



2016

Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016



CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2016

Prepared by: Finance Department

Richard A. Derrick

Chief Financial Officer

Jim McIntosh

Finance Director

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CITY OF HENDERSON, NEVADA

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INTRODUCTORY SECTION



2016

Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016





City of Henderson, Nevada
240 Water Street

Henderson, Nevada 89015

October 28, 2016

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, 2016 is hereby submitted. State law requires that a local government provide for an annual audit by independent certified public accountants of its financial statements in accordance with generally accepted auditing standards.

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

The City's financial statements have been audited by Piercy Bowler Taylor & Kern, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for fiscal year ended June 30, 2016, 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 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Henderson is located in the southeastern part of Clark County, Nevada. With a population of approximately 296,000, Henderson is the second largest city in the State of Nevada. The City Charter was approved in its present form by the Nevada Legislature in 1971, and has been amended subsequent thereto.

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

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

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. Prior to April 15th, the Budget Manager submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the City Council if the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted no sooner than the third Monday in May and not later than the last day 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 26 years.

Located just seven miles from the famous Las Vegas Strip, Henderson is known throughout the nation for its premier 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 developments such as the M Resort, Sunset Station, Fiesta Henderson, and Green Valley Ranch Station.

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

Nevada's economy has been driven for years by gaming and construction. The reliance on these two industries was devastating to the economy when the recession hit. Lessons learned, now Nevada's efforts are focused on economic diversification, and these efforts are helping to move the State in the right direction.

The national employment picture has continued to show signs of strengthening. The official unemployment rate, which was at 5.6% in July 2015, fell to 5.1% as of July 2016, suggesting that the U.S. job market continues to improve and progress toward stabilization.

Like the national employment market, the local market has also shown signs of strengthening, with Nevada's unemployment rate dropping to 6.4% in June 2016, down from 6.9% in June 2015. In the Las Vegas Metropolitan Statistical Area (MSA), the unemployment rate fell to 6.9% in June 2016 as well, down from 7.0% in June 2015.

Nevada has suffered from one of the highest unemployment rates in the country over the last few years. The state lost 175,000 jobs during the recession, driven by dramatic losses in the construction, gaming, and manufacturing industries, but that trend appears to finally be changing as the job market continues to accelerate and almost all of the jobs lost have been regained. Nevada's job growth has continued to outpace the nation's, according to Bill Anderson, chief economist for Nevada's Department of Employment, Training and Rehabilitation. Nevada is number three in job growth, compared to being last a few years ago. Job growth is now up across almost every sector, including construction, at a rate of 3%. The recovery is diversified, thus making it more sustainable and growing at a rate that is more manageable. Employment increased statewide by 4,700 in July 2016, and was 31,900 higher than a year ago.

For 2016, solid jobs gain is expected to continue, with education and health services leading the way, followed closely by trade, transportation and utilities. Professional and business services and leisure and hospitality are also expected to continue to grow. Peak employment is expected to be reached in 2016. It is noteworthy that this should be accomplished with 50,000 fewer construction jobs than when previously reached, demonstrating how much more diversified the local economy has become.

The City has a tax rate of \$.7108 per \$100 in assessed valuation. This property tax rate has remained consistent for the past 26 years and continues to be one of the lowest in the State of Nevada.

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

After experiencing a period of stagnation, visitor volume in the Las Vegas valley peaked at a record high of 42.7 million visitors for the year ending April 2016. Visitor spending also peaked with spending exceeding \$22 billion in 2015. Convention growth has exceeded expectations and hotel room occupancy rates are reaching capacity on both midweek and weekend levels.

Clark County saw a small population increase in 2015. According to population estimates made by the Nevada state demographer, the population in Clark County rose to 2,118,353 in 2015. This reflects a modest population increase of 2.4% over the 2014 figure of 2,069,450. It is estimated that the population growth will remain around 2.0% in the coming years.

Long Term Financial Planning

The City continues to update the Capital Improvement Plan, a multi-year planning document that identifies and prioritizes the need for a variety of public improvements and coordinates the City's financing and construction time frames. Some of these capital projects for fiscal year 2017, contingent upon available funding, include:

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

- Water Fund to fund construction of R-10A Reservoir, and various other smaller independent projects.

- Sewer Fund to fund Water Reclamation Facility odor control system and various smaller independent projects.

- Developer contributions and City to fund West Henderson Fire Station-Inspirada.

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 for flood channels and street projects, including design and construction of the Pittman North Detention Basin and Outfall Channel from the basin to Starr Road; Center Street Storm Drain; improvements to Stephanie Street from Galleria Drive to Patrick Lane, and various other Henderson streets.

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

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

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

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

Major Initiatives

Fiscal year 2016 was the third year in a row that the General Fund closed out with no transfers in from reserves. The City had been using reserves to balance this fund since 2008. With the upturn in the economy, the City is cautiously optimistic about planning for the future. Consolidated tax is again approaching the high point that was realized in fiscal year 2006. However, property tax revenues will require additional time to recover due to property tax limits that are in place. As revenues continue to grow to pre-recession levels it will be essential to dedicate funds to the City's most pressing needs.

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

The City is working on a financial resiliency plan. With the economy having been in growth mode for a few years now, the City must prepare for the next economic decline. To this end the City intends to build up reserves beyond the requirements outlined in the Financial Management Policy statements in order to be prepared for the next downturn as it was for the last. This is an important step in keeping on the road to attaining our vision of being America's Premier Community.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Henderson for its comprehensive annual financial report for the fiscal year ended June 30, 2015.

This was the 34th 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, Parks and Recreation Department, Utilities, and Neighborhood Services staffs. 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,



Richard A. Derrick
Chief Financial Officer



Jim McIntosh
Finance Director



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

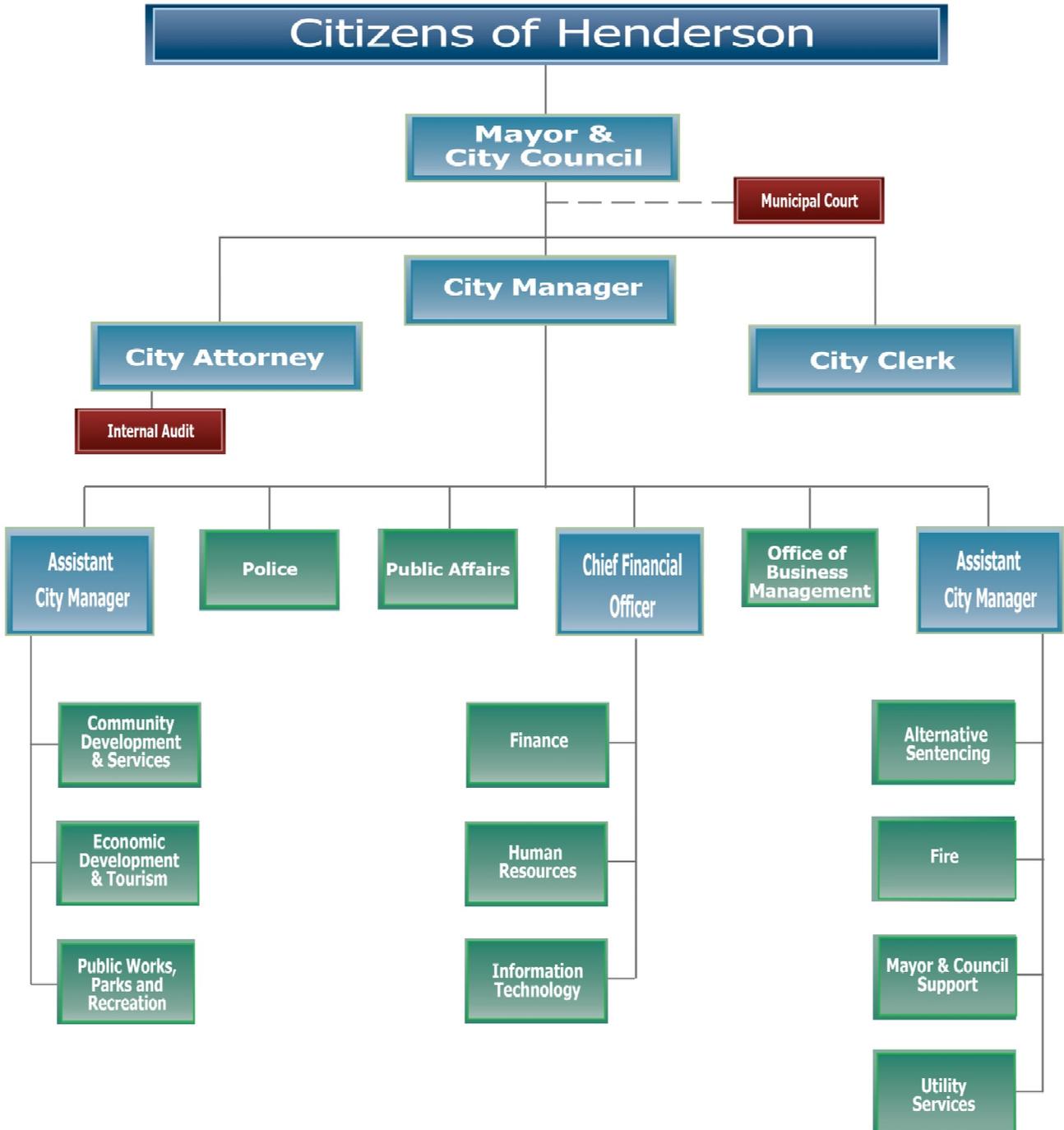
June 30, 2015

Executive Director/CEO

CITY OF HENDERSON, NEVADA

ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2016



CITY OF HENDERSON, NEVADA

List of Principal Officers

FOR THE YEAR ENDED JUNE 30, 2016

MAYOR AND COUNCIL

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

CITY OFFICIALS

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

FINANCIAL SECTION



2016

Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016



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P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, Nevada (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund and each major special revenue fund, as listed in the table of contents for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

statutorily required pension contribution information budgetary comparison information on pages 11-22 and 72-75 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 October 28, 2016, 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
October 28, 2016

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2016

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, 2016. 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, 2016 by \$2,391,662,640 (net position). However due to Governmental Accounting Standards Board Statement (GASB) 68, *Accounting and Financial Reporting for Pensions*, the City has negative unrestricted net assets of \$199,668,677. GASB 68 requires the City to record its proportionate share of the collective net pension liability of the Nevada Public Employees Retirement System and related deferred inflows and outflows. However, per Nevada Revised Statutes, respective participating public employers are not liable for any obligation of the Public Employees Retirement System.

During fiscal year 2016, the City's total net position increased by \$145,868,924. See the sections on Governmental Activities and Business-type Activities below for explanations of the increase.

As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$208,193,199, a decrease of \$5,869,748 in comparison with the prior year. See the governmental fund analysis below for explanations of the decrease. Approximately 11.3% of ending fund balances, or \$23,617,842, is available for spending at the City's discretion (*i.e.*, unassigned fund balance).

As of June 30, 2016, unassigned fund balance in the general fund was 10.3% of fiscal year 2016 expenditures in the general fund.

Financial Statement Overview

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains twenty-two individual governmental funds as of June 30, 2016. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Grants Special Revenue Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these 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.

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.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, the City is reporting net position of \$2,391,662,640.

The largest portion of the City's net position (97.6%) 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, 2016

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets						
Current, restricted and other	\$ 357,855,359	\$ 366,625,809	\$ 185,661,315	\$ 168,437,443	\$ 543,516,674	\$ 535,063,252
Capital	<u>1,595,545,665</u>	<u>1,490,120,317</u>	<u>970,820,799</u>	<u>962,866,899</u>	<u>2,566,366,464</u>	<u>2,452,987,216</u>
Total assets	<u>1,953,401,024</u>	<u>1,856,746,126</u>	<u>1,156,482,114</u>	<u>1,131,304,342</u>	<u>3,109,883,138</u>	<u>2,988,050,468</u>
Deferred outflows of resources	<u>58,080,080</u>	<u>51,956,060</u>	<u>14,013,488</u>	<u>13,494,800</u>	<u>72,093,568</u>	<u>65,450,860</u>
Liabilities						
Current	28,332,318	28,229,888	22,689,921	20,783,612	51,022,239	49,013,500
Other	<u>510,788,224</u>	<u>485,351,989</u>	<u>182,097,986</u>	<u>189,652,181</u>	<u>692,886,210</u>	<u>675,004,170</u>
Total liabilities	<u>539,120,542</u>	<u>513,581,877</u>	<u>204,787,907</u>	<u>210,435,793</u>	<u>743,908,449</u>	<u>724,017,670</u>
Deferred inflows of resources	<u>40,280,210</u>	<u>72,445,243</u>	<u>6,125,407</u>	<u>11,244,699</u>	<u>46,405,617</u>	<u>83,689,942</u>
Net position						
Net investment in capital assets	1,476,900,561	1,365,423,723	856,794,239	835,080,514	2,333,694,800	2,200,504,237
Restricted	154,848,468	173,216,725	2,498,955	6,941,323	157,347,423	180,158,048
Unrestricted	<u>(199,668,677)</u>	<u>(215,965,382)</u>	<u>100,289,094</u>	<u>81,096,813</u>	<u>(99,379,583)</u>	<u>(134,868,569)</u>
Total net position	<u>\$ 1,432,080,352</u>	<u>\$ 1,322,675,066</u>	<u>\$ 959,582,288</u>	<u>\$ 923,118,650</u>	<u>\$ 2,391,662,640</u>	<u>\$ 2,245,793,716</u>

A portion of the City's net position (6.6%) is subject to external restrictions on how it may be used. The remaining balance is a negative \$99,379,583 due to the adoption of GASB 68, *Accounting and Financial Reporting For Pensions*. This created a long term liability of \$358.7 million as this is considered the City's proportionate share of the collective net pension liability of the Nevada Public Employees Retirement System. However, per Nevada Revised Statutes, respective participating public employers are not liable for any obligation of the Public Employees Retirement System.

The decrease of \$4.4 million in restricted net position for business type activities is due to a reduction of debt service restrictions.

The City's total net position increased by \$145,868,924 during the current fiscal year, comprised of an increase in governmental net position of \$109,405,286 and an increase in business-type activities of \$36,463,638. See explanations for the increases in the sections for Governmental Activities and Business-type Activities, immediately following the table below.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Summary Statement of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 51,038,372	\$ 48,358,909	\$ 137,767,462	\$ 130,541,977	\$ 188,805,834	\$ 178,900,886
Operating grants and contributions	9,395,210	9,081,006			9,395,210	9,081,006
Capital grants and contributions	116,030,640	61,258,310	30,019,342	15,058,529	146,049,982	76,316,839
General revenues						
Property taxes	72,832,645	67,332,544			72,832,645	67,332,544
Room taxes	1,107,813	1,009,546	2,215,626	2,017,902	3,323,439	3,027,448
Intergovernmental revenues - consolidated tax	97,764,145	94,093,208			97,764,145	94,093,208
Motor vehicle fuel tax	5,413,491	4,858,442			5,413,491	4,858,442
Sales tax	14,092,778	12,291,217	4,936,427	4,702,171	19,029,205	16,993,388
Franchise fees, based on gross receipts	32,656,108	32,677,892			32,656,108	32,677,892
Unrestricted investment income	3,598,318	2,942,486	2,695,143	1,973,790	6,293,461	4,916,276
Gain on disposal of capital assets	341,836	205,287			341,836	205,287
Miscellaneous	<u>1,437,835</u>	<u>1,183,010</u>	<u>644,867</u>	<u>486,825</u>	<u>2,082,702</u>	<u>1,669,835</u>
Total revenues	<u>405,709,191</u>	<u>335,291,857</u>	<u>178,278,867</u>	<u>154,781,194</u>	<u>583,988,058</u>	<u>490,073,051</u>
Expenses						
General government	49,590,212	51,514,550			49,590,212	51,514,550
Judicial	12,589,050	12,639,795			12,589,050	12,639,795
Public safety	146,672,330	136,718,517			146,672,330	136,718,517
Public works	31,107,461	29,181,216			31,107,461	29,181,216
Culture and recreation	47,766,606	45,399,004			47,766,606	45,399,004
Community support	5,482,324	4,601,580			5,482,324	4,601,580
Interest expense	5,355,076	6,564,502			5,355,076	6,564,502
Water			72,092,583	74,573,926	72,092,583	74,573,926
Sewer			46,729,422	46,919,969	46,729,422	46,919,969
Development services			14,698,130	16,068,352	14,698,130	16,068,352
Cultural arts and tourism			3,501,102	3,982,586	3,501,102	3,982,586
Municipal golf course			<u>2,534,838</u>	<u>2,688,068</u>	<u>2,534,838</u>	<u>2,688,068</u>
Total expenses	<u>298,563,059</u>	<u>286,619,164</u>	<u>139,556,075</u>	<u>144,232,901</u>	<u>438,119,134</u>	<u>430,852,065</u>
Change in net position before transfers	107,146,132	48,672,693	38,722,792	10,548,293	145,868,924	59,220,986
Transfers	<u>2,259,154</u>	<u>1,985,265</u>	<u>(2,259,154)</u>	<u>(1,985,265)</u>		
Change in net position	109,405,286	50,657,958	36,463,638	8,563,028	145,868,924	59,220,986
Net position, beginning of year	<u>1,322,675,066</u>	<u>1,272,017,108</u>	<u>923,118,650</u>	<u>914,555,622</u>	<u>2,245,793,716</u>	<u>2,186,572,730</u>
Net position, end of year	<u>\$ 1,432,080,352</u>	<u>\$ 1,322,675,066</u>	<u>\$ 959,582,288</u>	<u>\$ 923,118,650</u>	<u>\$ 2,391,662,640</u>	<u>\$ 2,245,793,716</u>

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

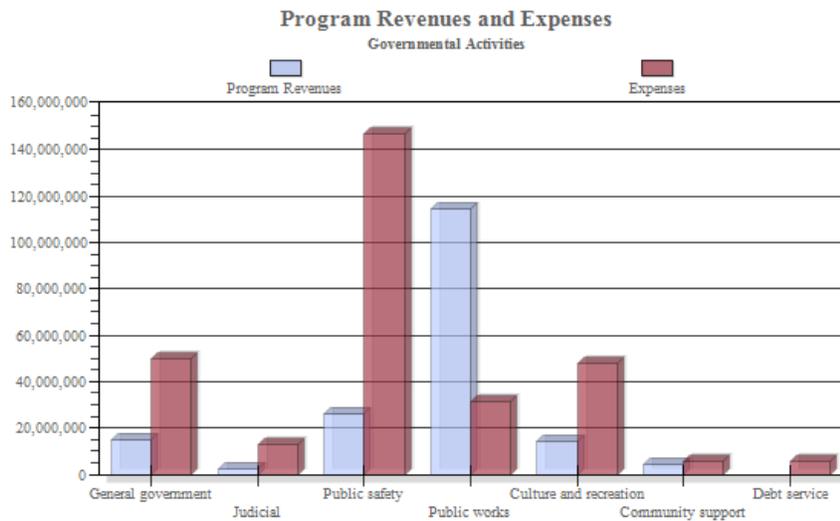
Governmental Activities

Governmental activities increased the City's net position by \$109,405,286. Significant changes are as follows:

Capital grants and contributions increased by \$54.8 million due to developer contributions resulting from a rebound in the economy and construction, with a major project for South Edge east-side flood control of \$47.2 million.

Community Support expenses increased by \$0.9 million, due in large part to support the recruitment of Barclay's Services, LLC to Nevada. See additional discussion on Grant Fund below.

Sales tax increased \$1.8 million due to the upturn in the local economy.



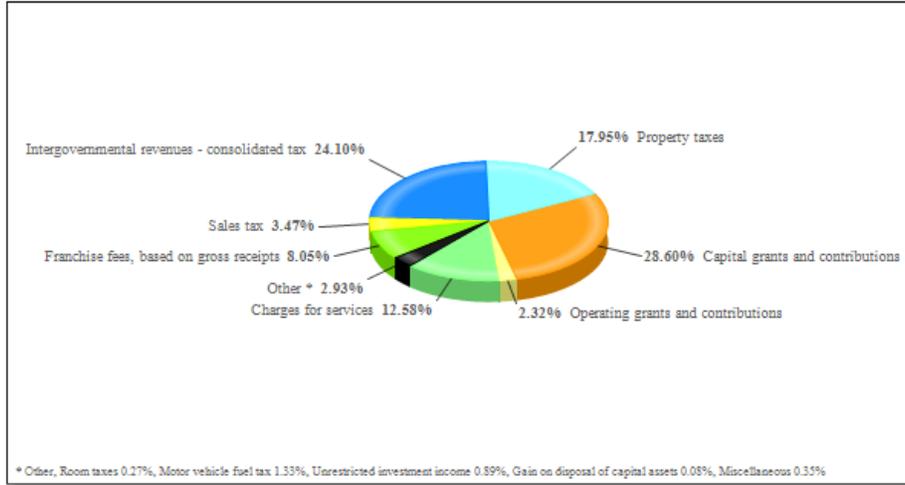
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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Revenues by Source
Governmental Activities

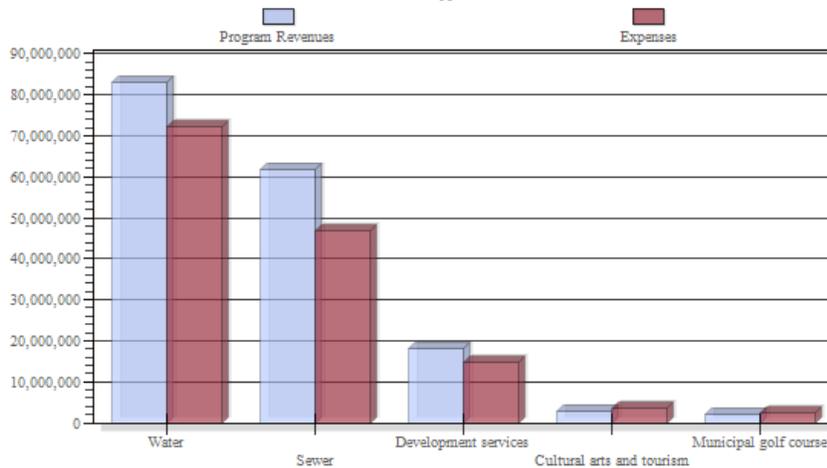


Business-type Activities

Business-type activities increased the City's net position by \$36,463,638. Significant changes are as follows:

Capital grants and contributions increased by \$15 million due to an increase in developer utility contributed assets resulting from a rebound in the economy and construction.

Program Revenues and Expenses
Business-type Activities

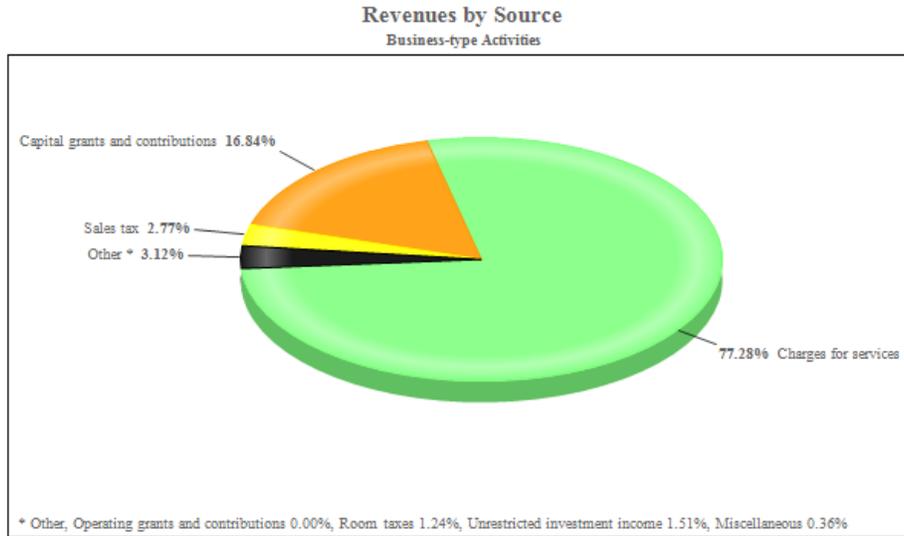


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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016



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 \$208,193,199, a decrease of \$5,869,748, in comparison with the prior year. Approximately 11.3% of this balance (\$23,617,842) is unassigned, meaning it is available for spending at the government's discretion. The remainder of fund balance is either not in spendable form (\$79), not available for new spending because it has already been restricted by State law or outside entities (\$140,437,027), or assigned for specific uses by the City (\$44,138,251).

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 \$23,617,842, while total fund balance was \$24,891,984. 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, 2016, unassigned fund balance represents 10.3% of total general fund expenditures, while total fund balance represents 10.9% of that same amount.

The fund balance of the general fund increased by \$2,151,228 during the current fiscal year. Significant changes are as follows:

Intergovernmental revenues increased by \$3.9 million due to an increase in Consolidated Tax revenue (a composite tax based on a statutory formula, which is comprised of certain sales, cigarette, motor vehicle privilege and liquor taxes) due to a general economy improvement in Southern Nevada.

Property taxes increased by \$1.8 million due to higher assessed property values.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Other general fund revenues increased by \$3.3 million, but no one category increased significantly over the previous fiscal year.

There was an increase in public works expenditures by \$1.6 million due in large part (\$1.2 million) to an engineering assessment charge for newly assessed road and traffic projects.

Other general fund expenditures increased in total by \$11.5 million, but no one category increased significantly over the previous fiscal year.

Transfers to other funds were \$9.6 million.

Grants Special Revenue Fund

As of June 30, 2016, the grants special revenue fund has a total fund balance of \$661,568, which is restricted by granting agencies. There was a decrease in intergovernmental revenues of \$13.3 million. This decrease was due to reduced spending on Nevada Department of Transportation (NDOT) projects by \$7.2 million, Southern Nevada Public Land Management Act (SNPLMA) projects by \$6 million and Sustainable Communities Grant from the Department of Housing and Urban Development (HUD) granting agency by \$0.8 million.

In fiscal year 2016, there was a decrease in public works capital outlay of \$6.1 million, due primarily to the completion of eight large street improvement projects, which were funded by grants and cooperative agreements from NDOT. These projects include two projects for Water Street enhancement (\$1.3 million and \$0.4 million), St. Rose intersection improvements (\$1 million), Boulder Highway Trail (\$2.2 million), and a traffic signal at Boulder Highway and Magic Way (\$1.1 million) among others which closed out in fiscal year 2016.

In fiscal year 2016, there was a decrease in culture and recreation capital outlay of \$5.7 million. This decrease was due to nine SNPLMA park and trail projects closing out in fiscal year 2016, including McCullough Vista Park (\$3.5 million) and Whitney Mesa Trailhead (\$1 million) among others, with few new projects ramping up.

In fiscal year 2016, there was an increase in current community support expenditures of \$1.3 million. This increase was due primarily to Economic Development expenditures totaling \$1 million under a State Catalyst Fund Grant, funded by the State of Nevada's Governor's Office of Economic Development to support the recruitment of Barclay's Services, LLC to Nevada. In addition, funds from the HUD HOME program were utilized to fund a large Habitat for Humanity project which resulted in a \$0.4 million increase in expenditures.

Proprietary Funds

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

Unrestricted net position of the water fund at the end of fiscal year 2016 amounted to \$83,994,532 and the total increase in net position was \$12,380,735. Unrestricted net position of the sewer fund at the end of the fiscal year 2016 was \$60,183,511 and the total increase in net position was \$21,667,449. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

General Fund Budgetary Highlights

Functions represent the City's legal level of budgetary control. The final budget expenditure appropriations increased by approximately \$6.1 million, or 2.6% over the original budget. This increase is not significant.

Actual expenditures were 96.1% of appropriations, or \$9.3 million lower than the final budget. All functions are well within appropriation authority. The savings can be attributed to several factors, of which were vacancy savings, reduced operating expenditures, savings resulting from the Henderson Innovation Plan (HIP), and incomplete projects that will be re-appropriated to the next fiscal year. The main areas of savings are summarized below:

Actual General Government expenditures were \$4.1 million below the final budget. The majority of the positive variance from budget is due to reduced operating expenditures, approximately \$1.2 million of which related to ongoing projects that will be re-appropriated in fiscal year 2017.

There were other functional reductions of \$5.2 million in the aggregate, but none significant in any one category.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the City's investment in capital assets for its governmental and business-type activities is \$2,566,366,464 (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 2016, the City's investment in capital assets increased by \$113.4 million (approximately \$105.4 million increase for governmental activities and approximately \$8 million increase for business-type activities).

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

Machinery and equipment increased by \$2.5 million in governmental activities. This is primarily due to \$5.5 million in new vehicles and \$1.1 million in completed construction in progress (radio consoles and other projects), less annual depreciation of \$4.5 million.

Infrastructure increased by \$96.8 million in governmental activities primarily due to increased privately donated infrastructure of \$80.5 million (including a \$47.2 South Edge flood control project), \$22.7 million in completed construction in progress (various projects including \$11.3 million in improvements at Galleria Drive and Pabco Road), \$9.7 million in County-funded improvements (including \$8 million for Pittman Wash improvements), and \$2.7 million in special assessment funded street and flood control infrastructure, less depreciation of \$18.8 million.

Buildings increased by \$23.8 million in business-type activities, which is mainly due to \$45 million in assets that were reclassified to buildings from other asset types and various other additions, which was offset by \$21.5 million in annual depreciation.

Construction in progress for business-type activities decreased by \$3.2 million, mainly due to a completed projects of \$2.2 million for a utility system which monitors and controls water, reclaimed water and wastewater systems and \$1.1 million for the Sunset Lift Station project.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	Capital Assets, Net of Accumulated Depreciation and Amortization					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Construction in progress	\$ 36,982,865	\$ 37,344,627	\$ 19,514,852	\$ 22,678,268	\$ 56,497,717	\$ 60,022,895
Land	188,762,187	192,015,021	35,912,213	35,912,213	224,674,400	227,927,234
Building and building improvements	243,405,420	246,225,249	138,995,488	115,227,833	382,400,908	361,453,082
Improvements other than buildings	316,038,757	303,484,178	754,622,293	765,454,391	1,070,661,050	1,068,938,569
Infrastructure	785,854,556	689,066,495			785,854,556	689,066,495
Machinery and equipment	24,501,880	21,984,747	21,775,953	23,594,194	46,277,833	45,578,941
	<u>\$ 1,595,545,665</u>	<u>\$ 1,490,120,317</u>	<u>\$ 970,820,799</u>	<u>\$ 962,866,899</u>	<u>\$ 2,566,366,464</u>	<u>\$ 2,452,987,216</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 \$232,572,026. Of this amount, \$103,186,448 is considered general obligation debt and \$9,365,000 is tax allocation debt. The remainder of the City's bonded debt represents bonds to be paid from the City's Water and Sewer activities.

	Summary of Bonds Outstanding					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 103,186,448	\$ 107,398,145	\$	\$	\$ 103,186,448	\$ 107,398,145
Tax allocation bonds	9,365,000	10,965,000			9,365,000	10,965,000
Water and sewer bonds			120,020,578	132,406,583	120,020,578	132,406,583
	<u>\$ 112,551,448</u>	<u>\$ 118,363,145</u>	<u>\$ 120,020,578</u>	<u>\$ 132,406,583</u>	<u>\$ 232,572,026</u>	<u>\$ 250,769,728</u>

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

As of June 30, 2016, the City's net general obligation bonded debt subject to the legal debt margin of \$223,207,026 was below the legal limit of \$1,643,639,072.

