

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

2013

For Fiscal Year Ended June 30, 2013

CITY OF HENDERSON, NEVADA



*A Place To Call Home*



**CITY OF HENDERSON, NEVADA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Prepared by:  
Department of Finance**

**Richard A. Derrick  
Chief Financial Officer**

**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF HENDERSON, NEVADA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2013

---

	<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	25
Fund Financial Statements	
Balance Sheet - Governmental Funds	27
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position - Governmental Activities	29
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities - Governmental Activities	32
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	33
Major Special Revenue Funds	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Grants Fund	34
Statement of Net Position - Proprietary Funds	35
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	37
Statement of Cash Flows - Proprietary Funds	39
Statement of Net Position - Fiduciary Funds	41
Notes to Basic Financial Statements	42
Required Supplementary Information	
Other Post Employment Benefits - Schedule of Funding Progress	73
Notes to Required Supplementary Information	74
Other Supplementary Information	
Governmental Funds	
Combining Balance Sheet - Non-Major Governmental Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	76
Combining Balance Sheet - Non-Major Special Revenue Funds	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds	78
Combining Balance Sheets - Non-Major Capital Projects Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Projects Funds	81
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	83
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Grants Fund	87
Redevelopment Agency Fund	88
Gas Tax Fund	89
Forfeited Assets Fund	90
Municipal Court Administrative Fee Fund	91
Financial Stabilization Fund	92

(Continued)

# CITY OF HENDERSON, NEVADA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT TABLE OF CONTENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

---

	<u>Page</u>
Sales and Use Tax Fund	93
Code Enforcement Fund	94
Commissary Fund	95
Debt Service Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -	
General Obligation Fund	96
Special Assessment Districts Fund	97
Capital Projects Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -	
Special Assessment Districts Fund	98
Municipal Facilities Acquisition and Construction Fund	99
Land Sales Fund	100
Special Recreation Fund	101
Park Development Fund	102
Flood Control Fund	103
RTC/County Funded Fund	104
Special Ad Valorem Transportation Fund	105
Capital Replacement Fund	106
Lake Las Vegas Fund	107
Proprietary Funds	
Internal Service Funds	
Combining Statement of Net Position - Internal Service Funds	108
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	110
Combining Statement of Cash Flows - Internal Service Funds	111
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual -	
Engineering Fund	113
City Shop Fund	114
Revolving Fund	115
Self Insurance Fund	116
Workmen's Compensation Self Insurance Fund	117
Health Insurance Self Insurance Fund	118
Citywide Services Fund	119
Enterprise Funds	
Combining Statement of Net Position - Non-Major Enterprise Funds	120
Combining Statement of Revenues, Expenses and Changes in Net Position - Non-Major Enterprise Funds	121
Combining Statement of Cash Flows - Non-Major Enterprise Funds	122
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual -	
Water	123
Sewer Fund	124
Cultural Arts and Tourism Fund	125
Municipal Golf Course Fund	126
Development Services Fund	127
Fiduciary Funds	
Agency Funds	
Combining Statement of Fiduciary Assets and Liabilities	128
Combining Statement of Changes in Fiduciary Assets and Liabilities	129
Statistical Section	
Table 1 - Net Position by Component - Last Ten Fiscal Years	130
Table 2 - Changes in Net Position - Last Ten Fiscal Years	131
Table 3 - Fund Balance, Governmental Funds - Last Ten Fiscal Years	133
Table 4 - Changes in Fund Balance, Governmental Funds - Last Ten Fiscal Years	134
Table 5 - Assessed and Estimated Actual Value of Taxable - Property Last Ten Fiscal Years	136
Table 6 - Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	137
Table 7 - Principal Property Taxpayers - Current and Nine Years Ago	138
Table 8 - Property Tax Levies and Collections - Last Ten Fiscal Years	139

(Continued)

# CITY OF HENDERSON, NEVADA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT TABLE OF CONTENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

---

	<u>Page</u>
Table 9 - Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	140
Table 10 - Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	141
Table 11 - Direct and Overlapping Governmental Activities Debt	142
Table 12 - Legal Debt Margin Information - Last Ten Fiscal Years	143
Table 13 - Pledged Revenue Bond Coverage - Last Ten Fiscal Years	144
Table 14 - Demographic and Economic Statistics - Last Ten Fiscal Years	145
Table 15 - Principal Employers - Current and Nine Years Ago	146
Table 16 - Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	147
Table 17 - Operating Indicators by Function/Program - Last Ten Fiscal Years	148
Table 18 - Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	150
 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>	151
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	153
Schedule of Expenditures of Federal Awards	155
Notes to Schedule of Expenditures of Federal Awards	160
Schedule of Findings and Questioned Costs	161
Schedule of Prior Findings and Questioned Costs	168
Schedule of Business License Fees	170

**THIS PAGE INTENTIONALLY LEFT BLANK**

# INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

# 2013

CITY OF HENDERSON, NEVADA



*A Place To Call Home*







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

**Henderson, Nevada 89015**

---

November 6, 2013

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, 2013, is hereby submitted. State law requires that local governments 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, 2013, 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 unqualified opinion that the City of Henderson's financial statements for fiscal year ended June 30, 2013, 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 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 278,047, 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 23 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.

An ongoing challenge for the public entities in Nevada has been the slow economic recovery from the recession. Sales tax revenue continued to recover in Fiscal Year 2013, and there was an increase in sales tax revenues of 5.2% during the 12 month period ended June 2013, compared to the same 12 month period from the prior year.

Economists from UNLV's Center for Business and Economic Research (CBER) believe the Southern Nevada economy is about halfway through its third year of modest recovery. Furthermore, based on local economic indexes and an assessment of national and regional trends, CBER believes that stronger gains can be expected in the Southern Nevada economy during the second half of 2013 and in 2014 as the national economy gradually accelerates.

According to CBER, both visitor volume and gaming revenue are expected to increase slightly in 2013 and 2014.

According to population estimates made by the Nevada state demographer, the population in Clark County rose to 1,988,195 in 2012. This reflects a slight population increase of 1.1% over the 2011 figure of 1,966,630. In 2013, we can expect growth to continue by 1.2% and increase slightly to 1.3% in 2014.

In 2012, employment growth increased by 2.7% and CBER is forecasting employment growth of 2.5% and 3.0% for 2013 and 2014, respectively, primarily as a result of an improving national economy.

Despite rising home prices, construction activity remains low in Clark County and economists are still concerned about a potentially large shadow inventory of vacant homes. Housing permits for Clark County peaked in 2006 and bottomed out in mid-2011, a 90% decline during the five-year period. Since 2011, Clark County housing permits have increased by 57.4%. Although this recent growth is a positive sign, the overall Southern Nevada housing market is still far below its prerecession peak.

National unemployment, which was at 8.1% in August 2012, decreased to 7.3% in August 2013, thereby reflecting a continued stabilization in the U.S. job market.

The local employment market also showed signs of strength during the first half of 2013, with Nevada's unemployment rate dropping to 9.5% in August 2013, down from 11% a year ago. The Nevada Department of Employment Training and Rehabilitation (DETR) reported that unemployment rates were down in each of Nevada's three metropolitan statistical areas from prior year levels. Although improving, unemployment rates remain relatively high ranging from 9.6% in Las Vegas to 9.1% in Reno-Sparks. In the Las Vegas MSA ("Metropolitan Statistical Area"), the unemployment rate fell to 9.6% in August, down from 9.7% in July.

The Southern Nevada employment picture continued to show signs of recovery during the first eight months of 2013, as Las Vegas added 18,900 jobs over the same period in 2012. Job growth in the Las Vegas metro area has been positive every month since mid-2011 and has been hovering around 2%-3% as of late.

Henderson has a tax rate of \$.7108 per \$100 in assessed valuation. This property tax rate has remained relatively steady for the past 23 years and continues to be one of the lowest in the State of Nevada.

The City is highly reliant on the economically-sensitive consolidated tax; a variety of sales taxes collected statewide on liquor, gaming and other items then distributed to municipalities according to a formula based on growth and population. Because of the dependence on consolidated tax, visitor volume is a key leading indicator for the local economy. Visitor volume is expected to increase slightly, 0.9% and 1.4% for 2013 and 2014 respectively, according to CBER, as the outlook for the U.S. and western State's economy appear to be improving. If national employment figures improve and consumer confidence rebounds in 2013 and 2014, visitor volume, convention attendance, occupancy rates and average daily room rates will all be positively impacted.

The City is projected to experience limited population and revenue growth in the coming years, unlike the dramatic growth and rapid increases experienced through 2008. However, even though population and revenue growth is expected to stabilize, Henderson's population is expected to remain affluent as the median household income in Henderson continues to outpace the county and state averages. The high quality of life continues to attract new citizens.

### Long Term Financial Planning

The City has an annual performance planning process. These plans include the following, but are contingent upon available funds:

- Provide efficient public services while maintaining one of the lowest employee-to-citizen ratios in the Las Vegas Valley

- Maintain the City of Henderson property tax at the same low rate

- Monitor resources made available due to legislative changes to the Consolidated Tax formula

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 2014, contingent upon available funding, include:

Grants and contributions to fund various parks and recreation projects, including Union Pacific Trail Phase III, McCullough Vista Park, Whitney Mesa Recreation Area, Lake Mead Parkway Trail, Armagosa Trail, and Cornerstone Lake Community Park;

Water Fund to fund Sites 17 and 18 Pump Station and Reservoir Upgrades, and R-10A Reservoir;

Water and Sewer Funds to fund upgrades to the systems that monitor and control water, reclaimed water, and wastewater;

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 Galleria Drive - Pabco Road to Lake Las Vegas, Horizon - Boulder Highway to Pacific Avenue, Horizon - I-515 to Boulder Highway, and installation of fiber optic cable along Pecos Road from I-215 to Sunset Road.

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 nor 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 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

In 2008, the City began to prepare a 5-year plan to address the significant economic downturn that the country was facing. A 5-year plan committee was formed which continues to meet on a bi-weekly basis to assess current revenues and expenditures, and discuss options. Since 2008, several cost cutting strategies have been implemented. Employment compensation reductions included: a hiring freeze, an employee buyout program, overtime restrictions, suspension of the City's deferred compensation match, suspension of car allowance benefits, compensatory time off in-lieu of paid overtime, suspension of cost-of-living pay raises, modifications to paid holidays, the elimination of the tuition reimbursement program, and concessions from all employees equivalent to 2% of pay for fiscal year 2013 and fiscal year 2014. Other expenditure reductions included prohibition of non-essential travel, reduction to base operating budgets, stricter cell phone policies, consolidation of service contracts, surrendering of one-time funds, reduction of non-essential services, extension of vehicle life, reduction to the city vehicle fleet, the closing of City Hall on Fridays, deferring of capital projects, and right sizing of staffing in areas where service demand is down. Each department maintains a contingency plan that is periodically updated for possible implementation if needed. In addition the City is looking into revenue enhancement opportunities that could be presented to the City Council for approval.

To date, the City has reduced non-public safety staffing by over 17% through attrition, employee realignment, and employee buyout packages. Compared to other municipalities, the City continues to maintain one of the lowest

employee-to-citizen ratios at 6.9 per 1,000 residents

The City, in conjunction with local governments throughout the state, worked with the legislative subcommittee to review the consolidated tax formula. Changes in the formula were adopted during the 2013 legislative session and it is anticipated that the consolidated tax revenue will increase \$1.5 million annually beginning in fiscal year 2014. The City is currently meeting with a similar group to work on reviewing Nevada property tax policies and provide findings to the State legislators at the 2015 Legislative Session.

During fiscal year 2014, a Special Ad Hoc Budget Committee will convene. This committee is comprised of business and community leaders in Henderson. They will review and analyze the City budget as well as make recommendations regarding future budget reductions, cost containment and revenue enhancement. They will focus on strategies to enhance our ability to make investments in capital improvements, streets, and parks and address our aging buildings and infrastructure. Recommendations from this committee will be forwarded to the Mayor and City Council for consideration in the fiscal year 2015 budget development.

Thus far, the City has had the ability to sustain municipal service levels. With the strategies that have been implemented along with what we are working on currently, we believe that we will continue to be able to provide quality services to the business and families that call Henderson home.

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, 2012.

This was the 31st 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,



Jacob L. Snow  
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

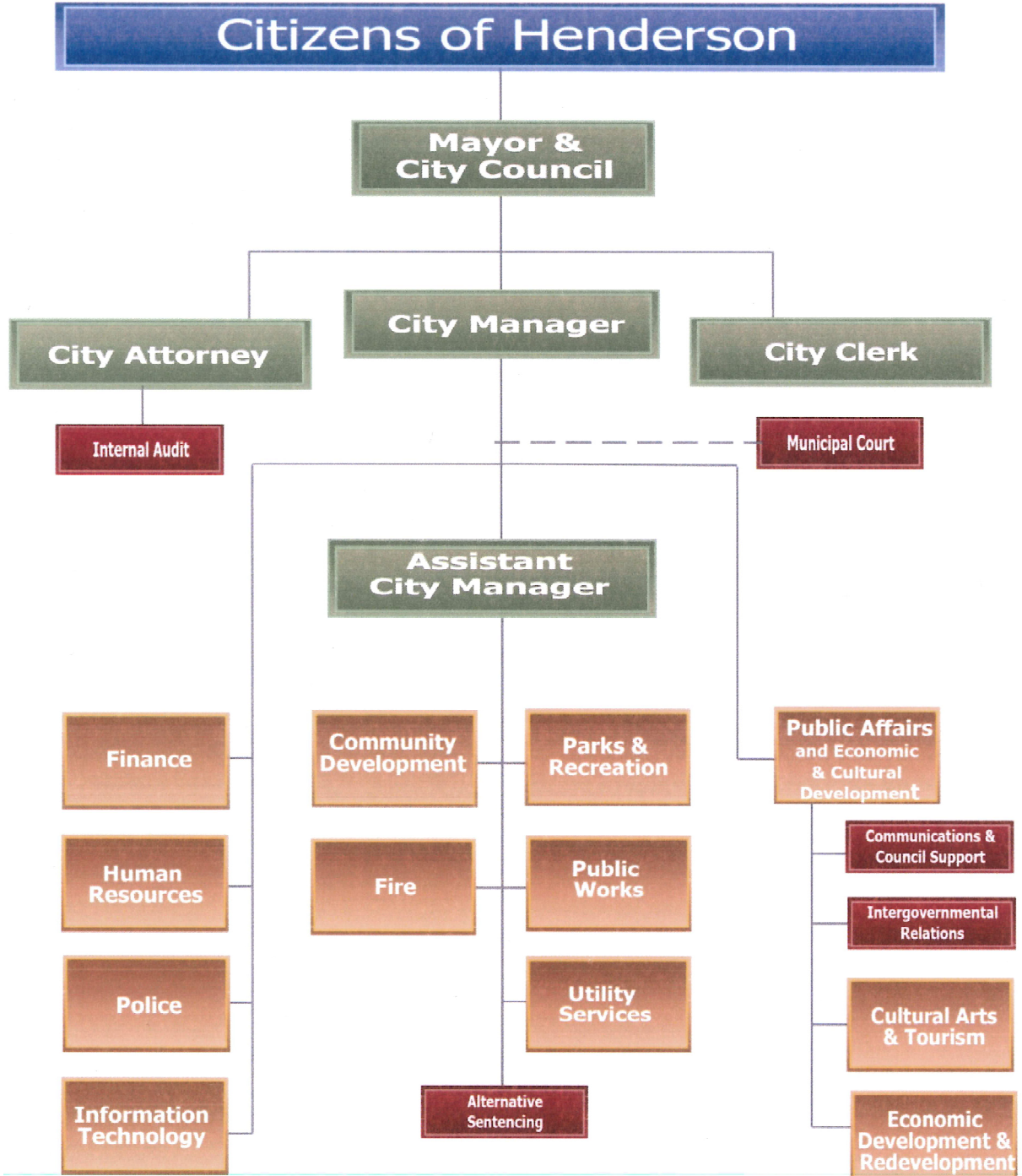
**June 30, 2012**

Executive Director/CEO

# CITY OF HENDERSON, NEVADA

## ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2013



**CITY OF HENDERSON, NEVADA**

**List of Principal Officers**

**FOR THE YEAR ENDED JUNE 30, 2013**

---

**MAYOR AND COUNCIL**

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

**CITY OFFICIALS**

**Jacob L. Snow, City Manager**  
**Josh Reid, City Attorney**  
**Sabrina Mercadante, City Clerk**



# FINANCIAL SECTION

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

# 2013

CITY OF HENDERSON, NEVADA



*A Place To Call Home*



**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, 2013, 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 and for the year ended June 30, 2013, 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 and other post employment benefits - schedule of funding progress on pages 11-23 and 73-74 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 6, 2013, 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.



Las Vegas, Nevada  
November 6, 2013

**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

---

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, 2013. 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, 2013, by \$2,622,274,339 (net position). Of this amount, \$174,324,582 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

During fiscal 2013, the City's total net position decreased by \$63,211,803. See the sections on Governmental Activities and Business-type Activities below for explanations of the decrease.

As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$235,488,690, a decrease of \$30,495,784 in comparison with the prior year. See the governmental fund analysis below for explanations of the decrease. Approximately 7.0% of ending fund balances, or \$16,391,761, is available for spending at the City's discretion (unassigned fund balance).

As of June 30, 2013, unassigned fund balance in the general fund was 7.8% of fiscal 2013 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.

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.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

### 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, 2013. 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 Municipal Facilities Acquisition and Construction 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, 2013

---

### 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, 2013, the City's net position is \$2,622,274,339.

The largest portion of the City's net position (84.8%) 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, 2013**

Summary Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
Assets						
Current, restricted and other	\$ 373,005,741	\$ 416,151,668	\$ 154,068,609	\$ 162,344,010	\$ 527,074,350	\$ 578,495,678
Capital	<u>1,507,830,951</u>	<u>1,524,589,944</u>	<u>1,001,616,803</u>	<u>1,027,934,784</u>	<u>2,509,447,754</u>	<u>2,552,524,728</u>
Total assets	<u>1,880,836,692</u>	<u>1,940,741,612</u>	<u>1,155,685,412</u>	<u>1,190,278,794</u>	<u>3,036,522,104</u>	<u>3,131,020,406</u>
Deferred outflows of resources	<u>10,112,557</u>	<u>11,514,584</u>	<u>7,203,429</u>	<u>1,298,063</u>	<u>17,315,986</u>	<u>12,812,647</u>
Liabilities						
Current	30,414,266	46,029,568	14,984,508	16,456,147	45,398,774	62,485,715
Other	<u>210,245,577</u>	<u>212,447,734</u>	<u>175,919,400</u>	<u>183,413,462</u>	<u>386,164,977</u>	<u>395,861,196</u>
Total liabilities	<u>240,659,843</u>	<u>258,477,302</u>	<u>190,903,908</u>	<u>199,869,609</u>	<u>431,563,751</u>	<u>458,346,911</u>
Net position						
Net investment in capital assets	1,377,259,345	1,391,457,251	846,172,666	858,586,532	2,223,432,011	2,250,043,783
Restricted	210,529,977	235,191,764	13,987,769	48,462,130	224,517,746	283,653,894
Unrestricted	<u>62,500,084</u>	<u>67,129,879</u>	<u>111,824,498</u>	<u>84,658,586</u>	<u>174,324,582</u>	<u>151,788,465</u>
Total net position	<u>\$ 1,650,289,406</u>	<u>\$ 1,693,778,894</u>	<u>\$ 971,984,933</u>	<u>\$ 991,707,248</u>	<u>\$ 2,622,274,339</u>	<u>\$ 2,685,486,142</u>

A portion of the City's net position (8.6%) is subject to external restrictions on how it may be used. The remaining balance of \$174,324,582 is considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

During fiscal year 2013, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 requires that the City report deferred outflows of resources related to deferred refunding losses on debt, which was previously netted with debt in long-term liabilities. As required by GASB 65, fiscal year 2012 net position has been restated to account for the cumulative effect of the adoption of a new accounting pronouncement. At June 30, 2013, the City is reporting deferred outflows of resources in the governmental and business-type activities of \$10.1 million and \$7.2 million, respectively, due to the adoption of GASB 65.

As of June 30, 2013, the City is able to report positive balances in all three categories of net position, both for government as a whole, as well as for its separate governmental and business-type activities. The same held true for the previous fiscal year.

The \$24.7 million decrease in restricted net position for governmental activities was mainly due to payments for special assessment infrastructure of \$16.6 million during fiscal 2013. In addition, there was a \$4.4 million reduction of balances available for claims and a \$2.2 million reduction of redevelopment restrictions.

The decrease of \$34.4 million in restricted net position for business type activities is due to declining system development revenues, combined with cash payments for debt, capital projects and the repair and rehabilitation of current capital assets and infrastructure.

During the current fiscal year, the City's overall net position decreased by \$63,211,803, with Governmental Activities accounting for \$43,489,488 of the decrease and Business-type Activities accounting for \$19,722,315. See explanations for the decreases 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, 2013**

### Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
		(Restated)		(Restated)		(Restated)
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 44,877,495	\$ 46,771,978	\$ 115,195,718	\$ 107,538,384	\$ 160,073,213	\$ 154,310,362
Operating grants and contributions	10,625,816	10,108,605	20,000	88,378	10,645,816	10,196,983
Capital grants and contributions	58,672,921	97,763,977	10,187,969	14,658,033	68,860,890	112,422,010
General revenues						
Property taxes	63,320,080	67,805,008			63,320,080	67,805,008
Room taxes	823,290	784,278	1,644,032	1,564,477	2,467,322	2,348,755
Intergovernmental revenues - consolidated tax	81,088,044	77,115,178			81,088,044	77,115,178
Motor vehicle fuel tax	3,933,820	3,945,147			3,933,820	3,945,147
Sales tax	10,704,017	10,208,557	4,025,507	3,789,604	14,729,524	13,998,161
Franchise fees, based on gross receipts	30,011,869	30,372,912			30,011,869	30,372,912
Unrestricted investment income	2,231,741	2,358,160	1,710,311	2,413,633	3,942,052	4,771,793
Increase (decrease) in fair value of investments	(3,569,677)	1,449,379	(3,045,590)	641,934	(6,615,267)	2,091,313
Gain on disposal of capital assets	4,011,053	505,220			4,011,053	505,220
Miscellaneous	632,593	4,509,623	496,494	4,056,939	1,129,087	8,566,562
<b>Total revenues</b>	<b><u>307,363,062</u></b>	<b><u>353,698,022</u></b>	<b><u>130,234,441</u></b>	<b><u>134,751,382</u></b>	<b><u>437,597,503</u></b>	<b><u>488,449,404</u></b>
<b>Expenses</b>						
General government	60,686,477	54,529,227			60,686,477	54,529,227
Judicial	14,002,003	12,710,426			14,002,003	12,710,426
Public safety	138,260,143	136,086,182			138,260,143	136,086,182
Public works	75,900,091	77,151,783			75,900,091	77,151,783
Culture and recreation	46,200,390	47,012,306			46,200,390	47,012,306
Community support	4,952,021	6,542,584			4,952,021	6,542,584
Interest expense and fiscal charges	5,465,068	4,552,101			5,465,068	4,552,101
Administrative and other costs	591,649	2,097,120			591,649	2,097,120
Water			83,514,646	85,409,430	83,514,646	85,409,430
Sewer			53,979,377	53,123,778	53,979,377	53,123,778
Development services			9,358,144	8,532,739	9,358,144	8,532,739
Cultural arts and tourism			4,444,192	4,564,263	4,444,192	4,564,263
Municipal golf course			3,455,105	3,666,570	3,455,105	3,666,570
<b>Total expenses</b>	<b><u>346,057,842</u></b>	<b><u>340,681,729</u></b>	<b><u>154,751,464</u></b>	<b><u>155,296,780</u></b>	<b><u>500,809,306</u></b>	<b><u>495,978,509</u></b>
Transfers	(4,794,708)	(3,221,142)	4,794,708	3,221,142		
<b>Change in net position</b>	<b><u>(43,489,488)</u></b>	<b><u>9,795,151</u></b>	<b><u>(19,722,315)</u></b>	<b><u>(17,324,256)</u></b>	<b><u>(63,211,803)</u></b>	<b><u>(7,529,105)</u></b>
<b>Net position, beginning of year, as previously reported</b>						
	1,696,232,414	1,686,244,069	1,010,084,323	1,028,435,443	2,706,316,737	2,714,679,512
Adjustment	(2,453,520)	(2,260,326)	(18,377,075)	(19,403,939)	(20,830,595)	(21,664,265)
<b>Net position, beginning of year, as adjusted</b>	<b><u>1,693,778,894</u></b>	<b><u>1,683,983,743</u></b>	<b><u>991,707,248</u></b>	<b><u>1,009,031,504</u></b>	<b><u>2,685,486,142</u></b>	<b><u>2,693,015,247</u></b>
<b>Net position, end of year</b>	<b><u>\$ 1,650,289,406</u></b>	<b><u>\$ 1,693,778,894</u></b>	<b><u>\$ 971,984,933</u></b>	<b><u>\$ 991,707,248</u></b>	<b><u>\$ 2,622,274,339</u></b>	<b><u>\$ 2,685,486,142</u></b>

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

### Governmental Activities

Governmental activities decreased the City's net position by \$43,489,488. Significant changes are as follows:

Capital grants and contributions decreased by \$39.1 million. There was a decrease in grants for the Southern Nevada Public Land Management Act of approximately \$51.1 million. This was offset by an increase in capital asset related to donated parks and land of \$9.2 million and donated infrastructure of \$3.4 million.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 31) requires that the City's investments be reported at market value. The market value of investments decreased by \$3.6 million in the current fiscal year.

There was a \$4 million gain on sale of assets due to a sale and an exchange of appreciated land.

Other revenues decreased by \$3.9 million, which was due in large part to revenues related to an agreement with a developer to reimburse the City for legal fees related to environmental analysis in fiscal year 2012.

General Government expenses increased by \$6 million due in large part to a loss on sale of land of \$8.8 million related to three transactions: 1.) Twelve acres of land was sold to Clark County School District for the Tuscany school site for \$10, resulting in a loss of \$3.7 million. 2.) One hundred fifty-one acres of land was sold with the proceeds remitted to the Bureau of Land Management, resulting in a loss of \$1.7 million. The use of this land is limited to structures approved by the Henderson Executive Airport, so no large structures or residential units will be built. 3.) The Pinnacle Building in the Redevelopment Area was sold to Agua Gaming, resulting in a loss of \$3.4 million.

Judicial expenses increased by \$1.3 million due in large part to an increase in compensated absences of \$0.8 million. A department was moved from general government to judicial in fiscal year 2013, which accounts for this increase.

Community Support expenses decreased by \$1.6 million due in large part to a \$1.2 million decrease in grant expenditures related to neighborhood stabilization funds. Grant funding for this purpose was received in fiscal year 2012, with little remaining for expenditure in fiscal year 2013.

As a result of adopting GASB 65, there was a cumulative effect adjustment for the change in accounting principal, which reduced net position by \$2.1 million and \$1.7 million for fiscal years 2013 and 2012 respectively. GASB 65 requires debt issuance costs to be expensed in the period incurred. Prior to adopting GASB 65, these costs were deferred and amortized over the life of the debt.

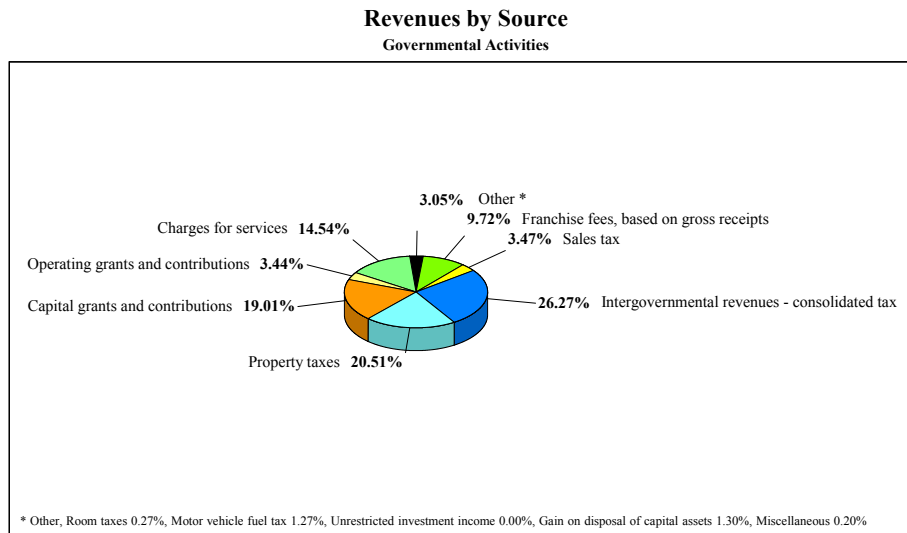
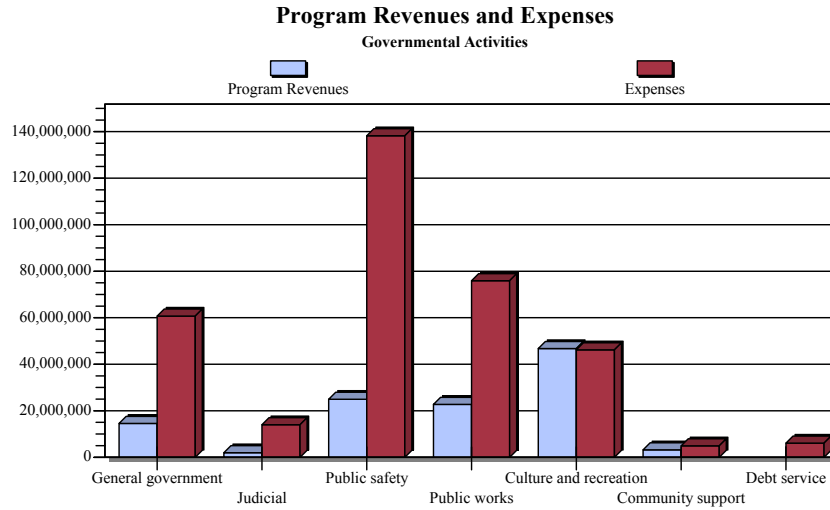
There was a prior period adjustment which reduced net position by \$0.4 million and \$0.5 million in fiscal years 2013 and 2012, respectively. The adjustment was required to record deferred inflows of resources related to notes receivable for housing rehabilitation and other loans, which was previously recognized as revenue.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013



### Business-type Activities

Business-type activities decreased the City's net position by \$19,722,315. Significant changes are as follows:

Capital grants and contributions decreased by \$4.5 million, due to the reduction of development fees and donated assets.

The market value of investments decreased by \$3 million.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

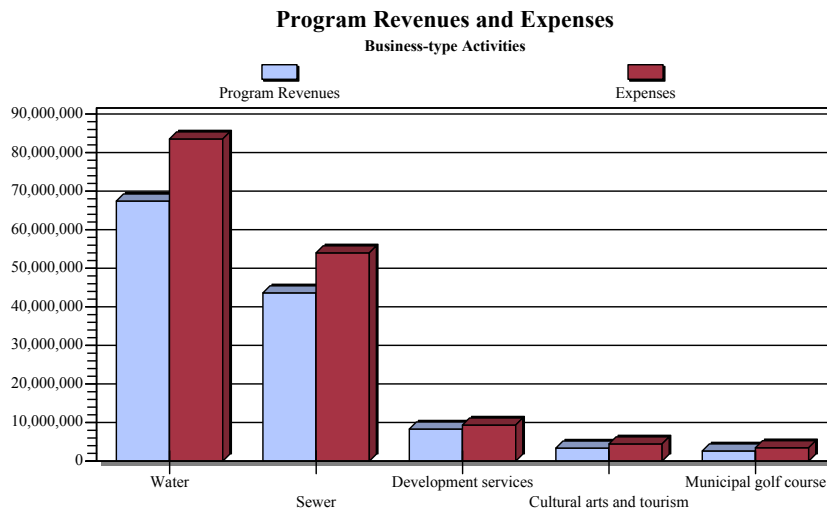
There was a decrease in investment income of \$0.7 million due to lower cash and investment balances and a decrease of average rate of return on investments from 1.58% in fiscal year 2012 to 1.23% in fiscal year 2013.

Other revenues decreased by \$3.6 million due primarily to a refund received in fiscal 2012 from the Clean Water Coalition (the Coalition). In 2009, the Coalition dissolved and all monies were turned over to the State by law; however, the Nevada Supreme Court overturned this law and ruled that all monies be returned to the original contributors (which included the City's initial contribution to the Coalition).

