

# HENDERSON™

## Annual Comprehensive Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2023



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Annual Comprehensive Financial Report  
June 30, 2023  
**City of Henderson, Nevada**

Prepared by:  
Finance Department

Jim McIntosh  
Assistant City Manager/Chief Financial Officer

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# INTRODUCTORY SECTION



**HENDERSON**<sup>™</sup>

**Annual Comprehensive Financial Report**

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2023

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December 14, 2023

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Henderson, Nevada:

The annual comprehensive financial report for the City of Henderson for the fiscal year ended June 30, 2023 is hereby submitted in accordance with Nevada Revised Statutes 354.624. State law requires that a local government provide for an annual audit by independent certified public accountants of its financial statements in accordance with generally accepted auditing standards.

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

The City's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2023 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for fiscal year ended June 30, 2023 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. An independent auditor's report on compliance for each major federal program as well as the report on internal control over compliance with applicable laws and regulations and the report on schedule of expenditures of federal awards will be included in a separately issued audit.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City is located in the southeastern portion of Clark County, Nevada. With a population of approximately 334,640, Henderson is the second largest city in the State of Nevada. The City Charter was approved in its present form by the Nevada Legislature in 1971 and has been amended subsequent thereto.

The City operates under a council-manager form of government, with elective offices consisting of a Mayor, four City Council members, each representing one ward, and three Municipal Court judges. All positions are nonpartisan with the Council members being elected by their respective wards and the Mayor elected at-large. The Mayor and all Council members are elected for four-year terms and the Municipal Court judges are elected for six-year terms. Elections are held every other year with three City Council seats and one judge voted upon one election year and the Mayor, one City Council seat, and one judge voted upon in the other election year.

In 2019, the Nevada Legislature passed Assembly Bill 50 mandating the Henderson municipal elections be moved to the statewide election calendar held in even-numbered years.

The City provides a full range of services including police and fire protection; emergency operations; municipal court; detention facilities; water and sewer services; development service center; the construction and maintenance of boulevards, streets and other public infrastructure; recreational facilities and activities; cultural events; and a municipal golf course. The accompanying financial statements present the City and the City of Henderson Redevelopment Agency (the Agency). Although the Agency is a legally separate entity, the Agency's governing body is the same as the governing body of the City, and management of the City has operational responsibility of the Agency, therefore it is presented as a blended component unit.

Prior to April 15, the Budget Manager submits a tentative budget for the ensuing fiscal year to the Nevada Department of Taxation. Prior to the adoption of the final budget, Finance staff presents the tentative budget to City Council. A public hearing, at which all changes made to the tentative budget are indicated, is conducted no sooner than the third Monday in May and no later than the last day in May. The City Council adopts the budget prior to June 1 and the Finance Department submits it to the Nevada Department of Taxation for final approval. The revenue classifications and expenditure functions shown in the fund financial statements are those prescribed by the Nevada Department of Taxation.

State statutes require budgetary control to be exercised at the function level. The City Manager is authorized to transfer appropriations between any function or program within a fund and may authorize the transfer of appropriations between funds at any time if the City Council is advised of the action at a Council meeting and the action is recorded in the official minutes of the meeting.

Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. An augmented budget is approved by the City Council and filed with the Nevada Department of Taxation prior to June 30th of each fiscal year.

## Local Economy

Located just seven miles from the famous Las Vegas Strip, Henderson is known throughout the nation for its premier master planned residential communities, outstanding parks and recreational facilities, cultural activities, and business community. Some of the nation's best known and most respected corporations have established major operations in Henderson, including the National Football League Las Vegas Raiders corporate headquarters, Google LLC., Levi Strauss & Company, Amazon, Inc., Medco Health Solutions, Ford Motor Credit, and Core-Mark Distributors Inc. Henderson also has defined gaming districts which include casino/resort developments such as the M Resort, Sunset Station, and Green Valley Ranch Station. In addition, the City's historic Water Street District is currently undergoing a revitalization with the addition of several new businesses along with the construction of the Watermark, a mixed-use project consisting of 150 residential units and 40,000 square feet of commercial space. This development is currently scheduled for completion in February 2024 and will represent the largest investment in the Water Street District to date at an estimated \$50 million.

