfers to the internal service fund do not constitute an OPEB contribution for actuarial reporting. Rather, the funds are an earmarking of employer assets to reflect the LVCVA's current intent to apply those assets to the payment of future benefits; and therefore, does not offset or reduce the recorded OPEB liability.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The unamortized deferred refunding charges (the difference between the reacquisition price and the net carrying amount of the defeased debt) qualifies for reporting in this category as well as items related to pensions.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Revenues that are unavailable to satisfy current obligations qualify for reporting in this category as well as items related to pensions.

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 Position. Bond premiums and discounts are recorded and amortized over the life of the bonds using the effective interest method. Bond issuances costs are expensed as incurred. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as either a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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 DURING FY 2017

The LVCVA implemented Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* effective July 1, 2016. This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The LVCVA does not currently administer OPEB funds through a trust, therefore Statement No. 74 had no material effect on the LVCVA's financial reporting of the OPEB plan.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

The GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, in March 2016. This statement updates Statements No. 67, 68, and 73 regarding pension reporting. As required by the standard, the LVCVA updated the calculation of covered payroll, which also adjusted the related ratios, in the Required Supplementary Information of the CAFR. The information necessary to fully implement was not received from PERS until after our CAFR was originally issued on October 5, 2017. Subsequent full implementation of this statement also required an adjustment to beginning net position in the Government-wide Financial Statements of \$5,695,369, related to the timing of recognition of contributions made by the employer on behalf of the employee and increased expense \$691,483 for FY 2017.

The LVCVA implemented other GASB Statements during FY 2017 that had no effect on the LVCVA’s reporting including No. 77, *Tax Abatement Disclosures*, No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and No. 80, *Blending Requirements for Certain Component Units*.

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 position – governmental activities as reported in the government-wide Statement of Net Position.

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 \$677,365,626 difference are as follows:

Depreciable and amortizable capital and intangible assets	\$ 490,856,663
Accumulated depreciation and amortization	<u>(254,058,420)</u>
Depreciable and amortizable capital and intangible assets, net	236,798,243
Non-depreciable and non-amortizable capital and intangible assets	<u>440,567,383</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 677,365,626</u>

Another element of that reconciliation is long-term liabilities, including bonds, deferred refunding charges, accrued interest that are not due and payable in the current period, as well as related items; and therefore, are not reported in the funds. The details of this \$744,861,210 difference are as follows:

Bonds payable, due in more than one year	\$ 679,820,000
Unamortized bond premiums and discounts	<u>24,594,782</u>
Total bonds payable, net of unamortized discounts and premiums due in more than one year	704,414,782
Bonds payable, due within one year	27,865,000
Capital lease obligation, due within one year	126,300
Capital lease obligation, due in more than one year	185,999
Unamortized refunding charges	(5,285,822)
Interest payable	<u>17,534,951</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 744,841,210</u>

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

BUDGETARY INFORMATION

Budgets for all of the LVCVA's governmental and proprietary funds are adopted annually and prepared using a presentation basis consistent with GAAP. 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 budget hearing, 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 budget hearing is held no earlier than the third Monday in May and no later than the last day of May. The approved budget is fully integrated on July 1 with LVCVA's accounting system. All appropriations lapse at the end of the fiscal year.

NRS 354.626 generally prohibits 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). Transfers \$250,000 and under are approved by the Chief Financial Officer; else the President/CEO's approval is required.
- Intra-fund budget transfers are defined as transfers between different functions, but within the same fund. The approval level is the same as functional transfers and the Board is advised of these transfers.
- Inter-fund or contingency budget transfers are defined as transfers between different funds and require 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, 2015. All amendments made to the original budget were as prescribed by law.

NET POSITION

The government-wide Statement of Net Position utilizes a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets is less the related debt outstanding that relates to the acquisition, construction, or improvement of capital assets.

Restricted assets are assets that have externally imposed (statutory, bond covenant, contract, or grantor) limitations on their use. Restricted assets are classified either by debt service, capital projects or purpose. Assets restricted by purpose relate to net position of government whose use is legally limited by outside parties for a specific purpose. The restriction for debt service represents assets legally restricted by statute or bond covenants for future debt service requirements of both principal and interest. The amount restricted for capital projects consists of unspent debt proceeds with third party restriction for use on specific projects or programs or legislative mandate for capital use. The government-wide statement of net position reports \$70,033,074 of restricted net position, all of which is externally imposed.

Unrestricted net position represents financial resources of the County that do not have externally imposed limitations on their use. Total unrestricted net position at June 30, 2017, was (\$204,412,335). The components of unrestricted net position were as follows:

- Outstanding non-capital debt obligation of (\$261,021,461) related to the LVCVA's obligation to the Nevada Department of Transportation (NDOT) for critically needed transportation projects (See Note 8).
- \$68,614,482 specifically identified for ongoing capital projects.
- Cumulative results of all past years' operations of (\$12,005,356).

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements For the Year Ended June 30, 2017

TRANSFER OF CAPITAL ASSETS

As of June 1, 2017, the LVCVA transferred ownership of the Cashman Center real property and land to the City of Las Vegas. Simultaneously, the City of Las Vegas engaged the LVCVA to continue operating the meeting and exhibit hall facilities at Cashman Center through December 2017. At that time the LVCVA will close the meeting, convention and theater space, maintaining it in a dormant status. Under the management agreement, the LVCVA will also continue to operate Cashman Field (the stadium) until the expiration of the baseball team lease in December 2022 or until the team terminates the lease, whichever comes first. At that time, the management agreement for the Cashman campus will cease and the City of Las Vegas will assume all responsibilities for the property. Cashman revenues are reported as charges for services and expenses are part of the Operations and Marketing function.

NEW PRONOUNCEMENTS

The LVCVA staff is currently evaluating the effects, if any, that the following GASB pronouncements will have on the LVCVA's future financial reporting:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with other post-employment benefits (OPEB). It also includes specific recognition and disclosure requirements for various OPEB plans similar to current accounting for pensions. The LVCVA does not currently administer OPEB funds through a trust. This statement is effective beginning in FY 2018.

Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued in March 2016. The statement enhances the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. This statement is effective for periods beginning after December 15, 2016, which is FY 2018 for the LVCVA and will be implemented accordingly.

Statement No. 83, *Certain Asset Retirement Obligations* was issued in November 2016. The Statement requires the recognition of future obligations related to certain tangible capital asset retirements. The LVCVA will implement the changes related to asset retirement obligation in fiscal year 2019.

Statement No. 84, *Fiduciary Activities*, was issued in January 2017. GASB No. 84 is intended to improve the identification and financial reporting regarding fiduciary activities. The LVCVA will further evaluate Statement No. 84 and determine if there will be any applicable activities to report in FY 2020.

Statement No. 85, *Omnibus 2017*, was issued in March 2017. This Statement covers a variety of reporting topics. The Statement was recently released and the LVCVA is currently evaluating what effects, if any, it will have on reporting in FY 2018.

Statement No. 86, *Certain Debt Extinguishment Issues*, was issued in May 2017. This statement was issued to improve consistency in accounting for in-substance defeasance of debt. The LVCVA will implement the requirements of GASB No. 86 in FY 2018.

Statement No. 87, *Leases*, was issued in June 2017. This Statement establishes a single model for lease reporting. The LVCVA will implement the provisions of this Statement in FY 2021.

NOTE 4. CASH AND INVESTMENTS:

The LVCVA maintains cash and investments separately for all of its funds. At June 30, 2017, cash and investments are displayed in the Statement of Net Position and governmental funds balance sheet as "cash, cash equivalents and investments" and in the internal service fund Statement of Net Position as "cash and cash equivalents" and "investments". The LVCVA has \$5.8 million of these funds which are restricted by covenant requirements for the Series 2010E Revenue Bond and are tracked separately within the debt service fund until such time as their release is allowed by the covenants.

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At year end, the LVCVA's cash, cash equivalents and investment balances consisted of the following:

Cash and cash equivalents:	
Cash on hand	\$ 19,200
Deposits in bank	124,687,932
Investments (U.S. Agencies and LGIP)	<u>91,525,519</u>
	<u>\$ 216,232,651</u>

At year end, the LVCVA's carrying amount of deposits was \$124,687,932, and the bank balance was \$124,960,087.

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 specifically requires collateral for all demand deposits and that collateral for time deposits may be of the same type as those described for permissible investments. Permissible investments are similar to the LVCVA's allowable investments described below, except that the NRS permits longer terms and include securities issued by municipalities within the State.

The LVCVA manages custodial credit risk for deposits by ensuring that they are fully covered by the federal depository insurance or collateralized by securities. This is currently accomplished by use of the State's Pooled Collateral Program which monitors collateral maintained by depositories for local government agency deposits. This program provided for centralized processing and management of all pledging and maintenance of collateral by the State Treasurer's Office rather than each local agency and eliminates the need for the LVCVA to establish separate custodial agreement with each financial institution. The State Treasurer requires that acceptable securities pledged as collateral be maintained at 102% of those entities' deposits participating in the pool and that the pledged securities be held by a third party for the benefit of the State Treasurer.

Local Government Investment Pool (LGIP) is an external investment pool administered by the State of Nevada's Treasurer, with oversight by the State's Board of Finance. The LVCVA deposits monies with the State Treasurer to be pooled with monies of other local governments for investment in the LGIP. 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. LGIP financial statements may be obtained from the State Treasurer's Office, 101 N. Carson Street Suite 4, Carson City, NV 89701.

As of June 30, 2017, the LVCVA had the following investments:

	<u>Investments by Maturities</u>				Accrued Interest	Total Value
	Original Cost	Fair Value	Less than 1 Year	1 - 5 Years		
U.S. Agencies	\$ 42,055,340	\$ 41,943,753	\$ 20,073,633	\$ 21,870,120	\$ 99,666	\$ 42,043,419
LGIP	49,615,505	49,581,766	49,581,766	-	43,109	49,624,875
Total	<u>\$ 91,670,845</u>	<u>\$ 91,525,519</u>	<u>\$ 69,655,399</u>	<u>\$ 21,870,120</u>	<u>\$ 142,775</u>	<u>\$ 91,668,294</u>

CONCENTRATION OF CREDIT RISK

The NRS and the LVCVA's investment policy limits investment instruments by credit risk. Any LVCVA investment in commercial paper must to be rated P-1 by Moody's Investor Service and A-1 by Standard and Poor's, however at this time the LVCVA doesn't not have nor is it contemplating any commercial paper. 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.

To limit exposure to concentrations of credit risk, the LVCVA's investment policy limits total investment (which includes overnight accounts included in cash equivalents). Limits for each category are as follows: U.S. Agencies to 80%, money market

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For the Year Ended June 30, 2017

mutual funds to 30%, deposits, repurchase agreements and overnight investments to 60%, LGIP to 40%, certificates of deposit to 5%, and commercial paper to 20% of the entire portfolio at the time of investment. As of June 30, 2017, the LVCVA's investments were diversified at 26% in U.S. Agencies, 43% in Demand Deposits, and 31% in the LGIP.

The LVCVA's investment in U.S. Agencies was comprised of securities issued by the Federal Home Loan Bank (26%), the Federal Home Loan Mortgage Corporation (17%), the Federal National Mortgage Association (19%), the Federal Farm Credit Bank (31%), and the Federal Agricultural Mortgage Corporation (7%).

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 exercised, 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.

FAIR VALUE DETERMINATION AND RISK:

GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The LVCVA reports two types of investments, Federal Agency securities and LGIP. The LVCVA tracks the Federal Agency investments on an investment by investment basis, and because of this and the similarity of the investments, reports them in aggregate based upon reoccurring third party values using a market approach with matrix pricing. Therefore, these investments, which totaled \$41,943,753 at June 30, 2017, are classified as Level 2:

Fund	Level 1	Level 2	Total
Internal Service Fund	-	11,951,040	11,951,040
Capital Projects Fund	-	27,021,813	27,021,813
Debt Service Fund	-	2,970,900	2,970,900
	\$ -	\$ 41,943,753	\$ 41,943,753

The LGIP is an investment pool with multiple types of investments being reported at fair value, determined by availability of market pricing. The following chart breaks out the fair value by fund and risk levels at 10.22% for Level 1, and 89.78% for Level 2:

Fund	Level 1	Level 2	Total
General Fund	\$ 292,435	\$ 2,568,969	\$ 2,861,404
Internal Service Fund	411,082	3,611,243	4,022,325
Capital Projects Fund	1,417,908	12,455,950	13,873,858
LVCCD Capital Fund	2,177,585	19,129,509	21,307,094
Debt Service Fund	768,246	6,748,839	7,517,085
	\$ 5,067,256	\$ 44,514,510	\$ 49,581,766

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Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2017, was as follows:

Description	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017
Capital assets not being depreciated or amortized:				
Land	\$ 423,033,987	\$ 19,706,870	\$ (3,676,085)	\$ 439,064,772
Intangibles	100,000	-	-	100,000
Construction in progress	1,113,900	2,299,417	(2,010,706)	1,402,611
Total capital assets not being depreciated or amortized	<u>424,247,887</u>	<u>22,006,287</u>	<u>(5,686,791)</u>	<u>440,567,383</u>
Capital assets being depreciated or amortized:				
Buildings	446,040,861	2,984,053	(29,487,958)	419,536,956
Intangibles	138,402	598,286	-	736,688
Improvements other than buildings	53,417,925	1,174,717	(2,964,930)	51,627,712
	<u>18,206,443</u>	<u>1,179,486</u>	<u>(430,622)</u>	<u>18,955,307</u>
Total capital assets being depreciated or amortized	<u>517,803,631</u>	<u>5,936,542</u>	<u>(32,883,510)</u>	<u>490,856,663</u>
Accumulated depreciation or amortization:				
Buildings	(216,461,521)	(12,287,842)	24,001,278	(204,748,085)
Intangibles	(138,402)	(134,923)	-	(273,325)
Improvements other than buildings	(31,600,162)	(4,311,494)	2,214,054	(33,697,602)
Furniture and equipment	<u>(14,773,711)</u>	<u>(996,319)</u>	<u>430,622</u>	<u>(15,339,408)</u>
Total accumulated depreciation or amortization	<u>(262,973,796)</u>	<u>(17,730,578)</u>	<u>26,645,954</u>	<u>(254,058,420)</u>
Net capital assets being depreciated or amortized	<u>254,829,835</u>	<u>(11,794,036)</u>	<u>(6,237,556)</u>	<u>236,798,243</u>
Governmental activities capital assets, net	<u>\$ 679,077,722</u>	<u>\$ 10,212,251</u>	<u>\$ (11,924,347)</u>	<u>\$ 677,365,626</u>

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

General Government	\$ 396,521
Marketing	113,008
Operations	<u>17,221,049</u>
	<u>\$ 17,730,578</u>

NOTE 6. INTERFUND TRANSACTIONS:

The following schedule details the amounts due from/to other funds at June 30, 2017:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 162,714
Capital Projects Fund	General Fund	3,652
LVCCD Capital Fund	General Fund	<u>2,447,724</u>
		<u>\$ 2,614,090</u>

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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 service fund that is earned and 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, 2017, transfers between funds were as follows:

	Transfers In	Transfers Out		
		General	Debt Service	Capital Projects
		Fund	Fund	Fund
General Fund	\$ 209,689		\$ 209,689	
Capital Projects Fund	11,500,000	11,500,000		
Internal Service Fund	10,500,000	10,500,000		
LVCCD Capital Fund	26,553,262	23,298,262		3,255,000
Debt Service Fund	66,453,419	66,453,419		
	<u>\$ 115,216,370</u>	<u>\$ 111,751,681</u>	<u>\$ 209,689</u>	<u>\$ 3,255,000</u>

NOTE 7. LEASES:

OPERATING LEASES

The LVCVA has non-cancelable operating leases for office space, parking spaces, copiers and other equipment. Total rental costs for such leases were \$321,155, for the year ended June 30, 2017. Future minimum operating lease payments are as follows:

Year Ending June 30,	
2018	\$ 336,772
2019	340,803
2020	334,255
2021	330,834
2022	327,166
2023-2026	<u>863,277</u>
Total	<u>\$ 2,533,107</u>

CAPITAL LEASES

On December 1, 2016, the LVCVA entered into a \$379,273 capital lease for computer equipment, which was capitalized as furniture and equipment. Amortization expense for FY 2017 was \$73,748 and total accumulated amortization was also \$73,748 (since this was the first year of the contract). As of June 30, 2017, the net value of this capital lease is \$305,525. Total lease payments for FY 2017 were \$79,414.

The LVCVA entered into a five-year capital lease in April 2013 for \$14,942 to purchase a copier which was capitalized as furniture and equipment. Amortization expense for FY 2017 was \$2,988 and the total accumulated amortization was \$12,701. The net value at June 30, 2017 was \$2,241. Total lease payments for FY 2017 were \$3,420.

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Notes to the Financial Statements
For the Year Ended June 30, 2017

Future minimum capital lease payments are as follows:

Year Ending June 30,		
2018	\$	138,704
2019		136,139
2020		<u>56,724</u>
		331,567
Less portion of payment representing interest		<u>(19,268)</u>
Present value of minimum lease payments	\$	<u>312,299</u>

NOTE 8. LONG-TERM DEBT:

The LVCVA issues general obligation and revenue bonds to fund land and other improvement, acquisition, and construction of capital assets consisting primarily of meeting and exhibit and support facilities at the Las Vegas Convention Center. In addition, pursuant to legislative directive, the LVCVA provided \$300,000,000 of funding to the Nevada Department of Transportation (NDOT) for transportation infrastructure projects through the issuance of general obligation bonds with \$239.1 million outstanding at June 30, 2017. The balance of bond proceeds and the related interest earnings to be remitted to NDOT as of June 30, 2017 is approximately \$190,000.

Nine of the LVCVA's outstanding bonds are general obligation bonds of Clark County, Nevada, acting by and through the LVCVA.

Clark County, Nevada acts as the guarantor of these general obligation bonds, as defined in GASB Statement No. 70. The bonds 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. No requirements for repayment by the LVCVA to the County exist if ad valorem taxes had to be used. 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 FY 2017, general fund room taxes and gaming fees of \$283 million exceeded five times the amount necessary to pay the \$53.2 million of principal and interest payments during the fiscal year. In fact, as of June 30, 2017, no ad valorem tax revenues have been allocated to the LVCVA for any purpose, including guarantee debt payments. No change in this practice is contemplated in the future.

GENERAL OBLIGATION BONDS:

Advance Refunding

The LVCVA issued Series 2017 General Obligation Bonds in May 2017. The principal totaled \$21,175,000 which is due in annual installments through FY 2039 with semi-annual interest from 3-5%. This issuance was an advance refunding, and the proceeds are being used to partially defease the 07/08 General Obligation Bond which had interest rates ranging from 4%-5%. The net proceeds of \$21,970,209 (including a \$1,152,022 premium and after payment of \$356,813 in underwriting fees and other issuance costs) along with an additional cash contribution to escrow were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the refunded portion of the 07/08 General Obligation Bond are considered defeased and the liability for that bond has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,244,078. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The LVCVA advance refunded the 07/08 General Obligation Bond to reduce its total debt service payments over 20 years by \$3,531,309 and to obtain present value savings of \$2,911,295. The 2017 General Obligation Bond is included in the summary schedule of general obligation/pledged revenue bonds.

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Notes to the Financial Statements

For the Year Ended June 30, 2017

The following is a summary of terms and balances for general obligation and pledged revenue bonds payable at June 30, 2017:

\$38,200,000 - 5/07 Refunding Bonds due in annual installments through FY 2018. Semi-annual interest from 4 - 5.5%	\$ 3,035,000
\$26,455,000 - 7/08 (NDOT) Bonds due in annual installments through FY 2019. Semi-annual interest from 4 - 5%	1,235,000
\$70,770,000 - 2010A (NDOT/BABs) Bonds due in annual installments through FY 2039. 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 2 - 5%	40,165,000
\$155,390,000- 2010C (NDOT/BABs) Bonds due in annual installments through FY 2039. Semi-annual interest from 4 - 7%	151,065,000
\$24,990,000 - 2012 General Obligation Bonds due in annual installments through FY 2033. Semi-annual interest from 2 - 4%	21,885,000
\$50,000,000 - 2014 General Obligation Bonds due in annual installments through FY 2044. Semi-annual interest from 2 - 5%	50,000,000
\$181,805,000 - 2015 General Obligation Bonds due in annual installments through FY 2045. Semi-annual interest from 2 - 5%	168,120,000
\$21,175,000 - 2017 General Obligation Bonds due in annual installments through FY 2039. Semi-annual interest from 3 - 5%	21,175,000
	<u>\$ 527,450,000</u>

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.

Line of Credit

In December 2014, the LVCVA issued its Series 2014A, Subordinate Revenue Bonds, which included a credit agreement with JPMorgan to provide a non-revolving credit line (LOC) of \$275 million. The bonds and the credit agreement were collectively referred to as the "2014 LOC." These bonds were issued to provide short-term financing primarily for acquiring land related to the first phase of the LVCCD. The 2014 LOC was non-revolving and subordinated to the other revenue bonds. The LVCVA entered FY 2017 with a balance due on the 2014 LOC of \$70,200,000.

In July 2016, the LVCVA issued Subordinate Revenue Bonds 2016A (2016A LOC) and 2016B (2016B) which provided a current refunding of the 2014 LOC. This transaction had no gain or loss. The 2016A issuance, is a revolving line of credit with JPMorgan, allowing for a maximum principal outstanding amount of up to \$100,000,000, and a maximum cumulative amount of \$300,000,000. The LVCVA drew \$1,000,000 from the 2016A LOC in July 2016, and used those proceeds to partially defease the 2014LOC. The LVCVA simultaneously issued the 2016B in the principal amount of \$69,200,000, and used those proceeds to defease the remaining portion of the 2014A Bonds. The 2016B was a term loan and was paid off and closed with the issuance of the 2016C Revenue Bonds. This is shown as principal retirement in the Statement of Revenues, Expenditures and Changes in Fund Balance. Interest on 2016B is included in the interest expense for FY 2017.

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The 2016A revolving LOC revenue bond has an interest and fee payment structure similar to the terms of the 2014A LOC. The interest rate on drawn funds is based upon the product of the one month London Interbank Offered Rate (LIBOR) times 70% times an applicable spread which is based on the LVCVA's credit rating times the greater of 1 or 1 less the maximum federal corporate tax rate times 1.53846. The applicable spread is currently 52.5 basis points (bps) and remains in effect as long as the LVCVA maintains a credit rating of A1 for Moody's, or A+ for S&P. This rate would increase to 67.5 bps for an A2 or A rating, respectively, and 92.5 bps for an A3 or A- rating, respectively. Similarly, lower ratings by Moody's and S&P would result in progressively higher increases. Interest is due and paid monthly. The interest rate on the remaining amount available to draw is also based on the credit rating of the LVCVA, currently 22.5 bps, progressively increasing, if the LVCVA's rating were to decrease and it is payable quarterly.

The 2016A LOC August 2017 interest rate was 138 basis points. The LVCVA has estimated the FY 2018 rate at this amount and used this figure to calculate the estimated interest payments for future years. FY 2018, totals \$13,900 based upon the current outstanding drawn balance. The current undrawn available funds of \$99,000,000, and at 22.5 basis points calculates an estimated fee for FY 2018 of \$223,400. The LVCVA has estimated on \$10,000 in interest and fees for FY 2019, since the 2016A LOC comes to term in July 2018. These estimates have been included in the interest and principal schedules below. A 1% increase in the floating interest rate would increase costs on the current outstanding balance by approximately \$10,000.

The agreement contains a provision allowing the LVCVA to convert any unpaid balance of drawn funds to a term loan on July 13, 2018 with equal semi-annual payments of principal over a 3-year term if not repaid. The interest rate would be 1% plus the higher of Prime Rate plus 1.5%, Federal Effective Rate plus 2.0%, or the rate of 7.5%.

Current and Advance Refunding

The LVCVA issued Series 2016C Revenue Bonds in August 2016 in the principal amount of \$100,705,000, which is comprised of a current refunding of the 2016B Subordinate Revenue Bonds of \$62,575,000 and an advance refunding of the 11/07 Revenue Bonds of \$38,130,000. The 2016C Revenue Bonds, with semi-annual interest rates of 3-5%, are due in annual installments through FY 2047.

The proceeds from 2016C Revenue Bonds, related to the current refunding, were used to fully defease the 2016B Subordinate Revenue Bond term loan with a long-term fixed rate obligation. The net proceeds of \$69,200,000 (including a \$6,976,562 premium and after payment of \$348,901 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent and then paid to JP Morgan to close the 2016B. There was no gain or loss on this refunding as the intent was to fix out short term debt with a long term fixed rate obligation.

The proceeds from 2016C Revenue Bonds, related to the advance refunding, were used to fully defease the remaining 11/07 Revenue Bonds which had interest rates ranging from 4.25%-6%. The net proceeds of \$43,655,984 (including a \$5,741,501 premium and after payment of \$215,517 in underwriting fees and other issuance costs) along with an additional cash contribution to escrow were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 11/07 Revenue Bonds are considered defeased and the liability for that bond has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,968,572. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The LVCVA advance refunded the 11/07 Revenue Bond to reduce its total debt service payments over 21 years by \$6,556,982 and to obtain present value savings of \$6,047,178. The 2016C Revenue Bonds are included in the summary schedule of general obligation/pledged revenue bonds.

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The following is a summary of revenue bonds payable at June 30, 2017:

\$81,925,000- 2010E Revenue Bonds due in annual installments through FY 2041. Semi-annual interest from 4 - 5.5%	78,530,000
\$1,000,000- 2016A Subordinate Revenue Bond/Line of Credit revolving variable rate indexed at one month LIBOR plus 22.5 basis points	1,000,000
\$100,705,000- 2016C Revenue Bonds due in annual installments through FY 2047. Semi-annual interest from 3 - 5%	100,705,000
	\$ 180,235,000

Schedule of interest and principal payments including the 2016 LOC estimated interest costs noted above.

Year Ending June 30,	General Obligation / Pledged Revenue Bonds		Revenue Bonds		All Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 26,060,000	\$ 26,577,083	\$ 1,805,000	\$ 8,488,283	\$ 27,865,000	\$ 35,065,366
2019	27,210,000	25,612,241	2,875,000	8,187,382	30,085,000	33,799,623
2020	27,830,000	24,300,516	1,955,000	8,100,783	29,785,000	32,401,299
2021	15,855,000	23,335,086	2,035,000	8,020,982	17,890,000	31,356,068
2022	17,280,000	22,602,956	4,860,000	7,867,262	22,140,000	30,470,218
2023-2027	101,230,000	98,104,254	28,165,000	35,510,350	129,395,000	133,614,604
2028-2032	96,295,000	71,316,456	36,445,000	27,488,501	132,740,000	98,804,957
2033-2037	111,590,000	42,156,470	46,325,000	17,601,113	157,915,000	59,757,583
2038-2042	77,595,000	12,223,728	38,230,000	7,340,300	115,825,000	19,564,028
2043-2047	26,505,000	1,496,262	17,540,000	1,810,000	44,045,000	3,306,262
	\$ 527,450,000	\$ 347,725,052	\$ 180,235,000	\$ 130,414,956	\$ 707,685,000	\$ 478,140,008

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 of the LVCVA's long-term debt obligations are subject to restrictive debt covenants, including certain revenue levels and revenue/expense ratios and the LVCVA's line of credit contains default interest and acceleration provisions. The LVCVA management believes it to be in compliance with such covenants.

DEBT REFUNDING AND DEFEASANCE

At June 30, 2017, \$76,195,000 of bonds defeased remained outstanding and an irrevocable trust account had a balance of \$79,417,209 to provide for all required future debt and interest payments on the old bonds. The trust assets and the liabilities for the defeased bonds are not included in the LVCVA financial statements.

DEBT APPROVED BUT NOT YET ISSUED

As disclosed elsewhere, the LVCVA is beginning Phase Two of the LVCCD, and anticipates the use of SB1 resources, transfers from the general fund, the revolving 2016 LOC and additional debt to complete the project. In May 2017, the Oversight Panel for Convention Facilities in Clark County approved the issuance of up to \$900 million of bonds to complete Phase Two. In June 2017, the LVCVA board approved the same financing plan. While specific detail as related to future debt issuances related to Phases Two and Three over the next three years is currently still being finalized, it is anticipated that the LVCVA will borrow approximately \$1.1 billion for the LVCCD, including the \$900 million for Phase Two.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

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

	Interest paid During the Year	Beginning Balance, July 1, 2016	Additions	Reductions	Ending Balance, June 30, 2017
BONDS					
General Obligation/Pledged Revenue Bonds					
5/07 Refunding Bonds	\$ 231,225	\$ 5,925,000	\$ -	\$ (2,890,000)	\$ 3,035,000
7/08 General Obligation Bonds	1,078,385	22,970,000	-	(21,735,000)	1,235,000
2010A General Obligation Bonds	4,721,166	70,770,000	-	-	70,770,000
2010B General Obligation/Refunding Bonds	1,943,000	42,565,000	-	(2,400,000)	40,165,000
2010C General Obligation Bonds	9,823,695	155,390,000	-	(4,325,000)	151,065,000
2010D General Obligation Bonds	-	-	-	-	-
2012 General Obligation Bonds	675,523	22,940,000	-	(1,055,000)	21,885,000
2014 General Obligation Bonds	2,076,348	50,000,000	-	-	50,000,000
2015 General Obligation Bonds	7,716,850	181,805,000	-	(13,685,000)	168,120,000
2017 General Obligation Bonds	-	-	21,175,000	-	21,175,000
Revenue Bonds					
4/05 Revenue Bonds	-	-	-	-	-
11/07 Revenue Bonds	1,023,543	42,455,000	-	(42,455,000)	-
2010E Revenue Bonds	4,039,182	80,260,000	-	(1,730,000)	78,530,000
2014A Subordinate Revenue Bond/Line of Cred	54,734	70,200,000	-	(70,200,000)	-
2016A Subordinate Revenue Bond/Line of Cred	299,970	-	1,000,000	-	1,000,000
2016B Subordinate Revenue Bond/Term Loan	-	-	69,200,000	(69,200,000)	-
2016C Refunding Bond	1,689,208	-	100,705,000	-	100,705,000
Unamortized premiums and discounts	-	14,362,280	13,870,085	(3,637,583)	24,594,782
Subtotal Bonds	<u>35,372,829</u>	<u>759,642,280</u>	<u>205,950,085</u>	<u>(233,312,583)</u>	<u>732,279,782</u>
OTHER LIABILITIES					
Compensated absences	-	6,390,074	4,331,009	(4,677,912)	6,043,171
Capital lease obligations	10,162	5,698	379,273	(72,672)	312,299
Postemployment benefits other than pensions	-	29,019,340	3,112,526	-	32,131,866
Net pension liability	-	63,740,412	23,477,888	(11,463,152)	75,755,148
Subtotal other liabilities	<u>10,162</u>	<u>99,155,524</u>	<u>31,300,696</u>	<u>(16,213,736)</u>	<u>114,242,484</u>
	<u>\$ 35,382,991</u>	<u>\$ 858,797,804</u>	<u>\$ 237,250,781</u>	<u>\$ (249,526,319)</u>	<u>\$ 846,522,266</u>

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2017

The portion of each long-term liability that is due in FY 2018 is shown below:

	Principal	Interest
<u>BONDS</u>		
General Obligation/Pledged Revenue Bonds		
5/07 Refunding Bonds	\$ 3,035,000	\$ 75,875
7/08 General Obligations Bonds	605,000	37,300
2010A General Obligations Bonds	-	4,721,166
2010B General Obligations Bonds	2,495,000	1,845,100
2010C General Obligations Bonds	4,445,000	9,641,628
2012 General Obligations Bonds	1,080,000	654,173
2014 General Obligations Bonds	-	2,076,349
2015 General Obligations Bonds	14,400,000	7,014,725
2017 General Obligations Bonds	-	510,767
Revenue Bonds		
4/05 Revenue Bonds	-	-
2010E Revenue Bonds	1,805,000	3,968,483
2016A Subordinate Revenue Bonds/Line of Credit*	-	237,300
2016C Refunding Bond	-	4,282,500
	27,865,000	35,065,366
 <u>OTHER LIABILITIES</u>		
Compensated absences	3,725,174	-
Capital lease obligation	126,300	12,402
	\$ 31,716,474	\$ 35,077,768

* Interest cost shown also reflects estimated amounts based on the 2016A subordinate revenue bond / line of credit agreement.

The general fund is normally used to liquidate compensated absences, net pension obligations and other post-employment obligations.

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

The LVCVA participates in a cost-sharing, multiple-employer, defined benefit public employees' retirement system (the System or PERS) which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability. The LVCVA exercises no control over PERS. NRS 286.110 states that "The respective participating public employers are not liable for any obligations of the system."

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements For the Year Ended June 30, 2017

Benefits Provided

Benefits, as required by the NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. For members entering the System on or after July 1, 2015, there is a 2.25% multiplier.

The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or age 55 with 30 years of service or any age with 33 1/3 years of service. Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

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

Contributions

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

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

For the fiscal year ended June 30, 2016, the Statutory Employer/employee matching rate was 14.5% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 28.0% for Regular and 40.50% for Police/Fire. For the fiscal year ended June 30, 2016, all of the rates remained the same. Contributions to the pension plan from the LVCVA were \$9,545,749 and \$10,088,792 for the years ended June 30, 2016 and 2017 respectively.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

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

The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Contributions for employer pay dates that fall within PERS fiscal year ending June 30, 2016, are used as the basis for determining each employer's proportionate share of the collective pension amounts. The LVCVA's allocated portion was calculated at 0.56294%. The LVCVA recorded a liability of \$75,755,148 for its portion of the net pension liability at June 30, 2017.

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

Beginning net pension liability	\$	63,740,412
Change in pension liability		
Pension expense		6,128,003
Employer contributions		(4,772,875)
Net change in deferred inflows/outflows amortized		<u>10,659,608</u>
Change in pension liability		<u>12,014,736</u>
Ending net pension liability	\$	<u>75,755,148</u>

The LVCVA recognized pension expense of \$11,172,398 for the year ended June 30, 2017. The LVCVA reported deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,072,760
Net difference between projected and actual earnings on investments	7,042,384	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	2,060,517	-
LVCVA contributions subsequent to measurement date	5,044,396	-
	<u>\$ 14,147,297</u>	<u>\$ 5,072,760</u>

At June 30, 2016, the average expected remaining service life is calculated at 6.48 years.

The \$5,044,396 of deferred outflows for contributions made by the LVCVA to PERS subsequent to the measurement date, related to the employer contribution, will be recognized as a reduction to net pension liability in the year ending June 30, 2018. Differences in experience and earnings on investments listed as deferred outflows and deferred inflows of resources related to pensions will be recognized as follows:

Year End June 30,	
2018	(583,786)
2019	(583,786)
2020	2,496,946
2021	1,207,732
2022	(464,979)
After	(102,504)

Included in accounts payable at June 30, 2017, the LVCVA had \$1,128,812 payable to PERS, equal to the required contribution for the month of June 2017 which was subsequently paid in accordance with applicable due dates in July and August 2017.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

Actuarial Assumptions

The System’s net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

At June 30, 2016, assumed mortality rates and projected life expectancies for selected ages were as follows:

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

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

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

- For non-disabled male regular members – RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA
- For non-disabled female regular members – RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year
- For all non-disabled police/fire members – RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year
- For all disabled regular members and all disabled police/fire members – RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements For the Year Ended June 30, 2017

Valuation of Plan Assets-Investment Policy

The policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following target allocation policy was adopted as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	<u>10%</u>	6.80%
	100%	

* As of June 30, 2016, PERS' long-term inflation assumption was 3.5%.

Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016

Pension Liability Discount Rate Sensitivity

The following presents the LVCVA's proportionate share of the net pension liability of the System as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the LVCVA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1- percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase (9.00%)</u>
Net Pension Liability-LVCVA portion	\$111,042,247	\$75,755,148	\$46,396,716

Pension Plan Fiduciary Net Position

PERS issues a stand-alone CAFR that includes financial statements and required supplementary information for the plan. Additional information about the System's fiduciary net position is available at www.nvpers.org under Quick Links – Publications, or

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):

The cost of postemployment healthcare benefits, like the cost of pension benefits, are recorded in the period in which employee services are received, rather than in the future years when paid. The reported accumulated liability and related information is useful in assessing potential demands on the LVCVA's future cash flows.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements For the Year Ended June 30, 2017

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 LVCVA's two insurance programs that are available to active employees and retirees are the Clark County Self-Funded Group Medical and Dental Benefits Plan (CCSF) and Health Plan of Nevada (HPN), a fully-insured health maintenance organization (HMO) plan. Together, these plans are provided through a single-employer defined benefit plan. The assets accumulated for purposes of providing OPEB benefits through this plan are not administered through a trust that meets the specified criteria of GASB Statement No. 74. As such, in accordance with GASB Statement No. 74, assets accumulated are reported as assets of the LVCVA. An agency fund is not required because the LVCVA does not hold any assets in a fiduciary capacity.

The LVCVA also provides continuation of medical insurance coverage to retirees under the State of Nevada Public Employees Benefits Program (PEBP). 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 the local government 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 insurance plans, contribution requirements of plan members and the LVCVA are established and may be amended through negotiations between the LVCVA and Clark County. In some years, the LVCVA has made additional contributions, as determined by the CCSF Executive Board, under terms of the agreement. 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 as required by NRS 287.023. The difference between the true claim cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the LVCVA. Based on the FY 2017 actuarial report, the LVCVA has 46 PEBP retirees, 159 non-PEBP retirees and spouse, 7 surviving spouses and 504 active employees in the CCSF and HPN plans. The LVCVA currently pays for postemployment healthcare benefits on a pay-as-you-go basis.

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 its OPEB obligations. In FY 2013, the LVCVA established an internal service fund to accumulate resources to be held in reserve to pay its future liability for postemployment benefits. This internal service fund continues to meet the requirements of GASB Statement No. 74, which requires assets that are not held in trusts that meet the criteria of the statements to be reported as assets of the employer. Transfers from the general fund to the OPEB reserve fund have been incorporated into the annual budget process. Discretionary transfers since FY 2013 total \$24.5 million. The annual funding considerations include biannual actuarial studies among other factors and conditions.

The LVCVA is required to pay the PEBP an explicit subsidy, based on years of service, for retirees enrolled in this plan. Retirees are eligible for a subsidy after 5 years of service with a Nevada state or local government entity. The maximum subsidy is earned after 20 years of combined service with an eligible entity. If the retiree worked for more than one eligible entity, the subsidy is split based on the length of time with each entity. In FY 2017, the LVCVA's cost per month per retiree ranged from \$9 to \$1,100.

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 standards. 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.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2017

	CCSF and HPN	PEBP	Total
Annual required contribution (ARC)	\$ 4,108,792	\$ 232,660	\$ 4,341,452
Interest on net OPEB obligation	1,098,568	62,206	1,160,774
Adjustment to the ARC	<u>(1,588,256)</u>	<u>(89,935)</u>	<u>(1,678,191)</u>
Annual OPEB cost (expense)	3,619,104	204,931	3,824,035
Contributions made	<u>(528,214)</u>	<u>(183,295)</u>	<u>(711,509)</u>
Increase in net OPEB obligations	3,090,890	21,636	3,112,526
Net OPEB obligation - beginning of the year	<u>28,589,604</u>	<u>429,736</u>	<u>29,019,340</u>
Net OPEB obligation - end of the year	<u>\$ 31,680,494</u>	<u>\$ 451,372</u>	<u>\$ 32,131,866</u>

The LVCVA's annual OPEB cost, the percentage of annual cost contributed and net OPEB obligation for fiscal years 2015-2017 were as follows:

	Fiscal year ended June 30,	Annual OPEB Cost	Percent of OPEB Cost Contributed	Net OPEB Obligation
CCSF and HPN	2015	\$ 4,187,106	13.4%	\$ 24,873,561
	2016	4,314,696	13.9%	28,589,604
	2017	3,619,104	14.6%	31,680,494
PEBP	2015	\$ 292,915	66.0%	\$ 312,494
	2016	301,841	61.2%	429,736
	2017	204,931	89.4%	451,372

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plans as of the most recent actuarial valuation date was as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a percentage of Covered Payroll
<u>CCSF and HPN</u>						
7/1/2016	\$ -	\$ 36,654,493	\$ 36,654,493	0%	\$ 36,192,769	101%
<u>PEBP</u>						
7/1/2016	\$ -	\$ 4,023,171	\$ 4,023,171	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.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan participants) 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. Bi-annual actuarial reports and mid-period adjustments to such estimates 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:

	CCSF, HPN and PEBP
Actuarial valuation date	July 1, 2016
Actuarial cost method	Entry age normal, level dollar amount
Amortization method	30 years, open, level dollar amount
Remaining amortization period	30 years remaining as of July 1, 2016
Asset valuation	N/A, no assets in OPEB trust
Actuarial assumptions:	
Investment rate of return	4%
Projected salary increases	N/A
Cost of living adjustments	N/A
Healthcare inflation rates	PPO Medical - 7.5%; graded down to ultimate rate of 4.5% over 12 years PPO Drug - 12%; graded down to ultimate rate of 4.5% over 12 years HMO Non-Medicare - 7.0%; graded down to ultimate rate of 4.5% over 10 years HMO Medicare - 6.5%; graded down to ultimate rate of 4.5% over 8 years

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 POSITION AND FUND BALANCES:

FUND BALANCE CLASSIFICATIONS:

Fund balances are required to be reported in classifications based on the following definitions:

Nonspendable Fund Balance – 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.

Restricted Fund Balance – 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).

Committed Fund Balance – Includes amounts that can only be used for a specific purpose because of a formal action (resolution or board approval both of which are considered to be equally binding) by the government’s highest level of decision-making authority, which is the LVCVA’s Board of Directors. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

Assigned Fund Balance – 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. The LVCVA Board of Directors has provided such authority to express intent in policy FIN-25 to the President/CEO and the CFO. Constraints imposed on the use of assigned amounts can be removed without formal Board action.

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 amounts have 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’s budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

GENERAL FUND BALANCE POLICY:

Based on Nevada Administrative Code 354.650-660, a minimum fund balance of 4.0% of budgeted general fund operating expenditures must be maintained. 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’s fiscal practice is to target an ending general fund balance between 4% and 16% of expected expenditures for potential variances in economic conditions without detriment to operations.

The fund balances by component at June 30, 2017, were:

	General Fund	Capital Projects Fund	LVCCD Capital Fund	Debt Service Fund
Non-Spendable				
Inventory	\$ 587,609	\$ -	\$ -	\$ -
Prepaid and other items	4,536,121	32,647	-	-
Restricted				
SB1 revenues	-	-	13,715,630	-
Debt service programs	-	-	-	51,199,488
Collection allocation	4,538,327	-	-	-
Nevada Department of Transportation	-	190,677	-	-
Clark County Wedding Fee Revenue	388,952	-	-	-
Committed				
Capital project programs	-	40,133,479	23,255,000	-
Debt service programs	-	-	-	11,033,490
Operating budget	12,048,877	-	-	-
Assigned				
Marketing and advertising	-	-	-	-
Capital funds	9,900,000	5,193,356	-	-
Marketing and advertising	3,500,000	-	-	-
Unassigned	20,304,952	-	-	-
	<u>\$ 55,804,838</u>	<u>\$ 45,550,159</u>	<u>\$ 36,970,630</u>	<u>\$ 62,232,978</u>

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 13. COMMITMENTS AND CONTINGENCIES:

The LVCVA often carries cash and cash equivalents on deposits with financial institutions in excess of federally-insured limits, and the risk of losses that may 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

ADVERTISING AGENCY

R&R Partners (R&R) is the official advertising and marketing communications agency for the LVCVA. R&R develops marketing plans for both long-term and short-term initiatives and works with the LVCVA in the areas of consumer marketing, business and convention marketing, international marketing and extended destination marketing. Beginning in July 2015, compensation is 6.5% of gross billed (6.95% of the net) amounts for commission on media and external production. Other reimbursable expenses are billed at net (production, travel, administration). In addition, in FY 2017 there was an agency service fee of \$7,029,600 and content creation services fee of \$8,585,000. Both service fees are subject to CPI increases. The current contract term is through June 2018 with an optional two-year extension, which can be terminated by either party with 90 days' notice. The LVCVA, through R&R, also sponsors various special events and pays for media advertising of the destination and its events which bring people to Las Vegas. Some of these involve multi-year contracts. These contract commitments at June 30, 2017 were \$11.4 million for FY 2018, of which \$1.8 million is included in prepaid expenses, as well as \$1.1 million for FY 2019.

INTERNATIONAL OFFICES

The LVCVA is party to contracts for international office representation which covers the following areas: Australia and New Zealand, Benelux, Canada, China, Hong Kong, Taiwan, Europe, France, Germany, Scandinavia, Switzerland, Austria, Japan, Mexico and Central America, South America, South Korea, and the United Kingdom. The 2-year contracts were approved at the May 10, 2016, Board of Directors meeting. The contract's combined value in FY 2018 is \$2.3 million and can be terminated without cause with a 30 day notice.

NATIONAL FINALS RODEO

Through Las Vegas Events, the LVCVA has an agreement with Professional Rodeo Cowboys Association (PRCA), to provide annual payments of \$2.2 million for the National Finals Rodeo, and \$250,000 annually to be the exclusive national sponsor for the National Finals of Steer Roping if not held in Las Vegas. The contract term is 10 years, ending in FY 2024.

NASCAR SPONSORSHIP

In March 2017, the LVCVA Board approved an agreement to sponsor two annual NASCAR races at the Las Vegas Motor Speedway through 2024, with a possible 3-year extension for a total cost of \$17.5 million. The required payment from LVCVA is \$2.5 million a year and includes other ancillary marketing sponsorship benefits.

TERMINATION PAYMENTS AND COMMITMENTS IN CONTRACTOR AGREEMENTS

The LVCVA has an agreement with Cox Nevada Telcom (Cox) for telecommunications services for the Las Vegas Convention Center, Cashman Center and other various buildings belonging to the LVCVA. Cox was obligated to invest at least \$9.5 million of telecommunication infrastructure improvements to the LVCVA's facilities, over the life of the agreement which ends on September 28, 2020. As of June 30, 2017, the total investment made by Cox was \$10.3 million. The improvements are owned by the LVCVA at the end of the term. If early termination occurs the LVCVA is obligated to reimburse Cox for a portion of their investment. As part of the Cashman property transfer to the City of Las Vegas, the LVCVA recorded an estimated liability of \$227 thousand for the unamortized portion of the Cox investment at the location. The remaining amount of \$4.9 million as of June 30, 2017 is considered a contingent liability which is not recorded in the LVCVA's financial statements.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements For the Year Ended June 30, 2017

During the year, as contemplated under the Cox agreement, a neutral host digital antenna system (DAS) was installed in the Las Vegas Convention Center with proceeds from the cellular carriers that use the DAS. Under these agreements, all operating costs of the DAS are paid by the carriers in addition to monthly rent to the LVCVA. The DAS becomes property of the LVCVA at the earlier of the end of the DAS agreement term (November 2026) or the termination of the Cox agreement. If the agreement with COX terminates before September 28, 2020, the LVCVA would assume the rights to the DAS assets and also be responsible for executing the administrative function of operating and maintaining the DAS as defined in the agreement through the remainder of the DAS contract term. This is considered a contingent commitment and asset which is not recorded in the LVCVA's financial statements as it is dependent on potential future events.

The LVCVA has an agreement with Volume Services (dba Centerplate) for food services for the Las Vegas Convention Center and Cashman Center. Centerplate is obligated to invest at least \$17.5 million in food infrastructure improvements to the LVCVA's facilities, over the life of the agreement which terminates on June 30, 2024. As of June 30, 2017, the total investment made by Centerplate was \$5.9 million. The improvements are owned by the LVCVA at the end of the term. If early termination occurs the LVCVA is obligated to reimburse Centerplate for a portion of their investment (\$5.4 million if termination occurred June 30, 2017). This is considered a contingent liability which is not recorded in the LVCVA's financial statements.

OTHER OBLIGATIONS

The LVCVA has no long-term obligation to fund other organizations, for example, Las Vegas Events. However, we acknowledge these other organizations do engage in long-term sponsorship commitments.

On June 1, 2017, the LVCVA transferred ownership of Cashman Center to the City of Las Vegas. In conjunction with the transfer, the LVCVA entered into a management operating agreement with the City of Las Vegas. As part of this operating agreement the LVCVA agreed to operate the convention facility portion until December 31, 2017 at which time the convention facility section will be placed in a "mothball" status. The LVCVA also agreed to operate the stadium portion until 2022, the end of the lease for the current triple A baseball tenant. The LVCVA is responsible for all expenses related to running the facility and the stadium and receives all revenue generated, as well as a yearly stipend from the City for \$209,000 to maintain the convention facility in the mothballed state. Revenues related to operating the facility are recorded in Charges for Services and expenditures are coded to Operating and Marketing Functions.

CONSTRUCTION CONTRACTS AND OTHER SIGNIFICANT COMMITMENTS

The LVCVA is a party to several contracts and commitments relating to construction projects and services related to the LVCVA's facilities and land. At June 30, 2017, such contracts, in the capital projects fund, totaled approximately \$5 million with an estimated outstanding balance of approximately \$1.9 million. Other outstanding commitment balances in the general fund totaled approximately \$2.9 million. As of June 30, 2017, the LVCVA Board has approved staff to host future events in the destination in FY 2018 budgeted at approximately \$1.8 million not previously disclosed.

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 other than disclosed below. 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 is ground water contamination in one of the parking areas of the LVCC. Management believes it is probable that the LVCVA will be named as a responsible party for remediation activities; and therefore, has recorded a \$1,845,000 remediation liability on the government-wide financials using the expected cash flow technique for future remediation costs. This estimate is based on preliminary analysis which could change over time due to continued investigation, actual remediation actions performed, future regulatory rulings, changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 14. ROOM TAX REVENUE:

The LVCVA’s primary revenue source is a portion of the average 10% - 13.38% room tax imposed on lodging establishments in Clark County, Nevada. The rate of taxes can only be increased by action of the Nevada State Legislature.

In October 2016, Senate Bill 1 (SB1) passed during the 30th Special Session of the Nevada Legislature. SB1 provides for a 0.5% increase to transient lodging tax. The new revenues are legislatively restricted to support the LVCCD project.

SB1 also provided for up to an additional 0.88% increase to the lodging tax, to create and fund the Las Vegas Stadium Authority (LVSA). The LVSA will be responsible for the ownership and oversight of a new NFL stadium to be built in Clark County, for the expressed purpose of housing a NFL team. The Stadium Authority will approve the stadium location, development plan and operating agreement, as well as manage the stadium capital improvement fund and related expenditures.

The tax for transient lodging in Clark County is distributed as follows:

	Total *	LVCVA General Fund & LVCVA Capital Fund	Las Vegas Stadium Authority	Clark County School District	Clark County Transportation	Taxing Entity	State of Nevada
Resort Hotels	12% - 14%	4 1/2% - 5 1/2%	0% - 7/8%	1 5/8%	1%	0% - 2%	3 3/8%
Other hotel and motels	10% - 13%	2 1/2% - 4 1/2%	0% - 7/8%	1 5/8%	1%	0% - 2%	3 3/8%

* The individual components of room tax have distinct geographical regions and therefore each property pays varying room tax rates.

As provided for by NRS 244A.645, up to 10% of the total room taxes and gaming fees received by the LVCVA may be paid back to the county and incorporated cities excluding revenues generated from SB1 as those revenues are wholly restricted to the Las Vegas Convention Center District (LVCCD) expansion and renovation project. Additionally, SB1 imposed a cap of \$25.0 million on the total annual collection allocation eligible to be returned to the collecting entities and any value of the 10% collection allocation exceeding the cap, will be restricted to the LVCCD capital fund. The total recognized collection allocation was \$25.0 million in FY 2017, while \$3.3 million was transferred to the LVCCD capital fund in compliance with SB1 for the LVCCD project.

NOTE 15. SUBSEQUENT EVENTS

Events through January 31, 2018, were evaluated by the management of the LVCVA who determined that no additional recognition or disclosure in these financial statements is necessary, except in regard to the matters discussed in the following paragraphs.

On October 1, 2017, Las Vegas was the site of one of the worst mass shootings in U.S. history. The tragedy is likely to have adverse effects on tourism to the area, the local economy, and LVCVA’s revenues and operations for an undeterminable period that are not subject to estimation at this time.

The LVCVA entered into a naming rights agreement related to a proposed new ballpark. Site acquisition, all improvements, and operation of the park is the sole responsibility of the professional team. The 20-year agreement provides the LVCVA with exclusive naming rights, dominate sponsorship signage and other marketing assets for an annual fee of \$4 million estimated to commence in FY 2019.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Postemployment Benefits Other Than Pensions

SCHEDULE OF SHARE OF NET PENSION LIABILITY

Pensions

SCHEDULE OF SHARE OF NET PENSION LIABILITY

Pensions

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

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.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Schedule of Funding Progress

Postemployment Benefits Other Than Pensions

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						
7/1/2012	---	\$ 40,159,887	\$ 40,159,887	0%	\$ 30,228,041	133%
7/1/2014	---	39,266,548	39,266,548	0%	33,467,565	117%
7/1/2016	---	36,654,493	36,654,493	0%	36,192,769	101%
PEBP						
7/1/2012	---	\$ 6,363,081	\$ 6,363,081	0%	N/A*	N/A*
7/1/2014	---	5,386,309	5,386,309	0%	N/A*	N/A*
7/1/2016	---	4,023,171	4,023,171	0%	N/A*	N/A*

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

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
Schedule of Proportionate Share of the PERS Net Pension Liability
For the Years Ended June 30, 2016 and the Last 9 Fiscal Years⁽²⁾

	2014	2015	2016
LVCVA proportion of net pension liability	0.54167%	0.55623%	0.56294%
LVCVA proportionate share of net pension liability	\$ 56,452,216	\$ 63,740,412	\$ 75,755,148
LVCVA's covered employee payroll ⁽¹⁾	\$ 32,046,157	\$ 33,468,391	\$ 34,395,199
LVCVA's proportionate share of the net pension liability as a percentage of LVCVA's covered employee payroll	57%	53%	45%
Plan fiduciary net position as a percentage of total pension liability	76%	75%	72%

⁽¹⁾As required by implementation of GASB Statement No. 82, amounts were restated to reflect payroll on which contributions to the pension are based.

