



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

**Annual Financial Report**  
For the Year Ended June 30, 2022  
State of Nevada



# City of Henderson Redevelopment Agency

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# City of Henderson Redevelopment Agency

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## Financial Section

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and major fund of the City of Henderson, Nevada Redevelopment Agency (the Agency) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial information of the governmental activities and major fund of the Agency, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, amounts reported as capital assets, accounts payable, fund balance and net position have been restated to correct for accounting errors. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

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 changes in OPEB liability, multiple-employer cost-sharing defined benefit pension plan - proportionate share of the collective net pension liability information, multiple-employer cost-sharing defined benefit pension plan - proportionate share of statutorily required contribution information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. General fund combining balance sheet by project area and the general fund statement of revenues, expenditures, and changes in fund balance by project area are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information 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 December 16, 2022 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 solely 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 the effectiveness of the Agency's 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.

**BDO USA, LLP**

Las Vegas, NV  
December 16, 2022

## **Management's Discussion and Analysis**

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# City of Henderson Redevelopment Agency

## Management's Discussion and Analysis For the Year Ended June 30, 2022

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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, 2022.

### Financial Highlights

The assets and deferred outflows of resources of the Agency's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$40,636,575 (net position).

The Agency's total net position increased by \$7,880,863 (26%) during the current fiscal year. The increase was mainly due to a larger than anticipated increase in appraised real property values, which increased the Agency's incremental property tax revenue by \$4,020,312 and less actual expenditures than budgeted.

As of the close of the current fiscal year, the Agency reported ending fund balance of \$50,322,946, an increase of \$12,782,643 in comparison with the prior year. The increase is primarily the result of an increase in total revenues of \$2,691,594 to \$26,132,908 and a decrease in expenditures of \$3,033,462 to \$16,118,666, plus a prior period adjustment to increase fund balance of \$2,768,401 which net to the total increase in fund balance during the fiscal year.

The increase in revenues is due primarily to an increase in property tax revenues of \$4,020,312, netted with a decrease of investment income of \$1,304,928 and a decrease in miscellaneous revenue of \$21,060. The decrease in expenditures from the prior year relates to a large decrease in construction activity in the current fiscal year as well as an increase in certain reimbursements and expenditures that are calculated as a percentage of revenue, which increased program costs.

### 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 the following components: (1) government wide financial statements, (2) fund financial statements, (3) notes to financial statements, and (4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

### Government-Wide Financial Statements

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

# City of Henderson Redevelopment Agency

## Management's Discussion and Analysis (continued) For the Year Ended June 30, 2022

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The Statement of Net Position presents information on all the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 include all five of the Agency's 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 12 and 13 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All 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 the governmental fund 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 only one governmental fund, the General Fund, which accounts for the activity of all five of the Agency's redevelopment areas.

**City of Henderson Redevelopment Agency**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

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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 14 through 18 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 19 through 45 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning changes to the Agency's proportionate share of and actuarially determined contribution to the City's pension and OPEB plans provided to the Agency's employees, which is presented immediately following the notes to the financial statements.

**Government-wide Financial Analysis**

The total assets and deferred outflows of resources of the Agency's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$40,636,575 (net position).

**Summary Statement of Net Position**

June 30,	2022	2021
	<u>Governmental Activities</u>	
<b>Assets</b>		
Current, restricted and other	\$ 52,416,512	\$ 42,270,863
Capital		2,719,779
<b>Total Assets</b>	<b>\$ 52,416,512</b>	<b>\$ 44,990,642</b>
<b>Deferred Outflows of Resources</b>	<b>652,234</b>	<b>327,087</b>
<b>Liabilities</b>		
Current	\$ 1,973,657	\$ 4,772,045
Long-term	9,582,633	10,513,529
<b>Total Liabilities</b>	<b>11,556,290</b>	<b>15,285,574</b>
<b>Deferred Inflows of Resources</b>	<b>875,881</b>	<b>78,019</b>
<b>Net Position</b>		
Investment in capital assets		2,719,779
Restricted	40,636,575	27,234,357
<b>Total Net Position</b>	<b>\$ 40,636,575</b>	<b>\$ 29,954,136</b>

Of the Agency's total liabilities, approximately 83% are long term liabilities as of June 30, 2022.

# City of Henderson Redevelopment Agency

## Management's Discussion and Analysis (continued) For the Year Ended June 30, 2022

During the current fiscal year, total assets increased by \$7,425,870. The increase in current, restricted and other assets is due to an increase in cash and restricted cash of \$10,244,353 and a decrease in capital assets of \$2,719,779. Restricted cash increased due to the accrual of liabilities related to commitments to developers and other governments that were incurred in the current fiscal year but will be paid in fiscal year 2023 or beyond. The decrease in capital assets relates to construction in progress of unfinished City construction projects at June 30, 2021, that were completed and donated to the City in fiscal year 2022.

Total liabilities decreased by \$3,729,284 mainly due to the reversal of an accrual and a prior period adjustment related to amounts owed to other governments at June 30, 2022, which will be paid in after fiscal year 2023.

### *Summary of Changes in Net Position*

June 30,	2022	2021
	<u>Governmental Activities</u>	
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,185	\$ 775
Operating grants and contributions		2,730
General revenues:		
Property taxes	27,378,150	23,396,161
Unrestricted investment (loss) income	(1,266,564)	38,364
Miscellaneous	3,123	24,592
<b>Total Revenues</b>	<b>26,115,894</b>	<b>23,462,622</b>
<b>Expenses</b>		
General government	17,922,186	16,832,104
Interest expense and fiscal charges	312,845	325,147
<b>Total Expenses</b>	<b>18,235,031</b>	<b>17,157,251</b>
<b>Change in Net Position</b>	<b>7,880,863</b>	<b>6,305,371</b>
<b>Prior Period Adjustment</b>	<b>2,801,576</b>	
<b>Net Position, beginning of year</b>	<b>29,954,136</b>	<b>23,648,765</b>
<b>Net Position, end of year</b>	<b>\$ 40,636,575</b>	<b>\$ 29,954,136</b>

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

Net Position increased by \$7,880,863 from the previous year end, mainly due to a larger than anticipated increase in appraised real property values, which increased the Agency's incremental property tax revenue by \$3,981,989. The change in investment income is due to a decrease in market values of the underlying investments.

# City of Henderson Redevelopment Agency

## Management’s Discussion and Analysis (continued) For the Year Ended June 30, 2022

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Total expenses increased by \$1,077,780 due to the net of an increase in loss on disposition of assets, less expenditures on Capital Assets as well as an increase in certain reimbursements and expenditures that are calculated as a percentage of revenue.

### 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. Fund balance restricted for future redevelopment activities represents 257% of total fund expenditures, including debt service. Restricted fund balance for future redevelopment activities is anticipated to provide the Agency’s General Fund sufficient cash to meet its near-term operational obligations.

The Agency’s fund balance increased by \$10,014,242 from the previous year end, mainly due to an increase in appraised real property values, which translated into increased incremental property tax revenue of \$4,020,312. Total expenses decreased by \$3,033,462 due to a decrease in the number of large construction projects in which the Agency participated in with the City.

### General Fund Budgetary Highlights

Differences between the original budget and final amended budget, as well as an explanation of budget-to-actual variances are summarized below:

Revenue estimates increased by \$2,585,403, which consisted mainly of an increase in property tax of \$2,604,453 due to Eastside, Cornerstone and Downtown redevelopment areas experiencing more growth than originally expected and an investment loss of \$22,995.

Budgeted expenditures were also increased by \$3,307,679, the majority representing an increase to program costs associated with Owner Participation Agreement reimbursements which is directly relate to the increase in property tax revenue.

Total revenues were less than budgeted due to a greater than anticipated investment loss exceeding greater than anticipated property tax revenues. Expenditures were lower than budget mainly due to certain budgeted programs that did not take place.



# City of Henderson Redevelopment Agency

## Management's Discussion and Analysis (continued) For the Year Ended June 30, 2022

### Capital Asset and Debt Administration

#### Capital Assets

The Agency has no construction in progress due to all construction projects were completed and transferred to the City at June 30, 2022.

#### Long-Term Liabilities

At the end of the fiscal year, the majority of long-term liabilities consist of total bonded debt outstanding of \$7,880,000 plus the unamortized bond premium of \$316,448 for a total of \$8,196,448. The remainder of long-term liabilities includes bond premiums, compensated absences, net pension and post-employment benefits.