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 2016/2017 fiscal year:

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

Plan to close Fiscal Year 2017 with no transfers in from reserves for the fourth straight year.

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

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

During the current fiscal year, fund balance in the general fund increased to \$24,891,984. The City has appropriated approximately \$1.2 million of this amount for spending in the 2016/2017 fiscal year budget. It is intended that this use of available fund balance will pay for one time services and capital expenditures.

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.

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BASIC FINANCIAL STATEMENTS



2016

Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016

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CITY OF HENDERSON, NEVADA

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments, unrestricted	\$ 242,148,163	\$ 205,330,461	\$ 447,478,624
Cash, cash equivalents and investments, restricted	7,939,194	4,501,859	12,441,053
Accounts receivable, net	11,032,814	15,403,398	26,436,212
Taxes receivable	1,350,888		1,350,888
Special assessments receivable	1,459,744		1,459,744
Notes receivable, net	12,717,539	205,527	12,923,066
Interest receivable	420,942	272,461	693,403
Due from other governments	27,982,557	1,110,329	29,092,886
Prepaid items	11,550	1,334	12,884
Land held for resale	9,803,864		9,803,864
Other assets	606,054	1,217,996	1,824,050
Internal balances	42,382,050	(42,382,050)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	36,982,865	19,514,852	56,497,717
Land	188,762,187	35,912,213	224,674,400
Building and building improvements	243,405,420	138,995,488	382,400,908
Improvements other than buildings	316,038,757	754,622,293	1,070,661,050
Infrastructure	785,854,556		785,854,556
Machinery and equipment	<u>24,501,880</u>	<u>21,775,953</u>	<u>46,277,833</u>
Total assets	<u>1,953,401,024</u>	<u>1,156,482,114</u>	<u>3,109,883,138</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	6,586,344	5,994,018	12,580,362
Deferred amounts related to pensions	<u>51,493,736</u>	<u>8,019,470</u>	<u>59,513,206</u>
Total deferred outflows of resources	<u>58,080,080</u>	<u>14,013,488</u>	<u>72,093,568</u>
LIABILITIES			
Accounts payable and other accrued liabilities	13,910,381	8,866,209	22,776,590
Accrued wages	4,613,717	843,930	5,457,647
Contracts and retentions payable	188,477	310,573	499,050
Due to other governments	2,122,860	3,855,918	5,978,778
Tax increment payable to developers	1,368,690		1,368,690
Unearned revenue	170,363	6,660,366	6,830,729
Interest payable	688,077		688,077
Deposits	5,269,753	150,021	5,419,774
Other current liabilities, payable from restricted assets		2,002,904	2,002,904
Noncurrent liabilities, due within one year	22,299,992	986,154	23,286,146
Noncurrent liabilities, partially payable from restricted assets, due within one year		11,142,765	11,142,765
Noncurrent liabilities, net of unamortized premiums and discounts, due in more than one year	<u>488,488,232</u>	<u>169,969,067</u>	<u>658,457,299</u>
Total liabilities	<u>539,120,542</u>	<u>204,787,907</u>	<u>743,908,449</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	<u>40,280,210</u>	<u>6,125,407</u>	<u>46,405,617</u>

(Continued)

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

CITY OF HENDERSON, NEVADA

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	1,476,900,561	856,794,239	2,333,694,800
Restricted for			
Stabilization and other general programs	20,082,923		20,082,923
Courts and other judicial programs	658,836		658,836
Fire, police and other public safety programs	3,596,370		3,596,370
Streets and other public works projects	69,255,802		69,255,802
Parks, cultural and recreational programs	10,849,971		10,849,971
Community assistance and support programs	18,278		18,278
Debt service	6,707,787	2,498,955	9,206,742
Redevelopment programs	28,579,062		28,579,062
Claims	15,099,439		15,099,439
Unrestricted	<u>(199,668,677)</u>	<u>100,289,094</u>	<u>(99,379,583)</u>
Total net position	<u>\$ 1,432,080,352</u>	<u>\$ 959,582,288</u>	<u>\$ 2,391,662,640</u>

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

CITY OF HENDERSON, NEVADA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

FUNCTION/PROGRAM	Program Revenues				Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
			Capital Grants and Contributions	Total			
Governmental activities							
General government	\$ 49,590,212	\$ 13,757,049	\$ 279,481	\$ 817,801	\$ (34,735,881)	\$	\$ (34,735,881)
Judicial	12,589,050	2,275,467	150,244		(10,163,339)		(10,163,339)
Public safety	146,672,330	25,340,791	880,497	12,537	(120,438,505)		(120,438,505)
Public works	31,107,461	1,137,484	103,133	113,159,203	83,292,359		83,292,359
Culture and recreation	47,766,606	8,527,581	3,896,675	2,041,099	(33,301,251)		(33,301,251)
Community support	5,482,324		4,085,180		(1,397,144)		(1,397,144)
Debt service							
Interest expense	5,355,076				(5,355,076)		(5,355,076)
Total governmental activities	298,563,059	51,038,372	9,395,210	116,030,640	(122,098,837)		(122,098,837)
Business-type activities							
Water	72,092,583	69,553,882		13,428,438		10,889,737	10,889,737
Sewer	46,729,422	45,196,126		16,590,904		15,057,608	15,057,608
Development services	14,698,130	18,096,736				3,398,606	3,398,606
Cultural arts and tourism	3,501,102	2,739,976				(761,126)	(761,126)
Municipal golf course	2,534,838	2,180,742				(354,096)	(354,096)
Total business-type activities	139,556,075	137,767,462		30,019,342		28,230,729	28,230,729
Total function/program	\$ 438,119,134	\$ 188,805,834	\$ 9,395,210	\$ 146,049,982	\$ (122,098,837)	\$ 28,230,729	\$ (93,868,108)

(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, 2016

	Program Revenues				Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
			Capital Grants and Contributions	Contributions			
GENERAL REVENUES							
Property taxes					72,832,645		72,832,645
Room taxes					1,107,813		3,323,439
Intergovernmental revenues - consolidated tax					97,764,145	2,215,626	97,764,145
Motor vehicle fuel tax					5,413,491		5,413,491
Sales tax					14,092,778	4,936,427	19,029,205
Franchise fees, based on gross receipts					32,656,108		32,656,108
Unrestricted investment income					3,598,318	2,695,143	6,293,461
Gain on disposal of capital assets					341,836		341,836
Miscellaneous					1,437,835	644,867	2,082,702
					<u>229,244,969</u>	<u>10,492,063</u>	<u>239,737,032</u>
Total general revenues					<u>2,259,154</u>	<u>(2,259,154)</u>	
Transfers					109,405,286	36,463,638	145,868,924
CHANGE IN NET POSITION					<u>1,322,675,066</u>	<u>923,118,650</u>	<u>2,245,793,716</u>
NET POSITION, BEGINNING OF YEAR					<u>\$ 1,432,080,352</u>	<u>\$ 959,582,288</u>	<u>\$ 2,391,662,640</u>
NET POSITION, END OF YEAR							

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

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2016

	Special Revenue Funds		Aggregate Other Governmental Funds	Total Governmental Funds
	General Fund	Grants		
ASSETS				
Cash, cash equivalents and investments	\$ 13,047,309	\$	\$ 168,397,455	\$ 181,444,764
Restricted cash and cash equivalents	944,610		6,162,798	7,107,408
Accounts receivable, net	10,629,802	89,959	144,584	10,864,345
Interest receivable	31,963		189,934	221,897
Taxes receivable	953,336		397,552	1,350,888
Special assessments receivable			1,459,744	1,459,744
Notes receivable, net	3,179,843	10,024,913	9,594,973	22,799,729
Prepaid items	79			79
Due from other funds	1,598,379	2,187		1,600,566
Due from other governments	20,168,296	2,210,381	5,312,272	27,690,949
Advances to other funds			621,261	621,261
Deposits		544,000		544,000
Land held for resale			9,803,864	9,803,864
Total assets	<u>\$ 50,553,617</u>	<u>\$ 12,871,440</u>	<u>\$ 202,084,437</u>	<u>\$ 265,509,494</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 7,603,243	\$ 1,569,278	\$ 2,883,378	\$ 12,055,899
Accrued wages	4,063,081	39,424	277,377	4,379,882
Tax increment payable to developers			1,368,690	1,368,690
Due to other governments	1,822,641		300,219	2,122,860
Due to other funds	2,187	576,257	1,022,122	1,600,566
Advances from other funds			2,128,864	2,128,864
Unearned revenue	170,363			170,363
Deposits	5,235,799		1,000	5,236,799
Compensated absences	52,331			52,331
Total liabilities	<u>18,949,645</u>	<u>2,184,959</u>	<u>7,981,650</u>	<u>29,116,254</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	953,336		397,552	1,350,888
Unavailable revenue, special assessments			1,459,744	1,459,744
Unavailable revenue, notes receivable	3,179,843	10,024,913	9,594,973	22,799,729
Unavailable revenue, other receivables	2,578,809		10,871	2,589,680
Total deferred inflows of resources	<u>6,711,988</u>	<u>10,024,913</u>	<u>11,463,140</u>	<u>28,200,041</u>
Total liabilities and deferred inflows of resources	<u>25,661,633</u>	<u>12,209,872</u>	<u>19,444,790</u>	<u>57,316,295</u>
FUND BALANCES				
Nonspendable	79			79
Restricted		661,568	139,775,459	140,437,027
Assigned	1,274,063		42,864,188	44,138,251
Unassigned	23,617,842			23,617,842
Total fund balances	<u>24,891,984</u>	<u>661,568</u>	<u>182,639,647</u>	<u>208,193,199</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 50,553,617</u>	<u>\$ 12,871,440</u>	<u>\$ 202,084,437</u>	<u>\$ 265,509,494</u>

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

CITY OF HENDERSON, NEVADA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2016

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 208,193,199
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	\$ 2,570,541,992	
Less accumulated depreciation	<u>(991,247,799)</u>	1,579,294,193
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Interest receivable	<u>120,031</u>	120,031
Deferred outflows of resources benefit future periods; and therefore, are not reported in governmental funds:		
Deferred outflows related to pensions	49,336,307	
Deferred charges on refunding	<u>6,586,344</u>	55,922,651
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	(125,231,448)	
Construction contracts payable	(188,477)	
Other postemployment benefits	(18,462,566)	
Compensated absences payable	(38,312,562)	
Net pension liability	<u>(297,401,889)</u>	(479,596,942)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	<u>(688,077)</u>	(688,077)
Deferred inflows of resources represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	18,117,851	
Deferred inflows related to pensions	<u>(38,693,650)</u>	(20,575,799)
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	47,029,046	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	40,366,402	
Internal service fund balance receivable from business-type activities from current year activity	<u>2,015,648</u>	<u>89,411,096</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		<u><u>\$ 1,432,080,352</u></u>

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

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds		Aggregate Other Governmental Funds	Total Governmental Funds
	General Fund	Grants		
REVENUES				
Property taxes	\$ 58,704,114	\$	\$ 14,094,869	\$ 72,798,983
Franchise fees	32,656,108			32,656,108
Licenses and permits	9,536,717			9,536,717
Intergovernmental	101,701,703	7,592,882	21,226,199	130,520,784
Charges for services	30,835,680		324,165	31,159,845
Fines and forfeitures	4,836,051		1,023,192	5,859,243
Impact fees	817,801		1,298,666	2,116,467
Special assessments			150,382	150,382
Investment income	397,467		2,684,775	3,082,242
Developer contributions			9,664,234	9,664,234
Rental fees			531,613	531,613
Miscellaneous	594,283	320,677	777,090	1,692,050
Total revenues	<u>240,079,924</u>	<u>7,913,559</u>	<u>51,775,185</u>	<u>299,768,668</u>
EXPENDITURES				
Current				
General government	40,739,650	24,071	7,430,439	48,194,160
Judicial	11,813,062	120,892	739,128	12,673,082
Public safety	130,677,127	692,751	15,301,487	146,671,365
Public works	8,388,692	354,819	3,755,142	12,498,653
Culture and recreation	34,921,058	1,204,592	1,899,021	38,024,671
Community support	1,534,411	4,227,966		5,762,377
Total current	<u>228,074,000</u>	<u>6,625,091</u>	<u>29,125,217</u>	<u>263,824,308</u>
Capital outlay				
General government	194,665		728,560	923,225
Judicial	47,051		334,576	381,627
Public safety		124,252	1,195,079	1,319,331
Public works		1,335,832	28,335,056	29,670,888
Culture and recreation	56,757	465,089	896,498	1,418,344
Community support		65,000		65,000
Total capital outlay	<u>298,473</u>	<u>1,990,173</u>	<u>31,489,769</u>	<u>33,778,415</u>
Debt service				
Principal payments			6,011,000	6,011,000
Payment to current bond refunding agent			10,288,415	10,288,415
Interest charges			5,190,128	5,190,128
Total debt service			<u>21,489,543</u>	<u>21,489,543</u>
Total expenditures	<u>228,372,473</u>	<u>8,615,264</u>	<u>82,104,529</u>	<u>319,092,266</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,707,451</u>	<u>(701,705)</u>	<u>(30,329,344)</u>	<u>(19,323,598)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from land sales			2,696,014	2,696,014
Issuance of refunding bonds			9,365,000	9,365,000
Premium on refunding bonds issued			475,559	475,559
Transfers in			12,597,062	12,597,062
Transfers out	(9,556,223)		(2,123,562)	(11,679,785)
Total other financing sources (uses)	<u>(9,556,223)</u>		<u>23,010,073</u>	<u>13,453,850</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, 2016**

	<u>Special Revenue Funds</u>		Aggregate Other Governmental Funds	Total Governmental Funds
	<u>General Fund</u>	<u>Grants</u>		
CHANGE IN FUND BALANCE	2,151,228	(701,705)	(7,319,271)	(5,869,748)
FUND BALANCE, BEGINNING OF YEAR	<u>22,740,756</u>	<u>1,363,273</u>	<u>189,958,918</u>	<u>214,062,947</u>
FUND BALANCE, END OF YEAR	<u>\$ 24,891,984</u>	<u>\$ 661,568</u>	<u>\$ 182,639,647</u>	<u>\$ 208,193,199</u>

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

CITY OF HENDERSON, NEVADA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS \$ (5,869,748)

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	\$ 35,145,602	
Less current year depreciation	(32,899,711)	
Proceeds from land sales	(2,696,014)	
Net loss on disposition of capital assets	<u>(3,181,885)</u>	(3,632,008)

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	323,758	
Change in unavailable revenue related to notes receivable from current year activity	(72,943)	
Change in unavailable revenue from cumulative prior years' activity	(237,244)	
Capital asset contributions	102,172,417	
Change in accrued interest receivable on notes receivable	<u>(81,319)</u>	102,104,669

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	(9,365,000)	
Premium on refunding bonds issued	(475,559)	
Payment to refunded bonds escrow agent	10,288,415	
Debt principal repayments	<u>6,011,000</u>	6,458,856

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	(818,285)	
Change in compensated absences payable	(268,360)	
Amortization of debt premiums, discounts and refunding charges	(295,157)	
Change in accrued interest	86,318	
Change in net pension liability	<u>9,077,574</u>	7,782,090

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	545,779	
The internal service funds change in net position related to business-type activities	<u>2,015,648</u>	<u>2,561,427</u>

CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES \$ 109,405,286

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, 2016

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	\$ 58,553,424	\$ 58,553,424	\$ 58,704,114	\$ 150,690
Franchise fees	33,150,000	33,150,000	32,656,108	(493,892)
Licenses and permits	9,004,500	9,201,000	9,536,717	335,717
Intergovernmental	102,458,179	101,852,384	101,701,703	(150,681)
Charges for services	25,971,507	29,039,133	30,835,680	1,796,547
Fines and forfeitures	3,772,000	4,120,889	4,836,051	715,162
Impact fees			817,801	817,801
Investment income	100,000	100,000	397,467	297,467
Miscellaneous	1,376,316	1,699,462	594,283	(1,105,179)
Total revenues	234,385,926	237,716,292	240,079,924	2,363,632
EXPENDITURES				
Current				
General government	43,218,690	44,554,001	40,739,650	3,814,351
Judicial	12,411,161	12,389,730	11,813,062	576,668
Public safety	127,692,820	132,587,599	130,677,127	1,910,472
Public works	8,622,753	9,039,169	8,388,692	650,477
Culture and recreation	37,516,964	36,622,676	34,921,058	1,701,618
Community support	1,840,377	1,890,353	1,534,411	355,942
Total current	231,302,765	237,083,528	228,074,000	9,009,528
Capital outlay				
General government	269,000	505,531	194,665	310,866
Judicial		47,064	47,051	13
Culture and recreation		52,216	56,757	(4,541)
Total capital outlay	269,000	604,811	298,473	306,338
Total expenditures	231,571,765	237,688,339	228,372,473	9,315,866
EXCESS OF REVENUES OVER EXPENDITURES	2,814,161	27,953	11,707,451	11,679,498
OTHER FINANCING USES				
Transfers out	(2,050,000)	(2,227,969)	(9,556,223)	(7,328,254)
CHANGE IN FUND BALANCE	764,161	(2,200,016)	2,151,228	4,351,244
FUND BALANCE, BEGINNING OF YEAR	18,884,720	22,740,756	22,740,756	_____
FUND BALANCE, END OF YEAR	\$ 19,648,881	\$ 20,540,740	\$ 24,891,984	\$ 4,351,244

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 6,000,000	\$ 16,000,000	\$ 7,592,882	\$ (8,407,118)
Miscellaneous	<u>325,000</u>	<u>898,142</u>	<u>320,677</u>	<u>(577,465)</u>
Total revenues	<u>6,325,000</u>	<u>16,898,142</u>	<u>7,913,559</u>	<u>(8,984,583)</u>
EXPENDITURES				
Current				
General government	628,904	653,904	24,071	629,833
Judicial		152,200	120,892	31,308
Public safety	1,000,000	1,644,000	692,751	951,249
Public works		617,000	354,819	262,181
Culture and recreation		1,533,688	1,204,592	329,096
Community support	<u>2,777,182</u>	<u>4,468,436</u>	<u>4,227,966</u>	<u>240,470</u>
Total current	<u>4,406,086</u>	<u>9,069,228</u>	<u>6,625,091</u>	<u>2,444,137</u>
Capital outlay				
Public safety		700,000	124,252	575,748
Public works		3,000,000	1,335,832	1,664,168
Culture and recreation	50,000	600,000	465,089	134,911
Community support		<u>65,000</u>	<u>65,000</u>	
Total capital outlay	<u>50,000</u>	<u>4,365,000</u>	<u>1,990,173</u>	<u>2,374,827</u>
Total expenditures	<u>4,456,086</u>	<u>13,434,228</u>	<u>8,615,264</u>	<u>4,818,964</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,868,914</u>	<u>3,463,914</u>	<u>(701,705)</u>	<u>(4,165,619)</u>
CHANGE IN FUND BALANCE	1,868,914	3,463,914	(701,705)	(4,165,619)
FUND BALANCE, BEGINNING OF YEAR	<u>2,319,959</u>	<u>1,363,273</u>	<u>1,363,273</u>	
FUND BALANCE, END OF YEAR	<u>\$ 4,188,873</u>	<u>\$ 4,827,187</u>	<u>\$ 661,568</u>	<u>\$ (4,165,619)</u>

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

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CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2016

	Business-type Activities				Governmental
	Aggregate Other			Internal Service	
	Water	Sewer	Enterprise Funds		Total Enterprise Funds
ASSETS					
Current assets					
Cash, cash equivalents and investments	\$ 106,829,729	\$ 78,829,596	\$ 19,671,136	\$ 205,330,461	\$ 60,703,399
Restricted cash and cash equivalents	3,451,526	1,050,333		4,501,859	831,786
Accounts receivable, net	10,528,698	4,751,592	123,108	15,403,398	168,469
Interest receivable	141,813	104,846	25,802	272,461	79,014
Notes receivable, net	205,527			205,527	
Inventories	253,523	964,473		1,217,996	62,054
Prepaid items			1,334	1,334	11,471
Due from other governments		848,872	261,457	1,110,329	291,608
Total current assets	121,410,816	86,549,712	20,082,837	228,043,365	62,147,801
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Construction in progress	11,500,832	8,014,020		19,514,852	99,720
Land	3,182,645	18,926,639	13,802,929	35,912,213	
Buildings and building improvements	38,618,375	130,524,298	9,496,136	178,638,809	744,560
Improvements other than buildings	687,892,250	603,069,164	26,441,088	1,317,402,502	1,163,704
Machinery and equipment	13,834,908	27,720,024	5,442,009	46,996,941	53,926,699
Accumulated depreciation and amortization	<u>(361,462,925)</u>	<u>(240,813,463)</u>	<u>(25,368,130)</u>	<u>(627,644,518)</u>	<u>(39,683,211)</u>
Total capital assets, net of accumulated depreciation and amortization	393,566,085	547,440,682	29,814,032	970,820,799	16,251,472
Other assets					
Advances to other funds					1,507,603
Total noncurrent assets	393,566,085	547,440,682	29,814,032	970,820,799	17,759,075
Total assets	514,976,901	633,990,394	49,896,869	1,198,864,164	79,906,876
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	3,238,161	2,834,351	1,946,958	8,019,470	2,157,429
Deferred charges on refunding	217,176	5,776,842		5,994,018	
Total deferred outflows of resources	3,455,337	8,611,193	1,946,958	14,013,488	2,157,429
LIABILITIES					
Current liabilities					
Accounts payable and other accrued liabilities	5,760,972	2,913,449	191,788	8,866,209	1,854,482
Accrued wages	346,376	294,304	203,250	843,930	233,835
Due to other governments	3,850,998	521	4,399	3,855,918	
Construction contracts and retentions	211,406	99,167		310,573	
Unearned revenue			6,660,366	6,660,366	
Customer deposits payable from restricted assets	1,510,272			1,510,272	
Deposits			150,021	150,021	32,954
Compensated absences	241,387	244,574	177,319	663,280	204,609
Claims and judgments					13,609,407
Interest payable from restricted assets	128,255	364,377		492,632	
Debt obligations partially payable from restricted assets	<u>4,405,428</u>	<u>7,060,211</u>		<u>11,465,639</u>	
Total current liabilities	16,455,094	10,976,603	7,387,143	34,818,840	15,935,287

(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, 2016

	Business-type Activities				Governmental Activities
	Aggregate			Total Enterprise Funds	Internal Service Funds
	Water	Sewer	Enterprise Funds		
Noncurrent liabilities					
Debt obligations payable	9,596,808	100,572,501		110,169,309	
Compensated absences	2,394,484	2,426,092	1,758,952	6,579,528	2,335,204
Other post employment benefits	1,533,150	1,261,592	1,315,571	4,110,313	2,205,507
Net pension liability	19,518,681	17,080,587	11,692,110	48,291,378	12,972,701
Provisional credits and refunding agreements	<u>809,522</u>	<u>9,017</u>		<u>818,539</u>	
Total noncurrent liabilities	<u>33,852,645</u>	<u>121,349,789</u>	<u>14,766,633</u>	<u>169,969,067</u>	<u>17,513,412</u>
Total liabilities	<u>50,307,739</u>	<u>132,326,392</u>	<u>22,153,776</u>	<u>204,787,907</u>	<u>33,448,699</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	<u>2,535,943</u>	<u>2,206,546</u>	<u>1,382,918</u>	<u>6,125,407</u>	<u>1,586,560</u>
NET POSITION					
Net investment in capital assets	379,781,025	447,199,182	29,814,032	856,794,239	16,251,472
Restricted					
Debt service	1,812,999	685,956		2,498,955	
Claims					15,099,439
Unrestricted	<u>83,994,532</u>	<u>60,183,511</u>	<u>(1,506,899)</u>	<u>142,671,144</u>	<u>15,678,135</u>
Total net position	<u>\$ 465,588,556</u>	<u>\$ 508,068,649</u>	<u>\$ 28,307,133</u>	1,001,964,338	<u>\$ 47,029,046</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				<u>(42,382,050)</u>	
Net position of business-type activities				<u>\$ 959,582,288</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, 2016

	Business-type Activities				Governmental
	Aggregate			Total Enterprise Funds	Internal Service Funds
	Water	Sewer	Enterprise Funds		
OPERATING REVENUES					
Utilities fees	\$ 66,999,928	\$ 44,365,030	\$	\$ 111,364,958	\$
Connection fees	1,208,891	90,341		1,299,232	
Late charges	1,343,263	672,655		2,015,918	
Charges for services			14,973,244	14,973,244	47,353,262
Licenses and permits			6,300,170	6,300,170	
Intergovernmental		357,479	292	357,771	
Rental fees			357,882	357,882	
Miscellaneous	183,061	72,725	93,388	349,174	
Total operating revenues	69,735,143	45,558,230	21,724,976	137,018,349	47,353,262
OPERATING EXPENSES					
Salaries and wages	11,153,869	9,738,846	7,346,760	28,239,475	7,509,909
Employee benefits	4,339,524	3,818,052	2,742,275	10,899,851	2,887,059
Water purchases	23,562,520			23,562,520	
Services and supplies	18,663,389	16,325,425	9,770,815	44,759,629	21,073,425
Claims and judgments					16,522,654
Legal fees					19,334
Depreciation and amortization	13,127,468	12,066,706	432,741	25,626,915	3,033,976
Total operating expenses	70,846,770	41,949,029	20,292,591	133,088,390	51,046,357
Operating income (loss)	(1,111,627)	3,609,201	1,432,385	3,929,959	(3,693,095)
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,411,928	1,028,198	255,017	2,695,143	835,682
Gain (loss) on capital asset disposition	(916,708)	(198,727)		(1,115,435)	341,836
Interest expense	(233,669)	(4,166,584)		(4,400,253)	(12,001)
Room tax revenue			2,215,626	2,215,626	
Sales tax revenue		4,936,427		4,936,427	
Other intergovernmental revenue	2,280	3,300	1,386,158	1,391,738	
Miscellaneous	669	573		1,242	273,645
Total nonoperating revenues (expenses)	264,500	1,603,187	3,856,801	5,724,488	1,439,162
Income (loss) before capital contributions and transfers	(847,127)	5,212,388	5,289,186	9,654,447	(2,253,933)
CAPITAL CONTRIBUTIONS					
Capital contributions	14,105,718	17,050,061	1,000	31,156,779	1,385,049
TRANSFERS					
Transfers in			286,754	286,754	1,437,663
Transfers out	(877,856)	(595,000)	(1,145,838)	(2,618,694)	(23,000)
Total transfers	(877,856)	(595,000)	(859,084)	(2,331,940)	1,414,663
CHANGE IN NET POSITION	12,380,735	21,667,449	4,431,102	38,479,286	545,779
NET POSITION, BEGINNING OF YEAR	453,207,821	486,401,200	23,876,031		46,483,267
NET POSITION, END OF YEAR	\$ 465,588,556	\$ 508,068,649	\$ 28,307,133		\$ 47,029,046
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(2,015,648)	
CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES				\$ 36,463,638	

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

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CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities				Governmental Activities
			Aggregate Other		Internal Service Funds
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 69,566,944	\$ 45,544,089	\$ 21,424,991	\$ 136,536,024	\$ 3,097,926
Cash received from other sources	2,949	4,940,300	3,602,784	8,546,033	280,933
Cash payments for goods and services	(46,697,689)	(19,049,589)	(12,930,134)	(78,677,412)	(39,760,840)
Cash payments for employee services	(10,940,702)	(9,666,496)	(7,330,029)	(27,937,227)	(7,627,188)
Cash payments for interfund services					44,283,571
Net cash provided by operating activities	<u>11,931,502</u>	<u>21,768,304</u>	<u>4,767,612</u>	<u>38,467,418</u>	<u>274,402</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			286,754	286,754	1,437,663
Transfers out	(877,856)	(595,000)	(1,145,838)	(2,618,694)	(23,000)
Repayments of advances from other funds					140,645
Interest payments on debt					(12,001)
Net cash provided by (used in) noncapital financing activities	<u>(877,856)</u>	<u>(595,000)</u>	<u>(859,084)</u>	<u>(2,331,940)</u>	<u>1,543,307</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(8,835,017)	(6,658,680)	(308,970)	(15,802,667)	(4,603,125)
Proceeds received from disposal of capital assets					349,331
Principal payments on debt	(4,381,577)	(7,370,175)		(11,751,752)	
Interest payments on debt	(719,608)	(4,585,230)		(5,304,838)	
Increase in provisional credits	230,405	3,155		233,560	
Capital contributions	5,007,429	7,766,748		12,774,177	
Net cash used in capital financing activities	<u>(8,698,368)</u>	<u>(10,844,182)</u>	<u>(308,970)</u>	<u>(19,851,520)</u>	<u>(4,253,794)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	<u>1,469,019</u>	<u>1,053,948</u>	<u>258,977</u>	<u>2,781,944</u>	<u>874,962</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,824,297	11,383,070	3,858,535	19,065,902	(1,561,123)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>106,456,958</u>	<u>68,496,859</u>	<u>15,812,601</u>	<u>190,766,418</u>	<u>63,096,308</u>
CASH AND CASH EQUIVALENTS, END OF YEAR					
Cash and cash equivalents, unrestricted	106,829,729	78,829,596	19,671,136	205,330,461	60,703,399
Cash and cash equivalents, restricted	<u>3,451,526</u>	<u>1,050,333</u>		<u>4,501,859</u>	<u>831,786</u>
	<u>\$ 110,281,255</u>	<u>\$ 79,879,929</u>	<u>\$ 19,671,136</u>	<u>\$ 209,832,320</u>	<u>\$ 61,535,185</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, 2016

	Business-type Activities				Governmental
	Aggregate Other			Internal Service	
	Water	Sewer	Enterprise Funds		Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,111,627)	\$ 3,609,201	\$ 1,432,385	\$ 3,929,959	\$ (3,693,095)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	13,127,468	12,066,706	432,741	25,626,915	3,033,976
Other	2,949	4,940,300	3,602,784	8,546,033	273,645
(Increase) decrease in operating assets					
Accounts receivable	(168,199)	24,187	30,715	(113,297)	(93,910)
Due from other governments		(38,328)	(22,726)	(61,054)	
Prepaid items			(1,334)	(1,334)	(11,471)
Due from other funds					23,321
Inventories	122,256	(206,990)		(84,734)	103
Increase (decrease) in operating liabilities					
Accounts payable and other accrued liabilities	171,093	1,865,992	(98,320)	1,938,765	(471,657)
Compensated absences	139,205	12,922	9,424	161,551	(166,884)
Claims and judgments					623,275
Other post employment benefits	26,221	26,221	17,357	69,799	1,190,931
Net pension liability	(596,614)	(525,107)	(389,906)	(1,511,627)	(420,151)
Deposits	218,750	(6,800)	62,466	274,416	(13,681)
Unearned revenue			(307,974)	(307,974)	
Total adjustments	<u>13,043,129</u>	<u>18,159,103</u>	<u>3,335,227</u>	<u>34,537,459</u>	<u>3,967,497</u>
Net cash provided by operating activities	<u>\$ 11,931,502</u>	<u>\$ 21,768,304</u>	<u>\$ 4,767,612</u>	<u>\$ 38,467,418</u>	<u>\$ 274,402</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contribution of capital assets	<u>\$ 9,098,289</u>	<u>\$ 9,283,313</u>	<u>\$</u>	<u>\$ 18,381,602</u>	<u>\$ 1,385,049</u>

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

CITY OF HENDERSON, NEVADA

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash, cash equivalents and investments	\$ 46,524,688
Special assessments receivable	<u>422,057</u>
Total assets	<u>46,946,745</u>
LIABILITIES	
Due to developers	9,345,690
Due to employees	164,916
Due to others	37,436,016
Due to other governments	<u>123</u>
Total liabilities	<u>46,946,745</u>
NET POSITION	<u><u>\$</u></u>

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

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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). Although the Agency is a legally separate entity, the Agency's governing body is the same as the governing body of the City, and management of the City has operational responsibility of the Agency, therefore it is presented as a blended component unit. Stand-alone financial statements for the Agency can be obtained from the Henderson Redevelopment Agency, 240 Water Street, Henderson, Nevada 89015. No component units or other reportable organizations other than the Agency have been identified.

