

**NEW ISSUE  
BOOK-ENTRY ONLY**

**RATINGS: Moody's: "Aa2"  
S&P: "AA+"  
See "RATING"**

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

**\$12,700,000  
CITY OF HENDERSON, NEVADA  
GENERAL OBLIGATION (LIMITED TAX)  
MEDIUM-TERM VARIOUS PURPOSE AND REFUNDING BONDS  
SERIES 2016**

**Dated: Date of Delivery**

**Due: August 1, as shown herein**

The Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS – Book-Entry Only System." The Bonds bear interest at the rates set forth herein payable semiannually on February 1 and August 1 of each year, commencing February 1, 2017. Interest will be paid to and including the maturity dates shown herein (unless the Bonds are redeemed earlier), to the registered owners of the Bonds (initially Cede & Co.). The principal of the Bonds will be payable upon presentation and surrender at the offices of the City Treasurer, or its successor as the paying agent for the Bonds. See "THE BONDS – Payment Provisions."

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

The Bonds are not subject to optional redemption prior to their respective maturities. See "THE BONDS – Redemption Provisions."

Proceeds of the Bonds will be used to: (i) prepay certain principal installments and related accrued interest due under an Installment Purchase Agreement dated March 4, 2009, the proceeds of which were used to finance certain energy conservation improvements at City facilities; (ii) purchase, upgrade, and replace the City's police communication equipment and other City equipment; and (iii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

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

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

The Bonds are offered when, as, and if issued and accepted by the initial purchaser, subject to the approval of legality of the Bonds by Sherman & Howard L.L.C., Las Vegas, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C. has also acted as special counsel to the City in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney. Zions Public Finance, Las Vegas, Nevada, is acting as Financial Advisor to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, on August 30, 2016.

This Official Statement is dated August 10, 2016.

**MATURITY SCHEDULE**  
**(CUSIP 6-digit issuer number: 425200)**

**\$12,700,000**  
**CITY OF HENDERSON, NEVADA**  
**GENERAL OBLIGATION (LIMITED TAX)**  
**MEDIUM-TERM VARIOUS PURPOSE AND REFUNDING BONDS**  
**SERIES 2016**

Maturing (August 1)	Principal Amount	Interest Rate	Yield	CUSIP* Issue Number
2017	350,000	2.00%	0.60%	6D9
2018	365,000	4.00	0.66	6E7
2019	1,765,000	5.00	0.76	6F4
2020	1,920,000	5.00	0.90	6G2
2021	2,080,000	5.00	1.05	6H0
2022	2,250,000	5.00	1.25	6J6
2023	2,435,000	5.00	1.40	6K3
2024	485,000	5.00	1.50	6L1
2025	510,000	5.00	1.60	6M9
2026	540,000	5.00	1.70	6N7

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\* CUSIP® is a registered trademark of the American Bankers Association (the “ABA”). The CUSIP numbers set forth herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Capital IQ, a part of McGraw Hill Financial, Inc. The CUSIP numbers are provided for convenience of reference only. The City takes no responsibility for the selection or accuracy of the CUSIP numbers.

## **USE OF INFORMATION IN THIS OFFICIAL STATEMENT**

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

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

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

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

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

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

**CITY OF HENDERSON, NEVADA**

**Mayor and City Council**

Andy A. Hafen, Mayor  
John F. Marz, Mayor Pro Tem  
Sam Bateman  
Debra March  
Gerri Schroder

**City Officials**

Robert Murnane, City Manager  
Bristol S. Ellington, Assistant City Manager  
Gregory W. Blackburn, Assistant City Manager  
Richard A. Derrick, Chief Financial Officer  
Jim McIntosh, Finance Director  
Sabrina Mercadante, City Clerk  
Josh Reid, City Attorney

**FINANCIAL ADVISOR**

Zions Public Finance  
Las Vegas, Nevada

**BOND AND SPECIAL COUNSEL**

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

**REGISTRAR AND PAYING AGENT**

Office of the City Treasurer  
Henderson, Nevada

**ESCROW BANK**

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

**TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTION .....	1
General .....	1
The City .....	1
Changes Since Preliminary Official Statement .....	1
Purpose .....	2
Authority for Issuance .....	2
Security for the Bonds .....	2
The Bonds; Redemption Provisions .....	2
Tax Matters .....	2
Professionals .....	3
Continuing Disclosure Undertaking .....	3
Forward-Looking Statements .....	4
Bondholder Risks .....	4
Secondary Market .....	4
Additional Information .....	4
SOURCES AND USES OF FUNDS .....	6
Sources and Uses of Funds .....	6
The Project .....	6
THE BONDS .....	8
General .....	8
Payment Provisions .....	8
No Optional Redemption .....	9
Tax Covenant .....	9
Defeasance .....	9
Book-Entry Only System .....	9
DEBT SERVICE REQUIREMENTS .....	11
SECURITY FOR THE BONDS .....	12
General Obligations .....	12
Certain Risks Associated With Property Taxes .....	12
Other Security Matters .....	13
PROPERTY TAX INFORMATION .....	15
Property Tax Base and Tax Roll .....	15
Ad Valorem Property Tax Data .....	15
Property Tax Collections .....	16
Largest Taxpayers - City of Henderson .....	17
Property Tax Limitations .....	18
Required Property Tax Abatements .....	20
Overlapping Tax Rates .....	21

THE CITY .....	22
General .....	22
Governing Body .....	22
Administration.....	23
Employee Relations, Benefits and Pension Matters.....	26
CITY FINANCIAL INFORMATION.....	32
Annual Reports.....	32
Budgeting .....	32
Accounting .....	33
General Fund.....	33
City General Fund Revenue Sources and Expenditures.....	34
History of City Revenues and Expenditures .....	35
Management’s Discussion and Analysis of Recent Financial Activity in the General Fund ...	38
Financial Stabilization Fund.....	38
Investment Policy .....	38
Risk Management.....	39
DEBT STRUCTURE.....	40
Debt Limitation .....	40
Outstanding Indebtedness and Other Obligations .....	40
Additional Contemplated Indebtedness .....	42
Annual Debt Service Requirements .....	43
Overlapping Debt .....	44
Selected Debt Ratios .....	46
LEGAL MATTERS.....	47
Litigation .....	47
Sovereign Immunity .....	47
Approval of Certain Legal Proceedings .....	47
Police Power.....	47
TAX MATTERS.....	47
Federal Tax Matters .....	47
State Tax Exemption .....	49
FINANCIAL ADVISOR .....	49
INDEPENDENT AUDITORS.....	50
RATINGS .....	50
UNDERWRITING .....	50
OFFICIAL STATEMENT CERTIFICATION.....	50

APPENDIX A	Comprehensive Annual Financial Report for the City for the Fiscal Year Ended June 30, 2015 .....	A-1
APPENDIX B	Book-Entry Only System .....	B-1
APPENDIX C	Form of Continuing Disclosure Certificate .....	C-1
APPENDIX D	Form of Approving Opinion of Bond Counsel .....	D-1
APPENDIX E	Economic and Demographic Information .....	E-1

## INDEX OF TABLES

NOTE: Tables marked with an (\*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See “INTRODUCTION - Continuing Disclosure Undertaking.”

	Page
Sources and Uses of Funds .....	6
Debt Service Requirements – Bonds .....	11
*History of Assessed Value – City of Henderson .....	16
*Property Tax Levies, Collections and Delinquencies - City of Henderson, Nevada.....	17
*Principal Property Owning Taxpayers in the City .....	18
PERS Benefit Multiplier .....	27
Nevada PERS Retirement Eligibility .....	28
*General Fund - History of Revenues, Expenditures and Changes in Fund Balance <sup>(1)</sup> .....	37
*Statutory Debt Limitation .....	40
*Outstanding Debt and Other Obligations.....	41
*Annual Debt Service Requirements - General Obligation Bonds .....	44
Outstanding Overlapping Net General Obligation Indebtedness.....	45
Net Direct & Overlapping General Obligation Indebtedness .....	45
Selected Direct General Obligation Debt Ratios .....	46

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(1) Only historical data and not budgeted or estimated data is required to be updated.



## OFFICIAL STATEMENT

**\$12,700,000**

**CITY OF HENDERSON, NEVADA  
GENERAL OBLIGATION (LIMITED TAX)  
MEDIUM-TERM VARIOUS PURPOSE AND REFUNDING BONDS  
SERIES 2016**

### INTRODUCTION

#### General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the City of Henderson, Nevada (the “City” and the “State,” respectively), to provide information about the City and its \$12,700,000 General Obligation (Limited Tax) Medium-Term Various Purpose and Refunding Bonds, Series 2016 (the “Bonds”). The Bonds will be issued pursuant to an ordinance (the “Bond Ordinance”) to be adopted by the City Council of the City (the “City Council”) on August 2, 2016. Capitalized terms used herein that are otherwise not defined have the meanings ascribed to them in the Bond Ordinance.

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

#### The City

The City was incorporated in 1953 and operates pursuant to the laws of the State of Nevada (the “State”) and a City Charter (the “Charter”). The Charter was approved in its present form by the Nevada legislature in 1971 and amended subsequently. The City is located in the southeastern part of Clark County, Nevada (the “County”). With an estimated population of 287,828 as of July 1, 2015, the City is the second largest city in the State. Geographically, the City is one of the largest cities in the State, with its boundaries encompassing over 105 square miles. See “THE CITY.” As more fully described in “PROPERTY TAX INFORMATION--Property Tax Base and Tax Roll,” the City’s assessed valuation for fiscal year 2016-17 is \$11,630,054,583, excluding the assessed valuation attributable to the Henderson Redevelopment Agency (the “Redevelopment Agency”), an increase of 9.4% from fiscal year 2015-16.

#### Changes Since Preliminary Official Statement

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated July 28, 2016 (the “POS”), relating to the Bonds, including the final sources and uses of the proceeds of the Bonds and the maturity dates, interest rates, and yields, and other terms of the Bonds. In addition, the name of the Bonds has been amended throughout this Official Statement to “City of Henderson, Nevada General Obligation (Limited Tax) Medium Term Various Purpose and Refunding Bonds, Series 2016” so that it is consistent with the name

of the Bonds set forth in the Bond Ordinance.

### **Purpose**

The proceeds of the Bonds will be used to: (i) prepay amounts borrowed by the City under an Installment Purchase Agreement dated March 4, 2009 (the “Installment Purchase Agreement”), the proceeds of which were used to finance certain energy conservation improvements at City facilities (the “Refunding Project”); (ii) purchase, upgrade, and replace the City’s police communication equipment and other City equipment (the “Improvement Project,” and together with the “Refunding Project, the “Project”); and (ii) pay the costs of issuing the Bonds. See “SOURCES AND USES OF FUNDS.”

### **Authority for Issuance**

The Bonds are issued pursuant to the laws of the State, including: Chapter 470, Statutes of Nevada 1975, as amended (the “Charter”); Nevada Revised Statutes (“NRS”) 268.672 through 268.740, inclusive (the “City Bond Law”); NRS 350.087 through 350.095, as amended (the “Bond Act”); NRS Chapter 348 (the “Supplemental Bond Law”); and the Bond Ordinance.

### **Security for the Bonds**

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

### **The Bonds; Redemption Provisions**

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

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

The Bonds are not subject to optional redemption prior to their respective maturities. See “THE BONDS – Redemption Provisions.”

### **Tax Matters**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of

1986, as amended to the date of delivery of the Bonds (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS – Federal Tax Matters.”

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

### **Professionals**

Sherman & Howard L.L.C., Las Vegas, Nevada, has acted as Bond Counsel in connection with the Bonds and also has acted as special counsel to the City in connection with this Official Statement. The City’s financial advisor in connection with the issuance of the Bonds is Zions Public Finance, Las Vegas, Nevada (the “Financial Advisor”). See “FINANCIAL ADVISOR.” The fees of the Financial Advisor will be paid only from Bond proceeds at closing. The audited basic financial statements of the City (contained in Appendix A to this Official Statement) include the report of Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada. See “INDEPENDENT AUDITORS.” The City Treasurer will act as the registrar and paying agent for the Bonds (the “Registrar” and “Paying Agent”). The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as the escrow bank in connection with the Refunding Project. Certain mathematical computations regarding the Escrow Account (defined below) will be verified by Grant Thornton LLP, certified public accountants, Minneapolis, Minnesota. See “SOURCES AND USES OF FUNDS--The Refunding Project - Verification of Mathematical Computations.”

### **Continuing Disclosure Undertaking**

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

The City notes, however, that it failed to file enumerated event notices related to ratings changes of certain bonds (the “District Bonds”) issued by the City for five of its local improvement districts. The rating changes were caused by rating changes to the insurer of the District Bonds. The enumerated event notices were due in 2010, 2011, 2013 and 2014. The City

filed such enumerated event notices on August 26, 2014, and has retained the Financial Advisor to assist it with future continuing disclosure compliance for its local improvement district bonds. The City further notes that in 2015 it failed to file an enumerated event notice related to a partial redemption of one series of its District Bonds, although the partial redemption of such District Bonds actually occurred. Finally, the City notes that in 2013 the official statement for one series of District Bonds was posted on EMMA and that such official statement contained the required continuing disclosure updates for such District Bonds for fiscal year 2013; however, no notice containing a cross-reference to such official statement was posted under the continuing disclosure tab on EMMA. Although the City is the issuer of the District Bonds and is responsible for continuing disclosure compliance related thereto, the District Bonds are payable solely from certain funds (generally, special assessments) pertaining to each local improvement district, and are not obligations of the City's general fund.

### **Forward-Looking Statements**

This Official Statement, particularly (but not limited to) any statements referring to budgeted or anticipated or unaudited financial information for fiscal years 2016, 2017 or future years, contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be materially adverse to the owners of the Bonds and could impact the availability of revenues to pay debt service on the Bonds.

### **Bondholder Risks**

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

### **Secondary Market**

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

### **Additional Information**

This introduction is only a brief summary of the provisions of the Bonds and the Bond Ordinance; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the City, the Project, the Bonds, the Bond Ordinance and other documents are included in this Official Statement. All references herein to the Bonds, the Bond

Ordinance, and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the City and the Financial Advisor at the addresses set forth below:

City of Henderson, Nevada  
Attn: Chief Financial Officer  
240 Water Street, MSC 141  
Henderson, Nevada 89015  
Telephone: (702) 267-1767

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

## SOURCES AND USES OF FUNDS

### Sources and Uses of Funds

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

#### Sources and Uses of Funds

	<u>Amount</u>
SOURCES:	
Principal Amount of Bonds .....	\$12,700,000.00
Plus original issue premium .....	<u>2,426,713.35</u>
Total.....	<u>\$15,126,713.35</u>
USES:	
The Improvement Project.....	\$5,141,989.27
The Refunding Project .....	9,786,906.14
Costs of issuance (including u/w discount).....	<u>197,817.94</u>
Total .....	<u>\$15,126,713.35</u>

Source:           The Financial Advisor.

### The Project

Improvement Project. A portion of the net proceeds of the Bonds will be used to finance the Improvement Project, which includes the purchase, upgrade, and replacement of the City’s police communication equipment and other City equipment.

Refunding Project. The remaining net proceeds of the Bonds will be used to prepay the principal installments due under the Installment Purchase Agreement on February 1, 2020 through 2024 (the “Refunded Installments”), in the aggregate principal amount of \$8,854,000, together with all related accrued interest, on February 1, 2019. The City is undertaking the Refunding Project for net present value savings. To accomplish the Refunding Project, the City will deposit the net proceeds of the Bonds related to the Refunding Project and certain other legally available funds into the Escrow Account created pursuant to the Bond Ordinance (the “Escrow Account”). Pursuant to an Escrow Agreement between the City and the Escrow Bank, the amounts deposited into the Escrow Account will be invested in Federal Securities (defined herein) maturing at such times and in such amounts as are required to pay (i) the interest on the Refunded Installments as they become due through February 1, 2019; and (ii) the principal of the Refunded Installments on February 1, 2019. The Refunded Installments will be economically defeased upon the funding of the Escrow Account but the Installment Purchase Agreement does not permit a legal defeasance of the Refunding Installments and the Refunding Installments will thus continue to be considered outstanding under the Installment Purchase Agreement until paid on February 1, 2019.

The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the federal securities and cash deposited in the Escrow Account to provide for the payment of the Refunded Installments on February 1, 2019, and the accrued

interest on and prior to February 1, 2019, which computations support the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” under Section 148 of the Tax Code, will be verified by Grant Thornton LLP, certified public accountants, Minneapolis, Minnesota.

## THE BONDS

### General

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

### Payment Provisions

Interest on the Bonds is payable on each February 1 and August 1 (each an “Interest Payment Date”), commencing on February 1, 2017, by check or draft mailed by the Paying Agent on or before the Interest Payment Date (or if such day is not a business day, on or before the next succeeding business day) to the person in whose name each Bond is registered (i.e., Cede & Co.) on the 15th day of the calendar month preceding the Interest Payment Date (the “Regular Record Date”), but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date shall be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than 10 days prior thereto by first class mail to each such registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed upon between the owner of such Bond and the Paying Agent. The principal of and redemption premium, if any, on any Bond, shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by the Bond until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

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



## **No Optional Redemption**

The Bonds are not subject to optional redemption prior to their respective maturities.

## **Tax Covenant**

In the Bond Ordinance, the City covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above-described covenants under the Tax Code have been met.

## **Defeasance**

When all Bond Requirements of a Bond have been duly paid, the pledge and lien and all obligations under the Bond Ordinance as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of the Bond Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as so needed to meet the schedule. For the purposes of this paragraph "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof.

## **Book-Entry Only System**

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

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE

REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

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

## DEBT SERVICE REQUIREMENTS

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

### Debt Service Requirements – Bonds

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest<sup>(1)</sup></b>	<b>Total</b>
2017	\$ --	\$260,412	\$260,412
2018	350,000	617,350	967,350
2019	365,000	606,550	971,550
2020	1,765,000	555,125	2,320,125
2021	1,920,000	463,000	2,383,000
2022	2,080,000	363,000	2,443,000
2023	2,250,000	254,750	2,504,750
2024	2,435,000	137,625	2,572,625
2025	485,000	64,625	549,625
2026	510,000	39,750	549,750
2027	540,000	13,500	553,500
TOTAL	<u>\$12,700,000</u>	<u>\$3,375,687</u>	<u>\$16,075,687</u>

(1) Interest in fiscal year 2017 rounded to nearest whole dollar.

Source: The Financial Advisor.

## SECURITY FOR THE BONDS

### General Obligations

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

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

Current Operating Tax Rate Information. The ad valorem tax rate available to pay the Bonds is limited to the City's maximum operating levy and any legally available tax overrides. Those rates are calculated annually by the Nevada Department of Taxation ("Taxation") as described in "PROPERTY TAX INFORMATION – Property Tax Limitations – Local Government Property Tax Revenue Limitation." The City's maximum allowed operating levy changes each year. For fiscal year 2016-17, the maximum allowed operating levy is \$0.6865, of which the City levies \$0.3198 per \$100 of assessed valuation. The City also levies a debt rate of \$0.1600 and a voter approved public safety override of \$0.2310 for a total of \$0.7108 per \$100 of assessed valuation. The total ad valorem tax rate, including the operating rate available to pay the Bonds, is further limited by the limitation on the combined overlapping tax rate of \$3.64 per \$100 of assessed valuation. See "PROPERTY TAX INFORMATION – Property Tax Limitations." The overlapping tax rate throughout the City for 2015-2016 was 2.8977 per \$100 of assessed valuation.

### Certain Risks Associated With Property Taxes

Delays in Property Tax Collections Could Occur. Although the Bonds are general obligations of the City, the City may only levy property taxes to pay debt service on the Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes see "PROPERTY TAX INFORMATION – City Property Tax Collections." Due to the statutory process required for the levy of taxes, in any year in which the City is required to levy property taxes (assuming that the total overlapping rate is not already the maximum rate allowed, and that other legally available revenues are not sufficient to pay the same), there may be a delay in the availability of property tax revenues to pay debt service on the Bonds.

Property Tax Limitations. The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county

(e.g. the State, the County, the Clark County School District (the “School District”), the City, or any special district) in each year. Those limitations are described in “PROPERTY TAX INFORMATION – Property Tax Limitations.” In any year in which the total property taxes levied within the City by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness. In addition, State law requires the abatement of property taxes in certain circumstances. See “PROPERTY TAX INFORMATION – OVERLAPPING PROPERTY TAX CAPS AND REQUIRED PROPERTY TAX ABATEMENTS” and “PROPERTY TAX INFORMATION – Required Property Tax Abatements.”

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

The City’s residential housing market has recovered since the recession it experienced between fiscal years 2009 and 2013, and the assessed valuation of the City (excluding the assessed valuation attributable to the Redevelopment Agency), has increased 3.1%, 12.7%, 10.7%, and 9.4%, respectively, year-over-year from fiscal year 2014 through fiscal year 2017. It is possible that the assessed valuation could decline in future years.

A significant portion of the City’s general revenues is also derived from the collection of sales taxes within the City. Sales tax collections are subject to fluctuations in spending which is affected by, among other things, general economic cycles. Sales tax revenues may increase along with the increasing prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of sales tax collections may be expected to correspond generally to economic cycles.

Taxable sales in the area have shown consistent year-to-year growth since fiscal year 2011. See “TAXABLE SALES” included in the economic and demographic information attached hereto as Appendix E. Nonetheless, it cannot be predicted from this trend whether sales tax collections in the City will continue to increase in the future. It is possible that the amount of taxable sales could decline in future years.

### **Other Security Matters**

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

Ordinance Irrepealable. After any of the Bonds are issued, the Bond Ordinance shall constitute an irrevocable contract between the City and the owner or owners of the Bonds; and the Bond Ordinance, if any Bonds are in fact issued, shall be and shall remain irrepealable

until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as herein provided.

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

## PROPERTY TAX INFORMATION

### Property Tax Base and Tax Roll

The State Department of Taxation (“Taxation”) reported the assessed valuation of property within the City for the fiscal year ending June 30, 2017 to be \$11,630,054,583 (excluding the assessed valuation attributable to the Redevelopment Agency) which represents a 9.4% increase from the assessed valuation reported for the prior fiscal year. State law requires that the County assessor reappraise, at least once every five years, all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the County assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the current policy of the County Assessor to reappraise all real and secured personal property in the County each year. State law requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the Legislature. Based on the assessed valuation for fiscal year 2017, the taxable value of all taxable property within the City is \$33,228,727,380 (excluding the taxable value attributable to the Redevelopment Agency).

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

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

### Ad Valorem Property Tax Data

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

History of Assessed Value – City of Henderson

Fiscal Year Ended June 30	Assessed Valuation	Percent Change	Redevelopment Agency Assessed Valuation	Total Assessed Valuation	Percent Change
2013	\$ 8,255,600,100	--	\$ 193,618,603	\$ 8,449,218,703	--
2014	8,514,933,298	3.1%	199,709,309	8,714,642,607	3.1%
2015	9,599,639,616	12.7	314,319,375	9,913,958,991	13.8
2016	10,630,915,219	10.7	423,187,906	11,054,103,125	11.5
2017	11,630,054,583	9.4	558,228,496	12,188,283,079	10.3

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

**Property Tax Collections**

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

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

City Tax Collections. A history of the City’s tax roll collection record appears in the following table. The City’s current tax rate is \$0.7108, comprised of a \$0.3198 operating rate, a \$0.1600 debt rate, and a \$0.2310 voter approved public safety override. *This table reflects all amounts collected by the City, including amounts levied pursuant to tax override levies that are limited to specific purposes and that may not be available to pay debt service on the Bonds.* The table below provides information with respect to the historic collection rates for the City. There is no assurance that collection rates will be similar to the historic collection rates depicted below.



Property Tax Levies, Collections and Delinquencies - City of Henderson, Nevada(1)

Fiscal Year	Net Secured	Current Tax	% of Levy	Delinquent	Total Tax	Total Tax
Ending	Roll Tax Levy <sup>(2)</sup>	Collections	(Current)	Tax	Collections	Collections as %
June 30			Collected	Collections		of Current Levy <sup>(3)</sup>
2011	\$70,955,402	\$69,557,584	98.03%	\$1,371,566	\$70,929,150	99.96%
2012	63,346,695	62,318,519	98.38	1,003,779	63,322,298	99.96
2013	58,111,477	57,611,371	99.14	464,856	58,076,227	99.94
2014	58,810,240	58,410,072	99.32	358,569	58,768,641	99.93
2015	62,378,256	62,084,523	99.53	214,576	62,299,100	99.87
2016 <sup>(4)</sup>	66,755,861	66,332,692	99.37	n/a <sup>(5)</sup>	66,332,692	99.37

<sup>(1)</sup> Represents the real property tax roll levies and collections; subject to revision.

<sup>(2)</sup> Represents the adjusted county tax levied for the fiscal year.

<sup>(3)</sup> Figured on collections to net levy (actual levy less stricken taxes).

<sup>(4)</sup> Collections as of May 31, 2016.

<sup>(5)</sup> Delinquent tax collections in progress.

Source: Clark County Treasurer's Office.

**Largest Taxpayers - City of Henderson**

The following table represents the ten largest property-owning taxpayers in the City based on fiscal year 2015-16 assessed valuations (most recent data available). The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (defined generally as taxable property which does not attach to the real estate, such as business equipment and fixtures, mobile/manufactured homes and airplanes). No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the City.

The City's operating activities are concentrated in the Las Vegas, Nevada metropolitan area and therefore, realization of the City's receivables (including property tax revenues) and its future operations could be affected by continuing or worsening adverse conditions in the area.

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

Principal Property Owning Taxpayers in the City

Fiscal Year 2015-16

<u>Taxpayer</u>	<u>Type of Business</u>	<u>FY 2015-16 Assessed Value</u>	<u>% of Total Assessed Value<sup>(1)</sup></u>
Station Casinos Incorporated	Hotel/Casino	\$102,870,728	0.93%
W.L. Nevada Incorporated	Developer	101,231,043	0.92
Green Valley Ranch Gaming L.L.C.	Hotel/Casino	87,603,439	0.79
Basic Management Incorporated	Developer	77,453,094	0.70
M Resort	Hotel/Casino	72,086,593	0.65
Greenspun Corporation	Real Estate	48,217,588	0.44
Harsch Investment Properties	Real Estate	41,557,501	0.38
Picerne Real Estate Group	Real Estate	37,192,812	0.34
Ranch Center Associates L.P.	Shopping Mall	29,685,073	0.27
Camden Property Trust	Real Estate	<u>23,917,779</u>	<u>0.22</u>
Total		\$621,815,650	5.63%

(1) Based on the City’s fiscal year 2015-16 assessed valuation of \$11,054,103,125 (includes the assessed valuation attributable to the Redevelopment Agency).

Source: Clark County Assessor’s Office website (Report dated October 31, 2015).

**Property Tax Limitations**

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

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

property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

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

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

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

#### Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship.

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

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

Potential Constitutional Amendment - Senate Joint Resolution 13. Senate Joint Resolution 13 ("SJR 13"), adopted by the 2015 session of the Nevada Legislature, proposes to amend the Nevada Constitution. Under Nevada law, constitutional amendments require majority approval by each house of the Legislature in two separate legislative sessions and then majority

approval by the general electorate. SJR 13, therefore, will be considered again in the 2017 Legislature. If it is approved again, it is expected that it will be placed on the ballot for the November 2018 general election.

SJR 13 would impose certain additional limitations on property taxes. It is unclear how the amendment would work with existing abatement requirements. If approved, SJR 13 is expected to require enabling legislation which has not yet been introduced. The proposed amendment itself would, among other provisions, limit taxes to 1.25% of taxable value. Property taxes for debt (excluding the Bonds), however, generally would be excluded from SJR 13's limit. SJR 13 only applies to real property taxes. It also requires a new "uniform and just" valuation of property for taxation and it generally limits increases in property values to the lesser of 3% per year or the rate of inflation, with certain exceptions. SJR 13 would also change the taxable value of real property upon certain transfers of the property.

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

### **Required Property Tax Abatements**

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

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. Revenues realized from new or increased ad valorem taxes

that are required by any legislative act that was effective after April 6, 2005, generally are exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

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

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

### Overlapping Tax Rates

The following table presents a history of statewide average tax rates and a representative overlapping tax rate for City. The overlapping rates for incorporated and unincorporated areas within the City vary depending on the rates imposed by applicable taxing jurisdictions. The highest overlapping tax rate in the County currently is \$3.4030 in Mt. Charleston Town.

History of Statewide Average and Sample Overlapping Property Tax Rates<sup>(1)</sup>

<u>Fiscal Year Ended June 30,</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Average Statewide rate	\$3.1304	\$3.1304	\$3.1232	\$3.1360	\$3.1500
City of Henderson	\$0.7108	\$0.7108	\$0.7108	\$0.7108	\$0.7108
Clark County	0.6541	0.6541	0.6541	0.6541	0.6541
Clark County School District	1.3034	1.3034	1.3034	1.3034	1.3034
Combined Special Districts <sup>(2)</sup>	0.0586	0.0585	0.0593	0.0594	0.0602
State of Nevada <sup>(3)</sup>	0.1700	0.1700	0.1700	0.1700	0.1700
Total	\$2.8969	\$2.8968	\$2.8976	\$2.8977	\$2.8985

(1) Per \$100 of assessed valuation.

(2) Includes levies for the Las Vegas Artesian Basin, Las Vegas/Clark County Library District (debt), and Henderson Library District. Beginning in 2012, the Henderson Library District is the only special district levying taxes within the City.

(3) \$0.0200 of the State rate is exempt from the \$3.64 cap. See “Property Tax Limitations” above.

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

## THE CITY

### General

The City was incorporated in 1953. The City Charter was approved in its present form by the Nevada legislature in 1971 and amended subsequently. The City is located in the southeastern part of the County. With a population of approximately 287,828, per the Nevada State Demographer as of July 1, 2015, the City is the second largest city in the State. In 1941, the United States Government chose a site adjacent to the current location of the City of Henderson for the erection of a magnesium processing plant because of the availability of electricity from the generators of nearby Hoover Dam. The City has, through the years, purchased federal lands and resold a portion of them to private developers. Geographically, the City is the largest in the State with its boundaries encompassing over 105 square miles.

The City provides a full range of services including: police and fire protection; Municipal Court; detention facilities; water and sewer services; the construction and maintenance of boulevards, streets and other public infrastructure; recreational facilities and activities; cultural events; and a municipal golf course.

### Governing Body

The City operates under a Council-Manager form of government, with elective offices consisting of the Mayor, four City Council members, and three municipal judges. The Mayor and all Council members are elected for four-year terms. Elections for City Council members are held every other year with either three City Council seats or one City Council seat and the position of Mayor being voted upon in any one election year. All City Council seats and the position of Mayor are voted at large on a nonpartisan basis, although no two City Council members can be from the same ward of the City's four wards. City Council meetings are presided over by the Mayor, or by the Mayor Pro Tempore (a City Council member elected to that position by the City Council) in the absence of the Mayor.

The current mayor and members of the City Council and their terms of office are as follows:

<u>Name and Title</u>	<u>Ward</u>	<u>Principal Occupation</u>	<u>First Elected/ Appointed</u>	<u>Current Term Expires</u>
Andy Hafen, Mayor <sup>(1)</sup>	At large	Retired/Mayor	6/2009	6/2017
John F. Marz, Mayor Pro Tem	III	Owner – Marketing Consultancy Firm	1/2012	6/2017
Gerri Schroder	I	Councilwoman	4/2007	6/2019
Debra March	II	Retired/Councilwoman	7/2009	6/2019
Sam Bateman	IV	Deputy District Attorney, Clark County, Nevada	6/2011	6/2019

(1) Mr. Hafen was elected Mayor in June 2009; he previously served as a councilmember since 1987.

## **Administration**

The City Manager is appointed by the City Council and is charged with performing such administrative duties as the City Council may designate and may appoint such clerical and administrative assistants as he may deem necessary, subject to the approval of the City Council. The City Manager is responsible for the City's policy direction and strategic planning and also oversees the day-to-day operations of the City. Other administrative positions in City government appointed by the City Council are the City Attorney and the City Clerk.

Brief biographies of selected City administrators follow.

Robert Murnane, P.E., City Manager. Robert (Bob) Murnane was appointed City Manager for the City in August 2015. As the City Manager, Mr. Murnane is responsible for the City's policy direction, strategic planning and oversight of all departments and divisions of the City.

Prior to his appointment, Mr. Murnane served as Senior Director of the Public Works, Parks and Recreation Department. The two departments were combined in January 2014 for greater efficiency in building and maintaining the City's infrastructure. Mr. Murnane managed several City functions including engineering, facilities management, park planning and maintenance, quality control, recreation programming, support services, survey/right-of-way and traffic services.

Mr. Murnane is a member of the Executive Advisory Committee of the Regional Transportation Commission of Southern Nevada as well as the Technical Advisory Committee of the Clark County Regional Flood Control District.

Under his leadership as Public Works Director from May 2001 to January 2014, the Public Works Department received awards from the Building Managers and Owners Association, the National Society of Professional Engineers and the American Public Works Association for several facilities and programs including the Citywide Energy Performance Contract, Heritage Park Senior Facility and Aquatics Complex, Justice Facility, North Police Station and the Southwest Water Reclamation Facility.

A 1987 civil engineering graduate of the Oregon Institute of Technology, Mr. Murnane worked in the private sector for various Southern Nevada engineering firms until 1990. He worked for the City of North Las Vegas from 1990 to 1996 before joining the City.

Bristol S. Ellington, AICP, ICMA-CM, Assistant City Manager.

Bristol S. Ellington was named Assistant City Manager for the City in November 2007. Mr. Ellington manages the Fire, Utilities, Council Support, and Alternative Sentencing Departments. From July 2005 to November 2007, Mr. Ellington served as Director of Community Development. Mr. Ellington previously served as the Assistant Director of Community Development, where he directly supervised the Current Planning and Long Range Planning divisions.

In 2013, Mr. Ellington received the Credentialed Manager designation from the International City/County Management Association, joining more than 1,300 local government management professionals currently credentialed through the ICMA Voluntary Credentialing Program. In addition, Mr. Ellington received his master's degree in Public Administration from the University of Nevada, Las Vegas, a master's degree in Urban Planning from the University of Michigan and a bachelor's degree in Geography from the University of Wisconsin.

Mr. Ellington is a member of the American Institute of Certified Planners (AICP) and the American Planning Association. Additionally, Mr. Ellington is a past president of S.A.F.E. House, Inc., a nonprofit organization dedicated to providing aid and shelter to victims of domestic abuse in Henderson and has been a member of the board of directors since 2003.

Mr. Ellington was a Florida resident before moving to the City, where he served as the Principal Planner in the Current Planning division for the City of Palm Beach Gardens from 1988 to 1996.

Greg W. Blackburn, Assistant City Manager. Gregory W. Blackburn joined the City as Assistant City Manager in April 2016. In this role, Mr. Blackburn manages the following departments: Public Works and Parks and Recreation, Economic Development and Tourism and Community Development and Services.

Mr. Blackburn previously worked for the City of North Las Vegas starting in 2009 as the Building Official/Deputy Director of Public Works and was then promoted to Director of the Community Development and Compliance Department, where he served through March 2016. In that role, he oversaw the Building Safety Division, Business License Division, Code Enforcement Division, Fire Prevention Division, Planning and Zoning Division and the Permit Application Center. From 1993 until 2009, Mr. Blackburn worked for the City of Henderson, where he last served as Manager of Inspection Services. Mr. Blackburn is a graduate of Basic High School in the City and holds a Master's in Business Administration and Public Administration (MBA/PA) from the University of Phoenix.

Mr. Blackburn has extensive experience in the construction industry and has been involved with regional and national development codes for nearly two decades. Mr. Blackburn holds 13 professional certificates from the International Code Council including Certified Building Official and has been an instructor for code related classes for more than 15 years. In addition, Mr. Blackburn served as a past president of the Southern Nevada Chapter of the International Code Council.

Since 2000, Mr. Blackburn has served as Chairman of the Southern Nevada Child Drowning Prevention Coalition which educates the community about ways to increase safety around residential pools and other bodies of water as a means to safeguard children against accidental drownings. In his spare time, Mr. Blackburn also enjoys outdoor activities such as biking and hiking in Southern Nevada, where he has lived for more than 50 years.

Richard A. Derrick, Chief Financial Officer. Richard Derrick was named Chief Financial Officer for the City in June 2013 after serving as Finance Director since October 2010. Mr. Derrick is an award-winning financial manager with experience across business, government, and non-profit entities. Mr. Derrick leads the City's financial management services



to the public, state agencies, bondholders, grantors, auditors, elected officials and city departments in a manner that promotes and balances both the immediate and long-term financial health of the City.

Mr. Derrick develops and manages the overall financial strategy for the City including providing senior leadership to the City's Finance Department and collaborates with City Council, appointed boards and commissions and the City's executive Team. Under his leadership, the City has maintained one of the highest bond ratings of any City in the state of Nevada. The City is proud to provide premier services while maintaining one of the lowest property tax rates and employee to citizen ratios compared to other cities in Nevada.

Since joining the City in 1999, Mr. Derrick has served as Manager of Budget and Strategic Management, Assistant to the City Manager and Assistant Finance Director. With more than 28 years of experience in budget and financial management, Mr. Derrick has worked in both the public and private sectors for the Clark County School District, Caesars Palace and Deloitte, Haskins and Sells.

Mr. Derrick is a graduate of the 2000 Clark County Leadership Forum. Mr. Derrick has served in various leadership roles at GFOA, NGFOA, Henderson District Public Libraries, and as an Audit Committee member for the Clark County Credit Union. Mr. Derrick also served as an Adjunct Professor at UNLV teaching Fiscal Administration to graduate level students seeking their Master's Degree in Public Administration.

A Henderson native, Mr. Derrick holds a master's degree in public administration and a bachelor's degree in business administration, both received from the University of Nevada, Las Vegas.

Sabrina Mercadante, MMC, City Clerk. Sabrina Mercadante was appointed as City Clerk in September 2010 by the Mayor and Council. She had served as Manager of Council and Commission Services from 2008 to 2010 and as the City's Archives and Records Administrator from 2000 to 2008.

As City Clerk, Mr. Mercadante is responsible for the administration of the City's voter/election and U.S. passport services, local legislative processes and historical records preservation. In her previous positions, she provided leadership and direction to City staff responsible for facilitation of the legislative process and was responsible for oversight of the City's Public Records Program, including the City Records Center, City Archives, Digital Imaging Program and the Development Services Records Center. Throughout her tenure with the City, Ms. Mercadante has participated in the municipal election process.

Ms. Mercadante has been an active member of the International Institute of Municipal Clerks since 2003 and has achieved the Master Municipal Clerk designation, the highest certification offered by the organization. She has been appointed by governors Guinn, Gibbons and Sandoval to the Nevada State Historical Records Advisory Board to serve consecutively from 2003-2015. In addition, she has been a member of the Association of Records Managers since 1986 and has completed five Nevada Municipal Clerks' Institutes.

Ms. Mercadante is currently serving on the Clark County Credit Union board of directors. Additionally, Ms. Mercadante was elected as president of the S.A.F.E. House Board of Directors in 2015 and president of the Nevada Municipal Clerks Association in 2014. She is also a founding board member of the Basic High School Alumni Foundation.

Ms. Mercadante obtained the Certified Public Official designation from the University of Nevada, Reno in 2013. She earned her bachelor's degree in Business Administration from the University of Phoenix and worked for EG&G/Bechtel Nevada from 1984 to 2000 before joining the City.

Josh Reid, City Attorney. Josh Reid was appointed as City Attorney in December 2011. Before coming to the City, Mr. Reid was a Shareholder at the law firms of Brownstein Hyatt Farber Schreck in Las Vegas and Parsons Behle & Latimer in Salt Lake City. His private law practice focused on environmental, energy, land-use, and regulatory matters. His legal representation included large public utilities, international energy companies, international mining companies, government agencies, private developers and Native American tribes.

After receiving a bachelor's degree in Conservation Biology from Brigham Young University, Mr. Reid earned a Master of Environmental Science degree from Yale University. He received his juris doctorate from the University of Arizona School of Law. Mr. Reid was a law clerk for U.S. District Judge David W. Hagen of the District of Nevada.

Mr. Reid is also active in community affairs. In 2009, President Barack Obama appointed him to the Governing Board of the Tahoe Regional Planning Agency, which oversees development and environmental policy in the Lake Tahoe Basin. He previously served on the Utah State Board of Regents, the Utah State Board of Education, and the Utah Appellate Court Nominating Commission.

In 2010, Mr. Reid was named one of the "Top 40 Under 40" professionals by In Business Las Vegas. He was also recognized by Nevada Business Magazine as one of the "Legal Elite" top Nevada attorneys in 2012, 2013, 2014, 2015 and 2016.

## **Employee Relations, Benefits and Pension Matters**

Employee Relations. As of June 1, 2016, the City had 1,911 full time employees and 1,017 part-time employees. The City is an equal-opportunity/affirmative action employer with six employee bargaining units that cover all but 554 full time employees. The City has active labor contracts with the Henderson Police Supervisors Association and the International Association of Fire Fighters Local 1883, both of which expire on June 30, 2018. The City is in active negotiations with the Henderson Police Officers Association and all three Teamsters labor groups. Modest increases were included in the fiscal year 2017 budget for these union groups and it is anticipated that an agreement with these unions will be made within the capacity budgeted.

The state of employee relations continues to be positive; each of the labor groups has continued to work collaboratively to help maintain a balanced approach to the City's benefits and compensation structure. In July, 2014, the City introduced a new compensation philosophy

for all non-represented employees with a goal of providing a competitive, yet sustainable compensation package.

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

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

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as 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 PERS include pension benefits, disability benefits, and death benefits. PERS has several tiers based on legislative changes effective with membership dates. The following table illustrates the PERS service credit multiplier.

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

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

Nevada PERS Retirement Eligibility

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

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

PERS Actuarial Report

<u>Key Valuation Results</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
UAAL	\$12.35 billion	\$12.53 billion	\$12.88 billion
Market Value Funding Ratio	75.1%	76.3%	68.7%
Actuarial Value Funding Ratio	73.2%	71.5%	69.3%
Assets Market Value	\$34.61 billion	\$33.58 billion	\$28.83 billion
Assets Actuarial Value	\$33.72 billion	\$31.47 billion	\$29.11 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The current combined, effective average amortization period for regular members and police/fire members is 20.7 years. The PERS Board also adopted a five-year asset

smoothing policy for net deferred gains/losses. As of June 30, 2015, PERS has unrecognized investment gains of \$893 million. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$893 million in market gains is expected to increase the future actuarial funded ratio and decrease the future contribution rate.

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

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

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

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

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

	<u>Net Pension Liability</u>		
	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
PERS Net Pension Liability	\$16,207,317,042	\$10,421,979,023	\$5,612,889,953
City Share of PERS Net Pension Liability	\$504,648,330	\$324,509,868	\$174,768,935

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

	<u>Fiscal Years 2008 &amp; 2009</u>	<u>Fiscal Years 2010 &amp; 2011</u>	<u>Fiscal Years 2012 &amp; 2013</u>	<u>Fiscal Years 2014 &amp; 2015</u>	<u>Fiscal Years 2016 &amp; 2017</u>
Regular members					
Employer-pay plan	20.50%	21.50%	23.75%	25.75%	28.00%
Police/Fire employees					
Employer-pay plan	33.50%	37.00%	39.75%	40.50%	40.50%

The City's contribution to PERS for the fiscal years ended June 30, 2012, 2013, 2014, and 2015, and 2016 were \$45,827,522, \$44,726,037, \$46,663,858, \$48,078,877, and \$51,907,761 (estimated) respectively; those amounts were equal to the required contributions for each year.

See Note 7 in the City's 2015 Comprehensive Annual Financial Report ("CAFR") attached hereto as Appendix A for additional information on PERS. In addition, copies of PERS' most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

Other Postemployment Benefits. The City also makes available certain post-retirement health insurance and other non-pension benefits ("OPEB") to employees who retire under PERS and elect to receive and pay for these benefits. Effective July 1, 2007, the City was required to implement Governmental Accounting Standards Board Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("GASB 45"). GASB 45 addresses how the City should account for and report its costs related to OPEB. GASB 45 requires the City to accrue the cost of the OPEB subsidy during the period of active employment (while the benefits are being earned) and disclose the unfunded actuarial accrued liability (the "UAAL") in order to accurately account for the total future costs of OPEB and the financial impact on the City. See Note 8 of Appendix A for a detailed description of the City's OPEB plan, its funding policy, annual costs, and associated UAAL (including significant methods and assumptions of the actuarial valuation). Also see the Required Supplementary Information in Appendix A for a history of the City's UAAL and other statistical information.

The City's Annual OPEB Cost for the year ended June 30, 2012, was \$4,665,000 and the City's contribution was \$578,327, resulting in a Net OPEB Obligation of \$18,722,176 as of June 30, 2012. For fiscal year 2013, the Annual OPEB Cost was \$2,529,948 and the City's contribution was \$1,174,807 resulting in a Net OPEB Obligation of \$20,077,317 as of June 30, 2013. For fiscal year 2014, the Annual OPEB Cost was \$2,676,000 and the City's contribution was \$1,039,432 resulting in a Net OPEB Obligation of \$21,713,885 as of June 30, 2014. For

fiscal year 2015, the Annual OPEB Cost was \$2,612,000 and the City's contribution was \$1,626,514 resulting in a Net OPEB Obligation of \$22,699,371 as of June 30, 2015.

## CITY FINANCIAL INFORMATION

### Annual Reports

General. The City prepares a comprehensive annual financial report (“CAFR”) setting forth the financial condition of the City as of June 30 of each fiscal year. The CAFR is the official financial report of the City. It was prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the standard setting body for governmental accounting and financial reporting. See Note 1 in the audited financial statements attached hereto as Appendix A for a description of the City’s significant accounting policies. Audited financial statements for prior years (and the City’s CAFRs) may be obtained from the sources listed in “INTRODUCTION--Additional Information.”

The latest completed CAFR report is for the year ended June 30, 2015. The audited basic financial statements attached hereto as Appendix A are excerpted from the CAFR, but they do not include all of the information contained in the CAFR, such as individual fund financial statements and statistical data. That information may be reviewed by reviewing the entire CAFR.

Awards. The Government Finance Officers Association (“GFOA”) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 34<sup>th</sup> consecutive year that the City has received this recognition. A Certificate of Achievement is valid for a period of one year only.

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

### Budgeting

General. The City Manager and City Council evaluate the budget proposals of the various City organizations to determine the funding level of the operating and public service programs. The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada Department of Taxation (“Taxation”).

Prior to April 15th, the Budget Manager submits a tentative budget for the ensuing fiscal year to Taxation. Taxation notifies the City Council if the budget is in compliance with the law and appropriate regulations. Following acceptance of the tentative budget by Taxation, the City Council is required to conduct a public hearing no sooner than the third Monday in May and not later than the last day of May. The adopted final budget is required to be submitted to Taxation by June 1st.



Pursuant to State law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Supplemental appropriations (budget augmentations) may be approved to reflect necessary changes in spending and the corresponding additional resources available.

Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds, are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is statutorily required to be exercised at the function level. Appropriations lapse at year end. However, encumbrances generally are re-appropriated as part of the following year's budget augmentation.

Awards. The City has submitted its Comprehensive Annual Budget Report ("CABR") to the GFOA for consideration for the Distinguished Budget Presentation award in every year since fiscal year 2003 (except in fiscal year 2010 when no CABR was prepared). The City has received the Distinguished Budget Presentation award in each year a CABR was submitted. The City anticipates submitting its CABR for the fiscal year ending June 30, 2017, for award consideration. In order to receive this award, a governmental unit must publish a public document that meets program criteria in a policy document, as an operations guide, as a financial plan and a communications device.

### **Accounting**

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when services or goods are received, and liabilities incurred, except for unmatured interest on general long-term debt which is recognized when due. Accounting records for the City's utilities and other enterprises are maintained on the accrual basis.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

### **General Fund**

The purpose of the general fund is to finance the ordinary operations of the City (including debt service to the extent that the ad valorem tax levy is not sufficient to service general obligation debt) and to finance those operations not provided for in other funds.

Included are all transactions related to the approved current operating budget, its accompanying revenue, expenditures and encumbrances, and its related asset, liability, and fund equity accounts.

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

### **City General Fund Revenue Sources and Expenditures**

Revenue Sources. The City relies upon the Consolidated Taxes (primarily sales and use taxes), property taxes, franchise fees, and charges for services for the bulk of its General Fund revenues.

*Consolidated Tax.* The Consolidated Tax is comprised of funds received by the City from the State's Local Government Tax Distribution Fund, which provides for the sharing of local government revenues from six sources: the Supplemental City/County Relief Tax ("SCCRT") and the Basic City/County Relief Tax (both of which are sales taxes), the Cigarette Tax, the Liquor Tax, the Governmental Services Tax, and the Real Property Transfer Tax. For the fiscal years ending June 30, 2015, and 2016, Consolidated Tax revenues provided 40.7% and 41.6% (estimated), respectively, of General Fund revenues. See "REVENUES AVAILABLE FOR DEBT SERVICE" for additional information.

Sales of tangible personal property within Nevada are taxed at rates that vary by County, ranging from the minimum Statewide tax rate of 6.85% to 8.15% (which is the rate imposed in the County). Certain of those tax rates (including a 0.25% tax rate for flood control, a 0.50% tax rate for transportation improvements, a 0.25% tax rate for water and wastewater improvements and a 0.30% tax rate for employing additional police officers) are restricted as to use. The sales tax is collected by the State, which places a portion of the sales tax into a fund to be transferred to local governments. Amounts in the fund are allocated to local governments on the basis of a formula mandated by State statute.

*Property Taxes.* Property taxes are levied against the assessed valuation of property within the City. See "PROPERTY TAX INFORMATION." For the fiscal years ending June 30, 2015, and 2016 (estimated), property tax revenues provided 24.6% and 24.8%, respectively, of General Fund revenues.

*Franchise Fees.* Revenue from franchise fees and charges for services is received mainly from the following franchise taxes: electric, phone, water, cable and gas. For the fiscal years ending June 30, 2015, and 2016 (estimated), franchise fee revenues provided 14.1% and 14.0%, respectively, of General Fund revenues.

*Charges for Services.* Charges for services include emergency response service fees (ambulance), contract prisoner revenue, and other judicial and public safety fees, and charges for parks and recreation programs and facility usage. For the fiscal years ending June 30, 2015, and 2016 (estimated), charges for services provided 12.3% and 12.0%, respectively, of General Fund revenues.

The City also receives general fund revenues from licenses and permits, intergovernmental revenues (other than Consolidated Tax), fines and forfeits, and miscellaneous sources (including interest income).

Expenditures. The City's General Fund expenditures fund a variety of mandated functions, including public safety (police and fire), judicial services, highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services. The City's General Fund expenditures are dominated by public safety expenditures, which accounted for 56.9% and 55.6%, respectively, of General Fund expenditures in fiscal years 2015 and 2016 (estimated). Other major expenditure sources include general government (18.1% and 19.1%, respectively, of General Fund expenditures in fiscal years 2015 and 2016 (estimated)), and culture and recreation (15.5% and 15.4%, respectively, of General Fund expenditures in fiscal years 2015 and 2016 (estimated)).

## **History of City Revenues and Expenditures**

General. The following table presents a history of the City's General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2011 through 2016. The table also provides the City's budgeted amounts fiscal year 2017.

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

2016 Estimates. The estimated amounts for fiscal year 2016 contained in the following General Fund table are also included in the City's fiscal year 2017 budget. These estimates are based on year-to-date actuals as of April and projections for the remainder of fiscal year 2016.

2017 Budget. Total estimated revenues reflect an approximate 3.3% increase over fiscal year 2016 while total estimated expenditures reflect an increase of approximately 3.9%. The budgeted ending fund balance for fiscal year 2017 is 8.9%, which is above the 8.3% required by the City's financial management policies. The City budgets conservatively for both revenue and expenditures and it is anticipated that the ending fund balance in fiscal year 2017 will exceed budget.

