

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA

COMPONENT UNIT FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
JUNE 30, 2013

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CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
JUNE 30, 2013

Regional Flood Control District Board of Directors

Lawrence L. Brown, III, Chairman	Commissioner, Clark County
Robert Eliason, Vice-Chairman	Councilman, City of North Las Vegas
Kraig Hafen	Councilman, City of Mesquite
Chris Giunchigliani	Commissioner, Clark County
Dr. Lois Tarkanian	Councilwoman, City of Las Vegas
Debra March	Councilwoman, City of Henderson
Steven D. Ross	Councilman, City of Las Vegas
Roger Tobler	Mayor, City of Boulder City

Appointed Official

Gale Wm. Fraser, II, P.E.	General Manager / Chief Engineer
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County Commissioners

Steve Sisolak, Chairman
Lawrence L. Brown, III, Vice-Chair
Tom Collins
Chris Giunchigliani
Mary Beth Scow
Lawrence Weekly
Susan Brager

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Clark County Regional Flood Control District Board of Directors
and the Honorable Board of County Commissioners
Clark County, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Clark County Regional Flood Control District, Clark County, Nevada (the "District"), a component unit of Clark County, Nevada (the "County"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District'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 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.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 4 through 11 and the budgetary comparison schedule for the Regional Flood Control District Fund as well as the schedule of funding progress on pages 35 through 38 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 opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund schedules, as listed in the supplementary information section of the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules 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. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2012, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund schedules related to the 2012 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2012 individual fund schedules are fairly stated in all material respects 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 November 5, 2013, on our consideration of the District'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 District's internal control over financial reporting and compliance.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
November 5, 2013

**CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA**

**Management's Discussion and Analysis
June 30, 2013**

The Clark County Regional Flood Control District's (the "District") discussion and analysis for the fiscal year that ended June 30, 2013, is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activities, (c) identify changes in the District'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. The District is a component unit of Clark County, Nevada (the "County").

We encourage readers to read this information in conjunction with the financial statements and accompanying notes to gain a more complete picture of the information presented.

FINANCIAL HIGHLIGHTS

- The auditors' report offers an unmodified opinion that the District's financial statements are presented fairly in all material respects.
- Total net capital assets at June 30, 2013, equaled \$2.5 million, and include only buildings, equipment, and construction in progress (Flood Threat Recognition System installations). Each year the District provides millions of dollars in funding to six member-entities for flood control infrastructure assets, but the District does not own those assets. All infrastructure assets are owned by the jurisdiction in which the capital asset is located.
- Flood control infrastructure is funded from the RFCD Construction fund and RFCD Capital Improvements fund. The District expended \$69.1 million for flood control infrastructure—a 20 percent decrease from the prior year resulting from the completion of several projects in the prior year. Several projects are now getting underway, which should result in an increase to expenditures next fiscal year.
- Sales tax revenue increased to \$79.5 million—5.7 percent more than the prior fiscal year resulting from an improving economy in Southern Nevada. This is the third consecutive increase in sales tax revenues after three years of declines.
- Operating expenditures in the Regional Flood Control District fund totaled \$12.4 million—\$5.6 million for District operations and \$6.8 million for flood control facilities maintenance.
 - After four years of declines, operating expenditures increased by 5 percent from the prior year. Cost containment strategies have been fully utilized, and general operating costs are now increasing.
 - Operating expenditures were approximately 7 percent of sales tax revenue.
 - Flood control maintenance expenditures decreased by 27 percent as a result of the completion of a large maintenance project in the prior fiscal year.
- Transfers-out of the Regional Flood Control District fund totaled \$68.8 million—\$35.7 million for the Capital Improvement Program and \$33.1 million for debt service.
- At year-end, the District had four outstanding general obligation bond issues totaling \$393.3 million—a 2.8 percent decrease from the prior year as a result of making regularly scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the District report long-term and short-term financial information about District activities. The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. All assets and liabilities associated with the operation of the District are included in the statement of net position.

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are composed of: government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

- The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.
- The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position.
- The statement of activities presents information showing how the District'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 (accrual accounting). 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).

Fund Financial Statements

- The fund financial statements provide more detailed information about the District. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's four funds are all governmental fund types.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financials 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 (modified accrual accounting). Such information may be useful in evaluating the District'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 District'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 District adopts an annual appropriated budget for five governmental funds. A budgetary comparison schedule is provided for each of the District's governmental funds to demonstrate compliance with the budget, and a reconciliation has been prepared to explain the differences between budgetary inflows and outflows and GAAP revenues and expenditures.

Notes to Financial Statements

- The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District uses pay-as-you-go funds and debt financing to provide funding for flood control infrastructure in Clark County. As of June 30, 2013, the County has issued eight general obligation bonds/notes on behalf of the District to accelerate funding for flood control infrastructure. Of the eight general obligation bonds/notes, four are original issues and four are refunding bonds. At the end of the fiscal year, four bond issues—one original issue and three refunding issues—in the amount of \$393.3 million were outstanding.

The District provides funding for the design and construction of flood control infrastructure in Clark County, but the District does not retain ownership to any of the assets. All infrastructure assets are owned by the jurisdiction in which the flood control asset is located. Therefore, infrastructure assets are not recorded in the District's financial statements. The only capital assets recorded in the District's financial statements are purchased from the Regional

Flood Control District fund and includes buildings, equipment, and construction in progress (Flood Threat Recognition System installations) in the amount of \$2.5 million, net of accumulated depreciation. The District's net position is negative \$252.4 million as a result of having general obligation bond liabilities recorded in the financial statements without corresponding infrastructure assets. The decrease in net position is largely the result of utilizing existing cash to pay for flood control infrastructure projects. Net position of the District as of June 30, 2013, and June 30, 2012, are summarized and discussed below:

<u>Clark County Regional Flood Control District</u>		
<u>Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Assets		
Current and other assets	\$ 163,973,594	\$ 229,638,412
Net capital assets	<u>2,493,327</u>	<u>2,517,529</u>
Total Assets	<u>166,466,921</u>	<u>232,155,941</u>
Liabilities		
Long-term debt outstanding	399,327,343	411,369,082
Other liabilities	<u>19,512,375</u>	<u>52,642,440</u>
Total Liabilities	<u>418,839,718</u>	<u>464,011,522</u>
Net Position		
Net investment in capital assets	2,493,327	2,517,529
Restricted	7,866,698	7,536,198
Deficit created by bond obligation	<u>(262,732,822)</u>	<u>(241,909,308)</u>
Total Net Position	\$ (252,372,797)	\$ (231,855,581)

Generally, increases or decreases in net position may serve over time as a useful indicator of a government's financial condition. However, examining net position is not a useful indicator of the financial condition of the District as noted above. Several factors indicate that the District is a financially sound governmental agency that has and will continue to remain financially solvent and meet its current and future obligations.

- Even though the District's primary revenue source, a one-quarter of one percent sales tax levy on sales in Clark County, has declined from the peak in fiscal year 2006-07, the impact of reduced sales tax has been mitigated as the cost to build flood control projects has also declined at a similar rate.
- Fiscal year 2012-13 sales tax collections increased by 5.7 percent—the third consecutive annual increase, which indicates that the District's main revenue source has stabilized.
- Operating expenditures, excluding flood control facilities maintenance, have historically been less than 10 percent of sales tax revenue and are projected to remain that way next year.
- The District possesses adequate reserves to guard against unanticipated reductions in revenue. The unassigned fund balance of \$10.3 million in the District's operating fund is 12.7 percent of total operating fund expenditures and transfers-out, which total \$81.1 million.
- The District has committed to a debt coverage ratio of at least 100 percent of revenues on all outstanding Bonds. Actual coverage for all debt at June 30, 2013, was 242 percent.