#### Outstanding Long-Term Liabilities

June 30,	2022	2021
	<u>Governmental Activities</u>	
Long-term liabilities, due within one year:		
Bonds payable	\$ 290,000	\$ 275,000
Compensated absences	93,615	92,951
Long-term liabilities, due in more than one year:		
Bonds payable	7,906,448	8,229,933
Compensated absences	217,385	261,238
Other postemployment benefits	374,548	478,447
Net pension liability	700,637	1,175,960
<b>Total Long-Term Liabilities</b>	<b>\$ 9,582,633</b>	<b>\$ 10,513,529</b>

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 8 of the notes to the basic financial statements.

#### Economic Factors and Next Year's Budget and Rates

The primary funding source for Nevada's redevelopment agencies is tax increment, which consists of the incremental value of ad valorem tax and personal property tax above the base year in a particular redevelopment area. In Henderson, redevelopment areas total assessed values have increased each year 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

# City of Henderson Redevelopment Agency

## Management's Discussion and Analysis (continued) For the Year Ended June 30, 2022

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that are not the owner's primary residence. The 8% cap also applies to land, commercial buildings, business personal property, aircraft, etc. New construction or property that has a change of use (zoning change or manufactured home 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% 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. If such an ordinance is adopted, the bill requires that 18% 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. In December 2013, the Redevelopment Agency Board adopted a resolution approving a reset for the Eastside redevelopment project area beginning July 1, 2014.

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% 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. In August 2015, the Redevelopment Agency Board adopted a resolution approving the extension of the Downtown redevelopment project area extending the life of the area from October 2025 to October 2040.

The Agency anticipates issuing tax allocation bonds in the Eastside Redevelopment Area for the construction of educational and recreational projects. The final amounts and term of the issuances are not yet known at this time.

These factors were considered in preparing the Agency budget for the 2021-2022 fiscal year.

### **COVID-19 Pandemic**

As mentioned previously, the primary funding source for Nevada's redevelopment agencies is tax increment, which consists of the incremental value of ad valorem tax and personal property tax above the base year in a particular redevelopment area. In Henderson, redevelopment areas total assessed values have increased each year since 2013. The Agency does not receive any sales tax or consolidated taxes. As of June 30, 2022, the Agency has not been affected by a decline in ad valorem revenue from the COVID-19 pandemic. However, if assessed property values decrease in

# City of Henderson Redevelopment Agency

## Management's Discussion and Analysis (continued) For the Year Ended June 30, 2022

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redevelopment areas due to effects of the pandemic, tax increment will also decrease. Further, the Agency has not seen a decline in ad valorem or personal property tax collections, but the possibility of a decrease in these collections exists due to the economic circumstances related to the pandemic.

The Agency cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. If the pandemic continues, it may have an adverse effect on the Agency's future operations, financial position, and liquidity in fiscal year 2023 and in future years.

### **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 Fiscal Administrator, P.O. Box 95050, MSC 512, Henderson, Nevada 89009-5050.

## Basic Financial Statements

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## **Government-Wide Financial Statements**

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# City of Henderson Redevelopment Agency

## Statement of Net Position June 30, 2022

	Governmental Activities
<b>ASSETS</b>	
Cash, cash equivalents and investments, unrestricted	\$ 40,612,671
Cash, cash equivalents and investments, restricted	7,826,496
Accounts receivable, net	1,309
Taxes receivable	203,672
Interest receivable	83,667
Due from other governments	213,933
Land held for resale	3,474,764
Total assets	\$ 52,416,512
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	26,789
Deferred amounts related to pensions	521,907
Deferred amounts related to other postemployment benefits	103,538
Total deferred outflows of resources	652,234
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	114,974
Accrued wages	7,965
Tax increment payable to developers	1,766,955
Interest payable	83,763
Long-term liabilities, due within one year Bonds payable	290,000
Compensated absences	93,615
Long-term liabilities, due in more than one year Bonds payable	7,906,448
Compensated absences	217,385
Other postemployment benefits	374,548
Net pension liability	700,637
Total liabilities	11,556,290
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	756,118
Deferred amounts related to other postemployment benefits	119,763
Total deferred inflows of resources	875,881
<b>NET POSITION</b>	
Restricted for:	
Land held for resale	3,474,764
Debt service	617,800
Contractual obligations	6,361,875
Economic stabilization	1,291,011
Future redevelopment activities	28,891,125
Total net position	40,636,575

See notes to basic financial statements.



# City of Henderson Redevelopment Agency

## Statement of Activities June 30, 2022

FUNCTION/PROGRAM	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government					
Debt service	\$ 17,922,186	\$ 1,185	\$ -	\$ -	\$ (17,921,001)
Interest expense and fiscal charges	312,845	-	-	-	(312,845)
<b>Total function/program</b>	<b>\$ 18,235,031</b>	<b>\$ 1,185</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (18,233,846)</b>
<b>GENERAL REVENUES</b>					
Property taxes					27,378,150
Unrestricted investment loss					(1,266,564)
Miscellaneous					3,123
<b>Total general revenues</b>					<b>26,114,709</b>
<b>CHANGE IN NET POSITION</b>					<b>7,880,863</b>
<b>NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>					<b>29,954,136</b>
Adjustment					2,801,576
<b>NET POSITION, BEGINNING OF YEAR, ADJUSTED</b>					<b>32,755,712</b>
<b>NET POSITION, END OF YEAR</b>					<b>\$ 40,636,575</b>

See notes to basic financial statements

**Fund Financial Statements**

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# City of Henderson Redevelopment Agency

## Balance Sheet - Governmental Fund As of June 30, 2022

	General Fund
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 40,612,671
Restricted cash, cash equivalents and investments	7,826,496
Accounts receivable, net	1,309
Taxes receivable	203,672
Interest receivable	83,667
Due from other governments	213,933
Notes receivable, net	8,968
Land held for resale	3,474,764
<b>Total assets</b>	<b>\$ 52,425,480</b>
<b>LIABILITIES</b>	
Accounts payable and other accrued liabilities	\$ 114,974
Accrued wages	7,965
Tax increment payable to developers	1,766,955
<b>Total liabilities</b>	<b>1,889,894</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue, property taxes	203,672
Unavailable revenue, notes receivable	8,968
<b>Total deferred inflows of resources</b>	<b>212,640</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>2,102,534</b>
<b>FUND BALANCES</b>	
Restricted for	
Land held for resale	3,474,764
Debt service	617,800
Contractual commitments	6,361,875
Economic stabilization	1,291,011
Future redevelopment activities	38,577,496
<b>Total fund balances</b>	<b>50,322,946</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 52,425,480</b>

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 As of June 30, 2022

FUND BALANCES, GOVERNMENTAL FUND	\$		\$ 50,322,946
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Amounts reported in the statement of net position are different because:

Deferred outflows of resources benefit future periods; and therefore, are not reported in governmental funds:			
Deferred outflows related to pensions	521,907		
Deferred outflows related to other postemployment benefits	103,538		
Deferred charges on refunding	<u>26,789</u>		652,234

Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in the governmental fund:			
Bonds and notes payable	(8,196,448)		
Compensated absences payable	(311,000)		
Other postemployment benefits liability	(374,548)		
Net pension liability	<u>(700,637)</u>		(9,582,633)

Other liabilities are not due and payable in the current period; and therefore, are not reported in the governmental fund:			
Interest payable	<u>(83,763)</u>		(83,763)

Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds. Deferred inflows of resources related to pensions and other postemployment benefits are associated with long-term obligations; and therefore, are not recognized in the governmental funds:			
Unavailable revenue	203,672		
Deferred inflows related to pensions	(756,118)		
Deferred amounts related to other postemployment benefits	<u>(119,763)</u>		(672,209)

<b>NET POSITION, GOVERNMENTAL ACTIVITIES</b>			<b>\$ 40,636,575</b>
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See notes to basic financial statements.