The City is currently in negotiations with the Teamsters Union and the Henderson Police Officer's Association (HPOA). The Henderson Police Supervisor's Contract is tied to the HPOA contract for wage increases. Modest increases were included in the fiscal year 2017

budget for these union groups and it is anticipated that an agreement with these unions will be made within the capacity budgeted.

There is a second phase of the parks and recreation rate study that will be implemented in August 2016. This is expected to bring in an additional \$547,000 of revenue to the City annually. The City continues to look for revenue enhancement opportunities and efficiencies in expenditures.

Reserve Policy - General Fund. The City's policy is to maintain an unreserved fund balance in the General Fund equal to 8.3% of budgeted General Fund revenues. The City is in compliance with that policy.

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

<b>Fiscal Year Ending June 30</b>	<b>2011 (Actual)</b>	<b>2012 (Actual)</b>	<b>2013 (Actual)</b>	<b>2014 (Actual)</b>	<b>2015 (Actual)</b>	<b>2016 (Estimated)<sup>(1)</sup></b>	<b>2017 (Budgeted)</b>
<b>REVENUES</b>							
Property Taxes <sup>(2)</sup>	\$ 52,988,585	\$ 47,973,841	\$ 55,642,041	\$ 54,993,388	\$ 56,905,962	\$ 58,553,424	\$ 60,014,122
Franchise Fees	29,210,827	30,372,912	30,011,869	31,481,739	32,677,892	33,150,000	34,250,000
Licenses & Permits	7,682,535	7,462,017	8,063,081	8,079,773	9,469,188	9,090,500	9,340,200
Intergovernmental	5,286,842	4,753,063	2,854,071	3,570,976	3,719,525	3,538,868	3,996,638
Consolidated Tax	73,965,376	77,115,178	81,088,044	88,013,859	94,093,208	98,300,000	102,250,000
Charges for Services	18,345,451	25,122,078	25,128,181	23,064,070	28,365,652	28,357,633	28,500,661
Fines & Forfeits	5,932,466	5,620,408	5,078,530	4,353,572	4,308,262	3,777,765	4,292,409
Miscellaneous	2,051,329	1,570,996	603,809	678,957	1,534,537	1,611,462	1,633,457
<b>TOTAL REVENUES</b>	<b>195,463,411</b>	<b>199,990,493</b>	<b>208,469,626</b>	<b>214,236,334</b>	<b>231,074,226</b>	<b>236,379,652</b>	<b>244,277,487</b>
<b>EXPENDITURES</b>							
General Government	41,617,175	41,558,631	41,591,200	37,202,718	39,061,394	44,857,326	45,449,665
Judicial	10,930,856	10,638,919	11,225,522	11,290,399	11,461,622	12,247,883	12,977,745
Public Safety	111,037,290	114,192,308	115,932,933	118,596,507	122,523,122	130,390,301	136,129,203
Public Works (Highways/Streets)	7,395,180	7,181,356	6,643,882	6,396,438	6,781,537	8,657,060	9,567,390
Culture & Recreation	31,092,773	32,009,199	33,723,767	33,600,392	33,297,754	36,241,176	37,859,106
Community Support	1,272,700	1,785,234	1,781,027	1,512,649	1,770,944	1,684,317	1,686,384
Capital Outlay	211,580	31,279	90,335	110,030	328,452	568,674	200,000
<b>TOTAL EXPENDITURES</b>	<b>203,557,554</b>	<b>207,396,926</b>	<b>210,988,666</b>	<b>208,709,133</b>	<b>215,224,825</b>	<b>234,646,737</b>	<b>243,869,493</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,094,143)	(7,406,433)	(2,519,040)	5,527,201	15,849,401	1,732,915	407,994
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of Capital Assets	4,782	--	--	--	--	--	--
Transfers In <sup>(2)</sup>	14,975,580	14,967,744	7,800,000	--	150,000	--	--
Transfers Out	(11,210,516)	(7,204,720)	(4,804,701)	(4,604,972)	(11,509,095)	(2,102,969)	(1,050,000)
Total Other Financing Sources (Uses)	3,769,846	7,763,024	2,995,299	(4,604,972)	(11,359,095)	(2,102,969)	(1,050,000)
Net Change in Fund Balances	(4,324,297)	356,591	476,259	922,229	4,490,306	(370,054)	(642,006)
<b>BEGINNING FUND BALANCE</b>	<b>20,819,668</b>	<b>16,495,371</b>	<b>16,851,962</b>	<b>17,328,221</b>	<b>18,250,450</b>	<b>22,740,756</b>	<b>22,370,702</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 16,495,371</b>	<b>\$ 16,851,962</b>	<b>\$ 17,328,221</b>	<b>\$ 18,250,450</b>	<b>\$ 22,740,756</b>	<b>\$ 22,370,702</b>	<b>\$ 21,728,696</b>

(1) Reflects the estimated fiscal year 2016 results included in the City's fiscal year 2017 budget.

(2) The increase in property taxes beginning in fiscal year 2013, and the corresponding reduction in Operating Transfers In beginning in fiscal year 2013, is due primarily to an accounting change. Prior to fiscal year 2013, property taxes generated from a \$0.12 voter approved override levy for park and recreation purposes was deposited to the Debt Service Fund and transferred to the General Fund. Beginning in fiscal year 2013, this tax revenue was deposited directly to the General Fund.

Sources: Derived from the City's CAFRs for fiscal years 2011-2015, the City's fiscal year 2017 final budget for estimated fiscal year 2016 information, and the City's 2017 final budget.

## **Management’s Discussion and Analysis of Recent Financial Activity in the General Fund**

General. An overview of the financial activity and overall financial condition of the City is presented in the City of Henderson Management’s Discussion and Analysis for fiscal year ended June 30, 2015, which is attached to this Official Statement as Appendix A.

Economic Recovery. Since the low point of the economic downturn the City has been strategic in its recovery. Staff is being added back slowly as demand for services has increased. Part time and contract staff are being brought in to help with excess workloads to avoid over-hiring in case demand for service decreases. As funding is available the City is focusing more on infrastructure reinvestment and less on expansion of services. Under-expenditures and attrition savings are dedicated to capital needs. In addition, new revenue sources are being sought out to dedicate to this purpose.

Economic conditions have improved in recent years. For example, Consolidated Tax receipts increased each year since fiscal year 2010, and are expected to increase again in fiscal year 2017. See “REVENUES AVAILABLE FOR DEBT SERVICE—Consolidated Tax Revenue Data.” In addition, the City’s assessed valuation increased in fiscal years 2014, 2015, 2016, and 2017. See “PROPERTY TAX INFORMATION—History of Assessed Valuation.”

### **Financial Stabilization Fund**

The City established a Financial Stabilization Special Revenue Fund (the “Financial Stabilization Fund”) pursuant to NRS 354.6115 and a resolution adopted by the City Council in 1996. Currently, the City funds the Financial Stabilization Fund with 0.25% of the proceeds received from the SCCRT loss ad valorem revenue (SCCRT loss revenue is property tax revenue which is permitted to be imposed by State law in order to replace a portion of SCCRT revenue that was reduced by the State). Transfers out of the Financial Stabilization Fund may be made only: (i) if the total actual revenue falls short of the total anticipated revenue in the General Fund by 2% or greater for the fiscal year in which the City uses that money, or (ii) to pay expenses incurred by the City to mitigate the effects of a natural disaster or act of terrorism. The fund balance in the Financial Stabilization Fund must not exceed 10% of the expenditures from the General Fund for the previous fiscal year; it is the City’s current policy that the fund maintain a balance of 8.3% of General Fund revenue. The fund balance in the Financial Stabilization Fund is estimated to be \$20.0 million as of June 30, 2016 (or approximately 8.4% of General Fund revenues), and approximately \$19.4 million as of June 30, 2015 (or approximately 8.4% of General Fund revenues).

### **Investment Policy**

The investment goal of the City is to invest the City’s cash in order to earn a market rate of return while maintaining safety of principal and meeting the City’s liquidity needs. Monies that are not required for immediate expenditures are invested within the guidelines of NRS Chapter 355, and City policy. See Notes 1 and 3 in Appendix A for a more complete description of the City’s investment practices.

## **Risk Management**

State and local governments are subject to many types of claims such as workers' compensation, contractual actions, personal injuries, property damage and employee benefits. The City maintains three self-insurance internal service funds for the types of risk exposures described below. See Note 9 in the audited financial statements attached hereto as Appendix A for further information about the City's self-insurance internal service funds.

Liability Insurance. The City has obtained \$15,000,000 in excess Public Entity Excess Liability Insurance with a \$1,000,000 self-insured retention ("SIR"). In addition, the City continues to maintain the following coverage: a \$948 million blanket property insurance policy on all buildings, building contents and Boiler and Machinery with a \$100,000 deductible; \$11.5 million Contractors' Equipment coverage on a scheduled basis for heavy equipment with a \$50,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery and alteration; and a \$11.7 million Emergency Response Unit Physical Damage policy with a \$10,000 deductible.

The City maintains its self-insurance fund to cover all claims that fall outside of the City's commercial insurance policies including those claims within the excess liability policy's \$1,000,000 SIR. The City's Risk Management division works with the City Attorney's office; an outside claims adjustment firm; the excess insurance company and its administrator; and, applicable departments in handling claims filed against the City. In addition, the City obtains an actuarial analysis on a biannual basis. No current claims are expected to be settled in a manner which would adversely affect the fund's financial condition. The claim reserves of the fund are analyzed biannually by an independent actuary hired by the City. The actuary analyzes the City's claims experience to determine whether adequate levels of funding and cash reserves are available. Any adjustments for the fund are made in the subsequent fiscal year.

Group Health Insurance. The City is self-insured for employee health benefits, providing medical, dental and vision care. The City maintains a specific stop loss policy of \$525,000 per participant. A third party administrator is used to pay claims. The City's health insurance committee voted to increase employee premiums for calendar year 2016 in order to slow down the drawing of reserves in the fund. For fiscal year 2015, the health insurance fund reported an operating loss of \$1,299,186. The reserve amount at June 30, 2015, was \$3,722,938.

Workers' Compensation. The City is self-insured for workers' compensation claims. A third party administrator is utilized for claim adjusting and payment. The City has a \$4,000,000 SIR for all public safety employees and a \$1,000,000 SIR for all other employees, per occurrence, with the maximum on all claims at statutory limits for the coverage period from July 1, 2015, through July 1, 2016. Similar to the Property/Casualty Self-Insurance Fund, the claim reserves of the Workers' Compensation Fund are analyzed biannually by an independent actuary hired by the City. It is the actuary's duty to review the current and historical claims experience to establish the City's outstanding claims liability and project future claims costs. Any adjustments needed for this fund are made in the subsequent fiscal year.

## DEBT STRUCTURE

### Debt Limitation

The Charter limits the aggregate principal amount of the City’s general obligation debt to 15% of the City’s total assessed valuation. The following table presents a record of the City’s outstanding general obligation indebtedness with respect to its statutory debt limitation.

#### Statutory Debt Limitation

Fiscal Year Ended June 30	Assessed Valuation <sup>(1)</sup>	Debt Limit	Outstanding General Obligation Debt <sup>(2)</sup>	Additional Statutory Debt Capacity
2012	\$ 9,163,994,190	\$1,374,599,129	\$275,510,821	\$1,099,088,308
2013	8,449,218,703	1,267,382,805	259,043,936	1,008,338,870
2014	8,714,642,607	1,307,196,391	242,413,021	1,064,783,370
2015	9,913,958,991	1,487,093,849	221,273,829	1,265,820,020
2016	11,054,103,125	1,658,115,469	205,703,288	1,452,412,181
2017 <sup>(3)</sup>	12,188,283,079	1,828,242,462	218,251,955	1,609,990,506

- (1) Includes the assessed value of the Redevelopment Agency, which is included for purposes of calculating the debt limit but is not subject to State or local taxation for retirement of general obligation bond debt.
- (2) Includes general obligation bonds, general obligation revenue bonds and general obligation medium-term bonds. Excludes special assessment bonds.
- (3) Debt outstanding as of July 1, 2016 after taking into account the issuance of the Bonds. See “Outstanding Indebtedness and Other Obligations” below.

Source: City of Henderson, Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, Fiscal Years 2011-12 through 2016-17.

### Outstanding Indebtedness and Other Obligations

Outstanding Indebtedness and Other Obligations. The following table presents the Bonds and the City’s outstanding obligations as of July 1, 2016.



City's Outstanding Debt and Other Obligations<sup>(1)</sup>

	<b>Date Issued</b>	<b>Final Maturity</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
<b><u>GENERAL OBLIGATION BONDS</u></b> <sup>(2)</sup>				
Refunding Bonds (Taxable), Series 2011A	12/21/11	06/01/20	\$18,245,000	\$ 14,760,000
Refunding Bonds (Tax-Exempt), Series 2011B	12/21/11	06/01/20	2,710,000	<u>2,200,000</u>
<b>TOTAL</b>				<b>16,960,000</b>
<b><u>GENERAL OBLIGATION REVENUE BONDS</u></b> <sup>(3)</sup>				
Water Bonds (State Revolving Fund), Series 2000	09/15/00	01/01/23	5,500,000	2,237,955
Water and Sewer Refunding Bonds, Series 2007	08/21/07	09/01/17	29,815,000	3,595,000
Refunding Bonds (Tax Exempt), Series 2011C	12/21/11	06/01/25	13,605,000	13,605,000
Sewer Refunding Bonds, Series 2012A	07/26/12	06/01/34	72,550,000	69,530,000
Sewer Refunding Bonds, Series 2013A	04/16/13	06/01/30	19,710,000	16,685,000
Various Purpose Refunding Bonds, Series 2013B	04/16/13	06/01/35	39,955,000	39,955,000
Various Purpose Refunding Bonds, Series 2014	09/25/14	06/01/35	24,305,000	24,305,000
Water and Sewer Refunding Bonds, Series 2015	06/04/15	06/01/19	18,435,000	<u>18,435,000</u>
<b>TOTAL</b>				<b>188,347,955</b>
<b><u>GENERAL OBLIGATION MEDIUM-TERM BONDS</u></b> <sup>(4)</sup>				
Medium-Term Bonds (Energy Retrofit Project), Series 2006	09/26/06	09/01/16	2,065,000	244,000
Medium-Term VP & Refunding Bonds, Series 2016 ( <i>this issue</i> )	08/30/16	08/01/26	12,700,000	<u>12,700,000</u>
<b>TOTAL</b>				<b>12,944,000</b>
<b>GENERAL OBLIGATION GRAND TOTAL</b>				<b>218,251,955</b>
<b><u>REVENUE BONDS</u></b> <sup>(5)</sup>				
Sewer Revenue Bonds (Clean Water SRF), Series 2010	01/08/10	01/01/30	1,659,396	<b>1,179,044</b>
<b><u>ASSESSMENT DISTRICT BONDS</u></b> <sup>(6)</sup>				
Improvement District No. T-15, Series 2004	05/06/04	03/01/24	6,145,000	2,480,000
Improvement District No. T-16, Series 2005	05/12/05	03/01/25	40,305,000	23,110,000
Improvement District No. T-17, Series 2005	09/29/05	09/01/25	23,265,000	12,800,000
Improvement District No. T-18, Series 2006	04/27/06	09/01/35	102,000,000	61,680,000
Improvement District No. T-14, Series 2007A&B	08/02/07	03/01/23	41,375,000	15,760,000
Improvement District No. T-13, Series 2013	03/01/13	03/01/22	7,770,000	4,690,000
Improvement District No. T-12 Refunding, Series 2013	12/18/13	08/01/18	8,665,000	5,095,000
Improvement District No. T-4 (C) Refunding, Series 2014	10/08/14	11/01/18	6,385,000	<u>4,495,000</u>
				130,110,000
<b>GRAND TOTAL</b>				<b><u>\$349,540,999</u></b>

Footnotes on following page

- (1) As of July 1, 2016; after taking into account the issuance of the Bonds. Does not include capital leases or interim warrants. Also does not include tax increment bonds issued by the Redevelopment Agency; no City revenues are used to pay debt service on those bonds.
- (2) General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit. See “PROPERTY TAX INFORMATION--Property Tax Limitations.”
- (3) General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit. See “PROPERTY TAX INFORMATION--Property Tax Limitations.” These bonds are additionally secured by specified pledged revenues; if revenues are not sufficient, the City is obligated to pay the difference between such revenues and the debt service requirements of the respective bonds.
- (4) General obligation medium-term bonds secured by the full faith and credit and payable from all legally available funds of the City. The ad valorem tax available to pay these bonds is limited to the statutory and constitutional limit described in note (2) above as well as the statutory limitation on the City’s maximum operating levy tax rate and any legally available tax overrides.
- (5) Payable exclusively from the net revenues of the City’s municipal utility system. The City has not pledged its full faith and credit for the payment of such bonds, and such bonds do not constitute an indebtedness within the meaning of any constitutional or statutory provision or limitation.
- (6) Payable exclusively from assessments against property improved. Such bonds are not general obligations of the City and, in the event of a delinquency in the payment of any assessment installment, the City will not have any obligation with respect to these bonds other than to apply available funds in the reserve fund and the bond fund and to cause to be commenced and pursued, foreclosure proceedings with respect to the property in question.

Source: The City; compiled by the Financial Advisor.

Other Obligations. In addition to the obligations illustrated in the table above, the Installment Purchase Agreement is also outstanding in the aggregate principal amount of \$12,589,000. The City’s obligations under the Installment Purchase Agreement are payable from legally available City revenues and are subject to annual appropriation. A portion of the net proceeds of the Bonds is being used to prepay the principal installments due under the Installment Purchase Agreement on February 1, 2020 through 2024 (the “Refunded Installments”), in the aggregate principal amount of \$8,854,000, together with all related accrued interest, on February 1, 2019. The Refunded Installments will be economically defeased upon the funding of the Escrow Account but the Installment Purchase Agreement does not permit a legal defeasance of the Refunding Installments and the Refunding Installments will thus continue to be considered outstanding under the Installment Purchase Agreement until paid on February 1, 2019.

The City also records long-term liabilities for compensated absences, OPEB liability, termination benefits payable pursuant to the VESP, and other claims payable. See Note 8 in the audited financial statements attached hereto as Appendix A for further information.

### **Additional Contemplated Indebtedness**

The City may issue general obligation bonds by means of authority granted to it by its electorate or the State Legislature or, under certain circumstances, without an election as provided in existing statutes. The City reserves the privilege of issuing general obligation bonds or other securities any time legal requirements are satisfied. In addition, the City reserves the ability to issue bonds for refunding purposes at any time. The City currently does not plan any additional bond issuances in the next six months, however, bond issuances are possible to finance future capital plans.

## **Annual Debt Service Requirements**

The following table presents the debt service requirements on the City's outstanding general obligation bonds, including the Bonds.

Annual Debt Service Requirements - General Obligation Bonds<sup>(1)</sup>

Fiscal Year Ending June 30	General Obligation Bonds		General Obligation Revenue Bonds		General Obligation Medium-Term Bonds <sup>(2)</sup>		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	
	2017	\$4,075,000	\$474,935	\$10,904,095	\$8,334,205	\$ 244,000	
2018	4,175,000	373,985	11,556,677	7,867,572	350,000	617,350	24,940,585
2019	4,295,000	261,458	10,203,342	7,344,371	365,000	606,550	23,075,720
2020	4,415,000	138,210	5,725,435	6,838,527	1,765,000	555,125	19,437,297
2021	--	--	8,507,975	6,574,588	1,920,000	463,000	17,465,562
2022	--	--	8,875,976	6,206,911	2,080,000	363,000	17,525,887
2023	--	--	9,259,456	5,813,381	2,250,000	254,750	17,577,587
2024	--	--	9,270,000	5,413,563	2,435,000	137,625	17,256,188
2025	--	--	9,660,000	5,023,694	485,000	64,625	15,233,319
2026	--	--	9,005,000	4,591,531	510,000	39,750	14,146,281
2027	--	--	9,435,000	4,141,281	540,000	13,500	14,129,781
2028	--	--	9,995,000	3,669,531	--	--	13,664,531
2029	--	--	10,495,000	3,169,781	--	--	13,664,781
2030	--	--	10,895,000	2,749,938	--	--	13,644,938
2031	--	--	11,345,000	2,354,550	--	--	13,699,550
2032	--	--	11,800,000	1,897,550	--	--	13,697,550
2033	--	--	12,270,000	1,438,550	--	--	13,708,550
2034	--	--	12,795,000	889,950	--	--	13,684,950
2034	--	--	6,350,000	317,500	--	--	6,667,500
Total	\$16,960,000	\$1,248,588	\$188,347,955	\$84,636,974	\$ 12,944,000	\$ 3,380,312	\$ 307,517,829

(1) As of July 1, 2016. Totals may not add due to rounding.

(2) Includes the Bonds.

Source: The City; compiled by the Financial Advisor.

**Overlapping Debt**

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

Outstanding Overlapping Net General Obligation Indebtedness

<u>Entity</u> <sup>(1)</sup>	Total General Obligation <u>Indebtedness</u>	Presently Self-Supporting General Obligation <u>Indebtedness</u>	Net Direct General Obligation <u>Indebtedness</u>	Percent Applicable <sup>(2)</sup>	Overlapping Net General Obligation <u>Indebtedness</u> <sup>(3)</sup>
Clark County	\$ 2,643,262,771	\$ 2,624,134,000	\$ 19,128,771	15.59%	\$ 2,982,175
Clark County School District	2,590,805,000	709,420,000	1,881,385,000	15.59	293,307,922
Las Vegas Valley Water District	3,263,299,414	3,263,299,414	0	15.74	0
State of Nevada	<u>1,462,390,000</u>	<u>322,630,000</u>	<u>1,139,760,000</u>	10.99	<u>125,259,624</u>
Total	\$ 9,959,757,185	\$6,919,483,414	\$3,040,273,771		\$ 421,549,721

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

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

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

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

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the City as of July 1, 2016.

Net Direct & Overlapping General Obligation Indebtedness

Total General Obligation Indebtedness	\$218,251,955 <sup>(1)(2)</sup>
Less: Self-supporting General Obligation Indebtedness	<u>188,347,955</u>
Net Direct General Obligation Indebtedness	29,904,000 <sup>(1)</sup>
Plus: Overlapping Net General Obligation Indebtedness	<u>421,549,721</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$451,453,721 <sup>(1)</sup>

<sup>(1)</sup> Taking into account the issuance of the Bonds.

<sup>(2)</sup> See “Outstanding Indebtedness and Other Obligations” above.

## Selected Debt Ratios

The following table sets forth selected ratios of the City.

### Selected Direct General Obligation Debt Ratios

<u>Fiscal Year Ended June 30,</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Population <sup>(1)</sup>	274,270	280,928	287,828	296,328	296,328
Assessed Value <sup>(2)</sup>	\$8,255,600,100	\$8,514,933,298	\$9,599,639,616	\$10,630,915,219	\$11,630,054,583
Taxable Value <sup>(2)</sup>	\$23,587,428,857	\$24,328,380,851	\$27,427,541,760	\$30,374,043,483	\$33,228,727,380
Gross Direct G.O. Debt <sup>(3)</sup>	\$259,043,936	\$242,413,021	\$221,273,829	\$205,703,288	\$218,251,955
<u>RATIO TO:</u>					
Per Capita	\$944.49	\$862.90	\$768.77	\$694.17	\$736.52
Percent of Assessed Value	3.14%	2.85%	2.31%	1.93%	1.88%
Percent of Taxable Value	1.10%	1.00%	0.81%	0.68%	0.66%
Net Direct G.O. Debt <sup>(3)</sup>	\$26,614,000	\$24,031,000	\$21,433,000	\$17,204,000	\$29,904,000
<u>RATIO TO:</u>					
Per Capita	\$97.04	\$85.54	\$74.46	\$58.06	\$100.92
Percent of Assessed Value	0.32%	0.28%	0.22%	0.16%	0.26%
Percent of Taxable Value	0.11%	0.10%	0.08%	0.06%	0.09%

- 
- (1) For fiscal years 2013-2015, reflects State Demographer estimates for the City as of July 1 of each year shown. For 2016 and 2017, reflects the population estimate derived from the City Demographer.
- (2) See "PROPERTY TAX INFORMATION--Property Tax Base and Tax Roll Collection" for an explanation of Assessed Value and Taxable Value. The assessed valuation of the Redevelopment Agency is not included.
- (3) Information for fiscal year 2017, reflects outstanding debt as of July 1, 2016. Includes the issuance of the Bonds.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, Fiscal Years 2012-13 through 2016-17; Nevada State Demographer, 2011-12 through 2014-15 and the City of Henderson Fiscal Year 2017 Budget.

## **LEGAL MATTERS**

### **Litigation**

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

### **Sovereign Immunity**

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

### **Approval of Certain Legal Proceedings**

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

### **Police Power**

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

## **TAX MATTERS**

### **Federal Tax Matters**

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

The Tax Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative

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

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

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. All of the Bonds were sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax



consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

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

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

### **State Tax Exemption**

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

### **FINANCIAL ADVISOR**

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

## **INDEPENDENT AUDITORS**

The audited basic financial statements of the City as of and for the year ended June 30, 2015, and the reports rendered thereon by Piercy Bowler Taylor & Kern, Las Vegas, Nevada, independent certified public accountants, Las Vegas, Nevada have been included in this Official Statement as Appendix A.

The audited financial statements of the City are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. The City has not requested that the auditor provide consent for inclusion of its audited financial statements in this Official Statement. The auditor has also not participated in any way in the preparation of this Official Statement. Further, since the date of its report, the auditor has not been engaged to perform nor has it performed any procedures on the financial statements addressed in its report, nor has it performed any procedures relating to this Official Statement.

## **RATINGS**

Moody's Investors Service, Inc. and S&P Global Ratings have assigned the Bonds the ratings shown on the cover page of this Official Statement.

Such ratings, when received, reflect only the views of such rating agencies, and there is no assurance that any rating, once received, will continue for any given period of time or that either rating will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Except for its responsibilities under the Disclosure Certificate, the City has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

## **UNDERWRITING**

The City sold the Bonds at public sale to J.P. Morgan Securities LLC (the "Initial Purchaser") at a purchase price equal to \$15,088,895.41 (equal to the par amount of the Bonds, plus original issue premium of \$2,426,713.35, and less underwriting discount of \$37,817.94).

## **OFFICIAL STATEMENT CERTIFICATION**

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

CITY OF HENDERSON, NEVADA

By:                     /s/ Richard A. Derrick                      
Chief Financial Officer

**APPENDIX A**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

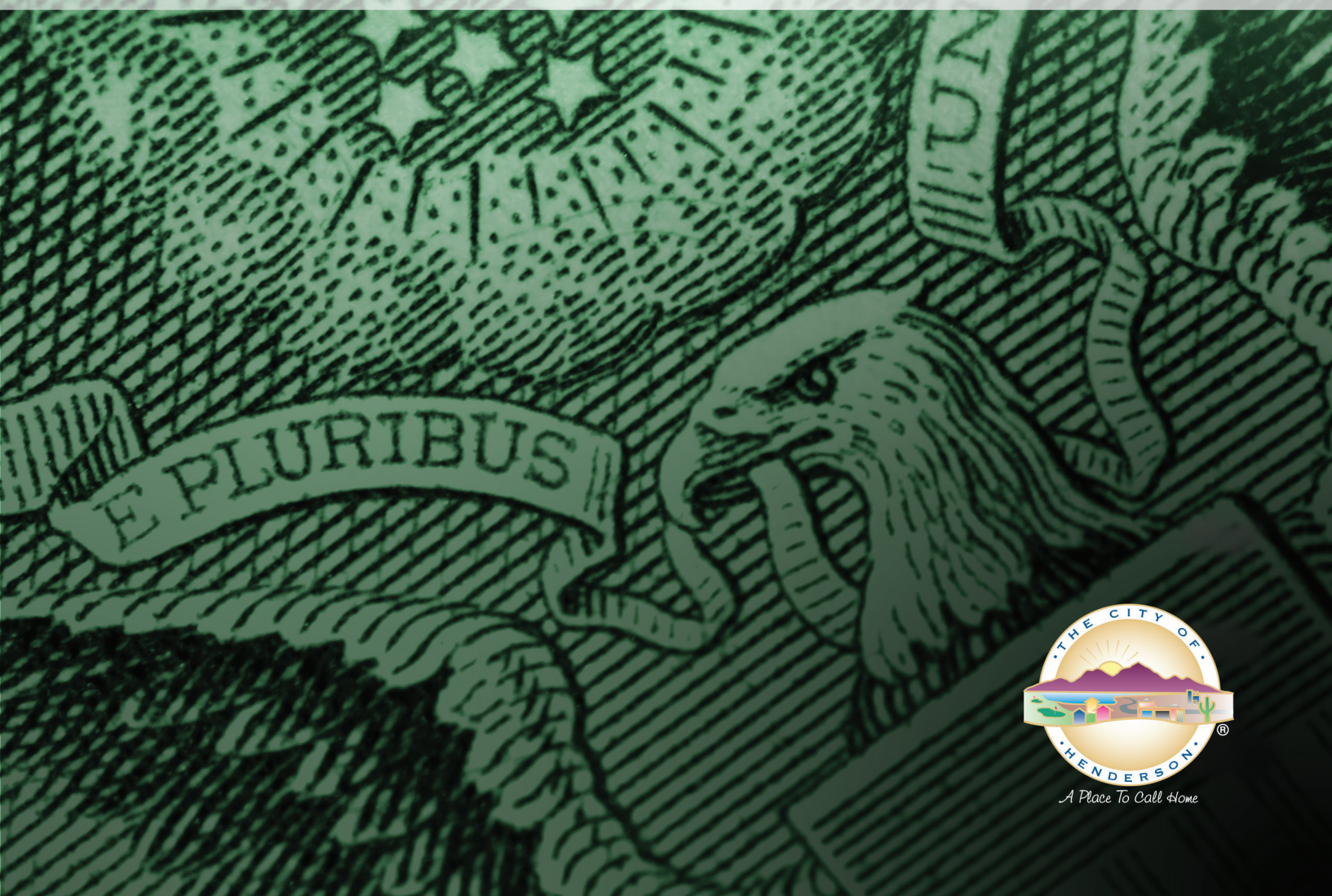
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# 2015

## Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2015



**CITY OF HENDERSON, NEVADA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared by: Finance Department**

**Richard A. Derrick**

**Chief Financial Officer**

# CITY OF HENDERSON, NEVADA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2015

---

	<u>Page</u>
Introductory Section	
Letter of Transmittal	1
GFOA Certificate of Achievement	6
Organization Chart	7
List of Principal Officers	8
Financial Section	
Independent Auditors' Report on Financial Statements and Supplementary Information	9
Management's Discussion and Analysis	11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	24
Statement of Activities	26
Fund Financial Statements	
Balance Sheet - Governmental Funds	28
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position - Governmental Activities	30
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities - Governmental Activities	33
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	34
Major Special Revenue Funds	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Grants Fund	35
Statement of Net Position - Proprietary Funds	36
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	40
Statement of Net Position - Fiduciary Funds	42
Notes to Basic Financial Statements	43
Required Supplementary Information	
Other Post Employment Benefits - Schedule of Funding Progress	77
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan Proportionate Share of the Collective Net Pension Liability Information	78
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan Proportionate Share of Statutorily Required Contribution Information	79
Notes to Required Supplementary Information	80
Other Supplementary Information	
Governmental Funds	
Combining Balance Sheet - Non-Major Governmental Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	82
Combining Balance Sheet - Non-Major Special Revenue Funds	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds	85
Combining Balance Sheets - Non-Major Capital Projects Funds	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Projects Funds	88
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	90
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Grants Fund	94
Redevelopment Agency Fund	95

(Continued)

# CITY OF HENDERSON, NEVADA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT TABLE OF CONTENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

---

	<u>Page</u>
Gas Tax Fund	96
Forfeited Assets Fund	97
Municipal Court Administrative Fee Fund	98
Financial Stabilization Fund	99
Sales and Use Tax Fund	100
Commissary Fund	101
Eldorado Valley Training Facility Fund	102
Debt Service Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Obligation Fund	103
Special Assessment Districts Fund	104
Capital Projects Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Assessment Districts Fund	105
Land Sales Fund	106
Municipal Facilities Acquisition and Construction Fund	107
Special Recreation Fund	108
Park Development Fund	109
Flood Control Fund	110
RTC/County Funded Fund	111
Special Ad Valorem Transportation Fund	112
Capital Replacement Fund	113
Lake Las Vegas Fund	114
Proprietary Funds	
Internal Service Funds	
Combining Statement of Net Position - Internal Service Funds	115
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	117
Combining Statement of Cash Flows - Internal Service Funds	119
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Engineering Fund	121
City Shop Fund	122
Revolving Fund	123
Self Insurance Fund	124
Worker's Compensation Self Insurance Fund	125
Health Insurance Self Insurance Fund	126
Citywide Services Fund	127
Enterprise Funds	
Combining Statement of Net Position - Non-Major Enterprise Funds	128
Combining Statement of Revenues, Expenses and Changes in Net Position - Non-Major Enterprise Funds	129
Combining Statement of Cash Flows - Non-Major Enterprise Funds	130
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Water Fund	131
Sewer Fund	132
Cultural Arts and Tourism Fund	133
Municipal Golf Course Fund	134
Development Services Fund	135
Fiduciary Funds	
Agency Funds	
Combining Statement of Fiduciary Assets and Liabilities	136
Combining Statement of Changes in Fiduciary Assets and Liabilities	137
Statistical Section	
Table 1 - Net Position by Component - Last Ten Fiscal Years	138
Table 2 - Changes in Net Position - Last Ten Fiscal Years	139
Table 3 - Fund Balance, Governmental Funds - Last Ten Fiscal Years	142
Table 4 - Changes in Fund Balance, Governmental Funds - Last Ten Fiscal Years	143

(Continued)



# CITY OF HENDERSON, NEVADA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT TABLE OF CONTENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

---

	<u>Page</u>
Table 5 - Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	145
Table 6 - Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	146
Table 7 - Principal Property Taxpayers - Current and Nine Years Ago	147
Table 8 - Property Tax Levies and Collections - Last Ten Fiscal Years	148
Table 9 - Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	149
Table 10 - Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	150
Table 11 - Direct and Overlapping Governmental Activities Debt	151
Table 12 - Legal Debt Margin Information - Last Ten Fiscal Years	152
Table 13 - Pledged Revenue Bond Coverage - Last Ten Fiscal Years	153
Table 14 - Demographic and Economic Statistics - Last Ten Fiscal Years	154
Table 15 - Principal Employers - Current and Nine Years Ago	155
Table 16 - Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	156
Table 17 - Operating Indicators by Function/Program - Last Ten Fiscal Years	157
Table 18 - Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	159

### Compliance Section

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	160
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Schedule of Expenditures of Federal Awards	162
Schedule of Expenditures of Federal Awards	164
Notes to Schedule of Expenditures of Federal Awards	168
Schedule of Findings and Questioned Costs	169
Schedule of Prior Findings and Questioned Costs	173
Schedule of Business License Fees	177

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INTRODUCTORY SECTION

2015 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2015



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**City of Henderson, Nevada**  
240 Water Street

**Henderson, Nevada 89015**

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November 2, 2015

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Henderson, Nevada:

The comprehensive annual financial report for the City of Henderson for the fiscal year ended June 30, 2015 is hereby submitted. State law requires that a local government provide for an annual audit by independent certified public accountants of its financial statements in accordance with generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City of Henderson (referred to herein as either Henderson or the City). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Piercy Bowler Taylor & Kern, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

#### Profile of the Government

Henderson is located in the southeastern part of Clark County, Nevada. With a population of approximately 287,000, Henderson is the second largest city in the State of Nevada. The City Charter was approved in its present form by the Nevada Legislature in 1971, and has been amended subsequent thereto.

The City operates under a council-manager form of government, with elective offices consisting of the Mayor, four City Council members, and three municipal court judges. The Mayor and all Council members are elected for four-year terms. Elections for City Council members are held every other year with either three City Council seats or one City Council seat and the position of Mayor being voted upon in any one election year. All City Council seats and the position of Mayor are elected at large on a nonpartisan basis, although no two Council members can be from the same ward of the City's four wards. City Council meetings are presided over by the Mayor, or by the Mayor pro tempore (a Councilman appointed to that position by the City Council), in the absence of the Mayor.

The City provides a full range of services including police and fire protection; municipal court; detention facilities; water and sewer services; the construction and maintenance of boulevards, streets and other public infrastructure; recreational facilities and activities; cultural events; and a municipal golf course.

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. Prior to April 15th, the Budget Manager submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the City Council if the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May.

The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval. All revisions to the adopted budget are made a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available.

Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds, are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is statutorily required to be exercised at the function level. Appropriations lapse at year end. However, encumbrances generally are re-appropriated as part of the following year's budget augmentation.

### Local Economy

Henderson continues to be ranked as one of the most tax-friendly cities as well as one of the best cities to "live and play," having been able to maintain property taxes at the same low rate for 25 years.

Located just seven miles from the famous Las Vegas Strip, Henderson is known throughout the nation for its premiere master planned residential communities, outstanding parks and recreational facilities, cultural activities, and business community. Some of the nation's best known and most respected corporations have established major operations in Henderson, including Ocean Spray Cranberries, Inc., Ethel M. Chocolates, Titanium Metals Corporation of America, and Good-Humor-Breyers Ice Cream. Henderson also has defined gaming districts which include casino/resort development such as the M Resort, Sunset Station, Fiesta Henderson, and Green Valley Ranch Station.

Several indicators of economic growth are in the sector of construction and real estate. According to UNLV's Center for Business and Economic Research (CBER), in the Las Vegas metropolitan statistical area, construction employment increased by 9.8% and 1.7% in 2012 and 2013, respectively. CBER projects that 2014 and 2015 will experience further increases of 2.4% and 2.9%, respectively.

Home prices also experienced large gains in 2012 and 2013, increasing by 12.9% and 25.5%, respectively. CBER projects that 2014 and 2015 will continue the upward trend with increases of 10.3% and 7.3%, respectively.

Clark County building permits have also experienced large increases for both 2012 and 2013, rising by 40.0% and 18.8%, respectively. CBER projects significant growth for 2014 and 2015 of 8.5% and 9.4%, respectively.

The City is focusing its efforts on recruiting new businesses from a select list of target industries including medical, industrial, financial, educational, and administrative offices. These new businesses help create job opportunities for residents, while also helping to diversify the local economy. Businesses that may be interested in relocating and local businesses planning to expand may be eligible for a number of incentive programs and services.

The national employment picture has continued to show signs of strengthening. The official unemployment rate, which was at 6.1% in August 2014, decreased to 5.1% as of August 2015, suggesting that the U.S. job market continues to improve and progress toward stabilization.

Like the national employment market, the local market has also shown signs of strengthening, with Nevada's unemployment rate dropping to 6.9% in July 2015, down from 7.9% in July 2014. In the Las Vegas Metropolitan Statistical Area (MSA), the unemployment rate also decreased to 7.0% in July 2015 from 8.0% in July 2014.

Nevada has suffered from one of the highest unemployment rates in the country over the last few years. The state lost 175,000 jobs during the recession, driven by dramatic losses in the construction, gaming, and manufacturing industries. That trend appears to finally be behind us as the job market continues to accelerate. The employment market has recovered creating nearly 100,000 jobs since 2010, according to Bill Anderson, chief economist with the Nevada Department of Employment, Training, and Rehabilitation (DETR) in Carson City. By the end of 2014, more than 100,000 jobs had been created. Nevada's job growth is stronger than 48 other states, said Anderson. Job growth is now up across almost every sector, including construction.

For 2015, solid jobs gain is expected to continue, driven by modest gains in construction, gaming and hospitality, and professional and business services. DETR projects year-over-year employment growth from 2014 through 2017 at 49,000 jobs annually.

Henderson has a tax rate of \$.7108 per \$100 in assessed valuation. This property tax rate has remained consistent for the past 25 years and continues to be one of the lowest in the State of Nevada.

The City is highly reliant on consolidated tax, which consists of liquor taxes, cigarette taxes, the Government Services tax, the Real Property Transfer tax, the Basic City County Relief tax (BCCRT), and the Supplemental City County Relief tax (SCCRT). The BCCRT and SCCRT are strictly sales tax based, and generally make up in excess of 85% of consolidated tax. Once compiled at the state level, these funds are then distributed to municipalities according to a formula outlined in NRS 360. Because consolidated tax is so closely tied to sales tax, economic indicators which affect sales tax, such as visitor volume, can have a critical impact on the City.

After experiencing a period of stagnation, visitor volume is again increasing, with the 12-month running total exceeding 41 million for the first time ever in late 2014, reaching 41.35 million in May 2015. With national and local employment figures improving and consumer confidence advancing, convention attendance, occupancy rates and average daily room rates are expected to be positively impacted as well.

Clark County saw a small population increase in 2014. According to population estimates made by the Nevada state demographer, the population in Clark County rose to 2,069,450 in 2014. This reflects a modest population increase of 1.9% over the 2013 figure of 2,031,723. Henderson's population is estimated to grow about 2% in the next year. For Henderson, positive growth is anticipated into the foreseeable future.

### Long Term Financial Planning

The City continues to update the Capital Improvement Plan, a multi-year planning document that identifies and prioritizes the need for a variety of public improvements and coordinates the City's financing and construction time frames. Some of these capital projects for fiscal year 2016, contingent upon available funding, include:

Grants, park taxes, and contributions to fund various parks and recreation projects, including Union Pacific Railroad Right of Way Acquisition and Union Pacific Railroad Trail Phase III.

Water Fund to fund R-19A Reservoir Rehabilitation, design and construction of R-10A Reservoir, and various other smaller independent projects with expenditures under \$1 million each totaling \$11.2 million.

Sewer fund to fund various smaller independent projects with expenditures under \$1 million each totaling \$6.1 million.

The City will continue to partner with the Clark County Regional Flood Control District, the Regional Transportation Commission, Nevada Department of Transportation, and developers to fund projects to include flood channels and street projects, including design and construction of the Pittman North Detention Basin and Outfall Channel from the basin to Starr Road; improvements to Stephanie Street from Galleria Drive to Patrick Lane, Burkholder Boulevard from Lake Mead Parkway to Warm Springs Road and from Warm Springs Road to Russell Road, and various other Henderson streets.

The City maintains a forecast of the financial condition of the City's major operating funds over a five-year horizon. It is an invaluable tool used to assist the City Council, City Manager, and department heads in developing long-range strategies and tactics to be included in their Performance Budget and, ultimately, in formulating budget requests.

The long-range forecast is updated on a continual basis and is used to evaluate the current status of city-wide short and long-range goals and objectives, and to make predictions about how future events and circumstances may affect the City's financial stability. Forecasting is one of the most powerful tools the City has available to help make informed financial decisions that will ensure the City's future vitality and economic stability.

The City's approach to forecasting in general is to apply a conservative philosophy that will produce the long-term goals of not overstating revenues or understating expenditures. Economic forecasting is not an exact science and at times relies upon the best professional judgment of the forecaster. To reduce the risks of miscalculating future revenues or expenditures, we attempt to identify as many factors as possible that may contribute to changes in revenues and expenditures. The City's revenue and expenditure budgets are comprised of many unique elements that respond to a variety of external factors such as population growth, development, inflation, and interest rates. The forecast data includes assumptions relating to major revenues and expenditures for the various funds based on the current political and economic environment.

If a prolonged economic downturn occurs, and annual revenues are unable to support the costs of essential services, the City will consider several options. These options would include increasing revenues from existing sources such as property taxes, creating new taxing sources, and/or service reductions.

### Major Initiatives

Fiscal year 2015 was the second year in a row that the General Fund closed out with no transfers in from reserves. The City had been using reserves to balance this fund since 2008. With the upturn in the economy the City is cautiously optimistic about planning for the future. Consolidated tax is again approaching the high point that was realized in fiscal year 2006. Property tax revenues however will still take a while to recover as the property tax limits are in place. As revenues continue to grow to pre-recession levels it will be essential to dedicate funds to the City's most pressing needs.

A comprehensive assessment of capital and operating needs is being compiled so that additional funds can be strategically allocated. Like the rest of the country, the infrastructure needs in the City far outpace the resources available for investment. The City will continue to look for creative ways to maintain the quality services and facilities that our community has come to expect.

In addition, the City will create an Economic Contraction Management Plan. With the economy being in growth mode for a few years now, the City must prepare for the next economic decline. The City intends to build up reserves and be as prepared for the next downturn as it was for the last. This is an important step in keeping on the road to attaining our vision of being America's Premier Community.

### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Henderson for its comprehensive annual financial report for the fiscal year ended June 30, 2014.

This was the 33rd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual



financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance Department's Accounting Division staff as well as certain members of the City Manager's staff, Public Works Department, and the Neighborhood Services staff. We would like to express our appreciation to all members of the Departments who assisted and contributed to its preparation, as well as the contributions of the staff of Piercy Bowler Taylor & Kern, the City's independent auditors.

In closing, without the leadership and support of the City Council of the City of Henderson, preparation of this report would not have been possible.

Respectfully submitted,



Robert Murnane  
City Manager



Richard A. Derrick  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Henderson  
Nevada**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

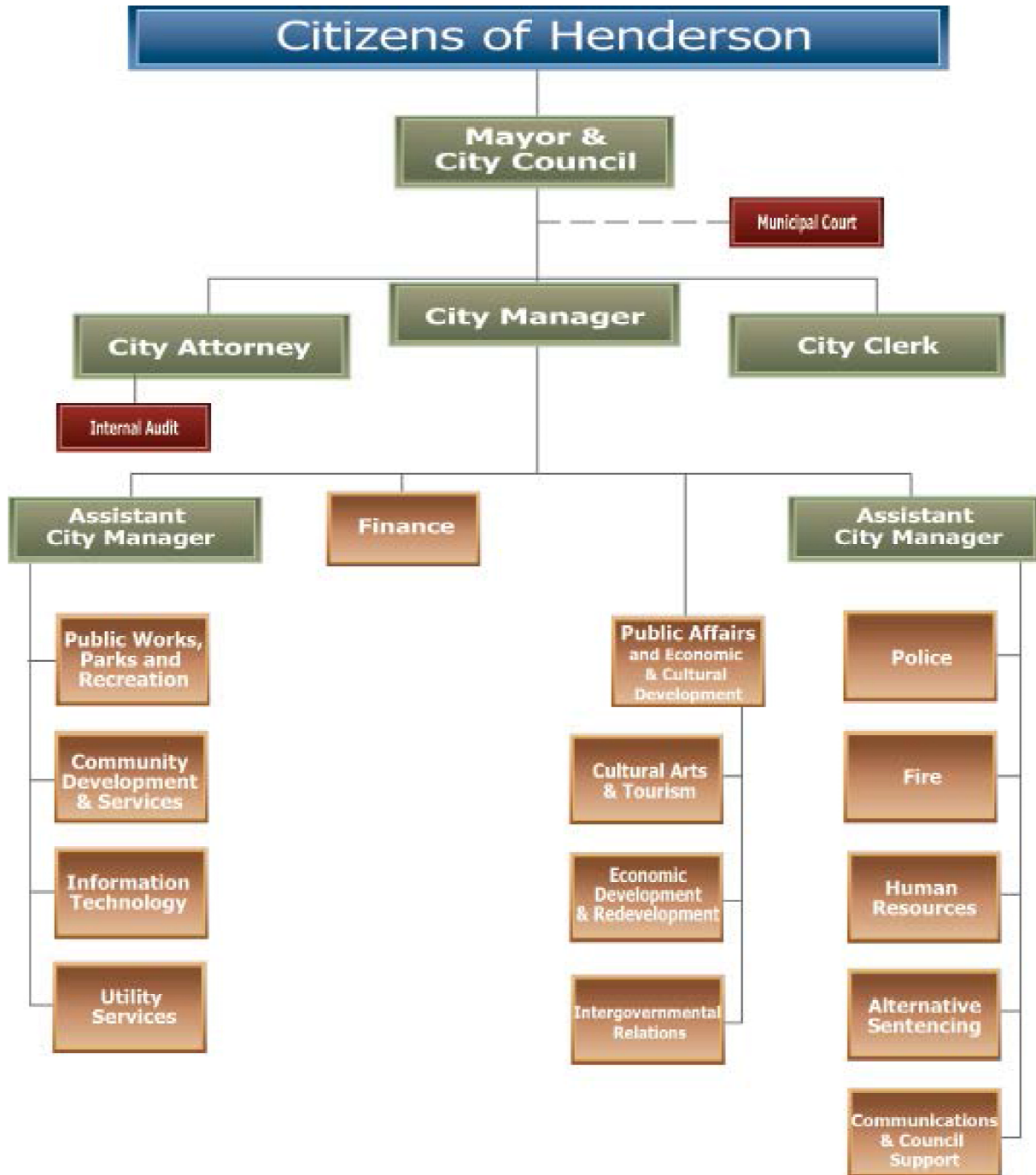
Executive Director/CEO

# CITY OF HENDERSON, NEVADA

## ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2015

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**CITY OF HENDERSON, NEVADA**

**List of Principal Officers**

**FOR THE YEAR ENDED JUNE 30, 2015**

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**MAYOR AND COUNCIL**

**Andy Hafen, Mayor**  
**Gerri Schroder, Councilwoman**  
**John F. Marz, Councilman**  
**Debra March, Councilwoman**  
**Sam Bateman, Councilman**

**CITY OFFICIALS**

**Robert Murnane, City Manager**  
**Josh Reid, City Attorney**  
**Sabrina Mercadante, City Clerk**

FINANCIAL SECTION

2015 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2015



A Place To Call Home

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P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

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

Honorable Mayor and Members of the City Council  
City of Henderson, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, Nevada (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

**Opinion.** In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund and each major special revenue fund, as listed in the table of contents for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters.** Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information and proportionate share of

statutorily required pension contribution information, on pages 11-23 and 77-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

**Other Reporting Required by *Government Auditing Standards*.** In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry Bonita Taylor" followed by a stylized flourish.

Las Vegas, Nevada  
November 2, 2015



# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2015

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As management of the City of Henderson, Nevada (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. Please read this in conjunction with the transmittal letter at the beginning of this report and the City's financial statements following this section.

### Financial Highlights

The assets of the City exceeded its liabilities at June 30, 2015 by \$2,245,793,716 (net position). However due to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, the City has a negative unrestricted net assets of \$134,868,569. This GASB pronouncement requires the City to record its proportionate share of the collective net pension liability of the Public Employees Retirement System and related deferred inflows and outflows. An increase in long-term liabilities, deferred outflow of resources, and deferred inflow of resources is reported for fiscal year 2015 due to this pronouncement with no restatement of the prior fiscal year. However, per Nevada Revised Statutes, respective participating public employers are not liable for any obligation of the Public Employees Retirement System.

During fiscal year 2015, the City's total net position increased by \$59,220,986. See the sections on Governmental Activities and Business-type Activities below for explanations of the increase.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$214,062,947, an increase of \$8,402,028 in comparison with the prior year. See the governmental fund analysis below for explanations of the increase. Approximately 10.0% of ending fund balances or \$21,505,080 is available for spending at the City's discretion (unassigned fund balance).

As of June 30, 2015, unassigned fund balance in the general fund was 10.0% of fiscal year 2015 expenditures in the general fund.

### Financial Statement Overview

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition 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 City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net of these items reported as "net position." Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and community support. The business-type activities of the City include Water and Sewer operations, the Development Services Center, Cultural Arts and Tourism, and a Municipal Golf Course.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

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

The City maintains twenty-two individual governmental funds as of June 30, 2015. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Grants Special Revenue Fund, General Obligation Debt Service Fund, Special Assessment Districts Capital Projects Fund, and the Land Sales Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison for the City's General Fund and the Grants Special Revenue Fund has been provided as a component of the basic financial statements to demonstrate compliance with this budget. Budget comparisons for other funds are provided elsewhere in the report.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds (*i.e.*, enterprise funds and internal service funds). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer activities, both of which are considered major funds. Data from the three non-major enterprise funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in the report.