As a result of adopting GASB 65, there was a cumulative effect adjustment for the change in accounting principal, which reduced net position by \$1 million and \$1.1 million in fiscal years 2013 and 2012, respectively. GASB 65 requires debt issuance costs to be expensed in the period incurred. Prior to adopting GASB 65, these costs were deferred and amortized over the life of the debt.

There was a prior period adjustment that reduced net position by \$14.7 million and \$15.7 million in fiscal year 2013 and 2012, respectively. The adjustment was required to write-off lateral sewer lines and fire sprinklers and irrigation sleeves, which are owned and maintained by private parties.

There was a prior period adjustment that reduced net position by \$2.6 million in both fiscal years 2013 and 2012. The adjustment was required to record a liability to other governments related to sales tax allocation overpayments by the Southern Nevada Water Authority for fiscal years 2001 through 2010. The City is required to repay this obligation over the next eight years.

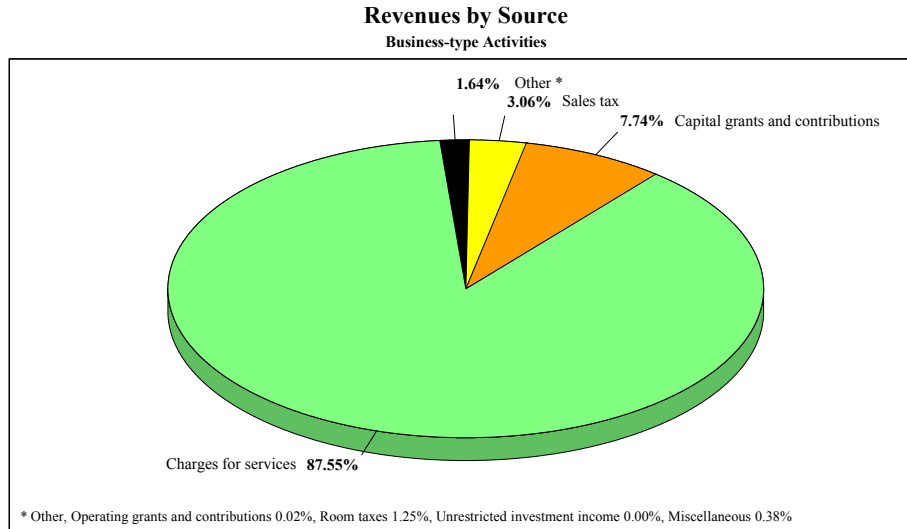


(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013



### 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 \$235,488,690, a decrease of \$30,495,784, in comparison with the prior year. Approximately 7.0% of this balance (\$16,391,761) is unassigned, meaning it is available for spending at the government's discretion. The remainder of fund balance is either restricted or assigned to indicate that it is not available for new spending because it has already been restricted by State law or outside entities (\$190,966,371) or assigned for specific uses by the City (\$28,130,558).

### 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 \$16,391,761, while total fund balance was \$17,328,221. 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, 2013, unassigned fund balance represents 7.8% of total general fund expenditures, while total fund balance represents 8.2% of that same amount.

The fund balance of the general fund increased by \$476,259 during the current fiscal year. Key factors for this net increase are as follows:

Transfers to other funds decreased by \$2.4 million, as compared to the previous fiscal year and transfers in from other funds decreased by \$7.2 million.

Property taxes increased by \$7.7 million, or 16%. This was due in large part to property taxes that were formerly recorded in the General Obligation Debt Service Fund that are now being recorded in the general fund.

Other general fund revenues increased, but no single category increased significantly over the previous fiscal year.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

General fund expenditures increased in total by \$3.6 million, but no one category increased significantly over the previous fiscal year.

### Grants Special Revenue Fund

At June 30, 2013, the grants special revenue fund has a total fund balance of \$1,581,960, all of which is restricted by granting agencies. There was a decrease in intergovernmental revenues over last year of \$49.1 million due primarily to a decrease in grant monies for the Southern Nevada Public Land Management Act (SNPLMA), which is used for parks and trails. Expenditures for General Government increased by \$1.1 million due to expenditures related to a HUD Sustainable Community Grant. Expenditures for Public Safety increased by \$1.7 million due to expenditures related to police radio equipment, training, and other safety equipment. Culture and Recreation expenditures decreased by \$50.5 million due to the SNPLMA grants described above. Community Support expenditures decreased by \$1.2 million due to a decrease in grant expenditures related to neighborhood stabilization funds; grant funding for this program was received in fiscal year 2012, with little remaining for expenditure in fiscal year 2013.

### General Obligation Debt Service Fund

The general obligation debt service fund has a total fund balance of \$2,215,640, all of which is restricted for payment of debt service. The \$556,951 net increase in fund balance during fiscal year 2013 is due to several factors. Although the debt service fund reported a reduction in property tax revenue of approximately \$11.5 million, this was due to a change in reporting. In previous years, the \$0.12 property tax override for Parks and Recreation was recorded in the debt service fund and then transferred out to the general fund. Beginning in fiscal year 2013, this revenue is recorded directly into the general fund. During fiscal year 2013, there was also a reduction in debt service payments of approximately \$6.7 million and an increase in net transfers of approximately \$5.2 million. Other financing sources include proceeds from refunded debt and the premium on refunded debt in the amount of \$66.7 million and \$5.1 million, respectively. Other financing uses included payments on refunded bonds in the amount of \$71.2 million.

### Special Assessment Districts Capital Projects Fund

The special assessment districts capital projects fund has a total fund balance of \$89,824,570, all of which is restricted for capital projects funded by special assessments. In fiscal year 2013, the net decrease in fund balance of \$16.7 million is due to payment of special assessment infrastructure improvement projects.

### Municipal Facilities Acquisition and Construction Capital Projects Fund

The municipal facilities acquisition and construction capital projects fund has a fund balance of \$9,642,558, all of which is assigned for capital projects within the City. During fiscal 2013, fund balance decreased by \$9.9 million, primarily due to transfers of resources to other funds.

Expenditures were approximately \$0.9 million lower in fiscal year 2013, as compared to fiscal year 2012. This was due to a decrease in expenditures for the detention facility in fiscal year 2013. The detention facility expansion was completed this year.

### Proprietary Funds

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

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

Unrestricted net position of the water fund at the end of fiscal year 2013 amounted to \$92,751,440 and the total decline in net position was \$9,495,538. Unrestricted net position of the sewer fund at the end of the fiscal year 2013 was \$47,606,907 and the total decrease in net position was \$4,533,116. 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 decreased by \$2.1 million, or 0.94% under the original budget. This decrease was due to a reorganization of departments and budgetary reductions approved by City Council during the current fiscal year.

Actual expenditures were 96.7% of appropriations, or \$7.2 million lower than the final budget. All functions are well within appropriation authority. The savings were mainly due to staffing vacancies during the fiscal year, reduced operating expenditures, as well as projects that were not completed by the end of the fiscal year that will be re-appropriated to the subsequent year. The main areas of savings are summarized below:

Actual General Government expenditures were \$3.3 million below the final budget. The majority of the positive variance from budget is due to reduced operating expenditures, while approximately \$600,000 of which related to ongoing projects that will be re-appropriated in fiscal year 2014.

Actual Public Safety expenditures were \$1.7 million below the final budget due to vacancy savings and reductions to operating expenditures.

Actual Culture and Recreation expenditures were \$1.4 million below the final budget due to savings from vacancies and operating expenditure reductions.

### Capital Assets and Debt Administration

#### Capital Assets

As of June 30, 2013, the City's investment in capital assets for its governmental and business-type activities is \$2,509,447,754 (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 2013, the City's investment in capital assets decreased by \$43.1 million (approximately \$16.8 million decrease for governmental activities and approximately \$26.3 million decrease for business-type activities). Major capital asset events during the current fiscal year included the following:

Buildings increased by \$27.1 million for governmental activities due in large part to the detention center expansion of \$34.5 million. This increase was partially offset by current year depreciation expense.

Improvements other than buildings increased by \$65.9 million for governmental activities due in large part to \$34.9 million for Heritage Park Phase II; \$8 million for St. Rose Trail Phase II; \$7 million for Hidden Falls Park; \$7 million for Reunion Trails Park; \$5.5 million for Weston Hills Park, which was donated; and \$2.1 million for Wells Park Improvements.

Infrastructure for governmental activities decreased by \$35 million, due mainly to depreciation of existing assets in the amount of approximately \$64 million. This decrease was offset by donated infrastructure assets of \$15.3 million; special assessment infrastructure additions of \$7.8 million; and completed roadway improvements of \$5 million.

(Continued)

# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

Construction in progress for governmental activities decreased by \$74.3 million due in large part to the completion of Heritage Park Phase II for \$34.9 million; completion of the detention center expansion for \$34.5 million; and St. Rose Trail Phase II for \$8 million.

Buildings for business-type activities increased by \$88.5 million due in large part to \$90 million for the Southwest Reclamation Facility Phase I building portion.

Machinery and equipment for business-type activities increased by \$18.4 million due in large part to Southwest Reclamation Facility Phase I in the amount of \$19 million.

Construction in progress for business-type activities decreased by \$133.5 million mainly due to the completion of the Southwest Reclamation Facility Phase I in the amount of \$141.5 million.

	Capital Assets, Net of Accumulated Depreciation and Amortization					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012 (Restated)	2013	2012 (Restated)
Construction in progress	\$ 91,343,140	\$ 165,652,225	\$ 8,923,067	\$ 142,406,029	\$ 100,266,207	\$ 308,058,254
Land	209,061,075	210,500,525	28,208,674	27,477,823	237,269,749	237,978,348
Building and building improvements	258,336,955	231,273,671	120,286,376	31,758,503	378,623,331	263,032,174
Improvements other than buildings	207,314,890	141,388,326	816,233,560	816,742,581	1,023,548,450	958,130,907
Infrastructure	720,514,290	755,545,592			720,514,290	755,545,592
Machinery and equipment	<u>21,260,601</u>	<u>20,229,605</u>	<u>27,965,126</u>	<u>9,549,848</u>	<u>49,225,727</u>	<u>29,779,453</u>
	<u>\$ 1,507,830,951</u>	<u>\$ 1,524,589,944</u>	<u>\$ 1,001,616,803</u>	<u>\$ 1,027,934,784</u>	<u>\$ 2,509,447,754</u>	<u>\$ 2,552,524,728</u>

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 \$272,888,659. Of this amount, \$106,969,000 is considered general obligation debt and \$12,360,000 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.

(Continued)



# CITY OF HENDERSON, NEVADA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

	Summary of Bonds Outstanding					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 106,969,000	\$ 112,364,000	\$	\$	\$ 106,969,000	\$ 112,364,000
Tax allocation bonds	12,360,000	13,010,000			12,360,000	13,010,000
Water and sewer bonds			153,559,659	165,218,258	153,559,659	165,218,258
	\$ 119,329,000	\$ 125,374,000	\$ 153,559,659	\$ 165,218,258	\$ 272,888,659	\$ 290,592,258

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

As of June 30, 2013, the City's net general obligation bonded debt subject to the legal debt margin of \$260,528,659 was below the legal limit of \$1,231,060,451.

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 2013/2014 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.

Provide efficient public services while maintaining one of the lowest employee-to-citizen ratios in the Las Vegas Valley.

A modest recovery in the Southern Nevada economy

Improving conditions in construction and development

Assessed values beginning to show slight increases

Changes to the Consolidated Tax distribution formula that was approved at the 2013 Legislative Session

Concessions for all employee groups equivalent to 2% of compensation for FY 2014.

During the current fiscal year fund balance in the general fund increased to \$17,328,221. The City has appropriated approximately \$0.9 million of this amount for spending in the 2013/2014 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

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

# 2013

CITY OF HENDERSON, NEVADA



*A Place To Call Home*



# CITY OF HENDERSON, NEVADA

## STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents, unrestricted	\$ 176,548,235	\$ 65,477,890	\$ 242,026,125
Investments, unrestricted	101,958,529	91,909,318	193,867,847
Cash and cash equivalents, restricted	2,334,899	11,838,376	14,173,275
Accounts receivable, net	10,986,669	13,796,396	24,783,065
Taxes receivable	1,526,682		1,526,682
Special assessments receivable	1,871,220		1,871,220
Notes receivable, net	4,619,695	294,018	4,913,713
Interest receivable	375,832	319,054	694,886
Due from other governments	27,343,048	1,145,540	28,488,588
Land held for resale	13,287,487		13,287,487
Other assets	105,125	1,336,337	1,441,462
Internal balances	32,048,320	(32,048,320)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	91,343,140	8,923,067	100,266,207
Land	209,061,075	28,208,674	237,269,749
Building and building improvements	258,336,955	120,286,376	378,623,331
Improvements other than buildings	207,314,890	816,233,560	1,023,548,450
Infrastructure	720,514,290		720,514,290
Machinery and equipment	21,260,601	27,965,126	49,225,727
<b>Total assets</b>	<b>1,880,836,692</b>	<b>1,155,685,412</b>	<b>3,036,522,104</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	10,112,557	7,203,429	17,315,986
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	13,577,849	5,921,611	19,499,460
Accrued wages	2,673,841	474,165	3,148,006
Contracts and retentions payable	755,344	400,208	1,155,552
Due to other governments	4,604,128	1,569,857	6,173,985
Tax increment payable to developers	473,858		473,858
Unearned revenue	142,804	3,771,942	3,914,746
Interest payable	1,074,155		1,074,155
Deposits	7,112,287	154,512	7,266,799
Other current liabilities, payable from restricted assets		2,692,213	2,692,213
Noncurrent liabilities, due within one year	22,628,805	1,019,305	23,648,110
Noncurrent liabilities, partially payable from restricted assets, due within one year		14,458,126	14,458,126
Noncurrent liabilities, net of unamortized premiums and discounts, due in more than one year	187,616,772	160,441,969	348,058,741
<b>Total liabilities</b>	<b>240,659,843</b>	<b>190,903,908</b>	<b>431,563,751</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,377,259,345	846,172,666	2,223,432,011
Restricted for			
Stabilization and other general programs	17,039,059		17,039,059
Courts and other judicial programs	1,096,331		1,096,331
Fire, police and other public safety programs	2,805,565		2,805,565
Streets and other public works projects	125,090,674		125,090,674
Parks, cultural and recreational programs	12,294,971		12,294,971
Community assistance and support programs	138,525		138,525
Debt service	2,008,452	9,099,208	11,107,660
Redevelopment programs	29,418,639		29,418,639
Claims	20,637,761		20,637,761
System development		4,888,561	4,888,561
Unrestricted	62,500,084	111,824,498	174,324,582
<b>Total net position</b>	<b>\$ 1,650,289,406</b>	<b>\$ 971,984,933</b>	<b>\$ 2,622,274,339</b>

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

# CITY OF HENDERSON, NEVADA

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 60,686,477	\$ 12,352,918	\$ 1,231,013	\$ 973,907	\$ (46,128,639)		\$ (46,128,639)
Judicial	14,002,003	1,955,317	27,791		(12,018,895)		(12,018,895)
Public safety	138,260,143	22,577,786	2,324,598		(113,357,759)		(113,357,759)
Public works	75,900,091	627,055	250,616	21,872,281	(53,150,139)		(53,150,139)
Culture and recreation	46,200,390	7,364,419	3,585,326	35,826,733	576,088		576,088
Community support	4,952,021		3,206,472		(1,745,549)		(1,745,549)
Debt service							
Interest expense and fiscal charges	5,465,068				(5,465,068)		(5,465,068)
Administrative and other costs	591,649				(591,649)		(591,649)
<b>Total governmental activities</b>	<u>346,057,842</u>	<u>44,877,495</u>	<u>10,625,816</u>	<u>58,672,921</u>	<u>(231,881,610)</u>		<u>(231,881,610)</u>
Business-type activities							
Water	83,514,646	63,425,581		4,007,051		(16,082,014)	(16,082,014)
Sewer	53,979,377	37,434,262		6,180,918		(10,364,197)	(10,364,197)
Development services	9,358,144	8,315,424				(1,042,720)	(1,042,720)
Cultural arts and tourism	4,444,192	3,369,152	20,000			(1,055,040)	(1,055,040)
Municipal golf course	3,455,105	2,651,299				(803,806)	(803,806)
<b>Total business-type activities</b>	<u>154,751,464</u>	<u>115,195,718</u>	<u>20,000</u>	<u>10,187,969</u>		<u>(29,347,777)</u>	<u>(29,347,777)</u>
<b>Total function/program</b>	<u>\$ 500,809,306</u>	<u>\$ 160,073,213</u>	<u>\$ 10,645,816</u>	<u>\$ 68,860,890</u>	<u>\$ (231,881,610)</u>		<u>(29,347,777)</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, 2013

	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					63,320,080		63,320,080
Room taxes					823,290	1,644,032	2,467,322
Intergovernmental revenues - consolidated tax					81,088,044		81,088,044
Motor vehicle fuel tax					3,933,820		3,933,820
Sales tax					10,704,017	4,025,507	14,729,524
Franchise fees, based on gross receipts					30,011,869		30,011,869
Unrestricted investment income					2,231,741	1,710,311	3,942,052
Increase (decrease) in fair value of investments					(3,569,677)	(3,045,590)	(6,615,267)
Gain on disposal of capital assets					4,011,053		4,011,053
Miscellaneous					632,593	496,494	1,129,087
<b>Total general revenues</b>					<u>193,186,830</u>	<u>4,830,754</u>	<u>198,017,584</u>
Transfers					(4,794,708)	4,794,708	
<b>CHANGE IN NET POSITION</b>					<u>(43,489,488)</u>	<u>(19,722,315)</u>	<u>(63,211,803)</u>
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>					1,696,232,414	1,010,084,323	2,706,316,737
Adjustment					(2,453,520)	(18,377,075)	(20,830,595)
<b>NET POSITION BEGINNING OF YEAR, AS ADJUSTED</b>					<u>1,693,778,894</u>	<u>991,707,248</u>	<u>2,685,486,142</u>
<b>NET POSITION, END OF YEAR</b>					<u>\$ 1,650,289,406</u>	<u>\$ 971,984,933</u>	<u>\$ 2,622,274,339</u>

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

# CITY OF HENDERSON, NEVADA

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2013

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds					Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal			Aggregate Other Governmental Funds		
					Facilities Acquisition and Construction	Funds	Funds			
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,666,878		\$ 1,969,334	\$ 92,166,411	\$ 4,237,059		\$ 45,894,310		\$ 145,933,992	
Restricted cash and cash equivalents	1,607,773						727,126		2,334,899	
Investments	3,339,258		224,219	293,072	5,391,502		56,071,827		65,319,878	
Accounts receivable, net	9,401,030	1,039,977			194,841		130,706		10,766,554	
Interest receivable	22,892		6,393	1,031	26,421		191,598		248,335	
Taxes receivable	1,167,127		359,555						1,526,682	
Special assessments receivable									1,871,220	
Notes receivable, net	3,239,104						1,596,675		14,552,296	
Due from other funds	1,647,556								1,647,556	
Due from other governments	17,064,686	5,813,919	15,694				4,061,147		26,955,446	
Advances to other funds							621,261		621,261	
Land held for resale							13,287,487		13,287,487	
<b>Total assets</b>	<u>\$ 39,156,304</u>	<u>\$ 16,570,413</u>	<u>\$ 2,575,195</u>	<u>\$ 92,460,514</u>	<u>\$ 9,849,823</u>		<u>\$ 124,453,357</u>		<u>\$ 285,065,606</u>	
<b>LIABILITIES</b>										
Accounts payable and other accrued liabilities	\$ 6,327,817	\$ 3,955,095		\$ 703,857	\$ 206,587		\$ 1,235,600		\$ 12,428,956	
Accrued wages	2,401,380	30,518			678		126,670		2,559,246	
Tax increment payable to developers							473,858		473,858	
Due to other governments							3,242,474		4,604,128	
Due to other funds				23,516			361,233		1,671,072	
Advances from other funds		1,286,323		1,908,571			621,261		2,529,832	
Unearned revenue									84,620	
Deposits	84,620						28,625		7,038,966	
Compensated absences	7,010,341								25,726	
Termination benefits	25,726								25,726	
	210,314								210,314	
<b>Total liabilities</b>	<u>\$ 17,421,852</u>	<u>\$ 5,271,936</u>		<u>\$ 2,635,944</u>	<u>\$ 207,265</u>		<u>\$ 6,089,721</u>		<u>\$ 31,626,718</u>	

(Continued)

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

**CITY OF HENDERSON, NEVADA**

**GOVERNMENTAL FUNDS  
BALANCE SHEET (CONTINUED)  
JUNE 30, 2013**

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds				Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal		Aggregate Other Governmental Funds		
					Facilities Acquisition and Construction				
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue, property taxes	1,167,127		359,555						1,526,682
Unavailable revenue, special assessments	3,239,104	9,716,517							1,871,220
Unavailable revenue, notes receivable	4,406,231	9,716,517	359,555						14,552,296
Total deferred inflows of resources	21,828,083	14,988,453	359,555	2,635,944	207,265				17,950,198
Total liabilities and deferred inflows of resources									49,576,916
FUND BALANCES									
Restricted	936,460		2,215,640	89,824,570					190,966,371
Assigned	16,391,761				9,642,558				28,130,558
Unassigned	17,328,221	1,581,960	2,215,640	89,824,570	9,642,558				16,391,761
Total fund balances	\$ 39,156,304	\$ 16,570,413	\$ 2,575,195	\$ 92,460,514	\$ 9,849,823	\$ 124,453,357	\$ 285,065,606		
Total liabilities, deferred inflows of resources and fund balances									

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, 2013

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 235,488,690
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	\$ 2,342,219,304	
Less accumulated depreciation	<u>(847,889,576)</u>	1,494,329,728
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Due from other governments	<u>276,684</u>	276,684
Deferred outflows of resources benefit future periods; and therefore, are not reported in governmental funds:		
Deferred charges on refunding	<u>10,112,557</u>	10,112,557
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	(140,684,163)	
Construction contracts payable	(755,344)	
Other postemployment benefits	(15,473,637)	
Compensated absences payable	(35,559,096)	
Termination benefits payable	<u>(604,888)</u>	(193,077,128)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	<u>(1,074,155)</u>	(1,074,155)
Deferred inflows of resources represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	<u>8,017,597</u>	8,017,597
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	64,167,113	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	26,663,359	
Internal service fund balance receivable from business-type activities from current year activity	<u>5,384,961</u>	96,215,433
NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ 1,650,289,406</u>

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



**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF HENDERSON, NEVADA

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds					Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal			Aggregate Other Governmental Funds		
					Facilities Acquisition and Construction	Special Assessment Districts	Facilities Acquisition and Construction			
<b>REVENUES</b>										
Property taxes	\$ 55,642,041		\$ 2,455,646						\$ 5,175,974	\$ 63,273,661
Franchise fees	30,011,869									30,011,869
Licenses and permits	8,063,081									8,063,081
Intergovernmental	83,942,115	33,555,250							16,183,528	133,680,893
Charges for services	25,128,181								2,424,396	27,552,577
Fines and forfeitures	5,078,530								1,533,047	6,611,577
Impact fees						764,819			704,633	1,469,452
Special assessments									146,928	146,928
Investment income	132,993		33,342						1,248,425	1,653,726
Decrease in fair value of investments	(101,479)		(22,864)						(1,824,213)	(2,278,714)
Developer contributions									767,836	767,836
Rental fees									603,767	603,767
Miscellaneous	572,295								359,846	1,181,952
Total revenues	<u>208,469,626</u>	<u>33,805,061</u>	<u>2,466,124</u>	<u>70,020</u>	<u>603,607</u>				<u>27,324,167</u>	<u>272,738,605</u>
<b>EXPENDITURES</b>										
Current										
General government	41,591,200								4,175,671	47,245,654
Judicial	11,225,522								862,079	12,087,601
Public safety	115,932,933								11,581,720	129,203,173
Public works	6,643,882								2,253,202	9,680,018
Culture and recreation	33,723,767								2,278,257	40,374,416
Community support	1,781,027								101,715	5,152,419
Total current	<u>210,898,331</u>								<u>21,252,644</u>	<u>243,743,281</u>
Capital outlay										
General government									1,445,582	1,445,582
Judicial									284,878	284,878
Public safety	57,958								231,909	1,917,272
Public works	32,377								659,524	19,274,299
Culture and recreation									16,658,323	23,456,629
Total capital outlay	<u>90,335</u>								<u>16,658,323</u>	<u>46,378,660</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, 2013

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds				Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal Facilities Acquisition and Construction			Aggregate Other Governmental Funds	
					Acquisition	Construction	Other		
Debt service									
Principal payments			4,464,565					650,000	5,114,565
Interest and fiscal charges			3,471,306	119,376				702,789	4,293,471
Administrative and other costs			585,178					6,471	591,649
Total debt service			8,521,049	119,376				1,359,260	9,999,685
Total expenditures	210,988,666	33,347,681	8,521,049	17,023,513	1,458,223			28,782,494	300,121,626
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,519,040)	457,380	(6,054,925)	(16,953,493)	(854,616)			(1,458,327)	(27,383,021)
OTHER FINANCING SOURCES (USES)									
Proceeds from land sales								1,827,493	1,827,493
Loss on sale of land held for development								(3,426,519)	(3,426,519)
Issuance of refunding bonds			66,750,000						66,750,000
Premium on refunding bonds issued			5,055,658						5,055,658
Payment to advance refunding bond agent			(71,194,329)						(71,194,329)
Transfers in	7,800,000		6,000,547	224,969			107,877	2,641,434	16,774,827
Transfers out	(4,804,701)						(9,183,487)	(3,911,705)	(18,899,893)
Total other financing sources (uses)	2,995,299		6,611,876	224,969			(9,075,610)	(2,869,297)	(3,112,763)
CHANGE IN FUND BALANCE	476,259	(542,620)	556,951	(16,728,524)	(9,930,226)			(4,327,624)	(30,495,784)
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	16,851,962	2,124,580	1,658,689	106,553,094	19,572,784			119,607,435	266,368,544
Adjustment								(384,070)	(384,070)
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	16,851,962	2,124,580	1,658,689	106,553,094	19,572,784			119,223,365	265,984,474
FUND BALANCE, END OF YEAR	17,328,221	1,581,960	2,215,640	89,824,570	9,642,558			114,895,741	235,488,690

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, 2013

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS \$ (30,495,784)

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	\$ 39,991,941	
Less current year depreciation	(80,123,857)	
Proceeds from land sales	(1,827,493)	
Net loss on disposition of capital assets	(1,422,603)	
Internal service fund activity	<u>(264,791)</u>	(43,646,803)

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	236,824	
Change in unavailable revenue related to notes receivable from current year activity	276,684	
Change in unavailable revenue from cumulative prior years' activity	(155,694)	
Capital asset contributions	30,136,256	
Property taxes	(190,405)	
Change in accrued interest receivable on notes receivable	<u>81,525</u>	30,385,190

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	(66,750,000)	
Premium on refunding bonds issued	(5,055,658)	
Payment to refunded bonds escrow agent	71,194,329	
Debt principal repayments	<u>5,114,565</u>	4,503,236

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	(1,079,100)	
Change in compensated absences payable	55,823	
Change in termination benefits payable	(126,414)	
Amortization of debt premiums, discounts and refunding charges	(1,193,269)	
Change in accrued interest	<u>(91,073)</u>	(2,434,033)

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	(7,186,255)	
The internal service funds change in net position related to business-type activities	<u>5,384,961</u>	<u>(1,801,294)</u>

CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES \$ (43,489,488)

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, 2013

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 54,897,557	\$ 54,897,557	\$ 55,642,041	\$ 744,484
Franchise fees	30,381,045	30,381,045	30,011,869	(369,176)
Licenses and permits	7,889,935	8,014,935	8,063,081	48,146
Intergovernmental	84,544,199	84,544,304	83,942,115	(602,189)
Charges for services	25,462,872	26,084,064	25,128,181	(955,883)
Fines and forfeitures	6,111,937	6,182,305	5,078,530	(1,103,775)
Investment income	125,000	235,000	132,993	(102,007)
Decrease in fair value of investments			(101,479)	(101,479)
Developer contributions	75,000	95,000		(95,000)
Miscellaneous	2,146,500	1,346,426	572,295	(774,131)
<b>Total revenues</b>	<b>211,634,045</b>	<b>211,780,636</b>	<b>208,469,626</b>	<b>(3,311,010)</b>
<b>EXPENDITURES</b>				
Current				
General government	43,155,106	44,882,005	41,591,200	3,290,805
Judicial	11,282,012	11,414,542	11,225,522	189,020
Public safety	120,100,866	117,633,356	115,932,933	1,700,423
Public works	7,947,067	6,920,384	6,643,882	276,502
Culture and recreation	35,757,544	35,083,970	33,723,767	1,360,203
Community support	1,985,941	2,129,630	1,781,027	348,603
<b>Total current</b>	<b>220,228,536</b>	<b>218,063,887</b>	<b>210,898,331</b>	<b>7,165,556</b>
Capital outlay				
Public safety		50,750	57,958	(7,208)
Public works		33,100	32,377	723
<b>Total capital outlay</b>	<b></b>	<b>83,850</b>	<b>90,335</b>	<b>(6,485)</b>
<b>Total expenditures</b>	<b>220,228,536</b>	<b>218,147,737</b>	<b>210,988,666</b>	<b>7,159,071</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(8,594,491)</b>	<b>(6,367,101)</b>	<b>(2,519,040)</b>	<b>3,848,061</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	14,500,000	11,500,000	7,800,000	(3,700,000)
Transfers out	(4,954,701)	(4,404,701)	(4,804,701)	(400,000)
<b>Total other financing sources (uses)</b>	<b>9,545,299</b>	<b>7,095,299</b>	<b>2,995,299</b>	<b>(4,100,000)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>950,808</b>	<b>728,198</b>	<b>476,259</b>	<b>(251,939)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>16,643,952</b>	<b>16,851,962</b>	<b>16,851,962</b>	<b></b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 17,594,760</b>	<b>\$ 17,580,160</b>	<b>\$ 17,328,221</b>	<b>\$ (251,939)</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, 2013

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental	\$ 3,351,721	\$ 54,362,336	\$ 33,555,250	\$ (20,807,086)
Miscellaneous		240,825	249,811	8,986
Total revenues	3,351,721	54,603,161	33,805,061	(20,798,100)
EXPENDITURES				
Current				
General government		1,937,627	1,216,606	721,021
Public safety	335,435	1,712,695	1,526,276	186,419
Public works		584,283	229,392	354,891
Culture and recreation	368,695	5,724,338	4,356,892	1,367,446
Community support	2,244,998	5,361,477	3,269,677	2,091,800
Total current	2,949,128	15,320,420	10,598,843	4,721,577
Capital outlay				
Public safety		1,115,698	967,881	147,817
Public works		2,063,575	9,242	2,054,333
Culture and recreation		31,278,377	21,771,715	9,506,662
Total capital outlay		34,457,650	22,748,838	11,708,812
Total expenditures	2,949,128	49,778,070	33,347,681	16,430,389
EXCESS OF REVENUES OVER EXPENDITURES	402,593	4,825,091	457,380	(4,367,711)
OTHER FINANCING USES				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	
CHANGE IN FUND BALANCE	(597,407)	3,825,091	(542,620)	(4,367,711)
FUND BALANCE, BEGINNING OF YEAR	597,407	2,124,580	2,124,580	
FUND BALANCE, END OF YEAR	\$	\$ 5,949,671	\$ 1,581,960	\$ (4,367,711)

