



**CITY OF HENDERSON  
REDEVELOPMENT AGENCY ADVISORY COMMISSION  
AGENDA**

**Regular Meeting  
Tuesday, November 27, 2012  
4:00 p.m.**

**City Hall Annex Conference Room  
280 Water Street  
Henderson, Nevada 89015**

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**Notice to persons with special needs:** For those requiring special assistance or accommodation at the meeting, please contact 702-267-1515 or the Relay Nevada TTY telephone 7-1-1 at least 72 hours in advance of the meeting.

The Chairman reserves the right to hear agenda items out of order, combine two or more agenda items for consideration, remove an item from the agenda, or delay discussion relating to an item on the agenda at any time. All items are action items unless otherwise noted.

Individuals speaking on an item will be limited to three (3) minutes and spokespersons for a group will be limited to ten (10) minutes.

Electronic agendas can be found at: [HTTP://WWW.CITYOFHENDERSON.COM/](http://www.cityofhenderson.com/)

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**I. CALL TO ORDER**

**II. CONFIRMATION OF POSTING AND ROLL CALL**

**III. ACCEPTANCE OF AGENDA (For Possible Action)**

**IV. PUBLIC COMMENT**

Note: Items discussed under Public Comment cannot be acted upon at this meeting, but may be referred to a future agenda for consideration (NRS 241.020). Individuals speaking on an item will be limited to three (3) minutes and spokespersons for a group will be limited to ten (10) minutes.

**V. NEW BUSINESS**

1.	MINUTES—CITY OF HENDERSON REDEVELOPMENT AGENCY ADVISORY COMMISSION MEETING OF October 23, 2012 (For Possible Action)
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Approve the minutes of the City of Henderson Redevelopment Agency Advisory Commission meeting of October 23, 2012.

2.	REQUEST FOR A HOMEOWNERS ASSISTANCE PROGRAM LOAN MODIFICATION FOR 900 PALO VERDE DRIVE (CYNTHIA JOHNSON) (For Possible Action)
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Recommend approval of a Homeowners Assistance Program Loan Modification for 900 Palo Verde Drive (Cynthia Johnson).

3.	FINANCIAL MANAGEMENT POLICIES (For Possible Action)
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Adopt the Redevelopment Financial Management Policy for: Loan Default Policy Amended and Fiscal Signature Authority Revised.

**(CONTINUED ON NEXT PAGE)**

4.	<b>SUBMISSION OF REDEVELOPMENT AGENCY ANNUAL AUDITED FINANCIAL STATEMENTS – FISCAL YEAR 2011-2012 AND REQUIRED COMMUNICATIONS LETTER (For Possible Action)</b>
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Adopt the Redevelopment Agency's Fiscal Year 2011-2012 Audited Financial Statements.

5.	<b>PROJECTS UPDATE</b>
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Discuss project updates for the following projects and accept report. Cornerstone Redevelopment Area: Griffin Park; Richmond American; Tax Increment Reimbursement to the LID; Shortfall Note; Ladera Parcels; Loretto Bay. Downtown Redevelopment Area: 19 S. Water Street; 314 Nebraska; Business Recruitment/Development; Business Retention; City Tower; Create Comprehensive Development and Business Recruitment Incentive Packages; Cultural and Events Center RFP; Downtown Master Plan; Downtown Residential Civic Alliance; Environmental Protection Agency Grant for Technical Assistance; Fencing; Former Asset Central Site; Former Parkline Site; Homeless Issue; Marketing the Water Street District; Marketing To Developers, Business Owners & Consumers; Meridian; Monumentation; Outreach; Pinnacle Building; Residential; Senior Center/Pacific Pines; Social Gathering Space Team; Site A; Site B; Townhouse Motor Lodge; Water Street District Business Association; Façade Improvement Program; Sign Grant Program; Tenant Improvement Program. Eastside Redevelopment Area: Boulder Highway Business Coalition; Business Recruitment; Eastside Amendment; Eastside Investment Strategy; Eastside Business Coalition; KMA Tax Increment Analysis; Landwell/Cadence; Museum Site-95/Galleria; Union Village; Façade Improvement Program; Sign Grant Program. Tuscany: Note; Galleria Road; OPA; Semi-Annual Payment. Lakemoor Canyon: Bill; Development; House Subcommittee on Energy and Mineral Resources, Federal Land Sale. Administration/All Areas: Audit; Assistance Programs; Bonds; Budget; Economic Development Awards; Financials; Homeowner Assistance Program; NDC; New Markets Tax Credit; Outreach; Redevelopment Association of Nevada (RAN); Revenue; Tax Increment Distribution.

**VI. PUBLIC COMMENT**

Note: Items discussed under Public Comment cannot be acted upon at this meeting, but may be referred to a future agenda for consideration (NRS 241.020). Individuals speaking on an item will be limited to three (3) minutes and spokespersons for a group will be limited to ten (10) minutes.

**VII. DIRECTOR'S/CHAIRMAN'S BUSINESS**

- Financial Update

**VIII. SET NEXT MEETING**

- December 18, 2012 at 4:00 p.m.

**IX. ADJOURNMENT**

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**Agenda posted prior to 9:00 a.m. on November 19, 2012 at the following locations:**

- City Hall, 240 Water Street, 1<sup>st</sup> Floor Lobbies (2)
- Multigenerational Center, 250 S. Green Valley Parkway
- Whitney Ranch Recreational Center, 1575 Galleria Drive
- Fire Station No. 86, 96 Via Antincendio



**RAC**

## REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 27, 2012

RAC-001

<b>SUBJECT</b>	Minutes—City of Henderson Redevelopment Agency Advisory Commission Meeting of October 23, 2012
<b>PETITIONER</b>	Economic Development/Redevelopment Division of the City Manager's Office
<b>RECOMMENDATION</b>	Approve

**FISCAL IMPACT:**

No Impact

Budget funds available

Augmentation required

**BACKGROUND / DISCUSSION / ALTERNATIVES:**

**RECOMMENDED MOTION:**

Approve the minutes of the City of Henderson Redevelopment Agency Advisory Commission meeting of October 23, 2012.

**Supporting Documentation:**

Minutes consisting of four (4) pages.

**CITY OF HENDERSON REDEVELOPMENT AGENCY  
ADVISORY COMMISSION  
MINUTES  
October 23, 2012**

**I. CALL TO ORDER**

Chairman Tom Foster called the Redevelopment Advisory Commission to order at 4:00 p.m. in the Annex Conference Room, City Hall Annex, 280 Water Street, Henderson, Nevada.

**II. CONFIRMATION OF POSTING AND ROLL CALL**

MaryAnne Cruzado, Recording Secretary, confirmed the meeting had been noticed in accordance with the Open Meeting Law by posting the Agenda three working days prior to the meeting at City Hall, Henderson Convention Center, Green Valley Police Substation, and Fire Station No. 86.

Present: Chairman Tom Foster  
Tom Fay  
Mark McGinty  
Richard Serfas  
Stan Southwick  
Laura Jane Spina

Excused: David Chavez

Staff: Mark Backus, Assistant City Attorney  
MaryAnne Cruzado, Admin Assistant III  
Daphney Jeffers, Senior Administrative Analyst  
David Norris, Real Estate Portfolio Manager  
April Parra, Minutes Clerk  
Michelle Romero, Redevelopment Manager

Guests: None

**III. ACCEPTANCE OF AGENDA**

(Motion) Mr. Southwick introduced a motion to accept the agenda. The vote favoring approval was unanimous. Chairman Foster declared the motion carried.

**IV. PUBLIC COMMENT:**

There were no comments presented by the public.

**V. NEW BUSINESS**

1.	MINUTES FOR THE CITY OF HENDERSON REDEVELOPMENT AGENCY ADVISORY COMMISSION MEETING OF SEPTEMBER 25, 2012.
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Recommend approval of the minutes of the City of Henderson Redevelopment Agency Advisory Commission meeting of September 25, 2012.

(Motion) Mr. Fay introduced a motion to approve the minutes of September 25, 2012, as submitted. The vote favoring approval was unanimous. Chairman Foster declared the motion carried.

2.	RATIFICATION OF CITY TOWER SITE CLEAN UP CONTRACT AWARD
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Approve ratification of the contract award to ACE Demolition for the cleanup of approximately 2.25 acres on the south-east corner of Water Street and Lake Mead Parkway in an amount not to exceed \$74,070.70.

Michelle Romero, Redevelopment Manager, read a gave of the proposed item and stated staff recommends approval.

(Motion) Mr. McGinty introduced a motion to approve ratification of the contract award to ACE Demolition for the cleanup of approximately 2.25 acres on the south-east corner of Water Street and Lake Mead Parkway in an amount not to exceed \$74,070.70. The vote favoring approval was unanimous. Chairman Foster declared the motion carried.

3.	RESOLUTION TO AND COMMERCIAL LEASE FOR THE PINNACLE BUILDING LOCATED AT 203 SOUTH WATER STREET, SUITE 300 – CULTURAL ARTS
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Approve Resolution to and Commercial Lease for the Pinnacle Building Located at 203 South Water Street, Suite 300, to the City of Henderson Cultural Arts and Tourism Division.

MaryAnne Cruzado, Administrative Assistant III, made a correction to the resolution and stated the suite number should be 300 not 200.

David Norris, Real Estate Portfolio Manager, gave a brief summary of the proposed item and stated staff recommends approval.

(Motion) Mr. McGinty introduced a motion to approve Resolution to and Commercial Lease for the Pinnacle Building Located at 203 South Water Street, Suite 300, to the City of Henderson Cultural Arts and Tourism Division. The vote favoring approval was unanimous. Chairman Foster declared the motion carried.

4.	RESOLUTION TO AND COMMERCIAL LEASE FOR THE PINNACLE BUILDING LOCATED AT 203 SOUTH WATER STREET, SUITE 200 – POLICE DEPARTMENT
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Approve Resolution to and Commercial Lease for the Pinnacle Building located at 203 South Water Street, Suite 200, to the City of Henderson Police Department Internal Affairs Division.

Ms. Romero stated that Item 4 is the same as Item 3.

(Motion) Mr. McGinty introduced a motion to approve Resolution to and Commercial Lease for the Pinnacle Building Located at 203 South Water Street, Suite 200, to the City of Henderson Police Department Internal Affairs Division. The vote favoring approval was unanimous. Chairman Foster declared the motion carried.

5.	PROJECTS UPDATE
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Discuss project updates and accept the report.

Ms. Romero reviewed a memorandum regarding the status of projects as of October 9, 2012.

(Motion) Mr. Serfas introduced a motion to accept the report. The vote favoring approval was unanimous. Chairman Foster declared the motion carried.

**V. PUBLIC COMMENT**

There were no comments presented by the public.

**VI. DIRECTOR'S/CHAIRMAN'S BUSINESS**

There was no business to be discussed.

**VII. SET NEXT MEETING**

The next meeting was scheduled for November 27, 2012, at 4:00 p.m.

**VIII. ADJOURNMENT**

There being no further business to be discussed, the meeting was adjourned at 4:30 p.m.

Respectfully submitted,

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April Parra,  
Minutes Clerk



**RAC**

## REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 27, 2012

RAC-002

<b>SUBJECT</b>	Request For A Homeowners Assistance Program Loan Modification For 900 Palo Verde Drive (Cynthia Johnson)
<b>PETITIONER</b>	Economic Development/Redevelopment Division of the City Manager's Office
<b>RECOMMENDATION</b>	Approve

**Johnson HAP Modification Staff Summary**  
**RAC Meeting**  
**November 27, 2012**

Property Address:	900 Palo Verde Drive
Applicant:	Cynthia Johnson
Proposed Used:	N/A
Redevelopment Area:	Eastside
City Zoning:	N/A
Design Review Required:	N/A
Sign Permit Required:	N/A

The modification request exceeds the authority of the Agency Loan Committee per the Agency's Financial Management Policy 500-03 in that the requested term exceeds an additional five (5) years.

Per the aforementioned policy, requests by recipients beyond the scope of the authority of the Loan Committee will proceed to the appropriate Redevelopment Advisory Commission and Redevelopment Agency Board meetings for restructuring consideration.

Summary

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The loan borrower, Cynthia Johnson, received a Homeowners' Assistance Program loan from the City of Henderson in April 2010 for \$6,725 to complete Phase I of her improvement project. In February 2011, the loan was amended at the completion of the project and increased to \$17,414.50, extending the terms an additional 11 months. The terms of the loan were five (5) years at 3% interest with payments of \$294.01/month. The borrower made payments from inception until February 2011, consistently. Since February 2011, the borrower has made only a few sporadic payments due to financial and personal hardship.

The borrower has stated that she is experiencing personal hardship at the sudden long-term illness and subsequent death of her mother. In addition, she is suffering financial hardship as her mother contributed a significant amount of monetary assistance to the household. On October 5, 2012, staff received a formal letter of request for a loan modification to reduce the monthly payment to no more than \$150/month.