Changes in Net Position

The District's primary revenue source is a one-quarter of one percent sales tax levy on sales in Clark County. Other revenue is derived from interest earnings, Build America Bond Subsidy, and miscellaneous other sources. Expenditures are broadly defined to include public works and interest on long-term debt. The table below and the subsequent discussion details the changes in net position:

<u>Clark County Regional Flood Control District</u>		
<u>Change in Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
General Revenues:		
Sales and use tax	\$ 79,495,264	\$ 75,222,225
Federal Build America Bond Subsidy	3,223,770	3,256,998
State grants	10,000	0
Interest income	300,090	2,082,961
Other	8,992	52,888
	<hr/>	<hr/>
Total Revenues	83,038,116	80,615,072
Expenses:		
Public works	82,635,164	101,065,852
Interest on long-term debt	20,920,168	21,422,177
	<hr/>	<hr/>
Total Expenses	103,555,332	122,488,029
Change in net position	(20,517,216)	(41,872,957)
Net position – beginning	(231,855,581)	(189,982,624)
	<hr/>	<hr/>
Net position – ending	\$ (252,372,797)	\$ (231,855,581)

- Sales and use tax increased by \$4.3 million, or 5.7 percent from the prior year. The increase largely reflects the improving Southern Nevada economy.
- Pooled resources declined during the year as construction spending continued on several infrastructure projects, which resulted in fewer resources that were available to invest. At June 30, cash balances had declined from \$177.5 million to \$146.7 million. Fewer resources combined with lower rates of return resulted in a significant decrease in interest income by \$1.8 million, or 85.6 percent.
- Federal Build America Bond Subsidy is 35 percent of gross interest payments on the 2009B General Obligation Taxable Direct Pay Build America Bonds. The decrease of approximately 1 percent resulted from a decrease in interest payments on the bonds. As a result of Federal Sequestration, Build America Bond Subsidy will be cut 7.2% in fiscal year 2014 and continue until a new law ends sequestration or makes changes to it. Under normal circumstances, the subsidy decreases as annual interest payments decrease over the life of the bonds.
- In fiscal year 2013, a state grant was received for the District's participation with the Southern Nevada Water Authority in a Nevada Department of Environmental Protection grant for public service announcements. The grant was not obtained in 2012.

- Public works expenditures, excluding interest on long-term debt, decreased by \$18.4 million, or 18 percent. Typically, flood control project expenditures are the most significant component of expenditures and vary year-to-year as a result of several factors: 1) The number and dollar amounts of projects funded; 2) Project phase (i.e. design or construction)—approximately 80 percent of project expenditures are spent on construction projects, which typically move slowly at the beginning, quickly in the middle, and slower at the end; and 3) Project delays may result from the time it takes to secure project rights-of-way, environmental issues, or weather interruptions. These factors tend to create a cyclical effect of infrastructure spending with years of lower expenditures as projects are designed or delayed and years of significant expenditures as projects are constructed and placed in service.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and utilizes four governmental funds to manage its operations. The Regional Flood Control District fund (the District's general operating fund) accounts for operations and flood control facilities maintenance. Two capital project funds, RFCDC Construction fund and RFCDC Capital Improvements fund, account for pay-as-you-go and debt-financed capital project expenditures, respectively. One debt service fund, Flood Control Debt Service, accounts for principal and interest payments on the District's four outstanding general obligation bonds.

- At the end of the fiscal year, the District's governmental funds reported a combined ending fund balance of \$147.2 million, which is a decrease of \$32.3 million, or 18 percent, from the prior year. This year's drop is the result of paying for the construction of several flood control infrastructure projects.
- Just over 7 percent, or \$10.3 million, of combined fund balances constitute fund balance that is unassigned and can be used for specific projects in the Ten-Year Construction Program. It is noteworthy to mention that entity requests for flood control project funding identified in the first year of the fiscal year 2014 Ten-Year Construction Program exceeded \$89.1 million.
- The remainder of fund balances has internal or external limitations on its use as follows: 1) open interlocal contracts or other agreements for the design and construction of flood control infrastructure (\$105.9 million); 2) capital projects funds for future flood control infrastructure projects (\$14.9 million); 3) future OPEB obligations and open purchase orders or interlocal contracts for District operations and maintenance of flood control facilities (\$4.4 million); and 4) future debt service obligations (\$11.7 million).
- The Regional Flood Control District fund is the chief operating fund of the District. The fund balance of the chief operating fund increased 18 percent from \$12.5 million to \$14.8 million. A majority of the increase resulted from unspent flood control maintenance funds, which will be spent next fiscal year.
- As a measure of the operating fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. For the fiscal year that ended June 30, 2013, unassigned fund balance of \$10.3 million represents 12.7 percent of total operating fund expenditures and transfers-out, which total \$81.1 million, whereas total fund balance of \$14.8 million represents 18.2 percent of that same amount.
- The fund balance of the Regional Flood Control District Debt Service fund increased slightly by \$0.2 million, or 2 percent, as a result of timing differences between transfers-in from the Regional Flood Control District fund and debt service payments.
- The combined fund balance of the RFCDC Construction fund and the RFCDC Capital Improvements fund decreased by \$34.8 million, or 22.4 percent.
 - The fund balance of the RFCDC Construction fund decreased by \$10.4 million, or 10.8 percent as a result of paying for flood control infrastructure projects with pay-as-you-go resources.
 - The fund balance of the RFCDC Capital Improvements fund decreased by \$24.3 million, or 41.4 percent, as a result of the consumption of resources by bond-funded capital infrastructure projects. As bond-funded projects continue to be constructed, fund balance will continue to decline.

Budgetary Highlights

To maintain compliance with GAAP reporting requirements resulting from GASB 54, the District reports four governmental funds. However, for budgetary purposes, the District adopts an annual appropriated budget for five governmental funds. Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual may be found under the Required Supplementary Information or the Supplementary Information section of these Component Unit Financial Statements, and a reconciliation is provided to explain GAAP and budgetary differences.

The District’s Board of Directors (the “Board”) approved the fiscal year 2012-13 budget on April 12, 2012, and over the course of the year, did not approve any amendments to the original legally adopted budget of the Regional Flood Control District.

- Actual resources in the Regional Flood Control District fund were \$2.0 million more than the final budget as a result of sales tax revenues, which exceeded projections by \$2.1 million due to the improving economy in Southern Nevada.
- Transfers from other funds fell short by \$16.0 million as a result of a procedural change in the way transfers from Regional Flood Control District Construction fund are handled. When the budget was completed, it included transferring funds from the Construction fund resulting from project closeouts and reductions to Regional Flood Control District fund. At the beginning of the fiscal year, management decided to change this strategy by leaving funds resulting from project closeouts and reductions in the Construction fund.
- Actual expenditures in the Regional Flood Control District fund were \$1.5 million less than the final budget primarily due to the timing differences that exist between the execution of multi-year professional services contracts and the payments made on those contracts.
- Transfers to other funds were \$15.6 million less than the final budget as a result of the procedural change discussed above.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the District had invested \$2.5 million, net of accumulated depreciation, in capital assets which included buildings, equipment, and construction in progress (Flood Threat Recognition System installations). Items with a total cost of \$5,000 or greater are capitalized. There were no significant additions or deletions this fiscal year. The reduction of capital assets by just over 1 percent is primarily the result of depreciation expense. As mentioned above, the District annually invests millions of dollars in flood control infrastructure, but the District does not own those capital assets. All infrastructure assets are owned by the jurisdiction in which the capital asset is located, and therefore, are not included in the table of capital assets below. The table below details the District’s capital assets, net of accumulated depreciation:

<u>Clark County Regional Flood Control District</u>		
<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Buildings	\$ 2,121,847	\$ 2,176,791
Machinery and equipment	178,518	201,492
Construction in progress	<u>192,962</u>	<u>139,246</u>
Total	<u>\$ 2,493,327</u>	<u>\$ 2,517,529</u>
For additional information on the District’s capital assets, see note 4 of the accompanying financial statements.		

Long-term Debt Liabilities

On behalf of the District, the County has issued \$580 million in four original issue general obligation bonds/notes (additionally secured with pledged revenues), as well as four refunding general obligation bonds (additionally secured with pledged revenues). Outstanding debt includes remaining balances from the 2006 \$200 million General Obligation Refunding Bonds, the 2008 \$50.57 million General Obligation Refunding Bonds, the 2009B \$150 million General Obligation Taxable Direct Pay Build America Bonds (BABs), and the 2010 \$29.425 million General Obligation Refunding Bonds. At year-end, the District had \$399.3 million in outstanding long-term debt liabilities including unamortized issuance premiums and deferred refunding losses, which is a decrease of approximately \$12.0 million or 2.9 percent from the prior year. The decrease is primarily a direct result of making scheduled principal payments on outstanding general obligation bonds. The table below details the District's outstanding long-term debt liabilities:

<u>Clark County Regional Flood Control District</u>			
<u>Outstanding Debt Liabilities</u>			
<u>Debt Issue</u>	<u>Governmental Activities</u>		<u>Debt Retirement</u>
	<u>2013</u>	<u>2012</u>	<u>Fiscal Year</u>
2006 General Obligation Bonds (Refunding of 2003 Com. Paper)	202,860,032	203,107,726	FY 2036
2008 General Obligation Bonds (Partial Refunding of 1998 Bonds)	27,584,185	35,977,332	FY 2016
2009B General Obligation Taxable Direct Pay Build America Bonds	137,400,000	140,415,000	FY 2039
2010 General Obligation Bonds (Partial Refunding of 1998 Bonds)	31,483,126	31,869,025	FY 2019
Total	<u>\$ 399,327,343</u>	<u>\$ 411,369,083</u>	

For additional information on the District's debt, see note 6 of the accompanying financial statements.