Internal service funds are used by the City to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its engineering services, its City vehicles, its self-insurance activities, to account for loan activities to other funds for special assessment districts and to account for general citywide services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

### Fiduciary Funds

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

### Notes to the Financial Statements

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

### Other Information

The combining statements referred to earlier in connection with non-major governmental funds and non-major enterprise funds are presented immediately following the notes to the financial statements. Internal service funds are presented after the governmental fund statements.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2015, the City is reporting net position of \$2,245,793,716.

The largest portion of the City's net position (98.0%) reflects its investment in capital assets (*e.g.*, land, buildings, machinery and equipment, *etc.*), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

### Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
<b>Assets</b>						
Current, restricted and other	\$ 366,625,809	\$ 361,525,365	\$ 168,437,443	\$ 159,324,680	\$ 535,063,252	\$ 520,850,045
Capital	<u>1,490,120,317</u>	<u>1,451,989,980</u>	<u>962,866,899</u>	<u>977,268,712</u>	<u>2,452,987,216</u>	<u>2,429,258,692</u>
<b>Total assets</b>	<u><b>1,856,746,126</b></u>	<u><b>1,813,515,345</b></u>	<u><b>1,131,304,342</b></u>	<u><b>1,136,593,392</b></u>	<u><b>2,988,050,468</b></u>	<u><b>2,950,108,737</b></u>
Deferred outflows of resources	<u>51,956,060</u>	<u>8,516,392</u>	<u>13,494,800</u>	<u>6,709,878</u>	<u>65,450,860</u>	<u>15,226,270</u>
<b>Liabilities</b>						
Current	28,229,888	28,014,259	20,783,612	19,275,208	49,013,500	47,289,467
Other	<u>485,351,989</u>	<u>208,392,550</u>	<u>189,652,181</u>	<u>160,795,325</u>	<u>675,004,170</u>	<u>369,187,875</u>
<b>Total liabilities</b>	<u><b>513,581,877</b></u>	<u><b>236,406,809</b></u>	<u><b>210,435,793</b></u>	<u><b>180,070,533</b></u>	<u><b>724,017,670</b></u>	<u><b>416,477,342</b></u>
Deferred inflows of resources	<u>72,445,243</u>	<u>_____</u>	<u>11,244,699</u>	<u>_____</u>	<u>83,689,942</u>	<u>_____</u>
<b>Net position</b>						
Net investment in capital assets	1,365,423,723	1,324,456,511	835,080,514	836,452,849	2,200,504,237	2,160,909,360
Restricted	173,216,725	179,220,120	6,941,323	11,182,393	180,158,048	190,402,513
Unrestricted	<u>(215,965,382)</u>	<u>81,948,297</u>	<u>81,096,813</u>	<u>115,597,495</u>	<u>(134,868,569)</u>	<u>197,545,792</u>
<b>Total net position</b>	<u><b>\$ 1,322,675,066</b></u>	<u><b>\$ 1,585,624,928</b></u>	<u><b>\$ 923,118,650</b></u>	<u><b>\$ 963,232,737</b></u>	<u><b>\$ 2,245,793,716</b></u>	<u><b>\$ 2,548,857,665</b></u>

A portion of the City's net position (8.0%) is subject to external restrictions on how it may be used. The remaining balance is a negative \$134,868,569 due to GASB 68, *Accounting and Financial Reporting For Pensions*. This created a long term liability of \$324.5 million as this is considered the City's proportionate share of the collective net pension liability of the Public Employees Retirement System. However, per Nevada Revised Statutes, respective participating public employers are not liable for any obligation of the Public Employees Retirement System.

The decrease of \$4.2 million in restricted net position for business type activities is due to the use of system development fees for applicable projects.

The City's total net position increased by \$59,220,986 during the current fiscal year, comprised of an increase in governmental net position of \$50,657,958 and an increase in business-type activities of \$8,563,028. See explanations for the increases in the sections for Governmental Activities and Business-type Activities, immediately following the table below.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

### Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
		(Restated)		(Restated)		(Restated)
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 48,358,909	\$ 41,833,338	\$ 130,541,977	\$ 121,586,072	\$ 178,900,886	\$ 163,419,410
Operating grants and contributions	9,081,006	12,891,586			9,081,006	12,891,586
Capital grants and contributions	61,258,310	39,008,389	15,058,529	19,717,458	76,316,839	58,725,847
General revenues						
Property taxes	67,332,544	63,982,175			67,332,544	63,982,175
Room taxes	1,009,546	901,887	2,017,902	1,801,825	3,027,448	2,703,712
Intergovernmental revenues - consolidated tax	94,093,208	88,013,859			94,093,208	88,013,859
Motor vehicle fuel tax	4,858,442	4,163,200			4,858,442	4,163,200
Sales tax	12,291,217	11,436,957	4,702,171	4,358,347	16,993,388	15,795,304
Franchise fees, based on gross receipts	32,677,892	31,481,739			32,677,892	31,481,739
Unrestricted investment income	2,942,486	3,115,696	1,973,790	2,271,148	4,916,276	5,386,844
Gain on disposal of capital assets	205,287	185,299		1,995	205,287	187,294
Miscellaneous	1,183,010	812,423	486,825	484,042	1,669,835	1,296,465
<b>Total revenues</b>	<b>335,291,857</b>	<b>297,826,548</b>	<b>154,781,194</b>	<b>150,220,887</b>	<b>490,073,051</b>	<b>448,047,435</b>
<b>Expenses</b>						
General government	51,514,550	47,826,017			51,514,550	47,826,017
Judicial	12,639,795	13,089,666			12,639,795	13,089,666
Public safety	136,718,517	138,652,346			136,718,517	138,652,346
Public works	29,181,216	104,652,659			29,181,216	104,652,659
Culture and recreation	45,399,004	44,259,523			45,399,004	44,259,523
Community support	4,601,580	7,686,894			4,601,580	7,686,894
Interest expense and fiscal charges	6,258,180	6,184,656			6,258,180	6,184,656
Administrative and other costs	306,322	21,363			306,322	21,363
Water			74,573,926	83,097,653	74,573,926	83,097,653
Sewer			46,919,969	58,692,077	46,919,969	58,692,077
Development services			16,068,352	11,851,220	16,068,352	11,851,220
Cultural arts and tourism			3,982,586	4,213,275	3,982,586	4,213,275
Municipal golf course			2,688,068	3,394,371	2,688,068	3,394,371
<b>Total expenses</b>	<b>286,619,164</b>	<b>362,373,124</b>	<b>144,232,901</b>	<b>161,248,596</b>	<b>430,852,065</b>	<b>523,621,720</b>
Change in net position before transfers	48,672,693	(64,546,576)	10,548,293	(11,027,709)	59,220,986	(75,574,285)
Transfers	1,985,265	2,536,991	(1,985,265)	(2,536,991)		
Change in net position	50,657,958	(62,009,585)	8,563,028	(13,564,700)	59,220,986	(75,574,285)
Net position, beginning of year, as previously reported	1,588,279,821	1,650,289,406	958,420,233	971,984,933	2,546,700,054	2,622,274,339
Adjustment	(316,262,713)	(2,654,893)	(43,864,611)	4,812,504	(360,127,324)	2,157,611
Net position, beginning of year, as adjusted	1,272,017,108	1,647,634,513	914,555,622	976,797,437	2,186,572,730	2,624,431,950
Net position, end of year	\$ 1,322,675,066	\$ 1,585,624,928	\$ 923,118,650	\$ 963,232,737	\$ 2,245,793,716	\$ 2,548,857,665

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Governmental Activities

Governmental activities increased the City's net position by \$50,657,958. Significant changes are as follows:

Charges for services increased \$6.5 million due to increase in prisoner detention revenue and ambulance transport rate increases. See discussion on General Fund charges for services increases below.

Operating grants and contributions decreased by \$3.8 million due to Southern Nevada Public Land Management Act projects winding down and other projects which the City did not have in fiscal year 2015 as compared to fiscal year 2014. See discussion on Grants Special Revenue Fund below.

Capital grants and contributions increased by \$22.2 million due in large part to three developer contributed parks: Potenza, Capriola, and Aventura. These amounted to approximately \$21.7 million.

Public Works expenses decreased by \$75.5 million primarily due to a decrease in depreciation expense of approximately \$49.8 million. This change was due to an increase in estimated useful lives of long-lived assets. Buildings and improvement useful lives went from 15 to 40 years to 25 to 75 years; improvements and infrastructure went from 10 to 50 years to 10 to 100 years; and machinery and equipment went from 3 to 10 years to 5 to 40 years. These estimate changes were due to a review of the length of these lives by the City Engineer and a team of infrastructure specialists, who referred to industry standards and the City's historical experience with replacement cycles of long-lived assets. Also in fiscal year 2014 there was an expense of approximately \$23.2 million used to call bonds as part of the Inspirada special assessment district restructure. Some projects that were originally planned for this district were deleted, bonds were called, and assessments were reduced. There was no similar restructure in fiscal year 2015.

Community Support expenses decreased by \$3.1 million The City did not have any on-going multi-family housing projects in fiscal year 2015 compared with the previous fiscal year. See discussion on Grant Fund below.

There was a prior period adjustment of \$2.7 million, which represents the allocable cost of land historically used for wastewater purposes, which had erroneously been reported as general government use. The tables were restated for this prior period adjustment.

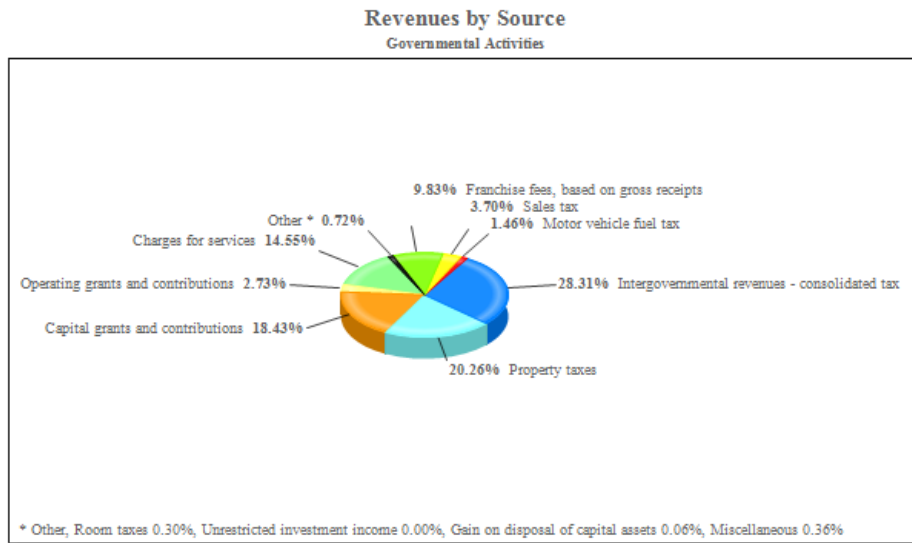
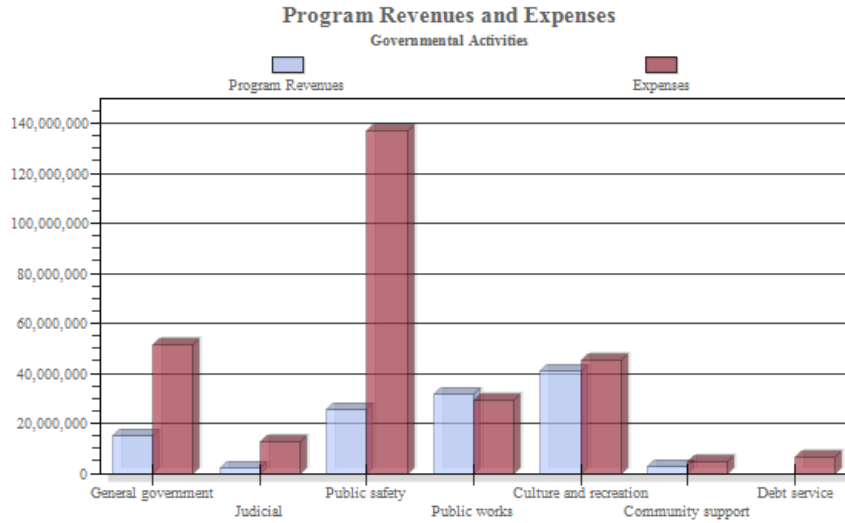
There was another prior period adjustment for \$313.6 million due to GASB 68, *Accounting and Financial Reporting for Pensions*, which requires the City to record its proportionate share of the collective net pension liability of the Public Employee's Retirement System and related deferred inflows and outflows, and to the extent practicable, changes made to comply with GASB 68 are reported as an adjustment to prior periods. The tables were *not* restated for GASB 68 as there is not enough information to restate the prior fiscal year.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015



### Business-type Activities

Business-type activities increased the City's net position by \$8,563,028. Significant changes are as follows:

Capital grants and contributions decreased by \$4.7 million due to a decrease in developer utility contributed assets.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

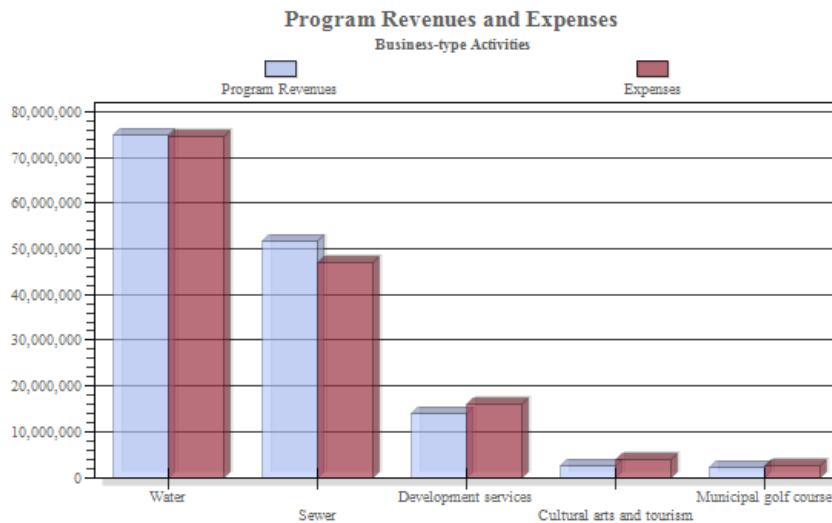
**FOR THE YEAR ENDED JUNE 30, 2015**

Water and sewer expenses decreased by \$8.5 and \$11.8 million respectively. The majority of this decrease is due to a decrease in depreciation expense of \$9.2 million for water utility assets and a decrease of \$11.2 million for sewer utility assets. This change is due to an increase in estimated useful lives of long-lived assets (see above description in change in public works expenses in governmental activities for a change in useful lives).

Other business-type expenses increased by \$3.3 million due to increased development activity in the City. This resulted in higher expenses in the development services center for salaries due to additional staff of \$1.1 million and other costs related to engineering and professional services of approximately \$2.2 million.

There was a prior period adjustment of \$4.8 million. The adjustment was required to capture donated utility improvements not previously recorded for \$6 million, to remove various utility assets taken out of service in prior years or capitalized in error for (\$4.3 million), restore depreciation recorded in error on costs that should be capitalized to land for \$0.5 million, and to allocate costs of governmental activity use to wastewater use for \$2.7 million (see above prior period adjustment in governmental activities).

There was a prior period adjustment of \$48.7 million due to GASB 68, *Accounting and Financial Reporting for Pensions*, which requires the City to record its proportionate share of the collective net pension liability of the Public Employee's Retirement System and related deferred inflows and outflows, and to the extent practicable, changes made to comply with GASB 68 are reported as an adjustment to prior periods. The tables were *not* restated for GASB 68 as there is not enough information to restate the prior fiscal year.



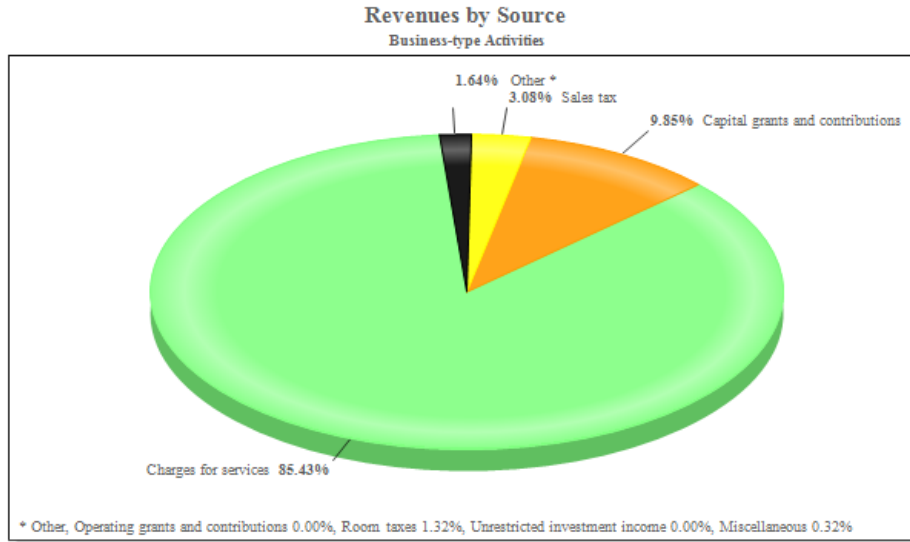
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# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015



### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$214,062,947, an increase of \$8,402,028, in comparison with the prior year. Approximately 10.0% of this balance (\$21,505,080) is unassigned, meaning it is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, or assigned to indicate that it is not in spendable form (\$31,314), not available for new spending because it has already been restricted by State law or outside entities (\$157,563,176), or assigned for specific uses by the City (\$34,963,377).

### General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21,505,080, while total fund balance was \$22,740,756. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of and for the fiscal year ended June 30, 2015, unassigned fund balance represents 10.0% of total general fund expenditures, while total fund balance represents 10.6% of that same amount.

The fund balance of the general fund increased by \$4,490,306 during the current fiscal year. Significant changes are as follows:

Charges for services increased by \$5.3 million due in large part to higher prisoner detention and ambulance transport revenues in fiscal year 2015. The City implemented a new housing program of Clark County prisoners called the Safe Strip Initiative in May of 2014, so fiscal year 2015 recognized a full year of revenues for this; also the average daily contract prisoner population with the Department of Homeland Security increased from 210 in fiscal year 2014 to 236 in fiscal year 2015 and rose from 58 to 71 for Clark County prisoners. Prisoner detention rates also increased with both Clark County and Boulder City. There were two ambulance transport rate increases in fiscal year 2015.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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Intergovernmental revenues increased by \$6.2 million due to an increase in Consolidated Tax revenue (a composite tax based on a statutory formula, which is comprised of certain sales, cigarette, motor vehicle privilege and liquor taxes) due to a general economy improvement in Southern Nevada.

Property taxes increased by \$1.9 million due to higher assessed property values.

Other general fund revenues increased by \$3.4 million, but no one category increased significantly over the previous fiscal year.

General fund expenditures increased in total by \$6.5 million, but no one category increased significantly over the previous fiscal year.

Transfers out to other funds were \$11.5 million.

### Grants Special Revenue Fund

As of June 30, 2015, the grants special revenue fund has a total fund balance of \$1,363,273, \$18,118 of which is nonspendable due to prepaid assets and the remainder of which is restricted by granting agencies. There was an increase in intergovernmental revenues of \$2.9 million and an increase in public works capital outlay of \$5.6 million due primarily to large street improvement projects funded by grants and cooperative agreements from the Nevada Department of Transportation. These projects include Water Street enhancements for \$1.3 million; St. Rose Parkway intersection improvements for \$1 million; Horizon Ridge Parkway and the I515 overpass improvements for \$2.2 million and a traffic signal at Boulder Highway and Magic Way for \$1.1 million, among others that will continue into fiscal year 2016. There was a decrease in current culture and recreation expenditures of \$1.3 million due to several Southern Nevada Public Land Management Act (SNPLMA) park and trail projects reaching their completion phases with few new projects starting. The result decreased current expenditures in labor and professional services in culture and recreation.

There was a decrease in current community support expenditures of \$3.1 million. The City did not have any on-going multi-family housing projects in fiscal year 2015 compared with the Henderson Family Apartments in the previous fiscal year accounting for \$0.8 million. The City also had a reduction of costs for work on the Trailer Estates project for \$0.4 million. Additionally, the City is concluding the Neighborhood Sustainability grant which assists in the creation of affordable housing for low-income households for a \$1.2 million decrease under the previous fiscal year. Finally, the Department of Housing and Urban Development Sustainable Community grant to promote jobs and regional economic activity ended in October of 2014 for a decrease of \$0.7 million.

### General Obligation Debt Service Fund

The general obligation debt service fund has a total fund balance of \$7,325,145, all of which is restricted for payment of debt service. During the fiscal year, the City refunded the Series 2013C bonds, resulting in proceeds in the par amount of the bonds and the premium of \$24.3 million and \$3.2 million, respectively. The City then disbursed \$27.2 million to the bond refunding agent while also paying related bond issuance costs, the total transaction causing little net change to the fund. The net increase in fund balance of \$3,217,736, an increase in fund balance of \$1.3 million greater than the prior year, was due almost solely to transfers-in from other funds of \$8.2 million, an increase of \$1.1 million over the prior year.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Special Assessment Districts Capital Projects Fund

The special assessment districts capital projects fund has a total fund balance of \$54,308,435, all of which is restricted for capital projects funded by special assessments. In fiscal year 2015, the net decrease in fund balance was \$3 million. Approximately \$3 million was also spent on special assessment infrastructure improvement projects, which was a decrease of approximately \$5.6 million under fiscal year 2014 as fewer projects were completed in the current fiscal year than the previous fiscal year. Also in fiscal year 2014 there was an expense of approximately \$23.2 million used to call bonds as part of the Inspirada special assessment district restructure. Some projects that were originally planned for this district were deleted, bonds were called, and assessments were reduced. There was no similar restructure in fiscal year 2015.

### Land Sales Capital Projects Fund

The land capital projects fund has a fund balance of \$24,569,360, all of which is restricted for capital projects within the City. During fiscal year 2015, fund balance decreased by \$0.5 million.

The decrease was due to approximately \$1.4 million in expenditures for public safety communications and emergency software system replacement; \$1 million in land acquisitions and costs associated with land acquisitions, and various other public works improvements; and \$0.3 million for general government expenditures due in large part for city attorney salaries related to the administration of this fund. Expenditures were offset by \$1.1 million in land sales. Revenues were approximately \$1.7 million, the largest portion of which, \$1 million was interest earned on land sales.

### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water fund at the end of fiscal year 2015 amounted to \$78,603,879 and the total increase in net position was \$1,480,715. Unrestricted net position of the sewer fund at the end of the fiscal year 2015 was \$46,978,900 and the total increase in net position was \$10,324,956. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

Functions represent the City's legal level of budgetary control. The final budget expenditure appropriations increased by approximately \$160,000, or 0.07% over the original budget. This increase is not significant.

Actual expenditures were 96.4% of appropriations, or \$8 million lower than the final budget. All functions are well within appropriation authority. The savings can be attributed to several factors, of which were vacancy savings, reduced operating expenditures, savings resulting from the Henderson Innovation Plan (HIP), and incomplete projects that will be re-appropriated to the next fiscal year. The main areas of savings are summarized below:

Actual General Government expenditures were \$4 million below the final budget. The majority of the positive variance from budget is due to reduced operating expenditures, approximately \$1.5 million of which related to ongoing projects that will be re-appropriated in fiscal year 2016.

- There were other functional reductions of \$4 million in the aggregate, but none significant in any one category.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

### Capital Assets and Debt Administration

#### Capital Assets

As of June 30, 2015, the City's investment in capital assets for its governmental and business-type activities is \$2,452,987,216 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and a municipal golf course. During fiscal year 2015, the City's investment in capital assets increased by \$23.7 million (approximately \$38.1 million increase for governmental activities and approximately \$14.4 decrease for business-type activities).

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

Buildings in governmental activities decreased by \$3 million due to annual depreciation of \$4.3 million, which was offset by additions from construction in progress including public safety renovations and security upgrades of \$1 million, along with various other smaller additions.

Improvements other than buildings in governmental activities increased by \$69.4 million. The major components of this were developer donated parks and various other donations amounting to approximately \$21.7 million. Other additions were completed projects that had been classified as construction in progress including Arroyo Grande Project Green Trail for \$17 million; Whitney Mesa Trailhead for \$14 million; Lake Mead Parkway Trail for \$6.5 million; Wetlands Trail for \$5 million; McCullough Vista Park for \$5 million and various other small additions.

Construction in progress for governmental activities decreased by \$39.5 million due to the additions of improvements other than buildings described above amounting to \$47.5 million. These decreases were offset by new construction of Paradise Pointe Park for \$2.9 million; Horizon Ridge Parkway and I515 improvements for \$2.2 million; and East Galleria Drive improvements for \$2.2 million and various other smaller additions.

Construction in progress for business-type activities increased by \$4.5 million, mainly due to \$2.5 million in a utility system which monitors and controls water, reclaimed water and wastewater systems and \$2 million for construction and improvements to two pump stations.

	Capital Assets, Net of Accumulated Depreciation and Amortization					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
Construction in progress	\$ 37,344,627	\$ 76,861,235	\$ 22,678,268	\$ 18,152,243	\$ 60,022,895	\$ 95,013,478
Land	192,015,021	193,492,450	35,912,213	35,455,813	227,927,234	228,948,263
Building and building improvements	246,225,249	249,189,917	115,227,833	117,894,362	361,453,082	367,084,279
Improvements other than buildings	303,484,178	234,045,287	765,454,391	779,586,709	1,068,938,569	1,013,631,996
Infrastructure	689,066,495	678,333,222			689,066,495	678,333,222
Machinery and equipment	21,984,747	20,067,869	23,594,194	26,179,585	45,578,941	46,247,454
	<u>\$ 1,490,120,317</u>	<u>\$ 1,451,989,980</u>	<u>\$ 962,866,899</u>	<u>\$ 977,268,712</u>	<u>\$ 2,452,987,216</u>	<u>\$ 2,429,258,692</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

Additional information on the City's capital assets can be found in note 5 to the financial statements.

### Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$250,769,728. Of this amount, \$107,398,145 is considered general obligation debt and \$10,965,000 is tax allocation debt. The remainder of the City's bonded debt represents bonds to be paid from the City's Water and Sewer activities.

	Summary of Bonds Outstanding					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 107,398,145	\$ 109,823,861	\$	\$	\$ 107,398,145	\$ 109,823,861
Tax allocation bonds	10,965,000	11,680,000			10,965,000	11,680,000
Water and sewer bonds			<u>132,406,583</u>	<u>147,525,741</u>	<u>132,406,583</u>	<u>147,525,741</u>
	<u>\$ 118,363,145</u>	<u>\$ 121,503,861</u>	<u>\$ 132,406,583</u>	<u>\$ 147,525,741</u>	<u>\$ 250,769,728</u>	<u>\$ 269,029,602</u>

Standard & Poor's Ratings Service and Moody's Investor's Service general obligation bond ratings are AA and Aa2, respectively.

As of June 30, 2015, the City's net general obligation bonded debt subject to the legal debt margin of \$239,804,728 was below the legal limit of \$1,207,052,032.

Additional information on the City's long-term debt can be found in note 6 to the financial statements.

Other factors considered in preparing the City's budget for the 2015/2016 fiscal year:

The City will maintain the property tax rate of \$.7108 per \$100 in assessed valuation, one of the lowest in the state of Nevada.

Plan to close Fiscal Year 2016 with no transfers in from reserves for the third straight year.

Plan to reinvest at least \$1 million in infrastructure.

Additional positions to support improving conditions in construction and development

During the current fiscal year fund balance in the general fund increased to \$22,740,756. The City has appropriated approximately \$1.7 million of this amount for spending in the 2015/2016 fiscal year budget. It is intended that this use of available fund balance will pay for one time capital purchases.

### Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 240 Water Street, Henderson, Nevada 89015.

**BASIC FINANCIAL  
STATEMENTS**

**2015 Comprehensive Annual Financial Report**

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2015



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# CITY OF HENDERSON, NEVADA

## STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents and investments, unrestricted	\$ 248,407,309	\$ 181,899,045	\$ 430,306,354
Cash, cash equivalents and investments, restricted	5,322,730	8,867,373	14,190,103
Accounts receivable, net	10,837,544	15,254,963	26,092,507
Taxes receivable	1,317,226		1,317,226
Special assessments receivable	1,610,126		1,610,126
Notes receivable, net	17,072,229	240,665	17,312,894
Interest receivable	596,859	359,262	956,121
Due from other governments	31,061,549	1,049,275	32,110,824
Prepaid items	31,314		31,314
Land held for resale	9,940,364		9,940,364
Other assets	62,157	1,133,262	1,195,419
Internal balances	40,366,402	(40,366,402)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	37,344,627	22,678,268	60,022,895
Land	192,015,021	35,912,213	227,927,234
Building and building improvements	246,225,249	115,227,833	361,453,082
Improvements other than buildings	303,484,178	765,454,391	1,068,938,569
Infrastructure	689,066,495		689,066,495
Machinery and equipment	21,984,747	23,594,194	45,578,941
<b>Total assets</b>	<b>1,856,746,126</b>	<b>1,131,304,342</b>	<b>2,988,050,468</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	7,261,342	6,557,442	13,818,784
Deferred amounts related to pensions	44,694,718	6,937,358	51,632,076
<b>Total deferred outflows of resources</b>	<b>51,956,060</b>	<b>13,494,800</b>	<b>65,450,860</b>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	13,119,510	6,639,711	19,759,221
Accrued wages	3,587,445	703,233	4,290,678
Contracts and retentions payable	502,464	170,613	673,077
Due to other governments	3,670,153	4,284,345	7,954,498
Tax increment payable to developers	710,716		710,716
Unearned revenue	341,241	6,968,340	7,309,581
Interest payable	774,395		774,395
Deposits	5,523,964	91,320	5,615,284
Other current liabilities, payable from restricted assets		1,926,050	1,926,050
Noncurrent liabilities, due within one year	21,894,536	696,872	22,591,408
Noncurrent liabilities, partially payable from restricted assets, due within one year		11,751,752	11,751,752
Noncurrent liabilities, net of unamortized premiums and discounts, due in more than one year	463,457,453	177,203,557	640,661,010
<b>Total liabilities</b>	<b>513,581,877</b>	<b>210,435,793</b>	<b>724,017,670</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	72,445,243	11,244,699	83,689,942

(Continued)

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



# CITY OF HENDERSON, NEVADA

## STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2015

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	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	1,365,423,723	835,080,514	2,200,504,237
Restricted for			
Stabilization and other general programs	19,383,980		19,383,980
Courts and other judicial programs	992,978		992,978
Fire, police and other public safety programs	3,758,178		3,758,178
Streets and other public works projects	87,994,476		87,994,476
Parks, cultural and recreational programs	9,401,386		9,401,386
Community assistance and support programs	226,062		226,062
Debt service	7,540,014	6,941,323	14,481,337
Redevelopment programs	27,523,021		27,523,021
Claims	16,396,630		16,396,630
Unrestricted	<u>(215,965,382)</u>	<u>81,096,813</u>	<u>(134,868,569)</u>
Total net position	<u>\$ 1,322,675,066</u>	<u>\$ 923,118,650</u>	<u>\$ 2,245,793,716</u>

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

# CITY OF HENDERSON, NEVADA

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

FUNCTION/PROGRAM	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 51,514,550	\$ 13,292,167	\$ 969,537	\$ 823,165	\$ (36,429,681)		\$ (36,429,681)
Judicial	12,639,795	2,020,966	132,732		(10,486,097)		(10,486,097)
Public safety	136,718,517	24,610,026	1,163,319	101	(110,945,071)		(110,945,071)
Public works	29,181,216	713,666	256,067	30,834,842	2,623,359		2,623,359
Culture and recreation	45,399,004	7,722,084	3,611,926	29,600,202	(4,464,792)		(4,464,792)
Community support	4,601,580		2,947,425		(1,654,155)		(1,654,155)
Debt service							
Interest expense and fiscal charges	6,258,180				(6,258,180)		(6,258,180)
Administrative and other costs	306,322				(306,322)		(306,322)
Total governmental activities	<u>286,619,164</u>	<u>48,358,909</u>	<u>9,081,006</u>	<u>61,258,310</u>	<u>(167,920,939)</u>		<u>(167,920,939)</u>
Business-type activities							
Water	74,573,926	68,588,979		6,325,858		340,911	340,911
Sewer	46,919,969	43,019,179		8,732,671		4,831,881	4,831,881
Development services	16,068,352	13,950,781				(2,117,571)	(2,117,571)
Cultural arts and tourism	3,982,586	2,629,599				(1,352,987)	(1,352,987)
Municipal golf course	2,688,068	2,353,439				(334,629)	(334,629)
Total business-type activities	<u>144,232,901</u>	<u>130,541,977</u>		<u>15,058,529</u>		<u>1,367,605</u>	<u>1,367,605</u>
Total function/program	<u>\$ 430,852,065</u>	<u>\$ 178,900,886</u>	<u>\$ 9,081,006</u>	<u>\$ 76,316,839</u>	<u>\$ (167,920,939)</u>	<u>\$ 1,367,605</u>	<u>(166,553,334)</u>

(Continued)

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

# CITY OF HENDERSON, NEVADA

## STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GENERAL REVENUES</b>							
Property taxes					67,332,544		67,332,544
Room taxes					1,009,546	2,017,902	3,027,448
Intergovernmental revenues - consolidated tax					94,093,208		94,093,208
Motor vehicle fuel tax					4,858,442		4,858,442
Sales tax					12,291,217	4,702,171	16,993,388
Franchise fees, based on gross receipts					32,677,892		32,677,892
Unrestricted investment income					2,942,486	1,973,790	4,916,276
Gain on disposal of capital assets					205,287		205,287
Miscellaneous					1,183,010	486,825	1,669,835
<b>Total general revenues</b>					<u>216,593,632</u>	<u>9,180,688</u>	<u>225,774,320</u>
Transfers					1,985,265	(1,985,265)	
<b>CHANGE IN NET POSITION</b>					<u>50,657,958</u>	<u>8,563,028</u>	<u>59,220,986</u>
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>					1,588,279,821	958,420,233	2,546,700,054
Adjustment					(316,262,713)	(43,864,611)	(360,127,324)
<b>NET POSITION BEGINNING OF YEAR, AS ADJUSTED</b>					<u>1,272,017,108</u>	<u>914,555,622</u>	<u>2,186,572,730</u>
<b>NET POSITION, END OF YEAR</b>					<u>\$ 1,322,675,066</u>	<u>\$ 923,118,650</u>	<u>\$ 2,245,793,716</u>

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

# CITY OF HENDERSON, NEVADA

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2015

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds			Aggregate Other Governmental Funds	Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Land Sales				
					Land	Sales			
<b>ASSETS</b>									
Cash, cash equivalents and investments	\$ 8,047,771	\$	\$ 7,264,382	\$ 55,980,797	\$ 26,617,903	\$	\$ 87,400,148	\$ 185,311,001	
Restricted cash and cash equivalents	546,282				51,274		4,725,174	5,322,730	
Accounts receivable, net	10,625,102	7,750					130,133	10,762,985	
Interest receivable	37,678		17,376	1,077	51,527		169,557	277,215	
Taxes receivable	953,434		296,491				67,301	1,317,226	
Special assessments receivable							1,610,126	1,610,126	
Notes receivable, net	3,373,310	10,142,369			10,946,827		2,823,720	27,286,226	
Prepaid items	4,325,976	18,118					13,196	4,325,976	
Due from other funds							4,697,738	30,746,620	
Due from other governments	19,393,132	6,611,237	43,887		626		621,261	621,261	
Advances to other funds							9,940,364	9,940,364	
Land held for resale									
<b>Total assets</b>	<u>\$ 47,302,685</u>	<u>\$ 16,779,474</u>	<u>\$ 7,622,136</u>	<u>\$ 55,981,874</u>	<u>\$ 38,289,418</u>	<u>\$</u>	<u>\$ 111,577,457</u>	<u>\$ 277,553,044</u>	
<b>LIABILITIES</b>									
Accounts payable and other accrued liabilities	\$ 7,568,601	\$ 1,183,686	\$ 500	\$ 25,191	\$ 778,861		\$ 1,186,927	\$ 10,743,766	
Accrued wages	3,193,158	14,629			6,414		189,014	3,403,215	
Tax increment payable to developers							710,716	710,716	
Due to other governments					1,840,000		300,032	3,670,153	
Due to other funds	1,530,121	4,075,517					250,459	4,325,976	
Advances from other funds				1,648,248			621,261	2,269,509	
Unearned revenue	144,485				146,956		49,800	341,241	
Deposits	5,476,329				1,000			5,477,329	
Compensated absences	68,692							68,692	
<b>Total liabilities</b>	<u>17,981,386</u>	<u>5,273,832</u>	<u>500</u>	<u>1,673,439</u>	<u>2,773,231</u>	<u>3,308,209</u>	<u>31,010,597</u>	<u>31,010,597</u>	

(Continued)

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

# CITY OF HENDERSON, NEVADA

## GOVERNMENTAL FUNDS BALANCE SHEET (CONTINUED) JUNE 30, 2015

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds			Aggregate Other Governmental Funds	Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Land Sales				
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue, property taxes	953,434		296,491				67,301	1,317,226	
Unavailable revenue, special assessments	3,373,310	10,142,369			10,946,827		1,610,126	1,610,126	
Unavailable revenue, notes receivable	2,253,799						2,823,720	27,286,226	
Unavailable revenue, other receivables							12,123	2,265,922	
<b>Total deferred inflows of resources</b>	<u>6,580,543</u>	<u>10,142,369</u>	<u>296,491</u>		<u>10,946,827</u>		<u>4,513,270</u>	<u>32,479,500</u>	
<b>Total liabilities and deferred inflows of resources</b>	<u>24,561,929</u>	<u>15,416,201</u>	<u>296,991</u>	<u>1,673,439</u>	<u>13,720,058</u>		<u>7,821,479</u>	<u>63,490,097</u>	
<b>FUND BALANCES</b>									
Nonspendable		18,118					13,196	31,314	
Restricted	1,235,676	1,345,155	7,325,145	54,308,435	24,569,360		70,015,081	157,563,176	
Assigned	21,505,080						33,727,701	34,963,377	
Unassigned								21,505,080	
<b>Total fund balances</b>	<u>22,740,756</u>	<u>1,363,273</u>	<u>7,325,145</u>	<u>54,308,435</u>	<u>24,569,360</u>		<u>103,755,978</u>	<u>214,062,947</u>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 47,302,685</u>	<u>\$ 16,779,474</u>	<u>\$ 7,622,136</u>	<u>\$ 55,981,874</u>	<u>\$ 38,289,418</u>		<u>\$ 111,577,457</u>	<u>\$ 277,553,044</u>	

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

# CITY OF HENDERSON, NEVADA

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2015

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 214,062,947
Amounts reported 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 governmental funds:		
Capital assets	\$ 2,436,637,221	
Less accumulated depreciation	<u>(959,821,673)</u>	1,476,815,548
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Interest receivable	<u>201,350</u>	201,350
Deferred outflows of resources benefit future periods; and therefore, are not reported in governmental funds:		
Deferred outflows related to pensions	42,838,057	
Deferred charges on refunding	<u>7,261,342</u>	50,099,399
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Debt obligations payable, net of unamortized premiums and discounts	(131,979,146)	
Construction contracts payable	(502,464)	
Other postemployment benefits	(17,644,280)	
Compensated absences payable	(38,044,202)	
Net pension liability	<u>(269,239,065)</u>	(457,409,157)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	<u>(774,395)</u>	(774,395)
Deferred inflows of resources represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	22,265,503	
Deferred inflows related to pensions	<u>(69,435,798)</u>	(47,170,295)
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund assets and liabilities included in governmental activities in the statement of net position	46,483,267	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	35,943,948	
Internal service fund balance receivable from business-type activities from current year activity	<u>4,422,454</u>	<u>86,849,669</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		<u><u>\$ 1,322,675,066</u></u>

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

# CITY OF HENDERSON, NEVADA

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds			Aggregate Other Governmental Funds	Total Governmental Funds
	Funds		Funds		Special				
	General Fund	Grants	General Obligation	Assessment Districts	Land Sales				
<b>REVENUES</b>									
Property taxes	\$ 56,905,962		\$ 2,984,505				\$ 7,662,192		\$ 67,552,659
Franchise fees	32,677,892								32,677,892
Licenses and permits	9,469,188								9,469,188
Intergovernmental	97,812,733	20,925,635			626			18,751,846	137,490,840
Charges for services	28,365,652							197,046	28,562,698
Fines and forfeitures	4,308,262							1,242,375	5,550,637
Impact fees	810,284							1,085,117	1,895,401
Special assessments								130,274	130,274
Investment income	280,576		72,684					1,053,622	2,407,753
Developer contributions								4,405,009	4,430,009
Rental fees								12,688	493,311
Miscellaneous	443,677	351,773						578,719	1,597,104
Total revenues	<u>231,074,226</u>	<u>21,277,408</u>	<u>3,057,189</u>	<u>26,375</u>	<u>1,703,680</u>		<u>35,118,888</u>		<u>292,257,766</u>
<b>EXPENDITURES</b>									
Current									
General government	39,061,394	905,921						8,265,037	48,539,745
Judicial	11,461,622	106,564						757,082	12,325,268
Public safety	122,523,122	893,439						12,503,287	135,919,848
Public works	6,781,537	490,963						1,914,433	9,706,622
Culture and recreation	33,297,754	1,384,801						1,940,743	36,623,298
Community support	1,770,944	2,949,740							4,720,684
Total current	<u>214,896,373</u>	<u>6,731,428</u>					<u>745,983</u>	<u>25,380,582</u>	<u>247,835,465</u>
Capital outlay									
General government	34,754							204,772	239,526
Public safety	13,400							287,203	1,837,871
Public works		118,450						1,418,818	13,826,060
Culture and recreation	280,298	7,431,026						531,565	11,709,733
Total capital outlay	<u>328,452</u>	<u>13,758,666</u>					<u>3,029,928</u>	<u>8,545,761</u>	<u>27,613,190</u>

(Continued)

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

# CITY OF HENDERSON, NEVADA

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds			Aggregate Other Governmental Funds	Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Land Sales				
<b>Debt service</b>									
Principal payments			3,528,000					715,000	4,243,000
Payment to current bond refunding agent			27,209,998						27,209,998
Interest and fiscal charges			4,470,526	102,816				633,881	5,207,223
Administrative and other costs			301,240					5,082	306,322
Total debt service			<u>35,509,764</u>	<u>102,816</u>				<u>1,353,963</u>	<u>36,966,543</u>
Total expenditures	215,224,825	20,490,094	35,509,764	3,213,843	2,696,366			35,280,306	312,415,198
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>15,849,401</u>	<u>787,314</u>	<u>(32,452,575)</u>	<u>(3,187,468)</u>	<u>(992,686)</u>			<u>(161,418)</u>	<u>(20,157,432)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from land sales					1,118,024				1,118,024
Issuance of refunding bonds			24,305,000						24,305,000
Premium on refunding bonds issued			3,208,334						3,208,334
Transfers in	150,000		8,156,977	200,033				8,166,869	16,673,879
Transfers out	(11,509,095)				(642,098)			(4,594,584)	(16,745,777)
Total other financing sources (uses)	<u>(11,359,095)</u>		<u>35,670,311</u>	<u>200,033</u>	<u>475,926</u>			<u>3,572,285</u>	<u>28,559,460</u>
CHANGE IN FUND BALANCE	4,490,306	787,314	3,217,736	(2,987,435)	(516,760)			3,410,867	8,402,028
FUND BALANCE, BEGINNING OF YEAR	<u>18,250,450</u>	<u>575,959</u>	<u>4,107,409</u>	<u>57,295,870</u>	<u>25,086,120</u>			<u>100,345,111</u>	<u>205,660,919</u>
FUND BALANCE, END OF YEAR	<u>\$ 22,740,756</u>	<u>\$ 1,363,273</u>	<u>\$ 7,325,145</u>	<u>\$ 54,308,435</u>	<u>\$ 24,569,360</u>			<u>\$ 103,755,978</u>	<u>\$ 214,062,947</u>

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



# CITY OF HENDERSON, NEVADA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS	\$	8,402,028
Amounts reported in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:		
Expenditures for capital assets	\$	28,764,584
Less current year depreciation		(30,416,467)
Proceeds from land sales		(1,118,024)
Net loss on disposition of capital assets		<u>(1,704,834)</u>
		(4,474,741)
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:		
Change in unavailable property tax and miscellaneous revenues from current year activity		737,950
Change in unavailable revenue related to notes receivable from current year activity		83,921
Change in unavailable revenue from cumulative prior years' activity		(494,436)
Capital asset contributions		39,369,668
Change in accrued interest receivable on notes receivable		<u>(18,578)</u>
		39,678,525
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued:		
Issuance of refunding bonds		(24,305,000)
Premium on refunding bonds issued		(3,208,334)
Payment to refunded bonds escrow agent		27,209,998
Debt principal repayments		<u>4,243,000</u>
		3,939,664
Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:		
Change in other postemployment benefits		(872,352)
Change in compensated absences payable		(1,055,113)
Amortization of debt premiums, discounts and refunding charges		(1,123,999)
Change in accrued interest		(18,196)
Change in net pension liability		<u>4,743,445</u>
		1,673,785
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund change in net position included in governmental activities in the statement of activities		(2,983,757)
The internal service funds change in net position related to business-type activities		<u>4,422,454</u>
		<u>1,438,697</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES	\$	<u><u>50,657,958</u></u>

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

# CITY OF HENDERSON, NEVADA

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 56,681,153	\$ 56,681,153	\$ 56,905,962	\$ 224,809
Franchise fees	31,160,000	32,154,669	32,677,892	523,223
Licenses and permits	8,045,500	8,865,500	9,469,188	603,688
Intergovernmental	94,694,250	98,294,247	97,812,733	(481,514)
Charges for services	25,611,017	26,464,866	28,365,652	1,900,786
Fines and forfeitures	4,589,204	4,090,576	4,308,262	217,686
Impact fees			810,284	810,284
Investment income	100,000	100,000	280,576	180,576
Developer contributions	100,000	100,000		(100,000)
Miscellaneous	420,158	1,502,644	443,677	(1,058,967)
<b>Total revenues</b>	<b>221,401,282</b>	<b>228,253,655</b>	<b>231,074,226</b>	<b>2,820,571</b>
<b>EXPENDITURES</b>				
Current				
General government	42,906,407	43,103,633	39,061,394	4,042,239
Judicial	12,195,019	11,735,016	11,461,622	273,394
Public safety	123,095,227	124,098,368	122,523,122	1,575,246
Public works	6,268,097	7,226,145	6,781,537	444,608
Culture and recreation	36,994,757	34,836,264	33,297,754	1,538,510
Community support	1,639,831	1,898,777	1,770,944	127,833
<b>Total current</b>	<b>223,099,338</b>	<b>222,898,203</b>	<b>214,896,373</b>	<b>8,001,830</b>
Capital outlay				
General government		31,600	34,754	(3,154)
Public safety		13,400	13,400	
Culture and recreation		316,115	280,298	35,817
<b>Total capital outlay</b>	<b>_____</b>	<b>361,115</b>	<b>328,452</b>	<b>32,663</b>
<b>Total expenditures</b>	<b>223,099,338</b>	<b>223,259,318</b>	<b>215,224,825</b>	<b>8,034,493</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,698,056)</b>	<b>4,994,337</b>	<b>15,849,401</b>	<b>10,855,064</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,600,000	150,000	150,000	
Transfers out	(2,429,899)	(4,447,516)	(11,509,095)	(7,061,579)
<b>Total other financing sources (uses)</b>	<b>2,170,101</b>	<b>(4,297,516)</b>	<b>(11,359,095)</b>	<b>(7,061,579)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>472,045</b>	<b>696,821</b>	<b>4,490,306</b>	<b>3,793,485</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>17,915,808</b>	<b>18,250,450</b>	<b>18,250,450</b>	<b>_____</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 18,387,853</b>	<b>\$ 18,947,271</b>	<b>\$ 22,740,756</b>	<b>\$ 3,793,485</b>

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

# CITY OF HENDERSON, NEVADA

## GRANTS SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental	\$ 4,752,178	\$ 27,252,178	\$ 20,925,635	\$ (6,326,543)
Miscellaneous	224,970	224,970	351,773	126,803
Total revenues	<u>4,977,148</u>	<u>27,477,148</u>	<u>21,277,408</u>	<u>(6,199,740)</u>
<b>EXPENDITURES</b>				
Current				
General government		937,902	905,921	31,981
Judicial		209,484	106,564	102,920
Public safety	272,082	1,077,484	893,439	184,045
Public works		630,000	490,963	139,037
Culture and recreation	25,000	2,015,000	1,384,801	630,199
Community support	3,351,443	4,937,210	2,949,740	1,987,470
Total current	<u>3,648,525</u>	<u>9,807,080</u>	<u>6,731,428</u>	<u>3,075,652</u>
Capital outlay				
Public safety		201,503	118,450	83,053
Public works		8,500,000	7,431,026	1,068,974
Culture and recreation		8,500,000	6,209,190	2,290,810
Total capital outlay	<u>                    </u>	<u>17,201,503</u>	<u>13,758,666</u>	<u>3,442,837</u>
Total expenditures	<u>3,648,525</u>	<u>27,008,583</u>	<u>20,490,094</u>	<u>6,518,489</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,328,623</u>	<u>468,565</u>	<u>787,314</u>	<u>318,749</u>
CHANGE IN FUND BALANCE	1,328,623	468,565	787,314	318,749
FUND BALANCE, BEGINNING OF YEAR	<u>918,425</u>	<u>575,959</u>	<u>575,959</u>	<u>                    </u>
FUND BALANCE, END OF YEAR	<u>\$ 2,247,048</u>	<u>\$ 1,044,524</u>	<u>\$ 1,363,273</u>	<u>\$ 318,749</u>

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

# CITY OF HENDERSON, NEVADA

## PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

	Business-type Activities				Governmental Activities
			Aggregate Other		Internal Service Funds
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>					
Current assets					
Cash, cash equivalents and investments	\$ 101,417,886	\$ 64,668,558	\$ 15,812,601	\$ 181,899,045	\$ 62,632,761
Restricted cash and cash equivalents	5,039,072	3,828,301		8,867,373	463,547
Accounts receivable, net	10,325,361	4,775,779	153,823	15,254,963	74,559
Interest receivable	198,904	130,596	29,762	359,262	118,294
Notes receivable, net	240,665			240,665	
Inventories	375,779	757,483		1,133,262	62,157
Due from other governments		810,544	238,731	1,049,275	314,929
Total current assets	<u>117,597,667</u>	<u>74,971,261</u>	<u>16,234,917</u>	<u>208,803,845</u>	<u>63,666,247</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Construction in progress	17,532,218	5,100,676	45,374	22,678,268	240,847
Land	3,182,645	18,926,639	13,802,929	35,912,213	
Buildings and building improvements	12,958,518	110,847,996	9,496,136	133,302,650	744,560
Improvements other than buildings	693,846,774	612,876,361	26,086,744	1,332,809,879	555,663
Machinery and equipment	10,995,239	25,355,364	5,394,233	41,744,836	50,714,007
Accumulated depreciation and amortization	(349,147,095)	(229,546,239)	(24,887,613)	(603,580,947)	(38,950,308)
Total capital assets, net of accumulated depreciation and amortization	<u>389,368,299</u>	<u>543,560,797</u>	<u>29,937,803</u>	<u>962,866,899</u>	<u>13,304,769</u>
Other assets					
Advances to other funds					1,648,248
Total other assets					<u>1,648,248</u>
Total noncurrent assets	<u>389,368,299</u>	<u>543,560,797</u>	<u>29,937,803</u>	<u>962,866,899</u>	<u>14,953,017</u>
Total assets	<u>506,965,966</u>	<u>618,532,058</u>	<u>46,172,720</u>	<u>1,171,670,744</u>	<u>78,619,264</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts related to pensions	2,811,071	2,458,449	1,667,838	6,937,358	1,856,661
Deferred charges on refunding	327,259	6,230,183		6,557,442	
Total deferred outflows of resources	<u>3,138,330</u>	<u>8,688,632</u>	<u>1,667,838</u>	<u>13,494,800</u>	<u>1,856,661</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and other accrued liabilities	5,232,588	1,105,313	301,810	6,639,711	2,375,744
Accrued wages	272,414	234,876	195,943	703,233	184,230
Due to other governments	4,282,252	2,093		4,284,345	
Construction contracts and retentions	169,709	904		170,613	
Unearned revenue			6,968,340	6,968,340	
Customer deposits payable from restricted assets	1,289,557	5,000		1,294,557	
Deposits	1,965	1,800	87,555	91,320	46,635
Compensated absences	245,699	261,551	189,622	696,872	240,208
Claims and judgments					12,986,132
Interest payable from restricted assets	195,164	436,329		631,493	
Debt obligations partially payable from restricted assets	4,381,577	7,370,175		11,751,752	
Total current liabilities	<u>16,070,925</u>	<u>9,418,041</u>	<u>7,743,270</u>	<u>33,232,236</u>	<u>15,832,949</u>