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF HENDERSON, NEVADA

## PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2013

	Business-type Activities				Governmental
	Aggregate			Other	Internal Service
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 41,541,355	\$ 19,533,914	\$ 4,402,621	\$ 65,477,890	\$ 30,614,243
Restricted cash and cash equivalents	6,878,577	4,912,844	46,955	11,838,376	
Investments	55,251,855	30,996,496	5,660,967	91,909,318	36,638,651
Accounts receivable, net	9,499,185	4,124,974	172,237	13,796,396	220,115
Interest receivable	196,210	101,904	20,940	319,054	127,497
Notes receivable, net	294,018			294,018	
Inventories					105,125
Due from other funds					23,516
Due from other governments		821,210	324,330	1,145,540	110,918
Total current assets	<u>113,661,200</u>	<u>60,491,342</u>	<u>10,628,050</u>	<u>184,780,592</u>	<u>67,840,065</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Construction in progress	7,289,613	1,633,454		8,923,067	75,913
Land	2,726,245	11,679,500	13,802,929	28,208,674	
Buildings and building improvements	12,401,579	110,884,763	9,496,136	132,782,478	744,560
Improvements other than buildings	679,161,516	612,308,427	26,039,847	1,317,509,790	473,374
Machinery and equipment	11,353,381	26,311,142	5,400,277	43,064,800	48,948,144
Accumulated depreciation and amortization	<u>(308,487,210)</u>	<u>(196,957,662)</u>	<u>(23,427,134)</u>	<u>(528,872,006)</u>	<u>(36,740,768)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>404,445,124</u>	<u>565,859,624</u>	<u>31,312,055</u>	<u>1,001,616,803</u>	<u>13,501,223</u>
Other assets					
Advances to other funds					1,908,571
Deposits	1,336,337			1,336,337	
Total other assets	<u>1,336,337</u>			<u>1,336,337</u>	<u>1,908,571</u>
Total noncurrent assets	<u>405,781,461</u>	<u>565,859,624</u>	<u>31,312,055</u>	<u>1,002,953,140</u>	<u>15,409,794</u>
Total assets	<u>519,442,661</u>	<u>626,350,966</u>	<u>41,940,105</u>	<u>1,187,733,732</u>	<u>83,249,859</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charges on refunding	<u>346,601</u>	<u>6,856,828</u>		<u>7,203,429</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, 2013

	Business-type Activities				Governmental
			Aggregate Other		Activities
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and other accrued liabilities	4,657,477	1,139,675	124,459	5,921,611	1,148,893
Accrued wages	196,157	170,560	107,448	474,165	114,595
Due to other governments	1,569,857			1,569,857	
Construction contracts and retentions	115,395	284,813		400,208	
Unearned revenue			3,771,942	3,771,942	58,184
Customer deposits payable from restricted assets	1,321,600			1,321,600	
Deposits			154,512	154,512	73,321
Compensated absences	239,907	272,393	175,442	687,742	208,587
Termination benefits	91,516	136,039	104,008	331,563	911
Claims and judgments					14,877,172
Interest payable from restricted assets	492,039	878,574		1,370,613	
Debt obligations partially payable from restricted assets	6,189,020	8,269,106		14,458,126	
Total current liabilities	<u>14,872,968</u>	<u>11,151,160</u>	<u>4,437,811</u>	<u>30,461,939</u>	<u>16,481,663</u>
Noncurrent liabilities					
Debt obligations payable	25,412,829	125,359,603		150,772,432	
Compensated absences	1,993,114	2,263,006	1,457,551	5,713,671	1,691,571
Other post employment benefits	1,366,179	1,109,772	1,218,217	3,694,168	909,512
Provisional credits and refunding agreements	249,357	12,341		261,698	
Total noncurrent liabilities	<u>29,021,479</u>	<u>128,744,722</u>	<u>2,675,768</u>	<u>160,441,969</u>	<u>2,601,083</u>
Total liabilities	<u>43,894,447</u>	<u>139,895,882</u>	<u>7,113,579</u>	<u>190,903,908</u>	<u>19,082,746</u>
<b>NET POSITION</b>					
Net investment in capital assets	373,189,876	441,670,735	31,312,055	846,172,666	13,501,223
Restricted					
Debt service	5,064,938	4,034,270		9,099,208	
Claims					20,637,761
System development	4,888,561			4,888,561	
Unrestricted	<u>92,751,440</u>	<u>47,606,907</u>	<u>3,514,471</u>	<u>143,872,818</u>	<u>30,028,129</u>
Total net position	<u>\$ 475,894,815</u>	<u>\$ 493,311,912</u>	<u>\$ 34,826,526</u>	1,004,033,253	<u>\$ 64,167,113</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				(32,048,320)	
Net position of business-type activities				<u>\$ 971,984,933</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, 2013

	Business-type Activities				Governmental
			Aggregate Other		Internal Service
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
<b>OPERATING REVENUES</b>					
Utilities fees	\$ 61,288,430	\$ 36,790,868	\$	\$ 98,079,298	\$
Connection fees	876,874	62,837		939,711	
Late charges	1,242,635	580,557		1,823,192	
Charges for services			8,056,067	8,056,067	33,873,580
Licenses and permits			3,864,657	3,864,657	
Intergovernmental		370,273		370,273	
Rental fees			348,192	348,192	
Miscellaneous	90,250	3,611	73,019	166,880	
<b>Total operating revenues</b>	<b>63,498,189</b>	<b>37,808,146</b>	<b>12,341,935</b>	<b>113,648,270</b>	<b>33,873,580</b>
<b>OPERATING EXPENSES</b>					
Salaries and wages	11,235,334	9,731,377	5,798,018	26,764,729	5,996,825
Employee benefits	4,418,153	3,741,027	2,099,110	10,258,290	2,412,553
Water purchases	22,713,837			22,713,837	
Services and supplies	15,475,583	13,154,524	7,332,365	35,962,472	16,854,510
Claims and judgments					15,868,554
Legal fees					27,767
Depreciation and amortization	26,227,048	20,457,093	998,609	47,682,750	3,911,128
<b>Total operating expenses</b>	<b>80,069,955</b>	<b>47,084,021</b>	<b>16,228,102</b>	<b>143,382,078</b>	<b>45,071,337</b>
<b>Operating loss</b>	<b>(16,571,766)</b>	<b>(9,275,875)</b>	<b>(3,886,167)</b>	<b>(29,733,808)</b>	<b>(11,197,757)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	1,073,085	529,132	108,094	1,710,311	719,612
Decrease in fair value of investments	(1,878,089)	(982,685)	(184,816)	(3,045,590)	(1,290,963)
Gain (loss) on capital asset disposition	(12,804)	(94)		(12,898)	264,791
Interest expense	(1,275,948)	(4,617,057)		(5,893,005)	(6,630)
Bond issuance costs		(777,121)		(777,121)	
Room tax revenue			1,644,032	1,644,032	
Sales tax revenue		4,025,507		4,025,507	
Other intergovernmental revenue	3,040		2,062,905	2,065,945	
Miscellaneous	11,596			11,596	73,393
<b>Total nonoperating revenues (expenses)</b>	<b>(2,079,120)</b>	<b>(1,822,318)</b>	<b>3,630,215</b>	<b>(271,223)</b>	<b>(239,797)</b>
<b>Loss before capital contributions and transfers</b>	<b>(18,650,886)</b>	<b>(11,098,193)</b>	<b>(255,952)</b>	<b>(30,005,031)</b>	<b>(11,437,554)</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital contributions	10,403,407	6,916,720		17,320,127	473,783
<b>TRANSFERS</b>					
Transfers in	3,761	181,250	1,250,150	1,435,161	3,797,516
Transfers out	(1,251,820)	(532,893)	(1,302,898)	(3,087,611)	(20,000)
<b>Total transfers</b>	<b>(1,248,059)</b>	<b>(351,643)</b>	<b>(52,748)</b>	<b>(1,652,450)</b>	<b>3,777,516</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, 2013

	Business-type Activities				Governmental Activities
	Aggregate Other			Total Enterprise Funds	Internal Service Funds
	Water	Sewer	Enterprise Funds		
CHANGE IN NET POSITION	<u>(9,495,538)</u>	<u>(4,533,116)</u>	<u>(308,700)</u>	<u>(14,337,354)</u>	<u>(7,186,255)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	487,163,277	514,449,179	35,135,226		71,353,368
Adjustment	<u>(1,772,924)</u>	<u>(16,604,151)</u>			
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>485,390,353</u>	<u>497,845,028</u>	<u>35,135,226</u>		<u>71,353,368</u>
NET POSITION, END OF YEAR	<u>\$ 475,894,815</u>	<u>\$ 493,311,912</u>	<u>\$ 34,826,526</u>		<u>\$ 64,167,113</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>(5,384,961)</u>	
CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES				<u>\$ (19,722,315)</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, 2013

	Business-type Activities				Governmental
	Aggregate Other			Internal Service	
	Water	Sewer	Enterprise Funds		Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 63,646,894	\$ 37,812,325	\$ 12,196,069	\$ 113,655,288	\$ 1,444,751
Cash received from interfund services					32,462,408
Cash received from other sources	14,636	4,025,507	3,706,937	7,747,080	91,580
Cash payments for goods and services	(44,173,993)	(16,888,965)	(9,474,635)	(70,537,593)	(33,279,855)
Cash payments for employee services	(11,239,518)	(9,267,564)	(5,549,265)	(26,056,347)	(6,476,529)
Net cash provided by (used in) operating activities	<u>8,248,019</u>	<u>15,681,303</u>	<u>879,106</u>	<u>24,808,428</u>	<u>(5,757,645)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in			1,250,150	1,250,150	3,797,516
Transfers out	(1,070,570)	(529,132)	(1,302,898)	(2,902,600)	(20,000)
Repayments of advances from other funds					105,593
Net cash provided by (used in) noncapital financing activities	<u>(1,070,570)</u>	<u>(529,132)</u>	<u>(52,748)</u>	<u>(1,652,450)</u>	<u>3,883,109</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(5,655,492)	(3,734,571)	(502,191)	(9,892,254)	(2,528,183)
Proceeds received from disposal of capital assets					271,827
Principal payments on debt	(5,964,285)	(97,973,149)		(103,937,434)	
Interest payments on debt	(1,537,833)	(4,934,723)		(6,472,556)	(6,630)
Bond issuance costs		(2,866,545)		(2,866,545)	
Increase (decrease) in deposits	1,306,977			1,306,977	
Increase (decrease) in provisional credits	(140,686)	5,859		(134,827)	
Capital contributions	2,396,813	3,597,660		5,994,473	
Proceeds from issuance of refunding debt		92,260,000		92,260,000	
Net cash used in capital financing activities	<u>(9,594,506)</u>	<u>(13,645,469)</u>	<u>(502,191)</u>	<u>(23,742,166)</u>	<u>(2,262,986)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from investment sales or redemptions	50,930,238	21,013,955	4,596,987	76,541,180	45,273,159
Purchase of investments	(38,089,128)	(15,715,678)	(3,669,577)	(57,474,383)	(34,856,861)
Investment income received	1,098,219	551,414	110,663	1,760,296	747,488
Net cash provided by investing activities	<u>13,939,329</u>	<u>5,849,691</u>	<u>1,038,073</u>	<u>20,827,093</u>	<u>11,163,786</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11,522,272</b>	<b>7,356,393</b>	<b>1,362,240</b>	<b>20,240,905</b>	<b>7,026,264</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>36,897,660</u></b>	<b><u>17,090,365</u></b>	<b><u>3,087,336</u></b>	<b><u>57,075,361</u></b>	<b><u>23,587,979</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>					
Cash and cash equivalents, unrestricted	41,541,355	19,533,914	4,402,621	65,477,890	30,614,243
Cash and cash equivalents, restricted	6,878,577	4,912,844	46,955	11,838,376	
	<u>\$ 48,419,932</u>	<u>\$ 24,446,758</u>	<u>\$ 4,449,576</u>	<u>\$ 77,316,266</u>	<u>\$ 30,614,243</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, 2013

	Business-type Activities				Governmental Activities
			Aggregate Other		Internal Service Funds
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating loss	\$ (16,571,766)	\$ (9,275,875)	\$ (3,886,167)	\$ (29,733,808)	\$ (11,197,757)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities					
Depreciation	26,227,048	20,457,093	998,609	47,682,750	3,911,128
Other	14,636	4,025,507	3,706,937	7,747,080	73,393
(Increase) decrease in operating assets					
Accounts receivable	148,705	4,179	(490,888)	(338,004)	(19,286)
Due from other governments					28,882
Due from other funds					(6,683)
Inventories, bulk fuel					(30,449)
Increase (decrease) in operating liabilities					
Accounts payable and accrued liabilities	(1,599,106)	(46,587)	(53,938)	(1,699,631)	(117,903)
Compensated absences	(121,781)	325,701	126,796	330,716	(292,907)
Termination benefits	91,516	109,841	104,008	305,365	(203,398)
Claims and judgements					2,003,381
Other post employment benefits	93,640	81,444	47,023	222,107	53,934
Deposits	(34,873)		(18,296)	(53,169)	(18,164)
Unearned revenue			345,022	345,022	58,184
Total adjustments	<u>24,819,785</u>	<u>24,957,178</u>	<u>4,765,273</u>	<u>54,542,236</u>	<u>5,440,112</u>
Net cash provided by (used in) operating activities	<u>\$ 8,248,019</u>	<u>\$ 15,681,303</u>	<u>\$ 879,106</u>	<u>\$ 24,808,428</u>	<u>\$ (5,757,645)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Contribution of capital assets	<u>\$ 8,006,594</u>	<u>\$ 3,319,060</u>	<u>\$ _____</u>	<u>\$ 11,325,654</u>	<u>\$ 473,783</u>
Change in fair value of investments	<u>\$ (1,878,089)</u>	<u>\$ (982,685)</u>	<u>\$ (184,816)</u>	<u>\$ (3,045,590)</u>	<u>\$ (1,290,963)</u>

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

# CITY OF HENDERSON, NEVADA

## FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2013

---

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 66,383,393
Investments	892,983
Special assessments receivable	<u>469,647</u>
Total assets	<u>67,746,023</u>
LIABILITIES	
Due to developers	13,129,788
Due to employees	144,118
Due to others	<u>54,472,117</u>
Total liabilities	<u>67,746,023</u>
NET POSITION	<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, 2013

---

### 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 a 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 City Council is financially accountable. Financial accountability would result where the City 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.

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, 2013

---

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, 2013

---

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 municipal facilities acquisition and construction capital projects fund accounts for costs associated with the acquisition, construction and improvement of public building facilities.

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, 2013

---

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, 2013

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:

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

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

	<u>Years</u>
Buildings and building improvements	15-40
Improvements other than buildings	10-50
Infrastructure	15-50
Machinery and equipment	3-10

### 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. The balance of the refundable deposit as of June 30, 2013, is \$1,336,337.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

### Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which are collectively referred to as compensated absences. All vacation and sick leave is 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.

### 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 only has one item that qualifies for reporting in this category, which is the deferred charge on refunding reported in the government wide and the proprietary funds statement of net position. A 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.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

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. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### 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 delegated authority to assign fund balances amounts 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.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

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.

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 (\$91,565,175) occurred in the capital projects funds.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

### Excess of Expenditures over Appropriations

For the year ended June 30, 2013, total expenditures exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

Code enforcement special revenue fund (community support function)	\$	1,600
Land sales capital projects fund (community support function)		100,115
Capital replacement capital projects fund (judicial function)		110,030
Capital replacement capital projects fund (culture and recreation function)		30,766

These over expenditures were funded by available assets in excess of liabilities as represented by fund balance or net position in the respective funds.

### Prior Period Adjustments

Beginning fund balance and net position related to governmental activities have been restated and reduced by \$384,070. The adjustment was required to record deferred inflows of resources related to notes receivable for housing rehabilitation and other loans, which was previously recognized as revenue.

Beginning net position related to business-type activities has been restated and reduced by \$14,753,556. The adjustment was required to write-off certain capital assets (lateral sewer lines, fire sprinklers and irrigation sleeves) that were determined to be owned and are required to be maintained by private parties.

Beginning net position related to business-type activities has been restated and reduced by \$2,582,992. The adjustment was required to record a liability to other governments, related to sales tax allocation overpayments by the Southern Nevada Water Authority, which were received by the City in fiscal years 2001 through 2010.

### Cumulative Effect of Change in Accounting Principal

Effective July 1, 2012, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The adoption of GASB 65 requires retroactive adjustment to amounts previously reported as deferred charges associated with bond issuance costs in water and sewer funds, as well as governmental activities of the entity-wide statement of net position. The cumulative effect of this change in accounting principle is reported in the current year as an adjustment to beginning net position.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

Net position or fund balance as of July 1, 2012, has been retroactively adjusted as follows:

	Aggregate Governmental Funds	Other Water Enterprise Fund	Sewer Enterprise Fund	Governmental Activities	Business-type Activities
Net position or fund balance, as previously reported	\$ <u>119,607,435</u>	\$ <u>487,163,277</u>	\$ <u>514,449,179</u>	\$ <u>1,696,232,414</u>	\$ <u>1,010,084,323</u>
Adjustments					
Cumulative effect of adopting GASB 65		(176,378)	(864,149)	(2,069,450)	(1,040,527)
Record deferred inflows related to notes receivable	(384,070)			(384,070)	
Reverse donated capital assets		(1,596,546)	(13,157,010)		(14,753,556)
Record obligation to City of Las Vegas			(2,582,992)		(2,582,992)
Total adjustments	<u>(384,070)</u>	<u>(1,772,924)</u>	<u>(16,604,151)</u>	<u>(2,453,520)</u>	<u>(18,377,075)</u>
Net position or fund balance, as adjusted	\$ <u><u>119,223,365</u></u>	\$ <u><u>485,390,353</u></u>	\$ <u><u>497,845,028</u></u>	\$ <u><u>1,693,778,894</u></u>	\$ <u><u>991,707,248</u></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, 2013:

Cash on hand	\$ 35,233
Cash on deposit	176,859,444
Cash equivalents	145,688,116
Investments	<u>194,760,830</u>
Total cash, cash equivalents and investments	<u>\$ 517,343,623</u>

At June 30, 2013, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

	Unrestricted	Restricted	Total
Governmental activities	\$ 278,506,764	\$ 2,334,899	\$ 280,841,663
Business-type activities	157,387,208	11,838,376	169,225,584
Fiduciary Funds	<u>67,276,376</u>		<u>67,276,376</u>
Total cash, cash equivalents and investments	<u>\$ 503,170,348</u>	<u>\$ 14,173,275</u>	<u>\$ 517,343,623</u>

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.

(Continued)



# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

As of June 30, 2013, the recorded amount of the City's deposits was \$176,859,444 and the bank balance was \$177,503,840. Of the bank statement balance, \$1,000,000 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 Finance Director 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
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, 2013, the City had the following cash equivalents and investments:

	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled cash equivalents and investments			
Money Market Funds	\$ 3,487,612	\$ 3,487,612	N/A
U.S. Agency securities*			
Federal Farm Credit Bank	10,000,000	9,569,050	7.35
Federal Home Loan Bank	63,622,615	61,455,989	6.71
Federal Home Loan Mortgage Corporation	16,439,922	16,255,861	4.38
Federal National Mortgage	56,912,358	56,772,317	3.59
U.S. Treasury notes	36,639,633	37,738,476	4.72
US Treasury notes - inflationary	6,702,567	7,183,054	7.35
State of Nevada, Local Government Investment Pool	127,902	127,902	N/A

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

	Cost	Fair Value	Weighted Average Maturity (Years)
Corporate bonds	\$ 4,994,700	\$ 4,893,100	4.46
Total pooled cash equivalents and investments	198,927,309	197,483,361	5.13
Non-pooled cash equivalents and investments			
Special assessment bond proceeds investments			
Invesco Money Market Fund	140,608,104	140,608,104	N/A
Federal Home Loan Bank Discount Note	872,090	892,983	0.08
Other bond proceeds investments			
Redevelopment bonds - Invesco Money Market Fund	1,376,862	1,376,862	N/A
Utility bonds - State of Nevada, Local Government Investment Pool	87,636	87,636	N/A
Total non-pooled cash equivalents and investments	142,944,692	142,965,585	0.08
Total cash equivalents and investments	\$ 341,872,001	\$ 340,448,946	2.99

\* 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, 2013, 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.

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	1.02 %
U.S. Agency securities			
Federal Farm Credit Bank	AA+	Aaa	2.81 %
Federal Home Loan Bank	AA+	Aaa	18.06 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	4.77 %
Federal National Mortgage	AA+	Aaa	16.68 %
U.S. Treasury notes	*	*	11.08 %
US Treasury notes - inflationary	*	*	2.11 %
State of Nevada, Local Government Investment Pool	N/A	N/A	0.04 %
Corporate bonds	A+	A1	1.44 %
Total pooled cash equivalents and investments			58.01 %

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

	Standard & Poor's	Moody's	Percentage of Portfolio
Non-pooled cash equivalents and investments			
Special assessment bond proceeds investments			
Invesco Money Market Fund	AAA	Aaa	41.30 %
Federal Home Loan Bank Discount Note	N/A	P-1	0.26 %
Other bond proceeds investments			
Redevelopment bonds - Invesco Money Market Fund	AAA	Aaa	0.40 %
Utility bonds - State of Nevada, Local Government			
Investment Pool	N/A	N/A	0.03 %
Total non-pooled cash equivalents and investments			41.99 %
 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, 2013, 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	\$ 1,286,323
	Aggregate Other Governmental Funds	361,233
Internal Service Funds	Special Assessment Districts Capital Projects Fund	23,516
		\$ 1,671,072

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. The amount due to the internal service funds consists of engineering service fees.

##### Advances To and From Other Funds

Receivable Fund	Payable Fund	Amount
Aggregate Other Governmental Funds	Aggregate Other Governmental Funds	\$ 621,261
Internal Service Funds	Special Assessment Districts Capital Projects Fund	1,908,571
		\$ 2,529,832

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.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

#### Internal Balances

Effect of prior years' internal service activity on business-type activities	\$ (26,663,359)
Effect of current year internal service activity on business-type activities	<u>(5,384,961)</u>
	<u>\$ (32,048,320)</u>

#### Interfund Transfers

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Municipal Facilities Acquisition and Construction Capital Projects Fund	\$ 7,800,000
General Obligation Debt Service Fund	General Fund	1,057,035
	Grants Special Revenue Fund	1,000,000
	Municipal Facilities Acquisition and Construction Capital Projects Fund	908,487
	Aggregate Other Governmental Funds	1,412,425
	Water Enterprise Fund	1,070,570
	Sewer Enterprise Fund	529,132
	Aggregate Other Enterprise Funds	2,898
	Internal Service Funds	20,000
Special Assessment Districts Capital Projects Fund	Aggregate Other Governmental Funds	224,969
Municipal Facilities Acquisition and Construction Capital Projects Fund	Aggregate Other Governmental Funds	107,877
Aggregate Other Governmental Funds	Municipal Facilities Acquisition and Construction Capital Projects Fund	475,000
	Aggregate Other Governmental Funds	2,166,434
Water Enterprise Fund	Sewer Enterprise Fund	3,761
Sewer Enterprise Fund	Water Enterprise Fund	181,250
Aggregate Other Enterprise Funds	General Fund	1,250,150
Internal Service Funds	General Fund	2,497,516
	Aggregate Other Enterprise Funds	<u>1,300,000</u>
		<u>\$ 22,007,504</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

### Note 5. Capital Assets

For the year ended June 30, 2013, capital asset activity was as follows:

	Balance July 1, 2012	Increases	Decreases	Transfers* and Reclassifications	Balance June 30, 2013
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 165,652,225	\$ 32,243,335	\$	\$ (106,552,420)	\$ 91,343,140
Land	<u>210,500,525</u>	<u>4,579,555</u>	<u>(6,019,005)</u>		<u>209,061,075</u>
Total capital assets not being depreciated or amortized	<u>376,152,750</u>	<u>36,822,890</u>	<u>(6,019,005)</u>	<u>(106,552,420)</u>	<u>300,404,215</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	302,261,178	1,162,714	(163,773)	34,745,276	338,005,395
Improvements other than buildings	180,234,261	8,176,785	(87,728)	62,591,172	250,914,490
Infrastructure	1,387,751,783	23,054,199		6,210,605	1,417,016,587
Machinery and equipment	<u>81,700,579</u>	<u>4,222,652</u>	<u>(2,921,690)</u>	<u>3,119,067</u>	<u>86,120,608</u>
Total capital assets being depreciated or amortized	<u>1,951,947,801</u>	<u>36,616,350</u>	<u>(3,173,191)</u>	<u>106,666,120</u>	<u>2,092,057,080</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(70,987,507)	(8,845,079)	29,630	134,516	(79,668,440)
Improvements other than buildings	(38,845,935)	(4,830,814)	84,637	(7,488)	(43,599,600)
Infrastructure	(632,206,191)	(64,286,780)	26	(9,352)	(696,502,297)
Machinery and equipment	<u>(61,470,974)</u>	<u>(6,072,312)</u>	<u>2,914,655</u>	<u>(231,376)</u>	<u>(64,860,007)</u>
Total accumulated depreciation and amortization	<u>(803,510,607)</u>	<u>(84,034,985)</u>	<u>3,028,948</u>	<u>(113,700)</u>	<u>(884,630,344)</u>
Total capital assets being depreciated or amortized, net	<u>1,148,437,194</u>	<u>(47,418,635)</u>	<u>(144,243)</u>	<u>106,552,420</u>	<u>1,207,426,736</u>
Total governmental activities	<u>\$ 1,524,589,944</u>	<u>\$ (10,595,745)</u>	<u>\$ (6,163,248)</u>	<u>\$</u>	<u>\$ 1,507,830,951</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, 2013

	Balance July 1, 2012 (Restated)	Increases	Decreases	Transfers* and Reclassifications	Balance June 30, 2013
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 142,406,029	\$ 8,686,558	\$ (48,598)	\$ (142,120,922)	\$ 8,923,067
Land	<u>27,477,823</u>	<u>730,851</u>			<u>28,208,674</u>
Total capital assets not being depreciated or amortized	<u>169,883,852</u>	<u>9,417,409</u>	<u>(48,598)</u>	<u>(142,120,922)</u>	<u>37,131,741</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	43,107,827			89,674,651	132,782,478
Improvements other than buildings	1,272,593,291	11,701,975	(9,283)	33,223,807	1,317,509,790
Machinery and equipment	<u>28,103,307</u>	<u>306,880</u>	<u>(4,454,151)</u>	<u>19,108,764</u>	<u>43,064,800</u>
Total capital assets being depreciated or amortized	<u>1,343,804,425</u>	<u>12,008,855</u>	<u>(4,463,434)</u>	<u>142,007,222</u>	<u>1,493,357,068</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(11,349,324)	(1,146,778)			(12,496,102)
Improvements other than buildings	(455,850,710)	(45,434,804)	9,284		(501,276,230)
Machinery and equipment	<u>(18,553,459)</u>	<u>(1,101,168)</u>	<u>4,441,253</u>	<u>113,700</u>	<u>(15,099,674)</u>
Total accumulated depreciation and amortization	<u>(485,753,493)</u>	<u>(47,682,750)</u>	<u>4,450,537</u>	<u>113,700</u>	<u>(528,872,006)</u>
Total capital assets being depreciated or amortized, net	<u>858,050,932</u>	<u>(35,673,895)</u>	<u>(12,897)</u>	<u>142,120,922</u>	<u>964,485,062</u>
Total business-type activities	<u>\$ 1,027,934,784</u>	<u>\$ (26,256,486)</u>	<u>\$ (61,495)</u>	<u>\$</u>	<u>\$ 1,001,616,803</u>

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

For the year ended June 30, 2013, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 3,894,036
Judicial	819,624
Public safety	3,590,144
Public works	64,406,073
Culture and recreation	7,413,980
Internal service fund depreciation expense is charged to specific functions based on asset usage	<u>3,911,128</u>
Total depreciation expense, governmental activities	<u>\$ 84,034,985</u>
Business-type activities	
Water	\$ 26,227,048
Sewer	20,457,093
Development services	46,720
Cultural arts and tourism	183,596
Municipal golf course	<u>768,293</u>
Total depreciation expense, business-type activities	<u>\$ 47,682,750</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

### Note 6. Long-term Liabilities

#### Changes in Long-term Liabilities

Long-term debt obligations activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Governmental activities					
General obligation bonds					
\$34,505,000 2004A Park and Recreation Refunding Bonds due annually through June 2018; interest varies between 2.5% and 5.0%	\$ 4,180,000		\$ (180,000)	\$ 4,000,000	\$ 2,000,000
\$43,355,000 2004B Refunding Bonds due in annually through April 2020; interest varies between 2.5% and 5.25%	27,575,000		(27,575,000)		
\$56,000,000 2005D Various Purpose Bonds due annually through June 2035; interest varies between 4.0% and 5.0%	43,825,000		(43,825,000)		
\$2,065,000 2006 Medium-term Bonds (Energy Retrofit Project) due annually through September 2016; interest fixed at 3.79%	1,130,000		(209,000)	921,000	217,000
\$1,162,000 2008 Medium Term Bonds due annually through March 2015; interest fixed at 3.24%	529,000		(171,000)	358,000	176,000
\$565,000 2011 Medium Term Bonds (Police Communications Equipment) due annually through August 2014; interest fixed at 1.96%	565,000		(185,000)	380,000	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	
\$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	
\$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	

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
\$39,995,000 2013B General Obligation Refunding Bonds; principal due annually beginning June 2020 through June 2035; interest varies between 1.7% and 3.5%	\$	\$ 39,955,000	\$	\$ 39,955,000	\$
\$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%	<u>                    </u>	<u>26,795,000</u>	<u>                    </u>	<u>26,795,000</u>	<u>                    </u>
Total general obligation bonds	<u>112,364,000</u>	<u>66,750,000</u>	<u>(72,145,000)</u>	<u>106,969,000</u>	<u>2,583,000</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%	9,495,000	<u>                    </u>	(490,000)	9,005,000	515,000
\$4,295,000 2002 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 5.1% and 7.2%	<u>3,515,000</u>	<u>                    </u>	<u>(160,000)</u>	<u>3,355,000</u>	<u>165,000</u>
Total tax allocation bonds	<u>13,010,000</u>	<u>                    </u>	<u>(650,000)</u>	<u>12,360,000</u>	<u>680,000</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%	16,136,000	<u>                    </u>	(752,000)	15,384,000	838,000
\$322,695 capital lease payable to Dell Financial Services, due in annual installments of \$107,565 through November 2013; interest fixed at 0.00%	215,130	<u>                    </u>	(107,565)	107,565	107,565
Intangible asset obligation	<u>65,503</u>	<u>                    </u>	<u>(65,503)</u>	<u>                    </u>	<u>                    </u>
Total other long-term obligations	<u>16,416,633</u>	<u>                    </u>	<u>(925,068)</u>	<u>15,491,565</u>	<u>945,565</u>
Unamortized bond premiums	3,671,027	5,055,658	(2,863,087)	5,863,598	<u>                    </u>
Claims and judgments	12,873,791	16,625,649	(14,622,268)	14,877,172	14,877,172
Termination benefits	1,054,184	4,382,997	(4,621,068)	816,113	816,113
Compensated absences	37,807,984	3,964,209	(4,287,213)	37,484,980	2,726,955
Other post employment benefits	<u>15,250,115</u>	<u>2,307,840</u>	<u>(1,174,806)</u>	<u>16,383,149</u>	<u>                    </u>
Total governmental activities	<u>212,447,734</u>	<u>99,086,353</u>	<u>(101,288,510)</u>	<u>210,245,577</u>	<u>22,628,805</u>

(Continued)



# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Business-type activities					
Revenue bonds					
\$12,300,000 1992 Sewer Serial Bonds due in semi-annual installments through January 2012; interest fixed at 4.0%	\$ 458,690		\$ (458,690)		\$
\$987,525 1993 Water Serial Bonds due in five year installments through December 2012; interest varies between 4.85% and 6.5% (interest is accrued and due with principal payments)	701,165	18,835	(720,000)		
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest fixed at 4.0%	2,125,033		(824,853)	1,300,180	858,176
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 2015; interest fixed at 3.825%	2,230,028		(607,270)	1,622,758	630,719
\$5,500,000 2000 Water Bonds due in annual installments through January 2021; interest fixed at 3.65%	3,506,283		(264,285)	3,241,998	274,020
\$110,000,000 2004 Sewer Bonds due in annual installments through June 2034; interest varies between 3.0% and 5.25%	95,075,000		(92,435,000)	2,640,000	2,640,000
\$22,618,000 2005 Water Bonds due in annual installments beginning September 2009 through 2018; interest fixed at 5.0%	16,942,000		(2,080,000)	14,862,000	2,180,000
\$33,927,000 2005 Sewer Bonds due in annual installments beginning September 2009 through 2018; interest fixed at 5.0%	25,413,000		(3,120,000)	22,293,000	3,270,000
\$29,815,000 Water and Sewer Refunding Bonds due in annual installments through September 2017; interest varies between 4.0% and 5.0%	17,195,000		(3,340,000)	13,855,000	4,195,000
\$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%	1,572,059		(87,336)	1,484,723	87,337

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
\$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	\$
\$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		19,710,000	
Total revenue bonds	165,218,258	92,278,835	(103,937,434)	153,559,659	14,135,252
Other					
Provisional credits and refunding agreements	396,525	25,308	(160,135)	261,698	
Intergovernmental payable to the City of Las Vegas	2,582,992			2,582,992	322,874
Total other	2,979,517	25,308	(160,135)	2,844,690	322,874
Unamortized bond premiums	5,646,731	8,094,416	(4,653,240)	9,087,907	
Termination benefits	26,198	910,239	(604,874)	331,563	331,563
Compensated absences	6,070,697	899,314	(568,598)	6,401,413	687,742
Other post employment benefits	3,472,061	222,107		3,694,168	
Total business-type activities	183,413,462	102,430,219	(109,924,281)	175,919,400	15,477,431
Total long-term debt obligations	\$ 395,861,196	\$ 201,516,572	\$ (211,212,791)	\$ 386,164,977	\$ 38,106,236

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 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.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

For the year ended June 30, 2013, activity related to the City's unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2012 (Restated)	\$ 11,514,584	\$ 1,298,063	\$ 12,812,647
Additions	2,522,601	6,762,504	9,285,105
Reductions	(3,924,628)	(857,138)	(4,781,766)
Balance June 30, 2013	\$ 10,112,557	\$ 7,203,429	\$ 17,315,986

#### Future Debt Service Requirements

At June 30, 2013, the annual requirements to pay principal and interest on all bonds outstanding, as well as other long-term debt obligations, were as follows:

For the Year Ended June 30,	Revenue bonds		General obligation bonds	
	Principal	Interest	Principal	Interest
2014	\$ 14,135,252	\$ 6,700,933	\$ 2,583,000	\$ 3,780,180
2015	14,598,529	5,950,793	3,743,000	3,384,383
2016	11,428,878	5,389,520	8,354,000	3,258,834
2017	11,607,765	4,866,966	9,999,000	3,119,232
2018	12,154,014	4,325,104	9,950,000	2,935,729
2019 - 2023	28,143,868	16,208,786	34,210,000	11,247,946
2024 - 2028	24,536,680	10,628,094	17,145,000	6,626,257
2029 - 2033	30,224,673	4,907,594	14,370,000	3,494,525
2034 - 2038	6,730,000	269,200	6,615,000	499,750
	\$ 153,559,659	\$ 59,246,990	\$ 106,969,000	\$ 38,346,836

For the Year Ended June 30,	Tax allocation bonds		Other Long-term Debt Obligations	
	Principal	Interest	Principal	Interest
2014	\$ 680,000	\$ 669,121	\$ 945,565	\$ 764,585
2015	715,000	633,882	930,000	722,936
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 - 2023	4,915,000	1,790,937	8,142,000	1,797,700
2024 - 2028	3,670,000	328,294	2,073,000	103,028
	\$ 12,360,000	\$ 5,084,616	\$ 15,491,565	\$ 5,260,049

#### Special Assessment Bonds

The City has issued special assessment bonds with an aggregate outstanding principal balance of \$213,625,000. 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.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

### Advance Refundings

In December 2012, the City issued \$72,550,000 in Sewer Refunding Bonds, Series 2012A. These proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on \$71,120,000 of refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next twenty-two years by \$3,675,303, and resulted in an economic gain of \$2,691,357.

