

FINANCIAL SECTION

2015 Comprehensive Annual Financial Report

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



A Place To Call Home

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P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Las Vegas, Nevada
November 2, 2015

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2015

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

Financial Highlights

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

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

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

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

Financial Statement Overview

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

Government-wide Financial Statements

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

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

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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Proprietary Funds

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

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

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

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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Summary Statement of Net Position

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

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

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

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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Summary Statement of Changes in Net Position

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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Governmental Activities

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

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

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

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

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

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

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

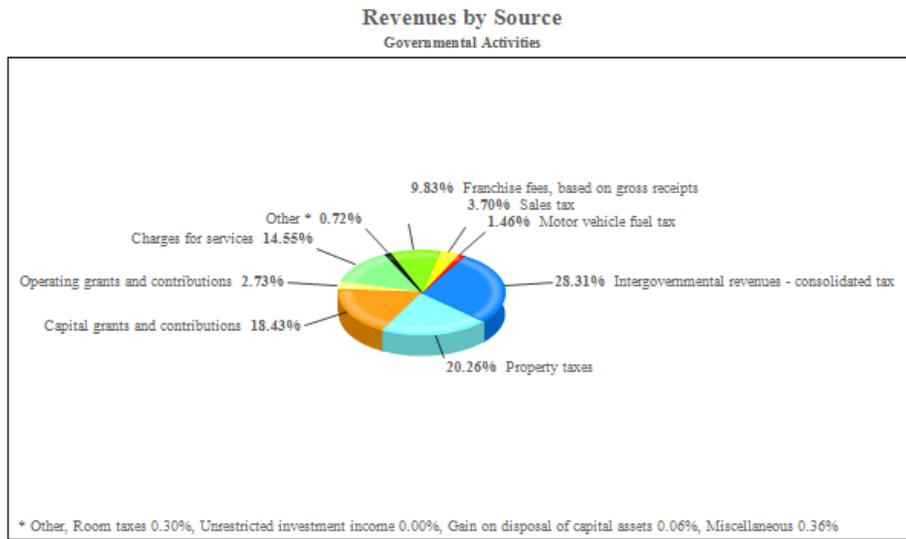
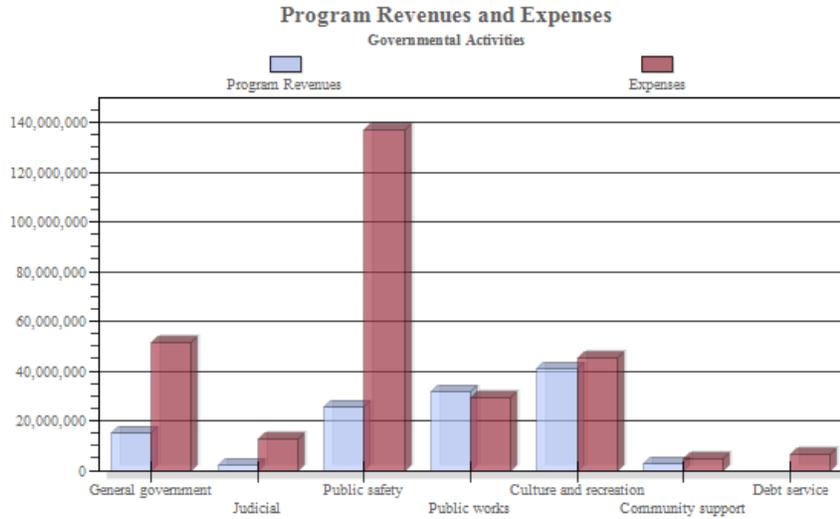
There was another prior period adjustment for \$313.6 million due to GASB 68, *Accounting and Financial Reporting for Pensions*, which requires the City to record its proportionate share of the collective net pension liability of the Public Employee's Retirement System and related deferred inflows and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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015



Business-type Activities

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

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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

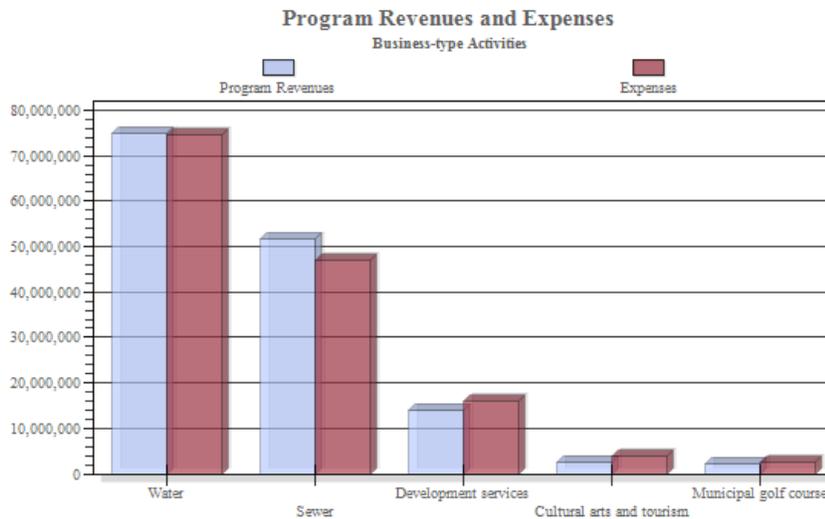
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

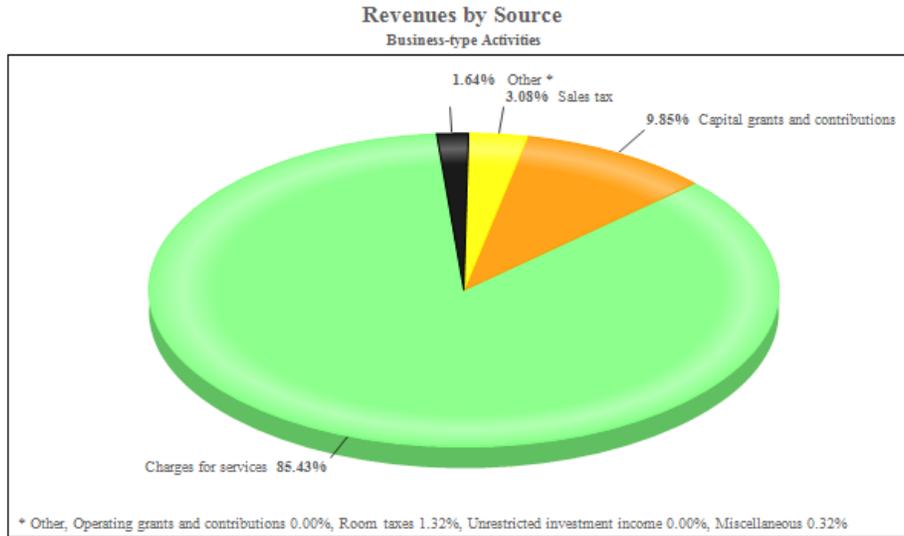


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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015



Governmental Funds

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

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

General Fund

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

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

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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

Transfers out to other funds were \$11.5 million.

Grants Special Revenue Fund

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

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

General Obligation Debt Service Fund

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

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Special Assessment Districts Capital Projects Fund

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

Land Sales Capital Projects Fund

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

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

Proprietary Funds

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

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

General Fund Budgetary Highlights

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Capital Assets and Debt Administration

Capital Assets

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

Long-term Debt

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

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

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

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

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

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

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

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

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

Additional positions to support improving conditions in construction and development

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

Requests for Information

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

**BASIC FINANCIAL
STATEMENTS**

2015 Comprehensive Annual Financial Report

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



A Place To Call Home

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CITY OF HENDERSON, NEVADA

STATEMENT OF NET POSITION

JUNE 30, 2015

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

(Continued)

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

CITY OF HENDERSON, NEVADA

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2015

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

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

CITY OF HENDERSON, NEVADA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

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

(Continued)

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

CITY OF HENDERSON, NEVADA

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2015

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

(Continued)

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

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS BALANCE SHEET (CONTINUED) JUNE 30, 2015

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

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

CITY OF HENDERSON, NEVADA

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

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

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

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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, 2015

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds			Aggregate Other Governmental Funds	Total Governmental Funds
	Funds		Funds		Special				
	General Fund	Grants	General Obligation	Assessment Districts	Land Sales				
REVENUES									
Property taxes	\$ 56,905,962		\$ 2,984,505	\$			\$ 7,662,192	\$	67,552,659
Franchise fees	32,677,892								32,677,892
Licenses and permits	9,469,188								9,469,188
Intergovernmental	97,812,733	20,925,635			626				137,490,840
Charges for services	28,365,652								28,562,698
Fines and forfeitures	4,308,262								5,550,637
Impact fees	810,284								1,895,401
Special assessments									130,274
Investment income	280,576		72,684						2,407,753
Developer contributions									4,405,009
Rental fees									12,688
Miscellaneous	443,677	351,773							493,311
Total revenues	<u>231,074,226</u>	<u>21,277,408</u>	<u>3,057,189</u>	<u>26,375</u>	<u>1,703,680</u>		<u>35,118,888</u>		<u>292,257,766</u>
EXPENDITURES									
Current									
General government	39,061,394	905,921					307,393		48,539,745
Judicial	11,461,622	106,564							12,325,268
Public safety	122,523,122	893,439							135,919,848
Public works	6,781,537	490,963							9,706,622
Culture and recreation	33,297,754	1,384,801					438,590		36,623,298
Community support	1,770,944	2,949,740							4,720,684
Total current	<u>214,896,373</u>	<u>6,731,428</u>					<u>745,983</u>		<u>247,835,465</u>
Capital outlay									
General government	34,754								204,772
Public safety	13,400								287,203
Public works		118,450							2,833,541
Culture and recreation	280,298	7,431,026					1,418,818		13,826,060
Total capital outlay	<u>328,452</u>	<u>6,209,190</u>					<u>531,565</u>		<u>11,709,733</u>
		<u>13,758,666</u>					<u>3,029,928</u>		<u>8,545,761</u>

(Continued)

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

CITY OF HENDERSON, NEVADA

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

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

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

CITY OF HENDERSON, NEVADA

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

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

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

CITY OF HENDERSON, NEVADA

GENERAL FUND

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

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

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

CITY OF HENDERSON, NEVADA

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

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

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

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CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

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

(Continued)

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

CITY OF HENDERSON, NEVADA

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

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

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

CITY OF HENDERSON, NEVADA

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

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

(Continued)

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

CITY OF HENDERSON, NEVADA

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

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

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

CITY OF HENDERSON, NEVADA

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

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

(Continued)

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

CITY OF HENDERSON, NEVADA

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

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

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

CITY OF HENDERSON, NEVADA

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

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

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

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Government-wide and Fund Financial Statements

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

Cash, Cash Equivalents and Investments

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

Receivables and Payables

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

Property Taxes

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

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

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

Restricted Assets

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

Capital Assets

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

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Water Delivery Deposit

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

Compensated Absences

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

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

Provisional Credits and Refunding Agreements

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

Long-term Debt

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Postemployment Benefits Other Than Pensions (OPEB)