The City has continued to see growth in both assessed valuation and population and moderate growth is expected to continue into fiscal year 2024. Current economic indicators in the Las Vegas metropolitan area remain strong with low unemployment, rising visitor volume, return of in-person conventions, and record gaming revenues all pointing to positive economic growth in the near-term.

With continued growth in the region and large-scale events in the Las Vegas metropolitan area planned such as the Formula 1 Las Vegas Grand Prix in November 2023 and the NFL Super Bowl at Allegiant Stadium in February 2024, the City is optimistic on the economic benefits to the region as a whole. However, given the region's high dependency on the tourism and hospitality industries for economic prosperity, a change in the national economic climate could have adverse impacts to the local economy if consumer discretionary income declines. Due to continued uncertainty relating to inflation and rising interest rates, there are potential headwinds to the region's economic growth.

With these challenges in mind, the City is focusing its efforts on recruiting new businesses from a select list of target industries including medical, industrial, financial, educational, and administrative offices. These new businesses help create job opportunities for residents, while also helping to diversify the local economy. Businesses that may be interested in relocating to Henderson, and local businesses planning to expand, may be eligible for a number of incentive programs and services.

The national employment picture has continued to remain strong. The official unemployment rate (otherwise known as the U3 rate), was 3.8% in August 2023 compared to 3.7% in August 2022, suggesting that the U.S. job market continues to remain stable despite a slowing GDP.

Like the national employment market, the local market has also shown signs of stability. In the Las Vegas Metropolitan Area, the unemployment rate saw a small decrease with the preliminary August 2023 unemployment rate at 6.1% and August 2022 at 6.2%.

The City's property tax rate continues to be one of the lowest rates in the State of Nevada. For the year ended June 30, 2023, the City's property tax rate was \$0.7708 per \$100 in assessed valuation.

The City is highly reliant on consolidated tax, which consists of liquor taxes, cigarette taxes, the Government Services Tax, the Real Property Transfer Tax, the Basic City County Relief Tax (BCCRT), and the Supplemental City County Relief Tax (SCCRT). The BCCRT and SCCRT are strictly sales tax based, and generally make up in excess of 85% of consolidated tax. Compiled at the state level, these funds are then

distributed to municipalities according to a formula outlined in Nevada Revised Statute (NRS) 360. Because consolidated tax is so closely tied to sales tax, economic indicators which affect sales tax, such as visitor volume, can have a critical impact on the City.

Henderson's population continues to see gradual growth. According to estimates made by the City's Community Development & Services department, the population is estimated to reach 336,534 in fiscal year 2024, a 0.6% increase over the prior year. For Henderson, positive population growth is anticipated into the foreseeable future.

### **Long-Term Financial Planning**

The City continues to update the Capital Improvement Plan, a multi-year planning document that identifies and prioritizes the need for a variety of public improvements and coordinates the City's financing and construction time frames. Some of these capital projects for fiscal year 2024, contingent upon available funding, include:

- Grant proceeds to fund the Boulder Highway Reimagine project. This project will include the construction of new roadway surface, ADA improvements, intersection control modifications, pedestrian and bike lane enhancements as appropriate.
- Bond Proceeds to fund the construction of a new four bay fire station, a facilities maintenance building and yard for City support services, and a multi-sport athletic complex in West Henderson as well as renovations to existing fire stations.
- Water Fund to fund the Advanced Metering Infrastructure project. This project includes the purchase and installation of water meters, meter interface units, infrastructure, and hardware and software systems necessary to communicate water consumption data to the City's billing system and meter data management systems.
- Sewer Fund to fund the construction improvements at the Kurt R. Segler Water Reclamation Facility, which will include various upgrades.

The City will continue to partner with the Clark County Regional Flood Control District, the Regional Transportation Commission, Nevada Department of Transportation, and private developers to fund projects for flood channels and street projects.