Staff is recommending that the loan be extended an additional seven (7) years beyond the original maturity date of June 2016 with interest remaining at 3%, payments to begin in January 2013 of approximately \$147/month through maturity. Due to the hardship, staff is also requesting that current late fee penalties of approximately \$1,400 (but not to exceed \$2,000.00) be waived.

October 5, 2012

To Whom It May Concern:

I am requesting a loan modification due to financial hardship. I am attaching the document that I sent over the summer requesting forgiveness and help. According to a conversation that I had with your office yesterday, you are not in receipt of that letter.

My financial hardship is from supporting my Mom, who recently died, and being a single parent during tough economic times. My Mom was critically ill and incapacitated. As her daughter and caregiver, I did everything I could to provide for her, which caused me to miss payments. At the same time, her passing provides recent and prolonged strain on my family. She was the primary person looking after my daughter and contributed over \$1500 each month to our household income.

I would like to modify the loan and compress the payments to no more than \$150 per month. I apologize for not being able to pay on a more regular basis and hope that this loan modification can help me regain solvency.

If you would like to discuss this request, please contact me at 788-3965. Thank you for your consideration.

Sincerely,



Cynthia Johnson  
900 Palo Verde Drive  
Henderson, NV 89015

1 of 5

Exhibit A-1  
Amortization Schedule

Cynthia Johnson  
 APN: 179-08-714-044  
 Original Rate: 3.00%  
 Term: 120 Months  
 Beginning 1/1/2013  
 District: 8009 - D-2097

Billing Address: 900 Palo Verde Drive  
 Henderson, NV 89015

\*Beginning balance is less late fees of \$1,389.27

Payment #	Rate	Disbursements	P&I Payment	Principal	Interest	Extra Prin/ Grant	Payment Date	New Balance
*								15,141.89
1	3.00%		147.00	109.15	37.85			15,032.74
2	3.00%		147.00	109.42	37.58			14,923.33
3	3.00%		147.00	109.69	37.31			14,813.63
4	3.00%		147.00	109.97	37.03			14,703.67
5	3.00%		147.00	110.24	36.76			14,593.43
6	3.00%		147.00	110.52	36.48			14,482.91
7	3.00%		147.00	110.79	36.21			14,372.12
8	3.00%		147.00	111.07	35.93			14,261.05
9	3.00%		147.00	111.07	35.93			14,149.98
10	3.00%		147.00	111.63	35.37			14,038.35
11	3.00%		147.00	111.90	35.10			13,926.45
12	3.00%		147.00	112.18	34.82			13,814.27
13	3.00%		147.00	112.18	34.82			13,702.08
14	3.00%		147.00	112.46	34.54			13,589.62
15	3.00%		147.00	112.74	34.26			13,476.87
16	3.00%		147.00	113.03	33.97			13,363.85
17	3.00%		147.00	113.31	33.69			13,250.54
18	3.00%		147.00	113.87	33.13			13,136.67
19	3.00%		147.00	114.16	32.84			13,022.51
20	3.00%		147.00	114.44	32.56			12,908.06
21	3.00%		147.00	114.73	32.27			12,793.33
22	3.00%		147.00	115.02	31.98			12,678.32
23	3.00%		147.00	115.30	31.70			12,563.01
24	3.00%		147.00	115.59	31.41			12,447.42
25	3.00%		147.00	115.88	31.12			12,331.54
26	3.00%		147.00	116.17	30.83			12,215.37
27	3.00%		147.00	116.46	30.54			12,098.91
28	3.00%		147.00	116.75	30.25			11,982.15
29	3.00%		147.00	117.04	29.96			11,865.11
30	3.00%		147.00	117.34	29.66			11,747.77
31	3.00%		147.00	117.63	29.37			11,630.14
32	3.00%		147.00	117.92	29.08			11,512.22
33	3.00%		147.00	118.22	28.78			11,394.00
34	3.00%		147.00	118.52	28.48			11,275.48
35	3.00%		147.00	118.81	28.19			11,156.67
36	3.00%		147.00	119.11	27.89			11,037.56
37	3.00%		147.00	119.41	27.59			10,918.16
38	3.00%		147.00	119.70	27.30			10,798.45
39	3.00%		147.00	120.00	27.00			10,678.45
40	3.00%		147.00	120.30	26.70			10,558.14
41	3.00%		147.00	120.60	26.40			10,437.54
42	3.00%		147.00	120.91	26.09			10,316.63
43	3.00%		147.00	121.21	25.79			10,195.43
44	3.00%		147.00	121.51	25.49			10,073.91
45	3.00%		147.00	121.82	25.18			9,952.10
46	3.00%		147.00	122.12	24.88			9,829.98
47	3.00%		147.00	122.43	24.57			9,707.55
48	3.00%		147.00	122.73	24.27			9,584.82
49	3.00%		147.00	123.04	23.96			9,461.78
50	3.00%		147.00	123.35	23.65			9,338.44
51	3.00%		147.00	123.65	23.35			9,214.79
52	3.00%		147.00	123.96	23.04			9,090.82

Exhibit A-1  
Amortization Schedule

53	3.00%		147.00	124.27	22.73		8,966.55
54	3.00%		147.00	124.58	22.42		8,841.97
55	3.00%		147.00	124.90	22.10		8,717.07
56	3.00%		147.00	125.21	21.79		8,591.86
57	3.00%		147.00	125.52	21.48		8,466.34
58	3.00%		147.00	125.83	21.17		8,340.51
59	3.00%		147.00	126.15	20.85		8,214.36
60	3.00%		147.00	126.46	20.54		8,087.90
61	3.00%		147.00	126.78	20.22		7,961.12
62	3.00%		147.00	127.10	19.90		7,834.02
63	3.00%		147.00	127.41	19.59		7,706.60
64	3.00%		147.00	127.73	19.27		7,578.87
65	3.00%		147.00	128.05	18.95		7,450.82
66	3.00%		147.00	128.37	18.63		7,322.44
67	3.00%		147.00	128.69	18.31		7,193.75
68	3.00%		147.00	129.02	17.98		7,064.73
69	3.00%		147.00	129.34	17.66		6,935.40
70	3.00%		147.00	129.66	17.34		6,805.74
71	3.00%		147.00	129.99	17.01		6,675.75
72	3.00%		147.00	130.31	16.69		6,545.44
73	3.00%		147.00	130.64	16.36		6,414.80
74	3.00%		147.00	130.96	16.04		6,283.84
75	3.00%		147.00	131.29	15.71		6,152.55
76	3.00%		147.00	131.62	15.38		6,020.93
77	3.00%		147.00	131.95	15.05		5,888.98
78	3.00%		147.00	132.28	14.72		5,756.71
79	3.00%		147.00	132.61	14.39		5,624.10
80	3.00%		147.00	132.94	14.06		5,491.16
81	3.00%		147.00	133.27	13.73		5,357.88
82	3.00%		147.00	133.61	13.39		5,224.28
83	3.00%		147.00	133.94	13.06		5,090.34
84	3.00%		147.00	134.27	12.73		4,956.07
85	3.00%		147.00	134.61	12.39		4,821.46
86	3.00%		147.00	134.95	12.05		4,686.51
87	3.00%		147.00	135.28	11.72		4,551.23
88	3.00%		147.00	135.62	11.38		4,415.60
89	3.00%		147.00	135.96	11.04		4,279.64
90	3.00%		147.00	136.30	10.70		4,143.34
91	3.00%		147.00	136.64	10.36		4,006.70
92	3.00%		147.00	136.98	10.02		3,869.72
93	3.00%		147.00	137.33	9.67		3,732.39
94	3.00%		147.00	137.67	9.33		3,594.72
95	3.00%		147.00	138.01	8.99		3,456.71
96	3.00%		147.00	138.36	8.64		3,318.35
97	3.00%		147.00	138.70	8.30		3,179.65
98	3.00%		147.00	139.05	7.95		3,040.60
99	3.00%		147.00	139.40	7.60		2,901.20
100	3.00%		147.00	139.75	7.25		2,761.45
101	3.00%		147.00	140.10	6.90		2,621.35
102	3.00%		147.00	140.45	6.55		2,480.91
103	3.00%		147.00	140.80	6.20		2,340.11
104	3.00%		147.00	141.15	5.85		2,198.96
105	3.00%		147.00	141.50	5.50		2,057.46
106	3.00%		147.00	141.86	5.14		1,915.60
107	3.00%		147.00	142.21	4.79		1,773.39
108	3.00%		147.00	142.57	4.43		1,630.82
109	3.00%		147.00	142.92	4.08		1,487.90
110	3.00%		147.00	143.28	3.72		1,344.62
111	3.00%		147.00	143.64	3.36		1,200.98
112	3.00%		147.00	144.00	3.00		1,056.98
113	3.00%		147.00	144.36	2.64		912.63
114	3.00%		147.00	144.72	2.28		767.91
115	3.00%		147.00	145.08	1.92		622.83

Exhibit A-1  
Amortization Schedule

116	3.00%		147.00	145.44	1.56		477.39
117	3.00%		147.00	145.81	1.19		331.58
118	3.00%		147.00	146.17	0.83		185.41
119	3.00%		147.00	146.54	0.46		38.87
120	3.00%		38.97	38.87	0.10		(0.00)
	Totals	-	17,531.97	15,141.89	2,390.08	-	

# PARCEL DETAIL REPORT

Balances as of 10/16/2012

**Property Owner:**

JOHNSON CYNTHIA  
900 PALO VERDE DR  
HENDERSON NV 89015-5738

**Legal Description:**

000900 PALO VERDE DR  
DOORN EST UNIT 1  
PLAT BOOK 21 PAGE 27  
LOT 19 BLOCK 3

**Parcel Number:**

179-08-714-044  
District: 8009

Transaction History: (Transaction History from 2008 through 2012)

\*Balance Due and Payoff Values valid through: 10/1/2012

Date	Description	Principal	Interest	Late	Other	Total
4/13/2010	Installment Charges	\$104.03	\$10.09	\$0.00	\$0.00	\$114.12
4/29/2010	Payment Received - X	(\$104.03)	(\$10.09)	\$0.00	\$0.00	(\$114.12)
5/6/2010	Installment Charges	\$104.29	\$16.55	\$0.00	\$0.00	\$120.84
6/1/2010	Payment Received - X	(\$104.29)	(\$16.55)	\$0.00	\$0.00	(\$120.84)
6/8/2010	Installment Charges	\$104.55	\$16.29	\$0.00	\$0.00	\$120.84
7/1/2010	Payment Received - X	(\$104.55)	(\$16.29)	\$0.00	\$0.00	(\$120.84)
7/8/2010	Installment Charges	\$104.81	\$16.03	\$0.00	\$0.00	\$120.84
8/2/2010	Payment Received - X	(\$104.81)	(\$16.03)	\$0.00	\$0.00	(\$120.84)
8/9/2010	Installment Charges	\$105.07	\$15.77	\$0.00	\$0.00	\$120.84
9/2/2010	Payment Received - X	(\$105.07)	(\$15.77)	\$0.00	\$0.00	(\$120.84)
9/9/2010	Installment Charges	\$105.33	\$15.51	\$0.00	\$0.00	\$120.84
10/7/2010	Late Penalty	\$0.00	\$0.00	\$6.04	\$0.00	\$6.04
10/7/2010	Installment Charges	\$105.60	\$15.24	\$0.00	\$0.00	\$120.84
11/10/2010	Late Penalty	\$0.00	\$0.00	\$12.08	\$0.00	\$12.08
11/10/2010	Installment Charges	\$105.86	\$14.98	\$0.00	\$0.00	\$120.84
12/8/2010	Late Penalty	\$0.00	\$0.00	\$18.13	\$0.00	\$18.13
12/8/2010	Installment Charges	\$106.13	\$14.71	\$0.00	\$0.00	\$120.84
12/8/2010	Payment Received - X	(\$260.00)	\$0.00	\$0.00	\$0.00	(\$260.00)
12/9/2010	Acct Adjustment - LPA AutoWaiver	\$0.00	\$0.00	(\$18.13)	\$0.00	(\$18.13)
1/11/2011	Late Penalty	\$0.00	\$0.00	\$11.17	\$0.00	\$11.17
1/11/2011	Installment Charges	\$106.39	\$14.45	\$0.00	\$0.00	\$120.84
1/13/2011	Payment Received - X	(\$269.31)	(\$74.89)	(\$15.80)	\$0.00	(\$360.00)
2/10/2011	Installment Charges	\$106.66	\$14.18	\$0.00	\$0.00	\$120.84
2/22/2011	Acct Adjustment - MISC Per City, New Loan Amount	\$0.00	\$0.00	\$0.00	(\$5,566.28)	(\$5,566.28)
2/22/2011	Acct Adjustment - Principal ADJ	\$0.00	\$0.00	\$0.00	\$5,566.28	\$5,566.28
2/22/2011	Overpayments Applied	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2/22/2011	Acct Adjustment - MISC Per City, New Loan Amount	(\$106.66)	(\$14.18)	(\$13.49)	\$0.00	(\$134.33)
2/24/2011	Installment Charges	\$253.11	\$61.36	\$0.00	\$0.00	\$314.47