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

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

Deferred Outflows/Inflows of Resources

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Equity Classifications

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

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

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

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

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

Use of Estimates

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

Note 2. Stewardship and Accountability

Budgetary Information

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

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

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

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

Excess of Expenditures over Appropriations

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Prior Period Adjustments

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

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

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

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

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

Note 3. Cash, Cash Equivalents and Investments

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

Note 4. Interfund Balances and Activity

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

Due To and From Other Funds

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

Advances To and From Other Funds

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

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

Internal Balances

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

Interfund Transfers

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

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

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CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Note 5. Capital Assets

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Note 6. Long-term Liabilities

Changes in Long-term Liabilities

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

Unamortized deferred refunding charges

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Future Debt Service Requirements

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

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

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

Special Assessment Bonds

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

Current Refundings

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Defeased Debt

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

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

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

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

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

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CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

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

Note 8. Other Post Employment Benefits (OPEB)

Plan Description

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

Funded Status and Funding Progress

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

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

1. No assets have been placed in trust.

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Note 9. Risk Management

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

Note 10. Other Information

Construction in Progress

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

Litigation

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

Lake Las Vegas

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

City of Henderson Redevelopment Agency (the Agency)

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

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

Operating Leases

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

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

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

Encumbrances

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

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

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

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CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Note 11. Components of Fund Balances

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

Note 12. Recently Issued Accounting Pronouncements

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

2015 Comprehensive Annual Financial Report

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



A Place To Call Home

CITY OF HENDERSON, NEVADA

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

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

1. No assets have been placed in trust.

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

CITY OF HENDERSON, NEVADA

REQUIRED SUPPLEMENTARY INFORMATION

MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN

**PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014 AND LAST NINE FISCAL YEARS¹**

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

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

CITY OF HENDERSON, NEVADA

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

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

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

CITY OF HENDERSON, NEVADA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Other Post Employment Benefits

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

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

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

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

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

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

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

GOVERNMENTAL FUNDS

Non-major Special Revenue Funds

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

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

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

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

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

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

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

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

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

Non-major Debt Service Fund

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

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

Non-major Capital Projects Funds

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

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

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

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

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

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

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

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

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



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CITY OF HENDERSON, NEVADA

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

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

CITY OF HENDERSON, NEVADA

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

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

CITY OF HENDERSON, NEVADA

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

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

(Continued)

CITY OF HENDERSON, NEVADA

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

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

CITY OF HENDERSON, NEVADA

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

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

(Continued)

CITY OF HENDERSON, NEVADA

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

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

CITY OF HENDERSON, NEVADA

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

		Municipal Facilities Acquisition and Construction	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
ASSETS										
Cash, cash equivalents and investments	\$	8,358,065	\$ 4,608,027	\$ 4,172,089	\$ 489,818	\$ 517,941	\$ 185,018	\$ 16,002,272	\$ 5,743,030	\$ 40,076,260
Restricted cash and cash equivalents		3,814,618		185,269						3,999,887
Accounts receivable, net			8,893	9,662	983		444	55,347		55,347
Interest receivable		21,314						27,017	11,529	79,842
Notes receivable, net		2,752,092								2,752,092
Due from other governments			547,110			50,820	179,325			777,255
Total assets	\$	14,946,089	\$ 5,164,030	\$ 4,367,020	\$ 490,801	\$ 568,761	\$ 364,787	\$ 16,084,636	\$ 5,754,559	\$ 47,740,683
LIABILITIES										
Accounts payable and other accrued liabilities	\$	8,279	\$ 99,900	\$ 217,801	\$	\$ 33,208	\$	\$ 234,445	\$	\$ 593,633
Accrued wages		844		103						947
Due to other governments		49,800			300,000					300,000
Unearned revenue										49,800
Total liabilities		58,923	99,900	217,904	300,000	33,208		234,445		944,380
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue, notes receivable		2,752,092								2,752,092
Unavailable revenue, other receivables								12,123		12,123
Total deferred inflows of resources		2,752,092						12,123		2,764,215
Total liabilities and deferred inflows of resources		2,811,015	99,900	217,904	300,000	33,208		246,568		3,708,595
FUND BALANCES										
Restricted			5,064,130	4,149,116	190,801	535,553	364,787		5,754,559	10,304,387
Assigned		12,135,074						15,838,068		33,727,701
Total fund balances		12,135,074	5,064,130	4,149,116	190,801	535,553	364,787	15,838,068	5,754,559	44,032,088
Total liabilities, deferred inflows of resources and fund balances	\$	14,946,089	\$ 5,164,030	\$ 4,367,020	\$ 490,801	\$ 568,761	\$ 364,787	\$ 16,084,636	\$ 5,754,559	\$ 47,740,683

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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, 2015

	Municipal Facilities Acquisition and Construction	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
REVENUES									
Property taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental		2,758,525			50,819	1,153,934			1,153,934
Charges for services		76,350					2,855		2,809,344
Impact fees			1,085,117						79,205
Investment income	121,976	44,536	77,247	5,511		1,280		64,601	1,085,117
Developer contributions	2,155,009						2,250,000		440,954
Rental fees		550							4,405,009
Miscellaneous		57					301,784		550
Total revenues	<u>2,276,985</u>	<u>2,880,018</u>	<u>1,162,364</u>	<u>5,511</u>	<u>50,819</u>	<u>1,155,214</u>	<u>2,680,442</u>	<u>64,601</u>	<u>10,275,954</u>
EXPENDITURES									
Current									
General government	26,528						162,211		188,739
Public safety							57,241		57,241
Public works	59,446				2,440		956,903		1,018,789
Culture and recreation		1,578,780	260,563				101,400		1,940,743
Total current	<u>85,974</u>	<u>1,578,780</u>	<u>260,563</u>		<u>2,440</u>		<u>1,277,755</u>		<u>3,205,512</u>
Capital outlay									
General government							204,772		204,772
Public safety	147,467						71,426		71,426
Public works					48,379		618,224		814,070
Culture and recreation		315,871	4,885,428				18,946		5,220,245
Total capital outlay	<u>147,467</u>	<u>315,871</u>	<u>4,885,428</u>		<u>48,379</u>		<u>913,368</u>		<u>6,310,513</u>
Total expenditures	<u>233,441</u>	<u>1,894,651</u>	<u>5,145,991</u>		<u>50,819</u>		<u>2,191,123</u>		<u>9,516,025</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,043,544</u>	<u>985,367</u>	<u>(3,983,627)</u>	<u>5,511</u>		<u>1,155,214</u>	<u>489,319</u>	<u>64,601</u>	<u>759,929</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	2,000,000						4,564,616		6,564,616
Transfers out	<u>(2,500,000)</u>	<u>(274,794)</u>				<u>(1,000,000)</u>	<u>(150,000)</u>		<u>(3,924,794)</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(274,794)</u>				<u>(1,000,000)</u>	<u>4,414,616</u>		<u>2,639,822</u>

(Continued)

CITY OF HENDERSON, NEVADA

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

	Municipal Facilities Acquisition and Construction	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
CHANGE IN FUND BALANCE	1,543,544	710,573	(3,983,627)	5,511		155,214	4,903,935	64,601	3,399,751
FUND BALANCE, BEGINNING OF YEAR	<u>10,591,530</u>	<u>4,353,557</u>	<u>8,132,743</u>	<u>185,290</u>	<u>535,553</u>	<u>209,573</u>	<u>10,934,133</u>	<u>5,689,958</u>	<u>40,632,337</u>
FUND BALANCE, END OF YEAR	<u>\$ 12,135,074</u>	<u>\$ 5,064,130</u>	<u>\$ 4,149,116</u>	<u>\$ 190,801</u>	<u>\$ 535,553</u>	<u>\$ 364,787</u>	<u>\$ 15,838,068</u>	<u>\$ 5,754,559</u>	<u>\$ 44,032,088</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

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

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 56,681,153	\$ 56,905,962	\$ 224,809
Franchise fees	32,154,669	32,677,892	523,223
Licenses and permits	8,865,500	9,469,188	603,688
Intergovernmental	98,294,247	97,812,733	(481,514)
Charges for services	26,464,866	28,365,652	1,900,786
Fines and forfeitures	4,090,576	4,308,262	217,686
Impact fees		810,284	810,284
Investment income	100,000	280,576	180,576
Developer contributions	100,000		(100,000)
Miscellaneous	1,502,644	443,677	(1,058,967)
Total revenues	228,253,655	231,074,226	2,820,571
EXPENDITURES			
General government			
Mayor and council			
Salaries and wages	331,841	329,239	2,602
Employee benefits	195,873	198,745	(2,872)
Services and supplies	236,937	150,608	86,329
Total mayor and council	764,651	678,592	86,059
City manager			
Salaries and wages	704,673	667,022	37,651
Employee benefits	239,567	222,884	16,683
Services and supplies	42,359	45,030	(2,671)
Total city manager	986,599	934,936	51,663
Finance			
Salaries and wages	3,783,123	3,636,311	146,812
Employee benefits	1,498,993	1,471,554	27,439
Services and supplies	505,596	293,316	212,280
Total finance	5,787,712	5,401,181	386,531
Information technology			
Salaries and wages	4,930,833	4,889,708	41,125
Employee benefits	1,934,497	1,910,849	23,648
Services and supplies	1,250,324	719,955	530,369
Total information technology	8,115,654	7,520,512	595,142
City clerk			
Salaries and wages	1,265,398	1,204,888	60,510
Employee benefits	509,305	511,908	(2,603)
Services and supplies	498,879	308,953	189,926
Capital outlay	31,600	34,754	(3,154)
Total city clerk	2,305,182	2,060,503	244,679
Human resources			
Salaries and wages	1,505,282	1,437,905	67,377
Employee benefits	600,083	593,979	6,104
Services and supplies	821,714	386,218	435,496
Total human resources	2,927,079	2,418,102	508,977
City attorney			
Salaries and wages	1,485,830	1,478,072	7,758
Employee benefits	527,774	530,242	(2,468)
Services and supplies	1,126,259	187,186	939,073
Total city attorney	3,139,863	2,195,500	944,363

(Continued)

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
Community development			
Salaries and wages	2,274,336	2,125,454	148,882
Employee benefits	909,798	899,959	9,839
Services and supplies	631,150	299,958	331,192
Total community development	3,815,284	3,325,371	489,913
Building maintenance			
Salaries and wages	2,388,049	2,323,046	65,003
Employee benefits	1,145,106	1,103,403	41,703
Services and supplies	4,861,841	4,545,558	316,283
Total building maintenance	8,394,996	7,972,007	422,989
Public affairs			
Salaries and wages	1,349,761	1,353,496	(3,735)
Employee benefits	522,693	533,631	(10,938)
Services and supplies	939,026	620,878	318,148
Total public affairs	2,811,480	2,508,005	303,475
Internal audit			
Salaries and wages	182,698	182,604	94
Employee benefits	70,732	70,890	(158)
Services and supplies	10,232	1,681	8,551
Total internal audit	263,662	255,175	8,487
Miscellaneous			
Salaries and wages	2,271,500	2,413,231	(141,731)
Employee benefits	560,000	466,067	93,933
Services and supplies	991,571	946,966	44,605
Total miscellaneous	3,823,071	3,826,264	(3,193)
Total general government	43,135,233	39,096,148	4,039,085
Judicial			
Municipal court			
Salaries and wages	4,048,969	4,019,551	29,418
Employee benefits	1,908,239	1,938,065	(29,826)
Services and supplies	669,377	629,762	39,615
Total municipal court	6,626,585	6,587,378	39,207
City attorney- criminal			
Salaries and wages	2,288,684	2,248,902	39,782
Employee benefits	954,872	955,807	(935)
Services and supplies	297,626	239,209	58,417
Total city attorney- criminal	3,541,182	3,443,918	97,264
City attorney- court programs			
Salaries and wages	894,569	861,589	32,980
Employee benefits	353,118	350,939	2,179
Services and supplies	319,562	217,798	101,764
Total city attorney- court programs	1,567,249	1,430,326	136,923
Total judicial	11,735,016	11,461,622	273,394

