

2012

Comprehensive Annual Financial Report

City of Henderson, Nevada

FINANCIAL SECTION



A Place To Call Home

INDEPENDENT AUDITOR'S 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the the City, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund and grants special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States require that the management's discussion and analysis and schedule of funding progress - postemployment benefits other than pensions on pages 3-14 and 63-64 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, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the City's 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. 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section and schedule of business license fees are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.



November 6, 2012

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Management's Discussion and Analysis

As management of the City of Henderson (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, 2012. 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, 2012 by \$2,706,316,737 (net position). Of this amount, \$157,865,504 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$8,362,775. See the sections on Governmental Activities and Business-type Activities below for explanations of the decrease.
- As of June 30, 2012, the City's governmental funds reported combined ending fund balances of \$266,368,544, a decrease of \$41,978,136 in comparison with the prior year. See the governmental fund analysis below for explanations of the decrease. Approximately 5.9% of ending fund balances or \$15,686,060 is available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2012 unassigned fund balance in the general fund was \$15,686,060, or 7.6%, of general fund expenditures.

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 and liabilities, with the difference between the two 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.

Both of 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, 2012. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Grants Special Revenue Fund, General Obligation Debt Service Fund, Special Assessment Districts Capital Projects Fund, and the Municipal Facilities Acquisition and Construction Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer activities, which are considered major funds of the City. 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. In the case of the City, assets exceeded liabilities by \$2,706,316,737 at June 30, 2012.

The largest portion of the City's net position (83.7%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), 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.

Net Position

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$417,472,238	\$455,475,696	\$163,165,863	\$178,755,117	\$580,638,101	\$634,230,813
Capital assets	1,524,589,944	1,475,676,198	1,042,688,340	1,064,812,395	2,567,278,284	2,540,488,593
Total assets	1,942,062,182	1,931,151,894	1,205,854,203	1,243,567,512	3,147,916,385	3,174,719,406
Long-term liabilities	200,184,270	205,113,863	179,313,733	193,484,200	379,498,003	398,598,063
Other liabilities	45,645,498	39,793,962	16,456,147	21,647,869	62,101,645	61,441,831
Total liabilities	245,829,768	244,907,825	195,769,880	215,132,069	441,599,648	460,039,894
Net position:						
Net investment in capital assets	1,391,457,251	1,334,875,084	873,340,088	880,946,820	2,264,797,339	2,215,821,904
Restricted	235,191,764	273,915,622	48,462,130	52,357,776	283,653,894	326,273,398
Unrestricted	69,583,399	77,453,363	88,282,105	95,130,847	157,865,504	172,584,210
Total net position	\$1,696,232,414	\$1,686,244,069	\$1,010,084,323	\$1,028,435,443	\$2,706,316,737	\$2,714,679,512

A portion of the City's net position (10.5%) is subject to external restrictions on how it may be used. The remaining balance of \$157,865,504 may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2012, the City is able to report positive balances in all three categories of net position, both for government as a whole, as well as for its separate governmental and business-type activities. The same held true for the previous fiscal year.

There was an increase of \$56.6 million in net investment in capital assets for governmental activities. This was due mainly to the acquisition and construction of infrastructure, parks and trails. See Capital Assets section for further explanation.

There was a decrease of \$38.7 million in restricted net position for governmental activities. This decrease was mainly due to decreased amounts available for public works projects because of payments for special assessment infrastructure of \$24.8 million, \$4.8 million reduction of balances available for claims, and \$4.5 million reduction of restricted balances in the land fund as a result of the construction of Phase I mass grading for the Union Village Center Project site on the I-515 and Galleria Drive.

The City's net position decreased by \$8,362,775 during the current fiscal year, an increase in governmental net position of \$9,988,345 and a decrease in business-type activities of \$18,351,120. See explanations for the increases in the sections for Governmental Activities and Business-type Activities.

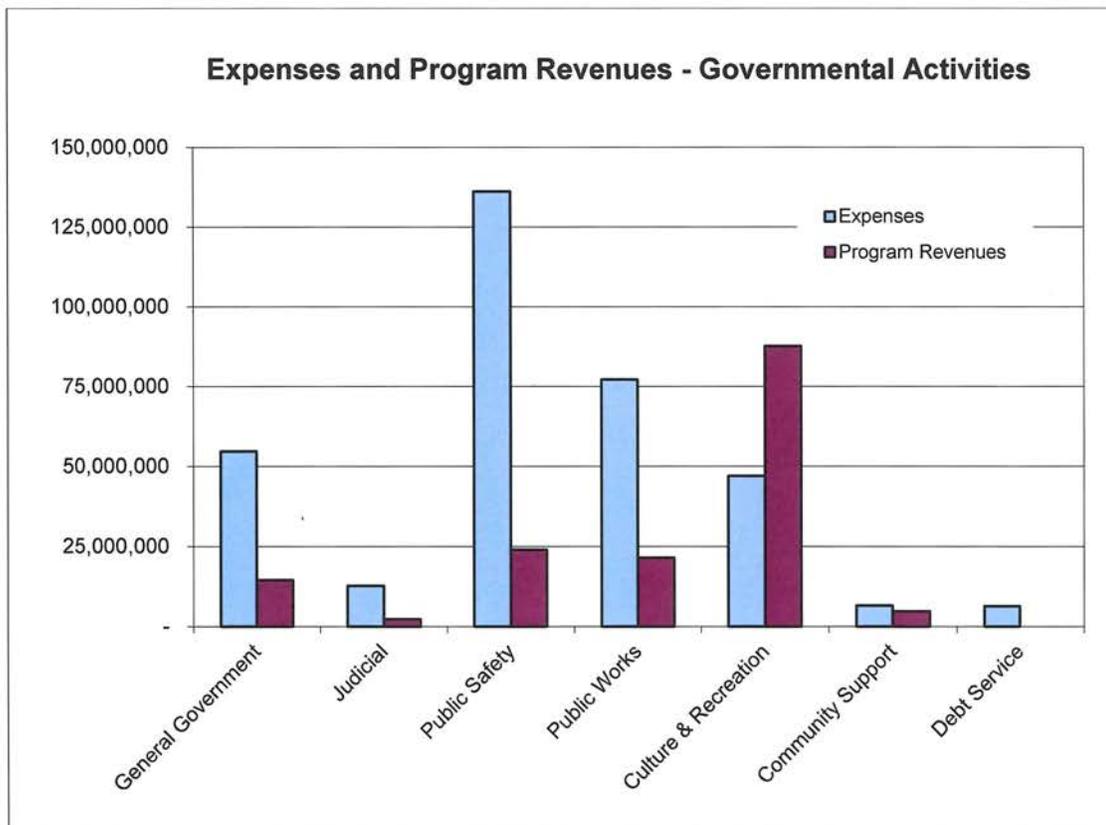
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$46,771,978	\$38,858,326	\$107,538,384	\$103,291,342	\$154,310,362	\$142,149,668
Operating grants, interest, and contributions	10,108,605	14,981,464	88,378	252,284	10,196,983	15,233,748
Capital grants, interest and contributions	97,763,977	90,276,209	14,658,033	16,454,579	112,422,010	106,730,788
General revenues:						
Property taxes	67,805,008	74,856,808	-	-	67,805,008	74,856,808
Consolidated tax	77,115,178	73,965,376	-	-	77,115,178	73,965,376
Franchise fees and other taxes	45,310,894	43,534,106	5,354,081	4,878,184	50,664,975	48,412,290
Unrestricted interest income	3,807,539	3,211,723	3,055,567	2,252,165	6,863,106	5,463,888
Gain on sale of assets	505,220	4,782	-	-	505,220	4,782
Other	4,509,623	1,377,894	4,056,939	934,305	8,566,562	2,312,199
Total revenues	353,698,022	341,066,688	134,751,382	128,062,859	488,449,404	469,129,547
Expenses:						
General government	54,671,522	52,900,058	-	-	54,671,522	52,900,058
Judicial	12,710,426	12,979,313	-	-	12,710,426	12,979,313
Public safety	136,086,182	129,840,967	-	-	136,086,182	129,840,967
Public works	77,151,783	74,665,903	-	-	77,151,783	74,665,903
Culture and recreation	47,012,306	44,729,292	-	-	47,012,306	44,729,292
Community Support	6,542,584	8,601,886	-	-	6,542,584	8,601,886
Interest on long-term debt	6,313,732	8,358,181	-	-	6,313,732	8,358,181
Water	-	-	85,564,061	84,611,740	85,564,061	84,611,740
Sewer	-	-	53,996,011	52,306,007	53,996,011	52,306,007
Other business-type activities	-	-	16,763,572	18,392,183	16,763,572	18,392,183
Total expenses	340,488,535	332,075,600	156,323,644	155,309,930	496,812,179	487,385,530
Increase (decrease) in net position before transfers	13,209,487	8,991,088	(21,572,262)	(27,247,071)	(8,362,775)	(18,255,983)
Transfers	(3,221,142)	(220,914)	3,221,142	220,914	-	-
Increase (decrease) in net position	9,988,345	8,770,174	(18,351,120)	(27,026,157)	(8,362,775)	(18,255,983)
Net position, July 1	1,686,244,069	1,677,473,895	1,028,435,443	1,055,461,600	2,714,679,512	2,732,935,495
Net position, June 30	\$1,696,232,414	\$1,686,244,069	\$1,010,084,323	\$1,028,435,443	\$2,706,316,737	\$2,714,679,512

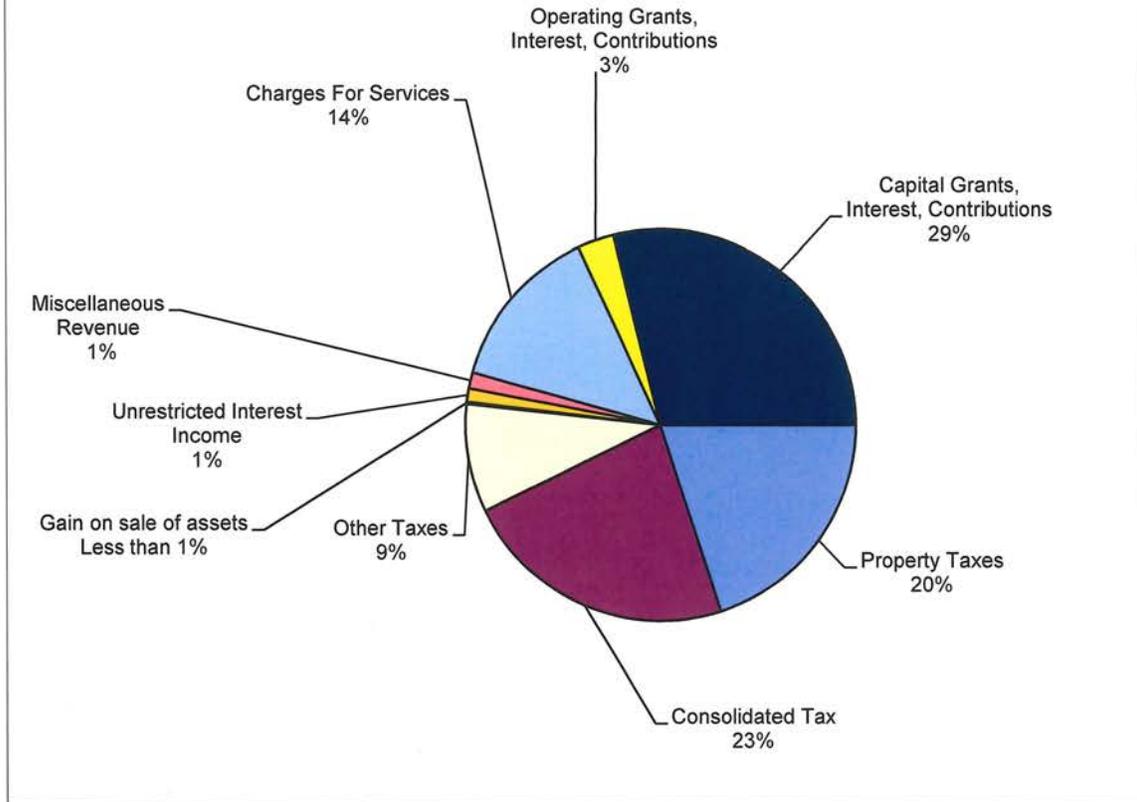
Governmental Activities. Governmental activities increased the City's net position by \$9,988,345. Significant changes are as follows:

- Charges for services increased by approximately \$7.9 million due in large part to fees charged for the housing of prisoners for the Department of Homeland Security.

- Operating grants and contributions decreased by \$4.9 million due to decreases in grants primarily related to public safety technology and low-income housing and weatherization grants that were received in fiscal year 2011.
- Capital grants and contributions increased by \$7.5 million. There was an increase in grants for the Southern Nevada Public Land Management Act of approximately \$48.7 million. This was offset by decrease in capital asset donations; in fiscal year 2011 there was a donation of a 500 acre piece of land from the Bureau of Land Management for approximately \$23.6 million. The remainder of the decrease in capital asset donations is due to the construction slow-down resulting from the economic downturn.
- Property taxes decreased by \$7 million due to the decrease in assessed property values and property tax collections, which is also attributed to the economic downturn.
- Other revenues increased by \$3.1 million due in large part to revenues related to an agreement with a developer to reimburse the City for legal fees related to environmental analysis.
- Community Support expenses decreased by \$2.1 million due to grant monies related to rehabilitation projects for low-income housing and weatherization that were spent in fiscal year 2011.
- Interest Expense on long-term debt decreased by \$2 million due to a large refunding and restructuring of debt that decreased debt service expenses. See Note 6 for a detailed description of this transaction.



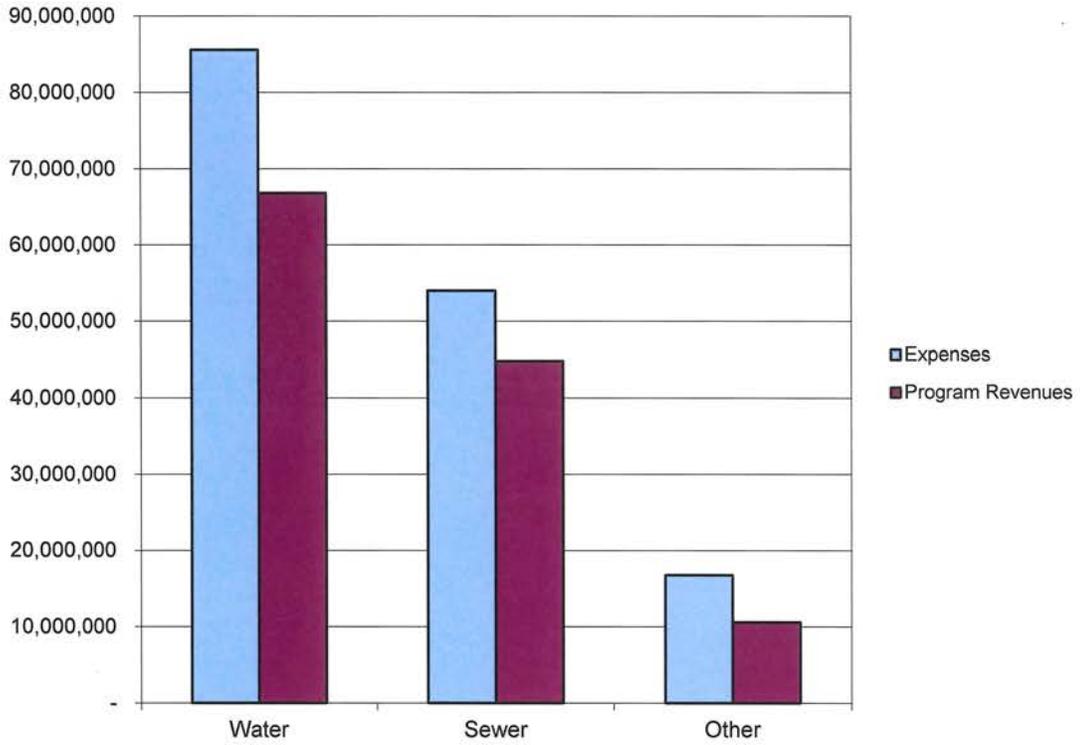
Revenues by Source - Governmental Activities



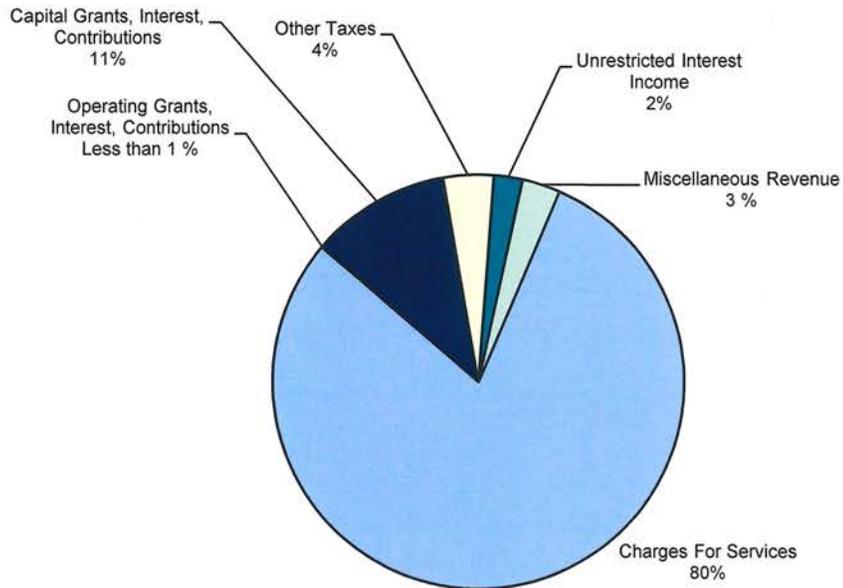
Business-type activities. Business-type activities decreased the City’s net position by \$18,351,120. Significant changes are as follows:

- Capital grants and contributions decreased by \$1.8 million, due to the construction slow-down resulting from the economic downturn.
- Other revenues increased by \$3.1 million due to a refund from the Clean Water Coalition of the City’s initial contribution. The Clean Water Coalition dissolved in 2009 and all monies were turned over to the State by law; however the Nevada Supreme Court overturned this law and ruled that all monies be returned to the original contributors.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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 \$266,368,544, a decrease of \$41,978,136, in comparison with the prior year. Approximately 5.9% of this balance (\$15,686,060) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either restricted or assigned to indicate that it is not available for new spending because it has already been restricted by State law or outside entities (\$211,098,881) or assigned for specific uses by the City (\$39,583,603).

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 \$15,686,060, while total fund balance was \$16,851,962. 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. Unassigned fund balance represents 7.6% of total general fund expenditures, while total fund balance represents 8.1% of that same amount.

The fund balance of the general fund increased by \$356,591 during the current fiscal year. Key factors for this net increase are as follows:

- Transfers to other funds decreased by \$4 million, as compared to the previous fiscal year.
- Property taxes decreased by \$5 million, (or 9.4%), as assessed valuations and collections decreased.
- Charges for services increased by \$6.8 million primarily due to fees charged for the housing of prisoners for the Department of Homeland Security.
- Other general fund revenues increased, but not one category increased significantly over the previous fiscal year.
- General fund expenditures increased in total by \$3.8 million, but no one category increased significantly over the previous fiscal year.

Grants Special Revenue Fund. The grants special revenue fund has a total fund balance of \$2,124,580, the total of which is restricted by granting agencies. There was an increase in intergovernmental revenues over last year of \$48.7 million due to an increase in grant monies for the Southern Nevada Public Land Management Act (SNPLMA). Expenditures for Public Safety decreased by \$2.9 million due to expenditures for public safety technology from public safety grants relating to a police robot for the SWAT team and new police vehicle radios in fiscal year 2011. Culture and Recreation expenditures increased by \$56.3 million due to the SNPLMA grants, which are used for parks and trails. Community Support expenditures decreased by \$2.5 million due to a decrease in grant expenditures related to low income housing and weatherization.

General Obligation Debt Service Fund. The general obligation debt service fund has a total fund balance of \$1,658,689, all of which is restricted for payment of debt service. The net decrease in the fund balance was \$1,243,273, due to several factors. Debt service payments were approximately \$18 million including \$2.8 million in current refunding expenditures. Other financing sources were proceeds from refunded debt in the amount of \$34.6 million, while other financing uses include payments on refunded bonds in the amount of \$31.2 million. Transfers out exceeded transfers from other funds by \$0.9 million.

Special Assessment Districts Capital Projects Fund. The special assessment districts capital projects fund has a total fund balance of \$106,553,094, all of which is restricted for capital projects funded by special

assessments. The net decrease in fund balance was \$26.2 million, which is mostly due to payment of special assessment infrastructure improvement projects of \$24.8 million.

Municipal Facilities Acquisition and Construction Capital Projects Fund. The municipal facilities acquisition and construction capital projects fund has a fund balance of \$19,572,784, which is assigned for capital projects within the City. The net decrease in fund balance was \$8.5 million.

Expenditures were approximately \$26.3 million lower in fiscal year 2012, as compared to fiscal year 2011. Specifically, in fiscal year 2012, there was a decrease in expenditures for several capital projects, including a decrease of approximately \$19 million for the detention facility expansion and a \$5.5 million decrease for renewable energy projects.

Transfers out to other funds were approximately \$7.6 million.

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 2012 amounted to \$66,039,578, and the total decline in net position was \$12,737,468. Unrestricted net position of the sewer fund at the end of the fiscal year 2012 was \$45,579,132, and the total increase in net position was \$1,291,011. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Functions represent the City's legal level of budgetary control. The final budget expenditure appropriations decreased by \$3 million, or 1.3% under the original budget. This decrease was mainly due to a policy decision to not assess the workers compensation premiums for the self-insurance fund.

Actual expenditures were 94.0% of appropriations, or \$13.2 lower than the final budget. All functions are well within appropriation authority. The savings were mainly due to staffing vacancies and the elimination of positions during the fiscal year, operating expenditure reductions, as well as projects that were not completed by the end of the fiscal year that will be re-appropriated to the subsequent year. The main areas of savings are summarized below:

- Actual General Government expenditures were \$6.9 million below the final budget. Approximately \$2 million of this amount is attributed to vacancy savings and reductions to part time and overtime spending. \$3.9 million is reductions to operating expenditures, and \$1 million is for projects that were not complete during the year that will be deferred to the subsequent year.
- Actual Public Safety expenditures were \$3.7 million below the final budget, primarily due to vacancy savings and reductions to operating expenditures
- Actual Culture and Recreation expenditures were \$1.6 million below the final budget, mainly due to savings from vacancies and operating expenditure reductions.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$2,567,278,284 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges and a municipal golf course. The total increase in the City's investment in capital assets was \$26.8 million (approximately \$48.9 million increase for governmental activities and approximately \$22.1 million decrease for business-type activities).

