PBTK
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

CITY OF HENDERSON REDEVELOPMENT AGENCY

(*A Component Unit of the City of Henderson, Nevada*)

Annual Financial Report

For the Year Ended June 30, 2015

State of Nevada

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CITY OF HENDERSON REDEVELOPMENT AGENCY

ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

We have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2015, and the changes in financial position, and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information and proportionate share of statutorily required pension contribution information on pages 3-8 and 41-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, on our consideration of the 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* in considering the Agency's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
November 2, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HENDERSON REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2015

As management of the finances of the City of Henderson Redevelopment Agency (the Agency), 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, 2015.

Financial Highlights

The assets of the Agency's governmental activities exceeded its liabilities at the close of the most recent fiscal year by $14,990,253 (net position).

The Agency's total liabilities on the Statement of Net Position increased by $322,290 (2.3%) 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 balance of $27,523,021, a decrease of $2,139,089 in comparison with the prior year. The decrease is a result of the land held for development write-down due to impairment. The decrease was partially offset as a result of revenues from property tax increment exceeding expenditures for redevelopment projects. Approximately 57.4% 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, Tuscany, Eastside, and Lakemoor), which are principally 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 9 and 10 of this report.

(Continued)

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 Fund

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 11 through 15 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 17 through 40 of this report.

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 $14,990,253 (net position).

(Continued)

Summary Statement of Net Position

	Governmental Activities	
	2015	2014
Assets		
Current, restricted and other	$ 29,171,639	$ 31,388,525
Deferred outflows of resources	142,906	
Liabilities		
Current	1,286,983	1,208,689
Long-term	12,805,673	12,561,676
Total liabilities	14,092,656	13,770,365
Deferred inflows of resources	231,636	
Net position		
Restricted	$ 14,990,253	$ 17,618,160

Total net position of the Agency at June 30, 2015, was $14,990,253. Of the total liabilities of $14,092,656, approximately 90.9% relate to long-term liabilities of the Agency.

Summary Statement of Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues		
Program revenues		
Charges for services	$ 188,456	$
Operating grants and contributions		220,584
General revenues		
Property taxes	6,480,783	5,036,930
Unrestricted investment income	191,995	219,631
Miscellaneous	44,486	110,219
Total revenues	6,905,720	5,587,364
Expenses		
General government	8,258,414	3,743,619
Interest expense and fiscal charges	624,736	660,646
Total expenses	8,883,150	4,404,265
Transfers	352,253	
Change in net position	(1,625,177)	1,183,099
Net position, beginning of year, as previously reported	17,618,160	16,435,061
Adjustment	(1,002,730)	
Net position, beginning of year, as adjusted	16,615,430	16,435,061
Net position, end of year	$ 14,990,253	$ 17,618,160

(Continued)

For the year ended June 30, 2015, total revenues were $6,905,720 (consisting primarily of property taxes) while total expenses were $8,883,150, which resulted in a decrease in net position of $1,625,177.

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

Financial Analysis of the Governmental Fund

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

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 168% 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.

General Fund Budgetary Highlights

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

> Revenue estimates increased by approximately $1,178,000, which consisted mainly of an increase in property tax of $545,000 due to the Eastside Project area base year reset, effective July 1, 2014.
>
> Budgeted expenditures were increased by approximately $658,000, the majority representing an increase to program costs associated with Owner Participation Agreement reimbursements.

Capital Asset and Debt Administration

Capital Assets

The Agency does not have any capital assets as of June 30, 2015.

Long-term Liabilities

At the end of the fiscal year, the Agency had total bonded debt outstanding of $10,965,000. Of this amount, $7,955,000 is considered tax allocation debt of senior bonds and $3,010,000 is tax allocation debt of junior bonds. The remainder of long term liabilities includes compensated absences and post employement benefits.

(Continued)

Outstanding Long-term Liabilities

	Governmental Activities	
	2015	2014
Long-term liabilities, due within one year		
Bonds and notes payable	$ 755,000	$ 715,000
Compensated absences	12,950	9,017
Long-term liabilities, due in more than one year		
Bonds and notes payable	10,210,000	10,965,000
Due to other governments	621,261	621,261
Compensated absences	172,577	119,799
Other postemployment benefits	135,709	131,599
Net pension liability	898,176	
Total long-term liabilities	$ 12,805,673	$ 12,561,676

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. In October 2015, Standard & Poor’s Ratings Services assigned its "A" rating to the Agency's, series 2015 refunding bonds, with a "stable outlook."

Additional information on the Agency's long-term liabilities can be found in Note 7 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 Henderson, redevelopment areas total assessed values have increased since 2013.

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.

In the 2013 legislative session, the Nevada State Legislature passed a law allowing a redevelopment agency to complete a reset of the base year if in any year the assessed value of the taxable property in a redevelopment area located in a city in a county whose population is 700,000 or more, as shown by the assessment roll most recently equalized has decreased by 10 percent or more from the assessed value of the taxable property in the redevelopment area as shown by the assessment roll last equalized before the effective date of the ordinance approving the redevelopment plan. In January 2014, the Redevelopment Agency Board adopted a resolution approving a reset for the Eastside redevelopment project area beginning July 1, 2014.