(Continued)

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
Public safety			
Fire			
Salaries and wages	26,324,622	26,659,551	(334,929)
Employee benefits	12,176,083	11,747,433	428,650
Services and supplies	2,574,044	2,576,744	(2,700)
Total fire	41,074,749	40,983,728	91,021
Police			
Salaries and wages	46,824,924	46,959,662	(134,738)
Employee benefits	24,298,843	23,484,851	813,992
Services and supplies	10,208,680	9,476,582	732,098
Capital outlay	13,400	13,400	
Total police	81,345,847	79,934,495	1,411,352
Building inspection			
Salaries and wages	1,040,313	1,039,532	781
Employee benefits	460,400	457,656	2,744
Services and supplies	190,459	121,111	69,348
Total building inspection	1,691,172	1,618,299	72,873
Total public safety	124,111,768	122,536,522	1,575,246
Public works			
Streets			
Salaries and wages	664,785	621,162	43,623
Employee benefits	325,810	283,499	42,311
Services and supplies	279,625	279,848	(223)
Total streets	1,270,220	1,184,509	85,711
Street lighting			
Salaries and wages	796,900	778,562	18,338
Employee benefits	352,745	349,047	3,698
Services and supplies	1,722,795	1,645,418	77,377
Total street lighting	2,872,440	2,773,027	99,413
Public works general services			
Salaries and wages	1,872,019	1,783,960	88,059
Employee benefits	710,551	714,628	(4,077)
Services and supplies	500,915	325,413	175,502
Total public works general services	3,083,485	2,824,001	259,484
Total public works	7,226,145	6,781,537	444,608
Culture and recreation			
Parks			
Salaries and wages	7,273,320	7,250,438	22,882
Employee benefits	3,335,788	3,309,329	26,459
Services and supplies	5,333,470	4,552,062	781,408
Capital outlay	305,171	280,298	24,873
Total parks	16,247,749	15,392,127	855,622
Recreation			
Salaries and wages	11,071,635	10,859,602	212,033
Employee benefits	3,028,137	3,101,807	(73,670)
Services and supplies	4,793,914	4,224,516	569,398
Capital outlay	10,944	10,944	
Total recreation	18,904,630	18,185,925	718,705
Total culture and recreation	35,152,379	33,578,052	1,574,327

(Continued)

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
Community support			
Economic development			
Salaries and wages	453,047	451,735	1,312
Employee benefits	171,598	170,684	914
Services and supplies	258,179	223,127	35,052
Total economic development	882,824	845,546	37,278
Neighborhood services			
Salaries and wages	466,480	446,311	20,169
Employee benefits	174,000	168,631	5,369
Services and supplies	375,473	310,456	65,017
Total neighborhood services	1,015,953	925,398	90,555
Total community support	1,898,777	1,770,944	127,833
Total expenditures	223,259,318	215,224,825	8,034,493
EXCESS OF REVENUES OVER EXPENDITURES	4,994,337	15,849,401	10,855,064
OTHER FINANCING SOURCES (USES)			
Transfers in	150,000	150,000	
Transfers out	(4,447,516)	(11,509,095)	(7,061,579)
Total other financing sources (uses)	(4,297,516)	(11,359,095)	(7,061,579)
CHANGE IN FUND BALANCE	696,821	4,490,306	3,793,485
FUND BALANCE, BEGINNING OF YEAR	18,250,450	18,250,450	
FUND BALANCE, END OF YEAR	\$ 18,947,271	\$ 22,740,756	\$ 3,793,485

CITY OF HENDERSON, NEVADA

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

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 27,252,178	\$ 20,925,635	\$ (6,326,543)
Miscellaneous	224,970	351,773	126,803
Total revenues	27,477,148	21,277,408	(6,199,740)
EXPENDITURES			
General government			
Salaries and wages	274,902	220,068	54,834
Employee benefits	110,000	88,844	21,156
Services and supplies	553,000	597,009	(44,009)
Total general government	937,902	905,921	31,981
Judicial			
Salaries and wages	5,036	486	4,550
Employee benefits	174	17	157
Services and supplies	204,274	106,061	98,213
Total judicial	209,484	106,564	102,920
Public safety			
Salaries and wages	500,000	366,103	133,897
Employee benefits	27,484	25,310	2,174
Services and supplies	550,000	502,026	47,974
Capital outlay	201,503	118,450	83,053
Total public safety	1,278,987	1,011,889	267,098
Public works			
Salaries and wages	20,000	11,223	8,777
Employee benefits	10,000	3,880	6,120
Services and supplies	600,000	475,860	124,140
Capital outlay	8,500,000	7,431,026	1,068,974
Total public works	9,130,000	7,921,989	1,208,011
Culture and recreation			
Salaries and wages	390,000	291,787	98,213
Employee benefits	100,000	76,167	23,833
Services and supplies	1,525,000	1,016,847	508,153
Capital outlay	8,500,000	6,209,190	2,290,810
Total culture and recreation	10,515,000	7,593,991	2,921,009
Community support			
Salaries and wages	911,573	517,794	393,779
Employee benefits	425,637	236,671	188,966
Services and supplies	3,600,000	2,195,275	1,404,725
Total community support	4,937,210	2,949,740	1,987,470
Total expenditures	27,008,583	20,490,094	6,518,489
EXCESS OF REVENUES OVER EXPENDITURES	468,565	787,314	318,749
CHANGE IN FUND BALANCE	468,565	787,314	318,749
FUND BALANCE, BEGINNING OF YEAR	575,959	575,959	_____
FUND BALANCE, END OF YEAR	\$ 1,044,524	\$ 1,363,273	\$ 318,749

CITY OF HENDERSON, NEVADA

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 5,579,055	\$ 6,496,019	\$ 916,964
Investment income	186,397	191,995	5,598
Rental fees		938	938
Miscellaneous	597,042	244,885	(352,157)
Total revenues	<u>6,362,494</u>	<u>6,933,837</u>	<u>571,343</u>
EXPENDITURES			
General government			
Salaries and wages	607,773	580,483	27,290
Employee benefits	235,194	221,359	13,835
Services and supplies	4,388,415	7,274,456	(2,886,041)
Total general government	<u>5,231,382</u>	<u>8,076,298</u>	<u>(2,844,916)</u>
Debt service			
Principal payments	715,000	715,000	
Interest and fiscal charges	633,881	633,881	
Total debt service	<u>1,348,881</u>	<u>1,348,881</u>	
Total expenditures	<u>6,580,263</u>	<u>9,425,179</u>	<u>(2,844,916)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(217,769)</u>	<u>(2,491,342)</u>	<u>(2,273,573)</u>
OTHER FINANCING SOURCES			
Transfers in		352,253	352,253
Total other financing sources		<u>352,253</u>	<u>352,253</u>
CHANGE IN FUND BALANCE	(217,769)	(2,139,089)	(1,921,320)
FUND BALANCE, BEGINNING OF YEAR	<u>29,662,110</u>	<u>29,662,110</u>	
FUND BALANCE, END OF YEAR	<u>\$ 29,444,341</u>	<u>\$ 27,523,021</u>	<u>\$ (1,921,320)</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, 2015

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,946,920	\$ 3,601,285	\$ 654,365
Investment income	<u>100,000</u>	<u>72,615</u>	<u>(27,385)</u>
Total revenues	<u>3,046,920</u>	<u>3,673,900</u>	<u>626,980</u>
EXPENDITURES			
Public works			
Salaries and wages	580,704	506,920	73,784
Employee benefits	230,696	188,721	41,975
Services and supplies	510,518	200,003	310,515
Capital outlay	<u>4,499,002</u>	<u>2,019,471</u>	<u>2,479,531</u>
Total public works	<u>5,820,920</u>	<u>2,915,115</u>	<u>2,905,805</u>
Total expenditures	<u>5,820,920</u>	<u>2,915,115</u>	<u>2,905,805</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,774,000)</u>	<u>758,785</u>	<u>3,532,785</u>
OTHER FINANCING USES			
Transfers out	<u>(100,000)</u>	<u>(69,757)</u>	<u>30,243</u>
CHANGE IN FUND BALANCE	(2,874,000)	689,028	3,563,028
FUND BALANCE, BEGINNING OF YEAR	<u>6,714,142</u>	<u>6,714,142</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 3,840,142</u>	<u>\$ 7,403,170</u>	<u>\$ 3,563,028</u>

CITY OF HENDERSON, NEVADA

FORFEITED ASSETS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 364,788	\$ 528,280	\$ 163,492
Investment income	1,000	6,174	5,174
Miscellaneous	788	1,707	919
Total revenues	<u>366,576</u>	<u>536,161</u>	<u>169,585</u>
EXPENDITURES			
Public safety			
Services and supplies	459,237	369,157	90,080
Capital outlay	443,817	183,539	260,278
Total public safety	<u>903,054</u>	<u>552,696</u>	<u>350,358</u>
Total expenditures	<u>903,054</u>	<u>552,696</u>	<u>350,358</u>
CHANGE IN FUND BALANCE	(536,478)	(16,535)	519,943
FUND BALANCE, BEGINNING OF YEAR	<u>594,945</u>	<u>594,945</u>	
FUND BALANCE, END OF YEAR	<u>\$ 58,467</u>	<u>\$ 578,410</u>	<u>\$ 519,943</u>

CITY OF HENDERSON, NEVADA

MUNICIPAL COURT ADMINISTRATIVE FEE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 681,742	\$ 714,095	\$ 32,353
Miscellaneous		2,877	2,877
Total revenues	681,742	716,972	35,230
EXPENDITURES			
Judicial			
Salaries and wages	127,609	107,568	20,041
Employee benefits	36,991	39,020	(2,029)
Services and supplies	872,551	610,494	262,057
Total judicial	1,037,151	757,082	280,069
Total expenditures	1,037,151	757,082	280,069
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(355,409)	(40,110)	315,299
CHANGE IN FUND BALANCE	(355,409)	(40,110)	315,299
FUND BALANCE, BEGINNING OF YEAR	1,033,088	1,033,088	
FUND BALANCE, END OF YEAR	\$ 677,679	\$ 992,978	\$ 315,299