3/29/2011	Payment Received - X	(\$253.11)	(\$61.36)	\$0.00	\$0.00	(\$314.47)
4/7/2011	Installment Charges	\$253.74	\$40.27	\$0.00	\$0.00	\$294.01
5/5/2011	Payment Received - X	(\$253.74)	(\$40.27)	\$0.00	\$0.00	(\$294.01)
5/10/2011	Installment Charges	\$254.37	\$39.64	\$0.00	\$0.00	\$294.01
6/7/2011	Late Penalty	\$0.00	\$0.00	\$14.70	\$0.00	\$14.70
6/7/2011	Installment Charges	\$255.01	\$39.00	\$0.00	\$0.00	\$294.01
7/7/2011	Late Penalty	\$0.00	\$0.00	\$29.40	\$0.00	\$29.40
7/7/2011	Installment Charges	\$255.64	\$38.37	\$0.00	\$0.00	\$294.01
7/11/2011	Payment Received - X	(\$300.00)	\$0.00	\$0.00	\$0.00	(\$300.00)
8/8/2011	Late Penalty	\$0.00	\$0.00	\$29.10	\$0.00	\$29.10
8/8/2011	Installment Charges	\$256.28	\$37.73	\$0.00	\$0.00	\$294.01
9/8/2011	Late Penalty	\$0.00	\$0.00	\$43.80	\$0.00	\$43.80
9/8/2011	Installment Charges	\$256.92	\$37.09	\$0.00	\$0.00	\$294.01
10/12/2011	Late Penalty	\$0.00	\$0.00	\$58.50	\$0.00	\$58.50
10/12/2011	Installment Charges	\$257.57	\$36.44	\$0.00	\$0.00	\$294.01
11/9/2011	Late Penalty	\$0.00	\$0.00	\$73.20	\$0.00	\$73.20
11/9/2011	Installment Charges	\$258.21	\$35.80	\$0.00	\$0.00	\$294.01
12/8/2011	Late Penalty	\$0.00	\$0.00	\$87.90	\$0.00	\$87.90
12/8/2011	Installment Charges	\$258.86	\$35.15	\$0.00	\$0.00	\$294.01
1/10/2012	Late Penalty	\$0.00	\$0.00	\$102.60	\$0.00	\$102.60
1/10/2012	Installment Charges	\$259.50	\$34.51	\$0.00	\$0.00	\$294.01
1/26/2012	Payment Received - X	(\$1,000.00)	\$0.00	\$0.00	\$0.00	(\$1,000.00)
2/16/2012	Late Penalty	\$0.00	\$0.00	\$67.30	\$0.00	\$67.30
2/16/2012	Installment Charges	\$260.15	\$33.86	\$0.00	\$0.00	\$294.01
3/15/2012	Late Penalty	\$0.00	\$0.00	\$82.01	\$0.00	\$82.01
3/15/2012	Installment Charges	\$260.80	\$33.21	\$0.00	\$0.00	\$294.01
4/16/2012	Late Penalty	\$0.00	\$0.00	\$96.71	\$0.00	\$96.71
4/16/2012	Installment Charges	\$261.45	\$32.56	\$0.00	\$0.00	\$294.01
5/15/2012	Late Penalty	\$0.00	\$0.00	\$111.41	\$0.00	\$111.41
5/15/2012	Installment Charges	\$262.11	\$31.90	\$0.00	\$0.00	\$294.01
6/14/2012	Late Penalty	\$0.00	\$0.00	\$126.11	\$0.00	\$126.11
6/14/2012	Installment Charges	\$262.76	\$31.25	\$0.00	\$0.00	\$294.01
7/16/2012	Late Penalty	\$0.00	\$0.00	\$140.81	\$0.00	\$140.81
7/16/2012	Installment Charges	\$263.42	\$30.59	\$0.00	\$0.00	\$294.01
8/15/2012	Late Penalty	\$0.00	\$0.00	\$155.51	\$0.00	\$155.51
8/15/2012	Installment Charges	\$264.08	\$29.93	\$0.00	\$0.00	\$294.01
9/14/2012	Late Penalty	\$0.00	\$0.00	\$170.21	\$0.00	\$170.21
9/14/2012	Installment Charges	\$264.74	\$29.27	\$0.00	\$0.00	\$294.01
Transaction Totals:		\$3,111.87	\$586.30	\$1,389.27	\$0.00	\$5,087.44
Balance PRIOR to 2012:		\$0.00	\$0.00	(\$0.00)	\$0.00	(\$0.00)
Balance Due*:		\$3,111.87	\$586.30	\$1,389.27	\$0.00	\$5,087.44

Original Assessment: \$16,362.44 Estimated Next Principal\*\*: \$0.00  
Outstanding Assesment: \$14,555.59 Estimated Next Interest\*\*: \$0.00

Payoff Amount*:	\$16,531.16	Estimated Next Total	\$0.00
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\*\* The next installment charges are estimated values and are subject to change due to interest credits and/or other adjustments.

Payments must be received or postmarked on or before 10/1/2012. There is no grace period. A late fee of \$302.84 will be charged after the due date.



# REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 27, 2012

RAC-003

<b>SUBJECT</b>	Financial Management Policies
<b>PETITIONER</b>	Economic Development/Redevelopment Division of the City Manager's Office
<b>RECOMMENDATION</b>	Adopt

**FISCAL IMPACT:**

No Impact
  Budget funds available
  Augmentation required

**BACKGROUND / DISCUSSION / ALTERNATIVES:**

It is prudent of the Redevelopment Agency to adopt sound financial management policies. Historically, Agency staff has followed many of the financial policies of the City of Henderson. Recognizing that the Agency is governed by NRS 279 and engages in financial transactions unique to a Redevelopment Agency, staff is preparing financial management policy statements for review and adoption by the Redevelopment Agency Board. Staff began preparing policies for adoption in July 2011 and it is envisioned that over a period of several months, staff will complete a comprehensive compilation of policy statements. From time to time, the Governmental Accounting Standards Board (GASB), Nevada Revised Statutes, and best practices in the industry change. As these changes occur, the financial management policy statements will be reviewed and may require revision. Any proposed revisions will be brought before the Redevelopment Agency Board for review and adoption.

After its annual financial management policy review, staff is recommending adoption of the following financial management policy statement:

1. Loan Default Policy Amended
2. Fiscal Signature Authority Revised

**RECOMMENDED MOTION:**

Adopt the Redevelopment Financial Management Policy for: Loan Default Policy Amended and Fiscal Signature Authority Revised.

**Supporting Documentation:**

Redevelopment Financial Management Policy Statements consisting of four (4) pages

**CITY OF HENDERSON REDEVELOPMENT AGENCY  
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 500-03

CATEGORY: LOANS

**SUBJECT: Loan Default Policy**

**SCOPE**

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers; Property and Business Owners

**PURPOSE**

To establish guidelines for providing financial assistance to developers, property owners, and business owners.

**GUIDELINES**

**Background**

The Agency provides financial assistance, in the form of loans, to developers, property owners, and business owners for the purpose of removing blight as defined in NRS 279.388 taking into consideration the impact to the Redevelopment area of the creation of the new business, job creation, increase to revenues, increase in patronage, unique attributes, labor used to complete the project, and the social and financial benefits to the community. Occasionally, loan recipients fail to make their payments. When this happens, staff must take actions to correct the default. Please note: The program guidelines require loan recipients to reside at the property; however, if the loan recipient is making their scheduled payments and is not considered delinquent (more than four months behind), then the requirement to reside at the property may be waived by staff.

**Loan Billing**

Prior to the 15<sup>th</sup> of each month, except in July (due to fiscal year end), the City of Henderson Finance Department (Finance) or the Agency's third party billing professional service (TPBS) provider will create and send invoices for all Agency loan recipients according to their current amortization schedule for the ensuing month. Finance or TPBS sends monthly statements on or around the first of each month for any outstanding balances.

If payment is not received in 60 days, Finance or TPBS sends a Final Payment Notice and informs Agency staff. Agency staff alerts the City Attorney's Office (CAO) of a potential default.

**Non-Payment Follow Up**

Agency staff attempts to contact the loan recipient to complete collections.

Agency staff and CAO follow up with Finance or TPBS 60 days following the Final Payment Notice being sent. If payment has not been received, a default has occurred requiring notification to the loan recipient.

### **Default Letter**

Agency staff will request the most recent amortization schedule including all payments received to date from Finance or TPBS and forward to the City Attorney's Office.

The City Attorney's Office sends a default letter registered or certified mail to the loan recipient with a copy to Agency staff.

### **Work Out**

Upon receipt of the copy of the default letter, Agency staff will contact the loan recipient to inform them that the default letter is in the mail. Agency staff will also inquire as to the circumstances surrounding the non-payment. If applicable, staff will request a formal letter from the loan recipient indicating the circumstances and a request for a loan restructure with a suggestion from the recipient of what amount of monthly payment they could afford to make.

### **Collections/Legal Action**

If no formal response is received within ten (10) days of the Default Letter and non-payment continues, staff will take the following action:

1. If the original loan amount is less than \$15,000, it will be sent to Collections, or
2. If the original loan amount is \$15,000 or more, notify the City Attorney's Office so default proceedings may be undertaken.

If, after six months, the collection agency is unable to collect any funds from the loan recipient, the loan will be evaluated for potential Loan Write-Off per Policy 500-05 or default proceedings.

### **Restructure Consideration for Approval**

If a written response requesting a loan restructure is received, staff will first verify that all of the executed loan documents are accounted for and then recommend two or more amortization scenarios. Staff will share the scenarios with the loan recipient to determine which scenario would work best for them. Staff will then create an agenda item to be presented at the next appropriate Loan Committee meeting sharing all of the amortization scenarios, including the original schedule, and indicating which scenario the loan recipient prefers.

The Agency's Loan Committee has the authority to restructure existing loans under the following conditions:

1. The principal amount owed at the time is not reduced.
2. Deferral of payments cannot exceed six (6) months.
3. The term is not being extended more than an additional five (5) years.
4. The interest rate approved is not lower than two percent (2%) above like Treasury.

The Agency's Loan Committee has the authority to restructure the loans under the conditions above, and on a case-by-case basis to waive penalties and interest that have accrued from non-payment, based on the following criteria:

1. Borrower can document that a financial hardship exists that has caused the non-payment.
2. Delinquency has occurred because of staff error in creation of the legal documents or administration of the loan.

Requests by recipients beyond the scope of the authority of the Loan Committee will proceed to the appropriate Redevelopment Advisory Commission and Redevelopment Agency Board meetings for restructuring consideration. Also, should a recipient wish to appeal a Loan Committee decision, staff will forward via agenda to the Redevelopment Agency Board.

If denied, staff informs the loan recipient and takes the appropriate action outlined in the Collections / Legal Action section above.

### **Restructure Approved**

Upon approval, staff will contact the loan recipient to discuss the approval terms and conditions and advise them that they will be required to come to the Redevelopment office to sign amended loan documents within fourteen days (14) of notification that their documents are ready, in the presence of a Notary. Therefore, the loan recipients will be advised to bring appropriate identification. If the loan recipient fails to execute the documents within the allowed fourteen (14) days of notification, staff will take the appropriate action outlined in the Collections / Legal Action section above.

### **Invoicing**

Agency staff will provide new billing information to Finance or TPBS for all future payments.

<b>HISTORY</b>
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Redevelopment Agency Board Adopted: August 16, 2011

Redevelopment Agency Board Revised: August 21, 2012

Redevelopment Agency Board Revised: (Add Date)

**CITY OF HENDERSON REDEVELOPMENT AGENCY  
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1300-01

CATEGORY: INTERNAL CONTROLS

SUBJECT: Fiscal Signature Authority

**SCOPE**

All contractual documents issued on behalf of the City of Henderson Redevelopment Agency.

**PURPOSE**

To establish and maintain authority for the approval and execution of contractual documents.

**GUIDELINES**

Signature authority for contractual documents shall be determined by the fiscal impact amount reflected in the documents:

\$0.01	- \$50,000	Redevelopment Department Director
	Over \$50,000	Approval by the Redevelopment Agency Board and signature by the Board Chairman or authorized representative (Executive Director). The Executive Director may designate an Assistant City Manager or department director to sign contractual documents on behalf of the Executive Director.

Contractual documents with a fiscal impact over \$10,000 must also be:

- Reviewed and signed by the Agency’s General Counsel.
- Attested to by the Agency’s Secretary and the original maintained in the Office of the City of Henderson’s City Clerk.
- Signed by the Agency’s Treasurer.

**HISTORY**

Redevelopment Agency Board Adopted: September 20, 2011

Redevelopment Agency Board Revised: August 21, 2012

Redevelopment Agency Board Revised: (Insert Date)



**RAC**

## REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 27, 2012

RAC-004

<b>SUBJECT</b>	Submission Of Redevelopment Agency Annual Audited Financial Statements – Fiscal Year 2011-2012 And Required Communications Letter
<b>PETITIONER</b>	Economic Development/Redevelopment Division of the City Manager's Office
<b>RECOMMENDATION</b>	Adopt

### FISCAL IMPACT:

No Impact

Budget funds available

Augmentation required

### BACKGROUND / DISCUSSION / ALTERNATIVES:

Nevada Revised Statutes requires that an annual audit of the Redevelopment Agency's funds and accounts be performed by a public accountant and submitted to the local government's governing body.