⁽²⁾Only three years of historical data available since the first year of GASB Statement No. 68 implementation.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY
Schedule of Contributions to PERS Pension Plan
For the Years Ended June 30, 2017 and the Last 9 Fiscal Years⁽²⁾

	2014	2015	2016	2017
Contractually required contribution	\$ 8,204,400	\$ 8,585,609	\$ 9,545,749	\$ 10,088,792
Contributions in relation to the contractually required contribution	8,204,400	8,585,609	9,545,749	10,088,792
Contribution deficiency	\$ -	\$ -	\$ -	\$ -
LVCVA's covered employee payroll*	\$ 32,046,157	\$ 33,468,391	\$ 34,395,199	\$ 36,192,769
Contributions as a percentage of covered employee payroll	26%	26%	28%	28%

⁽¹⁾As required by implementation of GASB Statement No. 82, amounts were restated to reflect payroll on which contributions to the pension are based.

⁽²⁾Only four years of historical data available since the first year of GASB Statement No. 68 implementation.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Room taxes and gaming fees	\$ 268,950,000	\$ 271,750,000	\$ 282,982,617	\$ 11,232,617
Charges for services	60,327,000	66,577,000	68,007,099	1,430,099
Interest and investment earnings	231,100	231,100	389,506	158,406
Miscellaneous	2,700	2,700	8,100	5,400
Total revenues	<u>329,510,800</u>	<u>338,560,800</u>	<u>351,387,322</u>	<u>12,826,522</u>
Expenditures:				
Current:				
General government	20,173,800	23,388,100	19,532,835	3,855,265
Marketing:				
Advertising	96,500,000	96,600,000	95,905,154	694,846
Marketing and sales	45,164,200	49,614,200	45,094,547	4,519,653
Special events	14,280,600	13,980,600	12,196,297	1,784,303
Operations	44,866,100	41,651,800	39,289,787	2,362,013
Community support:				
Other community support	27,395,000	25,500,000	25,000,000	500,000
Total expenditures	<u>248,379,700</u>	<u>250,734,700</u>	<u>237,018,620</u>	<u>13,716,080</u>
Excess of revenues over expenditures	<u>81,131,100</u>	<u>87,826,100</u>	<u>114,368,702</u>	<u>26,542,602</u>
Other financing sources (uses):				
Transfers in	109,900	109,900	209,689	99,789
Transfers out	(78,073,300)	(112,898,300)	(111,751,681)	1,146,619
Proceeds from the sale of assets	58,000	58,000	24,271	(33,729)
Total other financing sources (uses):	<u>(77,905,400)</u>	<u>(112,730,400)</u>	<u>(111,517,721)</u>	<u>1,212,679</u>
Net change in fund balances	3,225,700	(24,904,300)	2,850,981	27,755,281
Fund balances - beginning	52,953,857	52,953,857	52,953,857	-
Fund balances - ending	<u>\$ 56,179,557</u>	<u>\$ 28,049,557</u>	<u>\$ 55,804,838</u>	<u>\$ 27,755,281</u>

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Required Supplementary Information

For the Year Ended June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

For the year ended June 30, 2017, no significant events occurred that would have affected or changed the benefits provision, size or composition of those covered by the other post-employment benefit plans, or actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2016, 2014 and 2012.

The actuarial accrued liability and unfunded actuarial accrued liability involve 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 financial statements on pages 43 through 46 of this report.

NOTE 2: PERS PENSION PLAN:

For the year ended June 30, 2017, no significant events occurred that would have affected or changed the benefits provision, size or composition of those covered by the pension plan, or actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2017.

Additional information related to postemployment benefits other than pensions can be found in Note 10 to the financial statements on pages 39 through 43 of this report.

NOTE 3. BUDGET INFORMATION:

The accompanying general fund schedule of revenues, expenditures and change in fund balance 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 financial statements on page 28 through 29 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 accounts for capital expenditures for furniture, equipment, intangibles, and routine improvements or additions to land and buildings financed by general government resources. It also accounts for capital grants to other governments, which are for the express purpose of capital construction activities by the other government.

LVCCD Capital Fund

This fund accounts for all project costs related to LVCCD Phase Two and Three of the expansion and renovation project, as well as accounting for transfers from the general fund and tax revenues enacted and restricted by the Nevada legislature.

Debt Service Fund

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

Proprietary Fund

Internal Service Fund

This fund is used to accumulate monies in reserve for future payment of other post-employment benefits liabilities.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

Capital Projects Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest and investment earnings	\$ 285,000	\$ 285,000	\$ 323,975	\$ 38,975
Miscellaneous	-	-	1,320,442	1,320,442
Total revenues	<u>285,000</u>	<u>285,000</u>	<u>1,644,417</u>	<u>1,359,417</u>
Expenditures:				
Capital outlay:				
Land	-	10,000,000	19,706,870	(9,706,870)
Land improvements	1,045,000	1,407,400	626,893	780,507
Buildings	3,386,500	4,386,600	2,955,426	1,431,174
Furniture and equipment	3,418,500	4,677,700	1,400,099	3,277,601
Construction in progress	107,500,000	71,315,300	338,367	70,976,933
Noncapitalized assets	-	-	1,040,512	(1,040,512)
Capital grants to other governments	-	17,881,830	17,754,180	127,650
Debt service:				
Principal	-	-	72,672	(72,672)
Interest	-	-	10,162	(10,162)
Total expenditures	<u>115,350,000</u>	<u>109,668,830</u>	<u>43,905,181</u>	<u>65,763,649</u>
Deficiency of revenues under expenditures	<u>(115,065,000)</u>	<u>(109,383,830)</u>	<u>(42,260,764)</u>	<u>67,123,066</u>
Other financing sources (uses):				
Transfers in	10,350,000	11,500,000	11,500,000	-
Transfers out	-	(3,255,000)	(3,255,000)	-
Issuance of capital lease obligation	-	-	379,273	379,273
Issuance of debt	50,000,000	50,000,000	-	(50,000,000)
Total other financing sources	<u>60,350,000</u>	<u>58,245,000</u>	<u>8,624,273</u>	<u>(49,620,727)</u>
Net change in fund balances	<u>(54,715,000)</u>	<u>(51,138,830)</u>	<u>(33,636,491)</u>	<u>17,502,339</u>
Fund balances - beginning	<u>79,186,650</u>	<u>79,186,650</u>	<u>79,186,650</u>	<u>-</u>
Fund balances - ending	<u>\$ 24,471,650</u>	<u>\$ 28,047,820</u>	<u>\$ 45,550,159</u>	<u>\$ 17,502,339</u>

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

LVCCD Capital Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Room tax	\$ -	\$ 10,500,000	\$ 11,246,673	\$ 746,673
Interest and investment earnings	-	-	80,289	80,289
Total revenues	-	10,500,000	11,326,962	826,962
Expenditures:				
Construction in progress	-	3,500,000	904,470	2,595,530
Noncapitalized assets	-	-	5,124	(5,124)
Total expenditures	-	3,500,000	909,594	2,590,406
Excess of revenues over expenditures	-	7,000,000	10,417,368	3,417,368
Other financing sources:				
Transfers in	-	23,255,000	23,255,000	-
Transfers in - Excess Collection Allocation	-	2,175,000	3,298,262	1,123,262
Total other financing sources	-	25,430,000	26,553,262	1,123,262
Net change in fund balances	-	32,430,000	36,970,630	4,540,630
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 32,430,000	\$ 36,970,630	\$ 4,540,630

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

Debt Service Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest and investment earnings	\$ 109,900	\$ 109,900	\$ 154,298	\$ 44,398
Federal grant subsidy	2,530,213	2,530,213	4,711,257	2,181,044
	<u>2,640,113</u>	<u>2,640,113</u>	<u>4,865,555</u>	<u>2,225,442</u>
Expenditures:				
5/07 Refunding Bond				
Principal	2,890,000	2,890,000	2,890,000	-
Interest	231,225	231,225	231,225	-
11/07 Revenue Bond				
Principal	1,150,000	1,150,000	1,150,000	-
Interest	2,024,085	1,023,543	1,023,543	-
7/08 General Obligation Bond (NDOT)				
Principal	585,000	585,000	585,000	-
Interest	1,078,385	1,078,385	1,078,385	-
2010A General Obligation Bond (NDOT/BABs)				
Interest	4,721,166	4,721,166	4,721,166	-
2010B General Obligation (NDOT)/Refunding Bond				
Principal	2,400,000	2,400,000	2,400,000	-
Interest	1,943,000	1,943,000	1,943,000	-
2010C General Obligation Bond (NDOT/BABs)				
Principal	4,325,000	4,325,000	4,325,000	-
Interest	9,823,695	9,823,695	9,823,695	-
2010E Revenue Refunding Bond				
Principal	1,730,000	1,730,000	1,730,000	-
Interest	4,039,182	4,039,182	4,039,182	-
2012 General Obligation Bond				
Principal	1,055,000	1,055,000	1,055,000	-
Interest	675,523	675,523	675,523	-
2014 General Obligation Bond				
Interest	2,076,348	2,076,348	2,076,348	-
2015 General Obligation Bond				
Principal	13,685,000	13,685,000	13,685,000	-
Interest	7,716,850	7,716,850	7,716,850	-
2016B Term Loan				
Principal retirement	-	69,200,000	69,200,000	-
Interest	-	54,734	54,734	-
2016C Refunding				
Interest	-	1,689,208	1,689,208	-
Subordinate Revenue Bond (Line of Credit)				
Principal retirement	1,000,000	1,000,000	1,000,000	-
Interest	1,830,000	11,202,830	299,970	10,902,860
Payment to refunded debt escrow agent	69,200,000	69,200,000	69,200,000	-
Debt issuance costs	170,000	1,093,892	1,013,919	79,973
Total expenditures	<u>134,349,459</u>	<u>214,589,581</u>	<u>203,606,748</u>	<u>10,982,833</u>
Deficiency of revenues under expenditures	<u>(131,709,346)</u>	<u>(211,949,468)</u>	<u>(198,741,193)</u>	<u>13,208,275</u>
Other financing sources (uses):				
Transfers in	62,223,300	68,723,300	66,453,419	(2,269,881)
Issuance of debt	70,200,000	192,080,000	192,080,000	-
Premium on debt issuance	-	13,870,085	13,870,085	-
Transfers out	(109,900)	(109,900)	(209,689)	(99,789)
Payment to refunded debt escrow agent	-	(66,316,403)	(66,316,402)	1
Total other financing sources (uses):	<u>132,313,400</u>	<u>208,247,082</u>	<u>205,877,413</u>	<u>(2,369,669)</u>
Net change in fund balances	604,054	(3,702,386)	7,136,220	10,838,606
Fund balances - beginning	55,096,758	55,096,758	55,096,758	-
Fund balances - ending	<u>\$ 55,700,812</u>	<u>\$ 51,394,372</u>	<u>\$ 62,232,978</u>	<u>\$ 10,838,606</u>

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Schedule of Revenues, Expenses and Change in Net Position - Budget and Actual

Internal Service Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Non-operating revenues (expenses):				
Interest and investment earnings	\$ 185,200	\$ 185,200	\$ 66,379	\$ (118,821)
Income before transfers	185,200	185,200	66,379	(118,821)
Transfers in	5,500,000	10,500,000	10,500,000	-
Change in net position	5,685,200	10,685,200	10,566,379	(118,821)
Net position - beginning	14,346,854	14,346,854	14,346,854	-
Net position - ending	\$ 20,032,054	\$ 25,032,054	\$ 24,913,233	\$ (118,821)

APPENDIX B

AUDITED BASIC FINANCIAL STATEMENTS OF THE COUNTY AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE: The audited basic financial statements of the County included in this APPENDIX B have been excerpted from the County's Comprehensive Annual Financial Report for the year ended June 30, 2017. The combining and individual fund financial statements, introductory section and statistical tables for the fiscal year ended June 30, 2017, were purposely excluded from this APPENDIX B. Such statements provide supporting details and are not necessary for a fair presentation of the general purpose financial statement of the County.



Independent Auditor's Report

To the Honorable Board of County Commissioners
and the County Manager
Clark County, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Clark County, Nevada, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following:

- The financial statements of University Medical Center of Southern Nevada and Clark County Water Reclamation District, which are major funds and which, when combined, represent 29 percent of the assets, 53 percent of net position, and 49 percent of the revenues of the business-type activities;
- The financial statements of Las Vegas Valley Water District, Big Bend Water District, and Regional Transportation Commission of Southern Nevada which are discretely presented component units and which, when combined, represent 96 percent, 146 percent, and 87 percent, respectively, of the assets, net position, and revenues of the discretely presented component units.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the above-mentioned funds and entities is based solely on the reports of the other auditors except for the adjustment discussed in the Emphasis-of- Matter paragraphs under the heading *Adoption of New Accounting Standard*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As discussed in Note I to the financial statements, the County has adopted the provisions of GASB Statement No. 82, *Pension Issues – An Amendment of GASB No. 67, No. 68, and No. 73*, which has resulted in a restatement of the net position as of July 1, 2016. Our opinions are not modified with respect to this matter.

The financial statements of University Medical Center of Southern Nevada, Clark County Water Reclamation District, and Regional Transportation Commission, audited by other auditors, did not include an adoption of the provisions of GASB No. 82 as required. Clark County, Nevada restated the net position of these entities to comply with the provisions of GASB No. 82. As part of our audit of the financial statements, we also audited the adjustments described in Note I that were applied to restate the net position as of July 1, 2016 of University Medical Center of Southern Nevada, Clark County Water Reclamation District, and Regional Transportation Commission. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the financial statements of University Medical Center of Southern Nevada, Clark County Water Reclamation District, and Regional Transportation Commission other than with respect to the adjustments.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the general fund and major special revenue fund, schedule of funding progress for the OPEB liability, and pension trend data on pages 5 through 15 and 135 through 155 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 and other auditors have applied certain limited procedures to the management's discussion and analysis and pension and OPEB trend data, in accordance with auditing standards generally accepted in the United States of

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

The budgetary comparison information, reconciliations, and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clark County, Nevada's basic financial statements. The introductory section, combining and individual fund statements and schedules, schedule of business license fees, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and schedule of business license fees are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund financial statements and schedules and schedule of business license fees are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Prior Year Comparative Information

The financial statements of Clark County, Nevada as of and for the year ended June 30, 2016, were audited by Eide Bailly LLP, whose report dated January 5, 2017, expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

The individual fund schedules related to the 2016 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The individual fund schedules are consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2018 on our consideration of the County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clark County, Nevada's control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Las Vegas, Nevada
February 5, 2018

Clark County, Nevada

Management's Discussion and Analysis
June 30, 2017

The discussion and analysis of Clark County, Nevada (the County) is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activities, (c) identify changes in the County's financial position (its ability to address subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

We encourage readers to read this information in conjunction with the transmittal letter, financial statements and accompanying notes to gain a more complete picture of the information presented.

Financial Highlights - Primary Government

- The independent auditor's report offers an unmodified opinion that the County's financial statements are presented fairly in all material respects.
- Government-wide net position totaled \$8,765,322,838. Net position of governmental activities totaled \$5,932,289,343 and those of business-type activities totaled \$2,833,033,495.
- The County's total net position increased by \$ 139,403,914 before the impact of prior period adjustments. Net position from governmental activities decreased by \$59,810,947 and net position from business-type activities increased by \$199,214,861 before the impact of prior period adjustments. Net position from governmental activities decreased mainly because of loss on disposal of capital assets related to annexations and implementation of GASB 82, *Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73*, which impacts the period of expense recognition of employer paid contributions to PERS to satisfy employee contribution requirements. Net position from business-type activities increased largely due to UMC, Clark County Water Reclamation, and Department of Aviation operating surpluses. In addition, beginning governmental and business-type activities net positions was reduced by \$159,526,731 and \$59,105,665, respectively, primarily due to the implementation of GASB 82. The implementation of GASB 82 resulted in a decrease of net position from governmental activities at July 1, 2016 of \$159,526,731 to adjust deferred outflows of resources related to pensions for reclassification of employer paid contributions to employee contributions. The implementation of GASB 82 resulted in a decrease of net position from business-type activities at July 1, 2016 of \$55,384,325 to adjust deferred outflows of resources related to pensions for reclassification of employer paid contributions to employee contributions. The County's total net position decreased \$79,228,482 including the impact of prior period adjustments.
- Unrestricted net position was (\$604,231,366), with (\$636,787,690) resulting from governmental activities and \$32,556,324 from business-type activities. Unrestricted net position from governmental activities increased by 46 percent from the prior year, and unrestricted net position from business-type activities decreased by 56 percent from the prior year.
- Net capital assets were \$13,093,992,135 of which \$6,370,277,894 was from governmental activities and \$6,723,714,241 was from business-type activities. Major additions for governmental activities during the year included \$130 million toward beltways, roadways, and streets, \$79 million toward flood control projects and \$29 million in the rehabilitation of the detention center. Major additions for business-type activities during the year included \$136 million in Department of Aviation capital expenditures, the eighth largest airport in the United States, and \$276 million in sewer system and related equipment additions. Depreciation expense attributable to assets of governmental activities amounted to \$301,192,051 for the year, and \$302,762,650 for business-type activities.
- Bonds and loans payable totaled \$6,402,864,215. The following new debt was issued during the fiscal year:

Governmental activities:

General obligation bonds

\$593,310,000 in bonds for Southern Nevada Water Authority bond bank

- On August 3, 2016, the County issued \$271,670,000 in general obligation (limited tax) Bond Bank Refunding bonds Series 2016B with a stated interest rate range of 4.00-5.00 percent. The bond proceeds totaled \$338,530,221. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. This transaction resulted in the partial defeasance of the November 2006 bonds and the related liability has been removed from the financial statements of the County. The refunding resulted in a loss of \$10,022,921, which represents the difference between the defeased bonds and the amount placed in escrow. The advanced refunding also resulted in future cash flow savings of \$84,402,052 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$71,677,162.
- On March 22, 2017, the County issued \$321,640,000 in general obligation (limited tax) Bond Bank Refunding bonds Series 2017 with a stated interest rate range of 4.00-5.00 percent. The bond proceeds totaled \$353,340,227. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. This transaction resulted in the partial defeasance of the July 2008 bonds and the related liability has been removed from the financial statements of the County. The refunding resulted in a loss of \$2,978,228, which represents the difference between the defeased bonds and the amount placed in escrow. The advanced refunding also

resulted in future cash flow savings of \$53,686,885 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$38,671,066.

Business-type activities:

General obligation bonds:

\$269,465,000 in bonds for the Water Reclamation District

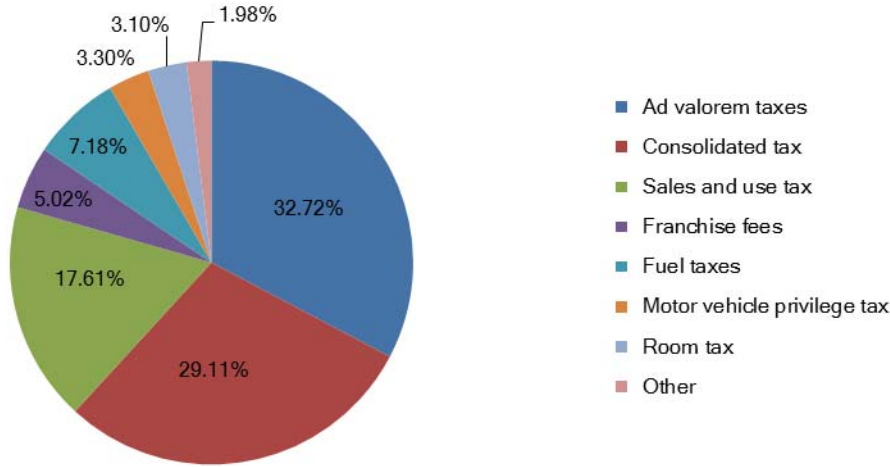
Revenue bonds

\$328,905,000 in bonds for the Department of Aviation

- On August 30, 2016, the County issued \$269,465,000 in general obligation (limited tax) Water Reclamation Refunding bonds Series 2016 to refund \$48,240,000 of Series 2007 bonds, refund \$116,595,000 of Series 2009A bonds, refund \$106,240,000 of Series 2009B, and to pay certain costs of issuance thereof. The series 2016 bonds have stated interest ranging from 3.00 to 5.00 percent, and a maturity date of July 1, 2038. The bond proceeds totaled \$303,170,076. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. This transaction resulted in the defeasance of the 2007, 2009A, and 2009B issues and the related liability has been removed from the financial statements of the County. The refunding resulted in a loss of \$30,990,403, which represents the difference between the defeased bonds and the amount placed in escrow. The advance refunding also resulted in future cash flow savings of \$71,072,827 and an economic gain (difference between the present value of the old and new debt service payments) of \$55,373,646.
- On April 25, 2017, the County issued \$65,505,000 Series 2017 A-1 Subordinate Lien Revenue Bonds and \$47,800,000 Series 2017 A-2 Subordinate Lien Revenue Bonds to refund the Series 2007 A-1 and A-2 Subordinate Lien Revenue Bonds and to pay certain costs of issuance thereof. The Series 2017 A-1 bonds have stated interest rates ranging from 4.00 to 5.00 percent and a maturity date of July 1, 2022. The Series 2017A-2 bonds have a stated interest rate of 5.00 percent and a maturity date of July 1, 2040. The bond proceeds totaled \$71,525,149 for the 2017 A-1 bonds and \$53,498,378 for the 2017 A-2 bonds. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. This transaction resulted in the defeasance of the 2007 A-1 and 2007 A-2 issues and the related liability has been removed from the financial statements of the County. The refunding resulted in a gain of \$2,859,367 for the refunding of the 2007 A-1 bonds and a gain of \$2,010,255 for the refunding of the Series 2007A-1 bonds, which represents the difference between the defeased bonds and the amount placed in escrow. The advance refunding resulted in future cash flow savings of \$55,737,632 for the refunding of the Series 2007A-1 bonds and an economic gain (difference between the present value of the old and new debt service payments) of \$14,264,138. The advance refunding also resulted in future cash flow savings of \$12,521,889 for the refunding of the 2007A-2 bonds and an economic gain (difference between the present value of the old and new debt service payments) of \$7,083,597.
- On April 25, 2017, the County issued \$69,305,000 Series 2017B Passenger Facility Charge Revenue Bonds to refund the Series 2007 A-1 bonds and to pay certain costs of issuance thereof. The Series 2017B bonds have stated interest rates ranging from 3.25 to 5.00 percent and a maturity date of July 1, 2025. The bond proceeds totaled \$77,942,609. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. The refunding resulted in a gain of \$1,994,978, which represents the difference between the defeased bonds and the amount placed in escrow. The advance refunding also resulted in future cash flow savings of \$54,328,616 and an economic gain (difference between the present value of the old and new debt service payments) of \$17,007,023.
- On June 29, 2017, the County issued \$146,295,000 Series 2017C Subordinate Lien Revenue Airport notes to refund the 2015B notes and to pay certain costs of issuance thereof. The Series 2017C bonds have stated interest rates of 5.00 percent. The bond proceeds totaled \$165,128,040. The present value over the three-year life of the aggregate debt service payments for the Series 2017C Notes is \$165,822,457. There is no aggregate debt to service on the refunding transaction between the refunding notes and the refunded notes due to the fact that the Series 2015B Notes matured on July 1, 2017.

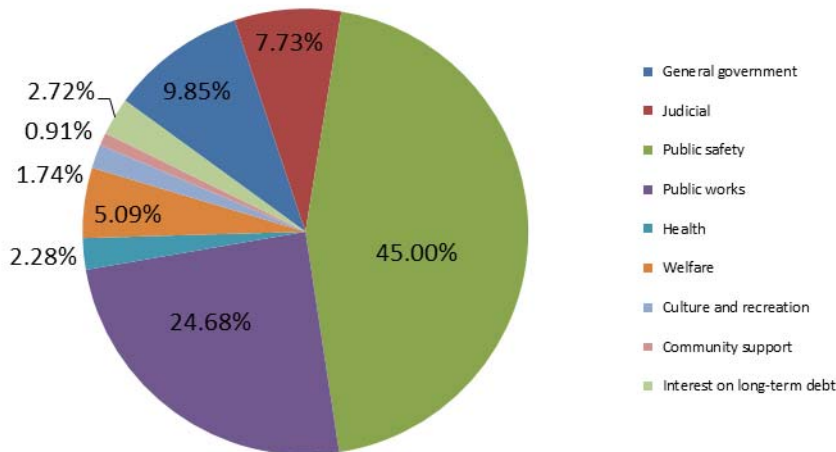
- The County's primary general revenue sources for governmental activities were ad valorem taxes in the amount of \$622,066,256, consolidated taxes in the amount of \$553,377,199, and sales and use taxes of \$334,726,553. These three revenue sources comprised 33 percent, 29 percent, and 18 percent, respectively, or 80 percent of total governmental activities general revenues.

General Revenues - Governmental Activities:



- The County's total expenses were \$4,416,890,937. Governmental activities comprised \$2,925,397,051 of total expenses, the largest functional expenses being public safety in the amount of \$1,316,604,127 and public works in the amount of \$722,278,543. Business-type activities accounted for \$1,491,493,886 of total expenses, the largest components being for hospital expense in the amount of \$631,223,871 and airport in the amount of \$628,926,285.

Expenses - Governmental Activities:



- General government expenses totaled \$288,059,649 or 63% more than the prior year due to a reclassification of expenses to general government from the "other" function, which is no longer used. General government includes \$85,464,184 of expenses that were previously classified to the "other function." The remaining increase after the reclassification is considered is 14%.
- Judicial expenses totaled \$226,100,942 or 8% more than the prior year.
- Public safety expenses totaled \$1,316,604,127 or 12% more than the prior year.
- Public works expenses totaled \$722,278,543 or 10% more than the prior year.

- Health expenses totaled \$66,601,476 or 41% more than the prior year due to a reclassification of expenses to health from the “other” function, which is no longer used. Health includes \$20,109,032 of expenses that were previously classified to the “other function.” After the reclassification is considered, expenses decreased by 1.50% from the prior year.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$199,179,595 or 16% of total General Fund expenditures and transfers out.

Overview of the Financial Statements

- This discussion and analysis is intended to serve as an introduction to the County’s basic financial statements which are composed of government-wide financial statements, fund financial statements, and accompanying notes. This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

- o The government-wide financial statements are designed to provide readers with a broad overview of the County’s finances in a manner similar to a private-sector business.
- o The statement of net position presents information on all of the County’s assets, deferred outflows, liabilities, and deferred inflows. The difference between assets and deferred outflows less liabilities and deferred inflows is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- o The statement of activities presents information showing how the County’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).
- o The government-wide financial statements report three types of activities: governmental activities, business-type activities, and discretely presented component units. The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, public safety, public works, health, welfare, culture and recreation, community support, other, and interest on long-term debt. The business-type activities of the County include operations of its hospital, airports, and sewer utilities, and other operations. Discretely presented component units account for functions of legally separate entities for whom the County is financially accountable or whose governing bodies are not substantially the same as the County. The activities of the discretely presented component units include regional transportation, flood control planning and water districts. Complete financial statements of the individual component units can be obtained from their respective administrative offices. Contact information is included in The Reporting Entity section of Note I, Summary of Significant Accounting Policies.
- o The government-wide financial statements include not only the governmental and business-type activities of the County itself (known as the primary government), but also those of the legally separate entities for whom the County is financial accountable and whose governing bodies are substantially the same as the County: University Medical Center (UMC) and the Clark County Water Reclamation District. The Board of County Commissioners acts as the governing board for each of these component units whose activities are blended with those of the primary government because they function as part of the County government. Complete financial statements of the individual component units can be obtained from their respective administrative offices. Contact information is included in The Reporting Entity section of Note I, Summary of Significant Accounting Policies.

Fund Financial Statements

- o A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County’s near-term financial requirements.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

- The County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Las Vegas Metropolitan Police Department fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the combining and individual fund statements and schedules. In accordance with Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* certain special revenue funds have been included in the General Fund for financial reporting purposes as shown in the Major Governmental Funds section. These funds are not included for budgetary comparison purposes described below.
- The County adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement is provided for each of the County's governmental funds to demonstrate compliance with the budget. The budgetary comparison statements for the major governmental funds are presented as required supplementary information; the budgetary comparison statements for all other governmental funds are included in the fund financial schedules and accompanying supplementary information.

Proprietary Funds

- The County maintains two distinct types of proprietary funds.
 - ◆ Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its hospital, airport, sewer, and other activities.
 - ◆ Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The County uses internal service funds to account for the following activities:
 - * Construction management
 - * Fleet maintenance
 - * Investment pool operations
 - * Employee benefits
 - * Central printing and mailing
 - * Information systems development
 - * Self-insurance activities, including:
 - + Liability insurance
 - + Workers' compensation
 - + Group insurance
 - + Other post-employment benefits (fund closed 6/30/17)
- Proprietary funds provide the same type of information as the government-wide financial statements, but with more detail. The proprietary fund financial statements provide separate information for UMC, and Clark County Water Reclamation District, each of which is a blended component unit and reported as a major fund within the fund financial statements. In addition, separate information is provided for an additional major fund, the Department of Aviation. Conversely, the internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining and individual fund statements and schedules.

Fiduciary Funds

- The County's fiduciary funds consist of two (2) employee benefit funds, one (1) pension fund, one (2) investment trust fund, and 38 agency funds. The employee benefit funds are the Medical Insurance Premium Retirement Plan and the County Section 125 Plan. The pension fund is the Las Vegas Valley Water District Pension Plan. The investment trust funds are the Pooled Investment Trust Fund to account for the net position of the County's external investment pool and the Southern Nevada Health District (SNHD) Investment Trust accounts for the net position of the SNHD's individual investment account. The agency funds are used to hold monies for other entities or individuals until disposition.

Notes to Financial Statements

- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

- In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Las Vegas Valley Water District's progress in funding its obligation to provide pension benefits to its employees as well as a schedule of funding progress for other post-employment benefits. It also includes a schedule of budgetary comparisons for the following major governmental funds:
 - ♦ General Fund
 - ♦ Las Vegas Metropolitan Police Department Special Revenue Fund
- The combining statements and individual fund budgetary schedules are presented immediately following the required supplementary information.
- Unaudited statistical information is provided on a ten-year basis for trend and historical analysis.

Government-Wide Financial Analysis

- Net position of the County as of June 30, 2017, and June 30, 2016, are summarized and analyzed below:

Clark County, Nevada Net Position - Primary Government

	Governmental Activities		Business -type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 4,280,870,493	\$ 4,340,498,460	\$2,073,611,244	\$1,994,065,541	\$6,354,481,737	\$6,334,564,001
Net capital assets	<u>6,370,277,894</u>	<u>6,428,974,029</u>	<u>6,723,714,241</u>	<u>6,715,097,313</u>	<u>13,093,992,135</u>	<u>13,144,071,342</u>
Total assets	<u>10,651,148,387</u>	<u>10,769,472,489</u>	<u>8,797,325,485</u>	<u>8,709,162,854</u>	<u>19,448,473,872</u>	<u>19,478,635,343</u>
Deferred outflows	<u>390,966,892</u>	<u>333,276,777</u>	<u>246,000,117</u>	<u>234,157,876</u>	<u>636,967,009</u>	<u>567,434,653</u>
Liabilities						
Long-term liabilities	4,247,993,071	4,020,910,877	5,662,473,755	5,724,391,853	9,910,466,826	9,745,302,730
Other liabilities	<u>672,491,593</u>	<u>689,782,114</u>	<u>458,071,281</u>	<u>426,035,726</u>	<u>1,130,562,874</u>	<u>1,115,817,840</u>
Total liabilities	<u>4,920,484,664</u>	<u>4,710,692,991</u>	<u>6,120,545,036</u>	<u>6,150,427,579</u>	<u>11,041,029,700</u>	<u>10,861,120,570</u>
Deferred Inflows	<u>189,341,272</u>	<u>240,429,254</u>	<u>89,747,071</u>	<u>99,968,852</u>	<u>279,088,343</u>	<u>340,398,106</u>
Net Position						
Net investment in capital assets	5,702,560,978	5,725,935,113	2,415,916,940	2,216,412,360	8,118,477,918	7,942,347,473
Restricted	866,516,055	862,232,635	384,560,231	402,377,494	1,251,076,286	1,264,640,129
Unrestricted	<u>(636,787,690)</u>	<u>(436,540,727)</u>	<u>32,556,324</u>	<u>74,134,445</u>	<u>(604,231,366)</u>	<u>(362,406,282)</u>
Total net position	<u>\$ 5,932,289,343</u>	<u>\$ 6,151,627,021</u>	<u>\$ 2,833,033,495</u>	<u>\$ 2,692,924,299</u>	<u>\$8,765,322,838</u>	<u>\$8,844,551,320</u>

- As noted earlier, net position may serve over time as a useful indicator of the County's financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$8,765,322,838 as of June 30, 2017 and by \$8,844,551,320 as of June 30, 2016, a net decrease of \$79,228,482 or 1%.
- 93% of the County's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.); less any related debt outstanding used to acquire those assets (unspent proceeds from long-term debt issues). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the debt.
- 14% of the County's net position is restricted due to resources that are subject to external restrictions on how they may be used. Of restricted net position, 31% is for construction of capital assets, 30% is for repayment of long-term debt, 15% is for public safety, and the balance of 7% is restricted for Airport Passenger Facility Charges.
- The remaining portion of the County's net position is unrestricted, but is negative at (\$604,231,366) due to the recognition of the long-term net pension liability.
- At June 30, 2017, the County had positive balances in all three categories of net position for business type activities, but unrestricted net position for the government as a whole, as well as for governmental activities is negative.

Clark County, Nevada Changes in Net Position - Primary Government

	Governmental Activities		Business -type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 438,366,707	\$ 427,253,905	\$ 1,483,607,147	\$ 1,423,408,659	\$ 1,921,973,854	\$ 1,850,662,564
Operating grants and contributions	371,232,362	373,378,409	19,080	117,040	371,251,442	373,495,449
Capital grants and contributions	199,674,371	160,675,672	112,628,538	90,118,070	312,302,909	250,793,742
General revenues						
Ad valorem taxes	622,066,256	603,462,672	-	-	622,066,256	603,462,672
Consolidated tax	553,377,199	527,000,215	-	-	553,377,199	527,000,215
Sales and use tax	334,726,553	300,291,758	18,544,504	17,717,754	353,271,057	318,009,512
Franchise fees	95,436,976	95,729,623	-	-	95,436,976	95,729,623
Fuel taxes	136,480,612	130,050,085	-	-	136,480,612	130,050,085
Motor vehicle privilege tax	62,688,330	58,475,665	-	-	62,688,330	58,475,665
Room tax	58,981,471	54,507,400	-	-	58,981,471	54,507,400
Other	34,296,296	55,946,180	-	-	34,296,296	55,946,180
Gain on sale or disposition of assets	2,191,234	6,944,068	12,620	156,386	2,203,854	7,100,454
Interest income (loss)	1,064,089	41,497,388	30,900,506	(5,175,189)	31,964,595	36,322,199
Total revenues	2,910,582,456	2,835,213,040	1,645,712,395	1,526,342,720	4,556,294,851	4,361,555,760
Expenses						
General government	288,059,649	177,102,941	-	-	288,059,649	177,102,941
Judicial	226,100,942	209,586,106	-	-	226,100,942	209,586,106
Public safety	1,316,604,127	1,172,536,246	-	-	1,316,604,127	1,172,536,246
Public works	722,278,543	658,895,973	-	-	722,278,543	658,895,973
Health	66,601,476	47,201,495	-	-	66,601,476	47,201,495
Welfare	148,900,680	139,775,085	-	-	148,900,680	139,775,085
Culture and recreation	50,761,817	48,807,737	-	-	50,761,817	48,807,737
Community support	26,635,103	21,478,122	-	-	26,635,103	21,478,122
Other	-	101,489,878	-	-	-	101,489,878
Interest on long-term debt	79,454,714	85,970,505	-	-	79,454,714	85,970,505
Hospital	-	-	631,223,871	583,292,118	631,223,871	583,292,118
Airport	-	-	628,926,285	621,075,423	628,926,285	621,075,423
Sewer	-	-	189,048,443	173,740,894	189,048,443	173,740,894
Other	-	-	42,295,287	48,290,658	42,295,287	48,290,658
Total expenses	2,925,397,051	2,662,844,088	1,491,493,886	1,426,399,093	4,416,890,937	4,089,243,181
Increase (decrease) in net position before transfers	(14,814,595)	172,368,952	154,218,509	99,943,627	139,403,914	272,312,579
Transfers	(44,996,352)	(55,269,224)	44,996,352	55,269,224	-	-
Increase (decrease) in net position	(59,810,947)	117,099,728	199,214,861	155,212,851	139,403,914	272,312,579
Net position - beginning	6,151,627,021	6,034,527,293	2,692,924,299	2,537,711,448	8,844,551,320	8,572,238,741
Prior period adjustment	(159,526,731)	-	(59,105,665)	-	(218,632,396)	-
Net position - beginning, restated	5,992,100,290	6,034,527,293	2,633,818,634	2,537,711,448	8,625,918,924	8,572,238,741
Net position - ending	\$ 5,932,289,343	\$ 6,151,627,021	\$ 2,833,033,495	\$ 2,692,924,299	\$ 8,765,322,838	\$ 8,844,551,320

- Program revenues included charges for services, fines and forfeitures, certain licenses and permits, special assessments, and both operating and capital grants and contributions. Program revenues from governmental activities increased by \$47,965,454, or 5 percent, due to increases in capital grants and contributions for road, flood and other infrastructure projects. Program revenues from business-type activities increased by \$82,610,996, or 5 percent, primarily due increases in hospital revenue driven by rate increases in the overall Upper Payment Limit (UPL) funding, new Medicaid Managed Care Organization Enhancements Program (Enhanced MCO), price increases, changing landscape of payor mix and major decline in self-pay from prior years, and favorable reimbursable rates changes to contracts and increases in airport operating grants and contributions from the TSA for the reconfiguration of the checked baggage system in Terminal 1.
- General revenues consisted of taxes and interest not allocable to specific programs. For governmental activities, the largest of these revenues, ad valorem taxes, increased by \$18,603,584 or 3 percent. This increase reflects the recovery of assessed values during the fiscal year. Consolidated tax increased by \$26,376,984, or 5 percent, and sales and use tax increased in governmental activities by \$34,434,795, or 11 percent, both due to a continued increased in economic activity during fiscal year 2017. Fuel tax revenue increased

\$6,430,527 or 5 percent primarily due to the increase in fuel index revenue in fiscal year 2017. Interest income decreased \$4,357,604 or 12% primarily due to an increase in unrealized losses investments.

- County governmental activity expenses increased 10% in fiscal year 2017. Significant changes from the prior year are as follows:
 - General government expenses increased \$110,956,708 or 63 percent due to a reclassification of expenses to general government from the “other” function, which is no longer used. General government includes \$85,464,184 of expenses that were previously classified to the “other function.” The remaining increase after the reclassification is considered is 14% and is primarily due to adjustment of the bond bank receivable for current year debt refundings.
 - Judicial expenses increased \$16,514,836 or 8 percent due the implementation of GASB No. 82, which impacts the period of expense recognition of employer paid contributions to PERS to satisfy employee contribution requirements. As a result expenses were recognized in the current year for employer paid contributions to PERS that were recognized as deferred outflows in the prior year.
 - Public Safety expenses increased \$144,067,881 or 12 percent due to due the implementation of GASB No. 82, which impacts the period of expense recognition of employer paid contributions to PERS to satisfy employee contribution requirements. As a result expenses were recognized in the current year for employer paid contributions to PERS that were recognized as deferred outflows in the prior year. Additionally, there were increases in salaries for additional police officers.
 - Public works expenses increased \$63,382,570 or 10% due to an increase in loss on disposal of capital assets resulting from annexations of land and infrastructure to other jurisdictions.
 - Health expenses increased \$19,399,981 or 41 percent due to more than the prior year due to a reclassification of expenses to health from the “other” function, which is no longer used. Health includes \$20,109,032 of expenses that were previously classified to the “other function.” After the reclassification is considered, expenses decreased by 1.50% from the prior year.
 - Welfare expenses increased \$9,125,595 or 7 percent due to increase in long-term care facilities expenses.

Financial Analysis of the County's Funds

- The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

- The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.
- As of the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$2,085,182,411, an increase of \$96,351,227, or 5 percent. Fund balance components have been classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources of fund.
- Nonspendable fund balance is \$3,448,046 and consists of \$319,735 for Las Vegas Metropolitan Police Department, \$3,100,000 for a contribution to be held in perpetuity for the benefit of the Wetlands Park, and \$28,311 of inventory for the Forensic Fund.
- Restricted fund balance is \$866,516,055 or 42% of the total. Spending of these resources is constrained by externally imposed (statutory, bond covenant, or grantors) limitations on their use. Restricted fund balances include \$324,544,958 for capital projects, \$189,547,196 for public safety activities and \$147,218,853 for debt service.
- Committed and assigned fund balances combined represent 49% of total fund balance with spending constrained either by the Board of County Commissioners (BCC) (for committed) or senior management (for assigned). Committed balances are primarily a result of direction from the BCC to commit funds for the payment of expenditures for specific programs or projects.
- Unassigned fund balance represents the General Fund remaining fund balance and is available to support general operations of the County.
- The General Fund is the main operating fund of the County. Restricted fund balance of \$87,894,317 includes restricted cash and unspent proceeds from legislatively mandated ad valorem taxes. Unrestricted fund balance, which includes committed, assigned, and unassigned balances, totaled \$363,367,769 at June 30, 2017. Unrestricted fund balance was 28% of expenditures and other financing uses and includes amounts committed and assigned of \$710,032 and \$163,478,142 respectively. Unassigned fund balance is \$199,179,595, or 15% of expenditures and other financing uses.
- Key factors in the change in fund balance in the General Fund as reported for budget purposes are as follows:
 - Revenues and transfers-in increased by \$46,494,521, or 4 percent.

General fund revenues increased by \$35,623,421, or 4 percent. Ad valorem tax revenues increased by \$13,244,628, or 5 percent due to increases in new construction and property assessed values. Intergovernmental revenue, the largest

component of which is the consolidated tax, increased by \$18,841,406, or 5 percent, due to the increased economic activity in the local economy.

Transfers-in increased by \$10,871,100, or 4 percent, primarily due to increases in transfers from the various town funds for town services.

- Expenditures and transfers out increased by \$62,723,238, or 5 percent.

General fund expenditures increased by \$8,535,288 or 1 percent primarily due to increases in Welfare expenditures offset by decreases in Health expenditures. Transfers out increased by \$54,187,950, or 10 percent due to increases in transfers to the Las Vegas Metropolitan Police Department Fund and the County Capital Projects Fund.

o Other major fund activity is as follows:

- The Las Vegas Metropolitan Police Department operates from current year resources and it typically budgets for a lower fund balance than other governmental units. However, it ended the year with a total unrestricted fund balance of \$20,167,412. Total revenues and transfers in were \$551,658,682, which was an increase of \$15,210,868 or 3 percent, over the prior year. Expenditures and transfers out, which consist primarily of personnel costs, increased \$34,632,858 or 7 percent largely due to the addition of 58 full-time positions and an aggressive hiring plan to fill vacant Police Officer positions,
- The non-major governmental funds reported a fund balance of \$1,613,433,178, of which \$778,621,738 or 48% was restricted. All funds have the resources to meet their commitments.

Enterprise Funds

- The County's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. Minor differences arise between the enterprise funds and the business-type activities in the government-wide statements due to the effects of consolidation of internal service fund activities related to the enterprise funds. Total net position for these funds increased \$140,109,196, or 5% percent from the prior year. Unrestricted net position of the enterprise funds totaled \$43,392,196, a decrease of \$56,631,909 or 57% primarily due to the prior period adjustment related to the implementation of GASB No. 82.

Internal Service Funds

- The County's internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Other factors concerning the finances of the internal service funds have already been addressed in the discussion of the County's governmental activities.

Budgetary Highlights

- The General Fund's legal level of budgetary control is the function level. The final amended budget for expenditures and other financing uses was \$1,340,628,985, increased through augmentation by \$37,369,368 from the original budget. Actual expenditures and other financing uses were \$1,305,755,046, or 3 percent less than the final budget, primarily due to staff vacancy savings, and the reduction of intergovernmental transfers.
- Revenues and other transfers from other financing sources of the general fund exceeded the final budget by \$34,254,206, or 3 percent due to an increase in consolidated and sales tax revenue.

Capital Assets and Debt Administration

Primary Government

• Capital Assets

- o The County's investment in capital assets, net of accumulated depreciation at June 30, 2017, was \$13,093,992,135, a decrease of \$50,079,207, or less than 1 percent. Detail by type of activity and asset is summarized in the table below.

Major additions for this fiscal year are as follows:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
Roadways and streets	\$ 79 million	Airport improvements and additions	\$ 136 million
Flood control projects	\$ 79 million	Sewer system additions	\$ 276 million

Clark County, Nevada Capital Assets - Primary Government
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 1,581,641,174	\$ 1,698,276,368	\$ 2,691,714,159	\$ 2,515,533,013	\$ 4,273,355,333	\$ 4,213,809,381
Buildings	1,153,372,506	1,187,083,048	3,239,385,386	3,324,381,567	4,392,757,892	4,511,464,615
Machinery and equipment	107,326,648	93,203,052	428,366,306	414,739,097	535,692,954	507,942,149
Infrastructure	3,159,522,116	3,159,891,211	-	-	3,159,522,116	3,159,891,211
Construction in progress	368,415,450	290,520,350	364,248,390	460,443,636	732,663,840	750,963,986
Total	\$ 6,370,277,894	\$ 6,428,974,029	\$ 6,723,714,241	\$ 6,715,097,313	\$13,093,992,135	\$13,144,071,342

- o For additional information on the County's capital assets see note 4 in the accompanying financial statements.

Long-Term Debt

Primary Government

- At June 30, 2017, the County had total outstanding bonds and loans of \$6,402,864,215, a decrease of \$319,029,075, or 5 percent, from the prior year. Of this amount, \$1,436,379,313 comprised general obligation debt backed by the full faith and credit of the County, \$626,149,989 of general obligation bonds additionally secured by specified revenue sources, \$4,000,484,993 of revenue bonds secured by pledges of various revenue sources, \$153,467,887 in special assessment debt for which the County is liable in the event of default by the property owners subject to assessment, and \$186,382,033 in capital leases.

Clark County, Nevada Outstanding Debt - Primary Government

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 1,436,379,313	\$ 1,538,629,647	\$ -	\$ -	\$1,436,379,313	\$1,538,629,647
Revenue backed general obligation bonds	-	-	626,149,989	621,758,732	626,149,989	621,758,732
Revenue bonds	10,000	10,000	4,000,474,993	4,204,434,729	4,000,484,993	4,204,444,729
Special assessment bonds	153,467,887	170,253,144	-	-	153,467,887	170,253,144
Capital leases	186,382,033	186,807,038	-	-	186,382,033	186,807,038
Total	\$ 1,776,239,233	\$ 1,895,699,829	\$ 4,626,624,982	\$ 4,826,193,461	\$ 6,402,864,215	\$ 6,721,893,290

- o For additional information on the County's debt, see note 6 in the accompanying financial statements.

Economic Factors

- UMC continues to deal with the impact of uninsured patients. UMC's operating profit was \$4,602,413 for the fiscal year 2017 compared to an operating profit of \$15,939,581 in fiscal year 2016. The return to operating profitability is due primarily increases in hospital revenue driven by rate increases in the overall Upper Payment Limit (UPL) funding, new Medicaid Managed Care Organization Enhancements Program (Enhanced MCO), price increases, changing landscape of payor mix and major decline in self-pay from prior years, and favorable reimbursable rates changes to contracts.
- The County has positioned itself to meet the needs of its citizens. The taxable values have begun to increase and the remaining tax base will generate adequate revenues to provide basic services. A cost containment program continues to be in place, enforcing a reasonable pace of salary growth and position savings. The County's general fund unassigned ending fund balance remains healthy. Together, these factors have placed the County in an acceptable financial position to mitigate the current economic uncertainty. However, continued economic uncertainty could ultimately result in a deterioration of the County's financial condition.

Requests for Information

- This report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Anna Danchik, Comptroller, at 500 South Grand Central Parkway, Las Vegas, NV 89155.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Clark County, Nevada
Statement of Net Position
June 30, 2017

	Primary Government			Component Units				
	Governmental Activities	Business-Type Activities	Total	Clark County Regional Flood Control District	Regional Transportation Commission of Southern Nevada	Las Vegas Valley Water District	Other Water Districts	Clark County Stadium Authority
Assets								
Unrestricted assets								
Cash and investments								
In custody of the County Treasurer	\$ 2,317,645,365	\$ 606,427,554	\$ 2,924,072,919	\$ 165,616,684	\$ 98,106,015	\$ -	\$ 158,746	\$ 12,666,528
In custody of other officials	8,914,045	20,948,047	29,862,092	500	3,552,257	56,085,595	2,031,340	-
With fiscal agent	66,548,897	-	66,548,897	30,737,059	-	-	-	-
Investments in custody of other officials	-	316,405,875	316,405,875	-	-	220,778,816	-	-
Accounts receivable (net of provision for doubtful accounts)	22,048,242	169,940,966	191,989,208	-	17,355,735	71,437,977	397,885	-
Interest receivable	5,961,452	3,619,905	9,581,357	423,791	1,262,275	535,933	406	32,366
Taxes receivable, delinquent	10,000,371	-	10,000,371	-	-	-	-	-
Penalties receivable on delinquent taxes	9,797,478	-	9,797,478	-	-	-	-	-
Special assessments receivable	168,174,450	-	168,174,450	-	-	-	-	-
Internal balances	14,285,617	(14,285,617)	-	-	-	-	-	-
Due from other governmental units	249,713,550	1,728,762	251,442,312	17,296,415	97,548,065	-	1,724	4,119,771
Inventories	466,523	22,979,177	23,445,700	-	-	19,392,190	-	-
Prepaid items and other current assets	964,249	6,025,927	6,990,176	1,626	708,172	-	11,181	10,600
Unearned charges and other assets	363,970,254	16,964,294	380,934,548	-	-	74,159,331	-	-
Restricted assets								
Cash and investments								
In custody of the County Treasurer	-	391,927,201	391,927,201	-	396,457,359	-	-	-
In custody of other officials	-	63,846,406	63,846,406	-	8,615,679	8,193,516	-	-
With fiscal agent	-	267,362,943	267,362,943	-	52,873,761	-	-	-
Investments with fiscal agent	-	196,194,536	196,194,536	-	-	64,077,036	-	-
Accounts receivable	-	3,525,268	3,525,268	-	-	408,962,087	-	-
Bond bank receivable, current	38,985,000	-	38,985,000	-	-	70,035,000	-	-
Bond bank receivable, noncurrent	1,003,395,000	-	1,003,395,000	-	-	1,933,170,000	-	-
Capital assets not being depreciated	1,634,625,589	1,315,172,948	2,949,798,537	284,490	81,168,671	50,541,339	-	-
Capital assets being depreciated, net of accumulated depreciation	4,735,652,305	5,408,541,293	10,144,193,598	2,218,871	357,474,062	1,619,853,908	34,422,406	-
Total assets	10,651,148,387	8,797,325,485	19,448,473,872	2,216,579,436	1,115,122,051	4,597,222,728	37,023,688	16,829,265
Deferred Outflows of Resources								
Bond refundings	33,394,596	79,109,616	112,504,212	6,374,068	17,821,734	1,203,447	-	-
Hedging derivative instruments	-	41,646,780	41,646,780	-	-	-	-	-
Related to pensions	357,572,296	125,243,721	482,816,017	793,324	10,774,628	15,013,939	-	-
Total deferred outflows of resources	390,966,892	246,000,117	636,966,009	7,167,392	28,596,362	16,217,386	-	-

The accompanying notes are an integral part of these financial statements.