CITY OF HENDERSON, NEVADA

FINANCIAL STABILIZATION SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 12,213	\$ 12,239	\$ 26
Investment income	<u>175,000</u>	<u>206,239</u>	<u>31,239</u>
Total revenues	<u>187,213</u>	<u>218,478</u>	<u>31,265</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>187,213</u>	<u>218,478</u>	<u>31,265</u>
OTHER FINANCING SOURCES			
Transfers in	<u>810,000</u>	<u>1,200,000</u>	<u>390,000</u>
CHANGE IN FUND BALANCE	997,213	1,418,478	421,265
FUND BALANCE, BEGINNING OF YEAR	<u>17,952,084</u>	<u>17,952,084</u>	
FUND BALANCE, END OF YEAR	<u>\$ 18,949,297</u>	<u>\$ 19,370,562</u>	<u>\$ 421,265</u>

CITY OF HENDERSON, NEVADA

SALES AND USE TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 12,130,000	\$ 12,291,217	\$ 161,217
Charges for services		23,492	23,492
Investment income	2,000	3,228	1,228
Total revenues	12,132,000	12,317,937	185,937
EXPENDITURES			
Public safety			
Salaries and wages	6,745,974	6,583,220	162,754
Employee benefits	4,255,324	3,950,695	304,629
Services and supplies	1,585,031	1,418,966	166,065
Total public safety	12,586,329	11,952,881	633,448
Total expenditures	12,586,329	11,952,881	633,448
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(454,329)	365,056	819,385
OTHER FINANCING USES			
Transfers out	(400,000)	(400,000)	
CHANGE IN FUND BALANCE	(854,329)	(34,944)	819,385
FUND BALANCE, BEGINNING OF YEAR	2,662,115	2,662,115	
FUND BALANCE, END OF YEAR	\$ 1,807,786	\$ 2,627,171	\$ 819,385

CITY OF HENDERSON, NEVADA

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 70,000	\$ 88,349	\$ 18,349
Investment income	<u>1,500</u>	<u>2,193</u>	<u>693</u>
Total revenues	<u>71,500</u>	<u>90,542</u>	<u>19,042</u>
EXPENDITURES			
Public safety			
Salaries and wages	11,700	10,147	1,553
Employee benefits	4,280	4,141	139
Services and supplies	59,020	50,753	8,267
Capital outlay	<u>650</u>	<u>650</u>	
Total expenditures	<u>75,650</u>	<u>65,691</u>	<u>9,959</u>
CHANGE IN FUND BALANCE	(4,150)	24,851	29,001
FUND BALANCE, BEGINNING OF YEAR	<u>173,872</u>	<u>173,872</u>	
FUND BALANCE, END OF YEAR	<u>\$ 169,722</u>	<u>\$ 198,723</u>	<u>\$ 29,001</u>

CITY OF HENDERSON, NEVADA

ELDORADO VALLEY TRAINING FACILITY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 50,000	\$ 50,000	\$
Charges for services		6,000	6,000
Investment income		254	254
Rental fees		11,200	11,200
Miscellaneous	10,000	2,433	(7,567)
	60,000	69,887	9,887
Total revenues			
EXPENDITURES			
Public safety			
Salaries and wages	5,000	3,960	1,040
Employee benefits		68	(68)
Services and supplies	65,003	54,939	10,064
Capital outlay	30,000	31,588	(1,588)
Total public safety	100,003	90,555	9,448
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(40,003)	(20,668)	19,335
OTHER FINANCING SOURCES			
Transfers in	50,000	50,000	
CHANGE IN FUND BALANCE	9,997	29,332	19,335
FUND BALANCE, BEGINNING OF YEAR	11,259	11,259	
FUND BALANCE, END OF YEAR	\$ 21,256	\$ 40,591	\$ 19,335

CITY OF HENDERSON, NEVADA

GENERAL OBLIGATION DEBT SERVICE FUND

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

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 2,971,491	\$ 2,984,505	\$ 13,014
Investment income	<u>31,300</u>	<u>72,684</u>	<u>41,384</u>
Total revenues	<u>3,002,791</u>	<u>3,057,189</u>	<u>54,398</u>
EXPENDITURES			
Debt service			
Principal payments	3,528,000	3,528,000	
Payment to current bond refunding agent	27,209,998	27,209,998	
Interest and fiscal charges	4,470,527	4,470,526	1
Administrative and other costs	<u>509,226</u>	<u>301,240</u>	<u>207,986</u>
Total debt service	<u>35,717,751</u>	<u>35,509,764</u>	<u>207,987</u>
Total expenditures	<u>35,717,751</u>	<u>35,509,764</u>	<u>207,987</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(32,714,960)</u>	<u>(32,452,575)</u>	<u>262,385</u>
OTHER FINANCING SOURCES			
Issuance of refunding bonds	24,305,000	24,305,000	
Premium on refunding bonds issued	3,208,334	3,208,334	
Transfers in	<u>7,029,081</u>	<u>8,156,977</u>	<u>1,127,896</u>
CHANGE IN FUND BALANCE	1,827,455	3,217,736	1,390,281
FUND BALANCE, BEGINNING OF YEAR	<u>4,107,409</u>	<u>4,107,409</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,934,864</u>	<u>\$ 7,325,145</u>	<u>\$ 1,390,281</u>

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Special assessments	\$ 77,230	\$ 130,274	\$ 53,044
Investment income	143,245	129,970	(13,275)
Miscellaneous		24,976	24,976
Total revenues	<u>220,475</u>	<u>285,220</u>	<u>64,745</u>
EXPENDITURES			
Debt service			
Administrative and other costs	<u>34,159</u>	<u>5,082</u>	<u>29,077</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>186,316</u>	<u>280,138</u>	<u>93,822</u>
OTHER FINANCING USES			
Transfers out	<u>(106,000)</u>	<u>(200,033)</u>	<u>(94,033)</u>
CHANGE IN FUND BALANCE	80,316	80,105	(211)
FUND BALANCE, BEGINNING OF YEAR	<u>909,159</u>	<u>909,159</u>	
FUND BALANCE, END OF YEAR	<u>\$ 989,475</u>	<u>\$ 989,264</u>	<u>\$ (211)</u>

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 12,500	\$ 26,375	\$ 13,875
Total revenues	12,500	26,375	13,875
EXPENDITURES			
Public works			
Salaries and wages	15,000	14,536	464
Employee benefits	7,000	5,651	1,349
Services and supplies	34,715,766	60,912	34,654,854
Capital outlay	4,801,054	3,029,928	1,771,126
Total public works	39,538,820	3,111,027	36,427,793
Debt service			
Interest and fiscal charges	109,488	102,816	6,672
Total expenditures	39,648,308	3,213,843	36,434,465
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(39,635,808)	(3,187,468)	36,448,340
OTHER FINANCING SOURCES			
Transfers in	106,000	200,033	94,033
CHANGE IN FUND BALANCE	(39,529,808)	(2,987,435)	36,542,373
FUND BALANCE, BEGINNING OF YEAR	57,295,870	57,295,870	
FUND BALANCE, END OF YEAR	\$ 17,766,062	\$ 54,308,435	\$ 36,542,373

CITY OF HENDERSON, NEVADA

LAND SALES CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$	\$ 626	\$ 626
Investment income	748,000	974,496	226,496
Developer contributions		25,000	25,000
Rental fees		480,623	480,623
Miscellaneous	<u>524,005</u>	<u>222,935</u>	<u>(301,070)</u>
Total revenues	<u>1,272,005</u>	<u>1,703,680</u>	<u>431,675</u>
EXPENDITURES			
General government			
Salaries and wages	190,361	189,052	1,309
Employee benefits	64,235	63,446	789
Services and supplies	<u>240,970</u>	<u>54,895</u>	<u>186,075</u>
Total general government	<u>495,566</u>	<u>307,393</u>	<u>188,173</u>
Public safety			
Capital outlay	<u>1,664,590</u>	<u>1,418,818</u>	<u>245,772</u>
Total public safety	<u>1,664,590</u>	<u>1,418,818</u>	<u>245,772</u>
Public works			
Salaries and wages	82,624	82,059	565
Employee benefits	33,214	33,561	(347)
Services and supplies	1,451,703	322,970	1,128,733
Capital outlay	<u>1,499,551</u>	<u>531,565</u>	<u>967,986</u>
Total public works	<u>3,067,092</u>	<u>970,155</u>	<u>2,096,937</u>
Total expenditures	<u>5,227,248</u>	<u>2,696,366</u>	<u>2,530,882</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(3,955,243)</u>	<u>(992,686)</u>	<u>2,962,557</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from land sales	1,000,000	1,118,024	118,024
Transfers out	<u>(289,845)</u>	<u>(642,098)</u>	<u>(352,253)</u>
Total other financing sources (uses)	<u>710,155</u>	<u>475,926</u>	<u>(234,229)</u>
CHANGE IN FUND BALANCE	(3,245,088)	(516,760)	2,728,328
FUND BALANCE, BEGINNING OF YEAR	<u>25,086,120</u>	<u>25,086,120</u>	
FUND BALANCE, END OF YEAR	<u>\$ 21,841,032</u>	<u>\$ 24,569,360</u>	<u>\$ 2,728,328</u>

CITY OF HENDERSON, NEVADA

MUNICIPAL FACILITIES ACQUISITION AND CONSTRUCTION CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 90,000	\$ 121,976	\$ 31,976
Developer contributions	<u>2,100,000</u>	<u>2,155,009</u>	<u>55,009</u>
Total revenues	<u>2,190,000</u>	<u>2,276,985</u>	<u>86,985</u>
EXPENDITURES			
General government			
Salaries and wages	19,000	16,499	2,501
Employee benefits	10,000	8,526	1,474
Services and supplies	<u>66,848</u>	<u>1,503</u>	<u>65,345</u>
Total general government	<u>95,848</u>	<u>26,528</u>	<u>69,320</u>
Public works			
Salaries and wages	70,211	26,912	43,299
Employee benefits	11,671	928	10,743
Services and supplies	1,885,595	31,606	1,853,989
Capital outlay	<u>529,242</u>	<u>147,467</u>	<u>381,775</u>
Total public works	<u>2,496,719</u>	<u>206,913</u>	<u>2,289,806</u>
Total expenditures	<u>2,592,567</u>	<u>233,441</u>	<u>2,359,126</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(402,567)</u>	<u>2,043,544</u>	<u>2,446,111</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		2,000,000	2,000,000
Transfers out	<u>(3,310,000)</u>	<u>(2,500,000)</u>	<u>810,000</u>
Total other financing sources (uses)	<u>(3,310,000)</u>	<u>(500,000)</u>	<u>2,810,000</u>
CHANGE IN FUND BALANCE	(3,712,567)	1,543,544	5,256,111
FUND BALANCE, BEGINNING OF YEAR	<u>10,591,530</u>	<u>10,591,530</u>	
FUND BALANCE, END OF YEAR	<u>\$ 6,878,963</u>	<u>\$ 12,135,074</u>	<u>\$ 5,256,111</u>