### RECOMMENDED MOTION:

Adopt the Redevelopment Agency's Fiscal Year 2011-2012 Audited Financial Statements.

### Supporting Documentation:

FY12 Audited Financial Statements consisting of fifty-eight (58) pages.  
Required Communications Letter consisting of six (6) pages.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

**Annual Financial Report**

**For the Year Ended June 30, 2012**



**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

Annual Financial Report  
For the Year Ended June 30, 2012

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# **Financial Section**

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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

Members of the City of Henderson  
Redevelopment Agency Board  
City of Henderson, Nevada

We have audited the accompanying basic financial statements of the City of Henderson Redevelopment Agency (the Agency), a component unit of the City of Henderson, Nevada, as of and for the year ended June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2012, and the changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2012, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the City of Henderson  
Redevelopment Agency Board  
City of Henderson, Nevada

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, identified as the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance by Project Area, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Agency's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the other supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Perry Bowler Taylor*

November 6, 2012

# **Management's Discussion and Analysis**

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**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

Management's Discussion and Analysis  
June 30, 2012

As management of the City of Henderson Redevelopment Agency's (the Agency) finances, we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2012.

**FINANCIAL HIGHLIGHTS**

- The assets of the Agency's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$19,775,591 (net position).
- The Agency's total liabilities on the Statement of Net Position decreased by \$641,120 (3.4%) during the current fiscal year, as compared to the prior fiscal year.
- As of the close of the current fiscal year, the Agency's governmental fund reported ending fund balances of \$31,666,824, a decrease of \$2,471,222 in comparison with the prior year amounts. The decrease is a result of expenditures exceeding property tax increment for redevelopment projects. Approximately 37.9% of fund balance is restricted for future redevelopment activities.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

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

The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency'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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows or outflows in future fiscal periods.

The government-wide financial statements show all five of the redevelopment areas (Downtown, Cornerstone, Tuscan, Eastside, and Lakemoor), which are principally

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

Management's Discussion and Analysis  
June 30, 2012

supported by tax increment from ad valorem receipts. All redevelopment activity of the Agency, regardless of area, is included in the general government function, since the Agency is a single-purpose entity.

The government-wide financial statements can be found on pages 17 and 18 of this report.

**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 Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the activity of the Agency is recorded in the governmental fund category.

**Governmental Funds.** The governmental fund is 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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term financing requirements.

Because the focus of the governmental fund 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 Agency's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The Agency maintains one governmental fund, the General Fund.

The Agency adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements (and reconciliations to the government-wide financial statements) can be found on pages 19 through 22 of this report.

**Notes to Basic Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 27-43 of this report.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

Management's Discussion and Analysis  
 June 30, 2012

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The total assets of the Agency's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$19,775,591 (net position).

**Net Position**

	Governmental Activities	
	2012	2011
Current and other assets	\$ 36,256,015	\$ 38,903,803
Capital assets	1,996,214	571,815
Total assets	38,252,229	39,475,618
Long-term liabilities	15,809,339	16,479,873
Other liabilities	2,667,299	2,637,885
Total liabilities	18,476,638	19,117,758
Net position:		
Net investment in capital assets	1,996,214	571,815
Restricted	17,779,377	19,786,046
Total net position	\$ 19,775,591	\$ 20,357,861

Total net position of the Agency at June 30, 2012, was \$19,775,591. Of the total liabilities of \$18,476,638, approximately 85.6% represent liabilities related to long-term liabilities of the Agency.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

Management's Discussion and Analysis  
 June 30, 2012

**Change in Net Position**

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues		
Charges for services	\$ 588	\$ 312,288
General revenues		
Property taxes	5,124,360	8,206,798
Unrestricted investment income	315,668	322,737
Other	68,461	26,289
Total revenues	5,509,077	8,868,112
Expenses:		
General government	5,294,761	5,268,249
Interest and other fiscal charges	796,585	949,862
Total expenses	6,091,346	6,218,111
Change in net position	(582,269)	2,650,001
Net position, July 1	20,357,860	17,707,859
Net position, June 30	\$ 19,775,591	\$ 20,357,860

Total revenues were \$5,509,489 for the year ended June 30, 2012, consisting primarily of property taxes, while total expenses were \$6,091,346. The excess of expenses over revenues resulted in a decrease in net position of \$582,269.

At the end of the current fiscal year, the Agency is able to report a positive balance in both classifications of Net Position.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund.** The focus of the Agency's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, restricted fund balance for future redevelopment activities may serve as a useful measure of the Agency's net resources available for spending at the end of the fiscal year.

As a measure of the Agency's liquidity, it may be useful to compare the restricted fund balance for future redevelopment activities to fund expenditures. Restricted fund balance for future redevelopment activities represents 150% of total fund expenditures, including debt service expenditures. This increased restricted fund balance for future redevelopment activities will give the Agency's General Fund sufficient cash to meet its near-term operational obligations.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

Management's Discussion and Analysis  
June 30, 2012

**GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and final amended budget are summarized below:

- Revenue estimates decreased by approximately \$1,970,000, which consisted of a decrease in tax increment revenue of \$1,300,000 due to reduced assessed valuations from appeals as well as a decrease to miscellaneous revenue for a grant that was anticipated to be received from the Regional Transportation Commission that was instead awarded to the City.
- Budgeted expenditures were increased by approximately \$918,000, the majority representing an increase in services and supplies as a result of the Wells Park renovation project not being completed at June 30, 2011; therefore, \$2.5 million was carried forward into fiscal 2012, with an offset of \$1.4 million being trimmed from the budget to align with revenue and create budget savings in anticipation of reduced tax increment revenue projections in fiscal 2013.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The Agency's capital assets consist entirely of construction in process and amounted to \$1,996,214 as of June 30, 2012. Additional information on the Agency's capital assets is provided in Note 6 of the notes to financial statements.

**Long-Term Liabilities.** At the end of the fiscal year, the Agency had total bonded debt outstanding of \$13,010,000. Of this amount, \$9,495,000 is considered tax allocation debt of senior bonds and \$3,515,000 is tax allocation debt of junior bonds. The remainder of long-term liabilities includes an advance from the City for the purchase of land to satisfy a redevelopment project loan guaranty and compensated absences and post employee benefits.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

Management's Discussion and Analysis  
 June 30, 2012

**Outstanding Long-Term Liabilities**

	Governmental Activities	
	2012	2011
Tax allocation bonds	\$ 13,010,000	\$ 13,625,000
Note payable/Advances from City	3,209,916	3,209,916
Compensated absences and other post employment benefits	248,244	259,957
<b>Total</b>	<b>\$ 16,468,160</b>	<b>\$ 17,094,873</b>

Upon issuance of Financial Guaranty Insurance Policy, in June 2002, Standard & Poor's Ratings Service and Moody's Investor Service assigned the Senior 2002 Bonds Ratings of "AAA" and "Aaa", respectively. Standard & Poor's assigned an underlying rating of "BBB+" and affirmed that rating in February 2012.

Additional information on the Agency's long-term liabilities can be found in Note 8 of the notes to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Nevada's redevelopment agencies rely heavily upon tax increment, or the incremental value of ad valorem tax and personal property tax above the base year, as a primary revenue source. In Clark County, assessed values have decreased significantly over the past three years. Additionally, in fiscal year 2012, Clark County received 1,168 appeals from property tax payers impacting the Agency's redevelopment tax districts reducing assessed value by over \$164 million. The result was a decrease in tax increment revenue collected of 37.5% from the prior year.

In the 2005 legislative session, the Nevada State Legislature passed a law to provide property tax relief to citizens. Assembly Bill 489, signed into law on April 6, 2005, provides a partial abatement of taxes by applying a 3% cap on the tax bill of the owner's primary residence (single-family house, townhouse, condominium or manufactured home). Only one property may be selected in the State of Nevada as a primary residence. Some rental dwellings that meet the low-income rent limits may also qualify for a 3% cap on the tax bill.

An 8% cap on the tax bill will be applied to residences that are not owner occupied. The 8% cap will also apply to land, commercial buildings, business personal property, aircraft, etc. New construction or property that has a change of use (zoning change or manufactured homed conversion) in the current year will not qualify for any cap until the following fiscal year.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

Management's Discussion and Analysis  
June 30, 2012

These factors were considered in preparing the Agency budget for the 2012-2013 fiscal year.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Henderson Redevelopment Agency, Attn: Special Projects Accountant, P.O. Box 95050, MSC 512, Henderson, Nevada 89009-5050.

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# **Basic Financial Statements**

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**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

**Statement of Net Position**  
**June 30, 2012**

	Governmental Activities
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 17,414,566
Restricted cash, cash equivalents and investments	754,194
Interest receivable	38,011
Notes receivable, net of allowance of \$1,247,298	492,070
Due from other governments	119,881
Deferred charges	434,957
Land held for development	17,002,335
Construction in process	1,996,214
<b>Total Assets</b>	<b>38,252,228</b>
 <b>LIABILITIES</b>	
Accounts payable and other accrued liabilities	260,274
Accrued wages	11,787
Accrued interest payable	922,065
Tax increment payable to developers	572,256
Deposits	100,000
Construction retention payable	142,095
Due to other governments	-
Long-term liabilities, due within one year	
Bonds payable	650,000
Compensated absences	8,821
Long-term liabilities, due in more than one year	
Compensated absences	120,895
Other post employment benefit (OPEB) liability	118,528
Notes and bonds payable	12,360,000
Advances from the City of Henderson	3,209,916
<b>Total Liabilities</b>	<b>18,476,637</b>
 <b>NET POSITION</b>	
Invested in capital assets	1,996,214
Restricted	17,779,377
<b>Total Net Position</b>	<b>\$ 19,775,591</b>

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

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

**Statement of Activities**  
**For the Year Ended June 30, 2012**

FUNCTIONS/PROGRAMS	Program Revenues				Net
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Expenses) Revenues and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
General government	\$ 5,294,761	\$ 588	\$ -	\$ -	\$ (5,294,173)
Interest and other fiscal charges	796,585	-	-	-	(796,585)
Total Governmental Activities	<u>\$ 6,091,346</u>	<u>\$ 588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,090,758)</u>
General Revenues					
Property taxes					5,124,360
Intergovernmental					7,744
Investment income					315,668
Rental fees					60,717
Total General Revenues					<u>5,508,489</u>
Change in Net Position					(582,269)
NET POSITION, BEGINNING OF YEAR					<u>20,357,860</u>
NET POSITION, END OF YEAR					<u>\$ 19,775,591</u>

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

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

**Balance Sheet**  
**Governmental Fund - General Fund**  
**June 30, 2012**

<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 17,414,566
Restricted cash, cash equivalents and investments	754,194
Interest receivable	38,011
Notes receivable, net of allowance of \$1,247,298	492,070
Due from other governments	119,881
Land held for development	17,002,335
Total assets	\$ 35,821,057
<b>LIABILITIES</b>	
Accounts payable and other accrued liabilities	\$ 260,274
Accrued wages	11,787
Tax increment payable to developers	572,256
Advances from City of Henderson	3,209,916
Deposits	100,000
Total liabilities	4,154,233
<b>FUND BALANCE</b>	
Restricted for:	
Land held for development	17,002,335
Debt service	1,376,862
Notes receivable	492,070
Contractual commitments	334,219
Economic stabilization	455,374
Future redevelopment activities	12,005,964
Total fund balance	31,666,824
Total liabilities and fund balance	\$ 35,821,057

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

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
of the Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2012**

Change in Fund Balance - Governmental Fund		\$ (2,471,222)
Amounts reported for governmental activities in the Statement of Activities are different because		
The governmental fund reports capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense		
Expenditures for capital assets (construction in process)		2,000,856
The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on Net Position		
Accrued interest payable	\$ (31,885)	
Principal payments	<u>615,000</u>	
		583,115
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 the governmental fund		
Amortization of bond fees	(29,572)	
Change in other post employment benefit (OPEB) liability	(26,738)	
Change in long-term compensated absences	49,815	
Construction contracts retention payable	(112,066)	
Transfer of capital assets to City of Henderson	<u>(576,457)</u>	
		<u>(695,018)</u>
Change in Position, Governmental Activities		<u>\$ (582,269)</u>

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

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund - General Fund**  
**For the Year Ended June 30, 2012**

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<b>REVENUES</b>	
Property taxes	\$ 5,124,360
Intergovernmental	7,744
Investment income	315,668
Rental fees	60,717
Miscellaneous	588
Total revenues	<u>5,509,077</u>
<b>EXPENDITURES</b>	
General government	
Salaries and wages	940,977
Employee benefits	337,259
Services and supplies	736,663
Program costs	4,615,113
Capital outlay	159
Total general government	<u>6,630,171</u>
Debt service	
Principal payments	615,000
Interest payments	735,128
Total debt service	<u>1,350,128</u>
Total expenditures	<u>7,980,299</u>
CHANGE IN FUND BALANCE	(2,471,222)
FUND BALANCE, BEGINNING OF YEAR	<u>34,138,046</u>
FUND BALANCE, END OF YEAR	<u>\$ 31,666,824</u>