(Continued)

In the 2015 legislative session, the Nevada State Legislature passed a law allowing a redevelopment agency to extend to a maximum of 45 years the date of termination of a redevelopment plan, and any amendments to the plan, adopted by a city whose population is 220,000 or more but less than 500,000 located in a county whose population is 700,000 or more if the city council adopts the extension of the plan by ordinance. If such an ordinance is adopted, the bill requires that 18 percent of the revenues received from taxes on the taxable property located in the redevelopment area affected by the ordinance on or after the effective date of the ordinance be set aside to improve and preserve existing public educational facilities which are located within the redevelopment area or which serve pupils who reside within the redevelopment area. The obligation to set aside such revenues is subordinate to any existing obligation of the agency.

These factors were considered in preparing the Agency budget for the 2015-2016 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, Attention: Principal Redevelopment Administrator, P.O. Box 95050, MSC 512, Henderson, Nevada 89009-5050.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF HENDERSON REDEVELOPMENT AGENCY

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash, cash equivalents and investments, unrestricted	$ 18,308,225
Cash, cash equivalents and investments, restricted	725,287
Taxes receivable	67,301
Interest receivable	35,377
Due from other governments	95,085
Land held for resale	9,940,364
Total assets	29,171,639
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	142,906
LIABILITIES	
Accounts payable and other accrued liabilities	235,896
Accrued wages	13,444
Tax increment payable to developers	710,716
Interest payable	326,927
Long-term liabilities, due within one year	
Bonds and notes payable	755,000
Compensated absences	12,950
Long-term liabilities, due in more than one year	
Bonds and notes payable	10,210,000
Due to other governments	621,261
Compensated absences	172,577
Other postemployment benefits	135,709
Net pension liability	898,176
Total liabilities	14,092,656
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	231,636
NET POSITION	
Restricted for	
Land held for resale	9,940,364
Debt service	1,336,331
Economic stabilization	455,374
Future redevelopment activities	3,258,184
Total net position	$ 14,990,253

See notes to basic financial statements.

CITY OF HENDERSON REDEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTION/PROGRAM					
Governmental activities					
General government	$ 8,258,414	$ 188,456	$	$	$ (8,069,958)
Debt service					
Interest expense and fiscal charges	624,736				(624,736)
Total function/program	$ 8,883,150	$ 188,456	$	$	$ (8,694,694)
GENERAL REVENUES					
Property taxes					6,480,783
Unrestricted investment income					191,995
Miscellaneous					44,486
Total general revenues					6,717,264
Transfers					352,253
CHANGE IN NET POSITION					(1,625,177)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					17,618,160
Adjustment					(1,002,730)
NET POSITION BEGINNING OF YEAR, AS ADJUSTED					16,615,430
NET POSITION, END OF YEAR					$ 14,990,253

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

CITY OF HENDERSON REDEVELOPMENT AGENCY

GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2015

	General Fund
ASSETS	
Cash, cash equivalents and investments	$ 18,308,225
Restricted cash, cash equivalents and investments	725,287
Interest receivable	35,377
Taxes receivable	67,301
Notes receivable, net	71,628
Due from other governments	95,085
Land held for resale	9,940,364
Total assets	$ 29,243,267
LIABILITIES	
Accounts payable and other accrued liabilities	$ 235,896
Accrued wages	13,444
Tax increment payable to developers	710,716
Due to other governments	621,261
Total liabilities	1,581,317
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue, property taxes	67,301
Unavailable revenue, notes receivable	71,628
Total deferred inflows of resources	138,929
Total liabilities and deferred inflows of resources	1,720,246
FUND BALANCES	
Restricted for	
Land held for resale	9,940,364
Debt service	1,336,331
Economic stabilization	455,374
Future redevelopment activities	15,790,952
Total fund balances	27,523,021
Total liabilities, deferred inflows of resources and fund balances	$ 29,243,267

See notes to basic financial statements.

CITY OF HENDERSON REDEVELOPMENT AGENCY

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

FUND BALANCES, GOVERNMENTAL FUNDS		$ 27,523,021
Amounts reported in the statement of net position are different because:		
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Deferred outflows related to pensions	$ 142,906	
		142,906
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Bonds and notes payable	(10,965,000)	
Compensated absences payable	(185,527)	
Other postemployment benefits	(135,709)	
Net pension liability	(898,176)	
Deferred inflows related to pensions	(231,636)	
		(12,416,048)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(326,927)	
		(326,927)
Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	67,301	
		67,301
NET POSITION, GOVERNMENTAL ACTIVITIES		$ 14,990,253

See notes to basic financial statements.