CITY OF HENDERSON, NEVADA

SPECIAL RECREATION CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,500,000	\$ 2,758,525	\$ 258,525
Charges for services	250,000	76,350	(173,650)
Investment income	34,000	44,536	10,536
Rental fees		550	550
Miscellaneous	10,000	57	(9,943)
Total revenues	2,794,000	2,880,018	86,018
EXPENDITURES			
Culture and recreation			
Salaries and wages	19,946	20,087	(141)
Employee benefits	1,750	1,747	3
Services and supplies	2,363,497	1,556,946	806,551
Capital outlay	1,642,446	315,871	1,326,575
Total expenditures	4,027,639	1,894,651	2,132,988
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,233,639)	985,367	2,219,006
OTHER FINANCING USES			
Transfers out	(274,794)	(274,794)	
CHANGE IN FUND BALANCE	(1,508,433)	710,573	2,219,006
FUND BALANCE, BEGINNING OF YEAR	4,353,557	4,353,557	
FUND BALANCE, END OF YEAR	\$ 2,845,124	\$ 5,064,130	\$ 2,219,006

CITY OF HENDERSON, NEVADA

PARK DEVELOPMENT CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Impact fees	\$ 938,608	\$ 1,085,117	\$ 146,509
Investment income	<u>85,400</u>	<u>77,247</u>	<u>(8,153)</u>
Total revenues	<u>1,024,008</u>	<u>1,162,364</u>	<u>138,356</u>
EXPENDITURES			
Culture and recreation			
Salaries and wages	76,359	15,149	61,210
Employee benefits	5,819	6,228	(409)
Services and supplies	517,084	239,186	277,898
Capital outlay	<u>6,500,695</u>	<u>4,885,428</u>	<u>1,615,267</u>
Total culture and recreation	<u>7,099,957</u>	<u>5,145,991</u>	<u>1,953,966</u>
Total expenditures	<u>7,099,957</u>	<u>5,145,991</u>	<u>1,953,966</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,075,949)</u>	<u>(3,983,627)</u>	<u>2,092,322</u>
CHANGE IN FUND BALANCE	(6,075,949)	(3,983,627)	2,092,322
FUND BALANCE, BEGINNING OF YEAR	<u>8,132,743</u>	<u>8,132,743</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 2,056,794</u>	<u>\$ 4,149,116</u>	<u>\$ 2,092,322</u>

CITY OF HENDERSON, NEVADA

**FLOOD CONTROL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ <u>1,800</u>	\$ <u>5,511</u>	\$ <u>3,711</u>
CHANGE IN FUND BALANCE	1,800	5,511	3,711
FUND BALANCE, BEGINNING OF YEAR	<u>185,290</u>	<u>185,290</u>	
FUND BALANCE, END OF YEAR	<u>\$ 187,090</u>	<u>\$ 190,801</u>	<u>\$ 3,711</u>

CITY OF HENDERSON, NEVADA

**RTC/COUNTY FUNDED CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ <u> </u>	\$ <u> 50,819</u>	\$ <u> 50,819</u>
EXPENDITURES			
Public works			
Services and supplies	4,680	2,440	2,240
Capital outlay	<u>136,689</u>	<u>48,379</u>	<u>88,310</u>
Total public works	<u>141,369</u>	<u>50,819</u>	<u>90,550</u>
Total expenditures	<u>141,369</u>	<u>50,819</u>	<u>90,550</u>
CHANGE IN FUND BALANCE	(141,369)		141,369
FUND BALANCE, BEGINNING OF YEAR	<u>535,553</u>	<u>535,553</u>	
FUND BALANCE, END OF YEAR	\$ <u><u>394,184</u></u>	\$ <u><u>535,553</u></u>	\$ <u><u>141,369</u></u>

CITY OF HENDERSON, NEVADA

SPECIAL AD VALOREM TRANSPORTATION CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 1,139,826	\$ 1,153,934	\$ 14,108
Investment income		<u>1,280</u>	<u>1,280</u>
Total revenues	<u>1,139,826</u>	<u>1,155,214</u>	<u>15,388</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,139,826</u>	<u>1,155,214</u>	<u>15,388</u>
OTHER FINANCING USES			
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	
CHANGE IN FUND BALANCE	139,826	155,214	15,388
FUND BALANCE, BEGINNING OF YEAR	<u>209,573</u>	<u>209,573</u>	
FUND BALANCE, END OF YEAR	<u>\$ 349,399</u>	<u>\$ 364,787</u>	<u>\$ 15,388</u>

CITY OF HENDERSON, NEVADA

CAPITAL REPLACEMENT CAPITAL PROJECTS FUND

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

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 52,400	\$	\$ (52,400)
Charges for services		2,855	2,855
Investment income	109,000	125,803	16,803
Developer contributions	2,250,000	2,250,000	
Miscellaneous	317,400	301,784	(15,616)
Total revenues	2,728,800	2,680,442	(48,358)
EXPENDITURES			
General government			
Salaries and wages		18,098	(18,098)
Employee benefits		675	(675)
Services and supplies		143,438	(143,438)
Capital outlay		204,772	(204,772)
Total general government		366,983	(366,983)
Public safety			
Services and supplies	84,360	57,241	27,119
Capital outlay	49,804	71,426	(21,622)
Total public safety	134,164	128,667	5,497
Public works			
Salaries and wages	55,004	21,397	33,607
Employee benefits	12,000	6,881	5,119
Services and supplies	2,717,732	928,625	1,789,107
Capital outlay	5,582,587	618,224	4,964,363
Total public works	8,367,323	1,575,127	6,792,196
Culture and recreation			
Services and supplies	103,294	101,400	1,894
Capital outlay	2,060,069	18,946	2,041,123
Total culture and recreation	2,163,363	120,346	2,043,017
Total expenditures	10,664,850	2,191,123	8,473,727
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,936,050)	489,319	8,425,369
OTHER FINANCING SOURCES (USES)			
Transfers in	3,004,117	4,564,616	1,560,499
Transfers out	(150,000)	(150,000)	
Total other financing sources (uses)	2,854,117	4,414,616	1,560,499
CHANGE IN FUND BALANCE	(5,081,933)	4,903,935	9,985,868
FUND BALANCE, BEGINNING OF YEAR	10,934,133	10,934,133	
FUND BALANCE, END OF YEAR	\$ 5,852,200	\$ 15,838,068	\$ 9,985,868

CITY OF HENDERSON, NEVADA

**LAKE LAS VEGAS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ <u>60,000</u>	\$ <u>64,601</u>	\$ <u>4,601</u>
CHANGE IN FUND BALANCE	60,000	64,601	4,601
FUND BALANCE, BEGINNING OF YEAR	<u>5,689,958</u>	<u>5,689,958</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,749,958</u>	<u>\$ 5,754,559</u>	<u>\$ 4,601</u>

PROPRIETARY FUNDS

Internal Service Funds

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

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

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

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

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

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

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

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

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

Enterprise Funds

Non-major Enterprise Funds

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

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

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

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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2015

	Engineering	City Shop	Revolving	Self Insurance	Worker's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
ASSETS								
Current assets								
Cash, cash equivalents and investments	\$ 4,030,868	\$ 13,463,894	\$ 2,762,850	\$ 6,006,551	\$ 20,394,824	\$ 6,403,649	\$ 9,570,125	\$ 62,632,761
Restricted cash and cash equivalents						463,547		463,547
Accounts receivable, net	14,418	11,346			19,478	29,317		74,559
Interest receivable	8,351	25,768	5,491	11,791	37,006	12,036	17,851	118,294
Inventories		62,157						62,157
Due from other governments	314,929							314,929
Total current assets	<u>4,368,566</u>	<u>13,563,165</u>	<u>2,768,341</u>	<u>6,018,342</u>	<u>20,451,308</u>	<u>6,908,549</u>	<u>9,587,976</u>	<u>63,666,247</u>
Noncurrent assets								
Capital assets, net of accumulated depreciation and amortization								
Construction in progress		240,847						240,847
Buildings and building improvements		744,560						744,560
Improvements other than buildings		555,663						555,663
Machinery and equipment	53,386	50,660,621						50,714,007
Accumulated depreciation and amortization	<u>(53,386)</u>	<u>(38,896,922)</u>						<u>(38,950,308)</u>
Total capital assets, net of accumulated depreciation and amortization		<u>13,304,769</u>						<u>13,304,769</u>
Other assets								
Advances to other funds			1,648,248					1,648,248
Total noncurrent assets		<u>13,304,769</u>	<u>1,648,248</u>					<u>14,953,017</u>
Total assets	<u>4,368,566</u>	<u>26,867,934</u>	<u>4,416,589</u>	<u>6,018,342</u>	<u>20,451,308</u>	<u>6,908,549</u>	<u>9,587,976</u>	<u>78,619,264</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amounts related to pensions	1,011,153	328,482		129,427	198,845	24,541	164,213	1,856,661

(Continued)

CITY OF HENDERSON, NEVADA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

	Engineering	City Shop	Revolving	Self Insurance	Worker's		Citywide Services	Total Internal Service Funds
					Health Insurance	Compensation		
					Self Insurance	Self Insurance		
LIABILITIES								
Current liabilities								
Accounts payable and other accrued liabilities	68,893	470,311		8,819	56,790	859,460	911,471	2,375,744
Accrued wages	97,300	30,625		11,804	22,403	2,217	19,881	184,230
Deposits							46,635	46,635
Compensated absences	151,133	36,170		20,110	14,300	7,100	11,395	240,208
Claims and judgments				1,290,764	9,633,368	2,062,000		12,986,132
Total current liabilities	<u>317,326</u>	<u>537,106</u>		<u>1,331,497</u>	<u>9,726,861</u>	<u>2,930,777</u>	<u>989,382</u>	<u>15,832,949</u>
Noncurrent liabilities								
Compensated absences	1,551,851	371,401		206,491	146,836	72,904	117,006	2,466,489
Other post employment benefits	653,853	184,503		60,036	57,215	12,452	46,517	1,014,576
Net pension liability	6,355,144	2,064,524		813,452	1,249,750	154,241	1,032,088	11,669,199
Total noncurrent liabilities	<u>8,560,848</u>	<u>2,620,428</u>		<u>1,079,979</u>	<u>1,453,801</u>	<u>239,597</u>	<u>1,195,611</u>	<u>15,150,264</u>
Total liabilities	<u>8,878,174</u>	<u>3,157,534</u>		<u>2,411,476</u>	<u>11,180,662</u>	<u>3,170,374</u>	<u>2,184,993</u>	<u>30,983,213</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred amounts related to pensions	<u>1,638,969</u>	<u>532,434</u>		<u>209,786</u>	<u>322,306</u>	<u>39,778</u>	<u>266,172</u>	<u>3,009,445</u>
NET POSITION								
Net investment in capital assets		13,304,769						13,304,769
Restricted								
Claims				3,526,507	9,147,185	3,722,938	7,301,024	16,396,630
Unrestricted	<u>(5,137,424)</u>	<u>10,201,679</u>	<u>4,416,589</u>					<u>16,781,868</u>
Total net position	<u>\$ (5,137,424)</u>	<u>\$ 23,506,448</u>	<u>\$ 4,416,589</u>	<u>\$ 3,526,507</u>	<u>\$ 9,147,185</u>	<u>\$ 3,722,938</u>	<u>\$ 7,301,024</u>	<u>\$ 46,483,267</u>