(Continued)

	Primary Government			Component Units				
	Governmental Activities	Business-Type Activities	Total	Clark County Regional Flood Control District	Regional Transportation Commission of Southern Nevada	Las Vegas Valley Water District	Other Water Districts	Clark County Stadium Authority
Liabilities								
Current liabilities (payable from current assets)								
Accounts payable	252,112,065	105,081,821	357,193,886	6,090,609	78,113,939	79,967,653	327,280	202,879
Accrued payroll and other accrued liabilities	177,119,948	75,043,447	252,163,295	117,978	3,339,823	37,303,383	-	-
Accrued interest	24,679,891	-	24,679,891	4,306,334	21,512,946	14,470,932	56,420	-
Due to other governmental units	93,728,465	-	93,728,465	3,281,628	-	-	1,450,388	18,000
Unearned revenue and other liabilities	38,328,756	10,546,707	48,875,463	-	-	6,000,367	84,704	-
Liabilities payable from restricted assets								
Current maturities of long-term debt	-	104,493,495	104,493,495	-	-	-	-	-
Accounts payable	-	57,207,469	57,207,469	-	-	-	-	-
Customer deposits	-	-	-	-	-	24,009,387	-	-
Accrued expenses	-	98,396,342	98,396,342	-	-	-	-	-
Unearned revenue and other liabilities	-	-	-	-	-	6,923,461	-	-
Bonds and loans payable, due within one year	86,522,568	7,302,000	93,824,568	13,505,000	43,785,000	500,897,879	407,814	-
Bonds and loans payable, due after one year	1,689,716,665	4,514,829,487	6,204,546,152	526,626,179	962,869,832	2,705,435,734	3,124,406	-
Other post employment benefits	366,336,607	270,911,812	637,248,419	1,352,117	12,813,046	19,303,188	-	-
Net pension liability	2,096,906,053	733,929,156	2,830,835,209	4,630,117	45,585,275	187,246,795	-	-
Other non-current liabilities, due after one year	95,033,746	142,803,300	237,837,046	666,723	2,288,413	1,552,033	-	-
Total liabilities	4,920,484,664	6,120,545,036	11,041,029,700	560,576,685	1,170,308,274	3,583,110,812	5,451,012	220,879
Deferred Inflows of Resources								
Bond refundings and rebates	2,004,628	10,260,019	12,264,647	-	1,652,074	8,394,596	-	-
Hedging derivative instruments	-	17,960,534	17,960,534	-	-	-	-	-
Related to pensions	187,336,644	61,526,518	248,863,162	321,042	3,052,508	8,475,883	-	-
Total deferred outflows of resources	189,341,272	89,747,071	279,088,343	321,042	4,704,582	16,870,479	-	-
Net position								
Net investment in capital assets	5,702,560,978	2,415,916,940	8,118,477,918	2,503,361	433,385,898	860,075,485	30,890,186	-
Restricted for:								
Capital projects	324,544,958	67,706,243	392,251,201	-	299,788,953	162,776	-	-
Debt service	147,218,853	229,516,478	376,735,331	9,060,802	134,466,774	9,751,045	-	-
Public safety	189,547,196	-	189,547,196	-	-	-	-	-
Passenger Facility Charge	-	82,119,798	82,119,798	-	-	-	-	-
Other purposes	205,205,048	5,217,712	210,422,760	-	-	-	-	-
Unrestricted	(636,787,690)	32,556,324	(604,231,366)	(348,715,062)	(898,936,068)	143,469,517	682,490	16,608,386
Total net position	\$ 5,932,289,343	\$ 2,833,033,495	\$ 8,765,322,838	\$ (337,150,899)	\$ (31,294,443)	\$ 1,013,458,823	\$ 31,572,676	\$ 16,608,386

Clark County, Nevada
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Net (Expenses) Revenues and Changes in Net Position											
	Program Revenues					Primary Government					Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Clark County Regional Flood Control District	Regional Transportation Commission of Southern Nevada	Las Vegas Valley Water District	Other Water Districts	Clark County Stadium Authority
Governmental activities:												
General government	\$ 288,059,649	\$ 238,531,323	\$ -	\$ -	\$ (49,528,326)	\$ -	\$ (49,528,326)	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial	226,100,942	65,835,541	24,188,093	-	(136,077,308)	-	(136,077,308)	-	-	-	-	-
Public safety	1,316,604,127	67,728,077	318,897,961	-	(929,978,089)	-	(929,978,089)	-	-	-	-	-
Public works	722,278,543	41,456,362	-	199,674,371	(481,147,810)	-	(481,147,810)	-	-	-	-	-
Health	66,601,476	8,954,472	1,255,964	-	(56,391,040)	-	(56,391,040)	-	-	-	-	-
Welfare	148,900,680	-	11,581,290	-	(137,319,390)	-	(137,319,390)	-	-	-	-	-
Culture and recreation	50,761,817	15,860,932	805,221	-	(34,095,664)	-	(34,095,664)	-	-	-	-	-
Community support	26,635,103	-	14,503,833	-	(12,131,270)	-	(12,131,270)	-	-	-	-	-
Interest on long-term debt	79,454,714	-	-	-	(79,454,714)	-	(79,454,714)	-	-	-	-	-
Total governmental activities	2,925,397,051	438,366,707	371,232,362	199,674,371	(1,916,123,611)	-	(1,916,123,611)	-	-	-	-	-
Business-type activities:												
Hospital	631,223,871	643,846,837	-	-	-	12,622,966	12,622,966	-	-	-	-	-
Airport	628,926,285	641,405,106	-	49,275,831	-	61,754,652	61,754,652	-	-	-	-	-
Sewer	189,048,443	147,924,110	-	63,352,707	-	22,228,374	22,228,374	-	-	-	-	-
Other	42,295,287	50,431,094	19,080	-	-	8,154,887	8,154,887	-	-	-	-	-
Total business-type activities	1,491,493,886	1,483,607,147	19,080	112,628,538	-	104,760,879	104,760,879	-	-	-	-	-
Total primary government	\$ 4,416,890,937	\$ 1,921,973,854	\$ 371,251,442	\$ 312,302,909	\$ (1,916,123,611)	\$ -	\$ (1,916,123,611)	\$ -	\$ -	\$ -	\$ -	\$ -

	Program Revenues				Primary Government				Component Units			
	Net (Expenses) Revenues and Changes in Net Position											
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Clark County Regional Flood Control District	Regional Transportation Commission of Southern Nevada	Las Vegas Valley Water District	Other Water Districts	Clark County Stadium Authority
Clark County Regional Flood Control District	\$ 92,831,524	\$ -	\$ 11,690	\$ 2,815,640	-	-	622,066,256	\$ (90,004,194)	\$ -	\$ -	\$ -	\$ -
Regional Transportation Commission of Southern Nevada	551,332,963	79,606,058	5,022,392	67,036,202	-	-	553,377,199	-	(399,688,311)	-	-	-
Las Vegas Valley Water District	362,438,483	354,888,515	-	37,040,324	334,726,553	18,544,504	353,271,057	99,051,347	198,088,777	-	-	-
Other	5,309,543	3,666,398	-	729,901	95,436,976	-	95,436,976	-	162,791,450	29,490,356	(913,244)	-
Clark County Stadium Authority	555,715	-	-	-	136,480,612	-	136,480,612	-	-	-	-	-
Total component units	\$ 1,012,468,228	\$ 438,160,971	\$ 5,034,082	\$ 107,622,067	58,981,471	-	58,981,471	\$ (90,004,194)	\$ (399,688,311)	\$ 29,490,356	\$ (913,244)	\$ (555,715)
General revenues:												
Ad valorem taxes					622,066,256	-	622,066,256	-	-	-	-	-
Unrestricted intergovernmental revenues:												
Consolidated tax					553,377,199	-	553,377,199	-	-	-	10,346	-
Sales and use tax					334,726,553	18,544,504	353,271,057	99,051,347	198,088,777	-	52,463	-
Franchise fees					95,436,976	-	95,436,976	-	-	-	-	-
Fuel taxes					136,480,612	-	136,480,612	-	162,791,450	-	-	-
Motor vehicle privilege tax					62,688,330	-	62,688,330	-	-	-	-	-
Room tax					58,981,471	-	58,981,471	-	-	-	-	17,174,059
Other					34,296,296	-	34,296,296	7,875	5,945,820	2,386,071	-	-
Gain on sale of capital assets					2,191,234	12,620	2,203,854	225,246	-	1,312,388	17,169	(9,958)
Interest income					1,064,089	30,900,506	31,964,595	-	543,043	-	-	-
Transfers					(44,996,352)	44,996,352	-	-	-	-	-	-
Total general revenues and transfers					1,856,312,664	94,453,982	1,950,766,646	99,284,468	367,369,090	3,698,459	79,978	17,164,101
Change in net position					(59,810,947)	199,214,861	139,403,914	9,280,274	(32,299,221)	33,188,815	(833,266)	16,608,386
Net position - beginning					6,151,627,021	2,692,924,299	8,844,551,320	(346,083,474)	4,233,156	980,270,008	32,405,942	-
Prior period adjustment					(159,526,731)	(59,105,665)	(218,632,396)	(347,699)	(3,228,378)	-	-	-
Net position - beginning as restated					5,992,100,290	2,633,818,634	8,625,918,924	(346,431,173)	1,004,778	980,270,008	32,405,942	-
Net position - ending					\$ 5,932,289,343	\$ 2,833,033,495	\$ 8,765,322,838	\$ (337,150,899)	\$ (31,294,443)	\$ 1,013,458,823	\$ 31,572,676	\$ 16,608,386

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Clark County, Nevada
Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	Las Vegas Metropolitan Police Department	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments:				
In custody of the County Treasurer	\$ 450,857,588	\$ 48,659,318	\$ 1,531,436,243	\$ 2,030,953,149
In custody of other officials	3,471,469	240,800	1,099,776	4,812,045
With fiscal agent	-	-	66,548,897	66,548,897
Accounts receivable	18,346,555	585,723	911,163	19,843,441
Interest receivable	1,151,439	124,154	3,953,332	5,228,925
Taxes receivable, delinquent	6,717,860	1,685,856	1,596,655	10,000,371
Penalties receivable on delinquent taxes	9,797,478	-	-	9,797,478
Special assessments receivable	-	-	168,174,450	168,174,450
Due from other funds	23,305,896	99,767	110,334,035	133,739,698
Due from other governmental units	163,337,680	2,915,306	81,818,748	248,071,734
Prepaid items	-	319,735	28,311	348,046
Total assets	<u>\$ 676,985,965</u>	<u>\$ 54,630,659</u>	<u>\$ 1,965,901,610</u>	<u>\$ 2,697,518,234</u>
Liabilities				
Accounts payable	\$ 19,785,669	\$ 8,983,810	\$ 73,755,328	\$ 102,524,807
Accrued payroll	22,112,883	18,079,949	8,213,180	48,406,012
Due to other funds	89,355,300	769,945	44,932,661	135,057,906
Due to other governmental units	75,791,530	53,082	17,883,853	93,728,465
Interfund advances payable	-	-	1,995,292	1,995,292
Unearned revenue and other liabilities	3,025,190	4,754,137	30,534,579	38,313,906
Total liabilities	<u>210,070,572</u>	<u>32,640,923</u>	<u>177,314,893</u>	<u>420,026,388</u>
Deferred Inflows of Resources				
Unavailable grant revenue	84,607	-	3,728,791	3,813,398
Unavailable property taxes	14,976,045	1,502,589	1,431,026	17,909,660
Unavailable special assessments	-	-	168,131,374	168,131,374
Unavailable other revenue	592,655	-	1,862,348	2,455,003
Total deferred inflows of resources	<u>15,653,307</u>	<u>1,502,589</u>	<u>175,153,539</u>	<u>192,309,435</u>
Fund Balances				
Nonspendable	-	319,735	3,128,311	3,448,046
Restricted	87,894,317	-	778,621,738	866,516,055
Committed	710,032	2,250,377	36,968,677	39,929,086
Assigned	163,478,142	17,917,035	794,714,452	976,109,629
Unassigned	199,179,595	-	-	199,179,595
Total fund balances	<u>451,262,086</u>	<u>20,487,147</u>	<u>1,613,433,178</u>	<u>2,085,182,411</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 676,985,965</u>	<u>\$ 54,630,659</u>	<u>\$ 1,965,901,610</u>	<u>\$ 2,697,518,234</u>

The accompanying notes are an integral part of these financial statements.

Clark County, Nevada
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2017

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - governmental funds		\$ 2,085,182,411
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Governmental capital assets	\$ 10,062,016,991	
Less accumulated depreciation	<u>(3,691,739,097)</u>	6,370,277,894
Long-term liabilities, deferred outflows of resources and deferred inflows of resources, including bonds payable, are not due and payable in the current period, and therefore not reported in governmental funds:		
Bonds payable, net of premiums and discounts	(1,589,857,201)	
Deferred outflows of resources - bond refunding	33,394,596	
Deferred inflows of resources - bond refunding	(2,004,628)	
Capital leases	(186,382,033)	
Litigation liability	(2,500,000)	
OPEB liability	(366,336,607)	
Net pension liability	(2,096,906,053)	
Compensated absences	<u>(211,010,462)</u>	(4,421,602,388)
Accrued interest payable		(24,679,891)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reported in governmental funds		170,235,652
Deferred inflows of resources representing amounts that were not available to fund current expenditures and therefore are not reported in governmental funds		192,309,435
Long-term receivables not recorded in governmental funds:		
Bond bank receivable from Southern Nevada Water Authority	1,042,380,000	
LVMPD net pension liability receivable from City of Las Vegas	332,845,252	
LVMPD OPEB receivable from City of Las Vegas	<u>30,925,004</u>	1,406,150,256
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net position of the internal service funds is reported with the governmental activities.		143,580,102
Internal balances that are receivable from business-type activities		<u>10,835,872</u>
Net position of governmental activities		<u>\$ 5,932,289,343</u>

The accompanying notes are an integral part of the financial statements.

Clark County, Nevada
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	General Fund	Las Vegas Metropolitan Police Department	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 468,654,682	\$ 122,925,574	\$ 97,902,171	\$ 689,482,427
Special assessments	-	-	23,627,479	23,627,479
Licenses and permits	275,832,204	-	25,657,112	301,489,316
Intergovernmental revenue:				
Consolidated tax	544,784,052	-	8,593,145	553,377,197
Other	371,194,829	146,693,431	562,857,391	1,080,745,651
Charges for services	96,682,550	38,715,090	36,561,877	171,959,517
Fines and forfeitures	21,581,972	-	5,371,168	26,953,140
Interest	201,204	199,857	481,989	883,050
Other	3,652,951	1,740,058	19,963,761	25,356,770
Total revenues	<u>1,782,584,444</u>	<u>310,274,010</u>	<u>781,016,093</u>	<u>2,873,874,547</u>
Expenditures				
Current				
General government	120,260,729	-	12,672,746	132,933,475
Judicial	153,555,394	-	59,378,032	212,933,426
Public safety	430,927,444	548,652,603	273,607,520	1,253,187,567
Public works	311,721,210	-	49,707,628	361,428,838
Health	31,731,021	-	13,966,709	45,697,730
Welfare	59,762,973	-	88,338,633	148,101,606
Culture and recreation	9,762,590	-	9,571,747	19,334,337
Community support	-	-	26,595,784	26,595,784
Other general expenditures	105,573,216	-	-	105,573,216
Capital outlay	6,972,261	17,233,749	290,084,744	314,290,754
Debt service				
Principal	-	-	126,200,992	126,200,992
Interest	13,515,566	-	61,986,204	75,501,770
Bond issuance costs	-	-	3,664,595	3,664,595
Total expenditures	<u>1,243,782,404</u>	<u>565,886,352</u>	<u>1,015,775,334</u>	<u>2,825,444,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>538,802,040</u>	<u>(255,612,342)</u>	<u>(234,759,241)</u>	<u>48,430,457</u>
Other Financing Sources (Uses)				
Transfers from other funds	97,211,283	241,384,672	412,277,915	750,873,870
Transfers to other funds	(525,919,190)	-	(177,039,750)	(702,958,940)
Refunding bonds issued	-	-	593,310,000	593,310,000
Premium on bonds issued	-	-	98,560,447	98,560,447
Payment to escrow agent	-	-	(691,864,607)	(691,864,607)
Total other financing sources (uses)	<u>(428,707,907)</u>	<u>241,384,672</u>	<u>235,244,005</u>	<u>47,920,770</u>
Net change in fund balances	110,094,133	(14,227,670)	484,764	96,351,227
Fund Balance				
Beginning of year	<u>341,167,953</u>	<u>34,714,817</u>	<u>1,612,948,414</u>	<u>1,988,831,184</u>
End of year	<u>\$ 451,262,086</u>	<u>\$ 20,487,147</u>	<u>\$ 1,613,433,178</u>	<u>\$ 2,085,182,411</u>

The accompanying notes are an integral part of these financial statements.

Clark County, Nevada
 Reconciliation of Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the fiscal year ended June 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - governmental funds \$ 96,351,227

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. Also, capital assets financed by capital leases are not shown in governmental funds. The County does not capitalize items costing less than \$5,000.

Capital outlay recorded in governmental funds	\$ 314,290,754	
Less amounts not capitalized	<u>(40,203,423)</u>	
Capitalized expenditures	274,087,331	
Less current year depreciation	<u>(293,984,984)</u>	(19,897,653)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Donated capital assets	90,210,195	
Loss on sale of capital assets	(123,866,323)	
Change in unavailable revenue	(4,023,020)	
Bond bank operating contribution	<u>(115,975,000)</u>	(153,654,148)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also capital leases are not shown in governmental funds. This is the net effect of these differences in the treatment of long-term debt and related items.

Bonds issued	(593,310,000)	
Bond premiums and discounts	(98,560,447)	
Accrued interest	(1,147,052)	
Amortized bond premiums and discounts	8,853,604	
Principal payments	126,200,992	
Payment to escrow agent	<u>691,864,607</u>	133,901,704

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in long-term compensated absences	(12,204,830)	
Change in OPEB liability	(35,432,205)	
Pension contributions and pension expenses	(12,190,362)	
Amortization of deferred gains/losses on refunding	<u>(11,659,496)</u>	(71,486,893)

Increase in long-term LVMPD net pension liability receivable due from the City of Las Vegas. 28,523,047

Increase in long-term LVMPD OPEB receivable due from the City of Las Vegas. 2,025,444

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue/(expense) of the internal service funds is reported with governmental activities. (60,519,887)

Increase to internal balances that are receivable from business-type activities. (15,053,788)

Change in net position of governmental activities \$ (59,810,947)

Business-Type Activities - Enterprise Funds

	University Medical Center	Water Reclamation District	Department of Aviation	Other Enterprise Funds
Assets				
Unrestricted current assets				
Cash and cash equivalents				
In custody of the County Treasurer	\$ 113,109,866	\$ -	\$ 447,555,274	\$ 45,762,414
In custody of other officials	15,000	20,299,188	372,450	261,409
Investments in custody of other officials	-	316,405,875	-	-
Accounts receivable	97,099,928	3,872,914	68,831,020	137,104
Interest receivable	-	1,019,934	2,482,921	117,050
Due from other funds	34,918	-	2,844,687	78,441
Due from other governmental units	-	-	1,728,762	-
Inventories	11,295,078	2,370,335	9,216,200	97,564
Prepaid items and other current assets	4,508,203	632,572	870,152	15,000
Total unrestricted current assets	<u>226,062,993</u>	<u>344,600,818</u>	<u>533,901,466</u>	<u>46,468,982</u>
Restricted current assets				
Cash and cash equivalents				
In custody of the County Treasurer	151,524,697	26,577,463	213,825,041	-
With fiscal agent	-	-	267,362,943	-
Investments in custody of other officials	-	192,530	63,653,876	-
Investments with fiscal agent	-	-	196,194,536	-
Accounts receivable	350,826	3,174,442	-	-
Total restricted current assets	<u>151,875,523</u>	<u>29,944,435</u>	<u>741,036,396</u>	<u>-</u>
Total current assets	<u>377,938,516</u>	<u>374,545,253</u>	<u>1,274,937,862</u>	<u>46,468,982</u>
Noncurrent assets				
Interfund advances receivable	-	1,995,292	-	-
Unearned charges and other assets	121,801	15,307,210	1,535,283	-
Capital assets				
Property and equipment	426,497,288	2,932,953,492	6,927,720,385	54,768,348
Accumulated depreciation	(248,307,293)	(999,270,117)	(2,349,018,262)	(21,629,600)
Total capital assets, net of accumulated depreciation	<u>178,189,995</u>	<u>1,933,683,375</u>	<u>4,578,702,123</u>	<u>33,138,748</u>
Total noncurrent assets	<u>178,311,796</u>	<u>1,950,985,877</u>	<u>4,580,237,406</u>	<u>33,138,748</u>
Total assets	<u>556,250,312</u>	<u>2,325,531,130</u>	<u>5,855,175,268</u>	<u>79,607,730</u>
Deferred Outflows of Resources				
Unamortized costs on bond refundings and hedging derivative instruments	619,566	41,891,354	78,245,476	-
Related to Pensions	77,278,355	12,004,816	30,203,220	5,757,330
	<u>77,897,921</u>	<u>53,896,170</u>	<u>108,448,696</u>	<u>5,757,330</u>

	Business-Type Activities - Enterprise Funds			
	University Medical Center	Water Reclamation District	Department of Aviation	Other Enterprise Funds
Liabilities				
Current liabilities (payable from current assets)				
Current maturities of long-term debt	7,302,000	-	-	-
Accounts payable	52,367,755	18,368,647	33,085,695	1,259,724
Accrued expenses	48,101,484	2,931,640	19,101,776	4,908,547
Due to other funds	6,720,253	-	1,669,558	13,272
Unearned revenue	-	-	4,846,691	300,000
Deposits and other current liabilities	-	5,270,554	-	129,462
Total current liabilities (payable from current assets)	114,491,492	26,570,841	58,703,720	6,611,005
Current liabilities (payable from restricted assets)				
Current maturities of long-term debt	-	13,623,495	90,870,000	-
Accounts payable	-	518,969	56,688,500	-
Accrued expenses	-	9,072,419	89,323,923	-
Total current liabilities (payable from restricted assets)	-	23,214,883	236,882,423	-
Total current liabilities	114,491,492	49,785,724	295,586,143	6,611,005
Noncurrent liabilities				
Long-term debt, less current maturities	37,428,283	491,776,211	3,985,624,993	-
Other post employment benefits	183,210,392	21,445,348	66,256,072	-
Net pension liability	469,010,768	57,553,380	174,028,598	33,336,410
Unearned revenue and other non-current liabilities	44,608,806	5,892,740	92,301,754	-
Total noncurrent liabilities	734,258,249	576,667,679	4,318,211,417	33,336,410
Total liabilities	848,749,741	626,453,403	4,613,797,560	39,947,415
Deferred Inflows of Resources				
Unamortized gain on bond refunding and hedging derivative instruments	-	-	28,220,553	-
Related to Pensions	43,294,375	3,853,923	12,066,749	2,311,471
	43,294,375	3,853,923	40,287,302	2,311,471
Net Position				
Net investment in capital assets	254,870,598	1,412,962,324	714,945,270	33,138,748
Restricted for				
Capital projects	-	1,577,069	66,129,174	-
Debt service	-	17,505,044	212,011,434	-
Hospital and administrative programs	2,652,546	-	-	-
Donations, various programs	738,977	-	-	-
Research programs	515,736	-	-	-
Educational programs	1,310,453	-	-	-
Passenger Facility Charge	-	-	82,119,798	-
Unrestricted	(517,984,193)	317,075,537	234,333,426	9,967,426
Total net position	\$ (257,895,883)	\$ 1,749,119,974	\$ 1,309,539,102	\$ 43,106,174

Clark County, Nevada
Proprietary Funds
Statement of Net Position
June 30, 2017

(Continued)

	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Assets		
Unrestricted current assets		
Cash and cash equivalents		
In custody of the County Treasurer	\$ 606,427,554	\$ 286,692,216
In custody of other officials	20,948,047	4,102,000
Investments in custody of other officials	316,405,875	-
Accounts receivable	169,940,966	2,204,801
Interest receivable	3,619,905	732,527
Due from other funds	2,958,046	6,962,684
Due from other governmental units	1,728,762	1,641,816
Inventories	22,979,177	466,523
Prepaid items and other current assets	6,025,927	616,203
Total unrestricted current assets	<u>1,151,034,259</u>	<u>303,418,770</u>
Restricted current assets		
Cash and cash equivalents		
In custody of the County Treasurer	391,927,201	-
With fiscal agent	267,362,943	-
Investments in custody of other officials	63,846,406	-
Investments with fiscal agent	196,194,536	-
Accounts receivable	3,525,268	-
Total restricted current assets	<u>922,856,354</u>	<u>-</u>
Total current assets	<u>2,073,890,613</u>	<u>303,418,770</u>
Noncurrent assets		
Interfund advances receivable	1,995,292	-
Unearned charges and other assets	16,964,294	200,000
Capital assets		
Property and equipment	10,341,939,513	15,950,520
Accumulated depreciation	<u>(3,618,225,272)</u>	<u>(12,208,992)</u>
Total capital assets, net of accumulated depreciation	<u>6,723,714,241</u>	<u>3,741,528</u>
Total noncurrent assets	<u>6,742,673,827</u>	<u>3,941,528</u>
Total assets	<u>8,816,564,440</u>	<u>307,360,298</u>
Deferred Outflows of Resources		
Unamortized costs on bond refundings and hedging derivative instruments	120,756,396	-
Related to Pensions	125,243,721	-
	<u>246,000,117</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

Clark County, Nevada
Proprietary Funds
Statement of Net Position
June 30, 2017

(Continued)

	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Liabilities		
Current liabilities (payable from current assets)		
Current maturities of long-term debt	7,302,000	-
Accounts payable	105,081,821	149,587,257
Accrued expenses	75,043,447	7,774,848
Due to other funds	8,403,083	199,439
Unearned revenue	5,146,691	-
Deposits and other current liabilities	5,400,016	14,850
Total current liabilities (payable from current assets)	<u>206,377,058</u>	<u>157,576,394</u>
Current liabilities (payable from restricted assets)		
Current maturities of long-term debt	104,493,495	-
Accounts payable	57,207,469	-
Accrued expenses	98,396,342	-
Total current liabilities (payable from restricted assets)	<u>260,097,306</u>	<u>-</u>
Total current liabilities	<u>466,474,364</u>	<u>157,576,394</u>
Noncurrent liabilities		
Long-term debt, less current maturities	4,514,829,487	-
Other post employment benefits	270,911,812	-
Net pension liability	733,929,156	-
Unearned revenue and other non-current liabilities	142,803,300	2,462,274
Total noncurrent liabilities	<u>5,662,473,755</u>	<u>2,462,274</u>
Total liabilities	<u>6,128,948,119</u>	<u>160,038,668</u>
Deferred Inflows of Resources		
Unamortized gain on bond refunding and hedging derivative instruments	28,220,553	-
Related to Pensions	61,526,518	-
	<u>89,747,071</u>	<u>-</u>
Net Position		
Net investment in capital assets	2,415,916,940	3,741,528
Restricted for		
Capital projects	67,706,243	-
Debt service	229,516,478	-
Hospital and administrative programs	2,652,546	-
Donations, various programs	738,977	-
Research programs	515,736	-
Educational programs	1,310,453	-
Passenger Facility Charge	82,119,798	-
Unrestricted	43,392,196	143,580,102
Total net position	<u>2,843,869,367</u>	<u>\$ 147,321,630</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(10,835,872)	
Net position of business-type of activities	<u>\$ 2,833,033,495</u>	

The accompanying notes are an integral part of these financial statements.

Clark County, Nevada
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds			
	University Medical Center	Water Reclamation District	Department of Aviation	Other Enterprise Funds
Operating Revenues				
Charges for services				
Sewer services and operations	\$ -	\$ 147,266,184	\$ -	\$ -
Services to patients	625,311,420	-	-	-
Landing and other airport fees	-	-	55,887,676	-
Building and land rental	-	-	364,734,609	-
Concession fees	-	-	95,580,158	-
Constable fees	-	-	-	4,098,137
Building fees and permits	-	-	-	32,360,838
Recreation fees	-	-	-	11,875,667
Parking fees	-	-	-	380,301
Insurance	-	-	-	-
Other	14,639,538	-	-	-
Other operating revenues	-	657,926	34,410,104	1,716,151
Total operating revenues	<u>639,950,958</u>	<u>147,924,110</u>	<u>550,612,547</u>	<u>50,431,094</u>
Operating Expenses				
Salaries and benefits	-	40,205,319	134,419,616	34,386,996
General and administrative	193,586,778	-	56,666,712	-
Other professional services	422,954,550	7,806,781	-	-
Operating and maintenance	-	46,453,447	66,414,064	11,531,449
Depreciation	18,807,217	89,813,046	192,919,551	1,222,835
Total operating expenses	<u>635,348,545</u>	<u>184,278,593</u>	<u>450,419,943</u>	<u>47,141,280</u>
Operating income (loss)	<u>4,602,413</u>	<u>(36,354,483)</u>	<u>100,192,604</u>	<u>3,289,814</u>
Nonoperating Revenues (Expenses)				
Interest income	403,819	1,157,151	29,354,726	(15,190)
Interest expense	(1,330,702)	(4,023,588)	(182,445,372)	-
Gain (loss) on sale or abandonment of property and equipment	-	-	(41,248)	12,620
Sales and use tax	-	18,544,504	-	-
Other	3,895,879	(1,518,403)	90,792,559	19,080
Total nonoperating revenues (expenses)	<u>2,968,996</u>	<u>14,159,664</u>	<u>(62,339,335)</u>	<u>16,510</u>
Income (loss) before capital contributions and transfers	7,571,409	(22,194,819)	37,853,269	3,306,324
Capital contributions	-	63,352,707	49,275,831	-
Special item - Reassignment of non-current assets and liabilities	-	-	-	-
Transfers from other funds	31,000,000	-	12,050,352	1,950,000
Transfers to other funds	-	-	-	(4,000)
Change in net position	<u>38,571,409</u>	<u>41,157,888</u>	<u>99,179,452</u>	<u>5,252,324</u>
Net Position				
Beginning of year	(260,910,977)	1,715,941,778	1,223,417,106	40,366,052
Prior period adjustment	(35,556,315)	(7,979,692)	(13,057,456)	(2,512,202)
Beginning of year, as restated	<u>(296,467,292)</u>	<u>1,707,962,086</u>	<u>1,210,359,650</u>	<u>37,853,850</u>
End of year	<u>\$ (257,895,883)</u>	<u>\$ 1,749,119,974</u>	<u>\$ 1,309,539,102</u>	<u>\$ 43,106,174</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

Clark County, Nevada
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

(Continued)

	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for services		
Sewer services and operations	\$ 147,266,184	\$ -
Services to patients	625,311,420	-
Landing and other airport fees	55,887,676	-
Building and land rental	364,734,609	-
Concession fees	95,580,158	-
Constable fees	4,098,137	-
Building fees and permits	32,360,838	-
Recreation fees	11,875,667	-
Parking fees	380,301	173,198
Insurance	-	152,244,170
Other	14,639,538	87,203,079
Other operating revenues	36,784,181	34,335,949
Total operating revenues	<u>1,388,918,709</u>	<u>273,956,396</u>
Operating Expenses		
Salaries and benefits	209,011,931	47,335,318
General and administrative	250,253,490	-
Other professional services	430,761,331	-
Operating and maintenance	124,398,960	187,206,129
Depreciation	302,762,649	7,207,067
Total operating expenses	<u>1,317,188,361</u>	<u>241,748,514</u>
Operating income (loss)	<u>71,730,348</u>	<u>32,207,882</u>
Nonoperating Revenues (Expenses)		
Interest income	30,900,506	181,044
Interest expense	(187,799,662)	-
Gain (loss) on sale or abandonment of property and equipment	(28,628)	2,470
Sales and use tax	18,544,504	-
Other	93,189,115	-
Total nonoperating revenues (expenses)	<u>(45,194,165)</u>	<u>183,514</u>
Income (loss) before capital contributions and transfers	26,536,183	32,391,396
Capital contributions	112,628,538	-
Special item - Reassignment of non-current assets and liabilities	-	86,450,179
Transfers from other funds	45,000,352	4,300,000
Transfers to other funds	(4,000)	(97,211,283)
Change in net position	184,161,073	25,930,292
Net Position		
Beginning of year		121,391,338
End of year		<u>\$ 147,321,630</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	15,053,788	
Change in net position of business-type activities	<u>\$ 199,214,861</u>	

The accompanying notes are an integral part of these financial statements.

Clark County, Nevada
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds			
	University Medical Center	Water Reclamation District	Department of Aviation	Other Enterprise Funds
Cash Flows From Operating Activities:				
Cash received from customers	\$ 612,142,561	\$ 149,770,569	\$ 541,480,115	\$ 48,864,843
Cash paid for employees and for benefits	(352,222,965)	-	(119,778,295)	(35,446,298)
Cash paid for services and supplies	(194,645,353)	(89,658,540)	(121,412,335)	(11,333,413)
Other operating receipts	14,639,538	-	-	962,608
Net cash provided by operating activities	<u>79,913,781</u>	<u>60,112,029</u>	<u>300,289,485</u>	<u>3,047,740</u>
Cash Flows From Noncapital Financing Activities:				
Federal and state grants	-	-	-	19,080
Transfers from other funds	31,000,000	-	12,050,352	1,950,000
Transfers to other funds	-	-	-	(4,000)
Contributions, donations and other	2,506,724	-	-	-
Repayment of interfund advances	-	356,928	-	-
Net cash provided (used) by noncapital financing activities	<u>33,506,724</u>	<u>356,928</u>	<u>12,050,352</u>	<u>1,965,080</u>
Cash Flows From Capital and Related Financing Activities:				
Cash provided by contributed capital	-	24,259,350	-	-
Bonds and loans issued	-	(1,927,069)	369,987,058	-
Federal and state grants	-	-	47,818,300	-
Collateralized agreements with swap counterparties	-	-	51,380,000	-
Acquisition, construction, or improvement of capital assets	(54,411,765)	(113,426,093)	(128,682,777)	(2,467,261)
Cash used for debt service:				
Principal	(7,197,000)	(13,076,816)	(125,930,000)	-
Interest	(1,207,708)	(18,481,720)	(201,924,818)	-
Payments to bond refunding agent	-	-	(425,535,000)	-
Proceeds from the sale of capital assets	-	-	857,431	17,324
Proceeds from customer assessments	-	-	90,781,740	-
Sales tax apportionment	-	17,918,430	-	-
Cash provided by other capital	12,024,529	-	-	-
Net cash used by capital and related financing activities	<u>(50,791,944)</u>	<u>(104,733,918)</u>	<u>(321,248,066)</u>	<u>(2,449,937)</u>
Cash Flows From Investing Activities:				
Purchase of investments	-	(418,586,095)	(322,283,757)	-
Proceeds from maturities of investments	-	469,957,336	353,201,440	-
Interest income	403,821	(1,717,422)	184,250	(34,932)
Net cash provided by investing activities	<u>403,821</u>	<u>49,653,819</u>	<u>31,101,933</u>	<u>(34,932)</u>
Net increase (decrease) in cash and cash equivalents	63,032,382	5,388,858	22,193,704	2,527,951
Cash and Cash Equivalents:				
Beginning of year	201,617,181	41,487,793	906,922,004	43,495,872
End of year:				
Unrestricted	113,124,866	20,299,188	447,927,724	46,023,823
Restricted	151,524,697	26,577,463	481,187,984	-
Total cash and cash equivalents at end of year	<u>\$ 264,649,563</u>	<u>\$ 46,876,651</u>	<u>\$ 929,115,708</u>	<u>\$ 46,023,823</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

Clark County, Nevada
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

(Continued)

	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities:		
Cash received from customers	\$ 1,352,258,088	\$ 260,536,735
Cash paid for employees and for benefits	(507,447,558)	(49,568,506)
Cash paid for services and supplies	(417,049,641)	(191,857,114)
Other operating receipts	15,602,146	24,274,949
	<u>443,363,035</u>	<u>43,386,064</u>
Net cash provided by operating activities		
Cash Flows From Noncapital Financing Activities:		
Federal and state grants	19,080	-
Transfers from other funds	45,000,352	5,800,000
Transfers to other funds	(4,000)	(97,211,283)
Contributions, donations and other	2,506,724	-
Repayment of interfund advances	356,928	-
	<u>47,879,084</u>	<u>(91,411,283)</u>
Net cash provided (used) by noncapital financing activities		
Cash Flows From Capital and Related Financing Activities:		
Cash provided by contributed capital	24,259,350	-
Bonds and loans issued	368,059,989	-
Federal and state grants	47,818,300	-
Collateralized agreements with swap counterparties	51,380,000	-
Acquisition, construction, or improvement of capital assets	(298,987,896)	(2,064,714)
Cash used for debt service:		
Principal	(146,203,816)	-
Interest	(221,614,246)	-
Payments to bond refunding agent	(425,535,000)	-
Proceeds from the sale of capital assets	874,755	2,470
Proceeds from customer assessments	90,781,740	-
Sales tax apportionment	17,918,430	-
Cash provided by other capital	12,024,529	-
	<u>(479,223,865)</u>	<u>(2,062,244)</u>
Net cash used by capital and related financing activities		
Cash Flows From Investing Activities:		
Purchase of investments	(740,869,852)	-
Proceeds from maturities of investments	823,158,776	-
Interest income	(1,164,283)	199,924
	<u>81,124,641</u>	<u>199,924</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents		
	93,142,895	(49,887,539)
Cash and Cash Equivalents:		
Beginning of year	1,193,522,850	340,681,755
End of year:		
Unrestricted	627,375,601	290,794,216
Restricted	659,290,144	-
Total cash and cash equivalents at end of year	<u>\$ 1,286,665,745</u>	<u>\$ 290,794,216</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

	Business-Type Activities - Enterprise Funds			
	University Medical Center	Water Reclamation District	Department of Aviation	Other Enterprise Funds
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ 4,602,413	\$ (36,354,483)	\$ 100,192,604	\$ 3,289,814
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	18,807,217	89,813,046	195,034,638	1,222,835
Provision for doubtful accounts	22,227,829	-	-	-
Accounts receivable	(35,396,688)	1,846,459	(4,993,326)	95,993
Due from other funds	-	-	-	(22,645)
Due from other governmental units	-	-	-	25,981
Inventory	(700,970)	(110,369)	(599,362)	68,910
Prepaid expense	(3,601,227)	104,424	(96,085)	-
Other non-current assets	(3,501)	-	-	-
Deferred outflows of resources	(47,647,205)	(8,005,078)	(19,240,556)	(3,657,355)
Accounts payable	72,010,808	2,680,585	897,972	418,341
Accrued payroll and benefits	-	-	8,650,255	68,028
Due to other funds	-	-	-	(1,581,453)
Unearned revenue	-	-	(3,909,503)	-
Deposits and other current liabilities	388,827	1,109,740	(15,377)	50,571
Net pension liability	(3,740,876)	11,174,469	31,266,897	5,242,919
Other non-current liabilities	443,017	-	-	(753,542)
Deferred inflows of resources	52,524,137	(2,146,764)	(6,898,672)	(1,420,657)
 Net cash provided by operating activities	 <u>\$ 79,913,781</u>	 <u>\$ 60,112,029</u>	 <u>\$ 300,289,485</u>	 <u>\$ 3,047,740</u>
 Noncash Investing, Capital and Financing Activities				
Donated mains and services	\$ -	\$ 40,023,301	\$ -	\$ -
Property, plant and equipment purchased on account	-	15,321,346	-	-
Change in fair value of investments	-	(232,227)	-	-
Gain (loss) investment income	-	-	28,985,860	-

Clark County, Nevada
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

(Continued)

	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ 71,730,348	\$ 32,207,882
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	304,877,736	7,207,067
Provision for doubtful accounts	22,227,829	-
(Increase) decrease in:		
Accounts receivable	(38,447,562)	(1,741,723)
Due from other funds	(22,645)	21,990,440
Due from other governmental units	25,981	955,355
Inventory	(1,341,791)	(63,167)
Prepaid expense	(3,592,888)	(13,551)
Other non-current assets	(3,501)	464,442
Deferred outflows of resources	(78,550,194)	-
Accounts payable	76,007,706	(12,072,969)
Accrued payroll and benefits	8,718,283	(3,151,123)
Due to other funds	(1,581,453)	(2,397,107)
Unearned revenue	(3,909,503)	-
Deposits and other current liabilities	1,533,761	518
Net pension liability	43,943,409	-
Other non-current liabilities	(310,525)	-
Deferred inflows of resources	42,058,044	-
	<u>\$ 443,363,035</u>	<u>\$ 43,386,064</u>
Net cash provided by operating activities		

Noncash Investing, Capital and Financing Activities

Donated mains and services	\$ 40,023,301	\$ -
Property, plant and equipment purchased on account	15,321,346	-
Change in fair value of investments	(232,227)	-
Gain (loss) investment income	28,985,860	-

The accompanying notes are an integral part of these financial statements.

Clark County, Nevada
Statement of Net Position - Fiduciary Funds
June 30, 2017

	Employee Benefit and Pension Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Cash and investments			
In custody of the County Treasurer	\$ 1,634,296	\$ 9,208,555	\$ 141,589,654
In custody of other officials	-	15,024,543	250,567,899
With fiscal agent:			6,817,495
Money market funds	2,167,021	-	-
Insurance account and contracts	2,503,803	-	-
Domestic equity funds	225,207,284	-	-
Domestic bond funds	96,208,620	-	-
International equity fund	59,290,314	-	-
Global REIT	11,335,519	-	-
Accounts receivable	-	-	6,810
Interest receivable	46,452	82,097	361,607
Taxes receivable, delinquent	-	-	18,466,668
Due from other governmental units	-	-	639,090,155
	<u>398,393,309</u>	<u>24,315,195</u>	<u>1,056,900,288</u>
Liabilities			
Accrued expenses	142,619	-	-
Amounts held for others	-	-	1,056,900,288
	<u>142,619</u>	<u>-</u>	<u>1,056,900,288</u>
Net Position			
Restricted for pension benefits	398,250,690	-	-
Held in trust for pool participants and investment trust fund	-	24,315,195	-
Total Net Position	<u>\$ 398,250,690</u>	<u>\$ 24,315,195</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Clark County, Nevada
Statement of Changes in Net Position - Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Employee Benefit and Pension Trust Funds	Investment Trust Funds
Additions		
Contributions		
Contributions from employer	\$ 31,069,130	\$ -
Contributions from employees	133,429	-
Contributions to investment trust funds	-	85,000,043
Total contributions	<u>31,202,559</u>	<u>85,000,043</u>
Investment earnings		
Interest	175,410	393,335
Net increase in fair value of investments	49,216,856	(437,589)
Total investment earnings	49,392,266	(44,254)
Less investment expense	(121,863)	-
Net investment earnings	<u>49,270,403</u>	<u>(44,254)</u>
Total additions	<u>80,472,962</u>	<u>84,955,789</u>
Deductions		
General and administrative	344,057	-
Benefit payments	14,597,443	-
Distributions from investment trust funds	-	83,133,479
Total deductions	<u>14,941,500</u>	<u>83,133,479</u>
Change in net position	65,531,462	1,822,310
Net Position		
Beginning of year	<u>332,719,228</u>	<u>22,492,885</u>
End of year	<u>\$ 398,250,690</u>	<u>\$ 24,315,195</u>

The accompanying notes are an integral part of these financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

Clark County, Nevada (the County) is a municipality governed by an elected seven-member board. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present Clark County, Nevada (the primary government) and its component units.

Blended Component Units

Included as blended component units are University Medical Center of Southern Nevada (UMC) and the Clark County Water Reclamation District (Reclamation District).

Although each of the above-mentioned governmental units operates as a separate entity, the members of the Board of Clark County Commissioners are also the board members (ex-officio) of each entity. Because each of the component units has substantially the same governing body as the primary government and management of the primary government has operational responsibility or is financially accountable for each of the component units, they are blended into the financial statements. The operations of UMC and the Reclamation District are reflected as enterprise funds.

Discretely Presented Component Units

Included as discretely presented component units are the Regional Transportation Commission of Southern Nevada (RTC), the Clark County Regional Flood Control District (Flood Control District), Clark County Stadium Authority (CCSA), Las Vegas Valley Water District (LVVWD), Big Bend Water District, and Kyle Canyon Water District. The RTC and the Flood Control District are governed by two members of the Board of County Commissioners, two members of the City of Las Vegas Council, and one member from the city council of every other incorporated city in Clark County. The CCSA is governed by a nine member board; three members are appointed by the Governor, three members are appointed by the Board of County Commissioners, one member is appointed by the President of the University of Nevada, Las Vegas, and two members elected by the appointed board members. The County is financially accountable for RTC, Flood Control District, and CCSA, and exclusion of these units would render the financial statements of the County incomplete. The members of the Board of County Commissioners are also the board members (ex-officio) of the Water Districts, and the exclusion of these units would render the financial statements of the County incomplete.

Separately issued financial statements for the component units may be obtained by contacting the component units at the following addresses:

Las Vegas Valley Water District and Big Bend Water District
1001 South Valley View Boulevard
Las Vegas, Nevada 89153

University Medical Center of Southern Nevada
1800 West Charleston Boulevard
Las Vegas, Nevada 89102

Clark County Water Reclamation District
5857 East Flamingo Road
Las Vegas, Nevada 89122

Regional Transportation Commission of Southern Nevada
600 South Grand Central Parkway, Suite 350
Las Vegas, Nevada 89106

Regional Flood Control District
600 South Grand Central Parkway, Suite 300
Las Vegas, Nevada 89106

Clark County Stadium Authority
6385 S. Rainbow Blvd., Suite 105
Las Vegas, NV 89118

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

or segment 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for services between the governmental activities and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues, excluding property taxes, to be available if they are collected within 90 days after the end of the current fiscal year. Property taxes are considered available if collected within 60 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, consolidated taxes, franchise fees, interest revenue, and charges for services associated with the current fiscal year are considered to be susceptible to accrual and have been recognized as revenues in the current year. Only the portion of special assessments receivable due within the fiscal year is considered to be susceptible to accrual as revenue of the current year. Fines and forfeitures, as well as licenses and permits, are not susceptible to accrual as they are generally not measurable until received in cash.

The proprietary fund and employee benefit and pension trust fund and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and internal service funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees of the Reclamation District fund that are intended to recover the cost of connecting new customers to their system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following major governmental funds:

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

The Las Vegas Metropolitan Police Department Fund accounts for the operation of a police department serving the citizens of unincorporated Clark County and the City of Las Vegas and is primarily funded through property taxes, fees for service, grants, an interlocal contract with the Department of Aviation for police services, and contributions from the City of Las Vegas and Clark County.

The County reports the following major enterprise funds:

The University Medical Center Fund is a blended component unit of the County. It accounts for the operations of the County's hospital.

The Water Reclamation District Fund is a blended component unit of the County. It accounts for the operations of the County's sewage treatment facilities.

The Department of Aviation Fund accounts for the operations of McCarran International Airport, North Las Vegas Airport, Henderson Executive Airport, Jean Sport Aviation Airport, Perkins Field in Overton, Nevada, and Searchlight Airport.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

Additionally, the County reports the following fund types:

Internal service funds account for printing and mailing, fleet management, employee benefits, property management, information technology, enterprise resource planning, investment pool costs and self-insurance services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

Fiduciary funds include the Medical Insurance Premium Retirement Plan fund, the County Section 125 Plan fund, and the Las Vegas Valley Water District Pension Plan fund. These funds account for resources that are required to be held in trust for the members and beneficiaries of the employee benefit plans or for pension benefit payments to qualified employees.

The investment trust funds and agency funds are also included as fiduciary funds. The Pooled Investment Trust fund accounts for the net position of the County's external investment pool. The Southern Nevada Health District (SNHD) Investment Trust Fund accounts for the net position of the SNHD's individual investment account. The agency funds account for assets held by the County as an agent for other governmental entities. The most significant activity in the agency funds is the collection and transfer of taxes to other local governmental entities, primarily ad valorem and room taxes.

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

Assets, Deferred Outflows (DOR), Liabilities, Deferred Inflows (DIR), and Net Position or Equity

Investments

With the exception of the Water Reclamation District, the County pools the cash of its individual funds for investment purposes. Each fund in the pool records its own interest earnings allocated based on its average daily balances. At year end, all the investments in the pool are adjusted to fair value, regardless of the length of time remaining to maturity. The proportionate share of each fund's unrealized gain or loss at year end is adjusted against the interest earnings of the individual funds. The Water Reclamation District also adjusts their investments to fair value, but only to the extent that they are maturing longer than a year from year end. (Also see Note III.1.)

Receivables and Payables

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

The accounts receivable are shown net of any provision for doubtful accounts.

Inventories and Prepaid Items

The inventories of the proprietary funds are valued at the lower of cost, determined by first-in, first-out method, or market. Inventories consist primarily of materials and supplies.

Certain payments to vendors reflect costs benefiting future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Restricted assets consist of cash and cash equivalents, investments and certain receivables that are restricted in their use by bond covenants or other external agreements. They are primarily used to pay the cost of capital projects and to meet debt service obligations.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, bridges, flood control structures, traffic signals, streetlights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, DOR, Liabilities, DIR, and Net Position or Equity (Continued)

Capital Assets

Major outlays for capital assets and improvements are capitalized as projects are constructed. Significant projects in process are depreciated once the projects are placed in service. Prior to that time, they are reported as construction in progress. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Land improvements	5-75
Infrastructure	15-50
Equipment	5-20

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period so will not be recognized as an outflow of resources (expense/expenditure) until then. Bond refundings are unamortized balances resulting from advance bond refundings and deferred losses incurred on the re-association and revaluation of interest rate swaps paired to certain bonds that were refunded. The hedging instruments are the changes in the fair value of interest rate swaps serving as hedging derivatives at the end of the fiscal year. The pension contributions resulted from the County pension related contributions subsequent to the measurement date but before the end of the fiscal year and changes in proportion since the prior measurement date.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Bond refundings are unamortized balances resulting from advance bond refundings. The hedging instruments are the changes in the fair value of interest rate swaps serving as hedging derivatives at the end of the fiscal year. The pension related amounts resulted from the difference between projected and actual experience, projected and actual investment earnings, changes in proportionate share of collective net pension liability, and difference between employee contributions and proportionate share of contributions. In the governmental funds, the only deferred inflow of resources is for revenues that are not considered available. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Compensated Absences

It is the County's policy to permit employees to accumulate earned, but unused vacation and sick leave benefits. Such benefits are accrued when incurred in the government-wide and proprietary financial statements.

Long-Term Obligations

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

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

Net Position or Equity

In the government-wide statements and in proprietary fund statements, equity is classified as net position and displayed in three components:

- Net investment in capital assets - Capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets net of unspent financing proceeds.
- Restricted net position - Net position with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, DOR, Liabilities, DIR, and Net Position or Equity (Continued)

Net Position or Equity (Continued)

- Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In governmental fund financial statements equity is classified as fund balance and is displayed in up to five components based primarily on the extent to which the County is bound to observe constraints imposed on the use of fund resources. These components are as follows:

- Nonspendable fund balances - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable.
- Restricted fund balances - Similar to restricted net position discussed above, these are amounts with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balances - Amounts with constraints imposed by formal resolution of the Board of County Commissioners (BCC) that specifically state the revenue source and purpose of the commitment. Commitments can only be modified or rescinded through resolutions by the BCC. Commitments can also include resources required to meet contractual obligations approved by the BCC.
- Assigned fund balances - Amounts intended to be used for specific purposes by the Chief Financial Officer as authorized by fiscal directives that do not meet the criteria to be classified as restricted or committed. In the General Fund, the assigned fund balance represents management approved encumbrances that have been re-appropriated in the subsequent year, and amounts necessary to fund budgetary shortfalls in the next fiscal year from unassigned resources.
- Unassigned fund balances - Amounts in the General Fund not contained in other classifications. For other governmental funds, the unassigned classification is used only to report a deficit balance resulting from expenditures exceeding those amounts restricted, committed or assigned for specific purposes.

Based on the County's policy regarding the fund balance classification as noted above, when both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When expenditures are incurred for purposes for which amounts in any unrestricted fund balance classifications could be used, committed funds are to be spent first, assigned funds second, and unassigned funds last.

Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental benefit plans for making decisions and assessing accountability. The adoption of Statement No. 74 did not affect the County's financial position, results of operations or cash flows.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension*, which is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The objective of this Statement is to improve the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The County has not yet completed its assessment of this statement.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, which is effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatements programs in order to assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The adoption of Statement No. 77 did not affect the County's financial position, results of operations or cash flows.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, which is effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The adoption of Statement No. 78 did not affect the County's financial position, results of operations or cash flows.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units- an amendment of GASB No. 14*, which is effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirement for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement establishes an additional blending requirement for the financial presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The adoption of Statement No. 80 did not affect the County's financial position, results of operations or cash flows.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreement*, which is effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The County has not yet completed its assessment of this statement.

In March 2016, the GASB issued Statement No. 82, *Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73*, which is effective for reporting periods beginning after June 15, 2016 except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of Statement No. 82 resulted in a prior period adjustment to restate deferred outflows of resources related to pensions. The effects of this adjustment are disclosed in "Accounting Changes and Restatements" below.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The objective of the Statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets will need to determine when to recognize a liability and corresponding deferred outflows of results for AROs based on the criteria in the Statement. The County has not yet completed its assessment of this statement.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for the accounting and financial reporting purposes and how the activities should be reported. The Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of a fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The County has not yet completed its assessment of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The objective of the Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB statements. Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The County has not yet completed its assessment of this statement.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishments*, which is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance on the debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The County has not yet completed its assessment of this statement.

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The objective of the Statement is to better meet the information needs financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognize inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County has not yet completed its assessment of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Changes and Restatements

Fiscal year 2016 basic financial statements have been retroactively adjusted following GASB No. 82 *Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73*, as described in the "Accounting Pronouncements" above. The effect of this adjustment is a decrease in net position at July 1, 2016 of \$218,487,133 due to the restatement of deferred outflows of resources related to pensions to reflect the reclassification of payments made by the County to satisfy employee (plan member) contribution requirements as employee contributions. This change is in accordance with generally accepted accounting principles.

In addition, capital assets and net position of the Clark County Water Reclamation District were reduced by \$3,721,340 as of July 1, 2016. A review of capital asset records for fiscal year ended June 30, 2017 resulted in the identification of assets that were abandoned or impaired prior to the fiscal year ended June 30, 2016. Additionally, the review identified a capital project in which an over-allocation of capitalized interest occurred primarily in the years prior to fiscal year ended June 30, 2016.

The effects of the above adjustments on the fiscal year 2017 basic financial statements are as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Net position at June 30, 2016, as previously reported	\$ 6,151,627,021	\$ 2,692,924,299	\$ 8,844,551,320
Adjustment to deferred outflow of resources related to pensions for reclassification of employer paid contributions to employee contributions	(159,526,731)	(55,384,325)	(214,911,056)
Abandonment/Impairment of capital assets	-	(3,721,340)	(3,721,340)
Net position at July 1, 2016, as restated	<u>\$ 5,992,100,290</u>	<u>\$ 2,633,818,634</u>	<u>\$ 8,625,918,924</u>

	Regional Flood Control District	RTC of Southern Nevada
Net position at June 30, 2016, as previously reported	\$ (346,083,474)	\$ 4,233,156
Adjustment to deferred outflow of resources related to pensions for reclassification of employer paid contributions to employee contributions	(347,699)	(3,228,378)
Net position at July 1, 2016, as restated	<u>\$ (346,431,173)</u>	<u>\$ 1,004,778</u>

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Net Position

The CCDC Self-Funded Insurance internal service fund had a deficit net position of \$12,392 at June 30, 2017. This deficit net position is under review by County management and will continue to be addressed during the following fiscal year.