CITY OF HENDERSON REDEVELOPMENT AGENCY

GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund
REVENUES	
Property taxes	$ 6,496,019
Investment income	191,995
Developer contributions	12,881
Rental fees	938
Developer reimbursements	188,456
Miscellaneous	43,548
Total revenues	6,933,837
EXPENDITURES	
General government	
General operations	
Salaries and wages	580,483
Employee benefits	221,359
Services and supplies	745,193
Program costs	
Services and supplies	2,818,192
Impairment of land held for development	3,711,071
Total general government	8,076,298
Debt service	
Principal payments	715,000
Interest and fiscal charges	633,881
Total debt service	1,348,881
Total expenditures	9,425,179
OTHER FINANCING SOURCES	
Transfers in	352,253
CHANGE IN FUND BALANCE	(2,139,089)
FUND BALANCE, BEGINNING OF YEAR	29,662,110
FUND BALANCE, END OF YEAR	$ 27,523,021

See notes to basic financial statements.

CITY OF HENDERSON REDEVELOPMENT AGENCY

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

CHANGE IN FUND BALANCE, GOVERNMENTAL FUND		$ (2,139,089)
Amounts reported in the statement of activities are different because:		
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:		
Change in unavailable revenues	$ (165,236)	
		(165,236)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued		
Debt principal repayments	715,000	
		715,000
Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:		
Change in other postemployment benefits	(4,110)	
Change in compensated absences payable	(56,711)	
Change in accrued interest	9,145	
Change in net pension liability	15,824	
		(35,852)
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		$ (1,625,177)

See notes to basic financial statements.

CITY OF HENDERSON REDEVELOPMENT AGENCY

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

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 5,034,055	$ 5,579,055	$ 6,496,019	$ 916,964
Investment income	50,000	186,397	191,995	5,598
Developer contributions			12,881	12,881
Rental fees			938	938
Developer reimbursements	100,000	597,042	188,456	(408,586)
Miscellaneous			43,548	43,548
Total revenues	5,184,055	6,362,494	6,933,837	571,343
EXPENDITURES				
General government				
General operations				
Salaries and wages	561,927	607,773	580,483	27,290
Employee benefits	232,644	235,194	221,359	13,835
Services and supplies	1,469,462	1,469,462	745,193	724,269
Total general operations	2,264,033	2,312,429	1,547,035	765,394
Program costs				
Services and supplies	2,309,096	2,918,953	2,818,192	100,761
Impairment of land held for development			3,711,071	(3,711,071)
Total program costs	2,309,096	2,918,953	6,529,263	(3,610,310)
Total general government	4,573,129	5,231,382	8,076,298	(2,844,916)
Debt service				
Principal payments	715,000	715,000	715,000	
Interest and fiscal charges	633,881	633,881	633,881	
Total debt service	1,348,881	1,348,881	1,348,881	
Total expenditures	5,922,010	6,580,263	9,425,179	(2,844,916)
OTHER FINANCING SOURCES				
Transfers in			352,253	352,253
CHANGE IN FUND BALANCE	(737,955)	(217,769)	(2,139,089)	(1,921,320)
FUND BALANCE, BEGINNING OF YEAR	28,400,056	29,662,110	29,662,110	
FUND BALANCE, END OF YEAR	$ 27,662,101	$ 29,444,341	$ 27,523,021	$ (1,921,320)

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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 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. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Component units would include any legally separate organizations for which the Agency Board 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 other than the Agency 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 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 postemployment 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 121
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.

(Continued)

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

In August, 2015, an official Redevelopment Plan amendment was adopted approving the extension of the Downtown redevelopment project area life from October 2025 to October 2040.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary 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 60 days after year end).

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

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Assets, Liabilities and Equity

Cash, Cash Equivalents 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.

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

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.

In the 2013 legislative session, the Nevada State Legislature passed a law allowing a redevelopment agency to complete a reset of the base year, if in any year, the assessed value of the taxable property in a redevelopment area located in a city in a county whose population is 700,000 or more as shown by the assessment roll most recently equalized has decreased by 10 percent or more from the assessed value of the taxable property in the redevelopment area as shown by the assessment roll last equalized before the effective date of the ordinance approving the redevelopment plan. In January 2014, the Redevelopment Agency Board adopted a resolution approving a reset for the Eastside redevelopment project area beginning July 1, 2014.

(Continued)

In the 2015 legislative session, the Nevada State Legislature passed a law allowing a redevelopment agency to extend to a maximum of 45 years the date of termination of a redevelopment plan, and any amendments to the plan, adopted by a city whose population is 220,000 or more but less than 500,000 located in a county whose population is 700,000 or more if the city council adopts the extension of the plan by ordinance. If such an ordinance is adopted, the bill requires that 18 percent of the revenues received from taxes on the taxable property located in the redevelopment area affected by the ordinance on or after the effective date of the ordinance be set aside to improve and preserve existing public educational facilities which are located within the redevelopment area or which serve pupils who reside within the redevelopment area. The obligation to set aside such revenues is subordinate to any existing obligation of the agency.