In April 2013, the City issued \$19,710,000 in Sewer Refunding Bonds, Series 2013A. These proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on \$18,800,000 of refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next eighteen years by \$1,946,841, and resulted in an economic gain of \$1,588,651.

In April 2013, the City issued \$39,955,000 in General Obligation (Limited Tax) Various Purpose Refunding Bonds, Series 2013B and \$26,795,000 in General Obligation (Taxable) Various Purpose Refunding Bonds, Series 2013C. These bonds are collectively referred to as the Series 2013BC bonds. Proceeds of the 2013BC bonds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on \$68,450,000 of refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next twenty-three years by \$3,685,897, and resulted in an economic gain of \$3,629,130.

### Defeased Debt

In the current year, debt was defeased in connection with the advance refundings, previously discussed, and the outstanding balance at June 30, 2013, applicable to this defeasement is \$175,300,000.

### Termination Benefits

Pursuant to the City's voluntary employee severance program (VESP), certain employees could elect to receive a severance payment based on years of service, and three months of health insurance coverage. Payments under VESP agreements are generally made within two weeks of the employee's termination date. Accordingly, the termination obligation is reported at the stated value per the VESP agreements and is not discounted.

### **Note 7. Retirement Plan**

The City is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer defined benefit plan administered by PERS. All full-time employees are covered under the system. In addition, part-time employees working at least twenty hours per week are covered. The City has no liability for unfunded PERS obligations, as provided by NRS 286.110(4).

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.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

Monthly benefit allowances for regular members with an effective date prior to January 1, 2010, are computed at 2.50% for service earned through June 30, 2001, and 2.67 % for service earned on or after July 1, 2001, with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation). Monthly benefit allowances for regular members with an effective date on or after January 1, 2010, are computed at 2.50% of average compensation for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation). PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly for life and various optional monthly payments to a named beneficiary after death. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service.

Police and firemen with an effective date of membership prior to January 1, 2010, are eligible for retirement at age 65 with 5 years of accredited police and fire service, age 55 with 10 years of accredited police and fire service, age 50 with 20 years of accredited police and fire service or at any age with 25 years of accredited police and fire service. Police and firemen with an effective date of membership on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of accredited police and fire service, age 60 with 10 years of accredited police and fire service and age 50 with 20 years of accredited police and fire service. A member who retired on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, and who has 36 years of service is entitled to a benefit of up to 90% of his/her average compensation. Regular members and members of the Police and Firemen Fund become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates are established by NRS 286.450, which requires adjustments on each odd numbered year based on the actuarially determined contribution rate indicated in the biennial actuarial valuation. The City is enrolled in the employer pay contribution plan of PERS and is, therefore, required to contribute all amounts due under the PERS plan.

Contribution rates and amounts contributed for the previous three years were as follows:

<u>For the Year Ended June 30,</u>	<u>Contribution Rate</u>		Required Contribution and Amount Contributed
	<u>Police and Fire Employees</u>	<u>Other Employees</u>	
2011	37.00 %	21.50 %	\$ 41,337,105
2012	39.75 %	23.75 %	45,827,522
2013	39.75 %	23.75 %	44,726,037

PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

#### **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.

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

Effective May 1, 2013, the City Self Funded Health Plan no longer offers medical, prescription, dental or vision coverage for Medicare eligible retirees and their Medicare eligible dependents. Medicare eligible retirees have been moved to 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.

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, 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, 2013, the City had 238 retirees receiving benefits and 1,102 active employees. Contributions are required for both retiree and dependent coverage and range from \$396 to \$1,241 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)	\$ 464,000	\$ 2,116,450	\$ 2,580,450
Interest on net OPEB obligation	166,854	675,644	842,498
Adjustment to ARC	(160,574)	(732,426)	(893,000)
Annual OPEB cost	470,280	2,059,668	2,529,948
OPEB contributions made	(510,693)	(664,114)	(1,174,807)
Increase (decrease) in net OPEB obligation	(40,413)	1,395,554	1,355,141
Net OPEB obligation, beginning of year	3,707,858	15,014,318	18,722,176
Net OPEB obligation, end of year	\$ 3,667,445	\$ 16,409,872	\$ 20,077,317

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plans and the net OPEB obligations fiscal years ended June 30, 2011, 2012 and 2013, 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>				
2011	\$ 731,644	\$ 608,950	83.2 %	\$ 3,827,272
2012	422,000	541,414	128.3 %	3,707,858
2013	470,280	510,693	108.6 %	3,667,445
<b>City of Henderson Plans</b>				
2011	1,811,251	174,042	9.6 %	10,808,231
2012	4,243,000	36,913	0.9 %	15,014,318
2013	2,059,668	664,114	32.2 %	16,409,872

#### 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>
Public Employee Benefit Program 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>
City of Henderson Plans July 1, 2011	N/A <sup>1</sup>	34,427,000	34,427,000	0.0 %	143,530,451	24.0 %

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, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate and a projected salary increase of 2.0% with no inflation rate growth and a health care cost trend rate assumption of 10.0% through fiscal 2012, grading down by 0.5% each year 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 a period of 30 years assuming a level percentage of projected payroll. The unfunded actuarial accrued liability for the PEBP Plan is being amortized on a closed basis over a period of 23 years.

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, 2013

---

### 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 \$899 million blanket property insurance policy on all buildings, building contents and Boiler and Machinery with a \$100,000 deductible; \$1.9 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 \$12.1 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. The City maintains a specific stop loss policy of \$150,000 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 \$3,000,000 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, 2012 through July 1, 2013.

(Continued)



# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

For the fiscal years ended June 30, 2012 and 2013, 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, 2012				
Liability insurance	\$ 1,926,332	\$ 1,234,086	\$ (1,360,198)	\$ 1,800,220
Workmen's compensation insurance	9,083,305	2,415,393	(1,824,127)	9,674,571
Health Insurance	1,183,700	10,621,357	(10,406,057)	1,399,000
	\$ 12,193,337	\$ 14,270,836	\$ (13,590,382)	\$ 12,873,791
For the year ended June 30, 2013				
Liability insurance	\$ 1,800,220	\$ 993,918	\$ (867,824)	\$ 1,926,314
Workmen's compensation insurance	9,674,571	2,933,445	(1,687,158)	10,920,858
Health Insurance	1,399,000	12,698,286	(12,067,286)	2,030,000
	\$ 12,873,791	\$ 16,625,649	\$ (14,622,268)	\$ 14,877,172

#### **Note 10. Other Information**

##### Construction in Progress

As of June 30, 2013, construction in progress of \$100,266,207 was reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$25,407,798 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 it is not currently probable that the City will incur a loss, and accordingly, no provision for loss has been recorded in the accompanying financial statements. However, the City Attorney estimates a range of potential loss in connection with these matters of approximately \$0.6 million to \$7.0 million.

##### 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, 2013

---

### City of Henderson Redevelopment 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 repay developers approximately \$58,995,000, plus accrued interest, to reimburse the developers for the costs incurred 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.

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, 2013, total costs under such agreements were \$1,289,647.

At June 30, 2013, the future minimum operating lease payments were as follows:

<u>For the Year Ended June 30,</u>	
2014	\$ 1,191,982
2015	1,191,982
2016	1,191,982
2017	595,591
2018	
	<u>\$ 4,171,537</u>

### Encumbrances

At June 30, 2013, outstanding encumbrances were as follows:

General Fund	\$ 936,460
Grants Special Revenue Fund	6,158,995
General Obligation Debt Service Fund	42,831
Municipal Facilities Acquisition and Construction Capital Projects Fund	327,703
Aggregate Other Governmental Funds	<u>1,692,679</u>
	<u>\$ 9,158,668</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)

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

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

**FOR THE YEAR ENDED JUNE 30, 2013**

**Note 11. Components of Fund Balances**

At June 30, 2013, 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>Municipal Facilities Acquisition and Construction Capital Projects Fund</u>
Restricted					
Stabilization and other general programs	\$	\$ 31,495	\$	\$	\$
Courts and other judicial programs					
Fire, police and other public safety programs		213,970			
Streets and other public works projects		1,001,618		89,824,570	
Parks, cultural and recreational programs		196,352			
Community assistance and support programs		138,525			
Debt service			2,215,640		
Redevelopment programs					
Assigned					
Stabilization and other general programs	615,364				
Courts and other judicial programs	28,189				
Fire, police and other public safety programs	108,977				
Streets and other public works projects	34,483				9,642,558
Parks, cultural and recreational programs	135,637				
Community assistance and support programs	13,810				
Unassigned	<u>16,391,761</u>				
	<u>\$ 17,328,221</u>	<u>\$ 1,581,960</u>	<u>\$ 2,215,640</u>	<u>\$ 89,824,570</u>	<u>\$ 9,642,558</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Aggregate Other Governmental Funds	Total Governmental Funds
Restricted		
Stabilization and other general programs	\$ 17,007,564	\$ 17,039,059
Courts and other judicial programs	1,096,331	1,096,331
Fire, police and other public safety programs	2,591,595	2,805,565
Streets and other public works projects	34,264,486	125,090,674
Parks, cultural and recreational programs	12,098,619	12,294,971
Community assistance and support programs		138,525
Debt service	866,967	3,082,607
Redevelopment programs	29,418,639	29,418,639
Assigned		
Stabilization and other general programs		615,364
Courts and other judicial programs		28,189
Fire, police and other public safety programs		108,977
Streets and other public works projects	17,551,540	27,228,581
Parks, cultural and recreational programs		135,637
Community assistance and support programs		13,810
Unassigned	_____	16,391,761
	\$ 114,895,741	\$ 235,488,690

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 March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012*, effective for periods beginning after December 15, 2012. The objective of this statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements (Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*). Management has not yet completed its assessment of this statement.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, effective for periods beginning after June 15, 2013. The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. 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, 2013

---

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Management has not yet completed its assessment of this statement.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 15, 2013. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's net position, results of operations or cash flows.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for periods beginning after June 15, 2013. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees and to enhance comparability of financial statements among such governments by requiring consistent reporting by those governments. This statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. Management has not yet completed its assessment of this statement.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**2013**

**CITY OF HENDERSON, NEVADA**



*A Place To Call Home*



**THIS PAGE INTENTIONALLY LEFT BLANK**



# CITY OF HENDERSON, NEVADA

## REQUIRED SUPPLEMENTARY INFORMATION OTHER POST EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2013

<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, 2007	\$ N/A <sup>1</sup>	\$ 19,158,002	\$ 19,158,002	0.0 %	\$ N/A <sup>2</sup>	N/A <sup>2</sup>
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>
<b>City of Henderson Plans</b>						
July 1, 2007	\$ N/A <sup>1</sup>	\$ 32,283,998	\$ 32,283,998	0.0 %	\$ 147,095,944	21.9 %
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 %

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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2013

---

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

Effective May 1, 2013, the City Self Funded Health Plan no longer offers medical, prescription, dental or vision coverage for Medicare eligible retirees and their Medicare eligible dependents. Medicare eligible retirees have been moved to 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.

Except as discussed above, for the year ended June 30, 2013, 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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

# 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.

**Code Enforcement Special Revenue-** to account for proceeds received from penalties and fines collected in conjunction with the enforcement of Henderson Municipal Code 15.12.

**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.

## 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.

**Land Sales-** to account for the purchase and sale of City owned property. The City has traditionally used proceeds from these sales for miscellaneous capital projects.

**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.

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

# 2013

CITY OF HENDERSON, NEVADA



*A Place To Call Home*



**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF HENDERSON, NEVADA

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2013

	Special Revenue Funds	Special Assessments Debt Service Fund	Capital Project Funds	Aggregate Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,948,093	\$ 380,932	\$ 24,565,285	\$ 45,894,310
Restricted cash and cash equivalents	473,858		253,268	727,126
Investments	24,004,169	484,722	31,582,936	56,071,827
Accounts receivable, net	65,040		65,666	130,706
Interest receivable	83,330	1,688	106,580	191,598
Special assessments receivable		1,871,220		1,871,220
Notes receivable, net	216,084		1,380,591	1,596,675
Due from other governments	3,266,725		794,422	4,061,147
Advances to other funds			621,261	621,261
Land held for resale	<u>13,287,487</u>			<u>13,287,487</u>
Total assets	<u>\$ 62,344,786</u>	<u>\$ 2,738,562</u>	<u>\$ 59,370,009</u>	<u>\$ 124,453,357</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 626,368	\$ 375	\$ 608,857	\$ 1,235,600
Accrued wages	125,115		1,555	126,670
Tax increment payable to developers	473,858			473,858
Due to other governments			3,242,474	3,242,474
Due to other funds	361,233			361,233
Advances from other funds	621,261			621,261
Deposits			<u>28,625</u>	<u>28,625</u>
Total liabilities	<u>2,207,835</u>	<u>375</u>	<u>3,881,511</u>	<u>6,089,721</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue, special assessments		1,871,220		1,871,220
Unavailable revenue, notes receivable	<u>216,084</u>		<u>1,380,591</u>	<u>1,596,675</u>
Total deferred inflows of resources	<u>216,084</u>	<u>1,871,220</u>	<u>1,380,591</u>	<u>3,467,895</u>
Total liabilities and deferred inflows of resources	<u>2,423,919</u>	<u>1,871,595</u>	<u>5,262,102</u>	<u>9,557,616</u>
<b>FUND BALANCES</b>				
Restricted	59,920,867	866,967	36,556,367	97,344,201
Assigned			<u>17,551,540</u>	<u>17,551,540</u>
Total fund balances	<u>59,920,867</u>	<u>866,967</u>	<u>54,107,907</u>	<u>114,895,741</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 62,344,786</u>	<u>\$ 2,738,562</u>	<u>\$ 59,370,009</u>	<u>\$ 124,453,357</u>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Special Assessments Debt Service Fund	Capital Project Funds	Aggregate Other Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 4,662,437		\$ 513,537	\$ 5,175,974
Intergovernmental	13,543,198		2,640,330	16,183,528
Charges for services	76,637		2,347,759	2,424,396
Fines and forfeitures	1,533,012		35	1,533,047
Impact fees			704,633	704,633
Special assessments		146,928		146,928
Investment income	460,469	157,596	630,360	1,248,425
Decrease in fair value of investments	(815,570)	(15,302)	(993,341)	(1,824,213)
Developer contributions			767,836	767,836
Rental fees	51,430		552,337	603,767
Miscellaneous	123,672		236,174	359,846
<b>Total revenues</b>	<b>19,635,285</b>	<b>289,222</b>	<b>7,399,660</b>	<b>27,324,167</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	3,876,050		299,621	4,175,671
Judicial	862,079			862,079
Public safety	11,539,413		42,307	11,581,720
Public works	1,018,288		1,234,914	2,253,202
Culture and recreation			2,278,257	2,278,257
Community support	1,600		100,115	101,715
<b>Total current</b>	<b>17,297,430</b>		<b>3,955,214</b>	<b>21,252,644</b>
<b>Capital outlay</b>				
General government	219		1,445,363	1,445,582
Judicial	174,848		110,030	284,878
Public safety	157,814		74,095	231,909
Public works	2,382,024		141,283	2,523,307
Culture and recreation			1,684,914	1,684,914
<b>Total capital outlay</b>	<b>2,714,905</b>		<b>3,455,685</b>	<b>6,170,590</b>
<b>Debt service</b>				
Principal payments	650,000			650,000
Interest and fiscal charges	702,789			702,789
Administrative and other costs		6,471		6,471
<b>Total debt service</b>	<b>1,352,789</b>	<b>6,471</b>		<b>1,359,260</b>
<b>Total expenditures</b>	<b>21,365,124</b>	<b>6,471</b>	<b>7,410,899</b>	<b>28,782,494</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,729,839)</b>	<b>282,751</b>	<b>(11,239)</b>	<b>(1,458,327)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from land sales			1,827,493	1,827,493
Loss on sale of land held for development	(3,426,519)			(3,426,519)
Transfers in	2,559,497		81,937	2,641,434
Transfers out	(293,092)	(224,969)	(3,393,644)	(3,911,705)
<b>Total other financing sources (uses)</b>	<b>(1,160,114)</b>	<b>(224,969)</b>	<b>(1,484,214)</b>	<b>(2,869,297)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(2,889,953)</b>	<b>57,782</b>	<b>(1,495,453)</b>	<b>(4,327,624)</b>
<b>FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	<b>63,194,890</b>	<b>809,185</b>	<b>55,603,360</b>	<b>119,607,435</b>
Adjustment	(384,070)			(384,070)
<b>FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED</b>	<b>62,810,820</b>	<b>809,185</b>	<b>55,603,360</b>	<b>119,223,365</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 59,920,867</b>	<b>\$ 866,967</b>	<b>\$ 54,107,907</b>	<b>\$ 114,895,741</b>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2013

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Sales and Use Tax	Code Enforcement	Commissary	Total Special Revenue Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 7,923,323	\$ 4,160,013	\$ 216,533	\$ 1,076,167	\$ 7,469,857	\$	\$ 920	\$ 101,280	\$ 20,948,093
Restricted cash and cash equivalents	473,858								473,858
Investments	8,827,886	5,293,464	275,530	56,784	9,505,120		1,171	100,998	24,004,169
Accounts receivable, net	5,475						2,781		65,040
Interest receivable	31,068	18,403	1,009		32,501		7	342	83,330
Notes receivable, net	216,084								216,084
Due from other governments	36,731	467,406			86	2,762,502			3,266,725
Land held for resale	13,287,487								13,287,487
<b>Total assets</b>	<b>\$ 30,801,912</b>	<b>\$ 9,939,286</b>	<b>\$ 493,072</b>	<b>\$ 1,132,951</b>	<b>\$ 17,007,564</b>	<b>\$ 2,762,502</b>	<b>\$ 4,879</b>	<b>\$ 202,620</b>	<b>\$ 62,344,786</b>
<b>LIABILITIES</b>									
Accounts payable and other accrued liabilities	\$ 59,370	\$ 132,548	\$ 139,496	\$ 41,072	\$	\$ 234,026	\$	\$ 19,856	\$ 626,368
Accrued wages	12,700			427		111,988			125,115
Tax increment payable to developers	473,858								473,858
Due to other funds						361,233			361,233
Advances from other funds	621,261								621,261
<b>Total liabilities</b>	<b>1,167,189</b>	<b>132,548</b>	<b>139,496</b>	<b>41,499</b>		<b>707,247</b>		<b>19,856</b>	<b>2,207,835</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue, notes receivable	216,084								216,084
<b>Total liabilities and deferred inflows of resources</b>	<b>1,383,273</b>	<b>132,548</b>	<b>139,496</b>	<b>41,499</b>		<b>707,247</b>		<b>19,856</b>	<b>2,423,919</b>
<b>FUND BALANCES</b>									
Restricted	29,418,639	9,806,738	353,576	1,091,452	17,007,564	2,055,255	4,879	182,764	59,920,867
<b>Total fund balances</b>	<b>29,418,639</b>	<b>9,806,738</b>	<b>353,576</b>	<b>1,091,452</b>	<b>17,007,564</b>	<b>2,055,255</b>	<b>4,879</b>	<b>182,764</b>	<b>59,920,867</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 30,801,912</b>	<b>\$ 9,939,286</b>	<b>\$ 493,072</b>	<b>\$ 1,132,951</b>	<b>\$ 17,007,564</b>	<b>\$ 2,762,502</b>	<b>\$ 4,879</b>	<b>\$ 202,620</b>	<b>\$ 62,344,786</b>



**THIS PAGE INTENTIONALLY LEFT BLANK**

# 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, 2013

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Sales and Use Tax	Code Enforcement	Commissary	Total Special Revenue Funds
<b>REVENUES</b>									
Property taxes	\$ 4,648,687	\$ 2,839,181	\$	\$	\$ 13,750	\$ 10,704,017	\$	\$	\$ 4,662,437
Intergovernmental									13,543,198
Charges for services	100,000		635,021	794,733			3,258	76,637	76,637
Fines and forfeitures	175,446	103,276	4,283		173,876	1,858	31	1,699	1,533,012
Investment income	(307,553)	(186,657)	(6,182)		(311,243)	(949)	(27)	(2,959)	460,469
Decrease in fair value of investments									(815,570)
Rental fees	51,430								51,430
Miscellaneous	120,891		1,067			1,714			123,672
Total revenues	<u>4,788,901</u>	<u>2,755,800</u>	<u>634,189</u>	<u>794,733</u>	<u>(123,617)</u>	<u>10,706,640</u>	<u>3,262</u>	<u>75,377</u>	<u>19,635,285</u>
<b>EXPENDITURES</b>									
Current									
General government	3,876,050			862,079					3,876,050
Judicial									862,079
Public safety			284,239			11,226,893		28,281	11,539,413
Public works		1,018,288							1,018,288
Community support									1,600
Total current	<u>3,876,050</u>	<u>1,018,288</u>	<u>284,239</u>	<u>862,079</u>	<u>1,600</u>	<u>11,226,893</u>	<u>1,600</u>	<u>28,281</u>	<u>17,297,430</u>
Capital outlay									
General government	219			174,848					219
Judicial									174,848
Public safety			157,814						157,814
Public works		2,382,024							2,382,024
Total capital outlay	<u>219</u>	<u>2,382,024</u>	<u>157,814</u>	<u>174,848</u>					<u>2,714,905</u>
Debt service									
Principal payments	650,000								650,000
Interest and fiscal charges	702,789								702,789
Total debt service	<u>1,352,789</u>								<u>1,352,789</u>
Total expenditures	<u>5,229,058</u>	<u>3,400,312</u>	<u>442,053</u>	<u>1,036,927</u>	<u>1,600</u>	<u>11,226,893</u>	<u>1,600</u>	<u>28,281</u>	<u>21,365,124</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(440,157)</u>	<u>(644,512)</u>	<u>192,136</u>	<u>(242,194)</u>	<u>(123,617)</u>	<u>(520,253)</u>	<u>1,662</u>	<u>47,096</u>	<u>(1,729,839)</u>

(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, 2013**

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Sales and Use Tax	Code Enforcement	Commissary	Total Special Revenue Funds
<b>OTHER FINANCING SOURCES (USES)</b>									
Loss on sale of land held for development	(3,426,519)								(3,426,519)
Transfers in	2,084,497				475,000				2,559,497
Transfers out	(81,937)	(103,278)	(107,877)						(293,092)
Total other financing sources (uses)	<u>(1,423,959)</u>	<u>(103,278)</u>	<u>(107,877)</u>		<u>475,000</u>				<u>(1,160,114)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(1,864,116)</u>	<u>(747,790)</u>	<u>84,259</u>	<u>(242,194)</u>	<u>351,383</u>	<u>(520,253)</u>	<u>1,662</u>	<u>47,096</u>	<u>(2,889,953)</u>
<b>FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	31,666,825	10,554,528	269,317	1,333,646	16,656,181	2,575,508	3,217	135,668	63,194,890
Adjustment	<u>(384,070)</u>								<u>(384,070)</u>
<b>FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED</b>	<u>31,282,755</u>	<u>10,554,528</u>	<u>269,317</u>	<u>1,333,646</u>	<u>16,656,181</u>	<u>2,575,508</u>	<u>3,217</u>	<u>135,668</u>	<u>62,810,820</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 29,418,639</u>	<u>\$ 9,806,738</u>	<u>\$ 353,576</u>	<u>\$ 1,091,452</u>	<u>\$ 17,007,564</u>	<u>\$ 2,055,255</u>	<u>\$ 4,879</u>	<u>\$ 182,764</u>	<u>\$ 59,920,867</u>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2013

	Land Sales	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 and cash equivalents	\$ 11,519,845	\$ 1,426,177	\$ 3,596,467	\$ 82,014	\$ 234,687	\$ 16,063	\$ 5,224,534	\$ 2,465,498	\$ 24,565,285
Restricted cash and cash equivalents	67,999		185,269						253,268
Investments	14,745,110	1,814,757	4,812,119	104,358	300,866	20,440	6,648,029	3,137,257	31,582,936
Accounts receivable, net	12,087						53,579		65,666
Interest receivable	48,415	6,445	16,417	360		181	23,726	11,036	106,580
Notes receivable, net	1,380,591								1,380,591
Due from other governments		750,652				43,770			794,422
Advances to other funds	621,261								621,261
<b>Total assets</b>	<b>\$ 28,395,308</b>	<b>\$ 3,998,031</b>	<b>\$ 8,610,272</b>	<b>\$ 186,732</b>	<b>\$ 535,553</b>	<b>\$ 80,454</b>	<b>\$ 11,949,868</b>	<b>\$ 5,613,791</b>	<b>\$ 59,370,009</b>
<b>LIABILITIES</b>									
Accounts payable and other accrued liabilities	\$ 83,957	\$ 40,932	\$ 468,752	\$ 4,652	\$	\$	\$ 10,564	\$	\$ 608,857
Accrued wages							1,555		1,555
Due to other governments	3,242,474								3,242,474
Deposits	28,625								28,625
<b>Total liabilities</b>	<b>\$ 3,355,056</b>	<b>\$ 40,932</b>	<b>\$ 468,752</b>	<b>\$ 4,652</b>	<b>\$</b>	<b>\$</b>	<b>\$ 12,119</b>	<b>\$</b>	<b>\$ 3,881,511</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue, notes receivable	1,380,591								1,380,591
<b>Total deferred inflows of resources</b>	<b>\$ 1,380,591</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,380,591</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 4,735,647</b>	<b>\$ 40,932</b>	<b>\$ 468,752</b>	<b>\$ 4,652</b>	<b>\$</b>	<b>\$</b>	<b>\$ 12,119</b>	<b>\$</b>	<b>\$ 5,262,102</b>
<b>FUND BALANCES</b>									
Restricted	23,659,661	3,957,099	8,141,520	182,080	535,553	80,454	11,937,749	5,613,791	36,556,367
Assigned									17,551,540
<b>Total fund balances</b>	<b>\$ 23,659,661</b>	<b>\$ 3,957,099</b>	<b>\$ 8,141,520</b>	<b>\$ 182,080</b>	<b>\$ 535,553</b>	<b>\$ 80,454</b>	<b>\$ 11,937,749</b>	<b>\$ 5,613,791</b>	<b>\$ 54,107,907</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 28,395,308</b>	<b>\$ 3,998,031</b>	<b>\$ 8,610,272</b>	<b>\$ 186,732</b>	<b>\$ 535,553</b>	<b>\$ 80,454</b>	<b>\$ 11,949,868</b>	<b>\$ 5,613,791</b>	<b>\$ 59,370,009</b>

**THIS PAGE INTENTIONALLY LEFT BLANK**

# 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, 2013

	Land Sales	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		2,633,103				513,537	7,227		513,537
Charges for services		405,895					1,941,864		2,640,330
Fines and forfeitures							35		2,347,759
Impact fees			704,633						704,633
Investment income	316,590	33,743	85,821	1,918		1,024	132,204	59,060	630,360
Decrease in fair value of investments	(415,463)	(60,699)	(153,210)	(3,428)		(359)	(255,113)	(105,069)	(993,341)
Developer contributions							767,836		767,836
Rental fees	552,337								552,337
Miscellaneous							236,174		236,174
<b>Total revenues</b>	<u>453,464</u>	<u>3,012,042</u>	<u>637,244</u>	<u>(1,510)</u>		<u>514,202</u>	<u>2,830,227</u>	<u>(46,009)</u>	<u>7,399,660</u>
<b>EXPENDITURES</b>									
<b>Current</b>									
General government							299,621		299,621
Public safety							42,307		42,307
Public works	386,615				2,518		845,781		1,234,914
Culture and recreation		2,051,995	20,670				205,592		2,278,257
Community support	100,115								100,115
<b>Total current</b>	<u>486,730</u>	<u>2,051,995</u>	<u>20,670</u>		<u>2,518</u>		<u>1,393,301</u>		<u>3,955,214</u>
<b>Capital outlay</b>									
General government							1,445,363		1,445,363
Judicial							110,030		110,030
Public safety							74,095		74,095
Public works	42,148				1,120		98,015		141,283
Culture and recreation	<u>42,148</u>	<u>420,544</u>	<u>609,405</u>		<u>1,120</u>		<u>654,965</u>		<u>1,684,914</u>
<b>Total capital outlay</b>	<u>528,878</u>	<u>2,472,539</u>	<u>630,075</u>		<u>3,638</u>		<u>3,775,769</u>		<u>7,410,899</u>
<b>Total expenditures</b>	<u>(75,414)</u>	<u>539,503</u>	<u>7,169</u>	<u>(1,510)</u>	<u>(3,638)</u>	<u>514,202</u>	<u>(945,542)</u>	<u>(46,009)</u>	<u>(11,239)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>									

(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, 2013

	Land Sales	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
OTHER FINANCING SOURCES (USES)									
Proceeds from land sales	1,827,493								1,827,493
Transfers in	51,274		30,663						81,937
Transfers out	(2,085,024)	(274,794)				(732,000)	(301,826)		(3,393,644)
Total other financing sources (uses)	<u>(206,257)</u>	<u>(274,794)</u>	<u>30,663</u>			<u>(732,000)</u>	<u>(301,826)</u>		<u>(1,484,214)</u>
CHANGE IN FUND BALANCE	(281,671)	264,709	37,832	(1,510)	(3,638)	(217,798)	(1,247,368)	(46,009)	(1,495,453)
FUND BALANCE, BEGINNING OF YEAR	23,941,332	3,692,390	8,103,688	183,590	539,191	298,252	13,185,117	5,659,800	55,603,360
FUND BALANCE, END OF YEAR	<u>\$ 23,659,661</u>	<u>\$ 3,957,099</u>	<u>\$ 8,141,520</u>	<u>\$ 182,080</u>	<u>\$ 535,553</u>	<u>\$ 80,454</u>	<u>\$ 11,937,749</u>	<u>\$ 5,613,791</u>	<u>\$ 54,107,907</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, 2013