## City of Henderson Redevelopment Agency

### Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund For the Year June 30, 2022

	General Fund
<b>REVENUES</b>	
Property taxes	\$ 27,395,164
Investment loss	(1,266,564)
Miscellaneous	4,308
Total revenues	26,132,908
<b>EXPENDITURES</b>	
General government	
General operations	
Salaries and wages	830,428
Employee benefits	372,577
Services and supplies	596,769
Program costs	
Services and supplies	13,701,967
Total general government	15,501,741
Debt service	
Principal payments	275,000
Interest and fiscal charges	341,925
Total debt service	616,925
Total expenditures	16,118,666
CHANGE IN FUND BALANCE	10,014,242
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	37,540,303
Adjustment	2,768,401
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	40,308,704
FUND BALANCE, END OF YEAR	\$ 50,322,946

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, 2022

CHANGE IN FUND BALANCE, GOVERNMENTAL FUND	\$	10,014,242
Amounts reported in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 407,795	
Loss on disposition of capital assets	<u>(2,985,778)</u>	(2,577,983)
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in the governmental fund:		
Change in unavailable revenues	<u>(17,014)</u>	(17,014)
Debt proceeds provide current financial resources to the governmental fund, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued:		
Debt principal repayments	<u>275,000</u>	275,000
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 the governmental fund:		
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(18,942)	
Change in compensated absences payable	43,189	
Amortization of debt premiums and refunding charge	25,643	
Change in accrued interest	3,437	
Change in net pension liability and related deferred outflows and inflows of resources	<u>133,291</u>	186,618
<b>CHANGES IN NET POSITION, GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>7,880,863</b>

See notes to basic financial statements.

## City of Henderson Redevelopment Agency

### Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 23,918,170	\$ 26,522,623	\$ 27,395,164	\$ 872,541
Investment income (loss)	162,100	139,105	(1,266,564)	(1,405,669)
Miscellaneous		3,945	4,308	363
<b>Total revenues</b>	<b>24,080,270</b>	<b>26,665,673</b>	<b>26,132,908</b>	<b>(532,765)</b>
<b>EXPENDITURES</b>				
General government				
General operations				
Salaries and wages	930,523	932,090	830,428	101,662
Employee benefits	450,585	450,585	372,577	78,008
Services and supplies	822,467	975,398	596,769	378,629
<b>Total general operations</b>	<b>2,203,575</b>	<b>2,358,073</b>	<b>1,799,774</b>	<b>558,299</b>
Program costs				
Services and supplies	17,398,868	20,552,049	13,701,967	6,850,082
<b>Total general government</b>	<b>19,602,443</b>	<b>22,910,122</b>	<b>15,501,741</b>	<b>7,408,381</b>
Debt service				
Principal payments	275,000	275,000	275,000	
Interest and fiscal charges	341,925	341,925	341,925	
<b>Total debt service</b>	<b>616,925</b>	<b>616,925</b>	<b>616,925</b>	
<b>Total expenditures</b>	<b>20,219,368</b>	<b>23,527,047</b>	<b>16,118,666</b>	<b>7,408,381</b>
<b>CHANGE IN FUND BALANCE</b>	<b>3,860,902</b>	<b>3,138,626</b>	<b>10,014,242</b>	<b>6,875,616</b>
<b>FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	<b>37,540,303</b>	<b>37,540,303</b>	<b>37,540,303</b>	
<b>ADJUSTMENT</b>			<b>2,768,401</b>	<b>2,768,401</b>
<b>FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED</b>	<b>37,540,303</b>	<b>37,540,303</b>	<b>40,308,704</b>	
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 41,401,205</b>	<b>\$ 40,678,929</b>	<b>\$ 50,322,946</b>	<b>\$ 9,644,017</b>

See notes to basic financial statements.



# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements For the Year Ended June 30, 2022

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### 1. 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 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 reportable organizations were identified.

The Agency is a blended component unit of the City of Henderson, Nevada (the City) and is governed by a five-member board composed of 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 Annual Comprehensive 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

The financial statements of the Agency are not intended to present fairly the financial position and results of operations of the City of Henderson. Only the accounts of the Agency are included in the reporting entity.

On December 20, 1994, the City Council, 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 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.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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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. In December 2013, an official Redevelopment Plan amendment was adopted approving the base-year reset of the Eastside redevelopment project area.

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

### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements report information on all 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 activities 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 measurable when the amount of the transaction can be determined and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues 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, pensions and other postemployment benefits are recorded only when payment is due.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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Property taxes levied by the City, intergovernmental revenues, and interest associated with the current fiscal period are all considered 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 reports only one fund (the General Fund), which accounts for all financial resources of the Agency.

### ***Assets, Liabilities and Equity***

#### ***Cash, Cash Equivalents and Investments***

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, and the balances in the pool are available to meet the Agency's 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 levied by the City. 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 monthly.

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.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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An 8% cap on the tax bill will be applied to residences that are not the owner's primary residence. The 8% cap also applies to land, commercial buildings, business personal property, aircraft, etc. New construction or property that has a change of use (zoning change or manufactured home 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 redevelopment agencies to complete a reset of the base year, if in any year, the assessed value of the taxable property in a redevelopment area has decreased by 10% or more from the assessed value of the taxable property in the redevelopment area before the effective date of the ordinance approving the redevelopment plan. In December 2013, the Redevelopment Agency Board adopted a resolution approving a reset for the Eastside redevelopment project area beginning July 1, 2014.

In the 2015 legislative session, the Nevada State Legislature passed a law allowing redevelopment agencies to extend to a maximum of 45 years the date of termination of a redevelopment plan, and any amendments to the plan. The bill requires that 18% of the revenues received from taxes on the taxable property located in the redevelopment area affected by 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. In August 2015, the Redevelopment Agency Board adopted a resolution approving the extension of the Downtown redevelopment project area from October 2025 to October 2040.

In October 2020, the Henderson City Council adopted an ordinance to amend the Eastside Redevelopment Plan to extend the termination date of the Plan by 15 years, from February 2036 to February 2051, to amend the time limit on issuing securities or incurring indebtedness to finance the Plan, and to expand the Plan boundary of the Eastside Redevelopment Area by approximately 401 acres.

### *Land Held for Sale*

Land held for resale consists of property obtained by the Agency in a defined redevelopment area with the intent that it will either be transferred to the City or a developer, in accordance with development agreements. Accordingly, land held for resale is not considered a capital asset and is presented as an asset in the Agency's general fund.

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 appraisal has been obtained) or an agreed upon sales price if a disposition agreement has been made with a developer.

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. During fiscal year 2022, the Agency did not write down the value of any Agency-owned property.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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### *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 of more than 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. The Agency has nothing in construction in progress at June 30, 2022.

### *Compensated Absences*

It is the Agency's policy to permit employees to accumulate earned by 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 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, which does not differ materially from the effective interest 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 when paid.

### *Multiple-Employer Cost-Sharing Defined Benefit Pension Plan*

The Agency uses the same basis used in the Comprehensive Annual Financial Report of the Public Employees' Retirement System of Nevada (PERS) for reporting its proportionate share of the PERS collective net pension liability, the related deferred outflows and inflows of resources, and pension expense, including information related to the PERS fiduciary net position and related additions to or deductions from. 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.

### *Other Postemployment Benefits (OPEB)*

The Agency recognized benefit payments when due and payable in accordance with the benefit terms for the purpose of measuring the OPEB liability, deferred outflows of resources and deferred inflow of resources related to OPEB, and OPEB expense.

### *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 will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2022, the Agency has three items which qualify for

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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reporting in this category. A deferred charge on bond refunding is reported in the statement of net position, which results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized on a straight-line basis over the shorter of the life of the refunded or refunding debt. 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 and changes in actuarial assumptions, and differences between expected and actual experience. This amount is deferred and amortized over 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. Finally, the Agency reports deferred amounts related to OPEB for 1) the differences between expected and actual experience and 2) changes in assumptions. This amount is deferred and amortized over the average expected remaining service life of active and inactive plan members.

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 fund reports unavailable revenues from property taxes and 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 related to pensions for (1) the differences between expected and actual experience, (2) the net difference between projected and actual investment earnings on pension plan investments, and (3) changes in proportion and differences between actual contributions and the Agency's proportionate share of contributions, which are deferred and amortized over the average expected remaining service life of all employees that are provided with pension benefits, with the exception of investment earnings which are recognized over a closed five-year period. Lastly, under full accrual accounting, the government-wide statement of net position also reports deferred inflows related to (1) the difference between expected and actual experience, and (2) changes in assumptions regarding the estimated OPEB liability, which are deferred and amortized over the average expected remaining service life of active and inactive plan members.

### *Equity Classifications*

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

*Investment in Capital Assets* - Capital assets, net of accumulated depreciation.

