

November 15, 2000

To the Citizens of Clark County, Nevada:

The comprehensive annual financial report of Clark County, Nevada (the "County") for the fiscal year ended June 30, 2000, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the County's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on the general purpose financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The financial statements cover a wide range of regional services that are provided by the County. These include services such as those of the County Recorder, Clerk, Assessor, Treasurer, Social Service, Airport, Hospital and a Criminal Justice System including Courts, District Attorney, Public Defender and Family and Youth Services. As a large portion of the County's population resides in its unincorporated areas, the County provides a full range of local services such as fire, police, road maintenance and construction, animal control, parks, building inspection, water systems, and sewage systems.

This report includes all funds and account groups of the County that are under the control or supervision of the Board of County Commissioners (the "Board"), acting directly or in an ex-officio capacity. The governing body of Clark County acts in an ex-officio capacity for the Las Vegas Valley Water District, University Medical Center, and the Clark County Sanitation District; therefore, these activities are included in the reporting entity. However, the Las Vegas-Clark County Library District, Henderson

Library District, Boulder City Library District, Clark County Health District, and the Las Vegas Convention and Visitors Authority have not met the established criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

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### ECONOMIC CONDITION AND OUTLOOK

Clark County is a political subdivision of the State of Nevada (the "State"), established in 1909 and operated under the provisions of the general laws of the State. The Clark County seat of government is the City of Las Vegas. The County is comprised of 7,910 square miles of land area and includes five incorporated cities: Las Vegas, Henderson, North Las Vegas, Boulder City and Mesquite; 15 unincorporated towns; one school district; four library districts; one urban and two rural fire districts; one sanitation district; one urban and three rural water districts; and eleven judicial townships. All special districts in unincorporated areas of the County are created by the Board of County Commissioners.

Clark County, with a population of 1,352,327 as of June 30, 2000, is the most populous of Nevada's 17 counties. The County reached one million residents in October 1994 and is projected to reach two million by the year 2014. In keeping with the growth, the County is undergoing tremendous change. As one of the fastest growing counties in the nation, the County continues to be one of the best places to live and work in the United States.

Clark County is a diversified community, offering low taxes, good schools, affordable housing and competitive employment opportunities across a broad range of economic sectors. Clark County enjoys a multi-faceted economy, combining industries that include: professional services, transportation, construction, banking and finance, manufacturing, hospitality, recreation and gaming. Up until the Great Depression, Clark County's economy relied solely on railroading, mining and ranching. In 1931, to counter the effects of the depression, the Nevada State Legislature passed legislation to legalize gambling. While the resort and gaming industry remains the mainstay of Clark County's economy, industrial centers, retirement communities, the federal government, distribution centers and light manufacturing provide a balance to the service intensity of the economy. Efforts to diversify the local economy have resulted in the development of retail and wholesale trade, construction, transportation, finance, insurance and real estate employment, and in providing attractive opportunities for high technology companies. Clark County's challenge is to serve the growing resident and visitor population with adequate infrastructure and support services.

With over 30 million visitors a year, Las Vegas is one of the top resort and convention destinations in the world. Family attractions have been greatly expanded to include the Cirque du Soleil's Mystere international circus, the Grand Slam Canyon, the Imperial Palace Auto Collection, the Circus-Circus arcade, and the Wet 'n Wild theme park. The centerpiece of convention and meeting activity is the Las Vegas Convention Center, the largest single-level convention facility in the country. The Convention

Center boasts 1.9 million total square feet of space, 107 meeting rooms and a dozen exhibit halls. In addition, the development of covered shopping malls has added a considerable amount of retail space, providing unique shopping experiences.

Clark County strives to enhance the quality-of-life opportunities provided to its citizens by sponsoring a variety of cultural events throughout the year including: fine arts exhibits, a November 15, 2000

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performing arts series, foreign film presentations, the Renaissance Fair, the Winchester Lawn Concert, and the June Jazz in the Park series. Clark County also has 46 golf courses and 7 state and national parks. The Lake Mead National Recreation Area spans a shoreline in excess of 500 miles. Mt. Charleston and Lee Canyon offer winter sports and year-round recreational opportunities.

On the sports front, Clark County is home to the Los Angeles Dodgers' AAA minor league Las Vegas Stars, the National Finals Rodeo, the Professional Bull Riders Finals, the Showboat Professional Bowling Association Invitational, the National Championship Hot Air Balloon Races, the Las Vegas Seniors Classic Golf Tournament, the Las Vegas Invitational Golf Tournament, World Championship Boxing, the Mountain West Conference NCAA Basketball Tournament, and the Las Vegas NCAA Football Bowl.

