

FINANCIAL SECTION

2014 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2014



A Place To Call Home

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P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, Nevada (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund and each major special revenue fund, as listed in the table of contents for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other post employment benefits - schedule of funding progress on pages 11-23 and 70-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "P. Gray Bowler Taylor & Kern".

Las Vegas, Nevada
October 30, 2014

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2014

As management of the City of Henderson, Nevada (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. Please read this in conjunction with the transmittal letter at the beginning of this report and the City's financial statements following this section.

Financial Highlights

The assets of the City exceeded its liabilities at June 30, 2014 by \$2,546,700,054 (net position). Of this amount, \$197,545,792 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

During fiscal year 2014, the City's total net position decreased by \$75,574,285. See the sections on Governmental Activities and Business-type Activities below for explanations of the decrease.

As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$205,660,919, a decrease of \$29,827,771 in comparison with the prior year. See the governmental fund analysis below for explanations of the decrease. Approximately 8.6% of ending fund balances, or \$17,606,056, is available for spending at the City's discretion (unassigned fund balance).

As of June 30, 2014, unassigned fund balance in the general fund was 8.4% of fiscal year 2014 expenditures in the general fund.

Financial Statement Overview

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

Government-wide Financial Statements

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

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

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

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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains twenty-three individual governmental funds as of June 30, 2014. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Grants Special Revenue Fund, General Obligation Debt Service Fund, Special Assessment Districts Capital Projects Fund, and the Municipal Facilities Acquisition and Construction Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

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

Proprietary Funds

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

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2014, the City is reporting net position of \$2,546,700,054.

The largest portion of the City's net position (84.8%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets						
Current, restricted and other	\$ 361,525,365	\$ 373,005,741	\$ 159,324,680	\$ 154,068,609	\$ 520,850,045	\$ 527,074,350
Capital	<u>1,454,644,873</u>	<u>1,507,830,951</u>	<u>972,456,208</u>	<u>1,001,616,803</u>	<u>2,427,101,081</u>	<u>2,509,447,754</u>
Total assets	<u>1,816,170,238</u>	<u>1,880,836,692</u>	<u>1,131,780,888</u>	<u>1,155,685,412</u>	<u>2,947,951,126</u>	<u>3,036,522,104</u>
Deferred outflows of resources	<u>8,516,392</u>	<u>10,112,557</u>	<u>6,709,878</u>	<u>7,203,429</u>	<u>15,226,270</u>	<u>17,315,986</u>
Liabilities						
Current	28,014,259	30,414,266	19,275,208	14,984,508	47,289,467	45,398,774
Other	<u>208,392,550</u>	<u>210,245,577</u>	<u>160,795,325</u>	<u>175,919,400</u>	<u>369,187,875</u>	<u>386,164,977</u>
Total liabilities	<u>236,406,809</u>	<u>240,659,843</u>	<u>180,070,533</u>	<u>190,903,908</u>	<u>416,477,342</u>	<u>431,563,751</u>
Net position						
Net investment in capital assets	1,327,111,404	1,377,259,345	831,640,345	846,172,666	2,158,751,749	2,223,432,011
Restricted	179,220,120	210,529,977	11,182,393	13,987,769	190,402,513	224,517,746
Unrestricted	<u>81,948,297</u>	<u>62,500,084</u>	<u>115,597,495</u>	<u>111,824,498</u>	<u>197,545,792</u>	<u>174,324,582</u>
Total net position	<u>\$ 1,588,279,821</u>	<u>\$ 1,650,289,406</u>	<u>\$ 958,420,233</u>	<u>\$ 971,984,933</u>	<u>\$ 2,546,700,054</u>	<u>\$ 2,622,274,339</u>

A portion of the City's net position (7.5%) is subject to external restrictions on how it may be used. The remaining balance of \$197,545,792 is considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2014, the City is able to report positive balances in all three categories of net position, both for government as a whole, as well as for its separate governmental and business-type activities. The same held true for the previous fiscal year.

The \$31.3 million decrease in restricted net position for governmental activities was mainly due to approximately \$23.2 million used to call bonds as part of the Inspirada special assessment district restructure. Some projects that were originally planned for this district were deleted, bonds were called, and assessments were reduced. Also, there were payments for special assessment infrastructure of \$8.6 million during fiscal year 2014.

The decrease of \$2.8 million in restricted net position for business type activities is due to the use of system development fees for applicable projects.

The City's total net position decreased by \$75,574,285 during the current fiscal year, comprised of a decrease in governmental net position of \$62,009,585 and a decrease in business-type activities of \$13,564,700. See explanations for the decreases in the sections for Governmental Activities and Business-type Activities, immediately following the table below.

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Summary Statement of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$ 41,833,338	\$ 44,877,495	\$ 121,586,072	\$ 115,195,718	\$ 163,419,410	\$ 160,073,213
Operating grants and contributions	12,891,586	10,625,816		20,000	12,891,586	10,645,816
Capital grants and contributions	39,008,389	58,672,921	19,717,458	10,187,969	58,725,847	68,860,890
General revenues						
Property taxes	63,982,175	63,320,080			63,982,175	63,320,080
Room taxes	901,887	823,290	1,801,825	1,644,032	2,703,712	2,467,322
Intergovernmental revenues - consolidated tax	88,013,859	81,088,044			88,013,859	81,088,044
Motor vehicle fuel tax	4,163,200	3,933,820			4,163,200	3,933,820
Sales tax	11,436,957	10,704,017	4,358,347	4,025,507	15,795,304	14,729,524
Franchise fees, based on gross receipts	31,481,739	30,011,869			31,481,739	30,011,869
Unrestricted investment income	3,115,696	2,231,741	2,271,148	1,710,311	5,386,844	3,942,052
Increase (decrease) in fair value of investments		(3,569,677)		(3,045,590)		(6,615,267)
Gain on disposal of capital assets	185,299	4,011,053	1,995		187,294	4,011,053
Miscellaneous	812,423	632,593	484,042	496,494	1,296,465	1,129,087
Total revenues	<u>297,826,548</u>	<u>307,363,062</u>	<u>150,220,887</u>	<u>130,234,441</u>	<u>448,047,435</u>	<u>437,597,503</u>
Expenses						
General government	47,826,017	60,686,477			47,826,017	60,686,477
Judicial	13,089,666	14,002,003			13,089,666	14,002,003
Public safety	138,652,346	138,260,143			138,652,346	138,260,143
Public works	104,652,659	75,900,091			104,652,659	75,900,091
Culture and recreation	44,259,523	46,200,390			44,259,523	46,200,390
Community support	7,686,894	4,952,021			7,686,894	4,952,021
Interest expense and fiscal charges	6,184,656	5,465,068			6,184,656	5,465,068
Administrative and other costs	21,363	591,649			21,363	591,649
Water			83,097,653	83,514,646	83,097,653	83,514,646
Sewer			58,692,077	53,979,377	58,692,077	53,979,377
Development services			11,851,220	9,358,144	11,851,220	9,358,144
Cultural arts and tourism			4,213,275	4,444,192	4,213,275	4,444,192
Municipal golf course			3,394,371	3,455,105	3,394,371	3,455,105
Total expenses	<u>362,373,124</u>	<u>346,057,842</u>	<u>161,248,596</u>	<u>154,751,464</u>	<u>523,621,720</u>	<u>500,809,306</u>
Transfers	2,536,991	(4,794,708)	(2,536,991)	4,794,708		
Change in net position	(62,009,585)	(43,489,488)	(13,564,700)	(19,722,315)	(75,574,285)	(63,211,803)
Net position, beginning of year	<u>1,650,289,406</u>	<u>1,693,778,894</u>	<u>971,984,933</u>	<u>991,707,248</u>	<u>2,622,274,339</u>	<u>2,685,486,142</u>
Net position, end of year	<u>\$ 1,588,279,821</u>	<u>\$ 1,650,289,406</u>	<u>\$ 958,420,233</u>	<u>\$ 971,984,933</u>	<u>\$ 2,546,700,054</u>	<u>\$ 2,622,274,339</u>

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Governmental Activities

Governmental activities decreased the City's net position by \$62,009,585. Significant changes are as follows:

Operating grants and contributions increased by \$2.3 million. This is due primarily to grants related to community support from the U.S. Department of Housing and Urban Development (HUD). See additional discussion regarding activity in the grant fund in the "Governmental Funds" section of the MD&A below.

Capital grants and contributions decreased by \$19.7 million. There was a decrease in grants for the Southern Nevada Public Land Management Act of approximately \$17.5 million. There was also a large donated piece of land in fiscal year 2013 with no similar donation in fiscal year 2014.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 31) requires that the City's investments be reported at market value. The value of investments decreased by \$3.6 million in fiscal year 2013, which was more than total interest income for the year and therefore was presented separately. In fiscal year 2014 the decrease in market value of the City's investments was \$0.2 million, which is included in interest income.

Interest income increased \$0.9 million due to increased rates of return, with an average rate of return of 2.44% as compared to 1.23% in fiscal year 2013.

There was a \$3.8 million decrease in gain on sale of assets. In fiscal year 2013, there was a large sale and an exchange of appreciated land.

General Government expenses decreased by \$12.9 million due in large part to losses on three significant land sales in fiscal year 2013 amounting to \$8.8 million. The remainder of the decrease is due to lower salary expenses including severance pay.

Public Works expenses increased by \$28.8 million due to approximately \$23.2 million used to call bonds as part of the Inspirada special assessment district restructure. Some projects that were originally planned for this district were deleted, bonds were called, and assessments were reduced.

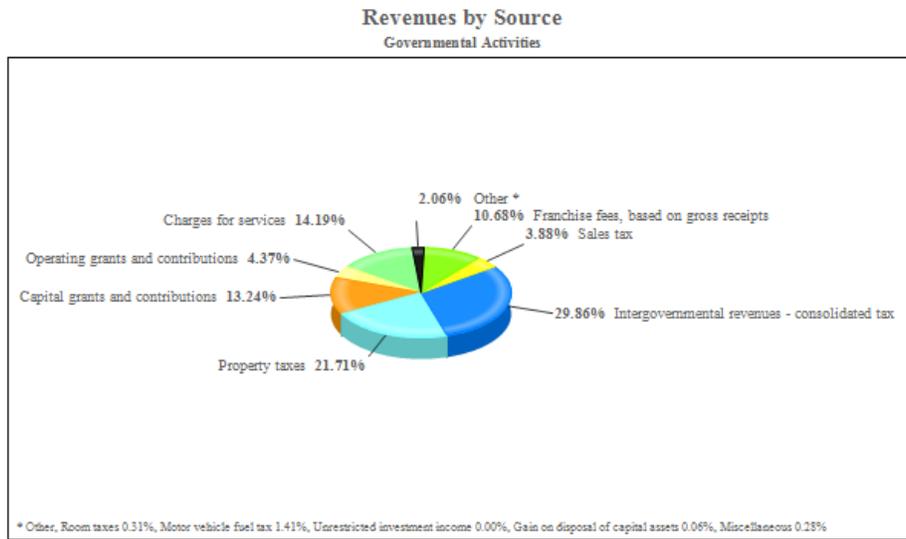
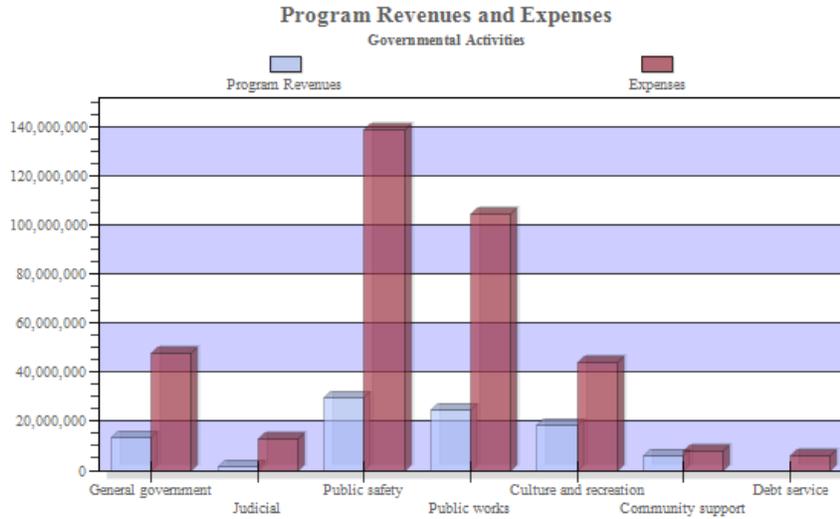
Community Support expenses increased by \$2.7 million due primarily to increase in grants from the HUD. See additional discussion regarding activity in the grant fund in the "Governmental Funds" section of the MD&A.

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014



Business-type Activities

Business-type activities decreased the City's net position by \$13,564,700. Significant changes are as follows:

Capital grants and contributions increased by \$9.5 million due to an increase in developer utility contributed assets.

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CITY OF HENDERSON, NEVADA

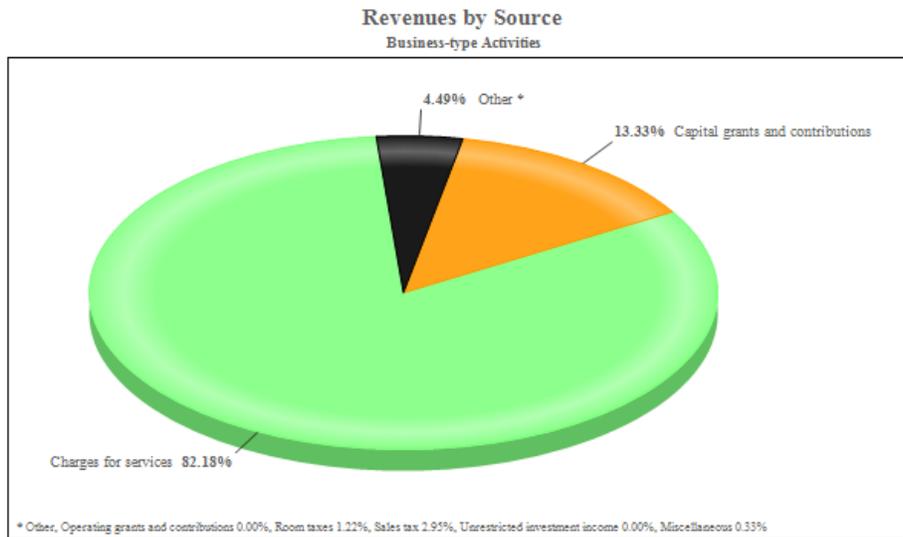
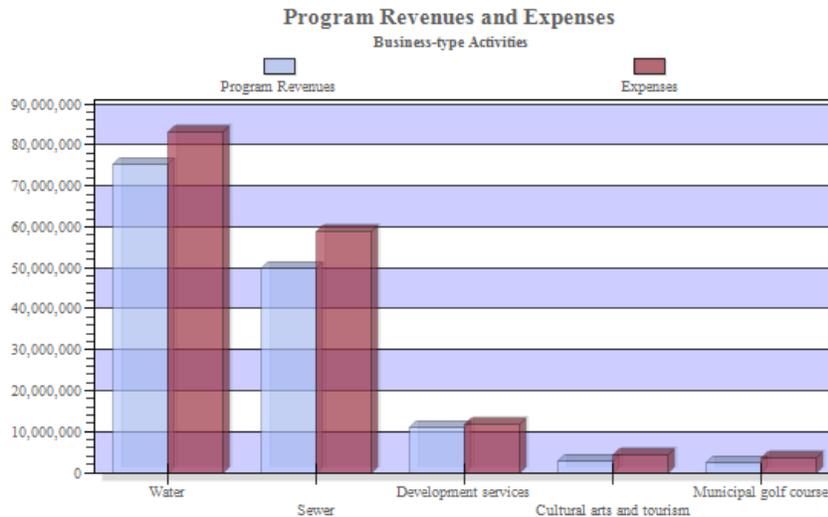
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

GASB 31 requires that the City's investments be reported at market value. The value of investments decreased by \$3 million in fiscal year 2013, which was more than total interest income, and therefore was presented separately. In fiscal year 2014, the decrease in market value of the City's investments was \$0.3 million, which is included in interest income.

There was an increase in investment income of \$0.6 million due to higher rates of return of 2.44% as compared to 1.23% in fiscal year 2013.

Development services expenses increased by \$2.5 million due to higher expenses in the development center services for salaries and other costs. Development in the City increased in fiscal year 2014.



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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$205,660,919, a decrease of \$29,827,771, in comparison with the prior year. Approximately 8.6% of this balance (\$17,606,056) is unassigned, meaning it is available for spending at the government's discretion. The remainder of fund balance is either restricted or assigned to indicate that it is not available for new spending because it has already been restricted by State law or outside entities (\$160,194,848) or assigned for specific uses by the City (\$27,860,015).

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17,606,056, while total fund balance was \$18,250,450. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of and for the fiscal year ended June 30, 2014, unassigned fund balance represents 8.4% of total general fund expenditures, while total fund balance represents 8.7% of that same amount.

The fund balance of the general fund increased by \$922,229 during the current fiscal year. Key factors for this net increase are as follows:

Intergovernmental revenues increased by \$7.6 million due to an increase in Consolidated Tax revenue (a composite tax based on a statutory formula, which is comprised of certain sales, cigarette, motor vehicle privilege and liquor taxes). The formula changed affecting fiscal year 2014, which was favorable to the City and increases are also due to general economy improvement in Southern Nevada.

Charges for services decreased by \$2 million due in large part to lower prisoner detention revenue in fiscal year 2014. The average daily contract prisoner population (housing for other entities' prisoners) decreased from 300 in fiscal year 2013 to 261 in fiscal year 2014.

Current general government expenditures decreased by \$4.4 million due to lower salary expenditures, including severance pay, and also a decrease in expenditures for information technology equipment.

Other general fund expenditures increased by total by \$2.2 million, but no one category increased significantly over the previous fiscal year.

Transfers out to other funds were \$4.6 million.

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Grants Special Revenue Fund

As of June 30, 2014, the grants special revenue fund has a total fund balance of \$575,959, all of which is restricted by granting agencies. There was a decrease in intergovernmental revenues over the prior year of \$15.5 million due primarily to a decrease in grant monies for the Southern Nevada Public Land Management Act (SNPLMA), which is used for parks and trails. Expenditures for public safety decreased by \$1.2 million due to expenditures related to police radio equipment, training, and other safety equipment purchased in fiscal year 2013, with no similar purchases in fiscal year 2014. Additionally, there were fewer expenditures for a grant from the Division of Emergency Management used for the purchase of equipment regarding the Urban Area Security Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) initiative. Public works expenditures increased by \$1.8 million due to several Nevada Department of Transportation agreements and grants, which cover multiple years and will extend into fiscal year 2015. Culture and recreation expenditures decreased by \$18.6 million due to the SNPLMA grants described above. Community support expenditures increased by \$2.8 million due to expenditures from the U.S. Department of Housing and Urban Development (HUD) to assist in the identification and removal of lead hazards from homes in a targeted area located in the City. Additionally, expenditures increased for another HUD grant related to sustainable communities.

General Obligation Debt Service Fund

The general obligation debt service fund has a total fund balance of \$4,107,409, all of which is restricted for payment of debt service. The \$1.9 million net increase in fund balance during fiscal year 2014 is due to an increase of \$0.4 million in property taxes due to a rate change from .15 in fiscal year 2013 to .1554 in fiscal year 2014. There was also a decrease in debt service payments and an increase in other financing sources, but none significant over the previous fiscal year.

Special Assessment Districts Capital Projects Fund

The special assessment districts capital projects fund has a total fund balance of \$57,295,870, all of which is restricted for capital projects funded by special assessments. In fiscal year 2014, the net decrease in fund balance was \$32.5 million. Approximately \$23.2 million of the decrease in fund balance relates to calling bonds as part of the Inspirada special assessment district restructure. \$8.6 million was also spent on special assessment infrastructure improvement projects, which was a decrease of approximately \$8 million under fiscal year 2013 as fewer projects were completed in the current fiscal year than the previous fiscal year.

Municipal Facilities Acquisition and Construction Capital Projects Fund

The municipal facilities acquisition and construction capital projects fund has a fund balance of \$10,591,530, all of which is assigned for capital projects within the City. During fiscal year 2014, fund balance increased by \$0.9 million.

This increase was a combination of a \$1.7 million contribution from a developer for a new fire station and expenditure reductions from the previous fiscal year of approximately \$0.8 million, due in large part to expenditures for the detention facility in fiscal year 2013.

Proprietary Funds

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

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Unrestricted net position of the water fund at the end of fiscal year 2014 amounted to \$94,503,267 and the total decline in net position was \$6,522,310. Unrestricted net position of the sewer fund at the end of the fiscal year 2014 was \$52,925,467 and the total decrease in net position was \$2,719,115. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Functions represent the City's legal level of budgetary control. The final budget expenditure appropriations decreased by \$4.7 million, or 2.1% under the original budget. This decrease was due to budgetary reductions approved by City Council during the fiscal year.

Actual expenditures were 97.3% of appropriations, or \$5.7 million lower than the final budget. All functions are well within appropriation authority. The savings can be attributed to several factors, of which were vacancy savings, reduced operating expenditures due to Special Budget Ad Hoc Committee recommendations, savings resulting from the Henderson Innovation Plan (HIP), and incomplete projects that will be re-appropriated to the next fiscal year. The main areas of savings are summarized below:

Actual General Government expenditures were \$3 million below the final budget. The majority of the positive variance from budget is due to reduced operating expenditures, approximately \$725,000 of which related to ongoing projects that will be re-appropriated in fiscal year 2015.