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Engineering	City Shop	Revolving	Self Insurance	Worker's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
OPERATING REVENUES								
Charges for services	\$ 5,019,287	\$ 6,378,365	\$ 102,816	\$ 2,281,147	\$ 2,253,908	\$ 15,147,765	\$ 10,108,814	\$ 41,292,102
OPERATING EXPENSES								
Salaries and wages	4,345,077	1,234,847		553,404	809,355	108,994	733,074	7,784,751
Employee benefits	1,499,432	510,556		175,153	296,846	36,050	245,031	2,763,068
Services and supplies	1,829,619	3,666,209		1,212,440	1,168,353	2,763,927	10,405,836	21,046,384
Claims and judgments				65,059	85,637	13,612,284		13,762,980
Legal fees				6,718	14,117			20,835
Depreciation and amortization		2,848,963						2,848,963
Total operating expenses	7,674,128	8,260,575		2,012,774	2,374,308	16,521,255	11,383,941	48,226,981
Operating income (loss)	(2,654,841)	(1,882,210)	102,816	268,373	(120,400)	(1,373,490)	(1,275,127)	(6,934,879)
NONOPERATING REVENUES (EXPENSES)								
Investment income	52,928	149,546	29,854	67,993	223,184	73,357	96,305	693,167
Gain (loss) on capital asset disposition		205,287						205,287
Interest expense					(11,578)			(11,578)
Miscellaneous	153,158	48,492		(37,660)		947		164,937
Total nonoperating revenues (expenses)	206,086	403,325	29,854	30,333	211,606	74,304	96,305	1,051,813
Income (loss) before capital contributions and transfers	(2,448,755)	(1,478,885)	132,670	298,706	91,206	(1,299,186)	(1,178,822)	(5,883,066)
CAPITAL CONTRIBUTIONS								
Capital contributions		786,692						786,692
TRANSFERS								
Transfers in	1,097,516		(23,000)				1,381,079	2,478,595
Transfers out	(1,097,516)		(23,000)				(342,978)	(365,978)
Total transfers							1,038,101	2,112,617

(Continued)

CITY OF HENDERSON, NEVADA

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

	Engineering	City Shop	Revolving	Self Insurance	Worker's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
CHANGE IN NET POSITION	(1,351,239)	(692,193)	109,670	298,706	91,206	(1,299,186)	(140,721)	(2,983,757)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	3,308,739	26,503,490	4,306,919	4,135,944	10,451,208	5,194,319	8,593,974	62,494,593
Adjustment	(7,094,924)	(2,304,849)		(908,143)	(1,395,229)	(172,195)	(1,152,229)	(13,027,569)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	(3,786,185)	24,198,641	4,306,919	3,227,801	9,055,979	5,022,124	7,441,745	49,467,024
NET POSITION, END OF YEAR	\$ (5,137,424)	\$ 23,506,448	\$ 4,416,589	\$ 3,526,507	\$ 9,147,185	\$ 3,722,938	\$ 7,301,024	\$ 46,483,267

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

	Engineering	City Shop	Revolving	Self Insurance	Worker's			Citywide Services	Total Internal Service Funds
					Compensation Self Insurance	Health Insurance Self Insurance	Health Insurance Self Insurance		
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers	\$ 1,833,209	\$	\$	\$	\$ 1,116,322	\$ 947	\$ 13,161	\$ 2,962,692	
Cash received from other sources	153,158	42,052						196,157	
Cash payments for goods and services	(3,396,198)	(4,009,200)		(2,105,876)	(3,336,139)		(10,175,798)	(38,337,630)	
Cash payments for employee services	(4,089,445)	(1,253,857)		(487,708)	(820,815)		(638,285)	(7,385,024)	
Cash payments for interfund services	3,087,674	6,378,365	102,816	2,281,147	2,253,908		10,095,653	38,231,006	
Net cash provided by (used in) operating activities	<u>(2,411,602)</u>	<u>1,157,360</u>	<u>102,816</u>	<u>(312,437)</u>	<u>(1,903,046)</u>	<u>(260,621)</u>	<u>(705,269)</u>	<u>(4,332,799)</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers in	1,097,516						1,381,079	2,478,595	
Transfers out			(23,000)				(342,978)	(365,978)	
Repayments of advances from other funds			97,217					97,217	
Net cash provided by noncapital financing activities	<u>1,097,516</u>		<u>74,217</u>				<u>1,038,101</u>	<u>2,209,834</u>	
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES									
Acquisition and construction of capital assets		(3,019,277)						(3,019,277)	
Proceeds received from disposal of capital assets		900,419						900,419	
Interest payments on debt		(2,118,858)						(11,578)	
Net cash used in capital financing activities		<u>(2,118,858)</u>						<u>(2,130,436)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES									
Investment income received	55,857	153,555	29,880	69,533	229,501	76,524	93,202	708,032	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,258,229)</u>	<u>(807,963)</u>	<u>206,913</u>	<u>(242,904)</u>	<u>(1,685,123)</u>	<u>(184,097)</u>	<u>426,034</u>	<u>(3,545,369)</u>	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,289,097</u>	<u>14,271,857</u>	<u>2,555,937</u>	<u>6,249,455</u>	<u>22,079,947</u>	<u>7,051,293</u>	<u>9,144,091</u>	<u>66,641,677</u>	
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,030,868</u>	<u>\$ 13,463,894</u>	<u>\$ 2,762,850</u>	<u>\$ 6,006,551</u>	<u>\$ 20,394,824</u>	<u>\$ 6,867,196</u>	<u>\$ 9,570,125</u>	<u>\$ 63,096,308</u>	

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Engineering	City Shop	Revolving	Self Insurance	Worker's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ (2,654,841)	\$ (1,882,210)	\$ 102,816	\$ 268,373	\$ (120,400)	\$ (1,373,490)	\$ (1,275,127)	\$ (6,934,879)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation		2,848,963						2,848,963
Other	153,158	48,492		(37,660)		947		164,937
(Increase) decrease in operating assets								
Accounts receivable	2,538	(6,440)		38,160	238,070	100,438		372,766
Due from other governments	(100,942)				69,078			(31,864)
Inventories		55,885						55,885
Increase (decrease) in operating liabilities								
Accounts payable and other accrued liabilities	40,075	151,918		(7,264)	(2,091)	507,480	515,015	1,205,133
Compensated absences	242,439	(23,762)		64,155	(15,515)	13,834	80,374	361,525
Claims and judgments				(627,319)	(2,056,871)	492,000		(2,192,190)
Other post employment benefits	17,936	887		3,449	6,701	887	5,814	35,674
Net pension liability	(111,965)	(36,373)		(14,331)	(22,018)	(2,717)	(18,183)	(205,587)
Deposits							(13,162)	(13,162)
Total adjustments	<u>243,239</u>	<u>3,039,570</u>		<u>(580,810)</u>	<u>(1,782,646)</u>	<u>1,112,869</u>	<u>569,858</u>	<u>2,602,080</u>
Net cash provided by (used in) operating activities	<u>\$ (2,411,602)</u>	<u>\$ 1,157,360</u>	<u>\$ 102,816</u>	<u>\$ (312,437)</u>	<u>\$ (1,903,046)</u>	<u>\$ (260,621)</u>	<u>\$ (705,269)</u>	<u>\$ (4,332,799)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Contribution of capital assets	<u>\$</u>	<u>\$ 786,692</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 786,692</u>

CITY OF HENDERSON, NEVADA

ENGINEERING INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 5,255,659	\$ 5,019,287	\$ (236,372)
OPERATING EXPENSES			
Salaries and wages	4,216,387	4,345,077	(128,690)
Employee benefits	1,680,470	1,499,432	181,038
Services and supplies	1,931,511	1,829,619	101,892
Total operating expenses	7,828,368	7,674,128	154,240
Operating loss	(2,572,709)	(2,654,841)	(82,132)
NONOPERATING REVENUES (EXPENSES)			
Investment income	50,000	52,928	2,928
Miscellaneous	20,400	153,158	132,758
Total nonoperating revenues (expenses)	70,400	206,086	135,686
Loss before transfers	(2,502,309)	(2,448,755)	53,554
TRANSFERS			
Transfers in	1,097,516	1,097,516	
CHANGE IN NET POSITION	\$ (1,404,793)	(1,351,239)	\$ 53,554
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		3,308,739	
Adjustment		(7,094,924)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		(3,786,185)	
NET POSITION, END OF YEAR		\$ (5,137,424)	

CITY OF HENDERSON, NEVADA

CITY SHOP INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 5,828,365	\$ 6,378,365	\$ 550,000
OPERATING EXPENSES			
Salaries and wages	1,439,574	1,234,847	204,727
Employee benefits	586,180	510,556	75,624
Services and supplies	4,517,491	3,666,209	851,282
Depreciation and amortization	3,400,000	2,848,963	551,037
Total operating expenses	9,943,245	8,260,575	1,682,670
Operating loss	(4,114,880)	(1,882,210)	2,232,670
NONOPERATING REVENUES			
Investment income	135,000	149,546	14,546
Gain (loss) on capital asset disposition		205,287	205,287
Miscellaneous		48,492	48,492
Total nonoperating revenues	135,000	403,325	268,325
Loss before capital contributions	(3,979,880)	(1,478,885)	2,500,995
CAPITAL CONTRIBUTIONS			
Capital contributions		786,692	786,692
CHANGE IN NET POSITION	\$ (3,979,880)	(692,193)	\$ 3,287,687
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		26,503,490	
Adjustment		(2,304,849)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		24,198,641	
NET POSITION, END OF YEAR		\$ 23,506,448	

CITY OF HENDERSON, NEVADA

REVOLVING INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>52,000</u>	\$ <u>102,816</u>	\$ <u>50,816</u>
Operating income	<u>52,000</u>	<u>102,816</u>	<u>50,816</u>
NONOPERATING REVENUES			
Investment income	<u>23,000</u>	<u>29,854</u>	<u>6,854</u>
Income before transfers	<u>75,000</u>	<u>132,670</u>	<u>57,670</u>
TRANSFERS			
Transfers out	<u>(23,000)</u>	<u>(23,000)</u>	
CHANGE IN NET POSITION	\$ <u><u>52,000</u></u>	109,670	\$ <u><u>57,670</u></u>
NET POSITION, BEGINNING OF YEAR		<u>4,306,919</u>	
NET POSITION, END OF YEAR		\$ <u><u>4,416,589</u></u>	