The City of Las Vegas and Clark County are both doing their part to anchor downtown Las Vegas and to bolster its importance to the overall economy through the Clark County Government Center and the Fremont Street Experience. Each acts as a catalyst for increased investment in its area locations. Situated on the former Union Pacific Railroad rail yard, west of the heart of Las Vegas' downtown, the Clark County Government Center has already spurred investment in this area by touching off new business development. The City of Las Vegas, for its part, has created an entirely new environment for the downtown gaming casinos by transforming Fremont Street into a covered five-block outdoor meeting place where live entertainment, shopping, and multi-colored laser shows are available.

### MAJOR INITIATIVES

For the Year. Entering the year, the County continued with its commitment to the "Year 2000 Project." This project was undertaken to ensure that all products and services offered by Clark County would be ready for the year 2000 with minimal disruption of services and minimal inconvenience to our customers. The County positioned itself for success and this commitment resulted in no disruptions of service.

Clark County is one of the fastest growing metropolitan areas in the nation. It is forecasted that growth will continue based on increased visitor volume as well as an annual growth rate of five percent for residents moving into the County. This rapid growth, while helping to sustain an already booming economy, has also greatly

contributed to increased traffic congestion within the Las Vegas valley. As part of a continuing effort to address this concern and provide the citizens and visitors of Clark County with the most efficient, and cost-effective means of transportation, Clark County utilizes a Master Transportation Plan (the "MTP") to map out long-term strategies. The MTP is an integrated series of road improvement and mass transportation projects aimed at increasing traffic capacity, reducing congestion and improving air quality throughout Clark County. In 1990, Clark County voters approved a \$100 million annual tax package to fund the MTP. This transportation tax package was approved by the Nevada State Legislature in 1991. The Master Transportation funding program provides relatively stable revenue sources from which the County can issue bonds. The largest MTP transportation project is November 15, 2000

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the on-going construction of the Las Vegas beltway. In terms of size and scope, the Las Vegas Beltway is the largest and most visible transportation improvement project ever undertaken by Clark County. It will be approximately 53 miles in length and cost an estimated \$1.5 billion to complete the final or "ultimate" transportation improvement project. This project is especially unique in that it is being financed exclusively by local tax dollars and built by county government rather than a state or federal transportation agency. During the year, the County completed beltway improvements from Decatur to Tropicana. Nearly 37% of the Las Vegas Beltway has now been opened to traffic. The County also completed the \$8.8 million north and east legs of the elevated pedestrian bridges located at Las Vegas Boulevard and Flamingo Road.

The County is participating with the City of Las Vegas in the construction of a \$162 million Regional Justice Center. The design phase was completed and construction has begun. This 730,000-square-foot structure will replace the existing courthouse at 200 South Third Street and embody co-locations of four different court systems: the Las Vegas Municipal Court, the Las Vegas Justice Court, the Eighth Judicial District Court and the Supreme Court. Also to be housed in the new facility are the offices of the criminal division of the Las Vegas City Attorney, the District Attorney and the County Clerk. The building encompasses an entire city block and has been designed to accommodate a wide range of public services in a "mall of justice" setting. To transport prisoners to and from the courtrooms, a tunnel will be built from the new wing of the Detention Center to the lower level of the Regional Justice Center. The Marriage License Bureau will have its own separate entrance off the southeast corner of the building and will include a limousine drop-off area. The new facility will also provide a cafeteria for the convenience of customers and employees.

Parks and facilities improvements, expansion, and new development included: opening Magdalena's Vegas Valley Park, Lynnwood Park, and Shadow Rock Dog Run Park; expanding Alexander Villas Park; renovating Winchester Park, Spring Valley Park, Laurelwood Park and the Parkdale Community Center Senior Wing; improving Guinn School Park Ball Fields; and adding playgrounds to Lone Mountain Park, Von Tobel Middle and Orr Middle School parks.

During the year, the County completed the design and began construction of a \$84

million, 1,300-bed expansion of the Clark County Detention Center. Additionally, the County completed the construction of a \$52 million expansion of Family and Youth Services facilities.

For the Future. The expansion and improvement of the County's infrastructure will continue to be the primary focus of the County's efforts for the foreseeable future. The County will continue its commitment to the Clark County Master Transportation Plan. By the end of 2001, the County expects to complete beltway improvements from Tropicana to Sahara. By 2003, the construction of an interim beltway facility around the majority of the Las Vegas Valley should be completed.

The County will continue with the construction of the new Regional Justice Center, with it's completion slated for January 2002.