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

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

The City's approach to forecasting in general is to apply a conservative philosophy that will help meet the long-term goals of not over estimating revenues or under estimating expenditures. Economic forecasting is not an exact science and relies upon the professional judgment of the forecaster. To reduce the risks of miscalculating future revenues or expenditures, the City attempts to identify as many factors as possible that may contribute to changes in revenues and expenditures. The City's revenue and

expenditure budgets are comprised of many unique elements that respond to a variety of external factors such as population growth, development, inflation, and interest rates. The forecast data includes assumptions relating to major revenues and expenditures for the various funds based on the current political and economic environment.

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

## **Major Initiatives**

The City's Strategic Plan serves as the foundation for the City's major initiatives and determination of resource allocation decisions. The Strategic Plan is reviewed and updated annually and includes a comprehensive assessment of capital and operating needs. Additional investment in infrastructure and technological updates have been made in the past few years to support the Strategic Plan and the City plans to continue to dedicate resources to these important initiatives. The City will continue to look for resourceful ways to maintain the quality services and facilities that our community has come to expect. The City's strategic priorities for 2024 -2027 include:

- **Community Safety** - The City is committed to keeping every member of the community safe, which is why the City is repeatedly listed among the top 10 Safest Cities in the nation by nationally recognized publications including Money Magazine. From police, fire, emergency and environmental services staff to the community and traffic engineers – each plays a role in community safety. Moreover, in order to attain the City's goal of being a premier community, the City must leverage technology, community, and capital resources to design a resilient strategy capable of preventing, preparing for, mitigating, responding to, and recovering from emergencies and disasters – both natural and human-made.
- **Healthy Livable Sustainable Cities** – The City prioritizes taking a comprehensive approach to building and maintaining a healthy, livable, sustainable city. Focusing on the synergies between economic, social, public health, environmental sustainability, and the effects of climate change, the City is able to create and develop enduring, adaptable, thriving, healthy, and livable communities for today and tomorrow.
- **Quality Education** - The City is served by the Clark County School District (CCSD) and the City supports the attainment of educational objectives by monitoring and supporting the outcomes of the schools within the community. Henderson schools routinely outperform other schools in the district, and the City's high priority for improving education outcomes offers a competitive advantage for residents with children and businesses seeking an educated workforce. Henderson's High School graduation rate for 2021-2022 was 92.1% compared to 81.3% for Clark County overall, 81.7% for Nevada and 86.2% nationally.
- **Economic Vitality** - The City remains a welcoming business environment that is committed to the continued growth of established businesses and attracting new opportunities. With the lowest city property tax rates of the major cities in the Las Vegas valley and no state income tax, the City of Henderson remains an attractive opportunity in not only the Las Vegas Valley, but nationwide as well. As a result, some of the nation's best-known names in business have established facilities in Henderson – including Amazon, Google, Barclays, Levi Strauss and Ocean Spray. Additionally, the City is experiencing a diversification in economic development as large multinational companies find the City a welcoming place to do business. The City is actively participating in educational advancement in our community. The Agency dedicates 18% of the incremental ad valorem tax

revenue in certain redevelopment areas to be invested in schools serving City residents. The City Council also voted to dedicate 30% of recreational marijuana business license revenue to local schools.

- High-Performing Public Service - The City's vision is "To Be America's Premier Community." To realize this vision, the City's focus on strategies and approaches that improve organizational performance and move the City forward on its Path to Premier. These strategies and approaches are based on the Baldrige Criteria, accreditation standards, and industry best practices that leverage technology and innovation, align and invest in talent, enhance customer service, and increase civic engagement.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Henderson for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 41st consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

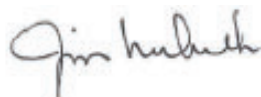
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance Department's Accounting staff as well as certain members of the City Manager's staff, Public Works, Parks and Recreation Department, Information Technology, City Attorney's Office, Utilities, and Neighborhood Services staffs. We would like to express our appreciation to members of all departments who assisted and contributed to its preparation, as well as for the contributions of the staff of Eide Bailly, LLP, the City's independent auditors.

In closing, without the leadership and support of the City Council of the City of Henderson, preparation of this report would not have been possible.