Government-wide and Fund Financial Statements

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

Services provided by the general fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the general fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are specifically associated with a function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City first utilizes restricted resources to finance qualifying activities, then unrestricted resources as they are needed.

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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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.

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 City reports the following major enterprise funds:

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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.

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."

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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 lien 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.

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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

	Years
Buildings and building improvements	25-75
Improvements other than buildings	10-100
Infrastructure	30-100
Machinery and equipment	5-40

Compensated Absences

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

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

Provisional Credits and Refunding Agreements

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

Long-term Debt

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Postemployment Benefits Other Than Pensions (OPEB)

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

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

Deferred Outflows/Inflows of Resources

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

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

Equity Classifications

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

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

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

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

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

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 is to maintain a balance of 8.3% of general fund revenue. If the fund balance falls short of this 8.3%, City Council can approve funding from other revenue sources. Monies from this fund can be made available for city-wide costs incurred to mitigate the effects of a natural disaster or terrorist attack as declared by City Council. In addition, balances in this fund can be made available to the general fund to compensate for shortfalls of actual revenues of 2.0% or greater, as compared to the final budget filed with the Nevada Department of Taxation. None of these circumstances are expected to occur routinely. Fund balance in the financial stabilization special revenue fund is \$20,058,478 at June 30, 2016.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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 no sooner than the third Monday in May and no later than the last day in May. The City Council adopts the budget prior to June 1 and submits it to the Nevada Department of Taxation for final approval. The revenue classifications and expenditure functions shown in the fund financial statements are those prescribed by the Nevada Department of Taxation.

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

Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available. State statutes require budgetary control to be exercised at the function level. The most significant change (\$58,391,063) occurred in the capital projects funds.

Excess of Expenditures over Appropriations

For the year ended June 30, 2016, total expenditures exceeded appropriations for the following fund and function, which is a potential violation of NRS 354.626:

Municipal Facilities Acquisition and Construction Capital Projects Fund (public safety function)	\$	550,101
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The over-expenditure in the Municipal Facilities Acquisition and Construction fund was due to budgeted expenditures being recorded in the public works function for the Inspirada Fire Station; however, it was later determined this was a public safety function.

Although the excess of expenditures over appropriated amounts in the general obligation debt service fund may appear to be a violation of NRS 354.626, they are specifically excluded from the requirements of this NRS.

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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, 2016:

Cash on hand	\$ 54,916
Cash on deposit	194,732,177
Cash equivalents	66,918,469
Investments	<u>244,738,803</u>
 Total cash, cash equivalents and investments	 <u>\$ 506,444,365</u>

At June 30, 2016, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

	Unrestricted	Restricted	Total
Governmental activities	\$ 242,148,163	\$ 7,939,194	\$ 250,087,357
Business-type activities	205,330,461	4,501,859	209,832,320
Fiduciary Funds	<u>46,524,688</u>	<u> </u>	<u>46,524,688</u>
 Total cash, cash equivalents and investments	 <u>\$ 494,003,312</u>	 <u>\$ 12,441,053</u>	 <u>\$ 506,444,365</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.

As of June 30, 2016, the recorded amount of the City's deposits was \$194,732,177 and the bank balance was \$196,513,967. 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 Chief Financial Officer are regulated by NRS 355.170.

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating	
				Standard & Poor's	Moody's
Banker's acceptances	180 days	20%	None	N/A	N/A
Commercial paper	270 days	20%	None	A-1	P-1
Money market mutual funds	None	None	None	AAA	Aaa
Negotiable certificates of deposit	None	None	None	N/A	N/A

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating	
				Standard & Poor's	Moody's
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, 2016, the City had the following cash equivalents and investments:

	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled cash equivalents and investments			
State of Nevada, Local Government Investment Pool	\$ 128,611	\$ 128,611	N/A
Money Market Funds	152,113	152,113	N/A
U.S. Agency securities*			
Federal Farm Credit Bank	33,574,794	33,646,844	2.13
Federal Home Loan Bank	35,699,785	35,679,248	2.24
Federal Home Loan Mortgage Corporation	75,180,820	75,374,686	2.50
Federal National Mortgage	54,177,164	54,435,895	3.38
US Treasury notes	31,947,146	33,210,831	5.90
US Treasury notes - inflationary	1,844,010	1,954,855	5.04
Corporate bonds	10,331,604	10,436,444	3.00
Total pooled cash equivalents and investments	243,036,047	245,019,527	3.09
Non-pooled cash equivalents and investments			
Special assessment bond proceeds investments			
Morgan Stanley Money Market Fund	65,897,372	65,897,372	N/A
Other bond proceeds investments			
Redevelopment bonds - Morgan Stanley Money Market Fund	652,251	652,251	N/A
Utility bonds - State of Nevada, Local Government Investment Pool	88,122	88,122	N/A
Total non-pooled cash equivalents and investments	66,637,745	66,637,745	N/A
Total cash equivalents and investments	\$ 309,673,792	\$ 311,657,272	2.42

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

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CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The City's investments are reported at fair value based on quoted market prices, which are considered level 1 inputs in generally accepted accounting principles (GAAP). The GAAP fair value hierarchy is based on the inputs used to measure the fair value of an asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City manages its exposure to declines in fair values (*e.g.*, interest rate risk) by limiting the weighted-average maturity of its investment portfolio to five years or less in accordance with its investment policy.

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.

At June 30, 2016, 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	0.05 %
U.S. Agency securities			
Federal Farm Credit Bank	AA+	Aaa	10.78 %
Federal Home Loan Bank	AA+	Aaa	11.45 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	24.19 %
Federal National Mortgage	AA+	Aaa	17.47 %
U.S. Treasury notes	*	*	10.66 %
US Treasury notes - inflationary	*	*	0.63 %
State of Nevada, Local Government Investment Pool	N/A	N/A	0.04 %
Corporate bonds			
Intel	A+	A1	1.61 %
Intercontinental Exchange	A	A2	0.34 %
Microsoft	AAA	Aaa	0.33 %
General Electric	A+	A2	0.37 %
Anheuser Busch	A-	A3	0.33 %
NBC Universal Media	A-	A3	0.36 %
Total pooled cash equivalents and investments			78.61 %
Non-pooled cash equivalents and investments			
Special assessment bond proceeds investments			
Morgan Stanley Money Market Fund	AAA	Aaa	21.14 %
Other bond proceeds investments			
Redevelopment bonds - Morgan Stanley Money Market Fund	AAA	Aaa	0.21 %
Utility bonds - State of Nevada, Local Government Investment Pool	N/A	N/A	0.04 %
Total non-pooled cash equivalents and investments			21.39 %
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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, 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	\$ 576,257
	Aggregate Other Governmental Funds	1,022,122
Grants Special Revenue Fund	General Fund	2,187
		\$ 1,600,566

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

Advances To and From Other Funds

Receivable Fund	Payable Fund	Amount
Aggregate Other Enterprise Funds	Aggregate Other Governmental Funds	\$ 621,261
Internal Service Funds	Aggregate Other Governmental Funds	1,507,603
		\$ 2,128,864

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

Internal Balances

Effect of prior years' internal service activity on business-type activities	\$ (40,366,402)
Effect of current year internal service activity on business-type activities	(2,015,648)
	\$ (42,382,050)

Interfund Transfers

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

Transfer In Fund	Transfer Out Fund	Amount
Aggregate Other Governmental Funds	General Fund	\$ 9,161,500
	Aggregate Other Governmental Funds	1,836,808
	Water Enterprise Fund	877,856
	Sewer Enterprise Fund	595,000

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
	Aggregate Other Enterprise Funds	\$ 102,898
	Internal Service Funds	23,000
Aggregate Other Enterprise Funds	Aggregate Other Governmental Funds	286,754
Internal Service Funds	General Fund	394,723
	Aggregate Other Enterprise Funds	<u>1,042,940</u>
		<u>\$ 14,321,479</u>

Note 5. Capital Assets

For the year ended June 30, 2016, capital asset activity was as follows:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers* and Reclassifications</u>	<u>Balance June 30, 2016</u>
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 37,344,627	\$ 25,066,591	\$ (502,464)	\$ (24,925,889)	\$ 36,982,865
Land	<u>192,015,021</u>	<u>439,200</u>	<u>(3,692,034)</u>		<u>188,762,187</u>
Total capital assets not being depreciated or amortized	<u>229,359,648</u>	<u>25,505,791</u>	<u>(4,194,498)</u>	<u>(24,925,889)</u>	<u>225,745,052</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	339,786,792	916,577		396,238	341,099,607
Improvements other than buildings	360,637,424	19,996,166		980,701	381,614,291
Infrastructure	1,468,233,399	93,186,830		22,433,946	1,583,854,175
Machinery and equipment	<u>90,875,035</u>	<u>6,108,866</u>	<u>(3,887,579)</u>	<u>1,067,228</u>	<u>94,163,550</u>
Total capital assets being depreciated or amortized	<u>2,259,532,650</u>	<u>120,208,439</u>	<u>(3,887,579)</u>	<u>24,878,113</u>	<u>2,400,731,623</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(93,561,543)	(4,132,644)			(97,694,187)
Improvements other than buildings	(57,153,246)	(8,422,288)			(65,575,534)
Infrastructure	(779,166,904)	(18,832,715)			(797,999,619)
Machinery and equipment	<u>(68,890,288)</u>	<u>(4,546,040)</u>	<u>3,726,882</u>	<u>47,776</u>	<u>(69,661,670)</u>
Total accumulated depreciation and amortization	<u>(998,771,981)</u>	<u>(35,933,687)</u>	<u>3,726,882</u>	<u>47,776</u>	<u>(1,030,931,010)</u>
Total capital assets being depreciated or amortized, net	<u>1,260,760,669</u>	<u>84,274,752</u>	<u>(160,697)</u>	<u>24,925,889</u>	<u>1,369,800,613</u>
Total governmental activities	<u>\$ 1,490,120,317</u>	<u>\$ 109,780,543</u>	<u>\$ (4,355,195)</u>	<u>\$</u>	<u>\$ 1,595,545,665</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, 2016

	Balance July 1, 2015	Increases	Decreases	Transfers* and Reclassifications	Balance June 30, 2016
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 22,678,268	\$ 17,187,585	\$ (199,038)	\$ (20,151,963)	\$ 19,514,852
Land	<u>35,912,213</u>				<u>35,912,213</u>
Total capital assets not being depreciated or amortized	<u>58,590,481</u>	<u>17,187,585</u>	<u>(199,038)</u>	<u>(20,151,963)</u>	<u>55,427,065</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	133,302,650	370,992		44,965,167	178,638,809
Improvements other than buildings	1,332,809,879	16,636,789	(2,256,430)	(29,787,736)	1,317,402,502
Machinery and equipment	<u>41,744,836</u>	<u>500,884</u>	<u>(271,087)</u>	<u>5,022,308</u>	<u>46,996,941</u>
Total capital assets being depreciated or amortized	<u>1,507,857,365</u>	<u>17,508,665</u>	<u>(2,527,517)</u>	<u>20,199,739</u>	<u>1,543,038,252</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(18,074,817)	(2,664,240)		(18,904,264)	(39,643,321)
Improvements other than buildings	(567,355,488)	(20,198,513)	1,340,033	23,433,759	(562,780,209)
Machinery and equipment	<u>(18,150,642)</u>	<u>(2,764,162)</u>	<u>271,087</u>	<u>(4,577,271)</u>	<u>(25,220,988)</u>
Total accumulated depreciation and amortization	<u>(603,580,947)</u>	<u>(25,626,915)</u>	<u>1,611,120</u>	<u>(47,776)</u>	<u>(627,644,518)</u>
Total capital assets being depreciated or amortized, net	<u>904,276,418</u>	<u>(8,118,250)</u>	<u>(916,397)</u>	<u>20,151,963</u>	<u>915,393,734</u>
Total business-type activities	<u>\$ 962,866,899</u>	<u>\$ 9,069,335</u>	<u>\$ (1,115,435)</u>	<u>\$</u>	<u>\$ 970,820,799</u>

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

For the year ended June 30, 2016, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 1,854,864
Judicial	324,016
Public safety	2,041,949
Public works	18,901,634
Culture and recreation	9,777,248
Internal service fund depreciation expense is charged to specific functions based on asset usage	<u>3,033,976</u>
Total depreciation expense, governmental activities	<u>\$ 35,933,687</u>
Business-type activities	
Water	\$ 13,127,468
Sewer	12,066,706
Development services	14,132
Cultural arts and tourism	119,611
Municipal golf course	<u>298,998</u>
Total depreciation expense, business-type activities	<u>\$ 25,626,915</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Note 6. Long-term Liabilities

Changes in Long-term Liabilities

Long-term debt obligations activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
Governmental activities					
General obligation bonds					
\$2,065,000 Series 2006 Medium-term Bonds (Energy Retrofit Project) due annually through September 2016; interest fixed at 3.79%	\$ 478,000		\$ (234,000)	\$ 244,000	\$ 244,000
\$18,245,000 Series 2011A General Obligation Refunding Bonds; principal due annually through June 2020; interest varies between 2.0% and 3.15%	18,245,000		(3,485,000)	14,760,000	3,550,000
\$2,710,000 Series 2011B General Obligation Refunding Bonds; principal due annually through June 2020; interest fixed at 3.0%	2,710,000		(510,000)	2,200,000	525,000
\$13,605,000 Series 2011C General Obligation Refunding Bonds; principal due annually beginning June 2021 through June 2025; interest varies between 3.125% and 4.0%	13,605,000			13,605,000	
\$39,995,000 Series 2013B General Obligation Refunding Bonds; principal due annually beginning June 2020 through June 2035; interest varies between 3.25% and 5.0%	39,955,000			39,955,000	
\$24,305,000 Series 2014 General Obligation Refunding Bonds; principal due annually beginning June 2026 through June 2035; interest varies between 3.5% to 5.0%	<u>24,305,000</u>			<u>24,305,000</u>	
Total general obligation bonds	<u>99,298,000</u>		<u>(4,229,000)</u>	<u>95,069,000</u>	<u>4,319,000</u>
Tax allocation bonds					
\$12,045,000 Series 2002A Henderson Redevelopment Tax Allocation Bonds (refunded by Series 2015 Tax Increment Refunding Bonds in November 2015)	7,955,000		(7,955,000)		

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
\$4,295,000 Series 2002B Henderson Redevelopment Tax Allocation Bonds (refunded by Series 2015 Tax Increment Refunding Bonds in November 2015)	\$ 3,010,000	\$	\$ (3,010,000)	\$	\$
\$9,365,000 Series 2015 Henderson Redevelopment Tax Increment Refunding Bonds due annually through October 2039; interest varies between 2.0% and 5.0%		9,365,000		9,365,000	225,000
Total tax allocation bonds	10,965,000	9,365,000	(10,965,000)	9,365,000	225,000
Other long-term obligations					
\$17,960,000 2009 Installment Purchase Agreement due annually through 2024; interest fixed at 4.97%	13,616,000		(1,027,000)	12,589,000	1,132,000
Intangible asset obligation		192,920	(101,920)	91,000	45,500
Total other long-term obligations	13,616,000	192,920	(1,128,920)	12,680,000	1,177,500
Unamortized bond premiums	8,100,145	475,559	(458,256)	8,117,448	
Claims and judgments	12,986,132	16,522,654	(15,899,379)	13,609,407	13,609,407
Compensated absences	40,819,591	3,122,810	(3,037,695)	40,904,706	2,969,085
Other post employment benefits	18,658,857	3,042,200	(1,032,985)	20,668,072	
Net pension liability	280,908,264	71,634,284	(42,167,957)	310,374,591	
Total governmental activities	485,351,989	104,355,427	(78,919,192)	510,788,224	22,299,992
Business-type activities					
Revenue bonds					
\$9,504,950 Series 1995A Sewer Bonds due in semi-annual installments through July 2015; interest fixed at 3.825%	336,964		(336,964)		
\$5,500,000 Series 2000 Water Bonds due in annual installments through January 2023; interest fixed at 3.65%	2,683,865		(294,577)	2,389,288	305,428
\$22,618,000 Series 2005 Water Bonds due in annual installments through September 2015; interest fixed at 5.0%	2,402,000		(2,402,000)		
\$33,927,000 Series 2005 Sewer Bonds due in annual installments through September 2015; interest fixed at 5.0%	3,603,000		(3,603,000)		

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
\$29,815,000 Series 2007 Water and Sewer Refunding Bonds due in annual installments through September 2017; interest varies between 4.0% and 5.0%	\$ 5,280,000	\$	\$ (1,685,000)	\$ 3,595,000	\$ 1,760,000
\$1,659,396 2009 Clean Water State Revolving Loan Fund - Sewer due in semi-annual installments through January 2030; interest fixed at 0.0%	1,310,049		(87,337)	1,222,712	87,337
\$72,550,000 Series 2012A Sewer Refunding Bonds due in annual installments through June 2034; interest varies between 4.0% and 5.0%	72,550,000		(3,020,000)	69,530,000	3,140,000
\$19,710,000 Series 2013A Sewer Refunding Bonds due in periodic installments through June 2030; interest varies between 3.0% and 5.0%	16,685,000			16,685,000	
\$7,374,000 Series 2015 Water Bonds due in annual installments beginning June 2017 through June 2019; interest fixed at 5.0%	7,374,000			7,374,000	2,340,000
\$11,061,000 Series 2015 Sewer Bonds due in annual installments beginning June 2017 through June 2019; interest fixed at 5.0%	<u>11,061,000</u>			<u>11,061,000</u>	<u>3,510,000</u>
Total revenue bonds	<u>123,285,878</u>		<u>(11,428,878)</u>	<u>111,857,000</u>	<u>11,142,765</u>
Other					
Provisional credits and refunding agreements	584,979	889,578	(656,018)	818,539	
Intergovernmental payable to the City of Las Vegas	<u>1,937,244</u>		<u>(322,874)</u>	<u>1,614,370</u>	<u>322,874</u>
Total other	<u>2,522,223</u>	<u>889,578</u>	<u>(978,892)</u>	<u>2,432,909</u>	<u>322,874</u>
Unamortized bond premiums	9,120,705		(957,127)	8,163,578	
Compensated absences	7,081,257	422,942	(261,391)	7,242,808	663,280
Other post employment benefits	4,040,514	69,799		4,110,313	
Net pension liability	<u>43,601,604</u>	<u>11,234,938</u>	<u>(6,545,164)</u>	<u>48,291,378</u>	
Total business-type activities	<u>189,652,181</u>	<u>12,617,257</u>	<u>(20,171,452)</u>	<u>182,097,986</u>	<u>12,128,919</u>
Total long-term debt obligations	<u>\$ 675,004,170</u>	<u>\$ 116,972,684</u>	<u>\$ (99,090,644)</u>	<u>\$ 692,886,210</u>	<u>\$ 34,428,911</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

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.

For the year ended June 30, 2016, activity related to the City's unamortized deferred refunding charges were as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2015	\$ 7,261,342	\$ 6,557,442	\$ 13,818,784
Additions	78,415		78,415
Reductions	(753,413)	(563,424)	(1,316,837)
Balance June 30, 2016	\$ 6,586,344	\$ 5,994,018	\$ 12,580,362

Future Debt Service Requirements

At June 30, 2016, 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 Ending June 30,	Revenue bonds		General obligation bonds	
	Principal	Interest	Principal	Interest
2017	\$ 11,142,765	\$ 4,947,841	\$ 4,319,000	\$ 3,909,529
2018	11,644,014	4,437,604	4,175,000	3,803,955
2019	10,290,678	3,914,403	4,295,000	3,691,426
2020	4,027,772	3,408,559	6,200,000	3,568,179
2021	4,215,312	3,216,019	4,380,000	3,358,569
2022 - 2026	23,062,114	12,902,412	23,445,000	14,146,669
2027 - 2031	28,024,345	7,143,281	24,490,000	8,941,800
2032 - 2036	19,450,000	1,576,000	23,765,000	2,967,550
2037 - 2041				
	\$ 111,857,000	\$ 41,546,119	\$ 95,069,000	\$ 44,387,677

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

<u>For the Year Ending June 30,</u>	Tax allocation bonds		Other long-term debt obligations	
	Principal	Interest	Principal	Interest
2017	\$ 225,000	\$ 393,300	\$ 1,177,500	\$ 625,673
2018	230,000	387,600	1,287,500	569,412
2019	240,000	379,350	1,361,000	507,686
2020	250,000	368,300	1,486,000	440,044
2021	265,000	355,425	1,620,000	366,190
2022 - 2026	1,525,000	1,560,875	5,748,000	586,808
2027 - 2031	1,955,000	1,131,100		
2032 - 2036	2,395,000	694,300		
2037 - 2041	2,280,000	187,000		
	\$ 9,365,000	\$ 5,457,250	\$ 12,680,000	\$ 3,095,813

Special Assessment Bonds

The City has issued special assessment bonds with an aggregate outstanding principal balance of \$130,110,000 at June 30, 2016. The City is only acting as an agent for these bonds and is not liable for the debt. Principal and interest are payable from the special assessments levied.

Current Refundings

On November 18, 2015, the Agency issued \$9,365,000 Series 2015 Tax Increment Refunding Bonds (Downtown Redevelopment Area). The proceeds of the Series 2015 Bonds were used to current refund the Agency's Series 2002A and 2002B Bonds in the aggregate principal amount of \$10,210,000, as well as to fund a debt service reserve for the Series 2015 Bonds and pay the costs of issuing the Bonds. The Agency's Series 2015 Bonds bear interest at rates from 2.00% to 5.00%, which is payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 2016 and continuing through maturity in fiscal year 2040. The current refunding resulted in a net present value savings of \$761,257.

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

For the fiscal year ended June 30, 2015, the required employer/employee matching rate was 13.25% for regular and 20.75% for police/fire members. The EPC rate was 25.75% for regular and 40.50% for police/fire members. Effective July 1, 2015, the required contribution rates for regular members increased to 14.50% and 28.00% for employer/employee matching and EPC, respectively. The required contribution rates for police/fire members remained the same at 20.75% and 40.50% for employer/employee matching and EPC, respectively.

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available at www.nvpers.org, under publications.

PERS collective net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

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

Actuarial valuation date	June 30, 2015
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer price index	3.50%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

At June 30, 2015, assumed mortality rates and projected life expectancies for selected ages were as follows:

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

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

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

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

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

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

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

The policies of PERS that determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following target asset allocation policy was adopted as of June 30, 2015:

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015 and 2014. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS's fiduciary net position at June 30, 2015, was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (8.00%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

The City's proportionate share of the net pension liability at June 30, 2015, calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 546,535,114	\$ 358,665,969	\$ 202,439,656

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

The City's proportionate share (amount) of the collective net pension liability was \$358,665,969, which represents 3.12987% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2015, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2015.

For the year ended June 30, 2016, the City's pension expense was \$41,466,227 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2016, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 26,977,890
Changes of assumptions		
Net difference between projected and actual earnings on investments		19,427,727
Changes in proportion and differences between actual contributions and proportionate share of contributions	7,037,624	
Contributions made subsequent to the measurement date	52,475,582	

At June 30, 2015, the average expected remaining service life is 6.70 years.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$52,475,582 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ending June 30,</u>	
2017	\$ (12,232,619)
2018	(12,232,619)
2019	(12,232,619)
2020	2,298,322
2021	(3,782,535)
Thereafter	(1,185,923)

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

Net pension liability, beginning of year	\$ 324,509,868
Pension expense	41,466,227
Employer contributions	(48,713,121)
Change in net deferred inflows and outflows of resources	<u>41,402,995</u>
Net pension liability, end of year	<u>\$ 358,665,969</u>

At June 30, 2016, \$5,678,339 is payable to PERS, equal to the June 2016 required contribution, was included in accounts payable.

Note 8. Other Post Employment Benefits (OPEB)

Plan Description

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

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

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

In addition to the plans offered by the City, eligible retirees may receive coverage through the Nevada Public Employees Benefit Program (PEBP). Retirees who receive coverage through the PEBP receive a direct subsidy from the City. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing Public Employee Benefits Plan, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701, or by calling (800) 326-5496.

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CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Funding Policy

The City has an eight member Insurance Committee that reviews and determines the funding requirements and plan options as noted above. A closed group of current retirees is eligible for premium subsidy from the City for PEBP insurance. The City is required to pay PEBP a monthly subsidy on behalf of these retirees, ranging up to \$1,149 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, 2016, the City had 261 retirees receiving benefits and 1,207 active employees. Contributions are required for both retiree and dependent coverage and range from \$451 to \$1,521 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)	\$ 429,000	\$ 2,848,000	\$ 3,277,000
Interest on net OPEB obligation	145,000	763,000	908,000
Adjustment to ARC	<u>(242,000)</u>	<u>(831,000)</u>	<u>(1,073,000)</u>
Annual OPEB cost	332,000	2,780,000	3,112,000
OPEB contributions made	<u>(398,331)</u>	<u>(634,655)</u>	<u>(1,032,986)</u>
Increase (decrease) in net OPEB obligation	(66,331)	2,145,345	2,079,014
Net OPEB obligation, beginning of year	<u>3,620,108</u>	<u>19,079,263</u>	<u>22,699,371</u>
Net OPEB obligation, end of year	<u>\$ 3,553,777</u>	<u>\$ 21,224,608</u>	<u>\$ 24,778,385</u>

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plans and the net OPEB obligations fiscal years ended June 30, 2014, 2015 and 2016, 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>
Public Employee Benefit Program				
2014	\$ 382,000	\$ 470,643	123.2 %	\$ 3,578,802
2015	448,192	406,886	90.8 %	3,620,108
2016	332,000	398,331	120.0 %	3,553,777
City of Henderson Plans				
2014	2,294,000	568,789	24.8 %	16,409,872
2015	2,163,808	1,219,628	56.4 %	19,079,263
2016	2,780,000	634,655	22.8 %	21,224,608

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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, 2015	N/A ¹ \$	6,526,000 \$	6,526,000	0.0 %	N/A ²	N/A ²
City of Henderson Plans July 1, 2015	N/A ¹	27,931,000	27,931,000	0.0 %	152,148,766	18.4 %

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, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% discount rate, a projected annual salary increase of 2.0%, a 3.0% inflation rate and a health care cost trend rate assumption ranging from 8.0% which is reduced annually by 0.5% to 1.0% for the City Plan and PEBP, respectively, until an ultimate health care cost trend rate of 4.5% is reached. The unfunded actuarial accrued liability for the City Plan is being amortized on an open basis over the maximum acceptable period of 30 years. The unfunded actuarial accrued liability for the PEBP Plan is being amortized on a closed basis over 21 years for PEBP retirees.

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

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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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 \$972 million blanket property insurance policy on all buildings, building contents and Boiler and Machinery with a \$100,000 deductible; \$10.7 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 \$12.5 million Emergency Response Unit Physical Damage policy with a \$10,000 deductible.

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

Group Health Insurance - The City is self-insured for employee health benefits, providing medical dental and vision care. Effective January 1, 2016, the City increased its specific stop loss policy from \$500,000 to \$525,000 per participant. A third party administrator is used to pay claims.

Worker's Compensation - The City is self-insured for workers' compensation claims. A third party administrator is utilized for claim adjusting and payment. The City has a \$4,000,000 SIR for all public safety employees and a \$1,000,000 SIR for all other employees per occurrence, with the maximum on all claims at statutory limits for the coverage period from July 1, 2015 through July 1, 2016.

For the fiscal years ended June 30, 2015 and 2016, 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, 2015				
Liability insurance	\$ 1,918,083	\$ 65,059	\$ (692,378)	\$ 1,290,764
Workmen's compensation insurance	11,690,239	(321,729)	(1,735,142)	9,633,368
Health Insurance	<u>1,570,000</u>	<u>14,596,284</u>	<u>(14,104,284)</u>	<u>2,062,000</u>
	<u>\$ 15,178,322</u>	<u>\$ 14,339,614</u>	<u>\$ (16,531,804)</u>	<u>\$ 12,986,132</u>
For the year ended June 30, 2016				
Liability insurance	\$ 1,290,764	\$ 788,664	\$ (538,020)	\$ 1,541,408
Workmen's compensation insurance	9,633,368	2,096,779	(1,270,148)	10,459,999
Health Insurance	<u>2,062,000</u>	<u>13,637,211</u>	<u>(14,091,211)</u>	<u>1,608,000</u>
	<u>\$ 12,986,132</u>	<u>\$ 16,522,654</u>	<u>\$ (15,899,379)</u>	<u>\$ 13,609,407</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Note 10. Other Information

Construction in Progress

As of June 30, 2016, construction in progress of \$56,497,717 was reflected in the government-wide financial statements. Management estimates it will require an additional outlay of approximately \$48,454,809 to complete these projects.

Litigation

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

Lake Las Vegas

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

City of Henderson Redevelopment Agency (the Agency)

The Agency has entered into several Owner Participation Agreements (OPAs) with various developers whereby the developers are to construct public improvements on behalf of the Agency in connection with its redevelopment efforts. These OPAs could potentially obligate the Agency to reimburse the developers approximately \$351 million, plus accrued interest, for the costs incurred by the developers in connection with the construction of the public improvements. However, the financial commitment to each developer is contingent upon there being sufficient tax increment available to fund the payments, as well as the developer actually incurring costs related to the public improvements. As of June 30, 2016, the contingent obligation is approximately \$85.8 million.