The District may issue general obligation bonds or revenue bonds by means of the authority granted to the District by the Nevada State Legislature. However, to date, the County has been the issuer of the District's flood control bonds and notes. The District has chosen to have Clark County issue all of the District's debt, and be bound by the County's debt limits, due to its financial stability and bond rating. By having the County issue the debt, the District is able to obtain favorable interest rates. Nevada Revised Statute 244A.059 limits the aggregate principal amount of the County's general obligation debt to 10 percent of the County's total reported assessed valuation. Based upon the assessed valuation for fiscal year 2012-13 of \$64.1 billion, the County is limited to general obligation indebtedness in the aggregate amount of approximately \$6.4 billion. The County has \$1.5 billion of general obligation debt applicable to the limit outstanding as of June 30, 2013. Therefore, there remains approximately \$4.9 billion of additional statutory debt capacity.

The outstanding bonds and notes of the District constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal, interest, and any redemption premium. The bonds and notes are additionally secured by a pledge of the District's one-quarter of one percent sales tax revenue. The debt coverage ratio for this pledge of revenue on the four outstanding general obligation bonds must be at least sufficient to pay an amount that is 100 percent of the combined maximum annual principal and interest requirements. For the fiscal year that ended June 30, 2013, the District has a coverage ratio of 242 percent on all outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's major revenue source (88 percent of historical revenues) is derived from local sales tax. The financial crisis of 2007–2010 (The Great Recession) in the United States and the lackluster recovery over the past couple of years has had a negative impact on the Southern Nevada economy including sales tax collections. Sales tax revenues declined for three consecutive years (fiscal years 2008 through 2010), but is now in a modest recovery. For the third consecutive year, sales tax has posted a year-to-year gain. Fiscal year 2012-13 sales tax totaled \$79.5 million, which is a 5.7 percent gain over the prior year. The District views this as a definite improvement in the local economy and the continuation of a modest long-term upward economic trend for Southern Nevada as a whole. As a result, we expect to see sales tax revenue modestly increase next year.

The District's fiscal year 2013-14 annual budget, adopted by the Board of Directors on April 11, 2013, includes forecasted sales tax revenues of \$81.2 million, which is a 2.1 percent increase from actual receipts in fiscal year 2012-13. District management will continue to monitor sales tax receipts and make budget adjustments if necessary to address significant differences from the sales tax revenue projections during the year. However, the District remains confident that the long-term economic outlook and vitality of the Las Vegas Valley remain positive.

On October 10, 2013, the Board approved a budget augmentation in the amount of \$5.0 million to the Regional Flood Control District Maintenance fund for storm cleanup and required maintenance effort as a result of the summer storms of 2013. The 2013-14 budget currently includes \$7.1 million for the operating budget, \$15.0 million for the facilities maintenance budget, \$36.6 million for debt service, and \$327.4 million for the Capital Improvement Program. The Capital Improvement Program budget includes the authority to encumber/expend the entire amount of estimated resources for capital expenditures. The District budgets a zero ending fund balance in the capital funds so that the entire amount of the project is available to either expend or encumber upon approval by the Board of Directors.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Clark County citizens and taxpayers, and our business partners, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Clark County Regional Flood Control District, 600 S. Grand Central Parkway, Suite 300, Las Vegas, Nevada 89106.

BASIC FINANCIAL STATEMENTS

Clark County Regional Flood Control District
Clark County, Nevada
Statement of Net Position
June 30, 2013

	Governmental Activities
ASSETS	
Cash and investments:	
In custody of the County Treasurer	\$ 146,698,342
In custody of other officials	500
Accounts receivable	7,956
Interest receivable	237,313
Due from other governmental units	13,929,287
Deferred charges and other assets	3,100,196
Capital assets not being depreciated	192,962
Capital assets being depreciated, net of accumulated depreciation	2,300,365
Total Assets	166,466,921
 LIABILITIES	
Accounts payable	11,614,599
Accounts payable - Clark County	2,576,176
Accrued payroll and other accrued liabilities	47,511
Accrued interest	3,520,690
Due to Clark County	176,715
Long-term liabilities:	
Bonds and loans payable, due within one year	11,730,000
Bonds and loans payable, due after one year	387,597,343
Other non-current liabilities, due after one year	
Compensated Absences	847,455
Other Post-Employment Benefits	729,229
Total Liabilities	418,839,718
 NET POSITION	
Net investment in capital assets	2,493,327
Restricted for Debt Service	7,866,698
Deficit created by bond obligation	(262,732,822)
Total Net Position	\$ (252,372,797)

The accompanying notes are an integral part of these financial statements.

Clark County Regional Flood Control District
 Clark County, Nevada
 Statement of Activities
 For the fiscal year ended June 30, 2013

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
Expenses				Governmental Activities
Governmental activities:				
Public works	\$ 82,635,164	\$ -	\$ 10,000	\$ (82,625,164)
Interest on long-term debt	20,920,168	-	3,223,770	(17,696,398)
Total governmental activities	103,555,332	-	10,000	(100,321,562)
General revenues:				
Sales and use tax				79,495,264
Interest income				300,090
Other				8,992
Total general revenues and transfers				79,804,346
Changes in net position				(20,517,216)
Net position - beginning				(231,855,581)
Net position - ending				\$ (252,372,797)

The accompanying notes are an integral part of these financial statements.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>Regional Flood Control District</u>	<u>Flood Control Debt Service</u>	<u>RFCD Construction</u>	<u>RFCD Capital Improvements</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments:					
In custody of the County Treasurer	\$ 14,362,392	\$ 11,664,980	\$ 81,961,829	\$ 38,709,141	\$ 146,698,342
In custody of other officials	500	-	-	-	500
Accounts receivable	3,304	-	4,652	-	7,956
Interest receivable	22,343	18,949	133,141	62,880	237,313
Due from other funds	47,185	-	11,862,498	-	11,909,683
Due from other governmental units	13,929,287	-	-	-	13,929,287
Deferred charges and other assets	752,687	-	-	-	752,687
Total Assets	<u>\$ 29,117,698</u>	<u>\$ 11,683,929</u>	<u>\$ 93,962,120</u>	<u>\$ 38,772,021</u>	<u>\$ 173,535,768</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,663,229	\$ -	\$ 5,707,484	\$ 4,243,886	\$ 11,614,599
Accounts payable - Clark County	608,553	-	1,954,510	13,113	2,576,176
Accrued payroll	47,511	-	-	-	47,511
Due to other funds	11,862,498	-	47,185	-	11,909,683
Due to Clark County	176,715	-	-	-	176,715
Total Liabilities	<u>14,358,506</u>	<u>-</u>	<u>7,709,179</u>	<u>4,256,999</u>	<u>26,324,684</u>
Fund balances:					
Restricted	-	11,387,388	-	-	11,387,388
Committed	2,737,587	-	86,252,941	19,675,339	108,665,867
Assigned	1,688,466	296,541	-	14,839,683	16,824,690
Unassigned	10,333,139	-	-	-	10,333,139
Total Fund Balances	<u>14,759,192</u>	<u>11,683,929</u>	<u>86,252,941</u>	<u>34,515,022</u>	<u>147,211,084</u>
Total Liabilities and Fund Balances	<u>\$ 29,117,698</u>	<u>\$ 11,683,929</u>	<u>\$ 93,962,120</u>	<u>\$ 38,772,021</u>	<u>\$ 173,535,768</u>

The accompanying notes are an integral part of these financial statements.

Clark County Regional Flood Control District
Clark County, Nevada
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2013

Total fund balance - governmental funds \$ 147,211,084

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position.

Governmental capital assets	4,903,829	
Less: accumulated depreciation	<u>(2,410,502)</u>	
		2,493,327

Some liabilities, such as general obligation bonds and loans payable and compensated absences, are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the statement of net position.

Bonds payable	(399,327,343)	
Deferred charges - bond issuance costs	2,347,509	
Compensated absences	(847,455)	
Other post-employment benefits obligation	<u>(729,229)</u>	
		(398,556,518)
Accrued interest payable		<u>(3,520,690)</u>

Total net position - governmental activities \$ (252,372,797)

The accompanying notes are an integral part of these financial statements.

**CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Regional Flood Control District</u>	<u>Flood Control Debt Service</u>	<u>RFCD Construction</u>	<u>RFCD Capital Improvements</u>	<u>Total Governmental Funds</u>
REVENUES					
Intergovernmental revenue	\$ 82,729,034	\$ -	\$ -	\$ -	\$ 82,729,034
Interest	(9,161)	34,836	181,872	92,543	300,090
Other	4,340	-	4,652	-	8,992
Total revenues	<u>82,724,213</u>	<u>34,836</u>	<u>186,524</u>	<u>92,543</u>	<u>83,038,116</u>
EXPENDITURES					
Current:					
Salaries and wages	2,120,835	-	-	-	2,120,835
Employee benefits	721,741	-	-	-	721,741
Services and supplies	9,385,285	45,513	822,515	17,385	10,270,698
Debt Service:					
Principal	-	11,240,000	-	-	11,240,000
Interest and other charges	-	21,661,513	-	-	21,661,513
Capital outlay	129,012	-	44,726,738	24,421,795	69,277,545
Total expenditures	<u>12,356,873</u>	<u>32,947,026</u>	<u>45,549,253</u>	<u>24,439,180</u>	<u>115,292,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,367,340</u>	<u>(32,912,190)</u>	<u>(45,362,729)</u>	<u>(24,346,637)</u>	<u>(32,254,216)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	710,067	33,143,451	35,645,828	-	69,499,346
Transfers to other funds	(68,789,279)	-	(710,067)	-	(69,499,346)
Total other financing sources and uses	<u>(68,079,212)</u>	<u>33,143,451</u>	<u>34,935,761</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>2,288,128</u>	<u>231,261</u>	<u>(10,426,968)</u>	<u>(24,346,637)</u>	<u>(32,254,216)</u>
FUND BALANCES-BEGINNING	<u>12,471,064</u>	<u>11,452,668</u>	<u>96,679,909</u>	<u>58,861,659</u>	<u>179,465,300</u>
FUND BALANCES-ENDING	<u>\$ 14,759,192</u>	<u>\$ 11,683,929</u>	<u>\$ 86,252,941</u>	<u>\$ 34,515,022</u>	<u>\$ 147,211,084</u>

The accompanying notes are an integral part of these financial statements.

Clark County Regional Flood Control District
Clark County, Nevada
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
for the fiscal year ended June 30, 2013

Net change in fund balances - total governmental funds (32,254,216)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. The Regional Flood Control District utilizes capital projects funds to construct infrastructure, most of which is dedicated to other entities.

Capital outlay recorded in governmental funds	69,277,545	
Less amounts dedicated to other entities	(69,148,533)	
Capitalized expenditures	129,012	
Less current year depreciation	(153,214)	(24,202)

Governmental funds report bond proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

Amortized bond premium	1,085,306	
Amortized deferred charges - bond issuance costs	(149,956)	
Amortized deferred losses on refundings	(283,567)	
Principal payments	11,240,000	11,891,783

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.

Change in accrued interest	89,562	
Change in long-term compensated absences	(43,428)	
Change in other post-employment benefits	(176,715)	(130,581)

Change in net position of governmental activities \$ (20,517,216)

The accompanying notes are an integral part of these financial statements.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

The Clark County Regional Flood Control District (the “District”) was created by the Nevada State Legislature in 1985 to develop a coordinated and comprehensive plan to alleviate flooding problems and to fund and coordinate the construction of flood control structures.

The organization and funding of the District are governed by Nevada Revised Statutes Chapter 543. The governing board (the “Board”) includes two representatives from Clark County (the “County”) and the City of Las Vegas and one representative each from the cities of Boulder City, Henderson, Mesquite, and North Las Vegas. The District is funded by one quarter of one percent sales tax levy approved by Clark County voters in September 1986.

The District is an integral part of the Clark County, Nevada financial reporting entity. Under the provisions of the Governmental Accounting Standards Board (GASB), Statement Number 14, the District is a component unit of the County. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental entities.

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 activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. All governmental funds are considered to be major funds and they 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – Summary of Significant Accounting Policies (continued)

Governmental 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 within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Sales taxes, 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.

The District reports the following major governmental funds:

Regional Flood Control District Fund – this is the general operating fund of the District. The general operating fund is used to account for all resources and cost of operations traditionally associated with governments, which are not accounted for and reported in other funds.

Flood Control Debt Service Fund – this fund is used to account for the payment of principal and interest, and the cost of operations associated with the debt service for the District’s general obligation debt.

RFCD Construction Fund – this fund is used to account for the costs of capital improvements and constructing regional flood control facilities paid from sales tax proceeds and interest earnings.

RFCD Capital Improvements Fund – this fund is used to account for the costs of capital improvements and constructing regional flood control facilities paid from bond proceeds, commercial paper proceeds, and interest earnings.

Assets, Liabilities, and Net Position or Equity

Cash and Investments

The majority of all cash and investment transactions of the District are handled by the Clark County Treasurer’s office. Cash balances are combined and invested as permitted by law in combination with Clark County funds. Additionally, the District invests in money market mutual funds. Investments are reported at fair value on the balance sheet and statement of net position. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of District investments are part of interest earnings of the individual funds.

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 “due to/from other funds”.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported 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 estimated fair market 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.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities, and Net Position or Equity (continued)

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.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Equipment	5

Compensated Absences

It is the District'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 financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements within sixty days after year-end.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs and deferred losses, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and any deferred losses on refundings.

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.

Fund Balances

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balances more transparent. The following fund balance classifications describe the relative strength of the spending constraints and have been implemented by the District as established by this Statement:

Nonspendable—amounts that are not in nonspendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact.

Restricted—amounts constrained to specific purposes by external providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – Summary of Significant Accounting Policies (continued)

Committed—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, the Regional Flood Control District Board of Directors (the Board). To be reported as committed, the Board must take formal action, via entering into interlocal agreements or professional service contracts, prior to the end of the reporting period. Amounts cannot be used for any other purpose unless the Board takes the same formal action to remove or change the constraint.

Assigned—amounts the District intends to use for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future uses of the District's ending fund balance. The General Manager has been delegated authority by the Board to assign amounts of ending fund balance.

Unassigned—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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.

NOTE 2 – Stewardship, Compliance and Accountability

Compliance with Nevada Revised Statutes

Per NRS 354.626, no governmental agency may expend or contract to expend funds in excess of amounts appropriated for that function. The District is required to report and explain expenditures or contracts to expend that exceeded budgeted appropriations for the General Fund, Special Revenue, and Capital Project Funds. As of June 30, 2013, the District had no exceptions to report.

NOTE 3 – Cash and Investments

The majority of all cash and investments of the District are included in the investment pool of the Clark County Treasurer (the Treasurer). As of June 30, 2013, the fair value of the District's deposits and investments reinvested consisted of the following:

Cash and investments held in Clark County Investment Pool	\$ 146,698,342
Cash on hand	<u>500</u>
Grand total	<u>\$ 146,698,842</u>

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 3 – Cash and Investments (continued)

The Treasurer invests monies held both by individual funds and through a pooling of monies. The pooled monies, referred to as the investment pool, are invested as a whole and not as a combination of monies from each fund belonging to the pool. In this manner, the 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 balance of the fund for the month in which the investments mature.

According to state statutes, County monies must be deposited with federally insured banks and savings and loan associations within the County. The Treasurer is authorized to use demand accounts, time accounts, and certificates of deposit.

State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible state investments. Permissible state investments are similar to allowable County investments described below except that some state investments are longer term and include securities issued by municipalities outside the state of Nevada.

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the District. Instead, the District owns a proportionate share of each investment, based on the District's participation percentage in the investment pool. As of June 30, 2013, the \$146,698,342 of District investments transactions held in the investment pool are categorized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 to 3</u>	<u>3 to 5</u>	<u>More than 5</u>
Debt Securities:					
U.S. Treasury Obligations	12.1%	35.6%	49.4 %	15.0 %	0.0 %
U.S. Agency Obligations	70.1	30.0	43.7	20.3	6.0
Corporate Obligations	3.6	4.0	52.9	43.1	0.0
Money Market Funds	0.1	100.0	0.0	0.0	0.0
Commercial Paper	9.2	100.0	0.0	0.0	0.0
Certificates of Deposit	0.9	100.0	0.0	0.0	0.0
NV Local Government Investment Pool	0.7	100.0	0.0	0.0	0.0
Collateralized Mortgage Obligations	0.8	1.0	17.3	3.4	78.3
Asset Backed Securities	2.5	0.0	37.4	43.7	18.9
	<u>100.0%</u>				

Interest Rate Risk

Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the duration of its investment portfolio to less than 2.5 years. The County's investment policy limits investment portfolio maturities for certain investment instruments as follows: U.S. Treasury and U.S. agencies to less than ten years; bankers' acceptances to 180 days maturity; commercial paper to 270 days maturity; certificates of deposit to 1 year maturity; corporate notes and bonds to 5 years maturity; and repurchase agreements to 90 days maturity.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 3 – Cash and Investments (continued)

Interest Rate Sensitivity

At June 30, 2013, the County invested in the following types of securities that have a higher sensitivity to interest rates:

Callable Securities are directly affected by the movement of interest rates. Callable securities allow the issuer to redeem or call a security before maturity, one time or generally on coupon dates.