(Continued)

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

# CITY OF HENDERSON, NEVADA

## PROPRIETARY FUNDS STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2015

	Business-type Activities				Governmental
	Aggregate Other			Internal Service	
	Water	Sewer	Enterprise Funds		Total Enterprise Funds
Noncurrent liabilities					
Debt obligations payable	14,264,390	108,327,685		122,592,075	
Compensated absences	2,250,967	2,396,193	1,737,225	6,384,385	2,466,489
Other post employment benefits	1,506,929	1,235,371	1,298,214	4,040,514	1,014,576
Net pension liability	17,667,708	15,451,461	10,482,435	43,601,604	11,669,199
Provisional credits and refunding agreements	579,117	5,862		584,979	
Total noncurrent liabilities	<u>36,269,111</u>	<u>127,416,572</u>	<u>13,517,874</u>	<u>177,203,557</u>	<u>15,150,264</u>
Total liabilities	<u>52,340,036</u>	<u>136,834,613</u>	<u>21,261,144</u>	<u>210,435,793</u>	<u>30,983,213</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	<u>4,556,439</u>	<u>3,984,877</u>	<u>2,703,383</u>	<u>11,244,699</u>	<u>3,009,445</u>
NET POSITION					
Net investment in capital assets	371,049,591	436,030,328	29,937,803	837,017,722	13,304,769
Restricted					
Debt service	3,554,351	3,391,972		6,946,323	
Claims					16,396,630
Unrestricted	<u>78,603,879</u>	<u>46,978,900</u>	<u>(6,061,772)</u>	<u>119,521,007</u>	<u>16,781,868</u>
Total net position	<u>\$ 453,207,821</u>	<u>\$ 486,401,200</u>	<u>\$ 23,876,031</u>	963,485,052	<u>\$ 46,483,267</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				<u>(40,366,402)</u>	
Net position of business-type activities				<u>\$ 923,118,650</u>	

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

# CITY OF HENDERSON, NEVADA

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities				Governmental
	Aggregate Other			Internal Service	Funds
	Water	Sewer	Enterprise Funds		
<b>OPERATING REVENUES</b>					
Utilities fees	\$ 66,089,207	\$ 42,260,294	\$	\$ 108,349,501	\$
Connection fees	1,140,329	77,583		1,217,912	
Late charges	1,359,443	657,602		2,017,045	
Charges for services			12,200,388	12,200,388	41,292,102
Licenses and permits			4,969,940	4,969,940	
Intergovernmental		333,561		333,561	
Rental fees			368,046	368,046	
Miscellaneous	85,636	32,265	52,428	170,329	
<b>Total operating revenues</b>	<b>68,674,615</b>	<b>43,361,305</b>	<b>17,590,802</b>	<b>129,626,722</b>	<b>41,292,102</b>
<b>OPERATING EXPENSES</b>					
Salaries and wages	11,368,001	9,774,012	7,322,285	28,464,298	7,784,751
Employee benefits	4,424,726	3,856,758	2,546,082	10,827,566	2,763,068
Water purchases	24,273,512			24,273,512	
Services and supplies	16,833,409	15,170,970	9,375,594	41,379,973	21,046,384
Claims and judgments					13,762,980
Legal fees					20,835
Depreciation and amortization	16,912,897	13,148,168	440,639	30,501,704	2,848,963
<b>Total operating expenses</b>	<b>73,812,545</b>	<b>41,949,908</b>	<b>19,684,600</b>	<b>135,447,053</b>	<b>48,226,981</b>
<b>Operating income (loss)</b>	<b>(5,137,930)</b>	<b>1,411,397</b>	<b>(2,093,798)</b>	<b>(5,820,331)</b>	<b>(6,934,879)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	1,128,016	691,932	153,842	1,973,790	693,167
Gain (loss) on capital asset disposition					205,287
Interest expense	(421,399)	(4,431,003)		(4,852,402)	(11,578)
Bond issuance costs	(78,397)	(117,595)		(195,992)	
Room tax revenue			2,017,902	2,017,902	
Sales tax revenue		4,702,171		4,702,171	
Other intergovernmental revenue	2,280		1,395,445	1,397,725	
Miscellaneous		4,355		4,355	164,937
<b>Total nonoperating revenues (expenses)</b>	<b>630,500</b>	<b>849,860</b>	<b>3,567,189</b>	<b>5,047,549</b>	<b>1,051,813</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>(4,507,430)</b>	<b>2,261,257</b>	<b>1,473,391</b>	<b>(772,782)</b>	<b>(5,883,066)</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital contributions	7,066,312	8,732,671		15,798,983	786,692
<b>TRANSFERS</b>					
Transfers in			289,318	289,318	2,478,595
Transfers out	(1,078,167)	(668,972)	(582,898)	(2,330,037)	(365,978)
<b>Total transfers</b>	<b>(1,078,167)</b>	<b>(668,972)</b>	<b>(293,580)</b>	<b>(2,040,719)</b>	<b>2,112,617</b>

(Continued)

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

# CITY OF HENDERSON, NEVADA

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities				Governmental Activities
			Aggregate Other		Internal Service Funds
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
CHANGE IN NET POSITION	<u>1,480,715</u>	<u>10,324,956</u>	<u>1,179,811</u>	<u>12,985,482</u>	<u>(2,983,757)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	469,372,505	490,592,797	34,398,879		62,494,593
Adjustment	(17,645,399)	(14,516,553)	(11,702,659)		(13,027,569)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>451,727,106</u>	<u>476,076,244</u>	<u>22,696,220</u>		<u>49,467,024</u>
NET POSITION, END OF YEAR	<u>\$ 453,207,821</u>	<u>\$ 486,401,200</u>	<u>\$ 23,876,031</u>		<u>\$ 46,483,267</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>(4,422,454)</u>	
CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES				<u>\$ 8,563,028</u>	

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

# CITY OF HENDERSON, NEVADA

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities				Governmental Activities
			Aggregate Other		Internal Service Funds
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 68,152,354	\$ 42,832,090	\$ 19,367,088	\$ 130,351,532	\$ 2,962,692
Cash received from other sources	2,280	4,706,526	3,413,347	8,122,153	196,157
Cash payments for goods and services	(46,032,729)	(19,809,161)	(11,935,710)	(77,777,600)	(38,337,630)
Cash payments for employee services	(11,083,500)	(9,688,141)	(7,188,437)	(27,960,078)	(7,385,024)
Cash payments for interfund services					38,231,006
Net cash provided by (used in) operating activities	<u>11,038,405</u>	<u>18,041,314</u>	<u>3,656,288</u>	<u>32,736,007</u>	<u>(4,332,799)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in			289,318	289,318	2,478,595
Transfers out	(1,078,167)	(668,972)	(582,898)	(2,330,037)	(365,978)
Repayments of advances from other funds					97,217
Net cash provided by (used in) noncapital financing activities	<u>(1,078,167)</u>	<u>(668,972)</u>	<u>(293,580)</u>	<u>(2,040,719)</u>	<u>2,209,834</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(7,828,314)	(2,455,914)	(92,271)	(10,376,499)	(3,019,277)
Proceeds received from disposal of capital assets					900,419
Principal payments on debt	(7,090,113)	(9,371,290)		(16,461,403)	
Interest payments on debt	(403,559)	(4,047,581)		(4,451,140)	(11,578)
Bond issuance costs	(78,397)	(117,595)		(195,992)	
Increase in deposits	683,171			683,171	
Increase in provisional credits	243,078	4,111		247,189	
Capital contributions	4,181,831	5,915,844		10,097,675	
Net cash used in capital financing activities	<u>(10,292,303)</u>	<u>(10,072,425)</u>	<u>(92,271)</u>	<u>(20,456,999)</u>	<u>(2,130,436)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income received	1,146,544	689,579	152,331	1,988,454	708,032
Net cash provided by investing activities	<u>1,146,544</u>	<u>689,579</u>	<u>152,331</u>	<u>1,988,454</u>	<u>708,032</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	814,479	7,989,496	3,422,768	12,226,743	(3,545,369)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>105,642,479</u>	<u>60,507,363</u>	<u>12,389,833</u>	<u>178,539,675</u>	<u>66,641,677</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>					
Cash and cash equivalents, unrestricted	101,417,886	64,668,558	15,812,601	181,899,045	62,632,761
Cash and cash equivalents, restricted	5,039,072	3,828,301		8,867,373	463,547
	<u>\$ 106,456,958</u>	<u>\$ 68,496,859</u>	<u>\$ 15,812,601</u>	<u>\$ 190,766,418</u>	<u>\$ 63,096,308</u>

(Continued)

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



# CITY OF HENDERSON, NEVADA

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities				Governmental
	Aggregate Other			Internal Service	
	Water	Sewer	Enterprise Funds		Total Enterprise Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (5,137,930)	\$ 1,411,397	\$ (2,093,798)	\$ (5,820,331)	\$ (6,934,879)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	16,912,897	13,148,168	440,639	30,501,704	2,848,963
Other	2,280	4,706,526	3,413,347	8,122,153	164,937
(Increase) decrease in operating assets					
Accounts receivable	(522,261)	(544,171)	46,751	(1,019,681)	372,766
Due from other governments		14,956	131,679	146,635	(31,864)
Inventories	(375,779)	(757,483)		(1,133,262)	55,885
Increase (decrease) in operating liabilities					
Accounts payable and other accrued liabilities	220,368	245,576	224,523	690,467	1,205,133
Compensated absences	241,663	51,908	79,065	372,636	361,525
Claims and judgments					(2,192,190)
Other post employment benefits	28,973	29,860	18,626	77,459	35,674
Net pension liability	(311,268)	(272,223)	(184,679)	(768,170)	(205,587)
Deposits	(20,538)	6,800	(17,722)	(31,460)	(13,162)
Unearned revenue			1,597,857	1,597,857	
Total adjustments	<u>16,176,335</u>	<u>16,629,917</u>	<u>5,750,086</u>	<u>38,556,338</u>	<u>2,602,080</u>
Net cash provided by (used in) operating activities	<u>\$ 11,038,405</u>	<u>\$ 18,041,314</u>	<u>\$ 3,656,288</u>	<u>\$ 32,736,007</u>	<u>\$ (4,332,799)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Contribution of capital assets	<u>\$ 2,884,481</u>	<u>\$ 2,816,827</u>	<u>\$ _____</u>	<u>\$ 5,701,308</u>	<u>\$ 786,692</u>

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

# CITY OF HENDERSON, NEVADA

## FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

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	<u>Agency Funds</u>
ASSETS	
Cash, cash equivalents and investments	\$ 52,916,266
Special assessments receivable	<u>431,978</u>
Total assets	<u>53,348,244</u>
LIABILITIES	
Due to developers	15,444,349
Due to employees	173,053
Due to others	37,730,731
Due to other governments	<u>111</u>
Total liabilities	<u>53,348,244</u>
NET POSITION	<u><u>\$</u></u>

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

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### Note 1. Summary of Significant Accounting Policies

#### Reporting Entity

The City of Henderson, Nevada (the City) is a municipal corporation governed by an elected mayor and four council members (Council). The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

As required by GAAP, the accompanying financial statements present the City and the City of Henderson Redevelopment Agency (the Agency), which is presented as a blended component unit. The City is considered to be financially accountable for the Agency, as defined in the following paragraph. The Agency was established to provide a diversified and strengthened economy by planning and financing revitalization projects in the central area of the City. Although the Agency is a legally separate entity, it is governed by a five-member board composed of the City's mayor and Council, and City management oversees Agency activities in essentially the same manner as the City's. Stand-alone financial statements for the Agency can be obtained from the Henderson Redevelopment Agency, 240 Water Street, Henderson, Nevada 89015.

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

#### Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its blended component unit. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided and used are not eliminated in the process of consolidation. For example, the effect of interfund services provided and used between functions (*e.g.*, the sale of water from a utility to the general government) is not eliminated in the statement of activities. To do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

Services provided by the general fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the general fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are specifically associated with a function or business-type activity. 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 business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City first utilizes restricted resources to finance qualifying activities, then unrestricted resources as they are needed.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

Proprietary fund operating revenues, such as charges for services, and operating expenses result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings and nonoperating expenses result from nonexchange transactions or ancillary activities.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting, as are the proprietary fund financial statements. Agency funds have no measurement focus.

Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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 measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefits and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, sales taxes, consolidated tax revenue (a composite tax, based on a statutory formula, which is comprised of certain sales, cigarette, motor vehicle privilege and liquor taxes, and is collected and distributed by the State of Nevada as a taxing authority), gaming taxes, gasoline taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services, and fines and forfeits are not susceptible to accrual because generally they are not measurable until received.

Property tax revenue is recognized in the fiscal year in which the taxes become due to the extent they are collected during the fiscal year or soon enough thereafter that they can be used to finance current period expenditures (no later than 60 days after year end).

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

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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The City reports the following major governmental funds:

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

The grants special revenue fund accounts for the revenues and other activities related to grant awards received by the City.

The general obligation debt service fund accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The special assessment districts capital projects fund accounts for the cost of public improvements such as street lighting, streets, curbs, gutters, water and sewer benefiting certain property owners. Funding is provided by the issuance of special assessment district bonds.

The land sales capital projects fund accounts for the purchase and sale of City-owned real property. The City has traditionally used proceeds from these sales for miscellaneous capital projects.

The City reports the following major enterprise funds:

The water fund accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service; and, billing and collection.

The sewer fund accounts for the provision of sanitary sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service; and, billing and collection.

Additionally, the City reports the following fund types:

Internal service funds account for operations such as engineering; vehicle acquisition and maintenance; insurance; lending; and general technology that provide services or resources to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Agency funds are used to account for assets that the City holds for others in an agency capacity for developer contributions for traffic signals and street frontage paving costs; for an employee benefits plan; for forfeited assets pending court adjudication; and for funds held to pay special assessment debt for which the City is not liable.

### Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

#### Cash, Cash Equivalents and Investments

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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Cash and cash equivalents include currency on hand, demand deposits with banks and other highly liquid investments with original maturities of three months or less, from the date of acquisition, which are readily convertible to cash. Since all cash in proprietary funds is pooled with the rest of the City's cash and is available upon demand, all cash and investments in those funds are considered cash equivalents.

Nevada Revised Statutes (NRS) authorize the City to invest in obligations of the U.S. Treasury, certain farm loan bonds, certain securities issued by Nevada local governments, repurchase agreements, banker's acceptances, commercial paper, negotiable certificates of deposit and money market mutual funds. All investments are stated at fair value.

### Receivables and Payables

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

### Property Taxes

The Clark County Assessor assesses all real property by December 31 of each year. The Clark County Treasurer bills and collects the City's share of property taxes. The Clark County Treasurer remits, on a monthly basis, current and delinquent property tax collections to the City.

The Nevada Department of Taxation provides the maximum allowable tax rates for operating purposes to local governments for inclusion in their budgets. Each local government that receives property taxes must file a budget on or before June 1, which provides for the allowable tax rate for the next fiscal year. The Nevada Tax Commission must certify all tax rates on June 25, the levy date, and property is liened on July 1. Taxes on real property are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August, and the first Mondays in October, January, and March. In the event of nonpayment, the Clark County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 15% per year from the date the taxes were due, if four or more installments were delinquent, until paid.

If delinquent taxes are not paid within the two-year redemption period, the Clark County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the Clark County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property.

### Restricted Assets

Bond covenants of the City's water and sewer enterprise funds require portions of the debt proceeds, as well as other resources, to be set aside for various purposes. These amounts are reported as restricted cash, cash equivalents and investments.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

The City maintains funds in a construction control account, which is to be used for certain construction improvements in the Lake Las Vegas development, as required by the Lake Las Vegas Master Plan Improvement Funding Agreement between the developer and the City. The cash in this account is maintained in a separate bank account in the City's general fund, and is reported as restricted cash, cash equivalents and investments.

This City is also holding developer fees assessed as zoning conditions for school, park and fire station sites.

In addition, the Agency maintains funds, which under applicable State statutes are to be used for specified purposes. These amounts are reported as restricted cash, cash equivalents and investments.

#### Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets, including intangibles, with an initial cost of \$10,000 or more and an estimated useful life of more than one year. Capital assets are valued at the cost of purchase or internal development (including capitalized interest for business-type activities incurred during the construction phase on debt financed projects). Donated assets are recorded at their estimated fair value on the date donated.

General infrastructure assets acquired prior to July 1, 2001, consist of the road network assets, storm drain network assets and bridges that were acquired or that received substantial improvements subsequent to July 1, 1980. The road network and storm drain network assets are reported at estimated historical cost using deflated replacement cost and the bridges are reported at initial installation cost.

The major subsystems within the road and storm drain networks are as follows:

Road Network		Storm Drain Network
Asphalt	Sidewalks	Storm drain drop inlets
Curbs and gutters	Street Lights	Other storm drain infrastructure
Traffic signals		

For the fiscal year ended June 30, 2015, the City Engineer and a team of utility and infrastructure specialists reviewed the estimated useful lives of City capital assets referring to manufacturer data, industry standards and especially the City's own historical experience with replacement cycles of long lived assets. They concluded the actual lives of buildings, improvements and infrastructure were significantly longer than those being used for depreciation purposes. Consequently, beginning July 1, 2014, the City is changing its estimate of the useful lives of such assets to better reflect the period of time they are expected to remain in service.

The effect of this change for the fiscal year ended June 30, 2015, was to increase the change in fund net position and increase entity-wide net position \$51,812,588 in governmental activities and \$19,002,525 in business-type activities.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

	Prior Estimate Years	Current Estimate Years
Buildings and building improvements	15-40	25-75
Improvements other than buildings	10-50	10-100
Infrastructure	15-50	30-100
Machinery and equipment	3-10	5-40

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Water Delivery Deposit

On May 22, 1990, the City and Basic Management, Inc. (BMI) executed a water delivery contract, pursuant to which BMI agreed to deliver water entitlements from Lake Mead to the City for payment under the terms of the agreement. Mutual review of the contract by the City and BMI resulted in modifications to the terms of the agreement. As a result of the mutual review, on September 21, 2005, the City and BMI amended the original agreement and the City agreed to take an additional 4,000 acre feet of water per year. The amended agreement also required the City to place a refundable deposit of \$5,515,782 with BMI on October 1, 2005, which would pay for the additional water to be delivered. The refundable deposit accrues interest at 4.5% annually and is applied monthly. During the year ended June 30, 2015, the deposit was fully applied and there is no remaining balance at year end.

### Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused personal time off, vacation and sick pay benefits, which are collectively referred to as compensated absences. Compensated absences are accrued when incurred in the government-wide and proprietary fund statements.

In governmental funds, the current portion of compensated absences actually paid or accrued as a result of employees who have terminated is recorded as a payroll expenditure.

### Provisional Credits and Refunding Agreements

The City has entered into refunding agreements whereby developers construct water and sewage transmission lines from their property to existing City lines at the expense of the developers. The developers are to be reimbursed by the City from the collection of connection fees or user charges. These agreements are principally for the term of ten years with all liability canceled either by reimbursement to the developers from subsequent connection fee assessments in the related areas or upon expiration of the term of the agreements.

### Long-term Debt

In the government-wide and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Debt issuance costs are recognized as an expense in the period incurred.

For governmental fund types, bond discounts and issuance costs are recognized during the current period. The face amount of bonds issued is reported as other financing sources, as are bond premiums. Bond discounts and payments to advance refunding agents are recorded as other financing uses. Issuance costs, even if withheld from the proceeds received and payments to current refunding agents, are reported as debt service expenditures.

(Continued)



# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Postemployment Benefits Other Than Pensions (OPEB)

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the annual OPEB cost reported in the accompanying financial statements is equal to the City's annual required contribution (ARC), calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at year end is determined by adding the ARC to the net OPEB obligation at the beginning of the year, and deducting any contributions to the plan during the year.

### Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Comprehensive Annual Financial Report, for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related PERS fiduciary net position and related additions to/deductions. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports two items in this category. A deferred charge on refunding reported in the government wide and the proprietary funds statement of net position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred amounts related to pensions for the changes in proportion and differences between actual pension contributions and the City's proportionate share of pension contributions. This amount is deferred and amortized over the the average expected remaining service life of all employees that are provided with pension benefits. Deferred outflows are also recorded for pension contributions made by the City subsequent to the pension plan's actuarial measurement date, which are deferred for one year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Under a modified accrual basis of accounting, the governmental funds report unavailable revenues from the following sources: property taxes, special assessments, notes receivable and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under full accrual accounting, the government-wide statement of net position also reports deferred inflows for 1) the differences between expected and actual pension plan experience and changes of pension plan actuarial assumptions, which are deferred and amortized over the the average expected remaining service life of all employees that are provided with pension benefits, and 2) the net difference between projected and actual earnings on pension plan investments, which are deferred and amortized over five years.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Equity Classifications

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) by law through constitutional provisions or enabling legislation.

Unrestricted net position - Consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

Governmental fund equity is characterized as fund balance and is classified as follows:

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This classification includes inventories, prepaid items, assets held for sale and long-term receivables.

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

Committed - Includes amounts that can only be used for a specific purpose because of an ordinance passed by the City Council, which is the City's highest level of decision-making authority. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

Assigned - Includes amounts that are constrained by the City's intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Council has established formal Financial Management Policies that delegate authority to assign fund balances to the City's Chief Financial Officer. Constraints imposed on the use of assigned amounts can be removed without formal action by the City Council.

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

When both restricted resources and other resources (*i.e.*, committed, assigned, and unassigned) can be used for the same purposes, the City financial management policy considers restricted resources to be spent first as expenditures are incurred. For expenditures of unrestricted fund balance for which any classification may appropriately be used, the City considers fund balance spent in the following order 1) committed, 2) assigned and 3) unassigned.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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In accordance with NRS 354.6115, 0.25% of property tax revenue is restricted for economic stabilization and is recorded directly in the non-major financial stabilization special revenue fund. This fund will maintain a balance of 8.3% of general fund revenue. Balances in this fund may be made available to the general fund to compensate for shortfalls in actual revenues of 2.0% or greater, as compared to the final budget filed with the Nevada Department of Taxation, or in the event of a natural disaster or terrorist attack as declared by the City Council. None of these circumstances are expected to occur routinely. By policy, unrestricted fund balance in the general fund is to be maintained at no less than 8.3% of general fund revenue. A corrective action plan will be developed in the ensuing fiscal year should the ending unrestricted fund balance fall below this minimum.

### Use of Estimates

The preparation of these financial statements includes estimates and assumptions made by management that affect the reported amounts. Actual results could differ from those estimates.

## **Note 2. Stewardship and Accountability**

### Budgetary Information

Annual budgets are legally adopted for all funds except agency funds and use a basis of accounting consistent with GAAP.

Prior to April 15, the Budget Manager submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada State Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the City Council of whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Nevada Department of Taxation for final approval. The revenue classifications and expenditure functions shown in the fund financial statements are those prescribed by the Nevada Department of Taxation.

All revisions to the adopted budget are made a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (in the general fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes.

Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available. State statutes require budgetary control to be exercised at the function level. The most significant change (\$58,372,730) occurred in the capital projects funds.

### Excess of Expenditures over Appropriations

For the year ended June 30, 2015, total expenditures exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

Redevelopment Agency special revenue fund (general government function)	\$	2,844,916
Capital replacement capital projects fund (general government function)		366,983

The excess expenditures over appropriated amounts noted above were funded by available assets in excess of liabilities as represented by fund balance.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

### Prior Period Adjustments

Effective July 1, 2014, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements collectively require governments to report an allocated portion of multi-employer cost-sharing pension funds' liability in which they participate, along with other deferred amounts related to pensions. In connection with the adoption of these standards, beginning net position of governmental and business-type activities has been restated and reduced by \$313,607,820 and \$48,677,115, respectively.

Beginning fund balance and net position related to governmental activities has been restated and reduced by \$2,654,893. The adjustment was required to allocate a portion of land used by the sewer fund that was recorded in governmental activities.

Beginning fund balance and net position related to business-type activities has been restated and increased by \$4,812,504. The adjustment was required to record the addition of capital improvements donated by a third party as well as the transfer of land from the governmental activities fund, which was partially offset by the write off of improvements that were inappropriately capitalized in the prior year.

Net position or fund balance as of July 1, 2014, has been retroactively adjusted as follows:

	Water Enterprise Fund	Sewer Enterprise Fund	Aggregate Other Enterprise Funds	Internal Service Funds	Governmental Activities	Business-type Activities
Net position or fund balance, as previously reported	\$ <u>469,372,505</u>	\$ <u>490,592,797</u>	\$ <u>34,398,879</u>	\$ <u>62,494,593</u>	\$ <u>1,588,279,821</u>	\$ <u>958,420,233</u>
Adjustments						
Record capital asset adjustments	2,078,945	2,733,559			(2,654,893)	4,812,504
Adoption of GASB 68 and 71	<u>(19,724,344)</u>	<u>(17,250,112)</u>	<u>(11,702,659)</u>	<u>(13,027,569)</u>	<u>(313,607,820)</u>	<u>(48,677,115)</u>
Total adjustments	<u>(17,645,399)</u>	<u>(14,516,553)</u>	<u>(11,702,659)</u>	<u>(13,027,569)</u>	<u>(316,262,713)</u>	<u>(43,864,611)</u>
Net position or fund balance, as adjusted	<u>\$ 451,727,106</u>	<u>\$ 476,076,244</u>	<u>\$ 22,696,220</u>	<u>\$ 49,467,024</u>	<u>\$ 1,272,017,108</u>	<u>\$ 914,555,622</u>

### **Note 3. Cash, Cash Equivalents and Investments**

The following is a reconciliation of the City's cash, cash equivalents and investment balances (including restricted amounts) as of June 30, 2015:

Cash on hand	\$ 49,250
Cash on deposit	116,210,541
Cash equivalents	92,481,261
Investments	<u>288,671,671</u>
Total cash, cash equivalents and investments	<u>\$ 497,412,723</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

At June 30, 2015, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

	Unrestricted	Restricted	Total
Governmental activities	\$ 248,407,309	\$ 5,322,730	\$ 253,730,039
Business-type activities	181,899,045	8,867,373	190,766,418
Fiduciary Funds	52,916,266		52,916,266
 Total cash, cash equivalents and investments	 \$ 483,222,620	 \$ 14,190,103	 \$ 497,412,723

The NRS govern the City's deposit policies. City monies must be deposited in insured banks and savings and loan associations. The City is authorized to use demand accounts, time accounts and certificates of deposit.

The NRS 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.

As of June 30, 2015, the recorded amount of the City's deposits was \$116,210,541 and the bank balance was \$116,793,540. Of the bank statement balance, \$1,000,350 was covered by federal depository insurance and the remainder was subject to collateralization.

The City invests monies both by individual fund and through pooling of monies. The pooling of monies, referred to as an internal investment pool, is theoretically invested on the whole and not as a combination of monies from each fund belonging to the pool. In this manner, the City's Chief Financial Officer is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned monthly to each fund in the pool based on the average cash balance of the fund for the month. The City investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Chief Financial Officer are regulated by NRS 355.170.

The following table identifies the investment types and minimum credit ratings authorized for the City by NRS 355.170 and 355.171:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating Standard & Poor's	
				Moody's	
Banker's acceptances	180 days	20%	None	N/A	N/A
Commercial paper	270 days	20%	None	A-1	P-1
Money market mutual funds	None	None	None	AAA	Aaa
Negotiable certificates of deposit	None	None	None	N/A	N/A
Collateralized nonnegotiable certificates of deposit	None	None	None	N/A	N/A
Negotiable notes and medium-term obligations of local governments within the State of Nevada	None	None	None	N/A	N/A
Obligations of state and local governments outside of the State of Nevada	None	None	None	N/A	N/A
Repurchase agreements	90 days	None	None	N/A	N/A
U.S. Treasury obligations	10 years	None	None	N/A	N/A
U.S. Agency securities					
Federal National Mortgage	10 years	None	None	N/A	N/A
Federal Agricultural Mortgage Corporation	10 years	None	None	N/A	N/A
Federal Farm Credit Bank	10 years	None	None	N/A	N/A
Federal Home Loan Bank	10 years	None	None	N/A	N/A
Federal Home Loan Mortgage Corporation	10 years	None	None	N/A	N/A
Government National Mortgage Association	10 years	None	None	N/A	N/A
Local government investment pool	None	None	None	N/A	N/A

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating	
				Standard & Poor's	Moody's
Notes, bonds and other obligations issued by U.S. Corporations	5 years	20%	25%	A	N/A
Collateralized mortgage obligations	None	None	None	AAA	N/A
Asset-backed securities	None	None	None	AAA	N/A

At June 30, 2015, the City had the following cash equivalents and investments:

	Cost	Fair Value	Weighted Average Maturity (Years)
<b>Pooled cash equivalents and investments</b>			
State of Nevada, Local Government Investment Pool	\$ 128,172	\$ 128,172	N/A
Money Market Funds	1,585,412	1,585,412	N/A
U.S. Agency securities*			
Federal Farm Credit Bank	36,436,025	36,272,129	3.47
Federal Home Loan Bank	95,715,180	95,211,163	4.42
Federal Home Loan Mortgage Corporation	78,557,366	78,541,535	9.41
Federal National Mortgage	51,918,342	52,279,194	3.20
U.S. Treasury notes	19,496,897	19,473,361	6.32
US Treasury notes - inflationary	1,844,010	1,896,089	6.05
Corporate bonds	4,994,700	4,998,200	2.46
<b>Total pooled cash equivalents and investments</b>	<b>290,676,104</b>	<b>290,385,255</b>	<b>5.51</b>
<b>Non-pooled cash equivalents and investments</b>			
Special assessment bond proceeds investments			
Morgan Stanley Money Market Fund	89,343,525	89,343,525	N/A
Other bond proceeds investments			
Redevelopment bonds - Morgan Stanley Money Market Fund	1,336,331	1,336,331	N/A
Utility bonds - State of Nevada, Local Government Investment Pool	87,821	87,821	N/A
<b>Total non-pooled cash equivalents and investments</b>	<b>90,767,677</b>	<b>90,767,677</b>	<b>N/A</b>
<b>Total cash equivalents and investments</b>	<b>\$ 381,443,781</b>	<b>\$ 381,152,932</b>	<b>4.20</b>

\* Certain U. S. Agency securities have call provisions, which, if exercised, would shorten the maturity of these investments.

The State of Nevada, Local Government Investment Pool is an external investment pool administered by the Treasurer of the State of Nevada, with oversight provided by the Board of Finance. The fair value of the City's position in the pool is the same as the value of pool shares.

The City manages its exposure to declines in fair values (interest rate risk) by limiting the weighted-average maturity of its investment portfolio to five years or less in accordance with its investment policy.

At June 30, 2015, in accordance with the NRS as previously defined, the City was not in violation of the maximum percentage of total portfolio per investment type, nor the maximum percentage per single issuer restrictions.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

The following is a summary of the credit quality distribution and concentration of credit risk by financial instrument type as a percentage of total cash equivalents and investments:

	Standard & Poor's	Moody's	Percentage of Portfolio
Pooled cash equivalents and investments			
Money Market Funds	AAA	Aaa	0.42 %
U.S. Agency securities			
Federal Farm Credit Bank	AA+	Aaa	9.52 %
Federal Home Loan Bank	AA+	Aaa	24.97 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	20.61 %
Federal National Mortgage	AA+	Aaa	13.72 %
U.S. Treasury notes	*	*	5.11 %
US Treasury notes - inflationary	*	*	0.50 %
State of Nevada, Local Government Investment Pool	N/A	N/A	0.03 %
Corporate bonds	A+	A1	1.31 %
Total pooled cash equivalents and investments			76.19 %
Non-pooled cash equivalents and investments			
Special assessment bond proceeds investments			
Morgan Stanley Money Market Fund	AAA	Aaa	23.44 %
Other bond proceeds investments			
Redevelopment bonds - Morgan Stanley Money Market Fund	AAA	Aaa	0.35 %
Utility bonds - State of Nevada, Local Government Investment Pool	N/A	N/A	0.02 %
Total non-pooled cash equivalents and investments			23.81 %
Total cash equivalents and investments			100.00 %

\* The requirement to disclose credit ratings does not apply to debt securities of the United States government, or obligations of United States government agencies that are explicitly guaranteed by the United States government.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City's investment pool and specific investments had no securities exposed to custodial credit risk.

#### **Note 4. Interfund Balances and Activity**

At June 30, 2015, the composition of interfund balances was as follows:

##### Due To and From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Grants Special Revenue Fund	\$ 4,075,517
	Aggregate Other Governmental Funds	250,459
Land Sales Capital Projects Fund	Aggregate Other Governmental Funds	621,261
		\$ 4,947,237

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

The amount due to the general fund is a temporary loan to cover deficit cash in the grants special revenue fund and the sales and use tax special revenue fund.

### Advances To and From Other Funds

Receivable Fund	Payable Fund	Amount
Land Sales Capital Projects Fund	Aggregate Other Governmental Funds	\$ 621,261
Internal Service Funds	Special Assessment Districts Capital Projects Fund	1,648,248
		\$ 2,269,509

The amounts owed to the internal service funds represent loans to the special assessment districts to be repaid from special assessments. The \$621,261 is comprised of a note receivable from the Redevelopment Agency special revenue fund to the Land Sales capital projects fund for land purchases in prior years.

### Internal Balances

Effect of prior years' internal service activity on business-type activities	\$ (35,943,948)
Effect of current year internal service activity on business-type activities	(4,422,454)
	\$ (40,366,402)

### Interfund Transfers

Interfund transfers are authorized transfers from a fund where revenues are received to the fund where they are to be expended per statute or budgetary requirements. Transfers can be used to fund programs or capital expenditures, make debt service principal and interest payments, or to establish reserves per the City's Financial Management Policies. Transfers can also be used to close out funds and transfer balances per changes in reporting requirements.

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Aggregate Other Governmental Funds	\$ 150,000
General Obligation Debt Service Fund	General Fund	1,800,000
	Land Sales Capital Projects Fund	527
	Aggregate Other Governmental Funds	4,244,551
	Water Enterprise Fund	1,078,167
	Sewer Enterprise Fund	668,972
	Aggregate Other Enterprise Funds	2,898
	Internal Service Funds	361,862
Special Assessment Districts Capital Projects Fund	Aggregate Other Governmental Funds	200,033
Aggregate Other Governmental Funds	General Fund	7,810,500
	Land Sales Capital Projects Fund	352,253
	Internal Service Funds	4,116
Aggregate Other Enterprise Funds	Land Sales Capital Projects Fund	289,318
Internal Service Funds	General Fund	1,898,595
	Aggregate Other Enterprise Funds	580,000
		\$ 19,441,792

(Continued)



# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

### Note 5. Capital Assets

For the year ended June 30, 2015, capital asset activity was as follows:

	Balance July 1, 2014 (Restated)	Increases	Decreases	Transfers* and Reclassifications	Balance June 30, 2015
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 76,861,235	\$ 30,612,513	\$ (10,682)	\$ (70,118,439)	\$ 37,344,627
Land	<u>193,492,450</u>	<u>355,339</u>	<u>(1,832,768)</u>		<u>192,015,021</u>
Total capital assets not being depreciated or amortized	<u>270,353,685</u>	<u>30,967,852</u>	<u>(1,843,450)</u>	<u>(70,118,439)</u>	<u>229,359,648</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	338,483,262	286,091	(15,413)	1,032,852	339,786,792
Improvements other than buildings	284,166,830	22,328,690		54,141,904	360,637,424
Infrastructure	1,439,792,230	15,184,006	(29,950)	13,287,113	1,468,233,399
Machinery and equipment	<u>87,006,032</u>	<u>4,763,209</u>	<u>(2,550,776)</u>	<u>1,656,570</u>	<u>90,875,035</u>
Total capital assets being depreciated or amortized	<u>2,149,448,354</u>	<u>42,561,996</u>	<u>(2,596,139)</u>	<u>70,118,439</u>	<u>2,259,532,650</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(89,293,345)	(4,282,198)	14,000		(93,561,543)
Improvements other than buildings	(50,121,543)	(7,031,703)			(57,153,246)
Infrastructure	(761,459,008)	(17,715,950)	8,054		(779,166,904)
Machinery and equipment	<u>(66,938,163)</u>	<u>(4,235,579)</u>	<u>2,283,454</u>		<u>(68,890,288)</u>
Total accumulated depreciation and amortization	<u>(967,812,059)</u>	<u>(33,265,430)</u>	<u>2,305,508</u>		<u>(998,771,981)</u>
Total capital assets being depreciated or amortized, net	<u>1,181,636,295</u>	<u>9,296,566</u>	<u>(290,631)</u>	<u>70,118,439</u>	<u>1,260,760,669</u>
Total governmental activities	<u>\$ 1,451,989,980</u>	<u>\$ 40,264,418</u>	<u>\$ (2,134,081)</u>	<u>\$</u>	<u>\$ 1,490,120,317</u>

\* Includes transfers from and to proprietary funds, if any.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014 (Restated)	Increases	Decreases	Transfers* and Reclassifications	Balance June 30, 2015
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 18,152,243	\$ 10,914,542	\$ (63,136)	\$ (6,325,381)	\$ 22,678,268
Land	<u>35,455,813</u>	<u>456,400</u>			<u>35,912,213</u>
Total capital assets not being depreciated or amortized	<u>53,608,056</u>	<u>11,370,942</u>	<u>(63,136)</u>	<u>(6,325,381)</u>	<u>58,590,481</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	133,302,650				133,302,650
Improvements other than buildings	1,321,933,148	4,551,350		6,325,381	1,332,809,879
Machinery and equipment	<u>41,527,764</u>	<u>240,734</u>	<u>(23,662)</u>		<u>41,744,836</u>
Total capital assets being depreciated or amortized	<u>1,496,763,562</u>	<u>4,792,084</u>	<u>(23,662)</u>	<u>6,325,381</u>	<u>1,507,857,365</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(15,408,288)	(2,666,529)			(18,074,817)
Improvements other than buildings	(542,346,439)	(25,009,049)			(567,355,488)
Machinery and equipment	<u>(15,348,179)</u>	<u>(2,826,125)</u>	<u>23,662</u>		<u>(18,150,642)</u>
Total accumulated depreciation and amortization	<u>(573,102,906)</u>	<u>(30,501,703)</u>	<u>23,662</u>		<u>(603,580,947)</u>
Total capital assets being depreciated or amortized, net	<u>923,660,656</u>	<u>(25,709,619)</u>		<u>6,325,381</u>	<u>904,276,418</u>
Total business-type activities	<u>\$ 977,268,712</u>	<u>\$ (14,338,677)</u>	<u>\$ (63,136)</u>	<u>\$</u>	<u>\$ 962,866,899</u>

\* Includes transfers from and to governmental funds, if any.

For the year ended June 30, 2015, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 1,937,805
Judicial	319,023
Public safety	2,039,917
Public works	17,759,905
Culture and recreation	8,359,817
Internal service fund depreciation expense is charged to specific functions based on asset usage	<u>2,848,963</u>
Total depreciation expense, governmental activities	<u>\$ 33,265,430</u>
Business-type activities	
Water	\$ 16,912,897
Sewer	13,148,168
Development services	14,132
Cultural arts and tourism	127,053
Municipal golf course	<u>299,453</u>
Total depreciation expense, business-type activities	<u>\$ 30,501,703</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

### Note 6. Long-term Liabilities

#### Changes in Long-term Liabilities

Long-term debt obligations activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Governmental activities					
General obligation bonds					
\$34,505,000 2004A Park and Recreation Refunding Bonds due annually through June 2015; interest varies between 2.25% and 5.0%	\$ 2,000,000		\$ (2,000,000)		\$
\$2,065,000 2006 Medium-term Bonds (Energy Retrofit Project) due annually through September 2016; interest fixed at 3.79%	704,000		(226,000)	478,000	234,000
\$1,162,000 2008 Medium Term Bonds due annually through March 2015; interest fixed at 3.24%	182,000		(182,000)		
\$565,000 2011 Medium Term Bonds (Police Communications Equipment) due annually through August 2014; interest fixed at 1.96%	190,000		(190,000)		
\$18,245,000 2011A General Obligation Refunding Bonds; principal due annually beginning June 2016 through June 2020; interest varies between 2.0% and 3.15%	18,245,000			18,245,000	3,485,000
\$2,710,000 2011B General Obligation Refunding Bonds; principal due annually beginning June 2016 through June 2020; interest fixed at 3.0%	2,710,000			2,710,000	510,000
\$13,605,000 2011C General Obligation Refunding Bonds; principal due annually beginning June 2021 through June 2025; interest varies between 3.125% and 4.0%	13,605,000			13,605,000	
\$39,995,000 2013B General Obligation Refunding Bonds; principal due annually beginning June 2020 through June 2035; interest varies between 3.25% and 5.0%	39,955,000			39,955,000	

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
\$26,795,000 2013C General Obligation Refunding Bonds; principal due annually beginning June 2015 through June 2020; interest varies between 0.8% and 2.2%	\$ 26,795,000		\$ (26,795,000)		\$
\$24,305,000 2014 General Obligation Refunding Bonds; principal due annually beginning June 2026 through June 2035; interest varies between 3.5% to 5.0%		<u>24,305,000</u>		<u>24,305,000</u>	
<b>Total general obligation bonds</b>	<u>104,386,000</u>	<u>24,305,000</u>	<u>(29,393,000)</u>	<u>99,298,000</u>	<u>4,229,000</u>
Tax allocation bonds					
\$12,045,000 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 3.5% and 5.25%	8,490,000		(535,000)	7,955,000	560,000
\$4,295,000 2002 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 5.1% and 7.2%	<u>3,190,000</u>		<u>(180,000)</u>	<u>3,010,000</u>	<u>195,000</u>
<b>Total tax allocation bonds</b>	<u>11,680,000</u>		<u>(715,000)</u>	<u>10,965,000</u>	<u>755,000</u>
Other long-term obligations					
\$17,960,000 2009 Installment Purchase Agreement due annually beginning in February 2010 through 2024; interest fixed at 4.97%	<u>14,546,000</u>		<u>(930,000)</u>	<u>13,616,000</u>	<u>1,027,000</u>
<b>Total other long-term obligations</b>	<u>14,546,000</u>		<u>(930,000)</u>	<u>13,616,000</u>	<u>1,027,000</u>
Unamortized bond premiums	5,437,861	3,208,333	(546,049)	8,100,145	
Claims and judgments	15,178,322	14,339,614	(16,531,804)	12,986,132	12,986,132
Compensated absences	39,413,537	3,976,717	(2,570,663)	40,819,591	2,897,404
Other post employment benefits	17,750,830	2,534,541	(1,626,514)	18,658,857	
Net pension liability	<u>354,433,211</u>	<u>37,218,926</u>	<u>(110,743,873)</u>	<u>280,908,264</u>	
<b>Total governmental activities</b>	<u>562,825,761</u>	<u>85,583,131</u>	<u>(163,056,903)</u>	<u>485,351,989</u>	<u>21,894,536</u>
Business-type activities					
Revenue bonds					
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest fixed at 4.0%	442,004		(442,004)		
	(Continued)				

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 2015; interest fixed at 3.825%	\$ 992,039		\$ (655,075)	\$ 336,964	\$ 336,964
\$5,500,000 2000 Water Bonds due in annual installments through January 2021; interest fixed at 3.65%	2,967,978		(284,113)	2,683,865	294,577
\$22,618,000 2005 Water Bonds due in annual installments beginning September 2009 through 2015; interest fixed at 5.0%	12,682,000		(10,280,000)	2,402,000	2,402,000
\$33,927,000 2005 Sewer Bonds due in annual installments beginning September 2009 through 2015; interest fixed at 5.0%	19,023,000		(15,420,000)	3,603,000	3,603,000
\$29,815,000 Water and Sewer Refunding Bonds due in annual installments through September 2017; interest varies between 4.0% and 5.0%	9,660,000		(4,380,000)	5,280,000	1,685,000
\$1,659,396 2009 Clean Water State Revolving Loan Fund - Sewer due in semi-annual installments beginning July 2011 through January 2030; interest fixed at 0.0%	1,397,386		(87,337)	1,310,049	87,337
\$72,550,000 Sewer Refunding Bonds (Series 2012A) due in annual installments beginning in June 2016 through June 2034; interest varies between 4.0% and 5.0%	72,550,000			72,550,000	3,020,000
\$19,710,000 Sewer Refunding Bonds (Series 2013A) due in periodic installments beginning in June 2015 through June 2030; interest varies between 3.0% and 5.0%	19,710,000		(3,025,000)	16,685,000	
\$7,374,000 2015 Water Bonds due in annual installments beginning June 2017 through June 2019; interest fixed at 5.0%		7,374,000		7,374,000	
\$11,061,000 2015 Sewer Bonds due in annual installments beginning June 2017 through June 2019; interest fixed at 5.0%		11,061,000		11,061,000	
Total revenue bonds	<u>139,424,407</u>	<u>18,435,000</u>	<u>(34,573,529)</u>	<u>123,285,878</u>	<u>11,428,878</u>
Other					
Provisional credits and refunding agreements	337,790	569,270	(322,081)	584,979	

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Intergovernmental payable to the City of Las Vegas	\$ 2,260,118	\$ _____	\$ (322,874)	\$ 1,937,244	\$ 322,874
Total other	2,597,908	569,270	(644,955)	2,522,223	322,874
Unamortized bond premiums	8,101,334	1,999,028	(979,657)	9,120,705	
Compensated absences	6,708,621	918,085	(545,449)	7,081,257	696,872
Other post employment benefits	3,963,055	77,459		4,040,514	
Net pension liability	55,013,891	5,776,992	(17,189,279)	43,601,604	_____
Total business-type activities	215,809,216	27,775,834	(53,932,869)	189,652,181	12,448,624
Total long-term debt obligations	\$ 778,634,977	\$ 113,358,965	\$ (216,989,772)	\$ 675,004,170	\$ 34,343,160

Compensated absences, other post employment benefits and termination benefits payable typically have been liquidated by the general, internal service, and enterprise funds. Claims payable typically have been liquidated by the internal service funds.

#### Unamortized deferred refunding charges

Pursuant to the adoption of GASB 65, for current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as either a deferred inflow or outflow of resources, and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Prior to the adoption of GASB 65, unamortized deferred refunding gains/losses were reported as a component of debt.

For the year ended June 30, 2015, activity related to the City's unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2014	\$ 8,516,392	\$ 6,709,878	\$ 15,226,270
Additions	2,356,379	651,368	3,007,747
Reductions	(3,611,429)	(803,804)	(4,415,233)
Balance June 30, 2015	\$ 7,261,342	\$ 6,557,442	\$ 13,818,784

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

#### Future Debt Service Requirements

At June 30, 2015, the annual requirements to pay principal and interest on all bonds outstanding, as well as other long-term debt obligations, were as follows:

<u>For the Year Ended June 30,</u>	<u>Revenue bonds</u>		<u>General obligation bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 11,428,878	\$ 5,304,839	\$ 4,229,000	\$ 4,003,591
2017	11,142,766	4,947,841	4,319,000	3,909,529
2018	11,644,014	4,437,604	4,175,000	3,803,955
2019	10,290,678	3,914,403	4,295,000	3,691,426
2020	4,027,772	3,408,559	6,200,000	3,568,179
2021 - 2025	22,400,090	13,982,562	23,610,000	15,049,575
2026 - 2030	26,916,680	8,261,750	23,345,000	10,060,313
2031 - 2035	25,435,000	2,593,400	29,125,000	4,304,700
2036 - 2040				
	<u>\$ 123,285,878</u>	<u>\$ 46,850,958</u>	<u>\$ 99,298,000</u>	<u>\$ 48,391,268</u>

<u>For the Year Ended June 30,</u>	<u>Tax allocation bonds</u>		<u>Other Long-term Debt Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 755,000	\$ 595,851	\$ 1,027,000	\$ 676,715
2017	790,000	555,099	1,132,000	625,673
2018	835,000	511,432	1,242,000	569,412
2019	880,000	464,805	1,361,000	507,686
2020	925,000	415,139	1,486,000	440,044
2021 - 2025	5,485,000	1,201,588	7,368,000	952,998
2026 - 2030	1,295,000	37,699		
	<u>\$ 10,965,000</u>	<u>\$ 3,781,613</u>	<u>\$ 13,616,000</u>	<u>\$ 3,772,528</u>

#### Special Assessment Bonds

The City has issued special assessment bonds with an aggregate outstanding principal balance of \$142,655,000 at June 30, 2015. The City is only acting as an agent for these bonds and is not liable for the debt. Principal and interest are payable from the special assessments levied.

#### Current Refundings

In September 2014, the City issued \$24,305,000 in General Obligation (Limited Tax) Various Purpose Refunding Bonds, Series 2014. Proceeds of the 2014 bonds were used to current refund \$26,795,000 of the City's General Obligation (Limited Tax) Various Purpose Refunding Bonds, Series 2013C (Taxable). The 2013C Bonds were redeemed on the date of issuance of the Series 2014 Bonds. The refunding was undertaken in order to better align the City's resources with its obligations. Over the life of the bonds, the issue will add \$15,079,270 to total debt service requirements. In present value (economic loss) terms, this equates to an additional \$3,497,718 in debt service requirements.

Additionally, in June of 2015 the City issued \$18,435,000 in Water & Sewer Refunding Bonds, Series 2015. These proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on Series 2005 \$19,975,000 of refunded debt. This current refunding was undertaken to reduce total debt service payments over the next four years by \$1,284,306 and resulted in an economic gain of \$1,186,705.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Defeased Debt

In prior years, debt was defeased in connection with advance refundings. At June 30, 2015, the remaining outstanding principal balance of the defeased debt is \$19,975,000.

### **Note 7. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan**

The City's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The City does not exercise any control over PERS. NRS 286.110 states that "The respective participating public employers are not liable for any obligations of the system."

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

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

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

Post-retirement increases are provided by authority of NRS 286.575 - .579, which for members entering the system before January 1, 2010, is equal to the lesser of:

- 1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or
- 2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase.

For members entering the system on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

(Continued)



# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

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

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

The authority for establishing and amending the obligation to make contributions, and member contribution rates rests with NRS. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan. The City elected the EPC plan prior to July 1, 1983.

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

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the entry age normal cost method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2014 and 2015, the required employer/employee matching rate was 13.25% for regular and 20.75% for police/fire members. The EPC rate was 25.75% for regular and 40.50% for police/fire members.

Effective July 1, 2015, the required contribution rates for regular members will be 14.50% and 28.00% for employer/employee matching and EPC, respectively. The required contribution rates for police/fire members will remain the same.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PER's website, [www.nvpers.org](http://www.nvpers.org) under publications.