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

Operating Leases

The City has entered into various noncancelable managed service agreements (effectively leases) for copier equipment and related services. For the year ended June 30, 2016, total costs under such agreements were \$1,252,021.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

At June 30, 2016, the future minimum operating lease payments were as follows:

<u>For the Year Ending June 30,</u>	
2017	\$ 844,655
2018	844,655
2019	840,021
2020	770,056
2021	584,988
	<u>\$ 3,884,375</u>

Encumbrances

At June 30, 2016, outstanding encumbrances were as follows:

General Fund	\$ 1,274,063
Grants Special Revenue Fund	3,043,730
Aggregate Other Governmental Funds	10,432,553
	<u>\$ 14,750,346</u>

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Note 11. Components of Fund Balances

At June 30, 2016, the components of governmental fund balances were as follows:

	General Fund	Grants Special Revenue Fund	Aggregate Other Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid items	\$ 79	\$	\$	\$ 79
Restricted				
Stabilization and other general programs		24,366	20,058,478	20,082,844
Courts and other judicial programs			658,836	658,836
Fire, police and other public safety programs		328,239	3,268,131	3,596,370
Streets and other public works projects		102,520	69,153,282	69,255,802
Parks, cultural and recreational programs		188,165	10,661,806	10,849,971
Community assistance and support programs		18,278		18,278
Debt service			7,395,864	7,395,864
Redevelopment programs			28,579,062	28,579,062
Assigned				
Stabilization and other general programs	778,163			778,163
Courts and other judicial programs	3,732			3,732
Fire, police and other public safety programs	49,253			49,253
Streets and other public works projects	197,615		42,864,188	43,061,803
Parks, cultural and recreational programs	237,262			237,262
Community assistance and support programs	8,038			8,038
Unassigned	23,617,842			23,617,842
	\$ 24,891,984	\$ 661,568	\$ 182,639,647	\$ 208,193,199

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 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for periods beginning after June 15, 2016. This Statement addresses issues regarding 1) the presentation of payroll-related measures in required supplementary information, 2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and 3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. 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, 2016

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Management does not expect the adoption of this statement to have a significant impact on the City's financial statements.

In June 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, effective for periods beginning after June 15, 2016. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's financial position or changes therein.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for periods beginning after December 15, 2015. This Statement addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's financial position or changes therein.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for periods beginning after December 15, 2015. This statement addresses the need for financial statements prepared by state and local governments in conformity with generally accepted accounting principles to provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017. This statement addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB) and the information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016. This statement addresses the usefulness of information about OPEB included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's financial position or changes therein.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Note 13. Subsequent Event

On August 30, 2016, the City issued \$12,700,000 in General Obligation (Limited Tax) Medium-Term Various Purpose and Refunding Bonds, Series 2016 (the Series 2016 Bonds). A portion of the bond proceeds was used to advance refund \$8,854,000 aggregate principal and interest amount of the 2009 Installment Purchase Agreement for payments due from February 1, 2020 through 2024. The remaining proceeds will be used to finance the purchase, upgrade, and replacement of the City's police communication equipment and other City equipment, and to pay the related costs of issuing the Series 2016 Bonds. The interest rate on the Series 2016 Bonds is 2.00% and 4.00% in 2017 and 2018, respectively, and 5.00% thereafter through maturity on August 1, 2026.

REQUIRED SUPPLEMENTARY
INFORMATION



2016

Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016

CITY OF HENDERSON, NEVADA

REQUIRED SUPPLEMENTARY INFORMATION OTHER POST EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2016

<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 ¹	\$ 7,931,000	\$ 7,931,000	0.0 %	\$ N/A ²	N/A ²
July 1, 2013	N/A ¹	7,303,000	7,303,000	0.0 %	N/A ²	N/A ²
July 1, 2015	N/A ¹	6,526,000	6,526,000	0.0 %	N/A ²	N/A ²
City of Henderson Plans						
July 1, 2011	\$ N/A ¹	\$ 34,427,000	\$ 34,427,000	0.0 %	\$ 143,530,451	24.0 %
July 1, 2013	N/A ¹	20,652,000	20,652,000	0.0 %	142,409,404	14.5 %
July 1, 2015	N/A ¹	27,931,000	27,931,000	0.0 %	152,148,766	18.4 %

1. No assets have been placed in trust.

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

CITY OF HENDERSON, NEVADA

**REQUIRED SUPPLEMENTARY INFORMATION
 MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
 PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015 AND LAST NINE FISCAL YEARS¹**

<u>For the Year Ended June 30,</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportion of the Collective Net Pension Liability as a Percentage of Covered Employee Payroll</u>	<u>PERS Fiduciary Net Position as a Percentage of Total Pension Liability</u>
2014	3.11371 %	\$ 324,509,868	\$ 157,722,577	205.75 %	76.31 %
2015	3.12987 %	358,665,969	164,063,401	218.61 %	75.13 %

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

CITY OF HENDERSON, NEVADA

**REQUIRED SUPPLEMENTARY INFORMATION
 MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
 PROPORTIONATE SHARE OF STATUTORILY REQUIRED CONTRIBUTION INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2016 AND LAST NINE FISCAL YEARS¹**

<u>For the Year Ended June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$ 48,713,121	\$ 48,713,121	\$	\$ 164,063,401	29.69 %
2016	52,475,582	52,475,582		169,749,003	30.91 %

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

CITY OF HENDERSON, NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Other Post Employment Benefits

For the year ended June 30, 2016, no significant events occurred that would have affected the information presented in the accompanying schedule of funding progress.

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

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

For the year ended June 30, 2016, there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2015.

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

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

GOVERNMENTAL FUNDS

Non-major Special Revenue Funds

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

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

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

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

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

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

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

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

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

Non-major Debt Service Funds

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.

General Obligation Debt Service Fund - to account for the accumulation of resources and payment of general obligation bond principal and interest

from governmental resources.

Non-major Capital Projects Funds

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

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

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

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

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

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

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

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

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

Special Assessment Districts - to account 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.

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



2016

Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016

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CITY OF HENDERSON, NEVADA

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Aggregate Other Governmental Funds
ASSETS				
Cash, cash equivalents and investments	\$ 51,472,995	\$ 7,358,202	\$ 109,566,258	\$ 168,397,455
Restricted cash and cash equivalents	1,410,018		4,752,780	6,162,798
Accounts receivable, net	88,703		55,881	144,584
Interest receivable	68,950	15,097	105,887	189,934
Taxes receivable	99,272	298,280		397,552
Special assessments receivable		1,459,744		1,459,744
Notes receivable, net	57,277		9,537,696	9,594,973
Due from other governments	4,677,373	22,844	612,055	5,312,272
Advances to other funds			621,261	621,261
Land held for resale	<u>9,803,864</u>			<u>9,803,864</u>
Total assets	<u>\$ 67,678,452</u>	<u>\$ 9,154,167</u>	<u>\$ 125,251,818</u>	<u>\$ 202,084,437</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 1,350,119	\$ 260	\$ 1,532,999	\$ 2,883,378
Accrued wages	268,170		9,207	277,377
Tax increment payable to developers	1,368,690			1,368,690
Due to other governments		19	300,200	300,219
Due to other funds	1,022,122			1,022,122
Advances from other funds	621,261		1,507,603	2,128,864
Deposits			<u>1,000</u>	<u>1,000</u>
Total liabilities	<u>4,630,362</u>	<u>279</u>	<u>3,351,009</u>	<u>7,981,650</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	99,272	298,280		397,552
Unavailable revenue, special assessments		1,459,744		1,459,744
Unavailable revenue, notes receivable	57,277		9,537,696	9,594,973
Unavailable revenue, other receivables			<u>10,871</u>	<u>10,871</u>
Total deferred inflows of resources	<u>156,549</u>	<u>1,758,024</u>	<u>9,548,567</u>	<u>11,463,140</u>
Total liabilities and deferred inflows of resources	<u>4,786,911</u>	<u>1,758,303</u>	<u>12,899,576</u>	<u>19,444,790</u>
FUND BALANCES				
Restricted	62,891,541	7,395,864	69,488,054	139,775,459
Assigned			<u>42,864,188</u>	<u>42,864,188</u>
Total fund balances	<u>62,891,541</u>	<u>7,395,864</u>	<u>112,352,242</u>	<u>182,639,647</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 67,678,452</u>	<u>\$ 9,154,167</u>	<u>\$ 125,251,818</u>	<u>\$ 202,084,437</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, 2016

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Aggregate Other Governmental Funds
REVENUES				
Property taxes	\$ 9,108,887	\$ 3,761,620	\$ 1,224,362	\$ 14,094,869
Intergovernmental	18,174,816		3,051,383	21,226,199
Charges for services	144,955		179,210	324,165
Fines and forfeitures	1,023,192			1,023,192
Impact fees			1,298,666	1,298,666
Special assessments		150,382		150,382
Investment income	686,327	244,714	1,753,734	2,684,775
Developer contributions			9,664,234	9,664,234
Rental fees	12,278		519,335	531,613
Miscellaneous	48,961	129,365	598,764	777,090
Total revenues	29,199,416	4,286,081	18,289,688	51,775,185
EXPENDITURES				
Current				
General government	6,690,148	5,498	734,793	7,430,439
Judicial	739,128			739,128
Public safety	14,687,329		614,158	15,301,487
Public works	908,331	5,308	2,841,503	3,755,142
Culture and recreation			1,899,021	1,899,021
Total current	23,024,936	10,806	6,089,475	29,125,217
Capital outlay				
General government			728,560	728,560
Judicial	334,576			334,576
Public safety	158,967		1,036,112	1,195,079
Public works	252,287		28,082,769	28,335,056
Culture and recreation			896,498	896,498
Total capital outlay	745,830		30,743,939	31,489,769
Debt service				
Principal payments	755,000	5,256,000		6,011,000
Payment to current bond refunding agent	10,288,415			10,288,415
Interest charges	453,930	4,680,306	55,892	5,190,128
Total debt service	11,497,345	9,936,306	55,892	21,489,543
Total expenditures	35,268,111	9,947,112	36,889,306	82,104,529
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(6,068,695)	(5,661,031)	(18,599,618)	(30,329,344)
OTHER FINANCING SOURCES (USES)				
Proceeds from land sales			2,696,014	2,696,014
Issuance of refunding bonds	9,365,000			9,365,000
Premium on refunding bonds issued	475,559			475,559
Transfers in	450,000	4,939,024	7,208,038	12,597,062
Transfers out	(64,949)	(196,538)	(1,862,075)	(2,123,562)
Total other financing sources (uses)	10,225,610	4,742,486	8,041,977	23,010,073
CHANGE IN FUND BALANCE	4,156,915	(918,545)	(10,557,641)	(7,319,271)
FUND BALANCE, BEGINNING OF YEAR	58,734,626	8,314,409	122,909,883	189,958,918
FUND BALANCE, END OF YEAR	\$ 62,891,541	\$ 7,395,864	\$ 112,352,242	\$ 182,639,647

CITY OF HENDERSON, NEVADA

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2016

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization
ASSETS					
Cash, cash equivalents and investments	\$ 20,244,229	\$ 9,609,546	\$ 458,656	\$ 636,729	\$ 20,030,975
Restricted cash and cash equivalents	1,410,018				
Accounts receivable, net				61,403	
Interest receivable	28,086	12,171	690		27,436
Taxes receivable	99,272				
Notes receivable, net	57,277				
Due from other governments	28,575	710,395			67
Land held for resale	9,803,864				
Total assets	\$ 31,671,321	\$ 10,332,112	\$ 459,346	\$ 698,132	\$ 20,058,478
LIABILITIES					
Accounts payable and other accrued liabilities	\$ 929,240	\$ 5,078	\$ 138,247	\$ 34,451	\$
Accrued wages	16,519			4,845	
Tax increment payable to developers	1,368,690				
Due to other funds					
Advances from other funds	621,261				
Total liabilities	2,935,710	5,078	138,247	39,296	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, property taxes	99,272				
Unavailable revenue, notes receivable	57,277				
Total deferred inflows of resources	156,549				
Total liabilities and deferred inflows of resources	3,092,259	5,078	138,247	39,296	
FUND BALANCES					
Restricted	28,579,062	10,327,034	321,099	658,836	20,058,478
Total fund balances	28,579,062	10,327,034	321,099	658,836	20,058,478
Total liabilities, deferred inflows of resources and fund balances	\$ 31,671,321	\$ 10,332,112	\$ 459,346	\$ 698,132	\$ 20,058,478

(Continued)

CITY OF HENDERSON, NEVADA

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2016

	<u>Sales and Use Tax</u>	<u>Commissary</u>	<u>Eldorado Valley Training Facility</u>	<u>Total Special Revenue Funds</u>
ASSETS				
Cash, cash equivalents and investments	\$	\$ 371,711	\$ 121,149	\$ 51,472,995
Restricted cash and cash equivalents				1,410,018
Accounts receivable, net	24,000		3,300	88,703
Interest receivable		426	141	68,950
Taxes receivable				99,272
Notes receivable, net				57,277
Due from other governments	3,938,336			4,677,373
Land held for resale				9,803,864
	<u>3,962,336</u>	<u>372,137</u>	<u>124,590</u>	<u>67,678,452</u>
Total assets	<u>\$ 3,962,336</u>	<u>\$ 372,137</u>	<u>\$ 124,590</u>	<u>\$ 67,678,452</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 99,470	\$ 142,229	\$ 1,404	\$ 1,350,119
Accrued wages	246,651	155		268,170
Tax increment payable to developers				1,368,690
Due to other funds	1,022,122			1,022,122
Advances from other funds				621,261
	<u>1,368,243</u>	<u>142,384</u>	<u>1,404</u>	<u>4,630,362</u>
Total liabilities	<u>1,368,243</u>	<u>142,384</u>	<u>1,404</u>	<u>4,630,362</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes				99,272
Unavailable revenue, notes receivable				57,277
	<u>156,549</u>			<u>156,549</u>
Total deferred inflows of resources	<u>156,549</u>			<u>156,549</u>
Total liabilities and deferred inflows of resources	<u>1,368,243</u>	<u>142,384</u>	<u>1,404</u>	<u>4,786,911</u>
FUND BALANCES				
Restricted	<u>2,594,093</u>	<u>229,753</u>	<u>123,186</u>	<u>62,891,541</u>
Total fund balances	<u>2,594,093</u>	<u>229,753</u>	<u>123,186</u>	<u>62,891,541</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,962,336</u>	<u>\$ 372,137</u>	<u>\$ 124,590</u>	<u>\$ 67,678,452</u>

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, 2016

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization
REVENUES					
Property taxes	\$ 9,097,750				\$ 11,137
Intergovernmental		4,032,038			
Charges for services					
Fines and forfeitures			283,630	739,562	
Investment income	276,954	117,393	7,523		276,779
Rental fees	1,178				
Miscellaneous	27,093		6,677		
Total revenues	9,402,975	4,149,431	297,830	739,562	287,916
EXPENDITURES					
Current					
General government	6,690,148				
Judicial				739,128	
Public safety			396,174		
Public works		908,331			
Total current	6,690,148	908,331	396,174	739,128	
Capital outlay					
Judicial				334,576	
Public safety			158,967		
Public works		252,287			
Total capital outlay		252,287	158,967	334,576	
Debt service					
Principal payments	755,000				
Payment to current bond refunding agent	10,288,415				
Interest charges	453,930				
Total debt service	11,497,345				
Total expenditures	18,187,493	1,160,618	555,141	1,073,704	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,784,518)	2,988,813	(257,311)	(334,142)	287,916
OTHER FINANCING SOURCES (USES)					
Issuance of refunding bonds	9,365,000				
Premium on refunding bonds issued	475,559				
Transfers in					400,000
Transfers out		(64,949)			
Total other financing sources (uses)	9,840,559	(64,949)			400,000
CHANGE IN FUND BALANCE	1,056,041	2,923,864	(257,311)	(334,142)	687,916
FUND BALANCE, BEGINNING OF YEAR	27,523,021	7,403,170	578,410	992,978	19,370,562
FUND BALANCE, END OF YEAR	\$ 28,579,062	\$ 10,327,034	\$ 321,099	\$ 658,836	\$ 20,058,478

(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, 2016

	Sales and Use Tax	Commissary	Eldorado Valley Training Facility	Total Special Revenue Funds
REVENUES				
Property taxes	\$	\$	\$	\$ 9,108,887
Intergovernmental	14,092,778		50,000	18,174,816
Charges for services	40,441	92,514	12,000	144,955
Fines and forfeitures				1,023,192
Investment income	2,685	3,826	1,167	686,327
Rental fees			11,100	12,278
Miscellaneous	13,699		1,492	48,961
Total revenues	<u>14,149,603</u>	<u>96,340</u>	<u>75,759</u>	<u>29,199,416</u>
EXPENDITURES				
Current				
General government				6,690,148
Judicial				739,128
Public safety	14,182,681	65,310	43,164	14,687,329
Public works				908,331
Total current	<u>14,182,681</u>	<u>65,310</u>	<u>43,164</u>	<u>23,024,936</u>
Capital outlay				
Judicial				334,576
Public safety				158,967
Public works				252,287
Total capital outlay				<u>745,830</u>
Debt service				
Principal payments				755,000
Payment to current bond refunding agent				10,288,415
Interest charges				453,930
Total debt service				<u>11,497,345</u>
Total expenditures	<u>14,182,681</u>	<u>65,310</u>	<u>43,164</u>	<u>35,268,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,078)</u>	<u>31,030</u>	<u>32,595</u>	<u>(6,068,695)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds				9,365,000
Premium on refunding bonds issued				475,559
Transfers in			50,000	450,000
Transfers out				(64,949)
Total other financing sources (uses)			<u>50,000</u>	<u>10,225,610</u>
CHANGE IN FUND BALANCE	(33,078)	31,030	82,595	4,156,915
FUND BALANCE, BEGINNING OF YEAR	<u>2,627,171</u>	<u>198,723</u>	<u>40,591</u>	<u>58,734,626</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,594,093</u>	<u>\$ 229,753</u>	<u>\$ 123,186</u>	<u>\$ 62,891,541</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR DEBT SERVICE FUNDS COMBINING BALANCE SHEET JUNE 30, 2016

	<u>Special Assessment Districts</u>	<u>General Obligation</u>	<u>Total Debt Service Funds</u>
ASSETS			
Cash, cash equivalents and investments	\$ 1,198,732	\$ 6,159,470	\$ 7,358,202
Interest receivable	1,529	13,568	15,097
Taxes receivable		298,280	298,280
Special assessments receivable	1,459,744		1,459,744
Due from other governments		<u>22,844</u>	<u>22,844</u>
Total assets	<u>2,660,005</u>	<u>6,494,162</u>	<u>9,154,167</u>
Total assets and deferred outflows of resources	<u>\$ 2,660,005</u>	<u>\$ 6,494,162</u>	<u>\$ 9,154,167</u>
LIABILITIES			
Accounts payable and other accrued liabilities	\$ 260	\$	\$ 260
Due to other governments	<u>19</u>		<u>19</u>
Total liabilities	<u>279</u>		<u>279</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, property taxes		298,280	298,280
Unavailable revenue, special assessments	<u>1,459,744</u>		<u>1,459,744</u>
Total deferred inflows of resources	<u>1,459,744</u>	<u>298,280</u>	<u>1,758,024</u>
Total liabilities and deferred inflows of resources	<u>1,460,023</u>	<u>298,280</u>	<u>1,758,303</u>
FUND BALANCES			
Restricted	<u>1,199,982</u>	<u>6,195,882</u>	<u>7,395,864</u>
Total fund balances	<u>1,199,982</u>	<u>6,195,882</u>	<u>7,395,864</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,660,005</u>	<u>\$ 6,494,162</u>	<u>\$ 9,154,167</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR DEBT SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	<u>Special Assessment Districts</u>	<u>General Obligation</u>	<u>Total Debt Service Funds</u>
REVENUES			
Property taxes	\$	\$ 3,761,620	\$ 3,761,620
Special assessments	150,382		150,382
Investment income	132,817	111,897	244,714
Miscellaneous	129,365		129,365
Total revenues	<u>412,564</u>	<u>3,873,517</u>	<u>4,286,081</u>
EXPENDITURES			
Current			
General government		5,498	5,498
Public works	5,308		5,308
Total current	<u>5,308</u>	<u>5,498</u>	<u>10,806</u>
Debt service			
Principal payments		5,256,000	5,256,000
Interest charges		4,680,306	4,680,306
Total debt service		<u>9,936,306</u>	<u>9,936,306</u>
Total expenditures	<u>5,308</u>	<u>9,941,804</u>	<u>9,947,112</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>407,256</u>	<u>(6,068,287)</u>	<u>(5,661,031)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		4,939,024	4,939,024
Transfers out	(196,538)		(196,538)
Total other financing sources (uses)	<u>(196,538)</u>	<u>4,939,024</u>	<u>4,742,486</u>
CHANGE IN FUND BALANCE	210,718	(1,129,263)	(918,545)
FUND BALANCE, BEGINNING OF YEAR	<u>989,264</u>	<u>7,325,145</u>	<u>8,314,409</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,199,982</u>	<u>\$ 6,195,882</u>	<u>\$ 7,395,864</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2016

	Municipal Facilities Acquisition and Construction	Special Recreation	Park Development	Flood Control
ASSETS				
Cash, cash equivalents and investments	\$ 9,998,047	\$ 5,525,764	\$ 4,740,240	\$ 497,042
Restricted cash and cash equivalents	4,516,237		185,269	
Accounts receivable, net				
Interest receivable	17,876	7,600	6,377	684
Notes receivable, net	596,883			
Due from other governments		281,667		
Advances to other funds				
Total assets	<u>\$ 15,129,043</u>	<u>\$ 5,815,031</u>	<u>\$ 4,931,886</u>	<u>\$ 497,726</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 21,436	\$ 83,316	\$ 1,595	\$
Accrued wages	1,332			
Due to other governments		200		300,000
Advances from other funds				
Deposits				
Total liabilities	<u>22,768</u>	<u>83,516</u>	<u>1,595</u>	<u>300,000</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, notes receivable	596,883			
Unavailable revenue, other receivables				
Total deferred inflows of resources	<u>596,883</u>			
Total liabilities and deferred inflows of resources	<u>619,651</u>	<u>83,516</u>	<u>1,595</u>	<u>300,000</u>
FUND BALANCES				
Restricted		5,731,515	4,930,291	197,726
Assigned	14,509,392			
Total fund balances	<u>14,509,392</u>	<u>5,731,515</u>	<u>4,930,291</u>	<u>197,726</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,129,043</u>	<u>\$ 5,815,031</u>	<u>\$ 4,931,886</u>	<u>\$ 497,726</u>

(Continued)

CITY OF HENDERSON, NEVADA

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2016

	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas
ASSETS				
Cash, cash equivalents and investments	\$ 465,758	\$ 53,855	\$ 23,703,656	\$ 5,827,728
Restricted cash and cash equivalents				
Accounts receivable, net			53,315	
Interest receivable		144	27,691	8,017
Notes receivable, net				
Due from other governments	94,388	236,000		
Advances to other funds				
Total assets	\$ 560,146	\$ 289,999	\$ 23,784,662	\$ 5,835,745
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 24,793		\$ 1,254,740	
Accrued wages				
Due to other governments				
Advances from other funds				
Deposits				
Total liabilities	24,793		1,254,740	
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, notes receivable				
Unavailable revenue, other receivables			10,871	
Total deferred inflows of resources			10,871	
Total liabilities and deferred inflows of resources	24,793		1,265,611	
FUND BALANCES				
Restricted	535,353	289,999		
Assigned			22,519,051	5,835,745
Total fund balances	535,353	289,999	22,519,051	5,835,745
Total liabilities, deferred inflows of resources and fund balances	\$ 560,146	\$ 289,999	\$ 23,784,662	\$ 5,835,745

(Continued)

CITY OF HENDERSON, NEVADA

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2016

	Special Assessment Districts	Land Sales	Total Capital Project Funds
ASSETS			
Cash, cash equivalents and investments	\$ 31,832,993	\$ 26,921,175	\$ 109,566,258
Restricted cash and cash equivalents		51,274	4,752,780
Accounts receivable, net		2,566	55,881
Interest receivable	749	36,749	105,887
Notes receivable, net		8,940,813	9,537,696
Due from other governments			612,055
Advances to other funds		621,261	621,261
	<u>\$ 31,833,742</u>	<u>\$ 36,573,838</u>	<u>\$ 125,251,818</u>
Total assets			
LIABILITIES			
Accounts payable and other accrued liabilities	\$ 77,849	\$ 69,270	\$ 1,532,999
Accrued wages		7,875	9,207
Due to other governments			300,200
Advances from other funds	1,507,603		1,507,603
Deposits		1,000	1,000
	<u>1,585,452</u>	<u>78,145</u>	<u>3,351,009</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, notes receivable		8,940,813	9,537,696
Unavailable revenue, other receivables			10,871
		<u>8,940,813</u>	<u>9,548,567</u>
Total deferred inflows of resources			
Total liabilities and deferred inflows of resources	<u>1,585,452</u>	<u>9,018,958</u>	<u>12,899,576</u>
FUND BALANCES			
Restricted	30,248,290	27,554,880	69,488,054
Assigned			42,864,188
	<u>30,248,290</u>	<u>27,554,880</u>	<u>112,352,242</u>
Total fund balances			
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,833,742</u>	<u>\$ 36,573,838</u>	<u>\$ 125,251,818</u>

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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, 2016

	Municipal Facilities Acquisition and Construction	Special Recreation	Park Development	Flood Control
REVENUES				
Property taxes	\$	\$	\$	\$
Intergovernmental	49,800	2,758,525		
Charges for services		96,604		
Impact fees			1,298,666	
Investment income	184,521	72,236	63,245	6,925
Developer contributions	2,155,209			
Rental fees		1,330		
Miscellaneous		17,773		
Total revenues	<u>2,389,530</u>	<u>2,946,468</u>	<u>1,361,911</u>	<u>6,925</u>
EXPENDITURES				
Current				
General government	7,095			
Public safety	460,602			
Public works	80,745			
Culture and recreation		1,846,522	38,967	
Total current	<u>548,442</u>	<u>1,846,522</u>	<u>38,967</u>	
Capital outlay				
General government	355,794			
Public safety	797,341			
Public works	313,635			
Culture and recreation		157,767	541,769	
Total capital outlay	<u>1,466,770</u>	<u>157,767</u>	<u>541,769</u>	
Debt service				
Interest charges				
Total debt service				
Total expenditures	<u>2,015,212</u>	<u>2,004,289</u>	<u>580,736</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>374,318</u>	<u>942,179</u>	<u>781,175</u>	<u>6,925</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from land sales				
Transfers in	2,000,000			
Transfers out		(274,794)		
Total other financing sources (uses)	<u>2,000,000</u>	<u>(274,794)</u>		
CHANGE IN FUND BALANCE	2,374,318	667,385	781,175	6,925
FUND BALANCE, BEGINNING OF YEAR	<u>12,135,074</u>	<u>5,064,130</u>	<u>4,149,116</u>	<u>190,801</u>
FUND BALANCE, END OF YEAR	<u>\$ 14,509,392</u>	<u>\$ 5,731,515</u>	<u>\$ 4,930,291</u>	<u>\$ 197,726</u>

(Continued)

CITY OF HENDERSON, NEVADA

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

	<u>RTC/County Funded</u>	<u>Special Ad Valorem Transportation</u>	<u>Capital Replacement</u>	<u>Lake Las Vegas</u>
REVENUES				
Property taxes	\$	\$ 1,224,362	\$	\$
Intergovernmental	233,066			
Charges for services			82,606	
Impact fees				
Investment income		850	270,965	81,186
Developer contributions			7,509,025	
Rental fees				
Miscellaneous			<u>474,896</u>	
Total revenues	<u>233,066</u>	<u>1,225,212</u>	<u>8,337,492</u>	<u>81,186</u>
EXPENDITURES				
Current				
General government			469,545	
Public safety			105,815	
Public works	138,878		2,182,101	
Culture and recreation			<u>13,532</u>	
Total current	<u>138,878</u>		<u>2,770,993</u>	
Capital outlay				
General government			372,766	
Public safety			42,983	
Public works	94,388		3,284,305	
Culture and recreation			<u>196,962</u>	
Total capital outlay	<u>94,388</u>		<u>3,897,016</u>	
Debt service				
Interest charges				
Total debt service				
Total expenditures	<u>233,266</u>		<u>6,668,009</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(200)</u>	<u>1,225,212</u>	<u>1,669,483</u>	<u>81,186</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from land sales				
Transfers in			5,011,500	
Transfers out		<u>(1,300,000)</u>		
Total other financing sources (uses)		<u>(1,300,000)</u>	<u>5,011,500</u>	
CHANGE IN FUND BALANCE	(200)	(74,788)	6,680,983	81,186
FUND BALANCE, BEGINNING OF YEAR	<u>535,553</u>	<u>364,787</u>	<u>15,838,068</u>	<u>5,754,559</u>
FUND BALANCE, END OF YEAR	<u>\$ 535,353</u>	<u>\$ 289,999</u>	<u>\$ 22,519,051</u>	<u>\$ 5,835,745</u>

(Continued)

CITY OF HENDERSON, NEVADA

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

	Special Assessment Districts	Land Sales	Total Capital Project Funds
REVENUES			
Property taxes	\$	\$	\$ 1,224,362
Intergovernmental		9,992	3,051,383
Charges for services			179,210
Impact fees			1,298,666
Investment income	55,400	1,018,406	1,753,734
Developer contributions			9,664,234
Rental fees		518,005	519,335
Miscellaneous		106,095	598,764
Total revenues	<u>55,400</u>	<u>1,652,498</u>	<u>18,289,688</u>
EXPENDITURES			
Current			
General government		258,153	734,793
Public safety		47,741	614,158
Public works	24,378	415,401	2,841,503
Culture and recreation			1,899,021
Total current	<u>24,378</u>	<u>721,295</u>	<u>6,089,475</u>
Capital outlay			
General government			728,560
Public safety		195,788	1,036,112
Public works	24,231,813	158,628	28,082,769
Culture and recreation			896,498
Total capital outlay	<u>24,231,813</u>	<u>354,416</u>	<u>30,743,939</u>
Debt service			
Interest charges	55,892		55,892
Total debt service	<u>55,892</u>		<u>55,892</u>
Total expenditures	<u>24,312,083</u>	<u>1,075,711</u>	<u>36,889,306</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(24,256,683)</u>	<u>576,787</u>	<u>(18,599,618)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from land sales		2,696,014	2,696,014
Transfers in	196,538		7,208,038
Transfers out		(287,281)	(1,862,075)
Total other financing sources (uses)	<u>196,538</u>	<u>2,408,733</u>	<u>8,041,977</u>
CHANGE IN FUND BALANCE	(24,060,145)	2,985,520	(10,557,641)
FUND BALANCE, BEGINNING OF YEAR	<u>54,308,435</u>	<u>24,569,360</u>	<u>122,909,883</u>
FUND BALANCE, END OF YEAR	<u>\$ 30,248,290</u>	<u>\$ 27,554,880</u>	<u>\$ 112,352,242</u>

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CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 58,553,424	\$ 58,704,114	\$ 150,690
Franchise fees	33,150,000	32,656,108	(493,892)
Licenses and permits	9,201,000	9,536,717	335,717
Intergovernmental	101,852,384	101,701,703	(150,681)
Charges for services	29,039,133	30,835,680	1,796,547
Fines and forfeitures	4,120,889	4,836,051	715,162
Impact fees		817,801	817,801
Investment income	100,000	397,467	297,467
Miscellaneous	1,699,462	594,283	(1,105,179)
Total revenues	237,716,292	240,079,924	2,363,632
EXPENDITURES			
General government			
Mayor and council			
Salaries and wages	331,451	320,036	11,415
Employee benefits	212,289	203,222	9,067
Services and supplies	172,909	141,979	30,930
Total mayor and council	716,649	665,237	51,412
City manager			
Salaries and wages	871,522	831,046	40,476
Employee benefits	345,101	301,863	43,238
Services and supplies	50,280	32,447	17,833
Total city manager	1,266,903	1,165,356	101,547
Finance			
Salaries and wages	3,600,264	3,445,567	154,697
Employee benefits	1,619,004	1,464,982	154,022
Services and supplies	461,493	282,018	179,475
Total finance	5,680,761	5,192,567	488,194
Information technology			
Salaries and wages	5,181,118	5,009,123	171,995
Employee benefits	2,162,827	2,058,898	103,929
Services and supplies	912,609	679,017	233,592
Capital outlay	189,000	40,000	149,000
Total information technology	8,445,554	7,787,038	658,516
City clerk			
Salaries and wages	1,223,896	1,209,098	14,798
Employee benefits	549,162	538,455	10,707
Services and supplies	224,614	232,012	(7,398)
Capital outlay	12,000	6,283	5,717
Total city clerk	2,009,672	1,985,848	23,824
Human resources			
Salaries and wages	1,559,409	1,492,290	67,119
Employee benefits	670,692	665,844	4,848
Services and supplies	875,590	514,263	361,327
Capital outlay	28,500	21,831	6,669
Total human resources	3,134,191	2,694,228	439,963
City attorney			
Salaries and wages	1,636,857	1,611,075	25,782
Employee benefits	609,942	601,418	8,524
Services and supplies	1,031,789	526,615	505,174
Total city attorney	3,278,588	2,739,108	539,480