There were other functional reductions of \$2.7 million in the aggregate, but none significant in any one category.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2014, the City's investment in capital assets for its governmental and business-type activities is \$2,427,101,081 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and a municipal golf course. During fiscal year 2014, the City's investment in capital assets decreased by \$82.3 million (approximately \$53.2 million decrease for governmental activities and approximately \$29.1 million decrease for business-type activities).

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

Improvements other than buildings increased by \$26.7 million for governmental activities, due in large part to \$16 million for Cornerstone Lake Community Park; \$4.6 million for Mission View Park; \$3.6 million for Amargosa Trail; and \$2 million for Lake Mead Parkway (Lake Las Vegas) Pedestrian Trail.

Construction in progress for governmental activities decreased by \$14.5 million, due to the \$26.7 million described above for completed projects which was partially offset by \$11.9 million of additional capitalized expenditures. Construction in progress projects include \$4.9 million for Galleria Drive; \$2 million in trails; street landscaping of \$1.7 million; \$0.9 million for Water Street improvements; Community Development Block Grant trailer estates in the amount of \$0.9 million and various other smaller projects.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Construction in progress for business-type activities increased by \$9.2 million, mainly due to \$4 million in a utility system which monitors and controls water, reclaimed water and wastewater systems; \$4.1 million for construction and improvements to three pump stations; \$0.4 million for Galleria Drive waterline; \$0.7 million for various other smaller projects.

	Capital Assets, Net of Accumulated Depreciation and Amortization					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Construction in progress	\$ 76,861,235	\$ 91,343,140	\$ 18,152,243	\$ 8,923,067	\$ 95,013,478	\$ 100,266,207
Land	196,147,343	209,061,075	28,208,674	28,208,674	224,356,017	237,269,749
Building and building improvements	249,189,917	258,336,955	117,946,251	120,286,376	367,136,168	378,623,331
Improvements other than buildings	234,045,287	207,314,890	781,618,178	816,233,560	1,015,663,465	1,023,548,450
Infrastructure	678,333,222	720,514,290			678,333,222	720,514,290
Machinery and equipment	<u>20,067,869</u>	<u>21,260,601</u>	<u>26,530,862</u>	<u>27,965,126</u>	<u>46,598,731</u>	<u>49,225,727</u>
	<u>\$ 1,454,644,873</u>	<u>\$ 1,507,830,951</u>	<u>\$ 972,456,208</u>	<u>\$ 1,001,616,803</u>	<u>\$ 2,427,101,081</u>	<u>\$ 2,509,447,754</u>

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

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$255,490,407. Of this amount, \$104,386,000 is considered general obligation debt and \$11,680,000 is tax allocation debt. The remainder of the City's bonded debt represents bonds to be paid from the City's Water and Sewer activities.

	Summary of Bonds Outstanding					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 104,386,000	\$ 106,969,000	\$	\$	\$ 104,386,000	\$ 106,969,000
Tax allocation bonds	11,680,000	12,360,000			11,680,000	12,360,000
Water and sewer bonds			<u>139,424,407</u>	<u>153,559,659</u>	<u>139,424,407</u>	<u>153,559,659</u>
	<u>\$ 116,066,000</u>	<u>\$ 119,329,000</u>	<u>\$ 139,424,407</u>	<u>\$ 153,559,659</u>	<u>\$ 255,490,407</u>	<u>\$ 272,888,659</u>

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

As of June 30, 2014, the City's net general obligation bonded debt subject to the legal debt margin of \$243,810,407 was below the legal limit of \$1,255,952,486.

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

Other factors considered in preparing the City's budget for the 2014/2015 fiscal year:

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

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Provide efficient public services while maintaining one of the lowest employee-to-citizen ratios in the Las Vegas Valley.

Partial implementation of the Special Budget Ad Hoc Committee (SBAHC) recommendations of approximately \$2 million including in the culture and recreation function, consisting of rate increases of \$0.6 million, service reductions saving \$0.9 million and limited facility hours saving \$0.5 million.

Full year savings from department consolidation

Employee Benefit reform

During the current fiscal year fund balance in the general fund increased to \$18,250,450. The City has appropriated approximately \$0.6 million of this amount for spending in the 2014/2015 fiscal year budget. It is intended that this use of available fund balance will pay for one time capital purchases.

Requests for Information

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

**BASIC FINANCIAL
STATEMENTS**

2014 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2014



A Place To Call Home

CITY OF HENDERSON, NEVADA

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments, unrestricted	\$ 242,086,657	\$ 166,515,134	\$ 408,601,791
Cash, cash equivalents and investments, restricted	5,436,846	12,024,541	17,461,387
Accounts receivable, net	10,654,815	14,198,352	24,853,167
Taxes receivable	1,537,340		1,537,340
Special assessments receivable	1,740,400		1,740,400
Notes receivable, net	19,840,035	277,594	20,117,629
Interest receivable	633,747	373,926	1,007,673
Due from other governments	30,246,048	1,195,910	31,441,958
Land held for resale	13,287,487		13,287,487
Other assets	118,042	683,171	801,213
Internal balances	35,943,948	(35,943,948)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	76,861,235	18,152,243	95,013,478
Land	196,147,343	28,208,674	224,356,017
Building and building improvements	249,189,917	117,946,251	367,136,168
Improvements other than buildings	234,045,287	781,618,178	1,015,663,465
Infrastructure	678,333,222		678,333,222
Machinery and equipment	20,067,869	26,530,862	46,598,731
	<u>1,816,170,238</u>	<u>1,131,780,888</u>	<u>2,947,951,126</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	8,516,392	6,709,878	15,226,270
	<u>8,516,392</u>	<u>6,709,878</u>	<u>15,226,270</u>
LIABILITIES			
Accounts payable and other accrued liabilities	13,204,890	6,911,772	20,116,662
Accrued wages	3,094,869	571,649	3,666,518
Contracts and retentions payable	386,607	461,882	848,489
Due to other governments	1,608,662	3,453,399	5,062,061
Tax increment payable to developers	793,543		793,543
Unearned revenue	86,060	5,370,483	5,456,543
Interest payable	756,199		756,199
Deposits	8,083,429	105,277	8,188,706
Other current liabilities, payable from restricted assets		2,400,746	2,400,746
Noncurrent liabilities, due within one year	23,379,146	676,594	24,055,740
Noncurrent liabilities, partially payable from restricted assets, due within one year		14,921,403	14,921,403
Noncurrent liabilities, net of unamortized premiums and discounts, due in more than one year	185,013,404	145,197,328	330,210,732
	<u>236,406,809</u>	<u>180,070,533</u>	<u>416,477,342</u>
Total liabilities			
NET POSITION			
Net investment in capital assets	1,327,111,404	831,640,345	2,158,751,749
Restricted for			
Stabilization and other general programs	17,980,663		17,980,663
Courts and other judicial programs	1,033,088		1,033,088
Fire, police and other public safety programs	3,654,044		3,654,044
Streets and other public works projects	90,026,548		90,026,548
Parks, cultural and recreational programs	12,593,450		12,593,450
Community assistance and support programs	228,377		228,377
Debt service	4,260,369	9,623,795	13,884,164
Redevelopment programs	29,662,110		29,662,110
Claims	19,781,471		19,781,471
System development		1,558,598	1,558,598
Unrestricted	81,948,297	115,597,495	197,545,792
	<u>1,588,279,821</u>	<u>958,420,233</u>	<u>2,546,700,054</u>
Total net position			

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

CITY OF HENDERSON, NEVADA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

FUNCTION/PROGRAM	Program Revenues				Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
			Capital Grants and Contributions	Total			
Governmental activities							
General government	\$ 47,826,017	\$ 11,044,740	\$ 1,507,062	\$ 783,084	\$ (34,491,131)		\$ (34,491,131)
Judicial	13,089,666	1,735,409	27,766		(11,326,491)		(11,326,491)
Public safety	138,652,346	20,964,266	1,293,624	7,138,510	(109,255,946)		(109,255,946)
Public works	104,652,659	679,181	270,659	23,886,836	(79,815,983)		(79,815,983)
Culture and recreation	44,259,523	7,409,742	3,611,125	7,199,959	(26,038,697)		(26,038,697)
Community support	7,686,894		6,181,350		(1,505,544)		(1,505,544)
Debt service							
Interest expense and fiscal charges	6,184,656				(6,184,656)		(6,184,656)
Administrative and other costs	21,363				(21,363)		(21,363)
Total governmental activities	<u>362,373,124</u>	<u>41,833,338</u>	<u>12,891,586</u>	<u>39,008,389</u>	<u>(268,639,811)</u>		<u>(268,639,811)</u>
Business-type activities							
Water	83,097,653	65,174,318		9,987,512		(7,935,823)	(7,935,823)
Sewer	58,692,077	40,083,332		9,729,946		(8,878,799)	(8,878,799)
Development services	11,851,220	11,112,908				(738,312)	(738,312)
Cultural arts and tourism	4,213,275	2,801,407				(1,411,868)	(1,411,868)
Municipal golf course	3,394,371	2,414,107				(980,264)	(980,264)
Total business-type activities	<u>161,248,596</u>	<u>121,586,072</u>		<u>19,717,458</u>		<u>(19,945,066)</u>	<u>(19,945,066)</u>
Total function/program	<u>\$ 523,621,720</u>	<u>\$ 163,419,410</u>	<u>\$ 12,891,586</u>	<u>\$ 58,725,847</u>	<u>\$ (268,639,811)</u>		<u>(288,584,877)</u>

(Continued)

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

CITY OF HENDERSON, NEVADA

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Program Revenues				Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
			Capital Grants and Contributions	Contributions			
GENERAL REVENUES							
Property taxes					63,982,175		63,982,175
Room taxes					901,887	1,801,825	2,703,712
Intergovernmental revenues - consolidated tax					88,013,859		88,013,859
Motor vehicle fuel tax					4,163,200		4,163,200
Sales tax					11,436,957	4,358,347	15,795,304
Franchise fees, based on gross receipts					31,481,739		31,481,739
Unrestricted investment income					3,115,696	2,271,148	5,386,844
Gain on disposal of capital assets					185,299	1,995	187,294
Miscellaneous					812,423	484,042	1,296,465
					<u>204,093,235</u>	<u>8,917,357</u>	<u>213,010,592</u>
Total general revenues							
Transfers					<u>2,536,991</u>	<u>(2,536,991)</u>	
CHANGE IN NET POSITION							
					(62,009,585)	(13,564,700)	(75,574,285)
NET POSITION, BEGINNING OF YEAR					<u>1,650,289,406</u>	<u>971,984,933</u>	<u>2,622,274,339</u>
NET POSITION, END OF YEAR					<u>\$ 1,588,279,821</u>	<u>\$ 958,420,233</u>	<u>\$ 2,546,700,054</u>

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

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2014

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds				Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal		Aggregate Other Governmental Funds		
					Facilities Acquisition and Construction	Funds			
ASSETS									
Cash, cash equivalents and investments	\$ 3,991,500		\$ 4,028,817	\$ 60,232,419	\$ 8,725,378		\$ 98,466,866	\$ 175,444,980	
Restricted cash and cash equivalents	2,747,151				1,659,609		1,030,086	5,436,846	
Accounts receivable, net	9,752,548	6,181			195,502		253,259	10,207,490	
Interest receivable	37,842		11,473	1,154	17,498		212,693	280,660	
Taxes receivable	1,109,647		345,156				82,537	1,537,340	
Special assessments receivable							1,740,400	1,740,400	
Notes receivable, net	3,283,436	10,236,731			4,907,001		11,804,111	30,231,279	
Due from other funds	2,240,893						2,240,893	2,240,893	
Due from other governments		5,010,353	67,119				4,928,879	29,962,983	
Advances to other funds							621,261	621,261	
Land held for resale							13,287,487	13,287,487	
Total assets	\$ 43,119,649	\$ 15,253,265	\$ 4,452,565	\$ 60,233,573	\$ 15,504,988		\$ 132,427,579	\$ 270,991,619	
LIABILITIES									
Accounts payable and other accrued liabilities	\$ 6,728,257	\$ 2,298,010		\$ 1,191,381	\$ 5,445		\$ 1,772,983	\$ 11,996,076	
Accrued wages	2,762,252	37,107		857	1,012		147,613	2,948,841	
Tax increment payable to developers							793,543	793,543	
Due to other governments							300,032	1,608,662	
Due to other funds							135,435	2,240,893	
Advances from other funds		2,105,458		1,745,465			621,261	2,366,726	
Unearned revenue	86,060						28,625	86,060	
Deposits	7,995,007							8,023,632	
Compensated absences	79,276							79,276	
Total liabilities	\$ 18,959,482	\$ 4,440,575		\$ 2,937,703	\$ 6,457		\$ 3,799,492	\$ 30,143,709	

(Continued)

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

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS BALANCE SHEET (CONTINUED) JUNE 30, 2014

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds				Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal Facilities Acquisition and Construction	Aggregate Other Governmental Funds	Total Governmental Funds		
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue, property taxes	1,109,647		345,156			82,537		1,537,340	
Unavailable revenue, special assessments	3,283,436	10,236,731			4,907,001	1,740,400		1,740,400	
Unavailable revenue, notes receivable	1,516,634					11,804,111		30,231,279	
Unavailable revenue, other receivables						161,338		1,677,972	
Total deferred inflows of resources	<u>5,909,717</u>	<u>10,236,731</u>	<u>345,156</u>		<u>4,907,001</u>	<u>13,788,386</u>		<u>35,186,991</u>	
Total liabilities and deferred inflows of resources	<u>24,869,199</u>	<u>14,677,306</u>	<u>345,156</u>	<u>2,937,703</u>	<u>4,913,458</u>	<u>17,587,878</u>		<u>65,330,700</u>	
FUND BALANCES									
Restricted		575,959	4,107,409	57,295,870		98,215,610		160,194,848	
Assigned	644,394				10,591,530	16,624,091		27,860,015	
Unassigned	17,606,056							17,606,056	
Total fund balances	<u>18,250,450</u>	<u>575,959</u>	<u>4,107,409</u>	<u>57,295,870</u>	<u>10,591,530</u>	<u>114,839,701</u>		<u>205,660,919</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,119,649</u>	<u>\$ 15,253,265</u>	<u>\$ 4,452,565</u>	<u>\$ 60,233,573</u>	<u>\$ 15,504,988</u>	<u>\$ 132,427,579</u>		<u>\$ 270,991,619</u>	

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

CITY OF HENDERSON, NEVADA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2014

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 205,660,919
Amounts reported in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Capital assets	\$ 2,371,547,593	
Less accumulated depreciation	<u>(929,945,615)</u>	1,441,601,978
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Interest receivable	<u>219,928</u>	219,928
Deferred outflows of resources benefit future periods; and therefore, are not reported in governmental funds:		
Deferred charges on refunding	<u>8,516,392</u>	8,516,392
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Debt obligations payable, net of unamortized premiums and discounts	(136,049,861)	
Construction contracts payable	(386,607)	
Other postemployment benefits	(16,771,928)	
Compensated absences payable	<u>(36,989,089)</u>	(190,197,485)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	<u>(756,199)</u>	(756,199)
Deferred inflows of resources represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	<u>24,795,747</u>	24,795,747
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund assets and liabilities included in governmental activities in the statement of net position	62,494,593	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	32,048,320	
Internal service fund balance receivable from business-type activities from current year activity	<u>3,895,628</u>	98,438,541
NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ 1,588,279,821</u>

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

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CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds				Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal		Aggregate Other Governmental Funds		
					Facilities Acquisition and Construction	Funds			
REVENUES									
Property taxes	\$ 54,993,388		\$ 2,882,601					\$ 6,095,528	\$ 63,971,517
Franchise fees	31,481,739								31,481,739
Licenses and permits	8,079,773								8,079,773
Intergovernmental	91,584,835	17,990,178					17,457,081		127,032,094
Charges for services	23,064,070						329,060		23,393,130
Fines and forfeitures	4,353,572					778,084			5,658,992
Impact fees							612,612		1,390,696
Special assessments							130,820		130,820
Investment income	184,834		46,445				1,649,487		2,014,255
Developer contributions							2,175,512		3,865,035
Rental fees							547,580		547,580
Miscellaneous	494,123	312,465	10				539,723		1,346,321
Total revenues	<u>214,236,334</u>	<u>18,302,643</u>	<u>2,929,056</u>	<u>53,696</u>	<u>2,547,400</u>		<u>30,842,823</u>		<u>268,911,952</u>
EXPENDITURES									
Current									
General government	37,202,718	1,494,384					280		42,863,764
Judicial	11,290,399								12,058,955
Public safety	118,596,507	827,887					11,859		130,708,646
Public works	6,396,438	257,722					218,091		33,509,200
Culture and recreation	33,600,392	2,729,826					4,563		38,923,601
Community support	1,512,649	6,091,505							7,604,154
Total current	<u>208,599,103</u>	<u>11,401,324</u>					<u>24,149,071</u>	<u>21,284,029</u>	<u>265,668,320</u>
Capital outlay									
General government							713,262		713,262
Public safety	85,003	440,712					261,938		928,040
Public works		1,741,868					201,697		19,538,892
Culture and recreation	25,027	4,724,740					8,596,431		5,382,403
Total capital outlay	<u>110,030</u>	<u>6,907,320</u>					<u>8,596,431</u>	<u>10,485,181</u>	<u>26,562,597</u>

(Continued)

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

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds				Total Governmental Funds
	General Fund	Grants	General Obligation	Special Assessment Districts	Municipal			Aggregate Other Governmental Funds	
					Facilities Acquisition and Construction	Funds	Funds		
Debt service									
Principal payments			3,528,565					680,000	4,208,565
Interest and fiscal charges			4,544,765	109,565				669,121	5,323,451
Administrative and other costs			16,350					5,013	21,363
Total debt service			8,089,680	109,565				1,354,134	9,553,379
Total expenditures	208,709,133	18,308,644	8,089,680	32,855,067	698,428			33,123,344	301,784,296
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,527,201	(6,001)	(5,160,624)	(32,801,371)	1,848,972			(2,280,521)	(32,872,344)
OTHER FINANCING SOURCES (USES)									
Proceeds from land sales			7,052,393	272,671				3,444,629	3,444,629
Transfers in	(4,604,972)						(900,000)	711,259	8,036,323
Transfers out	(4,604,972)		(1,000,000)				(900,000)	(1,931,407)	(8,436,379)
Total other financing sources (uses)			7,052,393	272,671			(900,000)	2,224,481	3,044,573
CHANGE IN FUND BALANCE	922,229	(1,006,001)	1,891,769	(32,528,700)	948,972			(56,040)	(29,827,771)
FUND BALANCE, BEGINNING OF YEAR	17,328,221	1,581,960	2,215,640	89,824,570	9,642,558			114,895,741	235,488,690
FUND BALANCE, END OF YEAR	\$ 18,250,450	\$ 575,959	\$ 4,107,409	\$ 57,295,870	\$ 10,591,530			\$ 114,839,701	\$ 205,660,919

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

CITY OF HENDERSON, NEVADA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		\$ (29,827,771)
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	\$ 26,016,043	
Less current year depreciation	(82,818,696)	
Proceeds from land sales	(3,444,629)	
Net loss on disposition of capital assets	(1,828,398)	
Internal service fund activity	<u>(185,299)</u>	(62,260,979)
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:		
Change in unavailable property tax and miscellaneous revenues from current year activity	1,760,509	
Change in unavailable revenue related to notes receivable from current year activity	63,636	
Change in unavailable revenue from cumulative prior years' activity	(498,687)	
Capital asset contributions	25,077,974	
Change in accrued interest receivable on notes receivable	<u>219,928</u>	26,623,360
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued:		
Debt principal repayments	<u>4,208,565</u>	4,208,565
Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:		
Change in other postemployment benefits	(1,298,291)	
Change in compensated absences payable	(1,429,993)	
Change in termination benefits payable	604,888	
Amortization of debt premiums, discounts and refunding charges	(1,170,428)	
Change in accrued interest	<u>317,956</u>	(2,975,868)
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund change in net position included in governmental activities in the statement of activities	(1,672,520)	
The internal service funds change in net position related to business-type activities	<u>3,895,628</u>	<u>2,223,108</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		\$ <u><u>(62,009,585)</u></u>

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

CITY OF HENDERSON, NEVADA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	\$ 55,620,183	\$ 55,620,183	\$ 54,993,388	\$ (626,795)
Franchise fees	31,000,000	31,000,000	31,481,739	481,739
Licenses and permits	8,078,000	8,078,000	8,079,773	1,773
Intergovernmental	89,621,584	90,466,588	91,584,835	1,118,247
Charges for services	25,749,558	23,792,507	23,064,070	(728,437)
Fines and forfeitures	5,005,464	4,005,464	4,353,572	348,108
Investment income	125,000	125,000	184,834	59,834
Developer contributions	75,000	75,000	75,000	(75,000)
Miscellaneous	456,871	629,442	494,123	(135,319)
Total revenues	215,731,660	213,792,184	214,236,334	444,150
EXPENDITURES				
Current				
General government	42,135,681	40,210,199	37,202,718	3,007,481
Judicial	11,881,932	11,625,716	11,290,399	335,317
Public safety	119,984,207	119,253,924	118,596,507	657,417
Public works	6,549,907	6,576,538	6,396,438	180,100
Culture and recreation	36,637,020	34,819,486	33,600,392	1,219,094
Community support	1,897,224	1,784,244	1,512,649	271,595
Total current	219,085,971	214,270,107	208,599,103	5,671,004
Capital outlay				
Public safety		104,150	85,003	19,147
Culture and recreation		50,020	25,027	24,993
Total capital outlay		154,170	110,030	44,140
Total expenditures	219,085,971	214,424,277	208,709,133	5,715,144
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,354,311)	(632,093)	5,527,201	6,159,294
OTHER FINANCING SOURCES (USES)				
Transfers in	7,300,000	4,000,000		(4,000,000)
Transfers out	(4,193,272)	(2,910,371)	(4,604,972)	(1,694,601)
Total other financing sources (uses)	3,106,728	1,089,629	(4,604,972)	(5,694,601)
CHANGE IN FUND BALANCE	(247,583)	457,536	922,229	464,693
FUND BALANCE, BEGINNING OF YEAR	18,172,109	17,328,221	17,328,221	
FUND BALANCE, END OF YEAR	\$ 17,924,526	\$ 17,785,757	\$ 18,250,450	\$ 464,693