PERS collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following economic actuarial assumptions (based on the results of an experience review completed in 2013), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2014
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer price index	3.50%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases

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

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

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

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

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

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

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

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

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

PERS's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following target asset allocation policy was adopted as of June 30, 2014:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42 %	5.50 %
International equity	18 %	5.75 %
Domestic fixed income	30 %	0.25 %
Private markets	10 %	6.80 %

\* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 3.5%.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

The City's proportionate share of the net pension liability at June 30, 2014, calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 504,648,330	\$ 324,509,868	\$ 174,768,935

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, [www.nvpers.org](http://www.nvpers.org) under publications. PERS fiduciary net position and additions to/deductions from have been determined on the same basis used in the PERS Comprehensive Annual Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City's proportionate share (amount) of the collective net pension liability was \$324,509,868, which represents 3.11371% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2014, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

For the period ended June 30, 2015, the City's pension expense was \$42,995,918 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2015, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 15,529,584
Changes of assumptions		
Net difference between projected and actual earnings on investments		68,160,358
Changes in proportion and differences between actual contributions and proportionate share of contributions	2,918,955	
Contributions made subsequent to the measurement date	48,713,121	

At June 30, 2014, the average expected remaining service life is 6.70 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$48,713,121 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30,			
2016		\$	(19,075,225)
2017			(19,075,225)
2018			(19,075,225)
2019			(19,075,225)
2020			(2,629,463)
Thereafter			(1,840,624)

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

Net pension liability, beginning of year	\$	409,447,102	
Pension expense		42,995,918	
Employer contributions		(48,713,121)	
Net new deferred inflows and outflows of resources		(79,220,031)	
Net pension liability, end of year	\$	324,509,868	

At June 30, 2015, \$5,161,958 is payable to PERS, equal to the June 2015 required contribution, was included in accounts payable.

#### **Note 8. Other Post Employment Benefits (OPEB)**

##### Plan Description

Eligible retirees who are not eligible for Medicare can purchase health care coverage through two plans offered by the City: a self-funded PPO and a fully-insured medical plan (Health Plan of Nevada). The City also offers its retirees dental, vision and life insurance benefits as mandated by Nevada Revised Statutes.

Medicare eligible retirees may join Extend Health for their medical, dental and vision coverage. Medicare eligible retirees will retain their post-65 term life insurance policy valued at \$25,000, and the premium is paid by the City.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

Effective January 1, 2014, eligible retirees participating in the City Self Funded Health Plan will receive a graduated benefit of lower monthly premiums based on years of full time service, with a maximum monthly benefit of \$500. This benefit will be reduced by 50% for Medicare eligible retirees, who can no longer participate in the City's plan.

In addition to the plans offered by the City, eligible retirees may receive coverage through the Nevada Public Employees Benefit Program (PEBP). Retirees who receive coverage through the PEBP receive a direct subsidy from the City. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing Public Employee Benefits Plan, 901 South Stewart Street, Suite 101, Carson City, Nevada 89701, or by calling (800) 326-5496.

### Funding Policy

The City has an eight member Insurance Committee that reviews and determines the funding requirements and plan options as noted above. A closed group of current retirees is eligible for premium subsidy from the City for PEBP insurance. The City is required to pay PEBP a monthly subsidy on behalf of these retirees, ranging from \$116 to \$636, based on the number of years of service with the City at retirement. These retirees met the retirement eligibility requirements for the Nevada Public Employees' Retirement System (NVPERS) and retired prior to December 1, 2008. No future retirees are eligible for this benefit. As of June 30, 2015, the City had 249 retirees receiving benefits and 1,172 active employees. Contributions are required for both retiree and dependent coverage and range from \$426 to \$1,480 per month, depending on the plan and the number of participants in the plan. The City's current funding policy for its OPEB liability is pay as you go.

### Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) 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 amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	Public Employee Benefit Program	City of Henderson Plans	Total
Annual required contribution (ARC)	\$ 460,000	\$ 2,316,000	\$ 2,776,000
Interest on net OPEB obligation	165,000	738,000	903,000
Adjustment to ARC	(176,808)	(890,192)	(1,067,000)
Annual OPEB cost	448,192	2,163,808	2,612,000
OPEB contributions made	(406,886)	(1,219,628)	(1,626,514)
Increase in net OPEB obligation	41,306	944,180	985,486
Net OPEB obligation, beginning of year	3,578,802	18,135,083	21,713,885
Net OPEB obligation, end of year	\$ 3,620,108	\$ 19,079,263	\$ 22,699,371

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plans and the net OPEB obligations fiscal years ended June 29, 2013, 2014 and 2015, were as follows:

<u>For the Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contributions Made</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
<b>Public Employee Benefit Program</b>				
2013	\$ 470,280	\$ 510,693	108.6 %	\$ 3,667,445
2014	382,000	470,643	123.2 %	3,578,802
2015	448,192	406,886	90.8 %	3,620,108
<b>City of Henderson Plans</b>				
2013	2,059,668	664,114	32.2 %	16,409,872
2014	2,294,000	568,789	24.8 %	18,135,083
2015	2,163,808	1,219,628	56.4 %	19,079,263

#### Funded Status and Funding Progress

The funded status of the OPEB plans as of the most recent actuarial valuation date was as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
<b>Public Employee Benefit Program</b>						
July 1, 2013	N/A <sup>1</sup>	\$ 7,303,000	\$ 7,303,000	0.0 %	N/A <sup>2</sup>	N/A <sup>2</sup>
<b>City of Henderson Plans</b>						
July 1, 2013	N/A <sup>1</sup>	20,652,000	20,652,000	0.0 %	142,409,404	14.5 %

1. No assets have been placed in trust.

2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate, a projected annual salary increase of 2.0%, a 3.5% inflation rate and a health care cost trend rate assumption ranging from 8.0% to 9.0% which is reduced annually by 0.5% to 1.0% for the City Plan and PEBP, respectively, until an ultimate health care cost trend rate of 5.0% is reached. The unfunded actuarial accrued liability for the City Plan is being amortized on an open basis over the maximum acceptable period of 30 years. The unfunded actuarial accrued liability for the PEBP Plan is being amortized on a closed basis over 21 years for PEBP retirees.

The required schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Note 9. Risk Management

State and local governments are subject to many types of claims such as worker's compensation, contractual actions, personal injuries and property damage. GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues (Amended by GASB Statement 19, Dated September 1993)*, requires that a liability for claims be reported if information available prior to issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

In addition, there are also situations in which incidents occur before the date of the financial statements, but claims are not reported or asserted when the financial statements are prepared. The "incurred but not reported" claims have been estimated based upon the City's past experience adjusted for current trends. The claims are included in the appropriate liability accounts.

The City maintains three self-insurance internal service funds for the following types of risk exposures:

Liability Insurance - The City has obtained \$15,000,000 in excess Public Entity Excess Liability insurance with a \$1,000,000 self-insured retention (SIR). In addition, the City continues to maintain the following coverage: a \$948 million blanket property insurance policy on all buildings, building contents and Boiler and Machinery with a \$100,000 deductible; \$11.5 million Contractors' Equipment coverage on a scheduled basis for heavy equipment with a \$50,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery and alteration; and a \$11.7 million Emergency Response Unit Physical Damage policy with a \$10,000 deductible.

The City maintains its self-insurance fund to cover all claims made or occurring prior to the effective date of the excess liability policy and all claims that fall under the \$1,000,000 SIR. The City's Risk Management division works with the City Attorney's office; an outside claims adjustment firm; the excess insurance company and its administrator; and, applicable departments in handling claims filed against the City. In addition, the City obtains an actuarial analysis on a biannual basis. No current claims are expected to be settled in a manner which would adversely affect the fund's financial condition.

Group Health Insurance - The City is self insured for employee health benefits, providing medical dental and vision care. Effective January 1, 2015, the City increased its specific stop loss policy from \$175,000 to \$500,000 per participant. A third party administrator is used to pay claims.

Worker's Compensation - The City is self insured for workers' compensation claims. A third party administrator is utilized for claim adjusting and payment. The City has a \$4,000,000 SIR for all public safety employees and a \$1,000,000 SIR for all other employees per occurrence, with the maximum on all claims at statutory limits for the coverage period from July 1, 2014 through July 1, 2015.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

For the fiscal years ended June 30, 2014 and 2015, changes in claims liability amounts were as follows:

	Claims Liability, Beginning Balance	Claims Incurred and Changes in Estimate	Claims Paid	Claims Liability, Ending Balance
For the year ended June 30, 2014				
Liability insurance	\$ 1,926,314	\$ 686,738	\$ (694,969)	\$ 1,918,083
Workmen's compensation insurance	10,920,858	1,885,255	(1,115,874)	11,690,239
Health Insurance	<u>2,030,000</u>	<u>10,031,215</u>	<u>(10,491,215)</u>	<u>1,570,000</u>
	<u>\$ 14,877,172</u>	<u>\$ 12,603,208</u>	<u>\$ (12,302,058)</u>	<u>\$ 15,178,322</u>
For the year ended June 30, 2015				
Liability insurance	\$ 1,918,083	\$ 65,059	\$ (692,378)	\$ 1,290,764
Workmen's compensation insurance	11,690,239	(321,729)	(1,735,142)	9,633,368
Health Insurance	<u>1,570,000</u>	<u>14,596,284</u>	<u>(14,104,284)</u>	<u>2,062,000</u>
	<u>\$ 15,178,322</u>	<u>\$ 14,339,614</u>	<u>\$ (16,531,804)</u>	<u>\$ 12,986,132</u>

#### Note 10. Other Information

##### Construction in Progress

As of June 30, 2015, construction in progress of \$60,022,895 was reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$33,277,129 to complete these projects.

##### Litigation

There are pending lawsuits involving the City and/or its employees, in which the City is represented by the City Attorney. Based on the current status of these matters and present uncertainty regarding the final outcome thereof, the City Attorney has concluded that the probable minimum losses, if any, cannot currently be estimated. Accordingly, no provision for loss has been recorded in the accompanying financial statements.

##### Lake Las Vegas

The City and the developers of Lake Las Vegas have established a fund for the accumulation of \$30,000,000 to be used for storm water treatment and/or conveyance in the event that the Federal Environmental Protection Agency (EPA) and the Nevada Division of Environmental Protection determine that more stringent storm water treatment standards are required solely as a result of the creation of Lake Las Vegas. This fund will be maintained for a period of thirty years commencing in 1989, after which the City will be allowed to utilize the fund proceeds, if any, for any appropriate municipal purpose. Developer contributions with accumulated interest were expected to constitute \$4,500,000 of the total; however, the actual amount of developer contributions is uncertain at this time.

(Continued)



# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### City of Henderson Redevelopment Agency (the Agency)

The Agency has entered into several Owner Participation Agreements (OPAs) with various developers whereby the developers are to construct public improvements on behalf of the Agency in connection with its redevelopment efforts. These OPAs could potentially obligate the Agency to reimburse the developers approximately \$349.5 million, plus accrued interest, for the costs incurred by the developers in connection with the construction of the public improvements. However, the financial commitment to each developer is contingent upon there being sufficient tax increment available to fund the payments, as well as the developer actually incurring costs related to the public improvements. As of June 30, 2015, the contingent obligation is approximately \$81.8 million.

In addition, any obligations to developers under the OPAs are payable solely and exclusively from a predetermined percentage of the tax increment received by the Agency on specific parcels of land, and is not to be payable from any other source. Accordingly, to the extent that tax increment has not been collected and the developer has not incurred reimbursable costs, no liability has been recorded in the accompanying financial statements.

### Operating Leases

The City has entered into various noncancelable managed service agreements (effectively leases) for copier equipment and related services. For the year ended June 30, 2015, total costs under such agreements were \$1,102,982.

At June 30, 2015, the future minimum operating lease payments were as follows:

<u>For the Year Ended June 30,</u>	
2016	\$ 1,235,089
2017	629,948
2018	31,214
2019	26,580
2020	18,198
	<u>\$ 1,941,029</u>

### Encumbrances

At June 30, 2015, outstanding encumbrances were as follows:

General Fund	\$ 1,235,676
Grants Special Revenue Fund	2,288,854
General Obligation Debt Service Fund	4,150
Land Sales Capital Projects Fund	445,431
Aggregate Other Governmental Funds	<u>2,406,730</u>
	<u>\$ 6,380,841</u>

The general fund encumbrances are classified as assigned fund balance and grant fund encumbrances primarily represent contracts for which grant awards are collected as periodic reimbursements of actual expenditures.

(Continued)

**CITY OF HENDERSON, NEVADA**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2015**

**Note 11. Components of Fund Balances**

At June 30, 2015, the components of governmental fund balances were as follows:

	<u>General Fund</u>	<u>Grants Special Revenue Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Special Assessment Districts Capital Projects Fund</u>	<u>Land Sales Capital Projects Fund</u>
Nonspendable					
Prepaid items	\$	\$ 18,118	\$	\$	\$
Restricted					
Stabilization and other general programs		13,418			
Courts and other judicial programs					
Fire, police and other public safety programs		308,533			
Streets and other public works projects		609,002		54,308,435	24,569,360
Parks, cultural and recreational programs		188,140			
Community assistance and support programs		226,062			
Debt service			7,325,145		
Redevelopment programs					
Assigned					
Stabilization and other general programs	828,963				
Courts and other judicial programs	69,040				
Fire, police and other public safety programs	52,358				
Streets and other public works projects	138,369				
Parks, cultural and recreational programs	146,710				
Community assistance and support programs	236				
Unassigned	<u>21,505,080</u>				
	<u>\$ 22,740,756</u>	<u>\$ 1,363,273</u>	<u>\$ 7,325,145</u>	<u>\$ 54,308,435</u>	<u>\$ 24,569,360</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

	Aggregate Other Governmental Funds	Total Governmental Funds
Nonspendable		
Prepaid items	\$ 13,196	\$ 31,314
Restricted		
Stabilization and other general programs	19,370,562	19,383,980
Courts and other judicial programs	992,978	992,978
Fire, police and other public safety programs	3,431,699	3,740,232
Streets and other public works projects	8,494,311	87,981,108
Parks, cultural and recreational programs	9,213,246	9,401,386
Community assistance and support programs		226,062
Debt service	989,264	8,314,409
Redevelopment programs	27,523,021	27,523,021
Assigned		
Stabilization and other general programs		828,963
Courts and other judicial programs		69,040
Fire, police and other public safety programs		52,358
Streets and other public works projects	33,727,701	33,866,070
Parks, cultural and recreational programs		146,710
Community assistance and support programs		236
Unassigned		21,505,080
	\$ 103,755,978	\$ 214,062,947

Governmental fund balance restricted for debt service differs from government-wide net position restricted for debt service due to interest payable in governmental activities.

### Note 12. Recently Issued Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for periods beginning after June 15, 2015. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes, and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. This statement is effective for periods beginning after June 15, 2015, and is primarily intended to provide guidance related to pension plans not covered by GASB Statement No. 68. GASB 73. It also extends the approach to accounting and reporting established in Statement No. 68. Management has not yet completed its assessment of this statement.

(Continued)

## CITY OF HENDERSON, NEVADA

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. These statements are each effective for periods beginning after June 15, 2016, and replace GASB No's. 43, 47, and 57, as well as other prior guidance. These statements establish new accounting and financial reporting requirements for governments whose employees are provided with OPEB. They also include specific recognition and disclosure requirements for various OPEB plans. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for periods beginning after June 15, 2015. This statement does not address any specific reporting requirement; rather it discusses levels of authority that governments should use in applying requirements. GASB No. 76 establishes GASB Statements as Category A, which is the highest level of reporting authority for state and local governments, and Category B sources in the absence of Category A requirements. Category B includes GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB. It supersedes GASB Statement No. 55, and amends GASB Statement No. 62. Management does not expect the adoption of this statement to have a significant impact on the City's financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for periods beginning after December 15, 2015. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This statement also requires governments that enter into tax abatement agreements to disclose other information about the agreements. Management has not yet completed its assessment of this statement.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**2015 Comprehensive Annual Financial Report**

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2015



*A Place To Call Home*

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# CITY OF HENDERSON, NEVADA

## REQUIRED SUPPLEMENTARY INFORMATION OTHER POST EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2015

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
<b>Public Employee Benefit Program</b>						
July 1, 2009	\$ N/A <sup>1</sup>	\$ 14,601,450	\$ 14,601,450	0.0 %	\$ N/A <sup>2</sup>	N/A <sup>2</sup>
July 1, 2011	N/A <sup>1</sup>	7,931,000	7,931,000	0.0 %	N/A <sup>2</sup>	N/A <sup>2</sup>
July 1, 2013	N/A <sup>1</sup>	7,303,000	7,303,000	0.0 %	N/A <sup>2</sup>	N/A <sup>2</sup>
<b>City of Henderson Plans</b>						
July 1, 2009	\$ N/A <sup>1</sup>	\$ 24,605,550	\$ 24,605,550	0.0 %	\$ 144,050,046	17.1 %
July 1, 2011	N/A <sup>1</sup>	34,427,000	34,427,000	0.0 %	143,530,451	24.0 %
July 1, 2013	N/A <sup>1</sup>	20,652,000	20,652,000	0.0 %	142,409,404	14.5 %

1. No assets have been placed in trust.

2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

**CITY OF HENDERSON, NEVADA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN**

**PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014 AND LAST NINE FISCAL YEARS<sup>1</sup>**

<u>For the Year Ended June 30,</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportion of the Collective Net Pension Liability as a Percentage of Covered Employee Payroll</u>	<u>PERS Fiduciary Net Position as a Percentage of Total Pension Liability</u>
2014	3.11371 %	\$ 324,509,868	\$ 157,722,577	205.75 %	76.31 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2014. As becomes available this schedule will ultimately present information for the ten most recent fiscal years.



# CITY OF HENDERSON, NEVADA

## REQUIRED SUPPLEMENTARY INFORMATION MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN PROPORTIONATE SHARE OF STATUTORILY REQUIRED CONTRIBUTION INFORMATION FOR THE YEAR ENDED JUNE 30, 2015 AND LAST NINE FISCAL YEARS<sup>1</sup>

For the Year Ended June 30,	Statutorily Required Contribution	Contributions in relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 48,713,121	\$ 48,713,121	\$	\$ 164,063,401	29.69 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2015. As becomes available this schedule will ultimately present information for the ten most recent fiscal years.

# CITY OF HENDERSON, NEVADA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

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### **Note 1. Other Post Employment Benefits**

Effective January 1, 2014, eligible retirees participating in the City Self Funded Health Plan receive a graduated benefit of lower monthly premiums based on years of full time service, with a maximum monthly benefit of \$500. This benefit will be reduced by 50% for Medicare eligible retirees, who can no longer participate in the City's plan.

Except as discussed above, for the year ended June 30, 2015, no other significant events occurred that would have affected the information presented in the accompanying schedule of funding progress.

Additional information related to postemployment benefits other than pensions can be found in Note 8 to the basic financial statements.

### **Note 2. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan**

For the year ended June 30, 2015, there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2014.

The actuarial valuation report dated June 30, 2014, is the only valuations to date of the multiple-employer cost-sharing defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most recent valuations.

Additional pension plan information can be found in Note 7 to the basic financial statements.

# GOVERNMENTAL FUNDS

## Non-major Special Revenue Funds

**Special revenue funds are used to account for specific revenues that are restricted or committed to expenditure for a specified purpose other than debt service or capital projects.**

**City of Henderson Redevelopment Agency** - to account for the financial activity of the Agency which derives its revenue from tax increment financing and bond proceeds that will be utilized to rehabilitate and develop the defined redevelopment area.

**Gas Tax Special Revenue** - to account for optional excise tax on motor vehicle fuel and other revenues restricted for repairing or restoring existing unpaved and paved roads; streets; and alleys.

**Forfeited Assets Special Revenue** - to account for the resources and revenues of a fund that is restricted by State law to certain law enforcement activities.

**Municipal Court Administrative Fee Special Revenue** - to account for court assessments which are to be used to improve operations of the court.

**Financial Stabilization Special Revenue** - to account for 0.25% of Supplemental City/County Relief Tax Loss Ad Valorem revenues, which are restricted for stabilization and deposited directly into this fund. Balances in this fund may be made available to the General Fund to compensate for shortfalls in actual revenues of 2% or greater as compared to the final budget, or in the event of a natural disaster or terrorist attack as declared by City Council. None of these circumstances are expected to occur routinely.

**Sales & Use Tax Special Revenue** - to account for the proceeds from the tax authorized by a State Assembly Bill for the Board of County Commissioners of Clark County to employ and equip additional police officers.

**Commissary Special Revenue** - to account for commissions received in connection with the sale of goods to prisoners as authorized by Nevada Revised Statute 211.360.

**Eldorado Valley Regional Public Safety Training Facility Special Revenue** - to account for rental fees from partnering and non-partnering agencies for a public safety training facility.

## Non-major Debt Service Fund

**Special Assessment Districts Debt Service Fund** - to account for the accumulation of resources and payment of special assessment

debt principal and interest from special assessment levies when the government is obligated in some manner for payment.

## Non-major Capital Projects Funds

**Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure or capital outlays including the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.**

**Municipal Facilities Acquisition and Construction** - to account for the costs associated with the acquisition, construction, and improvement of public building facilities.

**Special Recreation** - to account for costs of recreational equipment and other recreational purposes. Funds for these purposes are provided by revenues received from the Las Vegas Convention and Visitors Authority.

**Park Development** - to account for fees that are collected upon application for building permits. The revenues produced by these fees are to be used for the acquisition, development, improvement and expansion of public parks, playground and recreational facilities within the City.

**Flood Control** - to account for flood control projects that receive their primary funding from the Clark County Flood Control District.

**RTC/County Funded** - to account for costs of improving streets within the City that are funded by the Regional Transportation Commission and Clark County Grants.

**Special Ad Valorem Transportation** - to account for revenue received from a special ad valorem tax that must be recorded in a capital project fund and dedicated to capital projects designed to alleviate critical transportation needs within Clark County.

**Capital Replacement** - to account for charges for services, developer contributions, and transfers from other funds to be used for various capital replacement projects throughout the City.

**Lake Las Vegas** - to account for resources to be used solely to fund costs of storm water treatment and/or conveyance in the event that Federal and/or State agencies determine that more stringent treatment standards are required as a result of the creation of Lake Las Vegas.



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# CITY OF HENDERSON, NEVADA

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2015

	<u>Special Revenue Funds</u>	<u>Special Assessments Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Aggregate Other Governmental Funds</u>
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 46,336,188	\$ 987,700	\$ 40,076,260	\$ 87,400,148
Restricted cash and cash equivalents	725,287		3,999,887	4,725,174
Accounts receivable, net	74,786		55,347	130,133
Interest receivable	87,794	1,921	79,842	169,557
Taxes receivable	67,301			67,301
Special assessments receivable		1,610,126		1,610,126
Notes receivable, net	71,628		2,752,092	2,823,720
Prepaid items	13,196			13,196
Due from other governments	3,920,483		777,255	4,697,738
Land held for resale	9,940,364			9,940,364
<b>Total assets</b>	<b><u>\$ 61,237,027</u></b>	<b><u>\$ 2,599,747</u></b>	<b><u>\$ 47,740,683</u></b>	<b><u>\$ 111,577,457</u></b>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 592,969	\$ 325	\$ 593,633	\$ 1,186,927
Accrued wages	188,067		947	189,014
Tax increment payable to developers	710,716			710,716
Due to other governments		32	300,000	300,032
Due to other funds	250,459			250,459
Advances from other funds	621,261			621,261
Unearned revenue			49,800	49,800
<b>Total liabilities</b>	<b><u>2,363,472</u></b>	<b><u>357</u></b>	<b><u>944,380</u></b>	<b><u>3,308,209</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue, property taxes	67,301			67,301
Unavailable revenue, special assessments		1,610,126		1,610,126
Unavailable revenue, notes receivable	71,628		2,752,092	2,823,720
Unavailable revenue, other receivables			12,123	12,123
<b>Total deferred inflows of resources</b>	<b><u>138,929</u></b>	<b><u>1,610,126</u></b>	<b><u>2,764,215</u></b>	<b><u>4,513,270</u></b>
<b>Total liabilities and deferred inflows of resources</b>	<b><u>2,502,401</u></b>	<b><u>1,610,483</u></b>	<b><u>3,708,595</u></b>	<b><u>7,821,479</u></b>
<b>FUND BALANCES</b>				
Nonspendable	13,196			13,196
Restricted	58,721,430	989,264	10,304,387	70,015,081
Assigned			33,727,701	33,727,701
<b>Total fund balances</b>	<b><u>58,734,626</u></b>	<b><u>989,264</u></b>	<b><u>44,032,088</u></b>	<b><u>103,755,978</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 61,237,027</u></b>	<b><u>\$ 2,599,747</u></b>	<b><u>\$ 47,740,683</u></b>	<b><u>\$ 111,577,457</u></b>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Special Assessments Debt Service Fund	Capital Project Funds	Aggregate Other Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 6,508,258		\$ 1,153,934	\$ 7,662,192
Intergovernmental	15,942,502		2,809,344	18,751,846
Charges for services	117,841		79,205	197,046
Fines and forfeitures	1,242,375			1,242,375
Impact fees			1,085,117	1,085,117
Special assessments		130,274		130,274
Investment income	482,698	129,970	440,954	1,053,622
Developer contributions			4,405,009	4,405,009
Rental fees	12,138		550	12,688
Miscellaneous	251,902	24,976	301,841	578,719
<b>Total revenues</b>	<b><u>24,557,714</u></b>	<b><u>285,220</u></b>	<b><u>10,275,954</u></b>	<b><u>35,118,888</u></b>
<b>EXPENDITURES</b>				
Current				
General government	8,076,298		188,739	8,265,037
Judicial	757,082			757,082
Public safety	12,446,046		57,241	12,503,287
Public works	895,644		1,018,789	1,914,433
Culture and recreation			1,940,743	1,940,743
<b>Total current</b>	<b><u>22,175,070</u></b>		<b><u>3,205,512</u></b>	<b><u>25,380,582</u></b>
Capital outlay				
General government			204,772	204,772
Public safety	215,777		71,426	287,203
Public works	2,019,471		814,070	2,833,541
Culture and recreation			5,220,245	5,220,245
<b>Total capital outlay</b>	<b><u>2,235,248</u></b>		<b><u>6,310,513</u></b>	<b><u>8,545,761</u></b>
Debt service				
Principal payments	715,000			715,000
Interest and fiscal charges	633,881			633,881
Administrative and other costs		5,082		5,082
<b>Total debt service</b>	<b><u>1,348,881</u></b>	<b><u>5,082</u></b>		<b><u>1,353,963</u></b>
<b>Total expenditures</b>	<b><u>25,759,199</u></b>	<b><u>5,082</u></b>	<b><u>9,516,025</u></b>	<b><u>35,280,306</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(1,201,485)</u></b>	<b><u>280,138</u></b>	<b><u>759,929</u></b>	<b><u>(161,418)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,602,253		6,564,616	8,166,869
Transfers out	(469,757)	(200,033)	(3,924,794)	(4,594,584)
<b>Total other financing sources (uses)</b>	<b><u>1,132,496</u></b>	<b><u>(200,033)</u></b>	<b><u>2,639,822</u></b>	<b><u>3,572,285</u></b>
<b>CHANGE IN FUND BALANCE</b>	<b>(68,989)</b>	<b>80,105</b>	<b>3,399,751</b>	<b>3,410,867</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b><u>58,803,615</u></b>	<b><u>909,159</u></b>	<b><u>40,632,337</u></b>	<b><u>100,345,111</u></b>
<b>FUND BALANCE, END OF YEAR</b>	<b><u>\$ 58,734,626</u></b>	<b><u>\$ 989,264</u></b>	<b><u>\$ 44,032,088</u></b>	<b><u>\$ 103,755,978</u></b>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2015

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization
<b>ASSETS</b>					
Cash, cash equivalents and investments	\$ 18,308,225	\$ 6,794,015	\$ 621,136	\$ 994,696	\$ 19,332,512
Restricted cash and cash equivalents	725,287				
Accounts receivable, net				68,186	
Interest receivable	35,376	12,828	1,186		37,873
Taxes receivable	67,301				
Notes receivable, net	71,628				
Prepaid items			13,196		
Due from other governments	95,085	658,781			177
Land held for resale	<u>9,940,364</u>				
<b>Total assets</b>	<u>\$ 29,243,266</u>	<u>\$ 7,465,624</u>	<u>\$ 635,518</u>	<u>\$ 1,062,882</u>	<u>\$ 19,370,562</u>
<b>LIABILITIES</b>					
Accounts payable and other accrued liabilities	\$ 235,895	\$ 57,694	\$ 57,108	\$ 66,590	\$
Accrued wages	13,444	4,760		3,314	
Tax increment payable to developers	710,716				
Due to other funds					
Advances from other funds	<u>621,261</u>				
<b>Total liabilities</b>	<u>1,581,316</u>	<u>62,454</u>	<u>57,108</u>	<u>69,904</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue, property taxes	67,301				
Unavailable revenue, notes receivable	<u>71,628</u>				
<b>Total deferred inflows of resources</b>	<u>138,929</u>				
<b>Total liabilities and deferred inflows of resources</b>	<u>1,720,245</u>	<u>62,454</u>	<u>57,108</u>	<u>69,904</u>	
<b>FUND BALANCES</b>					
Nonspendable			13,196		
Restricted	<u>27,523,021</u>	<u>7,403,170</u>	<u>565,214</u>	<u>992,978</u>	<u>19,370,562</u>
<b>Total fund balances</b>	<u>27,523,021</u>	<u>7,403,170</u>	<u>578,410</u>	<u>992,978</u>	<u>19,370,562</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 29,243,266</u>	<u>\$ 7,465,624</u>	<u>\$ 635,518</u>	<u>\$ 1,062,882</u>	<u>\$ 19,370,562</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2015

	Sales and Use Tax	Commissary	Eldorado Valley Training Facility	Total Special Revenue Funds
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$	\$ 245,608	\$ 39,996	\$ 46,336,188
Restricted cash and cash equivalents				725,287
Accounts receivable, net			6,600	74,786
Interest receivable		414	117	87,794
Taxes receivable				67,301
Notes receivable, net				71,628
Prepaid items				13,196
Due from other governments	3,166,440			3,920,483
Land held for resale				9,940,364
Total assets	\$ 3,166,440	\$ 246,022	\$ 46,713	\$ 61,237,027
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 122,425	\$ 47,135	\$ 6,122	\$ 592,969
Accrued wages	166,385	164		188,067
Tax increment payable to developers				710,716
Due to other funds	250,459			250,459
Advances from other funds				621,261
Total liabilities	539,269	47,299	6,122	2,363,472
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue, property taxes				67,301
Unavailable revenue, notes receivable				71,628
Total deferred inflows of resources				138,929
Total liabilities and deferred inflows of resources	539,269	47,299	6,122	2,502,401
<b>FUND BALANCES</b>				
Nonspendable				13,196
Restricted	2,627,171	198,723	40,591	58,721,430
Total fund balances	2,627,171	198,723	40,591	58,734,626
Total liabilities, deferred inflows of resources and fund balances	\$ 3,166,440	\$ 246,022	\$ 46,713	\$ 61,237,027



# CITY OF HENDERSON, NEVADA

## NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization
REVENUES					
Property taxes	\$ 6,496,019				\$ 12,239
Intergovernmental		3,601,285			
Charges for services					
Fines and forfeitures			528,280	714,095	
Investment income	191,995	72,615	6,174		206,239
Rental fees	938				
Miscellaneous	244,885		1,707	2,877	
Total revenues	6,933,837	3,673,900	536,161	716,972	218,478
EXPENDITURES					
Current					
General government	8,076,298				
Judicial				757,082	
Public safety			369,157		
Public works		895,644			
Total current	8,076,298	895,644	369,157	757,082	
Capital outlay					
Public safety			183,539		
Public works		2,019,471			
Total capital outlay		2,019,471	183,539		
Debt service					
Principal payments	715,000				
Interest and fiscal charges	633,881				
Total debt service	1,348,881				
Total expenditures	9,425,179	2,915,115	552,696	757,082	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,491,342)	758,785	(16,535)	(40,110)	218,478
OTHER FINANCING SOURCES (USES)					
Transfers in	352,253				1,200,000
Transfers out		(69,757)			
Total other financing sources (uses)	352,253	(69,757)			1,200,000
CHANGE IN FUND BALANCE	(2,139,089)	689,028	(16,535)	(40,110)	1,418,478
FUND BALANCE, BEGINNING OF YEAR	29,662,110	6,714,142	594,945	1,033,088	17,952,084
FUND BALANCE, END OF YEAR	\$ 27,523,021	\$ 7,403,170	\$ 578,410	\$ 992,978	\$ 19,370,562

(Continued)

# CITY OF HENDERSON, NEVADA

## NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Sales and Use Tax	Commissary	Eldorado Valley Training Facility	Total Special Revenue Funds
<b>REVENUES</b>				
Property taxes	\$	\$	\$	\$ 6,508,258
Intergovernmental	12,291,217		50,000	15,942,502
Charges for services	23,492	88,349	6,000	117,841
Fines and forfeitures				1,242,375
Investment income	3,228	2,193	254	482,698
Rental fees			11,200	12,138
Miscellaneous			2,433	251,902
Total revenues	<u>12,317,937</u>	<u>90,542</u>	<u>69,887</u>	<u>24,557,714</u>
<b>EXPENDITURES</b>				
Current				
General government				8,076,298
Judicial				757,082
Public safety	11,952,881	65,041	58,967	12,446,046
Public works				895,644
Total current	<u>11,952,881</u>	<u>65,041</u>	<u>58,967</u>	<u>22,175,070</u>
Capital outlay				
Public safety		650	31,588	215,777
Public works				2,019,471
Total capital outlay		<u>650</u>	<u>31,588</u>	<u>2,235,248</u>
Debt service				
Principal payments				715,000
Interest and fiscal charges				633,881
Total debt service				<u>1,348,881</u>
Total expenditures	<u>11,952,881</u>	<u>65,691</u>	<u>90,555</u>	<u>25,759,199</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>365,056</u>	<u>24,851</u>	<u>(20,668)</u>	<u>(1,201,485)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			50,000	1,602,253
Transfers out	(400,000)			(469,757)
Total other financing sources (uses)	<u>(400,000)</u>		<u>50,000</u>	<u>1,132,496</u>
CHANGE IN FUND BALANCE	(34,944)	24,851	29,332	(68,989)
FUND BALANCE, BEGINNING OF YEAR	<u>2,662,115</u>	<u>173,872</u>	<u>11,259</u>	<u>58,803,615</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,627,171</u>	<u>\$ 198,723</u>	<u>\$ 40,591</u>	<u>\$ 58,734,626</u>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2015

	Municipal Facilities Acquisition and Construction	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
<b>ASSETS</b>									
Cash, cash equivalents and investments	\$ 8,358,065	\$ 4,608,027	\$ 4,172,089	\$ 489,818	\$ 517,941	\$ 185,018	\$ 16,002,272	\$ 5,743,030	\$ 40,076,260
Restricted cash and cash equivalents	3,814,618		185,269						3,999,887
Accounts receivable, net							55,347		55,347
Interest receivable	21,314	8,893	9,662	983		444	27,017	11,529	79,842
Notes receivable, net	2,752,092								2,752,092
Due from other governments		547,110			50,820	179,325			777,255
<b>Total assets</b>	<b>\$ 14,946,089</b>	<b>\$ 5,164,030</b>	<b>\$ 4,367,020</b>	<b>\$ 490,801</b>	<b>\$ 568,761</b>	<b>\$ 364,787</b>	<b>\$ 16,084,636</b>	<b>\$ 5,754,559</b>	<b>\$ 47,740,683</b>
<b>LIABILITIES</b>									
Accounts payable and other accrued liabilities	\$ 8,279	\$ 99,900	\$ 217,801	\$	\$ 33,208	\$	\$ 234,445	\$	\$ 593,633
Accrued wages	844		103						947
Due to other governments	49,800			300,000					300,000
Unearned revenue									49,800
<b>Total liabilities</b>	<b>\$ 58,923</b>	<b>\$ 99,900</b>	<b>\$ 217,904</b>	<b>\$ 300,000</b>	<b>\$ 33,208</b>	<b>\$</b>	<b>\$ 234,445</b>	<b>\$</b>	<b>\$ 944,380</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue, notes receivable	2,752,092						12,123		2,752,092
Unavailable revenue, other receivables									12,123
<b>Total deferred inflows of resources</b>	<b>2,752,092</b>						<b>12,123</b>		<b>2,764,215</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>2,811,015</b>	<b>99,900</b>	<b>217,904</b>	<b>300,000</b>	<b>33,208</b>		<b>246,568</b>		<b>3,708,595</b>
<b>FUND BALANCES</b>									
Restricted		5,064,130	4,149,116	190,801	535,553	364,787	15,838,068	5,754,559	10,304,387
Assigned	12,135,074								33,727,701
<b>Total fund balances</b>	<b>12,135,074</b>	<b>5,064,130</b>	<b>4,149,116</b>	<b>190,801</b>	<b>535,553</b>	<b>364,787</b>	<b>15,838,068</b>	<b>5,754,559</b>	<b>44,032,088</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 14,946,089</b>	<b>\$ 5,164,030</b>	<b>\$ 4,367,020</b>	<b>\$ 490,801</b>	<b>\$ 568,761</b>	<b>\$ 364,787</b>	<b>\$ 16,084,636</b>	<b>\$ 5,754,559</b>	<b>\$ 47,740,683</b>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	Municipal Facilities Acquisition and Construction	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
<b>REVENUES</b>									
Property taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental		2,758,525			50,819	1,153,934			1,153,934
Charges for services		76,350					2,855		2,809,344
Impact fees			1,085,117						79,205
Investment income	121,976	44,536	77,247	5,511		1,280		64,601	1,085,117
Developer contributions	2,155,009						2,250,000		440,954
Rental fees		550							4,405,009
Miscellaneous		57					301,784		550
Total revenues	<u>2,276,985</u>	<u>2,880,018</u>	<u>1,162,364</u>	<u>5,511</u>	<u>50,819</u>	<u>1,155,214</u>	<u>2,680,442</u>	<u>64,601</u>	<u>10,275,954</u>
<b>EXPENDITURES</b>									
Current									
General government	26,528						162,211		188,739
Public safety							57,241		57,241
Public works	59,446				2,440		956,903		1,018,789
Culture and recreation		1,578,780	260,563				101,400		1,940,743
Total current	<u>85,974</u>	<u>1,578,780</u>	<u>260,563</u>		<u>2,440</u>		<u>1,277,755</u>		<u>3,205,512</u>
Capital outlay									
General government							204,772		204,772
Public safety	147,467						71,426		71,426
Public works					48,379		618,224		814,070
Culture and recreation		315,871	4,885,428				18,946		5,220,245
Total capital outlay	<u>147,467</u>	<u>315,871</u>	<u>4,885,428</u>		<u>48,379</u>		<u>913,368</u>		<u>6,310,513</u>
Total expenditures	<u>233,441</u>	<u>1,894,651</u>	<u>5,145,991</u>		<u>50,819</u>		<u>2,191,123</u>		<u>9,516,025</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,043,544</u>	<u>985,367</u>	<u>(3,983,627)</u>	<u>5,511</u>		<u>1,155,214</u>	<u>489,319</u>	<u>64,601</u>	<u>759,929</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	2,000,000						4,564,616		6,564,616
Transfers out	<u>(2,500,000)</u>	<u>(274,794)</u>				<u>(1,000,000)</u>	<u>(150,000)</u>		<u>(3,924,794)</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(274,794)</u>				<u>(1,000,000)</u>	<u>4,414,616</u>		<u>2,639,822</u>

(Continued)

**CITY OF HENDERSON, NEVADA**

**NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

	Municipal Facilities Acquisition and Construction	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
CHANGE IN FUND BALANCE	1,543,544	710,573	(3,983,627)	5,511		155,214	4,903,935	64,601	3,399,751
FUND BALANCE, BEGINNING OF YEAR	<u>10,591,530</u>	<u>4,353,557</u>	<u>8,132,743</u>	<u>185,290</u>	<u>535,553</u>	<u>209,573</u>	<u>10,934,133</u>	<u>5,689,958</u>	<u>40,632,337</u>
FUND BALANCE, END OF YEAR	<u>\$ 12,135,074</u>	<u>\$ 5,064,130</u>	<u>\$ 4,149,116</u>	<u>\$ 190,801</u>	<u>\$ 535,553</u>	<u>\$ 364,787</u>	<u>\$ 15,838,068</u>	<u>\$ 5,754,559</u>	<u>\$ 44,032,088</u>

# CITY OF HENDERSON, NEVADA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 56,681,153	\$ 56,905,962	\$ 224,809
Franchise fees	32,154,669	32,677,892	523,223
Licenses and permits	8,865,500	9,469,188	603,688
Intergovernmental	98,294,247	97,812,733	(481,514)
Charges for services	26,464,866	28,365,652	1,900,786
Fines and forfeitures	4,090,576	4,308,262	217,686
Impact fees		810,284	810,284
Investment income	100,000	280,576	180,576
Developer contributions	100,000		(100,000)
Miscellaneous	1,502,644	443,677	(1,058,967)
<b>Total revenues</b>	<b>228,253,655</b>	<b>231,074,226</b>	<b>2,820,571</b>
<b>EXPENDITURES</b>			
General government			
Mayor and council			
Salaries and wages	331,841	329,239	2,602
Employee benefits	195,873	198,745	(2,872)
Services and supplies	236,937	150,608	86,329
<b>Total mayor and council</b>	<b>764,651</b>	<b>678,592</b>	<b>86,059</b>
City manager			
Salaries and wages	704,673	667,022	37,651
Employee benefits	239,567	222,884	16,683
Services and supplies	42,359	45,030	(2,671)
<b>Total city manager</b>	<b>986,599</b>	<b>934,936</b>	<b>51,663</b>
Finance			
Salaries and wages	3,783,123	3,636,311	146,812
Employee benefits	1,498,993	1,471,554	27,439
Services and supplies	505,596	293,316	212,280
<b>Total finance</b>	<b>5,787,712</b>	<b>5,401,181</b>	<b>386,531</b>
Information technology			
Salaries and wages	4,930,833	4,889,708	41,125
Employee benefits	1,934,497	1,910,849	23,648
Services and supplies	1,250,324	719,955	530,369
<b>Total information technology</b>	<b>8,115,654</b>	<b>7,520,512</b>	<b>595,142</b>
City clerk			
Salaries and wages	1,265,398	1,204,888	60,510
Employee benefits	509,305	511,908	(2,603)
Services and supplies	498,879	308,953	189,926
Capital outlay	31,600	34,754	(3,154)
<b>Total city clerk</b>	<b>2,305,182</b>	<b>2,060,503</b>	<b>244,679</b>
Human resources			
Salaries and wages	1,505,282	1,437,905	67,377
Employee benefits	600,083	593,979	6,104
Services and supplies	821,714	386,218	435,496
<b>Total human resources</b>	<b>2,927,079</b>	<b>2,418,102</b>	<b>508,977</b>
City attorney			
Salaries and wages	1,485,830	1,478,072	7,758
Employee benefits	527,774	530,242	(2,468)
Services and supplies	1,126,259	187,186	939,073
<b>Total city attorney</b>	<b>3,139,863</b>	<b>2,195,500</b>	<b>944,363</b>

(Continued)

# CITY OF HENDERSON, NEVADA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
Community development			
Salaries and wages	2,274,336	2,125,454	148,882
Employee benefits	909,798	899,959	9,839
Services and supplies	631,150	299,958	331,192
Total community development	3,815,284	3,325,371	489,913
Building maintenance			
Salaries and wages	2,388,049	2,323,046	65,003
Employee benefits	1,145,106	1,103,403	41,703
Services and supplies	4,861,841	4,545,558	316,283
Total building maintenance	8,394,996	7,972,007	422,989
Public affairs			
Salaries and wages	1,349,761	1,353,496	(3,735)
Employee benefits	522,693	533,631	(10,938)
Services and supplies	939,026	620,878	318,148
Total public affairs	2,811,480	2,508,005	303,475
Internal audit			
Salaries and wages	182,698	182,604	94
Employee benefits	70,732	70,890	(158)
Services and supplies	10,232	1,681	8,551
Total internal audit	263,662	255,175	8,487
Miscellaneous			
Salaries and wages	2,271,500	2,413,231	(141,731)
Employee benefits	560,000	466,067	93,933
Services and supplies	991,571	946,966	44,605
Total miscellaneous	3,823,071	3,826,264	(3,193)
Total general government	43,135,233	39,096,148	4,039,085
Judicial			
Municipal court			
Salaries and wages	4,048,969	4,019,551	29,418
Employee benefits	1,908,239	1,938,065	(29,826)
Services and supplies	669,377	629,762	39,615
Total municipal court	6,626,585	6,587,378	39,207
City attorney- criminal			
Salaries and wages	2,288,684	2,248,902	39,782
Employee benefits	954,872	955,807	(935)
Services and supplies	297,626	239,209	58,417
Total city attorney- criminal	3,541,182	3,443,918	97,264
City attorney- court programs			
Salaries and wages	894,569	861,589	32,980
Employee benefits	353,118	350,939	2,179
Services and supplies	319,562	217,798	101,764
Total city attorney- court programs	1,567,249	1,430,326	136,923
Total judicial	11,735,016	11,461,622	273,394

(Continued)

# CITY OF HENDERSON, NEVADA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
Public safety			
Fire			
Salaries and wages	26,324,622	26,659,551	(334,929)
Employee benefits	12,176,083	11,747,433	428,650
Services and supplies	2,574,044	2,576,744	(2,700)
Total fire	41,074,749	40,983,728	91,021
Police			
Salaries and wages	46,824,924	46,959,662	(134,738)
Employee benefits	24,298,843	23,484,851	813,992
Services and supplies	10,208,680	9,476,582	732,098
Capital outlay	13,400	13,400	
Total police	81,345,847	79,934,495	1,411,352
Building inspection			
Salaries and wages	1,040,313	1,039,532	781
Employee benefits	460,400	457,656	2,744
Services and supplies	190,459	121,111	69,348
Total building inspection	1,691,172	1,618,299	72,873
Total public safety	124,111,768	122,536,522	1,575,246
Public works			
Streets			
Salaries and wages	664,785	621,162	43,623
Employee benefits	325,810	283,499	42,311
Services and supplies	279,625	279,848	(223)
Total streets	1,270,220	1,184,509	85,711
Street lighting			
Salaries and wages	796,900	778,562	18,338
Employee benefits	352,745	349,047	3,698
Services and supplies	1,722,795	1,645,418	77,377
Total street lighting	2,872,440	2,773,027	99,413
Public works general services			
Salaries and wages	1,872,019	1,783,960	88,059
Employee benefits	710,551	714,628	(4,077)
Services and supplies	500,915	325,413	175,502
Total public works general services	3,083,485	2,824,001	259,484
Total public works	7,226,145	6,781,537	444,608
Culture and recreation			
Parks			
Salaries and wages	7,273,320	7,250,438	22,882
Employee benefits	3,335,788	3,309,329	26,459
Services and supplies	5,333,470	4,552,062	781,408
Capital outlay	305,171	280,298	24,873
Total parks	16,247,749	15,392,127	855,622
Recreation			
Salaries and wages	11,071,635	10,859,602	212,033
Employee benefits	3,028,137	3,101,807	(73,670)
Services and supplies	4,793,914	4,224,516	569,398
Capital outlay	10,944	10,944	
Total recreation	18,904,630	18,185,925	718,705
Total culture and recreation	35,152,379	33,578,052	1,574,327

(Continued)



# CITY OF HENDERSON, NEVADA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
Community support			
Economic development			
Salaries and wages	453,047	451,735	1,312
Employee benefits	171,598	170,684	914
Services and supplies	258,179	223,127	35,052
Total economic development	882,824	845,546	37,278
Neighborhood services			
Salaries and wages	466,480	446,311	20,169
Employee benefits	174,000	168,631	5,369
Services and supplies	375,473	310,456	65,017
Total neighborhood services	1,015,953	925,398	90,555
Total community support	1,898,777	1,770,944	127,833
Total expenditures	223,259,318	215,224,825	8,034,493
EXCESS OF REVENUES OVER EXPENDITURES	4,994,337	15,849,401	10,855,064
OTHER FINANCING SOURCES (USES)			
Transfers in	150,000	150,000	
Transfers out	(4,447,516)	(11,509,095)	(7,061,579)
Total other financing sources (uses)	(4,297,516)	(11,359,095)	(7,061,579)
CHANGE IN FUND BALANCE	696,821	4,490,306	3,793,485
FUND BALANCE, BEGINNING OF YEAR	18,250,450	18,250,450	
FUND BALANCE, END OF YEAR	\$ 18,947,271	\$ 22,740,756	\$ 3,793,485

# CITY OF HENDERSON, NEVADA

## GRANTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 27,252,178	\$ 20,925,635	\$ (6,326,543)
Miscellaneous	224,970	351,773	126,803
Total revenues	27,477,148	21,277,408	(6,199,740)
<b>EXPENDITURES</b>			
General government			
Salaries and wages	274,902	220,068	54,834
Employee benefits	110,000	88,844	21,156
Services and supplies	553,000	597,009	(44,009)
Total general government	937,902	905,921	31,981
Judicial			
Salaries and wages	5,036	486	4,550
Employee benefits	174	17	157
Services and supplies	204,274	106,061	98,213
Total judicial	209,484	106,564	102,920
Public safety			
Salaries and wages	500,000	366,103	133,897
Employee benefits	27,484	25,310	2,174
Services and supplies	550,000	502,026	47,974
Capital outlay	201,503	118,450	83,053
Total public safety	1,278,987	1,011,889	267,098
Public works			
Salaries and wages	20,000	11,223	8,777
Employee benefits	10,000	3,880	6,120
Services and supplies	600,000	475,860	124,140
Capital outlay	8,500,000	7,431,026	1,068,974
Total public works	9,130,000	7,921,989	1,208,011
Culture and recreation			
Salaries and wages	390,000	291,787	98,213
Employee benefits	100,000	76,167	23,833
Services and supplies	1,525,000	1,016,847	508,153
Capital outlay	8,500,000	6,209,190	2,290,810
Total culture and recreation	10,515,000	7,593,991	2,921,009
Community support			
Salaries and wages	911,573	517,794	393,779
Employee benefits	425,637	236,671	188,966
Services and supplies	3,600,000	2,195,275	1,404,725
Total community support	4,937,210	2,949,740	1,987,470
Total expenditures	27,008,583	20,490,094	6,518,489
EXCESS OF REVENUES OVER EXPENDITURES	468,565	787,314	318,749
CHANGE IN FUND BALANCE	468,565	787,314	318,749
FUND BALANCE, BEGINNING OF YEAR	575,959	575,959	
FUND BALANCE, END OF YEAR	\$ 1,044,524	\$ 1,363,273	\$ 318,749

# CITY OF HENDERSON, NEVADA

## REDEVELOPMENT AGENCY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 5,579,055	\$ 6,496,019	\$ 916,964
Investment income	186,397	191,995	5,598
Rental fees		938	938
Miscellaneous	597,042	244,885	(352,157)
Total revenues	6,362,494	6,933,837	571,343
EXPENDITURES			
General government			
Salaries and wages	607,773	580,483	27,290
Employee benefits	235,194	221,359	13,835
Services and supplies	4,388,415	7,274,456	(2,886,041)
Total general government	5,231,382	8,076,298	(2,844,916)
Debt service			
Principal payments	715,000	715,000	
Interest and fiscal charges	633,881	633,881	
Total debt service	1,348,881	1,348,881	
Total expenditures	6,580,263	9,425,179	(2,844,916)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(217,769)	(2,491,342)	(2,273,573)
OTHER FINANCING SOURCES			
Transfers in		352,253	352,253
Total other financing sources		352,253	352,253
CHANGE IN FUND BALANCE	(217,769)	(2,139,089)	(1,921,320)
FUND BALANCE, BEGINNING OF YEAR	29,662,110	29,662,110	
FUND BALANCE, END OF YEAR	\$ 29,444,341	\$ 27,523,021	\$ (1,921,320)