(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, 2016

	Final Budget	Actual	Variance
Community development			
Salaries and wages	2,468,655	2,391,669	76,986
Employee benefits	1,089,715	1,036,680	53,035
Services and supplies	758,476	497,494	260,982
Total community development	4,316,846	3,925,843	391,003
Building maintenance			
Salaries and wages	2,449,177	2,441,523	7,654
Employee benefits	1,250,352	1,188,249	62,103
Services and supplies	4,815,864	4,677,373	138,491
Capital outlay	276,031	126,551	149,480
Total building maintenance	8,791,424	8,433,696	357,728
Public affairs			
Salaries and wages	1,190,170	1,143,639	46,531
Employee benefits	499,114	460,625	38,489
Services and supplies	510,037	502,861	7,176
Total public affairs	2,199,321	2,107,125	92,196
Internal audit			
Salaries and wages	242,771	242,401	370
Employee benefits	101,845	101,344	501
Services and supplies	12,310	5,671	6,639
Total internal audit	356,926	349,416	7,510
Council support			
Salaries and wages	177,419	170,740	6,679
Employee benefits	95,858	74,806	21,052
Services and supplies	438,560	163,540	275,020
Total council support	711,837	409,086	302,751
Miscellaneous			
Salaries and wages	2,898,765	2,568,658	330,107
Employee benefits	490,000	472,098	17,902
Services and supplies	762,095	439,011	323,084
Total miscellaneous	4,150,860	3,479,767	671,093
Total general government	45,059,532	40,934,315	4,125,217
Judicial			
Municipal court			
Salaries and wages	4,172,454	4,032,114	140,340
Employee benefits	2,164,461	2,048,035	116,426
Services and supplies	704,482	646,117	58,365
Total municipal court	7,041,397	6,726,266	315,131
City attorney- criminal			
Salaries and wages	2,276,487	2,234,969	41,518
Employee benefits	1,059,902	1,036,085	23,817
Services and supplies	269,500	244,652	24,848
Total city attorney- criminal	3,605,889	3,515,706	90,183
City attorney- court programs			
Salaries and wages	1,025,797	945,258	80,539
Employee benefits	424,881	414,100	10,781
Services and supplies	291,766	211,732	80,034
Capital outlay	47,064	47,051	13
Total city attorney- court programs	1,789,508	1,618,141	171,367

(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, 2016

	Final Budget	Actual	Variance
Total judicial	12,436,794	11,860,113	576,681
Public safety			
Fire			
Salaries and wages	28,893,036	28,624,247	268,789
Employee benefits	13,188,814	12,982,174	206,640
Services and supplies	3,410,499	3,400,106	10,393
Total fire	45,492,349	45,006,527	485,822
Police			
Salaries and wages	48,621,955	48,249,412	372,543
Employee benefits	25,525,535	24,624,765	900,770
Services and supplies	11,201,939	11,153,074	48,865
Total police	85,349,429	84,027,251	1,322,178
Building inspection			
Salaries and wages	1,037,900	1,021,743	16,157
Employee benefits	492,953	479,494	13,459
Services and supplies	214,968	142,112	72,856
Total building inspection	1,745,821	1,643,349	102,472
Total public safety	132,587,599	130,677,127	1,910,472
Public works			
Streets			
Salaries and wages	685,733	637,084	48,649
Employee benefits	323,322	299,317	24,005
Services and supplies	797,523	963,671	(166,148)
Total streets	1,806,578	1,900,072	(93,494)
Street lighting			
Salaries and wages	822,962	727,965	94,997
Employee benefits	365,096	328,812	36,284
Services and supplies	2,239,296	2,061,948	177,348
Total street lighting	3,427,354	3,118,725	308,629
Public works general services			
Salaries and wages	2,068,321	1,922,377	145,944
Employee benefits	943,419	846,999	96,420
Services and supplies	793,497	600,519	192,978
Total public works general services	3,805,237	3,369,895	435,342
Total public works	9,039,169	8,388,692	650,477
Culture and recreation			
Parks			
Salaries and wages	7,022,865	6,871,356	151,509
Employee benefits	3,480,445	3,330,224	150,221
Services and supplies	6,607,482	6,013,654	593,828
Capital outlay	31,997	36,539	(4,542)
Total parks	17,142,789	16,251,773	891,016
Recreation			
Salaries and wages	11,240,214	10,794,264	445,950
Employee benefits	3,388,088	3,287,269	100,819
Services and supplies	4,883,582	4,624,291	259,291
Capital outlay	20,219	20,218	1
Total recreation	19,532,103	18,726,042	806,061

(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, 2016

	Final Budget	Actual	Variance
Total culture and recreation	36,674,892	34,977,815	1,697,077
Community support			
Economic development			
Salaries and wages	461,083	424,952	36,131
Employee benefits	207,378	178,222	29,156
Services and supplies	282,775	277,449	5,326
Total economic development	951,236	880,623	70,613
Neighborhood services			
Salaries and wages	327,511	313,342	14,169
Employee benefits	135,940	128,035	7,905
Services and supplies	475,666	212,411	263,255
Total neighborhood services	939,117	653,788	285,329
Total community support	1,890,353	1,534,411	355,942
Total expenditures	237,688,339	228,372,473	9,315,866
EXCESS OF REVENUES OVER EXPENDITURES	27,953	11,707,451	11,679,498
OTHER FINANCING SOURCES (USES)			
Transfers out	(2,227,969)	(9,556,223)	(7,328,254)
CHANGE IN FUND BALANCE	(2,200,016)	2,151,228	4,351,244
FUND BALANCE, BEGINNING OF YEAR	22,740,756	22,740,756	
FUND BALANCE, END OF YEAR	\$ 20,540,740	\$ 24,891,984	\$ 4,351,244

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, 2016

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 16,000,000	\$ 7,592,882	\$ (8,407,118)
Miscellaneous	898,142	320,677	(577,465)
Total revenues	16,898,142	7,913,559	(8,984,583)
EXPENDITURES			
General government			
Salaries and wages	402,501		402,501
Employee benefits	226,403		226,403
Services and supplies	25,000	24,071	929
Total general government	653,904	24,071	629,833
Judicial			
Salaries and wages	2,000	3,854	(1,854)
Employee benefits	200	135	65
Services and supplies	150,000	116,903	33,097
Total judicial	152,200	120,892	31,308
Public safety			
Salaries and wages	530,000	372,189	157,811
Employee benefits	64,000	24,890	39,110
Services and supplies	1,050,000	295,672	754,328
Capital outlay	700,000	124,252	575,748
Total public safety	2,344,000	817,003	1,526,997
Public works			
Salaries and wages	12,000		12,000
Employee benefits	5,000	1	4,999
Services and supplies	600,000	354,818	245,182
Capital outlay	3,000,000	1,335,832	1,664,168
Total public works	3,617,000	1,690,651	1,926,349
Culture and recreation			
Salaries and wages	267,000	218,892	48,108
Employee benefits	74,053	43,103	30,950
Services and supplies	1,192,635	942,597	250,038
Capital outlay	600,000	465,089	134,911
Total culture and recreation	2,133,688	1,669,681	464,007
Community support			
Salaries and wages	615,713	431,201	184,512
Employee benefits	311,469	212,019	99,450
Services and supplies	3,541,254	3,584,746	(43,492)
Capital outlay	65,000	65,000	
Total community support	4,533,436	4,292,966	240,470
Total expenditures	13,434,228	8,615,264	4,818,964
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,463,914	(701,705)	(4,165,619)
CHANGE IN FUND BALANCE	3,463,914	(701,705)	(4,165,619)
FUND BALANCE, BEGINNING OF YEAR	1,363,273	1,363,273	
FUND BALANCE, END OF YEAR	\$ 4,827,187	\$ 661,568	\$ (4,165,619)

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, 2016

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 8,525,243	\$ 9,097,750	\$ 572,507
Investment income	135,105	276,954	141,849
Rental fees		1,178	1,178
Miscellaneous	28,080	27,093	(987)
Total revenues	8,688,428	9,402,975	714,547
EXPENDITURES			
General government			
Salaries and wages	661,956	641,012	20,944
Employee benefits	267,197	256,097	11,100
Services and supplies	6,487,261	5,793,039	694,222
Total general government	7,416,414	6,690,148	726,266
Debt service			
Principal payments	755,000	755,000	
Payment to current bond refunding agent	10,210,000	10,288,415	(78,415)
Interest charges	453,929	453,930	(1)
Total debt service	11,418,929	11,497,345	(78,416)
Total expenditures	18,835,343	18,187,493	647,850
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(10,146,915)	(8,784,518)	1,362,397
OTHER FINANCING SOURCES			
Issuance of refunding bonds	9,365,000	9,365,000	
Premium on refunding bonds issued	475,559	475,559	
Total other financing sources	9,840,559	9,840,559	
CHANGE IN FUND BALANCE	(306,356)	1,056,041	1,362,397
FUND BALANCE, BEGINNING OF YEAR	27,523,021	27,523,021	
FUND BALANCE, END OF YEAR	\$ 27,216,665	\$ 28,579,062	\$ 1,362,397

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, 2016

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 3,148,599	\$ 4,032,038	\$ 883,439
Investment income	<u>67,000</u>	<u>117,393</u>	<u>50,393</u>
Total revenues	<u>3,215,599</u>	<u>4,149,431</u>	<u>933,832</u>
EXPENDITURES			
Public works			
Salaries and wages	516,704	537,772	(21,068)
Employee benefits	254,696	230,222	24,474
Services and supplies	445,036	140,337	304,699
Capital outlay	<u>2,045,494</u>	<u>252,287</u>	<u>1,793,207</u>
Total public works	<u>3,261,930</u>	<u>1,160,618</u>	<u>2,101,312</u>
Total expenditures	<u>3,261,930</u>	<u>1,160,618</u>	<u>2,101,312</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(46,331)</u>	<u>2,988,813</u>	<u>3,035,144</u>
OTHER FINANCING USES			
Transfers out	<u>(67,000)</u>	<u>(64,949)</u>	<u>2,051</u>
CHANGE IN FUND BALANCE	(113,331)	2,923,864	3,037,195
FUND BALANCE, BEGINNING OF YEAR	<u>7,403,170</u>	<u>7,403,170</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 7,289,839</u>	<u>\$ 10,327,034</u>	<u>\$ 3,037,195</u>

CITY OF HENDERSON, NEVADA

FORFEITED ASSETS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 266,900	\$ 283,630	\$ 16,730
Investment income	2,550	7,523	4,973
Miscellaneous	6,000	6,677	677
Total revenues	<u>275,450</u>	<u>297,830</u>	<u>22,380</u>
EXPENDITURES			
Public safety			
Services and supplies	634,069	396,174	237,895
Capital outlay	152,070	158,967	(6,897)
Total public safety	<u>786,139</u>	<u>555,141</u>	<u>230,998</u>
Total expenditures	<u>786,139</u>	<u>555,141</u>	<u>230,998</u>
CHANGE IN FUND BALANCE	(510,689)	(257,311)	253,378
FUND BALANCE, BEGINNING OF YEAR	<u>578,410</u>	<u>578,410</u>	
FUND BALANCE, END OF YEAR	<u>\$ 67,721</u>	<u>\$ 321,099</u>	<u>\$ 253,378</u>

CITY OF HENDERSON, NEVADA

MUNICIPAL COURT ADMINISTRATIVE FEE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 647,872	\$ 739,562	\$ 91,690
EXPENDITURES			
Judicial			
Salaries and wages	166,767	146,636	20,131
Employee benefits	60,693	61,592	(899)
Services and supplies	608,991	530,900	78,091
Capital outlay	351,255	334,576	16,679
Total judicial	1,187,706	1,073,704	114,002
Total expenditures	1,187,706	1,073,704	114,002
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(539,834)	(334,142)	205,692
CHANGE IN FUND BALANCE	(539,834)	(334,142)	205,692
FUND BALANCE, BEGINNING OF YEAR	992,978	992,978	
FUND BALANCE, END OF YEAR	\$ 453,144	\$ 658,836	\$ 205,692

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 11,114	\$ 11,137	\$ 23
Investment income	<u>180,000</u>	<u>276,779</u>	<u>96,779</u>
Total revenues	<u>191,114</u>	<u>287,916</u>	<u>96,802</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>191,114</u>	<u>287,916</u>	<u>96,802</u>
OTHER FINANCING SOURCES			
Transfers in	<u>400,000</u>	<u>400,000</u>	
CHANGE IN FUND BALANCE	591,114	687,916	96,802
FUND BALANCE, BEGINNING OF YEAR	<u>19,370,562</u>	<u>19,370,562</u>	
FUND BALANCE, END OF YEAR	<u>\$ 19,961,676</u>	<u>\$ 20,058,478</u>	<u>\$ 96,802</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, 2016

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 14,000,000	\$ 14,092,778	\$ 92,778
Charges for services		40,441	40,441
Investment income	2,500	2,685	185
Miscellaneous		13,699	13,699
Total revenues	14,002,500	14,149,603	147,103
EXPENDITURES			
Public safety			
Salaries and wages	8,507,537	8,292,312	215,225
Employee benefits	4,550,421	4,437,090	113,331
Services and supplies	1,584,716	1,453,279	131,437
Total public safety	14,642,674	14,182,681	459,993
Total expenditures	14,642,674	14,182,681	459,993
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(640,174)	(33,078)	607,096
CHANGE IN FUND BALANCE	(640,174)	(33,078)	607,096
FUND BALANCE, BEGINNING OF YEAR	2,627,171	2,627,171	
FUND BALANCE, END OF YEAR	\$ 1,986,997	\$ 2,594,093	\$ 607,096

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 70,000	\$ 92,514	\$ 22,514
Investment income	<u>1,500</u>	<u>3,826</u>	<u>2,326</u>
Total revenues	<u>71,500</u>	<u>96,340</u>	<u>24,840</u>
EXPENDITURES			
Public safety			
Salaries and wages	15,000	6,972	8,028
Employee benefits	5,000	2,587	2,413
Services and supplies	<u>75,000</u>	<u>55,751</u>	<u>19,249</u>
Total expenditures	<u>95,000</u>	<u>65,310</u>	<u>29,690</u>
CHANGE IN FUND BALANCE	(23,500)	31,030	54,530
FUND BALANCE, BEGINNING OF YEAR	<u>198,723</u>	<u>198,723</u>	
FUND BALANCE, END OF YEAR	<u>\$ 175,223</u>	<u>\$ 229,753</u>	<u>\$ 54,530</u>

CITY OF HENDERSON, NEVADA

ELDORADO VALLEY TRAINING FACILITY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 50,000	\$ 50,000	\$
Charges for services		12,000	12,000
Investment income		1,167	1,167
Rental fees		11,100	11,100
Miscellaneous	20,000	1,492	(18,508)
	70,000	75,759	5,759
Total revenues			
EXPENDITURES			
Public safety			
Salaries and wages	8,000	6,579	1,421
Employee benefits	500	168	332
Services and supplies	101,503	36,417	65,086
Total public safety	110,003	43,164	66,839
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(40,003)	32,595	72,598
OTHER FINANCING SOURCES			
Transfers in	50,000	50,000	
CHANGE IN FUND BALANCE	9,997	82,595	72,598
FUND BALANCE, BEGINNING OF YEAR	40,591	40,591	
FUND BALANCE, END OF YEAR	\$ 50,588	\$ 123,186	\$ 72,598

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Special assessments	\$ 81,365	\$ 150,382	\$ 69,017
Investment income	123,508	132,817	9,309
Miscellaneous	50,000	129,365	79,365
Total revenues	<u>254,873</u>	<u>412,564</u>	<u>157,691</u>
EXPENDITURES			
Public works			
Services and supplies	<u>31,007</u>	<u>5,308</u>	<u>25,699</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>223,866</u>	<u>407,256</u>	<u>183,390</u>
OTHER FINANCING USES			
Transfers out	<u> </u>	<u>(196,538)</u>	<u>(196,538)</u>
CHANGE IN FUND BALANCE	223,866	210,718	(13,148)
FUND BALANCE, BEGINNING OF YEAR	<u>989,264</u>	<u>989,264</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 1,213,130</u>	<u>\$ 1,199,982</u>	<u>\$ (13,148)</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, 2016

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 3,761,669	\$ 3,761,620	\$ (49)
Investment income	<u>31,500</u>	<u>111,897</u>	<u>80,397</u>
Total revenues	<u>3,793,169</u>	<u>3,873,517</u>	<u>80,348</u>
EXPENDITURES			
General government			
Services and supplies		5,498	(5,498)
Total general government		<u>5,498</u>	<u>(5,498)</u>
Debt service			
Principal payments	5,256,000	5,256,000	
Interest charges	4,680,306	4,680,306	
Administrative and other costs	<u>34,150</u>		<u>34,150</u>
Total debt service	<u>9,970,456</u>	<u>9,936,306</u>	<u>34,150</u>
Total expenditures	<u>9,970,456</u>	<u>9,941,804</u>	<u>28,652</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,177,287)</u>	<u>(6,068,287)</u>	<u>109,000</u>
OTHER FINANCING SOURCES			
Transfers in	<u>4,818,219</u>	<u>4,939,024</u>	<u>120,805</u>
Total other financing sources	<u>4,818,219</u>	<u>4,939,024</u>	<u>120,805</u>
CHANGE IN FUND BALANCE	(1,359,068)	(1,129,263)	229,805
FUND BALANCE, BEGINNING OF YEAR	<u>7,325,145</u>	<u>7,325,145</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,966,077</u>	<u>\$ 6,195,882</u>	<u>\$ 229,805</u>

CITY OF HENDERSON, NEVADA

MUNICIPAL FACILITIES ACQUISITION AND CONSTRUCTION CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 49,800	\$ 49,800	\$
Investment income	100,000	184,521	84,521
Developer contributions	2,155,209	2,155,209	
Total revenues	<u>2,305,009</u>	<u>2,389,530</u>	<u>84,521</u>
EXPENDITURES			
General government			
Services and supplies	65,839	7,095	58,744
Capital outlay	699,505	355,794	343,711
Total general government	<u>765,344</u>	<u>362,889</u>	<u>402,455</u>
Public safety			
Services and supplies		460,602	(460,602)
Capital outlay	707,842	797,341	(89,499)
Total public safety	<u>707,842</u>	<u>1,257,943</u>	<u>(550,101)</u>
Public works			
Salaries and wages	70,615	21,830	48,785
Employee benefits	8,425	754	7,671
Services and supplies	2,149,707	58,161	2,091,546
Capital outlay	2,060,862	313,635	1,747,227
Total public works	<u>4,289,609</u>	<u>394,380</u>	<u>3,895,229</u>
Total expenditures	<u>5,762,795</u>	<u>2,015,212</u>	<u>3,747,583</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,457,786)</u>	<u>374,318</u>	<u>3,832,104</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		2,000,000	2,000,000
Transfers out	(400,000)		400,000
Total other financing sources (uses)	<u>(400,000)</u>	<u>2,000,000</u>	<u>2,400,000</u>
CHANGE IN FUND BALANCE	(3,857,786)	2,374,318	6,232,104
FUND BALANCE, BEGINNING OF YEAR	<u>12,135,074</u>	<u>12,135,074</u>	
FUND BALANCE, END OF YEAR	<u>\$ 8,277,288</u>	<u>\$ 14,509,392</u>	<u>\$ 6,232,104</u>

CITY OF HENDERSON, NEVADA

SPECIAL RECREATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,700,000	\$ 2,758,525	\$ 58,525
Charges for services	100,000	96,604	(3,396)
Investment income	37,500	72,236	34,736
Rental fees		1,330	1,330
Miscellaneous	10,250	17,773	7,523
Total revenues	2,847,750	2,946,468	98,718
EXPENDITURES			
Culture and recreation			
Salaries and wages	11,563	11,934	(371)
Employee benefits	1,637	1,585	52
Services and supplies	2,624,909	1,833,003	791,906
Capital outlay	806,315	157,767	648,548
Total expenditures	3,444,424	2,004,289	1,440,135
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(596,674)	942,179	1,538,853
OTHER FINANCING USES			
Transfers out	(274,794)	(274,794)	
CHANGE IN FUND BALANCE	(871,468)	667,385	1,538,853
FUND BALANCE, BEGINNING OF YEAR	5,064,130	5,064,130	
FUND BALANCE, END OF YEAR	\$ 4,192,662	\$ 5,731,515	\$ 1,538,853

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, 2016

	Final Budget	Actual	Variance
REVENUES			
Impact fees	\$ 959,000	\$ 1,298,666	\$ 339,666
Investment income	80,400	63,245	(17,155)
Total revenues	1,039,400	1,361,911	322,511
EXPENDITURES			
Culture and recreation			
Salaries and wages	60,695	58	60,637
Employee benefits	100	41	59
Services and supplies	238,360	38,868	199,492
Capital outlay	1,780,586	541,769	1,238,817
Total culture and recreation	2,079,741	580,736	1,499,005
Total expenditures	2,079,741	580,736	1,499,005
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,040,341)	781,175	1,821,516
CHANGE IN FUND BALANCE	(1,040,341)	781,175	1,821,516
FUND BALANCE, BEGINNING OF YEAR	4,149,116	4,149,116	
FUND BALANCE, END OF YEAR	\$ 3,108,775	\$ 4,930,291	\$ 1,821,516

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, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ <u>2,000</u>	\$ <u>6,925</u>	\$ <u>4,925</u>
CHANGE IN FUND BALANCE	2,000	6,925	4,925
FUND BALANCE, BEGINNING OF YEAR	<u>190,801</u>	<u>190,801</u>	
FUND BALANCE, END OF YEAR	<u>\$ <u>192,801</u></u>	<u>\$ <u>197,726</u></u>	<u>\$ <u>4,925</u></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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ <u>94,388</u>	\$ <u>233,066</u>	\$ <u>138,678</u>
EXPENDITURES			
Public works			
Services and supplies	138,878	138,878	
Capital outlay	<u>98,449</u>	<u>94,388</u>	<u>4,061</u>
Total public works	<u>237,327</u>	<u>233,266</u>	<u>4,061</u>
Total expenditures	<u>237,327</u>	<u>233,266</u>	<u>4,061</u>
CHANGE IN FUND BALANCE	(142,939)	(200)	142,739
FUND BALANCE, BEGINNING OF YEAR	<u>535,553</u>	<u>535,553</u>	
FUND BALANCE, END OF YEAR	<u>\$ 392,614</u>	<u>\$ 535,353</u>	<u>\$ 142,739</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, 2016

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 1,300,000	\$ 1,224,362	\$ (75,638)
Investment income		850	850
Total revenues	1,300,000	1,225,212	(74,788)
EXCESS OF REVENUES OVER EXPENDITURES	1,300,000	1,225,212	(74,788)
OTHER FINANCING USES			
Transfers out	(1,300,000)	(1,300,000)	
CHANGE IN FUND BALANCE		(74,788)	(74,788)
FUND BALANCE, BEGINNING OF YEAR	364,787	364,787	
FUND BALANCE, END OF YEAR	\$ 364,787	\$ 289,999	\$ (74,788)

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, 2016

	Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 16,200	\$ 82,606	\$ 66,406
Investment income	91,000	270,965	179,965
Developer contributions	8,577,841	7,509,025	(1,068,816)
Miscellaneous	474,896	474,896	474,896
Total revenues	8,685,041	8,337,492	(347,549)
EXPENDITURES			
General government			
Salaries and wages	17,527	12,553	4,974
Employee benefits	1,500	435	1,065
Services and supplies	778,191	456,557	321,634
Capital outlay	347,054	372,766	(25,712)
Total general government	1,144,272	842,311	301,961
Public safety			
Services and supplies	141,565	105,815	35,750
Capital outlay	263,932	42,983	220,949
Total public safety	405,497	148,798	256,699
Public works			
Salaries and wages	61	246	(185)
Employee benefits		100	(100)
Services and supplies	3,871,408	2,181,755	1,689,653
Capital outlay	12,631,744	3,284,305	9,347,439
Total public works	16,503,213	5,466,406	11,036,807
Culture and recreation			
Services and supplies	18,093	13,532	4,561
Capital outlay	2,671,722	196,962	2,474,760
Total culture and recreation	2,689,815	210,494	2,479,321
Total expenditures	20,742,797	6,668,009	14,074,788
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,057,756)	1,669,483	13,727,239
OTHER FINANCING SOURCES			
Transfers in	1,000,000	5,011,500	4,011,500
CHANGE IN FUND BALANCE	(11,057,756)	6,680,983	17,738,739
FUND BALANCE, BEGINNING OF YEAR	15,838,068	15,838,068	
FUND BALANCE, END OF YEAR	\$ 4,780,312	\$ 22,519,051	\$ 17,738,739

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ <u>58,000</u>	\$ <u>81,186</u>	\$ <u>23,186</u>
CHANGE IN FUND BALANCE	58,000	81,186	23,186
FUND BALANCE, BEGINNING OF YEAR	<u>5,754,559</u>	<u>5,754,559</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,812,559</u>	<u>\$ 5,835,745</u>	<u>\$ 23,186</u>

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 24,000	\$ 55,400	\$ 31,400
EXPENDITURES			
Public works			
Salaries and wages	464	24	440
Employee benefits	1,348	13	1,335
Services and supplies	10,351,741	24,341	10,327,400
Capital outlay	25,800,043	24,231,813	1,568,230
Total public works	36,153,596	24,256,191	11,897,405
Debt service			
Interest charges	97,908	55,892	42,016
Total expenditures	36,251,504	24,312,083	11,939,421
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(36,227,504)	(24,256,683)	11,970,821
OTHER FINANCING SOURCES			
Transfers in	_____	196,538	196,538
CHANGE IN FUND BALANCE	(36,227,504)	(24,060,145)	12,167,359
FUND BALANCE, BEGINNING OF YEAR	54,308,435	54,308,435	_____
FUND BALANCE, END OF YEAR	\$ 18,080,931	\$ 30,248,290	\$ 12,167,359

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$	\$ 9,992	\$ 9,992
Investment income	825,000	1,018,406	193,406
Rental fees		518,005	518,005
Miscellaneous	<u>460,000</u>	<u>106,095</u>	<u>(353,905)</u>
Total revenues	<u>1,285,000</u>	<u>1,652,498</u>	<u>367,498</u>
EXPENDITURES			
General government			
Salaries and wages	186,015	184,493	1,522
Employee benefits	69,418	68,260	1,158
Services and supplies	<u>15,475</u>	<u>5,400</u>	<u>10,075</u>
Total general government	<u>270,908</u>	<u>258,153</u>	<u>12,755</u>
Public safety			
Salaries and wages	48,000	38,468	9,532
Employee benefits	10,625	9,273	1,352
Services and supplies	126,000		126,000
Capital outlay	<u>229,837</u>	<u>195,788</u>	<u>34,049</u>
Total public safety	<u>414,462</u>	<u>243,529</u>	<u>170,933</u>
Public works			
Salaries and wages	98,266	91,015	7,251
Employee benefits	39,437	36,629	2,808
Services and supplies	1,218,532	287,757	930,775
Capital outlay	<u>979,240</u>	<u>158,628</u>	<u>820,612</u>
Total public works	<u>2,335,475</u>	<u>574,029</u>	<u>1,761,446</u>
Total expenditures	<u>3,020,845</u>	<u>1,075,711</u>	<u>1,945,134</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,735,845)</u>	<u>576,787</u>	<u>2,312,632</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from land sales	2,600,000	2,696,014	96,014
Transfers out	<u>(287,281)</u>	<u>(287,281)</u>	
Total other financing sources (uses)	<u>2,312,719</u>	<u>2,408,733</u>	<u>96,014</u>
CHANGE IN FUND BALANCE	576,874	2,985,520	2,408,646
FUND BALANCE, BEGINNING OF YEAR	<u>24,569,360</u>	<u>24,569,360</u>	
FUND BALANCE, END OF YEAR	<u>\$ 25,146,234</u>	<u>\$ 27,554,880</u>	<u>\$ 2,408,646</u>

PROPRIETARY FUNDS

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other department or agencies of the government and to other governmental units, on a cost reimbursement basis

Engineering - to account for the financing of engineering services provided by City engineers to other departments or to other governmental units such as Federal (Environmental Protection Agency and Housing and Urban Development) or State. Charges are made on a cost-reimbursement basis.

City Shop - to account for the costs of acquisition, maintenance (including fuel) and replacement of all City vehicles. Charges are billed to the user departments on a cost-reimbursement basis including depreciation.

Revolving Fund - to account for the resources and revenues of a fund that is restricted to the provision of loans to special assessment districts.

Self Insurance - to account for monies collected from various City departments and funds that are to be expended for payment of claims, to certain limits, for casualty and accident losses.

Worker's Compensation Self Insurance - to account for and accumulate funds collected from various City departments and funds to be expended for payments of employees' work related injury claims, to certain limits, including disability payments.

Health Insurance Self Insurance - to account for and accumulate funds collected from various City departments

and funds to be expended for payments of employees' health claims, to certain limits, and related insurance premiums including life and travel insurance for employees.

Citywide Services - to account for the costs of common services such as telephone, copy and print services, and certain information technology services provided by one department to other departments and funds on a cost reimbursement basis.

Enterprise Funds

Non-major Enterprise Funds

Cultural Arts & Tourism Enterprise Fund - to account for costs of operating the Henderson Convention Center, the Henderson Events Plaza, and the Pavilion at Liberty Pointe. Resources for the operation of these activities are derived from a room tax imposed by the City, a percentage of the total Gaming License Revenue received by the City designated for the support of the convention center and the promotion of tourism, and user fees.

Municipal Golf Course Enterprise Fund - to account for the operations related to the City's municipal golf course known as the Wildhorse Golf Course.

Development Services Fund - to account for activities and transactions related to the building permit processing function. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, permit processing, issuance, monitoring, building inspection, plan checking, certain development reviews and related administrative expenses.