Land Held for Resale

Land held for resale 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, assessed value (if a recent assessment has been obtained) or an agreed-upon sales price if a disposition agreement has been made with a developer.

Capital Assets

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 cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. As of June 30, 2015, the Agency has no capital assets.

Compensated Absences

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

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 are amortized over the life of the bonds using the straight-line method. Issuance costs are expensed as incurred.

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.

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Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2015, The Agency has only one type of item, which qualifies for reporting in this category. The Agency reports deferred amounts related to pensions for the changes in proportion and differences between actual pension contributions and the Agency's proportionate share of pension contributions. This amount is deferred and amortized over the the average expected remaining service life of all employees that are provided with pension benefits. Deferred outflows are also recorded for pension contributions made by the Agency subsequent to the pension plan's actuarial measurement date, which are deferred for one year.

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

Equity Classifications

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

Net Investment in Capital Assets - 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 - 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".

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

(Continued)

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.

Committed - Includes amounts that can only be used for a specific purpose because of a formal action (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 to be classified as restricted or committed. The Agency Board has established formal Financial Management Policies that delegate authority to assign fund balances 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 balance. Other governmental funds might report a negative unassigned fund balance as a result of overspending for specific purposes for which amount has been restricted, committed or assigned.

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. 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 (GAAP) 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 and Accountability

Budgetary Information

An annual budget is legally adopted for the General Fund of the Agency on a basis of accounting consistent with GAAP.

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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 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 appropriations lapse at year end. Encumbered appropriations are approved by the Agency Board and 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. All deposits are covered by federal depository insurance or subject to collateralization.

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 Chief Financial Officer is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned monthly to each fund in the pool based on the average cash balance of the fund for the month.

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-1", "P-1" or better (purchases of bankers' acceptances or commercial paper may not exceed 20 percent of the money available for local government investment).

At June 30, 2015, the Agency had the following investments:

	Credit Rating	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled cash, cash equivalents and investments held by the City of Henderson, Nevada *	N/A	$ 17,710,900	$ 17,697,181	5.54

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

Note 4. Notes Receivable

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

Home program advances - Due to the economic downturn, many loan recipients have defaulted on their loans. The Agency carries a second position on the property serving as collateral; however, 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 is less than $15,000, the cost to take legal action would outweigh the benefit of potential loan fulfillment. In fiscal 2014, the Agency determined that the likelihood of full payment is uncertain; therefore, all loans have been fully reserved. In fiscal year 2015, $43,189 of notes receivable were written off and recorded as a decrease to the deferred revenue account. Future payments, if any, will be recorded as program income in the year received.

Advances to an LLC - Due to the downturn in the economy and uncertainty regarding repayment, the $775,000 note, including all accrued interest thereon, has 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. The loan matured on October 5, 2013, and is currently in default.

Note 5. Land Held for Resale

For the fiscal year ended June 30, 2015, land held for resale consists of the following:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Downtown Redevelopment Area				
Water Street Commons	$ 4,178,738	$	$ (2,876,865)	$ 1,301,873
Lake Mead Parkway	195,721		(82,721)	113,000
Lake Mead/Water	134,500			134,500
Texas/Atlantic Parking	425,181			425,181
Blue Skye	441,505	415,253	(737,758)	119,000
Water Street Plaza	911,637			911,637
Basic/Pacific	752,988			752,988
Other	365,584		(65,032)	300,552
	7,405,854	415,253	(3,762,376)	4,058,731
Eastside Redevelopment Area	5,881,633			5,881,633
	$ 13,287,487	$ 415,253	$ (3,762,376)	$ 9,940,364

Per GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the carrying amount of a real estate project, or parts thereof, held for sale or development and sale should not exceed net realizable value. If costs exceed net realizable value, capitalization of costs associated with development and construction of a property should not cease; rather, an allowance should be provided to reduce the carrying amount to estimated net realizable value, determined on the basis of an evaluation of individual projects. As such, in fiscal year 2015, the Agency wrote down the value of six Agency-owned properties located within the Downtown redevelopment area by $3,711,071, based on recently-obtained appraisals.

Note 6. Due to Other Governments

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, that was originally as of that date. The Agency continues to owe the principal amount of $621,261, which accrues interest at 6% and was originally payable in full on September 15, 2012. Interest was accrued through May 1, 2009, and is payable upon maturity or at extension date. On March 20, 2012, the City Council approved a second extension of the note to September 7, 2018, and waived any further interest effective May 1, 2009. The principal balance of $621,261, plus accrued interest of $173,029, is due September 7, 2018.