*Restricted* - 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* - All other net position that does not meet the definition of "restricted" or "investment in capital assets."

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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

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

*Restricted* - Includes constraints placed on the use of these resources that are either externally imposed by creditors (such as debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation). For the Agency, all fund balance is considered restricted per Nevada Revised Statute 279, *Redevelopment of Communities*.

*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% of 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.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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### 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.

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 the budget is in compliance with the appropriate regulations or not. Public hearings, at which all changes made to the tentative budget are indicated, are conducted no sooner than the third Monday in May and no later than the last day 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 to reserve that portion of applicable appropriations.

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 to reserve that portion of applicable appropriations.

Encumbered and unencumbered appropriations may be carried forward in the ensuing year's budget.

#### *Prior Period Adjustments*

There was a correction in the 18% Educational Set-aside reducing liabilities and increasing fund balance in the amount of \$2,768,401 for fiscal year 2021 as well as an adjustment related to Construction in Process which increased fund balance by \$33,175 related to fiscal year 2021.



# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

Net position as of July 1, 2021, has been retroactively adjusted as follows:

	Governmental Activities
Net position or fund balances, as previously reported	\$29,954,136
Adjustments	
Correction of Construction in Process	33,175
18% Educational Set-aside Correction	2,768,401
Total Adjustments	2,801,576
Net position or fund balance, as adjusted	\$32,755,712

### ***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.

### **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 which 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 overall, as a combination of monies from each fund belonging to the pool. In this manner, the City's Chief Financial Officer can invest the monies at a higher interest rate for a longer period. Interest revenue is apportioned monthly to each fund in the pool based on the average cash balance of the fund for the month.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

### *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% of the money available for local government investment).

At June 30, 2022, the Agency had the following cash and investments, of which \$7,826,496 were restricted:

	Credit Rating	Cost	Fair Value*	Weighted Average Maturity (Years)
Pooled cash, cash equivalents and investments held by the City of Henderson, Nevada*	N/A	\$ 49,236,335	\$ 47,818,111	1.83
Non-pooled cash equivalents and investments RDA Bonds - Morgan Stanley Money Market Fund	N/A	621,056	621,056	N/A
<b>Total Cash and Investments</b>		<b>\$ 49,857,391</b>	<b>\$ 48,439,167</b>	

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

Information regarding credit risk, custodial credit risk, concentration of credit risk, interest rate risk and fair value measurement for pooled cash, cash equivalents and investments in accordance with GASB Statement No. 72 can be found in the City's notes to the financial statements included in the separate City's Annual Comprehensive Financial Report. The City's pool is not registered with the SEC and investments are regulated by NRS 355.170. The City's pool is not rated and has an average maturity of 1.83 years in fiscal 2022.

The Agency's non-pooled investments are reported at estimated fair value based on quoted market prices, which are considered level 1 inputs in generally accepted accounting principles (GAAP). The GAAP fair value hierarchy is based on the inputs used to measure the fair value of an asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City or Agency will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. At year end, the City's investment pool and specific investments had no securities exposed to custodial credit risk. The City manages its exposure to declines in fair values (e.g., interest rate risk) by limiting the

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

weighted-average maturity of its investment portfolio to five years or less in accordance with its investment policy.

The City's investment policy further limits investments in money market mutual funds to those with minimum ratings of AAA and Aaa by Standard and Poor's and Moody's Investors Service, respectively. The Agency's money market fund was rated AAAm by Standard and Poors and Aaa-mf Moody's Investors Service, and has a weighted average maturity of 0.31 years.

### 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.

Due to the economic downturn experienced in prior fiscal years, many homeowners defaulted on their home improvement loans. Although the Agency carries a second position on the property serving as collateral, in most cases, the property value was not sufficient to cover the first deed of trust. In fiscal year 2012, the Agency established policies to mitigate the risk of loan defaults. However, in fiscal 2014, the Agency determined that the likelihood of full payment is uncertain; therefore, all loans have been fully reserved. Future payments, if any, will be recorded as program income in the year received.

The Agency also has a \$775,000 note receivable from a developer, which is currently in default and has been fully reserved.

### 5. Land Held for Resale

For the fiscal year ended June 30, 2022, land held for resale consists of the following:

	Balance, July 1, 2021	Increases	Decreases	Balance, June 30, 2022
Downtown redevelopment area:				
Water Street Commons	\$ 402,348	\$	\$	\$ 402,348
Lake Mead Project	113,000			113,000
Lake Mead/Water	134,500			134,500
Texas/Atlantic Parking	425,181			425,181
Atlantic/Lead	442,735			442,735
Water Street Plaza	491,000			491,000
Basic/Pacific	644,000			644,000
Other	262,000			262,000
	2,914,764			2,914,764
Eastside Redevelopment Area	560,000			560,000
	\$ 3,474,764	\$	\$	\$ 3,474,764

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

### 6. Capital Assets

For the year ended June 30, 2022, capital asset activity was as follows:

	Balance, July 1, 2021	Increases	Decreases	Balance, June 30, 2022
Governmental activities:				
Capital assets not being depreciated or amortized:				
Construction in progress	\$ 2,577,983	\$ 407,795	\$ 2,985,778	\$
<b>Total Governmental Activities</b>	<b>\$ 2,752,954</b>	<b>\$ 407,795</b>	<b>\$ 3,160,749</b>	<b>\$</b>

### 7. 18% Educational Set-aside

On June 6, 2017, the Agency Board approved an amended and restated Interlocal Agreement (ILA) between the Agency and the Clark County School District (the District) relating to the disbursement of funds received by the Agency for the Eastside and Downtown Redevelopment Areas, to be used for certain qualified public education projects benefitting schools located within or serving students who reside within those redevelopment areas. Such projects are to be identified pursuant to the terms of the agreement. The agreement also provides for the creation of a joint planning group with designated representatives from the District and the Agency to make recommendations regarding the expenditure of the set aside funds on Qualified projects (as defined in the ILA). The Agency Board shall approve or disapprove of the recommendations.

The joint planning group met for fiscal year 2021 and fiscal year 2022 and decided to accumulate the funds for construction of a new preschool estimated to cost approximately \$10 million to construct.

During fiscal 2022, the Agency received tax increment revenue resulting in an educational set-aside of \$3,391,140 at June 30, 2022, of which \$2,758,988 relates to Eastside and \$632,153 relates to Downtown. The funds have been reclassified to a Restricted Cash Account and added to the fiscal year 2021 funds resulting in a total restricted cash balance for educational funds of \$6,059,541 at June 30, 2022, of which \$4,864,636 relates to Eastside and \$1,194,905 relates to Downtown. These amounts are expected to be disbursed for construction of the preschool by the end of fiscal year 2024.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

### 8. Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2022, was as follows:

	Balance, July 1, 2021	Increases	Decreases	Balance, June 30, 2022	Due Within One Year
Governmental activities:					
General obligation bonds:					
\$9,365,000 Series 2015 Tax Increment Refunding Bonds due annually through October 2039; interest rate varies between 2.0% and 5.0%	\$ 8,155,000	\$	\$ (275,000)	\$ 7,880,000	\$290,000
Unamortized bond premiums	349,933		(33,485)	316,448	
Compensated absences	354,189	118,786	(161,975)	311,000	93,615
Liability for other postemployment benefits	478,447	28,214	(132,113)	374,548	
Net pension liability	1,175,960		(475,323)	700,637	
<b>Total Governmental Activities</b>	<b>\$ 10,513,529</b>	<b>\$ 147,000</b>	<b>\$ (1,077,896)</b>	<b>\$ 9,582,633</b>	<b>\$383,615</b>

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

At June 30, 2022, the annual requirements to pay principal and interest on all bonds outstanding were as follows:

*Year ended June 30,*

	General Obligation Bonds	
	Principal	Interest
Governmental activities:		
2023	\$ 290,000	\$ 327,800
2024	305,000	312,925
2025	320,000	297,300
2026	335,000	280,925
2027	355,000	263,675
2028-2032	2,045,000	1,040,888
2033-2037	2,485,000	601,337
2038-2042	1,745,000	106,500
<b>Total Governmental Activities</b>	<b>\$ 7,880,000</b>	<b>\$ 3,231,350</b>

### 9. 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.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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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 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, this multiplier is 2.5% for all years of service. Regular members entering PERS on or after July 1, 2015, have a 2.25% 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.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten 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, at age 62 with ten years of service, or any age with thirty years of service. Regular members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, at age 55 with thirty years of service, or at any age with thirty-three and one-third years of service.