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

CITY OF HENDERSON, NEVADA

GRANTS SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental	\$ 5,752,178	\$ 20,362,336	\$ 17,990,178	\$ (2,372,158)
Miscellaneous	224,970	240,825	312,465	71,640
Total revenues	5,977,148	20,603,161	18,302,643	(2,300,518)
EXPENDITURES				
Current				
General government	631,648	1,272,861	1,494,384	(221,523)
Judicial	200,000	200,000		200,000
Public safety	617,966	690,118	827,887	(137,769)
Public works		224,374	257,722	(33,348)
Culture and recreation	964,649	3,342,516	2,729,826	612,690
Community support	2,587,987	7,897,713	6,091,505	1,806,208
Total current	5,002,250	13,627,582	11,401,324	2,226,258
Capital outlay				
Public safety	586,583	617,520	440,712	176,808
Public works		1,406,350	1,741,868	(335,518)
Culture and recreation		4,815,244	4,724,740	90,504
Total capital outlay	586,583	6,839,114	6,907,320	(68,206)
Total expenditures	5,588,833	20,466,696	18,308,644	2,158,052
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	388,315	136,465	(6,001)	(142,466)
OTHER FINANCING USES				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	
CHANGE IN FUND BALANCE	(611,685)	(863,535)	(1,006,001)	(142,466)
FUND BALANCE, BEGINNING OF YEAR	1,365,405	1,581,960	1,581,960	
FUND BALANCE, END OF YEAR	\$ 753,720	\$ 718,425	\$ 575,959	\$ (142,466)

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

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CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2014

	Business-type Activities				Governmental Activities
			Aggregate Other		Internal Service Funds
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
ASSETS					
Current assets					
Cash, cash equivalents and investments	\$ 98,630,409	\$ 55,494,892	\$ 12,389,833	\$ 166,515,134	\$ 66,641,677
Restricted cash and cash equivalents	7,012,070	5,012,471		12,024,541	
Accounts receivable, net	9,766,171	4,231,608	200,573	14,198,352	447,325
Interest receivable	217,432	128,243	28,251	373,926	133,159
Notes receivable, net	277,594			277,594	
Inventories					118,042
Due from other governments		825,500	370,410	1,195,910	283,065
Total current assets	<u>115,903,676</u>	<u>65,692,714</u>	<u>12,989,067</u>	<u>194,585,457</u>	<u>67,623,268</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Construction in progress	15,051,853	3,100,390		18,152,243	642,933
Land	2,726,245	11,679,500	13,802,929	28,208,674	
Buildings and building improvements	13,001,579	110,884,763	9,496,136	133,382,478	744,560
Improvements other than buildings	685,465,685	618,027,764	26,039,847	1,329,533,296	555,663
Machinery and equipment	11,871,271	26,283,753	5,417,895	43,572,919	48,966,183
Accumulated depreciation and amortization	<u>(334,636,412)</u>	<u>(221,286,353)</u>	<u>(24,470,637)</u>	<u>(580,393,402)</u>	<u>(37,866,444)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>393,480,221</u>	<u>548,689,817</u>	<u>30,286,170</u>	<u>972,456,208</u>	<u>13,042,895</u>
Other assets					
Advances to other funds					1,745,465
Deposits	683,171			683,171	
Total other assets	<u>683,171</u>			<u>683,171</u>	<u>1,745,465</u>
Total noncurrent assets	<u>394,163,392</u>	<u>548,689,817</u>	<u>30,286,170</u>	<u>973,139,379</u>	<u>14,788,360</u>
Total assets	<u>510,067,068</u>	<u>614,382,531</u>	<u>43,275,237</u>	<u>1,167,724,836</u>	<u>82,411,628</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	268,234	6,441,644		6,709,878	
LIABILITIES					
Current liabilities					
Accounts payable and other accrued liabilities	5,883,911	895,793	132,068	6,911,772	1,208,814
Accrued wages	229,576	200,913	141,160	571,649	146,028
Due to other governments	3,453,399			3,453,399	
Construction contracts and retentions	409,899	51,983		461,882	
Unearned revenue			5,370,483	5,370,483	
Customer deposits payable from restricted assets	1,312,060			1,312,060	
Deposits			105,277	105,277	59,797
Compensated absences	227,427	262,810	186,357	676,594	222,066
Claims and judgments					15,178,322
Interest payable from restricted assets	400,905	687,781		1,088,686	
Debt obligations partially payable from restricted assets	6,474,113	8,447,290		14,921,403	
Total current liabilities	<u>18,391,290</u>	<u>10,546,570</u>	<u>5,935,345</u>	<u>34,873,205</u>	<u>16,815,027</u>

(Continued)

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

CITY OF HENDERSON, NEVADA

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2014**

	Business-type Activities				Governmental
	Aggregate			Total Enterprise Funds	Internal Service Funds
	Water	Sewer	Enterprise Funds		
Noncurrent liabilities					
Debt obligations payable	18,729,936	116,134,520		134,864,456	
Compensated absences	2,027,576	2,343,026	1,661,425	6,032,027	2,123,106
Other post employment benefits	1,477,956	1,205,511	1,279,588	3,963,055	978,902
Provisional credits and refunding agreements	336,039	1,751		337,790	
Total noncurrent liabilities	<u>22,571,507</u>	<u>119,684,808</u>	<u>2,941,013</u>	<u>145,197,328</u>	<u>3,102,008</u>
Total liabilities	<u>40,962,797</u>	<u>130,231,378</u>	<u>8,876,358</u>	<u>180,070,533</u>	<u>19,917,035</u>
NET POSITION					
Net investment in capital assets	368,544,406	432,809,769	30,286,170	831,640,345	13,042,895
Restricted					
Debt service	5,299,105	4,324,690		9,623,795	
Claims					19,781,471
System development	1,025,727	532,871		1,558,598	
Unrestricted	<u>94,503,267</u>	<u>52,925,467</u>	<u>4,112,709</u>	<u>151,541,443</u>	<u>29,670,227</u>
Total net position	<u>\$ 469,372,505</u>	<u>\$ 490,592,797</u>	<u>\$ 34,398,879</u>	994,364,181	<u>\$ 62,494,593</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				<u>(35,943,948)</u>	
Net position of business-type activities				<u>\$ 958,420,233</u>	

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

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities				Governmental
	Aggregate Other			Internal Service	Funds
	Water	Sewer	Enterprise Funds		
OPERATING REVENUES					
Utilities fees	\$ 63,068,388	\$ 39,379,653	\$	\$ 102,448,041	\$
Connection fees	859,323	86,915		946,238	
Late charges	1,246,607	616,764		1,863,371	
Charges for services			10,534,120	10,534,120	38,060,880
Licenses and permits			3,777,930	3,777,930	
Intergovernmental		333,507		333,507	
Rental fees			277,120	277,120	
Miscellaneous	120,986	2,160	22,399	145,545	
Total operating revenues	65,295,304	40,418,999	14,611,569	120,325,872	38,060,880
OPERATING EXPENSES					
Salaries and wages	10,505,683	9,115,173	6,512,989	26,133,845	6,657,231
Employee benefits	4,515,804	3,881,807	2,403,511	10,801,122	2,624,468
Water purchases	23,434,038			23,434,038	
Services and supplies	16,747,770	15,386,750	8,120,276	40,254,796	18,015,104
Claims and judgments					13,071,983
Legal fees					21,271
Depreciation and amortization	26,177,882	24,372,917	1,043,503	51,594,302	3,543,650
Total operating expenses	81,381,177	52,756,647	18,080,279	152,218,103	43,933,707
Operating loss	(16,085,873)	(12,337,648)	(3,468,710)	(31,892,231)	(5,872,827)
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,359,872	758,392	152,884	2,271,148	964,230
Gain (loss) on capital asset disposition	(76,920)	1,995		(74,925)	185,299
Interest expense	(916,156)	(4,826,789)		(5,742,945)	(8,733)
Room tax revenue			1,801,825	1,801,825	
Sales tax revenue		4,358,347		4,358,347	
Other intergovernmental revenue	2,280		1,739,252	1,741,532	
Miscellaneous		2,710		2,710	205,724
Total nonoperating revenues (expenses)	369,076	294,655	3,693,961	4,357,692	1,346,520
Income (loss) before capital contributions and transfers	(15,716,797)	(12,042,993)	225,251	(27,534,539)	(4,526,307)
CAPITAL CONTRIBUTIONS					
Capital contributions	10,267,097	9,925,830		20,192,927	126,271
TRANSFERS					
Transfers in					2,747,516
Transfers out	(1,072,610)	(601,952)	(652,898)	(2,327,460)	(20,000)
Total transfers	(1,072,610)	(601,952)	(652,898)	(2,327,460)	2,727,516
CHANGE IN NET POSITION	(6,522,310)	(2,719,115)	(427,647)	(9,669,072)	(1,672,520)
NET POSITION, BEGINNING OF YEAR	475,894,815	493,311,912	34,826,526		64,167,113
NET POSITION, END OF YEAR	\$ 469,372,505	\$ 490,592,797	\$ 34,398,879		\$ 62,494,593
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(3,895,628)	
CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES				\$ (13,564,700)	

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

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CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities				Governmental
	Aggregate			Total Enterprise	Internal Service
	Water	Sewer	Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 65,044,742	\$ 40,308,075	\$ 16,135,694	\$ 121,488,511	\$ 1,511,382
Cash received from other sources	2,280	4,361,057	3,541,077	7,904,414	308,113
Cash payments for goods and services	(41,485,399)	(19,416,700)	(10,504,042)	(71,406,141)	(33,755,619)
Cash payments for employee services	(10,541,798)	(9,150,422)	(6,368,496)	(26,060,716)	(6,181,695)
Cash payments for interfund services					36,439,897
Net cash provided by (used in) operating activities	<u>13,019,825</u>	<u>16,102,010</u>	<u>2,804,233</u>	<u>31,926,068</u>	<u>(1,677,922)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in					2,747,516
Transfers out	(1,072,610)	(601,952)	(652,898)	(2,327,460)	(20,000)
Repayments of advances from other funds					163,106
Net cash provided by (used in) noncapital financing activities	<u>(1,072,610)</u>	<u>(601,952)</u>	<u>(652,898)</u>	<u>(2,327,460)</u>	<u>2,890,622</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(7,225,624)	(1,837,654)	(17,618)	(9,080,896)	(3,689,704)
Proceeds received from disposal of capital assets		1,995		1,995	915,952
Principal payments on debt	(6,189,020)	(8,269,106)		(14,458,126)	
Interest payments on debt	(1,285,273)	(5,415,660)		(6,700,933)	(8,733)
Increase in deposits	653,166			653,166	
Increase (decrease) in provisional credits	86,682	(10,590)		76,092	
Capital contributions	2,644,896	4,363,013		7,007,909	
Net cash used in capital financing activities	<u>(11,315,173)</u>	<u>(11,168,002)</u>	<u>(17,618)</u>	<u>(22,500,793)</u>	<u>(2,782,485)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	<u>1,338,650</u>	<u>732,053</u>	<u>145,573</u>	<u>2,216,276</u>	<u>958,568</u>
Net cash provided by investing activities	<u>1,338,650</u>	<u>732,053</u>	<u>145,573</u>	<u>2,216,276</u>	<u>958,568</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,970,692	5,064,109	2,279,290	9,314,091	(611,217)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>103,671,787</u>	<u>55,443,254</u>	<u>10,110,543</u>	<u>169,225,584</u>	<u>67,252,894</u>
CASH AND CASH EQUIVALENTS, END OF YEAR					
Cash and cash equivalents, unrestricted	98,630,409	55,494,892	12,389,833	166,515,134	66,641,677
Cash and cash equivalents, restricted	7,012,070	5,012,471		12,024,541	
	<u>\$ 105,642,479</u>	<u>\$ 60,507,363</u>	<u>\$ 12,389,833</u>	<u>\$ 178,539,675</u>	<u>\$ 66,641,677</u>

(Continued)

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

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities				Governmental Activities
			Aggregate Other		Internal Service Funds
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	\$ (16,085,873)	\$ (12,337,648)	\$ (3,468,710)	\$ (31,892,231)	\$ (5,872,827)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities					
Depreciation	26,177,882	24,372,917	1,043,503	51,594,302	3,543,650
Other	2,280	4,361,057	3,541,077	7,904,414	205,724
(Increase) decrease in operating assets					
Accounts receivable	(250,562)	(106,634)	(28,336)	(385,532)	(227,210)
Due from other governments		(4,290)	(46,080)	(50,370)	(172,147)
Due from other funds					23,516
Inventories					(12,917)
Increase (decrease) in operating liabilities					
Accounts payable and other accrued liabilities	3,143,395	(213,529)	41,321	2,971,187	91,354
Compensated absences	21,982	70,437	214,789	307,208	445,014
Termination benefits	(91,516)	(136,039)	(104,008)	(331,563)	(911)
Claims and judgements					301,150
Other post employment benefits	111,777	95,739	61,371	268,887	69,390
Deposits	(9,540)		(49,235)	(58,775)	(13,524)
Unearned revenue			1,598,541	1,598,541	(58,184)
Total adjustments	<u>29,105,698</u>	<u>28,439,658</u>	<u>6,272,943</u>	<u>63,818,299</u>	<u>4,194,905</u>
Net cash provided by (used in) operating activities	<u>\$ 13,019,825</u>	<u>\$ 16,102,010</u>	<u>\$ 2,804,233</u>	<u>\$ 31,926,068</u>	<u>\$ (1,677,922)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contribution of capital assets	<u>\$ 7,622,201</u>	<u>\$ 5,562,817</u>	<u>\$</u>	<u>\$ 13,185,018</u>	<u>\$ 126,271</u>

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

CITY OF HENDERSON, NEVADA

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash, cash equivalents and investments	\$ 56,327,761
Special assessments receivable	<u>468,451</u>
Total assets	<u>56,796,212</u>
LIABILITIES	
Due to developers	14,284,189
Due to employees	157,737
Due to others	<u>42,354,286</u>
Total liabilities	<u>56,796,212</u>
NET POSITION	<u>\$ <u> </u></u>

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

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Government-wide and Fund Financial Statements

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

The City reports the following major governmental funds:

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

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

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

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

The municipal facilities acquisition and construction capital projects fund accounts for costs associated with the acquisition, construction and improvement of public building facilities.

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

Cash, Cash Equivalents and Investments

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

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

Receivables and Payables

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

Property Taxes

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

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

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

Restricted Assets

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

The City is maintaining funds in a separate bank account for a road widening project. Under the terms of a deposit agreement with certain Inspirada developers, the funds will be released for use when the City advertises requests for bids.

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

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

Capital Assets

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

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

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

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

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

	<u>Years</u>
Buildings and building improvements	15-40
Improvements other than buildings	10-50
Infrastructure	15-50
Machinery and equipment	3-10

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Water Delivery Deposit

On May 22, 1990, the City and Basic Management, Inc. (BMI) executed a water delivery contract, pursuant to which BMI agreed to deliver water entitlements from Lake Mead to the City for payment under the terms of the agreement. Mutual review of the contract by the City and BMI resulted in modifications to the terms of the agreement. As a result of the mutual review, on September 21, 2005, the City and BMI amended the original agreement and the City agreed to take an additional 4,000 acre feet of water per year. The amended agreement also required the City to place a refundable deposit of \$5,515,782 with BMI on October 1, 2005, which would pay for the additional water to be delivered. The refundable deposit accrues interest at 4.5% annually and is applied monthly. As of June 30, 2014, the balance of the refundable deposit is \$683,171.

Compensated Absences

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

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

Provisional Credits and Refunding Agreements

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

Long-term Debt

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category, which is the deferred charge on refunding reported in the government wide and the proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, notes receivable and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Equity Classifications

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

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

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

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

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

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

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

Use of Estimates

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

Note 2. Stewardship and Accountability

Budgetary Information

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

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available. State statutes require budgetary control to be exercised at the function level. The most significant change (\$96,171,503) occurred in the capital projects funds.

Excess of Expenditures over Appropriations

For the year ended June 30, 2014, total expenditures exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

Grant special revenue fund (general government function)	\$	221,523
Grant special revenue fund (public works function)		368,866

The excess expenditures over appropriated amounts were funded by available assets in excess of liabilities as represented by fund balance in the grant special revenue fund.

Although the excess of expenditures over appropriated amounts in the debt services funds may appear to be a violation of NRS 354.626, they are specifically excluded from the requirements of this NRS.

Note 3. Cash, Cash Equivalents and Investments

The following is a reconciliation of the City's cash, cash equivalents and investment balances (including restricted amounts) as of June 30, 2014:

Cash on hand	\$	46,946
Cash on deposit		156,033,327
Cash equivalents		101,947,489
Investments		<u>224,363,177</u>
 Total cash, cash equivalents and investments	 \$	 <u>482,390,939</u>

At June 30, 2014, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental activities	\$ 242,086,657	\$ 5,436,846	\$ 247,523,503
Business-type activities	166,515,134	12,024,541	178,539,675
Fiduciary Funds	<u>56,327,761</u>	<u> </u>	<u>56,327,761</u>
 Total cash, cash equivalents and investments	 <u>\$ 464,929,552</u>	 <u>\$ 17,461,387</u>	 <u>\$ 482,390,939</u>

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

As of June 30, 2014, the recorded amount of the City's deposits was \$156,033,327 and the bank balance was \$156,336,531. Of the bank statement balance, \$1,000,000 was covered by federal depository insurance and the remainder was subject to collateralization.

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating	
				Standard & Poor's	Moody's
Banker's acceptances	180 days	20%	None	N/A	N/A
Commercial paper	270 days	20%	None	A-1	P-1
Money market mutual funds	None	None	None	AAA	Aaa
Negotiable certificates of deposit	None	None	None	N/A	N/A
Collateralized nonnegotiable certificates of deposit	None	None	None	N/A	N/A
Negotiable notes and medium-term obligations of local governments within the State of Nevada	None	None	None	N/A	N/A
Obligations of state and local governments outside of the State of Nevada	None	None	None	N/A	N/A
Repurchase agreements	90 days	None	None	N/A	N/A
U.S. Treasury obligations	10 years	None	None	N/A	N/A
U.S. Agency securities					
Federal National Mortgage	10 years	None	None	N/A	N/A
Federal Agricultural Mortgage Corporation	10 years	None	None	N/A	N/A
Federal Farm Credit Bank	10 years	None	None	N/A	N/A
Federal Home Loan Bank	10 years	None	None	N/A	N/A
Federal Home Loan Mortgage Corporation	10 years	None	None	N/A	N/A
Government National Mortgage Association	10 years	None	None	N/A	N/A
Local government investment pool	None	None	None	N/A	N/A
Notes, bonds and other obligations issued by U.S. Corporations	5 years	20%	25%	A	N/A
Collateralized mortgage obligations	None	None	None	AAA	N/A
Asset-backed securities	None	None	None	AAA	N/A

At June 30, 2014, the City had the following cash equivalents and investments:

	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled cash equivalents and investments			
State of Nevada, Local Government Investment Pool	\$ 128,030	\$ 128,030	N/A
Money Market Funds	177,104	177,104	N/A
U.S. Agency securities*			
Federal Farm Credit Bank	24,998,735	24,834,320	5.74
Federal Home Loan Bank	64,020,377	62,691,211	6.37
Federal Home Loan Mortgage Corporation	33,938,697	33,883,120	2.06
Federal National Mortgage	50,044,317	50,191,215	3.33

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Cost	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury notes	\$ 44,614,801	\$ 45,376,379	3.80
US Treasury notes - inflationary	3,865,329	3,877,513	7.05
Corporate bonds	4,994,700	5,001,400	3.46
Total pooled cash equivalents and investments	226,782,090	226,160,292	4.42
Non-pooled cash equivalents and investments			
Special assessment bond proceeds investments			
Invesco Money Market Fund	97,895,435	97,895,435	N/A
Federal Home Loan Bank Discount Note	799,059	817,984	0.08
Other bond proceeds investments			
Redevelopment bonds - Invesco Money Market Fund	1,349,231	1,349,231	N/A
Utility bonds - State of Nevada, Local Government Investment Pool	87,724	87,724	N/A
Total non-pooled cash equivalents and investments	100,131,449	100,150,374	0.08
Total cash equivalents and investments	\$ 326,913,539	\$ 326,310,666	3.06

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

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

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

At June 30, 2014, in accordance with the NRS as previously defined, the City was not in violation of the maximum percentage of total portfolio per investment type, nor the maximum percentage per single issuer restrictions.