CITY OF HENDERSON, NEVADA

SELF INSURANCE INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 2,281,147	\$ 2,281,147	\$ _____
OPERATING EXPENSES			
Salaries and wages	488,273	553,404	(65,131)
Employee benefits	186,164	175,153	11,011
Services and supplies	1,230,577	1,212,440	18,137
Claims and judgments	1,559,800	65,059	1,494,741
Legal fees	50,000	6,718	43,282
Total operating expenses	3,514,814	2,012,774	1,502,040
Operating loss	(1,233,667)	268,373	1,502,040
NONOPERATING REVENUES (EXPENSES)			
Investment income	60,000	67,993	7,993
Miscellaneous	_____	(37,660)	(37,660)
Total nonoperating revenues (expenses)	60,000	30,333	(29,667)
CHANGE IN NET POSITION	\$ (1,173,667)	298,706	\$ 1,472,373
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		4,135,944	
Adjustment		(908,143)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		3,227,801	
NET POSITION, END OF YEAR		\$ 3,526,507	

CITY OF HENDERSON, NEVADA

WORKER'S COMPENSATION SELF INSURANCE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 2,317,000	\$ 2,253,908	\$ (63,092)
OPERATING EXPENSES			
Salaries and wages	852,606	809,355	43,251
Employee benefits	346,939	296,846	50,093
Services and supplies	1,520,199	1,168,353	351,846
Claims and judgments	4,395,924	85,637	4,310,287
Legal fees	15,000	14,117	883
Total operating expenses	7,130,668	2,374,308	4,756,360
Operating loss	(4,813,668)	(120,400)	4,693,268
NONOPERATING REVENUES (EXPENSES)			
Investment income	200,000	223,184	23,184
Interest expense		(11,578)	(11,578)
Total nonoperating revenues (expenses)	200,000	211,606	11,606
CHANGE IN NET POSITION	\$ (4,613,668)	91,206	\$ 4,704,874
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		10,451,208	
Adjustment		(1,395,229)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		9,055,979	
NET POSITION, END OF YEAR		\$ 9,147,185	

CITY OF HENDERSON, NEVADA

HEALTH INSURANCE SELF INSURANCE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 15,118,713	\$ 15,147,765	\$ 29,052
OPERATING EXPENSES			
Salaries and wages	95,629	108,994	(13,365)
Employee benefits	37,932	36,050	1,882
Services and supplies	2,567,488	2,763,927	(196,439)
Claims and judgments	14,896,948	13,612,284	1,284,664
Total operating expenses	17,597,997	16,521,255	1,076,742
Operating income (loss)	(2,479,284)	(1,373,490)	1,105,794
NONOPERATING REVENUES			
Investment income	65,000	73,357	8,357
Miscellaneous		947	947
Total nonoperating revenues	65,000	74,304	9,304
CHANGE IN NET POSITION	\$ (2,414,284)	(1,299,186)	\$ 1,115,098
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		5,194,319	
Adjustment		(172,195)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		5,022,124	
NET POSITION, END OF YEAR		\$ 3,722,938	

CITY OF HENDERSON, NEVADA

CITYWIDE SERVICES INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 10,086,900	\$ 10,108,814	\$ 21,914
OPERATING EXPENSES			
Salaries and wages	476,336	733,074	(256,738)
Employee benefits	208,111	245,031	(36,920)
Services and supplies	9,120,473	10,405,836	(1,285,363)
Total operating expenses	9,804,920	11,383,941	(1,579,021)
Operating income (loss)	281,980	(1,275,127)	(1,557,107)
NONOPERATING REVENUES			
Investment income	72,000	96,305	24,305
Income (loss) before transfers	353,980	(1,178,822)	(1,532,802)
TRANSFERS			
Transfers in	450,000	1,381,079	931,079
Transfers out	(361,979)	(342,978)	19,001
Total transfers	88,021	1,038,101	950,080
CHANGE IN NET POSITION	\$ 442,001	(140,721)	\$ (582,722)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		8,593,974	
Adjustment		(1,152,229)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		7,441,745	
NET POSITION, END OF YEAR		\$ 7,301,024	

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2015

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
ASSETS				
Current assets				
Cash, cash equivalents and investments	\$ 3,947,396	\$ 252,588	\$ 11,612,617	\$ 15,812,601
Accounts receivable, net	500	153,323		153,823
Interest receivable	7,252	585	21,925	29,762
Due from other governments	238,731			238,731
Total current assets	<u>4,193,879</u>	<u>406,496</u>	<u>11,634,542</u>	<u>16,234,917</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation and amortization				
Construction in progress		45,374		45,374
Land		13,802,929		13,802,929
Buildings and building improvements	3,835,536	5,660,600		9,496,136
Improvements other than buildings	1,398,259	23,482,369	1,206,116	26,086,744
Machinery and equipment	230,587	2,261,672	2,901,974	5,394,233
Accumulated depreciation and amortization	<u>(3,186,237)</u>	<u>(18,175,114)</u>	<u>(3,526,262)</u>	<u>(24,887,613)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>2,278,145</u>	<u>27,077,830</u>	<u>581,828</u>	<u>29,937,803</u>
Total noncurrent assets	<u>2,278,145</u>	<u>27,077,830</u>	<u>581,828</u>	<u>29,937,803</u>
Total assets	<u>6,472,024</u>	<u>27,484,326</u>	<u>12,216,370</u>	<u>46,172,720</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>388,036</u>		<u>1,279,802</u>	<u>1,667,838</u>
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	135,127	9,724	156,959	301,810
Accrued wages	53,445		142,498	195,943
Unearned revenue			6,968,340	6,968,340
Deposits	8,500		79,055	87,555
Compensated absences	49,232		140,390	189,622
Total current liabilities	<u>246,304</u>	<u>9,724</u>	<u>7,487,242</u>	<u>7,743,270</u>
Noncurrent liabilities				
Compensated absences	451,041		1,286,184	1,737,225
Other post employment benefits	272,184		1,026,030	1,298,214
Net pension liability	<u>2,438,824</u>		<u>8,043,611</u>	<u>10,482,435</u>
Total noncurrent liabilities	<u>3,162,049</u>		<u>10,355,825</u>	<u>13,517,874</u>
Total liabilities	<u>3,408,353</u>	<u>9,724</u>	<u>17,843,067</u>	<u>21,261,144</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>628,964</u>		<u>2,074,419</u>	<u>2,703,383</u>
NET POSITION				
Net investment in capital assets	2,278,145	27,077,830	581,828	29,937,803
Unrestricted	<u>544,598</u>	<u>396,772</u>	<u>(7,003,142)</u>	<u>(6,061,772)</u>
Total net position	<u>\$ 2,822,743</u>	<u>\$ 27,474,602</u>	<u>\$ (6,421,314)</u>	<u>\$ 23,876,031</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 223,682	\$ 2,353,439	\$ 9,623,267	\$ 12,200,388
Licenses and permits	642,426		4,327,514	4,969,940
Rental fees	368,046			368,046
Miscellaneous	49,341		3,087	52,428
Total operating revenues	<u>1,283,495</u>	<u>2,353,439</u>	<u>13,953,868</u>	<u>17,590,802</u>
OPERATING EXPENSES				
Salaries and wages	1,956,670		5,365,615	7,322,285
Employee benefits	613,830		1,932,252	2,546,082
Services and supplies	1,225,007	2,388,615	5,761,972	9,375,594
Depreciation and amortization	127,054	299,453	14,132	440,639
Total operating expenses	<u>3,922,561</u>	<u>2,688,068</u>	<u>13,073,971</u>	<u>19,684,600</u>
Operating income (loss)	<u>(2,639,066)</u>	<u>(334,629)</u>	<u>879,897</u>	<u>(2,093,798)</u>
NONOPERATING REVENUES				
Investment income	36,554	2,540	114,748	153,842
Room tax revenue	2,017,902			2,017,902
Other intergovernmental revenue	1,395,445			1,395,445
Total nonoperating revenues	<u>3,449,901</u>	<u>2,540</u>	<u>114,748</u>	<u>3,567,189</u>
Income (loss) before transfers	<u>810,835</u>	<u>(332,089)</u>	<u>994,645</u>	<u>1,473,391</u>
TRANSFERS				
Transfers in		289,318		289,318
Transfers out	(527)		(582,371)	(582,898)
CHANGE IN NET POSITION	<u>810,308</u>	<u>(42,771)</u>	<u>412,274</u>	<u>1,179,811</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	4,735,154	27,517,373	2,146,352	34,398,879
Adjustment	(2,722,719)		(8,979,940)	(11,702,659)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>2,012,435</u>	<u>27,517,373</u>	<u>(6,833,588)</u>	<u>22,696,220</u>
NET POSITION, END OF YEAR	<u>\$ 2,822,743</u>	<u>\$ 27,474,602</u>	<u>\$ (6,421,314)</u>	<u>\$ 23,876,031</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,418,473	\$ 2,396,890	\$ 15,551,725	\$ 19,367,088
Cash received from other sources	3,413,347			3,413,347
Cash payments for goods and services	(1,793,805)	(2,378,892)	(7,763,013)	(11,935,710)
Cash payments for employee services	(2,045,872)		(5,142,565)	(7,188,437)
Net cash provided by operating activities	<u>992,143</u>	<u>17,998</u>	<u>2,646,147</u>	<u>3,656,288</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in		289,318		289,318
Transfers out	(527)		(582,371)	(582,898)
Net cash provided by (used in) noncapital financing activities	<u>(527)</u>	<u>289,318</u>	<u>(582,371)</u>	<u>(293,580)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(92,271)		(92,271)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	35,143	2,096	115,092	152,331
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,026,759	217,141	2,178,868	3,422,768
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,920,637	35,447	9,433,749	12,389,833
CASH AND CASH EQUIVALENTS, END OF YEAR				
Cash and cash equivalents, unrestricted	<u>3,947,396</u>	<u>252,588</u>	<u>11,612,617</u>	<u>15,812,601</u>
	<u>\$ 3,947,396</u>	<u>\$ 252,588</u>	<u>\$ 11,612,617</u>	<u>\$ 15,812,601</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (2,639,066)	\$ (334,629)	\$ 879,897	\$ (2,093,798)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	127,054	299,453	14,132	440,639
Other	3,413,347			3,413,347
Increase in operating assets				
Accounts receivable	3,300	43,451		46,751
Due from other governments	131,679			131,679
Increase (decrease) in operating liabilities				
Accounts payable and other accrued liabilities	88,405	9,723	126,395	224,523
Compensated absences	(102,597)		181,662	79,065
Other post employment benefits	8,968		9,658	18,626
Net pension liability	(42,967)		(141,712)	(184,679)
Deposits	4,020		(21,742)	(17,722)
Unearned revenue			1,597,857	1,597,857
Total adjustments	<u>3,631,209</u>	<u>352,627</u>	<u>1,766,250</u>	<u>5,750,086</u>
Net cash provided by operating activities	<u>\$ 992,143</u>	<u>\$ 17,998</u>	<u>\$ 2,646,147</u>	<u>\$ 3,656,288</u>