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### ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Clark County, Nevada is a multi-governmental operation. Three different fund categories are employed to record the financial transactions - governmental, proprietary, and fiduciary funds. This comprehensive annual financial report summarizes the financial activities of 92 governmental funds, 23 proprietary funds and 48 fiduciary funds.

Governmental funds are those that account for general governmental services. The basis of accounting for these funds is the modified accrual method, whereby revenues are recognized when measurable and available for current operations and expenditures (other than long-term debt) are recognized when incurred. This method emphasizes the flow of resources available and employed for providing services. Budgetary control, as required by Nevada Statutes, is exercised at the functional level in the General Fund and at the total fund level in the other governmental funds.

Proprietary funds are operated in a manner similar to private business. Accrual accounting is employed whereby revenues are recognized when earned and expenses are recognized when incurred.

The County's fiduciary funds, with the exception of the Las Vegas Valley Water District Pension Trust Fund, are used to account for assets held in trust or as an agent for others, and are maintained under the modified accrual basis.

### INTERNAL ACCOUNTING CONTROLS

In developing and evaluating the County's accounting system, consideration is given to the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the

safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management and the internal audit staff of the County. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

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## GENERAL GOVERNMENTAL FUNCTIONS

### REVENUES

General governmental functions are comprised of the General Fund, Special Revenue Funds and Debt Service Funds and account for a major portion of the County's operating revenues and expenditures.

Revenues of general governmental functions for the year ended June 30, 2000, totaled \$1,237,983,937 which was an 11.5% increase over the 1999 total. The amount of revenues from various sources and the increases or decreases over the prior year are shown in the following table:

<u>Revenue Source</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1999 (Thousands)</u>
Ad valorem taxes	\$320,228	25.9%	\$ 51,593
Special assessments	7,770	0.6	(389)
Licenses and permits	147,363	11.9	11,619
Intergovernmental revenue	618,426	50.0	53,566
Charges for services	98,031	7.9	7,447
Fines and forfeitures	11,360	0.9	1,761
Interest	19,366	1.6	253
Other	<u>15,440</u>	<u>1.2</u>	<u>2,160</u>
Total	<u>\$1,237,984</u>	<u>100.0%</u>	<u>\$128,010</u>

The continued growth in Clark County's population contributed to the increase in ad valorem taxes. Increases in intergovernmental revenue are attributable to the healthy economy and strong tourism. These increases primarily consist of the following: the State of Nevada remits "consolidated taxes" to the County based on a predetermined formula. These consolidated taxes consist of sales and use taxes, motor vehicle privilege taxes, real property transfer taxes, liquor taxes and cigarette taxes. The consolidated taxes increased by \$23,797,067. The City of Las Vegas contributed an additional \$3,716,951 to the Metropolitan Police fund and \$3,082,036 for debt service. Motor vehicle privilege tax in the Master Transportation fund increased by \$4,742,335 and federal and state grants increased by \$10,062,392. All other increases are due to normal growth.

### EXPENDITURES

The demand for the general government services increased by 12.3% over the prior year. The following table shows the level of expenditures by functions for the general government services:

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<u>Function</u>	<u>Amount</u> <u>(Thousands)</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 1999</u> <u>(Thousands)</u>
General government	\$153,776	14.5%	\$ 11,600
Judicial	91,901	8.6	11,722
Public safety	436,531	41.0	52,714
Public works	153,198	14.4	9,570
Health	17,234	1.6	(693)
Welfare	58,972	5.5	2,588
Culture and recreation	18,751	1.8	1,802
Debt service	<u>134,595</u>	<u>12.6</u>	<u>27,494</u>
Total	<u>\$1,064,958</u>	<u>100.0%</u>	<u>\$116,797</u>

The increase in the Public Safety function is primarily due to increased expenditures in the amount of \$28,830,723 for the Metropolitan Police fund and \$11,137,449 for the Detention fund. The remaining increases are due to normal growth.

### TAXPAYERS' BILL OF RIGHTS

Clark County has long fostered its reputation for strong and consistent fiscal policies.

Residents in unincorporated Clark County enjoy one of the lowest property tax rates in the nation. The County has accomplished this through nearly unprecedented reductions in the county-wide tax rate over the past decade, coupled with conservative maintenance of town and special district rates, which are well below the limits allowed by State law. The County recognizes the need to maintain its application of strong measures designed to keep growth of government and spending under control. To address this need, the Board adopted the Taxpayers' Bill of Rights resolution and uses it as a guide for the County's financial management.

The Taxpayers' Bill of Rights consists of ten policy points.