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

	Standard & Poor's	Moody's	Percentage of Portfolio
Pooled cash equivalents and investments			
Money Market Funds	AAA	Aaa	0.05 %
U.S. Agency securities			
Federal Farm Credit Bank	AA+	Aaa	7.61 %
Federal Home Loan Bank	AA+	Aaa	19.21 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	10.39 %
Federal National Mortgage	AA+	Aaa	15.39 %
U.S. Treasury notes	*	*	13.90 %
US Treasury notes - inflationary	*	*	1.19 %
State of Nevada, Local Government Investment Pool	N/A	N/A	0.04 %
Corporate bonds	A+	A1	1.53 %
Total pooled cash equivalents and investments			69.31 %

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Standard & Poor's	Moody's	Percentage of Portfolio
Non-pooled cash equivalents and investments			
Special assessment bond proceeds investments			
Invesco Money Market Fund	AAA	Aaa	30.00 %
Federal Home Loan Bank Discount Note	N/A	N/A	0.25 %
Other bond proceeds investments			
Redevelopment bonds - Invesco Money Market Fund	AAA	Aaa	0.41 %
Utility bonds - State of Nevada, Local Government			
Investment Pool	N/A	N/A	0.03 %
Total non-pooled cash equivalents and investments			30.69 %
 Total cash equivalents and investments			 100.00 %

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

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

Note 4. Interfund Balances and Activity

At June 30, 2014, the composition of interfund balances was as follows:

Due To and From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Grants Special Revenue Fund	\$ 2,105,458
	Aggregate Other Governmental Funds	135,435
		\$ 2,240,893

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

Advances To and From Other Funds

Receivable Fund	Payable Fund	Amount
Aggregate Other Governmental Funds	Aggregate Other Governmental Funds	\$ 621,261
Internal Service Funds	Special Assessment Districts Capital Projects Fund	1,745,465
		\$ 2,366,726

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Internal Balances

Effect of prior years' internal service activity on business-type activities	\$ (32,048,320)
Effect of current year internal service activity on business-type activities	<u>(3,895,628)</u>
	<u>\$ (35,943,948)</u>

Interfund Transfers

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Transfer In Fund	Transfer Out Fund	Amount
General Obligation Debt Service Fund	General Fund	\$ 1,796,197
	Grants Special Revenue Fund	1,000,000
	Municipal Facilities Acquisition and Construction Capital Projects Fund	900,000
	Aggregate Other Governmental Funds	1,658,736
	Water Enterprise Fund	1,072,610
	Sewer Enterprise Fund	601,952
	Aggregate Other Enterprise Funds	2,898
	Internal Service Funds	20,000
Special Assessment Districts Capital Projects Fund	Aggregate Other Governmental Funds	272,671
Aggregate Other Governmental Funds	General Fund	711,259
Internal Service Funds	General Fund	2,097,516
	Aggregate Other Enterprise Funds	<u>650,000</u>
		<u>\$ 10,783,839</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Note 5. Capital Assets

For the year ended June 30, 2014, capital asset activity was as follows:

	Balance July 1, 2013	Increases	Decreases	Transfers* and Reclassifications	Balance June 30, 2014
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 91,343,140	\$ 19,013,691	\$ (19,419)	\$ (33,476,177)	\$ 76,861,235
Land	<u>209,061,075</u>	<u>2,755,600</u>	<u>(15,669,332)</u>		<u>196,147,343</u>
Total capital assets not being depreciated or amortized	<u>300,404,215</u>	<u>21,769,291</u>	<u>(15,688,751)</u>	<u>(33,476,177)</u>	<u>273,008,578</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	338,005,395	203,629	(51,021)	325,259	338,483,262
Improvements other than buildings	250,914,490	1,577,625	(45,413)	31,720,128	284,166,830
Infrastructure	1,417,016,587	21,886,947		888,696	1,439,792,230
Machinery and equipment	<u>86,120,608</u>	<u>3,547,409</u>	<u>(3,204,079)</u>	<u>542,094</u>	<u>87,006,032</u>
Total capital assets being depreciated or amortized	<u>2,092,057,080</u>	<u>27,215,610</u>	<u>(3,300,513)</u>	<u>33,476,177</u>	<u>2,149,448,354</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(79,668,440)	(9,624,905)			(89,293,345)
Improvements other than buildings	(43,599,600)	(6,567,356)	45,413		(50,121,543)
Infrastructure	(696,502,297)	(64,956,711)			(761,459,008)
Machinery and equipment	<u>(64,860,007)</u>	<u>(5,213,374)</u>	<u>3,135,218</u>		<u>(66,938,163)</u>
Total accumulated depreciation and amortization	<u>(884,630,344)</u>	<u>(86,362,346)</u>	<u>3,180,631</u>		<u>(967,812,059)</u>
Total capital assets being depreciated or amortized, net	<u>1,207,426,736</u>	<u>(59,146,736)</u>	<u>(119,882)</u>	<u>33,476,177</u>	<u>1,181,636,295</u>
Total governmental activities	<u>\$ 1,507,830,951</u>	<u>\$ (37,377,445)</u>	<u>\$ (15,808,633)</u>	<u>\$</u>	<u>\$ 1,454,644,873</u>

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Increases	Decreases	Transfers* and Reclassifications	Balance June 30, 2014
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 8,923,067	\$ 9,726,430	\$ (262,331)	\$ (234,923)	\$ 18,152,243
Land	<u>28,208,674</u>				<u>28,208,674</u>
Total capital assets not being depreciated or amortized	<u>37,131,741</u>	<u>9,726,430</u>	<u>(262,331)</u>	<u>(234,923)</u>	<u>46,360,917</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	132,782,478	600,000			133,382,478
Improvements other than buildings	1,317,509,790	11,894,183	(105,600)	234,923	1,329,533,296
Machinery and equipment	<u>43,064,800</u>	<u>552,345</u>	<u>(44,226)</u>		<u>43,572,919</u>
Total capital assets being depreciated or amortized	<u>1,493,357,068</u>	<u>13,046,528</u>	<u>(149,826)</u>	<u>234,923</u>	<u>1,506,488,693</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(12,496,102)	(2,940,125)			(15,436,227)
Improvements other than buildings	(501,276,230)	(46,667,568)	28,680		(547,915,118)
Machinery and equipment	<u>(15,099,674)</u>	<u>(1,986,609)</u>	<u>44,226</u>		<u>(17,042,057)</u>
Total accumulated depreciation and amortization	<u>(528,872,006)</u>	<u>(51,594,302)</u>	<u>72,906</u>		<u>(580,393,402)</u>
Total capital assets being depreciated or amortized, net	<u>964,485,062</u>	<u>(38,547,774)</u>	<u>(76,920)</u>	<u>234,923</u>	<u>926,095,291</u>
Total business-type activities	<u>\$ 1,001,616,803</u>	<u>\$ (28,821,344)</u>	<u>\$ (339,251)</u>	<u>\$</u>	<u>\$ 972,456,208</u>

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

For the year ended June 30, 2014, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 3,725,078
Judicial	798,612
Public safety	4,053,698
Public works	67,510,683
Culture and recreation	6,730,625
Internal service fund depreciation expense is charged to specific functions based on asset usage	<u>3,543,650</u>
Total depreciation expense, governmental activities	<u>\$ 86,362,346</u>
Business-type activities	
Water	\$ 26,177,882
Sewer	24,372,917
Development services	48,775
Cultural arts and tourism	184,181
Municipal golf course	<u>810,547</u>
Total depreciation expense, business-type activities	<u>\$ 51,594,302</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Note 6. Long-term Liabilities

Changes in Long-term Liabilities

Long-term debt obligations activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Due Within One Year
Governmental activities					
General obligation bonds					
\$34,505,000 2004A Park and Recreation Refunding Bonds due annually through June 2015; interest varies between 2.25% and 5.0%	\$ 4,000,000		\$ (2,000,000)	\$ 2,000,000	\$ 2,000,000
\$2,065,000 2006 Medium-term Bonds (Energy Retrofit Project) due annually through September 2016; interest fixed at 3.79%	921,000		(217,000)	704,000	226,000
\$1,162,000 2008 Medium Term Bonds due annually through March 2015; interest fixed at 3.24%	358,000		(176,000)	182,000	182,000
\$565,000 2011 Medium Term Bonds (Police Communications Equipment) due annually through August 2014; interest fixed at 1.96%	380,000		(190,000)	190,000	190,000
\$18,245,000 2011A General Obligation Refunding Bonds; principal due annually beginning June 2016 through June 2020; interest varies between 2.0% and 3.15%	18,245,000			18,245,000	
\$2,710,000 2011B General Obligation Refunding Bonds; principal due annually beginning June 2016 through June 2020; interest fixed at 3.0%	2,710,000			2,710,000	
\$13,605,000 2011C General Obligation Refunding Bonds; principal due annually beginning June 2021 through June 2025; interest varies between 3.125% and 4.0%	13,605,000			13,605,000	
\$39,995,000 2013B General Obligation Refunding Bonds; principal due annually beginning June 2020 through June 2035; interest varies between 1.7% and 3.5%	39,955,000			39,955,000	

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Due Within One Year
\$26,795,000 2013C General Obligation Refunding Bonds; principal due annually beginning June 2015 through June 2020; interest varies between 0.8% and 2.2%	\$ 26,795,000	\$ _____	\$ _____	\$ 26,795,000	\$ 1,145,000
Total general obligation bonds	106,969,000	_____	(2,583,000)	104,386,000	3,743,000
Tax allocation bonds					
\$12,045,000 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 3.5% and 5.25%	9,005,000	_____	(515,000)	8,490,000	535,000
\$4,295,000 2002 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 5.1% and 7.2%	3,355,000	_____	(165,000)	3,190,000	180,000
Total tax allocation bonds	12,360,000	_____	(680,000)	11,680,000	715,000
Other long-term obligations					
\$17,960,000 2009 Installment Purchase Agreement due annually beginning in February 2010 through 2024; interest fixed at 4.97%	15,384,000	_____	(838,000)	14,546,000	930,000
\$322,695 capital lease payable to Dell Financial Services, due in annual installments of \$107,565 through November 2013; interest fixed at 0.00%	107,565	_____	(107,565)	_____	_____
Total other long-term obligations	15,491,565	_____	(945,565)	14,546,000	930,000
Unamortized bond premiums	5,863,598	_____	(425,737)	5,437,861	_____
Claims and judgments	14,877,172	12,603,208	(12,302,058)	15,178,322	15,178,322
Termination benefits	816,113	108,092	(924,205)	_____	_____
Compensated absences	37,484,980	3,982,899	(2,054,342)	39,413,537	2,812,824
Other post employment benefits	16,383,149	2,407,113	(1,039,432)	17,750,830	_____
Total governmental activities	210,245,577	19,101,312	(20,954,339)	208,392,550	23,379,146
Business-type activities					
Revenue bonds					
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest fixed at 4.0%	1,300,180	_____	(858,176)	442,004	442,004

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Due Within One Year
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 2015; interest fixed at 3.825%	\$ 1,622,758	\$	\$ (630,719)	\$ 992,039	\$ 655,075
\$5,500,000 2000 Water Bonds due in annual installments through January 2021; interest fixed at 3.65%	3,241,998		(274,020)	2,967,978	284,113
\$110,000,000 2004 Sewer Bonds due in annual installments through June 2034; interest varies between 3.0% and 5.25%	2,640,000		(2,640,000)		
\$22,618,000 2005 Water Bonds due in annual installments beginning September 2009 through 2018; interest fixed at 5.0%	14,862,000		(2,180,000)	12,682,000	2,290,000
\$33,927,000 2005 Sewer Bonds due in annual installments beginning September 2009 through 2018; interest fixed at 5.0%	22,293,000		(3,270,000)	19,023,000	3,435,000
\$29,815,000 Water and Sewer Refunding Bonds due in annual installments through September 2017; interest varies between 4.0% and 5.0%	13,855,000		(4,195,000)	9,660,000	4,380,000
\$1,659,396 2009 Clean Water State Revolving Loan Fund - Sewer due in semi-annual installments beginning July 2011 through January 2030; interest fixed at 0.0%	1,484,723		(87,337)	1,397,386	87,337
\$72,550,000 Sewer Refunding Bonds (Series 2012A) due in annual installments beginning in June 2016 through June 2034; interest varies between 4.0% and 5.0%	72,550,000			72,550,000	
\$19,710,000 Sewer Refunding Bonds (Series 2013A) due in periodic installments beginning in June 2015 through June 2030; interest varies between 3.0% and 5.0%	<u>19,710,000</u>			<u>19,710,000</u>	<u>3,025,000</u>
Total revenue bonds	<u>153,559,659</u>		<u>(14,135,252)</u>	<u>139,424,407</u>	<u>14,598,529</u>
Other					
Provisional credits and refunding agreements	261,698	107,521	(31,429)	337,790	
Intergovernmental payable to the City of Las Vegas	<u>2,582,992</u>		<u>(322,874)</u>	<u>2,260,118</u>	<u>322,874</u>
Total other	<u>2,844,690</u>	<u>107,521</u>	<u>(354,303)</u>	<u>2,597,908</u>	<u>322,874</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Due Within One Year
Unamortized bond premiums	\$ 9,087,907	\$	\$ (986,573)	\$ 8,101,334	\$
Termination benefits	331,563	53,884	(385,447)		
Compensated absences	6,401,413	700,031	(392,823)	6,708,621	676,594
Other post employment benefits	<u>3,694,168</u>	<u>268,887</u>	<u></u>	<u>3,963,055</u>	<u></u>
Total business-type activities	<u>175,919,400</u>	<u>1,130,323</u>	<u>(16,254,398)</u>	<u>160,795,325</u>	<u>15,597,997</u>
Total long-term debt obligations	<u>\$ 386,164,977</u>	<u>\$ 20,231,635</u>	<u>\$ (37,208,737)</u>	<u>\$ 369,187,875</u>	<u>\$ 38,977,143</u>

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

Unamortized deferred refunding charges

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

For the year ended June 30, 2014, activity related to the City's unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2013	\$ 10,112,557	\$ 7,203,429	\$ 17,315,986
Reductions	<u>(1,596,165)</u>	<u>(493,551)</u>	<u>(2,089,716)</u>
Balance June 30, 2014	<u>\$ 8,516,392</u>	<u>\$ 6,709,878</u>	<u>\$ 15,226,270</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Future Debt Service Requirements

At June 30, 2014, the annual requirements to pay principal and interest on all bonds outstanding, as well as other long-term debt obligations, were as follows:

<u>For the Year Ended June 30,</u>	<u>Revenue bonds</u>		<u>General obligation bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 14,598,529	\$ 5,950,793	\$ 3,743,000	\$ 3,384,383
2016	11,428,878	5,389,520	8,354,000	3,258,834
2017	11,607,765	4,866,966	9,999,000	3,119,232
2018	12,154,014	4,325,104	9,950,000	2,935,729
2019	10,855,678	3,767,403	10,160,000	2,729,529
2020 - 2024	21,745,526	15,025,502	28,950,000	10,171,610
2025 - 2029	25,761,680	9,423,094	14,895,000	5,893,476
2030 - 2034	31,272,337	3,797,675	14,955,000	2,904,863
2035 - 2039			<u>3,380,000</u>	<u>169,000</u>
	<u>\$ 139,424,407</u>	<u>\$ 52,546,057</u>	<u>\$ 104,386,000</u>	<u>\$ 34,566,656</u>

<u>For the Year Ended June 30,</u>	<u>Tax allocation bonds</u>		<u>Other Long-term Debt Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 715,000	\$ 633,882	\$ 930,000	\$ 722,936
2016	755,000	595,851	1,027,000	676,715
2017	790,000	555,099	1,132,000	625,673
2018	835,000	511,432	1,242,000	569,412
2019	880,000	464,805	1,361,000	507,686
2020 - 2024	5,190,000	1,505,892	8,854,000	1,393,042
2025 - 2029	<u>2,515,000</u>	<u>148,534</u>		
	<u>\$ 11,680,000</u>	<u>\$ 4,415,495</u>	<u>\$ 14,546,000</u>	<u>\$ 4,495,464</u>

Special Assessment Bonds

The City has issued special assessment bonds with an aggregate outstanding principal balance of \$159,810,000 at June 30, 2014. The City is only acting as an agent for these bonds and is not liable for the debt. Principal and interest are payable from the special assessments levied. During fiscal 2014, certain special assessment bonds were called resulting in bond redemption expenditures of \$23,265,651, which is reported as services and supplies in the Special Assessment Districts capital projects fund.

Defeased Debt

In prior years, debt was defeased in connection with advance refundings. At June 30, 2014, the remaining outstanding principal balance of the defeased debt is \$136,575,000.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Note 7. Retirement Plan

The City is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer defined benefit plan administered by PERS. All full-time employees are covered under the system. In addition, part-time employees working at least twenty hours per week are covered. The City has no liability for unfunded PERS obligations, as provided by NRS 286.110(4).

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits and death benefits.

Monthly benefit allowances for regular members with an effective date prior to January 1, 2010, are computed at 2.50% for service earned through June 30, 2001, and 2.67 % for service earned on or after July 1, 2001, with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation). Monthly benefit allowances for regular members with an effective date on or after January 1, 2010, are computed at 2.50% of average compensation for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation). PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly for life and various optional monthly payments to a named beneficiary after death. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service.

Police and firemen with an effective date of membership prior to January 1, 2010, are eligible for retirement at age 65 with 5 years of accredited police and fire service, age 55 with 10 years of accredited police and fire service, age 50 with 20 years of accredited police and fire service or at any age with 25 years of accredited police and fire service. Police and firemen with an effective date of membership on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of accredited police and fire service, age 60 with 10 years of accredited police and fire service and age 50 with 20 years of accredited police and fire service, or at any age with 30 or more years of service. A member who retired on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, and who has 36 years of service is entitled to a benefit of up to 90% of his/her average compensation. Regular members and members of the Police and Firemen Fund become fully vested as to benefits upon completion of 5 years of service.

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

Contribution rates and amounts contributed for the previous three years were as follows:

<u>For the Year Ended June 30,</u>	<u>Contribution Rate</u>		<u>Required Contribution and Amount Contributed</u>
	<u>Police and Fire Employees</u>	<u>Other Employees</u>	
2012	39.75 %	23.75 %	\$ 45,827,522
2013	39.75 %	23.75 %	44,726,037
2014	40.50 %	25.75 %	46,663,858

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

Note 8. Other Post Employment Benefits (OPEB)

Plan Description

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

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

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

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

Funding Policy

The City has an eight member Insurance Committee that reviews and determines the funding requirements and plan options as noted above. A closed group of current retirees is eligible for premium subsidy from the City for PEBP insurance. The City is required to pay PEBP a monthly subsidy on behalf of these retirees, ranging from \$116 to \$636, based on the number of years of service with the City at retirement. These retirees met the retirement eligibility requirements for the Nevada Public Employees' Retirement System (NVPERS) and retired prior to December 1, 2008. No future retirees are eligible for this benefit. As of June 30, 2014, the City had 233 retirees receiving benefits and 1,148 active employees. Contributions are required for both retiree and dependent coverage and range from \$397 to \$1,363 per month depending on the plan and the number of participants in the plan. The City's current funding policy for its OPEB liability is pay as you go.

Annual OPEB Cost and Net OPEB Obligation

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

	Public Employee Benefit Program	City of Henderson Plans	Total
Annual required contribution (ARC)	\$ 460,000	\$ 2,316,000	\$ 2,776,000
Interest on net OPEB obligation	165,000	738,000	903,000
Adjustment to ARC	<u>(243,000)</u>	<u>(760,000)</u>	<u>(1,003,000)</u>
Annual OPEB cost	382,000	2,294,000	2,676,000
OPEB contributions made	<u>(470,643)</u>	<u>(568,789)</u>	<u>(1,039,432)</u>
Increase (decrease) in net OPEB obligation	(88,643)	1,725,211	1,636,568
Net OPEB obligation, beginning of year	<u>3,667,445</u>	<u>16,409,872</u>	<u>20,077,317</u>
Net OPEB obligation, end of year	<u>\$ 3,578,802</u>	<u>\$ 18,135,083</u>	<u>\$ 21,713,885</u>

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plans and the net OPEB obligations fiscal years ended June 29, 2012, 2013 and 2014, were as follows:

<u>For the Year Ended June 30,</u>	Annual OPEB Cost	OPEB Contributions Made	Percentage Contributed	Net OPEB Obligation
Public Employee Benefit Program				
2012	\$ 422,000	\$ 541,414	128.3 %	\$ 3,707,858
2013	470,280	510,693	108.6 %	3,667,445
2014	382,000	470,643	123.2 %	3,578,802
City of Henderson Plans				
2012	4,243,000	36,913	0.9 %	15,014,318
2013	2,059,668	664,114	32.2 %	16,409,872
2014	2,294,000	568,789	24.8 %	18,135,083

Funded Status and Funding Progress

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

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

1. No assets have been placed in trust.

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

Note 9. Risk Management

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

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

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

Liability Insurance - The City has obtained \$15,000,000 in excess Public Entity Excess Liability insurance with a \$1,000,000 self-insured retention (SIR). In addition, the City continues to maintain the following coverage: a \$943 million blanket property insurance policy on all buildings, building contents and Boiler and Machinery with a \$100,000 deductible; \$12.4 million Contractors' Equipment coverage on a scheduled basis for heavy equipment with a \$50,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery and alteration; and a \$12.3 million Emergency Response Unit Physical Damage policy with a \$10,000 deductible.

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Group Health Insurance - The City is self insured for employee health benefits, providing medical dental and vision care. The City maintains a specific stop loss policy of \$175,000 per participant. A third party administrator is used to pay claims.

Worker's Compensation - The City is self insured for workers' compensation claims. A third party administrator is utilized for claim adjusting and payment. The City has a \$3,000,000 SIR for all public safety employees and a \$1,000,000 SIR for all other employees per occurrence, with the maximum on all claims at statutory limits for the coverage period from July 1, 2013 through July 1, 2014.