CITY OF HENDERSON, NEVADA

WATER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Utilities fees	\$ 64,650,000	\$ 66,089,207	\$ 1,439,207
Connection fees	800,000	1,140,329	340,329
Late charges	1,250,000	1,359,443	109,443
Miscellaneous	100,000	85,636	(14,364)
Total operating revenues	66,800,000	68,674,615	1,874,615
OPERATING EXPENSES			
Salaries and wages	11,375,963	11,368,001	7,962
Employee benefits	4,784,025	4,424,726	359,299
Water purchases	23,726,070	24,273,512	(547,442)
Services and supplies	19,804,187	16,833,409	2,970,778
Depreciation and amortization	27,418,977	16,912,897	10,506,080
Total operating expenses	87,109,222	73,812,545	13,296,677
Operating loss	(20,309,222)	(5,137,930)	15,171,292
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,300,000	1,128,016	(171,984)
Interest expense	(1,103,295)	(421,399)	681,896
Bond issuance costs	(128,650)	(78,397)	50,253
Other intergovernmental revenue	2,280	2,280	-
Total nonoperating revenues (expenses)	68,055	630,500	562,445
Loss before capital contributions and transfers	(20,241,167)	(4,507,430)	15,733,737
CAPITAL CONTRIBUTIONS			
Capital contributions	3,500,000	7,066,312	3,566,312
TRANSFERS			
Transfers out	(1,300,000)	(1,078,167)	221,833
CHANGE IN NET POSITION	\$ (18,041,167)	1,480,715	\$ 19,521,882
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		469,372,505	
Adjustment		(17,645,399)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		451,727,106	
NET POSITION, END OF YEAR		\$ 453,207,821	

CITY OF HENDERSON, NEVADA

SEWER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Utilities fees	\$ 41,750,000	\$ 42,260,294	\$ 510,294
Connection fees	75,000	77,583	2,583
Late charges	600,000	657,602	57,602
Intergovernmental	287,132	333,561	46,429
Miscellaneous	125,000	32,265	(92,735)
Total operating revenues	42,837,132	43,361,305	524,173
OPERATING EXPENSES			
Salaries and wages	9,821,241	9,774,012	47,229
Employee benefits	4,084,624	3,856,758	227,866
Services and supplies	16,864,793	15,170,970	1,693,823
Depreciation and amortization	25,448,624	13,148,168	12,300,456
Total operating expenses	56,219,282	41,949,908	14,269,374
Operating income (loss)	(13,382,150)	1,411,397	14,793,547
NONOPERATING REVENUES (EXPENSES)			
Investment income	770,000	691,932	(78,068)
Interest expense	(5,097,189)	(4,431,003)	666,186
Bond issuance costs	(192,466)	(117,595)	74,871
Sales tax revenue	4,600,000	4,702,171	102,171
Miscellaneous	4,355	4,355	-
Total nonoperating revenues (expenses)	80,345	849,860	769,515
Income (loss) before capital contributions and transfers	(13,301,805)	2,261,257	15,563,062
CAPITAL CONTRIBUTIONS			
Capital contributions	5,000,000	8,732,671	3,732,671
TRANSFERS			
Transfers out	(770,000)	(668,972)	101,028
CHANGE IN NET POSITION	\$ (9,071,805)	10,324,956	\$ 19,396,761
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		490,592,797	
Adjustment		(14,516,553)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		476,076,244	
NET POSITION, END OF YEAR		\$ 486,401,200	

CITY OF HENDERSON, NEVADA

CULTURAL ARTS AND TOURISM ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 284,500	\$ 223,682	\$ (60,818)
Licenses and permits	630,000	642,426	12,426
Rental fees	346,000	368,046	22,046
Miscellaneous	88,000	49,341	(38,659)
Total operating revenues	1,348,500	1,283,495	(65,005)
OPERATING EXPENSES			
Salaries and wages	2,104,606	1,956,670	147,936
Employee benefits	762,013	613,830	148,183
Services and supplies	1,594,028	1,225,007	369,021
Depreciation and amortization	200,000	127,054	72,946
Total operating expenses	4,660,647	3,922,561	738,086
Operating loss	(3,312,147)	(2,639,066)	673,081
NONOPERATING REVENUES			
Investment income	20,000	36,554	16,554
Room tax revenue	1,675,000	2,017,902	342,902
Other intergovernmental revenue	1,633,000	1,395,445	(237,555)
Total nonoperating revenues	3,328,000	3,449,901	121,901
Income before transfers	15,853	810,835	794,982
TRANSFERS			
Transfers out	(527)	(527)	
CHANGE IN NET POSITION	\$ 15,326	810,308	\$ 794,982
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		4,735,154	
Adjustment		(2,722,719)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		2,012,435	
NET POSITION, END OF YEAR		\$ 2,822,743	

CITY OF HENDERSON, NEVADA

MUNICIPAL GOLF COURSE ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>2,526,399</u>	\$ <u>2,353,439</u>	\$ <u>(172,960)</u>
OPERATING EXPENSES			
Services and supplies	2,523,402	2,388,615	134,787
Depreciation and amortization	<u>825,000</u>	<u>299,453</u>	<u>525,547</u>
Total operating expenses	<u>3,348,402</u>	<u>2,688,068</u>	<u>660,334</u>
Operating loss	<u>(822,003)</u>	<u>(334,629)</u>	<u>487,374</u>
NONOPERATING REVENUES			
Investment income	<u>1,000</u>	<u>2,540</u>	<u>1,540</u>
TRANSFERS			
Transfers in	<u>289,318</u>	<u>289,318</u>	
CHANGE IN NET POSITION	\$ <u><u>(531,685)</u></u>	(42,771)	\$ <u><u>488,914</u></u>
NET POSITION, BEGINNING OF YEAR		<u>27,517,373</u>	
NET POSITION, END OF YEAR		\$ <u><u>27,474,602</u></u>	

CITY OF HENDERSON, NEVADA

DEVELOPMENT SERVICES ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 9,765,602	\$ 9,623,267	\$ (142,335)
Licenses and permits	4,275,716	4,327,514	51,798
Miscellaneous	7,912	3,087	(4,825)
Total operating revenues	14,049,230	13,953,868	(95,362)
OPERATING EXPENSES			
Salaries and wages	5,384,246	5,365,615	18,631
Employee benefits	2,152,392	1,932,252	220,140
Services and supplies	5,933,915	5,761,972	171,943
Depreciation and amortization	52,000	14,132	37,868
Total operating expenses	13,522,553	13,073,971	448,582
Operating income	526,677	879,897	353,220
NONOPERATING REVENUES			
Investment income	120,000	114,748	(5,252)
Income before transfers	646,677	994,645	347,968
TRANSFERS			
Transfers out	(452,371)	(582,371)	(130,000)
CHANGE IN NET POSITION	\$ 194,306	412,274	\$ 217,968
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		2,146,352	
Adjustment		(8,979,940)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		(6,833,588)	
NET POSITION, END OF YEAR		\$ (6,421,314)	

FIDUCIARY FUNDS

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

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

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

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

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

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

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CITY OF HENDERSON, NEVADA

AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2015

	<u>Section 125 Plan</u>	<u>Traffic Signal</u>	<u>Forfeited Assets</u>	<u>Paving Frontage</u>	<u>Special Assessment Districts</u>	<u>Total Agency Funds</u>
ASSETS						
Cash, cash equivalents and investments	\$ 173,053	\$ 15,366,302	\$ 309,932	\$ 78,047	\$ 36,988,932	\$ 52,916,266
Special assessments receivable					431,978	431,978
Total assets	<u>\$ 173,053</u>	<u>\$ 15,366,302</u>	<u>\$ 309,932</u>	<u>\$ 78,047</u>	<u>\$ 37,420,910</u>	<u>\$ 53,348,244</u>
LIABILITIES						
Due to developers		\$ 15,366,302		\$ 78,047		\$ 15,444,349
Due to employees	173,053					173,053
Due to others			309,932		37,420,799	37,730,731
Due to other governments					111	111
Total liabilities	<u>\$ 173,053</u>	<u>\$ 15,366,302</u>	<u>\$ 309,932</u>	<u>\$ 78,047</u>	<u>\$ 37,420,910</u>	<u>\$ 53,348,244</u>

CITY OF HENDERSON, NEVADA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
SECTION 125 PLAN				
ASSETS				
Cash, cash equivalents and investments	\$ <u>157,737</u>	\$ <u>758,053</u>	\$ <u>742,737</u>	\$ <u>173,053</u>
LIABILITIES				
Due to employees	\$ <u>157,737</u>	\$ <u>758,053</u>	\$ <u>742,737</u>	\$ <u>173,053</u>
TRAFFIC SIGNAL				
ASSETS				
Cash, cash equivalents and investments	\$ <u>14,211,937</u>	\$ <u>1,154,365</u>	\$ _____	\$ <u>15,366,302</u>
LIABILITIES				
Due to developers	\$ <u>14,211,937</u>	\$ <u>1,154,365</u>	\$ _____	\$ <u>15,366,302</u>
FORFEITED ASSETS				
ASSETS				
Cash, cash equivalents and investments	\$ <u>277,674</u>	\$ <u>581,411</u>	\$ <u>549,153</u>	\$ <u>309,932</u>
LIABILITIES				
Due to others	\$ <u>277,674</u>	\$ <u>581,411</u>	\$ <u>549,153</u>	\$ <u>309,932</u>
PAVING FRONTAGE				
ASSETS				
Cash, cash equivalents and investments	\$ <u>72,252</u>	\$ <u>5,795</u>	\$ _____	\$ <u>78,047</u>
LIABILITIES				
Due to developers	\$ <u>72,252</u>	\$ <u>5,795</u>	\$ _____	\$ <u>78,047</u>
SPECIAL ASSESSMENT DISTRICTS				
ASSETS				
Cash, cash equivalents and investments	\$ 41,608,161	\$ 48,305,962	\$ 52,925,191	\$ 36,988,932
Special assessments receivable	<u>468,451</u>	<u>74,699</u>	<u>111,172</u>	<u>431,978</u>
Total assets	\$ <u>42,076,612</u>	\$ <u>48,380,661</u>	\$ <u>53,036,363</u>	\$ <u>37,420,910</u>
LIABILITIES				
Due to others	\$ 42,076,612	\$ 48,380,550	\$ 53,036,363	\$ 37,420,799
Due to other governments	_____	<u>111</u>	_____	<u>111</u>
Total liabilities	\$ <u>42,076,612</u>	\$ <u>48,380,661</u>	\$ <u>53,036,363</u>	\$ <u>37,420,910</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments	\$ 56,327,761	\$ 50,805,586	\$ 54,217,081	\$ 52,916,266
Special assessments receivable	<u>468,451</u>	<u>74,699</u>	<u>111,172</u>	<u>431,978</u>
Total assets	\$ <u>56,796,212</u>	\$ <u>50,880,285</u>	\$ <u>54,328,253</u>	\$ <u>53,348,244</u>
LIABILITIES				
Due to developers	\$ 14,284,189	\$ 1,160,160	\$ _____	\$ 15,444,349
Due to employees	<u>157,737</u>	<u>758,053</u>	<u>742,737</u>	<u>173,053</u>
Due to others	42,354,286	48,961,961	53,585,516	37,730,731
Due to other governments	_____	<u>111</u>	_____	<u>111</u>
Total liabilities	\$ <u>56,796,212</u>	\$ <u>50,880,285</u>	\$ <u>54,328,253</u>	\$ <u>53,348,244</u>

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