Asset Backed Securities are financial securities backed by a loan, lease, or receivable against assets other than real estate and mortgage backed securities. These securities are subject to interest rate risk in that the value of the assets fluctuates inversely with changes in the general levels of interest rates.

At June 30, 2013, the following investment types were held in interest rate sensitive securities:

<u>Investment Type</u>	<u>Percentage of Total Held in Interest Rate Sensitive Securities</u>
U.S. Agency Obligations	18.5%
Asset backed securities	2.5%

Credit Risk

The County’s investment policy applies the prudent-person rule: “In investing the County’s monies, there shall be exercised the 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.”

<u>Investment Type</u>	<u>Quality Ratings by Moody’s Investors Service</u>				
	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>P</u>	<u>Unrated</u>
<u>Debt Securities:</u>					
U.S. Treasury Obligations	100.0%	-	-	-	-
U.S. Agency Obligations	98.1%	-	-	1.9%	-
Corporate Obligations	4.1%	35.9%	60.0%	-	-
Money Market Funds	100.0%	-	-	-	-
Commercial Paper	-	-	-	100.0%	-
Certificates of Deposit	-	-	-	100.0%	-
NV Local Government Investment Pool	-	-	-	-	100.0%
Collateralized Mortgage Obligations	100.0%	-	-	-	-
Asset Backed Securities	90.1%	-	-	-	9.9%

The Local Government Investment Pool is an 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.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – Cash and Investments (continued)

Concentrations 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, 2013, the following investments exceeded five percent of the total cash and investments for all entities combined:

Federal Farm Credit Banks (FFCB)	9.65%
Federal Home Loan Banks (FHLB)	6.93
Federal Home Loan Mortgage Corporation (FHLMC)	29.25
Federal National Mortgage Association (FNMA)	25.14

Securities Lending Transactions

Nevada Revised Statutes (NRS 355.178) and the County's investment policy permit the Treasurer to participate in securities lending transactions, where the County's U.S. Government securities are loaned to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The County's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102% of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year-end. The collateral for the loans is maintained at 102%, and the value of the securities borrowed must be determined on a daily basis. The County cannot pledge or sell securities received as collateral unless the borrower defaults.

There are no restrictions on the amount of securities that can be loaned. Either the County or the borrower can terminate all open securities loans on demand. Cash collateral is invested in accordance with the investment guidelines stated in NRS 355.170. The maturities of the investments made with cash collateral match the maturities of the securities loans.

During 2013, the County suspended all securities lending transactions, therefore the District had no securities on loan as of June 30, 2013.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the County's securities lending policy, there were no funds held by the counterparty that was acting as the County's agent in securities lending transactions.

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.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 4 – Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance June 30, 2012</u>	<u>Increases & Transfers In</u>	<u>Decreases & Transfers Out</u>	<u>Balance June 30, 2013</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 139,246	\$ 53,716	\$ -	\$ 192,962
Capital assets being depreciated:				
Buildings	3,019,694	8,196	-	3,027,890
Equipment	1,656,011	67,099	40,133	1,682,977
Total capital assets being depreciated	<u>4,675,705</u>	<u>75,295</u>	<u>40,133</u>	<u>4,710,867</u>
Less: accumulated depreciation for:				
Buildings	842,903	63,140	-	906,043
Equipment	1,454,519	90,073	40,133	1,504,459
Total accumulated depreciation	<u>2,297,422</u>	<u>153,213</u>	<u>40,133</u>	<u>2,410,502</u>
Total capital assets being depreciated, Net	<u>2,378,283</u>	<u>(77,918)</u>	<u>-</u>	<u>2,300,365</u>
Governmental activities capital assets, Net	<u>\$ 2,517,529</u>	<u>\$ (24,202)</u>	<u>\$ -</u>	<u>\$ 2,493,327</u>

Depreciation expense of \$153,213 was charged to the public works function.

NOTE 5 – Interfund Balances and Transfers

The composition of interfund balances at June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Regional Flood Control District	RFCD Construction	\$ 47,185
RFCD Construction	Regional Flood Control District	<u>11,862,498</u>
Total		<u>\$ 11,909,683</u>

These 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.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – Interfund Balances and Transfers (continued)

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Transfers In:	Transfers Out:		
	Regional Flood Control District	RFCD Construction	Totals
Regional Flood Control District	\$ -	\$ 710,067	\$ 710,067
Flood Control Debt Service	33,143,451	-	33,143,451
RFCD Construction	<u>35,645,828</u>	<u>-</u>	<u>35,645,828</u>
Total Transfers In and Out	<u>\$ 68,789,279</u>	<u>\$ 710,067</u>	<u>\$ 69,499,346</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 authorization.

NOTE 6 – Long-Term Liabilities

General Obligation Bonds

Bonds payable at June 30, 2013, are comprised of the following individual issues:

Series	Purpose	Date Issued	Date of Final Maturity	Interest Rate	Original Amount	Balance June 30, 2013
2006	Refunding	02/21/06	11/01/35	3.50-4.75%	\$ 200,000,000	\$ 199,500,000
2008	Refunding	08/20/08	11/01/15	3.00-5.00%	50,570,000	26,960,000
2009B	Building	06/23/09	11/01/38	2.69-7.25%	150,000,000	137,400,000
2010	Refunding	07/13/10	11/01/18	5.00%	<u>29,425,000</u>	<u>29,425,000</u>
Total General Obligation Bonds					<u>\$ 429,995,000</u>	<u>\$ 393,285,000</u>

Summary of Debt Service - The annual debt service requirements to maturity are as follows:

Year ending June 30,	Total Principal	Total Interest	Total
2014	\$ 11,730,000	\$ 21,124,138	\$ 32,854,138
2015	12,260,000	20,546,098	32,806,098
2016	12,820,000	19,929,849	32,749,849
2017	12,810,000	19,288,140	32,098,140
2018	13,405,000	18,623,020	32,028,020
2019-2023	64,145,000	83,351,207	147,496,207
2024-2028	75,810,000	65,432,309	141,242,309
2029-2033	95,520,000	42,113,220	137,633,220
2034-2038	85,990,000	13,859,725	99,849,725
2039	<u>8,795,000</u>	<u>318,819</u>	<u>9,113,819</u>
	<u>\$ 393,285,000</u>	<u>\$ 304,586,525</u>	<u>\$ 697,871,525</u>

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 6 – Long-Term Liabilities (continued)

There are a number of limitations and restrictions contained in the bond indentures. The District is in compliance with all significant limitations and restrictions.

As an issuer of Build America Bonds, the District is eligible to receive an interest subsidy payment equal to 35 percent of the corresponding interest payable on the bond. Over the term of the 2009B Bonds, the interest subsidy payments total \$64.6 million, however, no assurances are provided that the District will receive any or all of the interest subsidy payments. If eligible, the District will be paid near the time of each semi-annual interest payment, provided the District submits a request to the U.S. Treasury in a timely manner.

Pledged Revenues

The District has pledged future receipts from the one-quarter cent sales tax authorized by NRS 543.600 to repay its general obligation bonds. The total principal and interest remaining to be paid on the bonds is \$698,871,525. Principal and interest paid for the current year and pledged revenues received were as follows:

Pledged revenues – sales tax	\$	79,495,264
Debt service		32,901,513
Coverage		2.42

Compensated Absences

The following is the change in long-term accrued sick leave and vacation benefits recorded as a non-current liability in the statement of net position as of June 30, 2013:

Long-term portion of accrued sick leave and vacation benefits at June 30, 2012	\$	804,027
Additional amount accrued during the year		389,567
Less amount used during the year		<u>(346,139)</u>
Long-term portion of accrued sick leave and vacation benefits at June 30, 2013	\$	<u>847,455</u>

The employees of the District have historically earned more sick leave and vacation benefits each year than they have used. Since the compensated absences liability has consistently increased each year over the prior year, none of the above amount is considered to be current and due within the next year. The District recognizes the amounts utilized on the last-earned-first-taken basis and the amount taken will not exceed the amount earned during the coming year.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General obligation bonds	\$ 404,525,000	\$ -	\$ (11,240,000)	\$ 393,285,000	\$ 11,730,000
Plus: issuance premiums	7,941,104	-	(1,085,306)	6,855,798	-
Less: deferred losses	<u>(1,097,022)</u>	<u>-</u>	<u>283,567</u>	<u>(813,455)</u>	<u>-</u>
Total bonds payable	411,369,082	-	(12,041,739)	399,327,343	11,730,000
Compensated absences	<u>804,027</u>	<u>389,567</u>	<u>(346,139)</u>	<u>847,455</u>	<u>-</u>
Total long-term liabilities	<u>\$ 412,173,109</u>	<u>\$ 389,567</u>	<u>\$ (12,387,878)</u>	<u>\$ 400,174,798</u>	<u>\$ 11,730,000</u>

For governmental activities, compensated absences and claims and judgments payable are liquidated by the Regional Flood Control District general operating Fund.