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

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
of the Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2012**

Change in Fund Balance - Governmental Fund		\$ (2,471,222)
Amounts reported for governmental activities in the Statement of Activities are different because		
The governmental fund reports capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense		
Expenditures for capital assets (construction in process)		2,000,856
The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on Net Position		
Accrued interest payable	\$ (31,885)	
Principal payments	<u>615,000</u>	
		583,115
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 the governmental fund		
Amortization of bond fees	(29,572)	
Change in other post employment benefit (OPEB) liability	(26,738)	
Change in long-term compensated absences	49,815	
Construction contracts retention payable	(112,066)	
Transfer of capital assets to City of Henderson	<u>(576,457)</u>	
		<u>(695,018)</u>
Change in Position, Governmental Activities		<u>\$ (582,269)</u>

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

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**Governmental Fund - General Fund**  
**For the Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$ 6,445,130	\$ 5,145,530	\$ 5,124,360	\$ (21,170)
Intergovernmental	-	7,744	7,744	-
Investment income	-	131,500	315,668	184,168
Rental fees	-	-	60,717	60,717
Miscellaneous	870,000	60,700	588	(60,112)
Total revenues	<u>7,315,130</u>	<u>5,345,474</u>	<u>5,509,077</u>	<u>163,603</u>
<b>EXPENDITURES</b>				
General government				
Salaries and wages	1,151,732	927,555	940,977	(13,422)
Employee benefits	440,973	407,984	337,259	70,725
Services and supplies	1,027,158	3,501,754	736,663	2,765,091
Program costs	3,993,987	2,694,518	4,615,113	(1,920,595)
Capital outlay	-	158	159	(1)
Total general government	<u>6,613,850</u>	<u>7,531,969</u>	<u>6,630,171</u>	<u>901,798</u>
Debt service				
Principal payments	615,000	615,000	615,000	-
Interest payments	735,128	735,128	735,128	-
Total debt service	<u>1,350,128</u>	<u>1,350,128</u>	<u>1,350,128</u>	<u>-</u>
Total expenditures	<u>7,963,978</u>	<u>8,882,097</u>	<u>7,980,299</u>	<u>(901,798)</u>
CHANGE IN FUND BALANCE	(648,848)	(3,536,623)	(2,471,222)	1,065,401
FUND BALANCE, BEGINNING OF YEAR	<u>27,814,889</u>	<u>34,138,046</u>	<u>34,138,046</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 27,166,041</u>	<u>\$ 30,601,423</u>	<u>\$ 31,666,824</u>	<u>1,065,401</u>

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

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**Notes to Basic  
Financial Statements**

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**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A COMPONENT UNIT OF THE CITY OF HENDERSON, NEVADA)*

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

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**Note 1. Summary of Significant Accounting Policies**

The financial statements of the City of Henderson Redevelopment Agency (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America (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. The more significant accounting policies are described below.

Reporting Entity

In evaluating how to define the financial reporting entity, management considered all potential component units using standards prescribed under GASB Statement No. 14, *The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*. Component units would include any legally separate organizations for which the Agency is financially accountable. Financial accountability would result where the Agency Board 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 Agency. Financial accountability may also result where an organization is fiscally dependent on the Agency. Based on these criteria, no component units or other reportable organizations were identified.

The Agency is a blended component unit of the City of Henderson, Nevada (the City) and is governed by a five-member board composed of the four City Council members and the Mayor of the City. As a component unit of the City, the Agency participates in the City's pooled cash, investments, other post-employment benefits, retirement plan, and risk management programs. Additional information can be obtained regarding these matters from the City's Comprehensive Annual Financial Report, which can be obtained by writing to:

City of Henderson Finance Department  
240 Water Street, Mail Stop Code 512  
P.O. Box 95050  
Henderson, Nevada 89009-5050

On December 20, 1994, the City Council of the City, acting pursuant to the provisions of the Nevada Community Redevelopment Law (NRS 279.382 to 279.680, inclusive), created by resolution the Agency. The Agency was established in fiscal year 1996 as a separate and distinct legal entity to provide a diversified and strengthened economy in the central area of the City.

In October 1995, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Downtown Redevelopment Area. Subsequently, in November 2005, the Redevelopment Plan was amended to include 73.48 acres of newly annexed land to the Downtown Redevelopment Area.

In February 2001, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Cornerstone Redevelopment Area.

In March 2001, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Tuscany Redevelopment Area.

In February 2006, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Eastside Redevelopment Area.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
(A COMPONENT UNIT OF THE CITY OF HENDERSON, NEVADA)

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

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In March 2009, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Lakemoor Redevelopment Area.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the Agency. Eliminations have been made to minimize the double-counting of internal activities.

The Statement of Activities demonstrates the degree to which the direct expenses of the General Government function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. The fund financial statements provide information about the governmental activity of the Agency. The Agency reports no business type 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*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of the 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 Agency considers revenues to be available if they are collected within sixty days of the end of the 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, are recorded only when payment is due.

Property taxes, intergovernmental revenues, 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. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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 sixty days after year-end).

The Agency reports unearned revenue in the fund financial statements balance sheet. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Agency 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 Agency has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
(A COMPONENT UNIT OF THE CITY OF HENDERSON, NEVADA)

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

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The Agency's General Fund is the primary operating fund. It accounts for all financial resources of the Agency.

Assets, Liabilities and Equity

Cash and Investments

The Agency participates in the City's pooled cash fund. The City pools the majority of its cash resources with the cash resources of the Agency in order to facilitate the management of cash and maximize investment earning potential. Cash applicable to the Agency is readily identifiable. The balances in the pool are available to meet current operating requirements.

Property Taxes

The Agency's main source of revenue is ad valorem property taxes. The Nevada Tax Commission must certify all tax rates on June 25, and property is liened on July 1.

Property taxes are levied in July and are payable to the County Treasurer in four installments during August, October, January and March. Apportionment of taxes by Clark County, to the Agency, is made on a monthly basis.

The Agency receives that portion of ad valorem tax which is produced by the rate at which the tax is levied each year by all taxing entities in the redevelopment area, applied to that portion of the assessed valuation of all taxable property in the redevelopment area, which is in excess of the base year assessed valuation as certified by the Clark County Tax Assessor.

In the 2005 legislative session, the Nevada State Legislature passed a law to provide property tax relief to citizens. Assembly Bill 489, signed into law on April 6, 2005, provides a partial abatement of taxes by applying a 3% cap on the tax bill of the owner's primary residence (single-family house, townhouse, condominium or manufactured home). Only one property may be selected in the State of Nevada as a primary residence. Some rental dwellings that meet the low-income rent limits may also qualify for a 3% cap on the tax bill.

An 8% cap on the tax bill will be applied to residences that are not owner occupied. The 8% cap will also apply to land, commercial buildings, business personal property, aircraft, *etc.* New construction or property that has a change of use (zoning change or manufactured homed conversion) in the current year will not qualify for any cap until the following fiscal year.

Land Held for Development

Land held for development consists of property obtained by the Agency in a defined redevelopment area with the intent that it will be transferred to either the City or a developer in accordance with development agreements. The Disposition and Development Agreements provide for transfer of property to developers after certain redevelopment obligations have been fulfilled. The property is accounted for at the lower of cost or an agreed-upon sales price if a disposition agreement has been made with a developer.

Capital Assets

Capital assets are reported in the government-wide financial statements and consist of construction in progress. Capital assets are defined by the Agency as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical

(continued)

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A COMPONENT UNIT OF THE CITY OF HENDERSON, NEVADA)*

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

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cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. As of June 30, 2012, the Agency has no depreciable capital assets.

Compensated Absences

It is the Agency's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which are collectively referred to as compensated absences. All vacation and sick leave is accrued when incurred in the government-wide financial statements. In governmental funds, the current portion of compensated absences, vacation leave, and sick leave actually paid or accrued as a result of employees who have terminated, is recorded as a payroll expenditure.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

For governmental fund types, bond premiums and discounts, as well as bond issuance costs, are recognized during the period in which the bonds are issued. The face amount of bonds issued is reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Bond issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Equity Classifications

In the government-wide 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 its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Fund Balance Definitions* (GASB 54), which became effective for periods beginning after June 15, 2010. Under GASB 54, governmental fund equity is classified as fund balance and is further classified as follows:

Nonspendable - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) 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). For the Agency, all fund balance is considered restricted per Nevada Revised Statute 279, *Redevelopment of Communities*.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A COMPONENT UNIT OF THE CITY OF HENDERSON, NEVADA)*

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

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Committed - Includes amounts that can only be used for a specific purpose because of a formal action (resolution or ordinance) by the Redevelopment Agency Board, which is the Agency'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 Agency's intent to be used for specific purposes, but do not meet the criteria in GASB 54 to be classified as restricted or committed. The Agency Board delegates authority to assign fund balances amounts to the Agency's Treasurer. Constraints imposed on the use of assigned amounts can be removed without formal action by the Agency Board.

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. Other governmental funds might report a negative unassigned fund as a result of overspending for specific purposes for which amount has been restricted, committed or assigned.

The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The Agency Board adopted its Financial Stabilization policy on August 16, 2011, effective June 30, 2011, in connection with the adoption of GASB 54. The policy states that the Agency will accumulate for economic stabilization 1% tax increment revenue per year with a target balance of 8.3% of the ensuing fiscal year's budgeted tax increment revenue. Accumulated balances maintained for economic stabilization may be made available 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 Agency Board. None of these circumstances are expected to occur routinely.

Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Note 2. Stewardship, Compliance and Accountability**

Budgetary Information

An annual budget is legally adopted for the General Fund of the Agency on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

Prior to April 15, the Treasurer of the Agency submits a tentative budget for the Agency for the ensuing fiscal year to the Agency Board, the Nevada Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the Agency whether or not the budget is in compliance with the appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The Agency Board adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval. The revenue classifications and expenditure functions shown in the 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 Agency Board. Per Nevada law, the budget officer is authorized to transfer budgeted amounts within functions if the Agency Board is notified at the next regular meeting and the action is noted in the official minutes. Revisions, which affect the total fund

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A COMPONENT UNIT OF THE CITY OF HENDERSON, NEVADA)*

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

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appropriations, are accomplished through formal Agency Board approval. Various supplemental appropriations are approved during the year to adjust resources available and to reflect corresponding changes in spending. Nevada law (NRS 354.626) requires budgetary control to be exercised at the function level in governmental funds.

The Agency uses an encumbrance system as an extension of normal budgetary accounting for the general fund. Under this system, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations.

Unencumbered appropriates lapse at year end. Encumbered appropriates are carried forward in the ensuing year's budget.

Compliance with the Nevada Revised Statutes (NRS) and the Nevada Administrative Code

The Agency conformed to all significant statutory constraints on its financial administration during the year.

**Note 3. Cash, cash equivalents and Investments**

Deposits

The NRS govern the Agency's deposit policies. Agency monies must be deposited in insured banks and savings and loan associations. The Agency 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. Permissible state investments include obligations of the U.S. Treasury, certain farm loan bonds, certain securities issued by Nevada local governments, repurchase agreements, bankers' acceptances, commercial paper, negotiable certificates of deposit, and money market mutual funds. Allowable Agency investments are similar except that some state investments are longer term and include securities issued by municipalities outside of Nevada.

The Agency invests monies on its own and through pooling of monies with the City. The pooling of monies, referred to as an internal investment pool, is theoretically invested on the whole, as a combination of monies from each fund belonging to the pool. In this manner, the City's Finance Director is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned monthly to each fund in the pool based on the average cash balance of the fund for the month.

Investments

The NRS authorize the Agency to invest in obligations of the U.S. Treasury and U.S. Agencies having maturity dates that do not extend more than ten years from the date of purchase, the state treasurer's investment pool, negotiable notes or short-term negotiable bonds issued by other local governments of the State of Nevada, bankers' acceptances not exceeding 180 days maturity and eligible by law for rediscount with the Federal Reserve Banks and commercial paper issued by a corporation organized and operating in the U.S. that is purchased from a registered broker-dealer, with a remaining term of less than 270 days rated "A-I", "P-I" or better (purchases of bankers' acceptances or commercial paper may not exceed 20 percent of the money available for local government investment).

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

	Cost	Fair and Carrying Value	Credit Rating	Weighted- average Maturity (Years)
Pooled cash and investments held by the City	\$16,791,898	\$16,791,898	N/A	3.83
Investments held with Fiscal Agent Money market fund	1,376,862	1,376,862	AAA	--
	<u>\$18,168,760</u>	<u>\$18,168,760</u>		

**Note 4. Notes Receivable**

As incentives to accomplish redevelopment efforts, the Agency negotiates and issues low-interest notes to provide gap financing to developers; for business recruitment, retention and expansion; and, to owner-occupied residents for home improvements.