For the fiscal years ended June 30, 2013 and 2014, changes in claims liability amounts were as follows:

	Claims Liability, Beginning Balance	Claims Incurred and Changes in Estimate	Claims Paid	Claims Liability, Ending Balance
For the year ended June 30, 2013				
Liability insurance	\$ 1,800,220	\$ 993,918	\$ (867,824)	\$ 1,926,314
Workmen's compensation insurance	9,674,571	2,933,445	(1,687,158)	10,920,858
Health Insurance	<u>1,399,000</u>	<u>12,698,286</u>	<u>(12,067,286)</u>	<u>2,030,000</u>
	<u>\$ 12,873,791</u>	<u>\$ 16,625,649</u>	<u>\$ (14,622,268)</u>	<u>\$ 14,877,172</u>
For the year ended June 30, 2014				
Liability insurance	\$ 1,926,314	\$ 686,738	\$ (694,969)	\$ 1,918,083
Workmen's compensation insurance	10,920,858	1,885,255	(1,115,874)	11,690,239
Health Insurance	<u>2,030,000</u>	<u>10,031,215</u>	<u>(10,491,215)</u>	<u>1,570,000</u>
	<u>\$ 14,877,172</u>	<u>\$ 12,603,208</u>	<u>\$ (12,302,058)</u>	<u>\$ 15,178,322</u>

Note 10. Other Information

Construction in Progress

As of June 30, 2014, construction in progress of \$95,013,478 was reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$37,197,188 to complete these projects.

Litigation

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Lake Las Vegas

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

City of Henderson Redevelopment Agency (the Agency)

The Agency has entered into several Owner Participation Agreements (OPAs) with various developers whereby the developers are to construct public improvements on behalf of the Agency in connection with its redevelopment efforts. These OPAs could potentially obligate the Agency to reimburse the developers approximately \$319.7 million, plus accrued interest, for the costs incurred by the developers in connection with the construction of the public improvements. However, the financial commitment to each developer is contingent upon there being sufficient tax increment available to fund the payments, as well as the developer actually incurring costs related to the public improvements. As of June 30, 2014, the current amount of the contingent obligation is approximately \$71.6 million.

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

Operating Leases

The City has entered into various noncancelable managed service agreements (effectively leases) for copier equipment and related services. For the year ended June 30, 2014, total costs under such agreements were \$1,280,756.

At June 30, 2014, the future minimum operating lease payments were as follows:

For the Year Ended June 30,

2015	\$	1,228,804
2016		1,228,804
2017		626,805
2018		31,214
2019		26,580
	\$	<u>3,142,207</u>

Encumbrances

At June 30, 2014, outstanding encumbrances were as follows:

General Fund	\$	644,394
Grants Special Revenue Fund		12,280,581
General Obligation Debt Service Fund		4,150
Municipal Facilities Acquisition and Construction Capital Projects Fund		261,919
Aggregate Other Governmental Funds		5,216,269
	\$	<u>18,407,313</u>

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CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

Note 11. Components of Fund Balances

At June 30, 2014, the components of governmental fund balances were as follows:

	<u>General Fund</u>	<u>Grants Special Revenue Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Special Assessment Districts Capital Projects Fund</u>	<u>Municipal Facilities Acquisition and Construction Capital Projects Fund</u>
Restricted					
Stabilization and other general programs	\$	\$ 28,579	\$	\$	\$
Courts and other judicial programs					
Fire, police and other public safety programs		211,853			
Streets and other public works projects				57,295,870	
Parks, cultural and recreational programs		107,150			
Community assistance and support programs		228,377			
Debt service			4,107,409		
Redevelopment programs					
Assigned					
Stabilization and other general programs	341,632				
Courts and other judicial programs	37,245				
Fire, police and other public safety programs	104,172				
Streets and other public works projects	43,869				10,591,530
Parks, cultural and recreational programs	117,223				
Community assistance and support programs	253				
Unassigned	<u>17,606,056</u>				
	<u>\$ 18,250,450</u>	<u>\$ 575,959</u>	<u>\$ 4,107,409</u>	<u>\$ 57,295,870</u>	<u>\$ 10,591,530</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Aggregate Other Governmental Funds	Total Governmental Funds
Restricted		
Stabilization and other general programs	\$ 17,952,084	\$ 17,980,663
Courts and other judicial programs	1,033,088	1,033,088
Fire, police and other public safety programs	3,442,191	3,654,044
Streets and other public works projects	32,730,678	90,026,548
Parks, cultural and recreational programs	12,486,300	12,593,450
Community assistance and support programs		228,377
Debt service	909,159	5,016,568
Redevelopment programs	29,662,110	29,662,110
Assigned		
Stabilization and other general programs		341,632
Courts and other judicial programs		37,245
Fire, police and other public safety programs		104,172
Streets and other public works projects	16,624,091	27,259,490
Parks, cultural and recreational programs		117,223
Community assistance and support programs		253
Unassigned	_____	17,606,056
	\$ 114,839,701	\$ 205,660,919

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

Note 12. Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Management is currently awaiting the completed evaluation from the Public Employees Retirement System to complete its evaluation and determine the effect on the City's basic financial statements.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 15, 2013. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's net position, results of operations or cash flows.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*, to be applied simultaneously with the provisions of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Management is currently awaiting the completed evaluation from the Public Employees Retirement System to complete its evaluation and determine the effect on the City's basic financial statements.

Note 13. Subsequent Event

On September 25, 2014, the City issued \$24,305,000 General Obligation (Limited Tax) Various Purpose Refunding Bonds (Additionally Secured by Pledged Revenue), Series 2014, to refund \$26,795,000 aggregate principal amount of the General Obligation (Limited Tax) Various Purpose Refunding Bonds, Series 2013C (Taxable) and pay the related costs of issuing the Series 2014 Bonds. The interest rate on the bonds is 5% and the maturity date is June 1, 2035.

**REQUIRED SUPPLEMENTARY
INFORMATION**

2014 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2014



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CITY OF HENDERSON, NEVADA

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014**

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

1. No assets have been placed in trust.

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

CITY OF HENDERSON, NEVADA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2014

Note 1. Other Post Employment Benefits

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

Except as discussed above, for the year ended June 30, 2014, no other significant events occurred that would have affected the information presented in the accompanying schedule of funding progress.

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

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GOVERNMENTAL FUNDS

Non-major Special Revenue Funds

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

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

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

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

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

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

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

Code Enforcement Special Revenue - to account for proceeds received from penalties and fines collected in conjunction with the enforcement of Henderson Municipal Code 15.12. Activity for this fund will be recorded in the General Fund after this fiscal year.

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

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

Non-major Debt Service Fund

Special Assessment Districts Debt Service Fund - to account for the accumulation of resources and payment of special assessment debt principal and interest from special assessment levies when the government is obligated in some manner for payment.

Non-major Capital Projects Funds

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

Land Sales - to account for the purchase and sale of City owned property. The City has traditionally used proceeds from these sales for miscellaneous capital projects.

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

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

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

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

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

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

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

2014 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2014



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CITY OF HENDERSON, NEVADA

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2014

	Special Revenue Funds	Special Assessments Debt Service Fund	Capital Project Funds	Aggregate Other Governmental Funds
ASSETS				
Cash, cash equivalents and investments	\$ 42,865,118	\$ 907,650	\$ 54,694,098	\$ 98,466,866
Restricted cash and cash equivalents	793,543		236,543	1,030,086
Accounts receivable, net	216,798		36,461	253,259
Interest receivable	88,378	1,874	122,441	212,693
Taxes receivable	82,537			82,537
Special assessments receivable		1,740,400		1,740,400
Notes receivable, net	154,513		11,649,598	11,804,111
Due from other governments	3,813,731		1,115,148	4,928,879
Advances to other funds			621,261	621,261
Land held for resale	<u>13,287,487</u>			<u>13,287,487</u>
Total assets	<u>\$ 61,302,105</u>	<u>\$ 2,649,924</u>	<u>\$ 68,475,550</u>	<u>\$ 132,427,579</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 421,979	\$ 333	\$ 1,350,671	\$ 1,772,983
Accrued wages	139,222		8,391	147,613
Tax increment payable to developers	793,543			793,543
Due to other governments		32	300,000	300,032
Due to other funds	135,435			135,435
Advances from other funds	621,261			621,261
Deposits			<u>28,625</u>	<u>28,625</u>
Total liabilities	<u>2,111,440</u>	<u>365</u>	<u>1,687,687</u>	<u>3,799,492</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	82,537			82,537
Unavailable revenue, special assessments		1,740,400		1,740,400
Unavailable revenue, notes receivable	154,513		11,649,598	11,804,111
Unavailable revenue, other receivables	<u>150,000</u>		<u>11,338</u>	<u>161,338</u>
Total deferred inflows of resources	<u>387,050</u>	<u>1,740,400</u>	<u>11,660,936</u>	<u>13,788,386</u>
Total liabilities and deferred inflows of resources	<u>2,498,490</u>	<u>1,740,765</u>	<u>13,348,623</u>	<u>17,587,878</u>
FUND BALANCES				
Restricted	58,803,615	909,159	38,502,836	98,215,610
Assigned			<u>16,624,091</u>	<u>16,624,091</u>
Total fund balances	<u>58,803,615</u>	<u>909,159</u>	<u>55,126,927</u>	<u>114,839,701</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,302,105</u>	<u>\$ 2,649,924</u>	<u>\$ 68,475,550</u>	<u>\$ 132,427,579</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Special Assessments Debt Service Fund	Capital Project Funds	Aggregate Other Governmental Funds
REVENUES				
Property taxes	\$ 4,967,964	\$	\$ 1,127,564	\$ 6,095,528
Intergovernmental	14,486,352		2,970,729	17,457,081
Charges for services	78,615		250,445	329,060
Fines and forfeitures	1,305,420			1,305,420
Impact fees			612,612	612,612
Special assessments		130,820		130,820
Investment income	574,190	141,428	933,869	1,649,487
Developer contributions			2,175,512	2,175,512
Rental fees			547,580	547,580
Miscellaneous	176,136	47,628	315,959	539,723
Total revenues	21,588,677	319,876	8,934,270	30,842,823
EXPENDITURES				
Current				
General government	3,762,234		404,148	4,166,382
Judicial	768,556			768,556
Public safety	11,209,096		63,297	11,272,393
Public works	1,221,692		1,266,186	2,487,878
Culture and recreation			2,588,820	2,588,820
Total current	16,961,578		4,322,451	21,284,029
Capital outlay				
General government			713,262	713,262
Public safety	90,017		50,370	140,387
Public works	4,936,208		4,062,688	8,998,896
Culture and recreation			632,636	632,636
Total capital outlay	5,026,225		5,458,956	10,485,181
Debt service				
Principal payments	680,000			680,000
Interest and fiscal charges	669,121			669,121
Administrative and other costs		5,013		5,013
Total debt service	1,349,121	5,013		1,354,134
Total expenditures	23,336,924	5,013	9,781,407	33,123,344
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,748,247)	314,863	(847,137)	(2,280,521)
OTHER FINANCING SOURCES (USES)				
Proceeds from land sales			3,444,629	3,444,629
Transfers in	711,259			711,259
Transfers out	(80,264)	(272,671)	(1,578,472)	(1,931,407)
Total other financing sources (uses)	630,995	(272,671)	1,866,157	2,224,481
CHANGE IN FUND BALANCE	(1,117,252)	42,192	1,019,020	(56,040)
FUND BALANCE, BEGINNING OF YEAR	59,920,867	866,967	54,107,907	114,895,741
FUND BALANCE, END OF YEAR	\$ 58,803,615	\$ 909,159	\$ 55,126,927	\$ 114,839,701

CITY OF HENDERSON, NEVADA

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2014

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization
ASSETS					
Cash, cash equivalents and investments	\$ 16,726,645	\$ 6,358,124	\$ 615,212	\$ 1,020,358	\$ 17,913,953
Restricted cash and cash equivalents	793,543				
Accounts receivable, net	150,000			62,414	
Interest receivable	35,014	13,732	1,312		37,813
Taxes receivable	82,537				
Notes receivable, net	154,513				
Due from other governments	313,299	526,014			318
Land held for resale	<u>13,287,487</u>				
Total assets	<u>\$ 31,543,038</u>	<u>\$ 6,897,870</u>	<u>\$ 616,524</u>	<u>\$ 1,082,772</u>	<u>\$ 17,952,084</u>
LIABILITIES					
Accounts payable and other accrued liabilities	\$ 66,948	\$ 179,548	\$ 21,579	\$ 48,010	\$
Accrued wages	12,126	4,180		1,674	
Tax increment payable to developers	793,543				
Due to other funds					
Advances from other funds	<u>621,261</u>				
Total liabilities	<u>1,493,878</u>	<u>183,728</u>	<u>21,579</u>	<u>49,684</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, property taxes	82,537				
Unavailable revenue, notes receivable	154,513				
Unavailable revenue, other receivables	<u>150,000</u>				
Total deferred inflows of resources	<u>387,050</u>				
Total liabilities and deferred inflows of resources	<u>1,880,928</u>	<u>183,728</u>	<u>21,579</u>	<u>49,684</u>	
FUND BALANCES					
Restricted	<u>29,662,110</u>	<u>6,714,142</u>	<u>594,945</u>	<u>1,033,088</u>	<u>17,952,084</u>
Total fund balances	<u>29,662,110</u>	<u>6,714,142</u>	<u>594,945</u>	<u>1,033,088</u>	<u>17,952,084</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,543,038</u>	<u>\$ 6,897,870</u>	<u>\$ 616,524</u>	<u>\$ 1,082,772</u>	<u>\$ 17,952,084</u>

(Continued)

CITY OF HENDERSON, NEVADA

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2014

	Sales and Use Tax	Commissary	Eldorado Valley Training Facility	Total Special Revenue Funds
ASSETS				
Cash, cash equivalents and investments	\$	\$ 218,237	\$ 12,589	\$ 42,865,118
Restricted cash and cash equivalents				793,543
Accounts receivable, net	4,384			216,798
Interest receivable		507		88,378
Taxes receivable				82,537
Notes receivable, net				154,513
Due from other governments	2,974,100			3,813,731
Land held for resale				13,287,487
	<u>\$ 2,978,484</u>	<u>\$ 218,744</u>	<u>\$ 12,589</u>	<u>\$ 61,302,105</u>
Total assets	<u>\$ 2,978,484</u>	<u>\$ 218,744</u>	<u>\$ 12,589</u>	<u>\$ 61,302,105</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 59,692	\$ 44,872	\$ 1,330	\$ 421,979
Accrued wages	121,242			139,222
Tax increment payable to developers				793,543
Due to other funds	135,435			135,435
Advances from other funds				621,261
	<u>316,369</u>	<u>44,872</u>	<u>1,330</u>	<u>2,111,440</u>
Total liabilities	<u>316,369</u>	<u>44,872</u>	<u>1,330</u>	<u>2,111,440</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes				82,537
Unavailable revenue, notes receivable				154,513
Unavailable revenue, other receivables				150,000
	<u></u>	<u></u>	<u></u>	<u>387,050</u>
Total deferred inflows of resources	<u></u>	<u></u>	<u></u>	<u>387,050</u>
Total liabilities and deferred inflows of resources	<u>316,369</u>	<u>44,872</u>	<u>1,330</u>	<u>2,498,490</u>
FUND BALANCES				
Restricted	<u>2,662,115</u>	<u>173,872</u>	<u>11,259</u>	<u>58,803,615</u>
Total fund balances	<u>2,662,115</u>	<u>173,872</u>	<u>11,259</u>	<u>58,803,615</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,978,484</u>	<u>\$ 218,744</u>	<u>\$ 12,589</u>	<u>\$ 61,302,105</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization
REVENUES					
Property taxes	\$ 4,954,393				\$ 13,571
Intergovernmental	15,584	3,033,811			
Charges for services					
Fines and forfeitures			595,228	710,192	
Investment income	219,631	111,757	6,540		230,949
Miscellaneous	165,218		8,185		
Total revenues	<u>5,354,826</u>	<u>3,145,568</u>	<u>609,953</u>	<u>710,192</u>	<u>244,520</u>
EXPENDITURES					
Current					
General government	3,762,234				
Judicial				768,556	
Public safety			312,716		
Public works		1,221,692			
Total current	<u>3,762,234</u>	<u>1,221,692</u>	<u>312,716</u>	<u>768,556</u>	
Capital outlay					
Public safety			55,868		
Public works		4,936,208			
Total capital outlay		<u>4,936,208</u>	<u>55,868</u>		
Debt service					
Principal payments	680,000				
Interest and fiscal charges	669,121				
Total debt service	<u>1,349,121</u>				
Total expenditures	<u>5,111,355</u>	<u>6,157,900</u>	<u>368,584</u>	<u>768,556</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>243,471</u>	<u>(3,012,332)</u>	<u>241,369</u>	<u>(58,364)</u>	<u>244,520</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					700,000
Transfers out		(80,264)			
Total other financing sources (uses)		<u>(80,264)</u>			<u>700,000</u>
CHANGE IN FUND BALANCE	243,471	(3,092,596)	241,369	(58,364)	944,520
FUND BALANCE, BEGINNING OF YEAR	<u>29,418,639</u>	<u>9,806,738</u>	<u>353,576</u>	<u>1,091,452</u>	<u>17,007,564</u>
FUND BALANCE, END OF YEAR	<u>\$ 29,662,110</u>	<u>\$ 6,714,142</u>	<u>\$ 594,945</u>	<u>\$ 1,033,088</u>	<u>\$ 17,952,084</u>

(Continued)

CITY OF HENDERSON, NEVADA

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

	Sales and Use Tax	Code Enforcement	Commissary	Eldorado Valley Training Facility	Total Special Revenue Funds
REVENUES					
Property taxes	\$	\$	\$	\$	\$ 4,967,964
Intergovernmental	11,436,957				14,486,352
Charges for services	5,967		72,648		78,615
Fines and forfeitures					1,305,420
Investment income	2,482	33	2,798		574,190
Miscellaneous	2,733				176,136
Total revenues	11,448,139	33	75,446		21,588,677
EXPENDITURES					
Current					
General government					3,762,234
Judicial					768,556
Public safety	10,841,279	4,912	50,189		11,209,096
Public works					1,221,692
Total current	10,841,279	4,912	50,189		16,961,578
Capital outlay					
Public safety			34,149		90,017
Public works					4,936,208
Total capital outlay			34,149		5,026,225
Debt service					
Principal payments					680,000
Interest and fiscal charges					669,121
Total debt service					1,349,121
Total expenditures	10,841,279	4,912	84,338		23,336,924
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	606,860	(4,879)	(8,892)		(1,748,247)
OTHER FINANCING SOURCES (USES)					
Transfers in				11,259	711,259
Transfers out					(80,264)
Total other financing sources (uses)				11,259	630,995
CHANGE IN FUND BALANCE	606,860	(4,879)	(8,892)	11,259	(1,117,252)
FUND BALANCE, BEGINNING OF YEAR	2,055,255	4,879	182,764		59,920,867
FUND BALANCE, END OF YEAR	\$ 2,662,115	\$	\$ 173,872	\$ 11,259	\$ 58,803,615

CITY OF HENDERSON, NEVADA

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2014

	Land Sales	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
ASSETS									
Cash, cash equivalents and investments	\$ 24,604,666	\$ 3,798,969	\$ 7,965,422	\$ 484,314	\$ 451,657	\$ 10,097	\$ 11,701,364	\$ 5,677,609	\$ 54,694,098
Restricted cash and cash equivalents	51,274		185,269						236,543
Accounts receivable, net							36,461		36,461
Interest receivable	53,648	8,500	17,698	976		476	28,794	12,349	122,441
Notes receivable, net	11,649,598								11,649,598
Due from other governments	89,690	742,562			83,896	199,000			1,115,148
Advances to other funds	621,261								621,261
Total assets	\$ 37,070,137	\$ 4,550,031	\$ 8,168,389	\$ 485,290	\$ 535,553	\$ 209,573	\$ 11,766,619	\$ 5,689,958	\$ 68,475,550
LIABILITIES									
Accounts payable and other accrued liabilities	\$ 300,026	\$ 196,474	\$ 35,563				\$ 818,608		\$ 1,350,671
Accrued wages	5,768		83				2,540		8,391
Due to other governments				300,000					300,000
Deposits	28,625								28,625
Total liabilities	\$ 334,419	\$ 196,474	\$ 35,646	\$ 300,000			\$ 821,148		\$ 1,687,687
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue, notes receivable	11,649,598								11,649,598
Unavailable revenue, other receivables							11,338		11,338
Total deferred inflows of resources	\$ 11,649,598						\$ 11,338		\$ 11,660,936
Total liabilities and deferred inflows of resources	\$ 11,984,017	\$ 196,474	\$ 35,646	\$ 300,000			\$ 832,486		\$ 13,348,623
FUND BALANCES									
Restricted	25,086,120	4,353,557	8,132,743	185,290	535,553	209,573	10,934,133	5,689,958	38,502,836
Assigned									16,624,091
Total fund balances	\$ 25,086,120	\$ 4,353,557	\$ 8,132,743	\$ 185,290	\$ 535,553	\$ 209,573	\$ 10,934,133	\$ 5,689,958	\$ 55,126,927
Total liabilities, deferred inflows of resources and fund balances	\$ 37,070,137	\$ 4,550,031	\$ 8,168,389	\$ 485,290	\$ 535,553	\$ 209,573	\$ 11,766,619	\$ 5,689,958	\$ 68,475,550