(Continued)

Note 7. Other Long-term Liabilities

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

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Governmental activities					
General obligation bonds					
$4,295,000 2002 tax allocation junior bonds due in annual installments through October 2025, interest varies between 5.1% and 7.2%	$ 3,190,000	$	$ (180,000)	$ 3,010,000	$ 195,000
$12,045,000 tax allocation senior bonds due in annual installments through October 2025; interest varies between 3.5% and 5.25%	8,490,000		(535,000)	7,955,000	560,000
Total general obligation bonds	11,680,000		(715,000)	10,965,000	755,000
Compensated absences	128,816	56,711		185,527	12,950
Other postemployment benefits	131,599	10,895	(6,785)	135,709	
Net pension liability	1,133,264	119,004	(354,092)	898,176	
Total governmental activities	$ 13,073,679	$ 186,610	$ (1,075,877)	$ 12,184,412	$ 767,950

Compensated absences and other postemployment benefits are liquidated by the general fund.

At June 30, 2015, the annual requirements to pay principal and interest on all bonds outstanding were as follows:

	General Obligation Bonds	
For the Year Ended June 30,	Principal	Interest
Governmental activities		
2016	$ 755,000	$ 595,851
2017	790,000	555,099
2018	835,000	511,432
2019	880,000	464,805
2020	925,000	415,139
2021 - 2025	5,485,000	1,201,588
2026 - 2030	1,295,000	37,699
Total governmental activities	$ 10,965,000	$ 3,781,613

(Continued)

Note 8. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

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

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

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

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

1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or

2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

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

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

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

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

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

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires, in agencies which did not elect the employer pay contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

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

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

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

Effective July 1, 2015, the required contribution rates for regular members will be 14.5% and 28% for employer/employee matching and EPC, respectively. The required contribution rates for police/fire members will remain the same.

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

(Continued)

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

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42 %	5.50 %
International equity	18 %	5.75 %
Domestic fixed income	30 %	25.00 %
Private markets	10 %	6.80 %

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

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	$ 1,396,762	$ 898,176	$ 483,724

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

The Agency's proportionate share (amount) of the collective net pension liability was $898,176, which represents .00862% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2014, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014.

(Continued)

For the period ended June 30, 2015, the Agency's pension expense was $119,004 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2015, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ 42,983
Changes of assumptions		
Net difference between projected and actual earnings on investments		188,653
Changes in proportion and differences between actual contibutions and proportionate share of contributions	8,079	
Contributions made subsequent to the measurement date	134,827	

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

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $134,827 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ending June 30,	
2016	$ (52,796)
2017	(52,796)
2018	(52,796)
2019	(52,796)
2020	(7,278)
Thereafter	(5,094)

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

Net pension liablity, beginning of year	$ 1,133,264
Pension expense	119,004
Employer contributions	(134,827)
Net new deferred inflows and outflows of resources	(219,265)
Net pension liablity, end of year	$ 898,176

At June 30, 2015, $3,462 is payable to PERS, equal to the June 2015 required contribution, was included in accounts payable.

Note 9. Other Postemployment Benefits (OPEB)

Plan Description

The Agency participates with the City to provide other post employment benefits to its eligible retirees who are not eligible for Medicare, whereby eligible retirees can purchase health care coverage through two plans offered by the City: a self-funded PPO and a fully-insured medical plan (Health Plan of Nevada). The City also offers its retirees dental, vision and life insurance benefits which is mandated by Nevada Revised Statutes.

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

Funding Policy

The City has an eight member Insurance Committee that reviews and determines the funding requirements and plan options as noted above. The Agency's current funding policy for its OPEB liability is pay as you go.

Annual OPEB Cost and Net OPEB Obligation

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

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

	City of Henderson Plans
Annual required contribution (ARC)	$ 11,579
Interest on net OPEB obligation	3,766
Adjustment to ARC	(4,450)
Annual OPEB cost	10,895
OPEB contributions made	(6,785)
Increase in net OPEB obligation	4,110
Net OPEB obligation, beginning of year	131,599
Net OPEB obligation, end of year	$ 135,709

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plan and the net OPEB obligation for the years ended June 30, 2015, 2014 and 2013 were as follows:

For the Year Ended June 30,	Annual OPEB Cost	OPEB Contributions Made	Percentage Contributed	Net OPEB Obligation
City of Henderson Plans				
2013	$ 10,004	$ 3,290	32.9 %	$ 125,242
2014	8,566	2,209	25.8 %	131,599
2015	10,895	6,785	62.3 %	135,709

(Continued)

Funded Status and Funding Progress

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
City of Henderson Plans						
July 1, 2013	N/A [1]	$ 149,863	$ 149,863	0.0 %	$ 553,145	27.1 %

1. No assets have been placed in trust.

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

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate, a projected salary increase of 2.0% with 3.5% inflation rate used in the valuation. Included in the valuation is a health care cost trend rate assumption of 9.0% in the year July 1, 2013 to June 30, 2014, grading down by 0.5% each year until an ultimate health care cost trend rate of 5.0% is reached. The unfunded actuarial accrued liability is being amortized over a period of 30 years on an open basis, assuming a level percentage of projected payroll.