For the fiscal year ended June 30, 2012, the change in notes receivable, net of allowances for doubtful collection, is as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Home Program Advances <sup>(1)</sup> :				
Principal	\$ 459,649	\$ --	\$ (95,835)	\$ 363,804
Interest	--	10,356	(10,356)	--
	<u>459,649</u>	<u>10,356</u>	<u>(106,201)</u>	<u>363,804</u>
Advances to individuals and business, payable in monthly installments for a term of generally five years, including interest at 0.0% to 8.0% <sup>(2)</sup> :				
Principal	68,716	5,000	(53,450)	20,266
Interest	--	747	(747)	--
	<u>68,716</u>	<u>5,747</u>	<u>(54,197)</u>	<u>20,266</u>
Advances to an LLC, maximum amount is \$775,000, payments deferred for five years. Accrued interest at 6.23% per year <sup>(3)</sup>				
Principal	--	--	--	--
Interest	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Sale of land to an LLC, secured by guarantee agreement and deed of trust. Interest accrues at 4.84%. Principal and accrued interest are due in April 2012 <sup>(4)</sup> :				
Principal	108,000	--	--	108,000
Interest	--	--	--	--
	<u>108,000</u>	<u>--</u>	<u>--</u>	<u>108,000</u>
Totals				
Principal	636,365	5,000	(149,285)	492,070
Interest	--	11,103	(11,103)	--
	<u>\$ 636,365</u>	<u>\$ 16,103</u>	<u>\$ (160,388)</u>	<u>\$ 492,070</u>

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(1) Due to the economic downturn, many loan recipients have defaulted on their loans. The Agency carried a second position on the property serving as collateral. In most cases, the property serving as collateral for the loan was not sufficient to cover the first deed of trust. Policies were put in place in fiscal year 2012 regarding loan defaults. If the original loan amount was less than \$15,000, the cost to take legal action would outweigh the benefit of potential loan fulfillment. Therefore, in fiscal year 2012, \$32,710 was written off and recorded as a program expenditure. In addition, in fiscal 2012 several loans were restructured to assist recipients experiencing financial hardships in repaying their loans. The Agency accepted a settlement for one loan.

(2) Due to the downturn in the economy, one business that received a loan from the Agency ceased operations. The collateral on the loan was not sufficient to cover the first deed of trust and the Agency was in second position. During fiscal 2012, the Agency took possession of and sold all of the business' assets for \$10,000, which was applied to the outstanding note balance. The remaining note balance of \$41,074 was written-off during fiscal 2012 and charged to program expenditures.

On September 27, 2011, the Agency Board ratified the Emergency Loan program for businesses impacted by the Water Street improvements when access to businesses on the east side of the street were cut off. The Emergency Loan program was available from August 17 to September 7, 2007. During the period of availability, one business participated in the program receiving a \$5,000 loan at zero percent interest for four years.

(3) Due to the downturn in the economy and uncertainty regarding repayment, the \$775,000 note, including all accrued interest thereon, had been fully reserved as of June 30, 2010. On October 18, 2011, the Agency amended its agreements extending the existing loan for two additional years and reduced interest to zero for this extension period.

(4) Due to the downturn in the economy and uncertainty regarding repayment, the \$580,298 note, including all accrued interest thereon, was written down to the estimated value of the land collateralizing the note as of June 30, 2012.

**Note 5. Land Held for Development**

For the fiscal year ended June 30, 2012, land held for development consists of the following:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Downtown Redevelopment Area:				
Water Street Commons	\$ 4,178,738	\$ --	\$ --	\$ 4,178,738
Lake Mead Parkway	195,721	--	--	195,721
Texas / Atlantic Parking	425,181	--	--	425,181
Pinnacle	3,934,751	--	--	3,934,751
Asset Central	846,142	--	--	846,142
Basic/Lead	752,988	--	--	752,988
Other	787,181	--	--	929,503
Total Downtown Redevelopment Area	11,120,702	--	--	11,120,702
Eastside Redevelopment Area	5,881,633	--	--	5,881,633
Total	\$ 17,002,335	\$ --	\$ --	\$ 17,002,335

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**Note 6. Capital Assets**

For the year ended June 30, 2012, capital asset activity consists primarily of construction of a park, which is recorded as construction in progress and is expected to be transferred to the City upon completion in fiscal 2013. The Agency's participation in the rehabilitation of the City Hall Annex and the infrastructure upgrades to Water Street were completed and transferred to the City in fiscal 2012.

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets not being depreciated:				
Construction in process	\$ 571,815	\$ 2,000,856	\$ 576,457	\$ 1,996,214

**Note 7. Advances from the City of Henderson**

For the fiscal year ended June 30, 2012, the advances from the City of Henderson consists of the following:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
\$791,592 note payable, principal and interest deferred until September 2012, as amended, interest accrues at 6.0%	\$ 621,260	\$ --	\$ --	\$ 621,260
\$2,588,656 note payable, principal and interest deferred until November 2012, or sale of property, whichever occurs first, interest accrues at 4.8%	2,588,656	--	--	2,588,656
	\$ 3,209,916	\$ --	\$ --	\$ 3,209,916

On August 19, 2008, the Agency reevaluated the \$791,592 advance from the City dated September 15, 2004. The Agency Board and City Council approved a loan amendment whereby the Agency would repay the Park Development Fund the principal amount of \$170,331, plus accrued interest, on the original maturity date of September 15, 2008. The remaining balance related to the Land Fund would receive the interest accrued through September 15, 2008 as of at that date. The Agency continues to owe the principal amount of \$621,260, which accrues interest at 6% and is payable in full on September 15, 2012, with the option to extend the maturity date two additional three-year periods at the sole option of the City. Interest is being accrued and is payable upon maturity or at extension date. On February 15, 2011, the Agency Board and City Council approved an extension of this note to September 7, 2015, and also approved a resolution to subordinate this Note to any future bond issuance. Accrued interest of \$256,695 is included as a liability on the Statement of Net Position. On March 20, 2012, the City Council approved an extension of the note to September 7, 2018, and reduced the interest rate to zero beginning May 1, 2009.

On November 20, 2007, the Agency borrowed \$2,588,655 from the City's Land fund. The purpose of the loan was to fund the payment of amounts due under a guarantee agreement entered into on July 13, 2005. Interest accrues at 4.8% per year, and all outstanding principal and interest are due and payable on the earlier of the sale of the Pinnacle Building property, or November 20, 2012. On February 15, 2011, the Agency Board and City Council approved an extension to September 30, 2015 and also approved a resolution to subordinate this Note to any future bond issuances. Accrued interest of \$445,249 is included as a liability on the Statement of Net Position. On June 5, 2012, the City Council approved an extension of the note to November 20, 2018 and reduced the interest rate to zero effective June 20, 2012.

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**Note 8. Long-term Liabilities**

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

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Amounts Due Within One Year
\$4,295,000 2002 tax allocation junior bonds due in annual installments through October 2025, interest varies between 5.1% and 7.2%	\$ 3,660,000	\$ --	\$(145,000)	\$ 3,515,000	\$ 160,000
\$12,045,000 tax allocation senior bonds due in annual installments through October 2025; interest varies between 3.5% and 5.25%	9,965,000	--	(470,000)	9,495,000	490,000
Total Bonds Payable	13,625,000	--	(615,000)	13,010,000	650,000
Compensated absences	179,531	3,978	(53,793)	129,716	8,821
Other postemployment benefits obligation (OPEB)	91,790	26,738	--	118,528	--
<b>Total Long-term Liabilities</b>	<b>\$13,896,321</b>	<b>\$ 30,716</b>	<b>\$(668,793)</b>	<b>\$ 13,258,244</b>	<b>\$ 658,821</b>

As of June 30, 2012, the annual requirements to pay principal and interest on all bonds outstanding are as follows:

Year Ending June 30:	Bonds		
	Principal	Interest	Total
2013	\$ 650,000	\$ 702,790	\$ 1,352,790
2014	680,000	669,121	1,349,121
2015	715,000	633,881	1,348,881
2016	755,000	595,851	1,350,851
2017	790,000	555,099	1,345,099
2018 – 2022	4,655,000	2,058,001	6,713,001
2023 – 2026	4,765,000	572,667	5,337,667
	<b>\$ 13,010,000</b>	<b>\$ 5,787,410</b>	<b>\$ 18,797,410</b>

**Note 9. Retirement Plan**

The Agency, as a component unit of the City, is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer defined benefit plan administered by PERS. All full-time employees are covered under the system. In addition, any part-time employees working at least twenty hours per week are covered.

The City has no liability for unfunded obligations of PERS as provided by NRS 286.110.

Benefits, as required by NRS, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the Plan include pension benefits, disability benefits and death benefits. Monthly benefit allowances for regular members with an effective date prior to January 1, 2010, are computed at 2.50% for service earned through June 30, 2001, and 2.67 % for service earned on or after July 1, 2001, with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation). Monthly benefit allowances for regular members with an effective date on or after January 1,

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2010, are computed at 2.50% of average compensation for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation).

PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service.

A member who retired on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, and who has 36 years of service is entitled to a benefit of up to 90% of his/her average compensation. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of average compensation. Members become fully vested as to benefits upon completion of 5 years of service.

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

The Agency's contribution rates and amounts contributed for the last three years are as follows:

Fiscal Year	Contribution Rate	Total Required Contribution	Actual Percentage Contributed of Required Contribution
2012	23.75%	\$ 221,771	100%
2011	21.50%	205,546	100%
2010	21.50%	247,809	100%

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

**Note 10. Other Post-employment Benefits (OPEB)**

For the fiscal year ended June 30, 2012, the City annual OPEB cost is \$4,665,000, of which the Agency's share is \$26,738. Amounts unpaid are recorded as a liability on the Statement of Net Position.

The Agency's net OPEB obligation for the years ended June 30, 2012, 2011 and 2010, is as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation
June 30, 2012	\$ 26,738	\$ --	0.0%	\$ 118,528
June 30, 2011	11,703	--	0.0%	91,790
June 30, 2010	23,358	3,647	15.62%	80,087

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**Note 11. Risk Management**

The Agency is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions. The Agency is covered under the City's insurance policies, which provide health insurance coverage for its employees. The City carries insurance policies for liability, fire, theft, auto, inland marine, workers' compensation and Directors' and Officers' coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years for the Agency.

**Note 12. Commitments and Contingencies**

The Agency has entered into tax increment subordinate lien notes as part of owner participation agreements. The notes varied by amount of indebtedness, interest rate and maturity date and have been allocated to various parcels of land in their respective redevelopment area. The indebtedness is payable solely and exclusively from a predetermined percentage of the site tax increment received by the Agency on those specific parcels and is not payable from any other source. Because the requirements to repay the notes are contingent on the Agency receiving sufficient site tax increment on the specific parcels, as well as the developer incurring reimbursable project costs, certain of these potential future obligations of the Agency have been reflected in the Agency's financial statements to the extent that tax increment has been collected and qualified expenses have been incurred by the developer.

The following summarizes the unique terms of each note:

Cornerstone Redevelopment Area

CS Lot 1 Land Purchase Note

On June 1, 2001, the Agency entered into a development agreement and executed the CS Lot 1 Land Purchase Promissory Note in the amount of \$3,100,000 (the CS Lot 1 Note), which is payable solely from 25% of the related site tax increment from the development area. Interest accrues at 9.5% unless the Cornerstone Developer fails to meet the Private Improvement Schedule set forth in the CS Lot 1 Note (interest is currently tolling). The proceeds from the CS Lot 1 Note were used to purchase land, upon which a public improvement project was built by the Cornerstone Developer. Any unpaid principal and interest that remains outstanding thirty (30) years after the date of the adoption of the Cornerstone Redevelopment Plan (*i.e.*, as of June 1, 2031) will be forgiven and deemed paid in full. At June 30, 2012, the balance on the CS Lot 1 Note was \$2,682,681.

During fiscal 2012, the Agency received site tax increment revenue and paid an assignee of the Cornerstone Developer \$175,769, which was charged to program costs. Additionally, the Agency received site tax increment revenue of \$919 that was charged to program cost, but will not be disbursed to the developer until fiscal 2013, and is shown as Tax Increment Payable to Developers.

Series B Bonds Note

The Agency also executed a \$6,250,000 promissory note on May 9, 2002 (the Series B Note), which bears interest at 6.9% (beginning December 1, 2002) and is payable over sixteen years. The note is equal to the proceeds of the Series B LID Bonds issued by the City. A separate agreement signed by the Cornerstone Developer and the City assigned all payments on the Series B Note to the City as an offset to the principal and interest payments the City is obligated to pay on the Series B LID Bonds. Accordingly, the Agency is currently obligated to make payments on the Series B Note to the City, who in turn uses the proceeds to fund the payments due on the Series B LID bonds. The percentage of site tax increment from which the note is to

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be repaid is 40%. The amount of principal and interest owed to the City for fiscal 2012 was \$285,000 and \$298,857, respectively. During fiscal 2012, the Agency received site tax increment revenue and paid the City \$265,691 (in interest), which was charged to program costs. The remaining balance owed to the City of \$318,166 was added to the shortfall note obligation discussed in the following paragraph. Additionally, the Agency received site tax increment revenue of \$151,503 that was accrued to program cost, but will not be disbursed until fiscal 2013 and is shown as Tax Increment Payable to Developers.