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

- Machinery and Equipment for governmental activities decreased by \$2.7 million due to depreciation.
- Construction in Progress for governmental activities increased by \$55.1 million due in large part to \$27.3 million for various trails; \$21 million for Heritage Park Phase II; and \$8.6 million for Cornerstone Lake Community Park. The increase was offset by the completion of various capital assets.
- Construction in progress for business-type activities decreased by \$15.2 million mainly due to completion of the Southwest Water Reclamation Facility offsite improvements.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$210,500,525	\$204,394,312	\$27,477,823	\$25,493,852	\$237,978,348	\$229,888,164
Buildings	231,273,671	234,492,628	31,758,503	31,055,406	263,032,174	265,548,034
Improvements other than buildings	141,388,326	135,340,301	831,496,137	840,348,211	972,884,463	975,688,512
Machinery and equipment	20,229,605	22,962,178	9,549,848	10,329,377	29,779,453	33,291,555
Infrastructure	755,545,592	767,887,709	-	-	755,545,592	767,887,709
Construction in progress	165,652,225	110,599,070	142,406,029	157,585,549	308,058,254	268,184,619
Total	\$1,524,589,944	\$1,475,676,198	\$1,042,688,340	\$1,064,812,395	\$2,567,278,284	\$2,540,488,593

Additional information on the City's capital assets can be found in note 6 to the financial statements.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$290,592,258. Of this amount, \$112,364,000 is considered general obligation debt and \$13,010,000 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.

Outstanding Bonds

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 112,364,000	\$111,111,000	\$-	\$-	\$ 112,364,000	\$111,111,000
Tax allocation bonds	13,010,000	13,625,000	-	-	13,010,000	13,625,000
Water and sewer bonds	-	-	165,218,258	179,323,139	165,218,258	179,323,139
Total	\$125,374,000	\$124,736,000	\$165,218,258	\$179,323,139	\$290,592,258	\$304,059,139

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

As of June 30, 2012, the City's net general obligation bonded debt subject to the legal debt margin of \$277,582,258 was below the legal limit of \$1,330,702,913.

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 2012/2013 fiscal year:

- The City will maintain the property tax rate of \$.7108 per \$100 in assessed valuation, one of the lowest in the state of Nevada.
- Provide efficient public services while maintaining one of the lowest employee-to-citizen ratios in the Las Vegas Valley.
- Full year of operations for the Senior Center in downtown Henderson
- Opening of the new ball fields at Heritage Park
- Legislative and Election year costs
- Full year operation of the Utility Department's Southwest Reclamation Facility
- Due to the drastic declines in assessed valuation, the Consolidated Tax formula was impacted for many of the jurisdictions in Clark County; a negative assessed value growth percentage would not allow a jurisdiction to share in revenues over the base amount. Senate Bill 31 changed current Nevada Revised Statutes to allow the local governments in Clark County to enter into an inter-local agreement to distribute the revenues in a manner that diminishes the impact of the negative assessed value number. The adoption of the inter-local agreement resulted in \$4 million in additional revenue for the City of Henderson in fiscal year 2012, and it is expected the City will receive a similar amount in fiscal year 2013.
- During the interim period between the 2011 Legislative Session and the 2013 Legislative Session a study was conducted on the distribution method of the Consolidated Tax. This study was authorized through Assembly Bill 71 sponsored by the City of North Las Vegas. Results of this study will be presented for adoption in the 2013 Legislative Session.

During the current fiscal year fund balance in the general fund increased to \$16,851,962. The City has appropriated approximately \$1.9 million of this amount for spending in the 2012/2013 fiscal year budget. It is intended that this use of available fund balance will pay for one time capital purchases.

Requests for Information

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

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2012

Comprehensive Annual Financial Report

City of Henderson, Nevada

BASIC FINANCIAL STATEMENTS



A Place To Call Home

CITY OF HENDERSON, NEVADA

STATEMENT OF NET POSITION

JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash, cash equivalents and investments, unrestricted	\$ 302,328,114	\$ 159,145,937	\$ 461,474,051
Cash, cash equivalents and investments, restricted	2,542,338	11,951,129	14,493,467
Accounts receivable, net	9,592,443	13,609,000	23,201,443
Taxes receivable	1,289,858		1,289,858
Special assessments receivable	2,018,148		2,018,148
Notes receivable, net	14,365,707	303,264	14,668,971
Interest receivable	457,208	369,039	826,247
Due from other governments	39,817,481	985,686	40,803,167
Deferred charges	1,320,570	821,853	2,142,423
Land held for resale	17,002,336		17,002,336
Other assets	74,676	2,643,314	2,717,990
Internal balances	26,663,359	(26,663,359)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	165,652,225	142,406,029	308,058,254
Land	210,500,525	27,477,823	237,978,348
Building and building improvements	231,273,671	31,758,503	263,032,174
Improvements other than buildings	141,388,326	831,496,137	972,884,463
Infrastructure	755,545,592		755,545,592
Machinery and equipment	20,229,605	9,549,848	29,779,453
Total assets	<u>1,942,062,182</u>	<u>1,205,854,203</u>	<u>3,147,916,385</u>
LIABILITIES			
Accounts payable and other accrued liabilities	20,894,148	9,263,399	30,157,547
Accrued wages	2,281,792	401,864	2,683,656
Contracts and retentions payable	3,086,751	328,685	3,415,436
Due to other governments	1,107,905		1,107,905
Tax increment payable to developers	572,257		572,257
Unearned revenue	9,354,159	3,426,920	12,781,079
Interest payable	983,082		983,082
Deposits	7,365,404	172,808	7,538,212
Other current liabilities, payable from restricted assets		2,862,471	2,862,471
Noncurrent liabilities, due within one year	21,662,619	695,132	22,357,751
Noncurrent liabilities, partially payable from restricted assets, due within one year		13,998,599	13,998,599
Noncurrent liabilities, net of unamortized premiums, discounts and refunding charges, due in more than one year	<u>178,521,651</u>	<u>164,620,002</u>	<u>343,141,653</u>
Total liabilities	<u>245,829,768</u>	<u>195,769,880</u>	<u>441,599,648</u>
NET POSITION			
Net investment in capital assets	1,391,457,251	873,340,088	2,264,797,339
Restricted for			
General government	16,661,294		16,661,294
Judicial	1,336,863		1,336,863
Public safety	3,349,391		3,349,391
Public works	143,618,823		143,618,823
Culture and recreation	11,796,078		11,796,078
Community support	201,733		201,733
Debt service	1,484,792	9,088,658	10,573,450
Redevelopment	31,666,825		31,666,825
Claims	25,075,965		25,075,965
System development		39,373,472	39,373,472
Unrestricted	<u>69,583,399</u>	<u>88,282,105</u>	<u>157,865,504</u>
Total net position	<u>\$ 1,696,232,414</u>	<u>\$ 1,010,084,323</u>	<u>\$ 2,706,316,737</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, 2012

FUNCTION/PROGRAM	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 54,671,522	\$ 13,313,837	\$ 167,513	\$ 1,003,301	\$ (40,186,871)		\$ (40,186,871)
Judicial	12,710,426	2,169,164	115,478		(10,425,784)		(10,425,784)
Public safety	136,086,182	23,261,773	733,841		(112,090,568)		(112,090,568)
Public works	77,151,783	595,817	941,307	19,918,594	(55,696,065)		(55,696,065)
Culture and recreation	47,012,306	7,431,387	3,455,677	76,742,082	40,616,840		40,616,840
Community support	6,542,584		4,694,789	100,000	(1,747,795)		(1,747,795)
Debt service							
Interest expense and fiscal charges	4,945,323				(4,945,323)		(4,945,323)
Administrative and other costs	1,368,409				(1,368,409)		(1,368,409)
Total governmental activities	340,488,535	46,771,978	10,108,605	97,763,977	(185,843,975)		(185,843,975)
Business-type activities							
Water	85,564,061	61,939,043	7,839	4,886,633		(18,730,546)	(18,730,546)
Sewer	53,996,011	35,023,243	43,276	9,771,400		(9,158,092)	(9,158,092)
Development services	8,532,739	6,844,702	7,263		(1,680,774)		(1,680,774)
Cultural arts and tourism	4,564,263	1,095,503	30,000		(3,438,760)		(3,438,760)
Municipal golf course	3,666,570	2,635,893			(1,030,677)		(1,030,677)
Total business-type activities	156,323,644	107,538,384	88,378	14,658,033		(34,038,849)	(34,038,849)
Total function/program	\$ 496,812,179	\$ 154,310,362	\$ 10,196,983	\$ 112,422,010	(185,843,975)		(219,882,824)

(Continued)

CITY OF HENDERSON, NEVADA

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GENERAL REVENUES							
Property taxes					67,805,008		67,805,008
Room taxes				784,278		1,564,477	2,348,755
Consolidated taxes				77,115,178			77,115,178
Motor vehicle fuel tax				3,945,147			3,945,147
Sales tax				10,208,557	3,789,604		13,998,161
Franchise fees				30,372,912			30,372,912
Unrestricted investment income				3,807,539	3,055,567		6,863,106
Gain on disposal of capital assets				505,220			505,220
Other				4,509,623	4,056,939		8,566,562
Total general revenues				199,053,462	12,466,587		211,520,049
Transfers				(3,221,142)	3,221,142		
CHANGE IN NET POSITION					(18,351,120)		(8,362,775)
NET POSITION, BEGINNING OF YEAR				1,686,244,069	1,028,435,443		2,714,679,512
NET POSITION, END OF YEAR				\$ 1,696,232,414	\$ 1,010,084,323		\$ 2,706,316,737

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	Special Revenue Fund		Debt Service Fund		Capital Projects Funds				Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal Facilities Acquisition and Construction	Aggregate Other Governmental Funds			
ASSETS									
Cash, cash equivalents and investments	\$ 5,995,303	\$	\$ 1,466,615	\$ 108,855,287	\$ 14,018,897	\$ 100,058,121	\$ 230,394,223		
Restricted cash, cash equivalents and investments	1,788,144					754,194	2,542,338		
Accounts receivable, net	9,017,602				185,298	188,714	9,391,614		
Interest receivable	25,174		15,890	1,163	44,060	215,548	301,835		
Taxes receivable	989,680		300,178				1,289,858		
Special assessments receivable						2,018,148	2,018,148		
Notes receivable, net	3,166,346		9,262,038		5,362,972	1,937,323	14,365,707		
Due from other funds							5,362,972		
Due from other governments	16,748,188		18,339,622	176,184		4,223,282	39,487,276		
Advances to other funds						3,209,917	3,209,917		
Land held for resale						17,002,336	17,002,336		
Total assets	\$ 37,730,437	\$ 27,601,660	\$ 1,958,867	\$ 108,856,450	\$ 19,611,227	\$ 129,607,583	\$ 325,366,224		
LIABILITIES									
Accounts payable and other accrued liabilities	\$ 6,044,815	\$ 10,788,900	\$	\$ 272,359	\$ 38,443	\$ 2,466,234	\$ 19,610,751		
Accrued wages	2,045,594	28,628				109,576	2,183,798		
Tax increment payable to developers						572,257	572,257		
Due to other governments	1,107,905						1,107,905		
Due to other funds				16,833			5,379,805		
Advances from other funds				2,014,164		3,209,917	5,224,081		
Unearned revenue	4,248,146	9,262,038	300,178			3,463,401	17,273,763		
Deposits	7,060,614	34,542				178,763	7,273,919		
Termination benefits	371,401						371,401		
Total liabilities	20,878,475	25,477,080	300,178	2,303,356	38,443	10,000,148	58,997,680		

(Continued)

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
JUNE 30, 2012

	Special Revenue Fund		Debt Service Fund		Capital Projects Funds				Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Special Facilities Acquisition and Construction	Municipal	Aggregate Other Governmental Funds		
FUND BALANCES									
Restricted	1,165,902	2,124,580	1,658,689	106,553,094	19,572,784		100,762,518	211,098,881	
Assigned	15,686,060						18,844,917	39,583,603	
Unassigned								15,686,060	
Total fund balances	16,851,962	2,124,580	1,658,689	106,553,094	19,572,784		119,607,435	266,368,544	
Total liabilities and fund balances	\$ 37,730,437	\$ 27,601,660	\$ 1,958,867	\$ 108,856,450	\$ 19,611,227	\$	\$ 129,607,583	\$ 325,366,224	

CITY OF HENDERSON, NEVADA

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 266,368,544
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	\$ 2,278,595,990	
Less accumulated depreciation	<u>(768,423,467)</u>	1,510,172,523
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Unamortized bond costs	1,320,570	
Due from other governments	<u>190,405</u>	1,510,975
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, discounts and refunding charges	(133,198,196)	
Construction contracts payable	(3,086,751)	
Other post employment benefits	(14,394,537)	
Compensated absences payable	(35,614,919)	
Termination benefits payable	<u>(478,474)</u>	(186,772,877)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	<u>(983,082)</u>	(983,082)
Unearned revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unearned revenue	<u>7,919,604</u>	7,919,604
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	71,353,368	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	19,915,622	
Internal service fund balance receivable from business-type activities from current year activity	<u>6,747,737</u>	<u>98,016,727</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		<u><u>\$ 1,696,232,414</u></u>

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

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CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Fund		Debt Service Fund		Capital Projects Funds				Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Special Facilities Acquisition and Construction	Municipal	Aggregate Other Governmental Funds		
REVENUES									
Property taxes	\$ 47,973,841		\$ 13,943,819				\$ 5,967,234		\$ 67,884,894
Franchise fees	30,372,912								30,372,912
Licenses and permits	7,462,017								7,462,017
Intergovernmental	81,868,241	82,628,003			62,169		16,392,393		180,950,806
Charges for services	25,122,078						1,977,051		27,099,129
Fines and forfeits	5,620,408						1,895,229		7,515,637
Impact fees					734,227		531,175		1,265,402
Special assessments							130,380		130,380
Investment income			87,821	49,075	320,823		2,082,739		2,675,229
Developer contributions							423,063		423,063
Rental fees							586,828		586,828
Miscellaneous	1,436,225	468,931			148,116		638,041		2,691,313
Total revenues	<u>199,990,493</u>	<u>83,096,934</u>	<u>14,031,640</u>	<u>49,075</u>	<u>1,265,335</u>		<u>30,624,133</u>		<u>329,057,610</u>
EXPENDITURES									
Current									
General government	41,558,631	114,962			71,043		7,783,788		49,528,424
Judicial	10,638,919	89,978					885,919		11,614,816
Public safety	114,192,308	696,127			312,183		11,520,414		126,721,032
Public works	7,181,356	94,613		1,578,090	327,432		1,689,830		10,871,321
Culture and recreation	32,009,199	9,017,692			74,658		2,759,537		43,861,086
Community support	1,785,234	4,493,395			47,686		84,840		6,411,155
Total current	<u>207,365,647</u>	<u>14,506,767</u>		<u>1,578,090</u>	<u>833,002</u>		<u>24,724,328</u>		<u>249,007,834</u>
Capital outlay									
General government		5,493			186,469		868,482		1,060,444
Public safety		40,496			1,135,715		523,035		1,699,246
Public works		433,185		24,804,716	8,473		7,572,831		32,819,205
Culture and recreation	31,279	67,583,820			234,471		1,850,845		69,700,415
Total capital outlay	<u>31,279</u>	<u>68,062,994</u>		<u>24,804,716</u>	<u>1,565,128</u>		<u>10,815,193</u>		<u>105,279,310</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, 2012

	Special Revenue Fund		Debt Service Fund		Capital Projects Funds			Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal Facilities Acquisition and Construction	Aggregate Other Governmental Funds	Aggregate Other Governmental Funds	
Debt service								
Principal payments			9,404,533				615,000	10,019,533
Payment to current refunding bond agent			2,803,072					2,803,072
Interest and fiscal charges			5,002,251	126,075			735,128	5,863,454
Administrative and other costs			800,005				9,629	809,634
Total debt service			18,009,861	126,075			1,359,757	19,495,695
Total expenditures	207,396,926	82,569,761	18,009,861	26,508,881	2,398,130		36,899,278	373,782,837
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,406,433)</u>	<u>527,173</u>	<u>(3,978,221)</u>	<u>(26,459,806)</u>	<u>(1,132,795)</u>		<u>(6,275,145)</u>	<u>(44,725,227)</u>
OTHER FINANCING SOURCES (USES)								
Land sales							572,981	572,981
Capital leases							322,695	322,695
Issuance of refunding bonds			34,560,000				565,000	34,560,000
Debt issuance proceeds			639,842				639,842	639,842
Premium on refunding bonds issued			(31,591,875)					(31,591,875)
Payment to advance refunding bond agent			9,494,725	257,529	230,000		510,000	25,459,998
Transfers in	14,967,744		(10,367,744)		(7,600,000)		(1,609,086)	(27,781,550)
Transfers out	(7,204,720)							
Total other financing sources (uses)	<u>7,763,024</u>	<u>(1,000,000)</u>	<u>2,734,948</u>	<u>257,529</u>	<u>(7,370,000)</u>		<u>361,590</u>	<u>2,747,091</u>
CHANGE IN FUND BALANCE	356,591	(472,827)	(1,243,273)	(26,202,277)	(8,502,795)		(5,913,555)	(41,978,136)
FUND BALANCE, BEGINNING OF YEAR	16,495,371	2,597,407	2,901,962	132,755,371	28,075,579		125,520,990	308,346,680
FUND BALANCE, END OF YEAR	<u>\$ 16,851,962</u>	<u>\$ 2,124,580</u>	<u>\$ 1,658,689</u>	<u>\$ 106,553,094</u>	<u>\$ 19,572,784</u>		<u>\$ 119,607,435</u>	<u>\$ 266,368,544</u>

22 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, 2012

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS \$ (41,978,136)

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	\$ 108,326,591	
Less current year depreciation	(79,795,339)	
Land sales	(572,981)	
Gain on disposition of capital assets	505,220	
Internal service fund activity	<u>(178,327)</u>	28,285,164

Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:

Change in unearned property tax and miscellaneous revenues from current year activity	(270,291)	
Change in unearned revenue related to notes receivable from current year activity	3,107,812	
Change in unearned revenue from cumulative prior years' activity	(133,552)	
Capital asset contributions	18,984,313	
Property taxes	<u>190,405</u>	21,878,687

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	(34,560,000)	
Debt issuance proceeds	(565,000)	
Premium on refunding bonds issued	(639,842)	
Capital leases	(322,695)	
Payment to refunded bonds escrow agent	34,394,947	
Debt principal repayments	<u>10,019,533</u>	8,326,943

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 post employment benefits	(3,246,043)	
Change in compensated absences payable	8,886	
Change in termination benefits payable	577,625	
Amortization of debt issuance costs	(558,775)	
Amortization of debt premiums, discounts and refunding charges	509,892	
Change in accrued interest	<u>285,705</u>	(2,422,710)

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	(10,849,340)	
The internal service funds change in net position related to business-type activities	<u>6,747,737</u>	<u>(4,101,603)</u>

CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES \$ 9,988,345

CITY OF HENDERSON, NEVADA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	\$ 47,567,658	\$ 47,567,658	\$ 47,973,841	\$ 406,183
Franchise fees	30,958,209	30,758,209	30,372,912	(385,297)
Licenses and permits	7,639,629	7,639,629	7,462,017	(177,612)
Intergovernmental	78,029,873	82,565,392	81,868,241	(697,151)
Charges for services	25,113,082	25,401,089	25,122,078	(279,011)
Fines and forfeits	5,761,938	5,846,938	5,620,408	(226,530)
Investment income	375,000	100,000	134,771	34,771
Other contributions	77,500	77,500		(77,500)
Miscellaneous	197,098	282,244	1,436,225	1,153,981
Total revenues	195,719,987	200,238,659	199,990,493	(248,166)
EXPENDITURES				
Current				
General government	45,938,160	48,481,966	41,558,631	6,923,335
Judicial	11,404,346	10,938,791	10,638,919	299,872
Public safety	121,606,170	117,914,179	114,192,308	3,721,871
Public works	8,187,229	7,556,370	7,181,356	375,014
Culture and recreation	34,702,896	33,601,763	32,009,199	1,592,564
Community support	1,741,384	2,078,262	1,785,234	293,028
Total current	223,580,185	220,571,331	207,365,647	13,205,684
Capital outlay				
General government		6,292		6,292
Culture and recreation		31,849	31,279	570
Total capital outlay		38,141	31,279	6,862
Total expenditures	223,580,185	220,609,472	207,396,926	13,212,546
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(27,860,198)	(20,370,813)	(7,406,433)	12,964,380
OTHER FINANCING SOURCES (USES)				
Transfers in	33,367,744	27,367,744	14,967,744	(12,400,000)
Transfers out	(7,869,720)	(6,779,720)	(7,204,720)	(425,000)
Total other financing sources (uses)	25,498,024	20,588,024	7,763,024	(12,825,000)
CHANGE IN FUND BALANCE	(2,362,174)	217,211	356,591	139,380
FUND BALANCE, BEGINNING OF YEAR	12,395,740	16,495,371	16,495,371	
FUND BALANCE, END OF YEAR	\$ 10,033,566	\$ 16,712,582	\$ 16,851,962	\$ 139,380

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 9,120,481	\$ 86,667,656	\$ 82,628,003	\$ (4,039,653)
Miscellaneous		262,122	468,931	206,809
Total revenues	<u>9,120,481</u>	<u>86,929,778</u>	<u>83,096,934</u>	<u>(3,832,844)</u>
EXPENDITURES				
Current				
General government			114,962	(114,962)
Judicial		99,517	89,978	9,539
Public safety	308,893	655,118	696,127	(41,009)
Public works		784,651	94,613	690,038
Culture and recreation		9,967,702	9,017,692	950,010
Community support	7,006,351	4,559,582	4,493,395	66,187
Total current	<u>7,315,244</u>	<u>16,066,570</u>	<u>14,506,767</u>	<u>1,559,803</u>
Capital outlay				
General government		10,000	5,493	4,507
Public safety		250,096	40,496	209,600
Public works		275,273	433,185	(157,912)
Culture and recreation		69,645,720	67,583,820	2,061,900
Community support	420,000	420,000		420,000
Total capital outlay	<u>420,000</u>	<u>70,601,089</u>	<u>68,062,994</u>	<u>2,538,095</u>
Total expenditures	<u>7,735,244</u>	<u>86,667,659</u>	<u>82,569,761</u>	<u>4,097,898</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,385,237</u>	<u>262,119</u>	<u>527,173</u>	<u>265,054</u>
OTHER FINANCING USES				
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	
CHANGE IN FUND BALANCE	385,237	(737,881)	(472,827)	265,054
FUND BALANCE, BEGINNING OF YEAR	<u>631,502</u>	<u>2,597,407</u>	<u>2,597,407</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,016,739</u>	<u>\$ 1,859,526</u>	<u>\$ 2,124,580</u>	<u>\$ 265,054</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, 2012