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

Note 10. Risk Management

The Agency is exposed to various risks of loss related to theft, damage and destruction of assets. Liability exposures are also present, including errors and omissions. The Agency is covered under the City's health insurance, commercial property and liability insurance policies providing coverage for liability, fire, theft, automobile, inland marine, workers' compensation and Directors' and Officers' coverage. Settled claims resulting from these risks have not exceeded the commercial insurance limits in any of the past three fiscal years for the Agency.

(Continued)

Note 11. 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.

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). As of January 1, 2014, the developer did not met the Private Improvement Schedule and therefore, interest will permanently toll. 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, 2015, the balance on the CS Lot 1 Note was $2,103,866.

During fiscal 2015, the Agency received site tax increment revenue and paid an assignee of the Cornerstone Developer $230,750, which was charged to program costs.

Since the last semi-annual payment, through June 30, 2015, the Agency has collected additional tax increment with $732 being the assignee's share which has been accrued and reported 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 executed 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 be repaid is 40%. The amount of principal and interest owed to the City for fiscal 2015 was $330,000 and $129,002, respectively. During fiscal 2015, the Agency received site tax increment revenue and paid $318,124 in principal and interest, which was charged to program costs. The remaining balance owed to the City of $140,879 was added to the shortfall note obligation discussed in the following section for the payment that the Agency was unable to completely fulfill. Additionally, the Agency's site tax increment received for the interest only payment exceeded the payment by $277,417 along with 40% of site tax increment revenue of $46,569 received that was accrued to program cost, but will not be disbursed until fiscal 2016 and is shown as Tax Increment Payable to Developers.

(Continued)

In February 2013, the City issued $7,770,000 in Limited Obligation Refunding Bonds, Series 2013. These proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on $8,585,000 of refunded debt. This is estimated to save the Agency $600,000 over the remaining life of the bonds.

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). As of January 1, 2015, the developer has not met the Private Improvement Schedule and therefore, interest will permanently toll. 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 2015, property owners effectively advanced the Agency $140,879 for payment due on the Series B Note as discussed in the previous section, as well as paid off LIDs of 13,375, totaling $140,879. At June 30, 2015, the balance on the Shortfall Promissory Note was $3,961,793.

On February 19, 2013, the Promissory Note was amended and restated in connection with the assessments levied in the City of Henderson to accommodate the refinancing of the Series B LID Bonds.

Tuscany Redevelopment Area

Lynn Investments LLC 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 the 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 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 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
	$ 12,683,710

(Continued)

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.

On October 31, 2012, staff approved an amendment to the assignment of proceeds from Commerce Associates, LLC and Mr. Thomas to an LLC that Mr. Thomas formed, Venice Funding, LLC. The Amendment also increases the amount of the original loan between Commerce and Venice Funding from $5 million to $15 million and converts it to a secured revolving credit facility, extending the maturity date from June 30, 2012 to October 31, 2017. The remainder of the terms of the assignment did not change.

On April 23, 2013, staff approved an amendment where Commerce Associates, LLC transferred all of their rights under the note to Lynn Investments, LLC. The assignment of the proceeds under the note to Venice Funding, LLC remains intact.

During fiscal 2015, the Agency made interest payments on the Lynn Note of $2,127,414 and at June 30, 2015, the outstanding balance on the Lynn Note is $50,541,179. 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, 2015, the Agency has collected additional tax increment with $315,344 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 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.

In fiscal year 2015, LandWell requested and staff pre-approved the following capital improvement projects:

Galleria Road	$ 1,100,000
Phase I	21,000,000
Active Adult	11,000,000
	$ 33,100,000

LandWell has incurred costs of $21,204,690 related to the above projects, which would qualify for reimbursement, however, the Agency's formal reimbursement approval process has not been completed as of year-end, and tax increment revenues are not sufficient to pay these amounts. Accordingly, no liability has been established. During fiscal 2015, the Agency paid the City $106,165 related to LandWell.

At June 30, 2015, the outstanding balances of the Eastside Redevelopment Notes are as follows:

City Attorney's Office	$ 3,243,731
LandWell	775,899
	$ 4,019,630

At June 30, 2015, $180,003 has been received in site tax increment since the last semi-annual payment and $22,335 has been placed in a restricted cash account as well as recorded as a program expense and a liability (Tax Increment Payable to Developers).

Beginning July 1, 2014, the LandWell tax increment reimbursements are subject to an 18% set aside to be provided to the Clark County School District.

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.

Union Village Note

On December 17, 2013, the Agency and Union Village, LLC (Union Village) entered into a Owner Participation Agreement (the Union Village OPA), which provides that the Agency reimburse Union Village up to $80,200,000 for constructing certain capital improvements in the Eastside Redevelopment Area (the Union Village Note). The Union Village Note will bear interest at 6%, but interest is capped at $14 million in total. Assuming that tax increment revenues are sufficient, outstanding balances on the note will be repaid (principal and interest) in June and December from 90% of Union Village's share of tax increment through 2025, after which the payments will be funded from 80% of Union Village's share of tax increment revenues.

All unpaid principal and interest on the Union Village 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.

Beginning July 1, 2014, the Union Village tax increment reimbursements are subject to an 18% set aside to be provided to the Clark County School District.