Shortfall Note

The Agency also executed a "shortfall" promissory note (the Shortfall Promissory Note), which provides that property owners will advance the Agency the amount of the payments due on the Series B Note when due, reduced by the available site tax increment received by the Agency. Interest on the Shortfall Promissory Note accrues at 6.9% unless the Cornerstone Developer fails to meet the Private Improvements Schedule set forth in the note (interest is currently tolling). The amount from which the note is to be paid is the remainder of 40% of the site tax increment after payment on the Series B Note. During fiscal 2012, property owners effectively advanced the Agency \$315,241 for payment due on the Series B Note as discussed in the previous paragraph, as well as paid off LIDs of \$34,343, totaling \$349,584. At June 30, 2012, the balance on the Shortfall Promissory Note was \$2,777,005.

Diamond Cornerstone Note

On April 10, 2007, in connection with an Owner Participation Agreement (Cornerstone OPA), the Agency executed a \$274,002 promissory note with Diamond Cornerstone, LLC (Diamond), which bears interest at 4.51%, requires semi-annual payments of principal and interest and is scheduled to mature on October 1, 2030. All amounts owing to Diamond, including interest, are subordinated to the CS Lot 1 Promissory Note, the Shortfall Promissory Note and the 18% housing set-aside, and no payment is due until this existing indebtedness has been satisfied. Provided that there are no other defaults under the notes, Diamond is to forgive any and all amounts due under the notes, including accrued interest, penalties and fees upon the maturity date.

In August, 2011, the Developer sold the property which resulted in Diamond defaulting on the Cornerstone OPA and the related promissory note. Diamond agreed to terminate the Cornerstone OPA and forfeit any amounts owing on the promissory note. The termination was approved at the Agency's October 18, 2011 board meeting. Therefore, at June 30, 2012, the balance on the promissory note payable to Diamond was \$0.

Tuscany Redevelopment Area

Commerce and Associates Note

On April 16, 2002, the Agency and Commerce and Associates, LLC (Commerce) entered into an Owner Participation Agreement (the Commerce OPA), which provides that the Agency reimburse Commerce up to \$40 million for public improvements, payable from 85% of the tax increment received from the Tuscany redevelopment project area (the Commerce Note). Interest on the Commerce Note was originally 8.5%, but tolls when accumulated assessed value fails to equal or exceed the minimums per the Commerce Note. The original schedule for completion of all public and private improvements per the Commerce OPA was by December 31, 2006. However, Commerce has received four amendments which extended the time for completion to December 15, 2011.

The amendments also increased the Agency's reimbursement commitment to \$60 million, payable from 90% of the tax increment received from the Tuscany redevelopment project area, until such time that the 18% low-

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income housing set aside is required by NRS. At that time, the Agency's reimbursement commitment increases to 95% of tax increment remaining after the low-income housing set aside. The amendments also modified the Commerce Note interest rate such that interest shall not accrue until the date a certificate of completion is executed by the Agency. The interest rate is now 5.25% per annum compounded annually.

On June 15, 2010, the Agency entered into Amendment #4 to the Commerce OPA, which resulted in the release of \$7,507,500 of accumulated site tax increment to Nevada Construction Services (NCS). NCS disbursed \$5,220,480 to contractors completing the final public improvements during fiscal year 2011, with the residual returned to the Agency for ultimate disbursement to Alfred Thomas, assignee to the Commerce Note, and Commerce on May 16, 2011, in the following amounts:

NCS Disbursements to Contractors	\$ 5,220,480
Thomas Alfred	7,000,000
Commerce	463,230
	<u>\$ 12,683,710</u>

On May 9, 2012, an amendment to the Commerce Note was completed to increase the principal balance for all verified public improvement costs totaling \$59,912,690, less what the Agency had already paid toward principal \$12,683,710, for a new principal balance of \$47,228,980.

On June 25, 2012, the Agency agreed to an assignment of the proceeds to Mr. Alfred Thomas from future tax increment beginning October 1, 2012, until such time that the Agency is notified in writing by the Assignor and Assignee that Commerce's note to Mr. Thomas is paid in full.

During fiscal 2012, the Agency made interest payments on the Commerce Note of \$1,298,835 and at June 30, 2012, the outstanding balance on the Commerce Note is \$48,371,566. All unpaid principal and interest that remains owed thirty (30) years after the date of adoption of the Tuscany Redevelopment Plan will be forgiven and deemed paid in full.

Since the last semi-annual payment, through June 30, 2012, the Agency has collected additional tax increment with \$416,698 being Commerce's share which has been accrued and reported as Tax Increment Payable to Developers.

Eastside Redevelopment Area

LandWell Note

On October 16, 2007, the Agency and LandWell, LLC (LandWell) entered into an Owner Participation Agreement (the LandWell OPA), which provides that the Agency reimburse LandWell up to \$170 million for public improvements from 50% of the tax increment received from the project (the LandWell Note) on October 1 and April 1. The LandWell Note bears interest at 8%, but interest will toll when accrued interest reaches \$39 million in total.

On May 15, 2012, the Agency and LandWell completed the first amendment to the LandWell OPA which increases the percentage of tax increment received from the project from 50% to 75%, and reduces the interest rate on the LandWell Note from 8% to 6%. It also formalizes LandWell's obligation to reimburse the City of Henderson City Attorney's office for \$3,948,896 in legal fees related to environmental work (the City Attorney Note). The Agency will reimburse the City for all funds held to date for LandWell, and up to \$500,000 annually from future tax increment proceeds related to the LandWell Note. Interest on the \$3.9 million receivable from LandWell accrues at 3%. If on October 1, 2020, there has not been sufficient tax increment collected to pay off the amount remaining to the City Attorney's office, LandWell is required to

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pay the remaining balance on or before October 15, 2020. Additionally, the amendment includes LandWell's obligation to reimburse the City of Henderson Public Works department of \$298,587 for the construction of a sewer main servicing the project.

During fiscal 2012, the Agency made the following payments to the City related to LandWell:

City Attorney's Office	\$ 418,324
Public Works Department	298,587
	<u>\$ 716,911</u>

At June 30, 2012, the outstanding balances of the Eastside Redevelopment Notes are as follows:

City Attorney's Office	\$ 3,119,904
LandWell	261,929
	<u>\$ 3,381,833</u>

At June 30, 2012, \$3,137 has been placed in a restricted cash account as well as recorded as a program expense and a liability (Tax Increment Payable to Developers).

All unpaid principal and interest on the LandWell Note that remains owed thirty (30) years after the date of adoption of the Eastside Redevelopment Plan will be forgiven and deemed paid in full.

Other contractual commitments

As of June 30, 2012, the Agency had outstanding encumbrances in the General Fund in the amount of \$334,219. These encumbrances are classified as Restricted Fund Balance.

**Note 13. New Accounting Pronouncements**

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

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

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

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
(A COMPONENT UNIT OF THE CITY OF HENDERSON, NEVADA)

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

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

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

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

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

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

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
(A COMPONENT UNIT OF THE CITY OF HENDERSON, NEVADA)

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

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This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. Management has not yet completed its assessment of this statement.

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# **Supplementary Information**

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**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

Combining Balance Sheet - By Project Area  
 Governmental Fund - General Government - General Fund  
 June 30, 2012

	Downtown	Tuscany	Cornerstone	Eastside	Lakemoor	Revolving Fund	Administration	Total
<b>ASSETS</b>								
Cash, cash equivalents and investments	\$ 7,484,847	\$ 472,057	\$ 1,233,070	\$ 8,130,141	\$ 445	\$ 77,058	\$ 16,948	\$ 17,414,566
Restricted cash, cash equivalents and investments	100,000	416,698	234,359	3,137				754,194
Interest receivable	13,399	1,982	3,196	19,434				38,011
Notes receivable, net	325,552			166,518				492,070
Due from other governments	70,405	30,402	12,268	6,794	12			119,881
Land held for development	11,120,702			5,881,633				17,002,335
<b>Total assets</b>	<u>\$ 19,114,905</u>	<u>\$ 921,139</u>	<u>\$ 1,482,893</u>	<u>\$ 14,207,657</u>	<u>\$ 457</u>	<u>\$ 77,058</u>	<u>\$ 16,948</u>	<u>\$ 35,821,057</u>
<b>LIABILITIES</b>								
Accounts payable and other accrued liabilities	\$ 51,533	\$ -	\$ 38,470	\$ 161,542	\$ -	\$ 3,663	\$ 5,066	\$ 260,274
Accrued wages							11,787	11,787
Tax increment payable to developers		416,697	152,422	3,137				572,256
Advances from City of Henderson	3,209,916							3,209,916
Deposits	100,000							100,000
<b>Total liabilities</b>	<u>3,361,449</u>	<u>416,697</u>	<u>190,892</u>	<u>164,679</u>	<u>-</u>	<u>3,663</u>	<u>16,853</u>	<u>4,154,233</u>
<b>FUND BALANCES</b>								
Restricted for:								
Land held for development	11,120,702	-	-	5,881,633	-	-	-	17,002,335
Debt service	1,376,862	-	-	-	-	-	-	1,376,862
Notes receivable	325,552	-	-	166,518	-	-	-	492,070
Contractual commitments	179,198	-	-	155,021	-	-	-	334,219
Economic stabilization	243,780	-	-	211,594	-	-	-	455,374
Future redevelopment activities	2,507,362	504,442	1,292,001	7,628,212	457	73,395	95	12,005,964
<b>Total fund balance</b>	<u>15,753,456</u>	<u>504,442</u>	<u>1,292,001</u>	<u>14,042,978</u>	<u>457</u>	<u>73,395</u>	<u>95</u>	<u>31,666,824</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 19,114,905</u>	<u>\$ 921,139</u>	<u>\$ 1,482,893</u>	<u>\$ 14,207,657</u>	<u>\$ 457</u>	<u>\$ 77,058</u>	<u>\$ 16,948</u>	<u>\$ 35,821,057</u>

**THE CITY OF HENDERSON REDEVELOPMENT AGENCY**  
*(A Component Unit of the City of Henderson, Nevada)*

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - By Project Area - Governmental Fund - General Government - General Fund**  
**For the year ended June 30, 2012**

	Downtown	Tuscany	Cornerstone	Eastside	Lakemoor	Revolving Fund	Administration	Totals
<b>REVENUES</b>								
Property taxes	\$ 2,235,726	\$ 1,760,696	\$ 799,679	\$ 327,843	\$ 416	\$ -	\$ -	\$ 5,124,360
Intergovernmental	7,744							7,744
Investment income	109,209	19,139	28,808	158,387	9		116	315,668
Rental fees						60,717		60,717
Miscellaneous	283			295			10	588
Total revenues	<u>2,352,962</u>	<u>1,779,835</u>	<u>828,487</u>	<u>486,525</u>	<u>425</u>	<u>60,717</u>	<u>126</u>	<u>5,509,077</u>
<b>EXPENDITURES</b>								
General government								
Salaries and wages	468			835			939,674	940,977
Employee benefits	(10)			(59)			337,328	337,259
Services and supplies	105,758		3,500	125,178		22,474	479,753	736,663
Program costs	757,845	1,577,354	473,285	1,662,044			144,585	4,615,113
Capital outlay	10			149				159
Total general government	<u>864,071</u>	<u>1,577,354</u>	<u>476,785</u>	<u>1,788,147</u>	<u>-</u>	<u>22,474</u>	<u>1,901,340</u>	<u>6,630,171</u>
Debt service								
Principal payments	615,000							615,000
Interest payments	735,128							735,128
Total debt service	<u>1,350,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350,128</u>
Total expenditures	<u>2,214,199</u>	<u>1,577,354</u>	<u>476,785</u>	<u>1,788,147</u>	<u>-</u>	<u>22,474</u>	<u>1,901,340</u>	<u>7,980,299</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	138,763	202,481	351,702	(1,301,622)	425	38,243	(1,901,214)	(2,471,222)
OTHER FINANCING SOURCES (USES) Transfers between RDA project areas	<u>(1,010,444)</u>	<u>(176,069)</u>	<u>(39,984)</u>	<u>(675,310)</u>	<u>-</u>	<u>-</u>	<u>1,901,807</u>	<u>-</u>
CHANGE IN FUND BALANCE	(871,681)	26,412	311,718	(1,976,932)	425	38,243	593	(2,471,222)
FUND BALANCE, BEGINNING OF YEAR	<u>16,625,137</u>	<u>478,030</u>	<u>980,283</u>	<u>16,019,910</u>	<u>32</u>	<u>35,152</u>	<u>(498)</u>	<u>34,138,046</u>
FUND BALANCE, END OF YEAR	<u>\$ 15,753,456</u>	<u>\$ 504,442</u>	<u>\$ 1,292,001</u>	<u>\$ 14,042,978</u>	<u>\$ 457</u>	<u>\$ 73,395</u>	<u>\$ 95</u>	<u>\$ 31,666,824</u>

# **Compliance Report**

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**P B T K**

**PIERCY BOWLER  
TAYLOR & KERN**

Certified Public Accountants  
Business Advisors

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

Members of the City of Henderson  
Redevelopment Agency Board  
City of Henderson, Nevada

We have audited the basic financial statements of the City of Henderson Redevelopment Agency (the Agency), a component unit of the City of Henderson, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 6, 2012. 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.