	Business-type Activities				Governmental Activities
			Aggregate Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Water	Sewer			
ASSETS					
Current assets					
Cash, cash equivalents and investments	\$ 100,238,681	\$ 49,046,727	\$ 9,860,529	\$ 159,145,937	\$ 71,933,891
Accounts receivable, net	9,638,644	3,964,677	5,679	13,609,000	200,829
Interest receivable	221,344	124,186	23,509	369,039	155,373
Notes receivable, net	303,264			303,264	
Inventories, bulk fuel					74,676
Due from other funds					16,833
Due from other governments		985,686		985,686	139,800
Restricted cash, cash equivalents and investments					
Customer deposits	1,356,473			1,356,473	
Water and sewer bond debt service	5,273,560	5,321,096		10,594,656	
Total current assets	<u>117,031,966</u>	<u>59,442,372</u>	<u>9,889,717</u>	<u>186,364,055</u>	<u>72,521,402</u>
Noncurrent assets					
Capital assets					
Construction in progress	3,020,940	139,385,089		142,406,029	1,197,316
Land	1,995,394	11,679,500	13,802,929	27,477,823	
Building and building improvements	12,401,579	21,210,112	9,496,136	43,107,827	744,560
Improvements other than buildings	672,677,352	594,260,501	25,651,951	1,292,589,804	473,374
Machinery and equipment	14,858,663	7,937,936	5,306,708	28,103,307	47,089,311
Less accumulated depreciation and amortization	<u>(286,264,183)</u>	<u>(182,283,015)</u>	<u>(22,449,252)</u>	<u>(490,996,450)</u>	<u>(35,087,140)</u>
Total capital assets, net	<u>418,689,745</u>	<u>592,190,123</u>	<u>31,808,472</u>	<u>1,042,688,340</u>	<u>14,417,421</u>
Other assets					
Advances to other funds					2,014,164
Deposits	2,643,314			2,643,314	
Deferred charges	122,855	698,998		821,853	
Total other assets	<u>2,766,169</u>	<u>698,998</u>		<u>3,465,167</u>	<u>2,014,164</u>
Total noncurrent assets	<u>421,455,914</u>	<u>592,889,121</u>	<u>31,808,472</u>	<u>1,046,153,507</u>	<u>16,431,585</u>
Total assets	<u>538,487,880</u>	<u>652,331,493</u>	<u>41,698,189</u>	<u>1,232,517,562</u>	<u>88,952,987</u>

(Continued)

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

CITY OF HENDERSON, NEVADA

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2012**

	Business-type Activities				Governmental Activities
			Aggregate Other Enterprise	Total Enterprise Funds	Internal Service Funds
	Water	Sewer	Funds		
LIABILITIES					
Current liabilities					
Accounts payable and other accrued liabilities	7,852,521	1,214,533	196,345	9,263,399	1,283,397
Accrued wages	170,076	142,289	89,499	401,864	97,994
Construction contracts and retention	77,948	250,737		328,685	
Unearned revenue			3,426,920	3,426,920	
Customer deposits, payable from restricted assets	1,356,473			1,356,473	
Deposits			172,808	172,808	91,485
Compensated absences	259,477	243,488	165,969	668,934	216,311
Termination benefits		26,198		26,198	204,309
Claims and judgements					12,873,791
Interest payable, payable from restricted assets	572,613	933,385		1,505,998	
Debt obligations, payable from restricted assets	<u>5,945,450</u>	<u>8,053,149</u>		<u>13,998,599</u>	
Total current liabilities	<u>16,234,558</u>	<u>10,863,779</u>	<u>4,051,541</u>	<u>31,149,878</u>	<u>14,767,287</u>
Noncurrent liabilities					
Debt obligations payable	31,332,138	124,017,515		155,349,653	
Compensated absences	2,095,325	1,966,210	1,340,228	5,401,763	1,976,754
Other post employment benefits	1,272,539	1,028,328	1,171,194	3,472,061	855,578
Provisional credits and refunding agreements	<u>390,043</u>	<u>6,482</u>		<u>396,525</u>	
Total noncurrent liabilities	<u>35,090,045</u>	<u>127,018,535</u>	<u>2,511,422</u>	<u>164,620,002</u>	<u>2,832,332</u>
Total liabilities	<u>51,324,603</u>	<u>137,882,314</u>	<u>6,562,963</u>	<u>195,769,880</u>	<u>17,599,619</u>
NET POSITION					
Net investment in capital assets	381,412,157	460,119,459	31,808,472	873,340,088	14,417,421
Restricted	39,711,542	8,750,588		48,462,130	25,075,965
Unrestricted	<u>66,039,578</u>	<u>45,579,132</u>	<u>3,326,754</u>	<u>114,945,464</u>	<u>31,859,982</u>
Total net position	<u>\$ 487,163,277</u>	<u>\$ 514,449,179</u>	<u>\$ 35,135,226</u>	1,036,747,682	<u>\$ 71,353,368</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>(26,663,359)</u>	
Net position of business-type activities				<u>\$ 1,010,084,323</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, 2012

	Business-type Activities				Governmental
	Aggregate Other			Total Enterprise	Internal Service
	Water	Sewer	Enterprise Funds		
OPERATING REVENUES					
Utilities fees	\$ 60,090,261	\$ 34,454,751	\$	\$ 94,545,012	\$
Connection fees	707,119	62,135		769,254	
Late charges	1,113,650	506,258		1,619,908	
Charges for services			6,954,636	6,954,636	31,325,913
Licenses and permits			3,317,562	3,317,562	
Rental fees			326,059	326,059	
Miscellaneous	225,338	3,777,812	219,622	4,222,772	
Total operating revenues	<u>62,136,368</u>	<u>38,800,956</u>	<u>10,817,879</u>	<u>111,755,203</u>	<u>31,325,913</u>
OPERATING EXPENSES					
Salaries and wages	10,932,188	9,011,015	5,534,335	25,477,538	7,618,406
Employee benefits	4,307,611	3,478,901	2,061,367	9,847,879	2,793,327
Water purchases	22,981,516			22,981,516	
Services and supplies	16,167,149	15,488,651	7,108,279	38,764,079	17,526,765
Claims and judgements					14,299,863
Legal fees					68,963
Depreciation	26,567,386	20,322,317	1,091,710	47,981,413	4,014,764
Total operating expenses	<u>80,955,850</u>	<u>48,300,884</u>	<u>15,795,691</u>	<u>145,052,425</u>	<u>46,322,088</u>
Operating loss	<u>(18,819,482)</u>	<u>(9,499,928)</u>	<u>(4,977,812)</u>	<u>(33,297,222)</u>	<u>(14,996,175)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,902,207	960,563	192,797	3,055,567	1,319,798
Room tax revenue			1,564,477	1,564,477	
Sales tax revenue		3,789,604		3,789,604	
Other intergovernmental revenue	11,695	174,410	17,263	203,368	
Miscellaneous		298,587		298,587	165,353
Gain (loss) on capital asset disposition	(50,600)	(513,549)		(564,149)	178,327
Interest expense	(1,593,140)	(3,755,222)		(5,348,362)	(3,541)
Total nonoperating revenues (expenses)	<u>270,162</u>	<u>954,393</u>	<u>1,774,537</u>	<u>2,999,092</u>	<u>1,659,937</u>
Loss before capital contributions and transfers	<u>(18,549,320)</u>	<u>(8,545,535)</u>	<u>(3,203,275)</u>	<u>(30,298,130)</u>	<u>(13,336,238)</u>
CAPITAL CONTRIBUTIONS					
Capital contributions	<u>7,419,735</u>	<u>10,497,050</u>	<u>884,959</u>	<u>18,801,744</u>	<u>58,349</u>
TRANSFERS					
Transfers in	25,529	158,960	3,164,288	3,348,777	2,597,516
Transfers out	(1,633,412)	(819,464)	(1,002,898)	(3,455,774)	(168,967)
Total transfers	<u>(1,607,883)</u>	<u>(660,504)</u>	<u>2,161,390</u>	<u>(106,997)</u>	<u>2,428,549</u>
CHANGE IN NET POSITION	(12,737,468)	1,291,011	(156,926)	(11,603,383)	(10,849,340)
NET POSITION, BEGINNING OF YEAR	<u>499,900,745</u>	<u>513,158,168</u>	<u>35,292,152</u>		<u>82,202,708</u>
NET POSITION, END OF YEAR	<u>\$ 487,163,277</u>	<u>\$ 514,449,179</u>	<u>\$ 35,135,226</u>		<u>\$ 71,353,368</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>(6,747,737)</u>	
CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES				<u>\$ (18,351,120)</u>	

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, 2012

	Business-type Activities				Governmental Activities
			Aggregate	Total Enterprise Funds	Internal Service Funds
	Water	Sewer	Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 60,703,769	\$ 37,804,326	\$ 10,777,108	\$ 109,285,203	\$ 1,608,825
Cash received from interfund services					29,738,788
Cash received from other sources		4,088,191	1,564,477	5,652,668	141,010
Cash payments for goods and services	(40,660,666)	(20,708,030)	(8,906,975)	(70,275,671)	(33,088,000)
Cash payments for employee services	(11,115,988)	(8,651,652)	(5,884,666)	(25,652,306)	(7,606,789)
Net cash provided by (used in) operating activities	<u>8,927,115</u>	<u>12,532,835</u>	<u>(2,450,056)</u>	<u>19,009,894</u>	<u>(9,206,166)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			3,164,288	3,164,288	2,597,516
Transfers out	(1,474,452)	(793,935)	(1,002,898)	(3,271,285)	(168,967)
Repayments of advances from other funds					131,454
Interest payments on debt					(3,541)
Intergovernmental revenues	<u>7,839</u>	<u>43,276</u>	<u>17,263</u>	<u>68,378</u>	
Net cash provided by (used in) noncapital financing activities	<u>(1,466,613)</u>	<u>(750,659)</u>	<u>2,178,653</u>	<u>(38,619)</u>	<u>2,556,462</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(2,616,497)	(14,414,329)		(17,030,826)	(3,719,939)
Proceeds from disposition of capital assets					189,130
Principal payments on debt	(5,698,897)	(8,449,420)		(14,148,317)	
Interest payments on debt	(1,783,972)	(6,548,448)		(8,332,420)	
(Increase) decrease in deposits and deferred charges	596,785	839,249		1,436,034	
Increase (decrease) in provisional credits	(1,167)	3,546		2,379	
Capital contributions	<u>2,278,174</u>	<u>4,147,173</u>		<u>6,425,347</u>	
Net cash used in capital financing activities	<u>(7,225,574)</u>	<u>(24,422,229)</u>		<u>(31,647,803)</u>	<u>(3,530,809)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	<u>1,912,279</u>	<u>996,515</u>	<u>194,102</u>	<u>3,102,896</u>	<u>1,346,982</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,147,207	(11,643,538)	(77,301)	(9,573,632)	(8,833,531)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>104,721,507</u>	<u>66,011,361</u>	<u>9,937,830</u>	<u>180,670,698</u>	<u>80,767,422</u>
CASH AND CASH EQUIVALENTS, END OF YEAR					
Cash and cash equivalents, unrestricted	100,238,681	49,046,727	9,860,529	159,145,937	71,933,891
Cash and cash equivalents, restricted	<u>6,630,033</u>	<u>5,321,096</u>		<u>11,951,129</u>	
	<u>\$ 106,868,714</u>	<u>\$ 54,367,823</u>	<u>\$ 9,860,529</u>	<u>\$ 171,097,066</u>	<u>\$ 71,933,891</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, 2012**

	Business-type Activities				Governmental Activities
	Water	Sewer	Aggregate Other		Internal Service Funds
			Enterprise Funds	Total Enterprise Funds	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	\$ (18,819,482)	\$ (9,499,928)	\$ (4,977,812)	\$ (33,297,222)	\$ (14,996,175)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities					
Depreciation	26,567,386	20,322,317	1,091,710	47,981,413	4,014,764
Other		4,088,191	1,564,477	5,652,668	165,353
(Increase) decrease in assets					
Receivables	(1,434,079)	(670,849)	138,435	(1,966,493)	557,949
Due from other governments	1,480	(325,781)		(324,301)	41,141
Due from other funds					(16,833)
Inventories, bulk fuel					(59,340)
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	2,582,579	(1,921,847)	128,452	789,184	132,435
Compensated absences	(26,882)	283,637	(164,148)	92,607	(124,097)
Termination benefits	(208,396)	26,198	(214,079)	(396,277)	114,215
Claims and judgements					680,454
Other post employment benefits	280,755	230,897	136,495	648,147	192,483
Deposits	(16,246)		25,620	9,374	91,485
Unearned revenue			(179,206)	(179,206)	
Total adjustments	<u>27,746,597</u>	<u>22,032,763</u>	<u>2,527,756</u>	<u>52,307,116</u>	<u>5,790,009</u>
Net cash provided by (used in) operating activities	<u>\$ 8,927,115</u>	<u>\$ 12,532,835</u>	<u>\$ (2,450,056)</u>	<u>\$ 19,009,894</u>	<u>\$ (9,206,166)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contribution of capital assets	<u>\$ 5,145,417</u>	<u>\$ 6,481,011</u>	<u>\$ 884,959</u>	<u>\$ 12,511,387</u>	<u>\$ 58,349</u>

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

CITY OF HENDERSON, NEVADA

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash, cash equivalents and investments	\$ 68,728,055
Special assessments receivable	<u>626,995</u>
Total assets	<u>69,355,050</u>
LIABILITIES	
Due to developers	15,288,481
Due to employees	112,732
Due to others	<u>53,953,837</u>
Total liabilities	<u>69,355,050</u>
NET POSITION	<u>\$</u>

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

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of Henderson, Nevada (the City) was originally incorporated in 1953. It is governed by an elected mayor and four council members. 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, these financial statements present the activities of the City and its blended component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations and, therefore, data from these units are combined with data of the primary government.

In evaluating how to define the financial reporting entity, management considered all potential component units using standards prescribed under GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*. Component units would include any legally separate organizations for which the City Council is financially accountable. Financial accountability would result where the City Council appoints a voting majority of the organization's governing body and 1) is able to impose its will on that organization, or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. Financial accountability may also result where an organization is fiscally dependent on the City. Based on these criteria, no component units or other reportable organizations other than the City of Henderson Redevelopment Agency were identified.

The City of Henderson Redevelopment Agency (the Agency) is a blended component unit and is governed by a five-member board composed of the four City Council members and the Mayor. The Agency was set up in fiscal year 1996 as a separate and distinct legal entity to provide a diversified and strengthened economy in the central area of the City. For financial reporting purposes, the Agency is reported as if it were part of the City's operations, as a special revenue fund, since it operates within an established area in the City and its sole purpose is to plan and finance revitalization projects in the City's central area. Financial statements of the Agency can be obtained from the City of Henderson Redevelopment Agency, 240 Water Street, Henderson, Nevada 89015.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its blended component unit. Eliminations have been made to minimize the double-counting of internal activities.

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 (sales taxes, cigarette taxes, motor vehicle privilege taxes, liquor taxes), 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 also arise 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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

Agency funds are used to account for assets that the City holds for others in an agency capacity for developer contributions for bridges, 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 and Equity

Cash, Cash Equivalents and Investments

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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

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

Receivables and Payables

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

Property Taxes

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

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

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

Restricted Assets

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

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

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

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 market value on the date donated.

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

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

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

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

	Years
Building and building improvements	15-40
Improvements other than buildings	10-50
Infrastructure	15-50
Machinery and equipment	3-10

Water Delivery Deposit

On May 22, 1990, the City and Basic Management, Inc. (BMI) executed a water delivery contract, pursuant to which BMI agreed to deliver water entitlements from Lake Mead to the City for payment under the terms of the agreement. Mutual review of the contract by the City and BMI resulted in modifications to the terms of the agreement. As a result of the mutual review, on September 21, 2005, the City and BMI amended the original agreement and the City agreed to take an additional 4,000 acre feet of water per year. The amended agreement also required the City to place a refundable deposit of \$5,515,782 with BMI on October 1, 2005, which would pay for the additional water to be delivered. The refundable deposit accrues interest at 4.5% annually and is applied monthly. The balance of the refundable deposit as of June 30, 2012, is \$1,960,814.

Compensated Absences

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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, discounts and issuance costs 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 deferred and amortized as a component of interest expense using the straight-line method. Issuance costs are reported as deferred charges and amortized over the term of the related bond.

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.

Equity Classifications

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

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

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

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

Governmental fund equity is classified as fund balance and is further 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).

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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

Assigned - Includes amounts that are constrained by the City's intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Council has delegated authority to assign fund balances amounts to the City's Finance Director. 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 will maintain a balance of 8.3% of general fund revenue. Balances in this fund may be made available to the general fund to compensate for shortfalls in actual revenues of 2.0% or greater, as compared to the final budget filed with the Nevada Department of Taxation, or in the event of a natural disaster or terrorist attack as declared by the City Council. None of these circumstances are expected to occur routinely. By policy, unrestricted fund balance in the general fund is to be maintained at no less than 8.3% of general fund revenue. A corrective action plan will be developed in the ensuing fiscal year should the ending unrestricted fund balance fall below this minimum.

Use of Estimates

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

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

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 (\$86,704,733) occurred in the special revenue funds.

Excess of Expenditures/Expenses Over Appropriations

For the year ended June 30, 2012, total expenditures exceeded appropriations for the following funds/functions, which are potential violations of NRS 354.626.

Grants special revenue fund (general government function)	\$	110,455
Capital replacement capital projects fund (culture and recreation function)		214,885

Although it may appear to be a violation of NRS 354.626, the over-expenditure in the general obligation debt service fund is specifically excluded from the requirements of this NRS.

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

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, 2012:

Cash and cash equivalents on deposit	\$	136,929,140
Cash on hand		33,018
Investments		<u>407,733,415</u>
	\$	<u><u>544,695,573</u></u>

At June 30, 2012, total cash and investments were presented in the City's financial statements as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental activities	\$ 302,328,114	\$ 2,542,338	\$ 304,870,452
Business-type activities	159,145,937	11,951,129	171,097,066
Fiduciary Funds	<u>68,728,055</u>	<u> </u>	<u>68,728,055</u>
	<u><u>\$ 530,202,106</u></u>	<u><u>\$ 14,493,467</u></u>	<u><u>\$ 544,695,573</u></u>

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

The NRS do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible state investments.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

As of June 30, 2012, the recorded amount of the City's deposits was \$136,929,140 and the bank balance was \$138,853,374. Of the bank statement balance \$35,499,922 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 Finance Director is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned monthly to each fund in the pool based on the average cash balance of the fund for the month. The City investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Finance Director are regulated by NRS 355.170. The following table identifies the investment types and minimum credit ratings authorized for the City by NRS 355.170 and 355.171:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating	
				S&P	Moody's
Banker's Acceptances	180 days	20%	None	N/A	N/A
Commercial Paper	270 days	20%	None	A-1	P-1
Money Market Mutual Funds	None	None	None	AAA	Aaa
Negotiable Certificates of Deposit	None	None	None	N/A	N/A
Collateralized Non-negotiable Certificates of Deposit	None	None	None	N/A	N/A
Negotiable notes/medium-term obligations of local governments of 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	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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

At June 30, 2012, the City had the following investments:

	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled investments			
Commercial Paper	\$ 11,998,021	\$ 11,984,337	N/A
Farm Credit Bank *	54,992,265	55,125,180	4.61
Federal Home Loan Banks *	48,910,094	49,054,112	3.88
Federal Home Loan Mortgage *	36,694,683	37,159,434	4.68
Federal National Mortgage *	51,238,444	52,128,583	2.90
US Treasury Notes	32,490,152	35,117,868	5.29
US Treasury Notes - Inflationary	6,702,567	7,628,030	8.35
State of Nevada, Local Government Investment Pool	127,689	127,689	N/A
Money Market Funds	<u>1,303,312</u>	<u>1,303,312</u>	N/A
	<u>244,457,227</u>	<u>249,628,545</u>	3.83
Non-pooled investments			
Special assessment bond proceeds investments			
Federal Home Loan Bank Discount Note	872,597	880,982	0.07
Invesco Money Market Fund	155,759,535	155,759,535	N/A
Other bond proceeds investments			
Redevelopment bonds - Investco Money Market Fund	1,376,863	1,376,863	N/A
Utility bonds - State of Nevada, Local Government Investment Pool	<u>87,490</u>	<u>87,490</u>	N/A
	<u>158,096,485</u>	<u>158,104,870</u>	0.07
	<u>\$ 402,553,712</u>	<u>\$ 407,733,415</u>	2.46

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

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

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

At June 30, 2012, in accordance with the NRS as previously defined, the City was not in violation of the maximum percentage of total portfolio per investment type, nor the maximum percentage per single issuer restrictions.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of their respective pool:

	S&P	Moody's	Percentage of Portfolio
Pooled investments			
Commercial Paper	A-1	P-1	2.94 %
Farm Credit Bank	*	*	13.52 %
Federal Home Loan Banks	*	*	12.03 %
Federal Home Loan Mortgage	*	*	9.11 %
Federal National Mortgage	*	*	12.78 %
US Treasury Notes	*	*	8.61 %
US Treasury Notes - Inflationary	*	*	1.87 %
State of Nevada, Local Government Investment Pool	N/A	N/A	0.03 %
Money Market Funds	AAA	AAA	0.32 %
			61.21 %
Non-pooled investments			
Special assessment bond proceeds investments			
Federal Home Loan Bank Discount Note	*	*	0.22 %
Invesco Money Market Fund	AAA	AAA	38.21 %
Other bond proceeds investments			
Redevelopment bonds - Investco Money Market Fund	AAA	AAA	0.34 %
Utility bonds - State of Nevada, Local Government Investment Pool	N/A	N/A	0.02 %
			38.79 %
			100.00 %

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

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

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 4. Interfund Balances and Activity

As of June 30, 2012, the composition of interfund balances is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
Municipal facilities acquisition and construction capital projects fund	Grants special revenue fund	\$ 5,362,972
Internal service funds	Special assessment districts capital projects fund	<u>16,833</u>
		<u>\$ 5,379,805</u>

The amount due to the municipal facilities acquisition and construction capital projects fund is a temporary loan to cover deficit cash in the grants special revenue fund. The amount due to the internal service funds is engineering service fees due from the special assessment districts capital projects fund.

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Internal service funds	Special assessment districts capital projects fund	\$ 2,014,164
Non-major capital projects fund	Non-major special revenue fund	<u>3,209,917</u>
		<u>\$ 5,224,081</u>

The amounts owed to the internal service funds represent loans to the special assessment districts to be repaid from special assessments. The amount of \$3,209,917 is a note receivable from the Agency to the land sales capital projects fund for land purchases.