# CITY OF HENDERSON, NEVADA

## GAS TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,946,920	\$ 3,601,285	\$ 654,365
Investment income	<u>100,000</u>	<u>72,615</u>	<u>(27,385)</u>
Total revenues	<u>3,046,920</u>	<u>3,673,900</u>	<u>626,980</u>
EXPENDITURES			
Public works			
Salaries and wages	580,704	506,920	73,784
Employee benefits	230,696	188,721	41,975
Services and supplies	510,518	200,003	310,515
Capital outlay	<u>4,499,002</u>	<u>2,019,471</u>	<u>2,479,531</u>
Total public works	<u>5,820,920</u>	<u>2,915,115</u>	<u>2,905,805</u>
Total expenditures	<u>5,820,920</u>	<u>2,915,115</u>	<u>2,905,805</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,774,000)</u>	<u>758,785</u>	<u>3,532,785</u>
OTHER FINANCING USES			
Transfers out	<u>(100,000)</u>	<u>(69,757)</u>	<u>30,243</u>
CHANGE IN FUND BALANCE	(2,874,000)	689,028	3,563,028
FUND BALANCE, BEGINNING OF YEAR	<u>6,714,142</u>	<u>6,714,142</u>	<u>          </u>
FUND BALANCE, END OF YEAR	<u>\$ 3,840,142</u>	<u>\$ 7,403,170</u>	<u>\$ 3,563,028</u>

# CITY OF HENDERSON, NEVADA

## FORFEITED ASSETS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 364,788	\$ 528,280	\$ 163,492
Investment income	1,000	6,174	5,174
Miscellaneous	788	1,707	919
Total revenues	<u>366,576</u>	<u>536,161</u>	<u>169,585</u>
EXPENDITURES			
Public safety			
Services and supplies	459,237	369,157	90,080
Capital outlay	443,817	183,539	260,278
Total public safety	<u>903,054</u>	<u>552,696</u>	<u>350,358</u>
Total expenditures	<u>903,054</u>	<u>552,696</u>	<u>350,358</u>
CHANGE IN FUND BALANCE	(536,478)	(16,535)	519,943
FUND BALANCE, BEGINNING OF YEAR	<u>594,945</u>	<u>594,945</u>	
FUND BALANCE, END OF YEAR	<u>\$ 58,467</u>	<u>\$ 578,410</u>	<u>\$ 519,943</u>

# CITY OF HENDERSON, NEVADA

## MUNICIPAL COURT ADMINISTRATIVE FEE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 681,742	\$ 714,095	\$ 32,353
Miscellaneous		<u>2,877</u>	<u>2,877</u>
Total revenues	<u>681,742</u>	<u>716,972</u>	<u>35,230</u>
EXPENDITURES			
Judicial			
Salaries and wages	127,609	107,568	20,041
Employee benefits	36,991	39,020	(2,029)
Services and supplies	<u>872,551</u>	<u>610,494</u>	<u>262,057</u>
Total judicial	<u>1,037,151</u>	<u>757,082</u>	<u>280,069</u>
Total expenditures	<u>1,037,151</u>	<u>757,082</u>	<u>280,069</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(355,409)</u>	<u>(40,110)</u>	<u>315,299</u>
CHANGE IN FUND BALANCE	(355,409)	(40,110)	315,299
FUND BALANCE, BEGINNING OF YEAR	<u>1,033,088</u>	<u>1,033,088</u>	
FUND BALANCE, END OF YEAR	<u>\$ 677,679</u>	<u>\$ 992,978</u>	<u>\$ 315,299</u>

# CITY OF HENDERSON, NEVADA

## FINANCIAL STABILIZATION SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 12,213	\$ 12,239	\$ 26
Investment income	<u>175,000</u>	<u>206,239</u>	<u>31,239</u>
Total revenues	<u>187,213</u>	<u>218,478</u>	<u>31,265</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>187,213</u>	<u>218,478</u>	<u>31,265</u>
OTHER FINANCING SOURCES			
Transfers in	<u>810,000</u>	<u>1,200,000</u>	<u>390,000</u>
CHANGE IN FUND BALANCE	997,213	1,418,478	421,265
FUND BALANCE, BEGINNING OF YEAR	<u>17,952,084</u>	<u>17,952,084</u>	
FUND BALANCE, END OF YEAR	<u>\$ 18,949,297</u>	<u>\$ 19,370,562</u>	<u>\$ 421,265</u>

# CITY OF HENDERSON, NEVADA

## SALES AND USE TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 12,130,000	\$ 12,291,217	\$ 161,217
Charges for services		23,492	23,492
Investment income	2,000	3,228	1,228
Total revenues	12,132,000	12,317,937	185,937
EXPENDITURES			
Public safety			
Salaries and wages	6,745,974	6,583,220	162,754
Employee benefits	4,255,324	3,950,695	304,629
Services and supplies	1,585,031	1,418,966	166,065
Total public safety	12,586,329	11,952,881	633,448
Total expenditures	12,586,329	11,952,881	633,448
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(454,329)	365,056	819,385
OTHER FINANCING USES			
Transfers out	(400,000)	(400,000)	
CHANGE IN FUND BALANCE	(854,329)	(34,944)	819,385
FUND BALANCE, BEGINNING OF YEAR	2,662,115	2,662,115	
FUND BALANCE, END OF YEAR	\$ 1,807,786	\$ 2,627,171	\$ 819,385



# CITY OF HENDERSON, NEVADA

## COMMISSARY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 70,000	\$ 88,349	\$ 18,349
Investment income	<u>1,500</u>	<u>2,193</u>	<u>693</u>
Total revenues	<u>71,500</u>	<u>90,542</u>	<u>19,042</u>
EXPENDITURES			
Public safety			
Salaries and wages	11,700	10,147	1,553
Employee benefits	4,280	4,141	139
Services and supplies	59,020	50,753	8,267
Capital outlay	<u>650</u>	<u>650</u>	
Total expenditures	<u>75,650</u>	<u>65,691</u>	<u>9,959</u>
CHANGE IN FUND BALANCE	(4,150)	24,851	29,001
FUND BALANCE, BEGINNING OF YEAR	<u>173,872</u>	<u>173,872</u>	
FUND BALANCE, END OF YEAR	<u>\$ 169,722</u>	<u>\$ 198,723</u>	<u>\$ 29,001</u>

# CITY OF HENDERSON, NEVADA

## ELDORADO VALLEY TRAINING FACILITY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 50,000	\$ 50,000	\$
Charges for services		6,000	6,000
Investment income		254	254
Rental fees		11,200	11,200
Miscellaneous	10,000	2,433	(7,567)
	60,000	69,887	9,887
Total revenues			
EXPENDITURES			
Public safety			
Salaries and wages	5,000	3,960	1,040
Employee benefits		68	(68)
Services and supplies	65,003	54,939	10,064
Capital outlay	30,000	31,588	(1,588)
Total public safety	100,003	90,555	9,448
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(40,003)	(20,668)	19,335
OTHER FINANCING SOURCES			
Transfers in	50,000	50,000	
CHANGE IN FUND BALANCE	9,997	29,332	19,335
FUND BALANCE, BEGINNING OF YEAR	11,259	11,259	
FUND BALANCE, END OF YEAR	\$ 21,256	\$ 40,591	\$ 19,335

# CITY OF HENDERSON, NEVADA

## GENERAL OBLIGATION DEBT SERVICE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 2,971,491	\$ 2,984,505	\$ 13,014
Investment income	<u>31,300</u>	<u>72,684</u>	<u>41,384</u>
Total revenues	<u>3,002,791</u>	<u>3,057,189</u>	<u>54,398</u>
EXPENDITURES			
Debt service			
Principal payments	3,528,000	3,528,000	
Payment to current bond refunding agent	27,209,998	27,209,998	
Interest and fiscal charges	4,470,527	4,470,526	1
Administrative and other costs	<u>509,226</u>	<u>301,240</u>	<u>207,986</u>
Total debt service	<u>35,717,751</u>	<u>35,509,764</u>	<u>207,987</u>
Total expenditures	<u>35,717,751</u>	<u>35,509,764</u>	<u>207,987</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(32,714,960)</u>	<u>(32,452,575)</u>	<u>262,385</u>
OTHER FINANCING SOURCES			
Issuance of refunding bonds	24,305,000	24,305,000	
Premium on refunding bonds issued	3,208,334	3,208,334	
Transfers in	<u>7,029,081</u>	<u>8,156,977</u>	<u>1,127,896</u>
CHANGE IN FUND BALANCE	1,827,455	3,217,736	1,390,281
FUND BALANCE, BEGINNING OF YEAR	<u>4,107,409</u>	<u>4,107,409</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,934,864</u>	<u>\$ 7,325,145</u>	<u>\$ 1,390,281</u>

# CITY OF HENDERSON, NEVADA

## SPECIAL ASSESSMENT DISTRICTS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Special assessments	\$ 77,230	\$ 130,274	\$ 53,044
Investment income	143,245	129,970	(13,275)
Miscellaneous		24,976	24,976
Total revenues	<u>220,475</u>	<u>285,220</u>	<u>64,745</u>
EXPENDITURES			
Debt service			
Administrative and other costs	<u>34,159</u>	<u>5,082</u>	<u>29,077</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>186,316</u>	<u>280,138</u>	<u>93,822</u>
OTHER FINANCING USES			
Transfers out	<u>(106,000)</u>	<u>(200,033)</u>	<u>(94,033)</u>
CHANGE IN FUND BALANCE	80,316	80,105	(211)
FUND BALANCE, BEGINNING OF YEAR	<u>909,159</u>	<u>909,159</u>	
FUND BALANCE, END OF YEAR	<u>\$ 989,475</u>	<u>\$ 989,264</u>	<u>\$ (211)</u>

# CITY OF HENDERSON, NEVADA

## SPECIAL ASSESSMENT DISTRICTS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 12,500	\$ 26,375	\$ 13,875
Total revenues	12,500	26,375	13,875
EXPENDITURES			
Public works			
Salaries and wages	15,000	14,536	464
Employee benefits	7,000	5,651	1,349
Services and supplies	34,715,766	60,912	34,654,854
Capital outlay	4,801,054	3,029,928	1,771,126
Total public works	39,538,820	3,111,027	36,427,793
Debt service			
Interest and fiscal charges	109,488	102,816	6,672
Total expenditures	39,648,308	3,213,843	36,434,465
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(39,635,808)	(3,187,468)	36,448,340
OTHER FINANCING SOURCES			
Transfers in	106,000	200,033	94,033
CHANGE IN FUND BALANCE	(39,529,808)	(2,987,435)	36,542,373
FUND BALANCE, BEGINNING OF YEAR	57,295,870	57,295,870	
FUND BALANCE, END OF YEAR	\$ 17,766,062	\$ 54,308,435	\$ 36,542,373

# CITY OF HENDERSON, NEVADA

## LAND SALES CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$	\$ 626	\$ 626
Investment income	748,000	974,496	226,496
Developer contributions		25,000	25,000
Rental fees		480,623	480,623
Miscellaneous	<u>524,005</u>	<u>222,935</u>	<u>(301,070)</u>
Total revenues	<u>1,272,005</u>	<u>1,703,680</u>	<u>431,675</u>
<b>EXPENDITURES</b>			
General government			
Salaries and wages	190,361	189,052	1,309
Employee benefits	64,235	63,446	789
Services and supplies	<u>240,970</u>	<u>54,895</u>	<u>186,075</u>
Total general government	<u>495,566</u>	<u>307,393</u>	<u>188,173</u>
Public safety			
Capital outlay	<u>1,664,590</u>	<u>1,418,818</u>	<u>245,772</u>
Total public safety	<u>1,664,590</u>	<u>1,418,818</u>	<u>245,772</u>
Public works			
Salaries and wages	82,624	82,059	565
Employee benefits	33,214	33,561	(347)
Services and supplies	1,451,703	322,970	1,128,733
Capital outlay	<u>1,499,551</u>	<u>531,565</u>	<u>967,986</u>
Total public works	<u>3,067,092</u>	<u>970,155</u>	<u>2,096,937</u>
Total expenditures	<u>5,227,248</u>	<u>2,696,366</u>	<u>2,530,882</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(3,955,243)</u>	<u>(992,686)</u>	<u>2,962,557</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from land sales	1,000,000	1,118,024	118,024
Transfers out	<u>(289,845)</u>	<u>(642,098)</u>	<u>(352,253)</u>
Total other financing sources (uses)	<u>710,155</u>	<u>475,926</u>	<u>(234,229)</u>
CHANGE IN FUND BALANCE	(3,245,088)	(516,760)	2,728,328
FUND BALANCE, BEGINNING OF YEAR	<u>25,086,120</u>	<u>25,086,120</u>	
FUND BALANCE, END OF YEAR	<u>\$ 21,841,032</u>	<u>\$ 24,569,360</u>	<u>\$ 2,728,328</u>

## CITY OF HENDERSON, NEVADA

### MUNICIPAL FACILITIES ACQUISITION AND CONSTRUCTION CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Investment income	\$ 90,000	\$ 121,976	\$ 31,976
Developer contributions	<u>2,100,000</u>	<u>2,155,009</u>	<u>55,009</u>
Total revenues	<u>2,190,000</u>	<u>2,276,985</u>	<u>86,985</u>
<b>EXPENDITURES</b>			
General government			
Salaries and wages	19,000	16,499	2,501
Employee benefits	10,000	8,526	1,474
Services and supplies	<u>66,848</u>	<u>1,503</u>	<u>65,345</u>
Total general government	<u>95,848</u>	<u>26,528</u>	<u>69,320</u>
Public works			
Salaries and wages	70,211	26,912	43,299
Employee benefits	11,671	928	10,743
Services and supplies	1,885,595	31,606	1,853,989
Capital outlay	<u>529,242</u>	<u>147,467</u>	<u>381,775</u>
Total public works	<u>2,496,719</u>	<u>206,913</u>	<u>2,289,806</u>
Total expenditures	<u>2,592,567</u>	<u>233,441</u>	<u>2,359,126</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(402,567)</u>	<u>2,043,544</u>	<u>2,446,111</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		2,000,000	2,000,000
Transfers out	<u>(3,310,000)</u>	<u>(2,500,000)</u>	<u>810,000</u>
Total other financing sources (uses)	<u>(3,310,000)</u>	<u>(500,000)</u>	<u>2,810,000</u>
CHANGE IN FUND BALANCE	(3,712,567)	1,543,544	5,256,111
FUND BALANCE, BEGINNING OF YEAR	<u>10,591,530</u>	<u>10,591,530</u>	
FUND BALANCE, END OF YEAR	<u>\$ 6,878,963</u>	<u>\$ 12,135,074</u>	<u>\$ 5,256,111</u>

# CITY OF HENDERSON, NEVADA

## SPECIAL RECREATION CAPITAL PROJECTS FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,500,000	\$ 2,758,525	\$ 258,525
Charges for services	250,000	76,350	(173,650)
Investment income	34,000	44,536	10,536
Rental fees		550	550
Miscellaneous	10,000	57	(9,943)
Total revenues	2,794,000	2,880,018	86,018
EXPENDITURES			
Culture and recreation			
Salaries and wages	19,946	20,087	(141)
Employee benefits	1,750	1,747	3
Services and supplies	2,363,497	1,556,946	806,551
Capital outlay	1,642,446	315,871	1,326,575
Total expenditures	4,027,639	1,894,651	2,132,988
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,233,639)	985,367	2,219,006
OTHER FINANCING USES			
Transfers out	(274,794)	(274,794)	
CHANGE IN FUND BALANCE	(1,508,433)	710,573	2,219,006
FUND BALANCE, BEGINNING OF YEAR	4,353,557	4,353,557	
FUND BALANCE, END OF YEAR	\$ 2,845,124	\$ 5,064,130	\$ 2,219,006



# CITY OF HENDERSON, NEVADA

## PARK DEVELOPMENT CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Impact fees	\$ 938,608	\$ 1,085,117	\$ 146,509
Investment income	<u>85,400</u>	<u>77,247</u>	<u>(8,153)</u>
Total revenues	<u>1,024,008</u>	<u>1,162,364</u>	<u>138,356</u>
EXPENDITURES			
Culture and recreation			
Salaries and wages	76,359	15,149	61,210
Employee benefits	5,819	6,228	(409)
Services and supplies	517,084	239,186	277,898
Capital outlay	<u>6,500,695</u>	<u>4,885,428</u>	<u>1,615,267</u>
Total culture and recreation	<u>7,099,957</u>	<u>5,145,991</u>	<u>1,953,966</u>
Total expenditures	<u>7,099,957</u>	<u>5,145,991</u>	<u>1,953,966</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,075,949)</u>	<u>(3,983,627)</u>	<u>2,092,322</u>
CHANGE IN FUND BALANCE	(6,075,949)	(3,983,627)	2,092,322
FUND BALANCE, BEGINNING OF YEAR	<u>8,132,743</u>	<u>8,132,743</u>	<u>          </u>
FUND BALANCE, END OF YEAR	<u>\$ 2,056,794</u>	<u>\$ 4,149,116</u>	<u>\$ 2,092,322</u>

**CITY OF HENDERSON, NEVADA**

**FLOOD CONTROL CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ <u>1,800</u>	\$ <u>5,511</u>	\$ <u>3,711</u>
CHANGE IN FUND BALANCE	1,800	5,511	3,711
FUND BALANCE, BEGINNING OF YEAR	<u>185,290</u>	<u>185,290</u>	
FUND BALANCE, END OF YEAR	<u>\$ 187,090</u>	<u>\$ 190,801</u>	<u>\$ 3,711</u>

# CITY OF HENDERSON, NEVADA

## RTC/COUNTY FUNDED CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ <u>          </u>	\$ <u>    50,819</u>	\$ <u>    50,819</u>
EXPENDITURES			
Public works			
Services and supplies	4,680	2,440	2,240
Capital outlay	<u>136,689</u>	<u>48,379</u>	<u>88,310</u>
Total public works	<u>141,369</u>	<u>50,819</u>	<u>90,550</u>
Total expenditures	<u>141,369</u>	<u>50,819</u>	<u>90,550</u>
CHANGE IN FUND BALANCE	(141,369)		141,369
FUND BALANCE, BEGINNING OF YEAR	<u>535,553</u>	<u>535,553</u>	
FUND BALANCE, END OF YEAR	<u>\$ 394,184</u>	<u>\$ 535,553</u>	<u>\$ 141,369</u>

# CITY OF HENDERSON, NEVADA

## SPECIAL AD VALOREM TRANSPORTATION CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 1,139,826	\$ 1,153,934	\$ 14,108
Investment income		<u>1,280</u>	<u>1,280</u>
Total revenues	<u>1,139,826</u>	<u>1,155,214</u>	<u>15,388</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,139,826</u>	<u>1,155,214</u>	<u>15,388</u>
OTHER FINANCING USES			
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	
CHANGE IN FUND BALANCE	139,826	155,214	15,388
FUND BALANCE, BEGINNING OF YEAR	<u>209,573</u>	<u>209,573</u>	
FUND BALANCE, END OF YEAR	<u>\$ 349,399</u>	<u>\$ 364,787</u>	<u>\$ 15,388</u>

# CITY OF HENDERSON, NEVADA

## CAPITAL REPLACEMENT CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 52,400	\$	\$ (52,400)
Charges for services		2,855	2,855
Investment income	109,000	125,803	16,803
Developer contributions	2,250,000	2,250,000	
Miscellaneous	317,400	301,784	(15,616)
<b>Total revenues</b>	<b>2,728,800</b>	<b>2,680,442</b>	<b>(48,358)</b>
<b>EXPENDITURES</b>			
General government			
Salaries and wages		18,098	(18,098)
Employee benefits		675	(675)
Services and supplies		143,438	(143,438)
Capital outlay		204,772	(204,772)
<b>Total general government</b>	<b></b>	<b>366,983</b>	<b>(366,983)</b>
Public safety			
Services and supplies	84,360	57,241	27,119
Capital outlay	49,804	71,426	(21,622)
<b>Total public safety</b>	<b>134,164</b>	<b>128,667</b>	<b>5,497</b>
Public works			
Salaries and wages	55,004	21,397	33,607
Employee benefits	12,000	6,881	5,119
Services and supplies	2,717,732	928,625	1,789,107
Capital outlay	5,582,587	618,224	4,964,363
<b>Total public works</b>	<b>8,367,323</b>	<b>1,575,127</b>	<b>6,792,196</b>
Culture and recreation			
Services and supplies	103,294	101,400	1,894
Capital outlay	2,060,069	18,946	2,041,123
<b>Total culture and recreation</b>	<b>2,163,363</b>	<b>120,346</b>	<b>2,043,017</b>
<b>Total expenditures</b>	<b>10,664,850</b>	<b>2,191,123</b>	<b>8,473,727</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(7,936,050)</b>	<b>489,319</b>	<b>8,425,369</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,004,117	4,564,616	1,560,499
Transfers out	(150,000)	(150,000)	
<b>Total other financing sources (uses)</b>	<b>2,854,117</b>	<b>4,414,616</b>	<b>1,560,499</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(5,081,933)</b>	<b>4,903,935</b>	<b>9,985,868</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>10,934,133</b>	<b>10,934,133</b>	<b></b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 5,852,200</b>	<b>\$ 15,838,068</b>	<b>\$ 9,985,868</b>

**CITY OF HENDERSON, NEVADA**

**LAKE LAS VEGAS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ <u>60,000</u>	\$ <u>64,601</u>	\$ <u>4,601</u>
CHANGE IN FUND BALANCE	60,000	64,601	4,601
FUND BALANCE, BEGINNING OF YEAR	<u>5,689,958</u>	<u>5,689,958</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,749,958</u>	<u>\$ 5,754,559</u>	<u>\$ 4,601</u>

## PROPRIETARY FUNDS

### Internal Service Funds

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other department or agencies of the government and to other governmental units, on a cost reimbursement basis.

**Engineering** - to account for the financing of engineering services provided by City engineers to other departments or to other governmental units such as Federal (Environmental Protection Agency and Housing and Urban Development) or State. Charges are made on a cost-reimbursement basis.

**City Shop** - to account for the costs of acquisition, maintenance (including fuel) and replacement of all City vehicles. Charges are billed to the user departments on a cost-reimbursement basis including depreciation.

**Revolving Fund** - to account for the resources and revenues of a fund that is restricted to the provision of loans to special assessment districts.

**Self Insurance** - to account for monies collected from various City departments and funds that are to be expended for payment of claims, to certain limits, for casualty and accident losses.

**Worker's Compensation Self Insurance** - to account for and accumulate funds collected from various City departments and funds to be expended for payments of employees' work related injury claims, to certain limits, including disability payments.

**Health Insurance Self Insurance** - to account for and accumulate funds collected from various City

departments and funds to be expended for payments of employees' health claims, to certain limits, and related insurance premiums including life and travel insurance for employees.

**Citywide Services** - to account for the costs of common services such as telephone, copy and print services, and certain information technology services provided by one department to other departments and funds on a cost reimbursement basis.

### Enterprise Funds

#### Non-major Enterprise Funds

**Cultural Arts & Tourism Enterprise Fund** - to account for costs of operating the Henderson Convention Center, the Henderson Events Plaza, and the Pavilion at Liberty Pointe. Resources for the operation of these activities are derived from a room tax imposed by the City, a percentage of the total Gaming License Revenue received by the City designated for the support of the convention center and the promotion of tourism, and user fees.

**Municipal Golf Course Enterprise Fund** - to account for the operations related to the City's municipal golf course known as the Wildhorse Golf Course.

**Development Services Fund** - to account for activities and transactions related to the building permit processing function. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, permit processing, issuance, monitoring, building inspection, plan checking, certain development reviews and related administrative expenses.

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# CITY OF HENDERSON, NEVADA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2015

	Engineering	City Shop	Revolving	Self Insurance	Worker's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
<b>ASSETS</b>								
Current assets								
Cash, cash equivalents and investments	\$ 4,030,868	\$ 13,463,894	\$ 2,762,850	\$ 6,006,551	\$ 20,394,824	\$ 6,403,649	\$ 9,570,125	\$ 62,632,761
Restricted cash and cash equivalents						463,547		463,547
Accounts receivable, net	14,418	11,346			19,478	29,317		74,559
Interest receivable	8,351	25,768	5,491	11,791	37,006	12,036	17,851	118,294
Inventories		62,157						62,157
Due from other governments	314,929							314,929
Total current assets	<u>4,368,566</u>	<u>13,563,165</u>	<u>2,768,341</u>	<u>6,018,342</u>	<u>20,451,308</u>	<u>6,908,549</u>	<u>9,587,976</u>	<u>63,666,247</u>
Noncurrent assets								
Capital assets, net of accumulated depreciation and amortization								
Construction in progress		240,847						240,847
Buildings and building improvements		744,560						744,560
Improvements other than buildings		555,663						555,663
Machinery and equipment	53,386	50,660,621						50,714,007
Accumulated depreciation and amortization	<u>(53,386)</u>	<u>(38,896,922)</u>						<u>(38,950,308)</u>
Total capital assets, net of accumulated depreciation and amortization		<u>13,304,769</u>						<u>13,304,769</u>
Other assets								
Advances to other funds			1,648,248					1,648,248
Total noncurrent assets		<u>13,304,769</u>	<u>1,648,248</u>					<u>14,953,017</u>
Total assets	<u>4,368,566</u>	<u>26,867,934</u>	<u>4,416,589</u>	<u>6,018,342</u>	<u>20,451,308</u>	<u>6,908,549</u>	<u>9,587,976</u>	<u>78,619,264</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred amounts related to pensions	1,011,153	328,482		129,427	198,845	24,541	164,213	1,856,661

(Continued)

**CITY OF HENDERSON, NEVADA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2015**

	Engineering	City Shop	Revolving	Self Insurance	Worker's		Health Insurance	Citywide Services	Total Internal Service Funds
					Self Insurance	Compensation			
<b>LIABILITIES</b>									
Current liabilities									
Accounts payable and other accrued liabilities	68,893	470,311		8,819	56,790		859,460	911,471	2,375,744
Accrued wages	97,300	30,625		11,804	22,403		2,217	19,881	184,230
Deposits								46,635	46,635
Compensated absences	151,133	36,170		20,110	14,300		7,100	11,395	240,208
Claims and judgments				1,290,764	9,633,368		2,062,000		12,986,132
Total current liabilities	<u>317,326</u>	<u>537,106</u>		<u>1,331,497</u>	<u>9,726,861</u>		<u>2,930,777</u>	<u>989,382</u>	<u>15,832,949</u>
Noncurrent liabilities									
Compensated absences	1,551,851	371,401		206,491	146,836		72,904	117,006	2,466,489
Other post employment benefits	653,853	184,503		60,036	57,215		12,452	46,517	1,014,576
Net pension liability	6,355,144	2,064,524		813,452	1,249,750		154,241	1,032,088	11,669,199
Total noncurrent liabilities	<u>8,560,848</u>	<u>2,620,428</u>		<u>1,079,979</u>	<u>1,453,801</u>		<u>239,597</u>	<u>1,195,611</u>	<u>15,150,264</u>
Total liabilities	<u>8,878,174</u>	<u>3,157,534</u>		<u>2,411,476</u>	<u>11,180,662</u>		<u>3,170,374</u>	<u>2,184,993</u>	<u>30,983,213</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred amounts related to pensions	<u>1,638,969</u>	<u>532,434</u>		<u>209,786</u>	<u>322,306</u>		<u>39,778</u>	<u>266,172</u>	<u>3,009,445</u>
<b>NET POSITION</b>									
Net investment in capital assets		13,304,769							13,304,769
Restricted									
Claims				3,526,507	9,147,185		3,722,938	7,301,024	16,396,630
Unrestricted	<u>(5,137,424)</u>	<u>10,201,679</u>	<u>4,416,589</u>						<u>16,781,868</u>
Total net position	<u>\$ (5,137,424)</u>	<u>\$ 23,506,448</u>	<u>\$ 4,416,589</u>	<u>\$ 3,526,507</u>	<u>\$ 9,147,185</u>	<u>\$ 3,722,938</u>	<u>\$ 7,301,024</u>	<u>\$ 7,301,024</u>	<u>\$ 46,483,267</u>

# CITY OF HENDERSON, NEVADA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Engineering	City Shop	Revolving	Self Insurance	Worker's		Citywide Services	Total Internal Service Funds
					Compensation Self Insurance	Health Insurance Self Insurance		
<b>OPERATING REVENUES</b>								
Charges for services	\$ 5,019,287	\$ 6,378,365	\$ 102,816	\$ 2,281,147	\$ 2,253,908	\$ 15,147,765	\$ 10,108,814	\$ 41,292,102
<b>OPERATING EXPENSES</b>								
Salaries and wages	4,345,077	1,234,847		553,404	809,355	108,994	733,074	7,784,751
Employee benefits	1,499,432	510,556		175,153	296,846	36,050	245,031	2,763,068
Services and supplies	1,829,619	3,666,209		1,212,440	1,168,353	2,763,927	10,405,836	21,046,384
Claims and judgments				65,059	85,637	13,612,284		13,762,980
Legal fees				6,718	14,117			20,835
Depreciation and amortization		2,848,963						2,848,963
Total operating expenses	7,674,128	8,260,575		2,012,774	2,374,308	16,521,255	11,383,941	48,226,981
Operating income (loss)	(2,654,841)	(1,882,210)	102,816	268,373	(120,400)	(1,373,490)	(1,275,127)	(6,934,879)
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Investment income	52,928	149,546	29,854	67,993	223,184	73,357	96,305	693,167
Gain (loss) on capital asset disposition		205,287						205,287
Interest expense					(11,578)			(11,578)
Miscellaneous	153,158	48,492		(37,660)		947		164,937
Total nonoperating revenues (expenses)	206,086	403,325	29,854	30,333	211,606	74,304	96,305	1,051,813
Income (loss) before capital contributions and transfers	(2,448,755)	(1,478,885)	132,670	298,706	91,206	(1,299,186)	(1,178,822)	(5,883,066)
<b>CAPITAL CONTRIBUTIONS</b>								
Capital contributions		786,692						786,692
<b>TRANSFERS</b>								
Transfers in	1,097,516						1,381,079	2,478,595
Transfers out			(23,000)				(342,978)	(365,978)
Total transfers	1,097,516		(23,000)				1,038,101	2,112,617

(Continued)

**CITY OF HENDERSON, NEVADA**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

	Engineering	City Shop	Revolving	Self Insurance	Worker's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
CHANGE IN NET POSITION	<u>(1,351,239)</u>	<u>(692,193)</u>	<u>109,670</u>	<u>298,706</u>	<u>91,206</u>	<u>(1,299,186)</u>	<u>(140,721)</u>	<u>(2,983,757)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	<u>3,308,739</u>	<u>26,503,490</u>	<u>4,306,919</u>	<u>4,135,944</u>	<u>10,451,208</u>	<u>5,194,319</u>	<u>8,593,974</u>	<u>62,494,593</u>
Adjustment	<u>(7,094,924)</u>	<u>(2,304,849)</u>		<u>(908,143)</u>	<u>(1,395,229)</u>	<u>(172,195)</u>	<u>(1,152,229)</u>	<u>(13,027,569)</u>
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>(3,786,185)</u>	<u>24,198,641</u>	<u>4,306,919</u>	<u>3,227,801</u>	<u>9,055,979</u>	<u>5,022,124</u>	<u>7,441,745</u>	<u>49,467,024</u>
NET POSITION, END OF YEAR	<u>\$ (5,137,424)</u>	<u>\$ 23,506,448</u>	<u>\$ 4,416,589</u>	<u>\$ 3,526,507</u>	<u>\$ 9,147,185</u>	<u>\$ 3,722,938</u>	<u>\$ 7,301,024</u>	<u>\$ 46,483,267</u>

# CITY OF HENDERSON, NEVADA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

	Engineering	City Shop	Revolving	Self Insurance	Worker's			Citywide Services	Total Internal Service Funds
					Compensation Self Insurance	Health Insurance Self Insurance	Health Insurance		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Cash received from customers	\$ 1,833,209	\$	\$	\$	\$ 1,116,322	\$ 947	\$ 13,161	\$ 2,962,692	
Cash received from other sources	153,158	42,052						196,157	
Cash payments for goods and services	(3,396,198)	(4,009,200)		(2,105,876)	(3,336,139)	(15,314,419)	(10,175,798)	(38,337,630)	
Cash payments for employee services	(4,089,445)	(1,253,857)		(487,708)	(820,815)	(94,914)	(638,285)	(7,385,024)	
Cash payments for interfund services	3,087,674	6,378,365	102,816	2,281,147	2,253,908	14,031,443	10,095,653	38,231,006	
Net cash provided by (used in) operating activities	<u>(2,411,602)</u>	<u>1,157,360</u>	<u>102,816</u>	<u>(312,437)</u>	<u>(1,903,046)</u>	<u>(260,621)</u>	<u>(705,269)</u>	<u>(4,332,799)</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Transfers in	1,097,516						1,381,079	2,478,595	
Transfers out			(23,000)				(342,978)	(365,978)	
Repayments of advances from other funds			97,217					97,217	
Net cash provided by noncapital financing activities	<u>1,097,516</u>		<u>74,217</u>				<u>1,038,101</u>	<u>2,209,834</u>	
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>									
Acquisition and construction of capital assets		(3,019,277)						(3,019,277)	
Proceeds received from disposal of capital assets		900,419						900,419	
Interest payments on debt								(11,578)	
Net cash used in capital financing activities		<u>(2,118,858)</u>						<u>(2,130,436)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Investment income received	55,857	153,555	29,880	69,533	229,501	76,524	93,202	708,032	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(1,258,229)</u>	<u>(807,963)</u>	<u>206,913</u>	<u>(242,904)</u>	<u>(1,685,123)</u>	<u>(184,097)</u>	<u>426,034</u>	<u>(3,545,369)</u>	
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,289,097</u>	<u>14,271,857</u>	<u>2,555,937</u>	<u>6,249,455</u>	<u>22,079,947</u>	<u>7,051,293</u>	<u>9,144,091</u>	<u>66,641,677</u>	
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 4,030,868</u>	<u>\$ 13,463,894</u>	<u>\$ 2,762,850</u>	<u>\$ 6,006,551</u>	<u>\$ 20,394,824</u>	<u>\$ 6,867,196</u>	<u>\$ 9,570,125</u>	<u>\$ 63,096,308</u>	

(Continued)

# CITY OF HENDERSON, NEVADA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Engineering	City Shop	Revolving	Self Insurance	Worker's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ (2,654,841)	\$ (1,882,210)	\$ 102,816	\$ 268,373	\$ (120,400)	\$ (1,373,490)	\$ (1,275,127)	\$ (6,934,879)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation		2,848,963						2,848,963
Other	153,158	48,492		(37,660)		947		164,937
(Increase) decrease in operating assets								
Accounts receivable	2,538	(6,440)		38,160	238,070	100,438		372,766
Due from other governments	(100,942)				69,078			(31,864)
Inventories		55,885						55,885
Increase (decrease) in operating liabilities								
Accounts payable and other accrued liabilities	40,075	151,918		(7,264)	(2,091)	507,480	515,015	1,205,133
Compensated absences	242,439	(23,762)		64,155	(15,515)	13,834	80,374	361,525
Claims and judgments				(627,319)	(2,056,871)	492,000		(2,192,190)
Other post employment benefits	17,936	887		3,449	6,701	887	5,814	35,674
Net pension liability	(111,965)	(36,373)		(14,331)	(22,018)	(2,717)	(18,183)	(205,587)
Deposits							(13,162)	(13,162)
Total adjustments	<u>243,239</u>	<u>3,039,570</u>		<u>(580,810)</u>	<u>(1,782,646)</u>	<u>1,112,869</u>	<u>569,858</u>	<u>2,602,080</u>
Net cash provided by (used in) operating activities	<u>\$ (2,411,602)</u>	<u>\$ 1,157,360</u>	<u>\$ 102,816</u>	<u>\$ (312,437)</u>	<u>\$ (1,903,046)</u>	<u>\$ (260,621)</u>	<u>\$ (705,269)</u>	<u>\$ (4,332,799)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Contribution of capital assets	<u>\$</u>	<u>\$ 786,692</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 786,692</u>

# CITY OF HENDERSON, NEVADA

## ENGINEERING INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 5,255,659	\$ 5,019,287	\$ (236,372)
OPERATING EXPENSES			
Salaries and wages	4,216,387	4,345,077	(128,690)
Employee benefits	1,680,470	1,499,432	181,038
Services and supplies	1,931,511	1,829,619	101,892
Total operating expenses	7,828,368	7,674,128	154,240
Operating loss	(2,572,709)	(2,654,841)	(82,132)
NONOPERATING REVENUES (EXPENSES)			
Investment income	50,000	52,928	2,928
Miscellaneous	20,400	153,158	132,758
Total nonoperating revenues (expenses)	70,400	206,086	135,686
Loss before transfers	(2,502,309)	(2,448,755)	53,554
TRANSFERS			
Transfers in	1,097,516	1,097,516	
CHANGE IN NET POSITION	\$ (1,404,793)	(1,351,239)	\$ 53,554
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		3,308,739	
Adjustment		(7,094,924)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		(3,786,185)	
NET POSITION, END OF YEAR		\$ (5,137,424)	

# CITY OF HENDERSON, NEVADA

## CITY SHOP INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 5,828,365	\$ 6,378,365	\$ 550,000
OPERATING EXPENSES			
Salaries and wages	1,439,574	1,234,847	204,727
Employee benefits	586,180	510,556	75,624
Services and supplies	4,517,491	3,666,209	851,282
Depreciation and amortization	3,400,000	2,848,963	551,037
Total operating expenses	9,943,245	8,260,575	1,682,670
Operating loss	(4,114,880)	(1,882,210)	2,232,670
NONOPERATING REVENUES			
Investment income	135,000	149,546	14,546
Gain (loss) on capital asset disposition		205,287	205,287
Miscellaneous		48,492	48,492
Total nonoperating revenues	135,000	403,325	268,325
Loss before capital contributions	(3,979,880)	(1,478,885)	2,500,995
CAPITAL CONTRIBUTIONS			
Capital contributions		786,692	786,692
CHANGE IN NET POSITION	\$ (3,979,880)	(692,193)	\$ 3,287,687
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		26,503,490	
Adjustment		(2,304,849)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		24,198,641	
NET POSITION, END OF YEAR		\$ 23,506,448	



# CITY OF HENDERSON, NEVADA

## REVOLVING INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>52,000</u>	\$ <u>102,816</u>	\$ <u>50,816</u>
Operating income	<u>52,000</u>	<u>102,816</u>	<u>50,816</u>
NONOPERATING REVENUES			
Investment income	<u>23,000</u>	<u>29,854</u>	<u>6,854</u>
Income before transfers	<u>75,000</u>	<u>132,670</u>	<u>57,670</u>
TRANSFERS			
Transfers out	<u>(23,000)</u>	<u>(23,000)</u>	
CHANGE IN NET POSITION	\$ <u><u>52,000</u></u>	109,670	\$ <u><u>57,670</u></u>
NET POSITION, BEGINNING OF YEAR		<u>4,306,919</u>	
NET POSITION, END OF YEAR		\$ <u><u>4,416,589</u></u>	

# CITY OF HENDERSON, NEVADA

## SELF INSURANCE INTERNAL SERVICE FUND

### SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,281,147	\$ 2,281,147	\$ _____
<b>OPERATING EXPENSES</b>			
Salaries and wages	488,273	553,404	(65,131)
Employee benefits	186,164	175,153	11,011
Services and supplies	1,230,577	1,212,440	18,137
Claims and judgments	1,559,800	65,059	1,494,741
Legal fees	50,000	6,718	43,282
Total operating expenses	3,514,814	2,012,774	1,502,040
Operating loss	(1,233,667)	268,373	1,502,040
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	60,000	67,993	7,993
Miscellaneous	_____	(37,660)	(37,660)
Total nonoperating revenues (expenses)	60,000	30,333	(29,667)
CHANGE IN NET POSITION	\$ (1,173,667)	298,706	\$ 1,472,373
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		4,135,944	
Adjustment		(908,143)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		3,227,801	
NET POSITION, END OF YEAR		\$ 3,526,507	

## CITY OF HENDERSON, NEVADA

### WORKER'S COMPENSATION SELF INSURANCE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 2,317,000	\$ 2,253,908	\$ (63,092)
OPERATING EXPENSES			
Salaries and wages	852,606	809,355	43,251
Employee benefits	346,939	296,846	50,093
Services and supplies	1,520,199	1,168,353	351,846
Claims and judgments	4,395,924	85,637	4,310,287
Legal fees	15,000	14,117	883
Total operating expenses	7,130,668	2,374,308	4,756,360
Operating loss	(4,813,668)	(120,400)	4,693,268
NONOPERATING REVENUES (EXPENSES)			
Investment income	200,000	223,184	23,184
Interest expense		(11,578)	(11,578)
Total nonoperating revenues (expenses)	200,000	211,606	11,606
CHANGE IN NET POSITION	\$ (4,613,668)	91,206	\$ 4,704,874
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		10,451,208	
Adjustment		(1,395,229)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		9,055,979	
NET POSITION, END OF YEAR		\$ 9,147,185	

## CITY OF HENDERSON, NEVADA

### HEALTH INSURANCE SELF INSURANCE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 15,118,713	\$ 15,147,765	\$ 29,052
OPERATING EXPENSES			
Salaries and wages	95,629	108,994	(13,365)
Employee benefits	37,932	36,050	1,882
Services and supplies	2,567,488	2,763,927	(196,439)
Claims and judgments	14,896,948	13,612,284	1,284,664
Total operating expenses	17,597,997	16,521,255	1,076,742
Operating income (loss)	(2,479,284)	(1,373,490)	1,105,794
NONOPERATING REVENUES			
Investment income	65,000	73,357	8,357
Miscellaneous		947	947
Total nonoperating revenues	65,000	74,304	9,304
CHANGE IN NET POSITION	\$ (2,414,284)	(1,299,186)	\$ 1,115,098
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		5,194,319	
Adjustment		(172,195)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		5,022,124	
NET POSITION, END OF YEAR		\$ 3,722,938	

# CITY OF HENDERSON, NEVADA

## CITYWIDE SERVICES INTERNAL SERVICE FUND

### SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 10,086,900	\$ 10,108,814	\$ 21,914
OPERATING EXPENSES			
Salaries and wages	476,336	733,074	(256,738)
Employee benefits	208,111	245,031	(36,920)
Services and supplies	9,120,473	10,405,836	(1,285,363)
Total operating expenses	9,804,920	11,383,941	(1,579,021)
Operating income (loss)	281,980	(1,275,127)	(1,557,107)
NONOPERATING REVENUES			
Investment income	72,000	96,305	24,305
Income (loss) before transfers	353,980	(1,178,822)	(1,532,802)
TRANSFERS			
Transfers in	450,000	1,381,079	931,079
Transfers out	(361,979)	(342,978)	19,001
Total transfers	88,021	1,038,101	950,080
CHANGE IN NET POSITION	\$ 442,001	(140,721)	\$ (582,722)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		8,593,974	
Adjustment		(1,152,229)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		7,441,745	
NET POSITION, END OF YEAR		\$ 7,301,024	

# CITY OF HENDERSON, NEVADA

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2015

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
<b>ASSETS</b>				
Current assets				
Cash, cash equivalents and investments	\$ 3,947,396	\$ 252,588	\$ 11,612,617	\$ 15,812,601
Accounts receivable, net	500	153,323		153,823
Interest receivable	7,252	585	21,925	29,762
Due from other governments	238,731			238,731
Total current assets	<u>4,193,879</u>	<u>406,496</u>	<u>11,634,542</u>	<u>16,234,917</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation and amortization				
Construction in progress		45,374		45,374
Land		13,802,929		13,802,929
Buildings and building improvements	3,835,536	5,660,600		9,496,136
Improvements other than buildings	1,398,259	23,482,369	1,206,116	26,086,744
Machinery and equipment	230,587	2,261,672	2,901,974	5,394,233
Accumulated depreciation and amortization	<u>(3,186,237)</u>	<u>(18,175,114)</u>	<u>(3,526,262)</u>	<u>(24,887,613)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>2,278,145</u>	<u>27,077,830</u>	<u>581,828</u>	<u>29,937,803</u>
Total noncurrent assets	<u>2,278,145</u>	<u>27,077,830</u>	<u>581,828</u>	<u>29,937,803</u>
Total assets	<u>6,472,024</u>	<u>27,484,326</u>	<u>12,216,370</u>	<u>46,172,720</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	<u>388,036</u>		<u>1,279,802</u>	<u>1,667,838</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and other accrued liabilities	135,127	9,724	156,959	301,810
Accrued wages	53,445		142,498	195,943
Unearned revenue			6,968,340	6,968,340
Deposits	8,500		79,055	87,555
Compensated absences	49,232		140,390	189,622
Total current liabilities	<u>246,304</u>	<u>9,724</u>	<u>7,487,242</u>	<u>7,743,270</u>
Noncurrent liabilities				
Compensated absences	451,041		1,286,184	1,737,225
Other post employment benefits	272,184		1,026,030	1,298,214
Net pension liability	<u>2,438,824</u>		<u>8,043,611</u>	<u>10,482,435</u>
Total noncurrent liabilities	<u>3,162,049</u>		<u>10,355,825</u>	<u>13,517,874</u>
Total liabilities	<u>3,408,353</u>	<u>9,724</u>	<u>17,843,067</u>	<u>21,261,144</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	<u>628,964</u>		<u>2,074,419</u>	<u>2,703,383</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,278,145	27,077,830	581,828	29,937,803
Unrestricted	<u>544,598</u>	<u>396,772</u>	<u>(7,003,142)</u>	<u>(6,061,772)</u>
Total net position	<u>\$ 2,822,743</u>	<u>\$ 27,474,602</u>	<u>\$ (6,421,314)</u>	<u>\$ 23,876,031</u>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 223,682	\$ 2,353,439	\$ 9,623,267	\$ 12,200,388
Licenses and permits	642,426		4,327,514	4,969,940
Rental fees	368,046			368,046
Miscellaneous	49,341		3,087	52,428
Total operating revenues	<u>1,283,495</u>	<u>2,353,439</u>	<u>13,953,868</u>	<u>17,590,802</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	1,956,670		5,365,615	7,322,285
Employee benefits	613,830		1,932,252	2,546,082
Services and supplies	1,225,007	2,388,615	5,761,972	9,375,594
Depreciation and amortization	127,054	299,453	14,132	440,639
Total operating expenses	<u>3,922,561</u>	<u>2,688,068</u>	<u>13,073,971</u>	<u>19,684,600</u>
Operating income (loss)	<u>(2,639,066)</u>	<u>(334,629)</u>	<u>879,897</u>	<u>(2,093,798)</u>
<b>NONOPERATING REVENUES</b>				
Investment income	36,554	2,540	114,748	153,842
Room tax revenue	2,017,902			2,017,902
Other intergovernmental revenue	1,395,445			1,395,445
Total nonoperating revenues	<u>3,449,901</u>	<u>2,540</u>	<u>114,748</u>	<u>3,567,189</u>
Income (loss) before transfers	<u>810,835</u>	<u>(332,089)</u>	<u>994,645</u>	<u>1,473,391</u>
<b>TRANSFERS</b>				
Transfers in		289,318		289,318
Transfers out	(527)		(582,371)	(582,898)
CHANGE IN NET POSITION	<u>810,308</u>	<u>(42,771)</u>	<u>412,274</u>	<u>1,179,811</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	4,735,154	27,517,373	2,146,352	34,398,879
Adjustment	(2,722,719)		(8,979,940)	(11,702,659)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>2,012,435</u>	<u>27,517,373</u>	<u>(6,833,588)</u>	<u>22,696,220</u>
NET POSITION, END OF YEAR	<u>\$ 2,822,743</u>	<u>\$ 27,474,602</u>	<u>\$ (6,421,314)</u>	<u>\$ 23,876,031</u>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,418,473	\$ 2,396,890	\$ 15,551,725	\$ 19,367,088
Cash received from other sources	3,413,347			3,413,347
Cash payments for goods and services	(1,793,805)	(2,378,892)	(7,763,013)	(11,935,710)
Cash payments for employee services	(2,045,872)		(5,142,565)	(7,188,437)
Net cash provided by operating activities	<u>992,143</u>	<u>17,998</u>	<u>2,646,147</u>	<u>3,656,288</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in		289,318		289,318
Transfers out	(527)		(582,371)	(582,898)
Net cash provided by (used in) noncapital financing activities	<u>(527)</u>	<u>289,318</u>	<u>(582,371)</u>	<u>(293,580)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets		(92,271)		(92,271)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	35,143	2,096	115,092	152,331
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,026,759</b>	<b>217,141</b>	<b>2,178,868</b>	<b>3,422,768</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>2,920,637</u></b>	<b><u>35,447</u></b>	<b><u>9,433,749</u></b>	<b><u>12,389,833</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>				
Cash and cash equivalents, unrestricted	<u>3,947,396</u>	<u>252,588</u>	<u>11,612,617</u>	<u>15,812,601</u>
	<u>\$ 3,947,396</u>	<u>\$ 252,588</u>	<u>\$ 11,612,617</u>	<u>\$ 15,812,601</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (2,639,066)	\$ (334,629)	\$ 879,897	\$ (2,093,798)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	127,054	299,453	14,132	440,639
Other	3,413,347			3,413,347
Increase in operating assets				
Accounts receivable	3,300	43,451		46,751
Due from other governments	131,679			131,679
Increase (decrease) in operating liabilities				
Accounts payable and other accrued liabilities	88,405	9,723	126,395	224,523
Compensated absences	(102,597)		181,662	79,065
Other post employment benefits	8,968		9,658	18,626
Net pension liability	(42,967)		(141,712)	(184,679)
Deposits	4,020		(21,742)	(17,722)
Unearned revenue			1,597,857	1,597,857
Total adjustments	<u>3,631,209</u>	<u>352,627</u>	<u>1,766,250</u>	<u>5,750,086</u>
Net cash provided by operating activities	<u>\$ 992,143</u>	<u>\$ 17,998</u>	<u>\$ 2,646,147</u>	<u>\$ 3,656,288</u>



# CITY OF HENDERSON, NEVADA

## WATER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Utilities fees	\$ 64,650,000	\$ 66,089,207	\$ 1,439,207
Connection fees	800,000	1,140,329	340,329
Late charges	1,250,000	1,359,443	109,443
Miscellaneous	100,000	85,636	(14,364)
Total operating revenues	<u>66,800,000</u>	<u>68,674,615</u>	<u>1,874,615</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	11,375,963	11,368,001	7,962
Employee benefits	4,784,025	4,424,726	359,299
Water purchases	23,726,070	24,273,512	(547,442)
Services and supplies	19,804,187	16,833,409	2,970,778
Depreciation and amortization	27,418,977	16,912,897	10,506,080
Total operating expenses	<u>87,109,222</u>	<u>73,812,545</u>	<u>13,296,677</u>
Operating loss	<u>(20,309,222)</u>	<u>(5,137,930)</u>	<u>15,171,292</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	1,300,000	1,128,016	(171,984)
Interest expense	(1,103,295)	(421,399)	681,896
Bond issuance costs	(128,650)	(78,397)	50,253
Other intergovernmental revenue		2,280	2,280
Total nonoperating revenues (expenses)	<u>68,055</u>	<u>630,500</u>	<u>562,445</u>
Loss before capital contributions and transfers	<u>(20,241,167)</u>	<u>(4,507,430)</u>	<u>15,733,737</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Capital contributions	<u>3,500,000</u>	<u>7,066,312</u>	<u>3,566,312</u>
<b>TRANSFERS</b>			
Transfers out	<u>(1,300,000)</u>	<u>(1,078,167)</u>	<u>221,833</u>
CHANGE IN NET POSITION	<u>\$ (18,041,167)</u>	<u>1,480,715</u>	<u>\$ 19,521,882</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		469,372,505	
Adjustment		<u>(17,645,399)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		<u>451,727,106</u>	
NET POSITION, END OF YEAR		<u>\$ 453,207,821</u>	

# CITY OF HENDERSON, NEVADA

## SEWER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Utilities fees	\$ 41,750,000	\$ 42,260,294	\$ 510,294
Connection fees	75,000	77,583	2,583
Late charges	600,000	657,602	57,602
Intergovernmental	287,132	333,561	46,429
Miscellaneous	125,000	32,265	(92,735)
Total operating revenues	<u>42,837,132</u>	<u>43,361,305</u>	<u>524,173</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	9,821,241	9,774,012	47,229
Employee benefits	4,084,624	3,856,758	227,866
Services and supplies	16,864,793	15,170,970	1,693,823
Depreciation and amortization	25,448,624	13,148,168	12,300,456
Total operating expenses	<u>56,219,282</u>	<u>41,949,908</u>	<u>14,269,374</u>
Operating income (loss)	<u>(13,382,150)</u>	<u>1,411,397</u>	<u>14,793,547</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	770,000	691,932	(78,068)
Interest expense	(5,097,189)	(4,431,003)	666,186
Bond issuance costs	(192,466)	(117,595)	74,871
Sales tax revenue	4,600,000	4,702,171	102,171
Miscellaneous		4,355	4,355
Total nonoperating revenues (expenses)	<u>80,345</u>	<u>849,860</u>	<u>769,515</u>
Income (loss) before capital contributions and transfers	<u>(13,301,805)</u>	<u>2,261,257</u>	<u>15,563,062</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Capital contributions	<u>5,000,000</u>	<u>8,732,671</u>	<u>3,732,671</u>
<b>TRANSFERS</b>			
Transfers out	<u>(770,000)</u>	<u>(668,972)</u>	<u>101,028</u>
CHANGE IN NET POSITION	<u>\$ (9,071,805)</u>	<u>10,324,956</u>	<u>\$ 19,396,761</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		490,592,797	
Adjustment		<u>(14,516,553)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		<u>476,076,244</u>	
NET POSITION, END OF YEAR		<u>\$ 486,401,200</u>	

# CITY OF HENDERSON, NEVADA

## CULTURAL ARTS AND TOURISM ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Charges for services	\$ 284,500	\$ 223,682	\$ (60,818)
Licenses and permits	630,000	642,426	12,426
Rental fees	346,000	368,046	22,046
Miscellaneous	88,000	49,341	(38,659)
Total operating revenues	1,348,500	1,283,495	(65,005)
<b>OPERATING EXPENSES</b>			
Salaries and wages	2,104,606	1,956,670	147,936
Employee benefits	762,013	613,830	148,183
Services and supplies	1,594,028	1,225,007	369,021
Depreciation and amortization	200,000	127,054	72,946
Total operating expenses	4,660,647	3,922,561	738,086
Operating loss	(3,312,147)	(2,639,066)	673,081
<b>NONOPERATING REVENUES</b>			
Investment income	20,000	36,554	16,554
Room tax revenue	1,675,000	2,017,902	342,902
Other intergovernmental revenue	1,633,000	1,395,445	(237,555)
Total nonoperating revenues	3,328,000	3,449,901	121,901
Income before transfers	15,853	810,835	794,982
<b>TRANSFERS</b>			
Transfers out	(527)	(527)	
CHANGE IN NET POSITION	\$ 15,326	810,308	\$ 794,982
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		4,735,154	
Adjustment		(2,722,719)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		2,012,435	
NET POSITION, END OF YEAR		\$ 2,822,743	

# CITY OF HENDERSON, NEVADA

## MUNICIPAL GOLF COURSE ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>2,526,399</u>	\$ <u>2,353,439</u>	\$ <u>(172,960)</u>
OPERATING EXPENSES			
Services and supplies	2,523,402	2,388,615	134,787
Depreciation and amortization	<u>825,000</u>	<u>299,453</u>	<u>525,547</u>
Total operating expenses	<u>3,348,402</u>	<u>2,688,068</u>	<u>660,334</u>
Operating loss	<u>(822,003)</u>	<u>(334,629)</u>	<u>487,374</u>
NONOPERATING REVENUES			
Investment income	<u>1,000</u>	<u>2,540</u>	<u>1,540</u>
TRANSFERS			
Transfers in	<u>289,318</u>	<u>289,318</u>	
CHANGE IN NET POSITION	\$ <u><u>(531,685)</u></u>	(42,771)	\$ <u><u>488,914</u></u>
NET POSITION, BEGINNING OF YEAR		<u>27,517,373</u>	
NET POSITION, END OF YEAR		\$ <u><u>27,474,602</u></u>	

# CITY OF HENDERSON, NEVADA

## DEVELOPMENT SERVICES ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Charges for services	\$ 9,765,602	\$ 9,623,267	\$ (142,335)
Licenses and permits	4,275,716	4,327,514	51,798
Miscellaneous	7,912	3,087	(4,825)
Total operating revenues	14,049,230	13,953,868	(95,362)
<b>OPERATING EXPENSES</b>			
Salaries and wages	5,384,246	5,365,615	18,631
Employee benefits	2,152,392	1,932,252	220,140
Services and supplies	5,933,915	5,761,972	171,943
Depreciation and amortization	52,000	14,132	37,868
Total operating expenses	13,522,553	13,073,971	448,582
Operating income	526,677	879,897	353,220
<b>NONOPERATING REVENUES</b>			
Investment income	120,000	114,748	(5,252)
Income before transfers	646,677	994,645	347,968
<b>TRANSFERS</b>			
Transfers out	(452,371)	(582,371)	(130,000)
CHANGE IN NET POSITION	\$ 194,306	412,274	\$ 217,968
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		2,146,352	
Adjustment		(8,979,940)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		(6,833,588)	
NET POSITION, END OF YEAR		\$ (6,421,314)	

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## FIDUCIARY FUNDS

**Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.**

**Section 125 Agency Fund** - to account for City employee contributions to an employee benefits plan enacted under Section 125 of the Internal Revenue Code. The plan is administered by an independent plan administrator.