- C The Countywide and incorporated town property tax rates shall not be increased unless otherwise mandated by a vote of the people or Legislative enactment.
- C Deficit spending will be avoided and a budgeted ending fund balance of between 8.3 percent and 10 percent of all expenditures will be maintained.
- C The cumulative increases in budgeted expenditures for County operations and maintenance shall not exceed the combined growth in population and the consumer price index, excluding costs on voter-approved or legislative tax overrides or unfunded mandates designated by the Board.

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- C The average salary and benefit increases for County employees will be comparable to those of the private sector.
- C A meaningful public input process will be provided during the annual budget review.
- C Regular meetings will be conducted with city counterparts through a joint committee of elected officials to identify potential areas for cost-effective consolidation of services.
- C The County Cost Containment Program will continue to safeguard against overspending.
- C Independent performance evaluations for each County department on at least a five-year cycle.
- C New leases of buildings will be avoided as the County endeavors to house all employees in the Government Center or other County-owned buildings and make its building program as cost effective as possible.
- C Continued integration of the capital improvement and master plan programs to

ensure unified planning initiatives.

### CASH MANAGEMENT

The County invests monies both by individual fund and through a pooling of monies. The pooled monies, referred to as the investment pool, is theoretically invested as a whole and not 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 earnings are apportioned monthly to each fund in the pool based on the average daily cash balance of the funds for the month in which the investment matures. When investing monies, the County Treasurer is required to be in conformance with State statutes and the County's investment policy adopted by the Board of County Commissioners designating allowable investments and safeguarding of those investments.

### DEBT ADMINISTRATION

A formal Debt Management Policy (the "Policy") has been adopted by the Board. The purpose of the Policy is to manage the issuance of the County's debt obligations and to maintain the County's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities, and equipment needed for essential services. The Policy is updated annually and submitted to the County Clerk, the Clerk of the Debt Management Commission, and the State Department of Taxation. The County Manager and Director of Finance are responsible for administration of the Policy, with the Board ultimately responsible for approval of the form of any County borrowing. Credit ratings indicate to potential buyers whether a governmental entity is considered a good November 15, 2000

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credit risk. Credit ratings issued by the bond rating agencies are a major factor in determining the cost of borrowed funds in the municipal bond market. Moody's Investors Service and Standard & Poor's, two of the principal rating agencies for municipal debt, have given Clark County favorable G.O. bond ratings, "Aa2" and "AA," respectively. The County's conservative financial management practices and expanding tax base have contributed to these ratings.

### PROPRIETARY FUND ACTIVITIES

The County operates twelve enterprise funds and eleven internal service funds to account for operations that are predominately financed through user charges. The significant enterprises are the Department of Aviation, University Medical Center, Las Vegas Valley Water District, and the Clark County Sanitation District. Separate audited financial statements are prepared for each of these major enterprises.

The fiscal impact of McCarran International Airport, operated by the Department of

Aviation, plays a vital role in Clark County's business and development growth plan, generating more than \$25 billion annually to Southern Nevada. Currently ranked the nation's tenth busiest airport, this major transportation center accommodated in excess of 35 million air travelers in fiscal year 1999-2000.

The University Medical Center (UMC) is a 545 bed acute care teaching hospital and trauma center serving not only the residents of Clark County, but also the entire region. UMC operates Nevada's only burn center, an advanced pediatric program including a Level III neonatal unit and the only stand-alone pediatric emergency room in Clark County. In addition to its inpatient services, UMC operates an outpatient clinic, an AIDS outpatient clinic, a free-standing rehabilitation center and fourteen Quick-Care centers.

### RISK MANAGEMENT

The County maintains six self-insurance funds which are used to accumulate resources to meet potential losses. Note 17 of the general purpose financial statements describes more fully the fund purposes and stop loss amounts.

Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Even after these accruals, the six internal service funds in the aggregate maintained positive retained earnings of \$16,484,735 at June 30, 2000.

### INDEPENDENT AUDIT

Section 354.624 of the Nevada Revised Statutes requires an annual audit of the affairs, transactions, and financial records of the County. In compliance with this requirement, the opinion of the Independent Certified Public Accountants performing this audit has been included in this report.

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### CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Clark County, Nevada for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally

accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. Clark County, Nevada has received a Certificate of Achievement for the last 19 consecutive years (fiscal years ended 1981-1999). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

#### ACKNOWLEDGMENTS

We thank the staff of the Comptroller's Office and the Independent Certified Public Accounting firm of Deloitte & Touche LLP.

We commend the Board of County Commissioners and the staff of the County Manager's Office for conducting the affairs of the County in a competent manner.

Respectfully submitted,

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DALE W. ASKEW  
County Manager

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THERRAL R. JACKSON  
Comptroller