Internal Balances

Effects of prior years' internal service activity on business-type activities	\$ (19,915,622)
Effects of current year internal service activity on business-type activities	<u>(6,747,737)</u>
	<u>\$ (26,663,359)</u>

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CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

Interfund Transfers

Transfers Out	Transfers In				
	General Fund	General Obligation Debt Service Fund	Special Assessment Districts Capital Projects Fund	Municipal Facilities Acquisition and Construction Capital Projects Fund	Aggregate Other Governmental Funds
General fund	\$	\$ 1,932,916	\$	\$	\$ 510,000
Grants special revenue fund		1,000,000			
General obligation debt service fund	10,367,744				
Municipal facilities acquisition and construction capital projects fund	4,600,000	3,000,000			
Aggregate other governmental funds		1,121,557	257,529	230,000	
Water enterprise fund		1,474,452			
Sewer enterprise fund		793,935			
Aggregate other enterprise funds		2,898			
Internal service funds		168,967			
	<u>\$ 14,967,744</u>	<u>\$ 9,494,725</u>	<u>\$ 257,529</u>	<u>\$ 230,000</u>	<u>\$ 510,000</u>

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	Transfers In				
Transfers Out	Water Enterprise Fund	Sewer Enterprise Fund	Aggregate Other Enterprise Funds	Internal Service Funds	Total (all funds)
General fund	\$	\$	\$ 3,164,288	\$ 1,597,516	\$ 7,204,720
Grants special revenue fund					1,000,000
General obligation debt service fund					10,367,744
Municipal facilities acquisition and construction capital projects fund					7,600,000
Aggregate other governmental funds					1,609,086
Water enterprise fund		158,960			1,633,412
Sewer enterprise fund	25,529				819,464
Aggregate other enterprise funds				1,000,000	1,002,898
Internal service funds					168,967
	\$ 25,529	\$ 158,960	\$ 3,164,288	\$ 2,597,516	\$ 31,406,291

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

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 5. Capital Assets

For the year ended June 30, 2012, capital asset activity was as follows:

	Balance July 1, 2011	Increases and Transfers *	Decreases and Transfers *	Completed Construction	Balance June 30, 2012
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 110,599,070	\$ 92,030,876	\$ (1,815,842)	\$ (35,161,879)	\$ 165,652,225
Land	<u>204,394,312</u>	<u>1,439,660</u>	<u>(185,165)</u>	<u>4,851,718</u>	<u>210,500,525</u>
Total capital assets not being depreciated or amortized	<u>314,993,382</u>	<u>93,470,536</u>	<u>(2,001,007)</u>	<u>(30,310,161)</u>	<u>376,152,750</u>
Capital assets being depreciated or amortized					
Building and building improvements	296,550,218	320,998	(884,959)	6,274,921	302,261,178
Improvements other than buildings	169,592,932	1,185,277	(6,955)	9,463,007	180,234,261
Infrastructure	1,335,202,318	37,977,232		14,572,233	1,387,751,783
Machinery and equipment	<u>79,363,468</u>	<u>3,613,214</u>	<u>(1,276,103)</u>		<u>81,700,579</u>
Total capital assets being depreciated or amortized	<u>1,880,708,936</u>	<u>43,096,721</u>	<u>(2,168,017)</u>	<u>30,310,161</u>	<u>1,951,947,801</u>
Accumulated depreciation and amortization					
Building and building improvements	(62,057,590)	(8,929,917)			(70,987,507)
Improvements other than buildings	(34,252,631)	(4,600,259)	6,955		(38,845,935)
Infrastructure	(567,314,609)	(64,891,582)			(632,206,191)
Machinery and equipment	<u>(56,401,290)</u>	<u>(6,278,984)</u>	<u>1,209,300</u>		<u>(61,470,974)</u>
Total accumulated depreciation and amortization	<u>(720,026,120)</u>	<u>(84,700,742)</u>	<u>1,216,255</u>		<u>(803,510,607)</u>
Total capital assets being depreciated or amortized, net	<u>1,160,682,816</u>	<u>(41,604,021)</u>	<u>(951,762)</u>	<u>30,310,161</u>	<u>1,148,437,194</u>
Total governmental activities	<u>\$ 1,475,676,198</u>	<u>\$ 51,866,515</u>	<u>\$ (2,952,769)</u>	<u>\$</u>	<u>\$ 1,524,589,944</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, 2012**

	Balance July 1, 2011	Increases and Transfers *	Decreases and Transfers *	Completed Construction	Balance June 30, 2012
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 157,585,549	\$ 13,858,222	\$	\$ (29,037,742)	\$ 142,406,029
Land	<u>25,493,852</u>	<u>571</u>	<u></u>	<u>1,983,400</u>	<u>27,477,823</u>
Total capital assets not being depreciated or amortized	<u>183,079,401</u>	<u>13,858,793</u>	<u></u>	<u>(27,054,342)</u>	<u>169,883,852</u>
Capital assets being depreciated or amortized					
Building and building improvements	41,541,414	884,959	(282,420)	963,874	43,107,827
Improvements other than buildings	1,256,391,516	11,625,857	(1,142,818)	25,715,249	1,292,589,804
Machinery and equipment	<u>27,816,067</u>	<u>51,898</u>	<u>(139,877)</u>	<u>375,219</u>	<u>28,103,307</u>
Total capital assets being depreciated or amortized	<u>1,325,748,997</u>	<u>12,562,714</u>	<u>(1,565,115)</u>	<u>27,054,342</u>	<u>1,363,800,938</u>
Accumulated depreciation and amortization					
Building and building improvements	(10,486,008)	(1,097,401)	234,085		(11,349,324)
Improvements other than buildings	(416,043,305)	(45,677,366)	627,004		(461,093,667)
Machinery and equipment	<u>(17,486,690)</u>	<u>(1,206,646)</u>	<u>139,877</u>		<u>(18,553,459)</u>
Total accumulated depreciation and amortization	<u>(444,016,003)</u>	<u>(47,981,413)</u>	<u>1,000,966</u>		<u>(490,996,450)</u>
Total capital assets being depreciated or amortized, net	<u>881,732,994</u>	<u>(35,418,699)</u>	<u>(564,149)</u>	<u>27,054,342</u>	<u>872,804,488</u>
Total business-type activities	<u>\$ 1,064,812,395</u>	<u>\$ (21,559,906)</u>	<u>\$ (564,149)</u>	<u>\$</u>	<u>\$ 1,042,688,340</u>

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

For the year ended June 30, 2012, charges, by function, for depreciation expense and capital asset transfers were as follows:

Governmental activities	
General government	\$ 3,893,049
Judicial	807,515
Public safety	3,313,195
Public works	64,742,865
Culture and recreation	7,033,455
Community support	5,260
Internal service fund depreciation expense is charged to specific functions based on asset usage	<u>4,014,764</u>
Total depreciation expense, governmental activities	83,810,103
Capital asset transfers from business-type activities	<u>890,639</u>
Total depreciation expense and transfers in, governmental activities	<u>\$ 84,700,742</u>
Business-type activities	
Water	\$ 26,567,386
Sewer	20,322,317
Development services	128,172
Cultural arts and tourism	180,097
Municipal golf course	<u>783,441</u>
Total depreciation expense, business-type activities	<u>\$ 47,981,413</u>

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 6. Long-term Liabilities

Changes in Long-term Liabilities

For the year ended June 30, 2012, the following schedule summarizes the changes in long-term obligations:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Governmental activities					
General obligation bonds					
\$12,940,000 2001 Refunding Serial Bonds due annually through June 1, 2013; interest varies between 3.5% and 4.5%	\$ 2,790,000		\$ (2,790,000)	\$	
\$34,505,000 2004A Park and Recreation Refunding Bonds due annually through June 2018; interest varies between 2.5% and 5.0%	23,360,000		(19,180,000)	4,180,000	180,000
\$43,355,000 2004B Refunding Bonds due in annually through April 2020; interest varies between 2.5% and 5.25%	32,425,000		(4,850,000)	27,575,000	2,860,000
\$56,000,000 2005D Various Purpose Bonds due annually through June 2035; interest varies between 4.0% and 5.0%	50,510,000		(6,685,000)	43,825,000	
\$2,065,000 2006 Medium-term Bonds (Energy Retrofit Project) due annually through September 2016; interest fixed at 3.79%	1,331,000		(201,000)	1,130,000	209,000
\$1,162,000 2008 Medium Term Bonds due annually through March 2015; interest fixed at 3.24%	695,000		(166,000)	529,000	171,000
\$565,000 2011 Medium Term Bonds (Police Communications Equipment) due annually through August 2014; interest fixed at 1.96%		565,000		565,000	185,000
\$18,245,000 2011A General Obligation Refunding Bonds; principal due annually beginning June 2016 through June 2020; interest varies between 2.0% and 3.15%		18,245,000		18,245,000	
\$2,710,000 2011B General Obligation Refunding Bonds; principal due annually beginning June 2016 through June 2020; interest fixed at 3.0%		2,710,000		2,710,000	
\$13,605,000 2011C General Obligation Refunding Bonds; principal due annually beginning June 2021 through June 2025; interest varies between 3.125% and 4.0%		13,605,000		13,605,000	
Total general obligation bonds	<u>111,111,000</u>	<u>35,125,000</u>	<u>(33,872,000)</u>	<u>112,364,000</u>	<u>3,605,000</u>

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Tax allocation bonds					
\$12,045,000 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 3.5% and 5.25%	9,965,000		(470,000)	9,495,000	490,000
\$4,295,000 2002 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 5.1% and 7.2%	<u>3,660,000</u>		<u>(145,000)</u>	<u>3,515,000</u>	<u>160,000</u>
Total tax allocation bonds	<u>13,625,000</u>		<u>(615,000)</u>	<u>13,010,000</u>	<u>650,000</u>
Unamortized bond premium	4,752,503	639,842	(1,721,318)	3,671,027	
Unamortized bond discount and deferred refunding charges	(5,643,357)	(9,131,444)	2,511,337	(12,263,464)	
\$446,894 capital lease payable to Dell Financial Services, due in annual installments of \$148,964 through December 2011; interest fixed at 0.00%	148,968		(148,968)		
\$322,695 capital lease payable to Dell Financial Services, due in annual installments of \$107,565 through November 2013; interest fixed at 0.00%		322,695	(107,565)	215,130	107,565
\$17,960,000 2009 Installment Purchase Agreement due annually beginning in February 2010 through 2024; interest fixed at 4.97%	16,807,000		(671,000)	16,136,000	752,000
Intangible asset obligation	179,978		(114,475)	65,503	65,503
Claims and judgments payable	12,193,337	14,270,836	(13,590,382)	12,873,791	12,873,791
Termination benefits	2,033,038	3,538,060	(4,516,914)	1,054,184	970,530
Compensated absences	38,094,807	4,117,627	(4,404,450)	37,807,984	2,638,230
Other post employment benefits	<u>11,811,589</u>	<u>4,016,853</u>	<u>(578,327)</u>	<u>15,250,115</u>	
Total governmental activities	<u>205,113,863</u>	<u>52,899,469</u>	<u>(57,829,062)</u>	<u>200,184,270</u>	<u>21,662,619</u>

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Business-type activities					
Revenue bonds					
\$7,221,110 1991 Sewer Serial Bonds due in semi-annual installments through July 2011; interest fixed at 4.0%	288,976		(288,976)		
\$12,300,000 1992 Sewer Serial Bonds due in semi-annual installments through January 2012; interest fixed at 4.0%	1,343,283		(884,593)	458,690	458,690
\$987,525 1993 Water Serial Bonds due in five year installments through December 2012; interest varies between 4.85% and 6.5% (interest is accrued and due with principal payments)	657,729	43,436		701,165	701,165
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest fixed at 4.0%	2,917,856		(792,823)	2,125,033	824,853
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 2015; interest fixed at 3.825%	2,814,719		(584,691)	2,230,028	607,269
\$5,500,000 2000 Water Bonds due in annual installments through January 2021; interest fixed at 3.65%	3,761,180		(254,897)	3,506,283	264,285
\$110,000,000 2004 Sewer Bonds due in annual installments through June 2034; interest varies between 3.0% and 5.25%	97,495,000		(2,420,000)	95,075,000	2,515,000
\$22,618,000 2005 Water Bonds due in annual installments beginning September 2009 through 2018; interest fixed at 5.0%	18,926,000		(1,984,000)	16,942,000	2,080,000
\$33,927,000 2005 Sewer Bonds due in annual installments beginning September 2009 through 2018; interest fixed at 5.0%	28,389,000		(2,976,000)	25,413,000	3,120,000
\$29,815,000 Water and Sewer Refunding Bonds due in annual installments through September 2017; interest varies between 4.0% and 5.0%	21,070,000		(3,875,000)	17,195,000	3,340,000
\$1,659,396 2009 Clean Water State Revolving Loan Fund - Sewer due in semi-annual installments beginning July 2011 through January 2030; interest fixed at 0.0%	1,659,396		(87,337)	1,572,059	87,337
Total revenue bonds	<u>179,323,139</u>	<u>43,436</u>	<u>(14,148,317)</u>	<u>165,218,258</u>	<u>13,998,599</u>
Unamortized bond premium	6,316,531		(669,800)	5,646,731	
Unamortized bond discount and deferred refunding charges	(1,774,095)		257,358	(1,516,737)	

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Provisional credits and refunding agreements	394,146	20,190	(17,811)	396,525	
Termination benefits	422,475	347,545	(743,822)	26,198	26,198
Compensated absences	5,978,090	557,468	(464,861)	6,070,697	668,934
Other post employment benefits	<u>2,823,914</u>	<u>648,147</u>	<u> </u>	<u>3,472,061</u>	<u> </u>
Total business-type activities	<u>193,484,200</u>	<u>1,616,786</u>	<u>(15,787,253)</u>	<u>179,313,733</u>	<u>14,693,731</u>
Total long-term obligations	<u>\$ 398,598,063</u>	<u>\$ 54,516,255</u>	<u>\$ (73,616,315)</u>	<u>\$ 379,498,003</u>	<u>\$ 36,356,350</u>

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.

Future Debt Service Requirements

At June 30, 2012, the annual requirements to pay principal and interest on all bonds outstanding, as well as other long-term debt obligations, were as follows:

<u>For the Year Ending June 30,</u>	<u>Revenue Bonds</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 13,998,599	\$ 7,717,364	\$ 3,605,000	\$ 2,669,346
2014	14,135,252	7,075,969	5,583,000	2,500,055
2015	14,318,529	6,415,762	5,753,000	3,285,907
2016	11,293,878	5,807,988	7,559,000	4,057,465
2017	11,497,765	5,261,984	9,334,000	3,788,577
2018-2022	35,206,088	19,621,693	38,250,000	13,551,228
2023-2027	23,166,138	13,779,230	19,120,000	7,659,395
2028-2032	28,337,009	7,624,900	13,455,000	4,414,605
2033-2036	13,265,000	1,002,500	9,705,000	985,500
	<u>\$ 165,218,258</u>	<u>\$ 74,307,390</u>	<u>\$ 112,364,000</u>	<u>\$ 42,912,078</u>
<u>For the Year Ending June 30,</u>	<u>Tax Allocation Bonds</u>		<u>Other Long-term Debt Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 650,000	\$ 702,789	\$ 859,565	\$ 801,960
2014	680,000	669,121	945,565	764,585
2015	715,000	633,882	930,000	722,936
2016	755,000	595,851	1,027,000	676,715
2017	790,000	55,099	1,132,000	625,673
2018-2022	4,655,000	2,058,001	7,471,000	2,169,008
2023-2027	<u>4,765,000</u>	<u>572,662</u>	<u>3,986,000</u>	<u>301,132</u>
	<u>\$ 13,010,000</u>	<u>\$ 5,287,405</u>	<u>\$ 16,351,130</u>	<u>\$ 6,062,009</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Special Assessment Bonds

The City has issued special assessment bonds with an aggregate outstanding balance of \$231,030,000. The City is only acting as an agent for these bonds and is not liable for the debt. Principal and interest are payable from the special assessments levied.

Advance and Current Refundings

In December 2011, the City issued \$18,245,000 in General Obligation Refunding Bonds (Taxable) Series 2011A and \$13,605,000 in General Obligation Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2011C. Proceeds of the 2011A Bonds were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for future debt service payments on \$15,920,000 of refunded debt applicable to the Series 2011A Bonds. Proceeds of the 2011C bonds were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for future debt service payments on \$6,685,000 of refunded debt and a portion of the interest from June 1, 2012 through December 1, 2014, applicable to the Series 2012C Bonds. These refunding projects were undertaken to better match debt service requirements to currently available resources. Over the life of the bonds, these bond refunding issues will add \$7,622,598 to the City's total debt service requirements. In present value (economic loss) terms, this equates to an additional \$2,473,099 in debt service requirements.

Additionally, in December 2011, the City issued \$2,710,000 in General Obligation Refunding Bonds (Tax-Exempt) Series 2011B for a current refunding of \$2,790,000 General Obligation Refunding Bonds, Series 2001. This refunding, over the life of the bond, will add \$322,836 to total debt service requirements. In present value (economic loss) terms, this equates to an additional \$275 in debt service requirements.

New Debt Issuances

In August 2011, the City issued General Obligation Medium-Term Bonds, Series 2011 in the amount of \$565,000. The bonds were issued to pay all or a portion of the cost of acquiring Police Department communication equipment. The bonds mature annually on August 1 of each year starting in 2013 and ending in 2015. Interest on the bonds is payable on August 1 and February 1, commencing on February 1, 2012, at 1.96%.

In September 2011, the City entered into a lease agreement for computer equipment that qualifies as capital assets for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments (the stated interest rate in the lease is 0.0%). Interest expense that might have been imputed on this obligation is considered to be immaterial. In addition, the related assets are below the City's capitalization threshold and, therefore, were not recorded as capital assets. The following future lease payments have been included in the future debt service requirements previously presented:

For the Year Ending June 30,

2013	\$	107,565
2014		<u>107,565</u>
	\$	<u><u>215,130</u></u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Defeased Debt

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2012, all amounts associated with prior years' defeased debt had been repaid. In the current year, debt was defeased in connection with the advance refunding, previously discussed, and the outstanding balance at June 30, 2012, applicable to this defeasement is \$21,370,000.

Termination Benefits

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

Note 7. Retirement Plan

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

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits and death benefits.

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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

As of June 30, 2012, the City's contribution rates and amounts contributed for the previous three years were as follows:

<u>For the Year Ending June 30,</u>	Contribution Rate		Required Contribution and Amount Contributed
	Police and Fire Employees	Other Employees	
2012	39.75 %	23.75 %	\$ 45,827,522
2011	37.00 %	21.50 %	41,337,105
2010	37.00 %	21.50 %	39,840,236

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

Note 8. Other Post Employment Benefits (OPEB)

Plan Description

Eligible retirees 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 which is mandated by NRS.

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

Funding Policy

The City has an eight member Insurance Committee that reviews and determines the funding requirements and plan options as noted above. A closed group of current retirees are eligible for premium subsidy from the City for PEBP insurance. The City is required to pay PEBP a monthly subsidy on behalf of these retirees, based on the number of years of service with the City at retirement. These retirees met the retirement eligibility requirements for the Nevada Public Employees' Retirement System (PERS) and retired prior to December 1, 2008. No future retirees are eligible for this benefit. As of June 30, 2012, the City had 136 retirees receiving benefits and 1,065 active employees. Contributions are required for both retiree and dependent coverage and range from \$149 to \$1,197 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.

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

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 City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	City of Henderson Plan	Public Employee Benefit Program	Total
Annual required contribution (ARC)	\$ 4,258,000	\$ 464,000	\$ 4,722,000
Interest on net OPEB obligation	486,000	172,000	658,000
Adjustment to ARC	<u>(501,000)</u>	<u>(214,000)</u>	<u>(715,000)</u>
Annual OPEB cost	4,243,000	422,000	4,665,000
OPEB contributions made	<u>(36,913)</u>	<u>(541,414)</u>	<u>(578,327)</u>
Increase (decrease) in net OPEB obligation	4,206,087	(119,414)	4,086,673
Net OPEB obligation, beginning of year	<u>10,808,231</u>	<u>3,827,272</u>	<u>14,635,503</u>
Net OPEB obligation, end of year	<u>\$ 15,014,318</u>	<u>\$ 3,707,858</u>	<u>\$ 18,722,176</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for fiscal years ended June 30, 2012, and the two preceding years were as follows:

<u>For the Year Ended June 30,</u>	Annual OPEB Cost	OPEB Contributions Made	Percentage Contributed	Net OPEB Obligation
City of Henderson Plan				
2012	\$ 4,243,000	\$ 36,913	0.9 %	\$ 15,014,318
2011	1,811,251	174,042	9.6 %	10,808,231
2010	1,802,066		0.0 %	9,171,022
Public Employee Benefit Program				
2012	422,000	541,414	128.3 %	3,707,858
2011	731,644	608,950	83.2 %	3,827,272
2010	727,934	586,284	80.5 %	3,704,578

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

Funded Status and Funding Progress

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
City of Henderson Plan July 1, 2011	\$	\$ 34,427,000	\$ 34,427,000	0.0 %	\$ 143,530,451	24.0 %
Public Employee Benefit Program July 1, 2011		7,931,000	7,931,000	0.0 %	N/A *	N/A *

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

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

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate and a projected salary increase of 2.0% with no inflation rate growth and a health care cost trend rate assumption of 10.0% through fiscal 2012, grading down by 0.5% each year until an ultimate health care cost trend rate of 5.0% is reached. The unfunded actuarial accrued liability for the City Plan is being amortized on an open basis over a period of 30 years assuming a level percentage of projected payroll. The unfunded actuarial accrued liability for the PEBP Plan is being amortized on a closed basis over a period of 23 years.

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

Note 9. Risk Management

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

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 \$844 million blanket property insurance policy on all buildings, building contents and Boiler and Machinery with a \$100,000 deductible; \$1.9 million Contractors' Equipment coverage on a scheduled basis for heavy equipment with a \$50,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery and alteration; and a \$10.2 million Emergency Response Unit Physical Damage policy with a \$10,000 deductible.

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

Group Health Insurance - The City is self insured for employee health benefits, providing medical dental and vision care. The City maintains a specific stop loss policy of \$150,000 per participant. A third party administrator is used to pay claims.

Worker's Compensation - The City is self insured for workers' compensation claims. A third party administrator is utilized for claim adjusting and payment. The City has a \$1,500,000 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 April 1, 2011 through July 1, 2012.

For the years ended June 30, 2012 and 2011, changes in the funds' claims liability amounts were as follows:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
For the year ended June 30, 2012				
Liability insurance	\$ 1,926,332	\$ 1,234,086	\$ (1,360,198)	\$ 1,800,220
Workmen's compensation insurance	9,083,305	2,415,393	(1,824,127)	9,674,571
Health Insurance	<u>1,183,700</u>	<u>10,621,357</u>	<u>(10,406,057)</u>	<u>1,399,000</u>
	<u>\$ 12,193,337</u>	<u>\$ 14,270,836</u>	<u>\$ (13,590,382)</u>	<u>\$ 12,873,791</u>
For the year ended June 30, 2011				
Liability insurance	\$ 1,369,921	\$ 3,248,659	\$ (2,692,248)	\$ 1,926,332
Workmen's compensation insurance	8,318,386	2,685,304	(1,920,385)	9,083,305
Health Insurance	<u>969,900</u>	<u>9,853,942</u>	<u>(9,640,142)</u>	<u>1,183,700</u>
	<u>\$ 10,658,207</u>	<u>\$ 15,787,905</u>	<u>\$ (14,252,775)</u>	<u>\$ 12,193,337</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Note 10. Commitments and Contingencies

Construction in Progress

As of June 30, 2012, construction in progress of \$308,058,254 was reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$49,100,177 to complete these projects.

Litigation

There are pending lawsuits involving the City and/or its employees, in which the City is represented by the City Attorney. Based on the current status of these matters and present uncertainty regarding the final outcome thereof, the City Attorney has concluded that it is not currently probable that the City will incur a loss, and accordingly, no provision for loss has been recorded in the accompanying financial statements.

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 has entered into several Owner Participation Agreements (OPAs) with various developers whereby the developers are to construct public improvements on behalf of the Agency in connection with its redevelopment efforts. These OPAs could potentially obligate the Agency to repay developers approximately \$239 million, plus accrued interest, to reimburse the developers for the costs incurred in connection with the construction of the public improvements. However, the financial commitment to each developer is contingent upon there being sufficient tax increment available to fund the payments, as well as the developer actually incurring costs related to the public improvements.

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

Operating Leases

The City has entered into various noncancelable managed service agreements (effectively leases) for copier equipment and related services. For the year ended June 30, 2012, total costs under such agreements were \$1,098,511.