As of June 30, 2015 there was not sufficient progress to activate the promissory note. As of June 30, 2015, $11,872 has been placed in a restricted cash account.

Valley Health System Note

On December 17, 2013, the Agency and Valley Health System, LLC (VHS) entered into a Owner Participation Agreement (the VHS OPA), which provides that the Agency reimburse VHS System up to $33,000,000 for constructing certain capital improvements in the Eastside Redevelopment Area (the VHS Note). The Valley Health System Note will bear interest at 6%, but interest is capped at $6.5 million in total. Assuming that tax increment revenues are sufficient, outstanding balances on the note will be repaid (principal and interest) in June and December from 90% of VHS's share of tax increment through 2025, after which the payments will be funded from 80% of VHS's share of tax increment revenues.

All unpaid principal and interest on the VHS 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.

Beginning July 1, 2014, the VHS tax increment reimbursements are subject to an 18% set aside to be provided to the Clark County School District.

As of June 30, 2015 there was not sufficient progress to activate the promissory note. As of June 30, 2015, $2,699 has been placed in a restricted cash account.

Clark County School District – Educational Set-Aside

The Redevelopment Agency Board adopted a resolution to reset the base year for the Eastside redevelopment area. Per the legislation, the Agency is obligated to set-aside for educational purposes 18 percent of the Eastside property tax revenue to the Clark County School District (CCSD) to be used by the CCSD for physical improvements to schools within the Eastside redevelopment area or schools that service pupils who reside within the Eastside redevelopment area. As a result, the Agency and the CCSD entered into an inter-local agreement to establish the terms of payment, reporting requirements, and to identify those schools eligible for project improvements. During fiscal 2015, the Agency received tax increment revenue resulting in an annual payment to the CCSD for $197,590.

Since the last annual payment, through June 30, 2015, the Agency has collected additional tax increment, of which $5,835 has been accrued and reported as Tax Increment Payable to Developers.

Other Contractual Commitments

As of June 30, 2015, the Agency had no outstanding encumbrances in the General Fund.

Note 12. Recently Issued Accounting Pronouncements

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

(Continued)

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement 68 are effective for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement 67 or for pensions that are within the scope of GASB Statement 68 are effective for fiscal years beginning after June 15, 2015. This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement 68. It also amends certain provisions of GASB Statement No. 67, Financial Reporting for Pension Plans, and GASB Statement 68 for pension plans and pensions that are within their respective scopes. Management has completed its assessment of this statement and determined that it will not have a material effect on the Agency's financial position or changes therein.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016. This statement addresses the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Management has not yet completed its assessment of this statement.

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

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for periods beginning after June 15, 2015. This statement identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP), which consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. Management has completed its assessment of this statement and determined that it will not have a material effect on the Agency's financial position or changes therein.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HENDERSON REDEVELOPMENT AGENCY

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
City of Henderson Plans						
July 1, 2009	N/A [1]	$ 243,870	$ 248,870	0.0 %	$ 896,001	27.8 %
July 1, 2011	N/A [1]	271,778	271,778	0.0 %	939,873	28.9 %
July 1, 2013	N/A [1]	149,863	149,863	0.0 %	553,145	27.1 %

1. No assets have been placed in trust.

CITY OF HENDERSON REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014 AND LAST NINE FISCAL YEARS[1]

For the Year Ended June 30,	Proportion of the Collective Net Pension Liability	Proportion of the Collective Net Pension Liability	Covered Employee Payroll	Proportion of the Collective Net Pension Liability as a Percentage of Covered Employee Payroll	PERS Fiduciary Net Position as a Percentage of Total Pension Liability
2014	0.00862 %	$ 898,176	$ 553,144	162.38 %	76.30 %

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

CITY OF HENDERSON REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
PROPORTIONATE SHARE OF STATUTORILY REQUIRED CONTRIBUTION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015 AND LAST NINE FISCAL YEARS[1]

For the Year Ended June 30,	Statutorily Required Contribution	Contributions in relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	$ 134,827	$ 134,827	$	$ 580,483	23.23 %

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

Note 1. Other Postemployment Benefits

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

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

Additional information related to other postemployment benefits can be found in Note 9 to the basic financial statements.

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

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

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

Additional pension plan information can be found in Note 8 to the basic financial statements.