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 54,897,557	\$ 55,642,041	\$ 744,484
Franchise fees	30,381,045	30,011,869	(369,176)
Licenses and permits	8,014,935	8,063,081	48,146
Intergovernmental	84,544,304	83,942,115	(602,189)
Charges for services	26,084,064	25,128,181	(955,883)
Fines and forfeitures	6,182,305	5,078,530	(1,103,775)
Investment income	235,000	132,993	(102,007)
Decrease in fair value of investments		(101,479)	(101,479)
Developer contributions	95,000		(95,000)
Miscellaneous	1,346,426	572,295	(774,131)
<b>Total revenues</b>	<b>211,780,636</b>	<b>208,469,626</b>	<b>(3,311,010)</b>
<b>EXPENDITURES</b>			
General government			
Mayor and council			
Salaries and wages	355,991	336,872	19,119
Employee benefits	134,252	130,617	3,635
Services and supplies	237,089	120,559	116,530
<b>Total mayor and council</b>	<b>727,332</b>	<b>588,048</b>	<b>139,284</b>
City manager			
Salaries and wages	851,172	873,846	(22,674)
Employee benefits	300,309	307,385	(7,076)
Services and supplies	486,961	430,496	56,465
<b>Total city manager</b>	<b>1,638,442</b>	<b>1,611,727</b>	<b>26,715</b>
Finance			
Salaries and wages	3,465,991	3,495,862	(29,871)
Employee benefits	1,464,453	1,488,384	(23,931)
Services and supplies	504,731	277,334	227,397
<b>Total finance</b>	<b>5,435,175</b>	<b>5,261,580</b>	<b>173,595</b>
Information technology			
Salaries and wages	5,369,689	5,280,479	89,210
Employee benefits	1,982,677	1,983,151	(474)
Services and supplies	1,367,743	1,018,415	349,328
<b>Total information technology</b>	<b>8,720,109</b>	<b>8,282,045</b>	<b>438,064</b>
City clerk			
Salaries and wages	1,124,022	1,117,910	6,112
Employee benefits	452,910	449,549	3,361
Services and supplies	474,122	403,499	70,623
<b>Total city clerk</b>	<b>2,051,054</b>	<b>1,970,958</b>	<b>80,096</b>
Human resources			
Salaries and wages	1,794,896	1,721,941	72,955
Employee benefits	682,939	686,493	(3,554)
Services and supplies	516,038	165,310	350,728
<b>Total human resources</b>	<b>2,993,873</b>	<b>2,573,744</b>	<b>420,129</b>
City attorney			
Salaries and wages	2,519,119	2,461,343	57,776
Employee benefits	936,889	922,180	14,709
Services and supplies	1,476,195	477,651	998,544
<b>Total city attorney</b>	<b>4,932,203</b>	<b>3,861,174</b>	<b>1,071,029</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, 2013

	Final Budget	Actual	Variance
Community development			
Salaries and wages	2,180,909	2,274,429	(93,520)
Employee benefits	846,349	840,508	5,841
Services and supplies	546,135	231,581	314,554
Total community development	3,573,393	3,346,518	226,875
Building maintenance			
Salaries and wages	2,262,261	2,347,398	(85,137)
Employee benefits	1,028,442	1,028,978	(536)
Services and supplies	4,384,235	4,006,817	377,418
Total building maintenance	7,674,938	7,383,193	291,745
Public affairs			
Salaries and wages	986,507	973,558	12,949
Employee benefits	337,890	344,405	(6,515)
Services and supplies	808,979	403,785	405,194
Total public affairs	2,133,376	1,721,748	411,628
Internal audit			
Salaries and wages	142,146	94,597	47,549
Employee benefits	52,230	33,888	18,342
Services and supplies	16,744	10,774	5,970
Total internal audit	211,120	139,259	71,861
Miscellaneous			
Salaries and wages	3,732,840	3,855,740	(122,900)
Employee benefits	621,644	675,853	(54,209)
Services and supplies	436,506	319,613	116,893
Total miscellaneous	4,790,990	4,851,206	(60,216)
Total general government	44,882,005	41,591,200	3,290,805
Judicial			
Municipal court			
Salaries and wages	4,529,409	4,479,194	50,215
Employee benefits	2,038,880	2,030,368	8,512
Services and supplies	496,578	485,685	10,893
Total municipal court	7,064,867	6,995,247	69,620
City attorney- criminal			
Salaries and wages	1,529,892	1,526,633	3,259
Employee benefits	597,237	597,807	(570)
Services and supplies	182,426	128,549	53,877
Total city attorney- criminal	2,309,555	2,252,989	56,566
City attorney- court programs			
Salaries and wages	1,265,938	1,247,754	18,184
Employee benefits	466,342	463,192	3,150
Services and supplies	307,840	266,340	41,500
Total city attorney- court programs	2,040,120	1,977,286	62,834
Total judicial	11,414,542	11,225,522	189,020

(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, 2013

	Final Budget	Actual	Variance
Public safety			
Fire			
Salaries and wages	25,111,965	24,652,777	459,188
Employee benefits	11,178,390	10,978,450	199,940
Services and supplies	1,957,245	1,924,172	33,073
Total fire	38,247,600	37,555,399	692,201
Police			
Salaries and wages	46,002,252	46,361,577	(359,325)
Employee benefits	22,957,491	22,708,164	249,327
Services and supplies	9,007,004	7,951,907	1,055,097
Capital outlay	50,750	57,958	(7,208)
Total police	78,017,497	77,079,606	937,891
Building inspection			
Salaries and wages	938,569	900,330	38,239
Employee benefits	359,349	363,049	(3,700)
Services and supplies	121,091	92,507	28,584
Total building inspection	1,419,009	1,355,886	63,123
Total public safety	117,684,106	115,990,891	1,693,215
Public works			
Streets			
Salaries and wages	629,455	612,768	16,687
Employee benefits	270,776	262,668	8,108
Services and supplies	147,732	135,625	12,107
Total streets	1,047,963	1,011,061	36,902
Street lighting			
Salaries and wages	1,054,624	1,043,585	11,039
Employee benefits	409,706	394,700	15,006
Services and supplies	1,513,238	1,447,629	65,609
Total street lighting	2,977,568	2,885,914	91,654
Flood control			
Salaries and wages	205,958	181,915	24,043
Employee benefits	96,900	81,425	15,475
Services and supplies	129,408	45,407	84,001
Total flood control	432,266	308,747	123,519
Public works general services			
Salaries and wages	1,606,672	1,597,036	9,636
Employee benefits	633,331	640,328	(6,997)
Services and supplies	222,584	200,796	21,788
Capital outlay	33,100	32,377	723
Total public works general services	2,495,687	2,470,537	25,150
Total public works	6,953,484	6,676,259	277,225
Culture and recreation			
Parks			
Salaries and wages	7,238,054	7,084,924	153,130
Employee benefits	3,070,539	3,007,158	63,381
Services and supplies	4,957,661	4,622,269	335,392
Total parks	15,266,254	14,714,351	551,903

(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, 2013

	Final Budget	Actual	Variance
Recreation			
Salaries and wages	12,018,781	11,683,127	335,654
Employee benefits	3,100,557	2,998,995	101,562
Services and supplies	4,698,378	4,327,294	371,084
Total recreation	19,817,716	19,009,416	808,300
Total culture and recreation	35,083,970	33,723,767	1,360,203
Community support			
Economic development			
Salaries and wages	745,709	710,381	35,328
Employee benefits	183,487	179,040	4,447
Services and supplies	248,940	183,021	65,919
Total economic development	1,178,136	1,072,442	105,694
Neighborhood services			
Salaries and wages	381,642	368,439	13,203
Employee benefits	127,135	121,607	5,528
Services and supplies	442,717	218,539	224,178
Total neighborhood services	951,494	708,585	242,909
Total community support	2,129,630	1,781,027	348,603
Total expenditures	218,147,737	210,988,666	7,159,071
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(6,367,101)	(2,519,040)	3,848,061
OTHER FINANCING SOURCES (USES)			
Transfers in	11,500,000	7,800,000	(3,700,000)
Transfers out	(4,404,701)	(4,804,701)	(400,000)
Total other financing sources (uses)	7,095,299	2,995,299	(4,100,000)
CHANGE IN FUND BALANCE	728,198	476,259	(251,939)
FUND BALANCE, BEGINNING OF YEAR	16,851,962	16,851,962	
FUND BALANCE, END OF YEAR	\$ 17,580,160	\$ 17,328,221	\$ (251,939)

# 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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 54,362,336	\$ 33,555,250	\$ (20,807,086)
Miscellaneous	240,825	249,811	8,986
Total revenues	<u>54,603,161</u>	<u>33,805,061</u>	<u>(20,798,100)</u>
EXPENDITURES			
General government			
Salaries and wages	793,063	440,229	352,834
Employee benefits	311,135	172,841	138,294
Services and supplies	833,429	603,536	229,893
Total general government	<u>1,937,627</u>	<u>1,216,606</u>	<u>721,021</u>
Public safety			
Salaries and wages	627,194	368,504	258,690
Employee benefits	66,647	37,904	28,743
Services and supplies	1,018,854	1,119,868	(101,014)
Capital outlay	1,115,698	967,881	147,817
Total public safety	<u>2,828,393</u>	<u>2,494,157</u>	<u>334,236</u>
Public works			
Services and supplies	584,283	229,392	354,891
Capital outlay	2,063,575	9,242	2,054,333
Total public works	<u>2,647,858</u>	<u>238,634</u>	<u>2,409,224</u>
Culture and recreation			
Salaries and wages	402,895	287,109	115,786
Employee benefits	126,718	88,048	38,670
Services and supplies	5,194,725	3,981,735	1,212,990
Capital outlay	31,278,377	21,771,715	9,506,662
Total culture and recreation	<u>37,002,715</u>	<u>26,128,607</u>	<u>10,874,108</u>
Community support			
Salaries and wages	779,784	451,583	328,201
Employee benefits	328,467	188,571	139,896
Services and supplies	4,253,226	2,629,523	1,623,703
Total community support	<u>5,361,477</u>	<u>3,269,677</u>	<u>2,091,800</u>
Total expenditures	<u>49,778,070</u>	<u>33,347,681</u>	<u>16,430,389</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,825,091</u>	<u>457,380</u>	<u>(4,367,711)</u>
OTHER FINANCING USES			
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>          </u>
CHANGE IN FUND BALANCE	3,825,091	(542,620)	(4,367,711)
FUND BALANCE, BEGINNING OF YEAR	<u>2,124,580</u>	<u>2,124,580</u>	<u>          </u>
FUND BALANCE, END OF YEAR	<u>\$ 5,949,671</u>	<u>\$ 1,581,960</u>	<u>\$ (4,367,711)</u>

# 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, 2013

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 4,476,832	\$ 4,648,687	\$ 171,855
Fines and forfeitures	100,000	100,000	
Investment income	111,000	175,446	64,446
Decrease in fair value of investments		(307,553)	(307,553)
Rental fees		51,430	51,430
Miscellaneous	140,600	120,891	(19,709)
Total revenues	4,828,432	4,788,901	(39,531)
<b>EXPENDITURES</b>			
General government			
Salaries and wages	743,823	706,168	37,655
Employee benefits	321,916	269,652	52,264
Services and supplies	3,668,732	2,900,230	768,502
Capital outlay	219	219	
Total general government	4,734,690	3,876,269	858,421
Debt service			
Principal payments	650,000	650,000	
Interest and fiscal charges	702,789	702,789	
Total debt service	1,352,789	1,352,789	
Total expenditures	6,087,479	5,229,058	858,421
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,259,047)	(440,157)	818,890
<b>OTHER FINANCING SOURCES (USES)</b>			
Loss on sale of land held for development	(3,424,750)	(3,426,519)	(1,769)
Transfers in	2,078,656	2,084,497	5,841
Transfers out		(81,937)	(81,937)
Total other financing sources (uses)	(1,346,094)	(1,423,959)	(77,865)
CHANGE IN FUND BALANCE	(2,605,141)	(1,864,116)	741,025
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		31,666,825	
Adjustment		(384,070)	
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	32,408,932	31,282,755	(1,126,177)
FUND BALANCE, END OF YEAR	\$ 29,803,791	\$ 29,418,639	\$ (385,152)

# 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, 2013

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,683,405	\$ 2,839,181	\$ 155,776
Investment income	155,000	103,276	(51,724)
Decrease in fair value of investments		(186,657)	(186,657)
Total revenues	2,838,405	2,755,800	(82,605)
EXPENDITURES			
Public works			
Salaries and wages	575,216	525,402	49,814
Employee benefits	236,485	213,634	22,851
Services and supplies	2,098,707	279,252	1,819,455
Capital outlay	2,822,742	2,382,024	440,718
Total public works	5,733,150	3,400,312	2,332,838
Total expenditures	5,733,150	3,400,312	2,332,838
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,894,745)	(644,512)	2,250,233
OTHER FINANCING USES			
Transfers out	(155,000)	(103,278)	51,722
CHANGE IN FUND BALANCE	(3,049,745)	(747,790)	2,301,955
FUND BALANCE, BEGINNING OF YEAR	10,554,528	10,554,528	
FUND BALANCE, END OF YEAR	\$ 7,504,783	\$ 9,806,738	\$ 2,301,955

# 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, 2013

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 505,000	\$ 635,021	\$ 130,021
Investment income	3,000	4,283	1,283
Decrease in fair value of investments		(6,182)	(6,182)
Miscellaneous		1,067	1,067
Total revenues	508,000	634,189	126,189
EXPENDITURES			
Public safety			
Services and supplies	446,159	284,239	161,920
Capital outlay	75,000	157,814	(82,814)
Total public safety	521,159	442,053	79,106
Total expenditures	521,159	442,053	79,106
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,159)	192,136	205,295
OTHER FINANCING USES			
Transfers out		(107,877)	(107,877)
CHANGE IN FUND BALANCE	(13,159)	84,259	97,418
FUND BALANCE, BEGINNING OF YEAR	269,317	269,317	
FUND BALANCE, END OF YEAR	\$ 256,158	\$ 353,576	\$ 97,418

# 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, 2013

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ <u>956,735</u>	\$ <u>794,733</u>	\$ <u>(162,002)</u>
EXPENDITURES			
Judicial			
Salaries and wages	70,681	70,734	(53)
Employee benefits	20,700	21,445	(745)
Services and supplies	1,287,963	769,900	518,063
Capital outlay	<u>177,497</u>	<u>174,848</u>	<u>2,649</u>
Total judicial	<u>1,556,841</u>	<u>1,036,927</u>	<u>519,914</u>
Total expenditures	<u>1,556,841</u>	<u>1,036,927</u>	<u>519,914</u>
CHANGE IN FUND BALANCE	(600,106)	(242,194)	357,912
FUND BALANCE, BEGINNING OF YEAR	<u>1,333,646</u>	<u>1,333,646</u>	
FUND BALANCE, END OF YEAR	<u>\$ 733,540</u>	<u>\$ 1,091,452</u>	<u>\$ 357,912</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, 2013

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 13,873	\$ 13,750	\$ (123)
Investment income	150,000	173,876	23,876
Decrease in fair value of investments		(311,243)	(311,243)
Total revenues	<u>163,873</u>	<u>(123,617)</u>	<u>(287,490)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>163,873</u>	<u>(123,617)</u>	<u>(287,490)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>760,000</u>	<u>475,000</u>	<u>(285,000)</u>
CHANGE IN FUND BALANCE	923,873	351,383	(572,490)
FUND BALANCE, BEGINNING OF YEAR	<u>16,656,181</u>	<u>16,656,181</u>	
FUND BALANCE, END OF YEAR	<u>\$ 17,580,054</u>	<u>\$ 17,007,564</u>	<u>\$ (572,490)</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, 2013

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 10,700,000	\$ 10,704,017	\$ 4,017
Investment income	2,000	1,858	(142)
Decrease in fair value of investments		(949)	(949)
Miscellaneous	10,000	1,714	(8,286)
Total revenues	10,712,000	10,706,640	(5,360)
EXPENDITURES			
Public safety			
Salaries and wages	6,597,214	6,142,543	454,671
Employee benefits	3,861,047	3,435,067	425,980
Services and supplies	1,506,976	1,649,283	(142,307)
Total public safety	11,965,237	11,226,893	738,344
Total expenditures	11,965,237	11,226,893	738,344
CHANGE IN FUND BALANCE	(1,253,237)	(520,253)	732,984
FUND BALANCE, BEGINNING OF YEAR	2,575,508	2,575,508	
FUND BALANCE, END OF YEAR	\$ 1,322,271	\$ 2,055,255	\$ 732,984

# CITY OF HENDERSON, NEVADA

## CODE ENFORCEMENT SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 4,000	\$ 3,258	\$ (742)
Investment income	50	31	(19)
Decrease in fair value of investments		(27)	(27)
Total revenues	<u>4,050</u>	<u>3,262</u>	<u>(788)</u>
EXPENDITURES			
Public works			
Services and supplies	<u>1,600</u>		<u>1,600</u>
Community support			
Services and supplies		<u>1,600</u>	<u>(1,600)</u>
Total expenditures	<u>1,600</u>	<u>1,600</u>	
CHANGE IN FUND BALANCE	2,450	1,662	(788)
FUND BALANCE, BEGINNING OF YEAR	<u>3,217</u>	<u>3,217</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,667</u>	<u>\$ 4,879</u>	<u>\$ (788)</u>

# 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, 2013

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 62,000	\$ 76,637	\$ 14,637
Investment income	1,000	1,699	699
Decrease in fair value of investments		(2,959)	(2,959)
Total revenues	<u>63,000</u>	<u>75,377</u>	<u>12,377</u>
EXPENDITURES			
Public safety			
Salaries and wages	1,300	1,356	(56)
Employee benefits	940	592	348
Services and supplies	<u>37,916</u>	<u>26,333</u>	<u>11,583</u>
Total expenditures	<u>40,156</u>	<u>28,281</u>	<u>11,875</u>
CHANGE IN FUND BALANCE	22,844	47,096	24,252
FUND BALANCE, BEGINNING OF YEAR	<u>135,668</u>	<u>135,668</u>	
FUND BALANCE, END OF YEAR	<u>\$ 158,512</u>	<u>\$ 182,764</u>	<u>\$ 24,252</u>

# 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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 2,419,716	\$ 2,455,646	\$ 35,930
Investment income	7,000	33,342	26,342
Decrease in fair value of investments		(22,864)	(22,864)
Total revenues	<u>2,426,716</u>	<u>2,466,124</u>	<u>39,408</u>
EXPENDITURES			
Debt service			
Principal payments	4,464,565	4,464,565	
Interest and fiscal charges	3,471,306	3,471,306	
Administrative and other costs	647,500	585,178	62,322
Total debt service	<u>8,583,371</u>	<u>8,521,049</u>	<u>62,322</u>
Total expenditures	<u>8,583,371</u>	<u>8,521,049</u>	<u>62,322</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,156,655)</u>	<u>(6,054,925)</u>	<u>101,730</u>
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	66,750,000	66,750,000	
Premium on refunding bonds issued	5,055,658	5,055,658	
Payment to advance refunding bond agent	(71,194,330)	(71,194,329)	1
Transfers in	<u>6,708,729</u>	<u>6,000,547</u>	<u>(708,182)</u>
Total other financing sources (uses)	<u>7,320,057</u>	<u>6,611,876</u>	<u>(708,181)</u>
CHANGE IN FUND BALANCE	1,163,402	556,951	(606,451)
FUND BALANCE, BEGINNING OF YEAR	<u>1,658,691</u>	<u>1,658,689</u>	<u>(2)</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,822,093</u>	<u>\$ 2,215,640</u>	<u>\$ (606,453)</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, 2013

	Final Budget	Actual	Variance
REVENUES			
Special assessments	\$ 74,900	\$ 146,928	\$ 72,028
Investment income	139,683	157,596	17,913
Decrease in fair value of investments		(15,302)	(15,302)
Total revenues	214,583	289,222	74,639
EXPENDITURES			
Debt service			
Administrative and other costs	19,898	6,471	13,427
Total expenditures	19,898	6,471	13,427
EXCESS OF REVENUES OVER EXPENDITURES	194,685	282,751	88,066
OTHER FINANCING USES			
Transfers out	(224,971)	(224,969)	2
CHANGE IN FUND BALANCE	(30,286)	57,782	88,068
FUND BALANCE, BEGINNING OF YEAR	809,185	809,185	
FUND BALANCE, END OF YEAR	\$ 778,899	\$ 866,967	\$ 88,068

# 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, 2013

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 61,160	\$ 79,835	\$ 18,675
Decrease in fair value of investments		(9,815)	(9,815)
Total revenues	61,160	70,020	8,860
EXPENDITURES			
Public works			
Services and supplies	71,589,511	245,814	71,343,697
Capital outlay	9,566,181	16,658,323	(7,092,142)
Total public works	81,155,692	16,904,137	64,251,555
Debt service			
Interest and fiscal charges	120,000	119,376	624
Total expenditures	81,275,692	17,023,513	64,252,179
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(81,214,532)	(16,953,493)	64,261,039
OTHER FINANCING SOURCES			
Transfers in	224,971	224,969	(2)
CHANGE IN FUND BALANCE	(80,989,561)	(16,728,524)	64,261,037
FUND BALANCE, BEGINNING OF YEAR	106,553,094	106,553,094	
FUND BALANCE, END OF YEAR	\$ 25,563,533	\$ 89,824,570	\$ 64,261,037

# 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, 2013

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Impact fees	\$ 650,000	\$ 764,819	\$ 114,819
Investment income	120,000	159,131	39,131
Decrease in fair value of investments		(320,343)	(320,343)
Total revenues	<u>770,000</u>	<u>603,607</u>	<u>(166,393)</u>
<b>EXPENDITURES</b>			
General government			
Salaries and wages		1,622	(1,622)
Employee benefits		722	(722)
Services and supplies	708,959	259,833	449,126
Total general government	<u>708,959</u>	<u>262,177</u>	<u>446,782</u>
Public safety			
Salaries and wages	1,305	7,882	(6,577)
Employee benefits	549	773	(224)
Services and supplies	443,287	153,589	289,698
Capital outlay	959,052	659,524	299,528
Total public safety	<u>1,404,193</u>	<u>821,768</u>	<u>582,425</u>
Public works			
Salaries and wages	75,000	8,336	66,664
Employee benefits		1,242	(1,242)
Services and supplies	1,293,907	298,150	995,757
Capital outlay	78,100	51,050	27,050
Total public works	<u>1,447,007</u>	<u>358,778</u>	<u>1,088,229</u>
Culture and recreation			
Services and supplies	19,344	15,500	3,844
Capital outlay	719		719
Total culture and recreation	<u>20,063</u>	<u>15,500</u>	<u>4,563</u>
Community support			
Services and supplies	174,249		174,249
Total expenditures	<u>3,754,471</u>	<u>1,458,223</u>	<u>2,296,248</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,984,471)</u>	<u>(854,616)</u>	<u>2,129,855</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		107,877	107,877
Transfers out	(13,168,487)	(9,183,487)	3,985,000
Total other financing sources (uses)	<u>(13,168,487)</u>	<u>(9,075,610)</u>	<u>4,092,877</u>
CHANGE IN FUND BALANCE	(16,152,958)	(9,930,226)	6,222,732
FUND BALANCE, BEGINNING OF YEAR	<u>19,572,784</u>	<u>19,572,784</u>	
FUND BALANCE, END OF YEAR	<u>\$ 3,419,826</u>	<u>\$ 9,642,558</u>	<u>\$ 6,222,732</u>



# 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, 2013

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 280,000	\$ 316,590	\$ 36,590
Decrease in fair value of investments		(415,463)	(415,463)
Rental fees	500,191	552,337	52,146
Total revenues	780,191	453,464	(326,727)
EXPENDITURES			
Public works			
Services and supplies	1,256,708	386,615	870,093
Capital outlay	3,347,756	42,148	3,305,608
Total public works	4,604,464	428,763	4,175,701
Community support			
Services and supplies		100,115	(100,115)
Total expenditures	4,604,464	528,878	4,075,586
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,824,273)	(75,414)	3,748,859
OTHER FINANCING SOURCES (USES)			
Proceeds from land sales	2,000,000	1,827,493	(172,507)
Transfers in		51,274	51,274
Transfers out	(527)	(2,085,024)	(2,084,497)
Total other financing sources (uses)	1,999,473	(206,257)	(2,205,730)
CHANGE IN FUND BALANCE	(1,824,800)	(281,671)	1,543,129
FUND BALANCE, BEGINNING OF YEAR	23,941,332	23,941,332	
FUND BALANCE, END OF YEAR	\$ 22,116,532	\$ 23,659,661	\$ 1,543,129

# 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, 2013

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,500,000	\$ 2,633,103	\$ 133,103
Charges for services	250,000	405,895	155,895
Investment income	32,000	33,743	1,743
Decrease in fair value of investments		(60,699)	(60,699)
Total revenues	2,782,000	3,012,042	230,042
EXPENDITURES			
Culture and recreation			
Services and supplies	2,330,744	2,051,995	278,749
Capital outlay	1,348,361	420,544	927,817
Total expenditures	3,679,105	2,472,539	1,206,566
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(897,105)	539,503	1,436,608
OTHER FINANCING USES			
Transfers out	(274,794)	(274,794)	
CHANGE IN FUND BALANCE	(1,171,899)	264,709	1,436,608
FUND BALANCE, BEGINNING OF YEAR	3,692,390	3,692,390	
FUND BALANCE, END OF YEAR	\$ 2,520,491	\$ 3,957,099	\$ 1,436,608

# 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, 2013

	Final Budget	Actual	Variance
REVENUES			
Impact fees	\$ 590,000	\$ 704,633	\$ 114,633
Investment income	75,000	85,821	10,821
Decrease in fair value of investments		(153,210)	(153,210)
Total revenues	665,000	637,244	(27,756)
EXPENDITURES			
Culture and recreation			
Services and supplies	392,344	20,670	371,674
Capital outlay	5,896,703	609,405	5,287,298
Total expenditures	6,289,047	630,075	5,658,972
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,624,047)	7,169	5,631,216
OTHER FINANCING SOURCES			
Transfers in		30,663	30,663
CHANGE IN FUND BALANCE	(5,624,047)	37,832	5,661,879
FUND BALANCE, BEGINNING OF YEAR	8,103,688	8,103,688	
FUND BALANCE, END OF YEAR	\$ 2,479,641	\$ 8,141,520	\$ 5,661,879

# 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, 2013

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ 3,000	\$ 1,918	\$ (1,082)
Decrease in fair value of investments		<u>(3,428)</u>	<u>(3,428)</u>
Total revenues	<u>3,000</u>	<u>(1,510)</u>	<u>(4,510)</u>
CHANGE IN FUND BALANCE	3,000	(1,510)	(4,510)
FUND BALANCE, BEGINNING OF YEAR	<u>183,590</u>	<u>183,590</u>	
FUND BALANCE, END OF YEAR	<u>\$ 186,590</u>	<u>\$ 182,080</u>	<u>\$ (4,510)</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, 2013

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Public works			
Services and supplies	\$ 2,262	\$ 2,518	\$ (256)
Capital outlay	<u>226,403</u>	<u>1,120</u>	<u>225,283</u>
Total expenditures	<u>228,665</u>	<u>3,638</u>	<u>225,027</u>
CHANGE IN FUND BALANCE	(228,665)	(3,638)	225,027
FUND BALANCE, BEGINNING OF YEAR	<u>539,191</u>	<u>539,191</u>	
FUND BALANCE, END OF YEAR	<u>\$ 310,526</u>	<u>\$ 535,553</u>	<u>\$ 225,027</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, 2013

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 713,394	\$ 513,537	\$ (199,857)
Investment income		1,024	1,024
Decrease in fair value of investments		(359)	(359)
Total revenues	713,394	514,202	(199,192)
EXCESS OF REVENUES OVER EXPENDITURES	713,394	514,202	(199,192)
OTHER FINANCING USES			
Transfers out	(732,000)	(732,000)	
CHANGE IN FUND BALANCE	(18,606)	(217,798)	(199,192)
FUND BALANCE, BEGINNING OF YEAR	298,252	298,252	
FUND BALANCE, END OF YEAR	\$ 279,646	\$ 80,454	\$ (199,192)

# 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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 7,000	\$ 7,227	\$ 227
Charges for services	1,902,300	1,941,864	39,564
Fines and forfeitures		35	35
Investment income	144,000	132,204	(11,796)
Decrease in fair value of investments		(255,113)	(255,113)
Developer contributions	462,034	767,836	305,802
Miscellaneous	156,000	236,174	80,174
Total revenues	<u>2,671,334</u>	<u>2,830,227</u>	<u>158,893</u>
<b>EXPENDITURES</b>			
General government			
Salaries and wages	83,006	81,103	1,903
Employee benefits	28,630	28,321	309
Services and supplies	204,487	190,197	14,290
Capital outlay	2,099,500	1,445,363	654,137
Total general government	<u>2,415,623</u>	<u>1,744,984</u>	<u>670,639</u>
Judicial			
Capital outlay		110,030	(110,030)
Public safety			
Services and supplies	16,540	42,307	(25,767)
Capital outlay	224,112	74,095	150,017
Total public safety	<u>240,652</u>	<u>116,402</u>	<u>124,250</u>
Public works			
Salaries and wages	487	516	(29)
Employee benefits	212	230	(18)
Services and supplies	2,582,344	845,035	1,737,309
Capital outlay	4,473,250	98,015	4,375,235
Total public works	<u>7,056,293</u>	<u>943,796</u>	<u>6,112,497</u>
Culture and recreation			
Services and supplies	54,000	205,592	(151,592)
Capital outlay	775,791	654,965	120,826
Total culture and recreation	<u>829,791</u>	<u>860,557</u>	<u>(30,766)</u>
Total expenditures	<u>10,542,359</u>	<u>3,775,769</u>	<u>6,766,590</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(7,871,025)</u>	<u>(945,542)</u>	<u>6,925,483</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(301,826)</u>	<u>(301,826)</u>	
CHANGE IN FUND BALANCE	(8,172,851)	(1,247,368)	6,925,483
FUND BALANCE, BEGINNING OF YEAR	<u>13,185,117</u>	<u>13,185,117</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,012,266</u>	<u>\$ 11,937,749</u>	<u>\$ 6,925,483</u>

# 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, 2013

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ 65,000	\$ 59,060	\$ (5,940)
Decrease in fair value of investments		<u>(105,069)</u>	<u>(105,069)</u>
Total revenues	<u>65,000</u>	<u>(46,009)</u>	<u>(111,009)</u>
CHANGE IN FUND BALANCE	65,000	(46,009)	(111,009)
FUND BALANCE, BEGINNING OF YEAR	<u>5,659,800</u>	<u>5,659,800</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,724,800</u>	<u>\$ 5,613,791</u>	<u>\$ (111,009)</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.