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

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

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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The PERS 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. PERS basic funding policy provides for periodic contributions at a level pattern of costs as a percentage of salary through a member's working lifetime in order to accumulate sufficient assets to pay benefits when due.

For the fiscal years ended on June 30 2021 and June 30, 2020, the required employer/employee match rates increased to 15.25% for regular members, and the EPC rates increased to 29.25% for regular members.

PERS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplemental information. This report is available at [www.nvpers.org](http://www.nvpers.org), under publications. PERS Official Policies also can be found at [www.nvpers.org](http://www.nvpers.org), under employers.

PERS collective net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following economic actuarial assumptions (based on the results of an experience study for the period from July 1, 2016 through June 30, 2020), applied to all periods included in the measurement:

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Actuarial valuation date	June 30, 2021
Inflation rate	2.50%
Payroll growth	3.50%, including inflation
Investment rate of return	7.25%, net of pension investment expense, including inflation
Discount rate	7.25%
Productivity pay increase	0.50%
Actuarial cost method	Entry Age Normal and Level Percentage of Payroll
Projected salary increases	4.20% to 9.10%, depending on service Rates include inflation

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Pre and post retirement mortality rates for members were based upon the respective Pub-2010 Amount-Weighted Mortality Tables, adjusted based on gender and projected generationally with the two-dimensional mortality improvement scale MP-2020. The Pub-2010 Amount-Weighted Mortality Tables reasonably reflect the projected mortality experience of the plan as of the measurement date. The generational projection is a provision made for future mortality improvement.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

The policies of PERS that 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, 2021:

Asset Class	Target Allocation (%)	Long-Term Geometric Expected Real Rate of Return (%)*
Domestic equity	42.0	5.50
International equity	18.0	5.50
Domestic fixed income	28.0	0.75
Private markets	12.0	6.65

\* As of June 30, 2021, PERS' long-term inflation assumption was 2.50%.

\*\* As of June 30, 2021, the Private Markets allocation includes 6.00% private real estate and 6.00% private equity.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2021 and 7.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. Based on that assumption, the PERS fiduciary net position at June 30, 2021, was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

The Agency's proportionate share of the net pension liability at June 30, 2021, calculated using the discount rate of 7.25%, 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 (6.25%) or 1% higher (8.25%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 1,394,946	\$ 700,637	\$ 127,889

Detailed information about PERS fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website, [www.nvpers.org](http://www.nvpers.org) under publications. PERS fiduciary net position and additions to/deductions from have been determined on the same basis used in the PERS Annual Comprehensive 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.



## City of Henderson Redevelopment Agency

### Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

The Agency's proportionate share (amount) of the collective net pension liability was \$700,637, which represents .0077% of the collective net pension liability, which is a decrease of .00007% from the Agency's proportionate share in the prior year. Contributions for employer pay dates within the fiscal year ending June 30, 2021, 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, 2021.

For the year ended June 30, 2022, the Agency's pension expense was \$133,291 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2022, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,268	\$ 14,125
Changes of assumptions and other inputs	295,993	
Net difference between projected and actual earnings on investments		(761,210)
Changes in proportion and differences between actual contributions and proportionate share of contributions	16,577	(9,033)
Contributions made subsequent to the measurement date	115,069	
	\$ 521,907	\$ (756,118)

At June 30, 2021 (the actuarial valuation date), the average expected remaining service life is 6.14 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$115,069 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

*Year ending June 30,*

2023		\$ (104,339)
2024		(102,630)
2025		(106,459)
2026		(114,104)
2027		68,652
Thereafter		9,600
		\$ (349,280)

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

During fiscal year 2022, changes in the Agency's net pension liability were as follows:

<b>Net Pension Liability</b> , beginning of year	\$ 1,175,960
Pension expense	(24,229)
Employer contributions	(230,139)
<b>Net Change in Deferred Inflows and Outflows of Resources</b>	<b>(220,955)</b>
<b>Net Pension Liability</b> , end of year	<b>\$ 700,637</b>

At June 30, 2022, \$2,370 is payable to PERS, for the June 2022 required contribution, and is included in accounts payable and other accrued liabilities.

### 10. Other Postemployment Benefits (OPEB)

At June 30, 2022, the Agency's OPEB plan balances were as follows:

	City of Henderson Plans
Net OPEB assets administered through a qualifying trust	\$ -
Net unamortized deferred outflows of resources related to OPEB	103,538
OPEB liability	(374,548)
Net unamortized deferred inflows of resources related to OPEB	(119,763)
OPEB expense	18,942

#### *Plan Information*

In accordance with NRS, the Agency participates with the City to provide other post-employment benefits to eligible retirees through the City of Henderson Plan (City Plan), a single-employer defined benefit plan, administered by City management.

The plan provides healthcare, prescription, dental, vision and life insurance benefits. Eligible pre-Medicare retirees can receive coverage through the City Plan. Medicare eligible retirees must purchase coverage through the Extended Health, and will retain their post- 65 term life insurance policy valued at \$25,000, with the premiums paid by the City.

The City Plan does not issue a separate financial report; however, additional information may be obtained by writing or calling the following:

City of Henderson  
Finance Department  
240 Water Street  
Henderson, Nevada, 89015  
(702) 267-1700

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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Benefit provisions for the City Plan are established pursuant to NRS 287 and amended by the City's eight-member Insurance Committee, which includes representation from the various participating employee groups. Under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates in the City Plan. Effective January 1, 2014, eligible retirees participating in the City Plan receive a graduated benefit of lower monthly premiums based on years of service with the City, with a maximum monthly benefit of \$500. This benefit will be reduced by 50% for Medicare eligible retirees, who can no longer participate in the City's Plan. Effective January 1, 2019, this graduated benefit was amended. The amendment modified the definition of years of service, which are now based on enrollment date in the City Plan. Additionally, the post-65 benefit will be received for up to seventeen years based on the retirees' years of service. Previously, there was no cap on the number of years the post-65 benefit could be received, and the years of service were based on years with the City.

The City's Insurance Committee reviews and determines the plan contribution requirements and the plan options. Contribution amounts differ depending on the selected plan and range from \$545 to \$1,553 per month. Retiree loss experience is pooled with active employee loss experience for the purpose of setting rates, and the difference between the true claims cost and the blended rate creates an implicit rate subsidy from the City.

The Agency's OPEB liability represents 0.54% of the City's total OPEB liability for fiscal year 2022 and 0.54% for fiscal year 2021. The Agency's proportionate share is calculated by the percentage of annual benefits paid to the plan by the Agency compared to the annual benefits paid to the plan by the City in total.

At June 30, 2022, employees covered by OPEB benefit terms consisted of:

	City of Henderson Plans
Active members	6
Inactive employees currently receiving benefit payments	1
Inactive employees entitled to, but not yet receiving benefit payments	2
	<hr/>
	9

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

### *Assumptions and Other Inputs*

The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement. The actuarial assumptions were based on the results of an experience study dated October 16, 2021, as adopted by PERS.

Actuarial valuation date	June 30, 2022
Measurement date	June 30, 2022
Inflation rate	2.50% per annum
Salary changes	2.00% per annum
Discount rate	3.54% per annum as of June 30, 2022 2.16% per annum as of June 30, 2021
Discount rate source	Bond Buyer 20-Bond GO index
Postemployment benefit changes	None
Benefit-related costs shared with inactive employees	Retirees are required to contribute 100% of premium equivalent rates
Actuarial cost method	Entry Age Normal based on level percentage of projected salary
Healthcare cost trend rates	7.00% per annum, decreasing 0.25% per year to an ultimate rate of 4.00%

Mortality rates are based on the Pub-2010 weighted mortality table and projected generationally using MP-2021 applied on a gender-specific and job class basis.

Changes in the assumptions and other inputs that affected the measurement of the City's total OPEB liability during the period ended June 30, 2022, were as follows:

- The discount rate was updated from 2.16% to 3.54%.
- Healthcare cost trend rates were updated with an initial rate of 7.00% grading down until reaching the ultimate rate of 4.00%, to reflect higher than anticipated increasing cost environment.