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS

Deposits

According to state statutes, County monies must be deposited with federally insured banks, credit unions, or savings and loan associations within the County. The County is authorized to use demand accounts, time accounts, and certificates of deposit. State statutes specifically require collateral for demand deposits, and specify that collateral for time deposits may be of the same type as those described for permissible investments. Permissible investments are similar to allowable County investments described below, except that statutes permit a longer term and include securities issued by municipalities within Nevada. The County's deposits are fully covered by federal depository insurance or securities collateralized in the State of Nevada Collateral Pool. Securities used as such collateral must total 102 percent of the deposits with each financial institution. The County monitors the Nevada Collateral Pool to ensure full collateralization.

All deposits are subject to credit risk. Credit risk is defined as the risk that another party to a deposit or investment transaction (counterparty) will not fulfill its obligations. At year end, the bank balance of deposits held in custody of the County Treasurer was \$46,149,018 and the carrying amount was \$29,623,960. The County utilizes zero balance sweep accounts and there are money market funds and other short-term investments available to cover amounts presented for payment.

The bank balance of deposits held in the custody of other officials was \$345,403,073 consisting of \$500 for the Flood Control District, \$14,954,085 for the RTC, \$64,300,000 for the Water District, and \$2,031,340 for Big Bend Water District. The carrying amount of deposits held in the custody of other officials was \$339,288,655 consisting of \$500 for the Flood Control District, \$12,167,936 for the RTC, \$64,279,111 for the Water District, and \$2,031,340 for Big Bend Water District. The bank balance and the carrying value of deposits with fiscal agent was \$52,298,747.

At June 30, 2017, the value of County-wide deposits, investments, and derivative instruments consisted of the following:

<u>Total Cash, Investments, and Derivative Instruments - All Entities Combined</u>		
Investments and Derivative Instruments		Fair Value
Countywide Investments (1)	\$ 4,947,778,163	
Investments with RFCD Fiscal Agent	30,737,059	
Investments with RTC Fiscal Agent	52,873,761	
Investments with the Water District	284,855,852	
Derivative Instruments	<u>63,653,876</u>	\$ 5,379,898,711
Cash		421,211,362
Water District Pension		<u>396,616,689</u>
Grand total		<u>\$ 6,197,726,762</u>

(1) Exclusive of RFCD Fiscal Agent & RTC Fiscal Agent & Water District

County-wide investments and cash above include investment and cash balances for the Flood Control District, the RTC, Kyle Canyon Water District, and Clark County Stadium Authority in the amount of \$165,617,184, \$506,731,310, \$158,746, and \$12,666,528, respectively, which are discretely presented component units and are not broken out separately as they participate in the investment pool.

Investments

When investing monies, the County is required to be in conformance with state statutes and written policies adopted by the Board of County Commissioners designating allowable investments and the safeguarding of those investments. The County invests monies both by individual fund and through a pooling of monies. The pooled monies, referred to as the investment pool, are theoretically invested as a combination of monies from each fund belonging to the pool. In this manner, the County Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest is apportioned monthly to each fund in the pool based on the average daily cash balances of the funds for the month in which the investment matures. Cash and investments in the custody of the County Treasurer comprise the investment pool. Securities purchased by the County are delivered against payments and held in a custodial safekeeping account with the trust department of a bank designated by the County.

As described above, the cash and investments in custody of the County Treasurer are invested as a pool. Entity-wide investment pools are considered to have the general characteristics of demand deposits in that the entity may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty. Therefore, cash and investments in custody of the County Treasurer for the proprietary funds are considered cash equivalents for the purposes of the statement of cash flows, in addition to cash in custody of other officials and cash with fiscal agent.

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Investments (Continued)

State statutes authorize the County to invest in the following (quality rating by Moody's Investment Service): Obligations of the U.S. Treasury and U.S. agencies not to exceed ten years maturity; negotiable notes or short-term negotiable bonds issued by other local governments of the State of Nevada; negotiable certificates of deposit insured by commercial banks, credit unions or savings and loan associations; nonnegotiable certificates of deposit issued by insured commercial banks, credit unions or savings and loan associations, except certificates that are not within limits of insurance provided by the Federal Deposit Insurance Corporation, unless those certificates are collateralized as is required for uninsured deposits; bankers' acceptances eligible for rediscount with federal reserve banks, not to exceed 180 days maturity and 20 percent of total investments; obligations of state and local governments if the interest on the obligation is tax exempt and the obligation is rated "A" or its equivalent; commercial paper having a "P-1" rating or equivalent, not to exceed 270 days maturity and 20 percent of the total investments; money market mutual funds with "Aaa" rating invested only in federal government or agency securities; master notes, bank notes or other short-term commercial paper rated "P-1" or its equivalent, or in repurchase agreements fully collateralized by such securities; notes, bonds, and other unconditional obligations issued by corporations organized and operating in the United States, having an "A" rating or equivalent, not to exceed 5 years maturity and 20 percent of the total investments; collateralized mortgage obligations that are rated "Aaa" or its equivalent, not to exceed 20 percent of the total investments; asset-backed securities that are rated "Aaa" or its equivalent, not to exceed 20 percent of the total investments; repurchase agreements that are collateralized at 102 percent and are executed with a primary dealer, not to exceed 90 days maturity. State statutes require the County to invest with security dealers who are primary dealers when investing in repurchase agreements. Primary dealers are a group of dealers that submit daily reports of market positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its formal oversight.

At June 30, 2017, the fair value of County-wide investments and derivative instruments were categorized by maturity as follows:

<u>Investments and Derivative Instruments Maturities - All Entities Combined</u>					
Investment Type	Fair Value	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
<i>Debt Securities (Exclusive of RFCD Fiscal Agent & RTC Fiscal Agent & Water District)</i>					
U.S. Treasuries	\$ 1,638,632,744	\$ 122,411,254	\$ 632,866,690	\$ 883,354,800	\$ -
U.S. Agencies	1,364,061,665	396,253,865	551,514,355	416,293,445	-
Corporate Obligations	865,662,276	256,982,500	419,131,572	189,548,204	-
Money Market Funds	278,602,835	278,602,835	-	-	-
Commercial Paper	480,560,990	480,560,990	-	-	-
Negotiable CD	120,875,839	120,786,839	89,000	-	-
NV Local Government Investment Pool	30,342,956	30,342,956	-	-	-
Collateralized Mortgage Obligations & Asset Backed Securities	169,038,858	5,982,074	20,514,351	124,645,409	17,897,024
Derivative Instruments	63,653,876	-	-	-	63,653,876
Subtotal	<u>5,011,432,039</u>	<u>1,691,923,313</u>	<u>1,624,115,968</u>	<u>1,613,841,858</u>	<u>81,550,900</u>
<i>Debt Securities With RFCD Fiscal Agent</i>					
U.S. Agencies	24,568,108	24,568,108	-	-	-
Money Market Funds	6,168,951	6,168,951	-	-	-
Subtotal	<u>30,737,059</u>	<u>30,737,059</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Debt Securities With RTC Fiscal Agent</i>					
U.S. Treasuries	1,996,880	1,996,880	-	-	-
U.S. Agencies	26,000,393	8,168,856	11,843,617	5,987,920	-
Money Market Funds	24,876,488	24,876,488	-	-	-
Subtotal	<u>52,873,761</u>	<u>35,042,224</u>	<u>11,843,617</u>	<u>5,987,920</u>	<u>-</u>
<i>Debt Securities With Water District</i>					
U.S. Treasuries	44,156,300	-	44,156,300	-	-
U.S. Agencies	225,704,614	-	220,717,414	4,987,200	-
Commercial Paper	4,999,178	4,999,178	-	-	-
Negotiable CD	9,995,760	9,995,760	-	-	-
Subtotal	<u>284,855,852</u>	<u>14,994,938</u>	<u>264,873,714</u>	<u>4,987,200</u>	<u>-</u>
Total	<u>\$ 5,379,898,711</u>	<u>\$ 1,772,697,534</u>	<u>\$ 1,900,833,299</u>	<u>\$ 1,624,816,978</u>	<u>\$ 81,550,900</u>

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Investments (Continued)

The Local Government Investment Pool is an unrated external pool administered by the State Treasurer with oversight by the State of Nevada Board of Finance. The County deposits monies with the State Treasurer to be pooled with monies of other local governments for investment in the local government pooled investment fund.

At June 30, 2017, the Las Vegas Valley Water District Pension Trust Fund had the following investments (includes contract investments at contract value):

<u>Las Vegas Valley Water District Pension Trust Fund Investments</u>				
<u>Investment</u>	<u>Maturities</u>	<u>Carrying Value</u>	<u>Fair Value Measurement</u>	<u>Percentage of Total</u>
Cash and cash equivalents				
Money Market Fund	Weighted Avg. 27 days	\$ 2,071,149	Level 1	0.50%
Fixed income securities				
U.S. Fixed Income Securities	Weighted Avg. 8.30 years	72,082,749	Level 1	
High Yield Fixed Income Securities	Weighted Avg. 3.70 years	24,125,871	Level 1	
Insurance Contracts	Open	2,503,803	Level 2	
		<u>98,712,423</u>		24.90
Equity securities				
U.S. Equity Securities	N/A	225,207,284	Level 1	
International Equity Securities	N/A	59,290,314	Level 1	
		<u>284,497,598</u>		71.70
Global REIT	N/A	11,335,519	Level 1	2.90
Total		<u>\$ 396,616,689</u>		<u>100.00%</u>

Level 1 investments were valued based on quoted market prices for identical assets provided by recognized broker dealers. Level 2 investments were valued by recognized broker dealers based on a matrix pricing model that maximizes the use of observable inputs for similar securities.

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Investments (Continued)

At June 30, 2017, the fair value of County-wide investments and derivative instruments were categorized by quality rating as follows:

Investment Type	Fair Value	Investments and Derivative Instruments - All Entities Combined Quality Ratings by Moody's Investors Service						
		Aaa	Aa	A	Baa	P-1	Unrated	
<i>Debt Securities (Exclusive of RFCD Fiscal Agent & RTC Fiscal Agent & Water District)</i>								
U.S. Treasuries	\$ 1,638,632,744	\$ 1,638,632,744	\$ -	\$ -	\$ -	\$ -	\$ -	-
U.S. Agencies (1)	1,364,061,665	1,212,387,145	-	-	-	-	-	997,950
Corporate Obligations	865,662,276	54,835,150	530,850,022	-	-	-	-	-
Money Market Funds	278,602,835	278,602,835	279,977,104	-	-	-	-	-
Commercial Paper	480,560,990	-	-	-	-	480,560,990	-	-
Negotiable CD	120,875,839	-	-	-	-	115,012,950	-	5,862,889
NV Local Government Investment Pool	30,342,956	-	-	-	-	-	-	30,342,956
Collateralized Mortgage Obligations & Asset Backed Securities (2)	169,038,858	115,504,550	-	-	-	-	-	53,534,308
Derivative Instruments	63,653,876	-	366,117	-	62,918,629	-	-	-
Subtotal	5,011,432,039	3,299,962,424	280,343,221	531,219,152	62,918,629	746,250,510	-	90,738,103
<i>Debt Securities With RFCD Fiscal Agent</i>								
U.S. Agencies	24,568,108	-	-	-	-	24,568,108	-	-
Money Market Funds	6,168,951	6,168,951	-	-	-	-	-	-
Subtotal	30,737,059	6,168,951	-	-	-	24,568,108	-	-
<i>Debt Securities With RTC Fiscal Agent</i>								
U.S. Treasuries	1,996,880	1,996,880	-	-	-	-	-	-
U.S. Agencies (1)	26,000,393	14,848,007	-	-	-	8,168,856	-	2,983,530
Money Market Funds	24,876,488	24,876,488	-	-	-	-	-	-
Subtotal	52,873,761	41,721,375	-	-	-	8,168,856	-	2,983,530
<i>Debt Securities With Water District</i>								
U.S. Treasuries	44,156,300	44,156,300	-	-	-	-	-	-
U.S. Agencies (1)	225,704,614	210,247,439	-	-	-	-	-	15,457,175
Commercial Paper	4,999,178	-	-	-	-	4,999,178	-	-
Negotiable CD	9,995,760	-	-	-	-	9,995,760	-	-
Subtotal	284,855,852	254,403,739	-	-	-	14,994,938	-	15,457,175
Total	\$ 5,379,898,711	\$ 3,602,256,489	\$ 280,343,221	\$ 531,219,152	\$ 62,918,629	\$ 793,982,412	\$ 1,109,178,808	\$ -

(1) Unrated U.S. federal agency securities are Farmer Mac securities not rated by either Moody's or Standard & Poor's.

(2) Unrated asset backed securities are rated AAA by Standard & Poor's.

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Investments (Continued)

Las Vegas Valley Water District Pension Trust Fund Credit Quality with Credit Exposure as a Percentage of Total Fixed Income Investments (Contracts Not Rated) as of June 30, 2017		
Domestic Bond Fund	AA	73.00%
High Yield Bond Fund	B	24.50
Contracts	N/A	2.50

The managing institution of the Domestic Bond Fund reports an average quality rating of AA1/AA2 at June 30, 2017, for the underlying securities. The managing institution of the High Yield Bond Fund reports an average quality rating of B2 at June 30, 2017 for the underlying securities. The Plan's Money Market Fund was not rated by either Moody's or Standard & Poor's at June 30, 2017.

In accordance with GASB 72, investments and derivative instruments are valued at fair value. Securities classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities or offer same-day liquidity at a price of par. Securities classified at Level 2 of the fair value hierarchy are generally valued using a matrix pricing technique. Matrix pricing is the process of estimating the market price of a bond based on the quoted prices of more frequently traded comparable bonds. State and Local Government Series (SLGS) are classified at Level 3 as these securities are purchased from the U.S. Department of Treasury through a subscription process and are not traded on the open market but can be redeemed through the Bureau of Fiscal Service by a redemption request.

The fair values of the interest rate derivative instruments are estimated using an independent pricing service. The valuations provided are derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The instruments' expected cash flows are calculated using the zero-coupon discount method, which takes into consideration the prevailing benchmark interest rate environment as well as the specific terms and conditions of a given transaction and which assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the instruments by discounting future expected cash flows to a single valuation using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and the time value of money. This valuation technique is applied consistently across all instruments. Given the observability of inputs that are significant to the entire sets of measurements, the fair values of the instruments are based on inputs categorized as Level 2.

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Investments (Continued)

At June 30, 2017, County-wide investments and derivative instruments were measured at fair value as follows:

<u>Investments and Derivative Instruments Fair Value Measurements - All Entities Combined</u>				
<u>Investment Type</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Treasuries	\$ 1,638,632,744	\$ 1,585,176,441	\$ -	\$ 53,456,303
U.S. Agencies	1,364,061,665	150,676,570	1,213,385,095	-
Corporate Obligations	865,662,276	-	865,662,276	-
Money Market Funds	278,602,835	278,602,835	-	-
Commercial Paper	480,560,990	-	480,560,990	-
Negotiable CD	120,875,839	-	120,875,839	-
NV Local Government Investment Pool	30,342,956	-	30,342,956	-
Collateralized Mortgage Obligations & Asset Backed Securities	169,038,858	-	169,038,858	-
Derivative Instruments	63,653,876	-	63,653,876	-
Subtotal	<u>5,011,432,039</u>	<u>2,014,455,846</u>	<u>2,943,519,890</u>	<u>53,456,303</u>
<i>Debt Securities With RFCD Fiscal Agent</i>				
U.S. Agencies	24,568,108	24,568,108	-	-
Money Market Funds	6,168,951	6,168,951	-	-
Subtotal	<u>30,737,059</u>	<u>30,737,059</u>	<u>-</u>	<u>-</u>
<i>Debt Securities With RTC Fiscal Agent</i>				
U.S. Treasuries	1,996,880	1,996,880	-	-
U.S. Agencies	26,000,393	8,168,856	17,831,537	-
Money Market Funds	24,876,488	24,876,488	-	-
Subtotal	<u>52,873,761</u>	<u>35,042,224</u>	<u>17,831,537</u>	<u>-</u>
<i>Debt Securities With Water District</i>				
U.S. Treasuries	44,156,300	44,156,300	-	-
U.S. Agencies	225,704,614	-	225,704,614	-
Commercial Paper	4,999,178	-	4,999,178	-
Negotiable CD	9,995,760	-	9,995,760	-
Subtotal	<u>284,855,852</u>	<u>44,156,300</u>	<u>240,699,552</u>	<u>-</u>
Total	<u>\$ 5,379,898,711</u>	<u>\$ 2,124,391,429</u>	<u>\$ 3,202,050,979</u>	<u>\$ 53,456,303</u>

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the average weighted duration of its investment pool portfolio to less than 2.5 years. Duration is a measure of the present value of a fixed income's cash flows and is used to estimate the sensitivity of a security's price to interest rate changes.

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Interest Rate Sensitivity

Interest rate sensitive securities include floating rate, callable, asset-backed, and mortgage-backed securities. As interest rates change, these types of securities may be redeemed early or the coupon rate may change.

At June 30, 2017, the County invested in the following types of securities that have a higher sensitivity to interest rates:

Terms Table of Interest Rate Sensitive Securities						
CUSIP	Security Type	Fair Value	Maturity Date	Call Frequency	Index	Coupon
3134G8L98	Federal Agency Callables	\$ 49,907,000	02/26/18	Quarterly	N/A	Fixed
3134GBKP6	Federal Agency Callables	1,989,740	05/17/22	One time	N/A	Fixed
3134GBRR5	Federal Agency Callables	9,926,900	06/15/21	One time	N/A	Fixed
3134GBVB5	Federal Agency Callables	49,638,000	06/29/22	One time	N/A	Fixed
3136G3A62	Federal Agency Callables	2,958,180	07/26/19	One time	N/A	Fixed
3136G3G41	Federal Agency Callables	975,490	10/28/20	One time	N/A	Fixed
3134GBTZ5	Federal Agency Step Ups	1,996,520	06/29/22	Quarterly	N/A	Step up
3134GBTZ5	Federal Agency Step Ups	1,996,520	06/29/22	Quarterly	N/A	Step up
3134GBUB6	Federal Agency Step Ups	1,994,880	06/28/22	One time	N/A	Step up
3134GBUB6	Federal Agency Step Ups	1,994,880	06/28/22	One time	N/A	Step up
3134GBUB6	Federal Agency Step Ups	1,994,880	06/28/22	One time	N/A	Step up
31393RVW7	Agency CMOs	67,008	06/15/18	N/A	N/A	Fixed
31397NFA8	Agency CMOs	112,724	03/25/24	N/A	N/A	Fixed
3137AAR54	Agency CMOs	231,249	10/15/18	N/A	N/A	Fixed
31397SPC2	Agency CMOs	235,849	06/25/21	N/A	N/A	Fixed
3137AAYD9	Agency CMOs	262,302	08/15/18	N/A	N/A	Fixed
3136A3UG4	Agency CMOs	694,650	12/25/21	N/A	N/A	Fixed
3136A3XZ9	Agency CMOs	851,546	02/25/22	N/A	N/A	Fixed
3137AA4V2	Agency MBS Pass-Throughs	929,708	08/25/20	N/A	N/A	Fixed
31398WD27	Agency CMOs	934,197	04/25/19	N/A	N/A	Fixed
3136A9YB8	Agency CMOs	1,362,193	02/25/22	N/A	N/A	Fixed
89236WAC2	Asset Backed Securities	1,955,329	02/15/19	N/A	N/A	Fixed
31418AFV5	Asset MBS Pass-Throughs	2,015,117	06/01/22	N/A	N/A	Fixed
43813NAC0	Asset Backed Securities	2,475,129	02/21/19	N/A	N/A	Fixed
3136ANJY4	Agency CMOs	2,786,541	04/25/18	N/A	N/A	Fixed
3137BRQ99	Agency MBS Pass-Throughs	2,826,230	09/25/22	N/A	N/A	Fixed
86803VAC3	Asset Backed Securities	2,849,634	09/16/19	N/A	N/A	Fixed
3136AMKW8	Agency CMOs	3,128,525	02/25/18	N/A	N/A	Fixed
12594DAD0	Asset Backed Securities	3,293,961	08/15/21	N/A	N/A	Fixed
14313PAD9	Asset Backed Securities	3,392,029	05/15/19	N/A	N/A	Fixed
38013MAD8	Asset Backed Securities	3,994,960	09/21/20	N/A	N/A	Fixed
14313WAC6	Asset Backed Securities	4,183,529	11/15/19	N/A	N/A	Fixed
05581QAD0	Asset Backed Securities	4,230,952	02/20/19	N/A	N/A	Fixed
87165LAX9	Asset Backed Securities	4,519,170	03/15/22	N/A	N/A	Fixed
16157IHF4	Asset Backed Securities	4,954,250	07/15/21	N/A	N/A	Fixed
36159JDQ1	Asset Backed Securities	4,993,950	03/15/21	N/A	N/A	Fixed
87165LAX9	Asset Backed Securities	5,021,300	03/15/22	N/A	N/A	Fixed
12623PAD8	Asset Backed Securities	5,136,900	05/17/21	N/A	N/A	Fixed

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Interest Rate Sensitivity (Continued)

Terms Table of Interest Rate Sensitive Securities (Continued)						
CUSIP	Security Type	Fair Value	Maturity Date	Call Frequency	Index	Coupon
3137BPCF4	Agency CMOs	5,303,600	10/25/20	N/A	N/A	Fixed
05522RCU0	Asset Backed Securities	5,995,320	09/15/20	N/A	N/A	Fixed
05582QAE7	Asset Backed Securities	6,909,910	12/27/22	N/A	N/A	Fixed
89231LAE7	Asset Backed Securities	6,933,500	01/15/22	N/A	N/A	Fixed
43811BAC8	Asset Backed Securities	6,989,360	08/16/21	N/A	N/A	Fixed
44614DAC1	Asset Backed Securities	6,994,680	11/16/20	N/A	N/A	Fixed
587729AD6	Asset Backed Securities	6,996,920	11/16/20	N/A	N/A	Fixed
14314JAC4	Asset Backed Securities	7,524,075	11/15/21	N/A	N/A	Fixed
14041NFF3	Asset Backed Securities	7,932,080	06/15/22	N/A	N/A	Fixed
65478UAD1	Asset Backed Securities	7,973,280	10/15/20	N/A	N/A	Fixed
14314MAC7	Asset Backed Securities	7,983,760	02/16/21	N/A	N/A	Fixed
14314PAC0	Asset Backed Securities	8,006,400	03/15/22	N/A	N/A	Fixed
17305EGB5	Asset Backed Securities	8,008,880	04/07/22	N/A	N/A	Fixed
98162KAD5	Asset Backed Securities	8,048,160	08/15/22	N/A	N/A	Fixed
Total		<u>\$ 294,411,847</u>				

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy applies the prudent-person rule: "In investing the County's monies, there shall be exercised judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The County's investments were rated by Moody's Investors Service as follows: U.S. Treasury Notes, Aaa; bonds of U.S. Federal agencies, Aaa; discount notes of U.S. Federal agencies, P-1; money market funds, Aaa; commercial paper issued by corporations organized and operating in the United States or by depository institutions licensed by the United States or any state and operating in the United States, P-1; negotiable certificates of deposit issued by commercial banks, insured credit unions or savings and loan associations, not specified; collateralized mortgage obligations, Aaa; asset-backed securities, Aaa; corporate notes issued by corporations organized and operating in the United States which have a rating of A or its equivalent or higher. The County's investments in non-negotiable certificates of deposit are FDIC insured and do not exceed \$250,000 per insured institution.

The County is exposed to credit risk on hedging derivatives with positive fair values totaling \$17,960,534 at June 30, 2017. The counterparty credit ratings for these swaps are Baa or higher. The County is exposed to credit risk on investment derivatives with positive fair values totaling \$45,693,342 at June 30, 2017. The counterparty credit ratings for these swaps are Baa or higher. Exposure is mitigated through the use of an International Swaps and Derivatives Association credit support annex, which provides collateral to protect the value of the swaps under specific circumstances.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy limits the amount that may be invested in obligations of any one issuer, except direct obligations of the U.S. government or federal agencies, to no more than five percent of the Clark County investment pool.

At June 30, 2017, the following investments exceeded five percent of the total cash and investments for all entities combined:

Investments Exceeding 5% of Total Cash and Investments - All Entities Combined as of June 30, 2017	
Federal Home Loan Banks (FHLB)	6.30%
Federal Home Loan Mortgage Corporation (FHLMC)	8.37
Federal National Mortgage Association (FNMA)	12.64
Morgan Stanley Money Market Funds (MSGF)	5.36

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

GASB 31

GASB Statement No. 31 requires the County to adjust the carrying amount of its investment portfolio to reflect the change in fair or market values. Interest revenue is increased or decreased in relation to this adjustment of unrealized gain or loss. Net interest income in the funds reflects this positive or negative market value adjustment.

Pooled Investments

Pooled investments are carried at fair value determined by quoted market prices or matrix pricing. All pooled investments are held in the custody of a bank designated by the County.

The County administers an external investment pool combining County money with involuntary investments from the Southern Nevada Health District (SNHD). Under authority delegated by the Board of County Commissioners (BCC) in accordance with NRS 355.175, the investment of County funds is the responsibility of the County Treasurer. Per the Clark County Investment Policy section XVII, the Treasurer shall consult with the Chief Financial Officer/Comptroller regarding the investment process including, but not limited to, a review of the investment policy and portfolio components. Any changes to the investment policy are subject to approval by the BCC. The external investment pool is not registered with the SEC as an investment company. The County custodian determines the fair value of its pooled investments on a monthly basis. The County has not provided or obtained any legally binding guarantees during the period to support the value of shares.

Each participant's share is equal to their investment plus or minus the monthly allocation of net investment earnings and realized and unrealized gains and losses. The derivation of realized gains and losses is independent of the determination of the net change in the fair value of investments for all periods reported.

Net position and changes in net position of the external investment pool as of June 30, 2017, are summarized below:

External Investment Pool Statement of Net Position as of June 30, 2017	
Assets:	
Cash	\$ 33,528,619
Investments:	
U.S. Treasuries	1,363,436,700
U.S. Agencies	1,145,383,950
Corporate Obligations	805,559,334
Money Market Funds	31,444,632
Commercial Paper	476,564,150
Negotiable Certificates of Deposit	115,012,950
NV Local Government Investment Pool	30,291,746
Collateralized Mortgage Obligations & Asset Backed Securities	144,120,534
Interest Receivable	10,571,100
Total Assets	\$ 4,155,913,715
Net Position:	
Internal Participants	\$ 4,146,705,160
External Participants	9,208,555
Total	\$ 4,155,913,715

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Pooled Investments (Continued)

External Investment Pool	
Statement of Changes in Net Position for the Year Ended June 30, 2017	
Additions:	
Net investment earnings	\$ 52,248,540
Net increase (decrease) in fair value of investments	(51,637,223)
Increase in net assets resulting from operations	611,317
Net capital share transactions	278,574,091
Change in Net Position	279,185,408
Net Position, July 1	3,876,728,307
Net Position, June 30	\$ 4,155,913,715

At June 30, 2017, the fair value of deposits and investments held in the external investment pool consisted of the following:

Total Cash and Investments - External Investment Pool	
Investments and Cash	Fair Value
Investments	\$ 4,111,813,996
Cash	33,528,619
Total	\$ 4,145,342,615

At June 30, 2017, investments held in the external investment pool consisted of the following:

Investments - External Investment Pool		
Fair Value and Carrying Amount		
Investment Type	Fair Value	Carrying Amount
U.S. Treasuries	\$ 1,363,436,700	\$ 1,366,193,022
U.S. Agencies	1,145,383,950	1,149,758,848
Corporate Obligations	805,559,334	806,753,885
Money Market Funds	31,444,632	31,444,632
Commercial Paper	476,564,150	475,954,153
Negotiable CD	115,012,950	115,000,000
NV Local Government Investment Pool	30,291,746	30,312,359
Collateralized Mortgage Obligations & Asset Backed Securities	144,120,534	144,706,473
Total	\$ 4,111,813,996	\$ 4,120,123,372

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Pooled Investments (Continued)

At June 30, 2017, the fair value of investments held in the external investment pool were categorized by maturity as follows:

Investment Type	Investments Maturities - External Investment Pool				
	Fair Value	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
U.S. Treasuries	\$ 1,363,436,700	\$ -	\$ 560,648,440	\$ 802,788,260	\$ -
U.S. Agencies	1,145,383,950	274,544,950	474,878,000	395,961,000	-
Corporate Obligations	805,559,334	211,482,771	405,030,755	189,045,808	-
Money Market Funds	31,444,632	31,444,632	-	-	-
Commercial Paper	476,564,150	476,564,150	-	-	-
Negotiable CD	115,012,950	115,012,950	-	-	-
NV Local Government Investment Pool	30,291,746	30,291,746	-	-	-
Collateralized Mortgage Obligations & Asset Backed Securities	144,120,534	5,982,074	5,611,277	114,630,159	17,897,024
Total	\$ 4,111,813,996	\$ 1,145,323,273	\$ 1,446,168,472	\$ 1,502,425,227	\$ 17,897,024

At June 30, 2017, the fair value of investments held in the external investment pool were categorized by quality rating as follows:

Investment Type	Fair Value	Investments - External Investment Pool Quality Ratings by Moody's Investors Service				
		Aaa	Aa	A	P-1	Unrated
U.S. Treasuries	\$ 1,363,436,700	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	1,145,383,950	1,045,491,750	-	-	99,892,200	-
Corporate Obligations	805,559,334	49,815,400	267,502,436	488,241,498	-	-
Money Market Funds	31,444,632	31,444,632	-	-	-	-
Commercial Paper	476,564,150	-	-	-	476,564,150	-
Negotiable CD	115,012,950	-	-	-	115,012,950	-
NV Local Government Investment Pool	30,291,746	-	-	-	-	30,291,746
Collateralized Mortgage Obligations & Asset Backed Securities (1)	144,120,534	93,061,355	-	-	-	51,059,179
Total	\$ 4,111,813,996	\$ 2,583,249,837	\$ 267,502,436	\$ 488,241,498	\$ 691,469,300	\$ 81,350,925

(1) Unrated asset backed securities are rated AAA by Standard & Poor's.

III. DETAILED NOTES - ALL FUNDS

1. CASH AND INVESTMENTS (Continued)

Pooled Investments (Continued)

At June 30, 2017, investments held in the external investment pool were measured at fair value as follows:

<u>Investments - External Investment Pool</u>				
<u>Fair Value Measurements</u>				
<u>Investment Type</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Treasuries	\$ 1,363,436,700	\$ 1,363,436,700	\$ -	\$ -
U.S. Agencies	1,145,383,950	99,892,200	1,045,491,750	-
Corporate Obligations	805,559,334	-	805,559,334	-
Money Market Funds	31,444,632	31,444,632	-	-
Commercial Paper	476,564,150	-	476,564,150	-
Negotiable CD	115,012,950	-	115,012,950	-
NV Local Government Investment Pool	30,291,746	-	30,291,746	-
Collateralized Mortgage Obligations & Asset Backed Securities	144,120,534	-	144,120,534	-
Total	<u>\$ 4,111,813,996</u>	<u>\$ 1,494,773,532</u>	<u>\$ 2,617,040,464</u>	<u>\$ -</u>

III. DETAILED NOTES - ALL FUNDS

2. PROPERTY TAXES

Taxes on real property are levied on July 1 of each year and a lien is also placed on the property on July 1. The taxes are due on the third Monday in August, but can be paid in four installments on or before the third Monday in August, first Monday in October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties, and costs, together with interest at the rate of 10 percent per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer may sell the property to satisfy the tax lien.

The Nevada legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation. The Nevada legislature also passed a property tax abatement law that generally caps increases in property taxes received from any owner-occupied residential property to three percent per year, and eight percent per year for all other property.

Delinquent taxes receivable not collected within sixty days after year end are recorded as deferred inflows of resources in the governmental funds as they are not available to pay liabilities of the current period. The revenue is fully recognized at the government-wide level.

<u>Unavailable Delinquent Taxes and Penalties Receivable at June 30, 2017</u>				
<u>General Fund</u>	<u>Las Vegas Metropolitan Police</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
\$ 14,976,045	\$ 1,502,589	\$ 1,363,582	\$ 67,444	\$ 17,909,660

III. DETAILED NOTES - ALL FUNDS

3. ACCOUNTS RECEIVABLE

<u>Accounts Receivable as of June 30, 2017</u>			
	<u>Accounts Receivable</u>	<u>Provisions for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>
<u>Primary Government</u>			
<i>Governmental activities</i>			
General Fund	\$ 24,815,866	\$ (6,469,311)	\$ 18,346,555
LVMPD	585,723	-	585,723
Other governmental	3,380,909	(2,469,746)	911,163
Internal service	2,560,595	(355,794)	2,204,801
Total governmental activities	<u>\$ 31,343,093</u>	<u>\$ (9,294,851)</u>	<u>\$ 22,048,242</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>		
<i>Business-type activities</i>			
UMC	\$ 257,417,851	\$ (160,317,923)	\$ 97,099,928
Reclamation District	4,224,092	(351,178)	3,872,914
Department of Aviation	69,411,604	(580,584)	68,831,020
Other proprietary	168,844	(31,740)	137,104
Total business-type activities	<u>\$ 331,222,391</u>	<u>\$ (161,281,425)</u>	<u>\$ 169,940,966</u>
<i>Business-type activities restricted</i>			
University Medical Center	\$ 350,826	-	\$ 350,826
Reclamation District	3,174,442	-	3,174,442
Total business-type activities restricted	<u>\$ 3,525,268</u>	<u>\$ -</u>	<u>\$ 3,525,268</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>		
<u>Discretely Presented Component Units</u>			
RTC	\$ 17,792,115	\$ (436,380)	\$ 17,355,735
Flood Control District	-	-	-
LVVWD District	\$ 73,186,350	\$ (1,748,373)	\$ 71,437,977
LVVWD - restricted	\$ 408,962,087	-	\$ 408,962,087
Other Water Districts	\$ 397,885	-	\$ 397,885
CCSA	-	-	-

Restricted receivables of the Water District consist of amounts due from the Southern Nevada Water Authority (SNWA) restricted for the repayment of Water District bonds and notes whose proceeds were delivered to the SNWA.

III. DETAILED NOTES - ALL FUNDS

3. ACCOUNTS RECEIVABLE (Continued)

Bond Bank Receivable

Nevada Revised Statute authorizes the County to issue general obligation bonds for the purpose of acquiring obligations issued by municipalities and authorities in Clark County for certain purposes. These general obligation bonds are shown in Note 6. The obligations issued by municipalities and authorities are shown as a bond bank receivable on the statement of net position.

<u>Bond Bank Receivable Balance at June 30, 2017</u>		
	<u>Primary Government- Government Activities</u>	<u>Discretely Presented Component Unit LVVWD</u>
Bond bank receivable, current	\$ 38,985,000	\$ 70,035,000
Bond bank receivable, noncurrent	1,003,395,000	1,933,170,000
 Total bond bank receivable	 <u>\$ 1,042,380,000</u>	 <u>\$ 2,003,205,000</u>

4. CAPITAL ASSETS

<u>Capital Assets as of June 30, 2017</u>				
<u>Primary Government</u>	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 1,375,559,036	\$ 5,151,103	\$ 114,500,000	\$ 1,266,210,139
Construction in progress	290,520,350	230,500,394	152,605,294	368,415,450
Total capital assets not being depreciated	1,666,079,386	235,651,497	267,105,294	1,634,625,589
Capital assets being depreciated				
Buildings	1,556,346,737	2,971,586	-	1,559,318,323
Improvements other than buildings	552,738,552	18,239,635	-	570,978,187
Equipment	371,043,906	49,140,037	34,778,901	385,405,042
Infrastructure	5,723,941,250	213,657,127	25,908,527	5,911,689,850
Total capital assets being depreciated	8,204,070,445	284,008,385	60,687,428	8,427,391,402
Less accumulated depreciation for				
Buildings	369,263,689	36,682,128	-	405,945,817
Improvements other than buildings	230,021,220	25,525,932	-	255,547,152
Equipment	277,840,854	34,590,591	34,353,051	278,078,394
Infrastructure	2,564,050,039	204,393,400	16,275,705	2,752,167,734
Total accumulated depreciation	3,441,175,802	301,192,051	50,628,756	3,691,739,097
Total capital assets being depreciated, net	4,762,894,643	(17,183,666)	10,058,672	4,735,652,305
Government activities capital assets, net	\$ 6,428,974,029	\$ 218,467,831	\$ 277,163,966	\$ 6,370,277,894

III. DETAILED NOTES - ALL FUNDS

4. CAPITAL ASSETS (Continued)

Capital Assets as of June 30, 2017 (Continued)				
Primary Government (Continued)	Restated Balance July 1, 2016	Increases	Decreases	Restated Balance June 30, 2017
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 951,819,283	\$ 700	\$ 895,425	\$ 950,924,558
Construction in progress	459,390,311	289,830,450	384,972,371	364,248,390
Total capital assets Not being depreciated	1,411,209,594	289,831,150	385,867,796	1,315,172,948
Capital assets being depreciated:				
Land improvements	2,689,129,015	275,264,822	32,279,187	2,932,114,650
Buildings and improvements	4,937,448,720	64,957,886	124,550	5,002,282,056
Equipment	1,008,637,989	86,746,192	3,014,322	1,092,369,859
Total capital assets being depreciated	8,635,215,724	426,968,900	35,418,059	9,026,766,565
Less accumulated depreciation for:				
Land improvements	1,125,415,285	82,844,710	16,934,946	1,191,325,049
Buildings and improvements	1,615,735,170	147,204,700	43,200	1,762,896,670
Equipment	593,898,892	72,713,240	2,608,578	664,003,553
Total accumulated depreciation	3,335,049,346	302,762,650	19,586,724	3,618,225,272
Total capital assets being depreciated, net	5,300,166,378	124,206,250	15,831,335	5,408,541,293
Business-type activities capital assets, net	\$ 6,711,375,972	\$ 414,037,400	\$ 401,699,131	\$ 6,723,714,241

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

Depreciation Expense for the Year Ended June 30, 2017	
<u>Primary Government</u>	
<i>Governmental activities</i>	
General government	\$ 20,060,646
Judicial	6,996,329
Public safety	36,312,215
Public works	209,860,282
Health	751,279
Welfare	458,897
Culture and recreation	25,250,590
Other	1,501,813
Total depreciation expense - governmental activities	\$ 301,192,051
<i>Business-type activities</i>	
Hospital	\$ 18,807,217
Airport	192,919,551
Sewer	89,813,046
Other	1,222,836
Total depreciation expense - business-type activities	\$ 302,762,650

III. DETAILED NOTES - ALL FUNDS

4. CAPITAL ASSETS (Continued)

Construction Commitments

Major projects included in construction-in-progress are the beltway and other major arterial roadways, flood control projects, airport terminal expansion, sewage and water treatment facilities.

Construction-in-progress and remaining commitments as of June 30, 2017, were as follows:

Construction-in-Progress and Remaining Commitments as of June 30, 2017		
Primary Government	Spent to Date	Remaining Commitment
<i>Governmental activities</i>		
Buildings and improvements	\$ 184,146,105	\$ 211,463,390
Infrastructure:		
Work in progress - RFCDC Clark County projects	8,654,217	41,774,515
Work in progress - Public Works	139,636,859	287,289,677
Work in progress - RTC Clark County projects	35,978,269	48,796,785
Total infrastructure	184,269,345	377,860,977
Total governmental activities	\$ 368,415,450	\$ 589,324,367
<i>Business-type activities</i>		
Hospital	\$ 22,715,510	\$ 1,100,000
Airport	49,169,362	134,642,521
Sewer	288,317,535	92,773,169
Other	4,045,983	3,393,518
Total business-type activities	\$ 364,248,390	\$ 231,909,208

Discretely Presented Component Units

Flood Control District

Capital Assets as of June 30, 2017				
	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 245,679	\$ 38,811	\$ -	\$ 284,490
Capital assets being depreciated:				
Building	3,234,504	47,243	-	3,281,747
Equipment	1,656,467	19,239	-	1,675,706
Total capital assets being depreciated	4,890,971	66,482	-	4,957,453
Less accumulated depreciation for				
Building	1,108,004	76,848	-	1,184,852
Equipment	1,491,459	62,271	-	1,553,730
Total accumulated depreciation	2,599,463	139,119	-	2,738,582
Total capital assets being depreciated, net	2,291,508	(72,637)	-	2,218,871
Government activities capital assets, net	\$ 2,537,187	\$ (33,812)	\$ -	\$ 2,503,361
Depreciation expense of \$139,119 was charged to the public works function				

III. DETAILED NOTES - ALL FUNDS

4. CAPITAL ASSETS (Continued)

Discretely Presented Component Units (Continued)

RTC

	Capital Assets as of June 30, 2017			Balance June 30, 2017
	Balance July 1, 2016	Increases	Decreases	
<i>Governmental activities</i>				
Capital assets not being depreciated				
Construction in progress	\$ 1,638,094	\$ 488,425	\$ 438,830	\$ 1,687,689
Total capital assets not being depreciated	1,638,094	488,425	438,830	1,687,689
Capital assets being depreciated				
Building	18,723,326	-	1,023	18,722,303
Equipment	8,228,365	439,853	45,861	8,622,357
Total capital assets being depreciated	26,951,691	439,853	46,884	27,344,660
Less accumulated depreciation for				
Buildings	6,292,641	332,468	-	6,625,109
Equipment	5,393,843	1,219,751	45,861	6,567,733
Total accumulated depreciation	11,686,484	1,552,219	45,861	13,192,842
Total capital assets being depreciated, net	15,265,207	(1,112,366)	1,023	14,151,818
Governmental activities capital assets, net	\$ 16,903,301	\$ (623,941)	\$ 439,853	\$ 15,839,507
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 32,038,082	\$ -	\$ -	\$ 32,038,082
Construction Progress	23,434,444	79,331,044	55,322,588	47,442,990
Total capital assets not being depreciated	55,472,526	79,331,044	55,322,588	79,480,982
Capital assets being depreciated				
Buildings and improvements	201,460,815	5,900,501	-	207,361,316
Equipment	426,501,390	49,422,087	53,725,963	422,197,514
Total capital assets being depreciated	627,962,205	55,322,588	53,725,963	629,558,830
Less accumulated depreciation for				
Buildings and improvements	58,409,086	6,643,224	-	65,052,310
Equipment	227,043,469	47,866,770	53,725,963	221,184,276
Total accumulated depreciation	285,452,555	54,509,994	53,725,963	286,236,586
Total capital assets being depreciated, net	342,509,650	812,594	-	343,322,244
Business-type activities capital assets, net	\$ 397,982,176	\$ 80,143,638	\$ 55,322,588	\$ 422,803,226
Depreciation expense was charged to the following functions or programs:				
<i>Governmental activities</i>				
Public Works	\$ 1,552,219			
<i>Business-type activities</i>				
Public Transit	\$ 54,509,994			
Construction commitments include roadway projects with various local entities of \$232,409,482.				
Capital commitments for transit include revenue vehicle acquisition projects of \$51,792,672.				

III. DETAILED NOTES - ALL FUNDS

4. CAPITAL ASSETS (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District

<u>Capital Assets as of June 30, 2017</u>				
<i>Business-type activities</i>	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Capital assets not being depreciated				
Land	\$ 23,571,806	\$ -	\$ -	\$ 23,571,806
Construction Progress	45,610,262	37,103,284	55,744,013	26,969,533
Total capital assets not being depreciated	<u>69,182,068</u>	<u>37,103,284</u>	<u>55,744,013</u>	<u>50,541,339</u>
Capital assets being depreciated				
Buildings and improvements	2,102,478,851	59,674,004	599,293	2,161,553,562
Equipment	779,939,891	22,000,469	4,412,413	797,527,947
Total capital assets being depreciated	<u>2,882,418,742</u>	<u>81,674,473</u>	<u>5,011,706</u>	<u>2,959,081,509</u>
Less accumulated depreciation for				
Buildings and improvements	841,770,212	57,584,012	591,427	898,762,797
Equipment	418,529,108	26,344,095	4,408,399	440,464,804
Total accumulated depreciation	<u>1,260,299,320</u>	<u>83,928,107</u>	<u>4,999,826</u>	<u>1,339,227,601</u>
Total capital assets being depreciated, net	<u>1,622,119,422</u>	<u>(2,253,634)</u>	<u>11,880</u>	<u>1,619,853,908</u>
Business-type activities capital assets, net	<u>\$ 1,691,301,490</u>	<u>\$ 34,849,650</u>	<u>\$ 55,755,893</u>	<u>\$ 1,670,395,247</u>
Depreciation expense was charged to the following functions or programs:				
<i>Business-type activities</i>				
Water	\$ 83,928,107			
At June 30, 2017, commitments for unperformed work on outstanding contracts totaled \$16.3 million.				

III. DETAILED NOTES - ALL FUNDS

5. INTERFUND TRANSACTIONS

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

<u>Due To / From Other Funds at June 30, 2017</u>		
Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 21,765,000
	Nonmajor Enterprise Funds	11,462
	Internal Service Funds	180,034
	Department of Aviation	1,349,400
LVMPD Fund	General Fund	26,648
	Nonmajor Governmental Funds	73,119
Nonmajor Governmental Funds	General Fund	87,101,747
	LVMPD Fund	12,093
	Between Nonmajor Governmental Funds	23,076,139
	Internal Service Funds	5,183
Nonmajor Enterprise Funds	University Medical Center	138,873
	Nonmajor Governmental Funds	16,910
	Between Nonmajor Enterprise Funds	1,810
Internal Service Funds	Department of Aviation	59,721
	General Fund	119,374
	Nonmajor Governmental Funds	1,493
University Medical Center	University Medical Center	6,581,380
	Department of Aviation	260,437
	General Fund	34,918
Department of Aviation	General Fund	2,072,613
	LVMPD Fund	757,852
	Internal Service Funds	14,222
Total due to/from other funds		<u>\$ 143,660,428</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

<u>Interfund transfers for the year ended June 30, 2017</u>		
Fund transferred to:	Fund transferred from:	Amount
General Fund	Internal Service Funds	\$ 97,211,283
Las Vegas Metropolitan Police Fund	General Fund	238,716,672
	Nonmajor Governmental Funds	2,668,000
Nonmajor Governmental Funds	General Fund	240,702,166
	Between Nonmajor Governmental Funds	171,571,749
	Nonmajor Enterprise Funds	4,000
Nonmajor Enterprise Funds	General Fund	1,950,000
Internal Service Funds	General Fund	1,500,000
	Nonmajor Governmental Funds	2,800,000
University Medical Center	General Fund	31,000,000
Department of Aviation	General Fund	12,050,352
Total interfund transfers		<u>\$ 800,174,222</u>

III. DETAILED NOTES - ALL FUNDS

5. INTERFUND TRANSACTIONS (Continued)

Interfund advances are the result a loan between the Water Reclamation fund and Medium-Term Financing Fund. The loan has outstanding balance of \$1,995,292 at June 30, 2017 with annual interest of 2% and quarterly payments of \$100,326 through 7/1/2022. These funds were used to construct the North Las Vegas Sloan Channel. The City of North Las Vegas is reimbursing Clark County for the interfund loan according to the terms noted above. At June 30, 2017, the receivable balance of \$1,904,942 has been recorded for the balance owed by the City of North Las Vegas.

6. LONG-TERM DEBT

<u>Long-Term Debt Activity For the Year Ended June 30, 2017</u>					
	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 1,469,085,771	\$ 593,310,000	\$ (773,029,771)	\$ 1,289,366,000	\$ 73,591,000
Revenue bonds	10,000	-	-	10,000	-
Special assessment bonds	167,505,000	-	(16,530,000)	150,975,000	12,490,000
Capital leases	186,807,038	-	(425,005)	186,382,033	441,568
Plus premiums	72,493,197	98,560,447	(21,503,232)	149,550,412	n/a
Less discounts	(201,177)	-	156,965	(44,212)	n/a
	<u>1,895,699,829</u>	<u>691,870,447</u>	<u>(811,331,043)</u>	<u>1,776,239,233</u>	<u>86,522,568</u>
<i>Business-Type Activities</i>					
General obligation bonds	606,066,760	269,465,000	(291,348,816)	584,182,944	20,925,495
Revenue bonds	4,127,375,000	328,905,000	(551,465,000)	3,904,815,000	90,870,000
Plus (less): Imputed debt from termination of hedges	11,769,182	-	(1,961,530)	9,807,652	n/a
Plus premiums	101,688,418	45,557,285	-	147,245,703	n/a
Less discounts	(20,705,899)	-	1,279,582	(19,426,317)	n/a
	<u>4,826,193,461</u>	<u>643,927,285</u>	<u>(843,495,764)</u>	<u>4,626,624,982</u>	<u>111,795,495</u>
 Total long-term debt	 <u>\$ 6,721,893,290</u>	 <u>\$ 1,335,797,732</u>	 <u>\$ (1,654,826,807)</u>	 <u>\$ 6,402,864,215</u>	 <u>\$ 198,318,063</u>

Current Year Refunded and Defeased Bond Issues

On August 3, 2016, the County issued \$271,670,000 in general obligation (limited tax) Bond Bank Refunding bonds Series 2016B with a stated interest rate range of 4.00-5.00 percent. The bond proceeds totaled \$338,530,221. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. This transaction resulted in the partial defeasance of the November 2006 bonds and the related liability has been removed from the financial statements of the County. The refunding resulted in a loss of \$10,022,921, which represents the difference between the defeased bonds and the amount placed in escrow. The advanced refunding also resulted in future cash flow savings of \$84,402,052 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$71,677,162.

On March 22, 2017, the County issued \$321,640,000 in general obligation (limited tax) Bond Bank Refunding bonds Series 2017 with a stated interest rate range of 4.00-5.00 percent. The bond proceeds totaled \$353,340,227. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. This transaction resulted in the partial defeasance of the July 2008 bonds and the related liability has been removed from the financial statements of the County. The refunding resulted in a loss of \$2,978,228, which represents the difference between the defeased bonds and the amount placed in escrow. The advanced refunding also resulted in future cash flow savings of \$53,686,885 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$38,671,066.

III. DETAILED NOTES - ALL FUNDS

6. LONG-TERM DEBT (Continued)

Current Year Refunded and Defeased Bond Issues (Continued)

On August 30, 2016, the County issued \$269,465,000 in general obligation (limited tax) Water Reclamation Refunding bonds Series 2016 to refund \$48,240,000 of Series 2007 bonds, refund \$116,595,000 of Series 2009A bonds, refund \$106,240,000 of Series 2009B, and to pay certain costs of issuance thereof. The series 2016 bonds have stated interest ranging from 3.00 to 5.00 percent, and a maturity date of July 1, 2038. The bond proceeds totaled \$303,170,076. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. This transaction resulted in the defeasance of the 2007, 2009A, and 2009B issues and the related liability has been removed from the financial statements of the County. The refunding resulted in a loss of \$30,990,403, which represents the difference between the defeased bonds and the amount placed in escrow. The advance refunding also resulted in future cash flow savings of \$71,072,827 and an economic gain (difference between the present value of the old and new debt service payments) of \$55,373,646.

On April 25, 2017, the County issued \$65,505,000 Series 2017 A-1 Subordinate Lien Revenue Bonds and \$47,800,000 Series 2017 A-2 Subordinate Lien Revenue Bonds to refund the Series 2007 A-1 and A-2 Subordinate Lien Revenue Bonds and to pay certain costs of issuance thereof. The Series 2017 A-1 bonds have stated interest rates ranging from 4.00 to 5.00 percent and a maturity date of July 1, 2022. The Series 2017A-2 bonds have a stated interest rate of 5.00 percent and a maturity date of July 1, 2040. The bond proceeds totaled \$71,525,149 for the 2017 A-1 bonds and \$53,498,378 for the 2017 A-2 bonds. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. This transaction resulted in the defeasance of the 2007 A-1 and 2007 A-2 issues and the related liability has been removed from the financial statements of the County. The refunding resulted in a gain of \$2,859,367 for the refunding of the 2007 A-1 bonds and a gain of \$2,010,255 for the refunding of the Series 2007A-1 bonds, which represents the difference between the defeased bonds and the amount placed in escrow. The advance refunding resulted in future cash flow savings of \$55,737,632 for the refunding of the Series 2007A-1 bonds and an economic gain (difference between the present value of the old and new debt service payments) of \$14,264,138. The advance refunding also resulted in future cash flow savings of \$12,521,889 for the refunding of the 2007A-2 bonds and an economic gain (difference between the present value of the old and new debt service payments) of \$7,083,597.

On April 25, 2017, the County issued \$69,305,000 Series 2017B Passenger Facility Charge Revenue Bonds to refund the Series 2007 A-1 bonds and to pay certain costs of issuance thereof. The Series 2017B bonds have stated interest rates ranging from 3.25 to 5.00 percent and a maturity date of July 1, 2025. The bond proceeds totaled \$77,942,609. Net proceeds were deposited in a special trust account created and authorized to refund and pay interest on the refunded bonds. This amount, together with the yield from U.S. Government obligations purchased by the trust, is deemed to be sufficient to meet the debt services provisions of the refunded bonds. The refunding resulted in a gain of \$1,994,978, which represents the difference between the defeased bonds and the amount placed in escrow. The advance refunding also resulted in future cash flow savings of \$54,328,616 and an economic gain (difference between the present value of the old and new debt service payments) of \$17,007,023.