**Workmen'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.

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

# 2013

CITY OF HENDERSON, NEVADA



*A Place To Call Home*



**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF HENDERSON, NEVADA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2013

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation		Health Insurance	Citywide Services	Total Internal Service Funds
					Self Insurance	Self Insurance			
<b>ASSETS</b>									
Current assets									
Cash and cash equivalents	\$ 2,171,401	\$ 7,661,754	\$ 999,995	\$ 2,839,098	\$ 10,989,749	\$ 3,001,053	\$ 2,951,193	\$ 30,614,243	
Investments	2,763,029	9,749,303	1,272,458	3,612,647	11,344,422	4,141,507	3,755,285	36,638,651	
Accounts receivable, net	432	7,521	86,250	262	54,389	71,261		220,115	
Interest receivable	9,665	36,077	4,393	12,571	40,927	15,328	8,536	127,497	
Inventories		105,125						105,125	
Due from other funds	23,516							23,516	
Due from other governments	110,918							110,918	
<b>Total current assets</b>	<b>5,078,961</b>	<b>17,559,780</b>	<b>2,363,096</b>	<b>6,464,578</b>	<b>22,429,487</b>	<b>7,229,149</b>	<b>6,715,014</b>	<b>67,840,065</b>	
Noncurrent assets									
Capital assets, net of accumulated depreciation and amortization									
Construction in progress		75,913						75,913	
Buildings and building improvements		744,560						744,560	
Improvements other than buildings		473,374						473,374	
Machinery and equipment	53,386	48,863,263		14,665			16,830	48,948,144	
Accumulated depreciation and amortization	(53,386)	(36,655,887)		(14,665)			(16,830)	(36,740,768)	
<b>Total capital assets, net of accumulated depreciation and amortization</b>		<b>13,501,223</b>						<b>13,501,223</b>	
Other assets									
Advances to other funds			1,908,571					1,908,571	
<b>Total noncurrent assets</b>		<b>13,501,223</b>	<b>1,908,571</b>					<b>15,409,794</b>	
<b>Total assets</b>	<b>5,078,961</b>	<b>31,061,003</b>	<b>4,271,667</b>	<b>6,464,578</b>	<b>22,429,487</b>	<b>7,229,149</b>	<b>6,715,014</b>	<b>83,249,859</b>	

(Continued)

# CITY OF HENDERSON, NEVADA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2013

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
<b>LIABILITIES</b>								
Current liabilities								
Accounts payable and other accrued liabilities	42,526	511,215		4,684	101,769	23,691	465,008	1,148,893
Accrued wages	64,090	22,896		8,980	12,279	1,568	4,782	114,595
Unearned revenue						58,184		58,184
Deposits							73,321	73,321
Compensated absences	126,375	44,605		15,737	10,288	6,231	5,351	208,587
Termination benefits	911							911
Claims and judgments								
Total current liabilities	<u>233,902</u>	<u>578,716</u>		<u>1,926,314</u>	<u>10,920,858</u>	<u>2,030,000</u>	<u>548,462</u>	<u>14,877,172</u>
								<u>16,481,663</u>
Noncurrent liabilities								
Compensated absences	1,024,860	361,727		127,623	83,431	50,534	43,396	1,691,571
Other post employment benefits	597,949	170,524		51,186	41,513	10,583	37,757	909,512
Total noncurrent liabilities	<u>1,622,809</u>	<u>532,251</u>		<u>178,809</u>	<u>124,944</u>	<u>61,117</u>	<u>81,153</u>	<u>2,601,083</u>
Total liabilities	<u>1,856,711</u>	<u>1,110,967</u>		<u>2,134,524</u>	<u>11,170,138</u>	<u>2,180,791</u>	<u>629,615</u>	<u>19,082,746</u>
<b>NET POSITION</b>								
Net investment in capital assets								
Restricted		13,501,223						13,501,223
Claims								
Unrestricted	<u>3,222,250</u>	<u>16,448,813</u>	<u>4,271,667</u>	<u>4,330,054</u>	<u>11,259,349</u>	<u>5,048,358</u>	<u>6,085,399</u>	<u>30,028,129</u>
Total net position	<u>\$ 3,222,250</u>	<u>\$ 29,950,036</u>	<u>\$ 4,271,667</u>	<u>\$ 4,330,054</u>	<u>\$ 11,259,349</u>	<u>\$ 5,048,358</u>	<u>\$ 6,085,399</u>	<u>\$ 64,167,113</u>

# CITY OF HENDERSON, NEVADA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2013

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
<b>OPERATING REVENUES</b>								
Charges for services	\$ 4,749,140	\$ 3,720,170	\$ 119,375	\$ 2,125,084	\$ 3,390,577	\$ 12,532,055	\$ 7,237,179	\$ 33,873,580
<b>OPERATING EXPENSES</b>								
Salaries and wages	3,395,454	1,349,024		416,622	472,245	84,975	278,505	5,996,825
Employee benefits	1,439,335	498,778		139,323	189,954	34,034	111,129	2,412,553
Services and supplies	1,559,863	4,254,858		1,140,061	1,189,939	2,644,006	6,065,783	16,854,510
Claims and judgments				867,823	2,933,444	12,067,287		15,868,554
Legal fees				19,351	8,416			27,767
Depreciation and amortization		3,897,329					13,799	3,911,128
Total operating expenses	<u>6,394,652</u>	<u>9,999,989</u>		<u>2,583,180</u>	<u>4,793,998</u>	<u>14,830,302</u>	<u>6,469,216</u>	<u>45,071,337</u>
Operating income (loss)	<u>(1,645,512)</u>	<u>(6,279,819)</u>	<u>119,375</u>	<u>(458,096)</u>	<u>(1,403,421)</u>	<u>(2,298,247)</u>	<u>767,963</u>	<u>(11,197,757)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Investment income	51,626	211,534	22,612	68,873	237,235	89,938	37,794	719,612
Decrease in fair value of investments	(92,251)	(389,183)	(39,638)	(125,206)	(385,368)	(162,201)	(97,116)	(1,290,963)
Gain (loss) on capital asset disposition		261,403			(6,630)		3,388	264,791
Interest expense					(6,630)			(6,630)
Miscellaneous	51,236	17,238		3,969		950		73,393
Total nonoperating revenues (expenses)	<u>10,611</u>	<u>100,992</u>	<u>(17,026)</u>	<u>(52,364)</u>	<u>(154,763)</u>	<u>(71,313)</u>	<u>(55,934)</u>	<u>(239,797)</u>
Income (loss) before capital contributions and transfers	<u>(1,634,901)</u>	<u>(6,178,827)</u>	<u>102,349</u>	<u>(510,460)</u>	<u>(1,558,184)</u>	<u>(2,369,560)</u>	<u>712,029</u>	<u>(11,437,554)</u>
<b>CAPITAL CONTRIBUTIONS</b>								
Capital contributions		473,783						473,783
<b>TRANSFERS</b>								
Transfers in	2,097,516						1,700,000	3,797,516
Transfers out			(20,000)					(20,000)
Total transfers	<u>2,097,516</u>		<u>(20,000)</u>				<u>1,700,000</u>	<u>3,777,516</u>
<b>CHANGE IN NET POSITION</b>	462,615	(5,705,044)	82,349	(510,460)	(1,558,184)	(2,369,560)	2,412,029	(7,186,255)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>2,759,635</u>	<u>35,655,080</u>	<u>4,189,318</u>	<u>4,840,514</u>	<u>12,817,533</u>	<u>7,417,918</u>	<u>3,673,370</u>	<u>71,353,368</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 3,222,250</u>	<u>\$ 29,950,036</u>	<u>\$ 4,271,667</u>	<u>\$ 4,330,054</u>	<u>\$ 11,259,349</u>	<u>\$ 5,048,358</u>	<u>\$ 6,085,399</u>	<u>\$ 64,167,113</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF HENDERSON, NEVADA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2013

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
		\$	\$	\$	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from customers	466,275	3,720,170	119,375	2,125,084	3,390,577	960,312	18,164	1,444,751
Cash received from interfund services	4,316,444	35,425		3,969		11,571,743	7,219,015	32,462,408
Cash received from other sources	51,236	(2,947,643)		(2,046,000)	(3,064,204)	950	(6,678,694)	91,580
Cash payments for goods and services	(2,947,643)	(4,484,851)		(372,118)	(462,461)	(14,058,463)	(274,252)	(33,279,855)
Cash payments for employee services	(3,964,193)	(1,321,987)		(289,065)	(136,088)	(81,518)		(6,476,529)
Net cash provided by (used in) operating activities	<u>(2,077,881)</u>	<u>(2,051,243)</u>	<u>119,375</u>	<u>(289,065)</u>	<u>(136,088)</u>	<u>(1,606,976)</u>	<u>284,233</u>	<u>(5,757,645)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers in	2,097,516						1,700,000	3,797,516
Transfers out			(20,000)					(20,000)
Repayments of advances from other funds			105,593					105,593
Net cash provided by noncapital financing activities	<u>2,097,516</u>		<u>85,593</u>				<u>1,700,000</u>	<u>3,883,109</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>								
Acquisition and construction of capital assets		(2,528,183)						(2,528,183)
Proceeds received from disposal of capital assets		264,848					6,979	271,827
Interest payments on debt					(6,630)			(6,630)
Net cash provided by (used in) capital financing activities		<u>(2,263,335)</u>			<u>(6,630)</u>		<u>6,979</u>	<u>(2,262,986)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from investment sales or redemptions	2,172,998	19,425,553	475,177	3,688,355	10,141,440	7,675,175	1,694,461	45,273,159
Purchase of investments	(1,625,117)	(14,527,762)	(355,370)	(2,758,405)	(7,584,465)	(5,740,022)	(2,265,720)	(34,856,861)
Investment income received	53,044	226,416	22,692	71,066	243,447	94,819	36,004	747,488
Net cash provided by (used in) investing activities	<u>600,925</u>	<u>5,124,207</u>	<u>142,499</u>	<u>1,001,016</u>	<u>2,800,422</u>	<u>2,029,972</u>	<u>(535,255)</u>	<u>11,163,786</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	620,560	809,629	347,467	711,951	2,657,704	422,996	1,455,957	7,026,264
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,550,841</u>	<u>6,852,125</u>	<u>652,528</u>	<u>2,127,147</u>	<u>8,332,045</u>	<u>2,578,057</u>	<u>1,495,236</u>	<u>23,587,979</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,171,401</u>	<u>\$ 7,661,754</u>	<u>\$ 999,995</u>	<u>\$ 2,839,098</u>	<u>\$ 10,989,749</u>	<u>\$ 3,001,053</u>	<u>\$ 2,951,193</u>	<u>\$ 30,614,243</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

	Engineering	City Shop	Revolving	Self Insurance	Workmen'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)	\$ (1,645,512)	\$ (6,279,819)	\$ 119,375	\$ (458,096)	\$ (1,403,421)	\$ (2,298,247)	\$ 767,963	\$ (11,197,757)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation		3,897,329						3,911,128
Other	51,236	17,238		3,969		950		73,393
(Increase) decrease in operating assets								
Accounts receivable	15,905	18,187		(262)	(49,608)	(3,508)		(19,286)
Due from other governments	24,357	4,525						28,882
Due from other funds	(6,683)							(6,683)
Inventories, bulk fuel		(30,449)						(30,449)
Increase (decrease) in operating liabilities								
Accounts payable and accrued liabilities	24,450	288,375		(4,970)	61,139	599	(487,496)	(117,903)
Compensated absences	(369,675)	22,801		40,677	5,314	3,233	4,743	(292,907)
Termination benefits	(203,398)							(203,398)
Claims and judgements								
Other post employment benefits	31,439	10,570		126,094	1,246,287	631,000	3,388	2,003,381
Deposits				3,523	4,201	813	(18,164)	(18,164)
Unearned revenue						58,184		58,184
Total adjustments	<u>(432,369)</u>	<u>4,228,576</u>		<u>169,031</u>	<u>1,267,333</u>	<u>691,271</u>	<u>(483,730)</u>	<u>5,440,112</u>
Net cash provided by (used in) operating activities	<u>(2,077,881)</u>	<u>(2,051,243)</u>	<u>119,375</u>	<u>(289,065)</u>	<u>(136,088)</u>	<u>(1,606,976)</u>	<u>284,233</u>	<u>(5,757,645)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Contribution of capital assets	\$	\$ 473,783	\$	\$	\$	\$	\$	\$ 473,783
Change in fair value of investments	<u>(92,251)</u>	<u>(389,183)</u>	<u>(39,638)</u>	<u>(125,206)</u>	<u>(385,368)</u>	<u>(162,201)</u>	<u>(97,116)</u>	<u>(1,290,963)</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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 4,450,000	\$ 4,749,140	\$ 299,140
OPERATING EXPENSES			
Salaries and wages	5,117,433	3,395,454	1,721,979
Employee benefits	1,774,186	1,439,335	334,851
Services and supplies	1,661,092	1,559,863	101,229
Total operating expenses	8,552,711	6,394,652	2,158,059
Operating loss	(4,102,711)	(1,645,512)	2,457,199
NONOPERATING REVENUES (EXPENSES)			
Investment income	40,000	51,626	11,626
Decrease in fair value of investments		(92,251)	(92,251)
Miscellaneous		51,236	51,236
Total nonoperating revenues (expenses)	40,000	10,611	(29,389)
Loss before transfers	(4,062,711)	(1,634,901)	2,427,810
TRANSFERS			
Transfers in	2,097,516	2,097,516	
CHANGE IN NET POSITION	\$ (1,965,195)	462,615	\$ 2,427,810
NET POSITION, BEGINNING OF YEAR		2,759,635	
NET POSITION, END OF YEAR		\$ 3,222,250	

# 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, 2013

	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Charges for services	\$ 3,720,170	\$ 3,720,170	\$ _____
<b>OPERATING EXPENSES</b>			
Salaries and wages	1,594,873	1,349,024	245,849
Employee benefits	561,567	498,778	62,789
Services and supplies	5,473,245	4,254,858	1,218,387
Depreciation and amortization	3,974,284	3,897,329	76,955
Total operating expenses	11,603,969	9,999,989	1,603,980
Operating loss	(7,883,799)	(6,279,819)	1,603,980
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	225,000	211,534	(13,466)
Decrease in fair value of investments		(389,183)	(389,183)
Gain (loss) on capital asset disposition	95,000	261,403	166,403
Miscellaneous		17,238	17,238
Total nonoperating revenues (expenses)	320,000	100,992	(219,008)
Loss before capital contributions	(7,563,799)	(6,178,827)	1,384,972
<b>CAPITAL CONTRIBUTIONS</b>			
Capital contributions	315,970	473,783	157,813
CHANGE IN NET POSITION	\$ (7,247,829)	(5,705,044)	\$ 1,542,785
NET POSITION, BEGINNING OF YEAR		35,655,080	
NET POSITION, END OF YEAR		\$ 29,950,036	

# 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, 2013

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>120,000</u>	\$ <u>119,375</u>	\$ <u>(625)</u>
Operating income	<u>120,000</u>	<u>119,375</u>	<u>(625)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	20,000	22,612	2,612
Decrease in fair value of investments	<u>          </u>	<u>(39,638)</u>	<u>(39,638)</u>
Total nonoperating revenues (expenses)	<u>20,000</u>	<u>(17,026)</u>	<u>(37,026)</u>
Income before transfers	<u>140,000</u>	<u>102,349</u>	<u>(37,651)</u>
TRANSFERS			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>          </u>
CHANGE IN NET POSITION	\$ <u><u>120,000</u></u>	82,349	\$ <u><u>(37,651)</u></u>
NET POSITION, BEGINNING OF YEAR		<u>4,189,318</u>	
NET POSITION, END OF YEAR		\$ <u><u>4,271,667</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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 2,125,084	\$ 2,125,084	\$ _____
OPERATING EXPENSES			
Salaries and wages	485,285	416,622	68,663
Employee benefits	201,622	139,323	62,299
Services and supplies	1,181,881	1,140,061	41,820
Claims and judgments	1,735,000	867,823	867,177
Legal fees	100,000	19,351	80,649
Total operating expenses	3,703,788	2,583,180	1,120,608
Operating loss	(1,578,704)	(458,096)	1,120,608
NONOPERATING REVENUES (EXPENSES)			
Investment income	60,000	68,873	8,873
Decrease in fair value of investments		(125,206)	(125,206)
Miscellaneous		3,969	3,969
Total nonoperating revenues (expenses)	60,000	(52,364)	(112,364)
CHANGE IN NET POSITION	\$ (1,518,704)	(510,460)	\$ 1,008,244
NET POSITION, BEGINNING OF YEAR		4,840,514	
NET POSITION, END OF YEAR		\$ 4,330,054	

## CITY OF HENDERSON, NEVADA

### WORKMEN'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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 3,308,520	\$ 3,390,577	\$ 82,057
OPERATING EXPENSES			
Salaries and wages	653,411	472,245	181,166
Employee benefits	318,255	189,954	128,301
Services and supplies	1,405,012	1,189,939	215,073
Claims and judgments	4,982,692	2,933,444	2,049,248
Legal fees	20,400	8,416	11,984
Total operating expenses	7,379,770	4,793,998	2,585,772
Operating loss	(4,071,250)	(1,403,421)	2,667,829
NONOPERATING REVENUES (EXPENSES)			
Investment income	250,000	237,235	(12,765)
Decrease in fair value of investments		(385,368)	(385,368)
Interest expense		(6,630)	(6,630)
Total nonoperating revenues (expenses)	250,000	(154,763)	(404,763)
CHANGE IN NET POSITION	\$ (3,821,250)	(1,558,184)	\$ 2,263,066
NET POSITION, BEGINNING OF YEAR		12,817,533	
NET POSITION, END OF YEAR		\$ 11,259,349	

## 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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 12,000,000	\$ 12,532,055	\$ 532,055
OPERATING EXPENSES			
Salaries and wages	85,494	84,975	519
Employee benefits	34,326	34,034	292
Services and supplies	2,470,220	2,644,006	(173,786)
Claims and judgments	13,332,163	12,067,287	1,264,876
Total operating expenses	15,922,203	14,830,302	1,091,901
Operating loss	(3,922,203)	(2,298,247)	1,623,956
NONOPERATING REVENUES (EXPENSES)			
Investment income	100,000	89,938	(10,062)
Decrease in fair value of investments		(162,201)	(162,201)
Miscellaneous		950	950
Total nonoperating revenues (expenses)	100,000	(71,313)	(171,313)
CHANGE IN NET POSITION	\$ (3,822,203)	(2,369,560)	\$ 1,452,643
NET POSITION, BEGINNING OF YEAR		7,417,918	
NET POSITION, END OF YEAR		\$ 5,048,358	

# 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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 7,187,929	\$ 7,237,179	\$ 49,250
OPERATING EXPENSES			
Salaries and wages	275,576	278,505	(2,929)
Employee benefits	102,842	111,129	(8,287)
Services and supplies	8,284,023	6,065,783	2,218,240
Depreciation and amortization	17,336	13,799	3,537
Total operating expenses	8,679,777	6,469,216	2,210,561
Operating income (loss)	(1,491,848)	767,963	2,259,811
NONOPERATING REVENUES (EXPENSES)			
Investment income	30,000	37,794	7,794
Decrease in fair value of investments		(97,116)	(97,116)
Gain (loss) on capital asset disposition		3,388	3,388
Total nonoperating revenues (expenses)	30,000	(55,934)	(85,934)
Income (loss) before transfers	(1,461,848)	712,029	2,173,877
TRANSFERS			
Transfers in		1,700,000	1,700,000
Total transfers		1,700,000	1,700,000
CHANGE IN NET POSITION	\$ (1,461,848)	2,412,029	\$ 3,873,877
NET POSITION, BEGINNING OF YEAR		3,673,370	
NET POSITION, END OF YEAR		\$ 6,085,399	

# CITY OF HENDERSON, NEVADA

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2013

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 977,120	\$ 83,564	\$ 3,341,937	\$ 4,402,621
Restricted cash and cash equivalents		46,955		46,955
Investments	1,242,394	166,079	4,252,494	5,660,967
Accounts receivable, net	2,000	170,237		172,237
Interest receivable	4,109	814	16,017	20,940
Due from other governments	<u>324,330</u>			<u>324,330</u>
Total current assets	<u>2,549,953</u>	<u>467,649</u>	<u>7,610,448</u>	<u>10,628,050</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation and amortization				
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	23,435,472	1,206,116	26,039,847
Machinery and equipment	254,249	2,261,672	2,884,356	5,400,277
Accumulated depreciation and amortization	<u>(2,898,665)</u>	<u>(17,065,114)</u>	<u>(3,463,355)</u>	<u>(23,427,134)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>2,589,379</u>	<u>28,095,559</u>	<u>627,117</u>	<u>31,312,055</u>
Total noncurrent assets	<u>2,589,379</u>	<u>28,095,559</u>	<u>627,117</u>	<u>31,312,055</u>
Total assets	<u>5,139,332</u>	<u>28,563,208</u>	<u>8,237,565</u>	<u>41,940,105</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and other accrued liabilities	64,747	17,844	41,868	124,459
Accrued wages	34,195		73,253	107,448
Unearned revenue			3,771,942	3,771,942
Deposits	4,700	50,827	98,985	154,512
Compensated absences	57,199		118,243	175,442
Termination benefits			104,008	104,008
Total current liabilities	<u>160,841</u>	<u>68,671</u>	<u>4,208,299</u>	<u>4,437,811</u>
Noncurrent liabilities				
Compensated absences	475,204		982,347	1,457,551
Other post employment benefits	<u>247,505</u>		<u>970,712</u>	<u>1,218,217</u>
Total noncurrent liabilities	<u>722,709</u>		<u>1,953,059</u>	<u>2,675,768</u>
Total liabilities	<u>883,550</u>	<u>68,671</u>	<u>6,161,358</u>	<u>7,113,579</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,589,379	28,095,559	627,117	31,312,055
Unrestricted	<u>1,666,403</u>	<u>398,978</u>	<u>1,449,090</u>	<u>3,514,471</u>
Total net position	<u>\$ 4,255,782</u>	<u>\$ 28,494,537</u>	<u>\$ 2,076,207</u>	<u>\$ 34,826,526</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, 2013

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 276,453	\$ 2,651,299	\$ 5,128,315	\$ 8,056,067
Licenses and permits	677,577		3,187,080	3,864,657
Rental fees	348,192			348,192
Miscellaneous	67,100		5,919	73,019
Total operating revenues	<u>1,369,322</u>	<u>2,651,299</u>	<u>8,321,314</u>	<u>12,341,935</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	2,014,944		3,783,074	5,798,018
Employee benefits	704,190		1,394,920	2,099,110
Services and supplies	1,410,757	2,676,689	3,244,919	7,332,365
Depreciation and amortization	183,596	768,293	46,720	998,609
Total operating expenses	<u>4,313,487</u>	<u>3,444,982</u>	<u>8,469,633</u>	<u>16,228,102</u>
Operating loss	<u>(2,944,165)</u>	<u>(793,683)</u>	<u>(148,319)</u>	<u>(3,886,167)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	19,752	4,862	83,480	108,094
Decrease in fair value of investments	(33,343)	(12,085)	(139,388)	(184,816)
Room tax revenue	1,644,032			1,644,032
Other intergovernmental revenue	2,062,905			2,062,905
Total nonoperating revenues (expenses)	<u>3,693,346</u>	<u>(7,223)</u>	<u>(55,908)</u>	<u>3,630,215</u>
Income (loss) before transfers	<u>749,181</u>	<u>(800,906)</u>	<u>(204,227)</u>	<u>(255,952)</u>
<b>TRANSFERS</b>				
Transfers in		250,000	1,000,150	1,250,150
Transfers out	(527)		(1,302,371)	(1,302,898)
Total transfers	<u>(527)</u>	<u>250,000</u>	<u>(302,221)</u>	<u>(52,748)</u>
CHANGE IN NET POSITION	748,654	(550,906)	(506,448)	(308,700)
NET POSITION, BEGINNING OF YEAR	<u>3,507,128</u>	<u>29,045,443</u>	<u>2,582,655</u>	<u>35,135,226</u>
NET POSITION, END OF YEAR	<u>\$ 4,255,782</u>	<u>\$ 28,494,537</u>	<u>\$ 2,076,207</u>	<u>\$ 34,826,526</u>

# CITY OF HENDERSON, NEVADA

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2013

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,048,671	\$ 2,481,062	\$ 8,666,336	\$ 12,196,069
Cash received from other sources	3,706,937			3,706,937
Cash payments for goods and services	(2,121,076)	(2,676,442)	(4,677,117)	(9,474,635)
Cash payments for employee services	(2,064,961)		(3,484,304)	(5,549,265)
Net cash provided by (used in) operating activities	<u>569,571</u>	<u>(195,380)</u>	<u>504,915</u>	<u>879,106</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in		250,000	1,000,150	1,250,150
Transfers out	(527)		(1,302,371)	(1,302,898)
Net cash provided by (used in) noncapital financing activities	<u>(527)</u>	<u>250,000</u>	<u>(302,221)</u>	<u>(52,748)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets		(502,191)		(502,191)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from investment sales or redemptions	393,091	1,338,287	2,865,609	4,596,987
Purchase of investments	(525,615)	(1,000,863)	(2,143,099)	(3,669,577)
Investment income received	18,881	5,709	86,073	110,663
Net cash provided by (used in) investing activities	<u>(113,643)</u>	<u>343,133</u>	<u>808,583</u>	<u>1,038,073</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	455,401	(104,438)	1,011,277	1,362,240
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>521,719</u>	<u>234,957</u>	<u>2,330,660</u>	<u>3,087,336</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>				
Cash and cash equivalents, unrestricted	977,120	83,564	3,341,937	4,402,621
Cash and cash equivalents, restricted		46,955		46,955
	<u>\$ 977,120</u>	<u>\$ 130,519</u>	<u>\$ 3,341,937</u>	<u>\$ 4,449,576</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating loss	\$ (2,944,165)	\$ (793,683)	\$ (148,319)	\$ (3,886,167)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation	183,596	768,293	46,720	998,609
Other	3,706,937			3,706,937
Increase in operating assets				
Accounts receivable	(320,651)	(170,237)		(490,888)
Increase (decrease) in operating liabilities				
Accounts payable and accrued liabilities	(14,638)	(50,580)	11,280	(53,938)
Compensated absences	(50,044)		176,840	126,796
Termination benefits			104,008	104,008
Other post employment benefits	14,906		32,117	47,023
Deposits	(6,370)	50,827	(62,753)	(18,296)
Unearned revenue			345,022	345,022
Total adjustments	<u>3,513,736</u>	<u>598,303</u>	<u>653,234</u>	<u>4,765,273</u>
Net cash provided by (used in) operating activities	<u>\$ 569,571</u>	<u>\$ (195,380)</u>	<u>\$ 504,915</u>	<u>\$ 879,106</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Change in fair value of investments	<u>\$ (33,343)</u>	<u>\$ (12,085)</u>	<u>\$ (139,388)</u>	<u>\$ (184,816)</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, 2013

	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Utilities fees	\$ 62,850,000	\$ 61,288,430	\$ (1,561,570)
Connection fees	150,000	876,874	726,874
Late charges	1,300,000	1,242,635	(57,365)
Miscellaneous	300,000	90,250	(209,750)
Total operating revenues	64,600,000	63,498,189	(1,101,811)
<b>OPERATING EXPENSES</b>			
Salaries and wages	11,704,518	11,235,334	469,184
Employee benefits	4,263,484	4,418,153	(154,669)
Water purchases	24,027,000	22,713,837	1,313,163
Services and supplies	17,953,530	15,475,583	2,477,947
Depreciation and amortization	28,836,042	26,227,048	2,608,994
Total operating expenses	86,784,574	80,069,955	6,714,619
Operating loss	(22,184,574)	(16,571,766)	5,612,808
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	1,806,938	1,073,085	(733,853)
Decrease in fair value of investments		(1,878,089)	(1,878,089)
Gain (loss) on capital asset disposition		(12,804)	(12,804)
Interest expense	(1,476,094)	(1,275,948)	200,146
Other intergovernmental revenue		3,040	3,040
Miscellaneous	170,000	11,596	(158,404)
Total nonoperating revenues (expenses)	500,844	(2,079,120)	(2,579,964)
Loss before capital contributions and transfers	(21,683,730)	(18,650,886)	3,032,844
<b>CAPITAL CONTRIBUTIONS</b>			
Capital contributions	1,854,000	10,403,407	8,549,407
<b>TRANSFERS</b>			
Transfers in		3,761	3,761
Transfers out	(1,386,505)	(1,251,820)	134,685
Total transfers	(1,386,505)	(1,248,059)	138,446
CHANGE IN NET POSITION	\$ (21,216,235)	(9,495,538)	\$ 11,720,697
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		487,163,277	
Adjustment		(1,772,924)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		485,390,353	
NET POSITION, END OF YEAR		\$ 475,894,815	

# 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, 2013

	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Utilities fees	\$ 35,922,400	\$ 36,790,868	\$ 868,468
Connection fees	26,000	62,837	36,837
Late charges	600,000	580,557	(19,443)
Intergovernmental		370,273	370,273
Miscellaneous	10,000	3,611	(6,389)
Total operating revenues	36,558,400	37,808,146	1,249,746
<b>OPERATING EXPENSES</b>			
Salaries and wages	9,366,204	9,731,377	(365,173)
Employee benefits	3,462,211	3,741,027	(278,816)
Services and supplies	16,613,736	13,154,524	3,459,212
Depreciation and amortization	23,841,579	20,457,093	3,384,486
Total operating expenses	53,283,730	47,084,021	6,199,709
Operating loss	(16,725,330)	(9,275,875)	7,449,455
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	1,134,698	529,132	(605,566)
Decrease in fair value of investments		(982,685)	(982,685)
Gain (loss) on capital asset disposition		(94)	(94)
Interest expense	(5,377,449)	(4,617,057)	760,392
Bond issuance costs		(777,121)	(777,121)
Sales tax revenue	2,750,000	4,025,507	1,275,507
Miscellaneous	48,629		(48,629)
Total nonoperating revenues (expenses)	(1,444,122)	(1,822,318)	(378,196)
Loss before capital contributions and transfers	(18,169,452)	(11,098,193)	7,071,259
<b>CAPITAL CONTRIBUTIONS</b>			
Capital contributions	2,600,000	6,916,720	4,316,720
<b>TRANSFERS</b>			
Transfers in		181,250	181,250
Transfers out	(869,657)	(532,893)	336,764
Total transfers	(869,657)	(351,643)	518,014
CHANGE IN NET POSITION	\$ (16,439,109)	(4,533,116)	\$ 11,905,993
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		514,449,179	
Adjustment		(16,604,151)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		497,845,028	
NET POSITION, END OF YEAR		\$ 493,311,912	

# 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, 2013

	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Charges for services	\$ 278,500	\$ 276,453	\$ (2,047)
Licenses and permits	630,000	677,577	47,577
Intergovernmental	1,881,684		(1,881,684)
Rental fees	386,000	348,192	(37,808)
Miscellaneous	128,000	67,100	(60,900)
Total operating revenues	3,304,184	1,369,322	(1,934,862)
<b>OPERATING EXPENSES</b>			
Salaries and wages	2,367,028	2,014,944	352,084
Employee benefits	854,062	704,190	149,872
Services and supplies	1,830,285	1,410,757	419,528
Depreciation and amortization	200,000	183,596	16,404
Total operating expenses	5,251,375	4,313,487	937,888
Operating loss	(1,947,191)	(2,944,165)	(996,974)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	20,000	19,752	(248)
Decrease in fair value of investments		(33,343)	(33,343)
Room tax revenue	1,600,000	1,644,032	44,032
Other intergovernmental revenue		2,062,905	2,062,905
Total nonoperating revenues (expenses)	1,620,000	3,693,346	2,073,346
Income (loss) before transfers	(327,191)	749,181	1,076,372
<b>TRANSFERS</b>			
Transfers out	(527)	(527)	
CHANGE IN NET POSITION	\$ (327,718)	748,654	\$ 1,076,372
NET POSITION, BEGINNING OF YEAR		3,507,128	
NET POSITION, END OF YEAR		\$ 4,255,782	

# 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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 2,774,567	\$ 2,651,299	\$ (123,268)
OPERATING EXPENSES			
Services and supplies	2,475,678	2,676,689	(201,011)
Depreciation and amortization	<u>825,000</u>	<u>768,293</u>	<u>56,707</u>
Total operating expenses	<u>3,300,678</u>	<u>3,444,982</u>	<u>(144,304)</u>
Operating loss	<u>(526,111)</u>	<u>(793,683)</u>	<u>(267,572)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	7,000	4,862	(2,138)
Decrease in fair value of investments	<u>          </u>	<u>(12,085)</u>	<u>(12,085)</u>
Total nonoperating revenues (expenses)	<u>7,000</u>	<u>(7,223)</u>	<u>(14,223)</u>
Loss before transfers	<u>(519,111)</u>	<u>(800,906)</u>	<u>(281,795)</u>
TRANSFERS			
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>          </u>
CHANGE IN NET POSITION	<u>\$ (269,111)</u>	<u>(550,906)</u>	<u>\$ (281,795)</u>
NET POSITION, BEGINNING OF YEAR		<u>29,045,443</u>	
NET POSITION, END OF YEAR		<u>\$ 28,494,537</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, 2013

	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,693,344	\$ 5,128,315	\$ 434,971
Licenses and permits	2,787,210	3,187,080	399,870
Miscellaneous		5,919	5,919
Total operating revenues	7,480,554	8,321,314	840,760
<b>OPERATING EXPENSES</b>			
Salaries and wages	3,521,157	3,783,074	(261,917)
Employee benefits	1,357,053	1,394,920	(37,867)
Services and supplies	2,797,038	3,244,919	(447,881)
Depreciation and amortization	100,000	46,720	53,280
Total operating expenses	7,775,248	8,469,633	(694,385)
Operating loss	(294,694)	(148,319)	146,375
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	100,000	83,480	(16,520)
Decrease in fair value of investments		(139,388)	(139,388)
Loss before transfers	(194,694)	(204,227)	(9,533)
<b>TRANSFERS</b>			
Transfers in	1,000,150	1,000,150	
Transfers out	(2,371)	(1,302,371)	(1,300,000)
Total transfers	997,779	(302,221)	(1,300,000)
CHANGE IN NET POSITION	\$ 803,085	(506,448)	\$ (1,309,533)
NET POSITION, BEGINNING OF YEAR		2,582,655	
NET POSITION, END OF YEAR		\$ 2,076,207	

# FIDUCIARY FUNDS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

# 2013

CITY OF HENDERSON, NEVADA

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.