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CITY OF HENDERSON, NEVADA

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

	Land Sales	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
REVENUES									
Property taxes	\$ 89,690	\$ 2,758,525			\$ 83,896	\$ 1,127,564	\$ 38,618	\$	\$ 1,127,564
Intergovernmental		248,858					1,587		2,970,729
Charges for services			612,612						250,445
Impact fees			112,877						612,612
Investment income	521,839	47,338		3,210		1,555		76,167	933,869
Developer contributions							2,175,512		2,175,512
Rental fees	547,580								547,580
Miscellaneous		14,892	32				301,035		315,959
Total revenues	<u>1,159,109</u>	<u>3,069,613</u>	<u>725,521</u>	<u>3,210</u>	<u>83,896</u>	<u>1,129,119</u>	<u>2,687,635</u>	<u>76,167</u>	<u>8,934,270</u>
EXPENDITURES									
Current									
General government							404,148		404,148
Public safety							63,297		63,297
Public works	604,750				83,896		577,540		1,266,186
Culture and recreation		2,209,271	325,752				53,797		2,588,820
Total current	<u>604,750</u>	<u>2,209,271</u>	<u>325,752</u>		<u>83,896</u>		<u>1,098,782</u>		<u>4,322,451</u>
Capital outlay									
General government							713,262		713,262
Public safety							50,370		50,370
Public works	2,572,002						1,490,686		4,062,688
Culture and recreation		189,090	408,546				35,000		632,636
Total capital outlay	<u>2,572,002</u>	<u>189,090</u>	<u>408,546</u>				<u>2,289,318</u>		<u>5,458,956</u>
Total expenditures	<u>3,176,752</u>	<u>2,398,361</u>	<u>734,298</u>		<u>83,896</u>		<u>3,388,100</u>		<u>9,781,407</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,017,643)</u>	<u>671,252</u>	<u>(8,777)</u>	<u>3,210</u>		<u>1,129,119</u>	<u>(700,465)</u>	<u>76,167</u>	<u>(847,137)</u>
OTHER FINANCING SOURCES (USES)									
Proceeds from land sales	3,444,629								3,444,629
Transfers out	(527)	(274,794)				(1,000,000)	(303,151)		(1,578,472)
Total other financing sources (uses)	<u>3,444,102</u>	<u>(274,794)</u>				<u>(1,000,000)</u>	<u>(303,151)</u>		<u>1,866,157</u>

(Continued)

CITY OF HENDERSON, NEVADA

**NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

	Land Sales	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
CHANGE IN FUND BALANCE	1,426,459	396,458	(8,777)	3,210		129,119	(1,003,616)	76,167	1,019,020
FUND BALANCE, BEGINNING OF YEAR	23,659,661	3,957,099	8,141,520	182,080	535,553	80,454	11,937,749	5,613,791	54,107,907
FUND BALANCE, END OF YEAR	\$ 25,086,120	\$ 4,353,557	\$ 8,132,743	\$ 185,290	\$ 535,553	\$ 209,573	\$ 10,934,133	\$ 5,689,958	\$ 55,126,927

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 55,620,183	\$ 54,993,388	\$ (626,795)
Franchise fees	31,000,000	31,481,739	481,739
Licenses and permits	8,078,000	8,079,773	1,773
Intergovernmental	90,466,588	91,584,835	1,118,247
Charges for services	23,792,507	23,064,070	(728,437)
Fines and forfeitures	4,005,464	4,353,572	348,108
Investment income	125,000	184,834	59,834
Developer contributions	75,000	-	(75,000)
Miscellaneous	629,442	494,123	(135,319)
Total revenues	213,792,184	214,236,334	444,150
EXPENDITURES			
General government			
Mayor and council			
Salaries and wages	320,718	317,073	3,645
Employee benefits	182,082	182,892	(810)
Services and supplies	164,732	132,497	32,235
Total mayor and council	667,532	632,462	35,070
City manager			
Salaries and wages	607,944	598,882	9,062
Employee benefits	224,514	222,850	1,664
Services and supplies	80,418	44,799	35,619
Total city manager	912,876	866,531	46,345
Finance			
Salaries and wages	3,656,138	3,618,581	37,557
Employee benefits	1,481,109	1,453,711	27,398
Services and supplies	395,552	272,211	123,341
Total finance	5,532,799	5,344,503	188,296
Information technology			
Salaries and wages	4,996,278	4,922,927	73,351
Employee benefits	1,992,707	1,954,814	37,893
Services and supplies	980,537	587,997	392,540
Total information technology	7,969,522	7,465,738	503,784
City clerk			
Salaries and wages	1,149,610	1,122,017	27,593
Employee benefits	493,719	482,861	10,858
Services and supplies	229,743	228,376	1,367
Total city clerk	1,873,072	1,833,254	39,818
Human resources			
Salaries and wages	1,478,632	1,435,163	43,469
Employee benefits	609,201	598,420	10,781
Services and supplies	565,783	466,455	99,328
Total human resources	2,653,616	2,500,038	153,578
City attorney			
Salaries and wages	1,484,001	1,501,702	(17,701)
Employee benefits	674,134	660,003	14,131
Services and supplies	1,167,564	335,386	832,178
Total city attorney	3,325,699	2,497,091	828,608

(Continued)

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
Community development			
Salaries and wages	2,133,583	2,104,292	29,291
Employee benefits	864,499	844,418	20,081
Services and supplies	459,251	268,830	190,421
Total community development	3,457,333	3,217,540	239,793
Building maintenance			
Salaries and wages	2,285,618	2,281,326	4,292
Employee benefits	1,099,784	1,074,851	24,933
Services and supplies	4,739,288	4,187,953	551,335
Total building maintenance	8,124,690	7,544,130	580,560
Public affairs			
Salaries and wages	1,168,216	1,145,314	22,902
Employee benefits	476,054	461,197	14,857
Services and supplies	620,073	541,392	78,681
Total public affairs	2,264,343	2,147,903	116,440
Internal audit			
Salaries and wages	136,865	135,465	1,400
Employee benefits	50,378	49,271	1,107
Services and supplies	19,989	11,247	8,742
Total internal audit	207,232	195,983	11,249
Miscellaneous			
Salaries and wages	1,861,950	2,000,558	(138,608)
Employee benefits	580,501	538,130	42,371
Services and supplies	779,034	418,857	360,177
Total miscellaneous	3,221,485	2,957,545	263,940
Total general government	40,210,199	37,202,718	3,007,481
Judicial			
Municipal court			
Salaries and wages	4,005,078	3,947,852	57,226
Employee benefits	1,929,815	1,914,573	15,242
Services and supplies	528,719	517,892	10,827
Total municipal court	6,463,612	6,380,317	83,295
City attorney- criminal			
Salaries and wages	2,130,837	2,087,800	43,037
Employee benefits	933,578	919,980	13,598
Services and supplies	256,566	197,113	59,453
Total city attorney- criminal	3,320,981	3,204,893	116,088
City attorney- court programs			
Salaries and wages	1,164,379	1,117,842	46,537
Employee benefits	428,380	416,499	11,881
Services and supplies	248,364	170,848	77,516
Total city attorney- court programs	1,841,123	1,705,189	135,934
Total judicial	11,625,716	11,290,399	335,317

(Continued)

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
Public safety			
Fire			
Salaries and wages	25,764,140	25,542,780	221,360
Employee benefits	11,377,808	11,292,359	85,449
Services and supplies	1,972,837	2,183,174	(210,337)
Capital outlay	20,000	14,443	5,557
Total fire	39,134,785	39,032,756	102,029
Police			
Salaries and wages	46,023,895	46,098,844	(74,949)
Employee benefits	23,760,926	23,637,170	123,756
Services and supplies	8,796,561	8,363,806	432,755
Capital outlay	24,150	14,599	9,551
Total police	78,605,532	78,114,419	491,113
Building inspection			
Salaries and wages	992,578	940,102	52,476
Employee benefits	428,405	413,657	14,748
Services and supplies	136,774	124,615	12,159
Capital outlay	60,000	55,961	4,039
Total building inspection	1,617,757	1,534,335	83,422
Total public safety	119,358,074	118,681,510	676,564
Public works			
Streets			
Salaries and wages	591,646	541,639	50,007
Employee benefits	269,021	247,002	22,019
Services and supplies	145,777	214,960	(69,183)
Total streets	1,006,444	1,003,601	2,843
Street lighting			
Salaries and wages	937,878	883,164	54,714
Employee benefits	372,672	372,288	384
Services and supplies	1,638,491	1,555,322	83,169
Total street lighting	2,949,041	2,810,774	138,267
Public works general services			
Salaries and wages	1,681,264	1,643,860	37,404
Employee benefits	696,623	677,843	18,780
Services and supplies	243,166	260,360	(17,194)
Total public works general services	2,621,053	2,582,063	38,990
Total public works	6,576,538	6,396,438	180,100
Culture and recreation			
Parks			
Salaries and wages	7,187,546	7,102,010	85,536
Employee benefits	3,186,615	3,149,453	37,162
Services and supplies	4,977,324	4,600,341	376,983
Capital outlay	30,000	6,320	23,680
Total parks	15,381,485	14,858,124	523,361

(Continued)

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Recreation			
Salaries and wages	11,774,384	11,502,233	272,151
Employee benefits	3,192,514	3,073,086	119,428
Services and supplies	4,501,103	4,173,269	327,834
Capital outlay	20,020	18,707	1,313
Total recreation	<u>19,488,021</u>	<u>18,767,295</u>	<u>720,726</u>
Total culture and recreation	<u>34,869,506</u>	<u>33,625,419</u>	<u>1,244,087</u>
Community support			
Economic development			
Salaries and wages	441,067	440,148	919
Employee benefits	179,162	170,419	8,743
Services and supplies	228,906	230,588	(1,682)
Total economic development	<u>849,135</u>	<u>841,155</u>	<u>7,980</u>
Neighborhood services			
Salaries and wages	326,687	318,469	8,218
Employee benefits	130,008	126,845	3,163
Services and supplies	478,414	226,180	252,234
Total neighborhood services	<u>935,109</u>	<u>671,494</u>	<u>263,615</u>
Total community support	<u>1,784,244</u>	<u>1,512,649</u>	<u>271,595</u>
Total expenditures	<u>214,424,277</u>	<u>208,709,133</u>	<u>5,715,144</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(632,093)</u>	<u>5,527,201</u>	<u>6,159,294</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,000,000		(4,000,000)
Transfers out	(2,910,371)	(4,604,972)	(1,694,601)
Total other financing sources (uses)	<u>1,089,629</u>	<u>(4,604,972)</u>	<u>(5,694,601)</u>
CHANGE IN FUND BALANCE	457,536	922,229	464,693
FUND BALANCE, BEGINNING OF YEAR	<u>17,328,221</u>	<u>17,328,221</u>	
FUND BALANCE, END OF YEAR	<u>\$ 17,785,757</u>	<u>\$ 18,250,450</u>	<u>\$ 464,693</u>

CITY OF HENDERSON, NEVADA

GRANTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 20,362,336	\$ 17,990,178	\$ (2,372,158)
Miscellaneous	240,825	312,465	71,640
Total revenues	20,603,161	18,302,643	(2,300,518)
EXPENDITURES			
General government			
Salaries and wages	402,078	332,111	69,967
Employee benefits	170,149	139,395	30,754
Services and supplies	700,634	1,022,878	(322,244)
Total general government	1,272,861	1,494,384	(221,523)
Judicial			
Services and supplies	200,000		200,000
Total judicial	200,000		200,000
Public safety			
Salaries and wages	292,981	364,598	(71,617)
Employee benefits	37,397	56,554	(19,157)
Services and supplies	359,740	406,735	(46,995)
Capital outlay	617,520	440,712	176,808
Total public safety	1,307,638	1,268,599	39,039
Public works			
Services and supplies	224,374	257,722	(33,348)
Capital outlay	1,406,350	1,741,868	(335,518)
Total public works	1,630,724	1,999,590	(368,866)
Culture and recreation			
Salaries and wages	48,503	175,344	(126,841)
Employee benefits	12,452	48,031	(35,579)
Services and supplies	3,281,561	2,506,451	775,110
Capital outlay	4,815,244	4,724,740	90,504
Total culture and recreation	8,157,760	7,454,566	703,194
Community support			
Salaries and wages	555,474	546,916	8,558
Employee benefits	231,287	234,641	(3,354)
Services and supplies	7,110,952	5,309,948	1,801,004
Total community support	7,897,713	6,091,505	1,806,208
Total expenditures	20,466,696	18,308,644	2,158,052
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	136,465	(6,001)	(142,466)
OTHER FINANCING USES			
Transfers out	(1,000,000)	(1,000,000)	
CHANGE IN FUND BALANCE	(863,535)	(1,006,001)	(142,466)
FUND BALANCE, BEGINNING OF YEAR	1,581,960	1,581,960	
FUND BALANCE, END OF YEAR	\$ 718,425	\$ 575,959	\$ (142,466)

CITY OF HENDERSON, NEVADA

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 3,946,537	\$ 4,954,393	\$ 1,007,856
Intergovernmental		15,584	15,584
Investment income	110,000	219,631	109,631
Miscellaneous	217,584	165,218	(52,366)
Total revenues	<u>4,274,121</u>	<u>5,354,826</u>	<u>1,080,705</u>
EXPENDITURES			
General government			
Salaries and wages	565,727	553,145	12,582
Employee benefits	242,464	226,673	15,791
Services and supplies	3,021,192	2,982,416	38,776
Total general government	<u>3,829,383</u>	<u>3,762,234</u>	<u>67,149</u>
Debt service			
Principal payments	680,000	680,000	
Interest and fiscal charges	669,121	669,121	
Total debt service	<u>1,349,121</u>	<u>1,349,121</u>	
Total expenditures	<u>5,178,504</u>	<u>5,111,355</u>	<u>67,149</u>
CHANGE IN FUND BALANCE	(904,383)	243,471	1,147,854
FUND BALANCE, BEGINNING OF YEAR	<u>29,418,640</u>	<u>29,418,639</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 28,514,257</u>	<u>\$ 29,662,110</u>	<u>\$ 1,147,853</u>

CITY OF HENDERSON, NEVADA

GAS TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,834,675	\$ 3,033,811	\$ 199,136
Investment income	<u>105,000</u>	<u>111,757</u>	<u>6,757</u>
Total revenues	<u>2,939,675</u>	<u>3,145,568</u>	<u>205,893</u>
EXPENDITURES			
Public works			
Salaries and wages	515,268	496,155	19,113
Employee benefits	236,956	207,326	29,630
Services and supplies	767,560	518,211	249,349
Capital outlay	<u>7,428,619</u>	<u>4,936,208</u>	<u>2,492,411</u>
Total public works	<u>8,948,403</u>	<u>6,157,900</u>	<u>2,790,503</u>
Total expenditures	<u>8,948,403</u>	<u>6,157,900</u>	<u>2,790,503</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,008,728)</u>	<u>(3,012,332)</u>	<u>2,996,396</u>
OTHER FINANCING USES			
Transfers out	<u>(105,000)</u>	<u>(80,264)</u>	<u>24,736</u>
CHANGE IN FUND BALANCE	(6,113,728)	(3,092,596)	3,021,132
FUND BALANCE, BEGINNING OF YEAR	<u>9,806,738</u>	<u>9,806,738</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 3,693,010</u>	<u>\$ 6,714,142</u>	<u>\$ 3,021,132</u>

CITY OF HENDERSON, NEVADA

FORFEITED ASSETS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 604,272	\$ 595,228	\$ (9,044)
Investment income	1,000	6,540	5,540
Miscellaneous		8,185	8,185
Total revenues	<u>605,272</u>	<u>609,953</u>	<u>4,681</u>
EXPENDITURES			
Public safety			
Services and supplies	505,180	312,716	192,464
Capital outlay	195,554	55,868	139,686
Total public safety	<u>700,734</u>	<u>368,584</u>	<u>332,150</u>
Total expenditures	<u>700,734</u>	<u>368,584</u>	<u>332,150</u>
CHANGE IN FUND BALANCE	(95,462)	241,369	336,831
FUND BALANCE, BEGINNING OF YEAR	<u>353,576</u>	<u>353,576</u>	
FUND BALANCE, END OF YEAR	<u>\$ 258,114</u>	<u>\$ 594,945</u>	<u>\$ 336,831</u>

CITY OF HENDERSON, NEVADA

MUNICIPAL COURT ADMINISTRATIVE FEE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 732,043	\$ 710,192	\$ (21,851)
EXPENDITURES			
Judicial			
Salaries and wages	203,574	85,509	118,065
Employee benefits	64,204	26,443	37,761
Services and supplies	789,796	656,604	133,192
Total judicial	1,057,574	768,556	289,018
Total expenditures	1,057,574	768,556	289,018
CHANGE IN FUND BALANCE	(325,531)	(58,364)	267,167
FUND BALANCE, BEGINNING OF YEAR	1,091,452	1,091,452	
FUND BALANCE, END OF YEAR	\$ 765,921	\$ 1,033,088	\$ 267,167

CITY OF HENDERSON, NEVADA

FINANCIAL STABILIZATION SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 10,873	\$ 13,571	\$ 2,698
Investment income	<u>175,000</u>	<u>230,949</u>	<u>55,949</u>
Total revenues	<u>185,873</u>	<u>244,520</u>	<u>58,647</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>185,873</u>	<u>244,520</u>	<u>58,647</u>
OTHER FINANCING SOURCES			
Transfers in	<u>570,000</u>	<u>700,000</u>	<u>130,000</u>
CHANGE IN FUND BALANCE	755,873	944,520	188,647
FUND BALANCE, BEGINNING OF YEAR	<u>17,007,564</u>	<u>17,007,564</u>	
FUND BALANCE, END OF YEAR	<u>\$ 17,763,437</u>	<u>\$ 17,952,084</u>	<u>\$ 188,647</u>

CITY OF HENDERSON, NEVADA

SALES AND USE TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 11,200,000	\$ 11,436,957	\$ 236,957
Charges for services		5,967	5,967
Investment income	5,000	2,482	(2,518)
Miscellaneous		2,733	2,733
Total revenues	11,205,000	11,448,139	243,139
EXPENDITURES			
Public safety			
Salaries and wages	6,171,644	6,049,886	121,758
Employee benefits	3,509,490	3,347,350	162,140
Services and supplies	1,465,196	1,444,043	21,153
Total public safety	11,146,330	10,841,279	305,051
Total expenditures	11,146,330	10,841,279	305,051
CHANGE IN FUND BALANCE	58,670	606,860	548,190
FUND BALANCE, BEGINNING OF YEAR	2,055,255	2,055,255	
FUND BALANCE, END OF YEAR	\$ 2,113,925	\$ 2,662,115	\$ 548,190

CITY OF HENDERSON, NEVADA

CODE ENFORCEMENT SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 6,000	\$	\$ (6,000)
Investment income		<u>33</u>	<u>33</u>
Total revenues	<u>6,000</u>	<u>33</u>	<u>(5,967)</u>
EXPENDITURES			
Public safety			
Services and supplies	<u>6,000</u>	<u>4,912</u>	<u>1,088</u>
CHANGE IN FUND BALANCE		(4,879)	(4,879)
FUND BALANCE, BEGINNING OF YEAR	<u>4,879</u>	<u>4,879</u>	
FUND BALANCE, END OF YEAR	<u>\$ 4,879</u>	<u>\$</u>	<u>\$ (4,879)</u>

CITY OF HENDERSON, NEVADA

COMMISSARY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 78,000	\$ 72,648	\$ (5,352)
Investment income	<u>1,000</u>	<u>2,798</u>	<u>1,798</u>
Total revenues	<u>79,000</u>	<u>75,446</u>	<u>(3,554)</u>
EXPENDITURES			
Public safety			
Salaries and wages	4,000	3,308	692
Employee benefits	1,011	581	430
Services and supplies	62,490	46,300	16,190
Capital outlay	<u>33,499</u>	<u>34,149</u>	<u>(650)</u>
Total expenditures	<u>101,000</u>	<u>84,338</u>	<u>16,662</u>
CHANGE IN FUND BALANCE	(22,000)	(8,892)	13,108
FUND BALANCE, BEGINNING OF YEAR	<u>182,764</u>	<u>182,764</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 160,764</u>	<u>\$ 173,872</u>	<u>\$ 13,108</u>

CITY OF HENDERSON, NEVADA

ELDORADO VALLEY TRAINING FACILITY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES			
Transfers in	\$ <u>16,658</u>	\$ <u>11,259</u>	\$ <u>(5,399)</u>
CHANGE IN FUND BALANCE	16,658	11,259	(5,399)
FUND BALANCE, BEGINNING OF YEAR	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE, END OF YEAR	\$ <u><u>16,658</u></u>	\$ <u><u>11,259</u></u>	\$ <u><u>(5,399)</u></u>

CITY OF HENDERSON, NEVADA

GENERAL OBLIGATION DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 2,915,812	\$ 2,882,601	\$ (33,211)
Investment income	21,500	46,445	24,945
Miscellaneous		10	10
Total revenues	2,937,312	2,929,056	(8,256)
EXPENDITURES			
Debt service			
Principal payments	3,528,565	3,528,565	
Interest and fiscal charges	4,544,764	4,544,765	(1)
Administrative and other costs	91,222	16,350	74,872
Total debt service	8,164,551	8,089,680	74,871
Total expenditures	8,164,551	8,089,680	74,871
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(5,227,239)	(5,160,624)	66,615
OTHER FINANCING SOURCES (USES)			
Transfers in	6,089,670	7,052,393	962,723
CHANGE IN FUND BALANCE	862,431	1,891,769	1,029,338
FUND BALANCE, BEGINNING OF YEAR	2,215,640	2,215,640	
FUND BALANCE, END OF YEAR	\$ 3,078,071	\$ 4,107,409	\$ 1,029,338

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Special assessments	\$ 76,155	\$ 130,820	\$ 54,665
Investment income	123,749	141,428	17,679
Miscellaneous		47,628	47,628
Total revenues	199,904	319,876	119,972
EXPENDITURES			
Debt service			
Administrative and other costs		5,013	(5,013)
EXCESS OF REVENUES OVER EXPENDITURES	199,904	314,863	114,959
OTHER FINANCING USES			
Transfers out		(272,671)	(272,671)
CHANGE IN FUND BALANCE	199,904	42,192	(157,712)
FUND BALANCE, BEGINNING OF YEAR	866,967	866,967	
FUND BALANCE, END OF YEAR	\$ 1,066,871	\$ 909,159	\$ (157,712)