**Traffic Signal Agency Fund** - to account for contributions by developers for the construction of traffic signals at intersections throughout the City of Henderson. These contributions are held by the City in an agency capacity to be used toward the construction of designated traffic signals or to be refunded to developers.

**Forfeited Assets Fund** - to account for monies impounded under applicable racketeering and/or controlled substance laws pending court adjudication.

**Paving Frontage Agency Fund** - to account for assessments accumulated for use as the land-owner portion of street frontage paving costs in defined areas.

**Special Assessment Districts Agency Fund** - to account for the repayment of special assessment district debt for which no assets or revenues of the City have been pledged.

# CITY OF HENDERSON, NEVADA

## AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2015

	<u>Section 125 Plan</u>	<u>Traffic Signal</u>	<u>Forfeited Assets</u>	<u>Paving Frontage</u>	<u>Special Assessment Districts</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 173,053	\$ 15,366,302	\$ 309,932	\$ 78,047	\$ 36,988,932	\$ 52,916,266
Special assessments receivable					431,978	431,978
Total assets	<u>\$ 173,053</u>	<u>\$ 15,366,302</u>	<u>\$ 309,932</u>	<u>\$ 78,047</u>	<u>\$ 37,420,910</u>	<u>\$ 53,348,244</u>
<b>LIABILITIES</b>						
Due to developers		\$ 15,366,302		\$ 78,047		\$ 15,444,349
Due to employees	173,053					173,053
Due to others			309,932		37,420,799	37,730,731
Due to other governments					111	111
Total liabilities	<u>\$ 173,053</u>	<u>\$ 15,366,302</u>	<u>\$ 309,932</u>	<u>\$ 78,047</u>	<u>\$ 37,420,910</u>	<u>\$ 53,348,244</u>



# CITY OF HENDERSON, NEVADA

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>SECTION 125 PLAN</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ <u>157,737</u>	\$ <u>758,053</u>	\$ <u>742,737</u>	\$ <u>173,053</u>
<b>LIABILITIES</b>				
Due to employees	\$ <u>157,737</u>	\$ <u>758,053</u>	\$ <u>742,737</u>	\$ <u>173,053</u>
<b>TRAFFIC SIGNAL</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ <u>14,211,937</u>	\$ <u>1,154,365</u>	\$ _____	\$ <u>15,366,302</u>
<b>LIABILITIES</b>				
Due to developers	\$ <u>14,211,937</u>	\$ <u>1,154,365</u>	\$ _____	\$ <u>15,366,302</u>
<b>FORFEITED ASSETS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ <u>277,674</u>	\$ <u>581,411</u>	\$ <u>549,153</u>	\$ <u>309,932</u>
<b>LIABILITIES</b>				
Due to others	\$ <u>277,674</u>	\$ <u>581,411</u>	\$ <u>549,153</u>	\$ <u>309,932</u>
<b>PAVING FRONTAGE</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ <u>72,252</u>	\$ <u>5,795</u>	\$ _____	\$ <u>78,047</u>
<b>LIABILITIES</b>				
Due to developers	\$ <u>72,252</u>	\$ <u>5,795</u>	\$ _____	\$ <u>78,047</u>
<b>SPECIAL ASSESSMENT DISTRICTS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 41,608,161	\$ 48,305,962	\$ 52,925,191	\$ 36,988,932
Special assessments receivable	<u>468,451</u>	<u>74,699</u>	<u>111,172</u>	<u>431,978</u>
Total assets	\$ <u>42,076,612</u>	\$ <u>48,380,661</u>	\$ <u>53,036,363</u>	\$ <u>37,420,910</u>
<b>LIABILITIES</b>				
Due to others	\$ 42,076,612	\$ 48,380,550	\$ 53,036,363	\$ 37,420,799
Due to other governments	_____	<u>111</u>	_____	<u>111</u>
Total liabilities	\$ <u>42,076,612</u>	\$ <u>48,380,661</u>	\$ <u>53,036,363</u>	\$ <u>37,420,910</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 56,327,761	\$ 50,805,586	\$ 54,217,081	\$ 52,916,266
Special assessments receivable	<u>468,451</u>	<u>74,699</u>	<u>111,172</u>	<u>431,978</u>
Total assets	\$ <u>56,796,212</u>	\$ <u>50,880,285</u>	\$ <u>54,328,253</u>	\$ <u>53,348,244</u>
<b>LIABILITIES</b>				
Due to developers	\$ 14,284,189	\$ 1,160,160	\$ _____	\$ 15,444,349
Due to employees	<u>157,737</u>	<u>758,053</u>	<u>742,737</u>	<u>173,053</u>
Due to others	42,354,286	48,961,961	53,585,516	37,730,731
Due to other governments	_____	<u>111</u>	_____	<u>111</u>
Total liabilities	\$ <u>56,796,212</u>	\$ <u>50,880,285</u>	\$ <u>54,328,253</u>	\$ <u>53,348,244</u>

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# STATISTICAL SECTION

This part of the City of Henderson’s comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Table
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time	1-4
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	5-8
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	9-13
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	14-15
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	16-18

## 2015 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2015



# CITY OF HENDERSON, NEVADA

## TABLE 1 – NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 789,780,000	\$ 887,712,904	\$ 1,005,171,173	\$ 1,125,613,020	\$ 1,284,908,783	\$ 1,334,875,084	\$ 1,391,457,251	\$ 1,377,259,345	\$ 1,327,111,404	\$ 1,365,423,723
Restricted	314,016,644	348,850,390	358,318,888	351,250,098	314,860,901	273,915,622	235,191,764	210,529,977	179,220,120	173,216,725
Unrestricted	76,199,754	93,080,483	90,199,891	82,400,184	77,704,211	77,453,363	69,583,399	62,500,084	81,948,297	(215,965,382) <sup>1</sup>
Total governmental activities	1,179,996,398	1,329,643,777	1,453,689,952	1,559,263,302	1,677,473,895	1,686,244,069	1,696,232,414	1,650,289,406	1,588,279,821	1,322,675,066
<b>Business-type activities</b>										
Net investment in capital assets	580,518,856	627,392,350	714,572,047	787,891,869	862,809,319	880,946,820	873,340,088	846,172,666	831,640,345	835,080,514
Restricted	205,732,209	212,998,953	214,753,110	144,168,298	93,754,763	52,357,776	48,462,130	13,987,769	11,182,393	6,941,323
Unrestricted	111,683,345	129,311,385	111,123,474	118,362,826	98,897,518	95,130,847	88,282,105	111,824,498	115,597,495	81,118,023 <sup>1</sup>
Total business-type activities	897,934,410	969,702,688	1,040,448,631	1,050,422,993	1,055,461,600	1,028,435,443	1,010,084,323	971,984,933	958,420,233	923,139,860
<b>Primary government</b>										
Net investment in capital assets	1,370,298,856	1,515,105,254	1,719,743,220	1,913,504,889	2,147,718,102	2,215,821,904	2,264,797,339	2,223,432,011	2,158,751,749	2,200,504,237
Restricted	519,748,853	561,849,343	573,071,998	495,418,396	408,615,664	326,273,398	283,653,894	224,517,746	190,402,513	180,158,048
Unrestricted	187,883,099	222,391,868	201,323,365	200,763,010	176,601,729	172,584,210	157,865,504	174,324,582	197,545,792	(134,847,359) <sup>1</sup>
Total primary government	\$ 2,077,930,808	\$ 2,299,346,465	\$ 2,494,138,583	\$ 2,609,686,295	\$ 2,732,935,495	\$ 2,714,679,512	\$ 2,706,316,737	\$ 2,622,274,339	\$ 2,546,700,054	\$ 2,245,814,926

1. Due to Governmental Accounting Standards Board (GASB) 68, Accounting and Financial Reporting for Pensions, This GASB pronouncement requires the City to record its proportionate share of the collective net pension liability of the Public Employees Retirement System. This resulted in a negative unrestricted net position in governmental activities and the total unrestricted net position and significantly reduced the unrestricted net position for business-type activities.

# CITY OF HENDERSON, NEVADA

## TABLE 2 - CHANGES IN NET POSITION LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
<b>Expenses</b>										
Governmental activities	\$ 54,340,091	\$ 50,374,073	\$ 61,804,917	\$ 58,435,823	\$ 56,692,760	\$ 52,900,058	\$ 54,671,522	\$ 60,686,477	\$ 47,826,017	\$ 51,514,550
General government	8,213,691	9,109,288	10,493,174	11,822,052	11,535,842	12,979,313	12,710,426	14,002,003	13,089,666	12,639,795
Judicial	96,526,544	104,481,376	120,255,700	130,688,497	128,874,376	129,840,967	136,086,182	138,260,143	138,652,346	136,718,517
Public safety	52,313,279	58,704,749	62,305,206	67,681,146	73,247,603	74,665,903	77,151,783	75,900,091	104,652,659	29,181,216
Culture and recreation	34,842,692	39,819,367	45,459,685	42,439,125	42,085,811	44,729,292	47,012,306	46,200,390	44,259,523	45,399,004
Community support	4,629,662	4,865,916	5,457,316	6,678,845	7,176,141	8,601,886	6,542,584	4,952,021	7,686,894	4,601,580
Interest on long-term debt	8,256,103	9,681,974	8,921,624	8,558,064	8,607,438	8,358,181	6,313,732	6,056,717	6,206,019	6,564,502
Total governmental activities	259,122,062	277,036,743	314,697,622	326,303,552	328,219,971	332,075,600	340,488,535	346,057,842	362,373,124	286,619,164
Business-type activities	67,434,942	73,406,312	76,910,784	79,665,871	79,669,396	84,611,740	85,564,061	83,514,646	83,097,653	74,573,926
Water	35,457,292	42,732,326	46,917,885	47,967,454	49,498,225	52,306,007	53,996,011	53,979,377	58,692,077	46,919,969
Sewer	30,440,130	35,091,350	38,593,393	29,848,811	19,490,239	18,392,183	16,763,572	17,257,441	19,458,866	22,717,796
Other	133,332,364	151,229,988	162,222,062	157,482,136	148,657,860	155,309,930	156,323,644	154,751,464	161,248,596	144,211,691
Total business-type activities	392,454,426	428,266,731	476,919,684	483,785,688	476,877,831	487,388,530	496,812,179	500,809,306	523,621,720	430,830,855
Total primary government expenses	\$ 1,951,567	\$ 12,244,183	\$ 12,950,767	\$ 12,745,977	\$ 12,364,344	\$ 12,755,255	\$ 13,313,837	\$ 12,352,918	\$ 11,044,740	\$ 13,292,167
Program revenues	9,251,604	10,277,019	11,232,187	13,280,891	15,501,879	16,781,182	23,261,773	22,577,786	20,964,266	24,610,026
Charges for services	7,465,133	7,586,970	7,750,831	7,476,274	7,437,937	7,159,485	7,431,387	7,364,419	7,409,742	7,722,084
General government	771,394	1,004,103	1,370,287	1,958,660	1,606,973	2,162,404	2,764,981	2,582,372	2,414,590	2,734,632
Public safety	8,755,233	8,665,051	10,612,335	10,612,335	10,864,690	14,981,464	10,108,605	10,625,816	12,891,586	9,081,006
Culture and recreation	193,814,750	123,717,507	155,138,614	148,125,739	186,667,654	90,276,209	97,763,977	58,672,921	39,008,389	61,258,310
Other	232,009,681	163,494,833	197,103,127	193,848,189	234,795,364	144,115,999	154,644,560	114,176,232	93,733,313	118,698,225
Operating grants and contributions	54,441,921	59,189,399	57,802,864	57,153,017	57,032,464	60,343,146	61,939,043	63,425,581	65,174,318	68,588,979
Capital grants and contributions	27,303,279	29,584,283	28,928,294	30,691,222	31,321,424	33,408,659	35,023,243	37,434,262	40,083,332	43,019,179
Business-type activities	24,887,497	30,087,396	25,265,757	15,551,293	9,461,451	9,539,537	10,576,098	14,335,875	16,328,422	18,933,819
Water	79,574	56,134	77,098	203,810	439,769	252,284	88,378	20,000	19,717,458	15,058,529
Sewer	77,036,081	66,134,052	95,819,296	52,362,486	46,258,599	16,454,579	14,658,033	10,187,969	141,303,530	145,600,506
Other	183,748,352	185,051,264	207,893,309	155,961,828	144,513,707	119,998,205	122,284,795	125,403,687	141,303,530	145,600,506
Total business-type activities	415,758,033	348,546,097	404,996,436	349,810,017	379,309,071	264,114,204	276,929,355	239,579,919	235,036,843	264,298,731
Total primary government program revenues	\$ (27,112,381)	\$ (113,541,910)	\$ (117,594,495)	\$ (132,455,363)	\$ (93,424,607)	\$ (187,959,601)	\$ (185,843,975)	\$ (231,881,610)	\$ (268,639,811)	\$ (167,920,939)
Net (expenses) program revenues	\$ 50,415,988	\$ 33,821,276	\$ 45,671,247	\$ (1,520,308)	\$ (4,144,153)	\$ (35,311,725)	\$ (34,038,849)	\$ (29,347,777)	\$ (19,945,066)	\$ 1,388,815
Business-type activities	\$ 23,303,607	\$ (79,720,634)	\$ (71,923,248)	\$ (133,975,671)	\$ (97,568,760)	\$ (223,271,326)	\$ (219,882,824)	\$ (261,229,387)	\$ (288,584,877)	\$ (166,532,124)
Primary government										

(Continued)

# CITY OF HENDERSON, NEVADA

## TABLE 2 - CHANGES IN NET POSITION (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
<b>General revenues and other changes in net position</b>										
Governmental activities										
Property taxes	\$ 68,017,019	\$ 84,670,413	\$ 94,998,902	\$ 99,811,843	\$ 94,879,894	\$ 74,856,808	\$ 67,805,008	\$ 63,320,080	\$ 63,982,175	\$ 67,332,544
Inergovernmental revenues - consolidated tax	102,988,098	99,587,194	92,537,034	77,752,314	70,110,772	73,965,376	77,115,178	81,088,044	88,013,859	94,093,208
Other taxes	41,156,213	46,983,771	48,591,040	45,366,226	43,968,045	43,534,106	45,310,894	45,472,996	47,983,783	50,837,097
Increase (decrease) in fair value of investments	6,421,835	13,885,771	18,584,119	14,103,960	7,187,788	3,211,723	3,807,539	(3,569,677)	3,115,696	2,942,486
Unrestricted investment income	2,499,958	25,902,150	709,299	401,596	660,264	4,782	505,220	4,011,053	185,299	205,287
Gain on disposal of capital assets	1,268,340	1,083,413	1,532,688	1,505,326	1,641,563	1,377,894	4,509,623	632,593	812,423	1,183,010
Miscellaneous	(13,285,666)	(8,923,423)	(13,888,499)	(912,552)	(2,317,722)	(220,914)	(3,221,142)	(4,794,708)	2,536,991	1,985,265
Transfers	209,065,797	263,189,289	241,640,670	238,028,713	220,766,048	196,729,775	193,832,320	188,392,122	206,630,226	218,578,897
<b>Total governmental activities</b>	<b>7,024,049</b>	<b>7,285,311</b>	<b>7,221,693</b>	<b>6,062,248</b>	<b>5,250,092</b>	<b>4,878,184</b>	<b>5,354,081</b>	<b>5,669,539</b>	<b>6,160,172</b>	<b>6,720,073</b>
Business-type activities										
Increase (decrease) in fair value of investments	12,808,610	20,441,004	20,942,193	13,236,639	5,383,141	2,252,165	3,055,567	(3,045,590)	2,271,148	1,973,790
Unrestricted investment income	369,085	71,595	81,127	6,080	861,169	934,305	4,056,939	496,494	484,042	486,825
Gain on disposal of capital assets	1,204,034	1,297,264	1,423,913	912,552	(2,317,722)	220,914	3,221,142	4,794,708	(2,536,991)	(1,985,265)
Miscellaneous	13,285,666	8,923,423	30,475,521	21,112,509	9,182,760	8,285,568	15,687,729	9,625,462	6,380,366	7,195,423
Transfers	34,691,444	37,947,002	(13,888,499)	(912,552)	(2,317,722)	(220,914)	(3,221,142)	(4,794,708)	2,536,991	1,985,265
<b>Total business-type activities</b>	<b>243,757,241</b>	<b>301,136,291</b>	<b>272,116,191</b>	<b>259,141,303</b>	<b>229,948,808</b>	<b>205,015,343</b>	<b>211,520,049</b>	<b>198,017,584</b>	<b>213,010,592</b>	<b>225,774,320</b>
<b>Total primary government general revenues and other changes in net position</b>	<b>\$ 181,953,416</b>	<b>\$ 149,647,379</b>	<b>\$ 124,046,175</b>	<b>\$ 105,573,350</b>	<b>\$ 127,341,441</b>	<b>\$ 8,770,174</b>	<b>\$ 9,988,345</b>	<b>\$ (43,489,488)</b>	<b>\$ (62,009,585)</b>	<b>\$ 50,657,958</b>
Change in net position	85,107,452	71,768,278	76,146,768	19,592,282	5,038,607	(27,026,157)	(18,351,120)	(19,722,315)	(13,564,700)	8,584,238
Governmental activities	267,060,848	221,415,657	200,192,943	125,165,632	132,380,048	(18,255,983)	(8,362,775)	(63,211,803)	(75,574,285)	59,242,196
Business-type activities										
Primary government										

1. Large amount due mainly to property owner contributions for two special assessment districts for which the City is not liable.

2. Increase mainly due to increases in redevelopment property taxes. These increases were due to a new redevelopment area and also a significant number of homes built in another redevelopment area. Other increases are due to growth in assessed valuation.

3. Increase due to higher cash and investment balances, higher interest rates, and market value increases.

4. Increase due to a significant land sale to Cashman Equipment for which the City gave up land with a minimal value.

5. Land donation to the Nevada System of Higher Education for the development of the Nevada State College campus.

6. Decrease due to construction slowdown.

7. Decrease due to economic slowdown.

8. Decrease due to employee reductions.

9. Decrease due to lower cash balances and interest rates.

10. Increase due in large part to fees charged to Department of Homeland Security for housing of prisoners.

11. Other revenues increased due to a refund from the Clean Water Coalition of the City's initial contribution.

12. Other revenues increased due to a refund from the Clean Water Coalition of the City's initial contribution.

13. Decrease due to decreased grant revenues from the Southern Nevada Public Land Management Act.

14. Due to an adjustment for GASB 31, which requires investments be adjusted to market value. There was a significant decrease in fair value in fiscal 2013. Previously, this adjustment was included in investment income.

(Continued)

# CITY OF HENDERSON, NEVADA

**TABLE 2 - CHANGES IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

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15. Decrease due to losses on three significant land sales in fiscal year 2013 and lower salary expenses, including severance pay
16. Increase due in large part to money used to call bonds as part of the Insprada special assessment district restructure.
17. Increase due primarily to increase in grants from HUD.
18. Increase due to developer utility contributed assets.
19. Decrease due to change in useful lives for capital assets, which greatly decreased depreciation expense.
20. Increase due to contribution of three parks.

# CITY OF HENDERSON, NEVADA

## TABLE 3 - FUND BALANCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
<b>General fund</b>										
Reserved	\$ 1,824,112	\$ 2,805,128	\$ 2,711,026	\$ 1,493,517	\$ 1,482,401	\$	\$	\$	\$	\$
Unreserved	29,690,577	30,921,060	28,459,480	23,495,121	19,337,267	792,071 <sup>2</sup>	1,165,902	936,460	644,394	1,235,676
Assigned						15,703,300 <sup>2</sup>	15,686,060	16,391,761	17,606,056	21,505,080
Unassigned						16,495,371	16,851,962	17,328,221	18,250,450	22,740,756
<b>Total general fund</b>	<u>\$ 31,514,689</u>	<u>\$ 33,726,188</u>	<u>\$ 31,170,506</u>	<u>\$ 24,988,638</u>	<u>\$ 20,819,668</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Other governmental funds</b>										
Reserved	\$ 18,664,267	\$ 26,723,103	\$ 97,960,369 <sup>1</sup>	\$ 104,818,510	\$ 76,127,137	\$	\$	\$	\$	\$
Unreserved										
Special revenue funds	35,745,946	46,242,339	47,320,144	48,293,562	36,765,723					
Capital projects funds	271,278,449	299,700,799	225,539,042	206,567,512	208,832,619					
Nonspendable						245,234,860 <sup>2</sup>	211,098,881	190,966,371	160,194,848	31,314
Restricted						46,616,449 <sup>2</sup>	38,417,701	27,194,098	27,215,621	157,563,176
Assigned										33,727,701
<b>Total other governmental funds</b>	<u>\$ 325,688,662</u>	<u>\$ 372,666,241</u>	<u>\$ 370,819,555</u>	<u>\$ 359,679,584</u>	<u>\$ 321,725,479</u>	<u>\$ 291,851,309</u>	<u>\$ 249,516,582</u>	<u>\$ 218,160,469</u>	<u>\$ 187,410,469</u>	<u>\$ 191,322,191</u>

1. Increase in reserved fund balance is due to reserve for encumbrances being reported in all funds that have encumbrances beginning in fiscal year 2008. Previously only the General Fund reported reserve for encumbrances  
2. With GASB 54 becoming effective in fiscal year 2011, there are new fund balance classifications which are being applied prospectively



**CITY OF HENDERSON, NEVADA**  
**TABLE 4 - CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
<b>REVENUES</b>										
Property taxes	\$ 67,975,114	\$ 84,254,727 <sup>5</sup>	\$ 93,860,687	\$ 99,278,964	\$ 95,260,527	\$ 75,550,577	\$ 67,884,894	\$ 63,273,661	\$ 63,971,517	\$ 67,552,659
Franchise fees	26,926,859	29,625,623	31,468,210	30,586,472	30,110,422	29,210,827	30,372,912	30,011,869	31,481,739	32,677,892
Licenses and permits	7,576,403	8,307,293	8,425,573	8,137,847	7,501,281	7,682,535	7,462,017	8,063,081	8,079,773	9,469,188
Intergovernmental	134,872,918	135,650,905	131,086,100	141,007,416	118,971,843	130,024,108	180,950,806	133,680,893	127,032,094	137,490,840
Charges for services	14,101,639	14,235,157	14,951,513	16,005,572	17,852,260	19,380,975	27,099,129	27,552,577	23,393,130	28,562,698
Fines and forfeitures	3,882,563	5,063,104	5,805,668	6,832,522	7,249,522	7,173,923	7,515,637	6,611,577	5,658,992	5,550,637
Impact fees	1,682,336	1,822,171	1,106,267	1,043,733	932,256	1,093,287	1,265,402	1,469,432	1,390,696	1,895,401
Special assessments	119,197	167,366	569,805	341,924	190,674	179,582	130,380	146,928	130,274	130,274
Investment income	10,323,301	20,303,238 <sup>6</sup>	20,091,695	12,200,118 <sup>8</sup>	5,442,945	2,347,817	2,675,229	1,653,726 <sup>8</sup>	2,014,255	2,407,753
Decrease in fair value of investments								(2,278,714) <sup>14</sup>		
Developer contributions	104,223,589	13,059,728	935,266	2,054,291	2,956,906	2,070,192	423,063	767,836	3,865,035	4,430,009
Rental fees	1,555,784	1,537,220	1,570,018	3,036,573	2,285,723	3,728,592	2,691,313	603,767	547,580	493,311
Miscellaneous	373,239,703	314,026,532	309,870,802	320,525,432	288,754,359	278,442,415	329,057,610	1,181,952	1,346,321	1,597,104
<b>Total revenues</b>										
	197,998,491	213,520,971	239,482,392	248,574,102	246,000,919	244,176,004	249,007,834	243,743,281	265,668,320	247,835,465
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	49,357,693	46,801,843	50,337,021	50,021,747	50,514,742	48,445,028	49,528,424	47,245,654	42,863,764	48,539,745
Judicial	7,968,743	8,944,032	10,064,915	11,260,921	11,203,113	11,433,646	11,614,816	12,087,601	12,058,955	12,325,268
Public safety	92,794,238	102,635,703	116,405,664	123,164,766	122,936,668	124,107,748	126,721,032	129,203,173	130,708,646	135,919,848
Public works	10,836,921	15,147,356	16,114,452	14,737,826	15,018,064	10,451,455	10,871,321	9,680,018	33,509,200 <sup>17</sup>	9,706,622
Culture and recreation	32,704,002	35,164,827	41,240,791	41,929,949	38,430,999	41,245,449	43,861,086	40,374,416	38,923,601	36,623,298
Community support	4,336,894	4,827,210	5,319,549	7,458,893	7,897,333	8,492,678	6,411,155	5,152,419	7,604,154	4,720,684
<b>Total current</b>										
	197,998,491	213,520,971	239,482,392	248,574,102	246,000,919	244,176,004	249,007,834	243,743,281	265,668,320	247,835,465
<b>Capital outlay</b>										
General government	4,069,183	4,200,063	12,711,239	4,430,713	1,715,063	2,541,115	1,060,444	1,445,582	713,262	239,526
Judicial	83,877	244,586	228,469	106,517	22,337	22,141		284,878		
Public safety	2,831,162	3,454,662	1,849,100	3,266,977	13,171,077	23,149,251	1,699,246 <sup>13</sup>	1,917,272	928,040	1,837,871
Public works	51,342,238 <sup>4</sup>	37,982,680	32,325,572	47,406,966	22,632,042	9,770,785	32,819,205 <sup>4</sup>	19,274,299	19,538,892	13,826,060
Culture and recreation	6,430,666	8,017,239	4,783,396	26,383,672 <sup>9</sup>	16,653,363	16,218,930	69,700,415 <sup>2</sup>	23,456,629 <sup>14</sup>	5,382,403 <sup>14</sup>	11,709,733
Community support	285,161	242,515	4,971	100,000						
<b>Total capital outlay</b>										
	65,042,287	54,141,745	51,902,747	81,694,845	54,193,882	51,702,222	105,279,310	46,378,660	26,562,597	27,613,190
<b>Debt service</b>										
Principal payments	13,983,377	16,222,606	12,883,000	12,897,000	13,152,963	13,603,963	10,019,533	5,114,565 <sup>16</sup>	4,208,565	4,243,000
Payment to current bond refunding agent	7,765,721	8,791,399	8,079,540	7,687,975	7,938,796	7,592,048	2,803,072	4,293,471	5,323,451	27,209,998 <sup>18</sup>
Interest and fiscal charges	85,635	12,858	46,941	35,718	20,959	20,959	809,634	591,649	21,363	306,322
Administrative and other costs	21,834,733	25,026,863	21,009,481	20,620,693	21,119,088	21,216,970	19,495,693	9,999,685	9,553,379	36,966,543
<b>Total debt service</b>										
	284,875,511	292,689,579	312,394,620	350,889,640	321,313,889	317,095,196	373,782,837	300,121,626	301,784,296	312,415,198
<b>Total expenditures</b>										
	482,874,002	486,210,550	551,877,012	600,463,742	567,314,808	561,271,200	622,790,671	543,864,907	567,452,616	560,250,663
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>										
	15,124,489	27,339,420	(12,394,620)	(52,889,640)	(21,313,889)	(17,095,196)	(73,782,837)	(100,121,626)	(103,484,296)	(112,415,198)
	88,364,192	21,336,953	(2,523,818)	(30,364,208)	(32,559,530)	(38,652,781)	(44,725,227)	(27,383,021)	(32,872,344)	(20,157,432)

(Continued)

# CITY OF HENDERSON, NEVADA

## TABLE 4 - CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from land sales	1,507,242	29,346,542 <sup>7</sup>	212,637	326,968	546,145	52,493	572,981	1,827,493	3,444,629	1,118,024
Loss on sale of land held for development					446,894			(3,426,519)		
Capital leases										
Issuance of refunding bonds	3,885,000						322,695			
Debt issuance proceeds	56,000,000	2,065,000	1,162,000	17,960,000 <sup>10</sup>			34,560,000	66,750,000		24,305,000 <sup>18</sup>
Premium on refunding bonds issued							565,000			
Payment to advance refunding bond agent	(2,509,555)						639,842	5,055,658		3,208,334
Sale of capital assets	2,050	9,090		5,425	1,558	4,782	(31,591,875)	(71,194,329)		
Debt issuance premium	1,221,917									
Transfers in	48,947,686	47,525,919	37,529,016	51,655,773	59,932,273	57,142,122	25,459,998	16,774,827	8,036,323	16,673,879
Transfers out	(50,270,494)	(51,094,426)	(40,782,203)	(56,905,797)	(61,359,567)	(52,745,083)	(27,781,550)	(18,899,893)	8,436,379	(16,745,777)
Total other financing sources (uses)	58,783,846	27,852,125	(1,878,550)	13,042,369	(432,697)	4,454,314	2,747,091	(3,112,763)	19,917,331	28,559,460
<b>CHANGE IN FUND BALANCE</b>	\$ 147,148,038	\$ 49,189,078	\$ (4,402,368)	\$ (17,321,839)	\$ (32,992,227)	\$ (34,198,467)	\$ (41,978,136)	\$ (30,495,784)	\$ (12,955,013)	\$ 8,402,028
Debt service as a percentage of noncapital expenditures	9.1 %	10.0 %	7.8 %	7.8 %	8.0 %	8.2 %	6.0 %	3.6 %	3.5 %	3.3 %

1. In fiscal year 2006, there were large property owner contributions related to special assessment bonds for which the City is not liable

2. Increase in expenditures for parks and trails related to the Southern Nevada Public Land Management Act.

3. This ratio is computed by dividing principal and interest by total expenditures less amounts that are capitalized on the accrual basis government-wide statement of net position. This amount can be found on the reconciliation between the statement of revenues, expenditures, and changes in fund balance to the statement of activities for governmental funds.

4. Increase due mainly to construction of special assessment infrastructure.

5. Increase due to increases in redevelopment property taxes. These increases were due to a new redevelopment area and also a significant number of homes built in another redevelopment area. Other increases are due to growth in assessed valuations

6. Increase due to higher cash and investment balances, higher interest rates, and market value increases.

7. Increase due to a significant land sale to Cashman Equipment for which the City gave up land with minimal value.

8. Due to decreased return on investments.

9. Increase due to construction for Heritage Park and Aquatics Center.

10. Installment purchase agreement for energy conservation projects.

11. Due to decrease in consolidated tax and decrease in intergovernmental contributions for the justice facility expansion.

12. Increase in grants related to the Southern Nevada Public Lands Management Act.

13. Decrease due to detention facility expansion. Expenditures for this occurred in fiscal years 2010 and 2011.

14. Decrease due to decreased grant revenues from the Southern Nevada Public Land Management Act

15. Due an adjustment for GASB 31, which requires investments be adjusted to market value. There was a significant decrease in fair value in fiscal 2013. Previously, this adjustment was included in investment income.

16. Fiscal year 2012 debt refunding projects reduced fiscal year 2013 total debt service requirements by approximately \$6.5 million, of which approximately \$4.9 million pertains to principal and \$1.6 million to interest.

17. Increase due in large part to funds used to call bonds as part of the Insprada special assessment district restructure.

18. Issue of bonds to refund City debt in order to better align the City's resources with its obligations.

# CITY OF HENDERSON, NEVADA

## TABLE 5 - ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY<sup>1</sup> LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Direct Tax Rate	
2006	\$ 9,866,711,823	\$ 28,190,605,209	\$ 572,046,058	\$ 1,634,417,309	\$ 10,438,757,881	0.7108	35.0 %
2007	14,049,539,660	40,141,541,886	730,618,857	2,087,482,449	14,780,158,517	0.7108	35.0 %
2008	15,947,429,061	45,364,083,031	695,030,105	1,985,800,300	16,642,459,166	0.7108	35.0 %
2009	16,304,394,985	46,583,985,671	584,783,077	1,670,808,791	16,889,178,062	0.7108	35.0 %
2010	12,995,450,318	37,129,858,051	482,709,443	1,379,169,837	13,478,159,761	0.7108	35.0 %
2011	9,497,480,081	27,135,657,374	400,059,544	1,143,027,269	9,897,539,625	0.7108	35.0 %
2012	8,532,382,809	24,378,236,597	338,969,942	968,485,549	8,871,352,751	0.7108	35.0 %
2013	7,808,141,879	22,308,976,797	398,927,794	1,139,793,697	8,207,069,673	0.7108	35.0 %
2014	8,020,000,967	22,914,288,477	353,015,606	1,008,616,017	8,373,016,573	0.7108	35.0 %
2015	9,287,875,627	26,536,787,506	357,836,109	1,022,388,883	9,645,711,736	0.7108	35.0 %

1. Source - Clark County Assessor's Office.

# CITY OF HENDERSON, NEVADA

**TABLE 6 - PROPERTY TAX RATES<sup>1</sup> - DIRECT AND OVERLAPPING<sup>2</sup> GOVERNMENTS  
(PER \$100 OF ASSESSED VALUE<sup>3</sup>)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

For the Year Ended June 30,	City of Henderson, Nevada				Overlapping Rates			Total Direct and Overlapping Rates
	Total Tax Levy	Debt Service Fund	Total City Tax Rate	State of Nevada	School District	Clark County	Special District	
2006	0.4880	0.2228	0.7108	0.1700	1.3034	0.6575	0.0669	2.1978
2007	0.4880	0.2228	0.7108	0.1700	1.3034	0.6566	0.0665	2.1965
2008	0.4880	0.2228	0.7108	0.1700	1.3034	0.6541	0.0713	2.1988
2009	0.4880	0.2228	0.7108	0.1700	1.3034	0.6541	0.0684	2.1959
2010	0.5608	0.1500	0.7108	0.1700	1.3034	0.6541	0.0692	2.1967
2011	0.5608	0.1500	0.7108	0.1700	1.3034	0.6541	0.0662	2.1937
2012	0.5508	0.1600	0.7108	0.1700	1.3034	0.6541	0.0575	2.1850
2013	0.5608	0.1500	0.7108	0.1700	1.3034	0.6541	0.0586	2.1861
2014	0.5554	0.1554	0.7108	0.1700	1.3034	0.6541	0.0585	2.1860
2015	0.5608	0.1500	0.7108	0.1700	1.3034	0.6541	0.0593	2.1868

1. Source - State of Nevada, Department of Taxation's "Local Government Finance Redbook."

2. Overlapping rates are those of local and county governments that apply to property owners within the City of Henderson. Not all overlapping rates apply to all City of Henderson property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

3. The State of Nevada Constitution has a maximum rate limit of \$5 per \$100 assessed value and Nevada Revised Statutes further lower the limit to a total combined tax rate of 3.64.

# CITY OF HENDERSON, NEVADA

## TABLE 7 - PRINCIPAL PROPERTY TAXPAYERS<sup>1</sup> CURRENT AND NINE YEARS AGO (UNAUDITED)

Taxpayer	2015			2006		
	Taxable Assessed Value <sup>2</sup>	Rank	Approximate Percentage of Taxable Assessed Valuation <sup>3</sup>	Taxable Assessed Value <sup>2</sup>	Rank	Approximate Percentage of Taxable Assessed Valuation <sup>3</sup>
Station Casinos Incorporated	\$ 98,307,287	1	1.02 %	\$ 98,686,851	4	0.95 %
Green Valley Ranch Gaming, LLC	87,111,499	2	0.90 %	67,284,819	6	0.64 %
W.L. Nevada Incorporated	70,305,188	3	0.73 %			%
M Resort	67,453,520	4	0.70 %			%
Greenspun Incorporated	55,292,480	5	0.57 %	95,087,050	5	0.91 %
Basic Management Incorporated	42,884,627	6	0.44 %			%
Harsch Investment Properties	42,859,252	7	0.44 %	33,887,918	10	0.32 %
Picerne Real Estate Group	34,622,033	8	0.36 %			%
Ranch Center Associates Limited Partnership	29,161,270	9	0.30 %			%
Camden Property Trust	23,032,765	10	0.24 %			%
Pulte Homes				248,260,628	1	2.38 %
Focus Property Group				195,174,245	2	1.87 %
Lake Las Vegas Joint Venture				138,141,784	3	1.32 %
D.R. Horton Incorporated				45,871,270	7	0.44 %
KB Home Nevada Incorporated				38,047,889	8	0.36 %
Basic Environmental Company, LLC				36,599,549	9	0.35 %
						%
						%
						%
						%
						%
Lake Las Vegas Joint Venture	<u>\$ 551,029,921</u>		<u>5.70 %</u>	<u>\$ 997,042,003</u>		<u>9.54 %</u>

1. Source - Clark County Assessor's Office  
2. Taxable assessed value is 35% of appraised value.  
3. See the "Assessed and Estimated Actual Value of Taxable Property" table for assessed property value data.

# CITY OF HENDERSON, NEVADA

## TABLE 8 - PROPERTY TAX LEVIES AND COLLECTIONS<sup>1</sup> LAST TEN FISCAL YEARS (UNAUDITED)

<u>For the Year Ended June 30,</u>	<u>Tax Levy</u>	<u>Current Tax Levy Collections</u>	<u>Percent of Tax Levy Collected</u>	<u>Delinquent Tax Levy Collections</u>	<u>Total Tax Levy Collected</u>	<u>Percent of Total Tax Levy Collected to Tax Levy</u>
2006	\$ 62,713,068	\$ 62,408,721	99.51 %	\$ 301,488	\$ 62,710,209	99.99 %
2007	78,833,318	78,138,203	99.12 %	692,029	78,830,232	99.99 %
2008	88,876,481	87,304,802	98.23 %	1,539,850	88,844,652	99.96 %
2009	94,636,871	92,160,401	97.38 %	2,325,207	94,485,608	99.84 %
2010	91,487,816	89,058,480	97.34 %	2,291,948	91,350,428	99.85 %
2011	70,954,944	69,557,584	98.03 %	1,365,312	70,922,896	99.95 %
2012	63,346,370	62,318,519	98.38 %	999,228	63,317,747	99.95 %
2013	58,111,684	57,611,241	99.14 %	453,262	58,064,503	99.92 %
2014	58,810,581	58,410,072	99.32 %	281,146	58,691,218	99.80 %
2015	62,380,908	62,085,849	99.53 %	2	62,085,849	99.53 %

1. Source - Clark County Comptroller's Office.  
2. Not available at time of printing.

# CITY OF HENDERSON, NEVADA

## TABLE 9 - RATIOS OF OUTSTANDING DEBT<sup>1</sup> BY TYPE LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	Governmental Activities						Business-type Activities		Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	General Obligation Bonds		Special		Notes and Loans	Capital Leases	Total	Revenue Bonds			
	Bonds	Tax Allocation Bonds	Assessment Bonds								
2006	\$ 170,090,803	\$ 16,340,000	\$ 585,000	\$ 97,608	\$ 56,007	\$ 187,169,418	\$ 248,726,512	\$ 435,895,930	4.93 %	\$ 1,734	
2007	156,852,199	15,840,000	365,000		10,614	173,067,813	235,985,817	409,053,630	4.66 %	1,572	
2008	145,886,588	15,320,000	305,000			161,511,588	223,309,567	384,821,155	4.01 %	1,438	
2009	133,779,646	14,780,000	235,000	17,960,000		166,754,646	209,822,298	376,576,944	3.90 %	1,407	
2010	122,151,193	14,215,000	165,000	17,403,000	297,931	154,232,124	197,011,070	351,243,194	3.51 %	1,314	
2011	110,220,146	13,625,000		16,807,000	148,968	140,801,114	183,865,575	324,666,689	3.67 %	1,226	
2012	103,771,563	13,010,000		16,136,000	215,130	133,132,693	169,348,252	302,480,945	3.42 %	1,134	
2013	112,832,598	12,360,000		15,384,000	107,565	140,684,163	162,647,566	303,331,729	3.49 %	1,106	
2014	109,823,861	11,680,000		14,346,000		136,049,861	147,525,741	283,575,602	3.14 %	1,009	
2015	107,398,145	10,965,000		13,616,000		131,979,145	132,406,583	264,385,728	3.16 %	919	

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

2. See the "Demographic and Economic Statistics" table for personal income and population data. Personal income data for 2006 forward is from Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or www.appliedanalysis.com

# CITY OF HENDERSON, NEVADA

## TABLE 10 - RATIOS OF GENERAL BONDED DEBT<sup>1</sup> OUTSTANDING LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	General Obligation Bonds	Less Amounts Available in Debt Service Funds	Net General Obligation Bonds	Percentage of Estimated Actual Taxable Property Value <sup>2</sup>	Per Capita <sup>3</sup>
2006	\$ 170,090,803	\$ 4,352,167	\$ 165,738,636	0.56 %	\$ 659
2007	156,852,199	6,740,546	150,111,653	0.36 %	577
2008	145,886,588	6,072,215	139,814,373	0.29 %	519
2009	133,779,646	9,708,219	124,071,427	0.26 %	463
2010	122,151,193	6,964,868	115,186,325	0.30 %	431
2011	110,220,146	2,901,962	107,318,184	0.38 %	405
2012	103,771,563	1,658,689	102,112,874	0.40 %	383
2013	112,832,598	1,313,003	111,519,595	0.48 %	407
2014	109,823,861	3,514,253	106,309,608	0.44 %	378
2015	107,398,145	6,704,648	100,693,497	0.37 %	350

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. See the "Assessed and Estimated Actual Value of Taxable Property" table for estimated actual property value data.
3. See the "Demographic and Economic Statistics" table for population data.



## CITY OF HENDERSON, NEVADA

**TABLE 11 - DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT<sup>1, 2</sup>**  
**JUNE 30, 2015**  
**(UNAUDITED)**

	Total General Obligation Debt	Less Debt Service Fund Balance	Net General Obligation Debt	Percent Applicable	Applicable Net General Obligation Debt
City of Henderson, Nevada	\$ 131,979,145	\$ 7,325,145	\$ 124,654,000	100.00 %	\$ <u>124,654,000</u>
Overlapping governments					
Clark County	374,812,851	146,676,397	228,136,454	15.26 %	34,813,623
Clark County School District	2,548,890,000	26,838,866	2,522,051,134	15.26 %	384,865,003
Las Vegas-Clark County Library District	27,055,000	27,055,000		20.05 %	<u>                    </u>
Total overlapping governments					<u>419,678,626</u>
Total direct and overlapping debt					<u>\$ 544,332,626</u>

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Henderson. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Henderson. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident; and therefore responsible for repaying the debt, of each overlapping government. Debt amounts for overlapping entities is the various governments and percentage applicable are derived from the State of Nevada, Department of Taxation's "Local Government Finance Redbook."

# CITY OF HENDERSON, NEVADA

## TABLE 12 - LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Assessed value	\$ 10,438,757,881	\$ 14,780,158,517	\$ 16,642,459,166	\$ 16,889,178,062	\$ 13,478,159,761	\$ 9,897,539,625	\$ 8,871,352,751	\$ 8,207,069,673	\$ 8,373,016,573	\$ 9,645,711,736
Legal debt margin	\$ 1,565,813,682	\$ 2,217,023,778	\$ 2,496,368,875	\$ 2,533,376,709	\$ 2,021,723,964	\$ 1,484,630,944	\$ 1,330,702,913	\$ 1,231,060,451	\$ 1,255,952,486	\$ 1,446,856,760
Debt applicable to debt limit										
Total bonded debt, including special assessment bonds	435,742,315	409,043,016	384,821,155	358,616,944	333,542,263	307,710,721	286,129,815	287,840,164	269,029,602	250,769,728
Less										
Special assessment bonds	(585,000)	(365,000)	(305,000)	(235,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)
Tax allocation bonds	(16,340,000)	(15,840,000)	(15,320,000)	(14,780,000)	(14,215,000)	(13,625,000)	(13,010,000)	(12,360,000)	(11,680,000)	(10,965,000)
Total bonded debt, applicable to debt limit	418,817,315	392,838,016	369,196,155	343,601,944	319,162,263	294,085,721	273,119,815	275,480,164	257,349,602	239,804,728
Legal debt margin	\$ 1,146,996,367	\$ 1,824,185,762	\$ 2,127,172,720	\$ 2,189,774,765	\$ 1,702,561,701	\$ 1,190,545,223	\$ 1,057,583,098	\$ 955,580,287	\$ 998,602,884	\$ 1,207,052,032
Total bonded debt applicable to limit as a percentage of debt limit	26.75 %	17.72 %	14.79 %	13.56 %	15.79 %	19.81 %	20.52 %	22.38 %	20.49 %	16.57 %

1. Does not include matured and unredeemed bonds.  
2. Tax allocation bonds issued by the City of Henderson Redevelopment Agency do not constitute indebtedness within the meaning of the statutory debt limitations.

# CITY OF HENDERSON, NEVADA

### TABLE 13 - PLEDGED REVENUE BOND<sup>1</sup> COVERAGE LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	Water and Sewer Bonds						Special Assessment Bonds						
	Charges for Services			Operating Expenses <sup>2</sup>		Net Available Revenue	Debt Service			Debt Service			
2006	\$ 81,777,436	\$ 65,388,482	\$ 16,388,954	\$ 12,213,868	\$ 12,031,251	67.60 %	\$ 119,197	\$ 630,000	\$ 93,575	16.47 %			
2007	88,773,681	74,799,486	13,974,195	11,966,440	11,543,004	59.44 %	167,366	220,000	32,013	61.53 %			
2008	86,731,158	80,547,344	6,183,814	12,472,896	10,923,574	26.43 %	69,440	60,000	31,825	75.62 %			
2009	87,844,239	81,881,425	5,962,814	13,088,390	10,176,709	25.63 %	341,924	70,000	25,650	357.47 %			
2010	88,353,887	78,934,746	9,419,141	13,128,082	9,593,468	41.45 %	190,674	70,000	19,000	214.24 %			
2011	93,751,805	79,778,387	13,973,418	13,742,139	8,970,572	61.52 %	179,582	165,000	11,875	101.53 %			
2012	96,962,286	82,367,031	14,595,255	14,148,317	8,332,420	64.92 %				N/A %			
2013	100,859,843	80,469,835	20,390,008	14,017,434	6,472,556	99.51 %				N/A %			
2014	105,257,650	83,587,025	21,670,625	14,135,252	6,700,933	104.00 %				N/A %			
2015	111,608,158	85,701,388	25,906,770	14,598,529	5,950,793	126.07 %				N/A %			

Tax Allocation Bonds			
Special Assessment Bonds		Debt Service	
Tax Increment	Principal	Interest	Coverage
\$ 3,255,300	\$ 500,000	\$ 869,304	374.47 %
10,651,636	520,000	859,634	783.42 %
13,033,976	540,000	839,724	958.58 %
13,623,262	565,000	865,314	969.41 %
12,934,879	590,000	793,176	952.37 %
8,206,796	615,000	765,672	605.37 %
5,124,360	702,789	735,128	379.55 %
4,648,687	680,000	702,789	343.64 %
4,954,393	715,000	669,121	367.23 %
6,496,019		633,882	481.59 %

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.  
2. Total operating expenses, excluding depreciation.  
3. Includes payoff of assessments used for debt service in the following fiscal year.