The Agency's OPEB liability at June 30, 2022, calculated using the discount rate of 3.54%, as well as what the Agency's OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate was as follows:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City of Henderson Plans	\$ 426,982	\$ 374,548	\$ 333,345

The Agency's OPEB liability at June 30, 2022, calculated using the healthcare trend rate of 7.00% decreasing to 4.00%, as well as what the Agency's OPEB liability would be if it were calculated using a healthcare trend rate that is 1.00% lower (6.00% decreasing to 3.00%) or 1.00% higher (8.00% decreasing to 5.00%) than the current healthcare trend rate was as follows:

## City of Henderson Redevelopment Agency

### Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

	1% Decrease in Healthcare Trend Rate	Current Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
City of Henderson Plans	\$ 340,838	\$ 374,548	\$ 412,002

At June 30, 2022, changes in the Agency's OPEB liability were as follows:

	City of Henderson Plans
Service cost	\$ 17,939
Interest on OPEB liability	10,275
Changes in benefit terms	(72,898)
Changes of assumptions or other inputs	(46,526)
Benefit payments	(12,689)
<b>Net Change in OPEB Liability</b>	<b>(103,899)</b>
<b>OPEB Liability, beginning of year</b>	<b>478,447</b>
<b>OPEB Liability, end of year</b>	<b>\$ 374,548</b>

For the period ended June 30, 2022, the Agency's OPEB expense was \$18,942 and its reported deferred inflows and outflows of resources related to OPEB as of June 30, 2022, were as follows:

	City of Henderson Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,088	\$ (68,675)
Changes of assumptions and other inputs	56,450	(51,088)
	<b>\$ 103,538</b>	<b>\$ (119,763)</b>

Amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in employee benefit expense as follows:

*Year ending June 30,*

	City of Henderson Plans
2023	\$ 3,797
2024	3,797
2025	3,797
2026	3,797
2027	4,503
Thereafter	(35,916)
	<b>\$ (16,225)</b>

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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### 11. 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.

### 12. Commitments and Contingencies

#### *COVID-19 Pandemic*

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the City, the State of Nevada, and the United States. The spread of the novel strain of coronavirus referred to as the COVID-19 pandemic (the Pandemic) has had a significant impact throughout the world, including within Southern Nevada and the City of Henderson.

The full impact of the Pandemic continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the Pandemic will have on the Agency's financial condition, liquidity, and future results of operations. The Agency's management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. With the large-scale vaccination efforts in the United States underway and the reopening of businesses, there is a strong sense of optimism that the negative economic impacts will be short-lived. Providing additional optimism has been the unprecedented fiscal stimulus provided by the Federal Government over the last year. However, given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Agency is not able to estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity for fiscal year 2022 and future years.

The primary funding source for Nevada's redevelopment agencies is tax increment, which consists of the incremental value of ad valorem tax and personal property tax above the base year in a particular redevelopment area. In Henderson, redevelopment areas total assessed values have increased each year since 2013. The Agency does not receive any sales tax or consolidated taxes. As of June 30, 2022, the Agency has not been affected by a decline in ad valorem revenue from the COVID-19 pandemic. However, if assessed property values decrease in redevelopment areas due to effects of the pandemic, tax increment will also decrease. Further, the Agency has not seen a decline in ad valorem or personal property tax collections, but the possibility of a decrease in these collections exists due to the economic circumstances related to the pandemic.

#### *Litigation*

The Agency is a defendant in a lawsuit related to a development agreement. Based on the current progress of the case to date and facts known at this time, a loss contingency is reasonably possible, but a range of loss cannot be reasonably estimated.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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### *Contingent Obligations Payable to Developers*

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 ad valorem tax increment received by the Agency on those specific parcels and is not payable from any other source. 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 approved reimbursable project costs. Accordingly, only certain of these potential future obligations of the Agency have been reflected in the Agency's financial statements to the extent that tax increment revenue has been collected and approved, qualified expenses have been incurred by the developer.

### *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 certificate of completion was issued in May 2011, and the interest rate is now 5.25% per annum compounded annually.

During fiscal 2022, the Agency made principal payments on the Tuscany Note of \$4,899,836 and at June 30, 2022, the outstanding balance is \$42,612,332. However, tax increment revenues, as described above, are not sufficient to pay the entire amount. Therefore, a liability has not been established for the entire Note. All unpaid principal and interest that is payable after March 2031 will be forgiven and deemed paid in full.

As of June 30, 2022, the Agency has a recorded liability in Due to Developer of \$931,580, which is payable to the developer for its share of the tax increment revenue collected since the last payment.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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### *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 February 2020, the City Attorney Note was paid-off in full by Landwell.

As of June 30, 2021, LandWell requested and staff pre-approved all capital improvement projects in the Cadence development.

Through June 30, 2022, LandWell has incurred costs reimbursable costs of \$44,352,307 related to public improvement projects; however, tax increment revenues are not sufficient to pay the entire amounts. Accordingly, no liability has been established. During fiscal 2022, the Agency paid \$4,383,081 to LandWell.

At June 30, 2022, the outstanding balance of the Landwell Note is \$41,451,617. However, tax increment revenues, as described above, are not sufficient to pay the entire amount. Therefore, a liability has not been established for the entire Note.

As of June 30, 2022, the Agency has a recorded liability in Due to Developer of \$825,776, which is payable to the developer for its share of the tax increment revenue collected since the last payment.

All unpaid principal and interest on the LandWell Note that is payable after February 2051 will be forgiven and deemed paid in full.



# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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### *Union Village Note*

On December 17, 2013, the Agency and Union Village, LLC (Union Village) entered into an 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. On April 20, 2021, the Agency Board approved the 6th Amendment to the OPA which reduces the interest rate of the Union Village Note to 3% and reduces their proportionate share to 75% of Union Village's tax increment, beginning January 1, 2022.

At June 30, 2022, the outstanding balance of the Union Village Note is \$18,424,349. However, tax increment revenues, as described above, are not sufficient to pay the entire amount. Therefore, a liability has not been established for the entire Note.

During fiscal 2022, the Agency paid \$495,974 to Union Village, and \$3,757 has been placed in a restricted cash account, as well as recorded as a program expense and a liability (Tax Increment Payable to Developers), for their share of tax increment that has been received since the last payment date of June 1, 2022.

All unpaid principal and interest on the Union Village Note that is payable as of February 2051 will be forgiven and deemed paid in full.

### *Valley Health System Note*

On December 17, 2013, the Agency and Valley Health System, LLC (VHS) entered into an Owner Participation Agreement, which provides that the Agency reimburse VHS up to \$33,000,000 for constructing certain capital improvements in the Eastside Redevelopment Area (the VHS Note). The VHS 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.

At June 30, 2022, the outstanding balance of the Valley Health System Redevelopment Note is \$17,517,370. However, tax increment revenues, as described above, are not sufficient to pay the entire amount. Therefore, a liability has not been established for the entire Note.

During fiscal 2022, the Agency paid \$683,484 to VHS, and \$5,842 has been placed in a restricted cash account, as well as recorded as a program expense and a liability (Tax Increment Payable to Developers), for their share of tax increment that has been received since the last payment date of June 1, 2022.

All unpaid principal and interest on the VHS Note that is payable after February 2051 will be forgiven and deemed paid in full.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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### ***Medium Term Bonds-- Funding Agreement***

On May 19, 2020, the Agency and the City entered into a funding agreement, which provides that the Agency reimburse the City up to \$25,000,000 toward the cost and expenses associated with bonds issued by the City related to certain capital projects of the City. The Agency reimbursements are contingently payable to the City in ten annual installments not to exceed \$2,500,000. The current interest rate of the bonds is 2.00% and the actual debt service is approximately \$2.2 million per year.

The Agency's funding obligation is contingent upon receiving sufficient tax increment revenue for the Cornerstone Redevelopment Area in the fiscal year period immediately preceding the installment due date. In case of a shortfall in tax increment revenue, the Agency will only be obligated to pay the available tax increment monies to the City and shall be released from any further obligation to pay for that year's installment.

The reimbursement is due within five (5) days of the date that the debt service on the Bonds is due. The installments are due December 1 and June 1. As such, no liability is recorded on the financial statements at June 30, 2022.

### ***Other Contractual Commitments***

As of June 30, 2022, the Agency had \$6,361,875 in outstanding encumbrances in the General Fund mainly due to the public education 18% set-aside funds that have been put in a restricted cash account but not disbursed as of June 30, 2022 as well as other contractual commitments.