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 25,000	\$ 23,782	\$ (1,218)
Developer contributions	<u>162,495</u>	<u>29,914</u>	<u>(132,581)</u>
Total revenues	<u>187,495</u>	<u>53,696</u>	<u>(133,799)</u>
EXPENDITURES			
Public works			
Salaries and wages		37,238	(37,238)
Employee benefits		12,878	(12,878)
Services and supplies	58,841,687	24,098,955	34,742,732
Capital outlay	<u>18,760,506</u>	<u>8,596,431</u>	<u>10,164,075</u>
Total public works	<u>77,602,193</u>	<u>32,745,502</u>	<u>44,856,691</u>
Debt service			
Interest and fiscal charges	<u>114,789</u>	<u>109,565</u>	<u>5,224</u>
Total expenditures	<u>77,716,982</u>	<u>32,855,067</u>	<u>44,861,915</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(77,529,487)</u>	<u>(32,801,371)</u>	<u>44,728,116</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u> </u>	<u>272,671</u>	<u>272,671</u>
CHANGE IN FUND BALANCE	(77,529,487)	(32,528,700)	45,000,787
FUND BALANCE, BEGINNING OF YEAR	<u>89,824,570</u>	<u>89,824,570</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 12,295,083</u>	<u>\$ 57,295,870</u>	<u>\$ 45,000,787</u>

CITY OF HENDERSON, NEVADA

MUNICIPAL FACILITIES ACQUISITION AND CONSTRUCTION CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Impact fees	\$ 650,000	\$ 778,084	\$ 128,084
Investment income	100,000	109,707	9,707
Developer contributions		1,659,609	1,659,609
Total revenues	<u>750,000</u>	<u>2,547,400</u>	<u>1,797,400</u>
EXPENDITURES			
General government			
Services and supplies	67,128	280	66,848
Capital outlay	84,709		84,709
Total general government	<u>151,837</u>	<u>280</u>	<u>151,557</u>
Public safety			
Services and supplies	50,385	11,859	38,526
Capital outlay	314,708	261,938	52,770
Total public safety	<u>365,093</u>	<u>273,797</u>	<u>91,296</u>
Public works			
Salaries and wages	62,021	22,308	39,713
Employee benefits	2,460	769	1,691
Services and supplies	1,330,121	195,014	1,135,107
Capital outlay	373,664	201,697	171,967
Total public works	<u>1,768,266</u>	<u>419,788</u>	<u>1,348,478</u>
Culture and recreation			
Services and supplies	4,563	4,563	
Total expenditures	<u>2,289,759</u>	<u>698,428</u>	<u>1,591,331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,539,759)</u>	<u>1,848,972</u>	<u>3,388,731</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(4,900,000)</u>	<u>(900,000)</u>	<u>4,000,000</u>
CHANGE IN FUND BALANCE	(6,439,759)	948,972	7,388,731
FUND BALANCE, BEGINNING OF YEAR	<u>9,642,558</u>	<u>9,642,558</u>	
FUND BALANCE, END OF YEAR	<u>\$ 3,202,799</u>	<u>\$ 10,591,530</u>	<u>\$ 7,388,731</u>

CITY OF HENDERSON, NEVADA

LAND SALES CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$	\$ 89,690	\$ 89,690
Investment income	311,310	521,839	210,529
Rental fees	<u>538,902</u>	<u>547,580</u>	<u>8,678</u>
Total revenues	<u>850,212</u>	<u>1,159,109</u>	<u>308,897</u>
EXPENDITURES			
General government			
Salaries and wages	20,000		20,000
Services and supplies	<u>292,781</u>		<u>292,781</u>
Total general government	<u>312,781</u>		<u>312,781</u>
Public safety			
Capital outlay	<u>779,000</u>		<u>779,000</u>
Public works			
Salaries and wages	5,000	7,571	(2,571)
Employee benefits	1,500	2,484	(984)
Services and supplies	2,270,146	594,695	1,675,451
Capital outlay	<u>3,388,663</u>	<u>2,572,002</u>	<u>816,661</u>
Total public works	<u>5,665,309</u>	<u>3,176,752</u>	<u>2,488,557</u>
Community support			
Services and supplies	<u>21,103</u>		<u>21,103</u>
Total expenditures	<u>6,778,193</u>	<u>3,176,752</u>	<u>3,601,441</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(5,927,981)</u>	<u>(2,017,643)</u>	<u>3,910,338</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from land sales	3,250,000	3,444,629	194,629
Transfers out	<u>(527)</u>	<u>(527)</u>	
Total other financing sources (uses)	<u>3,249,473</u>	<u>3,444,102</u>	<u>194,629</u>
CHANGE IN FUND BALANCE	(2,678,508)	1,426,459	4,104,967
FUND BALANCE, BEGINNING OF YEAR	<u>23,659,661</u>	<u>23,659,661</u>	
FUND BALANCE, END OF YEAR	<u>\$ 20,981,153</u>	<u>\$ 25,086,120</u>	<u>\$ 4,104,967</u>

CITY OF HENDERSON, NEVADA

SPECIAL RECREATION CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,500,000	\$ 2,758,525	\$ 258,525
Charges for services	250,000	248,858	(1,142)
Investment income	30,000	47,338	17,338
Miscellaneous	15,000	14,892	(108)
Total revenues	2,795,000	3,069,613	274,613
EXPENDITURES			
Culture and recreation			
Salaries and wages	63,195	19,345	43,850
Employee benefits	2,830	2,618	212
Services and supplies	2,527,422	2,187,308	340,114
Capital outlay	602,537	189,090	413,447
Total expenditures	3,195,984	2,398,361	797,623
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(400,984)	671,252	1,072,236
OTHER FINANCING USES			
Transfers out	(274,794)	(274,794)	
CHANGE IN FUND BALANCE	(675,778)	396,458	1,072,236
FUND BALANCE, BEGINNING OF YEAR	3,957,099	3,957,099	
FUND BALANCE, END OF YEAR	\$ 3,281,321	\$ 4,353,557	\$ 1,072,236

CITY OF HENDERSON, NEVADA

PARK DEVELOPMENT CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Impact fees	\$ 495,000	\$ 612,612	\$ 117,612
Investment income	77,000	112,877	35,877
Miscellaneous		32	32
Total revenues	572,000	725,521	153,521
EXPENDITURES			
Culture and recreation			
Salaries and wages		83	(83)
Employee benefits		25	(25)
Services and supplies	872,949	325,644	547,305
Capital outlay	4,714,180	408,546	4,305,634
Total expenditures	5,587,129	734,298	4,852,831
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(5,015,129)	(8,777)	5,006,352
CHANGE IN FUND BALANCE	(5,015,129)	(8,777)	5,006,352
FUND BALANCE, BEGINNING OF YEAR	8,141,520	8,141,520	
FUND BALANCE, END OF YEAR	\$ 3,126,391	\$ 8,132,743	\$ 5,006,352

CITY OF HENDERSON, NEVADA

FLOOD CONTROL CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ <u>1,000</u>	\$ <u>3,210</u>	\$ <u>2,210</u>
CHANGE IN FUND BALANCE	1,000	3,210	2,210
FUND BALANCE, BEGINNING OF YEAR	<u>182,080</u>	<u>182,080</u>	
FUND BALANCE, END OF YEAR	<u>\$ 183,080</u>	<u>\$ 185,290</u>	<u>\$ 2,210</u>

CITY OF HENDERSON, NEVADA

**RTC/COUNTY FUNDED CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ _____	\$ <u>83,896</u>	\$ <u>83,896</u>
EXPENDITURES			
Public works			
Services and supplies	115,534	83,896	31,638
Capital outlay	<u>109,749</u>	_____	<u>109,749</u>
Total expenditures	<u>225,283</u>	<u>83,896</u>	<u>141,387</u>
CHANGE IN FUND BALANCE	(225,283)		225,283
FUND BALANCE, BEGINNING OF YEAR	<u>535,553</u>	<u>535,553</u>	_____
FUND BALANCE, END OF YEAR	<u>\$ 310,270</u>	<u>\$ 535,553</u>	<u>\$ 225,283</u>

CITY OF HENDERSON, NEVADA

SPECIAL AD VALOREM TRANSPORTATION CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 1,112,071	\$ 1,127,564	\$ 15,493
Investment income		<u>1,555</u>	<u>1,555</u>
Total revenues	<u>1,112,071</u>	<u>1,129,119</u>	<u>17,048</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,112,071</u>	<u>1,129,119</u>	<u>17,048</u>
OTHER FINANCING USES			
Transfers out	<u>(1,100,000)</u>	<u>(1,000,000)</u>	<u>100,000</u>
CHANGE IN FUND BALANCE	12,071	129,119	117,048
FUND BALANCE, BEGINNING OF YEAR	<u>80,454</u>	<u>80,454</u>	
FUND BALANCE, END OF YEAR	<u>\$ 92,525</u>	<u>\$ 209,573</u>	<u>\$ 117,048</u>

CITY OF HENDERSON, NEVADA

CAPITAL REPLACEMENT CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 38,618	\$ 38,618	\$
Charges for services	2,000,000	1,587	(1,998,413)
Investment income	135,000	170,883	35,883
Developer contributions	2,177,620	2,175,512	(2,108)
Miscellaneous	94,989	301,035	206,046
Total revenues	4,446,227	2,687,635	(1,758,592)
EXPENDITURES			
General government			
Salaries and wages	92,881	86,488	6,393
Employee benefits	29,691	32,457	(2,766)
Services and supplies	284,527	285,203	(676)
Capital outlay	1,636,444	713,262	923,182
Total general government	2,043,543	1,117,410	926,133
Judicial			
Capital outlay	52,715		52,715
Public safety			
Services and supplies	127,820	63,297	64,523
Capital outlay	119,893	50,370	69,523
Total public safety	247,713	113,667	134,046
Public works			
Salaries and wages	7,951	15,885	(7,934)
Employee benefits	2,671	5,388	(2,717)
Services and supplies	3,119,619	556,267	2,563,352
Capital outlay	5,122,297	1,490,686	3,631,611
Total public works	8,252,538	2,068,226	6,184,312
Culture and recreation			
Services and supplies	59,981	53,797	6,184
Capital outlay	2,126,207	35,000	2,091,207
Total culture and recreation	2,186,188	88,797	2,097,391
Total expenditures	12,782,697	3,388,100	9,394,597
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(8,336,470)	(700,465)	7,636,005
OTHER FINANCING USES			
Transfers out	(303,151)	(303,151)	
CHANGE IN FUND BALANCE	(8,639,621)	(1,003,616)	7,636,005
FUND BALANCE, BEGINNING OF YEAR	11,937,749	11,937,749	
FUND BALANCE, END OF YEAR	\$ 3,298,128	\$ 10,934,133	\$ 7,636,005

CITY OF HENDERSON, NEVADA

**LAKE LAS VEGAS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ <u>60,000</u>	\$ <u>76,167</u>	\$ <u>16,167</u>
CHANGE IN FUND BALANCE	60,000	76,167	16,167
FUND BALANCE, BEGINNING OF YEAR	<u>5,613,791</u>	<u>5,613,791</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,673,791</u>	<u>\$ 5,689,958</u>	<u>\$ 16,167</u>

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PROPRIETARY FUNDS

Internal Service Funds

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

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

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

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

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

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

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

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

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

Enterprise Funds

Non-major Enterprise Funds

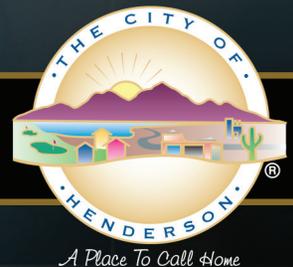
Cultural Arts & Tourism Enterprise Fund - to account for costs of operating the Henderson Convention Center, the Henderson Events Plaza, and the Pavilion at Liberty Pointe. Resources for the operation of these activities are derived from a room tax imposed by the City, a percentage of the total Gaming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

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

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

2014 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2014



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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2014

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
ASSETS								
Current assets								
Cash, cash equivalents and investments	\$ 5,289,097	\$ 14,271,857	\$ 2,555,937	\$ 6,249,455	\$ 22,079,947	\$ 7,051,293	\$ 9,144,091	\$ 66,641,677
Accounts receivable, net	16,956	4,906		38,160	257,548	129,755		447,325
Interest receivable	11,280	29,757	5,517	13,331	43,323	15,203	14,748	133,159
Inventories		118,042						118,042
Due from other governments	213,987				69,078			283,065
Total current assets	<u>5,531,320</u>	<u>14,424,562</u>	<u>2,561,454</u>	<u>6,300,946</u>	<u>22,449,896</u>	<u>7,196,251</u>	<u>9,158,839</u>	<u>67,623,268</u>
Noncurrent assets								
Capital assets, net of accumulated depreciation and amortization								
Construction in progress		642,933						642,933
Buildings and building improvements		744,560						744,560
Improvements other than buildings		555,663						555,663
Machinery and equipment	53,386	48,912,797						48,966,183
Accumulated depreciation and amortization	(53,386)	(37,813,058)						(37,866,444)
Total capital assets, net of accumulated depreciation and amortization		<u>13,042,895</u>						<u>13,042,895</u>
Other assets								
Advances to other funds			1,745,465					1,745,465
Total noncurrent assets		<u>13,042,895</u>	<u>1,745,465</u>					<u>14,788,360</u>
Total assets	<u>5,531,320</u>	<u>27,467,457</u>	<u>4,306,919</u>	<u>6,300,946</u>	<u>22,449,896</u>	<u>7,196,251</u>	<u>9,158,839</u>	<u>82,411,628</u>
LIABILITIES								
Current liabilities								
Accounts payable and other accrued liabilities	42,012	323,145		17,623	62,936	352,226	410,872	1,208,814
Accrued wages	84,107	25,873		10,263	18,348	1,971	5,466	146,028
Deposits							59,797	59,797
Compensated absences	138,300	40,843		15,382	16,727	6,266	4,548	222,066
Claims and judgments				1,918,083	11,690,239	1,570,000		15,178,322
Total current liabilities	<u>264,419</u>	<u>389,861</u>		<u>1,961,351</u>	<u>11,788,250</u>	<u>1,930,463</u>	<u>480,683</u>	<u>16,815,027</u>

(Continued)

CITY OF HENDERSON, NEVADA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2014**

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
Noncurrent liabilities								
Compensated absences	1,322,245	390,490		147,064	159,924	59,904	43,479	2,123,106
Other post employment benefits	635,917	183,616		56,587	50,514	11,565	40,703	978,902
Total noncurrent liabilities	<u>1,958,162</u>	<u>574,106</u>		<u>203,651</u>	<u>210,438</u>	<u>71,469</u>	<u>84,182</u>	<u>3,102,008</u>
Total liabilities	<u>2,222,581</u>	<u>963,967</u>		<u>2,165,002</u>	<u>11,998,688</u>	<u>2,001,932</u>	<u>564,865</u>	<u>19,917,035</u>
NET POSITION								
Net investment in capital assets		13,042,895						13,042,895
Restricted				4,135,944	10,451,208	5,194,319	8,593,974	19,781,471
Claims	3,308,739	13,460,595	4,306,919					29,670,227
Unrestricted	<u>3,308,739</u>	<u>26,503,490</u>	<u>4,306,919</u>	<u>4,135,944</u>	<u>10,451,208</u>	<u>5,194,319</u>	<u>8,593,974</u>	<u>62,494,593</u>
Total net position								

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
OPERATING REVENUES								
Charges for services	\$ 4,451,085	\$ 5,434,146		\$ 2,201,837	\$ 3,362,830	\$ 13,494,016	\$ 9,116,966	\$ 38,060,880
OPERATING EXPENSES								
Salaries and wages	3,739,231	1,236,378		487,349	849,921	91,325	253,027	6,657,231
Employee benefits	1,424,618	533,083		185,368	335,416	35,920	110,063	2,624,468
Services and supplies	1,503,558	4,108,089	86,248	1,148,565	1,350,427	2,841,329	6,976,888	18,015,104
Claims and judgments				694,969	1,885,799	10,491,215		13,071,983
Legal fees				2,759	18,512			21,271
Depreciation and amortization		3,543,650						3,543,650
Total operating expenses	<u>6,667,407</u>	<u>9,421,200</u>	<u>86,248</u>	<u>2,519,010</u>	<u>4,440,075</u>	<u>13,459,789</u>	<u>7,339,978</u>	<u>43,933,707</u>
Operating income (loss)	<u>(2,216,322)</u>	<u>(3,987,054)</u>	<u>(86,248)</u>	<u>(317,173)</u>	<u>(1,077,245)</u>	<u>34,227</u>	<u>1,776,988</u>	<u>(5,872,827)</u>
NONOPERATING REVENUES (EXPENSES)								
Investment income	67,546	214,596	141,500	84,954	277,837	96,210	81,587	964,230
Gain (loss) on capital asset disposition		185,299			(8,733)			185,299
Interest expense					(8,733)			(8,733)
Miscellaneous	137,749	14,342		38,109		15,524		205,724
Total nonoperating revenues (expenses)	<u>205,295</u>	<u>414,237</u>	<u>141,500</u>	<u>123,063</u>	<u>269,104</u>	<u>111,734</u>	<u>81,587</u>	<u>1,346,520</u>
Income (loss) before capital contributions and transfers	<u>(2,011,027)</u>	<u>(3,572,817)</u>	<u>55,252</u>	<u>(194,110)</u>	<u>(808,141)</u>	<u>145,961</u>	<u>1,858,575</u>	<u>(4,526,307)</u>
CAPITAL CONTRIBUTIONS								
Capital contributions		126,271						126,271
TRANSFERS								
Transfers in	2,097,516						650,000	2,747,516
Transfers out			(20,000)					(20,000)
Total transfers	<u>2,097,516</u>		<u>(20,000)</u>				<u>650,000</u>	<u>2,727,516</u>
CHANGE IN NET POSITION	86,489	(3,446,546)	35,252	(194,110)	(808,141)	145,961	2,508,575	(1,672,520)
NET POSITION, BEGINNING OF YEAR	<u>3,222,250</u>	<u>29,950,036</u>	<u>4,271,667</u>	<u>4,330,054</u>	<u>11,259,349</u>	<u>5,048,358</u>	<u>6,085,399</u>	<u>64,167,113</u>
NET POSITION, END OF YEAR	<u>\$ 3,308,739</u>	<u>\$ 26,503,490</u>	<u>\$ 4,306,919</u>	<u>\$ 4,135,944</u>	<u>\$ 10,451,208</u>	<u>\$ 5,194,319</u>	<u>\$ 8,593,974</u>	<u>\$ 62,494,593</u>

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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers	\$ 573,129	\$	\$	\$	\$	\$ 938,253	\$	\$ 1,511,382
Cash received from other sources	137,749	16,957	86,250	38,109	15,524	15,524	13,524	308,113
Cash payments for goods and services	(2,890,722)	(4,829,067)	(86,248)	(2,059,450)	(3,122,842)	(13,615,625)	(7,151,665)	(33,755,619)
Cash payments for employee services	(3,410,815)	(1,208,400)	(466,980)	(760,920)	(81,517)	(81,517)	(253,063)	(6,181,695)
Cash payments for interfund services	3,781,879	5,434,146	2,201,837	3,362,830	12,555,763	12,555,763	9,103,442	36,439,897
Net cash provided by (used in) operating activities	<u>(1,808,780)</u>	<u>(586,364)</u>	<u>2</u>	<u>(286,484)</u>	<u>(520,932)</u>	<u>(187,602)</u>	<u>1,712,238</u>	<u>(1,677,922)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	2,097,516	(20,000)	(20,000)	650,000	2,747,516	(20,000)	163,106	2,890,622
Transfers out	<u>2,097,516</u>	<u>163,106</u>	<u>143,106</u>	<u>650,000</u>	<u>2,747,516</u>	<u>(20,000)</u>	<u>163,106</u>	<u>2,890,622</u>
Repayments of advances from other funds								
Net cash provided by noncapital financing activities								
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES								
Acquisition and construction of capital assets		(3,689,704)						(3,689,704)
Proceeds received from disposal of capital assets		915,952						915,952
Interest payments on debt		<u>(2,773,752)</u>			(8,733)			(8,733)
Net cash used in capital financing activities		<u>(2,773,752)</u>			<u>(8,733)</u>			<u>(2,782,485)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment income received	65,931	220,916	140,376	84,194	275,441	96,335	75,375	958,568
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	354,667	(3,139,200)	283,484	(202,290)	(254,224)	(91,267)	2,437,613	(611,217)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,934,430	17,411,057	2,272,453	6,451,745	22,334,171	7,142,560	6,706,478	67,252,894
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,289,097</u>	<u>\$ 14,271,857</u>	<u>\$ 2,555,937</u>	<u>\$ 6,249,455</u>	<u>\$ 22,079,947</u>	<u>\$ 7,051,293</u>	<u>\$ 9,144,091</u>	<u>\$ 66,641,677</u>