2016

Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016

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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2016

	Engineering	City Shop	Revolving	Worker's		Citywide	Total Internal
				Self Insurance	Health Insurance		
ASSETS							
Current assets							
Cash, cash equivalents and investments	\$ 4,555,451	\$ 10,451,045	\$ 2,978,401	\$ 6,204,921	\$ 19,478,029	\$ 6,375,335	\$ 60,703,399
Restricted cash and cash equivalents					831,786		831,786
Accounts receivable, net	9,504	4,058		2,636	141,815	10,456	168,469
Interest receivable	5,796	14,108	4,065	8,366	23,826	7,564	79,014
Inventories		62,054					62,054
Prepaid items		10,376					11,471
Due from other governments	291,608						291,608
Total current assets	<u>4,862,359</u>	<u>10,541,641</u>	<u>2,982,466</u>	<u>6,215,923</u>	<u>19,643,670</u>	<u>7,225,141</u>	<u>62,147,801</u>
Noncurrent assets							
Capital assets, net of accumulated depreciation and amortization							
Construction in progress		99,720					99,720
Buildings and building improvements		744,560					744,560
Improvements other than buildings		1,163,704					1,163,704
Machinery and equipment	14,385	53,912,314					53,926,699
Accumulated depreciation and amortization	(14,385)	(39,668,826)					(39,683,211)
Total capital assets, net of accumulated depreciation and amortization		<u>16,251,472</u>					<u>16,251,472</u>
Other assets							
Advances to other funds					1,507,603		1,507,603
Total noncurrent assets		<u>16,251,472</u>			<u>1,507,603</u>		<u>17,759,075</u>
Total assets	<u>4,862,359</u>	<u>26,793,113</u>	<u>4,490,069</u>	<u>6,215,923</u>	<u>19,643,670</u>	<u>7,225,141</u>	<u>79,906,876</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pensions	<u>1,167,842</u>	<u>381,607</u>		<u>149,558</u>	<u>236,705</u>	<u>28,360</u>	<u>2,157,429</u>

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2016

	Engineering	City Shop	Revolving	Self Insurance	Worker's		Health Insurance	Citywide Services	Total Internal Service Funds
					Self Insurance	Compensation			
LIABILITIES									
Current liabilities									
Accounts payable and other accrued liabilities	58,974	565,361		29,043	74,531	69,166	1,057,407	1,854,482	
Accrued wages	123,961	39,142		14,448	27,925	2,768	25,591	233,835	
Deposits							32,954	32,954	
Compensated absences	120,718	32,234		20,848	13,702	6,583	10,524	204,609	
Claims and judgments				1,541,408	10,459,999	1,608,000		13,609,407	
Total current liabilities	<u>303,653</u>	<u>636,737</u>		<u>1,605,747</u>	<u>10,576,157</u>	<u>1,686,517</u>	<u>1,126,476</u>	<u>15,935,287</u>	
Noncurrent liabilities									
Compensated absences	1,377,760	367,891		237,935	156,378	75,131	120,109	2,335,204	
Other post employment benefits	669,733	185,888		63,175	65,063	1,169,037	52,611	2,205,507	
Net pension liability	7,034,219	2,294,763		900,698	1,413,832	170,794	1,158,395	12,972,701	
Total noncurrent liabilities	<u>9,081,712</u>	<u>2,848,542</u>		<u>1,201,808</u>	<u>1,635,273</u>	<u>1,414,962</u>	<u>1,331,115</u>	<u>17,513,412</u>	
Total liabilities	<u>9,385,365</u>	<u>3,485,279</u>		<u>2,807,555</u>	<u>12,211,430</u>	<u>3,101,479</u>	<u>2,457,591</u>	<u>33,448,699</u>	
DEFERRED INFLOWS OF RESOURCES									
Deferred amounts related to pensions	897,700	281,109		114,549	143,196	21,709	128,297	1,586,560	
NET POSITION									
Net investment in capital assets		16,251,472						16,251,472	
Restricted									
Claims	(4,252,864)	7,156,860	4,490,069	3,443,377	7,525,749	4,130,313	8,284,070	15,099,439	
Unrestricted								15,678,135	
Total net position	<u>(4,252,864)</u>	<u>23,408,332</u>	<u>4,490,069</u>	<u>3,443,377</u>	<u>7,525,749</u>	<u>4,130,313</u>	<u>8,284,070</u>	<u>47,029,046</u>	

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

	Engineering	City Shop	Revolving	Self Insurance	Worker's		Citywide	Total Internal
					Compensation	Health Insurance		
OPERATING REVENUES								
Charges for services	\$ 7,859,378	\$ 6,559,863	\$ 55,892	\$ 2,557,549	\$ 2,862,619	\$ 16,551,517	\$ 10,906,444	\$ 47,353,262
OPERATING EXPENSES								
Salaries and wages	3,888,716	1,309,152		526,230	912,792	96,435	776,584	7,509,909
Employee benefits	1,504,625	529,138		174,960	360,019	36,095	282,222	2,887,059
Services and supplies	1,876,283	3,685,972		1,259,076	1,335,051	2,469,436	10,447,607	21,073,425
Claims and judgments				788,664	2,096,779	13,637,211		16,522,654
Legal fees				425	18,909			19,334
Depreciation and amortization		3,033,976						3,033,976
Total operating expenses	<u>7,269,624</u>	<u>8,558,238</u>		<u>2,749,355</u>	<u>4,723,550</u>	<u>16,239,177</u>	<u>11,506,413</u>	<u>51,046,357</u>
Operating income (loss)	589,754	(1,998,375)	55,892	(191,806)	(1,860,931)	312,340	(599,969)	(3,693,095)
NONOPERATING REVENUES (EXPENSES)								
Investment income	59,284	160,132	40,588	86,046	251,422	95,035	143,175	835,682
Gain (loss) on capital asset disposition		341,836						341,836
Interest expense					(12,001)			(12,001)
Miscellaneous	235,522	13,242		22,630	74		2,177	273,645
Total nonoperating revenues (expenses)	<u>294,806</u>	<u>515,210</u>	<u>40,588</u>	<u>108,676</u>	<u>239,495</u>	<u>95,035</u>	<u>145,352</u>	<u>1,439,162</u>
Income (loss) before capital contributions and transfers	884,560	(1,483,165)	96,480	(83,130)	(1,621,436)	407,375	(454,617)	(2,253,933)
CAPITAL CONTRIBUTIONS								
Capital contributions		1,385,049						1,385,049
TRANSFERS								
Transfers in							1,437,663	1,437,663
Transfers out			(23,000)					(23,000)
Total transfers			<u>(23,000)</u>				<u>1,437,663</u>	<u>1,414,663</u>
CHANGE IN NET POSITION	884,560	(98,116)	73,480	(83,130)	(1,621,436)	407,375	983,046	545,779
NET POSITION, BEGINNING OF YEAR	(5,137,424)	23,506,448	4,416,589	3,526,507	9,147,185	3,722,938	7,301,024	46,483,267
NET POSITION, END OF YEAR	<u>(4,252,864)</u>	<u>23,408,332</u>	<u>4,490,069</u>	<u>3,443,377</u>	<u>7,525,749</u>	<u>4,130,313</u>	<u>8,284,070</u>	<u>47,029,046</u>

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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	Engineering	City Shop	Revolving	Self Insurance	Worker's		Citywide	Total Internal
					Compensation	Health Insurance		
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers	\$ 1,756,502	\$	\$	\$	\$	\$ 1,327,742	\$ 13,682	\$ 3,097,926
Cash received from other sources	235,522	20,530		22,630	74		2,177	280,933
Cash payments for goods and services	(3,593,830)	(4,203,159)		(1,979,876)	(3,133,763)	(16,216,925)	(10,633,287)	(39,760,840)
Cash payments for employee services	(4,066,561)	(1,308,081)		(491,404)	(898,326)	(94,174)	(768,642)	(7,627,188)
Cash payments for interfund services	6,131,111	6,559,863	55,892	2,557,549	2,862,619	15,223,775	10,892,762	44,283,571
Net cash provided by (used in) operating activities	<u>462,744</u>	<u>1,069,153</u>	<u>55,892</u>	<u>108,899</u>	<u>(1,169,396)</u>	<u>240,418</u>	<u>(493,308)</u>	<u>274,402</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in								
Transfers out			(23,000)				1,437,663	1,437,663
Repayments of advances from other funds			140,645					(23,000)
Interest payments on debt					(12,001)			140,645
Net cash provided by noncapital financing activities			<u>117,645</u>		<u>(12,001)</u>		<u>1,437,663</u>	<u>(12,001)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES								
Acquisition and construction of capital assets		(4,603,125)						(4,603,125)
Proceeds received from disposal of capital assets		349,331						349,331
Net cash used in capital financing activities		<u>(4,253,794)</u>						<u>(4,253,794)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment income received	61,839	171,792	42,014	89,471	264,602	99,507	145,737	874,962
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	524,583	(3,012,849)	215,551	198,370	(916,795)	339,925	1,090,092	(1,561,123)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,030,868	13,463,894	2,762,850	6,006,551	20,394,824	6,867,196	9,570,125	63,096,308
CASH AND CASH EQUIVALENTS, END OF YEAR	4,555,451	10,451,045	2,978,401	6,204,921	19,478,029	6,375,335	10,660,217	60,703,399
Cash and cash equivalents, unrestricted	<u>4,555,451</u>	<u>10,451,045</u>	<u>2,978,401</u>	<u>6,204,921</u>	<u>19,478,029</u>	<u>831,786</u>	<u>10,660,217</u>	<u>831,786</u>
Cash and cash equivalents, restricted						<u>7,207,121</u>	<u>10,660,217</u>	<u>61,535,185</u>

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

	Engineering	City Shop	Revolving	Self Insurance	Worker's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ 589,754	\$ (1,998,375)	\$ 55,892	\$ (191,806)	\$ (1,860,931)	\$ 312,340	\$ (599,969)	\$ (3,693,095)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation	3,033,976							3,033,976
Other	235,522	13,242		22,630	74		2,177	273,645
(Increase) decrease in operating assets								
Accounts receivable	4,914	7,288		(2,636)	(122,337)	18,861	(1,095)	(93,910)
Prepaid items		(10,376)						(11,471)
Due from other funds	23,321							23,321
Inventories		103						103
Increase (decrease) in operating liabilities								
Accounts payable and other accrued liabilities	16,742	103,567		22,868	23,263	(789,743)	151,646	(471,657)
Compensated absences	(204,506)	(7,446)		32,182	8,944	1,710	2,232	(166,884)
Claims and judgments				250,644	826,631	(454,000)		623,275
Other post employment benefits	15,880	1,385		3,139	7,848	1,156,585	6,094	1,190,931
Net pension liability	(218,883)	(74,211)		(28,122)	(52,888)	(5,335)	(40,712)	(420,151)
Deposits							(13,681)	(13,681)
Total adjustments	<u>(127,010)</u>	<u>3,067,528</u>		<u>300,705</u>	<u>691,535</u>	<u>(71,922)</u>	<u>106,661</u>	<u>3,967,497</u>
Net cash provided by (used in) operating activities	<u>\$ 462,744</u>	<u>\$ 1,069,153</u>	<u>\$ 55,892</u>	<u>\$ 108,899</u>	<u>\$ (1,169,396)</u>	<u>\$ 240,418</u>	<u>\$ (493,308)</u>	<u>\$ 274,402</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Contribution of capital assets	<u>\$</u>	<u>\$ 1,385,049</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,385,049</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>7,703,516</u>	\$ <u>7,859,378</u>	\$ <u>155,862</u>
OPERATING EXPENSES			
Salaries and wages	4,342,044	3,888,716	453,328
Employee benefits	2,100,644	1,504,625	596,019
Services and supplies	<u>1,992,887</u>	<u>1,876,283</u>	<u>116,604</u>
Total operating expenses	<u>8,435,575</u>	<u>7,269,624</u>	<u>1,165,951</u>
Operating income (loss)	<u>(732,059)</u>	<u>589,754</u>	<u>1,321,813</u>
NONOPERATING REVENUES			
Investment income	50,000	59,284	9,284
Miscellaneous		<u>235,522</u>	<u>235,522</u>
Total nonoperating revenues	<u>50,000</u>	<u>294,806</u>	<u>244,806</u>
CHANGE IN NET POSITION	\$ <u><u>(682,059)</u></u>	884,560	\$ <u><u>1,566,619</u></u>
NET POSITION, BEGINNING OF YEAR		<u>(5,137,424)</u>	
NET POSITION, END OF YEAR		\$ <u><u>(4,252,864)</u></u>	

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, 2016

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 5,213,391	\$ 6,559,863	\$ 1,346,472
OPERATING EXPENSES			
Salaries and wages	1,650,267	1,309,152	341,115
Employee benefits	739,944	529,138	210,806
Services and supplies	4,821,004	3,685,972	1,135,032
Depreciation and amortization	2,972,907	3,033,976	(61,069)
Total operating expenses	10,184,122	8,558,238	1,625,884
Operating loss	(4,970,731)	(1,998,375)	2,972,356
NONOPERATING REVENUES			
Investment income	132,000	160,132	28,132
Gain (loss) on capital asset disposition	288,000	341,836	53,836
Miscellaneous		13,242	13,242
Total nonoperating revenues	420,000	515,210	95,210
Loss before capital contributions	(4,550,731)	(1,483,165)	3,067,566
CAPITAL CONTRIBUTIONS			
Capital contributions	286,000	1,385,049	1,099,049
CHANGE IN NET POSITION	\$ (4,264,731)	(98,116)	\$ 4,166,615
NET POSITION, BEGINNING OF YEAR		23,506,448	
NET POSITION, END OF YEAR		\$ 23,408,332	

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>56,000</u>	\$ <u>55,892</u>	\$ <u>(108)</u>
Operating income	<u>56,000</u>	<u>55,892</u>	<u>(108)</u>
NONOPERATING REVENUES			
Investment income	<u>23,000</u>	<u>40,588</u>	<u>17,588</u>
Income before transfers	<u>79,000</u>	<u>96,480</u>	<u>17,480</u>
TRANSFERS			
Transfers out	<u>(23,000)</u>	<u>(23,000)</u>	
CHANGE IN NET POSITION	\$ <u><u>56,000</u></u>	73,480	\$ <u><u>17,480</u></u>
NET POSITION, BEGINNING OF YEAR		<u>4,416,589</u>	
NET POSITION, END OF YEAR		\$ <u><u>4,490,069</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, 2016

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 2,557,549	\$ 2,557,549	\$ _____
OPERATING EXPENSES			
Salaries and wages	497,954	526,230	(28,276)
Employee benefits	203,633	174,960	28,673
Services and supplies	1,344,957	1,259,076	85,881
Claims and judgments	1,425,000	788,664	636,336
Legal fees	100,000	425	99,575
Total operating expenses	3,571,544	2,749,355	822,189
Operating loss	(1,013,995)	(191,806)	822,189
NONOPERATING REVENUES			
Investment income	65,000	86,046	21,046
Miscellaneous	19,500	22,630	3,130
Total nonoperating revenues	84,500	108,676	24,176
CHANGE IN NET POSITION	\$ (929,495)	(83,130)	\$ 846,365
NET POSITION, BEGINNING OF YEAR		3,526,507	
NET POSITION, END OF YEAR		\$ 3,443,377	

CITY OF HENDERSON, NEVADA

WORKER'S COMPENSATION SELF INSURANCE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>3,072,530</u>	\$ <u>2,862,619</u>	\$ <u>(209,911)</u>
OPERATING EXPENSES			
Salaries and wages	946,928	912,792	34,136
Employee benefits	426,254	360,019	66,235
Services and supplies	1,556,019	1,335,051	220,968
Claims and judgments	5,444,093	2,096,779	3,347,314
Legal fees	25,000	18,909	6,091
Total operating expenses	<u>8,398,294</u>	<u>4,723,550</u>	<u>3,674,744</u>
Operating loss	<u>(5,325,764)</u>	<u>(1,860,931)</u>	<u>3,464,833</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	210,000	251,422	41,422
Interest expense		(12,001)	(12,001)
Miscellaneous		74	74
Total nonoperating revenues (expenses)	<u>210,000</u>	<u>239,495</u>	<u>29,495</u>
CHANGE IN NET POSITION	\$ <u>(5,115,764)</u>	(1,621,436)	\$ <u>3,494,328</u>
NET POSITION, BEGINNING OF YEAR		<u>9,147,185</u>	
NET POSITION, END OF YEAR		\$ <u>7,525,749</u>	

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, 2016

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 16,268,781	\$ 16,551,517	\$ 282,736
OPERATING EXPENSES			
Salaries and wages	95,398	96,435	(1,037)
Employee benefits	41,477	36,095	5,382
Services and supplies	2,173,505	2,469,436	(295,931)
Claims and judgments	17,011,101	13,637,211	3,373,890
Total operating expenses	19,321,481	16,239,177	3,082,304
Operating income (loss)	(3,052,700)	312,340	3,365,040
NONOPERATING REVENUES			
Investment income	75,000	95,035	20,035
CHANGE IN NET POSITION	\$ (2,977,700)	407,375	\$ 3,385,075
NET POSITION, BEGINNING OF YEAR		3,722,938	
NET POSITION, END OF YEAR		\$ 4,130,313	

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, 2016

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 10,810,981	\$ 10,906,444	\$ 95,463
OPERATING EXPENSES			
Salaries and wages	802,297	776,584	25,713
Employee benefits	331,259	282,222	49,037
Services and supplies	16,777,701	10,447,607	6,330,094
Total operating expenses	17,911,257	11,506,413	6,404,844
Operating loss	(7,100,276)	(599,969)	6,500,307
NONOPERATING REVENUES			
Investment income	67,000	143,175	76,175
Miscellaneous	2,177	2,177	-
Total nonoperating revenues	67,000	145,352	78,352
Loss before transfers	(7,033,276)	(454,617)	6,578,659
TRANSFERS			
Transfers in	1,186,442	1,437,663	251,221
Total transfers	1,186,442	1,437,663	251,221
CHANGE IN NET POSITION	\$ (5,846,834)	983,046	\$ 6,829,880
NET POSITION, BEGINNING OF YEAR		7,301,024	
NET POSITION, END OF YEAR		\$ 8,284,070	

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CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2016

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
ASSETS				
Current assets				
Cash, cash equivalents and investments	\$ 5,560,761	\$ 205,764	\$ 13,904,611	\$ 19,671,136
Accounts receivable, net	832	122,276		123,108
Interest receivable	6,892	189	18,721	25,802
Prepaid items			1,334	1,334
Due from other governments	261,457			261,457
Total current assets	<u>5,829,942</u>	<u>328,229</u>	<u>13,924,666</u>	<u>20,082,837</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	23,836,713	1,206,116	26,441,088
Machinery and equipment	230,587	2,309,448	2,901,974	5,442,009
Accumulated depreciation and amortization	<u>(3,305,848)</u>	<u>(18,521,888)</u>	<u>(3,540,394)</u>	<u>(25,368,130)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>2,158,534</u>	<u>27,087,802</u>	<u>567,696</u>	<u>29,814,032</u>
Total noncurrent assets	<u>2,158,534</u>	<u>27,087,802</u>	<u>567,696</u>	<u>29,814,032</u>
Total assets	<u>7,988,476</u>	<u>27,416,031</u>	<u>14,492,362</u>	<u>49,896,869</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>440,421</u>		<u>1,506,537</u>	<u>1,946,958</u>
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	78,042	5,971	107,775	191,788
Accrued wages	36,026		167,224	203,250
Due to other governments	4,399			4,399
Unearned revenue	21,662		6,638,704	6,660,366
Deposits	9,370		140,651	150,021
Compensated absences	42,124		135,195	177,319
Total current liabilities	<u>191,623</u>	<u>5,971</u>	<u>7,189,549</u>	<u>7,387,143</u>
Noncurrent liabilities				
Compensated absences	417,857		1,341,095	1,758,952
Other post employment benefits	279,293		1,036,278	1,315,571
Net pension liability	<u>2,665,852</u>		<u>9,026,258</u>	<u>11,692,110</u>
Total noncurrent liabilities	<u>3,363,002</u>		<u>11,403,631</u>	<u>14,766,633</u>
Total liabilities	<u>3,554,625</u>	<u>5,971</u>	<u>18,593,180</u>	<u>22,153,776</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>381,143</u>		<u>1,001,775</u>	<u>1,382,918</u>
NET POSITION				
Net investment in capital assets	2,158,534	27,087,802	567,696	29,814,032
Unrestricted	<u>2,334,595</u>	<u>322,258</u>	<u>(4,163,752)</u>	<u>(1,506,899)</u>
Total net position	<u>\$ 4,493,129</u>	<u>\$ 27,410,060</u>	<u>\$ (3,596,056)</u>	<u>\$ 28,307,133</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, 2016

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 446,185	\$ 2,180,742	\$ 12,346,317	\$ 14,973,244
Licenses and permits	549,751		5,750,419	6,300,170
Intergovernmental			292	292
Rental fees	357,882			357,882
Miscellaneous	90,187		3,201	93,388
Total operating revenues	<u>1,444,005</u>	<u>2,180,742</u>	<u>18,100,229</u>	<u>21,724,976</u>
OPERATING EXPENSES				
Salaries and wages	1,539,752		5,807,008	7,346,760
Employee benefits	532,912		2,209,363	2,742,275
Services and supplies	1,251,736	2,235,751	6,283,328	9,770,815
Depreciation and amortization	119,611	298,998	14,132	432,741
Total operating expenses	<u>3,444,011</u>	<u>2,534,749</u>	<u>14,313,831</u>	<u>20,292,591</u>
Operating income (loss)	<u>(2,000,006)</u>	<u>(354,007)</u>	<u>3,786,398</u>	<u>1,432,385</u>
NONOPERATING REVENUES				
Investment income	68,135	2,711	184,171	255,017
Room tax revenue	2,215,626			2,215,626
Other intergovernmental revenue	1,386,158			1,386,158
Total nonoperating revenues	<u>3,669,919</u>	<u>2,711</u>	<u>184,171</u>	<u>3,856,801</u>
Income (loss) before capital contributions and transfers	<u>1,669,913</u>	<u>(351,296)</u>	<u>3,970,569</u>	<u>5,289,186</u>
CAPITAL CONTRIBUTIONS				
Capital contributions	<u>1,000</u>			<u>1,000</u>
TRANSFERS				
Transfers in		286,754		286,754
Transfers out	(527)		(1,145,311)	(1,145,838)
Total transfers	<u>(527)</u>	<u>286,754</u>	<u>(1,145,311)</u>	<u>(859,084)</u>
CHANGE IN NET POSITION	1,670,386	(64,542)	2,825,258	4,431,102
NET POSITION, BEGINNING OF YEAR	<u>2,822,743</u>	<u>27,474,602</u>	<u>(6,421,314)</u>	<u>23,876,031</u>
NET POSITION, END OF YEAR	<u>\$ 4,493,129</u>	<u>\$ 27,410,060</u>	<u>\$ (3,596,056)</u>	<u>\$ 28,307,133</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,442,609	\$ 2,211,789	\$ 17,770,593	\$ 21,424,991
Cash received from other sources	3,602,784			3,602,784
Cash payments for goods and services	(1,902,533)	(2,239,504)	(8,788,097)	(12,930,134)
Cash payments for employee services	(1,597,463)		(5,732,566)	(7,330,029)
Net cash provided by (used in) operating activities	<u>1,545,397</u>	<u>(27,715)</u>	<u>3,249,930</u>	<u>4,767,612</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in		286,754		286,754
Transfers out	(527)		(1,145,311)	(1,145,838)
Net cash provided by (used in) noncapital financing activities	<u>(527)</u>	<u>286,754</u>	<u>(1,145,311)</u>	<u>(859,084)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(308,970)		(308,970)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	68,495	3,107	187,375	258,977
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,613,365	(46,824)	2,291,994	3,858,535
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,947,396</u>	<u>252,588</u>	<u>11,612,617</u>	<u>15,812,601</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,560,761</u>	<u>\$ 205,764</u>	<u>\$ 13,904,611</u>	<u>\$ 19,671,136</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (2,000,006)	\$ (354,007)	\$ 3,786,398	\$ 1,432,385
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	119,611	298,998	14,132	432,741
Other	3,602,784			3,602,784
(Increase) decrease in operating assets				
Accounts receivable	(332)	31,047		30,715
Due from other governments	(22,726)			(22,726)
Prepaid items			(1,334)	(1,334)
Increase (decrease) in operating liabilities				
Accounts payable and other accrued liabilities	(70,109)	(3,753)	(24,458)	(98,320)
Compensated absences	(40,292)		49,716	9,424
Other post employment benefits	7,109		10,248	17,357
Net pension liability	(73,174)		(316,732)	(389,906)
Deposits	870		61,596	62,466
Unearned revenue	21,662		(329,636)	(307,974)
Total adjustments	<u>3,545,403</u>	<u>326,292</u>	<u>(536,468)</u>	<u>3,335,227</u>
Net cash provided by (used in) operating activities	<u>\$ 1,545,397</u>	<u>\$ (27,715)</u>	<u>\$ 3,249,930</u>	<u>\$ 4,767,612</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, 2016

	Final Budget	Actual	Variance
OPERATING REVENUES			
Utilities fees	\$ 68,050,000	\$ 66,999,928	\$ (1,050,072)
Connection fees	1,000,000	1,208,891	208,891
Late charges	1,250,000	1,343,263	93,263
Miscellaneous	115,000	183,061	68,061
Total operating revenues	70,415,000	69,735,143	(679,857)
OPERATING EXPENSES			
Salaries and wages	11,933,080	11,153,869	779,211
Employee benefits	5,498,571	4,339,524	1,159,047
Water purchases	24,673,000	23,562,520	1,110,480
Services and supplies	22,165,262	18,663,389	3,501,873
Depreciation and amortization	13,244,859	13,127,468	117,391
Total operating expenses	77,514,772	70,846,770	6,668,002
Operating loss	(7,099,772)	(1,111,627)	5,988,145
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,225,000	1,411,928	186,928
Gain (loss) on capital asset disposition		(916,708)	(916,708)
Interest expense	(683,499)	(233,669)	449,830
Other intergovernmental revenue		2,280	2,280
Miscellaneous		669	669
Total nonoperating revenues (expenses)	541,501	264,500	(277,001)
Loss before capital contributions and transfers	(6,558,271)	(847,127)	5,711,144
CAPITAL CONTRIBUTIONS			
Capital contributions	4,000,000	14,105,718	10,105,718
TRANSFERS			
Transfers out	(1,225,000)	(877,856)	347,144
CHANGE IN NET POSITION	\$ (3,783,271)	12,380,735	\$ 16,164,006
NET POSITION, BEGINNING OF YEAR		453,207,821	
NET POSITION, END OF YEAR		\$ 465,588,556	

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, 2016

	Final Budget	Actual	Variance
OPERATING REVENUES			
Utilities fees	\$ 44,650,000	\$ 44,365,030	\$ (284,970)
Connection fees	100,000	90,341	(9,659)
Late charges	600,000	672,655	72,655
Intergovernmental	300,000	357,479	57,479
Miscellaneous	150,000	72,725	(77,275)
Total operating revenues	45,800,000	45,558,230	(241,770)
OPERATING EXPENSES			
Salaries and wages	10,424,744	9,738,846	685,898
Employee benefits	4,816,050	3,818,052	997,998
Services and supplies	18,018,703	16,325,425	1,693,278
Depreciation and amortization	12,379,428	12,066,706	312,722
Total operating expenses	45,638,925	41,949,029	3,689,896
Operating income	161,075	3,609,201	3,448,126
NONOPERATING REVENUES (EXPENSES)			
Investment income	925,000	1,028,198	103,198
Gain (loss) on capital asset disposition		(198,727)	(198,727)
Interest expense	(4,507,084)	(4,166,584)	340,500
Sales tax revenue	4,800,000	4,936,427	136,427
Other intergovernmental revenue		3,300	3,300
Miscellaneous		573	573
Total nonoperating revenues (expenses)	1,217,916	1,603,187	385,271
Income before capital contributions and transfers	1,378,991	5,212,388	3,833,397
CAPITAL CONTRIBUTIONS			
Capital contributions	6,000,000	17,050,061	11,050,061
TRANSFERS			
Transfers out	(925,000)	(595,000)	330,000
CHANGE IN NET POSITION	\$ 6,453,991	21,667,449	\$ 15,213,458
NET POSITION, BEGINNING OF YEAR		486,401,200	
NET POSITION, END OF YEAR		\$ 508,068,649	

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, 2016

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 325,777	\$ 446,185	\$ 120,408
Licenses and permits	630,000	549,751	(80,249)
Rental fees	354,000	357,882	3,882
Miscellaneous	84,000	90,187	6,187
Total operating revenues	1,393,777	1,444,005	50,228
OPERATING EXPENSES			
Salaries and wages	1,853,895	1,539,752	314,143
Employee benefits	770,902	532,912	237,990
Services and supplies	1,789,027	1,251,736	537,291
Depreciation and amortization	122,000	119,611	2,389
Total operating expenses	4,535,824	3,444,011	1,091,813
Operating loss	(3,142,047)	(2,000,006)	1,142,041
NONOPERATING REVENUES			
Investment income	20,000	68,135	48,135
Room tax revenue	1,930,000	2,215,626	285,626
Other intergovernmental revenue	1,541,000	1,386,158	(154,842)
Total nonoperating revenues	3,491,000	3,669,919	178,919
Income before capital contributions and transfers	348,953	1,669,913	1,320,960
CAPITAL CONTRIBUTIONS			
Capital contributions	—	1,000	1,000
TRANSFERS			
Transfers out	(527)	(527)	—
CHANGE IN NET POSITION	\$ 348,426	1,670,386	\$ 1,321,960
NET POSITION, BEGINNING OF YEAR		2,822,743	
NET POSITION, END OF YEAR		\$ 4,493,129	

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, 2016

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ <u>2,543,134</u>	\$ <u>2,180,742</u>	\$ <u>(362,392)</u>
OPERATING EXPENSES			
Services and supplies	2,642,856	2,235,751	407,105
Depreciation and amortization	<u>325,924</u>	<u>298,998</u>	<u>26,926</u>
Total operating expenses	<u>2,968,780</u>	<u>2,534,749</u>	<u>434,031</u>
Operating loss	<u>(425,646)</u>	<u>(354,007)</u>	<u>71,639</u>
NONOPERATING REVENUES			
Investment income	<u>1,000</u>	<u>2,711</u>	<u>1,711</u>
Loss before transfers	<u>(424,646)</u>	<u>(351,296)</u>	<u>73,350</u>
TRANSFERS			
Transfers in	<u>286,754</u>	<u>286,754</u>	<u> </u>
CHANGE IN NET POSITION	<u>\$ (137,892)</u>	(64,542)	<u>\$ 73,350</u>
NET POSITION, BEGINNING OF YEAR		<u>27,474,602</u>	
NET POSITION, END OF YEAR		<u>\$ 27,410,060</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, 2016

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 12,165,340	\$ 12,346,317	\$ 180,977
Licenses and permits	4,852,781	5,750,419	897,638
Intergovernmental		292	292
Miscellaneous	3,169	3,201	32
Total operating revenues	17,021,290	18,100,229	1,078,939
OPERATING EXPENSES			
Salaries and wages	6,027,448	5,807,008	220,440
Employee benefits	2,645,735	2,209,363	436,372
Services and supplies	6,853,676	6,283,328	570,348
Depreciation and amortization	14,300	14,132	168
Total operating expenses	15,541,159	14,313,831	1,227,328
Operating income	1,480,131	3,786,398	2,306,267
NONOPERATING REVENUES			
Investment income	120,000	184,171	64,171
Income before transfers	1,600,131	3,970,569	2,370,438
TRANSFERS			
Transfers out	(1,010,844)	(1,145,311)	(134,467)
CHANGE IN NET POSITION	\$ 589,287	2,825,258	\$ 2,235,971
NET POSITION, BEGINNING OF YEAR		(6,421,314)	
NET POSITION, END OF YEAR		\$ (3,596,056)	

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FIDUCIARY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Section 125 Agency Fund - to account for City employee contributions to an employee benefits plan enacted under Section 125 of the Internal Revenue Code. The plan is administered by an independent plan administrator.