OTHER SUPPLEMENTARY INFORMATION

CITY OF HENDERSON REDEVELOPMENT AGENCY

GENERAL FUND
COMBINING BALANCE SHEET - BY PROJECT AREA
JUNE 30, 2015

	Downtown	Tuscany	Cornerstone	Eastside	Lakemoor	Revolving	Administration	Total General Fund
ASSETS								
Cash, cash equivalents and investments	$ 8,268,269	$ 265,025	$ 1,042,406	$ 8,535,908	$ 91,058	$ 77,428	$ 28,131	$ 18,308,225
Restricted cash, cash equivalents and investments		315,345	367,201	42,741				725,287
Interest receivable	13,764	1,466	2,795	17,175	164		13	35,377
Taxes receivable	28,619	3,235	1,719	33,728				67,301
Notes receivable, net	46,274			25,354				71,628
Due from other governments	34,047	23,246	6,762	31,012	18			95,085
Land held for resale	4,058,731			5,881,633				9,940,364
Total assets	$ 12,449,704	$ 608,317	$ 1,420,883	$ 14,567,551	$ 91,240	$ 77,428	$ 28,144	$ 29,243,267
LIABILITIES								
Accounts payable and other accrued liabilities	$ 2,006	$	$ 17,791	$ 197,590	$ 4,122	$	$ 14,387	$ 235,896
Accrued wages							13,444	13,444
Tax increment payable to developers		315,345	367,201	28,170				710,716
Due to other governments	621,261							621,261
Total liabilities	623,267	315,345	384,992	225,760	4,122		27,831	1,581,317
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue, property taxes	28,619	3,235	1,719	33,728				67,301
Unavailable revenue, notes receivable	46,274			25,354				71,628
Total deferred inflows of resources	74,893	3,235	1,719	59,082				138,929
Total liabilities and deferred inflows of resources	698,160	318,580	386,711	284,842	4,122		27,831	1,720,246
FUND BALANCE								
Restricted for								
Land held for resale	4,058,731			5,881,633				9,940,364
Debt service	1,336,331							1,336,331
Economic stabilization	243,780			211,594				455,374
Future redevelopment activities	6,112,702	289,737	1,034,172	8,189,482	87,118	77,428	313	15,790,952
Total fund balance	11,751,544	289,737	1,034,172	14,282,709	87,118	77,428	313	27,523,021
Total liabilities, deferred inflows of resources and fund balance	$ 12,449,704	$ 608,317	$ 1,420,883	$ 14,567,551	$ 91,240	$ 77,428	$ 28,144	$ 29,243,267

CITY OF HENDERSON REDEVELOPMENT AGENCY

GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY PROJECT AREA
FOR THE YEAR ENDED JUNE 30, 2015

	Downtown	Tuscany	Cornerstone	Eastside	Lakemoor	Revolving	Administration	Total General Fund
REVENUES								
Property taxes	$ 2,159,817	$ 2,165,839	$ 1,041,173	$ 1,128,709	$ 481	$	$	$ 6,496,019
Investment income	75,240	7,972	14,303	93,810	598		72	191,995
Developer contributions	5,000		7,881					12,881
Rental fees						938		938
Developer reimbursements					188,456			188,456
Miscellaneous	25,415			17,917			216	43,548
Total revenues	2,265,472	2,173,811	1,063,357	1,240,436	189,535	938	288	6,933,837
EXPENDITURES								
General government								
General operations								
Salaries and wages							580,483	580,483
Employee benefits							221,359	221,359
Services and supplies	41,506			203,625	133,045	6,992	360,025	745,193
Program costs								
Services and supplies	123,092	1,949,255	619,206	125,379			1,260	2,818,192
Impairment of land held for development	3,711,071							3,711,071
Total general government	3,875,669	1,949,255	619,206	329,004	133,045	6,992	1,163,127	8,076,298
Debt service								
Principal payments	715,000							715,000
Interest and fiscal charges	633,881							633,881
Total debt service	1,348,881							1,348,881
Total expenditures	5,224,550	1,949,255	619,206	329,004	133,045	6,992	1,163,127	9,425,179
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,959,078)	224,556	444,151	911,432	56,490	(6,054)	(1,162,839)	(2,491,342)
OTHER FINANCING SOURCES (USES)								
Transfers in	352,253							352,253
Transfers between project areas	(255,511)	(216,584)	(295,222)	(395,809)			1,163,126	
Total other financing sources (uses)	96,742	(216,584)	(295,222)	(395,809)			1,163,126	352,253

(Continued)

CITY OF HENDERSON REDEVELOPMENT AGENCY

GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY PROJECT AREA (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Downtown	Tuscany	Cornerstone	Eastside	Lakemoor	Revolving	Administration	Total General Fund
CHANGE IN FUND BALANCE	(2,862,336)	7,972	148,929	515,623	56,490	(6,054)	287	(2,139,089)
FUND BALANCE, BEGINNING OF YEAR	14,613,880	281,765	885,243	13,767,086	30,628	83,482	26	29,662,110
FUND BALANCE, END OF YEAR	$ 11,751,544	$ 289,737	$ 1,034,172	$ 14,282,709	$ 87,118	$ 77,428	$ 313	$ 27,523,021

COMPLIANCE SECTION

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 Redevelopment Agency
City of Henderson, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 2, 2015.

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

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

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

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the 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*.

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We noted certain matters that we reported to the Agency in a separate letter dated November 2, 2015.

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

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
November 2, 2015

CITY OF HENDERSON REDEVELOPMENT AGENCY

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2015

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

None reported