CITY OF HENDERSON, NEVADA

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

FOR THE YEAR ENDED JUNE 30, 2012

At June 30, 2012, the future minimum operating lease payments were as follows:

For the Year Ending June 30,

2013	\$ 1,176,000
2014	1,176,000
2015	1,176,000
2016	1,176,000
2017	<u>588,000</u>
	<u>\$ 5,292,000</u>

Encumbrances

As of June 30, 2012, outstanding encumbrances were as follows:

General fund	\$ 939,175
Grants special revenue fund	25,444,806
Municipal facilities acquisition and construction capital projects fund	455,048
Aggregate other governmental funds	
Special revenue funds	3,081,948
Debt service funds	<u>1,377,702</u>
	<u>\$ 31,298,679</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.

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

Note 11. Components of Fund Balances and Restricted Net Position

At June 30, 2012, the components of governmental fund balances were as follows:

	Major Governmental Funds				
					Municipal Facilities
	General Fund	Grants Special Revenue Fund	General Obligation Debt Service Fund	Special Assessment Districts Capital Projects Fund	Acquisition and Construction Capital Projects Fund
Restricted for					
General government	\$	\$ 5,113	\$	\$	\$
Judicial					
Public safety		368,898			
Public works		1,548,836		106,553,094	
Culture and recreation					
Community support		201,733			
Debt service			1,658,689		
Assigned to					
General government	771,440				
Judicial	44,096				
Public safety	8,817				
Public works	53,332				19,572,784
Culture and recreation	59,701				
Community support	228,516				
Unassigned	15,686,060				
	<u>\$ 16,851,962</u>	<u>\$ 2,124,580</u>	<u>\$ 1,658,689</u>	<u>\$ 106,553,094</u>	<u>\$ 19,572,784</u>
				Aggregate Other Governmental Funds	Total Governmental Funds
Restricted for					
General government				\$ 16,656,181	\$ 16,661,294
Judicial				1,336,863	1,336,863
Public safety				2,980,493	3,349,391
Public works				35,516,893	143,618,823
Culture and recreation				11,796,078	11,796,078
Community support					201,733
Debt service				809,185	2,467,874
Redevelopment				31,666,825	31,666,825
Assigned to					
General government					771,440
Judicial					44,096
Public safety					8,817
Public works				18,844,917	38,471,033
Culture and recreation					59,701
Community support					228,516
Unassigned					<u>15,686,060</u>
				<u>\$ 119,607,435</u>	<u>\$ 266,368,544</u>

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

(Continued)

CITY OF HENDERSON, NEVADA

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

At June 30, 2012, the components of restricted net position in the enterprise and internal service funds were as follows:

	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Water Fund	Sewer Fund		
Restricted for				
Debt service	\$ 4,700,947	\$ 4,387,711	\$ 9,088,658	\$
Claims				25,075,965
System development	<u>35,010,595</u>	<u>4,362,877</u>	<u>39,373,472</u>	
	<u>\$ 39,711,542</u>	<u>\$ 8,750,588</u>	<u>\$ 48,462,130</u>	<u>\$ 25,075,965</u>

Note 12. Recently Issued Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's financial position, results of operation, or cash flows, since the City does not have any SCAs.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. Management has not yet completed its assessment of this statement.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature various accounting and financial reporting guidance that is included in certain non-GASB pronouncements issued on or before November 30, 1989. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's financial position, results of operation, or cash flows.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. This Statement provides financial reporting guidance for identifying and reporting deferred outflows of resources and deferred inflows of resources. Management has completed its assessment of this statement, determined that it would not have a material effect on the City's financial position, results of operation, or cash flows and has implemented it.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's financial position, results of operation, or cash flows, since the City does not have any derivative instruments.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. The objective of the Statement is to either 1) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or 2) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*. Management has not yet completed its assessment of this statement.

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

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. Management has not yet completed its assessment of this statement.

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

Note 13. Subsequent Events

On July 26, 2012, the City issued \$72,550,000 Sewer Refunding Bonds (Additionally Secured by Pledged Revenue), Series 2012A, to refund \$71,120,000 aggregate principal amount of the Series 2004 Sewer Bonds and pay related costs of issuing the 2012A Bonds. The Series 2012A Bonds are due in annual installments through June 2034 and interest varies from 4% and 5%.

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CITY OF HENDERSON, NEVADA

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2012**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio		UAAAL as a Percent of Covered Payroll
				Annual Covered Payroll	Annual Covered Payroll	
CITY OF HENDERSON PLAN						
July 1, 2011	\$ 34,427,000	\$ 34,427,000	\$ 34,427,000	0.0 %	\$ 143,530,451	24.0 %
July 1, 2009	24,605,550	24,605,550	24,605,550	0.0 %	144,050,046	17.1 %
July 1, 2007	32,283,998	32,283,998	32,283,998	0.0 %	147,095,944	21.9 %
PUBLIC EMPLOYEE BENEFIT PROGRAM						
July 1, 2011	7,931,000	7,931,000	7,931,000	0.0 %	N/A *	N/A *
July 1, 2009	14,601,450	14,601,450	14,601,450	0.0 %	N/A *	N/A *
July 1, 2007	19,158,002	19,158,002	19,158,002	0.0 %	N/A *	N/A *

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

CITY OF HENDERSON, NEVADA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2012

Note 1. Postemployment Benefits Other Than Pensions

For the year ended June 30, 2012, 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.

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2012

Comprehensive Annual Financial Report

City of Henderson, Nevada

Non-major Special Revenue Funds

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

City of Henderson Redevelopment Agency -

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

Gas Tax Special Revenue -

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

Forfeited Assets Special Revenue -

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

Municipal Court Administrative Fee Special Revenue -

to account for court assessments which are to be used to improve operations of the court.

Financial Stabilization Special Revenue -

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

Sales & Use Tax Special Revenue -

to account for the proceeds from the tax authorized by a State Assembly Bill for the Board of County Commissioners of Clark County to employ and equip additional police officers.

Code Enforcement Special Revenue -

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

Commissary Special Revenue -

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



A Place To Call Home

Non-major Debt Service Fund

Special Assessment Districts Debt Service Fund-

to account for the accumulation of resources and payment of special assessment debt principal and interest from special assessment levies when the government is obligated in some manner for payment.

Non-major Capital Projects Funds

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

Land Sales -

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

Special Recreation -

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

Park Development -

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

Flood Control -

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

RTC/County Funded -

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

Special Ad Valorem Transportation -

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

Capital Replacement -

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

Lake Las Vegas -

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



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CITY OF HENDERSON, NEVADA

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2012

	Special Revenue Funds	Special Assessment Districts Debt Service Fund	Capital Project Funds	Total Aggregate Other Governmental Funds
ASSETS				
Cash, cash equivalents and investments	\$ 46,118,196	\$ 808,048	\$ 53,131,877	\$ 100,058,121
Restricted cash, cash equivalents and investments	754,194			754,194
Accounts receivable, net	1,963		186,751	188,714
Interest receivable	98,681	1,469	115,398	215,548
Special assessments receivable		2,018,148		2,018,148
Notes receivable, net	492,070		1,445,253	1,937,323
Due from other governments	3,233,342		989,940	4,223,282
Advances to other funds			3,209,917	3,209,917
Land held for resale	<u>17,002,336</u>			<u>17,002,336</u>
Total assets	<u>\$ 67,700,782</u>	<u>\$ 2,827,665</u>	<u>\$ 59,079,136</u>	<u>\$ 129,607,583</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 515,691	\$ 332	\$ 1,950,211	\$ 2,466,234
Accrued wages	108,027		1,549	109,576
Tax increment payable to developers	572,257			572,257
Advances from other funds	3,209,917			3,209,917
Unearned revenue		2,018,148	1,445,253	3,463,401
Deposits	<u>100,000</u>		<u>78,763</u>	<u>178,763</u>
Total liabilities	<u>4,505,892</u>	<u>2,018,480</u>	<u>3,475,776</u>	<u>10,000,148</u>
FUND BALANCES				
Restricted	63,194,890	809,185	36,758,443	100,762,518
Assigned			<u>18,844,917</u>	<u>18,844,917</u>
Total fund balances	<u>63,194,890</u>	<u>809,185</u>	<u>55,603,360</u>	<u>119,607,435</u>
Total liabilities and fund balances	<u>\$ 67,700,782</u>	<u>\$ 2,827,665</u>	<u>\$ 59,079,136</u>	<u>\$ 129,607,583</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, 2012

	Special Revenue Funds	Special Assessment Districts Debt Service Fund	Capital Project Funds	Total Aggregate Other Governmental Funds
REVENUES				
Property taxes	\$ 5,143,557		\$ 823,677	\$ 5,967,234
Intergovernmental	13,012,480		3,379,913	16,392,393
Charges for services	75,996		1,901,055	1,977,051
Fines and forfeits	1,895,229			1,895,229
Impact fees			531,175	531,175
Special assessments		130,380		130,380
Investment income	839,721	163,331	1,079,687	2,082,739
Developer contributions			423,063	423,063
Rental fees	60,717		526,111	586,828
Miscellaneous	11,531	185,324	441,186	638,041
Total revenues	<u>21,039,231</u>	<u>479,035</u>	<u>9,105,867</u>	<u>30,624,133</u>
EXPENDITURES				
Current				
General government	6,630,012		1,153,776	7,783,788
Judicial	885,919			885,919
Public safety	11,448,084		72,330	11,520,414
Public works	896,456		793,374	1,689,830
Culture and recreation			2,759,537	2,759,537
Community support			84,840	84,840
Total current	<u>19,860,471</u>		<u>4,863,857</u>	<u>24,724,328</u>
Capital outlay				
General government	159		868,323	868,482
Public safety	523,035			523,035
Public works	2,038,622		5,534,209	7,572,831
Culture and recreation			1,850,845	1,850,845
Total capital outlay	<u>2,561,816</u>		<u>8,253,377</u>	<u>10,815,193</u>
Debt service				
Principal payments	615,000			615,000
Interest and fiscal charges	735,128			735,128
Administrative and other costs		6,629	3,000	9,629
Total debt service	<u>1,350,128</u>	<u>6,629</u>	<u>3,000</u>	<u>1,359,757</u>
Total expenditures	<u>23,772,415</u>	<u>6,629</u>	<u>13,120,234</u>	<u>36,899,278</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,733,184)</u>	<u>472,406</u>	<u>(4,014,367)</u>	<u>(6,275,145)</u>
OTHER FINANCING SOURCES (USES)				
Land sales			572,981	572,981
Capital leases			322,695	322,695
Debt issuance proceeds			565,000	565,000
Transfers in	400,000		110,000	510,000
Transfers out	(373,712)	(257,529)	(977,845)	(1,609,086)
Total other financing sources (uses)	<u>26,288</u>	<u>(257,529)</u>	<u>592,831</u>	<u>361,590</u>
CHANGE IN FUND BALANCE	(2,706,896)	214,877	(3,421,536)	(5,913,555)
FUND BALANCE, BEGINNING OF YEAR	<u>65,901,786</u>	<u>594,308</u>	<u>59,024,896</u>	<u>125,520,990</u>
FUND BALANCE, END OF YEAR	<u>\$ 63,194,890</u>	<u>\$ 809,185</u>	<u>\$ 55,603,360</u>	<u>\$ 119,607,435</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2012

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Sales and Use Tax	Code Enforcement	Commissary	Total Special Revenue Funds
ASSETS									
Cash, cash equivalents and investments	\$ 17,414,567	\$ 10,177,822	\$ 285,153	\$ 1,381,399	\$ 16,619,292	\$ 65,675	\$ 1,252	\$ 173,036	\$ 46,118,196
Restricted cash, cash equivalents and investments	754,194								754,194
Accounts receivable, net	38,011	22,266	1,405		36,644	37	1,963	316	1,963
Interest receivable	492,070						2		98,681
Notes receivable, net	119,881	470,731			245	2,642,485			492,070
Due from other governments	17,002,336								3,233,342
Land held for resale									17,002,336
Total assets	\$ 35,821,059	\$ 10,670,819	\$ 286,558	\$ 1,381,399	\$ 16,656,181	\$ 2,708,197	\$ 3,217	\$ 173,352	\$ 67,700,782
LIABILITIES									
Accounts payable and other accrued liabilities	\$ 260,273	\$ 111,709	\$ 17,241	\$ 46,947	\$	\$ 41,883	\$	\$ 37,638	\$ 515,691
Accrued wages	11,787	4,582		806		90,806		46	108,027
Tax increment payable to developers	572,257								572,257
Advances from other funds	3,209,917								3,209,917
Deposits	100,000								100,000
Total liabilities	4,154,234	116,291	17,241	47,753	132,689	37,684	4,505,892	63,194,890	63,194,890
FUND BALANCES									
Restricted	31,666,825	10,554,528	269,317	1,333,646	16,656,181	2,575,508	3,217	135,668	63,194,890
Total fund balances	31,666,825	10,554,528	269,317	1,333,646	16,656,181	2,575,508	3,217	135,668	63,194,890
Total liabilities and fund balances	\$ 35,821,059	\$ 10,670,819	\$ 286,558	\$ 1,381,399	\$ 16,656,181	\$ 2,708,197	\$ 3,217	\$ 173,352	\$ 67,700,782

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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, 2012

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Sales and Use Tax	Code Enforcement	Commissary	Total Special Revenue Funds
REVENUES									
Property taxes	\$ 5,124,360				\$ 19,197	\$ 10,208,557			\$ 5,143,557
Intergovernmental	7,744	2,796,179							13,012,480
Charges for services			923,068	969,624			2,537	75,996	75,996
Fines and forfeits	315,668	190,231	11,008		317,024	2,753	24	3,013	1,895,229
Investment income	60,717								839,721
Rental fees									60,717
Miscellaneous	588					10,943			11,531
Total revenues	<u>5,509,077</u>	<u>2,986,410</u>	<u>934,076</u>	<u>969,624</u>	<u>336,221</u>	<u>10,222,253</u>	<u>2,561</u>	<u>79,009</u>	<u>21,039,231</u>
EXPENDITURES									
Current									
General government	6,630,012			885,919					6,630,012
Judicial									885,919
Public safety			628,924			10,809,141	1,000	9,019	11,448,084
Public works		896,456							896,456
Total current	<u>6,630,012</u>	<u>896,456</u>	<u>628,924</u>	<u>885,919</u>		<u>10,809,141</u>	<u>1,000</u>	<u>9,019</u>	<u>19,860,471</u>
Capital outlay									
General government	159								159
Public safety			523,035						523,035
Public works		2,038,622							2,038,622
Total capital outlay	<u>159</u>	<u>2,038,622</u>	<u>523,035</u>						<u>2,561,816</u>
Debt service									
Principal payments	615,000								615,000
Interest and fiscal charges	735,128								735,128
Total debt service	<u>1,350,128</u>								<u>1,350,128</u>
Total expenditures	<u>7,980,299</u>	<u>2,935,078</u>	<u>1,151,959</u>	<u>885,919</u>		<u>10,809,141</u>	<u>1,000</u>	<u>9,019</u>	<u>23,772,415</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,471,222)</u>	<u>51,332</u>	<u>(217,883)</u>	<u>83,705</u>	<u>336,221</u>	<u>(586,888)</u>	<u>1,561</u>	<u>69,990</u>	<u>(2,733,184)</u>

(Continued)

CITY OF HENDERSON, NEVADA

**NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Sales and Use Tax	Code Enforcement	Commissary	Total Special Revenue Funds
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out		(143,712)	(230,000)			400,000			400,000
Total other financing sources (uses)		<u>(143,712)</u>	<u>(230,000)</u>			<u>400,000</u>			<u>(373,712)</u>
CHANGE IN FUND BALANCE	(2,471,222)	(92,380)	(447,883)	83,705	336,221	(186,888)	1,561	69,990	(2,706,896)
FUND BALANCE, BEGINNING OF YEAR	<u>34,138,047</u>	<u>10,646,908</u>	<u>717,200</u>	<u>1,249,941</u>	<u>16,319,960</u>	<u>2,762,396</u>	<u>1,656</u>	<u>65,678</u>	<u>65,901,786</u>
FUND BALANCE, END OF YEAR	<u>\$ 31,666,825</u>	<u>\$ 10,554,528</u>	<u>\$ 269,317</u>	<u>\$ 1,333,646</u>	<u>\$ 16,656,181</u>	<u>\$ 2,575,508</u>	<u>\$ 3,217</u>	<u>\$ 135,668</u>	<u>\$ 63,194,890</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2012

	Land Sales	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
ASSETS									
Cash, cash equivalents and investments	\$ 21,117,740	\$ 3,261,350	\$ 8,111,715	\$ 183,186	\$ 581,643	\$ 14,241	\$ 14,214,656	\$ 5,647,346	\$ 53,131,877
Accounts receivable, net	5,337	11,759					169,655		186,751
Interest receivable	46,526	7,535	17,651	404			30,828	12,454	115,398
Notes receivable, net	1,445,253								1,445,253
Due from other governments		705,929				284,011			989,940
Advances to other funds	3,209,917								3,209,917
Total assets	\$ 25,824,773	\$ 3,986,573	\$ 8,129,366	\$ 183,590	\$ 581,643	\$ 298,252	\$ 14,415,139	\$ 5,659,800	\$ 59,079,136
LIABILITIES									
Accounts payable and other accrued liabilities	\$ 359,425	\$ 294,183	\$ 25,678		\$ 42,452		\$ 1,228,473		\$ 1,950,211
Accrued wages							1,549		1,549
Unearned revenue	1,445,253								1,445,253
Deposits	78,763								78,763
Total liabilities	\$ 1,883,441	\$ 294,183	\$ 25,678		\$ 42,452		\$ 1,230,022		\$ 3,475,776
FUND BALANCES									
Restricted	23,941,332	3,692,390	8,103,688	183,590	539,191	298,252		5,659,800	36,758,443
Assigned									18,844,917
Total fund balances	\$ 23,941,332	\$ 3,692,390	\$ 8,103,688	\$ 183,590	\$ 539,191	\$ 298,252		\$ 5,659,800	\$ 55,603,360
Total liabilities and fund balances	\$ 25,824,773	\$ 3,986,573	\$ 8,129,366	\$ 183,590	\$ 581,643	\$ 298,252	\$ 14,415,139	\$ 5,659,800	\$ 59,079,136

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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, 2012

	Land Sales	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
REVENUES									
Property taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental		2,611,693	1,905		750,766	823,677	15,549		823,677
Charges for services		327,774					1,573,281		3,379,913
Impact fees			531,175						1,901,055
Investment income	478,347	61,146	153,480	3,557			275,419	107,738	531,175
Developer contributions	100,000						323,063		1,079,687
Rental fees	526,111								526,111
Miscellaneous	13,895	11,759	576		275		414,681		441,186
Total revenues	<u>1,118,353</u>	<u>3,012,372</u>	<u>687,136</u>	<u>3,557</u>	<u>751,041</u>	<u>823,677</u>	<u>2,601,993</u>	<u>107,738</u>	<u>9,105,867</u>
EXPENDITURES									
Current									
General government							1,153,776		1,153,776
Public safety							72,330		72,330
Public works	333,556				38,131	100	421,587		793,374
Culture and recreation	590,000	2,099,798					69,739		2,759,537
Community support	84,840								84,840
Total current	<u>1,008,396</u>	<u>2,099,798</u>			<u>38,131</u>	<u>100</u>	<u>1,717,432</u>		<u>4,863,857</u>
Capital outlay									
General government							868,323		868,323
Public works	4,494,046						64,865		5,534,209
Culture and recreation		796,556	417,111				637,178		1,850,845
Total capital outlay	<u>4,494,046</u>	<u>796,556</u>	<u>417,111</u>				<u>1,570,366</u>		<u>8,253,377</u>
Debt service									
Administrative and other costs							3,000		3,000
Total expenditures	<u>5,502,442</u>	<u>2,896,354</u>	<u>417,111</u>		<u>1,013,429</u>	<u>100</u>	<u>3,290,798</u>		<u>13,120,234</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,384,089)</u>	<u>116,018</u>	<u>270,025</u>	<u>3,557</u>	<u>(262,388)</u>	<u>823,577</u>	<u>(688,805)</u>	<u>107,738</u>	<u>(4,014,367)</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, 2012**

	Land Sales	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
OTHER FINANCING SOURCES (USES)									
Land sales	572,981								572,981
Capital leases							322,695		322,695
Debt issuance proceeds							565,000		565,000
Transfers in							110,000		110,000
Transfers out	(527)	(306,794)				(557,943)	(112,581)		(977,845)
Total other financing sources (uses)	572,454	(306,794)				(557,943)	885,114		592,831
CHANGE IN FUND BALANCE	(3,811,635)	(190,776)	270,025	3,557	(262,388)	265,634	196,309	107,738	(3,421,536)
FUND BALANCE, BEGINNING OF YEAR	27,752,967	3,883,166	7,833,663	180,033	801,579	32,618	12,988,808	5,552,062	59,024,896
FUND BALANCE, END OF YEAR	\$ 23,941,332	\$ 3,692,390	\$ 8,103,688	\$ 183,590	\$ 539,191	\$ 298,252	\$ 13,185,117	\$ 5,659,800	\$ 55,603,360

CITY OF HENDERSON, NEVADA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 47,567,658	\$ 47,973,841	\$ 406,183
Franchise fees	30,758,209	30,372,912	(385,297)
Licenses and permits	7,639,629	7,462,017	(177,612)
Intergovernmental	82,565,392	81,868,241	(697,151)
Charges for services	25,401,089	25,122,078	(279,011)
Fines and forfeits	5,846,938	5,620,408	(226,530)
Investment income	100,000	134,771	34,771
Other contributions	77,500		(77,500)
Miscellaneous	282,244	1,436,225	1,153,981
Total revenues	<u>200,238,659</u>	<u>199,990,493</u>	<u>(248,166)</u>
EXPENDITURES			
General government			
Mayor and Council			
Salaries and wages	326,071	322,657	3,414
Employee benefits	133,102	121,825	11,277
Services and supplies	261,906	133,069	128,837
Total mayor and council	<u>721,079</u>	<u>577,551</u>	<u>143,528</u>
City Manager			
Salaries and wages	1,922,390	1,847,426	74,964
Employee benefits	637,605	616,239	21,366
Services and supplies	1,123,129	733,728	389,401
Capital outlay	6,292		6,292
Total city manager	<u>3,689,416</u>	<u>3,197,393</u>	<u>492,023</u>
Finance			
Salaries and wages	3,314,360	3,232,354	82,006
Employee benefits	1,212,929	1,188,949	23,980
Services and supplies	549,055	224,264	324,791
Total finance	<u>5,076,344</u>	<u>4,645,567</u>	<u>430,777</u>
Information Technology			
Salaries and wages	5,703,276	5,340,113	363,163
Employee benefits	1,816,500	1,750,525	65,975
Services and supplies	1,313,836	471,401	842,435
Total information technology	<u>8,833,612</u>	<u>7,562,039</u>	<u>1,271,573</u>
City Clerk			
Salaries and wages	1,256,437	1,222,367	34,070
Employee benefits	454,602	449,243	5,359
Services and supplies	189,156	133,631	55,525
Total city clerk	<u>1,900,195</u>	<u>1,805,241</u>	<u>94,954</u>
Human Resources			
Salaries and wages	1,717,652	1,705,092	12,560
Employee benefits	596,705	569,126	27,579
Services and supplies	389,605	107,980	281,625
Total human resources	<u>2,703,962</u>	<u>2,382,198</u>	<u>321,764</u>
City Attorney			
Salaries and wages	2,680,116	2,607,878	72,238
Employee benefits	829,162	820,024	9,138
Services and supplies	1,634,487	585,891	1,048,596
Total city attorney	<u>5,143,765</u>	<u>4,013,793</u>	<u>1,129,972</u>