## **13. Recently Issued Accounting Pronouncements**

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for reporting periods beginning after December 15, 2021. This statement addresses the method to be used for reporting conduit debt obligations by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has not yet completed its assessment of this statement.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022. This objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). Management has not yet completed its assessment of this statement.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments and users. Management has not yet completed its assessment of this statement.

# City of Henderson Redevelopment Agency

## Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2022

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In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*, effective dates vary from immediate implementation to implementation effective fiscal years beginning after June 15, 2023. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. Management has not yet completed its assessment of this statement.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*, effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Management has not yet completed its assessment of this statement.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management has not yet completed its assessment of this statement.

### **14. Subsequent Event - Fiesta Land Site Purchase**

On December 13, 2022 the Agency Board approved a resolution to purchase from NP Lake Mead, LLC approximately 35.3 acres of real property commonly known as Assessor's Parcel Number 178-13-301-017 and located at 777 W. Lake Mead Parkway, Henderson, Nevada 89015 that was formerly the site of the Fiesta Hotel and Casino from October 1, 1996 until September, 2022 (the "Property"), which is located in the Downtown Redevelopment Project Area. The purchase price of the property is \$32,000,000 in cash. \$27,000,000 coming from the Eastside Redevelopment area, \$3,000,000 coming from the Downtown Redevelopment area and \$2,000,000 coming from City funds. In addition, the City will contribute certain in-kind improvements bringing the total purchase price to \$38,800,000.

## Required Supplementary Information

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## City of Henderson Redevelopment Agency

### Postemployment Benefits Other Than Pensions Schedule of Changes in OPEB Liability For the Year Ended June 30, 2022

	Service Cost	Interest on OPEB Liability	Changes in Benefit Terms	Differences Between Expected and Actual Experience	Changes in Assumptions or Other Input	Benefit Payments	Net Change in OPEB Liability	OPEB Liability, Beginning of Year	OPEB Liability, End of Year	Covered Employee Payroll	OPEB Liability, End of Year as a Percentage of Covered Employee Payroll
City of Henderson Plans <sup>2</sup>											
2018	\$ 16,347	\$ 15,469	\$ -	\$ -	\$ (16,928)	\$ (10,641)	\$ 4,247	\$ 380,051	\$ 384,298	\$ 712,512	53.94%
2019	15,305	14,105	(105,712)	-	12,430	(11,000)	(74,872)	384,298	309,426	655,221	47.22%
2020	18,225	10,757	(1,315)	61,436	71,479	(11,140)	149,442	309,426	458,868	712,502	64.40%
2021	18,202	10,581	(651)	-	3,024	(11,577)	19,579	458,868	478,447	788,171	60.70%
2022	17,939	10,275	(72,897)	-	(46,526)	(12,689)	(103,899)	478,447	374,548	785,130	47.71%

1. Information for Postemployment Benefits Other Than Pensions is not available for years prior to the year ended June 30, 2018. As additional information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.
2. No assets have been placed in a trust.

Changes in the assumptions and other inputs that affected the measurement of the Agency's OPEB liability during the period ended June 30, 2022, were as follows:

The discount rate was updated from 2.16% to 3.54%.

Trend rates were updated with an initial rate of 7.00% grading down until reaching the ultimate rate of 4.00%, to reflect higher than anticipated increasing cost environment.

At June 30, 2022, no assets were accumulated in a qualifying trust in which the assets contributed and earnings thereon are irrevocable, dedicated solely to providing postemployment benefits and are legally protected from creditors.

Actuarial information for postemployment benefits other than pensions is not available for measurement years prior to the year ended June 30, 2018. As information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

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

## City of Henderson Redevelopment Agency

### Multiple-Employer Cost-Sharing Defined Benefit Pension Plan (PERS) Proportionate Share of the Collective Net Pension Liability Information For the Year Ended June 30, 2022

For the Year Ended June 30,	Proportion of the collective Net Pension Liability	Proportionate a Share of the Collective Net Pension Liability	Covered Payroll	Proportion of the Collective Net Pension Liability as a Percentage of Covered Payroll	PERS Fiduciary Net position as a Percentage of Total Pension Liability
2014	0.00862 %	\$ 898,176	\$ 553,144	162.38 %	76.31 %
2015	0.00870 %	1,001,154	534,637	187.26 %	75.13 %
2016	0.00868 %	1,168,364	571,388	204.48 %	72.23 %
2017	0.00847 %	1,126,513	596,834	188.75 %	74.42 %
2018	0.00853 %	1,162,810	712,512	163.20 %	75.24 %
2019	0.00850 %	1,159,518	655,221	176.97 %	76.46 %
2020	0.00844 %	1,175,960	712,502	165.05 %	77.04 %
2021	0.00768 %	700,637	788,171	88.89 %	86.51 %

3. 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 more information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.

For the year ended June 30, 2022, there were no changes in the pension benefit plan terms or the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2021.

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

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

# City of Henderson Redevelopment Agency

## Multiple-Employer Cost-Sharing Defined Benefit Pension Plan (PERS) Proportionate Share of the Statutorily Required Contribution Information For the Year Ended June 30, 2022

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For the Year Ended June 30,	Statutorily Required Contribution	Contributions in relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 134,827	\$ 134,827	\$	\$ 534,637	25.22 %
2016	158,210	158,210		571,388	27.69 %
2017	167,114	167,114		596,834	28.00 %
2018	198,315	198,315		712,512	27.83 %
2019	180,646	180,646		655,221	27.57 %
2020	207,632	207,632		712,502	29.14 %
2021	227,455	227,455		788,171	28.86 %
2022	230,139	230,139		785,130	29.31 %

4. 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 more information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.



## Other Supplementary Information

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# City of Henderson Redevelopment Agency

## General Fund Combining Balance Sheet - by Project Area For the Year Ended June 30, 2022

	Downtown	Tuscany	Cornerstone	Eastside	Lakemoor	Revolving	Administration	Total General Fund
<b>ASSETS</b>								
Cash, cash equivalents and investments	\$ 9,104,413	\$ 606,824	\$ 5,784,655	\$ 24,953,844	\$ 78,175	\$ 68,591	\$ 16,169	\$ 40,612,671
Restricted cash, cash equivalents and investments	1,194,905	931,580	-	5,700,011	-	-	-	7,826,496
Accounts receivable, net	-	-	-	-	-	-	1,309	1,309
Taxes receivable	70,006	13,207	2,012	118,447	-	-	-	203,672
Interest receivable	16,629	2,711	10,127	53,992	149	59	-	83,667
Due from other governments	23,065	47,281	27,735	115,852	-	-	-	213,933
Notes receivable, net	8,968	-	-	-	-	-	-	8,968
Land held for resale	2,914,764	-	-	560,000	-	-	-	3,474,764
<b>Total assets</b>	<b>\$ 13,332,750</b>	<b>\$ 1,601,603</b>	<b>\$ 5,824,529</b>	<b>\$ 31,502,146</b>	<b>\$ 78,324</b>	<b>\$ 68,650</b>	<b>\$ 17,478</b>	<b>\$ 52,425,480</b>
<b>LIABILITIES</b>								
Accounts payable and other accrued liabilities	\$ 193	\$ -	\$ 4	\$ 105,264	\$ -	\$ -	\$ 9,513	\$ 114,974
Accrued wages	-	-	-	-	-	-	7,965	7,965
Tax increment payable to developers	-	931,580	-	835,375	-	-	-	1,766,955
<b>Total liabilities</b>	<b>\$ 193</b>	<b>\$ 931,580</b>	<b>\$ 4</b>	<b>\$ 940,639</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,478</b>	<b>\$ 1,889,894</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue, property taxes	\$ 70,006	\$ 13,207	\$ 2,012	\$ 118,447	\$ -	\$ -	\$ -	\$ 203,672
Unavailable revenue, notes receivable	8,968	-	-	-	-	-	-	8,968
<b>Total deferred inflows of resources</b>	<b>\$ 78,974</b>	<b>\$ 13,207</b>	<b>\$ 2,012</b>	<b>\$ 118,447</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 212,640</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 79,167</b>	<b>\$ 944,787</b>	<b>\$ 2,016</b>	<b>\$ 1,059,086</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,478</b>	<b>\$ 2,102,534</b>
<b>FUND BALANCE</b>								
Restricted for								
Land held for resale	\$ 2,914,764	\$ -	\$ -	\$ 560,000	\$ -	\$ -	\$ -	\$ 3,474,764
Debt service	617,800	-	-	-	-	-	-	617,800
Contractual commitments	1,412,244	-	4,109	4,930,881	11,590	-	3,051	6,361,875
Economic stabilization	265,475	-	248,950	776,551	35	-	-	1,291,011
Future redevelopment activities	8,043,300	656,816	5,569,454	24,175,628	66,699	68,650	(3,051)	38,577,496
<b>Total fund balance</b>	<b>\$ 13,253,583</b>	<b>\$ 656,816</b>	<b>\$ 5,822,513</b>	<b>\$ 30,443,060</b>	<b>\$ 78,324</b>	<b>\$ 68,650</b>	<b>\$ -</b>	<b>\$ 50,322,946</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 13,332,750</b>	<b>\$ 1,601,603</b>	<b>\$ 5,824,529</b>	<b>\$ 31,502,146</b>	<b>\$ 78,324</b>	<b>\$ 68,650</b>	<b>\$ 17,478</b>	<b>\$ 52,425,480</b>