On June 29, 2017, the County issued \$146,295,000 Series 2017C Subordinate Lien Revenue Airport notes to refund the 2015B notes and to pay certain costs of issuance thereof. The Series 2017C bonds have stated interest rates of 5.00 percent. The bond proceeds totaled \$165,128,040. The present value over the three-year life of the aggregate debt service payments for the Series 2017C Notes is \$165,822,457. There is no aggregate debt to service on the refunding transaction between the refunding notes and the refunding notes due to the fact that the Series 2015B Notes matured on July 1, 2017.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Bonds and Loans Payable as of June 30, 2017									
Series	Purpose	Pledged Revenue	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance at June 30, 2017		
<i>Governmental Activities:</i>									
<i>General Obligation Bonds</i>									
2006	Bond Bank	Local Government Securities	11/02/06	11/01/36	2.50 - 5.00	\$ 604,140,000	\$ 69,545,000		
2007	Public Facilities	Consolidated tax, Interlocal agreement, Court administrative assessment	05/24/07	06/01/24	4.00 - 5.00	22,325,000	11,930,000		
2008	Transportation Improvement	Beltway, Laughlin resort corridor room tax	03/13/08	06/01/19	3.460	71,045,000	14,015,000		
2008	Bond Bank	Local Government Securities	07/02/08	06/01/38	5.00	400,000,000	9,635,000		
2009	Public Facilities	None	03/10/09	11/01/18	3.00 - 4.00	24,750,000	5,635,000		
2009	Public Facilities	Interlocal agreement, Court administrative assessment	05/14/09	06/01/24	2.00 - 4.75	24,865,000	4,235,000		
2009	Transportation BABs	Strip resort corridor room tax	06/23/09	06/01/29	2.69 - 7.05	60,000,000	40,790,000		
2009	Bond Bank	Local Government Securities	11/10/09	06/01/30	5.00	50,000,000	40,175,000		
2009	Transportation	Beltway, strip resort corridor room tax	12/08/09	12/01/29	1.00 - 5.00	124,465,000	113,130,000		
2012	Bond Bank	Local Government Securities	06/20/12	06/01/32	4.00 - 5.00	85,015,000	79,515,000		
2014	Transportation Improvement	Beltway, Strip resort corridor room tax	09/10/14	12/01/19	1.80-1.190	36,926,000	18,674,000		
2014	Park and Justice Center	Consolidated tax	09/10/14	11/01/17	.650	17,540,000	5,886,000		
2015	Park and Justice Center	Consolidated tax	09/10/15	11/01/24	1.950	32,691,000	32,691,000		
2016A	Bond Bank	Local Government Securities	03/03/16	11/01/29	5.00	263,955,000	250,200,000		
2016B	Bond Bank	Consolidated tax, Interlocal agreement	08/03/16	11/01/34	4.00 - 5.00	271,670,000	271,670,000		
2017	Bond Bank	Local Government Securities	03/22/17	06/01/38	4.00 - 5.00	321,640,000	321,640,000		
N/A	Unamortized premiums	N/A	N/A	N/A	N/A	N/A	147,044,122		
N/A	Unamortized discounts	N/A	N/A	N/A	N/A	N/A	(30,809)		
Total general obligation bonds							1,436,379,313		
<i>Revenue Bonds</i>									
2009	Performing Arts	Car rental fees	04/01/09	04/01/59	5.83	10,000	10,000		

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

<u>Bonds and Loans Payable as of June 30, 2017 (continued)</u>									
<u>Special Assessment Bonds</u>	<u>Series</u>	<u>Purpose</u>	<u>Pledged Revenue</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance at June 30, 2017</u>	
	2001	Summerlin Centre #128B	Property assessments	05/17/01	02/01/21	4.50-6.75	10,000,000	1,375,000	
	2003	Summerlin Gardens #124A	Property assessments	12/23/03	02/01/20	2.25-4.50	4,399,431	675,000	
	2003	Summerlin Gardens #124B	Property assessments	12/23/03	02/01/20	1.50-5.90	1,929,727	335,000	
	2003	Boulder Highway #126A	Property assessments	06/01/03	03/01/23	2.00-4.30	2,119,000	475,000	
	2003	Summerlin Centre #128A	Property assessments	11/03/03	02/01/21	3.50-6.30	10,000,000	2,070,000	
	2007	Summerlin Centre #128A	Property assessments	05/01/07	02/01/31	3.95-5.05	10,755,000	7,550,000	
	2007	Summerlin Centre #128A	Property assessments	05/01/07	02/01/21	3.95-5.00	480,000	170,000	
	2008	Flamingo Underground #112	Property assessments	05/13/08	08/01/37	4.00-5.00	70,000,000	58,175,000	
	2009	Industrial Road #135	Property assessments	11/10/09	08/01/18	2.00-4.00	431,459	90,969	
	2009	Durango Drive #144C	Property assessments	11/10/09	08/01/18	2.00-4.00	5,213,541	1,354,031	
	2012	Summerlin Centre #132	Property assessments	08/01/12	02/01/21	2.00-5.00	8,925,000	3,540,000	
	2012	Mountain's Edge #142	Property assessments	08/01/12	08/01/23	2.00-5.00	49,445,000	26,900,000	
	2015	Summerlin Mesa #151	Property assessments	07/29/15	08/01/25	2.00-4.50	13,060,000	11,550,000	
	2015	Summerlin Village 16A #159	Property assessments	12/08/15	08/01/35	2.00-5.00	24,500,000	24,280,000	
	2016	Southern Highlands #121	Property assessments	05/31/16	12/01/29	2.00-3.125	14,880,000	12,435,000	
	N/A	Unamortized premiums	N/A	N/A	NA	N/A	N/A	2,506,290	
	N/A	Unamortized discounts	N/A	N/A	NA	N/A	N/A	(13,403)	
		Total special assessment bonds						153,467,887	
		<u>Capital leases</u>							
	N/A	Low-Level Offender Detention Facility	N/A	08/15/09	08/15/39	7.35	182,619,483	182,619,484	
	N/A	SNAC P25 Communications	N/A	12/15/14	12/15/24	3.86	4,795,356	3,762,549	
		Total capital leases						186,382,033	
		Total governmental activities bonds and loans payable						1,776,239,233	

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

<u>Bonds and Loans Payable as of June 30, 2017 (continued)</u>										
<i>Business-Type Activities:</i>										
Series	Purpose	Pledged Revenue	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance at June 30, 2017			
<u>General Obligation Bonds</u>										
2008A	Department of Aviation	Dept. of Aviation enterprise fund	02/26/08	07/01/27	variable	43,105,000	43,105,000			
2013B	Department of Aviation	Dept. of Aviation enterprise fund	04/02/13	07/01/33	5.00	32,915,000	32,915,000			
2009	University Medical Center	UMC enterprise fund	03/10/09	11/01/07	3.00-3.50	6,950,000	1,285,000			
2013	University Medical Center	UMC enterprise fund	09/03/13	09/01/23	3.10	26,065,000	25,600,000			
2014	University Medical Center	UMC enterprise fund	12/01/14	03/01/20	.62-2.00	29,374,000	17,840,000			
2007	Water Reclamation District	Water Reclamation enterprise fund	11/13/07	07/01/37	4.00-4.75	55,000,000	1,440,000			
2008	Water Reclamation District	Water Reclamation enterprise fund	11/20/08	07/01/38	4.00-6.00	115,825,000	5,870,000			
2009A	Water Reclamation District	Water Reclamation enterprise fund	04/01/09	07/01/38	4.00-5.25	135,000,000	8,760,000			
2009B	Water Reclamation District	Water Reclamation enterprise fund	04/01/09	07/01/38	4.00-5.75	125,000,000	8,825,000			
2009C	Water Reclamation District	Water Reclamation enterprise fund	10/16/09	07/01/29	0.00	5,744,780	3,881,608			
2011A	Water Reclamation District	Water Reclamation enterprise fund	03/25/11	01/01/31	3.188	40,000,000	33,666,471			
2012	Water Reclamation District	Water Reclamation enterprise fund	07/13/12	01/01/32	2.356	30,000,000	27,904,865			
2015	Water Reclamation District	Water Reclamation enterprise fund	08/04/15	07/01/38	3.25-5.00	103,625,000	103,625,000			
2016	Water Reclamation District	Water Reclamation enterprise fund	08/30/16	07/01/38	3.00-5.00	269,465,000	269,465,000			
N/A	Unamortized premiums	N/A	N/A	N/A	N/A		43,488,692			
N/A	Unamortized discounts	N/A	N/A	N/A	N/A		(1,521,647)			
Total general obligation bonds								626,149,989		
<u>Revenue Bonds</u>										
2008C1	Department of Aviation	Dept. of Aviation enterprise fund	03/19/08	07/01/27	variable	122,900,000	122,900,000			
2008C2	Department of Aviation	Dept. of Aviation enterprise fund	03/19/08	07/01/40	variable	71,550,000	68,600,000			
2008C3	Department of Aviation	Dept. of Aviation enterprise fund	03/19/08	07/01/29	variable	71,550,000	68,600,000			
2008D1	Department of Aviation	Dept. of Aviation enterprise fund	03/19/08	07/01/36	variable	58,920,000	57,015,000			
2008D2	Department of Aviation	Dept. of Aviation enterprise fund	03/19/08	07/01/40	variable	199,605,000	199,605,000			
2008D3	Department of Aviation	Dept. of Aviation enterprise fund	03/19/08	07/01/29	variable	122,865,000	121,925,000			
2008E	Department of Aviation	Dept. of Aviation enterprise fund	05/28/08	07/01/17	4.00-5.00	61,430,000	375,000			
2008APFC	Department of Aviation	Dept. of Aviation enterprise fund	06/26/08	07/01/18	5.00-5.25	115,845,000	34,260,000			
2008A2	Department of Aviation	Dept. of Aviation enterprise fund	06/26/08	07/01/22	variable	50,000,000	48,385,000			
2008B2	Department of Aviation	Dept. of Aviation enterprise fund	06/26/08	07/01/22	variable	50,000,000	48,400,000			
2009B	Department of Aviation	Dept. of Aviation enterprise fund	09/24/09	07/01/42	6.88	300,000,000	300,000,000			
2009C	Department of Aviation	Dept. of Aviation enterprise fund	09/24/09	07/01/26	5.00	168,495,000	168,495,000			
2010A	Department of Aviation	Dept. of Aviation enterprise fund	02/03/10	07/01/42	3.00-5.42	450,000,000	447,930,000			

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

<u>Bonds and Loans Payable as of June 30, 2017 (continued)</u>									
<i>Business-Type Activities:</i>									
<u>Revenue Bonds (continued)</u>									
Series	Purpose	Pledged Revenue	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance at June 30, 2017		
2010B	Department of Aviation	Dept. of Aviation enterprise fund	02/03/10	07/01/42	5.00-5.75	350,000,000	350,000,000		
2010C	Department of Aviation	Dept. of Aviation enterprise fund	02/23/10	07/01/45	6.82	454,280,000	454,280,000		
2010D	Department of Aviation	Dept. of Aviation enterprise fund	02/23/10	07/01/24	3.00-5.00	132,485,000	111,865,000		
2010F1	Department of Aviation	Dept. of Aviation enterprise fund	11/04/10	07/01/17	2.00-5.00	104,160,000	14,845,000		
2010F2	Department of Aviation	Dept. of Aviation enterprise fund	11/04/10	07/01/22	3.00	100,000,000	100,000,000		
2011B1	Department of Aviation	Dept. of Aviation enterprise fund	08/03/11	07/01/22	variable	100,000,000	96,765,000		
2011B2	Department of Aviation	Dept. of Aviation enterprise fund	08/03/11	07/01/22	variable	100,000,000	96,800,000		
2012BPFC	Department of Aviation	Dept. of Aviation enterprise fund	07/02/12	07/01/33	5.00	64,360,000	64,360,000		
2013A	Department of Aviation	Dept. of Aviation enterprise fund	04/02/13	07/01/29	5.00	70,965,000	70,965,000		
2014A1	Department of Aviation	Dept. of Aviation enterprise fund	04/08/14	07/01/24	4.00-5.00	95,950,000	45,425,000		
2014A2	Department of Aviation	Dept. of Aviation enterprise fund	04/08/14	07/01/36	4.00-5.00	221,870,000	221,870,000		
2014B	Department of Aviation	Dept. of Aviation enterprise fund	07/01/14	07/01/18	5.00	103,365,000	103,365,000		
2015A	Department of Aviation	Dept. of Aviation enterprise fund	04/30/15	07/01/40	5.00	59,915,000	59,915,000		
2015CPFC	Department of Aviation	Dept. of Aviation enterprise fund	07/22/15	07/01/27	5.00	98,965,000	98,965,000		
2017A1	Department of Aviation	Dept. of Aviation enterprise fund	04/25/17	07/01/22	4.00-5.00	65,505,000	65,505,000		
2017A2	Department of Aviation	Dept. of Aviation enterprise fund	04/25/17	07/01/40	5.00	47,800,000	47,800,000		
2017B	Department of Aviation	Dept. of Aviation enterprise fund	04/25/17	07/01/25	5.00	69,305,000	69,305,000		
2017C	Department of Aviation	Dept. of Aviation enterprise fund	06/29/17	07/01/21	5.00	146,295,000	146,295,000		
N/A	Imputed debt from termination of hedges	N/A	N/A	N/A	N/A	N/A	9,807,652		
N/A	Unamortized premiums	N/A	N/A	N/A	N/A	N/A	103,757,011		
N/A	Unamortized discounts	N/A	N/A	N/A	N/A	N/A	(17,904,670)		
Total revenue bonds							4,000,474,993		
Total business-type activities bonds and loans payable							4,626,624,982		
Total long-term debt							\$ 6,402,864,215		

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Annual Debt Service Requirements to Maturity & Future Minimum Lease Payments							
<i>Governmental Activities</i>							
Year Ending June 30,	General Obligation Bonds			Revenue Bonds			
	Principal	Interest	Total	Principal	Interest	Total	
2018	\$ 73,591,000	\$ 56,422,903	\$ 130,013,903	\$ -	\$ 583	\$ 583	
2019	77,768,000	53,606,143	131,374,143	-	583	583	
2020	68,296,000	50,406,565	118,702,565	-	583	583	
2021	60,741,000	47,549,601	108,290,601	-	583	583	
2022	63,601,000	44,628,489	108,229,489	-	583	583	
2023-2027	354,939,000	174,123,625	529,062,625	-	2,915	2,915	
2028-2032	358,645,000	82,327,933	440,972,933	-	2,915	2,915	
2033-2037	208,375,000	25,820,713	234,195,713	-	2,915	2,915	
2038-2042	23,410,000	936,400	24,346,400	-	2,915	2,915	
2043-2047	-	-	-	-	2,915	2,915	
2048-2052	-	-	-	-	2,915	2,915	
2053-2057	-	-	-	-	2,915	2,915	
2058-2059	-	-	-	10,000	1,166	11,166	
	<u>\$ 1,289,366,000</u>	<u>\$ 535,822,372</u>	<u>\$ 1,825,188,372</u>	<u>\$ 10,000</u>	<u>\$ 24,486</u>	<u>\$ 34,486</u>	
Year Ending June 30,	Special Assessment Bonds			Capital Leases			
	Principal	Interest	Total	Principal	Interest	Accrued Interest	Total
2018	\$ 12,490,000	\$ 6,559,273	\$ 19,049,273	\$ 441,568	\$ 14,332,355	\$ 152,880	\$ 14,926,803
2019	12,935,000	6,050,118	18,985,118	458,777	14,450,303	20,397	14,929,477
2020	12,880,000	5,531,874	18,411,874	476,656	15,148,750	3,547	15,628,953
2021	10,700,000	5,020,220	15,720,220	495,233	15,273,439	-	15,678,672
2022	9,285,000	4,512,698	13,797,698	514,533	16,013,447	-	16,527,980
2023-2027	36,695,000	17,107,349	53,802,349	10,500,465	77,021,580	-	87,522,045
2028-2032	26,110,000	10,612,896	36,722,896	43,050,212	56,904,679	-	99,954,891
2033-2037	25,600,000	4,204,500	29,804,500	80,352,060	34,823,015	-	115,175,075
2038-2041	4,280,000	107,000	4,387,000	50,092,529	4,185,890	-	54,278,419
	<u>\$ 150,975,000</u>	<u>\$ 59,705,928</u>	<u>\$ 210,680,928</u>	<u>\$ 186,382,033</u>	<u>\$ 248,153,458</u>	<u>\$ 176,824</u>	<u>\$ 434,712,315</u>
<i>Business-Type Activities</i>							
Year Ending June 30,	General Obligation Bonds			Revenue Bonds			
	Principal	Interest	Total	Principal	Interest	Total	
2018	\$ 20,925,495	\$ 20,932,932	\$ 41,858,427	\$ 90,870,000	\$ 142,405,581	\$ 233,275,581	
2019	20,823,701	20,208,545	41,032,246	233,820,000	142,667,945	376,487,945	
2020	21,988,761	19,430,883	41,419,644	141,605,000	136,833,521	278,438,521	
2021	22,461,759	18,505,135	40,966,894	145,050,000	133,299,054	278,349,054	
2022	23,393,783	17,573,210	40,966,993	294,900,000	125,908,884	420,808,884	
2023-2027	111,536,571	73,315,673	184,852,244	578,450,000	545,552,132	1,124,002,132	
2028-2032	178,495,699	48,226,106	226,721,805	488,150,000	457,429,127	945,579,127	
2033-2037	131,402,175	20,360,772	151,762,947	590,165,000	358,602,073	948,767,073	
2038-2042	53,155,000	1,743,700	54,898,700	841,115,000	215,806,134	1,056,921,134	
2043-2047	-	-	-	500,690,000	39,306,816	539,996,816	
	<u>\$ 584,182,944</u>	<u>\$ 240,296,956</u>	<u>\$ 824,479,900</u>	<u>\$ 3,904,815,000</u>	<u>\$ 2,297,811,267</u>	<u>\$ 6,202,626,267</u>	

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Guarantees

The County guarantees general obligation bond issues of the Regional Flood Control District, a County component unit, and the Las Vegas Convention and Visitor's Authority, a legally separate entity within Clark County. Although guaranteed by the County, Regional Flood Control District bonds are pledged with sales tax revenues and Las Vegas Convention and Visitors Authority bonds are pledged with room tax revenue. In the event either agency is unable to make a debt service payment, Clark County will be required to make that payment. Both agencies have remained current on all debt service obligations.

General Obligation Bond Guarantees as of June 30, 2017					
Series	Date Issued	Date of Final Maturity	Interest	Original Issue	Balance June 30, 2017
<i>Regional Flood Control District</i>					
2009	06/23/09	11/01/38	2.70-7.25	\$ 150,000,000	\$ 124,460,000
2010	07/13/10	11/01/18	5.00	29,425,000	20,105,000
2013	12/19/13	11/01/38	5.00	75,000,000	74,900,000
2014	12/11/14	11/01/38	4.00-5.00	100,000,000	100,000,000
2015	03/31/15	11/01/35	4.00-5.00	186,535,000	186,535,000
				<u>540,960,000</u>	<u>506,000,000</u>
<i>Las Vegas Convention and Visitors Authority</i>					
2007	05/31/07	07/01/21	4.00-5.00	38,200,000	3,035,000
2008	08/19/08	07/01/38	4.00-5.00	26,455,000	1,235,000
2010A	01/26/10	07/01/38	6.60-6.75	70,770,000	70,770,000
2010B	01/26/10	07/01/22	2.00-5.00	28,870,000	16,055,000
2010B	01/26/10	07/01/26	2.00-5.00	24,650,000	24,110,000
2010C	12/08/10	07/01/38	4.00-7.00	155,390,000	151,065,000
2012	08/08/12	07/01/32	2.00-3.20	24,990,000	21,885,000
2014	02/20/14	07/01/43	2.00-5.00	50,000,000	50,000,000
2015	04/02/15	07/01/44	3.00-5.00	181,805,000	168,120,000
2017	05/09/17	07/01/38	3.00-5.00	21,175,000	21,175,000
				<u>622,305,000</u>	<u>527,450,000</u>
				<u>\$ 1,163,265,000</u>	<u>\$ 1,033,450,000</u>

Pledged Revenues

Consolidated Tax Supported Bonds

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

The total remaining principal and interest payments for consolidated tax supported bonds was \$42,538,343 at June 30, 2017. In fiscal year 2017, pledged revenues received totaled \$54,747,383 (of the total \$364,982,554 of general fund consolidated tax), and required debt service totaled \$7,222,868.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Pledged Revenues (Continued)

Beltway Pledged Revenue Bonds

These bonds are secured by the combined pledge of: 1) a one percent supplemental governmental services (motor vehicle privilege) tax; 2) a one percent room tax collected on the gross receipts from the rental of hotel and motel rooms within the County but outside of the strip and Laughlin resort corridors (non-resort corridor); and 3) a portion of the development tax. The development tax is \$800 per single-family dwelling of residential development, and 80 cents per square foot on commercial, industrial, and other development. Of this, \$500 per single-family dwelling and 50 cents per square foot of commercial, industrial, and other development is pledged. These bonds also constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest.

The total remaining principal and interest payments for Beltway pledged revenue tax supported bonds was \$165,752,036 at June 30, 2017. In fiscal year 2017, pledged revenues received totaled \$80,182,613; consisting of \$62,688,330 of supplemental governmental services tax; \$2,521,565 of non-resort corridor room tax; and \$14,972,718 of the total \$22,447,853 development tax. Required debt service totaled \$31,464,017. As described below, beltway pledged revenues are also pledged to make up any difference between pledged revenues and annual debt service for Laughlin resort corridor room tax supported bonds. During fiscal 2017, \$353,730 of Beltway Pledged Revenues were required to cover the Laughlin Resort Corridor Debt (Series C), representing the difference between fiscal year debt service and Laughlin Room Tax Collections.

Strip Resort Corridor Room Tax Supported Bonds

These bonds are secured by a pledge of the one percent room tax collected on the gross receipts from the rental of hotel and motel rooms within the strip resort corridor. This tax is imposed specifically for the purpose of transportation improvements within the strip resort corridor, or within one mile outside the boundaries of the strip resort corridor. These bonds also constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest.

The total remaining principal and interest payments for strip resort corridor room tax supported bonds was \$77,867,559 at June 30, 2017. In fiscal year 2017, pledged revenues received totaled \$51,037,319. Required debt service totaled \$21,305,936.

Laughlin Resort Corridor Room Tax Supported Bonds

These bonds are secured by a pledge of the one percent room tax collected on the gross receipts from the rental of hotel and motel rooms within the Laughlin resort corridor. These bonds also constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest.

The total remaining principal and interest payments for Laughlin resort corridor room tax supported bonds was \$420,933 at June 30, 2017. In fiscal year 2017, revenues from the Laughlin room tax amounted to \$655,586 requiring an additional \$353,730 of beltway revenues to provide the annual debt service of \$1,009,316. As described above, beltway pledged revenues are also pledged to make up any difference between pledged revenues and annual debt service.

Court Administrative Assessment Supported Bonds

These bonds are secured by a pledge of the \$10 court administrative assessment for the provision of justice court facilities. These bonds also constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest.

The total remaining principal and interest payments for court administrative assessment supported bonds was \$3,193,469 at June 30, 2017. In fiscal year 2017, pledged revenues received totaled \$1,612,900. Required debt service totaled \$1,561,574.

Interlocal Agreement Supported Bonds

These bonds are secured by a pledge through an interlocal agreement with the City of Las Vegas. These bonds also constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest.

The total remaining principal and interest payments for interlocal agreement supported bonds was \$13,962,358 at June 30, 2017. In fiscal year 2017, pledged revenues received totaled \$1,990,615. Required debt service totaled \$1,990,615.

Special Assessment Bonds

Special assessment supported bonds are secured by property assessments within the individual districts. The bonds are identified as special assessment bonds in this note above. The total remaining principal and interest payments for special assessment supported bonds was \$210,680,928 at June 30, 2017. In fiscal year 2017, pledged revenues received totaled \$23,196,507 (after a deduction allowing for timing differences). Required debt service totaled \$23,897,497.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Pledged Revenues (Continued)

Bond Bank Bonds

These bonds are secured by securities issued to the County by local governments utilizing the bond bank. These securities pledge system revenues and contain rate covenants to guarantee adequate revenues for bond bank debt service. These bonds also constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest.

The total remaining principal and interest payments for bond bank supported bonds was \$1,515,598,088 at June 30, 2017. In fiscal year 2017, pledged revenues received totaled \$83,431,548. Required debt service totaled \$83,431,548.

Capital Leases

Low-Level Offender Detention Facility

On September 14, 2007, the County entered in a long-term lease agreement (the "Master Lease") with PH Metro, LLC for the lease of a detention facility of approximately 1,000 beds contained in approximately 139,000 square feet and an administrative building of approximately 60,000 square feet located on 17 acres at the Northeast corner of Sloan and Las Vegas Boulevard, Las Vegas, Nevada (the "Leased Property"). The Leased Property is for the operation of a low level offender facility and administrative offices. The facility is valued at \$17,600,000 for land and \$165,019,483 for buildings. Accumulated depreciation is \$43,546,808 as of June 30, 2017. The term of the lease commenced on August 10, 2009 and continues for a period of approximately thirty years at a monthly base rent of \$945,660 and is subject to a 6% increase every 24 months. The Master Lease provides for the option to extend the lease term by three separate renewal periods, each of five years in duration. Accrued interest totals \$12,415,584, as of June 30, 2017.

Clark County has the option to purchase the Leased Property beginning on the date that is the earlier of (i) ten years after the recordation of the deed of trust for the Landlord's permanent loan on the Leased Property, and (ii) ten years and three months from the commencement date (the earlier of such dates shall be the "Option Commencement Date"), and expiring on the date that is twelve months after the Option Commencement Date. The purchase price for the Leased Property if purchased shall be based on the appraised fair value. In accordance with State law, the County may terminate the Master Lease at the end of each fiscal year if the County decides not to appropriate funds to pay amounts due under the Master Lease in the ensuing fiscal year.

Southern Nevada Area Communications Council P25 Radio Equipment Upgrade

On December 1, 2014, the County entered in a long-term lease agreement (the "Master Lease") with Motorola Solutions Inc. for the lease of radio equipment at the Southern Nevada Area Communications Council Headquarters. The Leased Property is necessary to upgrade aged equipment to keep the system current for the next twelve years and allow for better interoperability with other agencies. The equipment is valued at \$7,795,356. Accumulated depreciation is \$3,897,678 as of June 30, 2017. The term of the lease commenced on December 15, 2014 with a down payment of \$3,000,000 and continues for a period of approximately ten years at a semi-annual base rent of \$291,291.

Clark County has the option to purchase the Leased Property upon thirty days prior written notice from Lessee to Lessor, and provided that no Event of Default has occurred and is continuing, or no event, which with notice of lapse of time, or both could become an Event of Default, then exits, Lessee will have a right to purchase the Leased Property on the lease payment dates set forth in the contract schedule by paying to Lessor, on such date, the lease payment then due together with the balance payment amount set forth opposite such date. Upon satisfaction by Lessee of such purchase conditions, Lessor will transfer any and all of its right, title and interest in the Leased Property to Lessee as is, without warranty, express or implied, except that the Leased Property is free and clear of any liens created by Lessor.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Litigation Accrual and Arbitrage Liability

The County is a defendant in various litigation cases (see Note 10). \$2,500,000 has been recorded as an estimated liability for potential litigation losses that would be liquidated by general fund.

When a state or local government earns interest at a higher rate of return on tax-exempt bond issues than it pays on the debt, a liability for the spread is payable to the federal government. This interest spread, known as "rebtable arbitrage," is due five years after issuing the bonds. Excess earnings of one year may be offset by lesser earnings in subsequent years. Arbitrage liabilities are liquidated by the individual funds in which they are accrued.

The following summarizes activity for the year:

<u>Litigation Accrual and Arbitrage Liability Activity</u>		
	<u>Litigation</u>	<u>Arbitrage</u>
Balance, June 30, 2016	\$ 2,500,000	\$ -
Additions	-	-
Reductions	-	-
Balance, June 30, 2017	<u>\$ 2,500,000</u>	<u>\$ -</u>
Due within one year	<u>\$ -</u>	<u>\$ -</u>

Compensated Absences

<u>Compensated Absences Activity</u>		
	<u>Governmental Activities</u>	<u>Business- Types Activities</u>
Balance, June 30, 2016	\$ 205,030,325	\$ 42,422,132
Additions	139,498,628	37,500,339
Reductions	<u>(127,228,740)</u>	<u>(35,102,411)</u>
Balance, June 30, 2017	<u>\$ 217,300,213</u>	<u>\$ 44,820,059</u>
Due within one year	<u>\$ 127,228,740</u>	<u>\$ 35,944,450</u>

Compensated absences are liquidated by the individual funds in which they are accrued.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Prior Year Defeasance of Debt

In current and prior years, the County defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At June 30, 2017, the following were the remaining balances of the defeased bond issues:

<i>Remaining Balance of Defeased Bond Issues as of June 30, 2017</i>			
<i>Special Assessment Bonds</i>		<i>Clark County Bond Bank</i>	
Series of December 14, 1999	\$ 15,010,000	Series of July 1, 2000	\$ 138,705,000
Series of May 17, 2001	6,470,000	Series of June 1, 2001	175,650,000
Series of December 4, 2003	43,080,000	Series of November 1, 2002	139,575,000
Series of October 12, 2005	15,020,000	Series of June 13, 2006	179,850,000
Series of May 31, 2006A	6,525,000	Series of November 2, 2006	437,190,000
Series of May 31, 2006B	7,270,000	Series of July 2, 2008	334,600,000
<i>Clark County Public Facilities</i>		<i>Airport Improvement Bonds</i>	
Series of March 1, 1999(A)	1,335,000	Series of August 1, 1992(A)	81,410,000
Series of March 1, 1999(B)	3,055,000	Series of August 1, 1992(B)	31,000,000
Series of March 1, 1999(C)	3,125,000	Series of 1999(A)	105,220,000
<i>Clark County Transportation</i>		Series of 2003(A)	42,550,000
Series of July 1, 1994 (A)	14,525,000	Series of 2001(C)	115,560,000
Series of July 1, 1994 (C)	515,000	Series of 2003 (B)	37,000,000
Series of December 1, 1998(A)	12,645,000	Series of 2003 (C)	60,215,000
Series of December 1, 1998(B)	8,435,000	Series of 2005(B)	50,200,000
Series of February 1, 2000(A)	10,360,000	Series of 2005(C1, 2, 3)	209,900,000
Series of February 1, 2000(B)	9,210,000	Series of 2005(D1, 2, 3)	205,375,000
Series of March 1, 1998(A)	14,330,000	Series of 2005(E1, 2, 3)	57,015,000
Series of March 1, 1998(C)	475,000	Series of 1998(A)	2,550,000
Series of December 30, 2004(A)	10,050,000	Series of 1998(A) PFC	117,070,000
Series of December 30, 2004(B)	8,995,000	Series of 2004 A-1	88,155,000
<i>Las Vegas Valley Water District</i>		Series of 2004 A-2	232,725,000
General Obligation Bonds		Series of 2007A1	97,960,000
Series of July 1, 1996	100,290,000	Series of 2007A2	56,225,000
<i>CC Parks and Regional Justice Center</i>		Series of 2007A1 PFC	106,225,000
Series of 1999	38,090,000	<i>Hospital Bonds</i>	
Series of 2004C	6,060,000	Series of 2000	18,745,000
Series of 2005B	32,310,000	Series of 2003	17,205,000
<i>CC Water Reclamation District</i>		Series of 2005	18,215,000
Series of 2007	48,240,000	Series of 2007	1,295,000
Series of 2009A	116,595,000	<u>Flood Control Bonds</u>	
Series of 2009B	106,240,000	Series of September 15, 1998	22,315,000
			<u>\$ 3,817,955,000</u>

Conduit Debt Obligations

The County has issued approximately \$1,727,225,000 in economic development revenue bonds since 1990. The bonds have been issued for a number of economic development projects, including: utility projects, healthcare projects, and education projects. The bonds are paid solely from the revenues derived from the respective projects, therefore, these bonds are not liabilities of the County under any condition, and they are not included as a liability of the County.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Derivative Instruments

(a) Interest Rate Swaps

The intention of the County's implementation of a swap portfolio was to convert variable interest rate bonds to synthetically fixed interest rate bonds as a means to lower its borrowing costs when compared to fixed-rate bonds at the time of issuance. The County executed several floating-to-fixed swaps in connection with its issuance of variable rate bonds. The County also executed forward starting swaps to lock in attractive synthetically fixed rates for future variable rate bonds. Some of the County's swaps are structured with step-down coupons to reduce the cash outflows of the fixed leg of those swaps in the later years of the swap.

With the implementation of GASB 72, the derivative instruments are valued at fair value. The fair values of the interest rate derivative instruments are estimated using an independent pricing service. The valuations provided are derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The instruments' expected cash flows are calculated using the zero-coupon discount method, which takes into consideration the prevailing benchmark interest rate environment as well as the specific terms and conditions of a given transaction and which assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the instruments by discounting future expected cash flows to a single valuation using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and the time value of money. This valuation technique is applied consistently across all instruments. Given the observability of inputs that are significant to the entire sets of measurements, the fair values of the instruments are based on inputs categorized as Level 2. As of June 30, 2017 and 2016, the derivative instruments were stated at fair value as required under GASB 72. Information required to restate the derivative instruments to fair value as of June 30, 2015, as required under GASB 72, was not available, therefore, the derivative instruments were stated at mark-to-market value for FY 2015 in accordance with GASB 53.

The mark-to-market value for each swap had been estimated using the zero-coupon method. Under this method, future cash payments were calculated either based on using the contractually-specified fixed rate or based on using the contractually-specified variable forward rates as implied by the SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index yield curve (formerly known as the Bond Market Association Municipal Swap Index yield curve, or BMA Municipal Swap Index yield curve), as applicable. Each future cash payment was adjusted by a factor called the swap rate, which is a rate that is set, at the inception of the swap and at the occurrence of certain events, such as a refunding, to such a value as to make the mark-to-market value of the swap equal to zero. (For this reason, the swap rate is sometimes referred to as the "at-the-market" rate of the swap.) Future cash receipts were calculated either based on using the contractually-specified fixed rate or based on using the contractually-specified variable forward rates as implied by the LIBOR (London Interbank Offered Rate) yield curve or the CMS (Constant Maturity Swap rate) yield curve, as applicable. The future cash payment, as modified by the swap rate factor, and the future cash receipt due on the date of each and every future net settlement on the swap was netted, and each netting was then discounted using the discount factor implied by the LIBOR yield curve for a hypothetical zero-coupon rate bond due on the date of the future net settlement. These discounted nettings were then summed to arrive at the mark-to-market value of the swap.

All the swaps entered into by the County comply with the County's swap policy. Each swap is written pursuant to guidelines and documentation promulgated by the International Swaps and Derivatives Association ("ISDA"), which include standard provisions for termination events such as failure to pay or bankruptcy. The County retains the right to terminate any swap agreement at market value prior to maturity. The County has termination risk under the contract, particularly if an additional termination event ("ATE") were to occur. An ATE occurs either if the credit rating of the bonds associated with a particular swap agreement and the rating of the swap insurer fall below a pre-defined credit rating threshold or if the credit rating of the swap counterparty falls below a threshold as defined in the swap agreement.

With regard to credit risk, potential exposure is mitigated through the use of an ISDA credit support annex ("CSA"). Under the terms of master agreements between the County and the swap counterparties, each swap counterparty is required to post collateral with a third party when the counterparty's credit rating falls below the trigger level defined in each master agreement. This protects the County from credit risks inherent in the swap agreements. As long as the County retains insurance, the County is not required to post any collateral; only the counterparties are required to post collateral.

As of June 30, 2016, the counterparty's credit ratings declined to the respective rating thresholds as defined in the ISDA CSA agreement for swaps #12A and #18, and the counterparty is required to post collateral. The County and the counterparty negotiated terms for swap #12A and #18 and on August 9, 2016; both the counterparty and the County agreed to terms with the Bank of New York Mellon under a Collateral Account Control Agreement, where Bank of New York Mellon would act as the custodian of the collateral. Under this Agreement, the custodian monitors the collateral posted by the counterparty on behalf of the County. On August 10, 2016, the County executed the Agreement for Swap #18, and the counterparty post the initial cash collateral of \$39,900,000 with the custodian. On February 6, 2017, the County executed the Agreement for Swap #12A, and on February 8 the counterparty post the initial cash collateral of \$13,000,000. As of June 30, 2017, the cash collateral posted with the custodian for Swap #12A and Swap #18 was \$12,270,000 and \$39,110,000, respectively, for a combined value of \$51,380,000.

As summarized in the table below, the initial notional amounts of all active swaps as of June 30, 2017, totaled \$1,908,045,000, remaining unchanged from June 30, 2016, as did the number of outstanding swap agreements, which remained at 18. The outstanding notional total as of June 30, 2017, was \$1,443,870,126 and comprised \$1,035,310,000 in floating-to-fixed swaps, \$235,456,784 in fixed-to-fixed swaps, and \$173,103,342 in basis swaps.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Swap#	Associated Variable Rate Bonds or Amended Swaps	County Pays	County Receives	Interest Rate Swap Analysis As of June 30, 2017			Counterparty Ratings			Outstanding Notional June 30, 2017	
				Effective Date	Maturity Date	Initial Notional Amount	Counterparty	Moody's	S&P		Fitch
02	N/A	SIFMA Swap Index - .41%	72.5% of USD LIBOR - 0.410%	8/23/2001	7/1/2036	\$ 185,855,000	Citigroup Financial Products Inc.	Baa1	BBB+	A	\$ 76,431,333
03*	N/A	5.49% to 7/2010, 3% to maturity	69% of USD LIBOR + 0.350%	4/4/2005	7/1/2022	259,900,000	Citigroup Financial Products Inc.	Baa1	BBB+	A	-
04	N/A	SIFMA Swap Index	68% of USD LIBOR + 0.435%	7/1/2003	7/1/2025	200,000,000	Citigroup Financial Products Inc.	Baa1	BBB+	A	96,672,009
05*	N/A	4.97% to 7/2010, 3% to maturity	62.6% of USD LIBOR + 0.330%	3/19/2008	7/1/2025	60,175,000	Citigroup Financial Products Inc.	Baa1	BBB+	A	-
07A†	2008 A-2, 2011 B-1	4.3057% to 7/2017, 0.25% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000,000	JP Morgan Chase Bank, N.A.	Aa3	A+	AA--	145,150,000
07B†	2008 B-2, 2011 B-2	4.3057% to 7/2017, 0.25% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000,000	UBS AG Citigroup Financial Products Inc.	A1	A	A	145,200,000
08A	2008C	4% to 7/2015, 3% to maturity	82% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	151,200,000	JP Morgan Chase Bank, N.A.	Baa1	BBB+	A	147,500,000
08B	2008C	4% to 7/2015, 3% to maturity	82% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	31,975,000	JP Morgan Chase Bank, N.A.	Aa3	A+	AA-	31,200,000
08C	2008C	4% to 7/2015, 3% to maturity	82% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	31,975,000	UBS AG Citigroup Financial Products Inc.	A1	A	A	31,200,000
09A	2008 D-1	5% to 7/2015, 1.21% to maturity	82% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	41,330,000	JP Morgan Chase Bank, N.A.	Baa1	BBB+	A	39,995,000
09B	2008 D-1	5% to 7/2015, 1.21% to maturity	82% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	8,795,000	JP Morgan Chase Bank, N.A.	Aa3	A+	AA-	8,510,000
09C	2008 D-1	5% to 7/2015, 1.21% to maturity	82% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	8,795,000	UBS AG	A1	A	A	8,510,000
10B	2008 D-2A, 2008 D-2B	4.0030% to 7/2015, 2.27% to maturity	LIBOR + 0.280%	3/19/2008	7/1/2040	29,935,000	JP Morgan Chase Bank, N.A.	Aa3	A+	AA-	29,935,000
10C	2008 D-2A, 2008 D-2B	4.0030% to 7/2015, 2.27% to maturity	LIBOR + 0.280%	3/19/2008	7/1/2040	29,935,000	UBS AG	A1	A	A	29,935,000

III. DETAILED NOTES--ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Swap#	Associated Variable Rate Bonds or Amended Swaps	County Pays	County Receives	Effective Date	Maturity Date	Initial Notional Amount	Counterparty	Counterparty Ratings			Outstanding Notional June 30, 2017	
								Moody's	S&P	Fitch		
Interest Rate Swap Analysis As of June 30, 2017 Continued												
	Floating to Fixed 2008 D-2A, 2008 D-2B, 2008C, 2008 D- 3, 2010 F-2 PFC	5.626% to 7/2017, 0.25% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2026	200,000,000	Citigroup Financial Products Inc.	Baa1	BBB+	A	200,000,000	
12A			61.9% of USD LIBOR + 0.270%	7/1/2010	7/1/2040	150,000,000	Citigroup Financial Products Inc.	Baa1	BBB+	A	-	
13**	N/A	6% to 7/2017, 1.913% to maturity	64.4% of USD LIBOR + 0.280%	7/1/2011	7/1/2030	73,025,000	UBS AG	A1	A	A	73,025,000	
14**	2008 D-2, 2008 D-3 2008 C, 2008 D-2A, 2008 D- 2B, 2008A GO, 2010 F-2 PFC	3.886% 3.881%	64.4% of USD LIBOR + 0.280%	7/1/2011	7/1/2037	145,150,000	Citibank, N.A., New York	A1	A+	A+	145,150,000	
14B**												
<u>Remaining portions of swaps after April 6, 2010 terminations</u>												
	Fixed to Fixed swap #03 (amended and restated)	1.02% until 7/1/2010	1.47% starting at 7/1/2010	4/6/2010	7/1/2022		Citigroup Financial Products Inc.	Baa1	BBB+	A	35,256,784	
15	swap #05 (amended and restated)	1.37% until 7/1/2010	0.6% starting at 7/1/2010	4/6/2010	7/1/2025		Citigroup Financial Products Inc.	Baa1	BBB+	A	50,200,000	
16	swap #13 (amended and restated)	2.493% until 7/1/2017	1.594% starting at 7/1/2017	4/6/2010	7/1/2040		Citigroup Financial Products Inc.	Baa1	BBB+	A	150,000,000	
18						\$ 1,908,045,000					\$ 1,443,870,126	

Source: The PFM Group

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

*On April 6, 2010, the County terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. To fund the terminations, the County fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated \$162.2 million of \$229.9 million notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, #10A, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively.

‡On August 3, 2011, the County refunded the outstanding principal of its Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds, and swap #07B was re-associated with the Series 2011 B-2 Bonds.

**On July 1, 2011, forward swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. \$4.48 million of the entire notional amount of swap #14A, \$73.025 million, was associated with the 2008A General Obligation Bonds, with the excess notional balance classified as an investment derivative. The entire notional amount of swap #14B, \$201.975 million, was associated both with the principal of the 2008A General Obligation Bonds remaining after the association of swap #14A and with the 2013 C-1 and 2013 C-2 Notes. Although these Notes are deemed to mature in perpetuity, the 2008A General Obligation Bond matures on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities had been classified as investment derivatives. On November 19, 2013, these swaps were re-associated with variable rate bonds following the termination of swaps noted below. These swaps are fully hedged derivatives. On July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative.

As indicated in the previous subnote, the County entered into various interest rate swap agreements to hedge financial risks associated with the cost of borrowing and the cash flows associated with the County's variable interest rate debt. In accordance with the provisions of GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, the County is required to report the value of all derivative instruments on the Statements of Net Position. In addition, GASB 53 requires that all derivatives be classified into two basic categories: (1) hedging and (2) investment. Hedging derivatives are derivative instruments that significantly reduce an identified financial risk by substantially offsetting changes in the cash flows of an associated hedgeable item. Hedging derivatives are required to be tested for their effectiveness. Effectiveness of hedging derivatives is first tested using the consistent critical terms method. If critical terms analysis fails because the critical terms of the hedged item and the hedging instrument do not match, a quantitative method is employed, typically regression analysis. On an annual basis and consistent with the fiscal year end, the County employs an external consulting firm to perform this evaluation. Investment derivatives are either derivative instruments entered into primarily for income or profit purposes or derivative instruments that do not meet the criteria of an effective hedging derivative instrument.

With the implementation of GASB 72, the interest rate swaps now are stated at fair value. The information required to restate the interest rate swaps at fair value as of June 30, 2015, was not available; therefore, the interest rate swaps for FY 2015 had been presented at their mark-to-market values. Changes in the fair value of hedging derivative instruments are presented as deferred inflows of resources or deferred outflows of resources on the Statements of Net Position. Changes in the fair value of investment derivative instruments are recognized as investment gains or losses on the Statements of Revenues, Expenses, and Changes in Net Position.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

The tables below provide the fair values as well as the changes from the mark-to-market values to the fair values of the County's interest rate swap agreements for the fiscal years ended June 30, 2017. The valuation of all outstanding swap agreements as of June 30, 2017 is \$ (27,446,815).

Interest Rate Swap Fair Value and Changes in Fair Values in Hedging Derivative Instruments						
Swap #	Outstanding Notional, Classification, and Fair Value as of June 30, 2017			Changes in Fair Value for the Fiscal Year Ended June 30, 2017		
	Outstanding Notional	Non-Current Derivative Instrument Classification	Fair Value	Increase (Decrease) in Deferred Inflows	Increase (Decrease) in Deferred Outflows	Net Change in Fair Value
<u>Hedging derivative instruments</u>						
<i>Floating to fixed rate interest swap</i>						
03*	\$ -		\$ -	\$ -	\$ -	\$ -
05*	-		-	-	-	-
07A‡	145,150,000	Asset	276,909	276,909	(4,700,620)	4,977,529
07B‡	145,200,000	Asset	279,921	279,921	(4,701,949)	4,981,870
10B	29,935,000	Liability	(2,050,587)	-	(2,364,236)	2,364,236
10C	29,935,000	Liability	(2,050,608)	-	(2,364,258)	2,364,258
12A	200,000,000	Asset	17,403,704	16,518,970	-	16,518,970
<i>Forward floating-to-fixed interest rate swap</i>						
13*	-		-	-	-	-
<i>Floating to fixed rate interest swap</i>						
14A**	73,025,000	Liability	(15,641,379)	-	(6,060,433)	6,060,433
14B**	145,150,000	Liability	(37,491,141)	-	(13,947,353)	13,947,353
Total hedging derivative activities	<u>\$ 768,395,000</u>		<u>\$ (39,273,181)</u>	<u>\$ 17,075,800</u>	<u>\$ (34,189,849)</u>	<u>\$ 51,214,649</u>

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Interest Rate Swap Fair Value and Changes in Fair Values in Investment Derivative Instruments						
Swap #	Outstanding Notional, Classification, and Fair Value as of June 30, 2017			Changes in Fair Value for the Fiscal Year Ended June 30, 2017		
	Outstanding Notional	Non-Current Derivative Instrument Classification	Fair Value	Gain (Loss) on Investment	Deferrals Included in Gain (Loss)	Net Change in Fair Value
<u>Investment derivative instruments</u>						
Basis rate swap						
02	\$ 76,431,333	Liability	\$ (1,462,451)	\$ (4,929)	\$ -	\$ (4,929)
04	96,672,009	Asset	1,054,013	(558,510)	-	(558,510)
Floating to fixed rate interest swap						
08A	147,500,000	Liability	(22,773,218)	10,988,670	-	10,988,670
08B	31,200,000	Liability	(4,815,627)	2,324,024	-	2,324,024
08C	31,200,000	Liability	(4,815,680)	2,324,037	-	2,324,037
09A	39,995,000	Asset	419,577	2,099,623	-	2,099,623
09B	8,510,000	Asset	89,208	446,712	-	446,712
09C	8,510,000	Asset	89,209	446,714	-	446,714
<i>Remaining portions of swaps after April 6, 2010 terminations*</i>						
15 (formerly #03)	35,256,784	Asset	1,279,525	(516,773)	-	(516,773)
16 (formerly #05)	50,200,000	Asset	2,063,741	(348,782)	-	(348,782)
18 (formerly #13)	150,000,000	Asset	40,698,069	11,785,074	-	11,785,074
Total investment derivative activities	675,475,126		11,826,366	28,985,860	-	28,985,860
Total	\$ 1,443,870,126		\$ (27,446,815)			\$ 80,200,509

* On April 6, 2010, the County terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. To fund the terminations, the County fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated \$162.2 million of \$229.9 million notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, #10A, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively. Swap #17 was terminated on November 19, 2013.

‡ On August 3, 2011, the County refunded the outstanding principal of its Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds, and swap #07B was re-associated with the Series 2011 B-2 Bonds.

** On July 1, 2011, forward swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. \$4.48 million of the entire notional amount of swap #14A, \$73.025 million, was associated with the 2008A General Obligation Bonds, with the excess notional balance classified as an investment derivative. The entire notional amount of swap #14B, \$201.975 million, was associated both with the principal of the 2008A General Obligation Bonds remaining after the association of swap #14A and with the 2013 C-1 and 2013 C-2 Notes. Although the Notes are deemed to mature in perpetuity, the 2008A General Obligation Bonds mature on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities had been classified as investment derivatives. On July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

On August 3, 2011, the County refunded the Series 2008 B-1 Bonds and the Series 2008 A-1 Bonds with the Series 2011 B-2 Bonds and the Series 2011 B-1 Bonds, respectively. Upon refunding, \$100,000,000 in notional of swap #07A and \$100,000,000 in notional of swap #07B were re-associated with the 2011 B-1 Bonds and the 2011 B-2 Bonds, respectively. This re-association resulted in a revaluation of swaps #07A and #07B to adjust the overall swap rate of each swap to the market rate, creating a deferred loss on imputed debt for each swap, and an offsetting liability for each swap, imputed debt, in the amounts of \$10,706,687 for swap #07A and \$10,706,687 for swap #07B. These deferred losses on imputed debt and corresponding imputed debts are amortized against each other on a straight-line basis over the remaining lives of the swaps. In November 2013, the County re-associated swap #07A with the 2011 B-1 Bonds and re-associated swap #07B with the 2011 B-2 Bonds.

On November 19, 2013, the County fully terminated swaps #06, #12B, and #17 and partially terminated swap #14B. Because swap #14B was only partially terminated, its outstanding notional value was reduced by \$56,825,000 from \$201,975,000 to \$145,150,000. At the transaction closing, the fair values of all the terminated swaps or portions thereof, coupled with their related accrued interest, resulted in a net termination payment of \$0. The County executed this transaction to lower overall swap exposure, reduce interest rate risk, increase cash flow, reduce debt service, and tailor its swap portfolio to better match its variable rate bond portfolio. Upon completion of the termination, the County re-associated the investment component of each of swap derivatives #14A and #14B with variable rate bonds, thereby resulting in the full hedging of these swaps.

(b) Hedging Derivative Instruments

On June 30, 2017, the County had seven outstanding floating-to-fixed interest rate swap agreements considered to be hedging derivative instruments in accordance with the provisions of GASB 53.

Objective:

As a means of lowering its borrowing costs when compared against fixed-rate bonds at the time of issuance, the County executed floating-to-fixed interest rate swaps in connection with its issuance of variable rate bonds. The intention of implementing these swaps was to convert the County's variable interest rates on the bonds to synthetic fixed rates. As of June 30, 2017 and 2016, the County had five outstanding hedging swaps that had been structured with step-down coupons to reduce the cash outflows of the fixed leg of those swaps in the later years of the swap.

Forward Starting Swap Agreements:

On January 3, 2006, the County entered into five swap agreements (swaps #7A, #7B, #12A, #12B, and #13) to hedge future variable rate debt as a means to lower its borrowing costs and to provide favorable synthetically fixed rates for financing the construction of Terminal 3 and other related projects. Swaps #7A and #7B, with notional amounts of \$150,000,000 each, became effective July 1, 2008, while swaps #12A and #12B, with notional amounts totaling \$550,000,000, became effective July 1, 2009. Swap #13, with a notional amount totaling \$150,000,000, was scheduled to become effective July 1, 2010. However, due to the attractive market rates for fixed rate bonds, together with the favorable provisions of ARRA, the County chose to refinance its outstanding bond anticipation notes and issue fixed rate bonds to complete financing for the construction of Terminal 3, and, as a result, the planned \$550,000,000 of 2009 Series A and B variable rate bonds was not issued on July 1, 2009. In addition, to better match its outstanding notional of floating-to-fixed interest rate swaps to the cash flows associated with its outstanding variable rate bonds, on April 6, 2010, the County terminated \$543,350,000 in notional amounts of its outstanding floating-to-fixed interest rate swaps (swaps #3, #5, #10A, and #11) and \$150,000,000 in the notional amount of the July 1, 2010, forward starting swap #13. On April 17, 2007, the County entered into two additional forward starting swaps, swaps #14A and #14B, with notional amounts totaling \$275,000,000, which became effective on July 1, 2011, as scheduled.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Terms, Notional Amounts, and Fair Values

The terms, notional amounts, and fair values of the County's hedging derivatives at June 30, 2017, are included in the tables below. The notional amounts of the swap agreements match the principal portions of the associated debt and contain reductions in the notional amounts that are expected to follow the reductions in principal of the associated debt, except as discussed in the section on rollover risk.