# CITY OF HENDERSON, NEVADA

**TABLE 14 - DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>For the Year Ended June 30,</u>	<u>Population</u> <sup>1</sup>	<u>Personal Income</u> <sup>2</sup>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u> <sup>3</sup>
2006	251,321	\$ 8,836,009,011	\$ 35,158	4.00 %
2007	260,161	8,783,653,632	33,762	4.20 %
2008	269,538	9,606,345,252	35,640	5.00 %
2009	267,687	9,653,025,150	36,061	9.60 %
2010	267,270	10,003,816,464	37,430	13.80 %
2011	264,839	8,841,491,222	33,384	12.70 %
2012	266,846	8,846,208,756	33,151	11.30 %
2013	274,270	8,690,214,958	31,685	9.60 %
2014	280,928	9,039,623,004	32,178	8.50 %
2015	287,649	8,355,722,814	29,048	7.00 %

1. Source - City of Henderson, Community Development Department.
2. Source - Personal income data is from Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or [www.appliedanalysis.com](http://www.appliedanalysis.com).
3. Source - State of Nevada, Department of Employment, Training and Rehabilitation.

# CITY OF HENDERSON, NEVADA

**TABLE 15 - PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO  
(UNAUDITED)**

Employer	2015			2006		
	Employees <sup>1</sup>	Rank	Percentage of Total City of Henderson, Nevada Employment	Employees <sup>1</sup>	Rank	Percentage of Total City of Henderson, Nevada Employment
City of Henderson	2924 <sup>2</sup>	1	2.16 %	3170 <sup>2</sup>	1	2.75 %
St. Rose Dominican Hospital - Siena	1500-1999 <sup>3</sup>	2	1.11 - 1.48 %			
Green Valley Ranch Station Casino	1500-1999 <sup>3</sup>	3	1.11 - 1.48 %	1500-1999 <sup>3</sup>	4	1.30 - 1.73 %
Sunset Station Hotel and Casino	1000-1499 <sup>3</sup>	4	0.74 - 1.11 %	1500-1999 <sup>3</sup>	3	1.30 - 1.73 %
M Resort Spa and Casino	1000-1499 <sup>3</sup>	5	0.74 - 1.11 %			
St Rose Dominican Hospital	700-799 <sup>3</sup>	6	0.52 - 0.59 %	2000-2499 <sup>3</sup>	2	1.73 - 2.17 %
Fiesta Henderson Casino Hotel	600-699 <sup>3</sup>	7	0.44 - 0.52 %	800-899 <sup>3</sup>	5	0.69 - 0.78 %
Barclay's Services, LLC	600-699 <sup>3</sup>	8	0.44 - 0.52 %	600-699 <sup>3</sup>	8	0.52 - 0.61 %
Titanium Metals Corp. of America	500-599 <sup>3</sup>	9	0.37 - 0.44 %	600-699 <sup>3</sup>	7	0.52 - 0.61 %
Wal-Mart Stores, Inc.	400-499 <sup>3</sup>	10	0.30 - 0.37 %			
Medco Health, LLC				600-699 <sup>3</sup>	6	0.52 - 0.61 %
Ritz Carlton Hotel Company				500-599 <sup>3</sup>	9	0.43 - 0.52 %
Bravo Underground, Inc.				500-599 <sup>3</sup>	10	0.43 - 0.52 %

1. For privacy purposes, exact employment numbers are unavailable.
2. Source - City of Henderson, Finance Department
3. Source - Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or [www.appliedanalysis.com](http://www.appliedanalysis.com)

# CITY OF HENDERSON, NEVADA

**TABLE 16 - FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM<sup>1</sup>  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Function/program	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
<b>Governmental activities</b>										
General government	331	347	352	363	352	347	347	347	331	331
Judicial	78	84	90	96	94	95	96	93	103	100
Public safety	678	774	817	824	827	862	867	865	866	868
Public works	102	111	118	141	140	145	134	103	112	113
Culture and recreation	182	182	191	204	190	190	189	182	189	187
Community support	19	19	19	19	22	23	23	17	19	20
Total governmental activities	<u>1,390</u>	<u>1,517</u>	<u>1,587</u>	<u>1,647</u>	<u>1,625</u>	<u>1,662</u>	<u>1,656</u>	<u>1,607</u>	<u>1,620</u>	<u>1,619</u>
<b>Business-type activities</b>										
Water	137	148	150	157	147	152	149	141	143	145
Sewer	91	111	119	122	116	115	114	126	126	126
Development services	149	155	156	133	62	55	40	44	54	63
Other	17	28	32	35	30	31	31	33	31	31
Total business-type activities	<u>394</u>	<u>442</u>	<u>457</u>	<u>447</u>	<u>355</u>	<u>353</u>	<u>334</u>	<u>344</u>	<u>354</u>	<u>365</u>
<b>Total full-time equivalent employees</b>	<u>1,784</u>	<u>1,959</u>	<u>2,044</u>	<u>2,094</u>	<u>1,980</u>	<u>2,015</u>	<u>1,990</u>	<u>1,951</u>	<u>1,974</u>	<u>1,984</u>

1. Source - City of Henderson, Finance Department

# CITY OF HENDERSON, NEVADA

## TABLE 17 - OPERATING INDICATORS BY FUNCTION/PROGRAM<sup>1</sup> LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Governmental activities										
Judicial										
Average warrants cleared per day	11	14	14	20	20	23	25	23	22	21
Public safety										
Police reports	28,961	28,103	27,417	26,761	26,466	24,419	24,767	22,320	22,037	20,392
Police calls for service	135,772	144,452	159,821	162,184	160,594	154,392	140,775	141,677	135,678	145,903
Number of emergency medical response incidents	14,885	14,823	15,185	15,079	16,164	17,115	18,513	18,953	19,227	20,421
Number of emergency medical response transports	9,975	9,887	10,276	10,593	11,333	11,969	12,951	13,199	13,050	13,671
Number of fire responses	940	834	723	611	552	570	599	544	555	529
Public works										
Lane miles of street maintenance	338	142	14	179	340	227	122 <sup>5</sup>	12 <sup>11</sup>	241	54 <sup>19</sup>
Lane miles of existing street reconstruction	16	74	24	43	34	95	4 <sup>6</sup>	20 <sup>12</sup>	4	20
Number of scheduled inspections (off-site improvements)	41,994	39,320	33,194	30,151	20,658	17,347	24,665	20,421	23,116	30,406
Number of off-site (non-building) projects	206	155	157	55	288	105	51 <sup>7</sup>	79	43	51
Culture and recreation										
Parks and recreation class registrations	323,193	341,139	344,766	478,357	267,008	316,490	304,492	388,038	464,722	450,863
Community support										
Number of requests for information on business relocations	103	109	136	129	160	101	91	233 <sup>13</sup>	154	178
Number of local business requests for information, assistance or outreach	342	447	414	659	746	573	569	688	661	444
Number of jobs created	1,034	770	1,190	425	411	250	390	269	1,920 <sup>16</sup>	289
Business-type activities										
Water										
Average daily water consumption (MGD)	68	71	69	68	67	68	68	68	67	68
Number of requests for line location	37,110	31,684	40,534	26,638	31,633	34,620	46,017 <sup>8</sup>	51,662	52,315	60,681
Number of hydrant major repairs	258	248	198	220	227	255	201	127 <sup>14</sup>	139	91 <sup>17</sup>
Number of line repairs	243	360	283	257	464	423	418	483	397	524
Sewer										
Lines video inspected (feet)	180,239	90,002	150,129	157,609	172,267	133,271	489,488 <sup>9</sup>	552,244	619,118	523,884
Lines cleaned (feet)	1,106,675	1,252,317	1,568,312	1,951,831	2,224,640	2,314,701	1,717,800 <sup>10</sup>	1,626,459	2,417,309	1,764,059
Development services										
Number of plan review activities	28,097	23,424	18,463	11,939	11,808	12,401	12,664	12,660	14,220	21,957 <sup>18</sup>
Building permits issued	19,075	15,704	12,402	9,794	10,814 <sup>4</sup>	9,684	10,106	11,729 <sup>15</sup>	12,439	15,999 <sup>18</sup>

1. Source - Various City of Henderson departments.  
 2. Indicators are not available for the general government function.  
 3. Millions of gallons per day.

(Continued)

# CITY OF HENDERSON, NEVADA

**TABLE 17 - OPERATING INDICATORS BY FUNCTION/PROGRAM<sup>1</sup> (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

4. Increase due to increase in small dollar permits (e.g. residential remodels), while large commercial/residential development permits decreased resulting in an overall decrease in Development Services Center revenue
5. Maintenance technique used was more expensive in fiscal year 2012 because the streets maintained in this fiscal year were in worse shape than in the previous year; therefore because of funding, fewer lane miles were maintained
6. Funding sources decreased significantly, which included ARRA monies.
7. Private projects slowed down due to the economic downturn.
8. Increase due to increase for line locations from contractors/excavators. Data also includes re-mark requests.
9. Increase due to second closed circuit television truck and implementation of a formal assessment program to meet objectives of a new law requiring tracking of the location of private sewer lateral connections to public sewer mains
10. Decrease due to reassignment of staff to assist in line inspections.
11. Projects were delayed and not awarded until July 2013
12. Fiscal year 2011 was largest year in history due to ARRA funding. Projects significantly slowed down subsequently, although increased slightly in 2013, as there was not a need for reconstruction after large reconstruction projects in FY 2011.
13. Due to increased confidence in the economy and marketing initiatives.
14. Substantial hydrant repairs were made in previous years, negating the need for future repairs. This in addition to construction slowdown accounts for the decrease
15. Increase due to significant increase in single family residence permits
16. Barclay Card U. S. opened a new customer contact center and announced this will create approximately 1,000 jobs.
17. Decrease due to steady maintenance, leading to fewer problems. Also, a determination was made to adjust maintenance cycles from 1.5 to 3 years
18. Increase due in large part to revitalization of two master-planned communities.
19. The available funding for the maintenance program decreased from the previous year.



# CITY OF HENDERSON, NEVADA

## TABLE 18 - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM<sup>1</sup> LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Governmental activities										
Public safety										
Number of police stations	2	2	2	3	3	3	3	3	3	3
Number of fire stations	9	9	9	9	9	9	9	9	9	9
Number of patrol units	117	154	149	140	148	144	144	137	132	136
Public works										
Streets (miles)	737	788	804	804	812	817	819	822	829	835
Traffic signals	131	135	141	144	149	152	152	158	160	166
Culture and recreation										
Park acreage	714	728	739	758	763	791	1,204	1,238	1,263	1,300
Number of parks	39	41	43	44	45	48	53	57	60	63
Number of swimming pools	9	9	9	13	15	15	15	15	15	13
Number of tennis courts	35	35	37	41	41	44	57	57	62	64
Number of recreation centers	6	6	6	6	7	7	7	8	8	8
Business-type activities										
Water										
Water mains (miles)	1,080	1,124	1,280	1,384	1,462	1,462	1,175 <sup>3</sup>	1,200	1,222	1,482
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of water pump stations	27	27	27	31	31	31	32	32	32	33
Sewer										
Number of sewage treatment plants	2	2	2	2	2	2	2	2	2	2
Number of sewer lift stations	12	12	12	13	13	13	16	16	16	16
Miles of sanitary sewer lines	920	953	958	1,029	1,080	1,082	935 <sup>3</sup>	935	943	947

1. Source - Various City of Henderson departments.  
 2. Indicators are not available for the general government, judicial, community support, or development services functions.  
 3. Method of calculation now excludes private lines and lines proposed for construction.

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COMPLIANCE SECTION

2015 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2015



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

Honorable Mayor and Members of the City Council  
City of Henderson, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, Nevada (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 2, 2015.

**Internal Control over Financial Reporting.** In planning and performing our audit of the basic financial statements, we considered the City'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 opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's basic 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**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 City'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 City internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Perry Boulet Taylor & Keen". The signature is written in a cursive style with a long horizontal line extending from the top of the first word.

Las Vegas, Nevada  
November 2, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Honorable Mayor and Members of the City Council  
City of Henderson, Nevada

We have audited the compliance of the City of Henderson, Nevada (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility.** The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility.** Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program.** In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015.

**Other Matters.** The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015 - 001 and 2015 - 002. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**Report on Internal Control Over Compliance.** The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over

compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.** We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 2, 2015, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Las Vegas, Nevada  
November 2, 2015



**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Child Nutrition Cluster			
<i>Passed through State of Nevada Department of Agriculture</i>			
Special Milk Program for Children	10.556	M-102375.10	\$ 32,617
Total Child Nutrition Cluster			<u>32,617</u>
<i>Passed through State of Nevada Division of Forestry</i>			
Cooperative Forestry Assistance (BVP Fuel Reduction)	10.664	USDA/SFA/14/03	<u>18,281</u>
Total U.S. Department of Agriculture			<u>50,898</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Direct program</i>			
Community Development Block Grants/Entitlement Grants			
Community Development Block Grants	14.218	B-14-MC-32-00053	1,181,379
Neighborhood Stabilization Program	14.218	B-11-MN-32-0001	160,026
Program Income-CDBG Funds	14.218		<u>34,428</u>
			<u>1,375,833</u>
<i>Direct program</i>			
Home Investment Partnerships Program			
Home Grants	14.239	M-14-MC-32-0242	116,941
Program Income-Home Funds	14.239		<u>104,779</u>
			<u>221,720</u>
<i>Direct program</i>			
Sustainable Communities Regional Planning Grant	14.703	FR-5500-N-30FA	<u>748,260</u>
<i>Direct program</i>			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900*	NVLHB0558-13	<u>699,744</u>
Total U.S. Department of Housing and Urban Development			<u>3,045,557</u>
<b><u>U.S. Department of the Interior</u></b>			
<i>Direct program</i>			
Southern Nevada Public Land Management			
UPRR Right of Way	15.235*	HN22, L05AC14427	46,617
UPRR Phase III	15.235*	HN23, L05AC14404	162
Whitney Mesa Trailhead	15.235*	HN27, L07AC12954	973,097
Wetlands Trail Phase II	15.235*	HN28, L07AC14291	291
Lake Mead Parkway Trail	15.235*	HN31, L07AC14400	186
McCullough Vista Park	15.235*	HN33, L08AC14130	3,562,586
Green Valley Flood Control Panel	15.235*	HN35, L08AC13389	551,850
Whitney Mesa Nature Preserve Phase II	15.235*	HN36, L09AC15525	5,716
Paradise Pointe Park	15.235*	HN38, L11AC20013	657,666
RMLT Safety & Education	15.235*	HN37, L11AC20011	462,483
Fox Ridge Improvements	15.235*	HN39, L12AC20355	30,084

\* Major program

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b><u>U.S. Department of the Interior (continued)</u></b>			
I-215 Regional Trail	15.235*	HN40, L12AC20494	47,399
Boulder Creek Park	15.235*	HN41, L13AC20070	<u>256,427</u>
Total U.S. Department of the Interior			<u>6,594,564</u>
<b><u>U.S. Department of Justice</u></b>			
<i>Direct program</i>			
Missing Children's Assistance	16.543	2011-MC-CX-K002	43,084
<i>Passed through Las Vegas Metropolitan Police Department</i>			
Missing Children's Assistance	16.543	2014-MC-FX-K045	<u>12,353</u>
			<u>55,437</u>
<i>Direct program</i>			
ARRA-Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX-0322	<u>24,759</u>
<i>Direct program</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DD-3X-0724	47,283
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1055	10,633
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0920	6,682
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0542	<u>5,579</u>
			70,177
<i>Passed through State of Nevada Department of Public Safety</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-11	<u>112,151</u>
			<u>182,328</u>
<i>Passed through State of Nevada Office of Attorney General</i>			
ARRA-Violence Against Women Formula Grants	16.588	2012-WF-AX-0041	20,972
ARRA-Violence Against Women Formula Grants (Advocacy Program)	16.588	2014-VAWA-01	<u>21,339</u>
			<u>42,311</u>
<i>Direct Program</i>			
Edward Byrne Memorial Competitive Grant Program (Smart Policing Initiative)	16.751	2014-WY-BX-0003	<u>3,324</u>
<i>Direct program</i>			
Equitable Sharing Program	16.922	Cooperative Agreement	<u>310,197</u>
<i>Passed through State Justice Institute</i>			
Henderson Municipal Court Best Practices Study	16.Unknown	SJI-13-T-149	<u>50,000</u>
Total U.S. Department of Justice			<u>668,356</u>
<b><u>U.S. Department of Transportation</u></b>			
<i>Highway Planning and Construction Cluster</i>			
<i>Passed through State of Nevada Department of Transportation</i>			
<i>Highway Planning and Construction</i>			
NDOT I-515 Sunset Interchange Landscape	20.205	P222-10-063	670
NDOT Water St Enhancement	20.205	PR249-12-063	1,278,739
NDOT Lake Mead Bus Turnouts	20.205	P350-12-063	418,040
NDOT Sunset Rd ITS Ph 1	20.205	P349-12-063	240,354

\* Major program

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b><u>U.S. Department of Transportation (continued)</u></b>			
NDOT Sunset Rd ITS Ph 2	20.205	P352-12-063	317,555
NDOT Valley Verde ITS	20.205	P347-12-063	21,383
NDOT Pecos Rd ITS	20.205	P346-12-063	30,679
NDOT St Rose Intersection Improvements	20.205	P348-12-063	1,035,333
NDOT Boulder Hwy Trail	20.205	PR-177-13-063	101,435
NDOT Horizon Rdg I515 Op Impvt	20.205	PR-121-13-015	2,260,635
NDOT Volunteer-Via Firenze Traffic Signal	20.205	PR-277-13-063	124,835
NDOT Boulder-Magic Traffic Signal	20.205	PR-309-13-063	1,121,103
NDOT Wireless ITS/GPS Signal Upgrades	20.205	PR293-14-063	390,003
NDOT Street-N-Trail Sweeper	20.205	PR312-14-063	500,000
			7,840,764
<i>Passed through State of Nevada Department of Transportation</i>			
National Priority Safety Programs			
Joining Forces 2015	20.205	JF-2015-HPD-00009	83,797
			7,924,561
<i>Passed through State of Nevada Division of Parks</i>			
Recreational Trails Program (River Mountain Loop Repaving)			
Total Highway Planning and Construction Cluster	20.219	2013-02	121,764
			8,046,325
Highway Safety Cluster			
<i>Passed through State of Nevada Department of Transportation</i>			
State and Community Highway Safety (Joining Forces 2014)			
	20.600	JF-2014-HPD-00032	25,000
<i>Passed through State of Nevada Department of Transportation</i>			
National Priority Safety Programs			
Joining Forces 2014	20.616	JF-2014-HPD-00032	9,588
Joining Forces 2015	20.616	JF-2015-HPD-00009	57,450
			67,038
Total Highway Safety Cluster			92,038
<i>Passed through State of Nevada Department of Transportation</i>			
Alcohol Open Container Requirements (Joining Forces 2014)			
	20.607	JF-2014-HPD-00032	10,650
<i>Passed through State of Nevada Department of Transportation</i>			
NHTSA Discretionary Safety Grants			
Highway Safety Research & Development (SAFETEA-LU)	20.614	131-10-TC-188-001	33,725
<i>Passed through State of Nevada, State Emergency Response Commission</i>			
Hazardous Materials Emergency Preparedness Training and Planning			
	20.703	Interlocal Agreement	9,000
Total U.S. Department of Transportation			8,191,738
<b><u>U.S. Department of Health and Human Services</u></b>			
Aging Cluster			
<i>Passed through State of Nevada Division of Aging Services</i>			
Special Programs for the Aging_ Title III, Part C_ Nutrition Services			
Senior Nutrition Congregate 2014	93.045	03-031-07-1X-14	59,868
Senior Nutrition Homebound 2014	93.045	03-031-04-2X-14	61,440

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b><u>U.S. Department of Health and Human Services (continued)</u></b>			
Senior Nutrition Congregate 2015	93.045	03-031-07-1X-15	128,599
Senior Nutrition Homebound 2015	93.045	03-031-04-2X-15	125,437
Senior Nutrition Equipment 2015	93.045	03-031-66-1X-15	16,413
Program Income-Senior Nutrition	93.045		<u>258,704</u>
			650,461
<i>Passed through State of Nevada Division of Aging Services</i>			
Nutrition Services Incentive Program			
Senior Nutrition 2014	93.053	03-031-57-NX-14	<u>99,460</u>
Total Aging Cluster			749,921
<i>Direct Program</i>			
Substance Abuse and Mental Health Services_Projcts of Regional and National Significance (ABC Court)			
	93.243	1H79TI025008-01	56,564
<i>Passed through Southern Nevada Health District</i>			
Community Transformation Grants -Small Communities Program (CATCH kids)			
	93.737	1H75DP004	<u>20,885</u>
Total U.S. Department of Health and Human Services			<u>827,370</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through State of Nevada Department of Public Safety</i>			
Emergency Management Performance Grants			
Emergency Management Performance Grant Supplemental FFY13	97.042	9704213	9,500
Emergency Management Performance Grants FFY14	97.042	9704214	82,050
Emergency Management Performance Grants FFY15	97.042	9704215	<u>55,722</u>
			<u>147,272</u>
<i>Passed through State of Nevada Department of Public Safety</i>			
Homeland Security Grant Program			
Hazmat FFY11	97.067	97067-U11	118,441
Ballistics Equipment FFY2011	97.067	97067-HL1	144,560
Ballistics Equipment FFY2012	97.067	97067-HL2	71,915
Statewide Data Disaster Recovery	97.067	97067-HL3	<u>122,000</u>
			<u>456,916</u>
Total U.S. Department of Homeland Security			<u>604,188</u>
Total expenditures of federal awards			<u>\$ 19,982,671</u>

# CITY OF HENDERSON, NEVADA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED JUNE 30, 2015**

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### Note 1. Reporting Entity

The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of Henderson, Nevada (the City), except for those activities of the Redevelopment Agency for which a separate report is issued. The reporting entity is defined in Note 1 to the basic financial statements. The schedule includes federal financial assistance received directly from federal agencies as well as passed through other government agencies.

### Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City. Expenditures passed through to subrecipients are presented on the cash basis of accounting and all other expenditures are presented on the accrual basis of accounting.

The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The amounts reported in the schedule of expenditures of federal awards agree, in all material respects, to the amounts reported within the City's basic financial statements. Federal grant award revenue is reported as intergovernmental revenues principally in the City's grants special revenue fund.

### Note 3. Subrecipients

During the year ended June 30, 2015, the City provided \$269,145 of federal awards to subrecipients related to the Community Development Block Grants/Entitlement Grants (CFDA number 14.218).

### Note 4. Outstanding Loan Balances

Certain loan programs related to home ownership and improvements are administered directly by the City and balances and transactions relating to these programs are included in the City's basic financial statements as notes receivable. In addition, the City received a loan to fund the Pittman Wash relocation project, which was completed during fiscal 2011. The outstanding loan payable is included in the City's basic financial statements, does not bear interest, and is scheduled to be repaid by 2030.

Expenditures of loaned funds and loans made during the year are included in federal expenditures.

At June 30, 2015, outstanding loan balances were as follows:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.218	Community Development Block Grants/Entitlement Grants	\$ 458,767
14.239	Home Investment Partnerships Program	1,858,733
		\$ 2,317,500
Federal CFDA Number	Federal CFDA Number	Loan Balance Payable
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$ 1,310,049

**CITY OF HENDERSON, NEVADA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**Section I - Summary of Auditors' Results**

Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements	No
Federal Awards	
Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a)	Yes
Identification of major programs	
CFDA number	14.900
Name of federal program or cluster	Lead-Based Paint Hazard Control in Privately- Owned Housing
CFDA number	15.235
Name of federal program or cluster	Southern Nevada Public Land Management
Dollar threshold used to distinguish between Type A and Type B programs	\$599,480
Auditee qualified as low-risk auditee	Yes

(Continued)

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2015**

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**Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards***

None reported

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2015 - 001	
Program	CFDA#14.900 - Lead-Based Paint Hazard Control in Privately-Owned Housing
Specific requirements	<p>OMB Circular A-133, Subpart D--Federal Agencies and Pass- Through Entities, § __.400 Responsibilities.</p> <p>(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:</p> <p>(1) Identify Federal awards made by informing each subrecipient of the CFDA title and number, award name and number, award year, if the award is R&amp;D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.</p> <p>(4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.</p> <p>(5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.</p> <p>(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.</p>
Condition and context	<p>The subrecipient agreement to UNLV did not disclose the CFDA number within the contract. Additionally, we were informed by Neighborhood Services personnel that the CFDA number is not included on any subrecipient contracts for grants overseen by this department.</p> <p>In addition, the Neighborhood Services department did not review the most recent A-133 report or the Federal Audit Clearinghouse to determine whether there were single audit findings for UNLV that would potentially result in unallowable subrecipient expenditures.</p>
Questioned costs	None.
Effect	Subrecipient agreements and monitoring were not in compliance with A-133 subrecipient standards.
Cause	The Neighborhood Services department did not effectively draft subrecipient agreements to verify compliance with A-133 compliance. Additionally Neighborhood Services personnel were not aware that subrecipient's A-133 reports needed to be reviewed.
Recommendation	The Neighborhood Services department should update their subrecipient agreements to disclose the CFDA number, if applicable. Additionally, Neighborhood Services personnel should review A-133 reports for subrecipients and/or review the Federal Audit Clearinghouse to determine if the City's subrecipients have been cited for any significant audit findings.
Management's response	Management has informed us that future subrecipient agreements will be updated to include the CFDA number. In addition, management informed us that A-133 reports and the Federal Audit Clearinghouse will be monitored for applicable subrecipients annually to ensure they have met audit requirements, assess audit findings and ensure that the subrecipients are taking appropriate and timely corrective action.

(Continued)



# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2015 - 002 Program	CFDA #15.235: Southern Nevada Public Land Management
Specific requirements	Quarterly reports must include: Funding needs for the next quarter through transfer, reimbursement requests for the previous quarter for projects under IAA or BLM reimbursable task orders, estimated ASAP drawdowns or estimated BLM direct charges for the next quarter
Condition and context	We noted that three of the four quarterly performance reports submitted to the granting agency during fiscal 2015 were not complete and accurate. Budgeted amounts for future quarter funding was understated in the first, second and third quarter reports by \$15,000, \$22,000, and \$100,000, respectively.
Questioned costs	None.
Effect	Budgeted funding was understated for three of the four quarterly performance reports submitted during fiscal 2015.
Cause	There was an error in the City's template used to calculate future quarter funding needs that resulted in some future project expenditures being omitted from the reported totals.
Recommendation	Management should verify the completeness and accuracy of the quarterly reports prior to submission.
Management's response	Management has informed us that the formula error in the City's projection template has been corrected. Additionally, we were informed that the completeness and accuracy of quarterly reports will be reviewed and verified prior to submission.

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

---

**Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards***

None reported

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2014 - 001	
Program	CFDA #14.703 - HUD Sustainable Communities Grant CFDA #93.045, 93.053 - Special Programs for the Aging_ Title III, Part C_ Nutrition Services, Nutrition Services Incentive Program (Aging cluster)
Specific requirements	The information included in Federal Financial Reports (FFRs) filed with granting agencies is complete and accurate.
Condition and context	CFDA #14.703 - For the semi-annual period ended December 31, 2013, the matching expenditures reported on the FFR (\$687,185) were overstated by \$429 as compared to the detailed supporting schedules examined.  CFDA #93.045, 93.053 - For the quarterly period ended June 30, 2014, the program income reported on the FFR for the Black Mountain Senior Nutrition Program (\$175,619) were overstated by \$985 when compared to the detailed supporting schedules examined.
Questioned costs	None
Effect	The information included in the foregoing FFRs was not complete and accurate.
Cause	The review of FFRs did not identify improperly reported amounts, and program income / matching detail is tracked manually in Excel documents, which are sometimes modified subsequent to the filing of FFRs.
Current status	Corrected

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

---

### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2014 - 002 Program	CFDA #14.218 - Community Development Block Grants / Entitlement Grants (CDBG) CFDA #20.205 - Highway Planning and Construction
Specific requirements	The information included in the schedule of expenditures of federal awards (SEFA) is complete and accurate.
Condition and context	We noted that expenditures reported on the SEFA for CFDA #14.218 and CFDA #20.205 were overstated by \$98,029 and \$32,578, respectively.
Questioned costs	None
Effect	Expenditures reported on the unaudited SEFA were overstated by \$130,607.
Cause	CFDA #14.218 - Duplicate expenditure detail was included within the SEFA reconciliation which went undetected during the preparation of the SEFA and not noted when preparing the final SEFA.  CFDA #20.205 - The granting agency modified its reimbursement process during the fiscal year; however, the change was not communicated by the City's grant administrator to the finance department.
Current status	Corrected

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

---

### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2014 - 003 Program	CFDA #93.045, 93.053 - Special Programs for the Aging_ Title III, Part C_ Nutrition Services, Nutrition Services Incentive Program (Aging cluster)
Specific requirements	Expenditures subject to grant requirements should be review and approved timely to ensure compliance with applicable grant requirements. The review and approval should be adequately documented and maintained.
Condition and context	We were unable to examine supporting documentation for one of the expenditures selected for testing. Although we were able to perform alternative procedures to determine that the expenditures incurred were allowable and within the period of availability, we were unable to determine if the expenditure was properly reviewed and approved.
Questioned costs	None
Effect	We were unable to determine if the expenditure was properly reviewed and approved.
Cause	Supporting documentation (in this case a journal entry) for expenditures is maintained manually, and due to the volume of documentation, information can easily be misplaced.
Current status	Corrected

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF BUSINESS LICENSE FEES

### FOR THE YEAR ENDED JUNE 30, 2015

As required by Nevada Revised Statutes (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354.5989. A local government may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum.

#### FEES CALCULATED AS A PERCENTAGE OF GROSS REVENUE

Business license revenue for the year ended June 30, 2015		\$	3,721,163
Business license revenue for the year ended June 30, 2014 (base year)		\$	3,499,248
Adjustment to base year			
Percentage change in Consumer Price Index			0.10 %
Total adjustment to base year			<u>3,499</u>
Adjusted business license revenue base for the year ended June 30, 2015			<u>3,502,747</u>
Amount over allowable maximum		\$	<u>218,416</u>

#### FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2015		\$	2,329,850
Business license revenue for the year ended June 30, 2014 (base year)		\$	2,249,022
Adjustment to base year			
Percentage change in local government population			2.39 %
Percentage change in Consumer Price Index			<u>0.10 %</u>
Total adjustment to base year			<u>56,001</u>
Adjusted business license revenue base for the year ended June 30, 2015			<u>2,305,023</u>
Amount over allowable maximum		\$	<u>24,827</u>

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*A Place To Call Home*

## MAYOR AND COUNCIL

Andy Hafen, Mayor

Gerri Schroder, Council Ward I

Debra March, Council Ward II

John F. Marz, Council Ward III

Sam Bateman, Council Ward IV

## CITY MANAGER'S OFFICE

Robert "Bob" Murnane, City Manager

Bristol S. Ellington, Assistant City Manager

Fred Horvath, Assistant City Manager

## FINANCE DEPARTMENT

Richard A. Derrick, Chief Financial Officer



## APPENDIX B

### BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name

as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*

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## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by City of Henderson, Nevada (the “Issuer”) in connection with the issuance of the Issuer’s City of Henderson, Nevada, General Obligation (Limited Tax) Medium-Term Various Purpose and Refunding Bonds, Series 2016, in the aggregate principal amount of \$12,700,000 (the “Bonds”). The Bonds are being issued pursuant to the bond ordinance of the Issuer adopted August 2, 2016 (the “Ordinance”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. The MSRB’s required method of filing will be electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 270 days following the end of the Issuer’s fiscal year of each year, commencing nine months following the end of the Issuer’s fiscal year ending June 30, 2016, provide to the MSRB in an

electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be sent a notice in substantially the form attached as Exhibit “A” to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall provide or cause to be provided, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds, to the MSRB:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person<sup>1</sup>;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligation person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms if material; and

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<sup>1</sup> For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.



SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: August 30, 2016.

CITY OF HENDERSON, NEVADA

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Chief Financial Officer

**EXHIBIT "A"**

**NOTICE TO MSRB  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Henderson, Nevada

Name of Bond Issue: General Obligation (Limited Tax) Medium-Term Various Purpose and Refunding Bonds, Series 2016

CUSIP: 425200

Date of Issuance: August 30, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Ordinance adopted on August 2, 2016 and the Continuing Disclosure Certificate executed on August 30, 2016 by the Issuer. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

CITY OF HENDERSON, NEVADA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT “B”**

**INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED**

[See page -iv- of this Official Statement.]

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**APPENDIX D**

**FORM OF APPROVING OPINION OF BOND COUNSEL**

August 30, 2016

City of Henderson, Nevada  
240 S. Water Street  
Henderson, Nevada 89015

**\$12,700,000**  
**City of Henderson, Nevada**  
**General Obligation (Limited Tax)**  
**Medium-Term Various Purpose and Refunding Bonds**  
**Series 2016**

Ladies and Gentlemen:

We have acted as bond counsel to the City of Henderson, Nevada (the “City”), in connection with its issuance of the above-captioned bonds (the “Bonds”) pursuant to an authorizing ordinance of the City Council of the City adopted on August 2, 2016 (the “Bond Ordinance”). In such capacity, we have examined the City’s certified proceedings and such other documents and such law of the State of Nevada (the “State”) and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise expressly defined herein shall have the meanings ascribed to them in the Bond Ordinance.

Regarding questions of fact material to our opinions, we have relied upon the City’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding limited tax general obligations of the City.
2. The principal of and interest on the Bonds are payable from any monies of the City legally available for the purpose of making such payment and the City has irrevocably pledged its full faith and credit for the purpose of making such payment on the Bonds.
3. Ad valorem taxes, if any, levied for the purpose of paying the principal of and interest on the Bonds are subject to the limitations contained in the Constitution and laws of the State.

4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the City's certified proceedings and in certain other documents and certain other certifications furnished to us.

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

The opinions expressed in this opinion letter are subject to the following:

The obligations of the City incurred pursuant to the Bonds and the Bond Ordinance may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying (i) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay all interest when due on the Refunded Bonds and the principal thereof becoming due on the prior redemption thereof or at stated maturity, and (ii) the mathematical calculations of the yield of the Bonds and the yield of certain investments made with the proceeds of the Bonds and other moneys deposited in the Escrow Account.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the adequacy, accuracy or completeness of the Official Statement relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any state or federal tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX E

### ECONOMIC AND DEMOGRAPHIC INFORMATION

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

#### Population and Age Distribution

Population. The table below sets forth the population growth of the City, the County and the State since 1970. Between 2000 and 2010, the City’s population increased 47.0%, the County increased 41.8% and the State increased 35.1%.

<u>Population</u>						
Year	City of Henderson	Percent Change	Clark County	Percent Change	State of Nevada	Percent Change
1970	16,395	--	273,288	--	488,738	--
1980	24,363	48.6%	463,087	69.6%	800,493	63.8%
1990	64,942	166.6	741,459	60.1	1,201,833	50.1
2000	175,381	170.1	1,375,765	85.5	1,998,257	66.3
2010	257,729	47.0	1,951,269	41.8	2,700,551	35.1
2011	264,839	2.8	1,967,722	0.8	2,721,794	0.8
2012	266,846	0.8	1,988,195	1.0	2,750,217	1.0
2013	274,270	2.8	2,031,723	2.2	2,800,967	1.8
2014	280,928	2.4	2,069,450	1.9	2,843,301	1.5
2015	287,828	2.5	2,118,353	2.4	2,897,585	1.9

Sources: United States Bureau of the Census (1970-2010 as of April 1); Nevada State Demographer (2011-2015 estimates as of July 1 and subject to periodic revision).

Age Distribution. The following table sets forth a projected comparative age distribution profile for the City, the County, the State and the United States as of January 1, 2016.

<u>Age Distribution</u>				
Age	Percent of Population			
	City of Henderson	Clark County	State of Nevada	United States
0-17	21.6%	23.8%	23.3%	23.0%
18-24	8.3	9.0	9.0	9.8
25-34	11.9	14.1	13.8	13.4
35-44	13.4	14.1	13.5	12.6
45-54	14.0	13.5	13.4	13.3
55-64	13.7	11.7	12.3	12.8
65-74	10.9	8.5	9.1	8.8
75 and Older	6.2	5.3	5.6	6.3

Source: © 2016 The Nielsen Company.

## Income

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

### Median Household Effective Buying Income Estimates<sup>(1)</sup>

Year	City of Henderson	Clark County	State of Nevada	United States
2012	\$55,315	\$45,810	\$45,512	\$41,253
2013	47,656	40,897	40,617	41,358
2014	48,560	41,576	42,480	43,715
2015	51,827	43,603	44,110	45,448
2016	55,008	45,634	46,230	46,738

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

Source: © The Nielsen Company, *SiteReports*, 2012-2016.

### Percent of Households by Effective Buying Income Groups – 2016 Estimates

Effective Buying Income Group	City of Henderson Households	Clark County Households	State of Nevada Households	United States Households
Under \$24,999	18.1%	23.6%	23.8%	24.8%
\$25,000 - \$49,999	27.4	31.5	30.5	28.8
\$50,000 - \$74,999	22.6	21.0	20.7	19.1
\$75,000 - \$99,999	14.3	12.1	12.4	12.2
\$100,000 - \$124,999	7.5	5.2	5.7	5.8
\$125,000 - \$149,999	3.7	2.5	2.6	3.7
\$150,000 or more	6.4	4.1	4.3	5.6

Source: © 2016 The Nielsen Company.

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



Per Capita Personal Income<sup>(1)</sup>

Year	Clark County	State of Nevada	United States
2010	\$36,057	\$36,918	\$40,277
2011	36,488	37,745	42,453
2012	38,713	39,436	44,266
2013	38,091	39,223	44,438
2014	39,533	40,742	46,049
2015	n/a	42,185	47,669

<sup>(1)</sup> County figures posted November 2015; state and national figures posted March 2016. All figures are subject to periodic revisions.

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

**Employment**

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

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

Calendar Year	2011	2012	2013	2014	2015	2016 <sup>(1)</sup>
CIVILIAN LABOR FORCE	995.1	1000.7	1007.3	1024.6	1,047.5	1050.1
Unemployment	131.6	112.6	96.9	81.7	71.3	64.3
Unemployment Rate <sup>(2)</sup>	13.2%	11.2%	9.6%	8.0%	6.8%	6.1%
Total Employment	863.5	888.1	910.4	942.9	976.3	985.8

<sup>(1)</sup> Averaged figures through May 31, 2016.

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

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

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

Establishment Based Industrial Employment<sup>(1)</sup>  
Las Vegas-Henderson-Paradise MSA, Nevada (Clark County)  
(Estimates in Thousands)

Calendar Year	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u> <sup>(2)</sup>
Natural Resources and Mining	0.2	0.3	0.3	0.4	0.4	0.3
Construction	37.6	37.4	41.1	45.4	51.5	54.7
Manufacturing	19.8	20.2	20.7	21.1	21.2	21.9
Trade (Wholesale and Retail)	114.5	117.7	120.0	124.1	125.5	131.4
Transportation, Warehousing & Utilities	35.2	36.2	36.6	38.3	39.1	42.3
Information	9.3	9.7	9.8	10.6	10.5	10.3
Financial Activities	40.0	41.7	43.3	43.6	42.2	44.5
Professional and Business Services	102.1	106.7	111.6	117.7	121.7	124.9
Education and Health Services	72.7	75.6	79.2	82.8	85.6	92.9
Leisure and Hospitality (casinos excluded)	100.4	103.9	109.6	115.7	120.6	122.7
Casino Hotels and Gaming	159.2	157.9	157.8	162.6	166.3	158.0
Other Services	23.3	24.0	24.4	25.4	26.6	25.7
Government	<u>94.0</u>	<u>93.9</u>	<u>95.1</u>	<u>96.4</u>	<u>97.4</u>	<u>100.8</u>
<b>TOTAL ALL INDUSTRIES</b>	<u>808.2</u>	<u>825.1</u>	<u>849.4</u>	<u>883.9</u>	<u>908.6</u>	<u>930.5</u>

(1) Totals may not add up due to rounding. Reflects non-ag employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

(2) Averaged figures through May 31, 2016.

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

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

City of Henderson's Ten Largest Employers  
4<sup>th</sup> Quarter 2015

Employer	Employment Range	Industry
City of Henderson	2,500 - 2,999	Local government
St. Rose Dominican Hospital - Siena	2,000 - 2,499	Hospital
Green Valley Ranch Gaming LLC	1,500 - 1,999	Casino hotel
Sunset Station Hotel & Casino	1,000 - 1,499	Casino hotel
The M Resort Spa Casino	1,000 - 1,499	Casino hotel
Barclays Services LLC	800 - 899	Credit card issuing
St. Rose Dominican Hospital – Rose de Lima Campus	700 - 799	Hospital
Fiesta Henderson Casino Hotel	600 - 699	Casino hotel
Titanium Metals Corporation	500 - 599	Nonferrous metal smelting/refining
Sunrise Carpentry Inc.	400 - 499	Residential framing contractors

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

The following table lists the firm employment size breakdown for the County.

Size Class of Industries<sup>(1)</sup>  
Clark County, Nevada (Non-Government Worksites)

CALENDAR YEAR	4 <sup>th</sup> Qtr 2015	4 <sup>th</sup> Qtr 2014	Percent Change 2015/2014	Employment 4 <sup>th</sup> Qtr 2015
TOTAL NUMBER OF WORKSITES	54,222	52,144	4.0%	829,735
Less Than 10 Employees	40,826	39,281	3.9	101,362
10-19 Employees	6,459	6,155	4.9	87,416
20-49 Employees	4,335	4,182	3.7	129,814
50-99 Employees	1,415	1,403	0.9	96,941
100-249 Employees	848	795	6.7	125,166
250-499 Employees	180	175	2.9	62,759
500-999 Employees	93	90	3.3	64,722
1000+ Employees	66	63	4.8	161,555

<sup>(1)</sup> Subject to revision.

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

**Retail Sales**

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

Taxable Sales<sup>(1)</sup>

<u>Fiscal Year<sup>(2)</sup></u>	<u>County Total</u>	<u>Percent Change</u>	<u>State Total</u>	<u>Percent Change</u>
2011	\$29,046,721,805	--	\$39,935,016,227	--
2012	31,080,880,557	7.0%	42,954,750,131	7.6%
2013	32,566,664,630	4.8	45,203,408,413	5.2
2014	35,040,891,695	7.6	47,440,345,167	4.9
2015	37,497,073,742	7.0	50,347,535,591	6.1
July 14-Apr 15	\$30,961,053,985	--	\$41,557,603,278	--
July 15-Apr 16	32,359,294,515	4.6%	43,502,337,803	4.7%

<sup>(1)</sup> Subject to revision.

<sup>(2)</sup> Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada - Department of Taxation.

**Construction**

Construction valuation is a value placed on a project in order to determine permit and plans check fees. Construction valuation has no relationship to assessed valuation. Set forth in the following table is summary of the number and valuation of building permits issued in the City within the years indicated.

Building Permit Issuance in City of Henderson

<u>Calendar Year</u>	<u>New Single Family</u>		<u>New Condos</u>		<u>New Commercial</u>		<u>All Permits</u>	
	<u>Permits</u>	<u>Valuation</u>	<u>Permits</u>	<u>Valuation</u>	<u>Permits</u>	<u>Valuation</u>	<u>Permits</u>	<u>Valuation</u>
2011	819	\$109,646,386	0	0	17	\$ 15,626,894	9,940	\$194,361,740
2012	1,133	145,143,647	0	0	12	5,521,826	10,684	243,753,376
2013	1,312	181,243,759	40	\$ 3,849,838	25	62,787,808	11,326	359,371,027
2014	1,264	192,753,563	54	3,531,555	22	8,952,200	13,366	385,009,871
2015	1,696	255,662,779	0	0	25	39,031,854	17,162	423,923,070
2016 <sup>(1)</sup>	1,198	172,527,492	0	0	29	59,244,530	8,398	371,308,593

<sup>(1)</sup> As of June 30, 2016.

Source: City of Henderson Building and Safety Department.

The following table sets forth the number and value of residential permits within the County and its incorporated areas.

**Residential Building Permits**  
**Clark County, Nevada**  
**(Values in Thousands)**

Calendar Year	2012		2013		2014		2015		2016 <sup>(1)</sup>	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value	Permits	Value
Las Vegas	1,235	\$154,145	1,538	\$202,412	1,453	\$202,296	1,663	\$243,674	860	\$190,642
North Las Vegas	636	98,280	506	70,222	491	66,508	698	91,462	366	49,523
Henderson	1,133	145,144	1,352	185,094	1,318	196,285	1,696	255,663	1,198	172,527
Mesquite	169	26,341	202	33,066	196	34,323	206	40,564	99	22,835
Unincorporated										
Clark County	2,984	415,477	3,593	449,225	3,428	452,740	3,847	492,320	2,195	280,555
Boulder City <sup>(2)</sup>	9	3,201	10	3,401	16	5,199	22	6,977	3	962
<b>TOTAL</b>	<b>6,166</b>	<b>\$842,588</b>	<b>7,201</b>	<b>\$943,420</b>	<b>6,902</b>	<b>\$957,351</b>	<b>8,132</b>	<b>\$1,130,660</b>	<b>4,721</b>	<b>\$717,044</b>

(1) As of June 30, 2016, except for North Las Vegas which is through May only.

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

Sources: Building Departments/Divisions – Cities of Las Vegas, North Las Vegas, Henderson, Mesquite, Boulder City; and Clark County.

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

**Total Valuation of All Permits**

<u>Calendar Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016<sup>(1)</sup></u>
Las Vegas	\$378,230,284	\$411,022,949	\$497,750,543	\$596,103,559	\$602,775,475	\$337,380,767
North Las Vegas	187,964,611	158,651,851	203,590,405	263,192,557	262,266,938	180,713,620
Henderson	194,361,740	243,753,376	359,371,027	385,009,871	423,923,070	371,308,593
Mesquite	26,761,655	28,789,392	38,879,662	38,059,247	45,697,056	27,556,130
Unincorporated						
Clark County	811,065,954	1,661,632,803	1,631,904,822	1,987,655,692	2,251,507,323	1,045,466,163
Boulder City	20,853,975	96,450,660	333,212,307	29,391,159	18,566,548	88,133,300
<b>TOTAL</b>	<b>\$1,619,238,219</b>	<b>\$2,600,301,031</b>	<b>\$3,064,708,766</b>	<b>\$3,299,412,085</b>	<b>\$3,604,736,410</b>	<b>\$2,050,558,573</b>
Percent Change	(4.00)%	60.59%	17.86%	7.66%	9.25%	--

(1) As of June 30, 2016, except for North Las Vegas which is through May only.

Sources: Building Departments/Divisions – Cities of Las Vegas, North Las Vegas, Henderson, Mesquite, Boulder City; and Clark County.

**Gaming**

**General.** The economy of the County (and the State) is substantially dependent upon the tourist industry based on legalized casino gambling and related forms of entertainment. The following table sets forth a history of the gross taxable gaming revenue and total gaming taxes collected in the County and the State. Over the past five years, an average of 85.5% of the State's total gross taxable gaming revenue has been generated from Clark County.

Gross Taxable Gaming Revenue And Total Gaming Taxes<sup>(1)</sup>

Fiscal Year Ended	Gross Taxable Gaming Revenue <sup>(2)</sup>		% Change Clark County	Gaming Collection <sup>(3)</sup>		% Change Clark County
	State Total	Clark County		State Total	Clark County	
	June 30					
2011	\$ 9,836,451,902	\$8,366,841,567	--	\$853,455,347	\$725,936,954	--
2012	9,770,060,305	8,310,282,237	(0.68)%	864,621,791	750,628,068	3.40%
2013	10,208,523,998	8,758,830,526	5.40	892,106,457	774,549,912	3.19
2014	10,208,208,433	8,767,996,640	0.10	912,371,316	795,514,687	2.71
2015	10,511,301,026	9,026,040,026	2.94	909,857,085	790,512,643	(0.63)
Jul 14 – May 15	\$9,651,769,580	\$8,288,278,283	--	\$774,470,253	\$677,578,480	--
Jul 15 – May 16	9,756,636,955	8,375,709,363	1.05%	757,306,469	658,898,669	(2.78)%

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

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

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

Source: State of Nevada - Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states across the United States. The different forms of gaming include casino gaming, riverboat gambling, internet gaming and lotteries. Other states may authorize gaming in the future in one form or another. Historically, the availability of these forms of gaming in other states has not had any significant impact on gaming in Clark County. Nonetheless, neither the County nor the City can predict the future impact of authorization of legalized gaming in other states or other countries on the future economy of the County.

**Tourism**

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

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

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

Calendar Year	Total Visitor Volume	Number of Hotel/Motel Rooms Available	Hotel/Motel Occupancy Rate <sup>(1)</sup>	National Occupancy Rate <sup>(2)</sup>
2011	38,928,708	150,161	83.8%	60.1%
2012	39,727,022	150,481	84.4	61.4
2013	39,668,221	150,593	84.3	62.3
2014	41,126,512	150,544	86.8	64.4
2015	42,312,216	149,213	87.7	65.6
2016 <sup>(3)</sup>	17,666,827	149,262	88.3	65.1

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

<sup>(2)</sup> Smith Travel Research.

<sup>(3)</sup> As of May 31, 2016. Represents a 1.2% increase in visitor volume from the same period in the previous year.

Source: Las Vegas Convention and Visitors Authority, and Smith Travel Research, Inc.

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

Room Tax Revenue<sup>(1)</sup>  
Las Vegas Convention & Visitors Authority, Nevada

Calendar Year	Revenue	Percent Change
2011	194,329,584	--
2012	200,384,250	3.1%
2013	210,138,974	4.9
2014	232,443,537	10.6
2015	254,438,208	9.5
2016 <sup>(2)</sup>	92,662,348	--

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

<sup>(2)</sup> As of April 30, 2016. Represents a 8.6% increase from the same period in the previous year.

Source: Las Vegas Convention and Visitors Authority.

## Transportation

The County, through its Department of Aviation, operates an airport system comprised of McCarran International Airport (“McCarran”); North Las Vegas Airport which caters to general aviation activity; Henderson Executive Airport, a corporate aviation facility; and Jean Sports Aviation Center and Overton-Perkins Field which are primarily used for recreational purposes. Boulder City Municipal Airport, which is not owned by the County, is located in the southeastern part of the County.

Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the southern Nevada economy. McCarran’s long range plan focuses on building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology. McCarran opened Terminal 3 in 2012, a new 1.9 million-square-foot facility,

which eases congestion within garages, ticketing lobbies and security checkpoints. Research conducted by local firm Applied Analysis found that McCarran and the Clark County Aviation System generate \$28.4 billion in total economic output annually. Additionally, more than 201,000 jobs and \$8.0 billion in labor income can be attributed to County-managed airports. McCarran reported 45.4 million arriving and departing passengers in 2015, making the year the third-busiest year in the airport's 67-year history. Statistics for first five months of 2016 indicate further growth as airport officials report a 5.6% increase through May. A history of passenger statistics is set forth in the following table.

McCarran International Airport Enplaned & Deplaned Passenger Statistics

Calendar Year	Scheduled Carriers	Charter, Commuter & Other Aviation	Total	Percent Change
2011	39,506,442	1,974,762	41,481,204	--
2012	39,807,361	1,860,235	41,667,596	0.4%
2013	40,334,735	1,522,324	41,857,059	0.5
2014	41,327,024	1,542,493	42,869,517	2.4
2015	43,933,404	1,455,670	45,389,074	5.8
2016 <sup>(1)</sup>	18,474,249	657,259	19,131,506 <sup>(2)</sup>	--

<sup>(1)</sup> As of May 31, 2016.

<sup>(2)</sup> Reflects a 5.6% increase over the same time period in the previous year.

Source: McCarran International Airport.

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

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