Traffic Signal Agency Fund - to account for contributions by developers for the construction of traffic signals at intersections throughout the City of Henderson. These contributions are held by the City in an agency capacity to be used toward the construction of designated traffic signals or to be refunded to developers.

Forfeited Assets Fund - to account for monies impounded under applicable racketeering and/or controlled substance laws pending court adjudication.

Paving Frontage Agency Fund - to account for assessments accumulated for use as the land-owner portion of street frontage paving costs in defined areas.

Special Assessment Districts Agency Fund - to account for the repayment of special assessment district debt for which no assets or revenues of the City have been pledged.



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CITY OF HENDERSON, NEVADA

AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2016

	<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>
ASSETS						
Cash, cash equivalents and investments	\$ 164,916	\$ 9,266,989	\$ 292,074	\$ 78,701	\$ 36,722,008	\$ 46,524,688
Special assessments receivable					422,057	422,057
Total assets	<u>\$ 164,916</u>	<u>\$ 9,266,989</u>	<u>\$ 292,074</u>	<u>\$ 78,701</u>	<u>\$ 37,144,065</u>	<u>\$ 46,946,745</u>
LIABILITIES						
Due to developers		\$ 9,266,989		\$ 78,701		\$ 9,345,690
Due to employees	164,916					164,916
Due to others			292,074		37,143,942	37,436,016
Due to other governments					123	123
Total liabilities	<u>\$ 164,916</u>	<u>\$ 9,266,989</u>	<u>\$ 292,074</u>	<u>\$ 78,701</u>	<u>\$ 37,144,065</u>	<u>\$ 46,946,745</u>

CITY OF HENDERSON, NEVADA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
SECTION 125 PLAN				
ASSETS				
Cash, cash equivalents and investments	\$ <u>173,053</u>	\$ <u>763,267</u>	\$ <u>771,404</u>	\$ <u>164,916</u>
LIABILITIES				
Due to employees	\$ <u>173,053</u>	\$ <u>763,267</u>	\$ <u>771,404</u>	\$ <u>164,916</u>
TRAFFIC SIGNAL				
ASSETS				
Cash, cash equivalents and investments	\$ <u>15,366,302</u>	\$ <u>1,478,676</u>	\$ <u>7,577,989</u>	\$ <u>9,266,989</u>
LIABILITIES				
Due to developers	\$ <u>15,366,302</u>	\$ <u>1,478,676</u>	\$ <u>7,577,989</u>	\$ <u>9,266,989</u>
FORFEITED ASSETS				
ASSETS				
Cash, cash equivalents and investments	\$ <u>309,932</u>	\$ <u>353,975</u>	\$ <u>371,833</u>	\$ <u>292,074</u>
LIABILITIES				
Due to others	\$ <u>309,932</u>	\$ <u>353,975</u>	\$ <u>371,833</u>	\$ <u>292,074</u>
PAVING FRONTAGE				
ASSETS				
Cash, cash equivalents and investments	\$ <u>78,047</u>	\$ <u>654</u>	\$ _____	\$ <u>78,701</u>
LIABILITIES				
Due to developers	\$ <u>78,047</u>	\$ <u>654</u>	\$ _____	\$ <u>78,701</u>
SPECIAL ASSESSMENT DISTRICTS				
ASSETS				
Cash, cash equivalents and investments	\$ 36,988,932	\$ 39,823,602	\$ 40,090,526	\$ 36,722,008
Special assessments receivable	<u>431,978</u>	<u>8,232</u>	<u>18,153</u>	<u>422,057</u>
Total assets	\$ <u>37,420,910</u>	\$ <u>39,831,834</u>	\$ <u>40,108,679</u>	\$ <u>37,144,065</u>
LIABILITIES				
Due to others	\$ 37,420,799	\$ 39,831,145	\$ 40,108,002	\$ 37,143,942
Due to other governments	<u>111</u>	<u>689</u>	<u>677</u>	<u>123</u>
Total liabilities	\$ <u>37,420,910</u>	\$ <u>39,831,834</u>	\$ <u>40,108,679</u>	\$ <u>37,144,065</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments	\$ 52,916,266	\$ 42,420,174	\$ 48,811,752	\$ 46,524,688
Special assessments receivable	<u>431,978</u>	<u>8,232</u>	<u>18,153</u>	<u>422,057</u>
Total assets	\$ <u>53,348,244</u>	\$ <u>42,428,406</u>	\$ <u>48,829,905</u>	\$ <u>46,946,745</u>
LIABILITIES				
Due to developers	\$ 15,444,349	\$ 1,479,330	\$ 7,577,989	\$ 9,345,690
Due to employees	173,053	763,267	771,404	164,916
Due to others	37,730,731	40,185,120	40,479,835	37,436,016
Due to other governments	<u>111</u>	<u>689</u>	<u>677</u>	<u>123</u>
Total liabilities	\$ <u>53,348,244</u>	\$ <u>42,428,406</u>	\$ <u>48,829,905</u>	\$ <u>46,946,745</u>

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STATISTICAL SECTION

This part of the City of Henderson's comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Table
Financial Trends 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
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity 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
Demographic and Economic Information 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
Operating Information 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



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City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016

CITY OF HENDERSON, NEVADA

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Governmental activities										
Net investment in capital assets	\$ 887,712,904	\$ 1,005,171,173	\$ 1,125,613,020	\$ 1,284,908,783	\$ 1,334,875,084	\$ 1,391,457,251	\$ 1,377,259,345	\$ 1,327,111,404	\$ 1,365,423,723	\$ 1,476,900,561
Restricted	348,850,390	358,318,888	351,250,098	314,860,901	273,915,622	235,191,764	210,529,977	179,220,120	173,216,725	154,848,468
Unrestricted	93,080,483	90,195,891	82,400,184	77,704,211	77,453,363	69,583,399	62,500,084	81,948,297	(215,965,382)	(199,668,677)
Total governmental activities	1,329,643,777	1,453,689,952	1,559,263,302	1,677,473,895	1,686,244,069	1,696,232,414	1,650,289,406	1,588,279,821	1,322,675,066	1,432,080,352
Business-type activities										
Net investment in capital assets	627,392,350	714,572,047	787,891,869	862,809,319	880,946,820	873,340,088	846,172,666	831,640,345	835,080,514	856,794,239
Restricted	212,998,953	214,753,110	144,168,298	93,754,763	52,357,776	48,462,130	13,987,769	11,182,393	6,941,323	2,498,955
Unrestricted	129,311,385	111,123,474	118,362,826	98,897,518	95,130,847	88,282,105	111,824,498	115,597,495	81,096,813	100,289,094
Total business-type activities	969,702,688	1,040,448,631	1,050,422,993	1,055,461,600	1,028,435,443	1,010,084,323	971,984,933	958,420,233	923,118,650	959,582,288
Primary government										
Net investment in capital assets	1,515,105,254	1,719,743,220	1,913,504,889	2,147,718,102	2,215,821,904	2,264,797,339	2,223,432,011	2,158,751,749	2,200,504,237	2,333,694,800
Restricted	561,849,343	573,071,998	495,418,396	408,615,664	326,273,398	283,653,894	224,517,746	190,402,513	180,158,048	157,347,423
Unrestricted	222,391,868	201,323,365	200,763,010	176,601,729	172,584,210	157,865,504	174,324,582	197,545,792	(134,868,569)	(99,379,583)
Total primary government	2,299,346,465	2,494,138,583	2,609,686,295	2,732,935,495	2,714,679,512	2,706,316,737	2,622,274,339	2,546,700,054	2,245,793,716	2,391,662,640

1. Due to Governmental Accounting Standards Board (GASB) 68, Accounting and Financial Reporting for Pensions, This GASB pronouncement requires the City to record its proportionate share of the collective net pension liability of the Public Employees Retirement System. This resulted in a negative unrestricted net position in governmental activities and the total unrestricted net position and significantly reduced the unrestricted net position for business-type activities.

CITY OF HENDERSON, NEVADA

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Expenses										
Governmental activities										
General government	\$ 50,374,073	\$ 61,804,917	\$ 58,435,823	\$ 56,692,760	\$ 52,900,058	\$ 54,671,522	\$ 60,686,477	\$ 47,826,017	\$ 51,514,550	\$ 49,590,212
Judicial	9,109,288	10,493,174	11,822,052	11,535,842	12,979,313	12,710,426	14,002,003	13,089,666	12,639,795	12,389,050
Public safety	104,481,376	120,255,700	130,688,497	128,874,376	129,840,967	136,086,182	138,260,143	138,652,346	136,718,517	146,672,330
Culture and recreation	58,704,749	62,305,206	67,681,146	73,247,603	74,665,903	77,151,783	75,900,091	104,652,659	29,181,216	31,107,461
Community support	39,819,367	45,459,685	42,439,125	42,085,811	44,729,292	47,012,306	46,200,390	44,259,523	45,399,004	47,766,606
Interest on long-term debt	4,865,916	5,457,316	6,678,845	7,176,141	8,601,886	6,542,584	6,542,584	7,686,894	4,601,580	5,482,324
Total governmental activities	9,681,974	8,921,624	8,558,064	8,607,438	8,358,181	6,313,732	6,056,717	6,206,019	6,564,502	5,355,076
Business-type activities	277,036,743	314,697,622	326,303,552	328,219,971	332,075,600	340,488,535	346,057,842	362,373,124	286,619,164	298,363,059
Water	73,406,312	76,910,784	79,665,871	79,669,396	84,611,740	85,564,061	83,514,646	83,097,653	74,573,926	72,092,583
Sewer	42,732,326	46,917,885	47,967,454	49,498,225	52,306,007	53,996,011	53,979,377	58,692,077	46,919,969	46,729,422
Other	35,091,350	38,933,393	29,848,811	19,490,239	18,392,183	16,763,572	17,257,441	19,458,866	22,739,006	20,734,070
Total business-type activities	151,229,988	162,222,062	157,482,136	148,657,860	155,309,930	156,323,644	154,751,464	161,248,596	144,232,901	139,556,075
Total primary government expenses	\$ 428,266,731	\$ 476,919,684	\$ 483,785,688	\$ 476,877,831	\$ 487,385,530	\$ 496,812,179	\$ 500,809,306	\$ 523,621,720	\$ 430,852,065	\$ 438,119,134
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 12,244,183	\$ 12,950,767	\$ 12,745,977	\$ 12,364,344	\$ 12,755,255	\$ 13,313,837	\$ 12,352,918	\$ 11,044,740	\$ 13,292,167	\$ 13,757,049
Public safety	10,277,019	11,232,187	13,280,891	15,501,879	16,781,182	23,261,773	22,577,786	20,964,266	24,610,026	25,340,791
Culture and recreation	7,586,970	7,750,831	7,476,274	7,437,937	7,159,485	7,431,387	7,364,419	7,409,742	7,722,084	8,527,581
Other	1,004,103	1,370,287	1,606,973	1,958,860	2,162,404	2,764,981	2,582,372	2,414,590	2,734,632	3,412,951
Operating grants and contributions	8,665,051	8,660,441	10,612,335	10,864,690	14,981,464	10,108,605	10,625,816	12,891,586	9,081,006	9,395,210
Capital grants and contributions	123,717,507	155,138,614	148,125,739	186,667,654	90,276,209	97,763,977	58,672,921	39,008,389	61,258,310	116,030,640
Total governmental activities	163,494,833	197,103,127	193,848,189	234,795,364	144,115,999	154,644,560	114,176,232	93,733,313	118,698,225	176,464,222
Business-type activities										
Charges for services										
Water	59,189,399	57,802,864	57,153,017	57,032,464	60,343,146	61,939,043	63,425,581	65,174,318	68,588,979	69,553,882
Sewer	29,584,283	28,928,294	30,691,222	31,321,424	33,408,659	35,023,243	37,434,262	40,083,332	43,019,179	45,196,126
Other	30,087,396	25,265,757	15,551,293	9,461,451	9,539,537	10,576,098	14,335,875	16,328,422	18,933,819	23,017,454
Operating grants and contributions	56,134	56,134	77,098	439,769	252,284	88,378	20,000			
Capital grants and contributions	66,134,052	95,819,296	52,362,486	46,258,599	16,454,579	14,658,033	10,187,969	19,717,458	15,058,529	30,019,342
Total business-type activities	185,051,264	207,893,309	155,961,828	144,513,707	119,998,205	122,284,795	125,403,687	141,303,530	145,600,506	167,786,804
Total primary government program revenues	\$ 348,546,097	\$ 404,996,436	\$ 349,810,017	\$ 379,309,071	\$ 264,114,204	\$ 276,929,355	\$ 239,579,919	\$ 235,036,843	\$ 264,298,731	\$ 344,251,026
Net (expenses) program revenues	\$ (113,541,910)	\$ (117,594,495)	\$ (132,455,363)	\$ (93,424,607)	\$ (187,959,601)	\$ (185,843,975)	\$ (231,881,610)	\$ (268,639,811)	\$ (167,920,939)	\$ (122,098,837)
Governmental activities	33,821,276	45,671,247	(1,520,308)	(4,144,153)	(35,311,725)	(34,038,849)	(29,347,777)	(19,945,066)	1,367,605	28,230,729
Business-type activities	(79,720,634)	(71,923,248)	(133,975,671)	(97,568,760)	(223,271,326)	(219,882,824)	(261,229,387)	(288,584,877)	(166,553,334)	(93,868,108)
Primary government										

(Continued)

CITY OF HENDERSON, NEVADA

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 84,670,413	\$ 94,998,902	\$ 99,811,843	\$ 94,879,894	\$ 74,856,808	\$ 67,805,008	\$ 63,320,080	\$ 63,982,175	\$ 67,332,544	\$ 72,832,645
Intergovernmental revenues - consolidated tax	99,587,194	92,537,034	77,752,314 ⁵	70,110,772	73,965,376	77,115,178	81,088,044	88,013,859	94,093,208	97,764,145
Other taxes	46,983,771	48,591,040	45,366,226	43,968,045	43,534,106	45,310,894	45,472,996	47,983,783	50,837,097	53,270,190
Increase (decrease) in fair value of investments	13,885,771	18,584,119	14,103,960	7,187,788 ⁷	3,211,723 ⁷	3,807,539	(3,569,677) ¹²	3,115,696 ¹	2,942,486	3,598,318
Unrestricted investment income	25,902,150 ²	709,299	401,596	660,264	4,782	505,220	4,011,053	185,299	205,287	341,836
Gain on disposal of capital assets	1,083,413	1,532,688	1,505,326	1,641,563	1,377,894	4,509,623 ⁹	632,593	812,423	1,183,010	1,437,835
Miscellaneous	(8,923,423)	(13,888,499) ³	(912,552)	2,317,722	(220,914)	(3,221,142)	(4,794,708)	2,536,991	1,985,265	2,259,154
Special item - land donation	263,189,289	241,640,670	238,028,713	220,766,048	196,729,775	193,832,320	188,392,122	206,630,226	218,578,897	231,504,123
Transfers										
Total governmental activities	7,285,311	7,221,693	6,062,248	5,250,092	4,878,184	5,354,081	5,669,539	6,160,172	6,720,073	7,152,053
Business-type activities										
Other taxes	20,441,004	20,942,193	13,236,639	5,383,141 ⁷	2,252,165 ⁷	3,055,567	(3,045,590) ¹²	2,271,148 ¹	1,973,790	2,695,143
Increase (decrease) in fair value of investments	1,297,264	816,127	901,151	6,080	934,305	4,056,939 ¹⁰	496,494	1,995	486,825	644,867
Unrestricted investment income	8,923,423	1,423,913	912,552	(2,317,722)	220,914	3,221,142	4,794,708	(2,536,991)	(1,985,265)	(2,259,154)
Gain on disposal of capital assets	37,947,002	30,475,521	21,112,590	9,182,760	8,285,568	13,687,729	9,623,462	6,380,366	7,195,423	8,232,909
Miscellaneous										
Transfers										
Total business-type activities	30,136,291	272,116,191	259,141,303	229,948,808	205,015,343	211,520,049	198,017,584	213,010,592	225,774,320	239,737,032
Total primary government general revenues and other changes in net position	\$ 149,647,379	\$ 124,046,175	\$ 105,573,350	\$ 127,341,441	\$ 8,770,174	\$ 9,988,345	\$ (43,489,488)	\$ (62,009,585)	\$ 50,657,958	\$ 109,405,286
Change in net position	71,768,278	76,146,768	19,592,282	5,038,607	(27,026,157)	(18,351,120)	(19,722,315)	(13,564,700)	8,563,028	36,463,638
Governmental activities	221,415,657	200,192,943	125,165,632	132,380,048	(18,255,983)	(8,362,775)	(63,211,803)	(75,574,285)	59,220,986	145,868,924
Business-type activities										
Primary government										

1. Increase due to higher cash and investment balances, higher interest rates, and market value increases.
2. Due to a significant land sale to Cashman Equipment for which the City gave up land with a minimal value.
3. Land donation to the Nevada System of Higher Education for the development of the Nevada State College campus.
4. Decrease due to construction slowdown.
5. Decrease due to economic slowdown.
6. Decrease due to employee reductions.
7. Decrease due to lower cash balances and interest rates.
8. Increase due to large part to fees charged to Department of Homeland Security for housing of prisoners.
9. Other revenues increased due to an agreement with a developer to reimburse the City for legal fees related to environmental analysis.
10. Other revenues increased due to a refund from the Clean Water Coalition of the City's initial contribution.
11. Decrease due to decreased grant revenues from the Southern Nevada Public Land Management Act.
12. Due to an adjustment for GASB 31, which requires investments be adjusted to market value.
13. Decrease due to losses on three significant land sales in fiscal year 2013 and lower salary expenses, including severance pay.
14. Increase due to large part to money used to call bonds as part of the Inspirada special assessment district restructure.
15. Increase due primarily to increase in grants from HUD.

(Continued)

CITY OF HENDERSON, NEVADA

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

- 16. Increase due to developer infrastructure and utility contributed assets.
- 17. Decrease due to change in useful lives for capital assets, which greatly decreased depreciation expense.
- 18. Increase due to contribution of three parks.

CITY OF HENDERSON, NEVADA

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
General fund										
Reserved	\$ 2,805,128	\$ 2,711,026	\$ 1,493,517	\$ 1,482,401	\$	\$	\$	\$	\$	\$
Unreserved	30,921,060	28,459,480	23,495,121	19,337,267					1,235,676	1,274,063
Nonspendable					792,071 ²	1,165,902	936,460	644,394	1,235,676	1,274,063
Assigned					15,703,300 ²	15,686,060	16,391,761	17,606,056	21,505,080	23,617,842
Unassigned					16,495,371	16,851,962	17,328,221	18,250,450	22,740,756	24,891,984
Total general fund	<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>	<u>\$ 18,250,450</u>	<u>\$ 22,740,756</u>	<u>\$ 24,891,984</u>
Other governmental funds										
Reserved	\$ 26,723,103	\$ 97,960,369 ¹	\$ 104,818,510	\$ 76,127,137	\$	\$	\$	\$	\$	\$
Special revenue funds	46,242,339	47,320,144	48,293,562	36,765,723						
Capital projects funds	299,700,799	225,539,042	206,567,512	208,832,619						
Nonspendable					245,234,860 ²	211,098,881	190,966,371	160,194,848	157,563,176	140,437,027
Restricted					46,616,449 ²	38,417,701	27,194,098	27,215,621	33,727,701	42,864,188
Assigned										
Total other governmental funds	<u>\$ 372,666,241</u>	<u>\$ 370,819,555</u>	<u>\$ 359,679,584</u>	<u>\$ 321,725,479</u>	<u>\$ 291,851,309</u>	<u>\$ 249,516,582</u>	<u>\$ 218,160,469</u>	<u>\$ 187,410,469</u>	<u>\$ 191,322,191</u>	<u>\$ 183,301,215</u>

1. Increase in reserved fund balance is due to reserve for encumbrances being reported in all funds that have encumbrances beginning in fiscal year 2008. Previously only the General Fund reported reserve for encumbrances
 2. With GASB 54 becoming effective in fiscal year 2011, there are new fund balance classifications which are being applied prospectively

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
REVENUES										
Property taxes	\$ 84,254,727	\$ 93,860,687	\$ 99,278,964	\$ 95,260,527	\$ 75,550,577	\$ 67,884,894	\$ 63,273,661	\$ 63,971,517	\$ 67,552,659	\$ 72,798,983
Franchise fees	29,625,623	31,468,210	30,586,472	30,110,422	29,210,827	30,372,912	30,011,869	31,481,739	32,677,892	32,656,108
Licenses and permits	8,307,293	8,425,573	8,137,847	7,501,281	7,682,535	7,462,017	8,063,081	8,079,773	9,469,188	9,336,717
Intergovernmental	135,650,905	131,086,100	141,007,416	118,971,843	130,024,108	180,950,806	133,680,893	127,033,130	137,490,840	130,520,784
Charges for services	14,235,157	14,951,513	16,005,572	17,852,260	19,380,975	27,099,129	27,552,577	23,393,200	28,562,698	31,159,845
Fines and forfeitures	5,063,104	5,805,668	6,832,522	7,249,522	7,173,923	7,515,637	6,611,577	5,658,992	5,550,637	5,859,243
Impact fees	1,822,171	1,106,267	1,043,733	932,256	1,093,287	1,265,402	1,469,452	1,390,696	1,895,401	2,116,467
Special assessments	167,366	569,805	341,924	190,674	179,582	130,380	146,928	130,820	130,274	150,382
Investment income	20,303,238	20,091,695	12,200,118	5,442,945	2,347,817	2,675,229	1,653,726	2,014,255	2,407,753	3,082,242
Decrease in fair value of investments							(2,278,714)			
Developer contributions	13,059,728	935,266	2,054,291	2,956,906	2,070,192	423,063	767,836	3,865,035	4,430,009	9,664,234
Rental fees	1,537,220	1,570,018	3,036,573	2,285,723	3,728,592	2,691,313	603,767	547,580	493,311	531,613
Miscellaneous	314,026,532	309,870,802	320,525,432	288,754,359	278,442,415	329,057,610	272,738,605	268,911,952	292,257,766	299,768,668
Total revenues										
EXPENDITURES										
Current										
General government	46,801,843	50,337,021	50,021,747	50,514,742	48,445,028	49,528,424	47,245,654	42,863,764	48,539,745	48,194,160
Judicial	8,944,032	10,064,915	11,260,921	11,203,113	11,433,646	11,614,816	12,087,601	12,058,955	12,325,268	12,673,082
Public safety	102,635,703	116,405,664	123,164,766	122,936,668	124,107,748	126,721,032	129,203,173	130,708,646	135,919,848	146,671,365
Public works	15,147,356	16,114,452	14,737,826	15,018,064	10,451,455	10,871,321	9,680,018	33,509,200	9,706,622	12,498,653
Culture and recreation	35,164,827	41,240,791	41,929,949	38,430,999	41,245,449	43,861,086	40,374,416	38,923,601	36,623,298	38,024,671
Community support	4,827,210	5,319,549	7,897,333	7,897,333	8,492,678	6,411,155	5,152,419	7,604,154	4,720,684	5,762,377
Total current	213,520,971	239,482,392	248,574,102	246,000,919	244,176,004	249,007,834	243,743,281	265,668,320	247,835,465	263,824,308
Capital outlay										
General government	4,200,063	12,711,239	4,430,713	1,715,063	2,541,115	1,060,444	1,445,582	713,262	239,526	923,225
Judicial	244,586	228,469	106,517	22,337	22,141		284,878			381,627
Public safety	3,454,662	1,849,100	3,266,977	13,171,077	23,149,251	1,699,246	1,917,272	928,040	1,837,871	1,319,331
Public works	37,982,680	32,325,572	47,406,966	22,632,042	9,770,785	32,819,205	19,274,299	19,538,892	13,826,060	29,670,888
Culture and recreation	8,017,239	4,783,396	26,383,672	16,653,363	16,218,930	69,700,415	23,456,629	5,382,403	11,709,733	1,418,344
Community support	242,515	4,971	100,000							65,000
Total capital outlay	54,141,745	51,902,747	81,694,845	54,193,882	51,702,222	105,279,310	46,378,660	26,562,597	27,613,190	33,778,415
Debt service										
Principal payments	16,222,606	12,883,000	12,897,000	13,152,963	13,603,963	10,019,533	5,114,565	4,208,565	4,243,000	6,011,000
Payment to current bond refunding agent	8,791,399	8,079,540	7,687,975	7,938,796	7,592,048	2,803,072	4,293,471	5,323,451	27,209,998	10,288,415
Interest charges	12,858	46,941	35,718	27,329	20,959	809,634	591,649	21,363	5,207,223	5,190,128
Administrative and other costs	25,026,863	21,009,481	20,620,693	21,119,088	21,216,970	19,495,693	9,999,685	9,553,379	36,966,543	21,489,543
Total debt service	292,689,579	312,394,620	350,889,640	321,313,889	317,095,196	373,782,837	300,121,626	301,784,296	312,415,198	319,092,266
Total expenditures										
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21,336,953	(2,523,818)	(30,364,208)	(32,559,530)	(38,652,781)	(44,725,227)	(27,383,021)	(32,872,344)	(20,157,432)	(19,323,598)

(Continued)

CITY OF HENDERSON, NEVADA

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
OTHER FINANCING SOURCES (USES)										
Proceeds from land sales	29,346,542	212,637	326,968	546,145	52,493	572,981	1,827,493	3,444,629	1,118,024	2,696,014
Loss on sale of land held for development				446,894			(3,426,519)			
Capital leases						322,695				
Issuance of refunding bonds		1,162,000	17,960,000			34,560,000	66,750,000		24,305,000	9,365,000
Debt issuance proceeds	2,065,000					565,000				
Premium on refunding bonds issued						639,842	5,055,658		3,208,334	475,559
Payment to advance refunding bond agent			5,425	1,558		(31,591,875)	(71,194,329)			
Sale of capital assets	9,090				4,782					
Transfers in	47,525,919	37,529,016	51,655,773	59,932,273	57,142,122	25,459,998	16,774,827	8,036,323	16,673,879	12,597,062
Transfers out	(51,094,426)	(40,782,203)	(56,905,797)	(61,359,567)	(52,745,083)	(27,781,550)	(18,899,893)	8,436,379	(16,745,777)	(11,679,785)
Total other financing sources (uses)	27,852,125	(1,878,550)	13,042,369	(432,697)	4,454,314	2,747,091	(3,112,763)	19,917,331	28,559,460	13,453,850
CHANGE IN FUND BALANCE	\$ 49,189,078	\$ (4,402,368)	\$ (17,321,839)	\$ (32,992,227)	\$ (34,198,467)	\$ (41,978,136)	\$ (30,495,784)	\$ (12,955,013)	\$ 8,402,028	\$ (5,869,748)
Debt service as a percentage of noncapital expenditures	10.0 %	7.8 %	7.8 %	8.0 %	8.2 %	6.0 %	3.6 %	3.5 %	3.3 %	3.9 %

1. Increase in expenditures for parks and trails related to the Southern Nevada Public Land Management Act.
2. 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.
3. Increase due mainly to construction of special assessment infrastructure.
4. Due to a significant land sale to Cashman Equipment for which the City gave up land with minimal value.
5. Due to decreased return on investments.
6. Increase due to construction for Heritage Park and Aquatics Center.
7. Installment purchase agreement for energy conservation projects.
8. Due to decrease in consolidated tax and decrease in intergovernmental contributions for the justice facility expansion.
9. Increase in grants related to the Southern Nevada Public Lands Management Act.
10. Increase due to detention facility expansion. Expenditures for this occurred in fiscal years 2010 and 2011.
11. Decrease due to decreased grant revenues from the Southern Nevada Public Land Management Act.
12. Due an adjustment for GASB 31, which requires investments be adjusted to market value. There was a significant decrease in investment income.
13. 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.
14. Increase due in large part to funds used to call bonds as part of the Inspirada special assessment district restructure.
15. Issue of bonds to refund City debt in order to better align the City's resources with its obligations.