<u>Hedging Derivative Instruments - Terms, Notional Amounts, and Fair Values as of June 30, 2017</u>								
<u>Swap#</u>	<u>Interest Rate Swap Description</u>	<u>Associated Variable Rate Bonds or Amended Swaps</u>	<u>Effective Date</u>	<u>Outstanding Notional</u>	<u>County Pays</u>	<u>County Receives</u>	<u>Fair Value</u>	<u>Maturity Date</u>
07A	Floating-to-Fixed	2008 A-2, 2011 B-1	7/1/2008	\$ 145,150,000	4.3057% to 7/2017, 0.25% to maturity	64.7% of USD LIBOR + 0.28%	\$ 276,909	7/1/2022
07B	Floating-to-Fixed	2008 B-2, 2011 B-2	7/1/2008	145,200,000	4.3057% to 7/2017, 0.25% to maturity	64.7% of USD LIBOR + 0.28%	279,921	7/1/2022
10B	Floating-to-Fixed	2008 D-2A, 2008 D-2B	3/19/2008	29,935,000	4.0030% to 7/2015, 2.27% to maturity	62.0% of USD LIBOR + 0.28%	(2,050,587)	7/1/2040
10C	Floating-to-Fixed	2008 D-2A, 2008 D-2B, 2008 D-2A, 2008 D-2B, 2008C, 2008	3/19/2008	29,935,000	4.0030% to 7/2015, 2.27% to maturity	62.0% of USD LIBOR + 0.28%	(2,050,608)	7/1/2040
12A	Floating-to-Fixed	D-3, 2010 F- 2 PFC	7/1/2009	200,000,000	5.6260% to 7/2017, 0.25% to maturity	64.7% of USD LIBOR + 0.28%	17,403,704	7/1/2026
14A	Floating-to-Fixed	2008 D-2, 2008 D-3, 2008 C, 2008 D-2A, 2008 D-2B, 2008A GO, 2010 F-2	7/1/2011	73,025,000	3.89%	64.4% of USD LIBOR + 0.280%	(15,641,379)	7/1/2030
14B	Floating-to-Fixed	PFC	7/1/2011	<u>145,150,000</u>	3.88%	64.4% of USD LIBOR + 0.28%	<u>(37,491,141)</u>	7/1/2037
				<u>\$ 768,395,000</u>			<u>\$ (39,273,181)</u>	

Due to an overall increase in variable rates, three of the County's hedging derivative instruments had a positive fair value as of June 30, 2017, up from having one of the hedging derivative instruments having a positive market-to-market value as of June 30, 2016. The fair values and market-to-market values are estimated using the methodologies discussed above under Subnote (a), "Interest Rate Swaps."

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Associated Debt Cash Flows

The net cash flows for the County's hedging derivative instruments for the year ended June 30, 2017, are provided in the table below.

<u>Hedging Derivative Instruments - Net Cash Flows</u> <u>For the Fiscal Year Ended June 30, 2017</u>							
Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	<u>Counterparty Swap Interest</u>			Interest to Bondholders	Net Interest Payments 2017
			(Pay)	Receive	Net		
07A	Floating-to-Fixed	2008 A-2, 2011 B-1	\$ (6,318,615)	\$ 879,853	\$ (5,438,762)	\$ (616,155)	\$ (6,054,917)
07B	Floating-to-Fixed	2008 B-2, 2011 B-2	(6,320,229)	882,803	(5,437,426)	(618,805)	(6,056,231)
10B	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(936,966)	433,326	(503,640)	(142,673)	(646,313)
10C	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(936,966)	433,620	(503,346)	(142,673)	(646,019)
12A	Floating-to-Fixed	2008 D-2A, 2008 D-2B, 2008C, 2008 D-3, 2010 F-2 PFC	(11,252,000)	1,203,539	(10,048,461)	(859,820)	(10,908,281)
14A*	Floating-to-Fixed	2008 D-2, 2008 D-3	(2,837,752)	438,369	(2,399,383)	(3,861,832)	(6,261,215)
14B*	Floating-to-Fixed	2008 C, 2008 D-2A, 2008 D-2B, 2008A GO, 2010 F-2 PFC	(5,633,272)	869,859	(4,763,413)	(640,467)	(5,403,880)
			<u>\$ (34,235,800)</u>	<u>\$ 5,141,369</u>	<u>\$ (29,094,431)</u>	<u>\$ (6,882,425)</u>	<u>\$ (35,976,856)</u>

* Hedging component only, pro-rated over swap notional

Credit Risk:

The County was exposed to credit risk on the three investment derivatives that had positive fair values totaling \$17,960,534 as of June 30, 2017. Nonetheless, as described earlier, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The investment swaps and their amounts at risk as of June 30, 2017, along with the counterparty credit ratings for these swaps, are disclosed the table below.

<u>Counterparty Credit Ratings and Credit Risk Exposure - Hedging Derivative Instruments at June 30, 2017</u>						
Swap #	Interest Rate Swap Description	Counterparty	<u>Counterparty Ratings</u>			Credit Risk Exposure
			Moody's	S&P	Fitch	
07A	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	AA-	\$ 276,909
07B	Floating-to-Fixed	UBS AG	A1	A	A	279,921
10B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	AA-	-
10C	Floating-to-Fixed	UBS AG	A1	A	A	-
12A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	17,403,704
14A	Floating-to-Fixed	UBS AG	A1	A	A	-
14B	Floating-to-Fixed	Citibank, N.A., New York.	A1	A+	A+	-
						<u>\$ 17,960,534</u>

Basis and Interest Rate Risk:

All the hedging derivative swaps are subject to basis risk and interest rate risk should the relationship between the LIBOR rate and the County's bond rates converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Tax Policy Risk:

The County is exposed to tax risk if a permanent mismatch (shortfall) occurs between the floating rate received on the swap and the variable rate paid on the underlying variable rate bonds due to changes in tax law such that the federal or state tax exemption of municipal debt is eliminated or its value is reduced.

Termination Risk:

The County is exposed to termination risk if either the credit rating of the bonds associated with the swap or the credit rating of the swap counterparty falls below the threshold defined in the swap agreement, i.e. if an ATE occurs. If at the time of the ATE the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value. For all swap agreements, except for swaps #08A and #09A, the County is required to designate a day between 5 and 30 days to provide written notice following the ATE date. For the exceptions, the designated date is 30 days after the ATE date.

Rollover Risk and Other Risk:

There exists the possibility that the County may undertake additional refinancing with respect to its swaps to improve its debt structure or cash flow position and that such refinancing may result in hedging swap maturities that do not extend to the maturities of the associated debt, in hedging swaps becoming decoupled from associated debt, in the establishment of imputed debt, or in the creation of losses.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Terms, Notional Amounts, and Fair Values:

The terms, notional amounts, and fair values of the County's investment derivatives at June 30, 2017 are included in the tables below.

<u>Investment Derivative Instruments - Terms, Notional Amounts, and Fair Values</u>								
<u>As of June 30, 2017</u>								
<u>Swap#</u>	<u>Interest Rate Swap Description</u>	<u>Associated Variable Rate Bonds or Amended Swaps</u>	<u>Effective Date</u>	<u>Outstanding Notional</u>	<u>County Pays</u>	<u>County Receives</u>	<u>Fair Value</u>	<u>Maturity Date</u>
02	Basis Swap	N/A	8/23/2001	\$ 76,431,333	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	\$ (1,462,451)	7/1/2036
04	Basis Swap	N/A	7/1/2003	96,672,009	SIFMA Swap Index	68% of USD LIBOR + 0.435%	1,054,013	7/1/2025
08A	Floating-to-Fixed	2008C	3/19/2008	147,500,000	4% to 7/2015, 3% to maturity	82% of 10 year CMS - 0.936%	(22,773,218)	7/1/2040
08B	Floating-to-Fixed	2008C	3/19/2008	31,200,000	4% to 7/2015, 3% to maturity	82% of 10 year CMS - 0.936%	(4,815,627)	7/1/2040
08C	Floating-to-Fixed	2008C	3/19/2008	31,200,000	4% to 7/2015, 3% to maturity	82% of 10 year CMS - 0.936%	(4,815,680)	7/1/2040
09A	Floating-to-Fixed	2008 D-1	3/19/2008	39,995,000	5% to 7/2015, 1.21% to maturity	82% of 10 year CMS - 1.031%	419,577	7/1/2036
09B	Floating-to-Fixed	2008 D-1	3/19/2008	8,510,000	5% to 7/2015, 1.21% to maturity	82% of 10 year CMS - 1.031%	89,208	7/1/2036
09C	Floating-to-Fixed	2008 D-1	3/19/2008	8,510,000	5% to 7/2015, 1.21% to maturity	82% of 10 year CMS - 1.031%	89,209	7/1/2036
<u>Remaining portions of swaps after April 6, 2010 terminations</u>								
15	Fixed-to-Fixed	swap #03 (1)	4/6/2010	35,256,784	1.02% until 7/1/2010	1.47% starting at 7/1/2010	1,279,525	7/1/2022
16	Fixed-to-Fixed	swap #05 (1)	4/6/2010	50,200,000	1.37% until 7/1/2010	0.6% starting at 7/1/2010	2,063,741	7/1/2025
18	Fixed-to-Fixed	swap #13 (1)	4/6/2010	150,000,000	2.493% until 7/1/2017	1.594% starting at 7/1/2017	40,698,069	7/1/2040
				<u>\$ 675,475,126</u>			<u>\$ 11,826,366</u>	
(1) Amended and restated								

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Credit Risk:

The County was exposed to credit risk on the seven investment derivatives that had positive fair values totaling \$45,693,342 as of June 30, 2017. Nonetheless, as described earlier, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The investment swaps and their amounts at risk as of June 30, 2017, along with the counterparty credit ratings for these swaps, are disclosed the table below.

<u>Counterparty Credit Ratings and Credit Risk Exposure - Investment Derivative Swaps at June 30, 2017</u>						
Swap #	Interest Rate Swap Description	Counterparty	Counterparty Ratings			Credit Risk Exposure
			Moody's	S&P	Fitch	
02	Basis Swap	Citigroup Financial Products Inc.	Baa1	BBB+	A	\$ -
04	Basis Swap	Citigroup Financial Products Inc.	Baa1	BBB+	A	1,054,013
08A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	-
08B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	AA-	-
08C	Floating-to-Fixed	UBS AG	A1	A	A	-
09A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	419,577
09B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	AA-	89,208
09C	Floating-to-Fixed	UBS AG	A1	A	A	89,209
<u>Remaining portions of swaps after April 6, 2010 terminations</u>						
15	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	1,279,525
16	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	2,063,741
18	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	40,698,069
						\$ 45,693,342

As of June 30, 2016, the counterparty to Swap #18 was required to post collateral pursuant to the terms of the ISDA CSA agreement. The credit rating of this counterparty declined to the rating threshold as defined in the ISDA CSA agreement so the counterparty therefore was required to post collateral. On August 11, 2016, the counterparty posted \$39,900,000 of cash as collateral with the custodian.

Interest Rate Risk:

Swaps #02 and #04 are subject to interest rate risk should the relationship between the LIBOR rate and the SIFMA rate converge. If economic conditions change such that these rates converge, the expected cash flows of the swaps and expected cost savings may not be realized.

Swaps #08A, #08B, and #08C and swaps #09A, #09B, and #09C are subject to interest rate risk should the relationship between the 10-year CMS rate (Constant Maturity Swap rate) and the LIBOR rate converge. If economic conditions change such that these rates converge, the expected cash flows of the swaps and expected cost savings may not be realized.

The investment components of swaps #15, #16, and #18 are not subject to interest rate risk, since there is no variable rate component.

Foreign Currency Risk

None of the County's interest rate swaps are subject to foreign currency risk.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Projected Maturities and Interest on Variable Rate Bonds, Bond Anticipation Notes, and Swap Payments

Using the rates in effect on June 30, 2017, the approximate maturities and interest payments of the County's variable rate debt and bond anticipation notes associated with the interest rate swaps, as well as the net payment projections on the floating-to-fixed interest rate swaps, are presented in the following table.

<u>Variable Rate Debt and Bond Anticipation Notes - Maturities and Net Payment Projections</u>						
<u>Year Ended</u> <u>June 30,</u>	<u>Variable Rate Bonds</u>		<u>Bond Anticipation Notes</u>		<u>Net Swap</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	
2018	\$ 23,620,000	\$ 9,558,558	\$ -	\$ -	\$ 15,690,005	\$ 48,868,563
2019	84,195,000	8,785,533	-	-	4,646,990	97,627,523
2020	86,675,000	7,989,784	-	-	5,009,131	99,673,915
2021	87,705,000	7,184,693	-	-	5,361,085	100,250,778
2022	88,885,000	6,368,907	-	-	5,744,334	100,998,241
2023-2027	180,490,000	26,293,854	-	-	33,977,724	240,761,578
2028-2032	218,230,000	16,374,617	-	-	31,364,423	265,969,040
2033-2037	165,445,000	9,308,415	-	-	13,180,050	187,933,465
2038-2042	136,855,000	1,914,597	-	-	869,550	139,639,147
2043+	-	-	-	-	-	-
Total	\$ 1,072,100,000	\$ 93,778,958	\$ -	\$ -	\$ 115,843,292	\$ 1,281,722,250

Discretely Presented Component Units

Flood Control District

The following is a summary of bonds and compensated absences payable by the Flood Control District for the year ended June 30, 2017:

<u>Bonds and Compensated Absences Payable For the Year Ended June 30, 2017</u>					
	<u>Balance at</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2017</u>	<u>Due Within One</u> <u>Year</u>
General obligation bonds	\$ 518,810,000	\$ -	\$ (12,810,000)	\$ 506,000,000	\$ 13,505,000
Plus: issuance premiums	36,288,966	-	(2,157,788)	34,131,178	-
Total bonds payable	555,098,966	-	(14,967,788)	540,131,178	13,505,000
Compensated Absences	729,646	389,377	(452,300)	666,723	-
Total long-term liabilities	\$ 555,828,612	\$ 389,377	\$ (15,420,088)	\$ 540,797,902	\$ 13,505,000

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Discretely Presented Component Units (Continued)

Flood Control District (Continued)

The following individual issues comprised the bonds payable at June 30, 2017:

<u>Bonds Payable as of June 30, 2017</u>					
<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance at June 30, 2017</u>
General obligation bonds					
2009	6/23/09	11/01/38	2.69 - 7.25	\$ 150,000,000	\$ 124,460,000
2010	7/13/10	11/01/18	5.00	29,425,000	20,105,000
2013	12/19/13	11/01/38	5.00	75,000,000	74,900,000
2014	12/11/14	11/01/38	4.00-5.00	100,000,000	100,000,000
2015	03/31/15	11/01/35	4.00-5.00	186,535,000	186,535,000
Unamortized premium/(discount)			N/A	N/A	34,131,178
Total long-term debt					<u>\$ 506,000,000</u>

All bonds issued by the Flood Control District are collateralized by a portion of the one-quarter cent sales tax authorized by NRS 543.600 for Flood Control District operations. Pledged revenues for the year ended June 30, 2017 totaled \$99,051,347 for a debt service coverage ratio of 2.52 times.

The debt service requirements are as follows:

<u>Annual Debt Service Requirements to Maturity</u>			
<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 13,505,000	\$ 25,838,003	\$ 39,343,003
2019	14,140,000	25,130,423	39,270,423
2020	13,765,000	24,412,046	38,177,046
2021	14,495,000	23,677,250	38,172,250
2022	15,280,000	22,894,517	38,174,517
2023-2027	89,940,000	100,927,584	190,867,584
2028-2032	117,290,000	73,579,108	190,869,108
2033-2037	152,235,000	40,158,043	192,393,043
2038-2039	75,350,000	4,060,069	79,410,069
	<u>\$ 506,000,000</u>	<u>\$340,677,043</u>	<u>\$ 846,677,043</u>

Deferred outflows of resources and deferred inflows of resources

Deferred outflows of resources for the Flood Control District consist of \$6,374,068 in unamortized losses on refunded bonds.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Discretely Presented Component Units (Continued)

RTC

The following is a summary of bonds and compensated absences payable by the RTC for the year ended June 30, 2017:

<u>Bonds and Compensated Absences Payable For the Year Ended June 30, 2017</u>					
	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 809,260,000	\$ 229,900,000	\$ 132,480,000	\$ 906,680,000	\$ 43,785,000
Plus premiums	62,396,041	47,998,318	10,395,172	99,999,187	-
Less discounts	<u>(26,159)</u>	<u>-</u>	<u>(1,804)</u>	<u>(24,355)</u>	<u>-</u>
Total bonds payable	871,629,882	277,898,318	142,873,368	1,006,654,832	43,785,000
Compensated Absences	<u>3,927,261</u>	<u>1,778,634</u>	<u>1,708,741</u>	<u>3,997,154</u>	<u>1,708,741</u>
Long-term liabilities	<u>\$ 875,557,143</u>	<u>\$ 279,676,952</u>	<u>\$ 144,582,109</u>	<u>\$ 1,010,651,986</u>	<u>\$ 45,493,741</u>

The following individual issues comprised the bonds payable at June 30, 2017:

<u>Bonds Payable as of June 30, 2017</u>					
<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance at June 30, 2017</u>
<i>Revenue Bonds</i>					
<i>Motor Vehicle Fuel Tax Revenue Bonds</i>					
2007	06/12/07	07/01/27	3.00 - 5.00	\$ 300,000,000	\$ 78,870,000
2010A	02/25/10	07/01/29	6.10 - 6.35	32,595,000	32,595,000
2011	11/29/11	07/01/23	4.00 - 5.00	118,105,000	86,710,000
2014A	04/01/14	07/01/34	3.00 - 5.00	100,000,000	93,615,000
2015	11/10/15	07/01/35	5.00	85,000,000	85,000,000
2016	06/29/16	07/01/24	5.00	107,350,000	107,350,000
2016B	11/09/16	07/01/28	5.00	43,495,000	43,495,000
2017	06/13/17	07/01/37	4.00 - 5.00	150,000,000	150,000,000
<i>Sales Tax Revenue Bonds</i>					
2010	02/23/10	07/01/29	3.00 - 5.00	69,595,000	9,475,000
2010B	08/11/10	07/01/20	3.00 - 5.00	94,835,000	42,605,000
2010C	08/11/10	07/01/30	5.10 - 6.15	140,560,000	140,560,000
2016	11/09/16	07/01/29	5.00	36,405,000	36,405,000
Unamortized premium		N/A	N/A	N/A	99,999,187
Unamortized discount		N/A	N/A	N/A	<u>(24,355)</u>
Total long term debt					<u>\$ 1,006,654,832</u>

Pledged Revenues

Motor Vehicle Fuel Tax Bonds

Motor vehicle fuel tax revenue bonds issued for RTC purposes are collateralized by a maximum of twelve cents per gallon motor vehicle fuel tax levied by the County, except that portion required to be allocated as direct distributions for those political subdivisions not included in the "Las Vegas Valley Area Major Street and Highway Plan." The collateralized twelve cents includes the County's share of the three cents per gallon tax levied by the State pursuant to NRS 365.180 and 365.190 and accounted for in other County funds, and the County's share of the Indexed Fuel Taxes. Pledged revenues for the year ended June 30, 2017 totaled \$91,937,226 for a debt service coverage ratio of 2.25 times.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Discretely Presented Component Units (Continued)

RTC (Continued)

Indexed Fuel Tax Bonds

Indexed Fuel Tax revenue bonds include taxes calculated and imposed on motor vehicle fuel tax, and special fuels taxes that consist of taxes on diesel fuel, taxes on compressed natural gas, and taxes on liquefied petroleum gas. Pledged revenues for the year ended June 30, 2017 totaled \$146,395,366 for a debt service coverage ratio of 5.5 times.

Sales Tax Revenue Bonds

Series 2010 sales and excise tax revenue bonds issued for RTC purposes are collateralized by 1/8% sales and excise tax and a 1 cent jet aviation fuel tax in Clark County. Series 2010B and 2010C sales and excise tax revenue bonds issued for RTC purposes are collateralized by 1/4% sales and excise tax and a 1 cent jet aviation fuel tax in Clark County. Pledged revenues for the year ended June 30, 2017 totaled \$103,061,172 for a debt service coverage ratio of 4.13 times.

The debt service requirements are as follows:

<u>Annual Debt Service Requirements to Maturity</u>			
<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 43,785,000	\$ 40,676,266	\$ 84,461,266
2019	48,705,000	41,916,613	90,621,613
2020	50,975,000	39,564,863	90,539,863
2021	52,900,000	36,999,888	89,899,888
2022	55,455,000	34,285,075	89,740,075
2023-2027	288,585,000	128,568,945	417,153,945
2028-2032	252,885,000	56,549,628	309,434,628
2033-2037	101,935,000	14,697,875	116,632,875
2038	11,455,000	286,375	11,741,375
	<u>\$ 906,680,000</u>	<u>\$ 393,545,528</u>	<u>\$ 1,300,225,528</u>

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 County for the RTC. 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 and as of the most recent such date the RTC's management believes that there is no rebatable arbitrage amount due. Future calculations might result in adjustments to this determination.

Long-term debt obligations are subject to restrictive debt covenants, including certain revenue levels and revenue/expense ratios, for which management believes the RTC is in compliance.

Deferred outflows of resources and deferred inflows of resources

Deferred outflows of resources for RTC consist of \$17,821,734 in unamortized losses on refunded bonds. Deferred inflows of resources for RTC consist of \$1,652,074 in unearned revenue from the Build America Bonds Rebate.

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District:

The following is a summary of bonds and loans payable by the Las Vegas Valley Water District for the year ended June 30, 2017:

<u>Bonds and Loans Payable For the Year Ended June 30, 2017</u>					
	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 2,817,414,827	\$ 300,333,868	\$ (377,100,000)	\$ 2,740,648,695	\$ 100,729,879
Revenue bonds	1,176,000	-	(168,000)	1,008,000	168,000
Commercial paper loans	400,000,000	-	-	400,000,000	-
Plus premiums	<u>61,576,432</u>	<u>15,083,152</u>	<u>(11,982,666)</u>	<u>64,676,918</u>	-
Total long-term debt	<u>\$ 3,280,167,259</u>	<u>\$ 315,417,020</u>	<u>\$ (389,250,666)</u>	<u>\$ 3,206,333,613</u>	<u>\$ 100,897,879</u>

The following individual issues comprised the bonds and loans payable at June 30, 2017:

<u>Bonds Payable as of June 30, 2017</u>					
<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance at June 30, 2017</u>
General Obligation Bonds					
2008A	02/19/08	12/01/37	5.00	190,760,000	\$ 3,990,000
2008B	02/19/08	06/01/26	3.50- 5.00	171,720,000	97,470,000
2009A	08/05/09	06/01/39	7.10	90,000,000	90,000,000
2009B	08/05/09	06/01/32	4.00 - 5.25	10,000,000	835,000
2009D	12/23/09	06/01/30	4.25 - 5.25	71,965,000	40,990,000
2010A	06/15/10	03/01/40	5.60 - 5.70	75,995,000	75,995,000
2010B	06/15/10	03/01/38	2.00 - 4.625	31,075,000	27,900,000
2011A	05/26/11	06/01/26	3.051 - 5.434	58,110,000	49,355,000
2011B	10/19/11	06/01/27	2.789 - 4.958	129,650,000	110,955,000
2011C	10/19/11	06/01/38	2.00 - 5.00	267,815,000	220,825,000
2011D	10/19/11	06/01/27	2.00 - 5.25	78,680,000	58,010,000
2012A	09/05/12	06/01/32	5.00	39,310,000	39,310,000
2012B	07/31/12	06/01/42	3.50- 5.00	360,000,000	339,555,000
2014	12/01/14	06/01/35	2.57	20,000,000	19,242,922
2015A	06/01/15	06/01/27	2.00- 5.00	172,430,000	148,620,000
2015	01/13/15	06/01/39	4.00- 5.00	332,405,000	332,405,000
2015B	06/01/15	06/01/28	4.00- 5.00	177,635,000	166,960,000
2015C	06/18/15	06/01/30	3.00- 5.00	42,125,000	39,485,000
2016A	04/06/16	06/01/36	3.00- 5.00	497,785,000	492,255,000
2016B	04/06/16	06/01/36	2.50- 5.00	108,220,000	105,530,000
2016D	07/18/16	06/01/36	2.50- 5.00	125,600,000	121,830,000
2017A	03/14/17	06/01/38	2.50- 5.00	130,105,000	130,105,000
2017B	03/14/17	06/01/36	2.50- 5.00	22,115,000	22,115,000
2016	09/15/16	06/01/37	1.78	15,000,000	6,804,546
2017	05/03/17	06/01/37	2.41	15,000,000	106,227
Unamortized premium/(discount)					<u>64,676,918</u>
Total general obligation bonds					<u>2,805,325,613</u>
Revenue Bonds					
2008	07/15/08	12/15/22	1.30	2,520,000	1,008,000
Commercial Paper Loans					
2004	06/02/04	2020-2021	0.86 - .96	400,000,000	400,000,000
Total long-term debt					<u>\$ 3,206,333,613</u>

III. DETAILED NOTES - ALL FUNDS (Continued)
6. LONG-TERM DEBT (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District (Continued)

These bonds are being serviced, principal and interest, by the Las Vegas Valley Water District.

The debt service requirements are as follows:

Year Ending June 30,	Annual Debt Service Requirements to Maturity					
	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	100,729,879 \$	128,962,912	\$ 229,692,791	168,000 \$	12,012	\$ 180,012
2019	105,237,368	125,622,031	230,859,399	168,000	9,828	177,828
2020	110,193,615	120,954,892	231,148,507	168,000	7,644	175,644
2021	117,670,219	115,957,594	233,627,813	168,000	5,460	173,460
2022	123,701,829	110,576,620	234,278,449	168,000	3,276	171,276
2023-2027	667,675,831	460,022,478	1,127,698,309	168,000	1,092	169,092
2028-2032	414,749,631	329,636,311	744,385,942	-	-	-
2033-2037	548,005,323	222,750,219	770,755,542	-	-	-
2038-2042	444,930,000	81,369,405	526,299,405	-	-	-
2043-2046	107,755,000	13,797,750	121,552,750	-	-	-
	<u>\$ 2,740,648,695</u>	<u>\$ 1,709,650,212</u>	<u>\$ 4,450,298,907</u>	<u>\$ 1,008,000</u>	<u>\$ 39,312</u>	<u>\$ 1,047,312</u>

\$400,000,000 in principal and \$429,021 in interest were due on the commercial paper loans for the year ended June 30, 3017.

Deferred outflows of resources and deferred inflows of resources

Deferred outflows of resources for the Las Vegas Valley Water District consist of \$1,203,447 in unamortized losses on refunded bonds. Deferred inflows of resources for the Las Vegas Valley Water District consist of \$8,394,596 in unamortized gains on refunded bonds

Other Discretely Presented Component Units

Big Bend Water District

The following is a summary of bonds payable by the Big Bend Water District for the year ended June 30, 3017:

	Bonds Payable For the Year Ended June 30, 2017				
	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Due Within One Year
General obligation bonds	<u>\$ 3,927,311</u>	<u>\$ -</u>	<u>\$395,091</u>	<u>\$ 3,532,220</u>	<u>\$ 407,814</u>

III. DETAILED NOTES - ALL FUNDS (Continued)

6. LONG-TERM DEBT (Continued)

Other Discretely Presented Component Units (Continued)

Big Bend Water District (Continued)

The following individual issues comprised the bonds payable at June 30, 2017:

<u>Bonds Payable as of June 30, 2017</u>					
<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue (*)</u>	<u>Balance at June 30, 2017</u>
General obligation bonds					
2003	06/03/04	01/01/25	3.19 %	\$ 4,000,000	\$ 1,907,750
2004	08/06/04	07/01/24	3.20%	6,000,000	1,624,470
Total long-term debt					<u>\$ 3,532,220</u>

These bonds are being serviced, principal and interest, by the Big Bend Water District.

* The 2004 series bonds were authorized in the aggregate principal amount of \$6,000,000 for the purpose of expanding the District's water delivery system. The State of Nevada agreed to finance this expansion project by purchasing, at par, up to \$6,000,000 of the District's general obligation bonds as the project is completed. At June 30, 2016, the original amount of 2004 series bonds that had been purchased by the State of Nevada totaled \$3,197,729.

The debt service requirements are as follows:

<u>Annual Debt Service Requirements to Maturity</u>			
<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 407,814	\$ 109,609	\$ 517,423
2019	420,947	96,476	517,423
2020	434,503	82,920	517,423
2021	448,495	68,928	517,423
2022	462,938	54,485	517,423
2023-2025	1,357,523	72,073	1,429,596
	<u>\$ 3,532,220</u>	<u>\$ 484,491</u>	<u>\$ 4,016,711</u>

III. DETAILED NOTES - ALL FUNDS (Continued)

7. FINANCIAL INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS - OTHER WATER DISTRICTS

Statement of Net Position			
	Kyle Canyon Water District	Big Bend Water District	Total
Assets			
Current assets	\$ 187,467	\$ 2,413,815	\$ 2,601,282
Noncurrent assets	5,348,239	29,074,167	34,422,406
Total assets	5,535,706	31,487,982	37,023,688
Liabilities			
Current liabilities	357,881	1,968,725	2,326,606
Noncurrent liabilities	-	3,124,406	3,124,406
Total liabilities	357,881	5,093,131	5,451,012
Net Position			
Net investment in capital assets	5,348,239	25,541,947	30,890,186
Unrestricted	(170,414)	852,904	682,490
Total Net Position	\$ 5,177,825	\$ 26,394,851	\$ 31,572,676

Statement of Revenues, Expenses and Changes in Net Position			
	Kyle Canyon Water District	Big Bend Water District	Total
Operating revenues	\$ 362,301	\$ 3,304,097	\$ 3,666,398
Operating expenses	(640,784)	(4,548,432)	(5,189,216)
Interest Income	51	17,118	17,169
Nonoperating revenue	62,809	-	62,809
Nonoperating expense	(4,305)	(116,022)	(120,327)
Capital contributions	-	729,901	729,901
Change in net position	(219,928)	(613,338)	(833,266)
Net Position			
Beginning of year	5,397,753	27,008,189	32,405,942
End of year	\$ 5,177,825	\$ 26,394,851	\$ 31,572,676

Statement of Cash Flows			
	Kyle Canyon Water District	Big Bend Water District	Total
Cash Flows From Operating Activities	\$ 121,493	\$ 188,083	\$ 309,576
Cash Flows From Noncapital Financing Activities	10,346	-	10,346
Cash Flows From Capital and Related Financing Activities	(123,482)	212,477	88,995
Cash Flows From Investing Activities	(19)	17,118	17,099
Net increase (decrease) in cash and cash equivalents	8,338	417,678	426,016
Cash and cash equivalents:			
Beginning of year	150,408	1,613,662	1,764,070
End of year	\$ 158,746	\$ 2,031,340	\$ 2,190,086

III. DETAILED NOTES - ALL FUNDS (Continued)

8. NET POSITION AND FUND BALANCES

Primary Government

Net Position - Government-wide Financial Statements:

The government-wide Statement of Net Position utilizes a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets is less the related debt outstanding that relates to the acquisition, construction, or improvement of capital assets.

Restricted assets are assets that have externally imposed (statutory, bond covenant, contract, or grantor) limitations on their use. Restricted assets are classified either by function, debt service, capital projects, or claims. Assets restricted by function relate to net position of government and enterprise funds whose use is legally limited by outside parties for a specific purpose. The restriction for debt service represents assets legally restricted by statute or bond covenants for future debt service requirements of both principal and interest. The amount restricted for capital projects consists of unspent grants, donations, and debt proceeds with third party restriction for use on specific projects or programs. The government-wide statement of net position reports \$1,251,076,286 of restricted net position, all of which is externally imposed.

Unrestricted net position represents financial resources of the County that do not have externally imposed limitations on their use.

III. DETAILED NOTES--ALL FUNDS (Continued)
8. NET POSITION AND FUND BALANCES (Continued)

Primary Government (Continued)
Governmental Funds

Government fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources of the fund. Fund balance classifications by County function consist of the following:

Fund Balance	Governmental Funds Fund Balance as of June 30, 2017							Total
	Major Governmental Funds		Non-Major Governmental Funds					
	General Funds	LVMPD	Special Revenue	Debt Service	Capital Projects			
Nonspendable:								
Forensic services	\$ -	\$ -	\$ 28,311	\$ -	\$ -	\$ -	\$ 28,311	
Law enforcement	-	319,735	-	-	-	-	319,735	
Wetlands park endowment	-	-	3,100,000	-	-	-	3,100,000	
Total nonspendable	-	319,735	3,128,311	-	-	-	3,448,046	
Restricted for:								
Cooperative Extension programs	-	-	9,692,585	-	-	-	9,692,585	
Law enforcement	-	-	2,741,530	-	-	-	2,741,530	
Detention center commissary	2,579,632	-	-	-	-	-	2,579,632	
Forensic services	-	-	1,013,983	-	-	-	1,013,983	
Park and recreation facility construction and improvements	-	-	22,781,923	-	-	36,795,625	59,577,548	
Road and highway construction	-	-	8,427,865	-	-	250,685,255	259,113,120	
Law library operations	-	-	67,765	-	-	-	67,765	
Justice court administration	-	-	4,355,399	-	-	-	4,355,399	
Wetlands park	-	-	50,942	-	-	-	50,942	
Boat safety	-	-	17,979	-	-	-	17,979	
Check restitution	-	-	4,457,140	-	-	-	4,457,140	
Air quality improvements	-	-	34,105,143	-	-	-	34,105,143	

III. DETAILED NOTES--ALL FUNDS (Continued)
8. NET POSITION AND FUND BALANCES (Continued)

Primary Government (Continued)
Governmental Funds

Fund Balance	Major Governmental Funds		Non-Major Governmental Funds				Total
	General Funds	LVMPD	Special Revenue	Debt Service	Capital Projects		
Entitlement grants	-	-	56,565,116	-	-	-	56,565,116
LVMPD personnel	-	-	81,733,941	-	-	-	81,733,941
Fort Mohave development	-	-	8,453,636	-	-	-	8,453,636
Habitat conservation plan	-	-	37,706,436	-	-	-	37,706,436
Child welfare	-	-	5,595,799	-	-	-	5,595,799
Emergency telephone system Disposition of trustee property proceeds	-	-	161,852	-	-	-	161,852
Family Service programs	-	-	751,513	-	-	-	751,513
Art programs	-	-	638,452	-	-	-	638,452
SID maintenance	-	-	431,650	-	-	-	431,650
Spay and neutering	-	-	1,489,681	-	-	-	1,489,681
Refundable bail funds	-	-	46,030	-	-	-	46,030
Southern Nevada Area Communications operations	-	-	1,521,645	-	-	-	1,521,645
Court fee collection program	-	-	1,060,569	-	-	-	1,060,569
District court operations	-	-	3,558,229	-	-	-	3,558,229
Justice court operations	-	-	4,752,727	-	-	-	4,752,727
Clark County fire protection	24,879,453	-	1,481,055	-	-	-	1,481,055
Laughlin town services	-	-	6,782,379	-	-	-	6,782,379
Bunkerville town services	96,442	-	-	-	-	-	96,442
Enterprise town services	7,171,785	-	-	-	-	-	7,171,785
Indian Springs town services	49	-	-	-	-	-	49
Moapa town services	9,265	-	-	-	-	-	9,265
Moapa Valley town services	182,716	-	-	-	-	-	182,716

III. DETAILED NOTES - ALL FUNDS (Continued)
8. NET POSITION AND FUND BALANCES (Continued)

Primary Government (Continued)
Governmental Funds

Fund Balance	Governmental Funds Fund Balance as of June 30, 2017 (Continued)					Total
	Major Governmental Funds	Non-Major Governmental Funds	Special Revenue	Debt Service	Capital Projects	
	General Funds	LVMPD				
Moapa Valley fire protection	-	-	5,037,117	-	-	5,037,117
Mt. Charleston town services	1,265	-	-	-	-	1,265
Mt. Charleston fire protection	-	-	1,377,846	-	-	1,377,846
Paradise town services	25,708,374	-	-	-	-	25,708,374
Searchlight town services	66,290	-	-	-	-	66,290
Spring Valley town services	13,681,587	-	-	-	-	13,681,587
Summerlin town services	1,998,393	-	-	-	-	1,998,393
Summerlin town capital	-	-	-	-	29,885,931	29,885,931
Sunrise Manor town services	5,969,896	-	-	-	-	5,969,896
Whitney town services	374,015	-	-	-	-	374,015
Winchester town services	5,175,155	-	-	-	-	5,175,155
Debt service	-	-	-	147,218,853	-	147,218,853
Fort Mohave capital projects	-	-	-	-	3,948,641	3,948,641
Special Assessment capital	-	-	-	-	3,229,506	3,229,506
Total restricted	87,894,317	-	306,857,927	147,218,853	324,544,958	866,516,055
Committed to:						
Housing grants	-	-	1,044,672	-	-	1,044,672
Grant programs	-	-	3,108,581	-	-	3,108,581
Detention operations	710,032	-	-	-	-	710,032
LVMPD operations	-	2,250,377	-	-	-	2,250,377

III. DETAILED NOTES - ALL FUNDS (Continued)
8. NET POSITION AND FUND BALANCES (Continued)

Primary Government (Continued)

Governmental Funds

Fund Balance	Major Governmental Funds		Non-Major Governmental Funds				Total
	General Funds	LVMPD	Special Revenue	Debt Service	Capital Projects		
First responder services	-	-	433,680	-	-	-	433,680
Specialty court programs	-	-	38,375	-	-	-	38,375
Road and highway construction	-	-	-	-	3,472,337	-	3,472,337
LVMPD capital projects	-	-	-	-	382,715	-	382,715
Fire stations	-	-	-	-	2,165,643	-	2,165,643
County capital projects	-	-	-	-	6,358,261	-	6,358,261
Park and recreation facility construction and improvements	-	-	-	-	10,002,254	-	10,002,254
Detention Center information technology projects	-	-	-	-	3,033,660	-	3,033,660
SNPLMA capital projects	-	-	-	-	4,274,566	-	4,274,566
Regional improvements	-	-	-	-	970,692	-	970,692
Total committed	710,032	2,250,377	4,625,308	-	32,343,369	1,683,241	39,929,086
Assigned to:							
Road maintenance	-	-	33,877,202	-	-	-	33,877,202
Grant programs	-	-	21,715,960	-	-	-	21,715,960
Cooperative Extension services	-	-	3,017,914	-	-	-	3,017,914
Law enforcement	-	-	2,537,146	-	-	-	2,537,146
Licensing applications	356,366	-	-	-	-	-	356,366
Detention operations	34,083,783	-	-	-	-	-	34,083,783
Forensic analysis	-	-	458,866	-	-	-	458,866
First responder	-	-	3,025,960	-	-	-	3,025,960
Coroner visitation program	-	-	551,526	-	-	-	551,526
Mt. Charleston	-	-	205,495	-	-	-	205,495

III. DETAILED NOTES--ALL FUNDS (Continued)
8. NET POSITION AND FUND BALANCES (Continued)

Primary Government (Continued)
Governmental Funds

Fund Balance	Major Governmental Funds		Governmental Funds Fund Balance as of June 30, 2017 (Continued)				Total
	General Funds	LVMPD	Special Revenue	Debt Service	Capital Projects		
Art programs	-	-	1,516,889	-	-	-	1,516,889
Criminal history depository	-	-	4,062,402	-	-	-	4,062,402
General government Park and recreation facility construction and improvements	1,781,000	-	5,159,693	-	-	-	6,940,693
Transportation construction and improvements	-	-	1,500,000	-	71,685,313	-	73,185,313
Law library operations	-	-	233,970	-	102,438,304	-	102,438,304
Driver education training	7,486,304	-	-	-	-	-	7,486,304
Citizen review board	37,829	-	-	-	-	-	37,829
Justice court administration	-	-	4,047,016	-	-	-	4,047,016
Specialty court programs	-	-	1,439,280	-	-	-	1,439,280
Family support DA services	-	-	8,127,654	-	-	-	8,127,654
Nuclear waste study	216,473	-	-	-	-	-	216,473
Wetlands park	-	-	16,920	-	-	-	16,920
Boat safety	-	-	817	-	-	-	817
Check restitution	-	-	1,888,017	-	-	-	1,888,017
Air quality improvements	-	-	8,543,588	-	-	-	8,543,588
Technology improvements	629,678	-	-	-	-	-	629,678
Entitlement grants	-	-	4,997,224	-	-	-	4,997,224
LVMPD personnel	-	-	30,301,962	-	-	-	30,301,962
LVMPD operations	-	17,917,035	-	-	-	-	17,917,035
LVMPD capital projects	-	-	-	-	623,563	-	623,563

III. DETAILED NOTES--ALL FUNDS (Continued)
8. NET POSITION AND FUND BALANCES (Continued)

Primary Government (Continued)
Governmental Funds

Fund Balance	Major Governmental Funds		Non-Major Governmental Funds		Total	
	General Funds	LVMPD	Special Revenue	Debt Service		Capital Projects
Habitat conservation plan	-	-	16,670,544	-	-	16,670,544
Child welfare	-	-	4,419,081	-	-	4,419,081
Indigent medical assistance	-	-	72,180	-	-	72,180
Emergency telephone system	-	-	282,325	-	-	282,325
Disposition of trustee property proceeds	-	-	532,228	-	-	532,228
Fire prevention	6,366,768	-	-	-	-	6,366,768
SID administration	1,099,192	-	-	-	-	1,099,192
SID maintenance	-	-	761,776	-	-	761,776
Spray and neutering Southern Nevada Area	-	-	45,369	-	-	45,369
Communications operations	-	-	1,322,183	-	-	1,322,183
Court fee collection program	-	-	3,839,231	-	-	3,839,231
District court operations	-	-	637,249	-	-	637,249
Justice court operations	-	-	77,442	-	-	77,442
Post-employment benefits	111,420,749	-	-	-	-	111,420,749
Laughlin town capital	-	-	-	-	845,735	845,735
Moapa town capital	-	-	-	-	85,231	85,231
Searchlight town capital	-	-	-	-	236,176	236,176
Summerlin town capital	-	-	-	-	5,796,043	5,796,043
Debt service	-	-	-	70,265,655	-	70,265,655
Fire stations	-	-	-	-	21,532,749	21,532,749
Fort Mohave capital projects	-	-	-	-	83,440	83,440
County capital projects (unallocated)	-	-	-	-	314,725,646	314,725,646
Information Technology projects	-	-	-	-	20,068,548	20,068,548

III. DETAILED NOTES - ALL FUNDS (Continued)
8. NET POSITION AND FUND BALANCES (Continued)

Primary Government (Continued)
Governmental Funds

Fund Balance	Governmental Funds Fund Balance as of June 30, 2017 (Continued)					Total
	Major Governmental Funds	Non-Major Governmental Funds	Special Revenue	Debt Service	Capital Projects	
	General Funds	LYMPD				
Mountain's Edge Improvement District capital	-	-	-	-	3,934,071	3,934,071
Southern Highlands Improvement District capital	-	-	-	-	3,715,325	3,715,325
Special Assessment capital	-	-	-	-	2,184,461	2,184,461
SNPLMA capital projects	-	-	-	-	10,609,083	10,609,083
Total assigned	163,478,142	17,917,035	165,885,109	70,265,655	558,563,688	976,106,629
Unassigned	199,179,595	-	-	-	-	199,179,595
Total fund balances	\$ 451,262,086	\$ 20,487,147	\$ 480,496,655	\$ 217,484,508	\$ 915,452,015	\$ 2,085,182,411

III. DETAILED NOTES - ALL FUNDS (Continued)

8. NET POSITION AND FUND BALANCES (Continued)

Discretely Presented Component Units

Flood Control District

Net Position

The government-wide statement of net position reports \$9,060,802 of restricted net position which is restricted by creditors for general obligation debt repayment.

RTC

Net Position

The government-wide statement of net position reports \$434,255,727 of restricted net position, of which \$299,788,953 is restricted by enabling legislation for street and highway projects and other related activities and \$134,466,774 is restricted by creditors for debt repayment.

Las Vegas Valley Water District

The statement of net position reports \$9,913,821 of restricted net position, of which \$162,776 is restricted by enabling legislation for water projects and \$9,751,045 is restricted by creditors for debt repayment.

9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Over the past three years, settlements have not exceeded insurance coverage. The County maintains the following types of risk exposures:

Self-Funded Group Insurance and Group Insurance Reserve

The County has established self-insurance funds for insuring medical benefits provided to County employees and covered dependents. An independent claims administrator performs all claims-handling procedures.

Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

Clark County Workers' Compensation

The County has established a fund for self-insurance related to workers' compensation claims. Self-insurance is in effect up to an individual stop loss amount of \$1,000,000 per occurrence in the first year, \$300,000 in the second year and \$250,000 per year thereafter. Coverage from private insurers is maintained for losses in excess of the claim stop loss amount up to \$100,000,000. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

The County has estimated the potential exposure for costs of indemnity (wage replacement) benefits, medical benefits, and other claim related expenses for disability of public safety employees (fire/bailiffs) who develop heart disease, cancer, lung disease or hepatitis. The estimated liability is the sum of two components:

- The outstanding costs due to reported claims for which the County is currently paying benefits, and
- The outstanding costs for future claims incurred but not reported (IBNR) by the County (current population of active and retired public safety employees who may meet future eligibility requirements for awards under Nevada Revised Statutes).

The claims liability currently payable for indemnity claims is estimated to be \$23,641,255. Reported as noncurrent is \$2,462,274 for incurred but not reported (IBNR) claims. IBNR is discounted utilizing an interest rate of 5.0%. The anticipated future exposure for potential claims associated with currently active employees based on an actuarial calculation is approximately \$32,972,102 discounted at 5.0%.

Las Vegas Metropolitan Police County (LVMPD) and Clark County Detention Center (CCDC) Self-Funded Insurance

The County has established separate self-insurance funds for general liabilities of the LVMPD and CCDC. Loss amounts of \$25,000 or more require approval of the LVMPD Fiscal Affairs Committee. Self-insurance is in effect for loss amounts up to \$2,000,000 per occurrence, accident, or loss. Coverage from private insurers is maintained for losses in excess of the stop loss amount up to \$20,000,000. An independent claims administrator performs claims-handling procedures for traffic claims. All other claims are administered through the LVMPD Office of General Counsel. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

III. DETAILED NOTES - ALL FUNDS (Continued)

9. RISK MANAGEMENT (Continued)

LVMPD and CCDC Self-Funded Industrial Insurance

The County has established separate self-insurance funds to pay workers' compensation claims of the LVMPD and CCDC. Self-insurance is in effect up to an individual stop loss amount of \$1,000,000 per occurrence in the first year, \$300,000 in the second year, and \$250,000 each year thereafter. Coverage from private insurers is maintained for losses in excess of the claim stop loss amount up to \$10,000,000. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

County Liability Insurance

The County has established a general liability self-insurance fund for losses up to a \$25,000 per occurrence retention limit. Losses in excess of this retention are covered by the County liability insurance pool fund. An independent claims administrator performs all claims-handling procedures. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

County Liability Insurance Pool

The County has established a general liability insurance pool for the benefit of County funds. Self-insurance is in effect for loss amounts over the \$25,000 retention up to \$2,000,000 per occurrence, accident, or loss.

Coverage from private insurers is maintained for losses in excess of the stop loss amount up to \$20,000,000. An independent claims administrator performs all claims-handling procedures. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

Water Reclamation District

The Water Reclamation District does not participate in the County self-insurance funds related to workers' compensation or general liability. The Water Reclamation District is self-insured for workers compensation up to \$750,000 per occurrence. Coverage from private insurers is maintained for losses in excess of \$750,000. For all other risks, such as general, automobile and excess liabilities the Water Reclamation District purchases insurance coverage subject to self-insured retentions. As of June 30, 2017, a liability was accrued to provide for unpaid claims. The accrued liability represents the approximate maximum number of claims expected for the year.

University Medical Center

The University Medical Center does not participate in the County self-insurance funds related to general liability. The University Medical Center self-insures portions of its general liability risks and has internally designated specific self-insured funds for such potential claims. The University Medical Center is self-insured for losses up to \$2,000,000 per claim. Coverage from private insurers is maintained for losses in excess of the stop loss amount up to \$20,000,000. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

Changes in Liability Amounts

The total current claims liability at June 30, 2017, is included in the accounts payable line item in the government-wide financial statements. Changes in the funds' claims liability amounts for the past two years were:

Change in Liability Accounts for the Year Ended June 30, 2017				
	Liability July 1, 2016	Claims and Changes in Estimates	Claim Payments	Liability June 30, 2017
Self-funded group insurance	\$ 28,386,552	\$ 82,895,949	\$ 94,595,651	\$ 16,686,850
Clark County workers' compensation	42,112,093	11,430,976	11,430,976	42,112,093
LVMPD self-funded insurance	12,833,734	5,019,345	5,058,409	12,794,670
LVMPD self-funded industrial insurance	53,292,337	9,012,637	9,053,967	53,251,007
CCDC self-funded insurance	1,248,602	511,939	479,644	1,280,897
CCDC self-funded industrial insurance	10,833,380	1,919,581	1,901,961	10,851,000
County liability insurance	2,255,594	814,327	760,628	2,309,293
County liability insurance pool	9,114,697	2,185,047	2,387,024	8,912,720
Water Reclamation District	1,034,259	351,649	321,141	1,064,767
University Medical Center	7,884,532	903,189	460,752	8,326,969
Total self-insurance funds	\$ 168,995,780	\$ 115,044,639	\$ 126,450,153	\$ 157,590,266

III. DETAILED NOTES - ALL FUNDS (Continued)

9. RISK MANAGEMENT (Continued)

Change in Liability Accounts for the Year Ended June 30, 2016				
	Liability July 1, 2015	Claims and Changes in Estimates	Claim Payments	Liability June 30, 2016
Self-funded group insurance	\$ 28,434,669	\$ 94,381,217	\$ 94,429,334	\$ 28,386,552
Clark County workers' compensation	54,933,378	11,733,194	24,554,479	42,112,093
LVMPD self-funded insurance	12,996,322	5,570,708	5,733,296	12,833,734
LVMPD self-funded industrial insurance	52,866,136	8,748,135	8,321,934	53,292,337
CCDC self-funded insurance	1,344,720	377,422	473,540	1,248,602
CCDC self-funded industrial insurance	8,948,492	3,368,609	1,483,721	10,833,380
County liability insurance	5,616,113	(2,817,299)	543,220	2,255,594
County liability insurance pool	7,254,531	4,950,010	3,089,844	9,114,697
Water Reclamation District	829,817	438,433	233,989	1,034,259
University Medical Center	7,856,052	625,284	596,804	7,884,532
Total self-insurance funds	<u>\$ 181,080,230</u>	<u>\$ 127,375,713</u>	<u>\$ 139,460,161</u>	<u>\$ 168,995,780</u>

III. DETAILED NOTES - ALL FUNDS (Continued)

10. COMMITMENTS AND CONTINGENCIES

Encumbrances

The County utilizes encumbrance accounting in its government funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order, contract, or other commitment is issued. In general, unencumbered appropriations lapse at year end. Open encumbrances at fiscal yearend are included in restricted, committed, or assigned fund balance, as appropriate. The following schedule outlines significant encumbrances included in governmental fund balances:

<u>Governmental Funds Fund Balance - Encumbrances as of June 30, 2017</u>			
Major Funds	<u>Restricted Fund Balance</u>	<u>Committed Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund	\$ -	\$ 762,033	\$ 288,945
LVMPD	-	2,250,377	312,400
Nonmajor Funds			
Aggregate nonmajor funds	<u>46,150,302</u>	<u>36,584,003</u>	<u>3,560,005</u>
	<u>\$ 46,150,302</u>	<u>\$ 39,596,413</u>	<u>\$ 4,161,350</u>

Grant Entitlement

The County is a participant in a number of federal and state-assisted programs. These programs are subject to compliance audits by the grantors. The audits of these programs for fiscal year 2017 and certain earlier years have not yet been completed. Accordingly, the County's compliance with applicable program requirements is not completely established. The amount, if any, of expenditures that may be disallowed by the grantors cannot be determined at this time. The County believes it has adequately provided for potential liabilities, if any, which may arise from the grantors' audits.

Medicare and Medicaid Reimbursements

UMC's Medicare and Medicaid cost reports for certain prior years are in various stages of review by third-party intermediaries and have not been settled as a result of certain unresolved reimbursement issues. The County believes it has adequately provided for any potential liabilities that may arise from the intermediaries' audits.

Operating Lease Commitments

The following is a schedule of future minimum lease payments primarily for office and storage space (with initial or remaining terms in excess of one year) as of June 30, 2017:

<u>Governmental Activities</u>	
<u>Operating Leases Future Minimum Lease Payments</u>	
Years ending June 30,	
2018	\$ 10,557,243
2019	10,587,139
2020	8,385,620
2021	5,680,092
2022	4,270,657
Thereafter	<u>37,441,320</u>
Total minimum lease payments	<u>\$ 76,922,071</u>

Rental expenditures including nonrecurring items was approximately \$11,445,813 of which \$10,829,986 relates to non-cancellable operating leases for the year ended June 30, 2017.

III. DETAILED NOTES - ALL FUNDS (Continued)

10. COMMITMENTS AND CONTINGENCIES (Continued)

Operating Lease Commitments - (Continued)

The UMC enterprise fund also had future minimum rental commitments as of June 30, 2017, for non-cancelable operating leases for property and equipment as follows:

<u>UMC</u>	
<u>Operating Leases Future Minimum Lease Payments</u>	
Years ending June 30,	
2018	\$ 6,478,096
2019	6,609,995
2020	4,655,494
2021	3,939,349
2022-2028	<u>10,542,032</u>
Total minimum lease payments	<u>\$ 32,224,966</u>

The rental expense of UMC for property and equipment was approximately \$8,210,329 for the year ended June 30, 2017.

Rentals and Operating Leases

The Department of Aviation derives a substantial portion of its revenues from fees and charges to air carriers and concessionaires. Charges to air carriers are generated from terminal building rentals, gate use fees, and landing fees in accordance with the lease or with the provisions of the applicable County ordinance. The Department of Aviation leases land, building, and terminal space to various tenants and concessionaires under operating leases that expire at various times through 2099. Under the terms of the agreements, concession fees are based principally either on a percentage of the concessionaires' gross sales or a stated minimum annual guarantee, whichever is greater, or on land and building rents that are based on square footage rates. The Department of Aviation received \$257,762,514 in the year ended June 30, 2017, for contingent rental payments in excess of stated annual minimum guarantees.