Respectfully submitted,



Richard A. Derrick  
City Manager/Chief Executive Officer



Jim McIntosh,  
Assistant City Manager/Chief Financial Officer





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

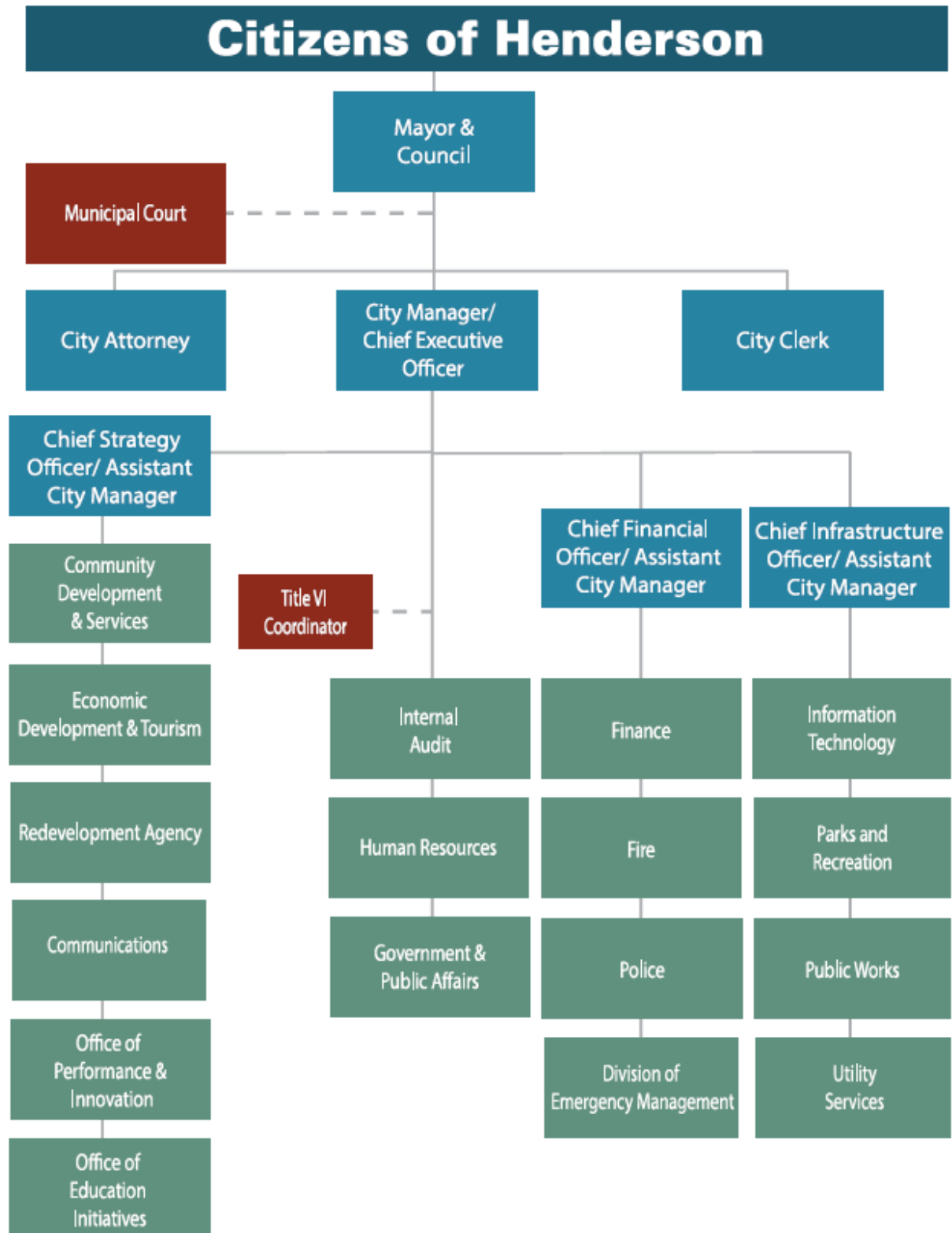
**City of Henderson  
Nevada**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



**Mayor and Council**

Michelle Romero, Mayor  
Carrie Cox, Councilwoman  
Jim Seebock, Councilman  
Dan K. Shaw, Councilman  
Dan H. Stewart, Councilman

**City Officials**

Richard A. Derrick, City Manager  
Nicholas G. Vaskov, City Attorney  
Jose Luis Valdez, City Clerk

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