*A Place To Call Home*





# CITY OF HENDERSON, NEVADA

## AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2013

	<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 and cash equivalents	\$ 144,118	\$ 13,058,298	\$ 109,328	\$ 71,490	\$ 53,000,159	\$ 66,383,393
Investments					892,983	892,983
Special assessments receivable					469,647	469,647
Total assets	<u>\$ 144,118</u>	<u>\$ 13,058,298</u>	<u>\$ 109,328</u>	<u>\$ 71,490</u>	<u>\$ 54,362,789</u>	<u>\$ 67,746,023</u>
<b>LIABILITIES</b>						
Due to developers		\$ 13,058,298		\$ 71,490		\$ 13,129,788
Due to employees	144,118					144,118
Due to others			109,328		54,362,789	54,472,117
Total liabilities	<u>\$ 144,118</u>	<u>\$ 13,058,298</u>	<u>\$ 109,328</u>	<u>\$ 71,490</u>	<u>\$ 54,362,789</u>	<u>\$ 67,746,023</u>

# CITY OF HENDERSON, NEVADA

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>SECTION 125 PLAN</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 112,732	\$ 791,351	\$ 759,965	\$ 144,118
<b>LIABILITIES</b>				
Due to employees	\$ 112,732	\$ 791,351	\$ 759,965	\$ 144,118
<b>TRAFFIC SIGNAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,217,742	\$ 238,428	\$ 2,397,872	\$ 13,058,298
<b>LIABILITIES</b>				
Due to developers	\$ 15,217,742	\$ 238,428	\$ 2,397,872	\$ 13,058,298
<b>FORFEITED ASSETS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 153,417	\$ 247,751	\$ 291,840	\$ 109,328
<b>LIABILITIES</b>				
Due to others	\$ 153,417	\$ 247,751	\$ 291,840	\$ 109,328
<b>PAVING FRONTAGE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 70,739	\$ 751	\$	\$ 71,490
<b>LIABILITIES</b>				
Due to developers	\$ 70,739	\$ 751	\$	\$ 71,490
<b>SPECIAL ASSESSMENT DISTRICTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 52,292,443	\$ 62,683,487	\$ 61,975,771	\$ 53,000,159
Investments	880,982	12,001		892,983
Special assessments receivable	626,995	15,931	173,279	469,647
Total assets	\$ 53,800,420	\$ 62,711,419	\$ 62,149,050	\$ 54,362,789
<b>LIABILITIES</b>				
Due to others	\$ 53,800,420	\$ 62,711,419	\$ 62,149,050	\$ 54,362,789
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 67,847,073	\$ 63,961,768	\$ 65,425,448	\$ 66,383,393
Investments	880,982	12,001		892,983
Special assessments receivable	626,995	15,931	173,279	469,647
Total assets	\$ 69,355,050	\$ 63,989,700	\$ 65,598,727	\$ 67,746,023
<b>LIABILITIES</b>				
Due to developers	\$ 15,288,481	\$ 239,179	\$ 2,397,872	\$ 13,129,788
Due to employees	112,732	791,351	759,965	144,118
Due to others	53,953,837	62,959,170	62,440,890	54,472,117
Total liabilities	\$ 69,355,050	\$ 63,989,700	\$ 65,598,727	\$ 67,746,023

# 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

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

# 2013

CITY OF HENDERSON, NEVADA



# CITY OF HENDERSON, NEVADA

## TABLE 1 - NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 737,854,881	\$ 766,135,825	\$ 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
Restricted	123,520,589	159,497,376	314,016,644	348,850,390	358,318,888	351,250,098	314,860,901	273,915,622	235,191,764	210,529,977
Unrestricted	27,147,286	60,469,781	76,195,754	93,080,483	90,195,891	82,400,184	77,704,211	77,453,363	69,583,399	62,300,084
Total governmental activities	888,522,756	986,042,982	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
<b>Business-type activities</b>										
Net investment in capital assets	434,186,988	520,410,406	580,518,856	627,392,350	714,572,047	787,891,869	862,809,319	880,946,820	873,340,088	846,172,666
Restricted	196,301,241	202,113,468	205,732,209	212,998,953	214,753,110	144,168,298	93,754,763	52,357,776	48,462,130	13,987,769
Unrestricted	87,980,516	90,303,104	111,683,345	129,311,385	111,123,474	118,362,826	98,897,518	95,130,847	88,282,105	111,824,498
Total business-type activities	718,468,745	812,826,978	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
<b>Primary government</b>										
Net investment in capital assets	1,172,041,869	1,286,546,231	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
Restricted	319,821,830	361,610,844	519,748,853	561,849,343	573,071,998	495,418,396	408,615,664	326,273,398	283,653,894	224,517,746
Unrestricted	115,127,802	150,712,885	187,883,099	222,391,868	201,323,365	200,763,010	176,601,729	172,584,210	157,865,504	174,324,582
Total primary government	\$ 1,606,991,501	\$ 1,798,869,960	\$ 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

# CITY OF HENDERSON, NEVADA

## TABLE 2 - CHANGES IN NET POSITION LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
<b>Expenses</b>										
Governmental activities										
General government	\$ 42,220,643	\$ 48,028,276	\$ 54,340,091	\$ 50,374,073	\$ 61,804,917	\$ 58,435,823	\$ 56,692,760	\$ 52,900,058	\$ 54,671,522	\$ 60,686,477
Judicial	3,744,366	4,071,409	8,213,691	9,109,288	10,493,174	11,822,052	11,535,842	12,979,313	12,710,426	14,002,003
Public safety	80,847,907	85,409,518	96,526,544	104,481,376	120,255,700	130,688,497	128,874,376	129,840,967	136,086,182	138,260,143
Public works	43,332,760	47,890,227	52,313,279	58,704,749	62,305,206	67,681,146	73,247,603	74,665,903	77,151,783	75,900,091
Culture and recreation	31,297,696	34,451,551	34,842,692	39,819,367	45,459,685	42,439,125	42,085,811	44,729,292	47,012,306	46,200,390
Community support	6,531,533	8,223,235	4,629,662	4,865,916	5,457,316	6,678,845	7,176,141	8,601,886	6,542,584	4,952,021
Interest on long-term debt	207,974,905	232,213,620	259,122,062	277,036,743	314,697,622	326,303,552	328,219,971	332,075,600	340,488,535	346,057,842
Total governmental activities	<u>56,761,359</u>	<u>64,469,362</u>	<u>67,434,942</u>	<u>73,406,312</u>	<u>76,910,784</u>	<u>79,665,871</u>	<u>79,669,396</u>	<u>84,611,740</u>	<u>85,564,061</u>	<u>83,514,646</u>
Business-type activities	28,355,583	33,345,399	35,457,292	42,732,326	46,917,885	47,967,454	49,498,225	52,306,007	53,996,011	53,979,377
Water	19,797,439	25,565,210	30,440,130	35,091,350	38,393,393	29,848,811	19,490,239	18,392,183	16,763,572	17,257,441
Sewer	104,914,381	123,379,971	133,332,364	151,229,988	162,222,062	157,482,136	148,657,860	155,309,930	156,323,644	154,751,464
Other	312,889,286	355,593,591	392,454,426	428,266,731	476,919,684	483,785,688	476,877,831	487,385,530	496,812,179	500,809,306
Total primary government expenses	<u>10,150,406</u>	<u>11,580,621</u>	<u>11,951,567</u>	<u>12,244,183</u>	<u>12,950,767</u>	<u>12,745,977</u>	<u>12,364,344</u>	<u>12,755,255</u>	<u>13,313,837</u>	<u>12,352,918</u>
Program revenues	7,246,283	9,597,481	9,251,604	10,277,019	11,232,187	13,280,891	15,501,879	16,781,182	23,261,773	22,577,786
Charges for services	6,211,966	6,813,310	7,465,133	7,586,970	7,750,831	7,476,274	7,437,937	7,431,387	7,364,419	7,364,419
General government	2,260,916	1,385,210	771,394	1,370,287	1,004,103	1,006,973	1,958,860	2,162,404	2,764,981	2,582,372
Public safety	6,143,018	7,021,016	8,755,233	8,665,051	8,660,441	10,612,335	10,864,690	14,981,464	10,108,605	10,625,816
Culture and recreation	75,017,037	100,639,769	193,814,750	123,717,507	155,138,614	148,125,739	186,667,654	90,276,209	97,763,977	58,672,921
Other	107,029,626	137,037,407	232,009,681	163,494,833	197,103,127	193,848,189	234,795,364	144,115,999	154,644,560	114,176,232
Operating grants and contributions	45,868,959	48,069,761	54,441,921	59,189,399	57,802,864	57,153,017	57,032,464	60,343,146	61,939,043	63,425,581
Capital grants and contributions	24,497,374	25,406,890	27,303,279	29,584,283	28,928,294	30,691,222	31,321,424	33,408,659	35,023,243	37,434,262
Business-type activities	14,742,999	19,910,510	24,887,497	30,087,396	25,265,757	15,551,293	9,461,451	9,539,537	10,576,098	14,335,875
Water	60,996,441	104,082,490	77,036,081	66,134,052	95,819,296	52,362,486	46,258,599	16,454,579	14,658,033	10,187,969
Sewer	146,105,773	197,469,641	183,748,352	185,051,264	207,893,309	155,961,828	144,513,707	119,998,205	122,284,795	125,403,687
Other	253,135,399	334,507,048	415,758,033	348,546,097	404,996,436	349,810,017	379,309,071	264,114,204	276,929,355	239,579,919
Total primary government program revenues	<u>(100,945,279)</u>	<u>(95,176,213)</u>	<u>(27,112,381)</u>	<u>(113,541,910)</u>	<u>(117,594,495)</u>	<u>(132,455,363)</u>	<u>(93,424,607)</u>	<u>(187,959,601)</u>	<u>(185,843,975)</u>	<u>(231,881,610)</u>
Net (expenses) program revenues	41,191,392	74,089,670	50,415,988	33,821,276	45,671,247	(1,520,308)	(4,144,153)	(35,311,725)	(34,038,849)	(29,347,777)
Business-type activities	<u>(59,753,887)</u>	<u>(21,086,543)</u>	<u>23,303,607</u>	<u>(79,720,654)</u>	<u>(71,923,248)</u>	<u>(133,975,671)</u>	<u>(97,568,760)</u>	<u>(223,271,326)</u>	<u>(219,882,824)</u>	<u>(261,229,387)</u>
Primary government	<u>312,889,286</u>	<u>355,593,591</u>	<u>392,454,426</u>	<u>428,266,731</u>	<u>476,919,684</u>	<u>483,785,688</u>	<u>476,877,831</u>	<u>487,385,530</u>	<u>496,812,179</u>	<u>500,809,306</u>

(Continued)

# CITY OF HENDERSON, NEVADA

## TABLE 2 - CHANGES IN NET POSITION (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
<b>General revenues and other changes in net position</b>										
Governmental activities										
Inergovernmental revenues - consolidated tax	\$ 51,078,663	\$ 58,498,497	\$ 68,017,019	\$ 84,670,413	\$ 94,998,902	\$ 99,811,843	\$ 94,879,894	\$ 74,856,808	\$ 67,805,008	\$ 63,320,080
Other taxes	78,290,939	96,687,531	102,988,098	99,587,194	92,537,034	77,752,314	70,110,772	73,965,376	77,115,178	81,088,044
Increase (decrease) in fair value of investments	25,726,071	28,899,364	41,156,213	46,983,771	48,591,040	45,366,226	43,968,045	43,534,106	45,310,894	45,472,996
Unrestricted investment income	1,286,329	3,486,212	6,421,835	13,885,771	18,584,119	14,103,960	7,187,788	3,211,723	3,807,539	(3,569,677)
Gain on disposal of capital assets	4,555,063	7,660,298	2,499,938	25,902,150	709,299	401,596	660,264	4,782	505,220	2,231,741
Miscellaneous	772,737	1,034,919	1,268,340	1,083,413	1,532,688	1,505,326	1,641,563	1,377,894	4,509,623	632,593
Special item - land donation					(13,888,499)					
Transfers	1,433,387	(3,570,382)	(13,285,666)	(8,923,423)	(1,423,913)	(912,552)	2,317,722	(220,914)	(3,221,142)	(4,794,708)
<b>Total governmental activities</b>	<u>163,143,189</u>	<u>192,696,439</u>	<u>209,065,797</u>	<u>263,189,289</u>	<u>241,640,670</u>	<u>238,028,713</u>	<u>220,766,048</u>	<u>196,729,775</u>	<u>195,832,320</u>	<u>188,392,122</u>
Business-type activities										
Other taxes	5,441,169	6,374,248	7,024,049	7,285,311	7,221,693	6,062,248	5,250,092	4,878,184	5,354,081	5,669,539
Increase (decrease) in fair value of investments										
Unrestricted investment income	2,537,604	9,922,035	12,808,610	20,441,004	20,942,193	13,236,639	5,383,141	2,252,165	3,055,567	(3,045,590)
Gain on disposal of capital assets	737,836	369,085	71,595	71,595	6,080	6,080	6,080	6,080	6,080	6,080
Miscellaneous	149,096	401,898	1,204,034	1,297,264	816,127	901,151	861,169	934,305	4,056,939	496,494
Transfers	(1,433,387)	3,570,382	13,285,666	8,923,423	1,423,913	912,552	(2,317,722)	220,914	3,221,142	4,794,708
Total business-type activities	<u>7,432,318</u>	<u>20,268,563</u>	<u>34,691,444</u>	<u>37,947,002</u>	<u>30,475,521</u>	<u>21,112,509</u>	<u>9,182,760</u>	<u>8,285,568</u>	<u>15,687,729</u>	<u>9,625,462</u>
<b>Total primary government general revenues and other changes in net position</b>	<u>\$ 170,575,507</u>	<u>\$ 212,965,002</u>	<u>\$ 243,757,241</u>	<u>\$ 301,136,291</u>	<u>\$ 272,116,191</u>	<u>\$ 259,141,303</u>	<u>\$ 229,948,808</u>	<u>\$ 205,015,343</u>	<u>\$ 211,520,049</u>	<u>\$ 198,017,584</u>
Change in net position										
Governmental activities	\$ 62,197,910	\$ 97,520,226	\$ 181,953,416	\$ 149,647,379	\$ 124,046,175	\$ 105,573,350	\$ 127,341,441	\$ 8,770,174	\$ 9,988,345	\$ (43,489,488)
Business-type activities	48,623,710	94,358,233	85,107,432	71,768,278	76,146,768	19,592,282	5,038,607	(27,026,157)	(18,351,120)	(19,722,315)
Primary government	<u>\$ 110,821,620</u>	<u>\$ 191,878,459</u>	<u>\$ 267,060,848</u>	<u>\$ 221,415,657</u>	<u>\$ 200,192,943</u>	<u>\$ 125,165,632</u>	<u>\$ 132,380,048</u>	<u>\$ (18,255,983)</u>	<u>\$ (8,362,775)</u>	<u>\$ (63,211,803)</u>

Fiscal year 2005 was the first year of a new enterprise fund - The Municipal Golf Course Enterprise Fund.

Increase due mainly to property owner contributions for two special assessment districts for which the City is not liable.

Increase due to new police sales tax.

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.

Increase due to higher cash and investment balances, higher interest rates, and market value increases.

Increase due to a significant land sale to Cushman Equipment for which the City gave up land with a minimal value.

Land donation to the Nevada System of Higher Education for the development of the Nevada State College campus.

Decrease due to construction slowdown.

Decrease due to economic slowdown.

Decrease due to employee reductions.

Decrease due to lower cash balances and interest rates.

Increase due in large part to fees charged to Department of Homeland Security for housing of prisoners.

Other revenues increased due in large part to revenues related to an agreement with a developer to reimburse the City for legal fees related to environmental analysis.

Other revenues increased due to a refund from the Clean Water Coalition of the City's initial contribution.

Decrease due to decreased grant revenues from the Southern Nevada Public Land Management Act.

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.

# CITY OF HENDERSON, NEVADA

## TABLE 3 - FUND BALANCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
<b>General fund</b>										
Reserved	\$ 1,485,055	\$ 2,441,612	\$ 1,824,112	\$ 2,805,128	\$ 2,711,026	\$ 1,493,517	\$ 1,482,401	\$	\$	\$
Unreserved	24,619,246	25,935,187	29,690,577	30,921,060	28,459,480	23,495,121	19,337,267		1,165,902	936,460
Assigned								792,071 <sup>2</sup>	15,686,060	16,391,761
Unassigned								15,703,300 <sup>2</sup>		
<b>Total general fund</b>	<u>\$ 26,104,301</u>	<u>\$ 28,376,799</u>	<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>\$ 16,495,371</u>	<u>\$ 16,851,962</u>	<u>\$ 17,328,221</u>
<b>Other governmental funds</b>										
Reserved	\$ 16,243,039	\$ 18,474,423	\$ 18,664,267	\$ 26,723,103	\$ 97,960,369 <sup>1</sup>	\$ 104,818,510	\$ 76,127,137	\$	\$	\$
Unreserved	27,873,164	24,619,959	35,745,946	46,242,339	47,320,144	48,293,562	36,765,723			
Special revenue funds					225,539,042	206,567,512	208,832,619			
Capital projects funds	98,861,666	138,584,132	271,278,449	299,700,799				245,234,860 <sup>2</sup>	211,098,881	190,966,371
Restricted								46,616,449 <sup>2</sup>	38,417,701	27,194,098
Assigned										
<b>Total other governmental funds</b>	<u>\$ 142,977,869</u>	<u>\$ 181,678,514</u>	<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>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**



**CITY OF HENDERSON, NEVADA**  
**TABLE 4 - CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
<b>REVENUES</b>										
Property taxes	\$ 51,356,138	\$ 58,586,097	\$ 67,975,114	\$ 84,254,727	\$ 93,860,687	\$ 99,278,964	\$ 95,260,527	\$ 75,550,577	\$ 67,884,894	\$ 63,273,661
Franchise fees	21,227,833	24,044,878	26,926,859	29,625,623	31,468,210	30,586,472	30,110,422	29,210,827	30,372,912	30,011,869
Licenses and permits	6,856,573	7,305,463	7,576,403	8,307,293	8,425,573	8,137,847	7,501,281	7,682,535	7,462,017	8,063,081
Intergovernmental	92,449,462	113,330,062	134,872,918	138,650,905	131,086,100	141,000,416	118,971,843	130,024,108	180,950,806	133,680,893
Charges for services	11,787,181	14,177,088	14,101,639	14,233,157	14,951,513	16,005,572	17,852,260	19,380,975	27,099,129	27,552,577
Fines and forfeitures	2,998,041	3,488,205	3,882,563	5,063,104	5,805,668	6,832,522	7,249,522	7,173,923	6,611,577	6,611,577
Impact fees	1,499,185	1,740,702	1,682,336	1,822,171	1,106,267	1,043,733	932,256	1,093,287	1,265,402	1,469,452
Special assessments	1,818,361	327,861	119,197	167,366	569,805	341,924	190,674	179,582	130,380	146,928
Investment income	2,183,135	4,077,673	10,323,301	20,303,238	20,091,695	12,200,118	5,442,945	2,347,817	2,675,229	1,653,726
Decrease in fair value of investments										(2,278,714)
Developer contributions	6,285,655	32,766,222	104,223,589	13,059,728	935,266	2,054,291	2,956,906	2,070,192	423,063	767,836
Rental fees	2,578,732	1,716,700	1,555,784	1,537,220	1,570,018	3,036,573	2,285,723	3,728,592	586,828	603,767
Miscellaneous	201,042,296	261,560,951	373,239,703	314,026,532	309,870,802	320,525,432	288,754,359	278,442,415	329,057,610	272,738,605
<b>Total revenues</b>	<b>156,220,412</b>	<b>174,363,035</b>	<b>197,998,491</b>	<b>213,520,971</b>	<b>239,482,392</b>	<b>248,574,102</b>	<b>246,000,919</b>	<b>244,176,004</b>	<b>249,007,834</b>	<b>243,743,281</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	38,744,260	43,830,786	49,357,693	46,801,843	50,337,021	50,021,747	50,514,742	48,445,028	49,528,424	47,245,654
Judicial	3,534,995	3,925,781	7,968,743	8,944,032	10,064,915	11,260,921	11,203,113	11,433,646	11,614,816	12,087,601
Public safety	76,177,155	83,802,164	92,794,238	102,635,703	116,405,664	123,164,766	122,936,668	124,107,748	126,721,032	129,203,173
Public works	10,605,798	9,724,823	10,836,921	15,147,356	16,114,452	14,737,826	15,018,064	10,451,455	10,871,321	9,680,018
Culture and recreation	27,158,204	29,145,097	32,704,002	35,164,827	41,240,791	41,929,949	38,430,999	41,245,449	43,861,086	40,374,416
Community support	3,934,384	3,934,384	4,336,894	4,827,210	5,319,549	7,458,893	7,897,333	8,492,678	6,411,155	5,152,419
Total current	156,220,412	174,363,035	197,998,491	213,520,971	239,482,392	248,574,102	246,000,919	244,176,004	249,007,834	243,743,281
Capital outlay										
General government	8,946,349	2,183,786	4,069,183	4,200,063	12,711,239	4,430,713	1,715,063	2,541,115	1,060,444	1,445,582
Judicial	36,980	423,691	83,877	244,586	228,469	106,517	22,337	22,141		284,878
Public safety	1,819,101	3,569,721	2,831,162	3,454,662	1,849,100	3,266,977	13,171,077	23,149,251	1,699,246	1,917,272
Public works	17,941,669	19,477,102	51,342,238	37,982,680	32,325,572	47,406,966	22,632,042	9,770,785	32,819,205	19,274,299
Culture and recreation	4,288,848	2,552,555	6,430,666	8,017,239	4,783,396	26,383,672	16,653,363	16,218,930	69,700,415	23,456,629
Community support	232,570	232,570	285,161	4,971	5,319,549	100,000				
Total capital outlay	33,032,947	28,439,425	65,042,287	54,141,745	51,902,747	81,694,845	54,193,882	51,702,222	108,279,310	46,378,660
Debt service										
Principal payments	13,690,740	13,732,019	13,983,377	16,222,606	12,883,000	12,897,000	13,152,963	13,603,963	10,019,533	5,114,565
Payment to current bond refunding agent									2,803,072	
Interest and fiscal charges	6,130,208	7,661,944	7,765,721	8,791,399	8,079,540	7,687,975	7,938,796	7,592,048	5,863,454	4,293,471
Administrative and other costs	2,720,624	45,184	85,635	12,858	46,941	35,718	27,329	20,959	809,634	591,649
Total debt service	22,541,572	21,439,147	21,834,733	25,026,863	21,009,481	20,620,693	21,119,088	21,216,970	19,495,693	9,999,685
Total expenditures	211,794,931	224,241,607	284,875,511	292,689,579	312,394,620	350,889,640	321,313,889	317,095,196	373,782,837	300,121,626
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,752,635)	37,319,344	88,364,192	21,336,953	(2,523,818)	(30,364,208)	(32,559,530)	(38,652,781)	(44,725,227)	(27,383,021)

(Continued)

# CITY OF HENDERSON, NEVADA

## TABLE 4 - CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from land sales	3,472,086	9,076,990	1,507,242	29,346,542 <sup>8</sup>	212,637	326,968	546,145	52,493	572,981	1,827,493
Loss on sale of land held for development										(3,426,519)
Capital leases	809,200	1,634,354					446,894		322,695	
Issuance of refunding bonds	98,165,000		3,885,000						34,560,000	
Debt issuance proceeds			56,000,000						565,000	
Premium on refunding bonds issued	8,015,686		(2,509,555)						639,842	
Payment to advance refunding bond agent	(105,040,493)		2,050						(31,591,875)	
Sale of capital assets			1,221,917	9,090		5,425		4,782		
Debt issuance premium			48,947,686	47,525,919						
Transfers in	29,841,998	43,284,979	(50,270,494)	(51,094,426)	37,529,016	51,655,773	59,932,273	57,142,122	25,459,998	16,774,827
Transfers out	(30,068,975)	(50,342,524)			(40,782,203)	(56,905,797)	(61,359,567)	(52,745,083)	(27,781,550)	(18,899,893)
Total other financing sources (uses)	5,194,502	3,653,799	58,783,846	27,852,125	(1,878,550)	13,042,369	(432,697)	4,454,314	2,747,091	(3,112,763)
<b>CHANGE IN FUND BALANCE</b>	<b>\$ (5,558,133)</b>	<b>\$ 40,973,143</b>	<b>\$ 147,148,038</b>	<b>\$ 49,189,078</b>	<b>\$ (4,402,368)</b>	<b>\$ (17,321,839)</b>	<b>\$ (32,992,227)</b>	<b>\$ (34,198,467)</b>	<b>\$ (41,978,136)</b>	<b>\$ (30,495,784)</b>
Debt service as a percentage of noncapital expenditures	10.9 %	10.5 %	9.1 %	10.0 %	7.8 %	7.8 %	8.0 %	8.2 %	6.0 %	3.6 %

1. In fiscal year 2005 and 2006 there were large property owner contributions related to special assessment bonds for which the City is not liable

2. Fiscal year 2005 was the first year of the community support function. Previous to that, it was reported in general government

3. Increase in expenditures for parks and trails related to the Southern Nevada Public Land Management Act.

4. 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.

5. Increase due mainly to construction of special assessment infrastructure.

6. 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

7. Increase due to higher cash and investment balances, higher interest rates, and market value increases.

8. Increase due to a significant land sale to Cashman Equipment for which the City gave up land with minimal value.

9. Due to decreased return on investments.

10. Increase due to construction for Heritage Park and Aquatics Center.

11. Installment purchase agreement for energy conservation projects.

12. Due to decrease in consolidated tax and decrease in intergovernmental contributions for the justice facility expansion.

13. Increase in grants related to the Southern Nevada Public Lands Management Act.

14. Decrease due to detention facility expansion. Expenditures for this occurred in fiscal years 2010 and 2011.

15. Decrease due primarily to increased development activity in special assessment districts.

16. Decrease due to decreased grant revenues from the Southern Nevada Public Land Management Act

17. 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.

18. 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.



# 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	Clark County School District	Clark County	Special District	
2004	0.4886	0.2222	0.7108	0.1700	1.3034	0.6502	0.0995	2.2231
2005	0.4880	0.2228	0.7108	0.1700	1.3034	0.6652	0.0974	2.2360
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	0.5608	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

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	2013			2004		
	Taxable Assessed Value <sup>2</sup>	Rank	Approximate Percentage of Taxable Assess Valuation <sup>3</sup>	Taxable Assessed Value <sup>2</sup>	Rank	Approximate Percentage of Taxable Assess Valuation <sup>3</sup>
Green Valley Ranch Gaming, LLC	\$ 81,718,131	1	1.00 %	\$ 70,867,722	5	0.95 %
Station Casinos Incorporated	75,160,836	2	0.92 %	86,473,419	3	1.16 %
Basic Management Incorporated	60,567,268	3	0.74 %			%
Greenspun Incorporated	54,182,515	4	0.66 %	71,725,080	4	0.96 %
W.L. Nevada Incorporated	48,401,640	5	0.59 %			%
M Resort	35,952,773	6	0.44 %			%
Picerne Real Estate Group	33,435,109	7	0.41 %			%
Ranch Center Associates Limited Partnership	29,560,541	8	0.36 %			%
Harsch Investment Properties	26,069,009	9	0.32 %	27,456,534	10	0.37 %
K.B. Homes	21,810,000	10	0.27 %			%
Pulte Homes				108,639,137	1	1.46 %
Lake Las Vegas Joint Venture				88,726,091	2	1.19 %
Foothill Partners				31,543,781	6	0.42 %
Sentinel Realty Partners III Limited Partnership				30,910,250	7	0.42 %
Sierra Nevada Multifamily Investments				30,534,465	8	0.41 %
Lake Mead Horizon, LLC				30,402,430	9	0.41 %
	<u>\$ 466,857,822</u>		<u>5.71 %</u>	<u>\$ 577,278,909</u>		<u>7.75 %</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>
2004	\$ 47,178,698	\$ 46,916,703	99.44 %	\$ 261,995	\$ 47,178,698	100.00 %
2005	54,280,325	54,065,416	99.60 %	214,840	54,280,256	99.99 %
2006	62,713,038	62,408,721	99.51 %	301,474	62,710,195	99.99 %
2007	78,833,318	78,138,203	99.12 %	691,988	78,830,191	99.99 %
2008	88,876,480	87,304,802	98.23 %	1,532,882	88,837,684	99.96 %
2009	94,637,231	92,160,401	97.38 %	2,238,725	94,399,126	99.75 %
2010	91,489,119	89,058,480	97.34 %	1,964,295	91,022,775	99.49 %
2011	70,958,969	69,557,584	98.03 %	928,254	70,485,838	99.33 %
2012	63,363,703	62,318,519	98.35 %	826,916	63,145,435	99.66 %
2013	58,115,146	57,611,241	99.13 %	2	57,611,241	99.13 %

1. Source - Clark County Comptroller's Office.
2. Not available at time of printing.

# CITY OF HENDERSON, NEVADA

## TABLE 9 - RATIOS OF OUSTANDING 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			
	Tax Allocation Bonds	Assessment Bonds	Assessment Bonds	Notes and Loans							
2004	\$ 137,665,000	\$ 16,340,000	\$ 2,500,000	\$ 143,004	\$ 2,640,179	\$ 159,288,183	\$ 155,592,473	\$ 314,880,656	% <sup>3</sup>	1,369	
2005	125,240,000	16,340,000	1,215,000	120,985	4,175,309	147,091,294	253,896,193	400,987,487	% <sup>3</sup>	1,663	
2006	171,795,000	16,340,000	585,000	97,608	56,007	188,873,615	241,864,554	430,738,169	4.87 %	1,714	
2007	158,455,000	15,840,000	365,000		10,614	174,670,614	229,959,046	404,629,660	4.61 %	1,555	
2008	147,314,000	15,320,000	305,000			162,939,000	217,507,507	380,446,507	3.96 %	1,411	
2009	135,027,000	14,780,000	235,000	17,960,000		168,002,000	204,454,978	372,456,978	3.86 %	1,391	
2010	123,215,000	14,215,000	165,000	17,403,000	297,931	155,295,931	192,056,192	347,352,123	3.47 %	1,300	
2011	111,111,000	13,625,000		16,807,000	148,968	141,691,968	179,323,139	321,015,107	3.63 %	1,212	
2012	112,364,000	13,010,000		16,136,000	215,130	141,725,130	165,218,258	306,943,388	3.47 %	1,143	
2013	106,969,000	12,360,000		15,384,000	107,565	134,820,565	153,559,659	288,380,224	3.32 %	1,037	

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

3. Personal income data was not kept prior to fiscal year 2006.

# CITY OF HENDERSON, NEVADA

**TABLE 10 - RATIOS OF GENERAL BONDED DEBT<sup>1</sup> OUTSTANDING  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>For the Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Less Amounts Available in Debt Service Funds</u>	<u>Net General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Property Value</u> <sup>2</sup>	<u>Per Capita</u> <sup>3</sup>
2004	\$ 137,665,000	\$ 1,573,486	\$ 136,091,514	0.64 %	\$ 592
2005	125,240,000	846,962	124,393,038	0.55 %	516
2006	171,795,000	4,352,167	167,442,833	0.56 %	666
2007	158,455,000	6,740,546	151,714,454	0.36 %	583
2008	147,314,000	6,072,215	141,241,785	0.30 %	524
2009	135,027,000	9,708,219	125,318,781	0.26 %	468
2010	123,215,000	6,964,868	116,250,132	0.30 %	435
2011	111,111,000	2,901,962	108,209,038	0.38 %	409
2012	112,364,000	1,658,689	110,705,311	0.44 %	412
2013	106,969,000	1,313,003	105,655,997	0.45 %	380

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, 2013**  
**(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	\$ 134,820,565	\$ 2,215,640	\$ 132,604,925	100.00 %	\$ <u>132,604,925</u>
Overlapping governments					
Henderson District Public					
Libraries	1,695,400	361,511	1,333,889	100.00 %	1,333,889
Clark County	488,620,000	160,093,735	328,526,265	15.23 %	50,034,550
Clark County School District	3,223,895,000	175,795,693	3,048,099,307	15.23 %	464,225,524
Las Vegas-Clark County Library District	38,895,000	4,957,781	33,937,219	18.39 %	<u>6,241,055</u>
Total overlapping governments					<u>521,835,018</u>
Total direct and overlapping debt					<u>\$ 654,439,943</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, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Assessed value	\$ 7,433,213,739	\$ 7,865,696,263	\$ 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
Legal debt margin	\$ 1,114,982,064	\$ 1,179,854,439	\$ 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
Debt applicable to debt limit										
Total bonded debt, including special assessment bonds	312,097,473	396,691,193	430,584,554	404,619,046	380,446,507	354,496,978	329,651,192	304,059,139	290,592,258	272,888,659
Less:										
Special assessment bonds	1	(2,500,000)	(585,000)	(365,000)	(305,000)	(235,000)	(165,000)	(13,625,000)	(13,010,000)	(12,360,000)
Tax allocation bonds	2	(16,340,000)	(16,340,000)	(15,840,000)	(15,320,000)	(14,780,000)	(14,215,000)	(13,625,000)	(13,010,000)	(12,360,000)
Total bonded debt, applicable to debt limit	293,257,473	379,136,193	413,659,554	388,414,046	364,821,507	339,481,978	315,271,192	290,434,139	277,582,258	260,528,659
Legal debt margin	\$ 821,724,591	\$ 800,718,246	\$ 1,152,154,128	\$ 1,828,609,732	\$ 2,131,547,368	\$ 2,193,894,731	\$ 1,706,452,772	\$ 1,194,196,805	\$ 1,053,120,655	\$ 970,531,792
Total bonded debt applicable to limit as a percentage of debt limit	26.30 %	32.13 %	26.42 %	17.52 %	14.61 %	13.40 %	15.59 %	19.56 %	20.86 %	21.16 %

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 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>
2004	229,984	\$	\$	4.79 %
2005	241,134	\$	\$	4.20 %
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	268,631	8,846,208,756	32,931	11.30 %
2013	278,047	8,690,214,958	31,254	9.60 %

1. Source - City of Henderson, Community Development Department.
2. Source - Personal income data for 2006 forward 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.
4. Personal income data was not kept prior to fiscal year 2006.