The following is a schedule of minimum future rentals receivable on non-cancelable operating leases (with initial or remaining terms in excess of one year) as of June 30, 2017:

<u>Department of Aviation</u>	
<u>Minimum Rents Receivable</u>	
Years ending June 30,	
2018	\$ 249,270,000
2019	241,890,000
2020	185,182,000
2021	72,777,000
2022	70,843,000
Thereafter	<u>162,354,000</u>
Total minimum rents receivable	<u>\$ 982,316,000</u>

III. DETAILED NOTES - ALL FUNDS (Continued)

10. COMMITMENTS AND CONTINGENCIES (Continued)

Operating Lease Commitments (Continued)

Discretely Presented Component Units

RTC

On January 5, 2008 the RTC entered into a land lease for the Bonneville Transit Center for a monthly lease payment of \$137,836 through January 4, 2048. The following is a schedule of future minimum lease payments for operating leases as of June 30, 2017:

<u>Operating Leases Future Minimum Lease Payments</u>	
Years ending June 30,	
2018	\$ 1,728,824
2019	1,805,866
2020	1,860,042
2021	1,915,844
2022	1,973,319
Thereafter	<u>83,774,581</u>
Total minimum rents receivable	<u>\$ 93,058,476</u>

The total rent expense for fiscal year 2017 was \$1,654,027.

Litigation

There are various outstanding claims against the County for which a probability of loss exists with a cumulative amount of approximately \$2,500,000. An accrual for litigation losses has been provided in the governmental activities column. Other cases, some of which involve alleged civil rights violations, have been filed against the County. These cases are in the discovery stage and no estimate of the probability or extent of possible losses can be determined at this time.

UMC is involved in litigation and regulatory investigations arising in the ordinary course of business. UMC 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 services are rendered.

11. JOINT VENTURES

Southern Nevada Water Authority

The Water District, a component unit (see Note 1), has a joint venture with the Southern Nevada Water Authority ("SNWA"). The SNWA is a political subdivision of the State of Nevada, created on July 25, 1991, by a cooperative agreement between the Water District, the Big Bend Water District, the City of Boulder City, the City of Henderson, the City of Las Vegas, the City of North Las Vegas, and the Reclamation District (the "Members"). SNWA was created to secure additional supplies of water and effectively manage existing supplies of water on a regional basis through the cooperative action of the Members.

The SNWA is governed by a seven-member board of directors composed of one director from each member agency. The Water District is the operating agent for the SNWA; the General Manager of the Water District is the General Manager of the SNWA; and the Chief Financial Officer of the Water District is the Treasurer of the SNWA.

The SNWA has the power to periodically assess the Members directly for operating and capital costs and for the satisfaction of any liabilities imposed against the SNWA. The Water District and other members do not have an expressed claim to the resources of the SNWA except that, upon termination of the joint venture, any assets remaining after payment of all obligations shall be returned to the contributing Members.

In 1995, the SNWA approved agreements for the repayment of the cost of an additional expansion of the Southern Nevada Water System (SNWS). The agreements required contributions from purveyor members, including the Water District, benefiting from the expansion. In 1996, the Water District approved the collection of regional connection charges, regional commodity charges, and regional reliability surcharges to fund these contributions. In March 2012, a regional infrastructure charge based upon meter size was approved, which has been modified since that time to account for changing conditions.

The Water District records these charges as operating revenues, and contributions to the SNWA as operating expenses. However, to avoid a "grossing-up" effect on operating revenues and operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position, revenue collected for the SNWA is offset against the related remittances to the SNWA. Any remaining balance is classified as an operating expense and adjusted in a following period. The table below show the SNWA regional charges collected for and remitted to the SNWA for the fiscal year 2017.

III. DETAILED NOTES - ALL FUNDS (Continued)

11. JOINT VENTURES (Continued)

Southern Nevada Water Authority (Continued)

<u>SNWA Regional Charges Collected for and Remitted to the SNWA for Fiscal Year Ending June 30, 2017</u>	
Connection charges, net of refunds	\$ 41,373,197
Commodity and reliability charges	50,977,332
Infrastructure charges	94,278,922
Total	<u>\$ 186,629,451</u>

Audited financial reports for fiscal year 2017 can be obtained by contacting:

Office of the Treasurer
Southern Nevada Water Authority
1001 South Valley View Boulevard
Las Vegas, Nevada 89153

12. RETIREMENT SYSTEM

	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Government activities			
Clark County	\$ 2,096,906,053	\$ 357,572,296	\$ 187,336,644
Business-type activities			
Clark County	207,365,008	35,960,550	14,378,220
UMC	469,010,768	77,278,355	43,294,375
Clark County Water Reclamation District	57,553,380	12,004,816	3,853,923
Total business-type activities	<u>733,929,156</u>	<u>125,243,721</u>	<u>61,526,518</u>
Total primary government	<u>\$ 2,830,835,209</u>	<u>\$ 482,816,017</u>	<u>\$ 248,863,162</u>

Plan Description

Public Employees Retirement System (PERS or System) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Plan Description (Continued)

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or at age 55 with 30 years of service or any age with 33 1/3 years of service. Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

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

Contributions

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

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

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

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary. For the fiscal year ended June 30, 2017, the statutory Employer/Employee matching rate was 14.5% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 28% for Regular and 40.50% for Police/Fire.

Summary of Significant Accounting and Reporting Policies

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

Basis of accounting

Employers participating in PERS cost sharing multiple-employer defined benefit plans are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

The underlying financial information used to prepare the pension allocation schedules is based on PERS financial statements. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

Contributions for employer pay dates that fall within PERS fiscal year ending June 30, 2016, are used as the basis for determining each employer's proportionate share of the collective pension amounts.

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

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Plan Description (Continued)

Investment Policy

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

The following was the Board adopted policy target asset allocation as of June 30, 2016:

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

As of June 30, 2016, PERS' long-term inflation assumption was 3.5%

Pension Liability

Net Pension Liability

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2016.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the PERS as of June 30, 2016 and Clark County's proportionate share of the net pension liability of PERS as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1- percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.0%)
PERS Net Pension Liability	\$ 19,725,527,478	\$ 13,457,132,664	\$ 8,241,905,366
Clark County proportionate share of PERS Net Pension Liability	\$ 3,377,611,209	\$ 2,304,271,061	\$ 1,411,265,274

(1) The Clark County proportionate share of the PERS net pension liability (discounted at 8% above) includes \$1,157,118,287 for Las Vegas Metropolitan Police County (LVMPD). LVMPD is jointly funded by the County and the City of Las Vegas. The City currently funds 36.5 percent of the LVMPD. The City is liable for \$332,845,252 of the Clark County proportionate share of the PERS net pension liability (discounted at 8% above). A receivable has been established in the government-wide statement of net position for the City's portion.

At June 30, 2017 and 2016, the County's proportionate share of the collective net pension liability was 17.12305% and 17.37603%, respectively.

Pension Plan Fiduciary Net Position

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

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Plan Description (Continued)

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2016 funding actuarial valuation

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013. The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

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

Clark County

As of June 30, 2017, the total employer pension expense is \$ 170,574,225. At June 30, 2016, the measurement date, PERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (1)	\$ -	\$ 154,299,945
Net difference between projected and actual earnings on investments	214,210,677	-
Changes in proportion and differences between actual contributions and proportionate share of contributions (1)	26,230,881	47,414,919
Contributions to PERS after measurement date	153,091,288	-
Total	<u>\$ 393,532,846</u>	<u>\$ 201,714,864</u>

(1) Average expected remaining service lives: 6.48 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$153,091,288 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows/(inflows) of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending June 30:	
2018	\$ (21,381,861)
2019	(21,381,861)
2020	72,325,818
2021	33,111,355
2022	(18,407,244)
Thereafter	(5,539,513)

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

University Medical Center

Pension Liability Discount Rate Sensitivity

The following presents University Medical Center's proportionate share of the net pension liability of PERS as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1- percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.0%)
Proportionate share of PERS Net Pension Liability	\$ 687,478,029	\$ 469,010,768	\$ 287,248,534

At June 30, 2017 and 2016, University Medical Center's proportionate share of the collective net pension liability was 3.48522% and 3.46946%, respectively.

As of June 30, 2017, the total employer pension expense is \$33,007,229. At June 30, 2016, the measurement date, PERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (1)	\$ -	\$ 31,406,173
Net difference between projected and actual earnings on pension plan investments	43,600,389	-
Changes in proportion and differences between employer contributions and proportionate share of contributions (1)	1,725,180	11,888,202
UMC contributions subsequent to the measurement date	31,952,786	-
Total	<u>\$ 77,278,355</u>	<u>\$ 43,294,375</u>

(1) Average expected remaining service lives: 6.48 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$31,952,786 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows/(inflows) of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending June 30:	
2018	\$ (5,912,276)
2019	(5,912,276)
2020	13,160,962
2021	5,179,260
2022	(4,000,969)
Thereafter	(483,507)

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Clark County Water Reclamation District

Pension Liability Discount Rate Sensitivity

The following presents Water Reclamations District's proportionate share of the net pension liability of PERS as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1- percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.0%)
Proportionate share of PERS Net Pension Liability	\$ 84,362,011	\$ 57,553,380	\$ 35,248,929

At June 30, 2017 and 2016, the Water Reclamation District's proportionate share of the collective net pension liability was .4277% and .4047%, respectively.

As of June 30, 2017, the total employer pension expense is \$4,866,184. At June 30, 2016, the measurement date, PERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (1)	\$ -	\$ 3,853,923
Net difference between projected and actual earnings on pension plan investments	5,350,303	-
Changes in proportion and differences between employer contributions and proportionate share of contributions (1)	2,855,206	-
Contributions subsequent to the measurement date	3,799,307	-
	<u>\$ 12,004,816</u>	<u>\$ 3,853,923</u>

(1) Average expected remaining service lives: 6.48 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$3,799,307 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows/(inflows) of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending June 30:	
2018	\$ 90,283
2019	90,283
2020	2,430,803
2021	1,451,350
2022	146,660
Thereafter	142,207

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units

Flood Control District

Pension Liability Discount Rate Sensitivity

The following presents Flood Control District's proportionate share of the net pension liability of PERS as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1- percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.0%)
Proportionate share of PERS Net Pension Liability	\$ 6,786,853	\$ 4,630,117	\$ 2,835,747

At June 30, 2017 and 2016, the Flood Control District's proportionate share of the collective net pension liability was .03441% and .03332%, respectively.

As of June 30, 2017, the total employer pension expense is \$420,617. At June 30, 2016, the measurement date, PERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (1)	\$ -	\$ 310,045
Net difference between projected and actual earnings on investments	430,427	-
Changes in proportion and differences between actual contributions and proportionate share of contributions (1)	65,854	10,997
RFCD contributions subsequent to the measurement date	297,043	-
	<u>\$ 793,324</u>	<u>\$ 321,042</u>

(1) Average expected remaining service lives: 6.48 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$297,043 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows/(inflows) of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending June 30:		
2017	\$	(26,080)
2018		(26,080)
2019		162,212
2020		83,416
2021		(17,731)
Thereafter		(498)

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units (Continued)

RTC

Pension Liability Discount Rate Sensitivity

The following presents RTC's proportionate share of the net pension liability of PERS as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1- percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.0%)
Proportionate share of PERS Net Pension Liability	\$ 66,819,041	\$ 45,585,275	\$ 27,918,960

At June 30, 2017 and 2016, RTC's proportionate share of the collective net pension liability was .33874% and .31756%, respectively.

As of June 30, 2017, the total employer pension expense is \$4,113,937. At June 30, 2016, the measurement date, PERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (1)	\$ -	\$ 3,052,508
Net difference between projected and actual earnings on investments	4,237,719	-
Changes in proportion and differences between actual contributions and proportionate share of contributions (1)	3,498,766	-
RTC contributions subsequent to the measurement date	3,038,143	-
	<u>\$ 10,774,628</u>	<u>\$ 3,052,508</u>

(1) Average expected remaining service lives: 6.48 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$3,038,143 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows/(inflows) of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending June	
2018	\$ 331,174
2019	331,174
2020	2,184,988
2021	1,409,210
2022	285,986
Thereafter	141,445

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District Retirement Plan

Plan Description

The Water District contributes to the Las Vegas Valley Water District Pension Plan (the "Plan"), a single-employer defined benefit pension trust fund established by the Water District to provide pension benefits solely for the employees of the Water District. A Board of Trustees, comprised of the Water District's Board, has the authority to establish and amend the benefit provisions of the Plan and the contribution requirements of the Water District and the employees. Employee contributions are not required or permitted, except under certain conditions in which employees may purchase additional years of service for eligibility and increased benefits. During fiscal year 2017 employee contributions for this purpose was \$0.1 million.

The Plan was amended effective February 15, 2005, to provide the following: (1) Increase the annual service credit of 2 percent to 2.17 percent for years of service after July 1, 2001. (Service credit is the accumulation of pension plan years while an employee was in paid status at the Water District.) (2) Change the benefit formula to increase the calculation of highest average pay by 50 percent of the employer contribution rate charged by Nevada PERS to employers who pay the full contribution rate, as prescribed in the Nevada Revised Statutes. (3) Add shift differential and standby pay to the total compensation counted toward the pension benefit.

Other than cost of living adjustments, the Plan does not provide ad hoc post-retirement benefit increases nor does it administer post-employment healthcare plans. The Plan does not issue a stand-alone financial report.

All Water District employees are eligible to participate in the Plan after attaining age 20 and completing six months of employment. Subject to a maximum pension benefit, normally 60 percent of average monthly compensation, Water District employees who retire at age 65 are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2 percent of their average monthly compensation multiplied by the years of service prior to July 1, 2001, and 2.17 percent of their average monthly compensation multiplied for the years of service after July 1, 2001. For the purpose of calculating the pension benefit, average monthly compensation means the average of a member's 36 consecutive months of highest compensation, after excluding certain elements, times 50 percent of the employer contribution rate charged by Nevada PERS to employers who pay the full contribution rate that is in effect for the 36 consecutive months of highest compensation, while participating in the Plan.

For participants in the plan prior to January 1, 2001, benefits start to vest after three years of service with a 20 percent vested interest; after four years of service, 40 percent; and after five years of service, 100 percent. New participants after January 1, 2001, start to vest at 5 years of service, at which time they are vested 100 percent. The Plan also provides for early retirement and pre-retirement death benefits. The Plan is not subject to the Employee Retirement Income Security Act (ERISA) of 1974, but is operated consistent with ERISA fiduciary requirements.

For employees on or after January 1, 2001, benefits are increased after retirement by cost of living adjustments that become effective on the first month following the anniversary of benefit commencement according to the following schedule:

<u>Schedule of Benefit Increases - Employees hired on or after January 2, 2001</u>	
0.0%	following the 1 st , 2 nd and 3 rd anniversaries
2.0%	following the 4 th , 5 th and 6 th anniversaries
3.0%	following the 7 th , 8 th and 9 th anniversaries
3.5%	following the 10 th , 11 th and 12 th anniversaries
4.0%	following the 13 th and 14 th anniversaries
5.0%	following each anniversary thereafter

However, if the benefit amount at the time of an increase is at least or equal to the original benefit amount multiplied by cumulative inflation since retirement, as measured by the increase in the Consumer Price Index (All Items), then the increase cannot exceed the average rate of inflation for the three preceding years.

The Water District contributes amounts actuarially determined necessary to fund the Plan in order to pay benefits when due and to provide an allowance sufficient to finance the administrative costs of the Plan. Contributions cannot revert to or be revocable by the Water District or be used for any purpose other than the exclusive benefit of the participants.

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District Retirement Plan (Continued)

A. Plan Description (Continued)

At June 30, 2017, participants in the Plan consisted of the following:

<u>Plan Participants as of June 30, 2017</u>	
	<u>2017</u>
Participant Count	
Retirees in pay status with unpurchased benefits	308
Terminated employees not yet receiving benefits	388
Retirees paid monthly from plan	264
Active employees	
fully vested	1,009
Non-vested	110
Total active employees	<u>1,119</u>
Total participants	<u>2,079</u>

B. Supplemental Information

The Schedule of Changes in Net Position Liability, Schedule of Defined Benefit Plan Contributions and Schedule of Defined Benefit Plan Investment Returns are included in the Required Supplementary Information section in the Comprehensive Annual Financial Report.

C. Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Employer contributions are recognized when due. Participants do not make contributions except voluntarily under certain conditions to purchase additional years of service. Participant contributions are non-refundable.

D. Allocated Insurance Contracts

Through December 31, 2013, benefit obligations were recognized and paid when due by purchasing annuity contracts from a life insurance company rated A++ by A.M. Best rating company. Beginning January 1, 2014, benefit obligations are paid by the Plan through a large multi-national bank. Cost of living adjustments for benefit obligations that were initially paid by purchasing annuity contracts from a life insurance company continue to be paid by purchasing additional annuity contracts from a life insurance company. The costs to purchase annuity contracts from a life insurance company for benefit obligations or cost of living adjustments was \$3.5 million the year ended June 30, 2017. The obligation for the payment of benefits covered by these annuity contracts have been transferred to a life insurance company and are excluded from the Plan assets.

E. Method Used to Value Investments

The domestic equity, international equity, domestic bond, global real estate investment trust (REIT) and money market accounts are stated at fair value, measured by the underlying market value as reported by the managing institutions. Investments at contract value are insurance contracts and pooled accounts, stated at contract value as determined by the insurance companies in accordance with the terms of the contracts.

F. Actuarially Determined Contribution

The Water District's policy is to pay the current year's actuarially determined contribution when due. This amount was \$31.1 million for the year ended June 30, 2017.

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District Retirement Plan (Continued)

G. Net Pension Liability

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based upon the discount rate and actuarial assumptions listed below. The total pension liability was then projected forward to the measurement date taking into account any significant changes between the valuation date and the fiscal year end. The liabilities are calculated using a discount rate that is a blend of the expected investment rate of return and a high quality bond index rate. The expected investment rate of return applies for as long as the Plan assets (including future contributions) are projected to be sufficient to make the projected benefit payments. If Plan assets are projected to be depleted at some point in the future, the rate of return of a high quality bond index is used for the period after the depletion date. The disclosures below exclude assets and liabilities held with a life insurance company, which provides benefits for retirees or their beneficiaries whose benefits were purchased with annuity contracts from the life insurance company.

<u>Net Pension Liability Components</u>	
	<u>June 30, 2017</u>
Total pension liability	\$ 583,905,760
Fiduciary net position	<u>396,658,965</u>
Net pension liability	\$ 187,246,795
Fiduciary net position as a % of total pension liability	67.93%
Covered payroll	\$ 118,090,682
Net pension liability as a % of covered payroll	158.56%
Valuation date	June 30, 2016
Measurement date	June 30, 2017
GASB No. 67 reporting date	June 30, 2017
Depletion date	None
Discount rate	7.25%
Expected rate of return, net of investment expenses	7.25%
Municipal bond rate	N/A

If the assets and liabilities for retirees or their beneficiaries whose benefits were purchased with annuity contracts from a life insurance company were included with the Plan assets:

	<u>June 30, 2017</u>
Fiduciary net position as a % of total pension liability	75.26%

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) and 1 percentage point higher (8.25%) than the current rate.

	<u>Discount Rate Sensitivity as of June 30, 2017</u>		
	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase In Discount Rate</u>
Sensitivity Analysis	6.25%	7.25%	8.25%
Total Pension Liability	\$ 675,530,365	\$ 583,905,760	\$ 507,966,770
Fiduciary Net Position	\$ 396,658,965	\$ 396,658,965	\$ 396,658,965
Net Pension Liability	\$ 278,871,400	\$ 187,246,795	\$ 111,307,805

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District Retirement Plan (Continued)

I. Actuarial Assumptions

Actuarial cost method	Entry age.
Amortization method	20-year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2016. In prior years, 30-year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2009.
Remaining amortization period	19 years for the initial unfunded liability base established July 1, 2016. Bases established between July 1, 2009 and July 1, 2015 have remaining amortization periods ranging from 22 to 28 years.
Inflation	2.75% per year.
Salary increases	4.75% per year, including inflation.
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation.
Retirement age	Normal retirement age is attainment of age 65. Unreduced early retirement is available after either 1) 30 years of service, or 2) age 60 with 10 years of service. Reduced early retirement benefits are available after attainment of age 55 and completion of 5 years of service (3 years of service if a participant prior to January 1, 2001).
Mortality	Future mortality follows the RP-2000 Combined Healthy/Disabled mortality table projected to 2015 using Scale AA.

J. Changes in Net Pension Liability

	Total Pension Liability	Fiscal Year Ending June 30, 2017 Increase/Decrease Plan Fiduciary Net Position	Net Pension Liability
Balance as of June 30, 2016	\$ 534,426,915	\$ 330,934,926	\$ 203,491,989
Service Cost	17,724,599	-	17,724,599
Interest on the Total Pension Liability	39,958,275	-	39,958,275
Changes in Benefit Terms	-	-	-
Differences between Actual and Expected Experience with regard to Economic or Demographic Factors	(1,814,066)	-	(1,814,066)
Changes of Assumptions	7,879,481	-	7,879,481
Contributions from Employer	-	31,069,130	(31,069,130)
Purchase of Service Payments	118,901	118,901	-
Net Investment Income	-	49,268,410	(49,268,410)
Benefit Payments	(14,388,345)	(14,388,345)	-
Administration Expense	-	(344,057)	344,057
Total Changes	49,478,845	65,724,039	(16,245,194)
Balance as of June 30, 2017	\$ 583,905,760	\$ 396,658,965	\$ 187,246,795

K. Changes in Actuarial Assumptions

For the fiscal year ending June 30, 2017, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Combined Healthy/Disabled mortality table projected to 2015 using Scale AA for purposes of developing mortality rates and from changing the amortization method to 20-year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2016.

L. Pension Expense

Total employer pension expense was \$34.8 million for the fiscal year ended June 30, 2017.

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District Retirement Plan (Continued)

M. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported the following deferred inflows of resources and deferred outflows of resources related to pensions:

<u>As of June 30, 2017</u>		
	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between Expected and Actual Experience	\$ (3,901,061)	\$ 8,293,205
Changes of Assumptions	-	6,720,734
Net Difference between Projected and Actual Earnings	(4,574,822)	-
Contributions Made Subsequent to Measure Date	-	-
Total	\$ (8,475,883)	\$ 15,013,939

Amounts currently reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized as follows:

<u>Fiscal year ending June 30:</u>	<u>Recognized Deferred Inflows/Outflows</u>
2018	\$ 2,517,537
2019	2,517,536
2020	1,108,502
2021	(2,705,493)
2022	2,386,397
Thereafter	713,577

N. Investment Rate of Return

<u>Investment Rate of Return as of June 30, 2017</u>		
<u>Asset Class</u>	<u>Expected Nominal Return</u>	<u>Target Asset Allocation</u>
Large Cap U.S. Equities	7.51%	38%
Small/Mid Cap U.S. Equities	8.60%	16%
International Equities	8.74%	15%
Core Fixed Income	5.21%	22%
High Yield Bonds	7.76%	6%
REITs	8.60%	3%
Expected Average Return (1 year)		7.41%
Expected Geometric Average Return (75 years)		6.68%

The expected geometric average return over 75 years is less than the expected 1 year return due to expected deviations each year from the average which, due to the compounding effect, lower long term returns.

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District Retirement Plan (Continued)

O. Pension Investments

Management believes the Water District's pension investment policy conforms to the Water District's enabling act which requires the District to follow the "prudent person" rule, i.e., invest with discretion, care and intelligence. The investment policy does not specify credit quality ratings or maturities except that investments must be those that are allowed by law and those that the investment managers are trained and competent to handle.

To diversify investment risk, the Water District's investment policy currently limits pension plan investments as follows:

Pension Plan investment Limits		
Investment Type	Percent of Portfolio	
Cash and Cash Equivalents	2%	+/- 2%
Fixed-Income Securities	27%	+/- 10%
Equity Securities	68%	+/- 10%
Global REIT	3%	+/- 3%

P. Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.92%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District Retirement Plan (Continued)

Q. Financial Statements

Las Vegas Valley Water District Pension Plan Statement of Net Position June 30, 2017	
<u>Assets</u>	
Cash and Investments:	
With a fiscal agent	
Money market funds	\$ 2,071,149
Insurance account and contracts	2,503,803
Domestic equity funds	225,207,284
Domestic bond funds	96,208,620
International equity fund	59,290,314
Global REIT	11,335,519
Interest receivable	42,276
Total assets	<u>\$ 396,658,965</u>
<u>Net Position</u>	
Held in trust for pension benefits and other purposes	<u>\$ 396,658,965</u>

Las Vegas Valley Water District Pension Plan Statement of Changes in Net Position For the Fiscal Year Ended June 30, 2017	
<u>Additions:</u>	
Contributions:	
Contributions from employer	\$ 31,069,130
Contributions from employees	118,901
Total contributions	<u>31,188,031</u>
Investment earnings	
Interest	173,415
Net increase in fair value of investments	49,216,856
Total investment earnings	<u>49,390,271</u>
Less investment expenses	<u>(121,863)</u>
Net investment earnings	<u>49,268,408</u>
Total additions	<u>80,456,439</u>
<u>Deductions:</u>	
General and administrative	344,057
Benefit payments	14,388,343
Total deductions	<u>14,732,400</u>
Change in net position	65,724,039
<u>Net Position:</u>	
Beginning of year	<u>330,934,926</u>
End of year	<u>\$ 396,658,965</u>

III. DETAILED NOTES - ALL FUNDS (Continued)

12. RETIREMENT SYSTEM (Continued)

Discretely Presented Component Units (Continued)

Las Vegas Valley Water District Retirement Plan (Continued)

R. Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following recurring fair value measurements as of June 30, 2017.

	June 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Money Market Fund	\$ 2,071,149	\$ 2,071,149	\$ -	\$ -
U.S. Equities Securities Funds	225,207,284	225,207,284	-	-
International Equities Securities Funds	59,290,314	59,290,314	-	-
U.S. Fixed Income Securities Fund	72,082,749	72,082,749	-	-
High Yield Fixed Income Securities Fund	24,125,871	24,125,871	-	-
Global REIT Fund	11,335,519	11,335,519	-	-
Insurance Contracts	2,503,803	-	2,503,803	-
Totals	<u>\$ 396,616,689</u>	<u>\$ 394,112,886</u>	<u>\$ 2,503,803</u>	<u>\$ -</u>

13. RELATED PARTY TRANSACTIONS

The County transfers sales, fuel, and various other taxes and fees deposited in the Master Transportation Plan special revenue fund to the RTC, a discretely presented component unit. Transfers during the fiscal year ended June 30, 2017, totaled \$295,337,103. The balance payable from the Master Transportation Plan fund to the RTC as of June 30, 2017, was \$52,009,558.

The County is reimbursed by the RTC for construction and maintenance of transportation projects. At June 30, 2017, the County had open interlocal contracts totaling \$107,161,150. Of those contracts, \$44,444,393 was spent, and there remain outstanding contract balances totaling \$62,716,757. Reimbursements during the fiscal year ended June 30, 2017 totaled \$58,260,001. The balance receivable from the RTC to the County as of June 30, 2017 was \$7,265,735.

The County is reimbursed by the RFCD for construction and maintenance of transportation projects. At June 30, 2017, the County had open interlocal contracts totaling \$192,426,700. Of those contracts, \$159,995,471 was spent, and there remain outstanding contract balances totaling \$32,431,228. Reimbursements during the fiscal year ended June 30, 2017 totaled \$33,388,408. The balance receivable from the RTC to the County as of June 30, 2017 was \$3,143,467.

Las Vegas Valley Water District

The Las Vegas Valley Water District is a member of the Southern Nevada Water Authority ("SNWA")(see Note 11). Besides being a member of the SNWA, the Water District is its operating agent. Beginning in fiscal year 2009, the SNWA advanced funds to the District for expenditures to be made on its behalf. The District credits the SNWA interest on a monthly average advance balance at the Water District's current investment earnings rates. The advance balance at June 30, 2017 was \$4,900,000.

The Water District has allocated to and recorded receivable balances from SNWA of \$68,705,668 for net pension liability and \$6,253,070 for postemployment benefits other than pensions for Water District employees devoted to SNWA operations.

As of June 30, 2017 the Water District recorded a receivable balance of \$2,003,205,000 from SNWA for outstanding general obligation bonds whose proceeds were delivered to SNWA to finance water projects and refund existing debt.

As of June 30, 2017 the Water District recorded a receivable balance of \$400,000,000 from SNWA for outstanding general obligation commercial paper notes whose proceeds were delivered to SNWA to fund the SNWA's capital expenditures, to purchase a 25% interest in the Silverhawk power plant and purchase water resources.

As of June 30, 2017 the Water District recorded a receivable balance of \$8,962,087 from SNWA for accrued interest related to above general obligation bonds and commercial paper.

III. DETAILED NOTES - ALL FUNDS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Information

Clark County and the component units described in Footnote I (except CCSA) contribute to five different defined benefit health programs:

1. Clark County retiree health program (County) - the County plan is an agent, multiple-employer defined benefit plan. Retirees may choose between the Clark County Self-Funded Group Medical and Dental Benefits Plan (Self-Funded Plan) and a health maintenance organization (HMO) plan.
2. Public Employee Benefit Program (PEBP) - an agent, multiple-employer, defined benefit plan;
3. Clark County Firefighters Union Local 1908 Security Fund (Fire Plan) - a single-employer, defined benefit plan;
4. Las Vegas Metro Employee Benefit Trust (Metro Plan) - a single-employer, defined benefit plan; and
5. Las Vegas Police Protection Association Civilian Employees, Sierra Choice/HPN (Metro Civilian Plan) - a single employer, defined benefit plan.

Each plan provides medical, dental, and vision benefits to eligible active and retired employees and beneficiaries. Except for the PEBP, benefit provisions are established and amended through negotiations between the respective unions and the employers. PEBP benefit provisions are established by the Nevada State Legislature.

The Self-Funded Plan is included in the financial reporting entity, as described in the next section. The Public Employee Benefit Plan, Clark County Firefighters Union Local 1908 Security Fund, Las Vegas Metro Employee Benefit Trust and the Las Vegas Police Protective Association Civilian Employees, Sierra Choice/HPN plans issue publicly available financial reports that include financial statements and required supplementary information for those plans. Those reports may be obtained by writing or calling the plans at the following addresses or numbers:

Public Employee Benefits Plan
901 South Stewart Street, Suite 101
Carson City, Nevada 89701
(800) 326-5496

Clark County Firefighters Union Local 1908 Security Fund
6200 W. Charleston Boulevard
Las Vegas, NV 89146
(702) 870-1908

Las Vegas Metropolitan Police County Employees
Health and Welfare Trust
700 E. Warm Springs Road, Suite 210
Las Vegas, NV 89119
(702) 269-2591

Sierra Choice/HPN
Las Vegas Police Protective Association Civilian Employees
9330 W. Lake Mead, Suite 100
Las Vegas, NV 89134
(702) 382-9121

Participating Employers

In addition to the County and its component units included in this report, the following employers participate in one or more of the OPEB plans and are required to disclose separately their funding policy, annual OPEB cost and contributions made, the funded status and funding progress, and actuarial methods and assumptions used:

Las Vegas Convention and Visitors Authority
Southern Nevada Health District

Henderson Library District
Boulder City Library District

Funding Policy and Annual OPEB Cost

For all plans other than the PEBP, contribution requirements of plan members and the employer are established and may be amended through negotiations between the various unions and the governing bodies of the employers.

Clark County is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who enroll in this plan. In 2017, retirees were eligible for a monthly subsidy ranging from a minimum of \$65 after 5 years of service to a maximum of \$1,477 for 20 or more years of service with a Nevada state or local government entity. The subsidy is set by the State Legislature.

III. DETAILED NOTES - ALL FUNDS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Policy and Annual OPEB Cost (Continued)

The annual OPEB cost for each program is calculated based on the annual required contribution to the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The County's annual OPEB cost for the current year and the related information for each program are as follows:

Annual OPEB Cost Related Information for the Year Ended June 30, 2017					
	County	PEBP	Fire	Metro (1)	Metro Civilian(1)
Contribution Rates:	Actuarially determined premium sharing determined by union contracts	Set by State Legislature	Contractually Determined	Contractually Determined	Contractually Determined
County Plan members annual required contribution(ARC)	\$ 70,897,061	\$ 3,951,018	\$ 6,059,388	\$ 81,298,285	\$ 3,368,895
Interest on net OPEB obligations	16,769,044	948,778	1,673,195	3,855,149	482,347
Adjustments to ARC	(24,243,885)	(1,371,697)	(2,419,026)	(77,102,974)	(723,970)
Annual OPEB cost	63,422,220	3,528,099	5,313,557	8,050,460	3,127,272
Contributions made	(11,235,209)	(3,010,761)	(1,866,366)	(4,195,311)	(1,480,901)
Increase/(decrease) in net OPEB obligation	52,187,011	517,338	3,447,191	3,855,149	1,646,371
Net OPEB obligation beginning of year	425,725,307	17,155,849	41,829,881	77,102,974	13,781,347
Net OPEB obligation end of year	<u>\$ 477,912,318</u>	<u>\$ 17,673,187</u>	<u>\$ 45,277,072</u>	<u>\$ 80,958,123</u>	<u>\$ 15,427,718</u>

(1) The County is responsible for 100 percent of the net OPEB obligation for the Detention Center employees covered under the County, Metro and Metro Civilian plans in the amount of \$19,800,971. The remaining net OPEB obligation of \$77,869,731 for the Las Vegas Metropolitan Police County (LVMPD) is jointly funded by the County and the City of Las Vegas. The City of Las Vegas currently funds 36.5 percent of the LVMPD and is liable for \$30,925,004 of the Metro net OPEB obligation. A receivable has been established in the government-wide statement of net position for the City's portion.

III. DETAILED NOTES - ALL FUNDS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Policy and Annual OPEB Cost (Continued)

The County's annual OPEB cost, the percentage of annual cost contributed to the program, and the net OPEB obligation for 2015, 2016, and 2017 were as follows:

Annual OPEB Cost, % of Annual Cost Contributed to the Program, and Net OPEB Obligation				
Plan	Year Ended	Annual OPEB Cost	Percent of OPEB Cost Contributed	Net OPEB Obligation
County	06/30/2015	73,475,257	130.1	363,742,268
County	06/30/2016	74,646,098	17.0	425,725,307
County	06/30/2017	63,422,220	17.7	477,912,318
PEBP	06/30/2015	4,262,849	66.4	15,649,318
PEBP	06/30/2016	4,337,062	64.6	17,155,849
PEBP	06/30/2017	3,528,099	85.3	17,673,187
Fire	06/30/2015	2,776,103	51.0	41,117,964
Fire	06/30/2016	2,193,909	67.6	41,829,881
Fire	06/30/2017	5,313,557	35.1	45,277,072
Metro	06/30/2015	9,384,000	14.4	91,496,481
Metro	06/30/2016	(10,198,196)	100.0	77,102,974
Metro	06/30/2017	8,050,460	52.1	80,958,123
Metro Civilian	06/30/2015	1,729,787	19.6	12,128,296
Metro Civilian	06/30/2016	3,133,952	47.3	13,781,347
Metro Civilian	06/30/2017	3,127,272	47.4	15,427,718

Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date was as follows:

	Unfunded Actuarial Accrued Liability				
	County	PEBP (1)	Fire	Metro	Metro Civilian
Actuarial accrued liability (a)	\$ 740,577,317	\$ 71,053,986	\$ 72,567,985	\$ 79,188,752	\$ 29,622,520
Actuarial value of plan assets (b)	85,004,505	-	6,829,460	2,752,000	1,139,064
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 655,572,812	\$ 71,053,986	\$ 65,738,525	\$ 76,307,590	\$ 28,483,456
Funded ratio (b)/(a)	11.5%	0%	9.4%	3.5%	3.9%
Covered payroll (c)	\$ 700,707,852	\$ -	\$ 69,900,753	\$ 295,769,296	\$ 78,692,390
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (a) - (b)/(c)	91.5%	N/A	94.1%	25.8%	36.2%

(1) PEBP closed to new County participants as of November 1, 2008; therefore, covered payroll is zero.

III. DETAILED NOTES - ALL FUNDS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funded Status and Funding Progress (Continued)

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 the annual required contributions of the employer are subject to continual revision, and actual results are compared to past expectations.

Supplementary information will provide multi-year trend information that will show, in future years, 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 plans (the plans as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the plan members at this point. 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 are as follows:

	<u>Actuarial Methods and Assumptions</u>				
	<u>County</u>	<u>PEBP</u>	<u>Fire</u>	<u>Metro</u>	<u>Metro Civilian</u>
Actuarial valuation date	07/01/16	07/01/16	07/01/16	06/30/16	06/30/16
Actuarial cost method	Entry age Normal	Entry age Normal	Entry age Normal	Entry age Normal	Entry age Normal
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization period	30 years, open	30 years, open	30 years, open	1 year, open	30 years, open
Asset valuation method	Date of valuation	No assets in trusts	Date of valuation	Date of valuation	Date of valuation
Actuarial assumptions:					
Investment rate of return	4.0%	4.0%	4.0%	5.0 %	5.0%
Healthcare inflation rate	4 - 12% initial 4.5% ultimate	4 - 12% initial 4.5% ultimate	4.5-8% initial 4.0% ultimate	4 - 7 % initial 4.5% ultimate	4 - 7.5% initial 4.50% ultimate

County Net Position in Internal Service Fund

During the year ended June 30, 2017, the County used the Other Postemployment Benefits Reserve internal service fund to allocate OPEB costs to various funds based on employee count. These funds incurred a charge for service from the Other Postemployment Benefit Reserve internal service fund for their portion of the annual OPEB cost. On June 30, 2017, the Other Postemployment Benefit Reserve internal service fund was closed and residual balances were transferred to Post-Employment Benefits Reserve Fund, an internally reported special revenue fund.

Special Revenue Fund

At June 30, 2107, the Post-Employment Benefit Reserve Fund had \$111,136,768 in cash and investments and \$283,981 in receivables that the County intends to use for future OPEB costs for the net OPEB obligations of the County, PEBP, Fire and Detention, which total \$560,663,548, as of June 30, 2017. These assets cannot be included in the plan assets considered in the OPEB funding schedules because they are not held in trust.

Agency Fund

The County established the Other Postemployment Benefits Agency Fund to comply with governmental accounting standards regarding OPEB assets not held in trust. The beginning balance is equal to the net OPEB obligation (NOO) as of June 30, 2016. Additions consist of the increase to NOO and deletions comprise contributions paid during the fiscal year. The ending balance equals the NOO as of June 30, 2017.

Clark County Self-Funded Group Medical and Dental Benefits Plan

Clark County administers the Clark County Self-Funded Group Medical and Dental Benefits Plan, an agent, multiple-employer defined benefit plan (the "Self-Funded Plan"). Participants of the Self-Funded Plan include Clark County, University Medical Center of Southern Nevada, the Las Vegas Valley Water District, the Clark County Water Reclamation District, the Las Vegas Convention and Visitors

III. DETAILED NOTES - ALL FUNDS (Continued)

Authority, the Regional Transportation Commission of Southern Nevada, the Regional Flood Control District, the Henderson Library District, the Boulder City Library District and the Southern Nevada Health District. The Self-Funded Plan provides benefits for all full-time active employees of each participant entity effective the first day of the month following two consecutive months of active employment, as well as for retired employees of the entities. As of June 30, 2017, there were 7,508 employee members and 2,034 retired members enrolled in the Self-Funded Plan, with 10,099 additional covered dependents. The Self-Funded Plan provides medical, dental, and vision benefits.

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Clark County Self-Funded Group Medical and Dental Benefits Plan (Continued)

The Self-Funded Plan is governed by an interlocal agreement between each of the participant entities, and all Self-Funded Plan benefit changes must be approved by the governing boards of these entities.

The Self-Funded Plan is not administered as a qualifying trust or equivalent arrangement. The Self-Funded Plan is included in this CAFR as an internal service fund (the Self-Funded Group Insurance fund), as required by Nevada Revised Statutes.

Basis of Accounting: The Plan is accounted for using the accrual basis of accounting. Plan member and employer contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments: Investments are reported at fair value as described in Note 1.

Retirement Health Account Plan

Effective November 1, 2005, Clark County established a retirement health account plan under the provisions of Internal Revenue Code sections 105 and 106. The purpose of the plan is to provide employees a means to save for the cost of health insurance premiums once they retire. Each participant maintains a separate account within the plan. All contributions come from employees, with the exception that the County provides a 100 percent match up to \$480 annually for a maximum of five years to employees in eligible bargaining units. Retirees are reimbursed from their individual accounts for their out-of-pocket health insurance premium costs as they submit documentation of those costs. As of July 1, 2007, the plan was closed to new participants.

Contributions and Reserves

Premium rates for the Plan are established through the previously mentioned interlocal agreement. Each participant entity, through its employee bargaining and budgeting processes, establishes the employer and employee contribution sharing percentages. All administrative costs other than personnel costs are funded through premium rates. Administrative personnel costs are funded through the County Liability Insurance Internal Service fund, which provides general risk management administration. The County pays approximately 90 percent of premiums for active employee coverage, an average of \$10,448 per active employee for the year ended June 30, 2017. County retirees pay the entire cost of their premium. Active and retiree loss experience is combined to create a single, blended premium for each level of coverage (member only, member plus spouse, member plus children, or family), as required by state law. This combining of loss experience creates an implicit subsidy to the retirees who would otherwise pay higher premiums if their loss experience were rated separately.

Clark County Regional Flood Control District

The Clark County Regional Flood Control District (the "District") uses the County and PEBP plans, with contribution rates and actuarial assumptions identical to those previously described. The District's annual OPEB cost for the current year is as follows:

	<u>Annual OPEB Cost</u>	
	<u>County</u>	<u>PEBP</u>
Annual required contribution (ARC)	\$ 198,409	\$ 7,691
Interest on net OPEB obligation	44,070	1,708
Adjustment to annual required contribution	<u>(63,713)</u>	<u>(2,470)</u>
Annual OPEB cost	178,766	6,929
Contributions made	<u>(38,224)</u>	<u>(4,164)</u>
Increase in net OPEB obligation	140,542	2,765
Net OPEB obligation, beginning of year	<u>1,190,108</u>	<u>18,703</u>
Net OPEB obligation, end of year	<u>\$ 1,330,650</u>	<u>\$ 21,468</u>

III. DETAILED NOTES - ALL FUNDS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Clark County Regional Flood Control District (Continued)

The District's annual OPEB cost, the percentage of annual cost contributed to the program, and the net OPEB obligation for 2015, 2016, and 2017 were as follows:

Annual OPEB Cost, % of Annual Cost Contributed to the Program, and Net OPEB Obligation				
Plan	Year Ended	Annual OPEB Cost	Percent of OPEB Cost Contributed	Net OPEB Obligation
County	06/30/2015	208,567	15.6	1,064,779
County	06/30/2016	185,719	17.5	1,190,108
County	06/30/2017	178,766	21.4	1,330,650
PEBP	06/30/2015	6,749	90.6	17,880
PEBP	06/30/2016	6,938	88.2	18,703
PEBP	06/30/2017	6,929	60.1	21,468

Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date, July 1, 2016, was as follows:

	Unfunded Actuarial Accrued Liability	
	County	PEBP (1)
Actuarial accrued liability (a)	\$ 2,277,836	\$ 138,305
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 2,277,936	\$ 138,305
Funded ratio (b)/(a)	0%	0%
Covered payroll (c)	\$ 2,121,734	\$ -
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (a) - (b)/(c)	107.3%	N/A

(1) PEBP closed to new County participants as of November 1, 2008; therefore, covered payroll is zero.

III. DETAILED NOTES - ALL FUNDS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Regional Transportation Commission of Southern Nevada

The Regional Transportation Commission of Southern Nevada (RTC) uses the County and PEBP plans, with contribution rates and actuarial assumptions identical to those previously described. The RTC's annual OPEB cost for the current year is as follows:

	Annual OPEB Cost	
	County	PEBP
Annual required contribution (ARC)	\$ 1,740,942	\$ 65,986
Interest on net OPEB obligation	437,585	16,586
Adjustment to annual required contribution	(632,640)	(23,979)
Annual OPEB cost	1,545,887	58,593
Contributions made	(60,628)	(85,082)
Increase in net OPEB obligation	1,485,259	(26,489)
Net OPEB obligation, beginning of year	11,236,776	117,501
Net OPEB obligation, end of year	\$ 12,722,035	\$ 91,012

The RTC's annual OPEB cost, the percentage of annual cost contributed to the program, and the net OPEB obligation for 2015, 2016, and 2017 were as follows:

Plan	Year Ended	Annual OPEB Cost, % of Annual Cost Contributed to the Program, and Net OPEB Obligation		
		Annual OPEB Cost	Percent of OPEB Cost Contributed	Net OPEB Obligation
County	06/30/2015	1,730,968	17.8	9,704,096
County	06/30/2016	1,585,003	14.1	11,236,776
County	06/30/2017	1,545,887	12.2	12,722,035
PEBP	06/30/2015	76,328	67.8	112,600
PEBP	06/30/2016	69,892	59.5	117,501
PEBP	06/30/2017	58,593	64.4	91,012

Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date, July 1, 2016, was as follows:

	Unfunded Actuarial Accrued Liability	
	County	PEBP (1)
Actuarial accrued liability (a)	\$ 13,700,532	\$ 1,186,672
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	13,700,532	\$ 1,186,672
Funded ratio (b)/(a)	0%	0%
Covered payroll (c)	\$ 24,154,050	N/A
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (a) - (b)/(c)	56.7%	N/A

(1) PEBP closed to new County participants as of November 1, 2008; therefore, covered payroll is zero.

III. DETAILED NOTES - ALL FUNDS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Las Vegas Valley Water District

The Las Vegas Valley Water District (LVVWD) uses the County plan with actuarial assumptions identical to those previously described, except for an initial healthcare inflation rate of 6.75 % with an ultimate rate of 4.25%. LVVWD contributes 100% of life insurance and group health insurance premiums for eligible retirees and 85% for their dependents until the retirees become eligible for Medicare. The LVVWD's annual OPEB cost for the current year is as follows:

Annual OPEB Cost	
Annual Required Contribution (ARC)	\$ 5,431,809
Interest on the net OPEB obligation	655,240
Adjustment to annual required contribution	<u>(1,158,987)</u>
Annual OPEB cost	4,928,062
Contributions made	<u>(2,005,883)</u>
Increase in net OPEB obligation	2,922,179
Net OPEB obligation, beginning of the year	<u>16,381,009</u>
Net OPEB obligation, end of the year	<u>\$ 19,303,188</u>

The LVVWD's annual OPEB cost, the percentage of annual cost contributed to the program, and the net OPEB obligation for 2015, 2016 and 2017 were as follows:

Annual OPEB Cost, % of Annual Cost Contributed to the Program, and Net OPEB Obligation			
Year Ended	Annual OPEB Cost	Percent of OPEB Cost Contributed	Net OPEB Obligation
06/30/2015	3,028,280	53.2	15,144,631
06/30/2016	2,940,260	58.0	16,381,009
06/30/2017	4,928,062	40.7	19,303,188

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation date, July 1, 2016 was as follows:

Unfunded Actuarial Accrued Liability	
	LVVWD
Actuarial accrued liability (a)	\$ 41,258,627
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 41,258,627
Funded ratio (b)/(a)	0%
Covered payroll (c)	\$ 118,090,682
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (a) - (b)/(c)	34.9%

III. DETAILED NOTES - ALL FUNDS (Continued)

15. SUBSEQUENT EVENTS

Primary Government

On July 11, 2017, the County issued \$12,130,000 in Special Improvement District No. 158 (Las Vegas Boulevard -St. Rose Parkway to Pyle Avenue) Local Improvement Bonds with an interest rate of 5 percent. The bond proceed totaled \$14,523,860. The proceeds are being used to: (i) finance the cost of certain local improvements; (ii) fund a debt service reserve fund for the Bonds; and (iii) pay the costs of issuing the Bonds. Principal is paid annually beginning August 1, 2018 and interest is paid semiannually on August 1 and February 1. The bonds mature on August 1, 2037.

On August 24, 2017, the County issued \$54,110,000 in Special Improvement District No. 112 (Flamingo Underground) Local Improvement Refunding Bonds with interest ranging from 2.00 to 4.00 percent. The bond proceeds totaled \$55,973,029. The proceeds are being used to: (i) refund all of the outstanding Special Improvement District No. 112 (Flamingo Underground) Local Improvement Bonds, Series 2008, in the aggregate principal amount of \$56,495,000; (ii) fund the Reserve Fund; and (iii) pay the costs of issuing the Bonds. Principal is paid annually beginning August 1, 2018 and interest is paid semiannually on August 1 and February 1. The bonds mature on August 1, 2037.

The Department of Aviation was recently served with a lawsuit filed by the United States Department of Justice, *United States v. Nevada Links and Clark County, Nevada et al.*, U.S. District Court Case No. 2:17-cv-02303-MMD-PAL. The complaint involves a modification to a 1999 lease that the Department entered into involving land subject to the Southern Nevada Public Lands Management Act. The complaint alleges that a 2011 amendment to the lease impermissibly changed the rent structure in violation of the County's duty to obtain fair market value for the land. While the initial demand requests the present value of future rent, in the event of an adverse ruling the County would likely only be subject to back rent of approximately \$12,000,000. Alternatively, the complaint seeks rescission of the amendment, which would relieve the County of the obligation to pay back rent. The County has no objection to rescission but, in the event rescission fails to relieve the County from any claims against it for back rent, the County intends to vigorously defend against those claims for back rent. At this time, it is not reasonably possible to predict the outcome of this dispute. Note that the current tenant is also a defendant in this litigation and may share responsibility for back payments. The current tenant filed a Motion to Dismiss themselves from the case at a hearing on December 12, 2017; however, that motion was denied. Initial disclosures have been submitted by all the parties, and discovery is due by July 6, 2018.

Regional Flood Control District

On December 7, 2017, the County issued \$109,955,000 in general obligation (limited tax) crossover refunding bonds on behalf of the Regional Flood Control District. The term of the flood control bonds is twenty two years with an interest rate ranging from 2.375% to 5.00%. Interest payments will begin in June 2018 and principal payments will begin in November 2020. All debt service payments will be funded with Sales Tax revenue. The bond proceeds will be used to advance refund a portion of the outstanding Clark County, Nevada General Obligation Bonds, Series 2009B and pay the costs of issuing the 2017 Bonds

16. TAX ABATEMENTS

State of Nevada Tax Abatements

For year ended June 30, 2017, Clark County tax revenues were reduced by a total of \$4,111,501 under agreements entered into by the State of Nevada that include the following:

- Aviation (NRS 360.753) - Partial abatement of one or more of personal property and local sales and use taxes imposed on aircraft, components of aircraft and other personal property used for certain purposes related to aircraft.
- Data Centers (NRS 360.754) - Partial abatement of one or more of property and local sales and use taxes imposed on a new or expanded data center.
- Renewable Energy (NRS 701A.370) - Partial abatement of one or more of property and local sales and use taxes imposed on renewable energy facilities.
- Standard (NRS 374.357) - Partial abatement of sales and use taxes imposed on eligible machinery or equipment used by certain new or expanded businesses.

The total amounts abated by agreement for Clark County for the year ended June 30, 2017 were as follows:

Agreement	Tax Abated	Amount Abated
Aviation (NRS 360.753)	Personal property taxes and/or sales and use taxes	\$ 46,402
Data Centers (NRS 360.754)	Property taxes and/or sales and use taxes	1,255,360
Renewable Energy (NRS 701A.370)	Property taxes and/or sales and use taxes	2,500,452
Standard (NRS 374.357)	Sales and use taxes	309,287
Total		<u>\$ 4,111,501</u>

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following statements are summaries of certain provisions of the Bond Resolution (sometimes referred to in this Appendix C as the “2018 and 2019 Convention Center Expansion Bond Resolution”). For the purposes of this summary, references to the County, where the context requires, includes the Las Vegas Convention and Visitors Authority (the “Authority”) acting on behalf of the County. Such statements do not purport to be complete and reference is made to the 2018 and 2019 Convention Center Expansion Bond Resolution, copies of which are on file and available for examination at the office of the Secretary of the Authority. All capitalized terms used herein without definition have the respective meanings specified in the 2018 and 2019 Convention Center Expansion Bond Resolution.

Certain Definitions

Certain terms used in the 2018 and 2019 Convention Center Expansion Bond Resolution are defined substantially as follows:

“2008 Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2008.”

“2010A&B Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2010A (Taxable Direct Pay Build America Bonds)” together with the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation and Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2010B.”

“2010C&D Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2010C (Taxable Direct Pay Build America Bonds).”

“2012 Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Bonds (Additionally Secured with Pledged Revenues), Series 2012.”

“2014 Bonds” means the securities issued and designated as the “Clark County, Nevada General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Bonds (Additionally Secured with Pledged Revenues), Series 2014.”

“2015 Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2015A.”

“2016 Bonds” means the securities issued and designated as the “Las Vegas Convention and Visitors Authority Revenue Refunding Bonds, Series 2016C.”

“2017 Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2017.”

“2017B Bonds” means the securities issued and designated as the “Las Vegas Convention and Visitors Authority Revenue Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2017B.”

“2017C Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Crossover Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2017C.”

“2018 Bonds” and “2019 Bonds” means the securities to be issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Convention Center Expansion Bonds (Additionally Secured by Pledged Revenues) Series 2018” and the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Convention Center Expansion Bonds (Additionally Secured by Pledged Revenues) Series 2019.”

“Act” means Chapter 2, Statutes of Nevada, 2016, 30th Special Session, as amended by Chapter 575, Statutes of Nevada 2017.