# 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, 2022

	Downtown	Tuscany	Cornerstone	Eastside	Lakemoor	Revolving	Administration	Total General Fund
<b>REVENUES</b>								
Property Taxes	\$ 3,511,959	\$ 5,398,788	\$ 3,156,685	\$ 15,327,710	\$ 22	\$ -	\$ -	\$ 27,395,164
Investment loss	(256,836)	(39,928)	(155,675)	(810,467)	(2,066)	(1,592)	-	(1,266,564)
Miscellaneous	3,123	-	-	-	-	1,185	-	4,308
<b>Total revenues</b>	<b>\$ 3,258,246</b>	<b>\$ 5,358,860</b>	<b>\$ 3,001,010</b>	<b>\$ 14,517,243</b>	<b>\$ (2,044)</b>	<b>\$ (407)</b>	<b>\$ -</b>	<b>\$ 26,132,908</b>
<b>EXPENDITURES</b>								
General government								
General operations								
Salaries and wages	-	-	-	-	-	-	830,428	830,428
Employee benefits	-	-	-	-	-	-	372,577	372,577
Services and supplies	11,400	-	21,247	78,600	18,411	-	467,111	596,769
Program costs								
Services and supplies	314,127	4,858,910	2,613,032	5,914,997	-	-	901	13,701,967
<b>Total general government</b>	<b>\$ 325,527</b>	<b>\$ 4,858,910</b>	<b>\$ 2,634,279</b>	<b>\$ 5,993,597</b>	<b>\$ 18,411</b>	<b>\$ -</b>	<b>\$ 1,671,017</b>	<b>\$ 15,501,741</b>
Debt service								
Principal payments	275,000	-	-	-	-	-	-	275,000
Interest and fiscal charges	341,925	-	-	-	-	-	-	341,925
<b>Total debt service</b>	<b>\$ 616,925</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 616,925</b>
<b>Total expenditures</b>	<b>\$ 942,452</b>	<b>\$ 4,858,910</b>	<b>\$ 2,634,279</b>	<b>\$ 5,993,597</b>	<b>\$ 18,411</b>	<b>\$ -</b>	<b>\$ 1,671,017</b>	<b>\$ 16,118,666</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 2,315,794</b>	<b>\$ 499,950</b>	<b>\$ 366,731</b>	<b>\$ 8,523,646</b>	<b>\$ (20,455)</b>	<b>\$ (407)</b>	<b>\$ (1,671,017)</b>	<b>\$ 10,014,242</b>
<b>OTHER FINANCING SOURCES (USED)</b>								
Transfers between project areas	(1,451)	(374,559)	(350,609)	(944,398)	-	-	1,671,017	-
<b>CHANGE IN BALANCE</b>	<b>\$ 2,314,343</b>	<b>\$ 125,391</b>	<b>\$ 16,122</b>	<b>\$ 7,579,248</b>	<b>\$ (20,455)</b>	<b>\$ (407)</b>	<b>\$ -</b>	<b>\$ 10,014,242</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>\$ 10,376,487</b>	<b>\$ 531,425</b>	<b>\$ 5,806,391</b>	<b>\$ 20,658,164</b>	<b>\$ 98,779</b>	<b>\$ 69,057</b>	<b>\$ -</b>	<b>\$ 37,540,303</b>
Adjustment	562,753			2,205,648				2,768,401
<b>ADJUSTED BEGINNING FUND BALANCE</b>	<b>\$ 10,939,240</b>	<b>\$ 531,425</b>	<b>\$ 5,806,391</b>	<b>\$ 22,863,812</b>	<b>\$ 98,779</b>	<b>\$ 69,057</b>	<b>\$ -</b>	<b>\$ 40,308,704</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 13,253,583</b>	<b>\$ 656,816</b>	<b>\$ 5,822,513</b>	<b>\$ 30,443,060</b>	<b>\$ 78,324</b>	<b>\$ 68,650</b>	<b>\$ -</b>	<b>\$ 50,322,946</b>



## Compliance Section

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## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited, 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 governmental activities and major fund of the City of Henderson, Nevada Redevelopment Agency (the Agency) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated December 16, 2022.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 entity’s 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency’s 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 financial statements. 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*.

#### **Agency's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described in the accompanying *schedule of findings and responses*. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### **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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BDO USA, LLP**

Las Vegas, NV  
December 16, 2022



## City of Henderson Redevelopment Agency

### Schedule of Findings and Responses For the Year Ended June 30, 2022

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<b>2022-001</b>	<b>Improper period of expenditures</b>
<i>Criteria</i>	Liabilities are to be recorded when there is a present obligations to sacrifice resources that the government has little or no discretion to avoid (GASB Concepts Statement No. 4 Summary)
<i>Condition</i>	During fiscal year 2022, the Agency determined that the 18% Education Set-aside liability was improperly recorded in fiscal year 2021, as an obligation to remit funds to a third-party did not exist as of period end. The Agency determined that this was material to the prior period financial statements and therefore, the beginning fund balance was adjusted to reverse the liability.
<i>Cause</i>	Controls over the identification of current year liabilities were not operating effectively to ensure that expenditures were recorded in the correct period.
<i>Effect</i>	Prior year expenditures and liabilities were overstated by \$2.7 million.
<i>Recommendation</i>	We recommend that the Agency ensure its policies and procedures are updated to ensure that liabilities are only recorded when there is a present obligation.
<i>View of Responsible Officials</i>	<p>Management concurs with the finding. Management has already implemented a new policy for the 18% set-aside accrual.</p> <p>On a go-forward basis, a liability will only be accrued if clear direction has been given by the Joint Planning Group on or before June 30 to distribute the funds to specific schools or the District for Qualified Projects.</p> <p>For any Qualified Projects to be undertaken by the Agency, the Agency shall disburse the Education Set-Aside Funds directly to the parties completing the work for such project, subject to all applicable laws. Education Set-Aside Funds to be disbursed pursuant to this shall be held by the Agency in a restricted account until such time as such funds are disbursed for payment associated with the applicable Qualified Project. No liability will be accrued unless an approved purchase order exists or an invoice for the fiscal year in question is received and paid after year-end.</p> <p>Otherwise, only restricted cash will be recorded at year end for 18% of Eastside and Downtown revenues.</p>



CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2022

**2022-001                      Improper period of expenditures**

*Criteria*                      Liabilities are to be recorded when there is a present obligation to sacrifice resources that the government has little or no discretion to avoid (GASB Concepts Statement No. 4 Summary)

*Contact person*            David Vorce (david.vorce@cityofhenderson.com)

*Implantation date*        July 1, 2022

*Corrective Action*        On a go-forward basis, a liability will only be accrued if clear direction has been given by the Joint Planning Group on or before June 30 to distribute the funds to specific schools or the District for Qualified projects.

For any Qualified Projects to be undertaken by the Agency, the Agency shall disburse the Education Set Aside Funds to be disbursed pursuant to this shall be held by the Agency in a restricted account until such time as such funds are disbursed for payment associated with the applicable Qualified Project. No liability will be accrued unless an approved purchase order exists or an invoice for the fiscal year in questions is received and paid after year-end. Otherwise, only restricted cash will be recorded at year end 18% of Eastside and Downtown revenues.