CITY OF HENDERSON, NEVADA

**TABLE 5 - ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY¹
LAST TEN FISCAL YEARS
(UNAUDITED)**

For the Year Ended June 30,	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Direct Tax Rate	
2007	\$ 14,049,539,660	\$ 40,141,541,886	\$ 730,618,857	\$ 2,087,482,449	\$ 14,780,158,517	0.7108	35.0 %
2008	15,947,429,061	45,564,083,031	695,030,105	1,985,800,300	16,642,459,166	0.7108	35.0 %
2009	16,304,394,985	46,583,985,671	584,783,077	1,670,808,791	16,889,178,062	0.7108	35.0 %
2010	12,995,450,318	37,129,858,051	482,709,443	1,379,169,837	13,478,159,761	0.7108	35.0 %
2011	9,497,480,081	27,135,657,374	400,059,544	1,143,027,269	9,897,539,625	0.7108	35.0 %
2012	8,532,382,809	24,378,236,597	338,969,942	968,485,549	8,871,352,751	0.7108	35.0 %
2013	7,808,141,879	22,308,976,797	398,927,794	1,139,793,697	8,207,069,673	0.7108	35.0 %
2014	8,020,000,967	22,914,288,477	353,015,606	1,008,616,017	8,373,016,573	0.7108	35.0 %
2015	9,287,875,627	26,536,787,506	357,836,109	1,022,388,883	9,645,711,736	0.7108	35.0 %
2016	10,374,179,331	29,640,512,374	583,414,483	1,666,898,523	10,957,593,814	0.7108	35.0 %

1. Source - Clark County Assessor's Office.

CITY OF HENDERSON, NEVADA

**TABLE 6 - PROPERTY TAX RATES¹ - DIRECT AND OVERLAPPING² GOVERNMENTS
(PER \$100 OF ASSESSED VALUE³)
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	
2007	0.4880	0.2228	0.7108	0.1700	1.3034	0.6566	0.0665	2.1965
2008	0.4880	0.2228	0.7108	0.1700	1.3034	0.6541	0.0713	2.1988
2009	0.4880	0.2228	0.7108	0.1700	1.3034	0.6541	0.0684	2.1959
2010	0.5608	0.1500	0.7108	0.1700	1.3034	0.6541	0.0692	2.1967
2011	0.5608	0.1500	0.7108	0.1700	1.3034	0.6541	0.0662	2.1937
2012	0.5508	0.1600	0.7108	0.1700	1.3034	0.6541	0.0575	2.1850
2013	0.5608	0.1500	0.7108	0.1700	1.3034	0.6541	0.0586	2.1861
2014	0.5554	0.1554	0.7108	0.1700	1.3034	0.6541	0.0585	2.1860
2015	0.5608	0.1500	0.7108	0.1700	1.3034	0.6541	0.0593	2.1868
2016	0.5533	0.1575	0.7108	0.1700	1.3034	0.6541	0.0594	2.1869

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 8 - PROPERTY TAX LEVIES AND COLLECTIONS¹ 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>
2007	\$ 78,833,318	\$ 78,138,203	99.12 %	\$ 695,085	\$ 78,833,288	99.99 %
2008	88,876,481	87,304,802	98.23 %	1,543,683	88,848,485	99.97 %
2009	94,636,871	92,160,401	97.38 %	2,330,029	94,490,430	99.85 %
2010	91,487,816	89,058,480	97.34 %	2,297,318	91,355,798	99.86 %
2011	70,954,941	69,557,584	98.03 %	1,371,149	70,928,733	99.96 %
2012	63,346,266	62,318,519	98.38 %	1,004,825	63,323,344	99.96 %
2013	58,111,341	57,611,241	99.14 %	465,324	58,076,565	99.94 %
2014	58,810,227	58,410,072	99.32 %	360,846	58,770,918	99.93 %
2015	62,378,170	62,085,849	99.53 %	220,021	62,305,870	99.88 %
2016	66,755,848	66,377,824	99.43 %	2	66,377,824	99.43 %

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

CITY OF HENDERSON, NEVADA

TABLE 9 - RATIOS OF OUTSTANDING DEBT¹ 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 ²	Per Capita ²
	General Obligation		Tax Allocation		Special		Notes and Loans		Capital Leases		Total	Revenue Bonds			
	Bonds		Bonds		Assessment Bonds										
2007	\$ 156,852,199	\$	15,840,000	\$	365,000	\$	10,614	\$	173,067,813	\$	235,985,817	\$	409,053,630	4.66 %	\$ 1,572
2008	145,886,588		15,320,000		305,000				161,511,588		223,309,567		384,821,155	4.01 %	1,428
2009	133,779,646		14,780,000		235,000				166,754,646		209,822,298		376,576,944	3.90 %	1,407
2010	122,151,193		14,215,000		165,000		297,931		154,232,124		197,011,070		351,243,194	3.51 %	1,314
2011	110,220,146		13,625,000				148,968		140,801,114		183,865,575		324,666,689	3.67 %	1,226
2012	103,771,563		13,010,000				215,130		133,132,693		169,348,252		303,331,729	3.42 %	1,134
2013	112,832,598		12,360,000				107,565		140,684,163		162,647,566		283,575,602	3.49 %	1,106
2014	109,823,861		11,680,000						136,049,861		147,525,741		264,385,728	3.14 %	1,009
2015	107,398,145		10,965,000						131,979,145		132,406,583		245,161,026	3.16 %	919
2016	103,186,448		9,365,000						125,140,448		120,020,578			2.79 %	826

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 is from Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or www.appliedanalysis.com

CITY OF HENDERSON, NEVADA

**TABLE 10 - RATIOS OF GENERAL BONDED DEBT¹ 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> ²	<u>Per Capita</u> ³
2007	\$ 156,852,199	\$ 6,740,546	\$ 150,111,653	0.36 %	\$ 577
2008	145,886,588	6,072,215	139,814,373	0.29 %	519
2009	133,779,646	9,708,219	124,071,427	0.26 %	463
2010	122,151,193	6,964,868	115,186,325	0.30 %	431
2011	110,220,146	2,901,962	107,318,184	0.38 %	405
2012	103,771,563	1,658,689	102,112,874	0.40 %	383
2013	112,832,598	1,313,003	111,519,595	0.48 %	407
2014	109,823,861	3,514,253	106,309,608	0.44 %	378
2015	107,398,145	6,704,648	100,693,497	0.37 %	350
2016	103,186,448	5,606,693	97,579,755	0.31 %	329

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^{1, 2}
JUNE 30, 2016
(UNAUDITED)

	<u>Total General Obligation Debt</u>	<u>Percent Applicable</u>	<u>Applicable Net General Obligation Debt</u>
City of Henderson, Nevada	\$ 125,231,448	100.00 %	\$ <u>125,231,448</u>
Overlapping governments			
Clark County	310,730,771	15.35 %	47,697,173
Clark County School District	2,590,805,000	15.35 %	397,688,568
Las Vegas-Clark County Library District	20,775,000	20.30 %	<u>4,217,325</u>
Total overlapping governments			<u>449,603,066</u>
Total direct and overlapping debt			<u>\$ 574,834,514</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, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Assessed value	\$ 14,780,158,517	\$ 16,642,459,166	\$ 16,889,178,062	\$ 13,478,159,761	\$ 9,897,539,625	\$ 8,871,352,751	\$ 8,207,069,673	\$ 8,373,016,573	\$ 9,645,711,736	\$ 10,957,593,814
Legal debt margin	\$ 2,217,023,778	\$ 2,496,368,875	\$ 2,533,376,709	\$ 2,021,723,964	\$ 1,484,630,944	\$ 1,330,702,913	\$ 1,231,060,451	\$ 1,255,952,486	\$ 1,446,856,760	\$ 1,643,639,072
Debt applicable to debt limit										
Total bonded debt, including special assessment bonds	409,043,016	384,821,155	358,616,944	333,542,263	307,710,721	286,129,815	287,840,164	269,029,602	250,769,728	232,572,026
Less:										
Special assessment bonds	(365,000)	(305,000)	(235,000)	(165,000)	(13,625,000)	(13,010,000)	(12,360,000)	(11,680,000)	(10,965,000)	(9,365,000)
Tax allocation bonds	(15,840,000)	(15,320,000)	(14,780,000)	(14,215,000)	(13,625,000)	(13,010,000)	(12,360,000)	(11,680,000)	(10,965,000)	(9,365,000)
Total bonded debt, applicable to debt limit	392,838,016	369,196,155	343,601,944	319,162,263	294,085,721	273,119,815	275,480,164	257,349,602	239,804,728	223,207,026
Legal debt margin	\$ 1,824,185,762	\$ 2,127,172,720	\$ 2,189,774,765	\$ 1,702,561,701	\$ 1,190,545,223	\$ 1,057,583,098	\$ 955,580,287	\$ 998,602,884	\$ 1,207,052,032	\$ 1,420,432,046
Total bonded debt applicable to limit as a percentage of debt limit	17.72 %	14.79 %	13.56 %	15.79 %	19.81 %	20.52 %	22.38 %	20.49 %	16.57 %	13.58 %

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> ¹	<u>Personal Income</u> ²	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u> ³
2007	260,161	\$ 8,783,653,632	\$ 33,762	4.20 %
2008	269,538	9,606,345,252	35,640	5.00 %
2009	267,687	9,653,025,150	36,061	9.60 %
2010	267,270	10,003,816,464	37,430	13.80 %
2011	264,839	8,841,491,222	33,384	12.70 %
2012	266,846	8,846,208,756	33,151	11.30 %
2013	274,270	8,690,214,958	31,685	9.60 %
2014	280,928	9,039,623,004	32,178	8.50 %
2015	287,828	8,355,722,814	29,030	7.00 %
2016	296,695	8,775,373,195	29,577	6.50 %

1. Source - City of Henderson, Community Development Department.
2. Source - Personal income data is from Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or www.appliedanalysis.com.
3. Source - State of Nevada, Department of Employment, Training and Rehabilitation.

CITY OF HENDERSON, NEVADA

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

Employer	2016			2007		
	Employees ¹	Rank	Percentage of Total City of Henderson, Nevada Employment	Employees ¹	Rank	Percentage of Total City of Henderson, Nevada Employment
City of Henderson	2985 ²	1	2.17 %	3275 ²	1	2.79 %
St. Rose Dominican Hospital - Siena	2000-2499 ³	2	1.45 - 1.82 %	2000-2499 ³	2	
Green Valley Ranch Station Casino	1500-1999 ³	3	1.09 - 1.45 %	2000-2499 ³	3	1.71 - 2.13 %
Sunset Station Hotel and Casino	1000-1499 ³	4	0.73 - 1.09 %	1500-1999 ³	4	1.71 - 2.13 %
M Resort Spa and Casino	1000-1499 ³	5	0.73 - 1.09 %			
Barclays Services, LLC	800-899 ³	6	0.58 - 0.65 %			%
St Rose Dominican Hospital - Rose de Lima	700-799 ³	7	0.51 - 0.58 %	900-999 ³	5	0.77 - 0.85 %
Fiesta Henderson Casino Hotel	600-699 ³	8	0.44 - 0.51 %			%
Titanium Metals Corp. of America	500-599 ³	9	0.36 - 0.44 %			%
Sunrise Carpentry, Inc.	400-499 ³	10	0.29 - 0.36 %			
Ritz Carlton Hotel Company				500-599 ³	6	0.43 - 0.51 %
Loews Lake Las Vegas Resort				500-599 ³	7	0.43 - 0.51 %
Wal-Mart Stores				500-599 ³	8	0.43 - 0.51 %
Titanium Metals Corporation				500-599 ³	9	0.43 - 0.51 %
Medco Health, LLC				500-599 ³	10	0.43 - 0.51 %

1. For privacy purposes, exact employment numbers are unavailable.
2. Source - City of Henderson, Finance Department
3. Source - Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or www.appliedanalysis.com

CITY OF HENDERSON, NEVADA

TABLE 16 - FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM¹
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/program	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Governmental activities										
General government	347	352	363	352	347	347	347	331	331	341
Judicial	84	90	96	94	95	96	93	103	100	101
Public safety	774	817	824	827	862	867	865	866	868	881
Public works	111	118	141	140	145	134	103	112	113	123
Culture and recreation	182	191	204	190	190	189	182	189	187	184
Community support	19	19	19	22	23	23	17	19	20	18
Total governmental activities	<u>1,517</u>	<u>1,587</u>	<u>1,647</u>	<u>1,625</u>	<u>1,662</u>	<u>1,656</u>	<u>1,607</u>	<u>1,620</u>	<u>1,619</u>	<u>1,648</u>
Business-type activities										
Water	148	150	157	147	152	149	141	143	145	148
Sewer	111	119	122	116	115	114	126	126	126	130
Development services	155	156	133	62	55	40	44	54	63	67
Other	28	32	35	30	31	31	33	31	31	28
Total business-type activities	<u>442</u>	<u>457</u>	<u>447</u>	<u>355</u>	<u>353</u>	<u>334</u>	<u>344</u>	<u>354</u>	<u>365</u>	<u>373</u>
Total full-time equivalent employees	<u>1,959</u>	<u>2,044</u>	<u>2,094</u>	<u>1,980</u>	<u>2,015</u>	<u>1,990</u>	<u>1,951</u>	<u>1,974</u>	<u>1,984</u>	<u>2,021</u>

1. Source - City of Henderson, Finance Department

CITY OF HENDERSON, NEVADA

TABLE 17 - OPERATING INDICATORS BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Governmental activities										
Judicial										
New cases created (criminal and traffic)	50,876	55,495	61,926	62,458	55,169	49,165	43,256	37,741	38,257	40,094
Cases closed (criminal and traffic)	35,209	40,034	46,169	49,305	44,004	43,934	39,257	34,582	33,562	37,856
Scheduled court appearances - defendants	46,586	54,536	67,915	66,703	54,693	49,729	45,524	36,608	35,631	39,468
Public safety										
Police reports	28,103	27,417	26,761	26,466	24,419	24,767	22,320	22,037	20,392	24,611
Police calls for service	144,452	159,821	162,184	160,594	154,392	140,775	141,677	135,678	145,903	154,751
Number of emergency medical response incidents	14,823	15,185	15,079	16,164	17,115	18,513	18,953	19,227	20,421	21,487
Number of emergency medical response transports	9,887	10,276	10,593	11,333	11,969	12,951	13,199	13,050	13,671	14,790
Number of fire responses	834	723	611	552	570	599	544	555	529	523
Public works										
Lane miles of street maintenance	142	14	179	340	227	122 ⁵	12 ¹¹	241	54 ¹⁹	68
Lane miles of existing street reconstruction	74	24	43	34	95	4 ⁶	20 ¹²	4	20	36
Number of scheduled inspections (off-site improvements)	39,320	33,194	30,151	20,658	17,347	24,665	20,421	23,116	30,406	31,165
Number of off-site (non-building) projects	155	157	55	288	105	51 ⁷	79	43	51	68
Culture and recreation										
Parks and recreation class registrations	341,139	344,766	478,357	267,008	316,490	304,492	388,038	464,722	430,863	457,965
Community support										
Number of requests for information on business relocations	109	136	129	160	101	91	233 ¹³	154	178	165
Number of local business requests for information, assistance or outreach	447	414	659	746	573	569	688	661	444	511
Number of jobs created	770	1,190	425	411	250	390	269	1,920 ¹⁶	289	971 ²⁰
Business-type activities										
Water										
Average daily water consumption (MGD)	71	69	68	67	68	68	68	67	68	68
Number of requests for line location	31,684	40,534	26,638	31,633	34,620	46,017 ⁸	51,662	52,315	60,681	60,821
Number of hydrant major repairs	248	198	220	227	255	201	127 ¹⁴	139	91 ¹⁷	90
Number of line repairs	360	283	257	464	423	418	483	397	524	633
Sewer										
Lines video inspected (feet)	90,002	150,129	157,609	172,267	133,271	489,488 ⁹	552,244	619,118	523,884	495,963
Lines cleaned (feet)	1,252,317	1,568,312	1,951,831	2,224,640	2,314,701	1,717,800 ¹⁰	1,626,459	2,417,309	1,764,059	1,504,376
Development services										
Number of plan review activities	23,424	18,463	11,939	11,808	12,401	12,664	12,660	14,220	21,957 ¹⁸	25,847
Building permits issued	15,704	12,402	9,794	10,814 ⁴	9,684	10,106	11,729 ¹⁵	12,439	15,999 ¹⁸	16,742

(Continued)

CITY OF HENDERSON, NEVADA

**TABLE 17 - OPERATING INDICATORS BY FUNCTION/PROGRAM¹ (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

1. Source - Various City of Henderson departments.
2. Indicators are not available for the general government function.
3. Millions of gallons per day.
4. Increase due to increase in small dollar permits (e.g. residential remodels), while large commercial/residential development permits decreased resulting in an overall decrease in Development Services Center revenue
5. Maintenance technique used was more expensive in fiscal year 2012 because the streets maintained in this fiscal year were in worse shape than in the previous year; therefore because of funding, fewer lane miles were maintained
6. Funding sources decreased significantly, which included ARRA monies.
7. Private projects slowed down due to the economic downturn.
8. Increase due to increase for line locations from contractors/excavators. Data also includes re-mark requests.
9. Increase due to second closed circuit television truck and implementation of a formal assessment program to meet objectives of a new law requiring tracking of the location of private sewer lateral connections to public sewer mains
10. Decrease due to reassignment of staff to assist in line inspections.
11. Projects were delayed and not awarded until July 2013
12. Fiscal year 2011 was largest year in history due to ARRA funding. Projects significantly slowed down subsequently, although increased slightly in 2013, as there was not a need for reconstruction after large reconstruction projects in FY 2011.
13. Due to increased confidence in the economy and marketing initiatives.
14. Substantial hydrant repairs were made in previous years, negating the need for future repairs. This in addition to construction slowdown accounts for the decrease
15. Increase due to significant increase in single family residence permits
16. Barclay Card U. S. opened a new customer contact center and announced this will create approximately 1,000 jobs
17. Decrease due to steady maintenance, leading to fewer problems. Also, a determination was made to adjust maintenance cycles from 1.5 to 3 years
18. Increase due in large part to revitalization of two master-planned communities.
19. The available funding for the maintenance program decreased from the previous year.
20. CoreMark International, Xtreme Manufacturing, and OnTrac provided 234, 200, and 175 jobs respectively, which accounts for the largest change

CITY OF HENDERSON, NEVADA

TABLE 18 - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Governmental activities										
Public safety										
Number of police stations	2	2	3	3	3	3	3	3	3	3
Number of fire stations	9	9	9	9	9	9	9	9	9	9
Number of patrol units	154	149	140	148	144	144	137	132	136	136
Public works										
Streets (miles)	788	804	804	812	817	819	822	829	835	851
Traffic signals	135	141	144	149	152	152	158	160	166	174
Culture and recreation										
Park acreage	728	739	758	763	791	1,204	1,238	1,263	1,300	1,306
Number of parks	41	43	44	45	48	53	57	60	63	64
Number of swimming pools	9	9	13	15	15	15	15	15	13	13
Number of tennis courts	35	37	41	41	44	57	57	62	64	64
Number of recreation centers	6	6	6	7	7	7	8	8	8	8
Business-type activities										
Water										
Water mains (miles)	1,124	1,280	1,384	1,462	1,462	1,175 ³	1,200	1,222	1,482	1,488
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of water pump stations	27	27	31	31	31	32	32	32	33	33
Sewer										
Number of sewage treatment plants	2	2	2	2	2	2	2	2	2	2
Number of sewer lift stations	12	12	13	13	13	16	16	16	16	16
Miles of sanitary sewer lines	953	958	1,029	1,080	1,082	935 ³	935	943	947	949

1. Source - Various City of Henderson departments.
 2. Indicators are not available for the general government, judicial, community support, or development services functions.
 3. Method of calculation now excludes private lines and lines proposed for construction.

COMPLIANCE SECTION



2016

Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016

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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, 2016, 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 October 28, 2016.

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

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

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

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the City, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink, reading "Perry Boulder Taylor". The signature is written in a cursive style with a large initial "P" and a stylized "T".

Las Vegas, Nevada
October 28, 2016

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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) *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, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

Other Matters. The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016 - 001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 28, 2016, 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 the Uniform Guidance 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
October 28, 2016

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Agriculture</u>				
Child Nutrition Cluster				
<i>Passed through State of Nevada Department of Agriculture</i>				
Special Milk Program for Children				
Safekey Milk Grant FY16	10.556	M-102375-10	\$	28,730
Total Child Nutrition Cluster				28,730
Total U.S. Department of Agriculture				28,730
<u>U.S. Department of Commerce</u>				
<i>Direct program</i>				
Economic Development_ Technical Assistance				
Technology Innovation Study	11.303			12,000
Total U.S. Department of Commerce				12,000
<u>U.S. Department of Housing and Urban Development</u>				
CDGB - Entitlement Grants Cluster				
<i>Direct program</i>				
Community Development Block Grant/Entitlement Grants				
Community Development Block Grants	14.218*		\$	1,209,098
Neighborhood Stabilization Program	14.218*		191,985	206,046
CDBG - Outstanding Loan Balance at June 30, 2015	14.218*			458,767
Program Income - CDBG Funds	14.218*			12,500
			480,156	1,886,411
<i>Passed through State of Nevada Housing Division</i>				
Neighborhood Stabilization Program	14.218*	NV-001-HE2	68,708	68,708
Program Income - NSP Funds	14.218*			21,599
			68,708	90,307
Total CDGB - Entitlement Grants Cluster			548,864	1,976,718
<i>Direct program</i>				
Home Investment Partnerships Program				
Home Grants	14.239		406,699	473,068
Home Grants - Outstanding Loan Balance at June 30, 2015	14.239			1,858,733
Home Grants - Fiscal Year 2016 Loans	14.239			65,366
Program Income - Home Funds	14.239			76,872
			406,699	2,474,039

* Major program

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Housing and Urban Development (Continued)</u>				
<i>Passed through State of Nevada Housing Division</i>				
Home Grants	14.239	Agreement	22,491	22,491
			<u>429,190</u>	<u>2,496,530</u>
<i>Direct program</i>				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900			<u>892,172</u>
Total U.S. Department of Housing and Urban Development			<u>978,054</u>	<u>5,365,420</u>
<u>U.S. Department of the Interior</u>				
<i>Direct program</i>				
Southern Nevada Public Land Management				
UPRR Right of Way	15.235			58,240
Paradise Pointe Park	15.235			105,878
Fox Ridge Improvements	15.235			20,604
I-215 Regional Trail	15.235			<u>325,261</u>
				509,983
<i>Direct program</i>				
Water Conservation Field Services (WCFS)				
Irrigation Retrofit Project	15.530			20,000
<i>Direct program</i>				
Partners for Fish and Wildlife				
Bird Viewing Preserve	15.631			6,489
<i>Passed through Nevada State Historic Preservation Office</i>				
Historic Preservation Fund Grants-In-Aid				
SHPO Survey FY16	15.904	P15AS00020 (2)		<u>11,520</u>
Total U.S. Department of the Interior				<u>547,992</u>
<u>U.S. Department of Justice</u>				
<i>Direct program</i>				
DEA-Cannabis 2015	16.unknown			25,568
DEA-Cannabis 2016	16.unknown			<u>5,738</u>
				31,306
<i>Passed through Las Vegas Metropolitan Police Department</i>				
Missing Children's Assistance				
Internet Crimes Against Children 2014	16.543	2014-MC-FX-K045		<u>22,200</u>

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Justice (Continued)</u>				
<i>Passed through State of Nevada Office of Attorney General</i>				
<i>ARRA-Violence Against Women Formula Grants</i>				
STOP -VAWA 2014	16.588	2014-VAWA-01		20,587
STOP -VAWA 2015	16.588	2015-VAWA-01		21,492
				<u>42,079</u>
<i>Direct program</i>				
<i>Edward Byrne Memorial Justice Assistance Grant Program</i>				
Local JAG 2013	16.738			6
Local JAG 2014	16.738			17,065
Local JAG 2015	16.738			35,033
<i>Passed through State of Nevada Department of Public Safety</i>				
State JAG 2013 - Records	16.738	13-JAG-40		9,749
State JAG 2014	16.738	14-JAG-11		14,750
				<u>76,603</u>
<i>Direct program</i>				
<i>Paul Coverdell Forensic Sciences Improvement Grant Program</i>				
Coverdell 2015	16.742			<u>124,252</u>
<i>Direct program</i>				
<i>Edward Byrne Memorial Competitive Grant Program</i>				
SMART 2014	16.751			<u>15,714</u>
<i>Direct program</i>				
Equitable Sharing Program	16.922			<u>287,837</u>
Total U.S. Department of Justice				<u>599,991</u>
<u>U.S. Department of Transportation</u>				
<i>Highway Planning and Construction Cluster</i>				
<i>Passed through State of Nevada Department of Transportation</i>				
<i>Highway Planning and Construction</i>				
NDOT I-215 Regional Trail	20.205	P057-16-063		1,470
NDOT St. Rose @ Gilespie	20.205	PR288-14-063		4,117
NDOT Electric Vehicles	20.205	PR287-14-063		36,732
NDOT Sunset Rd ITS Ph 1	20.205	P349-12-063		1,457
NDOT Sunset Rd ITS Ph 2	20.205	P352-12-063		2,515
NDOT Valle Verde ITS	20.205	P347-12-063		192,117
NDOT Pecos Rd ITS	20.205	P346-12-063		237,451
NDOT St. Rose Intersection Improvements	20.205	P348-12-063		4,116

* Major program

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Transportation (Continued)</u>				
NDOT Horizon Rdg I515 Op Impvt	20.205	PR-121-13-015		42,263
NDOT Boulder - Magic Traffic Signal	20.205	PR-309-13-063		17,152
NDOT Wireless ITS/GPS Signal Upgrades	20.205	PR293-14-063		6,261
Joining Forces 2015	20.205	JF-2015-HPD-00009		<u>25,596</u>
Total Highway Planning and Construction Cluster				<u>571,247</u>
<i>Direct program</i>				
Motor Carrier Safety Assistance				
Commercial Enforcement 2015 - FY15 High Priority Grant	20.218			<u>99,163</u>
Highway Safety Cluster				
<i>Passed through State of Nevada Department of Transportation</i>				
State and Community Highway Safety				
Joining Forces 2016	20.600	JF-2016-HPD-00012		<u>41,187</u>
<i>Passed through State of Nevada Department of Transportation</i>				
National Priority Safety Programs				
Joining Forces 2015	20.616	JF-2015-HPD-00009		21,732
Joining Forces 2016	20.616	JF-2016-HPD-00012		<u>108,319</u>
				<u>130,051</u>
Total Highway Safety Cluster				<u>171,238</u>
<i>Passed through State of Nevada, State Emergency Response Commission & Clark County</i>				
Interagency Hazardous Materials Public Sector Training and Planning Grants				
Hazmat Continuing Challenge Conference (SERC)	20.703	Interlocal Agreement		11,108
Hazardous Materials and Training (SERC)	20.703	Interlocal Agreement		7,004
Hazardous Materials Emergency Preparedness (HEMP)	20.703	Interlocal Agreement		<u>15,155</u>
				<u>33,267</u>
Total U.S. Department of Transportation				<u>874,915</u>

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Health and Human Services</u>				
<i>Aging Cluster</i>				
<i>Passed through State of Nevada Division of Aging Services</i>				
<i>Special Programs for the Aging_ Title III, Part C_ Nutrition Services</i>				
Senior Nutrition Congregate 2015	93.045*	03-031-07-1X-15		110,893
Senior Nutrition Congregate 2016	93.045*	03-031-07-1X-16		143,329
Senior Nutrition Homebound 2015	93.045*	03-031-04-2X-15		146,831
Senior Nutrition Homebound 2016	93.045*	03-031-04-2X-16		226,964
Program Income - Senior Nutrition	93.045*			<u>152,600</u>
				<u>780,617</u>
 <i>Passed through State of Nevada Division of Aging Services</i>				
<i>Nutrition Services Incentive Program</i>				
Senior Nutrition 2015	93.053*	03-031-57-NX-15		130,894
Senior Nutrition 2016	93.053*	03-031-57-NX-16		<u>132,148</u>
				<u>263,042</u>
Total Aging Cluster				<u>1,043,659</u>
 <i>Direct program</i>				
<i>Substance Abuse and Mental Health Services_ Projects of Regional and National Significance</i>				
ABC Court	93.243			<u>88,080</u>
Total U.S. Department of Health and Human Services				<u>1,131,739</u>
 <u>U.S. Department of Homeland Security</u>				
<i>Passed through State of Nevada Department of Public Safety</i>				
<i>Emergency Management Performance Grants</i>				
Emergency Management Performance Grants FFY14	97.042	9704214		13,000
Emergency Management Performance Grants FFY15	97.042	9704215		100,681
Emergency Management Performance Grants FFY16	97.042	9704216		<u>44,920</u>
Total U.S. Department of Homeland Security				<u>158,601</u>
Total expenditures of federal awards			\$ 978,054	\$ <u>8,719,388</u>

* Major program

CITY OF HENDERSON, NEVADA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Henderson, Nevada (the City) under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule (if any) represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Outstanding Loan Balances

The federal loan programs listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included as federal expenditures presented in the Schedule. At June 30, 2016, the balance of loans outstanding consists of:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.218	Community Development Block Grants/Entitlement Grants	\$ 400,568
14.239	Home Investment Partnerships Program	1,810,344
		<u>\$ 2,210,912</u>

CITY OF HENDERSON, NEVADA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements	No

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with 2 CFR 200.516(a)	Yes

Identification of major programs

CFDA number	14.218
Name of federal program or cluster	Community Development Block Grant / Entitlement Grants
CFDA number	93.045, 93.053
Name of federal program or cluster	Aging Cluster - Special Programs for the Aging Title III, Part C Nutrition Services; Nutrition Services Incentive Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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, 2016

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

None reported

(Continued)

CITY OF HENDERSON, NEVADA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)

2016 - 001	
Federal program	CFDA#93.045 - Special Programs for the Aging_ Title III, Part C_ Nutrition Services
Criteria or specific requirement	To receive benefits from this grant program, applicants must be at least 60 years of age.
Condition and context	One out of 40 individuals selected for eligibility testing was less than 60 year of age at the time they received benefits pursuant to this grant.
Questioned costs	Undetermined.
Effect	Benefits were provided to an ineligible applicant.
Cause	The City's senior nutrition grant administrators believed that, as with certain senior nutrition grant programs, applicants with caregivers that are at least 60 years of age qualify to receive benefits. However, this particular grant agreement specifies that the applicant's spouse must be at least 60 years of age for the applicant to receive benefits.
Repeat finding	No
Recommendation	The City's senior nutrition grant administrators should communicate and reinforce the correct eligibility requirements with applicable grant personnel to ensure the eligibility requirements are met prospectively.
Management's response	Management informed us that all current staff assigned will be re-trained on program requirements to correct the misinterpretation of program eligibility requirements. All staff will be re-trained every two years or more frequently as program requirements are updated.

CITY OF HENDERSON, NEVADA

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a)

2015 - 001	
Federal program	CFDA#14.900 - Lead-Based Paint Hazard Control in Privately-Owned Housing
Criteria or specific requirement	OMB Circular A-133, Subpart D--Federal Agencies and Pass- Through Entities, § ____.400 Responsibilities. (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes: (1) Identify Federal awards made by informing each subrecipient of the CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award. (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year. (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action. (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
Condition and context	The subrecipient agreement to UNLV did not disclose the CFDA number within the contract. Additionally, we were informed by Neighborhood Services personnel that the CFDA number is not included on any subrecipient contracts for grants overseen by this department. In addition, the Neighborhood Services department did not review the most recent A-133 report or the Federal Audit Clearinghouse to determine whether there were single audit findings for UNLV that would potentially result in unallowable subrecipient expenditures.
Current status	Corrected.

(Continued)

CITY OF HENDERSON, NEVADA

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a) (continued)

2015 - 002

Federal program

CFDA #15.235: Southern Nevada Public Land Management

Criteria or specific requirement

Quarterly reports must include:

Funding needs for the next quarter through transfer, reimbursement requests for the previous quarter for projects under IAA or BLM reimbursable task orders, estimated ASAP drawdowns or estimated BLM direct charges for the next quarter

Condition and context

We noted that three of the four quarterly performance reports submitted to the granting agency during fiscal 2015 were not complete and accurate. Budgeted amounts for future quarter funding was understated in the first, second and third quarter reports by \$15,000, \$22,000, and \$100,000, respectively.

Current status

Corrected.

CITY OF HENDERSON, NEVADA

SCHEDULE OF BUSINESS LICENSE FEES

FOR THE YEAR ENDED JUNE 30, 2016

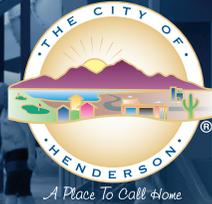
As required by Nevada Revised Statutes (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354.5989. A local government may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum.

FEES CALCULATED AS A PERCENTAGE OF GROSS REVENUE

Business license revenue for the year ended June 30, 2016	\$	4,129,568
Business license revenue for the year ended June 30, 2015 (base year)	\$	3,721,163
Adjustment to base year		
Percentage change in Consumer Price Index		<u>1.00 %</u>
Total adjustment to base year		<u>37,212</u>
Adjusted business license revenue base for the year ended June 30, 2016		<u>3,758,375</u>
Amount over allowable maximum	\$	<u><u>371,193</u></u>

FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2016	\$	2,362,510
Business license revenue for the year ended June 30, 2015 (base year)	\$	2,329,850
Adjustment to base year		
Percentage change in local government population		3.08 %
Percentage change in Consumer Price Index		<u>1.00 %</u>
Total adjustment to base year		<u>4.08 %</u>
Adjusted business license revenue base for the year ended June 30, 2016		<u>95,058</u>
Amount under allowable maximum	\$	<u><u>(62,398)</u></u>



Andy Hafen
Mayor

Sam Bateman
Councilman

Debra March
Councilwoman

John F. Marz
Councilman

Gerri Schroder
Councilwoman

Robert A. Murnane
City Manager

Gregory W. Blackburn
Assistant City Manager

Bristol S. Ellington,
Assistant City Manager

Richard A. Derrick
Chief Financial Officer