“Annual Principal and Interest Requirements” means the sum of the principal of and interest on the Bonds and any other Outstanding Parity Securities to be paid during any Bond Year, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. In calculating this amount, any principal amount of securities required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the resolution, ordinance or other instrument authorizing the issuance of such securities shall be treated as maturing in the Bond Year in which such amounts are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such securities occurs. In the case of any calculation of the annual principal and interest requirements to be paid in the future on any bonds with respect to which the Authority expects to receive a BAB Credit, including the 2010A Bonds and the 2010C Bonds, “interest” for any Bond Year shall be treated as the amount of interest to be paid by the Authority on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the ordinance or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year or to reimburse the Authority for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as of the date of such a calculation, “interest” shall be the total amount of interest to be paid by the Authority on the bonds without a deduction for the credit to be paid by the United States under Section 6431 of the Tax Code. The Chief Financial Officer may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of the 2018 and 2019 Convention Center Expansion Bond Resolution.

“BAB Credit” has the meaning set forth in the bond resolutions authorizing the 2010A Bonds and the 2010C Bonds.

“Bond Act” means NRS 350.500 through 350.720, and all laws amendatory thereof, designated in NRS 350.500 as the Local Government Securities Law.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds and any Parity Securities hereafter issued, or such part of such securities or such other securities relating to the Facilities as may be designated, as such principal, premiums and interest become due, at maturity, pursuant to a mandatory redemption schedule, on call for optional redemption, or otherwise.

“Bond Year” means the 12 months commencing on July 2 of any calendar year and ending on July 1 of the next succeeding calendar year.

“Bonds” means the 2018 Bonds, the 2019 Bonds and the Existing Bonds.

“Chief Financial Officer” means the de jure or de facto chief financial officer of the Authority, or any officer performing duties commonly required of the chief financial officer of the Authority or her or his successor in functions, if any.

“City” means any incorporated city within the County, now consisting of Boulder City, Henderson, Las Vegas, North Las Vegas and Mesquite, and “Cities” means collectively all such incorporated cities.

“City License Taxes” means the license tax for revenue upon hotels and motels and certain other rental businesses and also upon gaming, fixed by each City and assigned for a pledge to bonds by ordinance adopted by each City, pursuant to the City Tax Act and the Project Act and all laws supplemental thereto and includes any license taxes subsequently substituted therefor; however, with respect to Boulder City, such license taxes will not include a tax upon gaming.

“City Tax Act” means the act now cited as NRS 268.095, as amended.

“Combined Maximum Annual Principal and Interest Requirement” means the greatest of the Annual Principal and Interest Requirements to be paid during any Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any Bond last becomes due at maturity or on a redemption date on which any Bond thereafter maturing is called for prior redemption.

“County License Taxes” means the license taxes for revenue upon hotels and motels and certain other rental businesses and upon gaming, fixed by the County, acting by and through the Board, and assigned for a pledge to bonds issued by the County, acting by and through the Authority, pursuant to the County Tax Act, the Project Act and all laws supplemental thereto and includes any license taxes subsequently substituted therefor.

“County Tax Act” means the act now cited as NRS 244.335, as amended.

“Existing Bonds” means the Outstanding 2008 Bonds, 2010A&B Bonds, 2010C Bonds, 2012 Bonds, 2014 Bonds, 2015 Bonds, 2016 Bonds, 2017 Bonds, 2017B Bonds and 2017C Bonds.

“Expansion License Taxes” means the license taxes for revenue of one-half of one percent of the gross receipts from the rental of transient lodging in the County upon all persons in the business of providing lodging and of one-half of one percent of the gross receipts from the rental of transient lodging in the Cities upon all persons in the business of providing lodging and assigned and pledged to bonds issued by the County, acting by and through the Authority, pursuant to the Act, and Project Act and all laws supplemental thereto and includes any license taxes subsequently substituted therefor. Pursuant to Section 59 of the Act, the proceeds of the Expansion License Taxes must be accounted for separately.

“Expansion Pledged Revenues” means (i) all the proceeds from the Expansion License Taxes, but excluding the reasonable costs of the collection of the Expansion License Taxes not exceeding, for any collection period, an amount not to exceed the lesser of 10% of the gross revenues collected from the License Taxes and the Expansion License Taxes or a total of \$25,000,000, as more specifically provided in the 2018 and 2019 Convention Center Expansion Bond Resolution and (ii) the Pledged Collection Fees. As clarification of the foregoing term (i) all investment income from any fund or account established hereunder, shall be treated as a part of the Expansion Pledged Revenues; and (ii) with respect to the Expansion License Taxes, nothing herein shall be deemed to be an assignment or pledge of any license tax on gaming, or of license taxes other than the Expansion License Taxes assigned or pledged by the Authority to the 2018 Bonds and the 2019 Bonds. Notwithstanding the foregoing language, the Act does not permit a collection fee to be charged in connection with the collection of the Expansion License Taxes and, thus, the proceeds from the Expansion License Taxes are not expected to be reduced by any costs of collecting the same.

“Facilities” means the Authority’s Las Vegas Convention Center and incidental recreational facilities under the jurisdiction of the Authority, including, without limitation, fairgrounds, auditoriums, fieldhouses, amusement halls, public parks, playgrounds, other recreational facilities, buildings therefor, improvements incidental thereto, and sites and grounds, equipment and furnishings therefor, as the same may from time to time be extended or otherwise improved, or any combination thereof.

“Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or obligations which are unconditionally guaranteed by, the United States.

“Fiscal Year” means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; but if the Nevada legislature changes the statutory fiscal year relating to the Authority and the Facilities, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such modification, if any.

“Gross Revenues” means all the Facilities Revenues and all the proceeds from the License Taxes, but excluding the reasonable costs of the collection of the License Taxes not exceeding, for any collection period, an amount equal to 10% of the gross revenues collected from the License Taxes as more specifically provided in the 2018 and 2019 Convention Center

Expansion Bond Resolution. As clarification of the foregoing term (i) all investment income from any fund or account established under the 2018 and 2019 Convention Center Expansion Bond Resolution, shall be treated as a part of the Gross Revenues; and (ii) with respect to the License Taxes, nothing in the 2018 and 2019 Convention Center Expansion Bond Resolution shall be deemed to be an assignment or pledge of any license tax on gaming, or of license taxes other than the License Taxes assigned or pledged by the Authority to the Existing Bonds by ordinances adopted by the Board and City Councils of the Cities, prior to the delivery of the 2018 Bonds and the 2019 Bonds.

“Income Fund” means the special account designated as the “Clark County, Nevada, Recreational Facilities and License Taxes Gross Revenues Income Fund.”

“License Taxes” means, collectively, the City License Taxes and the County License Taxes.

“Operation and Maintenance Expenses” or any phrase of similar import, means all reasonable and necessary current expenses, paid or accrued, of operating, maintaining and repairing the Facilities or of any other designated facilities in connection with which such term is used; and the term includes, except as limited by law, without limitation, (a) engineering, auditing, reporting, legal and other overhead expenses directly related and reasonably allocable to the administration, operation and maintenance of the Facilities; (b) fidelity bond and property and liability insurance premiums relating to the Facilities, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Facilities; (c) payments to pension, retirement, health and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of the premiums which would otherwise be required for such insurance; (d) any general taxes, assessments, excise taxes or other charges which may be lawfully imposed on the County, the Authority, the Facilities, revenues therefrom, or the income from or operations of any properties relating to the Facilities, or any privilege in connection with the Facilities or their operation; (e) the reasonable charges of any paying agent and depository relating to the Bonds and any other Parity Securities payable from the Pledged Revenues or otherwise relating to the Facilities; (f) contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs and labor, relating to the Facilities or to the issuance of the Bonds or any other securities relating to the Facilities, including, without limitation, the expenses and compensation of any trustee, receiver or other fiduciary under the Bond Act; (g) the costs incurred by the Authority in the collection, other than collection costs deducted in arriving at Gross Revenues, as provided in the 2018 and 2019 Convention Center Expansion Bond Resolution, and any refunds of all or any part of the Gross Revenues; (h) any costs of utility services furnished to the Facilities; (i) any lawful refunds of any Gross Revenues; (j) the procurement (except as limited in the 2018 and 2019 Convention Center Expansion Bond Resolution) and the administration of conventions held in the County; and (k) all other administrative, general and commercial expenses relating to the Facilities, but (i) excluding any allowance for depreciation; (ii) excluding any costs of extensions, enlargements, betterments and other improvements (or any combination thereof); (iii) excluding any reserves for major capital replacements (other than normal repairs); (iv) excluding any reserves for operation, maintenance or repair of the Facilities; (v) excluding any allowance for the redemption of any Bond or other security evidencing a loan or other obligation, or the payment of any interest thereon, or any prior redemption premium due in connection therewith; (vi) excluding any liabilities incurred in the acquisition or improvement of any properties

comprising any Project or any existing facilities (or any combination thereof) relating to the Facilities, or otherwise; (vii) excluding any costs of advertising, publicizing and promoting the Facilities; and (viii) excluding any liabilities incurred as the result of negligence in the operation of the Facilities or any other ground of legal liability not based on contract.

“Outstanding” when used with reference to the Bonds or any other designated securities and as of any particular date means all the Bonds or any such other securities payable from the Pledged Revenues or otherwise relating to the Facilities, as the case may be, in any manner theretofore and thereupon being executed and delivered: (a) except any Bond or other security canceled at or before such date; (b) except any Bond or other security the payment of which is then due or past due and moneys fully sufficient to pay which are on deposit with the Paying Agent; (c) except any Bond or other security for the payment or the redemption of which moneys at least equal to the Bond Requirements to the date of maturity or to any redemption date, shall have been deposited with a trust bank in escrow or in trust for that purpose, as provided in the 2018 and 2019 Convention Center Expansion Bond Resolution; and (d) except any Bond or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered pursuant to the 2018 and 2019 Convention Center Expansion Bond Resolution.

“Parity Bonds” or “Parity Securities” means the Outstanding 2008 Bonds, 2010A&B Bonds, 2010C Bonds, 2012 Bonds, 2014 Bonds, 2015 Bonds, 2016 Bonds, 2017 Bonds, 2017B Bonds, 2017C Bonds, and any additional bonds, securities or other obligations which have a lien on the Pledged Revenues that is on a parity with the lien thereon of the 2018 Bonds and the 2019 Bonds.

“Pledged Collection Fees” means the amount of any collection fee which exceeds the amount set forth in Section 56 of the Act and which would have been paid to the collecting entity, which amount is pledged to the payment of principal and interest on bonds issued pursuant to Section 61 of the Act, including the 2018 Bonds and the 2019 Bonds.

“Pledged Revenues” means the Gross Revenues remaining after the payment of the Operation and Maintenance Expenses of the Facilities.

“Project” means the project to expand the Las Vegas Convention Center as set forth in the Act and pay the costs of issuing the 2018 Bonds and the 2019 Bonds.

“Project Act” means the act authorizing the organization and reorganization of a county fair and recreation board in any county in the State, including, without limitation, the Authority and the County, respectively, and the exercise by the Authority on behalf of the County of certain powers designated and relating to recreational facilities, including, without limitation, the issuance of bonds, which act is now cited as NRS 244A.597 through 244A.655, as amended.

“Subordinate Bonds” or “Subordinate Securities” means the bonds, securities or other obligations which have a lien on all or a portion of the Pledged Revenues and/or the Expansion Pledged Revenues, that is subordinate and junior to the lien thereon of the 2018 Bonds and the 2019 Bonds.

Security for the 2018 Bonds and the 2019 Bonds

The 2018 Bonds and the 2019 Bonds are general obligations of the County, payable as to all debt service requirements (principal, interest, and any prior redemption premium) from general (ad valorem) taxes levied against all taxable property within the County (except to the extent any Pledged Revenues, Expansion Pledged Revenues or other moneys are available therefor), subject to the limitations imposed by the Constitution and statutes of the State, and the full faith and credit of the County are pledged to the payment of the 2018 Bonds and the 2019 Bonds. State statutes provide that if the total general (ad valorem) taxes levied by all overlapping units against all taxable property within the County exceed the statutory limit and are, accordingly, required to be reduced, the reductions shall be made in such taxes for purposes other than the payment of the taxing units' bonded indebtedness and for the purposes of supporting the County's police powers. The appropriation of the proceeds of such general (ad valorem) taxes to the payment of such debt service requirements of the 2018 Bonds and the 2019 Bonds shall not be repealed and such general taxes shall not be postponed or diminished until the principal of and interest on the 2018 Bonds and the 2019 Bonds have been paid in full.

The payment of the debt service requirements of the 2018 Bonds and the 2019 Bonds is additionally secured by an irrevocable pledge of and a lien (but not necessarily an exclusive lien) on the Pledged Revenues and the Expansion Pledged Revenues. The lien on the Pledged Revenues is on a parity with a lien thereon of the Parity Bonds.

The Authority has covenanted to prevent the Board or any City Council of any City or any governing body of any other public body in the County from permitting any trade, calling, industry, occupation, profession or business located in the County and now subject to the payment of a License Tax to avoid the payment of such tax at a later time after the issuance of any of the 2018 Bonds and the 2019 Bonds; and the Authority on behalf of the County has covenanted to prevent the Board or any City Council from repealing or modifying any License Taxes in any manner prejudicially and materially affecting the security or pledge for the payment of the 2018 Bonds or the 2019 Bonds.

Flow of Funds

So long as any of the 2018 Bonds and any of the 2019 Bonds or any other Existing Bonds are Outstanding, as to any Bond Requirements, the entire Gross Revenues, upon their receipt from time to time, shall be set aside and credited immediately to the Gross Revenues subaccount of the Income Fund. So long as any of the 2018 Bonds and 2019 Bonds shall be Outstanding, as to any Bond Requirements, the entire Expansion Pledged Revenues, upon their receipt from time to time, shall be set aside and credited immediately to the Expansion Pledged Revenues subaccount of the Income Fund. So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, each Fiscal Year the Income Fund shall be administered, and the moneys on deposit therein shall be applied in the following order of priority (and on a parity with such order of priority):

(a) From time to time from the Gross Revenues subaccount into the Operation and Maintenance Fund moneys sufficient to pay Operation and Maintenance Expenses, as budgeted and approved in accordance with State budgetary procedures, as such expenses become due and payable;

(b) Monthly (first from the Expansion Pledged Revenues subaccount and second from the Gross Revenues subaccount) into the bond funds relating to the 2018 Bonds and the 2019 Bonds, concurrently with the payments into the bond funds required by the bond resolutions authorizing the Existing Bonds and into any bond funds created for the payment of debt service in the resolutions authorizing any additional Parity Securities then Outstanding, an amount which, with other periodic installments, will be sufficient, together with any other moneys available therefor, to pay the installments of principal and interest next due on the 2018 Bonds and the 2019 Bonds;

(c) From time to time into reserve funds for any revenue bonds issued as Parity Bonds;

(d) To pay principal, interest, and redemption premiums on additional Subordinate Securities, if any, payable from the Pledged Revenues and/or Expansion Pledged Revenues, including reasonable reserves therefore; and

(e) From time to time into the rebate funds for the Existing Bonds, the 2018 Bonds, the 2019 Bonds, and any Parity Securities hereafter issued for the purpose of making rebate payments to the U.S. Government pursuant to the Tax Code.

Any payments for bond and reserve funds for Existing Bonds shall be made from Pledged Revenues and no payments for bond and reserve funds for Existing Bonds shall be made from Expansion Pledged Revenues.

Any Pledged Revenues remaining in the Income Fund at any time that all of the above payments in the required amounts have been made may be used for any lawful purpose or purposes relating to the Facilities and in accordance with the 2018 and 2019 Convention Center Expansion Bond Resolution, or otherwise, as the Authority may from time to time determine.

Any Expansion Pledged Revenues remaining after the uses described above may be used at any time for any one or any combination of lawful purposes which are specified in the Act. Expansion Pledged Revenues remaining after the uses described above may not be used for a purpose other than those specified in the Act.

Parity Securities

The Bonds constitute a lien upon the Pledged Revenues on a parity with the pledges of liens on the Pledged Revenues to secure the payment of any additional Parity Securities hereafter authorized. Such additional Parity Securities (other than refunding securities) may be issued if:

(a) At the time of the adoption of the supplemental instrument authorizing the issuance of such additional Parity Securities, the Authority shall not be in default in making any payments required to be made to the certain funds designated in the 2018 and 2019 Convention Center Expansion Bond Resolution and described above under the caption "Flow of Funds";

(b) The Gross Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional Parity Securities shall have been at least equal to an

amount equal to the Operation and Maintenance Expenses of the Facilities for such Fiscal Year together with an amount equal to 150% of the Combined Maximum Annual Principal and Interest Requirements (to be paid during any one Bond Year commencing with the Bond Year in which the additional Parity Securities are issued and ending on the first day of July of the year in which any then Outstanding Bonds last mature) of the Outstanding Bonds and any other Outstanding Parity Securities and the Parity Securities proposed to be issued.

In making the calculations for paragraph (b) above, the Authority is required to increase Operation and Maintenance Expenses by the probable estimated increase in such expenses that will result from the construction of the facilities to be financed with such additional Parity Securities. Further, the Authority shall adjust Gross Revenues for any loss (and may adjust for any gain) conservatively estimated which results from any change in the schedule of License Taxes constituting a portion of Gross Revenues.

The 2018 Bonds and 2019 Bonds constitute a lien upon the Expansion Pledged Revenues on a parity with the pledges of liens on the Expansion Pledged Revenues to secure the payment of Parity Securities hereafter authorized constituting a lien on all or a portion of Pledged Revenues and Expansion Pledged Revenues. Such additional Parity Securities (other than refunding securities) may be issued if:

(a) At the time of the adoption of the supplemental instrument authorizing the issuance of the additional Parity Securities, the Authority shall not be in default in making any payments required to be made to the certain funds designated in the 2018 and 2019 Convention Center Expansion Bond Resolution and described above under the caption "Flow of Funds";

(b) The Pledged Revenues and the Expansion Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional Parity Securities shall have been at least sufficient to pay an amount equal to 150 percent of the Combined Maximum Annual Principal and Interest Requirements (to be paid during any one Bond Year commencing with the Bond Year in which the additional Parity Securities are issued and ending on the first day of July of the year in which any then Outstanding Bonds last mature) of the Outstanding Bonds and any other Outstanding Parity Securities and the Parity Securities proposed to be issued under the Act.

In making the calculations for paragraph (b) above, the Authority is required to increase Operation and Maintenance Expenses by the probable estimated increase in such expenses that will result from the construction of the facilities to be financed with such additional Parity Securities. Further, the Authority shall adjust Gross Revenues and Expansion Pledged Revenues for any loss (and may adjust for any gain) conservatively estimated which results from any change in the schedule of License Taxes constituting a portion of Gross Revenues and Expansion Pledged Revenues.

The 2018 Bonds and 2019 Bonds and any Outstanding Parity Securities shall not be entitled to any priority one over the other in the application of the Pledged Revenues and Expansion Pledged Revenues, regardless of the time or times of the issuance of the 2018 Bonds and 2019 Bonds and any other such securities.

Refunding, Superior and Subordinate Securities

The 2018 and 2019 Convention Center Expansion Bond Resolution provides that refunding securities may be issued only if the Bonds or other securities to be refunded at the time or times of their required surrender for payment shall then mature or be then callable for prior redemption for the purpose of refunding them at the Authority's option upon proper call, unless the holders of all such securities consent to such surrender and payment. Except in certain events (absence of increase of principal and interest requirements, subordination of the lien of such refunding bonds, or meeting of the requirements for additional parity securities), partial refunding of an issue requires consent of the holders of the unrefunded portion of the outstanding parity securities payable from Pledged Revenues.

Nothing in the 2018 and 2019 Convention Center Expansion Bond Resolution permits the County or the Authority to issue additional securities having a lien on the Pledged Revenues superior to the lien of the Bonds; and nothing in the 2018 and 2019 Convention Center Expansion Bond Resolution prevents the County or the Authority from issuing Subordinate Securities.

Investments

Any moneys in any account designated in the 2018 and 2019 Convention Center Expansion Bond Resolution, and not required for immediate use may be invested or reinvested by the Chief Financial Officer or the County Treasurer having jurisdiction over such moneys, as the case may be, by deposit in one or more commercial banks, as provided in the 2018 and 2019 Convention Center Expansion Bond Resolution, Federal Securities, or other investments permitted under State law (collectively, "Permitted Securities"). The Permitted Securities so purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of the account and held in trust therefor. Any interest or other gain in any account and any loss in any account from any investments and reinvestments in Permitted Securities shall be credited or debited, as the case may be, to the account in which the investment is held.

Reasonable and Adequate Charges

The Authority covenants in the 2018 and 2019 Convention Center Expansion Bond Resolution to charge against users of the Facilities rentals, fees, rates, and charges sufficient to produce Gross Revenues and the Expansion Pledged Revenues (provided that the Expansion Pledged Revenues shall only be used for purposes permitted by the Act) annually, in an amount which, together with the proceeds from License Taxes (described under "REVENUES AVAILABLE FOR DEBT SERVICE—License Taxes") and any other funds available therefor, will pay:

- (a) The Operation and Maintenance Expenses of the Facilities;
- (b) An amount equal to the sum of (i) 1.25 times the Annual Principal and Interest Requirements, as long as the 2016 Bonds are Outstanding, and otherwise the Annual Principal and Interest Requirements on the 2018 Bonds, the 2019 Bonds and any other Parity Securities or Subordinate Securities payable in the comparable Bond Year, and (ii) any amounts

required to be accumulated from the Pledged Revenues in such Bond Year into any reserves for such securities; and

(c) Any amounts required to meet then existing deficiencies in any account relating to the Pledged Revenues and the Expansion Pledged Revenues or any securities payable therefrom. This rate maintenance covenant is subject to compliance with any Federal, State or other governmental agency legislation or regulations or other action taken pursuant to that legislation in the exercise of the police or other power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of any such charges due for the use of any or all of the Facilities.

Operations Consultant

If the Authority defaults in paying promptly the principal of, redemption premium, if any, and interest on the 2018 Bonds, the 2019 Bonds, any Parity Securities or any other securities payable from the Pledged Revenues and the Expansion Pledged Revenues as the same fall due, or in the keeping of any covenants contained in a the 2018 and 2019 Convention Center Expansion Bond Resolution, and if such default continues for a period of 60 days, or if the Pledged Revenues and the Expansion Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the 2018 Bonds and the 2019 Bonds, any Parity Securities and any other securities payable from the Pledged Revenues and the Expansion Pledged Revenues in the comparable Bond Year, the Authority shall retain a firm of competent operations consultants skilled in the operation of such facilities to assist the management of the Facilities so long as such default continues or so long as the Pledged Revenues are less than such amount.

Maintenance and Insurance

The County, acting by and through the Authority, covenants to operate the Facilities properly and in a sound and economical manner; and shall maintain, preserve and keep the same properly or cause the same so to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Facilities or other activities may be properly and advantageously conducted.

The County shall at all times maintain fire and extended coverage insurance, workmen's compensation insurance, public liability insurance, and all such other insurance as is customarily maintained with respect to facilities of like character against loss of or damage to the Facilities and against public and other liability to the extent reasonably necessary to protect the interest of the County and of each holder of 2018 Bond or a 2019 Bond or any other security payable from Pledged Revenues. If at any time the County is unable to obtain insurance to the extent provided in the 2018 and 2019 Convention Center Expansion Bond Resolution, it shall maintain such insurance to the extent it is reasonably obtainable. The County may provide self-insurance in lieu of providing the insurance described above. If any useful part of the Facilities shall be damaged or destroyed, the County shall, as expeditiously as possible, commence and diligently prosecute the repair or replacement of the damaged or destroyed property so as to restore the same to use. The proceeds of any such property insurance relating

to the Facilities shall be payable to the County and, except for proceeds of any use and occupancy insurance, shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied, together with the proceeds of any such use and occupancy insurance, shall be deposited in the Income Fund as Gross Revenues. If the costs of such repair and replacement of the damaged or destroyed property exceed the proceeds of the property insurance available for payment of the same, moneys in the Income Fund shall be used to the extent necessary and available for such purposes.

Tax Covenant

The Authority, on behalf of the County, covenants for the benefit of the owners of the 2018 Bonds that it will not take any action or omit to take any action with respect to the 2018 Bonds, the proceeds thereof, any other funds of the Authority or the County or any facilities financed with the proceeds of the 2018 Bonds if such action or omission (i) would cause the interest on the 2018 Bonds to lose its exclusion from gross income for federal income tax purpose under Section 103 of the Tax Code, (ii) would cause interest on the 2018 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations for taxable years of corporations beginning before January 1, 2018. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2018 Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met.

The Authority, on behalf of the County, covenants for the benefit of the owners of the 2019 Bonds that it will not take any action or omit to take any action with respect to the 2019 Bonds, the proceeds thereof, any other funds of the Authority or the County or any facilities financed with the proceeds of the 2019 Bonds if such action or omission (i) would cause the interest on the 2019 Bonds to lose its exclusion from gross income for federal income tax purpose under Section 103 of the Tax Code, (ii) would cause interest on the 2019 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2019 Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met.

Events of Default and Remedies of Bondholders

The 2018 and 2019 Convention Center Expansion Bond Resolution defines “Events of Default under 2018 Bonds” as follows:

- (a) There is a failure to pay when due the principal of the 2018 Bonds or any prior redemption premium in connection therewith, or any installment of interest as the same becomes due and payable;
- (b) The County or the Authority for any reason is rendered incapable of fulfilling its obligations under the 2018 and 2019 Convention Center Expansion Bond Resolution;

(c) The County or the Authority fails to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Facilities or the Gross Revenues or otherwise (including the 2018 and 2019 Convention Center Expansion Bond Resolution), and such failure continues for 60 days after receipt of notice of such failure from the holders to 10% in principal amount of the Outstanding 2018 Bonds;

(d) The County, acting by and through the Authority, discontinues, unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the Facilities which is destroyed or damaged;

(e) A decree is entered with the acquiescence or consent of the County and the Authority appointing a receiver for the Facilities, the Gross Revenues, or any other moneys subject to the lien to secure payment of the 2018 Bonds, or such a decree is entered without the consent or acquiescence of the County and the Authority, and is not vacated, discharged or stayed on appeal within 60 days after entry; or

(f) There is a default by the County or Authority in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the 2018 Bonds or in the 2018 and 2019 Convention Center Expansion Bond Resolution on its part to be performed, if such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the County by the holders of 10% in principal amount of the Outstanding 2018 Bonds.

Upon the happening and continuance of an Event of Default under 2018 Bonds, the holders of not less than 10% in principal amount of the 2018 Bonds then Outstanding may proceed against the County, the Authority and its agents, officers and employees to protect and enforce the rights of any holder of 2018 Bonds under the 2018 and 2019 Convention Center Expansion Bond Resolution by mandamus or other suit, action or special proceedings, in equity or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained therein or by an award of execution of any power granted in the 2018 and 2019 Convention Center Expansion Bond Resolution for the enforcement of any proper legal or equitable remedy, as such holders of 2018 Bonds may deem most effectual to protect and enforce such rights, or to enjoin any act or thing which may be unlawful or in violation of any right of any holder of the 2018 Bonds, or to require the County or Authority to act as if it were the trustee of an express trust or any combination of such remedies.

The 2018 and 2019 Convention Center Expansion Bond Resolution defines “Events of Default under 2019 Bonds” as follows:

(a) There is a failure to pay when due the principal of the 2019 Bonds or any prior redemption premium in connection therewith, or any installment of interest as the same becomes due and payable;

(b) The County or the Authority for any reason is rendered incapable of fulfilling its obligations under the 2018 and 2019 Convention Center Expansion Bond Resolution;

(c) The County or the Authority fails to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Facilities or the Gross Revenues or otherwise (including the 2018 and 2019 Convention Center Expansion Bond Resolution), and such failure continues for 60 days after receipt of notice of such failure from the holders to 10% in principal amount of the Outstanding 2019 Bonds;

(d) The County, acting by and through the Authority, discontinues, unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the Facilities which is destroyed or damaged;

(e) A decree is entered with the acquiescence or consent of the County and the Authority appointing a receiver for the Facilities, the Gross Revenues, or any other moneys subject to the lien to secure payment of the 2019 Bonds, or such a decree is entered without the consent or acquiescence of the County and the Authority, and is not vacated, discharged or stayed on appeal within 60 days after entry; or

(f) There is a default by the County or Authority in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the 2019 Bonds or in the 2018 and 2019 Convention Center Expansion Bond Resolution on its part to be performed, if such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the County by the holders of 10% in principal amount of the Outstanding 2019 Bonds.

Upon the happening and continuance of an Event of Default under 2019 Bonds, the holders of not less than 10% in principal amount of the 2019 Bonds then Outstanding may proceed against the County, the Authority and its agents, officers and employees to protect and enforce the rights of any holder of 2019 Bonds under the 2018 and 2019 Convention Center Expansion Bond Resolution by mandamus or other suit, action or special proceedings, in equity or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained therein or by an award of execution of any power granted in the 2018 and 2019 Convention Center Expansion Bond Resolution for the enforcement of any proper legal or equitable remedy, as such holders of 2019 Bonds may deem most effectual to protect and enforce such rights, or to enjoin any act or thing which may be unlawful or in violation of any right of any holder of the 2019 Bonds, or to require the County or Authority to act as if it were the trustee of an express trust or any combination of such remedies.

Defeasance

When the principal of, any prior redemption premium, and interest on any 2018 Bond has been duly paid or provision has been made therefor in accordance with the 2018 and 2019 Convention Center Expansion Bond Resolution, the pledge and lien and all obligations under the 2018 and 2019 Convention Center Expansion Bond Resolution as to that 2018 Bond shall thereby be discharged, and that 2018 Bond shall no longer be deemed to be Outstanding within the meaning of the 2018 and 2019 Convention Center Expansion Bond Resolution. The Authority may provide for such payment by placing in escrow or in trust with a trust bank an amount sufficient (together with the known minimum yield available therefor from any initial investments in Federal Securities), to meet all requirements of principal, interest and any prior

redemption premium as the same become due to final maturities or upon the date as of which the Authority shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the 2018 Bond for payment.

When the principal of, any prior redemption premium, and interest on any 2019 Bond has been duly paid or provision has been made therefor in accordance with the 2018 and 2019 Convention Center Expansion Bond Resolution, the pledge and lien and all obligations under the 2018 and 2019 Convention Center Expansion Bond Resolution as to that 2019 Bond shall thereby be discharged, and that 2018 Bond shall no longer be deemed to be Outstanding within the meaning of the 2018 and 2019 Convention Center Expansion Bond Resolution. The Authority may provide for such payment by placing in escrow or in trust with a trust bank an amount sufficient (together with the known minimum yield available therefor from any initial investments in Federal Securities), to meet all requirements of principal, interest and any prior redemption premium as the same become due to final maturities or upon the date as of which the Authority shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the 2019 Bond for payment.

Amendment of the 2018 and 2019 Convention Center Expansion Bond Resolution

The 2018 and 2019 Convention Center Expansion Bond Resolution may be amended, changed, modified or supplemented by resolutions adopted by the Authority in accordance with the laws of the State, without receipt by the County or the Authority of any additional consideration, and without the consent of or notice to the holders of the Bonds for the purpose of curing any ambiguity or formal defect or omission in the 2018 and 2019 Convention Center Expansion Bond Resolution, in connection with the issuance and delivery of Subordinate Securities payable from any portion of the Pledged Revenues or Expansion Pledged Revenues, or in connection with any other change herein which, in the opinion of bound counsel, is not to the prejudice of the insurer of the Bonds, if any, and the holders of the Bonds then Outstanding; or in connection with any other amendment, upon the written consent of the insurer of the 2018 Bonds, if any, and the 2019 Bonds, if any, or the holders of 66% in principal amount of the 2018 Bonds and the 2019 Bonds then Outstanding. No such resolution shall permit the following unless all of the holders of the 2018 Bonds and the 2019 Bonds adversely and materially affected thereby give their written consent to: (1) a change in the maturity or in the terms of redemption of the principal of or any installment of interest on any Outstanding 2018 Bond or 2019 Bond; (2) a reduction of the principal, interest rate or prior redemption premium of any 2018 Bond or 2019 Bond, without the consent of the holder of the 2018 Bond and the 2019 Bond, respectively; (3) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the 2018 and 2019 Convention Center Expansion Bond Resolution; (4) a reduction of the percentages of holders required to consent to any modification or amendment to the 2018 Bonds; (5) a reduction of the percentages of holders required to consent to any modification or amendment to the 2019 Bonds; (6) the establishment of priorities between Outstanding 2018 Bonds and 2019 Bonds; or (7) any change materially and prejudicially modifying or otherwise materially and prejudicially affecting the rights or privileges of the holders of less than all the 2018 Bonds then Outstanding or the 2019 Bonds then Outstanding.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2018 Bonds. The 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2018 Bond certificate will be issued for each maturity of the 2018 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 Bonds

with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2018 Bond documents. For example, Beneficial Owners of 2018 Bonds may wish to ascertain that the nominee holding the 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2018 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2018 Bonds at any time by giving reasonable notice to the Authority or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2018 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2018 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

APPENDIX E

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE AUTHORITY

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Las Vegas Convention and Visitors Authority (the “Authority”) on behalf of Clark County, Nevada (the “County”) in connection with the issuance of the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Convention Center Expansion Bonds (Additionally Secured with Pledged Revenues), Series 2018, in the aggregate principal amount of \$200,000,000 (the “Bonds”). The Bonds are being issued pursuant to the bond resolution of the Authority adopted February 13, 2018 (the “Resolution”). The Resolution is ratified by ordinance of the County adopted on February 20, 2018. The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinances or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. The MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Authority's fiscal year of each year, commencing nine (9) months following the end of the Authority's fiscal year ending June 30, 2018, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report.

(b) If the Authority is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Authority shall send or cause to be sent a notice in substantially the form attached as Exhibit A to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the Authority, send written notice to the Authority at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables in the Official Statement with respect to the Bonds (excluding projections, forecasts and budgeted information which are not required to be updated).

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Authority shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Authority shall provide or cause to be provided to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, *if material*;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, *if material*;
- (h) Bond calls, *if material*, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person;*
- (m) *The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and*
- (n) *Appointment of a successor or additional trustee or the change of name of a trustee, if material.*

* For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 6. Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Authority shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist the Authority in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Authority will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinances, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: April 4, 2018.

LAS VEGAS CONVENTION AND VISITORS
AUTHORITY, NEVADA

Chief Financial Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer of Bonds: Clark County, Nevada

Name of Bond Issues: Clark County, Nevada, General Obligation (Limited Tax)
Las Vegas Convention and Visitors Authority Convention Center
Expansion Bonds (Additionally Secured with Pledged Revenues)
Series 2018

CUSIP No.: _____

Date of Issuance: April 4, 2018

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution adopted on February 13, 2018, and ratified by ordinance on February 20, 2018, and the Continuing Disclosure Certificate executed on April 4, 2018 by the Authority. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

LAS VEGAS CONVENTION AND VISITORS
AUTHORITY, NEVADA

By: _____

Its: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(See page iv of the Official Statement)

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE COUNTY

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Clark County, Nevada (the “County”) in connection with the issuance of the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Convention Center Expansion Bonds (Additionally Secured with Pledged Revenues), Series 2018, in the aggregate principal amount of \$200,000,000 (the “Bonds”). The Bonds are being issued pursuant to the bond resolution of the Authority adopted February 13, 2018 (the “Resolution”). The Resolution is ratified by ordinance of the County adopted on February 20, 2018 (the “Ordinance”). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinances or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. The MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the County's fiscal year of each year, commencing nine (9) months following the end of the County's fiscal year ending June 30, 2018, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report.

(b) If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall send or cause to be sent a notice in substantially the form attached as Exhibit A to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the County, send written notice to the County at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables in the Official Statement with respect to the Bonds (excluding projections, forecasts and budgeted information which are not required to be updated).

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the County or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The County shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The County shall provide or cause to be provided to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, *if material*;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person;*
- (m) *The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and*

* For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(n) *Appointment of a successor or additional trustee or the change of name of a trustee, if material.*

SECTION 6. Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the County shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist the County in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The County will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinances, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, and the holders and

beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: April 4, 2018.

CLARK COUNTY, NEVADA

Chief Financial Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Clark County, Nevada

Name of Bond Issue: Clark County, Nevada, General Obligation (Limited Tax)
Las Vegas Convention and Visitors Authority Convention Center
Expansion Bonds (Additionally Secured with Pledged Revenues)
Series 2018

CUSIP No.: _____

Date of Issuance: April 4, 2018

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution adopted on February 13, 2018, and ratified by ordinance on February 20, 2018, and the Continuing Disclosure Certificate executed on April 4, 2018 by the County. The County anticipates that the Annual Report will be filed by _____.

Dated: _____

CLARK COUNTY, NEVADA

By: _____

Its: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(See page iv of the Official Statement)

APPENDIX F

FORM OF APPROVING OPINION OF BOND COUNSEL

Clark County, Nevada
500 S. Grand Central Parkway
Las Vegas, Nevada 89106

Las Vegas Convention and Visitors Authority
3150 Paradise Road
Las Vegas, Nevada 89109

\$200,000,000
Clark County, Nevada
General Obligation (Limited Tax)
Las Vegas Convention and Visitors Authority Convention Center Expansion Bonds
(Additionally Secured with Pledged Revenues)
Series 2018

Ladies and Gentlemen:

We have acted as bond counsel to the Las Vegas Convention and Visitors Authority (the “Authority”) and Clark County (the “County”), Nevada (the “State”), in connection with the issuance of the Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Convention Center Expansion Bonds (Additionally Secured with Pledged Revenues), Series 2018 in the aggregate principal amount of \$200,000,000 (the “Bonds”) pursuant to an authorizing resolution of the Board of Directors of the Authority adopted and approved on February 13, 2018, ratified by ordinance of the Board of County Commissioners of the County on February 20, 2018 (collectively, the “Bond Resolution”). In such capacity, we have examined the Authority’s and the County’s certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the Authority’s and the County’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding limited tax general obligations of the County.

2. All of the taxable property in the County is subject to the levy of annual general (ad valorem) taxes to pay the Bonds, subject to the limitations imposed by the Constitution and laws of the State.

3. As provided in the Bond Resolution and in accordance with the provisions of NRS 361.463, taxes levied for the payment of the bonded indebtedness (including the Bonds) of all overlapping units within the boundaries of the County (i.e., the State, the County, and any other political subdivision therein) and for the payment of interest on such indebtedness enjoy a priority over taxes levied by each such unit (including, without limitation, the State and the County) for all other purposes (subject to any exception implied by law for the exercise of the police power) where reduction is necessary in order to comply with NRS 361.453.

4. The Bonds are additionally secured by and payable from the Pledged Revenues and the Expansion Pledged Revenues. The Bond Resolution creates a valid lien on the Pledged Revenues pledged therein for the security of the Bonds on a parity with the Existing Bonds and any Parity Securities hereafter issued. The Bond Resolution also creates a valid lien on the Expansion Pledged Revenues pledged therein for the security of the Bonds on a parity with any Parity Securities hereafter issued. The Bond Resolution also creates a valid lien on the Bond Fund. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues, the Expansion Pledged Revenues or on the Bond Fund created by the Bond Resolution.

5. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that for taxable years of corporations beginning before January 1, 2018, such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the Authority's and County's certified proceedings and in certain other documents and certain other certifications furnished to us.

6. Under the laws of the State in effect on the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to the provisions of chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The respective obligations of the County and the Authority pursuant to the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or

completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur.

Respectfully submitted,

APPENDIX G

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population and Age Distribution

Population. The table below sets forth the population growth of the County and the State since 1970. Between 2000 and 2017, the County's population increased approximately 60% and the State's population increased approximately 49%.

Year	<u>Population</u>			
	Clark County	Percent Change ⁽¹⁾	State of Nevada	Percent Change
1970	273,288	--	488,738	--
1980	463,087	69.5%	800,493	63.8%
1990	741,459	60.1	1,201,833	50.1
2000	1,375,765	85.5	1,998,257	66.3
2010	1,951,269	41.8	2,700,551	35.1
2011	1,967,722	0.8	2,721,794	0.8
2012	1,988,195	1.0	2,750,217	1.0
2013	2,031,723	2.2	2,800,967	1.8
2014	2,069,450	1.9	2,843,301	1.5
2015	2,118,353	2.4	2,897,584	1.9
2016	2,166,181	2.3	2,953,375	1.9
2017	2,193,818	1.3	2,986,656	1.1

Sources: United States Department of Commerce, Bureau of Census (1970-2010 as of April 1st), and Nevada State Department of Taxation (2011-2017 estimates as of July 1; 2017). Estimated populations are subject to periodic revision.

Age Distribution. The following table sets forth a projected comparative age distribution profile for the County, the State and the United States as of January 1, 2018.

Age Distribution

Age	Percent of Population		
	Clark County	State of Nevada	United States
0-17	23.2%	22.7%	22.6%
18-24	8.7	8.7	9.7
25-34	14.2	14.0	13.4
35-44	14.0	13.4	12.6
45-54	13.4	13.2	12.9
55-64	11.8	12.4	12.9
65-74	9.1	9.7	9.4
75 and Older	5.6	5.9	6.5

Source: Claritas, © 2018 Environics Analytics (EA).

Income

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

Median Household Effective Buying Income Estimates⁽¹⁾

Year	Clark County	State of Nevada	United States
2014	\$41,576	\$42,480	\$43,715
2015	43,603	44,110	45,448
2016	45,634	46,230	46,738
2017	47,610	47,914	48,043
2018	48,977	50,009	50,620

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

Source: © The Nielsen Company, *SiteReports*, 2014-2017; and Claritas, © 2018 Environics Analytics (EA).

Percent of Households by Effective Buying Income Groups – 2018 Estimates

Effective Buying Income Group	Clark County Households	State of Nevada Households	United States Households
Under \$24,999	21.5%	21.1%	22.3%
\$25,000 - \$49,999	29.5	28.9	27.1
\$50,000 - \$74,999	21.4	21.3	19.6
\$75,000 - \$99,999	13.8	14.1	14.3
\$100,000 - \$124,999	5.9	6.3	6.0
\$125,000 - \$149,999	2.9	3.1	3.7
\$150,000 or more	5.0	5.2	7.0

Source: Claritas, © 2018 Environics Analytics (EA).

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

Per Capita Personal Income⁽¹⁾

Year	Clark County	State of Nevada	United States
2012	\$38,562	\$39,211	\$44,282
2013	38,028	38,939	44,493
2014	39,860	40,718	46,494
2015	41,915	43,118	48,451
2016	42,284	43,567	49,246

(1) County figures posted November 2017; state and national figures posted September 2017. All figures are subject to periodic revisions.

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

Employment

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

Average Annual Labor Force Summary
Las Vegas-Henderson-Paradise MSA, Nevada
(Estimates in Thousands)⁽¹⁾

Calendar Year	2013	2014	2015	2016	2017
TOTAL LABOR FORCE	1,005.0	1,019.9	1,039.4	1,048.0	1,067.5
Unemployment	96.9	81.5	71.5	60.8	53.9
Unemployment Rate ⁽²⁾	9.6%	8.0%	6.9%	5.8%	5.1%
Total Employment	908.1	938.5	968.0	987.2	1,013.6

(1) All figures are subject to change.

(2) The annual average U.S. unemployment rates for the years 2013 through 2016 are 7.4%, 6.2%, 5.3%, 4.9%, and 4.4%, respectively.

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

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

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

Calendar Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Natural Resources and Mining	0.3	0.4	0.3	0.3	0.4
Construction	41.1	45.4	51.1	55.3	63.7
Manufacturing	20.7	21.1	21.6	22.1	22.6
Trade (Wholesale and Retail)	120.0	124.1	128.3	128.3	129.0
Transportation, Warehousing & Utilities	36.6	38.3	40.5	41.5	40.3
Information	9.8	10.6	10.6	11.1	11.0
Financial Activities	43.3	43.6	46.0	48.3	50.3
Professional and Business Services	111.6	117.7	126.6	133.8	140.6
Education and Health Services	79.2	82.3	86.6	91.7	95.7
Leisure and Hospitality (casinos excluded)	109.6	115.7	121.4	127.6	131.0
Casino Hotels and Gaming	157.8	162.6	161.1	158.5	158.8
Other Services	24.4	25.4	26.7	30.7	32.5
Government	<u>95.1</u>	<u>96.4</u>	<u>98.0</u>	<u>100.0</u>	<u>102.3</u>
TOTAL ALL INDUSTRIES ⁽¹⁾	<u>849.4</u>	<u>883.4</u>	<u>918.7</u>	<u>949.2</u>	<u>978.1</u>

(1) Totals may not add up due to rounding. All numbers are subject to periodic revision.

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

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

Clark County's Ten Largest Employers
2nd Quarter 2017

<u>Employer</u>	<u>Employment Range</u>	<u>Industry</u>
Clark County School District	30,000 - 39,999	Public education
Clark County	8,500 - 8,999	Local government
Wynn Las Vegas	8,000 - 8,499	Casino hotel
MGM Grand Hotel/Casino	7,500 - 7,999	Casino hotel
Bellagio LLC	7,500 - 7,999	Casino hotel
Aria Resort & Casino LLC	7,000 - 7,499	Casino hotel
Mandalay Bay Resort and Casino	7,000 - 7,499	Casino hotel
The Venetian/Palazzo Casino Resort	6,000 - 6,499	Casino hotel
University of Nevada – Las Vegas	5,500 - 5,999	University
Las Vegas Metropolitan Police	5,000 - 5,499	Local government

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

The following table sets forth the firm employment size breakdown for the County.

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

<u>CALENDAR YEAR</u>	<u>2nd Qtr.</u> 2017	<u>2nd Qtr.</u> 2016	<u>Percent Change</u> 2017/2016	<u>Employment Totals</u> 2 nd Qtr. 2017
TOTAL NUMBER OF WORKSITES	54,453	55,496	(1.9)%	863,480
Less Than 10 Employees	40,518	42,017	(3.6)	105,342
10-19 Employees	6,668	6,484	2.8	90,416
20-49 Employees	4,546	4,391	3.5	136,602
50-99 Employees	1,490	1,413	5.4	102,434
100-249 Employees	872	840	3.8	129,250
250-499 Employees	192	188	2.1	67,486
500-999 Employees	98	95	3.2	65,631
1000+ Employees	69	68	1.5	166,319

(1) Subject to revisions.

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

Retail Sales

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

Taxable Sales⁽¹⁾

<u>Fiscal Year⁽²⁾</u>	<u>County Total</u>	<u>Percent Change</u>	<u>State Total</u>	<u>Percent Change</u>
2013	\$32,566,664,630	--	\$45,203,408,413	--
2014	35,040,891,695	7.6%	47,440,345,167	4.9%
2015	37,497,073,742	7.0	50,347,535,591	6.1
2016	39,242,730,088	4.7	52,788,295,421	4.8
2017	40,888,477,460	4.2	56,547,741,530	7.1
Jul 16 – Nov 16	\$ 16,550,695,421	--	\$ 22,729,155,718	--
Jul 17 – Nov 17	17,018,637,753	2.8%	23,803,964,197	4.7%

(1) Subject to revision.

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

Source: State of Nevada - Department of Taxation.

Construction

Construction valuation is a value placed on a project in order to determine permit and plans check fees. Construction valuation has no relationship to assessed valuation. Set forth in the following table is a summary of the number and valuation of new single-family (including townhomes and condos) building permits within the County and its incorporated areas.

Residential Building Permits
Clark County, Nevada
(Values in Thousands)

<u>Calendar Year</u>	2013		2014		2015		2016		2017 ⁽²⁾	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
Las Vegas	1,538	\$201,412	1,453	\$202,296	1,663	\$243,674	1,503	\$309,105	1,622	\$ 295,421
North Las Vegas	506	70,222	491	66,508	698	91,462	804	107,004	925	153,474
Henderson	1,352	185,094	1,318	196,285	1,696	255,663	2,197	317,413	2,391	340,826
Mesquite	202	33,066	196	34,323	206	40,564	246	56,274	329	73,396
Unincorporated										
Clark County	3,593	449,225	3,428	452,740	3,847	492,320	4,048	518,263	4,322	582,424
Boulder City ⁽¹⁾	10	3,401	16	5,199	22	6,977	3	962	21	4,633
TOTAL	7,201	\$942,420	6,902	\$957,351	8,132	\$1,130,660	8,801	\$1,309,021	9,610	\$1,450,174

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

(2) As of December 31, 2017, except Unincorporated Clark County which is through November 30, 2017. Numbers are subject to change.

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

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

Total Building Permits

Calendar Year	2012	2013	2014	2015	2016	2017 ⁽¹⁾
Las Vegas	\$ 411,022,949	\$ 497,750,543	\$ 596,103,559	\$ 602,775,475	\$ 690,905,467	\$ 885,061,960
North Las Vegas	158,651,851	203,590,405	263,192,557	262,266,938	394,803,755	572,555,197
Henderson	243,753,376	359,371,027	385,009,871	423,923,070	595,334,431	564,711,541
Mesquite	28,789,392	38,879,662	38,059,247	45,697,056	66,907,918	86,004,824
Unincorporated						
Clark County	1,661,632,803	1,631,904,822	1,987,655,692	2,251,507,323	2,306,747,407	2,419,474,291
Boulder City	96,450,660	333,212,307	29,391,159	18,566,548	92,521,659	10,921,222
TOTAL	\$2,600,301,031	\$3,064,708,766	\$3,299,412,085	\$3,604,736,410	\$4,147,220,637	\$4,538,729,035
Percent Change	60.59%	17.86%	7.66%	9.25%	15.05%	9.44%

(1) As of December 31, 2017, except Unincorporated Clark County which is through November 30, 2017.

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

Gaming

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

Gross Taxable Gaming Revenue and Total Gaming Taxes⁽¹⁾

Fiscal Year Ended	Gross Taxable Gaming Revenue ⁽²⁾		% Change Clark County	State Gaming Collection ⁽³⁾		% Change Clark County
	State Total	Clark County		State Total	Clark County	
<u>June 30</u>						
2013	\$10,208,528,371	\$8,758,837,726	--	\$892,106,457	\$774,549,912	--
2014	10,208,211,093	8,768,009,640	0.10%	912,371,316	795,514,687	2.71%
2015	10,511,527,575	9,025,697,588	2.94	909,857,085	790,506,339	(0.63)
2016	10,612,521,986	9,105,165,777	0.88	876,040,147	756,465,063	(4.31)
2017	10,964,843,874	9,418,288,485	3.44	874,777,727	752,463,971	(0.53)
July-Dec. 2016	\$5,304,014,331	\$4,507,719,406	--	\$409,818,249	\$352,521,650	--
July-Dec. 2017	5,477,261,832	4,639,812,873	2.93%	397,144,338	337,904,844	(4.15)%

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

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

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

Source: State of Nevada - Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries and internet gaming. Historically, the availability of these forms of gaming in other states has not had any significant impact on gaming in the

County. Nonetheless, neither the County nor the Commission can predict the impact of legalization of legalized gaming in other states or other countries on the future economy of the County.

Tourism

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

One reflection of the growth of tourism in southern Nevada is the increase in the number of hotel and motel rooms available for occupancy. The area’s hotels and motels have historically experienced higher occupancy rates than those on a national level. Set forth in the table below is the Las Vegas Convention and Visitors Authority (“LVCVA”) Marketing Department’s estimate of the number of visitors to the Las Vegas Metropolitan Area since 2013.

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

Calendar Year	Total Visitor Volume	Number of Hotel/Motel Rooms Available	Hotel/Motel Occupancy Rate ⁽¹⁾	National Occupancy Rate ⁽²⁾
2013	39,668,221	150,593	84.3%	62.2%
2014	41,126,512	150,544	86.8	64.4
2015	42,312,216	149,213	87.7	65.4
2016	42,936,100	149,339	89.1	65.4
2017	42,208,200	148,896	88.6	65.9

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

Source: Las Vegas Convention and Visitors Authority (Las Vegas data) and STR Inc. (national rate).

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

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

Calendar Year	Revenue	Percent Change
2012	\$200,385,202	--
2013	210,138,944	4.87%
2014	232,426,303	10.61
2015	254,438,208	9.47
2016	273,080,841	7.33
2017	265,509,862	(3.45)

(1) Subject to revision. Room tax revenue represents a 5% tax allocated to the Las Vegas Convention & Visitors Authority; a total 10-12% room tax is assessed on all Clark County hotel/motel properties.

Source: Las Vegas Convention and Visitors Authority.

Transportation

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

Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the southern Nevada economy. McCarran’s long range plan focuses on building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology. McCarran opened Terminal 3 in 2012, a new 1.9 million-square-foot facility, which eases congestion within garages, ticketing lobbies and security checkpoints. McCarran reported 48.5 million arriving and departing passengers in 2017, making the year the busiest in the airport’s nearly 70-year history. For a seventh consecutive year McCarran posted a year-over-year increase. A history of passenger statistics is set forth in the following table.

McCarran International Airport Enplaned & Deplaned Passenger Statistics

Calendar Year	Scheduled Carriers	Charter, Commuter & Other Aviation	Total	Percent Change
2013	40,334,735	1,522,324	41,857,059	--
2014	41,327,024	1,558,326	42,885,350	2.5%
2015	43,933,404	1,455,670	45,389,074	5.8
2016	45,857,096	1,578,544	47,435,640	4.5
2017	46,692,970	1,807,224	48,500,194	2.2

Source: McCarran International Airport.

A major railroad crosses Clark County. There are nine federal highways in Nevada, two of which are part of the interstate system. Interstate 15, connecting Salt Lake City and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles

area. Interstate 80 connects Salt Lake City with the San Francisco Bay area and passes through the Reno-Sparks area. Several national bus lines and trucking lines serve the State.

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

Federal Activities

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

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

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the "Thunderbirds," the world famous air demonstration squadron.

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