**Internal Control over Financial Reporting**

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

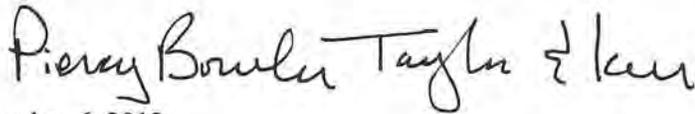
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Members of the City of Henderson  
Redevelopment Agency Board  
City of Henderson, Nevada

**Compliance and other matters**

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

This report is intended for the information and use of the Redevelopment Agency Board, management of the Agency, federal awarding agencies and pass-through entities. However, this report is a matter of public record, and therefore, its distribution is not limited.



November 6, 2012





**CITY OF HENDERSON REDEVELOPMENT AGENCY**

**REQUIRED  
COMMUNICATIONS  
LETTER**

**TO THE  
MEMBERS OF THE CITY OF HENDERSON REDEVELOPMENT  
AGENCY BOARD**

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

**CITY OF HENDERSON REDEVELOPMENT AGENCY  
REQUIRED COMMUNICATIONS LETTER**

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P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

City of Henderson Redevelopment Agency Board  
City of Henderson Redevelopment Agency  
240 Water Street  
Henderson, Nevada 89015

RE: Required Communications

Ladies and gentlemen:

As part of our engagement to audit the basic financial statements of City of Henderson Redevelopment Agency (the Agency) as of June 30, 2012 and for the year then ended, we are required under applicable auditing standards to communicate certain matters to those charged with governance responsibilities for the Agency for the purpose of assisting them in meeting their responsibilities with regard to the financial reporting process. This report contains those required communications.

The matters reported herein were considered in forming our opinion on the Agency's basic financial statements contained in our report dated November 6, 2012, and these matters do not change that report.

This communication is intended solely for the confidential information and use of those charged with governance and management responsibilities for the Agency and others identified below, either receiving a copy or being approved to receive a copy from management. However, this report is a matter of public record, and its distribution is not limited.



November 6, 2012

Copies provided to:  
Jacob Snow, Executive Director  
Richard Derrick, Treasurer

## SIGNIFICANT AUDIT ADJUSTMENTS

Our audit resulted in no significant audit adjustments to the Agency's basic financial statements.

## DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

Management cooperated fully, and no significant difficulties were encountered in completing the June 30, 2012, audit.

## MATTERS INVOLVING INTERNAL CONTROL

We planned and performed our audit of the basic financial statements of the Agency as of June 30, 2012 and for the year then ended, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* issued by the Comptroller General of the United States. We considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Agency's basic financial statements. Such procedures were not performed for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

The principal objectives of effective internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that all transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of basic financial statements in accordance with accounting principles generally accepted in the United States. The concept of reasonable assurance requires that management, in fulfilling its responsibility, make estimates and judgments to assess the expected benefit and related costs of control procedures. Because of inherent limitations in any internal control, errors or fraudulent acts, particularly when involving forgery and collusion, may occur and not be detected. In addition, there is a risk that procedures may become inadequate in future periods because of changes in conditions and the degree of compliance with the procedures may deteriorate.

**Definitions.** A *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness yet important enough to merit attention by those with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's basic financial statements will not be prevented or detected on a timely basis. Our consideration of internal control would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

**Findings.** Our procedures did not identify any internal control deficiencies that we consider to be a material weakness.

We have reported other matters and/or made certain recommendations in a separate letter to management, dated November 6, 2012, which matters we believe do not constitute significant deficiencies or other matters required by applicable auditing standards to be included herein.

## OTHER GOVERNANCE MATTERS

**Auditors' responsibility under applicable professional standards.** As stated in the first paragraph of our report on the Agency's basic financial statements, our responsibility as independent auditors, under applicable professional standards, is to express an opinion, based on our audit, on the Agency's basic financial statements, which are the responsibility of the Agency's management. Our responsibilities, as contrasted with management's, are spelled out more fully in our letter of engagement.

Despite any limited assistance we may have provided to management in its preparation, our responsibility for information accompanying the Agency's basic financial statements is limited to 1) reading such information to ascertain that it is materially consistent with information presented in the Agency's basic financial statements 2) considering whether any statements contained therein may appear to be materially misstated, and 3) assuring the satisfactory resolution of our concerns, if any. In this instance, we performed the required procedures, and any changes requested by us in this process were satisfactorily made and all questions satisfactorily resolved.

In considering the matters reported herein, you should be cognizant of your responsibility for oversight of the financial reporting process and management's responsibilities for establishing and maintaining an effective internal control subject to regulatory and ownership approval, and for the Agency's basic financial statements.

**Significant accounting policies.** The significant accounting policies employed by the Agency are disclosed in the notes to the Agency's basic financial statements and are essentially as prescribed, recommended or permitted under applicable authoritative literature for, or commonly used by, other entities in your industry. The accounting policies have been consistently applied and are not controversial.

**Significant estimates.** The basic financial statements do not contain any significant management estimates, except with regard to the valuation of collateral (typically land) securing impaired notes receivable.

**Related parties.** No significant audit issues were encountered in connection with the Agency's related party transactions, for example nondisclosure by management or questionable authorization/purpose.

**Representations sought from management.** Appended to this communication is a copy of the letter of representation requested to be executed by management with regard to our audit services.

**Licensing and independence.** This will confirm that we are duly licensed to perform this engagement. In addition, in our professional judgment, we are independent of the Agency under all applicable rules, regulations, and interpretations, and we represent that we know of no relationships that a reasonably informed person might consider an impairment of our independence under such requirements with regard to this engagement.

**Compliance with laws, regulations, contracts and grants.** Compliance with laws, regulations, contracts and grants applicable to the Agency is the responsibility of the Agency's management. As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free of material misstatement, we performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

In accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we have issued our report dated November 6, 2012, on our consideration of the Agency's internal control over financial reporting and on our tests of the Agency's 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. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and should be considered in assessing the results of our audit.

Material instances of noncompliance are failures to follow requirements or violations of prohibitions contained in laws, regulations, contracts and grants, that when aggregated, in our judgment, are material to the Agency's basic financial statements. The results of our tests of compliance did not disclose material instances of noncompliance.



**RAC**

# REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

November 27, 2012

RAC-005

<b>SUBJECT</b>	Projects Update
<b>PETITIONER</b>	Economic Development/Redevelopment Division of the City Manager's Office
<b>RECOMMENDATION</b>	Accept

**FISCAL IMPACT:**

No Impact

Budget funds available

Augmentation required

**BACKGROUND / DISCUSSION / ALTERNATIVES:**

**RECOMMENDED MOTION:**

Accept report.

**Supporting Documentation:**

Memorandum consisting of three (3) pages.



## Memorandum

**TO:** Redevelopment Agency Advisory Commission  
**FROM:** Michelle Romero, Redevelopment Manager  
**SUBJECT:** Projects Update

---

Following are new or ongoing redevelopment projects, as compiled by staff, in our Redevelopment Areas and their status as of November 13, 2012:

### I. CORNERSTONE REDEVELOPMENT AREA

- Griffin Park
- Richmond American: Staff researched and met with CAO and Parks to discuss which parcels the OPA and Amendment should be recorded against. Parks has no intention of selling any of the property for private development. Many parcels are fully developed and two are not subject to the original OPA. Therefore, it was determined that the parcels that the OPA and Amendment should be recorded against are: HealthTrust, KB Homes (40 acres), and AmPac Apartments. Staff is completing the necessary documents for recording.
- Tax Increment Reimbursement to the LID
- Shortfall Note

#### Projects

- Ladera Parcels
- Loretto Bay

### II. DOWNTOWN REDEVELOPMENT AREA

#### Projects

- 19 S. Water Street
- 314 Nebraska: RDA staff is working with PW to demolish the site for approximately \$18,000 (including PW staff time). Police and Fire may use the building, after asbestos has been removed and prior to demolition, for training.
- Business Recruitment/Development:
  - Staff is working with several business owners who would like to home their businesses in the Water Street District.
  - The WSDBA president and an event promoter are working with staff to proceed with planning for the various events that were discussed for the 2013 calendar year. RDA and CAT staff will work closely together to ensure that the event planning will provide exposure for the businesses, while not curtailing business activities. One idea staff has will be to provide for existing Water Street Businesses free vendor space at new events that will be promoted.
- Business Retention
- City Tower (Southeast corner of Lake Mead Parkway and Water Street)
- Create Comprehensive Development and Business Recruitment Incentive Packages
  - Downtown Investment Strategy (DTIS): (Update Implementation)
- Cultural and Events Center RFP
- Downtown Master Plan
- Downtown Residential Civic Alliance: Staff continues to follow up on suggestions made at the last meeting. Public Works is helping resolve several issues that were discussed.
- Environmental Protection Agency Grant for Technical Assistance
- Fencing
- Former Asset Central Site
- Former Parkline Site

- Homeless Issue
- Marketing the Water Street District
- Marketing to Developers, Business Owners & Consumers
- Meridian
- Monumentation
- Outreach
- Pinnacle Building: On November 14, Staff is meeting with the interested buyers regarding the purchase of the building.
- Residential
- Senior Center/Pacific Pines
- Social Gathering Space Team
- Site A (SW corner of Victory and Water)
- Site B (small lot at the corner of Water/Victory)
- Townhouse Motor Lodge
- Water Street District Business Association: The President and an event promoter continue to develop the plan to host new events in the Downtown and at Cornerstone Park in the upcoming year.

### **Programs**

- Façade Improvement Program: Boulder Boats has submitted an application for a DT Façade Loan to Grant to assist with their landscape improvements on the property located at 615 W Lake Mead. Staff prepared the application packet and it is scheduled to be presented at the November 27 Loan Committee (LC) meeting. If approved, the applicant is eligible for up to \$15,000 in assistance for the \$33,000 improvement project.
- Sign Grant Program: Henderson Chamber of Commerce has submitted an application for a DT Sign Grant to assist with their improved signage on the property located at 590 Boulder Highway. Staff prepared the application packet and scheduled the item to be presented at the November 27 loan committee meeting. If approved, the applicant is eligible for up to \$5,000 in assistance for the \$7,200 improvement project.
- Tenant Improvement

### **III. EASTSIDE REDEVELOPMENT AREA**

#### **Projects**

- Boulder Highway Business Coalition
- Business Recruitment
- Eastside Amendment: The amendment was formally adopted on November 6 to include property owned by Central Christian Church.
- Eastside Investment Strategy
- Eastside Business Coalition
- KMA Tax Increment Analysis
- LandWell/Cadence (Cadence)
- Museum Site-95/Galleria
- Union Village: After meeting with representatives from UV and Dignity, staff is brainstorming ideas for an OPA that will meet everyone's needs.

#### **Programs**

- Façade Improvement Program
- Sign Grant Program

### **IV. TUSCANY REDEVELOPMENT AREA**

- Note

- Galleria Road: Staff identified \$150,000 from Tuscany Redevelopment Area that can be used toward construction of Galleria.
- OPA
- Semi-Annual Payment: The attorney for Commerce Associates has proposed a new Assignment of Tax Increment Agreement to a new third party, which staff is currently reviewing.

## **V. LAKEMOOR CANYON**

- Bill
- Development
- House Subcommittee on Energy and Mineral Resources
- Federal Land Sale

## **VI. ADMINISTRATION / ALL AREAS**

- Audit
- Assistance Programs
- Bonds
- Budget
- Economic Development Awards
- Financials
- Homeowner Assistance Program
  - A HAP participant has requested a loan modification to lower her monthly payment due to financial hardship. Staff prepared a modification effectively lowering the monthly payment to approx \$150 per month, but this scenario will extend the loan an additional seven years beyond the original maturity date. Because this modification is outside the Loan Committee's authority, the modification request is scheduled for the 11/27/12 RAC meeting and the 12/18/12 RDA meeting.
- NDC
- New Markets Tax Credit
- Outreach
- Redevelopment Association of Nevada (RAN):
  - Staff attended a presentation by Las Vegas redevelopment regarding downtown projects and legal assistance. Las Vegas is in a good situation whereby they have synergy of dense buildings, Zappos, and millions of visitors. They alluded to many more projects that are currently in the NDA/negotiation states being completed and announced.
  - The final draft will be reviewed by staff and Applied Analysis for presentation to the Executive Director and staff on Wednesday during the legislative strategy presentation.
- Revenue
- Tax Increment Distribution