(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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Community Development			
Salaries and wages	2,221,134	2,163,662	57,472
Employee benefits	795,023	769,868	25,155
Services and supplies	<u>501,553</u>	<u>237,782</u>	<u>263,771</u>
Total community development	<u>3,517,710</u>	<u>3,171,312</u>	<u>346,398</u>
Building Maintenance			
Salaries and wages	2,309,900	2,273,300	36,600
Employee benefits	982,276	972,073	10,203
Services and supplies	<u>4,741,781</u>	<u>3,925,098</u>	<u>816,683</u>
Total building maintenance	<u>8,033,957</u>	<u>7,170,471</u>	<u>863,486</u>
Miscellaneous			
Salaries and wages	5,199,768	4,119,490	1,080,278
Employee benefits	672,582	656,767	15,815
Services and supplies	<u>2,995,868</u>	<u>2,256,809</u>	<u>739,059</u>
Total miscellaneous	<u>8,868,218</u>	<u>7,033,066</u>	<u>1,835,152</u>
Total general government	<u>48,488,258</u>	<u>41,558,631</u>	<u>6,929,627</u>
Judicial			
Municipal court			
Salaries and wages	4,389,817	4,323,384	66,433
Employee benefits	1,910,884	1,876,010	34,874
Services and supplies	<u>471,462</u>	<u>455,513</u>	<u>15,949</u>
Total municipal court	<u>6,772,163</u>	<u>6,654,907</u>	<u>117,256</u>
City attorney- Criminal			
Salaries and wages	1,487,877	1,466,567	21,310
Employee benefits	539,739	533,692	6,047
Services and supplies	<u>172,815</u>	<u>117,756</u>	<u>55,059</u>
Total city attorney- criminal	<u>2,200,431</u>	<u>2,118,015</u>	<u>82,416</u>
City attorney- Court Programs			
Salaries and wages	1,249,313	1,210,537	38,776
Employee benefits	449,424	442,062	7,362
Services and supplies	<u>267,460</u>	<u>213,398</u>	<u>54,062</u>
Total city attorney- court programs	<u>1,966,197</u>	<u>1,865,997</u>	<u>100,200</u>
Total judicial	<u>10,938,791</u>	<u>10,638,919</u>	<u>299,872</u>
Public safety			
Fire			
Salaries and wages	26,417,734	25,621,603	796,131
Employee benefits	10,909,999	10,716,260	193,739
Services and supplies	<u>1,646,486</u>	<u>1,633,356</u>	<u>13,130</u>
Total fire	<u>38,974,219</u>	<u>37,971,219</u>	<u>1,003,000</u>
Police			
Salaries and wages	47,935,108	46,516,765	1,418,343
Employee benefits	21,647,273	21,411,707	235,566
Services and supplies	<u>8,059,272</u>	<u>7,107,384</u>	<u>951,888</u>
Total police	<u>77,641,653</u>	<u>75,035,856</u>	<u>2,605,797</u>

(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, 2012

	Final Budget	Actual	Variance
Building inspection			
Salaries and wages	867,579	791,874	75,705
Employee benefits	330,218	313,737	16,481
Services and supplies	100,510	79,622	20,888
Total building inspection	1,298,307	1,185,233	113,074
Total public safety	117,914,179	114,192,308	3,721,871
Public works			
Streets			
Salaries and wages	643,192	623,876	19,316
Employee benefits	257,898	253,575	4,323
Services and supplies	156,629	152,833	3,796
Total streets	1,057,719	1,030,284	27,435
Street lighting			
Salaries and wages	1,313,312	1,286,391	26,921
Employee benefits	470,087	458,184	11,903
Services and supplies	1,516,991	1,346,860	170,131
Total street lighting	3,300,390	3,091,435	208,955
Flood control			
Salaries and wages	560,340	523,474	36,866
Employee benefits	185,657	178,963	6,694
Services and supplies	117,464	103,352	14,112
Total flood control	863,461	805,789	57,672
Public works general services			
Salaries and wages	1,508,313	1,472,390	35,923
Employee benefits	554,438	533,804	20,634
Services and supplies	272,049	247,654	24,395
Total public works general services	2,334,800	2,253,848	80,952
Total public works	7,556,370	7,181,356	375,014
Culture and recreation			
Parks			
Salaries and wages	7,283,763	7,069,026	214,737
Employee benefits	2,858,929	2,797,509	61,420
Services and supplies	3,958,591	3,640,589	318,002
Total parks	14,101,283	13,507,124	594,159
Recreation			
Salaries and wages	12,244,349	11,682,046	562,303
Employee benefits	3,006,781	2,738,478	268,303
Services and supplies	4,249,350	4,081,551	167,799
Capital outlay	31,849	31,279	570
Total recreation	19,532,329	18,533,354	998,975
Total culture and recreation	33,633,612	32,040,478	1,593,134
Community support			
Economic development			
Salaries and wages	526,156	518,662	7,494
Employee benefits	185,709	174,530	11,179
Services and supplies	204,513	196,171	8,342
Total economic development	916,378	889,363	27,015

(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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Neighborhood services			
Salaries and wages	570,752	529,093	41,659
Employee benefits	148,766	147,065	1,701
Services and supplies	<u>442,366</u>	<u>219,713</u>	<u>222,653</u>
Total neighborhood services	<u>1,161,884</u>	<u>895,871</u>	<u>266,013</u>
Total community support	<u>2,078,262</u>	<u>1,785,234</u>	<u>293,028</u>
Total expenditures	<u>220,609,472</u>	<u>207,396,926</u>	<u>13,212,546</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(20,370,813)</u>	<u>(7,406,433)</u>	<u>12,964,380</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	27,367,744	14,967,744	(12,400,000)
Transfers out	<u>(6,779,720)</u>	<u>(7,204,720)</u>	<u>(425,000)</u>
Total other financing sources (uses)	<u>20,588,024</u>	<u>7,763,024</u>	<u>(12,825,000)</u>
CHANGE IN FUND BALANCE	217,211	356,591	139,380
FUND BALANCE, BEGINNING OF YEAR	<u>16,495,371</u>	<u>16,495,371</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 16,712,582</u>	<u>\$ 16,851,962</u>	<u>\$ 139,380</u>

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, 2012

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 86,667,656	\$ 82,628,003	\$ (4,039,653)
Miscellaneous	<u>262,122</u>	<u>468,931</u>	<u>206,809</u>
Total revenues	<u>86,929,778</u>	<u>83,096,934</u>	<u>(3,832,844)</u>
EXPENDITURES			
General government			
Salaries and wages		58,296	(58,296)
Employee benefits		20,331	(20,331)
Services and supplies		36,335	(36,335)
Capital outlay	<u>10,000</u>	<u>5,493</u>	<u>4,507</u>
Total general government	<u>10,000</u>	<u>120,455</u>	<u>(110,455)</u>
Judicial			
Salaries and wages	4,332	4,051	281
Employee benefits	63	59	4
Services and supplies	<u>95,122</u>	<u>85,868</u>	<u>9,254</u>
Total judicial	<u>99,517</u>	<u>89,978</u>	<u>9,539</u>
Public safety			
Salaries and wages	426,052	456,917	(30,865)
Employee benefits	72,191	91,419	(19,228)
Services and supplies	156,875	147,791	9,084
Capital outlay	<u>250,096</u>	<u>40,496</u>	<u>209,600</u>
Total public safety	<u>905,214</u>	<u>736,623</u>	<u>168,591</u>
Public works			
Salaries and wages	293,621		293,621
Employee benefits	57,575		57,575
Services and supplies	433,455	94,613	338,842
Capital outlay	<u>275,273</u>	<u>433,185</u>	<u>(157,912)</u>
Total public works	<u>1,059,924</u>	<u>527,798</u>	<u>532,126</u>
Culture and recreation			
Salaries and wages	641,939	558,772	83,167
Employee benefits	187,688	160,903	26,785
Services and supplies	9,138,075	8,298,017	840,058
Capital outlay	<u>69,645,720</u>	<u>67,583,820</u>	<u>2,061,900</u>
Total culture and recreation	<u>79,613,422</u>	<u>76,601,512</u>	<u>3,011,910</u>
Community support			
Salaries and wages	779,763	631,921	147,842
Employee benefits	304,151	246,257	57,894
Services and supplies	3,475,668	3,615,217	(139,549)
Capital outlay	<u>420,000</u>	<u>420,000</u>	<u>0</u>
Total community support	<u>4,979,582</u>	<u>4,493,395</u>	<u>486,187</u>
Total expenditures	<u>86,667,659</u>	<u>82,569,761</u>	<u>4,097,898</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>262,119</u>	<u>527,173</u>	<u>265,054</u>
OTHER FINANCING USES			
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>0</u>
CHANGE IN FUND BALANCE	(737,881)	(472,827)	265,054
FUND BALANCE, BEGINNING OF YEAR	<u>2,597,407</u>	<u>2,597,407</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,859,526</u>	<u>\$ 2,124,580</u>	<u>\$ 265,054</u>

CITY OF HENDERSON, NEVADA

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 5,145,530	\$ 5,124,360	\$ (21,170)
Intergovernmental	7,744	7,744	
Investment income	131,500	315,668	184,168
Rental fees		60,717	60,717
Miscellaneous	60,700	588	(60,112)
Total revenues	<u>5,345,474</u>	<u>5,509,077</u>	<u>163,603</u>
EXPENDITURES			
General government			
Salaries and wages	927,555	940,977	(13,422)
Employee benefits	407,984	337,259	70,725
Services and supplies	6,196,272	5,351,776	844,496
Capital outlay	158	159	(1)
Total general government	<u>7,531,969</u>	<u>6,630,171</u>	<u>901,798</u>
Debt service			
Principal payments	615,000	615,000	
Interest and fiscal charges	735,128	735,128	
Total debt service	<u>1,350,128</u>	<u>1,350,128</u>	
Total expenditures	<u>8,882,097</u>	<u>7,980,299</u>	<u>901,798</u>
CHANGE IN FUND BALANCE	(3,536,623)	(2,471,222)	1,065,401
FUND BALANCE, BEGINNING OF YEAR	<u>32,408,932</u>	<u>34,138,047</u>	<u>1,729,115</u>
FUND BALANCE, END OF YEAR	<u>\$ 28,872,309</u>	<u>\$ 31,666,825</u>	<u>\$ 2,794,516</u>

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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,694,051	\$ 2,796,179	\$ 102,128
Investment income	125,000	190,231	65,231
Total revenues	<u>2,819,051</u>	<u>2,986,410</u>	<u>167,359</u>
EXPENDITURES			
Public works			
Salaries and wages	590,401	521,707	68,694
Employee benefits	229,514	221,888	7,626
Services and supplies	537,081	152,861	384,220
Capital outlay	<u>3,883,142</u>	<u>2,038,622</u>	<u>1,844,520</u>
Total expenditures	<u>5,240,138</u>	<u>2,935,078</u>	<u>2,305,060</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,421,087)</u>	<u>51,332</u>	<u>2,472,419</u>
OTHER FINANCING USES			
Transfers out	<u>(125,000)</u>	<u>(143,712)</u>	<u>(18,712)</u>
CHANGE IN FUND BALANCE	(2,546,087)	(92,380)	2,453,707
FUND BALANCE, BEGINNING OF YEAR	<u>10,646,908</u>	<u>10,646,908</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 8,100,821</u>	<u>\$ 10,554,528</u>	<u>\$ 2,453,707</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeits	\$ 1,060,000	\$ 923,068	\$ (136,932)
Investment income	7,000	11,008	4,008
Total revenues	<u>1,067,000</u>	<u>934,076</u>	<u>(132,924)</u>
EXPENDITURES			
Public safety			
Services and supplies	680,544	628,924	51,620
Capital outlay	<u>538,850</u>	<u>523,035</u>	<u>15,815</u>
Total expenditures	<u>1,219,394</u>	<u>1,151,959</u>	<u>67,435</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(152,394)</u>	<u>(217,883)</u>	<u>(65,489)</u>
OTHER FINANCING USES			
Transfers out	<u>(230,000)</u>	<u>(230,000)</u>	<u> </u>
CHANGE IN FUND BALANCE	(382,394)	(447,883)	(65,489)
FUND BALANCE, BEGINNING OF YEAR	<u>717,200</u>	<u>717,200</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 334,806</u>	<u>\$ 269,317</u>	<u>\$ (65,489)</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, 2012**

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeits	\$ 881,534	\$ 969,624	\$ 88,090
EXPENDITURES			
Judicial			
Salaries and wages	60,000	65,220	(5,220)
Employee benefits	25,000	22,407	2,593
Services and supplies	1,065,461	798,292	267,169
Total expenditures	1,150,461	885,919	264,542
CHANGE IN FUND BALANCE	(268,927)	83,705	352,632
FUND BALANCE, BEGINNING OF YEAR	1,249,941	1,249,941	
FUND BALANCE, END OF YEAR	\$ 981,014	\$ 1,333,646	\$ 352,632

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, 2012

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 20,282	\$ 19,197	\$ (1,085)
Investment income	<u>200,000</u>	<u>317,024</u>	<u>117,024</u>
Total revenues	<u>220,282</u>	<u>336,221</u>	<u>115,939</u>
 CHANGE IN FUND BALANCE	 220,282	 336,221	 115,939
FUND BALANCE, BEGINNING OF YEAR	<u>16,319,960</u>	<u>16,319,960</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 16,540,242</u>	<u>\$ 16,656,181</u>	<u>\$ 115,939</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 9,975,000	\$ 10,208,557	\$ 233,557
Investment income	10,000	2,753	(7,247)
Miscellaneous		10,943	10,943
Total revenues	<u>9,985,000</u>	<u>10,222,253</u>	<u>237,253</u>
EXPENDITURES			
Public safety			
Salaries and wages	6,474,887	6,303,369	171,518
Employee benefits	3,411,586	3,342,212	69,374
Services and supplies	<u>1,394,533</u>	<u>1,163,560</u>	<u>230,973</u>
Total expenditures	<u>11,281,006</u>	<u>10,809,141</u>	<u>471,865</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,296,006)</u>	<u>(586,888)</u>	<u>709,118</u>
OTHER FINANCING SOURCES			
Transfers in		<u>400,000</u>	<u>400,000</u>
CHANGE IN FUND BALANCE	(1,296,006)	(186,888)	1,109,118
FUND BALANCE, BEGINNING OF YEAR	<u>2,762,396</u>	<u>2,762,396</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,466,390</u>	<u>\$ 2,575,508</u>	<u>\$ 1,109,118</u>

CITY OF HENDERSON, NEVADA

**CODE ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeits	\$ 5,000	\$ 2,537	\$ (2,463)
Investment income	20	24	4
Miscellaneous	800		(800)
Total revenues	5,820	2,561	(3,259)
EXPENDITURES			
Public safety			
Services and supplies	2,000	1,000	1,000
Total expenditures	2,000	1,000	1,000
CHANGE IN FUND BALANCE	3,820	1,561	(2,259)
FUND BALANCE, BEGINNING OF YEAR	1,656	1,656	
FUND BALANCE, END OF YEAR	\$ 5,476	\$ 3,217	\$ (2,259)

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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 65,000	\$ 75,996	\$ 10,996
Investment income	400	3,013	2,613
Total revenues	<u>65,400</u>	<u>79,009</u>	<u>13,609</u>
EXPENDITURES			
Public safety			
Salaries and wages		224	(224)
Employee benefits		84	(84)
Services and supplies	<u>40,761</u>	<u>8,711</u>	<u>32,050</u>
Total expenditures	<u>40,761</u>	<u>9,019</u>	<u>31,742</u>
CHANGE IN FUND BALANCE	24,639	69,990	45,351
FUND BALANCE, BEGINNING OF YEAR	<u>65,678</u>	<u>65,678</u>	
FUND BALANCE, END OF YEAR	<u>\$ 90,317</u>	<u>\$ 135,668</u>	<u>\$ 45,351</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, 2012

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 13,823,658	\$ 13,943,819	\$ 120,161
Investment income	7,000	87,821	80,821
Miscellaneous	639,845		(639,845)
Total revenues	<u>14,470,503</u>	<u>14,031,640</u>	<u>(438,863)</u>
EXPENDITURES			
Debt service			
Principal payments	9,154,533	9,404,533	(250,000)
Payment to current refunding bond agent		2,803,072	(2,803,072)
Interest and fiscal charges	5,137,504	5,002,251	135,253
Administrative and other costs	1,089,897	800,005	289,892
Total expenditures	<u>15,381,934</u>	<u>18,009,861</u>	<u>(2,627,927)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(911,431)</u>	<u>(3,978,221)</u>	<u>(3,066,790)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	34,560,000	34,560,000	
Premium on refunding bonds issued		639,842	639,842
Payment to advance refunding bond agent	(34,591,874)	(31,591,875)	2,999,999
Transfers in	10,388,763	9,494,725	(894,038)
Transfers out	(10,367,744)	(10,367,744)	
Total other financing sources (uses)	<u>(10,855)</u>	<u>2,734,948</u>	<u>2,745,803</u>
CHANGE IN FUND BALANCE	(922,286)	(1,243,273)	(320,987)
FUND BALANCE, BEGINNING OF YEAR	<u>2,901,962</u>	<u>2,901,962</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,979,676</u>	<u>\$ 1,658,689</u>	<u>\$ (320,987)</u>

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Final Budget	Actual	Variance
REVENUES			
Special assessments	\$ 120,000	\$ 130,380	\$ 10,380
Investment income	153,142	163,331	10,189
Miscellaneous		185,324	185,324
Total revenues	273,142	479,035	205,893
EXPENDITURES			
Debt service			
Administrative and other costs	26,659	6,629	20,030
Total expenditures	26,659	6,629	20,030
EXCESS OF REVENUES OVER EXPENDITURES	246,483	472,406	225,923
OTHER FINANCING USES			
Transfers out	(265,600)	(257,529)	8,071
CHANGE IN FUND BALANCE	(19,117)	214,877	233,994
FUND BALANCE, BEGINNING OF YEAR	594,308	594,308	
FUND BALANCE, END OF YEAR	\$ 575,191	\$ 809,185	\$ 233,994

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, 2012

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 34,144	\$ 49,075	\$ 14,931
EXPENDITURES			
Public works			
Services and supplies	2,085,550	1,578,090	507,460
Capital outlay	<u>42,000,401</u>	<u>24,804,716</u>	<u>17,195,685</u>
Total public works	<u>44,085,951</u>	<u>26,382,806</u>	<u>17,703,145</u>
Debt service			
Interest and fiscal charges	<u>127,451</u>	<u>126,075</u>	<u>1,376</u>
Total expenditures	<u>44,213,402</u>	<u>26,508,881</u>	<u>17,704,521</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(44,179,258)</u>	<u>(26,459,806)</u>	<u>17,719,452</u>
OTHER FINANCING SOURCES			
Transfers in	<u>265,600</u>	<u>257,529</u>	<u>(8,071)</u>
CHANGE IN FUND BALANCE	(43,913,658)	(26,202,277)	17,711,381
FUND BALANCE, BEGINNING OF YEAR	<u>132,755,371</u>	<u>132,755,371</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 88,841,713</u>	<u>\$ 106,553,094</u>	<u>\$ 17,711,381</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, 2012

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$	\$ 62,169	\$ 62,169
Impact fees	500,000	734,227	234,227
Investment income	750,000	320,823	(429,177)
Miscellaneous	<u>148,116</u>	<u>148,116</u>	<u>148,116</u>
Total revenues	<u>1,250,000</u>	<u>1,265,335</u>	<u>15,335</u>
EXPENDITURES			
General government			
Services and supplies	510,457	71,043	439,414
Capital outlay	<u>192,821</u>	<u>186,469</u>	<u>6,352</u>
Total general government	<u>703,278</u>	<u>257,512</u>	<u>445,766</u>
Public safety			
Services and supplies	627,450	312,183	315,267
Capital outlay	<u>2,282,419</u>	<u>1,135,715</u>	<u>1,146,704</u>
Total public safety	<u>2,909,869</u>	<u>1,447,898</u>	<u>1,461,971</u>
Public works			
Salaries and wages	14,016	11,014	3,002
Employee benefits	4,755	4,753	2
Services and supplies	1,552,633	311,665	1,240,968
Capital outlay	<u>13,214</u>	<u>8,473</u>	<u>4,741</u>
Total public works	<u>1,584,618</u>	<u>335,905</u>	<u>1,248,713</u>
Culture and recreation			
Services and supplies	90,720	74,658	16,062
Capital outlay	<u>238,478</u>	<u>234,471</u>	<u>4,007</u>
Total culture and recreation	<u>329,198</u>	<u>309,129</u>	<u>20,069</u>
Community support			
Services and supplies	<u>221,936</u>	<u>47,686</u>	<u>174,250</u>
Total expenditures	<u>5,748,899</u>	<u>2,398,130</u>	<u>3,350,769</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(4,498,899)</u>	<u>(1,132,795)</u>	<u>3,366,104</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	230,000	230,000	
Transfers out	<u>(11,000,000)</u>	<u>(7,600,000)</u>	<u>3,400,000</u>
Total other financing sources (uses)	<u>(10,770,000)</u>	<u>(7,370,000)</u>	<u>3,400,000</u>
CHANGE IN FUND BALANCE	(15,268,899)	(8,502,795)	6,766,104
FUND BALANCE, BEGINNING OF YEAR	<u>28,075,579</u>	<u>28,075,579</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 12,806,680</u>	<u>\$ 19,572,784</u>	<u>\$ 6,766,104</u>

CITY OF HENDERSON, NEVADA

LAND SALES CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ 590,804	\$ 478,347	\$ (112,457)
Developer contributions		100,000	100,000
Rental fees		526,111	526,111
Miscellaneous	<u>520,252</u>	<u>13,895</u>	<u>(506,357)</u>
Total revenues	<u>1,111,056</u>	<u>1,118,353</u>	<u>7,297</u>
EXPENDITURES			
General government			
Public works			
Salaries and wages	1,960	1,959	1
Employee benefits	780	777	3
Services and supplies	884,869	330,820	554,049
Capital outlay	<u>7,085,096</u>	<u>4,494,046</u>	<u>2,591,050</u>
Total public works	<u>7,972,705</u>	<u>4,827,602</u>	<u>3,145,103</u>
Culture and recreation			
Services and supplies	<u>605,500</u>	<u>590,000</u>	<u>15,500</u>
Community support			
Services and supplies	<u>431,377</u>	<u>84,840</u>	<u>346,537</u>
Total expenditures	<u>9,009,582</u>	<u>5,502,442</u>	<u>3,507,140</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(7,898,526)</u>	<u>(4,384,089)</u>	<u>3,514,437</u>
OTHER FINANCING SOURCES (USES)			
Land sales	58,835	572,981	514,146
Transfers out	<u>(527)</u>	<u>(527)</u>	<u></u>
Total other financing sources (uses)	<u>58,308</u>	<u>572,454</u>	<u>514,146</u>
CHANGE IN FUND BALANCE	(7,840,218)	(3,811,635)	4,028,583
FUND BALANCE, BEGINNING OF YEAR	<u>27,752,967</u>	<u>27,752,967</u>	<u></u>
FUND BALANCE, END OF YEAR	<u>\$ 19,912,749</u>	<u>\$ 23,941,332</u>	<u>\$ 4,028,583</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,124,000	\$ 2,611,693	\$ 487,693
Charges for services	319,358	327,774	8,416
Investment income	32,000	61,146	29,146
Miscellaneous	<u>11,759</u>	<u>11,759</u>	<u>11,759</u>
Total revenues	<u>2,475,358</u>	<u>3,012,372</u>	<u>537,014</u>
EXPENDITURES			
Culture and recreation			
Services and supplies	2,333,409	2,099,798	233,611
Capital outlay	<u>844,243</u>	<u>796,556</u>	<u>47,687</u>
Total expenditures	<u>3,177,652</u>	<u>2,896,354</u>	<u>281,298</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(702,294)</u>	<u>116,018</u>	<u>818,312</u>
OTHER FINANCING USES			
Transfers out	<u>(306,794)</u>	<u>(306,794)</u>	<u> </u>
CHANGE IN FUND BALANCE	(1,009,088)	(190,776)	818,312
FUND BALANCE, BEGINNING OF YEAR	<u>3,883,166</u>	<u>3,883,166</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 2,874,078</u>	<u>\$ 3,692,390</u>	<u>\$ 818,312</u>