NOTE 7 – Defined Benefit Pension Plan

District employees are covered by the State of Nevada Public Employees’ Retirement System (the “System”). The System was established on July 1, 1948, by the Legislature and is governed by the Public Employees’ Retirement Board whose seven members are appointed by the Governor. All public employees who meet certain eligibility requirements participate in the System, which is a cost sharing multiple-employer defined benefit plan.

The District does not exercise any control over the System. Nevada Revised Statute 286.110 states that: “Respective participating public employers are not liable for any obligation of the System.”

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 in any 36 consecutive months. Benefit payments to which participants may be entitled under the System include pension benefits, disability benefits, and death benefits. Benefits may only be amended through legislation.

Monthly benefit allowances for regular members are computed at 2.5 percent for service credits earned prior to July 1, 2001, and 2.67 percent for service credit earned July 1, 2001, and thereafter of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement up to a maximum of 90 percent of the average compensation for employees who entered the system prior to July 1, 1985, and 75 percent for those entering after that date. The System offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during the employee’s life and various optional monthly payments to a named beneficiary after the employee’s death. Regular members are eligible for retirement benefits at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service.

Contribution rates are established by NRS 286.410 and may only be amended through legislation. The statute provides for increases in odd-numbered years to an actuarially determined rate sufficient to amortize the unfunded liability of the System to zero over a 30-year amortization period. The District is obligated to contribute all amounts due under the System. The contribution rate for regular members, based on covered payroll, for the years ended June 30, 2013 and 2012 was 23.75% and for the year ending 2011 was 21.50%.

The District’s contributions to the plan for the years ended June 30, 2013, 2012 and 2011 were \$489,265, \$517,079 and \$482,385, respectively, equal to the required contributions for each year.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – Defined Benefit Pension Plan (continued)

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.

NOTE 8 – Other Post-Employment Benefits (OPEB)

The District participates in Clark County’s other postemployment benefits (OPEB) plan, an agent, multiple-employer defined benefit postemployment plan, as well as the State of Nevada’s Public Employee Benefit Plan (PEBP), an agent multiple-employer defined benefit OPEB plan.

Plan Descriptions

In accordance with Nevada Revised Statutes, retirees of the District may continue insurance through existing plans of insurance, if enrolled as an active employee at the time of retirement. Retirees are offered medical, dental, prescription drugs, and life insurance benefits for themselves and their dependents. Retirees may choose between the Clark County Self-Funded Group Medical and Dental Benefits Plan (Self-Funded Plan) and an HMO Plan.

Prior to September 1, 2008, employees could choose to enroll in the PEBP, which provides benefits similar to the Self-Funded Plan. As of June 30, 2013, the District has four participants in the PEBP Plan. Changes in state law have significantly impacted future participation in the PEBP. As of September 1, 2008, the plan was no longer available to those individuals actively employed past this date. This significantly reduces the present value of benefits and thus the actuarial liability.

Self-Funded Plan benefit provisions are established and amended through negotiations between the District and the SEIU employee union. PEBP benefit provisions are established and amended by the Nevada State Legislature.

The Self-Funded Plan is included in the financial statements of Clark County. The Self-Funded Plan is not administered as a qualifying trust or equivalent arrangement. The Self-Funded Plan is included in the Clark County CAFR as an internal service fund (the Self-Funded Group Insurance fund), as required by Nevada Revised Statutes.

The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The Self-Funded and PEBP reports may be obtained by writing or calling the plans at the following addresses or numbers:

Clark County, Nevada
PO Box 551210
500 S. Grand Central Parkway
Las Vegas, NV 89155-1210
(702) 455-3895

Public Employee Benefit Plan
901 South Stewart Street, Suite 1001
Carson City, Nevada 89701
(800) 326-5496

Funding Policy and Annual OPEB Cost

The Self-Funded Plan contribution requirements of plan members and the District are established and may be amended through negotiations between the District and the SEIU employee union.

The District pays approximately 90% percent of premiums for active employee coverage, an average of \$717 per active employee for the year ended June 30, 2013. Retirees in the Self-Funded Plan receive no direct subsidy from the District. Under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the District.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – Other Post-Employment Benefits (OPEB) (continued)

The District is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who had enrolled in this plan. In 2013, retirees were eligible for a \$118 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of \$650 per month is earned after 20 years of combined service with any eligible entity. The subsidy is set by the State Legislature.

The annual other postemployment benefit (OPEB) cost for each plan is calculated based on the annual required contribution of 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 thirty years. The District's annual OPEB cost for the current year and the related information for each plan are as follows:

Contribution rates	<u>Self Funded Plan</u> Actuarially determined, premium sharing determined by union contracts	<u>PEBP</u> Set by State Legislature
Annual required contribution (ARC)	\$ 202,620	\$ 21,676
Interest on net OPEB obligation	25,031	2,678
Adjustment to annual required contribution	<u>(36,189)</u>	<u>(3,871)</u>
Annual OPEB cost	191,462	20,483
Employer contributions made	<u>(22,166)</u>	<u>(13,064)</u>
Increase/(decrease) in net OPEB obligation	169,296	7,419
Net OPEB obligation/(benefit), beginning of year	<u>550,103</u>	<u>2,411</u>
Net OPEB obligation/(benefit), end of year	<u>\$ 719,399</u>	<u>\$ 9,830</u>

The District's annual OPEB cost, the amount and percentage of annual cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

<u>Plan</u>	<u>Year ended</u>	<u>Annual OPEB</u> <u>cost</u>	<u>% of OPEB</u> <u>cost contributed</u>	<u>Net OPEB obligation /</u> <u>(benefit)</u>
Self-funded / HPN	June 30, 2013	\$ 191,462	11.58%	\$ 719,399
Self-funded / HPN	June 30, 2012	151,588	4.10%	550,103
Self-funded / HPN	June 30, 2011	160,630	5.69%	404,732
PEBP plan	June 30, 2013	20,483	63.78%	9,830
PEBP plan	June 30, 2012	24,166	68.68%	2,411
PEBP plan	June 30, 2011	18,637	91.58%	(5,158)

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 8 – Other Post-Employment Benefits (OPEB) (continued)

Funded status and funding progress

The funded status of the plans as of July 1, 2012, was as follows:

	<u>Self-funded/HPN</u>		<u>PEBP</u>		<u>Total</u>
Actuarial accrued liability (a)	\$ 2,049,732		\$ 389,812		\$ 2,439,544
Actuarial value of plan assets (b)	-		-		-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	\$ 2,049,732		\$ 389,812		\$ 2,439,544
Funded ratio (b) / (a)	0%		0%		0%
Covered payroll (c)	\$ 2,221,676		-		\$ 2,221,676
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) – (b)] / (c)	92.3%				

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 as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions

Projections of benefits are based on the substantive 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 District and the plan members at that 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>Self-funded/HPN</u>	<u>PEBP</u>
Actuarial valuation date	7/1/12	7/1/12
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar amount	Level dollar amount
Remaining amortization period	30 years, open	30 years, open
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions:		
Investment rate of return	4.0%	4.0%
Projected salary increases	N/A	N/A
	8.5 - 10% initial	8.5 - 10% initial
Healthcare inflation rate	5% ultimate	5% ultimate

District assets in internal service fund

Clark County utilizes the Other Postemployment Benefit Reserve internal service fund to allocate OPEB costs to each fund, based on employee count. Each fund incurs a charge for service from the Other Postemployment Benefit Reserve fund for their portion of the annual OPEB cost. As of June 30, 2013, the Other Postemployment Benefit Reserve fund has \$579,166 in cash, investments, and interest receivable held on behalf of the District. The District intends to use these assets for future OPEB funding. These assets cannot be included in the plan assets considered in the OPEB funding schedules because they are not held in trust.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 9 – Risk Management

The District, through various interlocal agreements, uses Clark County for risk management administration. Participation is voluntary and is billed based on payroll.