# CITY OF HENDERSON, NEVADA

**TABLE 15 - PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO  
(UNAUDITED)**

Employer	2013			2004		
	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 <sup>2</sup>
City of Henderson	3007 <sup>3</sup>	1	2.32 %	2845 <sup>4</sup>	1	%
St Rose Dominican-Siena	1500-1999 <sup>5</sup>	2	1.15 - 1.54 %			%
Green Valley Ranch Station Casino	1500-1999 <sup>5</sup>	3	1.15 - 1.54 %	1000+	4	%
M Resort Spa and Casino	1000-1499 <sup>5</sup>	4	1.15 - 1.54 %			%
Sunset Station Hotel and Casino	1000-1499 <sup>5</sup>	5	1.15 - 1.54 %	1000+	3	%
St Rose Dominican Hospital	700-799 <sup>5</sup>	6	0.54 - 0.62 %	1000+	2	%
Fiesta Henderson Casino Hotel	600-699 <sup>5</sup>	7	0.46 - 0.54 %	500-999	5	%
Zappos CLT Inc	600-699 <sup>5</sup>	8	0.46 - 0.54 %			%
Medco Health LLC	500-599 <sup>5</sup>	9	0.39 - 0.46 %			%
Titanium Metals Corp. of America	500-599 <sup>5</sup>	10	0.39 - 0.46 %			%
Ford Motor Credit Co.				500-999	6	%
Wal-Mart Stores, Inc.				500-999	7	%
Camden Development, Inc.				250-499	8	%
Casino Monte Lago				250-499	9	%
Costco Wholesale				250-499	10	%

1. For privacy purposes, exact employment numbers are unavailable.
2. This information was not available for 2004.
3. Source - City of Henderson, Finance Department
4. Source - City of Henderson Economic and Demographic Overview
5. 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<sup>2</sup>  
(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
<b>Governmental activities</b>								
General government	331	347	352	363	352	347	347	347
Judicial	78	84	90	96	94	95	96	93
Public safety	678	774	817	824	827	862	867	865
Public works	102	111	118	141	140	145	134	103
Culture and recreation	182	182	191	204	190	190	189	182
Community support	19	19	22	19	22	23	23	17
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>
<b>Business-type activities</b>								
Water	137	148	150	157	147	152	149	141
Sewer	91	111	119	122	116	115	114	126
Development services	149	155	156	133	62	55	40	44
Other	17	28	32	35	30	31	31	33
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>
<b>Total full-time equivalent employees</b>	<u><u>1,784</u></u>	<u><u>1,959</u></u>	<u><u>2,044</u></u>	<u><u>2,094</u></u>	<u><u>1,980</u></u>	<u><u>2,015</u></u>	<u><u>1,990</u></u>	<u><u>1,951</u></u>

1. Source - City of Henderson, Finance Department  
2. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

# CITY OF HENDERSON, NEVADA

## TABLE 17 - OPERATING INDICATORS BY FUNCTION/PROGRAM<sup>1</sup> LAST TEN FISCAL YEARS<sup>2</sup> (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
Governmental activities								
Judicial								
Average warrants cleared per day	9	6	5	10	11	13	10	6
Public safety								
Police reports	28,961	28,103	27,417	26,761	26,466	24,419	24,767	22,320
Police calls for service	135,772	144,452	159,821	162,184	160,594	154,392	140,775	141,677
Number of emergency medical response incidents	14,885	14,823	15,185	15,079	16,164	17,115	18,513	18,953
Number of emergency medical response transports	9,975	9,887	10,276	10,593	11,333	11,969	12,951	13,199
Number of fire responses	940	834	723	611	552	570	599	544
Public works								
Lane miles of street maintenance reconstruction	338	142	14	179	340	227	122	12
Number of scheduled inspections (off-site improvements)	16	74	24	43	34	95	4	20
Number of off-site (non-building) projects	41,994	39,320	33,194	30,151	20,658	17,347	24,665	20,421
Culture and recreation								
Parks and recreation class registrations	206	155	157	55	288	105	51	79
Community support								
Number of requests for information on business relocations	323,193	341,139	344,766	478,357	267,008	316,490	304,492	388,038
Number of local business requests for information, assistance or outreach	103	109	136	129	160	101	91	233
Number of jobs created	342	447	414	659	746	573	569	688
Number of jobs created	1,034	770	1,190	425	411	250	390	269
Business-type activities								
Water								
Average daily water consumption (MGD)	68	71	69	68	67	68	68	68
Number of requests for line location	37,110	31,684	40,534	26,638	31,633	34,620	46,017	51,662
Number of hydrant major repairs	258	248	198	220	227	255	201	127
Number of line repairs	243	360	283	257	464	423	418	483
Sewer								
Lines video inspected (feet)	180,239	90,002	150,129	157,609	172,267	133,271	489,488	552,244
Lines cleaned (feet)	1,106,675	1,252,317	1,568,312	1,951,831	2,224,640	2,314,701	1,717,800	1,626,459
Development services								
Number of plan review activities	28,097	23,424	18,463	11,939	11,808	12,401	12,664	12,660
Building permits issued	19,075	15,704	12,402	9,794	10,814	9,684	10,106	11,729

1. Source - Various City of Henderson departments.  
2. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.  
3. Indicators are not available for the general government function.

(Continued)

# CITY OF HENDERSON, NEVADA

**TABLE 17 - OPERATING INDICATORS BY FUNCTION/PROGRAM<sup>1</sup> (CONTINUED)**  
**LAST TEN FISCAL YEARS<sup>2</sup>**  
**(UNAUDITED)**

- 
4. Millions of gallons per day.
  5. 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
  6. 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
  7. Funding sources decreased significantly, which included ARRA monies.
  8. Private projects have slowed down due to the economic downturn.
  9. Increase due to increase for line locations from contractors/excavators. Data also includes re-mark requests.
  10. 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
  11. Decrease due to reassignment of staff to assist in line inspections.
  12. Projects were delayed and not awarded until July 2013
  13. Fiscal year 2011 was largest year in history due to ARRA funding. Projects significantly slowed down subsequently, although increased slightly in 2013, as there wasn't a need for reconstruction after large reconstruction projects in FY 2011.
  14. Due to increased confidence in the economy and marketing initiatives.
  15. Substantial hydrant repairs were made in previous years, negating the need for future repairs. This in addition to construction slowdown account for the decrease
  16. Increase due to significant increase in single family residence permits.



# CITY OF HENDERSON, NEVADA

## TABLE 18 - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM<sup>1</sup> LAST TEN FISCAL YEARS<sup>2</sup> (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
Governmental activities								
Public safety								
Number of police stations	2	2	2	3	3	3	3	3
Number of fire stations	9	9	9	9	9	9	9	9
Number of patrol units	117	154	149	140	148	144	144	137
Public works								
Streets (miles)	737	788	804	804	812	817	819	822
Traffic signals	131	135	141	144	149	152	152	158
Culture and recreation								
Park acreage	1,029	1,067	1,109	1,131	1,155	1,249	1,279	1,805 <sup>5</sup>
Number of parks	39	41	43	44	44	45	52	57
Number of swimming pools	9	9	9	13	15	15	15	15
Number of tennis courts	42	42	43	43	43	44	46	61 <sup>5</sup>
Number of recreation centers	6	6	6	6	7	7	7	8
Business-type activities								
Water								
Water mains (miles)	1,080	1,124	1,280	1,384	1,462	1,462	1,175 <sup>4</sup>	1,200
Number of treatment plants	1	1	1	1	1	1	1	1
Number of water pump stations	27	27	27	31	31	31	32	32
Sewer								
Number of sewage treatment plants	2	2	2	2	2	2	2	2
Number of sewer lift stations	12	12	12	13	13	13	16	16
Miles of sanitary sewer lines	920	953	958	1,029	1,080	1,082	935 <sup>4</sup>	935

1. Source - Various City of Henderson departments.  
 2. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.  
 3. Indicators are not available for the general government, judicial, community support, or development services functions.  
 4. Method of calculation now excludes private lines and lines proposed for construction.  
 5. Increase due to opening of five new parks.

# COMPLIANCE SECTION

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

# 2013

CITY OF HENDERSON, NEVADA



*A Place To Call Home*



P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

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

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, 2013, 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 6, 2013.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013 - 001, to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013 - 002 to be a significant deficiency.

**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.*

**The City's Responses to Findings.** 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.

We noted certain matters that we reported to management of the City in a separate letter dated November 6, 2013.

**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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Percy Boulter Taylor" followed by a stylized flourish.

Las Vegas, Nevada  
November 6, 2013

P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

**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, 2013. 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, 2013.

**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 2013 - 003 through 2013 - 006. 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 6, 2013, 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 6, 2013

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
<i>Food and Nutrition Service</i>			
Passed through State of Nevada Department of Education:			
<i>Child Nutrition Cluster:</i>			
Special Milk Program for Children			
Safekey Milk Grant FY13	10.556	M-102375.10	\$ 32,322
 <i>Forest Service</i>			
Passed through State of Nevada Forestry Division:			
Cooperative Forestry Assistance	10.664	UF/09/02	22,943
Recovery Act of 2009: Wildland Fire Management	10.688	ARRA/UFCC/09/03	<u>25,052</u>
Total U.S. Department of Agriculture			<u>80,317</u>
 <b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct programs			
<i>Community Planning and Development</i>			
Community Development Block Grants/Entitlement Grants			
Entitlement Funds	14.218*		422,723
NSP HERA Entitlement	14.218*		876,610
Program Income	14.218*		1,061,003
Amount Provided to Subrecipients	14.218*		<u>278,936</u>
Total Community Development Block Grants/Entitlement Grants			<u>2,639,272</u>
 <i>Office of Sustainable Housing and Community</i>			
Sustainable Communities Regional Planning Grant Program			
HUD Sustainable Communities Grant	14.703*	FR-5500-N-30FA	<u>1,177,779</u>
Total Direct Programs			<u>3,817,051</u>
 <i>Office of Community Planning and Development</i>			
Passed through State of Nevada, Housing Division			
HOME Investment Partnerships Program			
HOME Grant - Program Income/Projects	14.239		302,716
HOME Grant - Administration	14.239		<u>5,141</u>
Total HOME Investment Partnerships Program			<u>307,857</u>
Total Department of Housing and Urban Development			<u>4,124,908</u>

\* Major Program

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Expenditures
<b><u>U.S. Department of the Interior</u></b>			
<i>Bureau of Land Management</i>			
Southern Nevada Public Land Management			
Amargosa Trail	15.235*	HN10, L04AC13519	931,224
Cornerstone Lake Park	15.235*	HN16, L05AC14906	4,930,647
River Mountain Trail 13-14	15.235*	HN15, L05AC14679	1,445
UPRR Right of Way	15.235*	HN22, L05AC14427	53,862
UPRR Phase III	15.235*	HN23, L05AC14404	1,301,161
UPRR Phase II	15.235*	HN07, L05AC14553	27,461
Mission View Park	15.235*	HN25, L05AC12983	3,519,635
McCullough Hills Trail	15.235*	HN04, L07AC13260	814,989
Arroyo Grande Project Green	15.235*	HN26, L07AC13812	3,047,024
Whitney Mesa Trailhead	15.235*	HN27, L07AC12954	1,939,647
Wetlands Trail Phase II	15.235*	HN28, L07AC14291	1,330,291
Heritage Park Phase II	15.235*	HN29, L07AC14398	2,108,365
Reunion Trails Park	15.235*	HN32, L07AC14644	138,626
Downs 5/Downtown Trail	15.235*	HN30, L07AC14117	302,482
Lake Mead Parkway Trail	15.235*	HN31, L07AC14400	3,502,741
McCullough Vista Park	15.235*	HN33, L08AC14130	23,252
Green Valley Flood Control Panel	15.235*	HN35, L08AC13389	11,434
Whitney Mesa Nature Preserve Phase II	15.235*	HN36, L09AC15525	617,378
Paradise Point Park	15.235*	HN38, L11AC20013	435
RMLT Safety & Education	15.235*	HN37, L11AC20011	11,979
Total U.S. Department of the Interior			24,614,078
<b><u>U.S. Department of Justice</u></b>			
Direct Programs			
<i>Bureau of Justice Assistance</i>			
Bulletproof Vest Partnership Program	16.607		2,904
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DD-BX-0561	254,380
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1134	40,385
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1055	14,989
Edward Byrne Memorial Justice Assistance Grant Program - Recovery Act	16.738	09-ARRA-66-1	30,403
<i>Office of Community Oriented Policing Services</i>			
Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX-0322	383,675
Public Safety Partnership and Community Policing Grants	16.710	2008CKWX0168	13,856
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Missing Children's Assistance	16.543	2011-MC-CX-K002	64,153
<i>Department of Justice</i>			
Edward Byrne Memorial Competitive Grant Program - Recovery Act	16.808	2009-SB-B9-1637-HPD	107,115

\* Major Program



**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Expenditures
<b><u>U.S. Department of Justice (continued)</u></b>			
Direct Programs (continued)			
<i>Office of Drug Enforcement Administration</i>			
Domestic Cannabis Eradication	n/a	2012-90, 2013-94	<u>21,889</u>
Total Direct Programs			<u>933,749</u>
<i>Bureau of Justice Assistance</i>			
Passed through State of Nevada Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11-JAG-12	27,526
Edward Byrne Memorial Justice Assistance Grant Program - Recovery Act	16.738	09-ARRA-38	200,000
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Passed through State of Nevada Juvenile Justice Commission:			
Enforcing Underage Drinking Laws Program	16.727		27,426
<i>Office on Violence Against Women</i>			
Passed through State of Nevada Office of Attorney General			
Violence Against Women Formula Grants	16.588	2009-WF-AX-0029	20,974
Violence Against Women Formula Grants	16.588	2011-STOP-01	<u>21,739</u>
Total U.S. Department of Justice			<u>1,231,414</u>
<b><u>U.S. Department of Transportation</u></b>			
Direct Programs			
<i>Federal Motor Carrier Safety Administration</i>			
National Motor Carrier Safety	20.218	FM-MHP-0077-12-01-00	76,507
<i>Federal Highway Administration</i>			
Highway Planning and Construction - American Recovery and Reinvestment Act (ARRA)			
TRANSP Stimulus PH1-GVP	20.205	P127-09-063	(41,574)
TRANSP Stimulus PH2-AmerPac	20.205	P128-09-063	(12,991)
TRANSP Stimulus PH3-Voluntr	20.205	P136-09-063	(30,922)
TRANSP Stimulus PH4-Stephanie	20.205	P006-10-063	(8,792)

\* Major Program

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Expenditures
<b><u>U.S. Department of Transportation (continued)</u></b>			
Direct Programs (continued)			
Highway Planning and Construction			
Safe Route to School	20.205	P057-10-802	18,589
I-515 Sunset Intrchg Landscape	20.205	P222-10-063	13,522
Safe Rts Grant Infrastructure	20.205	P283-10-063	26,916
NDOT Lake Mead Bus Turnouts	20.205	P350-12-063	18,408
NDOT Sunset Td ITS Ph 1	20.205	P349-12-063	11,406
NDOT Sunset Td ITS Ph 2	20.205	P352-12-063	11,677
NDOT Valley Verde ITS	20.205	P347-12-063	291
NDOT Pecos Rd ITS	20.205	P346-12-063	976
NDOT St Rose Intrsectn Impvts	20.205	P348-12-063	818
Total Direct Programs			84,831
<i>National Highway Traffic Safety Administration</i>			
Passed through State of Nevada, Department of Motor Vehicles and Public Safety - Office of Traffic Safety:			
State and Community Highway Safety			
Joining Forces 2012	20.600	22-JF-1.08	40,658
Joining Forces Incentive 2010	20.600	23-JF-1.08	105,220
Impaired Driving Reduction Program	20.600	23-AL-9	3,567
Total U.S. Department of Transportation			234,276
<b><u>U.S. Department of Energy</u></b>			
Direct Program			
Renewable Energy Research and Development			
Heritage Pk Solar PV Prj	81.087	EE-0003166	481,603
<i>State Energy Program</i>			
Passed through State of Nevada Office of Energy			
State Energy Program - Recovery Act	81.041	SEPARRA032910005	230,311
<i>Weatherization Assistance for Low-Income Persons</i>			
Passed through State of Nevada Housing Division			
DOE Base Projects 12/13	81.042	DOE/2013/4	6,549
Total U.S. Department of Energy			718,463

\* Major Program

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Program			
<i>Centers for Disease Control and Prevention</i>			
Affordable Care Act (ACA) - Communities Putting Prevention to Work			
CATCH Kids - Recovery Act	93.520		<u>83,188</u>
<i>Administration for Community Living</i>			
Passed through State of Nevada, Division of Aging Services:			
<i>Aging Cluster:</i>			
Special Programs for the Aging: Title III, Part C: Nutrition Services			
Senior Nutrition Congregate 2012	93.045	03-031-57-NX-12	49,910
Senior Nutrition Homebound 2012	93.045	03-031-04-2X-12	55,467
Senior Nutrition Congregate 2013	93.045	03-031-07-1X-13	190,308
Senior Nutrition Homebound 2013	93.045	03-031-04-2X-13	154,473
Sr Nutrition Equipment	93.045	03-031-07-04	106,549
Nutrition Services Incentive Program			
Sr. Nutrition NSIP 2012	93.053	03-031-57-NX-12	73,676
Sr. Nutrition NSIP 2013	93.053	03-031-57-NX-13	58,119
Blk Mtn Sr. Nutrition Equip.	93.053	03-031-66-1X-13	<u>30,000</u>
			<u>718,502</u>
<i>Administration For Children and Families</i>			
Passed through State of Nevada, Department of Business and Industry-Housing Division, Weatherization Assistance Program			
Low Income Home Energy Assistance	93.568	LIHEA/2013/4	<u>21,195</u>
Total U.S. Department of Health and Human Services			<u>822,885</u>
<b><u>Department of Homeland Security</u></b>			
<i>Emergency Management Performance Grants</i>			
Passed through the State of Nevada, Department of Motor Vehicles and Public Safety, Division of Emergency Management:			
Emergency Management FY12	97.042	9704211	170,446
Assistance to Firefighters Grant	97.044	EMW-2011-FO-02987	64,800
Homeland Security Grant Program			
DEM-UASI-FFY2011	97.067	11-U11	322,350
DHS/FFY12 State Homeland Security Grant Program	97.067	97067.12-HL2	<u>2,067</u>
Total Department of Homeland Security			<u>559,663</u>
Total Expenditures of Federal Awards			<u><u>\$ 32,386,004</u></u>

\* Major Program

# CITY OF HENDERSON, NEVADA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED JUNE 30, 2013**

### 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, 2013, the City provided \$278,936 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, 2013, outstanding loan balances were as follows:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.218	Community Development Block Grants/Entitlement Grants	\$ 656,121
14.239	Home Investment Partnerships Program	<u>1,746,059</u>
		<u>\$ 2,402,180</u>
Federal CFDA Number	Federal CFDA Number	Loan Balance Payable
66.458	Capitalization Grants for Clean Water State Revolving Funds	<u>\$ 1,484,723</u>

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

---

### Section I - Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified	Yes
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	Unqualified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a)	Yes

#### Identification of major programs

CFDA number	15.235
Name of federal program or cluster	Southern Nevada Public Land Management
CFDA number	14.703
	Sustainable Communities Regional Planning Grant
Name of federal program or cluster	Program
CFDA number	14.218
	Community Development Block Grants /
Name of federal program or cluster	Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$971,601
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, 2013

---

**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***

2013 - 001	
Criteria	Donated assets recorded in the financial statements represent assets owned by the City for which the City is responsible to maintain.
Condition	In prior years, the City recorded donated assets that it did not own, nor did it have the responsibility to maintain.
Effect	In the City's water and sewer funds, capital assets (infrastructure) and net position were materially overstated, which led to a restatement of previously reported balances.
Cause	Prior to fiscal 2013, the review of donated assets did not identify that certain capital assets recorded in the City's financial statements did not belong to the City.
Recommendation	Donated capital asset additions should be reviewed at least annually by appropriate levels of management in both the finance and utilities departments to ensure that the asset has in fact been transferred to the City, and the City is responsible for ongoing repairs and maintenance.
Management's response	Management informed us that each year the finance department distributes lists of capital assets for department verification. Technical staff in public works and utilities will review donated asset addition journal entries and supporting detail prior to posting. The finance department will verify all respective approvals have been received prior to finalizing the transaction.

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

**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* (continued)**

2013 - 002

Criteria

Contracts and agreements with provisions that could have a financial impact on the City must be properly communicated to the finance department to ensure that they are accounted for properly and timely in the City's financial statements.

Condition

The finance department was not notified timely of an executed interlocal agreement involving a \$2.6 million obligation; consequently, the obligation was not recorded in the accounting records of the City.

Effect

In the City's sewer fund, liabilities were materially understated and net position was materially overstated as of the beginning of the current period.

Cause

The policies and procedure in place that require notification of the finance department with regard to any financial and accounting related documents that come to the attention of City personnel, did not function as intended.

Recommendation

All City personnel should be periodically reminded of the policies and procedures requiring the routing to the finance department of all contracts and agreements with a potential for financial accounting impact on the City. In addition, the finance department should consider a monthly review of city council meeting minutes, which could contain details regarding approved contracts and agreements that may have not been otherwise communicated.

Management's response

Management informed us that the City has recorded a liability for the excess distributions and will adjust as paid through reduced collections over the next eight years under its latest interlocal agreement with the City of Las Vegas, the Southern Nevada Water Authority and the Clark County Water Reclamation District. All interlocal agreements are authorized by City Council and reviewed by the Chief Financial Officer and/or Budget Manager. Agreements with on-going obligations or financial implications will be communicated to accounting staff for analysis and recorded as needed. Additionally, all departments will be reminded annually to submit any financially related documents to the Accounting Managers in the finance department.

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2013 - 003	
Program	CFDA #14.703 - HUD Sustainable Communities Grant
Specific requirements	The information included in Federal Financial Reports (FFRs) filed with granting agencies is complete and accurate.
Condition and context	<p>For the semi-annual period ended December 31, 2012, the City's matching expenditures reported on the FFR (\$186,678) were overstated by \$7,828.</p> <p>For the semi-annual period ended December 31, 2012, the City's expenditures reported on the FFR for (\$428,484) were overstated by \$65,097.</p>
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 matching detail is tracked manually in an excel document, which is sometimes modified subsequent to the FFR being filed.
Recommendation	Policies and procedures regarding the review of FFRs should be reviewed and updated, if necessary, to ensure the FFRs are complete and accurate prior to being filed. In addition, modifications to the Excel spreadsheet used to support matching expenditures should be documented to provide an audit trail to the amounts reported on FFRs.
Management's response	<p>Management informed us that for matching expenditures, following the reporting of the match expenditures in the FFR, a review was undertaken and an error in reporting was found. The error was remedied in the period in which the error occurred rather than in the period in which it was found. In the future, errors will be fixed in the period in which they are found and hard copies of backup supporting the FFR numbers will be attached documenting the correct numbers at the time of the report.</p> <p>For City expenditures, in January 2013, Housing and Urban Development (HUD) was contacted to obtain clarification on the information to be reported on the FFRs. HUD instructed staff for this grant to report only cumulative HUD funds drawn down not expenditures. HUD stated, "if an amount HUD funds has not yet been drawn, you would not include that amount on this line." Subsequently all FFRs reported only drawn funds.</p>

(Continued)



# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2013 - 004 Program	CFDA #14.218 - Community Development Block Grants / Entitlement Grants
Specific requirements	The Federal Funding Accountability and Transparency Act (Transparency Act) requires specific information to be reported using the OMB website ( <a href="http://www.USAspending.gov">www.USAspending.gov</a> ) for "first-tier" subawards. First-tier subawards are defined as Non-Recovery Act funding received directly from a federal agency in excess of \$25,000 that are passed through to a subrecipient.
Condition and context	During fiscal 2013, there were thirteen first-tier subawards approved by City Council that were not reported on the <a href="http://www.USAspending.gov">www.USAspending.gov</a> web site.
Questioned costs	None
Effect	The City is not in compliance with the reporting requirements of the Transparency Act.
Cause	Management was not aware of the additional reporting requirements required by the Transparency Act.
Recommendation	All subaward agreements should be reviewed to determine if Transparency Act reporting applies.
Management's response	Management informed us that it is in the process of rectifying this finding. Staff is currently inputting sub-contractor data from October 1, 2010 to the current fiscal year into the <a href="http://FSRS.gov">FSRS.gov</a> website.

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2013 - 005	
Program	CFDA #15.235 Southern Nevada Public Land Management Act (SNPLMA)
Specific requirements	The information included in the schedule of expenditures of federal awards (SEFA) is complete and accurate.
Condition and context	In the audited SEFA, \$30,980 of expenditures pertaining to fiscal year 2012 and \$692 of expenditures pertaining to fiscal year 2014 were included.
Questioned costs	None
Effect	The unaudited fiscal year 2013 SEFA was overstated by \$31,672.
Cause	Accounts payable cut-off errors were not detected in the SEFA preparation and review process.
Recommendation	The SEFA preparation and review process should include specific procedures to identify potential accounts payable cutoff issues.
Management's response	Management informed us that in order to promote accurate year-end cutoff, Accounts Payable (AP) actively communicates with ordering departments via planning meetings, instructive all user emails, two-way communication with public works and system warnings and messages. AP continues to review invoices after the normal July 31st deadline in order to record payments in the correct fiscal year. Any exceptions are logged and material items are accrued. AP is adding a new screen, a system query where invoice date and accounting date disagree, in order to better capture exceptions. This query will be used to analyze charges to SEFA projects to identify potential AP cutoff issues in the future.

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

---

### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2013 - 006 Program	CFDA #15.235 Southern Nevada Public Land Management Act (SNPLMA)
Specific requirements	<p>§ 12.830 Buy American Act—Construction materials. As prescribed in § 12.825, insert the following clause in solicitations for procurement contracts awarded under a grant or cooperative agreement for construction inside the United States:</p> <p>BUY AMERICAN ACT—CONSTRUCTION MATERIALS</p> <p>(a) The Buy American Act (41 U.S.C. 10) provides that the Government give preference to domestic construction material. Components, used in this clause, means those articles, materials, and supplies incorporated directly into construction materials.</p> <p><i>Construction material</i>, as used in this clause, means an article, material, or supply brought to the construction site for incorporation into the building or work. Construction material also includes an item brought to the site pre-assembled from articles, materials or supplies. However, emergency life safety systems, such as emergency lighting, fire alarm, and audio evacuation systems, which are discrete systems incorporated into a public building or work and which are produced as a complete system, shall be evaluated as a single and distinct construction material regardless of when or how the individual parts or components of such systems are delivered to the construction site.</p> <p><i>Domestic construction material</i>, as used in this clause, means (a) an unmanufactured construction material mined or produced in the United States, or (b) a construction material manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. Components of foreign origin of the same class or kind as the construction materials determined to be unavailable pursuant to § 12.810(a)(3) of 43 CFR part 12, subpart E shall be treated as domestic.</p> <p>(b) The contractor agrees that only domestic construction material will be used by the contractor, subcontractors, materialmen, and suppliers in the performance of this agreement, except for foreign construction materials, if any, listed in this agreement.</p>
Condition and context	Per examination of contracts and discussion with management, we noted that provisions pertaining to the Buy American Act are not included in SNPLMA contracts, and no other information or documentation is available for examination regarding the City's compliance with the provisions of the Buy American Act.
Questioned costs	None
Effect	We are unable to determine if the City is in compliance with the provisions of the Buy American Act.
Cause	The existing City policies and procedures designed to reasonably assure that construction contracts contain the clause required by the Buy American Act did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	We recommend that management review the provisions and requirements of the Buy American Act, and modify the existing City policies and procedures designed to reasonably assure that construction contracts contain the clause required by the Buy American Act.
Management's response	<p>Management informed us that it has reviewed the provisions of the Buy American Act and is adding the following language into Section 102 "Bidding Requirements and Conditions" of our standard specifications: "BUY AMERICAN: This contract is subject to the provisions of the Buy American Act, 43 CFR 12 (e). CONTRACTOR agrees by submission of a bid for this project that, as defined in the law, to the greatest extent practicable, all equipment and products purchased with project funds, should be American-made."</p> <p>Management is also researching the possibility of obtaining agreements for the current contracts to follow the provisions of the above Act.</p>

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

---

**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, 2012**

---

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)**

None reported

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF BUSINESS LICENSE FEES

### FOR THE YEAR ENDED JUNE 30, 2013

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, 2013	\$	3,278,270
Business license revenue for the year ended June 30, 2012 (base year)	\$	3,161,110
Adjustment to base year		
Percentage change in Consumer Price Index		<u>1.80 %</u>
Total adjustment to base year		<u>56,900</u>
Adjusted business license revenue base for the year ended June 30, 2013		<u>3,218,010</u>
Amount over allowable maximum	\$	<u>60,260</u>

#### FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2013	\$	2,137,064
Business license revenue for the year ended June 30, 2012 (base year)	\$	2,059,122
Adjustment to base year		
Percentage change in local government population		3.51 %
Percentage change in Consumer Price Index		<u>1.80 %</u>
Total adjustment to base year		<u>5.31 %</u>
Adjusted business license revenue base for the year ended June 30, 2013		<u>109,339</u>
Amount under allowable maximum	\$	<u>(31,397)</u>

## **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**

---

Jacob L. Snow, City Manager

Bristol S. Ellington, Assistant City Manager

Fred Horvath, Assistant City Manager

## **FINANCE DEPARTMENT**

---

Richard A. Derrick, Chief Financial Officer



*A Place To Call Home*

**Celebrating 60 Years**