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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$	\$ 1,905	\$ 1,905
Impact fees	135,000	531,175	396,175
Investment income	71,200	153,480	82,280
Miscellaneous		576	576
Total revenues	<u>206,200</u>	<u>687,136</u>	<u>480,936</u>
EXPENDITURES			
Culture and recreation			
Services and supplies	276,772		276,772
Capital outlay	2,826,048	417,111	2,408,937
Total expenditures	<u>3,102,820</u>	<u>417,111</u>	<u>2,685,709</u>
CHANGE IN FUND BALANCE	(2,896,620)	270,025	3,166,645
FUND BALANCE, BEGINNING OF YEAR	<u>7,833,663</u>	<u>7,833,663</u>	
FUND BALANCE, END OF YEAR	<u>\$ 4,937,043</u>	<u>\$ 8,103,688</u>	<u>\$ 3,166,645</u>

CITY OF HENDERSON, NEVADA

**FLOOD CONTROL CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ 3,000	\$ 3,557	\$ 557
CHANGE IN FUND BALANCE	3,000	3,557	557
FUND BALANCE, BEGINNING OF YEAR	<u>180,033</u>	<u>180,033</u>	
FUND BALANCE, END OF YEAR	<u>\$ 183,033</u>	<u>\$ 183,590</u>	<u>\$ 557</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 700,000	\$ 750,766	\$ 50,766
Miscellaneous		275	275
Total revenues	<u>700,000</u>	<u>751,041</u>	<u>51,041</u>
EXPENDITURES			
Public works			
Services and supplies	31,765	38,131	(6,366)
Capital outlay	<u>1,159,565</u>	<u>975,298</u>	<u>184,267</u>
Total expenditures	<u>1,191,330</u>	<u>1,013,429</u>	<u>177,901</u>
CHANGE IN FUND BALANCE	(491,330)	(262,388)	228,942
FUND BALANCE, BEGINNING OF YEAR	<u>801,579</u>	<u>801,579</u>	
FUND BALANCE, END OF YEAR	<u>\$ 310,249</u>	<u>\$ 539,191</u>	<u>\$ 228,942</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ <u>732,943</u>	\$ <u>823,677</u>	\$ <u>90,734</u>
EXPENDITURES			
Public works			
Services and supplies	<u>472</u>	<u>100</u>	<u>372</u>
Total expenditures	<u>472</u>	<u>100</u>	<u>372</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>732,471</u>	<u>823,577</u>	<u>91,106</u>
OTHER FINANCING USES			
Transfers out	<u>(732,943)</u>	<u>(557,943)</u>	<u>175,000</u>
CHANGE IN FUND BALANCE	(472)	265,634	266,106
FUND BALANCE, BEGINNING OF YEAR	<u>32,618</u>	<u>32,618</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 32,146</u>	<u>\$ 298,252</u>	<u>\$ 266,106</u>

CITY OF HENDERSON, NEVADA

CAPITAL REPLACEMENT CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$	\$ 15,549	\$ 15,549
Charges for services	1,736,163	1,573,281	(162,882)
Investment income	168,500	275,419	106,919
Developer contributions		323,063	323,063
Miscellaneous	<u>430,920</u>	<u>414,681</u>	<u>(16,239)</u>
Total revenues	<u>2,335,583</u>	<u>2,601,993</u>	<u>266,410</u>
EXPENDITURES			
General government			
Salaries and wages	83,992	78,104	5,888
Employee benefits	25,233	25,755	(522)
Services and supplies	1,286,532	1,049,917	236,615
Capital outlay	<u>1,458,695</u>	<u>868,323</u>	<u>590,372</u>
Total general government	<u>2,854,452</u>	<u>2,022,099</u>	<u>832,353</u>
Public safety			
Services and supplies	34,905	72,330	(37,425)
Capital outlay	<u>370,652</u>	<u></u>	<u>370,652</u>
Total public safety	<u>405,557</u>	<u>72,330</u>	<u>333,227</u>
Public works			
Salaries and wages	6,966	3,533	3,433
Employee benefits	534	513	21
Services and supplies	1,965,213	417,541	1,547,672
Capital outlay	<u>3,574,502</u>	<u>64,865</u>	<u>3,509,637</u>
Total public works	<u>5,547,215</u>	<u>486,452</u>	<u>5,060,763</u>
Culture and recreation			
Services and supplies	33,499	69,739	(36,240)
Capital outlay	<u>458,534</u>	<u>637,178</u>	<u>(178,644)</u>
Total culture and recreation	<u>492,033</u>	<u>706,917</u>	<u>(214,884)</u>
Debt service			
Administrative and other costs	<u></u>	<u>3,000</u>	<u>(3,000)</u>
Total expenditures	<u>9,299,257</u>	<u>3,290,798</u>	<u>6,008,459</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,963,674)</u>	<u>(688,805)</u>	<u>6,274,869</u>
OTHER FINANCING SOURCES (USES)			
Capital leases	322,696	322,695	(1)
Debt issuance proceeds	565,000	565,000	
Transfers in	85,000	110,000	25,000
Transfers out	<u>(112,581)</u>	<u>(112,581)</u>	<u></u>
Total other financing sources (uses)	<u>860,115</u>	<u>885,114</u>	<u>24,999</u>
CHANGE IN FUND BALANCE	(6,103,559)	196,309	6,299,868
FUND BALANCE, BEGINNING OF YEAR	<u>12,988,808</u>	<u>12,988,808</u>	<u></u>
FUND BALANCE, END OF YEAR	<u>\$ 6,885,249</u>	<u>\$ 13,185,117</u>	<u>\$ 6,299,868</u>

CITY OF HENDERSON, NEVADA

**LAKE LAS VEGAS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ <u>100,000</u>	\$ <u>107,738</u>	\$ <u>7,738</u>
CHANGE IN FUND BALANCE	100,000	107,738	7,738
FUND BALANCE, BEGINNING OF YEAR	<u>5,552,062</u>	<u>5,552,062</u>	
FUND BALANCE, END OF YEAR	\$ <u><u>5,652,062</u></u>	\$ <u><u>5,659,800</u></u>	\$ <u><u>7,738</u></u>

2012

Comprehensive Annual Financial Report

City of Henderson, Nevada

Internal Service Funds

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

Engineering -

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

City Shop -

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

Revolving Fund -

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

Self Insurance -

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

Workmen's Compensation Self Insurance -

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

Health Insurance Self Insurance -

to account for and accumulate funds collected from various City departments and funds to be expended for payments of employees' health claims, to certain limits, and related insurance premiums including life and travel insurance for employees.

Citywide Services -

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

Enterprise Funds

Non-major Enterprise Funds

Cultural Arts & Tourism Enterprise Fund -

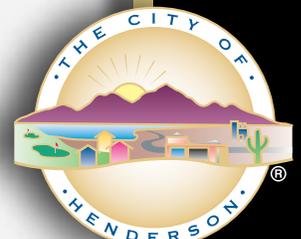
to account for costs of operating the Henderson Convention Center, the Henderson Events Plaza, and the Pavilion at Liberty Pointe. Resources for the operation of these activities are derived from a room tax imposed by the City, a percentage of the total Gaming License Revenue received by the City designated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

Municipal Golf Course Enterprise Fund -

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

Development Services Fund -

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



A Place To Call Home

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CITY OF HENDERSON, NEVADA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2012**

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
ASSETS								
Current assets								
Cash, cash equivalents and investments	\$ 4,954,002	\$ 21,888,402	\$ 2,084,431	\$ 6,794,950	\$ 22,618,810	\$ 8,816,918	\$ 4,776,378	\$ 71,933,891
Accounts receivable, net	16,337	25,708	86,250		4,781	67,753		200,829
Interest receivable	11,083	50,959	4,473	14,764	47,139	20,209	6,746	155,373
Inventories, bulk fuel		74,676						74,676
Due from other funds	16,833							16,833
Due from other governments	135,275	4,525						139,800
Total current assets	<u>5,133,530</u>	<u>22,044,270</u>	<u>2,175,154</u>	<u>6,809,714</u>	<u>22,670,730</u>	<u>8,904,880</u>	<u>4,783,124</u>	<u>72,521,402</u>
Noncurrent assets								
Capital assets								
Construction in progress		1,197,316						1,197,316
Building and building improvements		744,560						744,560
Improvements other than buildings		473,374						473,374
Machinery and equipment	53,386	46,890,149		14,665			131,111	47,089,311
Less accumulated depreciation and amortization	(53,386)	(34,905,368)		(14,665)			(113,721)	(35,087,140)
Total capital assets, net		<u>14,400,031</u>					<u>17,390</u>	<u>14,417,421</u>
Other assets								
Advances to other funds			2,014,164					2,014,164
Total noncurrent assets		<u>14,400,031</u>	<u>2,014,164</u>				<u>17,390</u>	<u>16,431,585</u>
Total assets	<u>5,133,530</u>	<u>36,444,301</u>	<u>4,189,318</u>	<u>6,809,714</u>	<u>22,670,730</u>	<u>8,904,880</u>	<u>4,800,514</u>	<u>88,952,987</u>
LIABILITIES								
Current liabilities								
Accounts payable and other accrued liabilities	22,410	227,076		13,481	45,100	23,316	952,014	1,283,397
Accrued wages	59,756	18,660		5,153	7,809	1,344	5,272	97,994
Deposits							91,485	91,485
Compensated absences	150,014	37,829		10,128	8,720	5,280	4,340	216,311
Termination benefits	204,309							204,309
Claims and judgements				1,800,220	9,674,571	1,399,000		12,873,791
Total current liabilities	<u>436,489</u>	<u>283,565</u>		<u>1,828,982</u>	<u>9,736,200</u>	<u>1,428,940</u>	<u>1,053,111</u>	<u>14,767,287</u>

(Continued)

CITY OF HENDERSON, NEVADA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2012**

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
Noncurrent liabilities								
Compensated absences	1,370,896	345,702		92,555	79,685	48,252	39,664	1,976,754
Other post employment benefits	566,510	159,954		47,663	37,312	9,770	34,369	855,578
Total noncurrent liabilities	<u>1,937,406</u>	<u>505,656</u>		<u>140,218</u>	<u>116,997</u>	<u>58,022</u>	<u>74,033</u>	<u>2,832,332</u>
Total liabilities	<u>2,373,895</u>	<u>789,221</u>		<u>1,969,200</u>	<u>9,853,197</u>	<u>1,486,962</u>	<u>1,127,144</u>	<u>17,599,619</u>
NET POSITION								
Net investment in capital assets		14,400,031					17,390	14,417,421
Restricted	<u>2,759,635</u>	<u>21,255,049</u>	<u>4,189,318</u>	<u>4,840,514</u>	<u>12,817,533</u>	<u>7,417,918</u>	<u>3,655,980</u>	<u>25,075,965</u>
Unrestricted								<u>31,859,982</u>
Total net position	<u>\$ 2,759,635</u>	<u>\$ 35,655,080</u>	<u>\$ 4,189,318</u>	<u>\$ 4,840,514</u>	<u>\$ 12,817,533</u>	<u>\$ 7,417,918</u>	<u>\$ 3,673,370</u>	<u>\$ 71,353,368</u>

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2012

	Engineering	City Shop	Revolving	Self Insurance	Workmen's		Citywide Services	Total Internal Service Funds
					Compensation Self Insurance	Health Insurance Self Insurance		
OPERATING REVENUES								
Charges for services	\$ 5,806,126	\$ 3,303,777	\$ 126,075	\$ 2,610,743	\$	\$ 11,818,152	\$ 7,661,040	\$ 31,325,913
OPERATING EXPENSES								
Salaries and wages	4,956,089	1,453,646		425,069	334,916	86,425	362,261	7,618,406
Employee benefits	1,810,957	523,182		164,899	122,617	33,575	138,097	2,793,327
Services and supplies	2,190,807	4,435,455		1,078,103	1,025,140	2,381,770	6,415,490	17,526,765
Claims and judgements				1,234,478	2,511,780	10,553,605		14,299,863
Legal fees				49,481	19,482			68,963
Depreciation		3,994,494		1,466			18,804	4,014,764
Total operating expenses	8,957,853	10,406,777		2,953,496	4,013,935	13,055,375	6,934,652	46,322,088
Operating income (loss)	(3,151,727)	(7,103,000)	126,075	(342,753)	(4,013,935)	(1,237,223)	726,388	(14,996,175)
NONOPERATING REVENUES (EXPENSES)								
Investment income	88,930	412,142	39,784	130,942	401,865	170,581	75,554	1,319,798
Miscellaneous	69,057	77,282		10,000		9,014		165,353
Gain (loss) on capital asset disposition		178,327						178,327
Interest expense					(3,541)			(3,541)
Total nonoperating revenues (expenses)	157,987	667,751	39,784	140,942	398,324	179,595	75,554	1,659,937
Income (loss) before capital contributions and transfers	(2,993,740)	(6,435,249)	165,859	(201,811)	(3,615,611)	(1,057,628)	801,942	(13,336,238)
CAPITAL CONTRIBUTIONS								
Capital contributions		58,349						58,349
TRANSFERS								
Transfers in	1,597,516						1,000,000	2,597,516
Transfers out				(20,000)			(148,967)	(168,967)
Total transfers	1,597,516			(20,000)			851,033	2,428,549
CHANGE IN NET POSITION	(1,396,224)	(6,376,900)	145,859	(201,811)	(3,615,611)	(1,057,628)	1,652,975	(10,849,340)
NET POSITION, BEGINNING OF YEAR	4,155,859	42,031,980	4,043,459	5,042,325	16,433,144	8,475,546	2,020,395	82,202,708
NET POSITION, END OF YEAR	\$ 2,759,635	\$ 35,655,080	\$ 4,189,318	\$ 4,840,514	\$ 12,817,533	\$ 7,417,918	\$ 3,673,370	\$ 71,353,368

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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers	\$ 749,278					\$ 737,812	\$ 121,735	\$ 1,608,825
Cash received from interfund services	5,078,548	\$ 3,303,777	\$ 126,075	\$ 2,610,743		11,080,340	7,539,305	29,738,788
Cash received from other sources	69,057	52,939		10,000		9,014		141,010
Cash payments for goods and services	(3,868,362)	(4,996,554)		(2,055,220)	\$ (3,063,972)	(12,803,148)	(6,300,744)	(33,088,000)
Cash payments for employee services	(4,929,061)	(1,519,041)		(422,736)	(305,460)	(80,026)	(350,465)	(7,606,789)
Net cash provided by (used in) operating activities	(2,900,540)	(3,158,879)	126,075	142,787	(3,369,432)	(1,056,008)	1,009,831	(9,206,166)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	1,597,516							
Transfers out			(20,000)				1,000,000	2,597,516
Repayments of advances from other funds			131,454				(148,967)	(168,967)
Interest payments on debt							131,454	131,454
Net cash provided by (used in) noncapital financing activities	1,597,516		111,454		(3,541)		851,033	2,556,462
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES								
Acquisition and construction of capital assets		(3,719,939)						(3,719,939)
Proceeds received from disposal of capital assets		189,130						189,130
Net cash provided by (used in) capital financing activities		(3,530,809)						(3,530,809)
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment income received	91,870	426,204	39,321	132,934	408,824	173,664	74,165	1,346,982

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,211,154)	(6,263,484)	276,850	275,721	(2,964,149)	(882,344)	1,935,029	(8,833,531)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,165,156	28,151,886	1,807,581	6,519,229	25,582,959	9,699,262	2,841,349	80,767,422
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,954,002</u>	<u>\$ 21,888,402</u>	<u>\$ 2,084,431</u>	<u>\$ 6,794,950</u>	<u>\$ 22,618,810</u>	<u>\$ 8,816,918</u>	<u>\$ 4,776,378</u>	<u>\$ 71,933,891</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (3,151,727)</u>	<u>\$ (7,103,000)</u>	<u>\$ 126,075</u>	<u>\$ (342,753)</u>	<u>\$ (4,013,935)</u>	<u>\$ (1,237,223)</u>	<u>\$ 726,388</u>	<u>\$ (14,996,175)</u>
Operating income (loss)								
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities								
Depreciation	69,057	3,994,494		1,466			18,804	4,014,764
Other		77,282		10,000		9,014		165,353
(Increase) decrease in assets								
Receivables	(3,053)	(24,341)		635,631	(2,002)	(48,286)		557,949
Due from other governments	41,586	(445)						41,141
Due from other funds	(16,833)	(59,340)						(16,833)
Inventories, bulk fuel								(59,340)
Increase (decrease) in liabilities								
Accounts payable and accrued liabilities	14,965	(6,942)		(49,053)	22,310	(3,173)	154,328	132,435
Compensated absences	(113,115)	(52,420)		1,756	24,347	5,908	9,427	(124,097)
Termination benefits	131,893	(17,678)						114,215
Claims and judgements				(126,112)	591,266	215,300		680,454
Other post employment benefits	126,687	33,511		11,852	8,582	2,452	9,399	192,483
Deposits							91,485	91,485
Total adjustments	<u>251,187</u>	<u>3,944,121</u>		<u>485,540</u>	<u>644,503</u>	<u>181,215</u>	<u>283,443</u>	<u>5,790,009</u>
Net cash provided by (used in) operating activities	<u>\$ (2,900,540)</u>	<u>\$ (3,158,879)</u>	<u>\$ 126,075</u>	<u>\$ 142,787</u>	<u>\$ (3,369,432)</u>	<u>\$ (1,056,008)</u>	<u>\$ 1,009,831</u>	<u>\$ (9,206,166)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Contribution of capital assets	<u>\$</u>	<u>\$ 58,349</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 58,349</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, 2012

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 5,635,000	\$ 5,806,126	\$ 171,126
OPERATING EXPENSES			
Salaries and wages	5,840,274	4,956,089	884,185
Employee benefits	1,961,316	1,810,957	150,359
Services and supplies	2,474,617	2,190,807	283,810
Total operating expenses	10,276,207	8,957,853	1,318,354
Operating loss	(4,641,207)	(3,151,727)	1,489,480
NONOPERATING REVENUES			
Investment income	50,000	88,930	38,930
Miscellaneous	50,000	69,057	69,057
Total nonoperating revenues	50,000	157,987	107,987
Loss before transfers	(4,591,207)	(2,993,740)	1,597,467
TRANSFERS			
Transfers in	1,597,516	1,597,516	
CHANGE IN NET POSITION	\$ (2,993,691)	(1,396,224)	\$ 1,597,467
NET POSITION, BEGINNING OF YEAR		4,155,859	
NET POSITION, END OF YEAR		\$ 2,759,635	

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, 2012

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 3,103,141	\$ 3,303,777	\$ 200,636
OPERATING EXPENSES			
Salaries and wages	1,712,425	1,453,646	258,779
Employee benefits	512,254	523,182	(10,928)
Services and supplies	5,897,840	4,435,455	1,462,385
Depreciation	<u>5,777,547</u>	<u>3,994,494</u>	<u>1,783,053</u>
Total operating expenses	<u>13,900,066</u>	<u>10,406,777</u>	<u>3,493,289</u>
Operating loss	<u>(10,796,925)</u>	<u>(7,103,000)</u>	<u>3,693,925</u>
NONOPERATING REVENUES			
Investment income	330,000	412,142	82,142
Miscellaneous		77,282	77,282
Gain (loss) on capital asset disposition		<u>178,327</u>	<u>178,327</u>
Total nonoperating revenues	<u>330,000</u>	<u>667,751</u>	<u>337,751</u>
Loss before capital contributions	<u>(10,466,925)</u>	<u>(6,435,249)</u>	<u>4,031,676</u>
CAPITAL CONTRIBUTIONS			
Capital contributions	<u>60,000</u>	<u>58,349</u>	<u>(1,651)</u>
TRANSFERS			
Transfers out	<u>(9,000,000)</u>		<u>9,000,000</u>
CHANGE IN NET POSITION	<u>\$ (19,406,925)</u>	<u>(6,376,900)</u>	<u>\$ 13,030,025</u>
NET POSITION, BEGINNING OF YEAR		<u>42,031,980</u>	
NET POSITION, END OF YEAR, END OF YEAR		<u>\$ 35,655,080</u>	

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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>165,000</u>	\$ <u>126,075</u>	\$ <u>(38,925)</u>
Operating income	<u>165,000</u>	<u>126,075</u>	<u>(38,925)</u>
NONOPERATING REVENUES			
Investment income	<u>20,000</u>	<u>39,784</u>	<u>19,784</u>
Income before transfers	<u>185,000</u>	<u>165,859</u>	<u>(19,141)</u>
TRANSFERS			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u> </u>
CHANGE IN NET POSITION	<u>\$ 165,000</u>	145,859	<u>\$ (19,141)</u>
NET POSITION, BEGINNING OF YEAR		<u>4,043,459</u>	
NET POSITION, END OF YEAR		<u>\$ 4,189,318</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ 2,610,743	\$ 2,610,743	\$ _____
OPERATING EXPENSES			
Salaries and wages	431,173	425,069	6,104
Employee benefits	157,137	164,899	(7,762)
Services and supplies	1,120,909	1,078,103	42,806
Claims and judgements	1,928,500	1,234,478	694,022
Legal fees	103,000	49,481	53,519
Depreciation	2,933	1,466	1,467
Total operating expenses	<u>3,743,652</u>	<u>2,953,496</u>	<u>790,156</u>
Operating loss	<u>(1,132,909)</u>	<u>(342,753)</u>	<u>790,156</u>
NONOPERATING REVENUES			
Investment income	83,000	130,942	47,942
Miscellaneous	_____	10,000	10,000
Total nonoperating revenues	<u>83,000</u>	<u>140,942</u>	<u>57,942</u>
CHANGE IN NET POSITION	\$ <u>(1,049,909)</u>	(201,811)	\$ <u>848,098</u>
NET POSITION, BEGINNING OF YEAR		<u>5,042,325</u>	
NET POSITION, END OF YEAR		\$ <u>4,840,514</u>	