The District 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. The County maintains the following types of risk exposures, which also include the District’s coverage. Over the past three years, settlements have not exceeded insurance coverage.

Self-Funded Group Insurance and Group Insurance Reserve

The County has established self-insurance funds for insuring medical benefits provided to participating 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 \$500,000 per occurrence in the first year, \$275,000 in the second year and \$175,000 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.

County Liability Insurance Pool

The County has established a general liability insurance pool for the benefit of County funds and other participating agencies including the District. The County’s self-insurance is in effect for loss amounts over a \$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 \$10,000,000. 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.

NOTE 10 – Encumbrances and Construction Commitments

Encumbrance accounting is employed as an extension of formal budgetary integration for all District funds. At June 30, 2013, certain amounts which were previously committed or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included In:	
	Committed Fund Balance	Assigned Fund Balance
General Fund	\$ 2,737,587	\$ 1,688,466
RFCD Construction	86,252,941	-
RFCD Capital Improvements	19,675,339	14,839,683

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 – Encumbrances and Construction Commitments (continued)

During the fiscal year, the District entered into several contracts for engineering studies and for the maintenance and construction of flood control infrastructure projects. As of June 30, 2013, the District had outstanding construction contracts totaling \$105,928,280, which will be financed from the capital projects funds. Other significant commitments include maintenance and engineering contracts totaling \$2,737,587, which will be funded from the general fund. Commitments will be met with existing committed fund balances and future revenue.

NOTE 11 – Related Party Transactions

The District is a component unit of Clark County, Nevada (County). The County is also a member-entity of the District, and as such, enters into interlocal contracts with the District for the construction and maintenance of flood control projects, which are funded and paid for by the District. At June 30, 2013, the County had open interlocal contracts totaling \$148,475,109. Of those contracts, \$94,839,606 was spent, and there remains outstanding contract balances totaling \$53,635,503.

During the fiscal year, the District reimbursed the County for \$27,127,104 for flood control construction and maintenance projects. At the end of the fiscal year, accounts payable directly allocable to the County total \$2,576,176. There were no outstanding account receivables.

The County utilizes the Other Postemployment Benefit Reserve internal service fund to allocate OPEB costs to each fund. Each fund incurs a charge for service from the Other Postemployment Benefit Reserve fund for their portion of the annual OPEB cost. At the end of the fiscal year, the District's amount due to the OPEB fund was \$176,715.

NOTE 12 – Fund Balances

Governmental fund balances as provided in the Balance Sheet are aggregated as restricted, committed, assigned, or unassigned. The table below provides a detail of the programs that correspond to each fund balance classification.

	General Fund	Debt Service Fund	Construction Fund	Capital Improvements Fund	Total Fund Balances
Restricted:					
Debt Service		\$ 11,387,388			\$ 11,387,388
Committed:					
Construction			\$ 86,252,941	\$ 19,675,339	105,928,280
Maintenance	\$ 2,079,310				2,079,310
Engineering	658,277				658,277
Assigned:					
Debt Service		296,541			296,541
Construction				14,839,683	14,839,683
Maintenance	868,809				868,809
Engineering	66,970				66,970
OPEB	752,687				752,687
Unassigned	10,333,139				10,333,139
Total Fund Balances	\$14,759,192	\$ 11,683,929	\$ 86,252,941	\$ 34,515,022	\$147,211,084

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 – Subsequent Events

In FY2013, the U.S. Office of Management and Budget reported to the U.S. Congress on the sequestration of federal funds for federal fiscal year 2013, as required by section 251A of the Balanced Budget and Emergency Deficit Control Act. As part of the federal sequestration, the subsidy payments for Build America Bonds were reduced. Because the federal fiscal year operates from October 1 through September 30, a portion of this sequestration impacts the District in FY 2014. On September 30, 2013, the Internal Revenue Service, a division of the U.S. Department of the Treasury, announced for federal fiscal year 2014 a sequestration of funds for Build America Bonds, reducing the subsidy amount by 7.2 percent. The District has one outstanding Build America Bond (Series 2009B), which received this subsidy and is subject to the sequestration. For fiscal year 2014, the impact to the Series 2009B will be an estimated reduction in subsidy payments of \$0.2 million.

REQUIRED SUPPLEMENTARY INFORMATION

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 REGIONAL FLOOD CONTROL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012)

			2013		2012
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES:					
Intergovernmental revenue:					
Federal Build America Bond Subsidy	\$ 3,223,770	\$ 3,223,770	\$ 3,223,770	-	\$ 3,256,998
State grants	-	-	10,000	10,000	7,500
Sales tax	77,400,000	77,400,000	79,495,264	2,095,264	75,222,225
Interest	90,000	90,000	(17,129)	(107,129)	259,716
Other	8,000	8,000	4,340	(3,660)	13,093
Total revenues	80,721,770	80,721,770	82,716,245	1,994,475	78,759,532
OTHER FINANCING SOURCES:					
Transfers from other funds	16,700,000	16,700,000	710,067	(15,989,933)	30,231,971
Total revenues and other financing sources	97,421,770	97,421,770	83,426,312	(13,995,457)	108,991,503
EXPENDITURES:					
Current:					
Salaries and wages	2,536,198	2,536,198	2,120,835	(415,363)	2,221,675
Employee benefits	1,046,207	1,046,207	721,741	(324,466)	768,572
Services and supplies	3,238,686	3,238,686	2,575,446	(663,240)	2,137,733
Capital outlay	235,000	235,000	129,012	(105,988)	153,212
Total expenditures	7,056,091	7,056,091	5,547,034	(1,509,056)	5,281,192
OTHER FINANCING USES:					
Transfers to other funds	92,392,451	92,392,451	76,789,279	(15,603,172)	102,126,009
Total expenditures and other financing uses	99,448,542	99,448,542	82,336,313	(17,112,229)	107,407,201
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,026,772)	(2,026,772)	1,089,999	3,116,771	1,584,302
FUND BALANCE					
Fund balances - beginning	10,935,718	10,935,718	10,721,074	(214,644)	9,136,772
Fund balances - ending	\$ 8,908,946	\$ 8,908,946	\$ 11,811,073	\$ 2,902,127	\$ 10,721,074

See notes to required supplementary information.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 REQUIRED SUPPLEMENTARY INFORMATION
 RECONCILIATION OF GENERAL FUND BUDGETARY INFORMATION TO
 GENERAL FUND GAAP INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund (Regional Flood Control District Fund) Budgetary Basis	Regional Flood Control District Maintenance Fund (Internally Reported)	Eliminations	General Fund as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis)
REVENUES				
Intergovernmental revenue:				
Federal Build America Bond Subsidy	\$ 3,223,770	\$ -	\$ -	\$ 3,223,770
State grants	10,000	-	-	10,000
Sales tax	79,495,264	-	-	79,495,264
Interest	(17,129)	7,968	-	(9,161)
Other	4,340	-	-	4,340
Total revenues	<u>82,716,245</u>	<u>7,968</u>	<u>-</u>	<u>82,724,213</u>
OTHER FINANCING SOURCES				
Transfers from other funds	710,067	8,000,000	(8,000,000)	710,067
Total revenues and other financing sources	<u>83,426,312</u>	<u>8,007,968</u>	<u>(8,000,000)</u>	<u>83,434,280</u>
EXPENDITURES				
Current:				
Salaries and wages	2,120,835	-	-	2,120,835
Employee benefits	721,741	-	-	721,741
Services and supplies	2,575,446	6,809,839	-	9,385,285
Capital outlay	129,012	-	-	129,012
Total expenditures	<u>5,547,034</u>	<u>6,809,839</u>	<u>-</u>	<u>12,356,873</u>
OTHER FINANCING USES				
Transfers to other funds	76,789,279	-	(8,000,000)	68,789,279
Total expenditures and other financing uses	<u>82,336,313</u>	<u>6,809,839</u>	<u>(8,000,000)</u>	<u>81,146,152</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,089,999	1,198,129	-	2,288,128
FUND BALANCE				
Fund balances - beginning	<u>10,721,074</u>	<u>1,749,990</u>	<u>-</u>	<u>12,471,064</u>
Fund balances - ending	<u>\$ 11,811,073</u>	<u>\$ 2,948,119</u>	<u>\$ -</u>	<u>\$ 14,759,192</u>

See notes to required supplementary information.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Acrued Liability		Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
		(AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)			
Self Funded Plan						
7/1/2008	-	881,456	881,456	0.0%	2,132,648	41.3%
7/1/2010	-	1,339,836	1,339,836	0.0%	2,373,056	56.5%
7/1/2012	-	2,049,732	2,049,732	0.0%	2,221,676	92.3%
PEBP *						
7/1/2008	-	307,713	307,713	0.0%	2,132,648	14.4%
7/1/2010	-	323,668	323,668	0.0%	-	-
7/1/2012	-	389,812	389,812	0.0%	-	-

* PEBP closed to new participants as of September 1, 2008; therefore, covered payroll is zero for valuation dates after 7/1/2010.