CITY OF HENDERSON, NEVADA

WORKMEN'S COMPENSATION SELF INSURANCE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Final Budget	Actual	Variance
OPERATING EXPENSES			
Salaries and wages	\$ 310,931	\$ 334,916	\$ (23,985)
Employee benefits	117,878	122,617	(4,739)
Services and supplies	1,452,814	1,025,140	427,674
Claims and judgements	4,982,692	2,511,780	2,470,912
Legal fees	20,400	19,482	918
Total operating expenses	6,884,715	4,013,935	2,870,780
Operating loss	(6,884,715)	(4,013,935)	2,870,780
NONOPERATING REVENUES (EXPENSES)			
Investment income	300,000	401,865	101,865
Interest expense	-	(3,541)	(3,541)
Total nonoperating revenues (expenses)	300,000	398,324	98,324
CHANGE IN NET POSITION	\$ (6,584,715)	(3,615,611)	\$ 2,969,104
NET POSITION, BEGINNING OF YEAR		16,433,144	
NET POSITION, END OF YEAR		\$ 12,817,533	

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, 2012

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 11,220,000	\$ 11,818,152	\$ 598,152
OPERATING EXPENSES			
Salaries and wages	81,850	86,425	(4,575)
Employee benefits	31,319	33,575	(2,256)
Services and supplies	2,668,165	2,381,770	286,395
Claims and judgements	12,207,164	10,553,605	1,653,559
Total operating expenses	14,988,498	13,055,375	1,933,123
Operating loss	(3,768,498)	(1,237,223)	2,531,275
NONOPERATING REVENUES			
Investment income	117,000	170,581	53,581
Miscellaneous	—	9,014	9,014
Total nonoperating revenues	117,000	179,595	62,595
CHANGE IN NET POSITION	\$ (3,651,498)	(1,057,628)	\$ 2,593,870
NET POSITION, BEGINNING OF YEAR		8,475,546	
NET POSITION, END OF YEAR		\$ 7,417,918	

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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ 7,733,956	\$ 7,661,040	\$ (72,916)
OPERATING EXPENSES			
Salaries and wages	326,349	362,261	(35,912)
Employee benefits	102,244	138,097	(35,853)
Services and supplies	7,206,233	6,415,490	790,743
Depreciation	180,304	18,804	161,500
Total operating expenses	<u>7,815,130</u>	<u>6,934,652</u>	<u>880,478</u>
Operating income (loss)	<u>(81,174)</u>	<u>726,388</u>	<u>807,562</u>
NONOPERATING REVENUES			
Investment income	<u>25,000</u>	<u>75,554</u>	<u>50,554</u>
Income before transfers	<u>(56,174)</u>	<u>801,942</u>	<u>858,116</u>
TRANSFERS			
Transfers in		1,000,000	1,000,000
Transfers out	<u>(148,967)</u>	<u>(148,967)</u>	
Total transfers	<u>(148,967)</u>	<u>851,033</u>	<u>1,000,000</u>
CHANGE IN NET POSITION	<u>\$ (205,141)</u>	1,652,975	<u>\$ 1,858,116</u>
NET POSITION, BEGINNING OF YEAR		<u>2,020,395</u>	
NET POSITION, END OF YEAR		<u>\$ 3,673,370</u>	

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2012

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
ASSETS				
Current assets				
Cash, cash equivalents and investments	\$ 1,664,932	\$ 750,545	\$ 7,445,052	\$ 9,860,529
Accounts receivable, net	5,679			5,679
Interest receivable	3,238	1,661	18,610	23,509
Total current assets	<u>1,673,849</u>	<u>752,206</u>	<u>7,463,662</u>	<u>9,889,717</u>
Noncurrent assets				
Capital assets				
Land		13,802,929		13,802,929
Building and building improvements	3,835,536	5,660,600		9,496,136
Improvements other than buildings	1,398,259	23,047,576	1,206,116	25,651,951
Machinery and equipment	274,975	2,147,377	2,884,356	5,306,708
Less accumulated depreciation and amortization	<u>(2,735,796)</u>	<u>(16,296,821)</u>	<u>(3,416,635)</u>	<u>(22,449,252)</u>
Total capital assets, net	<u>2,772,974</u>	<u>28,361,661</u>	<u>673,837</u>	<u>31,808,472</u>
Total noncurrent assets	<u>2,772,974</u>	<u>28,361,661</u>	<u>673,837</u>	<u>31,808,472</u>
Total assets	<u>4,446,823</u>	<u>29,113,867</u>	<u>8,137,499</u>	<u>41,698,189</u>
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	79,411	68,424	48,510	196,345
Accrued wages	34,168		55,331	89,499
Unearned revenue			3,426,920	3,426,920
Deposits	11,070		161,738	172,808
Compensated absences	64,180		101,789	165,969
Total current liabilities	<u>188,829</u>	<u>68,424</u>	<u>3,794,288</u>	<u>4,051,541</u>
Noncurrent liabilities				
Compensated absences	518,267		821,961	1,340,228
Other post employment benefits	232,599		938,595	1,171,194
Total noncurrent liabilities	<u>750,866</u>		<u>1,760,556</u>	<u>2,511,422</u>
Total liabilities	<u>939,695</u>	<u>68,424</u>	<u>5,554,844</u>	<u>6,562,963</u>
NET POSITION				
Net investment in capital assets	2,772,974	28,361,661	673,837	31,808,472
Unrestricted	<u>734,154</u>	<u>683,782</u>	<u>1,908,818</u>	<u>3,326,754</u>
Total net position	<u>\$ 3,507,128</u>	<u>\$ 29,045,443</u>	<u>\$ 2,582,655</u>	<u>\$ 35,135,226</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, 2012

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 235,121	\$ 2,635,893	\$ 4,083,622	\$ 6,954,636
Licenses and permits	556,482		2,761,080	3,317,562
Rental fees	326,059			326,059
Miscellaneous	208,634		10,988	219,622
Total operating revenues	<u>1,326,296</u>	<u>2,635,893</u>	<u>6,855,690</u>	<u>10,817,879</u>
OPERATING EXPENSES				
Salaries and wages	2,223,656		3,310,679	5,534,335
Employee benefits	739,719		1,321,648	2,061,367
Services and supplies	1,404,366	2,883,129	2,820,784	7,108,279
Depreciation	180,097	783,441	128,172	1,091,710
Total operating expenses	<u>4,547,838</u>	<u>3,666,570</u>	<u>7,581,283</u>	<u>15,795,691</u>
Operating loss	<u>(3,221,542)</u>	<u>(1,030,677)</u>	<u>(725,593)</u>	<u>(4,977,812)</u>
NONOPERATING REVENUES				
Investment income	30,833	14,177	147,787	192,797
Room tax revenue	1,564,477			1,564,477
Other intergovernmental revenue	10,000		7,263	17,263
Total nonoperating revenues	<u>1,605,310</u>	<u>14,177</u>	<u>155,050</u>	<u>1,774,537</u>
Loss before capital contributions and transfers	<u>(1,616,232)</u>	<u>(1,016,500)</u>	<u>(570,543)</u>	<u>(3,203,275)</u>
CAPITAL CONTRIBUTIONS				
Capital contributions	<u>884,959</u>			<u>884,959</u>
TRANSFERS				
Transfers in	1,900,000		1,264,288	3,164,288
Transfers out	(527)		(1,002,371)	(1,002,898)
Total transfers	<u>1,899,473</u>		<u>261,917</u>	<u>2,161,390</u>
CHANGE IN NET POSITION	1,168,200	(1,016,500)	(308,626)	(156,926)
NET POSITION, BEGINNING OF YEAR	<u>2,338,928</u>	<u>30,061,943</u>	<u>2,891,281</u>	<u>35,292,152</u>
NET POSITION, END OF YEAR	<u>\$ 3,507,128</u>	<u>\$ 29,045,443</u>	<u>\$ 2,582,655</u>	<u>\$ 35,135,226</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,330,642	\$ 2,769,982	\$ 6,676,484	\$ 10,777,108
Cash received from other sources	1,564,477			1,564,477
Cash payments for goods and services	(2,069,545)	(2,841,526)	(3,995,904)	(8,906,975)
Cash payments for employee services	(2,254,599)		(3,630,067)	(5,884,666)
Net cash used in operating activities	<u>(1,429,025)</u>	<u>(71,544)</u>	<u>(949,487)</u>	<u>(2,450,056)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	1,900,000		1,264,288	3,164,288
Transfers out	(527)		(1,002,371)	(1,002,898)
Intergovernmental revenues	10,000		7,263	17,263
Net cash provided by noncapital financing activities	<u>1,909,473</u>		<u>269,180</u>	<u>2,178,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	<u>30,348</u>	<u>16,061</u>	<u>147,693</u>	<u>194,102</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	510,796	(55,483)	(532,614)	(77,301)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,154,136</u>	<u>806,028</u>	<u>7,977,666</u>	<u>9,937,830</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,664,932</u>	<u>\$ 750,545</u>	<u>\$ 7,445,052</u>	<u>\$ 9,860,529</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES				
Operating loss	\$ (3,221,542)	\$ (1,030,677)	\$ (725,593)	\$ (4,977,812)
Adjustments to reconcile operating loss to net cash used in operating activities				
Depreciation	180,097	783,441	128,172	1,091,710
Other	1,564,477			1,564,477
Decrease in assets				
Receivables	4,346	134,089		138,435
Increase (decrease) in liabilities				
Accounts payable and accrued liabilities	40,187	41,603	46,662	128,452
Compensated absences	12,516		(176,664)	(164,148)
Termination benefits	(53,958)		(160,121)	(214,079)
Other post employment benefits	45,362		91,133	136,495
Deposits	(510)		26,130	25,620
Unearned revenue			(179,206)	(179,206)
Total adjustments	<u>1,792,517</u>	<u>959,133</u>	<u>(223,894)</u>	<u>2,527,756</u>
Net cash used in operating activities	<u>\$ (1,429,025)</u>	<u>\$ (71,544)</u>	<u>\$ (949,487)</u>	<u>\$ (2,450,056)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contribution of capital assets	<u>\$ 884,959</u>			<u>\$ 884,959</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Utilities fees	\$ 58,611,200	\$ 60,090,261	\$ 1,479,061
Connection fees	400,000	707,119	307,119
Late charges	1,300,000	1,113,650	(186,350)
Miscellaneous	400,000	225,338	(174,662)
Total operating revenues	<u>60,711,200</u>	<u>62,136,368</u>	<u>1,425,168</u>
OPERATING EXPENSES			
Salaries and wages	11,812,300	10,932,188	880,112
Employee benefits	4,678,165	4,307,611	370,554
Water purchases	23,370,500	22,981,516	388,984
Services and supplies	17,918,083	16,167,149	1,750,934
Depreciation	29,578,343	26,567,386	3,010,957
Total operating expenses	<u>87,357,391</u>	<u>80,955,850</u>	<u>6,401,541</u>
Operating loss	<u>(26,646,191)</u>	<u>(18,819,482)</u>	<u>7,826,709</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,563,000	1,902,207	339,207
Other intergovernmental revenue		11,695	11,695
Miscellaneous	50,425		(50,425)
Gain (loss) on capital asset disposition		(50,600)	(50,600)
Interest expense	(1,510,957)	(1,593,140)	(82,183)
Total nonoperating revenues (expenses)	<u>102,468</u>	<u>270,162</u>	<u>167,694</u>
Loss before capital contributions and transfers	<u>(26,543,723)</u>	<u>(18,549,320)</u>	<u>7,994,403</u>
CAPITAL CONTRIBUTIONS			
Capital contributions	<u>2,000,000</u>	<u>7,419,735</u>	<u>5,419,735</u>
TRANSFERS			
Transfers in		25,529	25,529
Transfers out	(1,503,012)	(1,633,412)	(130,400)
Total transfers	<u>(1,503,012)</u>	<u>(1,607,883)</u>	<u>(104,871)</u>
CHANGE IN NET POSITION	<u>\$ (26,046,735)</u>	<u>(12,737,468)</u>	<u>\$ 13,309,267</u>
NET POSITION, BEGINNING OF YEAR		<u>499,900,745</u>	
NET POSITION, END OF YEAR		<u>\$ 487,163,277</u>	

CITY OF HENDERSON, NEVADA

SEWER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Final Budget	Actual	Variance
OPERATING REVENUES			
Utilities fees	\$ 32,867,000	\$ 34,454,751	\$ 1,587,751
Connection fees	26,000	62,135	36,135
Late charges	665,000	506,258	(158,742)
Miscellaneous	2,000	3,777,812	3,775,812
Total operating revenues	<u>33,560,000</u>	<u>38,800,956</u>	<u>5,240,956</u>
OPERATING EXPENSES			
Salaries and wages	9,100,506	9,011,015	89,491
Employee benefits	3,415,824	3,478,901	(63,077)
Services and supplies	17,505,800	15,488,651	2,017,149
Depreciation	22,848,780	20,322,317	2,526,463
Total operating expenses	<u>52,870,910</u>	<u>48,300,884</u>	<u>4,570,026</u>
Operating loss	<u>(19,310,910)</u>	<u>(9,499,928)</u>	<u>9,810,982</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	745,000	960,563	215,563
Sales tax revenue	3,000,000	3,789,604	789,604
Other intergovernmental revenue		174,410	174,410
Miscellaneous	444,084	298,587	(145,497)
Gain (loss) on capital asset disposition		(513,549)	(513,549)
Interest expense	(6,432,375)	(3,755,222)	2,677,153
Total nonoperating revenues (expenses)	<u>(2,243,291)</u>	<u>954,393</u>	<u>3,197,684</u>
Loss before capital contributions and transfers	<u>(21,554,201)</u>	<u>(8,545,535)</u>	<u>13,008,666</u>
CAPITAL CONTRIBUTIONS			
Capital contributions	<u>3,000,000</u>	<u>10,497,050</u>	<u>7,497,050</u>
TRANSFERS			
Transfers in		158,960	158,960
Transfers out	(1,503,125)	(819,464)	683,661
Total transfers	<u>(1,503,125)</u>	<u>(660,504)</u>	<u>842,621</u>
CHANGE IN NET POSITION	<u>\$ (20,057,326)</u>	1,291,011	<u>\$ 21,348,337</u>
NET POSITION, BEGINNING OF YEAR		<u>513,158,168</u>	
NET POSITION, END OF YEAR, END OF YEAR		<u>\$ 514,449,179</u>	

CITY OF HENDERSON, NEVADA

CULTURAL ARTS AND TOURISM ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ 276,000	\$ 235,121	\$ (40,879)
Licenses and permits	630,000	556,482	(73,518)
Rental fees	444,100	326,059	(118,041)
Miscellaneous	<u>134,000</u>	<u>208,634</u>	<u>74,634</u>
Total operating revenues	<u>1,484,100</u>	<u>1,326,296</u>	<u>(157,804)</u>
OPERATING EXPENSES			
Salaries and wages	2,591,098	2,223,656	367,442
Employee benefits	867,236	739,719	127,517
Services and supplies	1,642,639	1,404,366	238,273
Depreciation	<u>200,000</u>	<u>180,097</u>	<u>19,903</u>
Total operating expenses	<u>5,300,973</u>	<u>4,547,838</u>	<u>753,135</u>
Operating loss	<u>(3,816,873)</u>	<u>(3,221,542)</u>	<u>595,331</u>
NONOPERATING REVENUES			
Investment income	25,000	30,833	5,833
Room tax revenue	1,500,000	1,564,477	64,477
Other intergovernmental revenue		10,000	10,000
Miscellaneous	<u>170,000</u>		<u>(170,000)</u>
Total nonoperating revenues	<u>1,695,000</u>	<u>1,605,310</u>	<u>(89,690)</u>
Loss before capital contributions and transfers	<u>(2,121,873)</u>	<u>(1,616,232)</u>	<u>505,641</u>
CAPITAL CONTRIBUTIONS			
Capital contributions		<u>884,959</u>	<u>884,959</u>
TRANSFERS			
Transfers in	1,900,000	1,900,000	
Transfers out	<u>(527)</u>	<u>(527)</u>	
Total transfers	<u>1,899,473</u>	<u>1,899,473</u>	
CHANGE IN NET POSITION	<u>\$ (222,400)</u>	1,168,200	<u>\$ 1,390,600</u>
NET POSITION, BEGINNING OF YEAR		<u>2,338,928</u>	
NET POSITION, END OF YEAR		<u>\$ 3,507,128</u>	

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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ 2,718,270	\$ 2,635,893	\$ (82,377)
OPERATING EXPENSES			
Services and supplies	2,378,646	2,883,129	(504,483)
Depreciation	<u>809,914</u>	<u>783,441</u>	<u>26,473</u>
Total operating expenses	<u>3,188,560</u>	<u>3,666,570</u>	<u>(478,010)</u>
Operating loss	<u>(470,290)</u>	<u>(1,030,677)</u>	<u>(560,387)</u>
NONOPERATING REVENUES			
Investment income	<u>10,000</u>	<u>14,177</u>	<u>4,177</u>
CHANGE IN NET POSITION	<u>\$ (460,290)</u>	<u>(1,016,500)</u>	<u>\$ (556,210)</u>
NET POSITION, BEGINNING OF YEAR		<u>30,061,943</u>	
NET POSITION, END OF YEAR, END OF YEAR		<u>\$ 29,045,443</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, 2012

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 3,476,668	\$ 4,083,622	\$ 606,954
Licenses and permits	2,593,345	2,761,080	167,735
Developer contributions	65,287		(65,287)
Miscellaneous	16,101	10,988	(5,113)
Total operating revenues	<u>6,151,401</u>	<u>6,855,690</u>	<u>704,289</u>
OPERATING EXPENSES			
Salaries and wages	3,834,088	3,310,679	523,409
Employee benefits	1,341,365	1,321,648	19,717
Services and supplies	2,897,785	2,820,784	77,001
Depreciation	178,000	128,172	49,828
Total operating expenses	<u>8,251,238</u>	<u>7,581,283</u>	<u>669,955</u>
Operating loss	<u>(2,099,837)</u>	<u>(725,593)</u>	<u>1,374,244</u>
NONOPERATING REVENUES			
Investment income	111,870	147,787	35,917
Other intergovernmental revenue		7,263	7,263
Miscellaneous	9,455		(9,455)
Total nonoperating revenues	<u>121,325</u>	<u>155,050</u>	<u>33,725</u>
Loss before transfers	<u>(1,978,512)</u>	<u>(570,543)</u>	<u>1,407,969</u>
TRANSFERS			
Transfers in	1,264,288	1,264,288	
Transfers out	(2,371)	(1,002,371)	(1,000,000)
Total transfers	<u>1,261,917</u>	<u>261,917</u>	<u>(1,000,000)</u>
CHANGE IN NET POSITION	<u>\$ (716,595)</u>	<u>(308,626)</u>	<u>\$ 407,969</u>
NET POSITION, BEGINNING OF YEAR		<u>2,891,281</u>	
NET POSITION, END OF YEAR		<u>\$ 2,582,655</u>	

2012

Comprehensive Annual Financial Report

City of Henderson, Nevada

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

Bridges -

to account for contributions by developers for the construction of bridges across flood channels that traverse the City of Henderson. These contributions are held by the City in an agency capacity pending the identification of funding necessary to complete the bridges.

Section 125 Agency Fund -

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

Traffic Signal Agency Fund -

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

Forfeited Assets Fund -

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

Paving Frontage Agency Fund -

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

Special Assessment Districts Agency Fund -

to account for the repayment of special assessment district debt for which no assets or revenues of the City have been pledged.



A Place To Call Home

CITY OF HENDERSON, NEVADA

AGENCY FUNDS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 JUNE 30, 2012

	Section 125 Plan	Traffic Signal	Forfeited Assets	Paving Frontage	Special Assessment Districts	Total Agency Funds
ASSETS						
Cash, cash equivalents and investments	\$ 112,732	\$ 15,217,742	\$ 153,417	\$ 70,739	\$ 53,173,425	\$ 68,728,055
Special assessments receivable					626,995	626,995
Total assets	<u>\$ 112,732</u>	<u>\$ 15,217,742</u>	<u>\$ 153,417</u>	<u>\$ 70,739</u>	<u>\$ 53,800,420</u>	<u>\$ 69,355,050</u>
LIABILITIES						
Due to developers	\$	\$ 15,217,742	\$	\$ 70,739	\$	\$ 15,288,481
Due to employees	112,732					112,732
Due to others			153,417		53,800,420	53,953,837
Total liabilities	<u>\$ 112,732</u>	<u>\$ 15,217,742</u>	<u>\$ 153,417</u>	<u>\$ 70,739</u>	<u>\$ 53,800,420</u>	<u>\$ 69,355,050</u>

CITY OF HENDERSON, NEVADA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
BRIDGES				
ASSETS				
Cash, cash equivalents and investments	\$ 189,203	\$ 1,492	\$ 190,695	\$ _____
LIABILITIES				
Due to developers	\$ 189,203	\$ 1,492	\$ 190,695	\$ _____
SECTION 125 PLAN				
ASSETS				
Cash, cash equivalents and investments	\$ 119,140	\$ 812,334	\$ 818,742	\$ 112,732
LIABILITIES				
Due to employees	\$ 119,140	\$ 812,334	\$ 818,742	\$ 112,732
TRAFFIC SIGNAL				
ASSETS				
Cash, cash equivalents and investments	\$ 14,937,699	\$ 492,351	\$ 212,308	\$ 15,217,742
LIABILITIES				
Due to developers	\$ 14,937,699	\$ 492,351	\$ 212,308	\$ 15,217,742
FORFEITED ASSETS				
ASSETS				
Cash, cash equivalents and investments	\$ 1,135,149	\$ 1,458,467	\$ 2,440,199	\$ 153,417
LIABILITIES				
Due to others	\$ 1,135,149	\$ 1,458,467	\$ 2,440,199	\$ 153,417
PAVING FRONTAGE				
ASSETS				
Cash, cash equivalents and investments	\$ 69,733	\$ 1,006	\$ _____	\$ 70,739
LIABILITIES				
Due to developers	\$ 69,733	\$ 1,006	\$ _____	\$ 70,739
SPECIAL ASSESSMENT DISTRICTS				
ASSETS				
Cash, cash equivalents and investments	\$ 55,496,665	\$ 62,783,288	\$ 65,106,528	\$ 53,173,425
Special assessments receivable	767,361	124,153	264,519	626,995
Total assets	\$ 56,264,026	\$ 62,907,441	\$ 65,371,047	\$ 53,800,420
LIABILITIES				
Due to others	\$ 56,264,026	\$ 62,907,441	\$ 65,371,047	\$ 53,800,420

(Continued)

CITY OF HENDERSON, NEVADA

AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
TOTAL AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments	\$ 71,947,589	\$ 65,548,938	\$ 68,768,472	\$ 68,728,055
Special assessments receivable	<u>767,361</u>	<u>124,153</u>	<u>264,519</u>	<u>626,995</u>
Total assets	<u>\$ 72,714,950</u>	<u>\$ 65,673,091</u>	<u>\$ 69,032,991</u>	<u>\$ 69,355,050</u>
LIABILITIES				
Due to developers	\$ 15,196,635	\$ 494,849	\$ 403,003	\$ 15,288,481
Due to employees	119,140	812,334	818,742	112,732
Due to others	<u>57,399,175</u>	<u>64,365,908</u>	<u>67,811,246</u>	<u>53,953,837</u>
Total liabilities	<u>\$ 72,714,950</u>	<u>\$ 65,673,091</u>	<u>\$ 69,032,991</u>	<u>\$ 69,355,050</u>

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