See notes to required supplementary information.

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 – Budgetary Information

The District's budget is included in the County's budget. The County uses the following procedures to establish, modify, and control the budgetary data presented in the financial statements:

- a. Prior to April 15, the County Manager submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The budget as submitted contains the proposed expenditures and means of financing them.
- b. The Nevada State Department of Taxation notifies the County of its acceptance of the budget.
- c. Public hearings are conducted on the third Monday in May.
- d. After all changes have been noted and hearings closed, the County Commission adopts the budget on or before June 1.
- e. The District's General Manager/Chief Engineer is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the District Board.
- f. Increases to a fund's budget (augmentations) other than by transfers are accomplished through formal District Board action.
- g. Formal budgetary control is employed for all District funds.
- h. Statutory regulations require budget control to be exercised at the function level within the Regional Flood Control District fund, which serves as the District's general fund. Budget control is exercised at the fund level for all other funds. The District administratively exercises control at the budgeted item level within a department.
- i. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year up to the amount of available opening fund balance.
- j. Budgeted amounts as originally adopted for the year ended June 30, 2013, were augmented for grants and other Board actions.
- k. Budgets are adopted on a basis consistent with the method used to report on governmental funds, which are prepared in accordance with the accounting principles generally accepted in the United States of America.

NOTE 2 – Reconciliation of General Fund Budgetary Information to General Fund GAAP Information

This statement reconciles the general fund as presented for budget purposes to the presentation required under the modified accrual basis of accounting.

SUPPLEMENTARY INFORMATION

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 REGIONAL FLOOD CONTROL DISTRICT MAINTENANCE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012)

			2013		2012
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES:					
Interest	\$ 30,000	\$ 30,000	\$ 7,968	\$ (22,032)	\$ 7,658
Other	10,000	10,000	-	(10,000)	-
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>7,968</u>	<u>(32,032)</u>	<u>7,658</u>
OTHER FINANCING SOURCES:					
Transfers from other funds	8,000,000	8,000,000	8,000,000	-	8,000,000
Total revenues and other financing sources	<u>8,040,000</u>	<u>8,040,000</u>	<u>8,007,968</u>	<u>(32,032)</u>	<u>8,007,658</u>
EXPENDITURES:					
Current:					
Services and supplies	10,001,500	10,001,500	6,809,839	(3,191,661)	9,344,129
Total expenditures	<u>10,001,500</u>	<u>10,001,500</u>	<u>6,809,839</u>	<u>(3,191,661)</u>	<u>9,344,129</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,961,500)	(1,961,500)	1,198,129	3,159,629	(1,336,471)
FUND BALANCE					
Fund balances - beginning	3,169,321	3,169,321	1,749,990	(1,419,331)	3,086,461
Fund balances - ending	<u>\$ 1,207,821</u>	<u>\$ 1,207,821</u>	<u>\$ 2,948,119</u>	<u>\$ 1,740,298</u>	<u>\$ 1,749,990</u>

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 FLOOD CONTROL DEBT SERVICE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012)

			2013		2012
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES:					
Interest	\$ 140,000	\$ 140,000	\$ 34,836	\$ (105,164)	\$ 143,355
Total revenues	140,000	140,000	34,836	(105,164)	143,355
OTHER FINANCING SOURCES:					
Transfers from other funds	37,642,451	37,642,451	33,143,451	(4,499,000)	30,301,009
Total revenues and other financing sources	37,782,451	37,782,451	33,178,287	(4,604,164)	30,444,364
EXPENDITURES:					
Current:					
Services and supplies	157,500	157,500	45,513	(111,987)	37,239
Debt Service:					
Principal	11,240,000	11,240,000	11,240,000	-	10,775,000
Interest and other charges	26,161,513	26,161,513	21,661,513	(4,500,000)	22,156,451
Total expenditures	37,559,013	37,559,013	32,947,026	(4,611,987)	32,968,690
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	223,438	223,438	231,261	7,823	(2,524,326)
FUND BALANCE					
Fund balances - beginning	11,545,043	11,545,043	11,452,668	(92,375)	13,976,994
Fund balances - ending	\$ 11,768,481	\$ 11,768,481	\$ 11,683,929	\$ (84,552)	\$ 11,452,668

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 RFCD CONSTRUCTION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES:					
Interest	700,000	700,000	181,872	(518,128)	988,066
Other	50,000	50,000	4,652	(45,348)	39,795
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>186,524</u>	<u>(563,476)</u>	<u>1,027,861</u>
OTHER FINANCING SOURCES:					
Transfers from other funds	46,750,000	46,750,000	35,645,828	(11,104,172)	63,825,000
Total revenues and other financing sources	<u>47,500,000</u>	<u>47,500,000</u>	<u>35,832,352</u>	<u>(11,667,648)</u>	<u>64,852,861</u>
EXPENDITURES:					
Current:					
Services and supplies	25,000	25,000	822,515	797,515	17,922
Capital outlay	123,370,959	123,370,959	44,726,738	(78,644,221)	51,870,670
Total expenditures	<u>123,395,959</u>	<u>123,395,959</u>	<u>45,549,253</u>	<u>(77,846,706)</u>	<u>51,888,592</u>
OTHER FINANCING USES:					
Transfers to other funds	15,700,000	15,700,000	710,067	(14,989,933)	30,231,971
Total expenditures and other financing uses	<u>139,095,959</u>	<u>139,095,959</u>	<u>46,259,320</u>	<u>(92,836,639)</u>	<u>82,120,563</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(91,595,959)	(91,595,959)	(10,426,968)	81,168,991	(17,267,702)
FUND BALANCE					
Fund balances - beginning	91,595,959	91,595,959	96,679,909	5,083,950	113,947,611
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,252,941</u>	<u>\$ 86,252,941</u>	<u>\$ 96,679,909</u>

CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
 CLARK COUNTY, NEVADA
 RFCD CAPITAL IMPROVEMENTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012)

			2013		2012
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES:					
Interest	\$ 200,000	\$ 200,000	\$ 92,543	\$ (107,457)	\$ 684,166
Total revenues	200,000	200,000	92,543	(107,457)	684,166
OTHER FINANCING SOURCES:					
Bonds and loans issued	75,000,000	75,000,000	-	(75,000,000)	-
Total revenues and other financing sources	75,200,000	75,200,000	92,543	(75,107,457)	684,166
EXPENDITURES:					
Current:					
Services and supplies	20,100	20,100	17,385	(2,715)	14,818
Capital outlay	117,260,127	117,260,127	24,421,795	(92,838,332)	34,298,417
Total expenditures	117,280,227	117,280,227	24,439,180	(92,841,047)	34,313,235
OTHER FINANCING USES:					
Transfers to other funds	1,000,000	1,000,000	-	(1,000,000)	-
Total expenditures and other financing uses	118,280,227	118,280,227	24,439,180	(93,841,047)	34,313,235
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(43,080,227)	(43,080,227)	(24,346,637)	18,733,590	(33,629,069)
FUND BALANCE					
Fund balances - beginning	43,080,227	43,080,227	58,861,659	15,781,432	92,490,728
Fund balances - ending	\$ -	\$ -	\$ 34,515,022	\$ 34,515,022	\$ 58,861,659

COMMENTS OF INDEPENDENT AUDITORS



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

To the Honorable Clark County Regional Flood Control District Board of Directors
and the Honorable Board of County Commissioners
Clark County, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Clark County Regional Flood Control District, Clark County, Nevada (the "District"), as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 5, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Kafoury, Armstrong & Co.

Las Vegas, Nevada
November 5, 2013

**CLARK COUNTY REGIONAL FLOOD CONTROL DISTRICT
CLARK COUNTY, NEVADA
AUDITOR'S COMMENTS
JUNE 30, 2013**

CURRENT YEAR STATUTE COMPLIANCE

Clark County Regional Flood Control District (the District) conformed to all significant statutory constraints on its financial administration during the year.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The District monitored all significant constraints during the year ended June 30, 2013.

PRIOR YEAR RECOMMENDATIONS

There were no recommendations made in the audit report for the year ended June 30, 2012.

CURRENT YEAR RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within this report.