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ (2,216,322)	\$ (3,987,054)	\$ (86,248)	\$ (317,173)	\$ (1,077,245)	\$ 34,227	\$ 1,776,988	\$ (5,872,827)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation		3,543,650						3,543,650
Other	137,749	14,342		38,109		15,524		205,724
(Increase) decrease in operating assets								
Accounts receivable	(16,524)				(203,159)			(227,210)
Due from other governments	(103,069)	2,615	86,250	(37,898)		(58,494)		(172,147)
Due from other funds	23,516				(69,078)			23,516
Inventories		(12,917)						(12,917)
Increase (decrease) in operating liabilities								
Accounts payable and other accrued liabilities	19,503	(185,093)		14,222	(32,764)	328,938	(53,452)	91,354
Compensated absences	309,310	25,001		19,086	82,932	9,405	(720)	445,014
Termination benefits	(911)							(911)
Claims and judgements				(8,231)	769,381	(460,000)		301,150
Other post employment benefits	37,968	13,092		5,401	9,001	982	2,946	69,390
Deposits							(13,524)	(13,524)
Unearned revenue						(58,184)		(58,184)
Total adjustments	<u>407,542</u>	<u>3,400,690</u>	<u>86,250</u>	<u>30,689</u>	<u>556,313</u>	<u>(221,829)</u>	<u>(64,750)</u>	<u>4,194,905</u>
Net cash provided by (used in) operating activities	<u>\$ (1,808,780)</u>	<u>\$ (586,364)</u>	<u>\$ 2</u>	<u>\$ (286,484)</u>	<u>\$ (520,932)</u>	<u>\$ (187,602)</u>	<u>\$ 1,712,238</u>	<u>\$ (1,677,922)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Contribution of capital assets	<u>\$</u>	<u>\$ 126,271</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 126,271</u>

CITY OF HENDERSON, NEVADA

ENGINEERING INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 3,853,016	\$ 4,451,085	\$ 598,069
OPERATING EXPENSES			
Salaries and wages	3,525,886	3,739,231	(213,345)
Employee benefits	1,393,800	1,424,618	(30,818)
Services and supplies	1,633,838	1,503,558	130,280
Total operating expenses	6,553,524	6,667,407	(113,883)
Operating loss	(2,700,508)	(2,216,322)	484,186
NONOPERATING REVENUES (EXPENSES)			
Investment income	30,000	67,546	37,546
Miscellaneous		137,749	137,749
Total nonoperating revenues (expenses)	30,000	205,295	175,295
Loss before transfers	(2,670,508)	(2,011,027)	659,481
TRANSFERS			
Transfers in	2,097,516	2,097,516	
CHANGE IN NET POSITION	\$ (572,992)	86,489	\$ 659,481
NET POSITION, BEGINNING OF YEAR		3,222,250	
NET POSITION, END OF YEAR		\$ 3,308,739	

CITY OF HENDERSON, NEVADA

CITY SHOP INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 4,557,002	\$ 5,434,146	\$ 877,144
OPERATING EXPENSES			
Salaries and wages	1,447,371	1,236,378	210,993
Employee benefits	579,199	533,083	46,116
Services and supplies	4,318,388	4,108,089	210,299
Depreciation and amortization	4,084,000	3,543,650	540,350
Total operating expenses	10,428,958	9,421,200	1,007,758
Operating loss	(5,871,956)	(3,987,054)	1,884,902
NONOPERATING REVENUES (EXPENSES)			
Investment income	100,000	214,596	114,596
Gain (loss) on capital asset disposition	185,000	185,299	299
Miscellaneous		14,342	14,342
Total nonoperating revenues (expenses)	285,000	414,237	129,237
Loss before capital contributions	(5,586,956)	(3,572,817)	2,014,139
CAPITAL CONTRIBUTIONS			
Capital contributions	100,000	126,271	26,271
TRANSFERS			
Transfers out	(570,000)		570,000
CHANGE IN NET POSITION	\$ (6,056,956)	(3,446,546)	\$ 2,610,410
NET POSITION, BEGINNING OF YEAR		29,950,036	
NET POSITION, END OF YEAR		\$ 26,503,490	

CITY OF HENDERSON, NEVADA

REVOLVING INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>86,250</u>	\$ _____	\$ <u>(86,250)</u>
OPERATING EXPENSES			
Services and supplies	<u>86,250</u>	<u>86,248</u>	<u>2</u>
Operating income	_____	<u>(86,248)</u>	<u>(86,248)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	<u>20,000</u>	<u>141,500</u>	<u>121,500</u>
Income before transfers	<u>20,000</u>	<u>55,252</u>	<u>35,252</u>
TRANSFERS			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	_____
CHANGE IN NET POSITION	\$ <u>_____</u>	<u>35,252</u>	\$ <u>35,252</u>
NET POSITION, BEGINNING OF YEAR		<u>4,271,667</u>	
NET POSITION, END OF YEAR		\$ <u><u>4,306,919</u></u>	

CITY OF HENDERSON, NEVADA

SELF INSURANCE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 2,201,837	\$ 2,201,837	\$ _____
OPERATING EXPENSES			
Salaries and wages	448,438	487,349	(38,911)
Employee benefits	177,354	185,368	(8,014)
Services and supplies	1,184,357	1,148,565	35,792
Claims and judgments	1,340,000	694,969	645,031
Legal fees	50,000	2,759	47,241
Total operating expenses	3,200,149	2,519,010	681,139
Operating loss	(998,312)	(317,173)	681,139
NONOPERATING REVENUES			
Investment income	50,000	84,954	34,954
Miscellaneous	_____	38,109	38,109
Total nonoperating revenues	50,000	123,063	73,063
CHANGE IN NET POSITION	\$ (948,312)	(194,110)	\$ 754,202
NET POSITION, BEGINNING OF YEAR		4,330,054	
NET POSITION, END OF YEAR		\$ 4,135,944	

CITY OF HENDERSON, NEVADA

WORKMEN'S COMPENSATION SELF INSURANCE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 3,551,111	\$ 3,362,830	\$ (188,281)
OPERATING EXPENSES			
Salaries and wages	885,000	849,921	35,079
Employee benefits	494,343	335,416	158,927
Services and supplies	1,454,702	1,350,427	104,275
Claims and judgments	3,687,692	1,885,799	1,801,893
Legal fees	20,400	18,512	1,888
Total operating expenses	6,542,137	4,440,075	2,102,062
Operating loss	(2,991,026)	(1,077,245)	1,913,781
NONOPERATING REVENUES (EXPENSES)			
Investment income	75,000	277,837	202,837
Interest expense	(5,000)	(8,733)	(3,733)
Total nonoperating revenues (expenses)	70,000	269,104	199,104
CHANGE IN NET POSITION	\$ (2,921,026)	(808,141)	\$ 2,112,885
NET POSITION, BEGINNING OF YEAR		11,259,349	
NET POSITION, END OF YEAR		\$ 10,451,208	

CITY OF HENDERSON, NEVADA

HEALTH INSURANCE SELF INSURANCE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>13,270,413</u>	\$ <u>13,494,016</u>	\$ <u>223,603</u>
OPERATING EXPENSES			
Salaries and wages	81,832	91,325	(9,493)
Employee benefits	34,910	35,920	(1,010)
Services and supplies	2,474,840	2,841,329	(366,489)
Claims and judgments	<u>14,564,000</u>	<u>10,491,215</u>	<u>4,072,785</u>
Total operating expenses	<u>17,155,582</u>	<u>13,459,789</u>	<u>3,695,793</u>
Operating income (loss)	<u>(3,885,169)</u>	<u>34,227</u>	<u>3,919,396</u>
NONOPERATING REVENUES			
Investment income	50,000	96,210	46,210
Miscellaneous	<u>50,000</u>	<u>15,524</u>	<u>15,524</u>
Total nonoperating revenues	<u>50,000</u>	<u>111,734</u>	<u>61,734</u>
CHANGE IN NET POSITION	\$ <u>(3,835,169)</u>	145,961	\$ <u>3,981,130</u>
NET POSITION, BEGINNING OF YEAR		<u>5,048,358</u>	
NET POSITION, END OF YEAR		\$ <u><u>5,194,319</u></u>	

CITY OF HENDERSON, NEVADA

CITYWIDE SERVICES INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>6,963,226</u>	\$ <u>9,116,966</u>	\$ <u>2,153,740</u>
OPERATING EXPENSES			
Salaries and wages	281,310	253,027	28,283
Employee benefits	111,204	110,063	1,141
Services and supplies	7,065,052	6,976,888	88,164
Depreciation and amortization	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>
Total operating expenses	<u>7,474,566</u>	<u>7,339,978</u>	<u>134,588</u>
Operating income (loss)	<u>(511,340)</u>	<u>1,776,988</u>	<u>2,288,328</u>
NONOPERATING REVENUES			
Investment income	<u>35,000</u>	<u>81,587</u>	<u>46,587</u>
Income (loss) before transfers	<u>(476,340)</u>	<u>1,858,575</u>	<u>2,334,915</u>
TRANSFERS			
Transfers in	<u>650,000</u>	<u>650,000</u>	
CHANGE IN NET POSITION	\$ <u><u>173,660</u></u>	<u>2,508,575</u>	\$ <u><u>2,334,915</u></u>
NET POSITION, BEGINNING OF YEAR		<u>6,085,399</u>	
NET POSITION, END OF YEAR		\$ <u><u>8,593,974</u></u>	

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2014

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
ASSETS				
Current assets				
Cash, cash equivalents and investments	\$ 2,920,637	\$ 35,447	\$ 9,433,749	\$ 12,389,833
Accounts receivable, net	3,800	196,773		200,573
Interest receivable	5,841	141	22,269	28,251
Due from other governments	370,410			370,410
Total current assets	<u>3,300,688</u>	<u>232,361</u>	<u>9,456,018</u>	<u>12,989,067</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation and amortization				
Land		13,802,929		13,802,929
Buildings and building improvements	3,835,536	5,660,600		9,496,136
Improvements other than buildings	1,398,259	23,435,472	1,206,116	26,039,847
Machinery and equipment	254,249	2,261,672	2,901,974	5,417,895
Accumulated depreciation and amortization	<u>(3,082,846)</u>	<u>(17,875,661)</u>	<u>(3,512,130)</u>	<u>(24,470,637)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>2,405,198</u>	<u>27,285,012</u>	<u>595,960</u>	<u>30,286,170</u>
Total noncurrent assets	<u>2,405,198</u>	<u>27,285,012</u>	<u>595,960</u>	<u>30,286,170</u>
Total assets	<u>5,705,886</u>	<u>27,517,373</u>	<u>10,051,978</u>	<u>43,275,237</u>
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	60,116		71,952	132,068
Accrued wages	40,050		101,110	141,160
Unearned revenue			5,370,483	5,370,483
Deposits	4,480		100,797	105,277
Compensated absences	60,802		125,555	186,357
Total current liabilities	<u>165,448</u>		<u>5,769,897</u>	<u>5,935,345</u>
Noncurrent liabilities				
Compensated absences	542,068		1,119,357	1,661,425
Other post employment benefits	263,216		1,016,372	1,279,588
Total noncurrent liabilities	<u>805,284</u>		<u>2,135,729</u>	<u>2,941,013</u>
Total liabilities	<u>970,732</u>		<u>7,905,626</u>	<u>8,876,358</u>
NET POSITION				
Net investment in capital assets	2,405,198	27,285,012	595,960	30,286,170
Unrestricted	<u>2,329,956</u>	<u>232,361</u>	<u>1,550,392</u>	<u>4,112,709</u>
Total net position	<u>\$ 4,735,154</u>	<u>\$ 27,517,373</u>	<u>\$ 2,146,352</u>	<u>\$ 34,398,879</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 268,217	\$ 2,414,107	\$ 7,851,796	\$ 10,534,120
Licenses and permits	516,818		3,261,112	3,777,930
Rental fees	277,120			277,120
Miscellaneous	16,086		6,313	22,399
Total operating revenues	<u>1,078,241</u>	<u>2,414,107</u>	<u>11,119,221</u>	<u>14,611,569</u>
OPERATING EXPENSES				
Salaries and wages	1,929,502		4,583,487	6,512,989
Employee benefits	657,670		1,745,841	2,403,511
Services and supplies	1,400,140	2,583,824	4,136,312	8,120,276
Depreciation and amortization	184,181	810,547	48,775	1,043,503
Total operating expenses	<u>4,171,493</u>	<u>3,394,371</u>	<u>10,514,415</u>	<u>18,080,279</u>
Operating income (loss)	<u>(3,093,252)</u>	<u>(980,264)</u>	<u>604,806</u>	<u>(3,468,710)</u>
NONOPERATING REVENUES				
Investment income	32,074	3,100	117,710	152,884
Room tax revenue	1,801,825			1,801,825
Other intergovernmental revenue	1,739,252			1,739,252
Total nonoperating revenues	<u>3,573,151</u>	<u>3,100</u>	<u>117,710</u>	<u>3,693,961</u>
Income (loss) before transfers	<u>479,899</u>	<u>(977,164)</u>	<u>722,516</u>	<u>225,251</u>
TRANSFERS				
Transfers out	<u>(527)</u>		<u>(652,371)</u>	<u>(652,898)</u>
CHANGE IN NET POSITION	479,372	(977,164)	70,145	(427,647)
NET POSITION, BEGINNING OF YEAR	<u>4,255,782</u>	<u>28,494,537</u>	<u>2,076,207</u>	<u>34,826,526</u>
NET POSITION, END OF YEAR	<u>\$ 4,735,154</u>	<u>\$ 27,517,373</u>	<u>\$ 2,146,352</u>	<u>\$ 34,398,879</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,030,361	\$ 2,387,571	\$ 12,717,762	\$ 16,135,694
Cash received from other sources	3,541,077			3,541,077
Cash payments for goods and services	(2,046,950)	(2,652,495)	(5,804,597)	(10,504,042)
Cash payments for employee services	(1,853,180)		(4,515,316)	(6,368,496)
Net cash provided by (used in) operating activities	<u>671,308</u>	<u>(264,924)</u>	<u>2,397,849</u>	<u>2,804,233</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	<u>(527)</u>		<u>(652,371)</u>	<u>(652,898)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition and construction of capital assets			<u>(17,618)</u>	<u>(17,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	<u>30,342</u>	<u>3,773</u>	<u>111,458</u>	<u>145,573</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	701,123	(261,151)	1,839,318	2,279,290
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,219,514</u>	<u>296,598</u>	<u>7,594,431</u>	<u>10,110,543</u>
CASH AND CASH EQUIVALENTS, END OF YEAR				
Cash and cash equivalents, unrestricted	<u>2,920,637</u>	<u>35,447</u>	<u>9,433,749</u>	<u>12,389,833</u>
	<u>\$ 2,920,637</u>	<u>\$ 35,447</u>	<u>\$ 9,433,749</u>	<u>\$ 12,389,833</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (3,093,252)	\$ (980,264)	\$ 604,806	\$ (3,468,710)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	184,181	810,547	48,775	1,043,503
Other	3,541,077			3,541,077
Increase in operating assets				
Accounts receivable	(1,800)	(26,536)		(28,336)
Due from other governments	(46,080)			(46,080)
Increase (decrease) in operating liabilities				
Accounts payable and other accrued liabilities	1,224	(17,844)	57,941	41,321
Compensated absences	70,467		144,322	214,789
Termination benefits			(104,008)	(104,008)
Other post employment benefits	15,711		45,660	61,371
Deposits	(220)	(50,827)	1,812	(49,235)
Unearned revenue			1,598,541	1,598,541
Total adjustments	<u>3,764,560</u>	<u>715,340</u>	<u>1,793,043</u>	<u>6,272,943</u>
Net cash provided by (used in) operating activities	<u>\$ 671,308</u>	<u>\$ (264,924)</u>	<u>\$ 2,397,849</u>	<u>\$ 2,804,233</u>

CITY OF HENDERSON, NEVADA

WATER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
OPERATING REVENUES			
Utilities fees	\$ 64,297,824	\$ 63,068,388	\$ (1,229,436)
Connection fees	300,000	859,323	559,323
Late charges	1,400,000	1,246,607	(153,393)
Miscellaneous	350,000	120,986	(229,014)
Total operating revenues	66,347,824	65,295,304	(1,052,520)
OPERATING EXPENSES			
Salaries and wages	11,002,577	10,505,683	496,894
Employee benefits	4,650,026	4,515,804	134,222
Water purchases	24,139,832	23,434,038	705,794
Services and supplies	19,100,048	16,747,770	2,352,278
Depreciation and amortization	28,185,340	26,177,882	2,007,458
Total operating expenses	87,077,823	81,381,177	5,696,646
Operating loss	(20,729,999)	(16,085,873)	4,644,126
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,023,987	1,359,872	335,885
Gain (loss) on capital asset disposition		(76,920)	(76,920)
Interest expense	(968,425)	(916,156)	52,269
Other intergovernmental revenue		2,280	2,280
Miscellaneous	199,705		(199,705)
Total nonoperating revenues (expenses)	255,267	369,076	113,809
Loss before capital contributions and transfers	(20,474,732)	(15,716,797)	4,757,935
CAPITAL CONTRIBUTIONS			
Capital contributions	2,220,000	10,267,097	8,047,097
TRANSFERS			
Transfers out	(1,023,987)	(1,072,610)	(48,623)
CHANGE IN NET POSITION	\$ (19,278,719)	(6,522,310)	\$ 12,756,409
NET POSITION, BEGINNING OF YEAR		475,894,815	
NET POSITION, END OF YEAR		\$ 469,372,505	

CITY OF HENDERSON, NEVADA

SEWER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
OPERATING REVENUES			
Utilities fees	\$ 38,264,385	\$ 39,379,653	\$ 1,115,268
Connection fees	25,000	86,915	61,915
Late charges	500,000	616,764	116,764
Intergovernmental		333,507	333,507
Miscellaneous	25,000	2,160	(22,840)
Total operating revenues	38,814,385	40,418,999	1,604,614
OPERATING EXPENSES			
Salaries and wages	9,761,327	9,115,173	646,154
Employee benefits	4,105,715	3,881,807	223,908
Services and supplies	16,525,771	15,386,750	1,139,021
Depreciation and amortization	26,876,264	24,372,917	2,503,347
Total operating expenses	57,269,077	52,756,647	4,512,430
Operating loss	(18,454,692)	(12,337,648)	6,117,044
NONOPERATING REVENUES (EXPENSES)			
Investment income	563,116	758,392	195,276
Intergovernmental	167,501		(167,501)
Gain (loss) on capital asset disposition		1,995	1,995
Interest expense	(4,922,953)	(4,826,789)	96,164
Sales tax revenue	3,000,000	4,358,347	1,358,347
Miscellaneous	69,981	2,710	(67,271)
Total nonoperating revenues (expenses)	(1,122,355)	294,655	1,417,010
Loss before capital contributions and transfers	(19,577,047)	(12,042,993)	7,534,054
CAPITAL CONTRIBUTIONS			
Capital contributions	3,880,000	9,925,830	6,045,830
TRANSFERS			
Transfers out	(563,116)	(601,952)	(38,836)
CHANGE IN NET POSITION	\$ (16,260,163)	(2,719,115)	\$ 13,541,048
NET POSITION, BEGINNING OF YEAR		493,311,912	
NET POSITION, END OF YEAR		\$ 490,592,797	

CITY OF HENDERSON, NEVADA

CULTURAL ARTS AND TOURISM ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 229,700	\$ 268,217	\$ 38,517
Licenses and permits	630,000	516,818	(113,182)
Rental fees	260,000	277,120	17,120
Miscellaneous	52,000	16,086	(35,914)
Total operating revenues	1,171,700	1,078,241	(93,459)
OPERATING EXPENSES			
Salaries and wages	2,243,998	1,929,502	314,496
Employee benefits	917,104	657,670	259,434
Services and supplies	1,592,078	1,400,140	191,938
Depreciation and amortization	200,000	184,181	15,819
Total operating expenses	4,953,180	4,171,493	781,687
Operating loss	(3,781,480)	(3,093,252)	688,228
NONOPERATING REVENUES			
Investment income	20,000	32,074	12,074
Room tax revenue	1,600,000	1,801,825	201,825
Other intergovernmental revenue	1,883,000	1,739,252	(143,748)
Total nonoperating revenues	3,503,000	3,573,151	70,151
Income (loss) before transfers	(278,480)	479,899	758,379
TRANSFERS			
Transfers out	(527)	(527)	
CHANGE IN NET POSITION	\$ (279,007)	479,372	\$ 758,379
NET POSITION, BEGINNING OF YEAR		4,255,782	
NET POSITION, END OF YEAR		\$ 4,735,154	

CITY OF HENDERSON, NEVADA

MUNICIPAL GOLF COURSE ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>2,395,298</u>	\$ <u>2,414,107</u>	\$ <u>18,809</u>
OPERATING EXPENSES			
Services and supplies	2,387,090	2,583,824	(196,734)
Depreciation and amortization	<u>825,000</u>	<u>810,547</u>	<u>14,453</u>
Total operating expenses	<u>3,212,090</u>	<u>3,394,371</u>	<u>(182,281)</u>
Operating loss	<u>(816,792)</u>	<u>(980,264)</u>	<u>(163,472)</u>
NONOPERATING REVENUES			
Investment income	<u>2,000</u>	<u>3,100</u>	<u>1,100</u>
CHANGE IN NET POSITION	\$ <u>(814,792)</u>	(977,164)	\$ <u>(162,372)</u>
NET POSITION, BEGINNING OF YEAR		<u>28,494,537</u>	
NET POSITION, END OF YEAR		\$ <u><u>27,517,373</u></u>	

CITY OF HENDERSON, NEVADA

DEVELOPMENT SERVICES ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 8,143,444	\$ 7,851,796	\$ (291,648)
Licenses and permits	3,351,314	3,261,112	(90,202)
Miscellaneous	5,242	6,313	1,071
Total operating revenues	11,500,000	11,119,221	(380,779)
OPERATING EXPENSES			
Salaries and wages	4,563,659	4,583,487	(19,828)
Employee benefits	1,735,715	1,745,841	(10,126)
Services and supplies	4,543,402	4,136,312	407,090
Depreciation and amortization	50,000	48,775	1,225
Total operating expenses	10,892,776	10,514,415	378,361
Operating income	607,224	604,806	(2,418)
NONOPERATING REVENUES (EXPENSES)			
Investment income	80,000	117,710	37,710
Income before transfers	687,224	722,516	35,292
TRANSFERS			
Transfers out	(652,371)	(652,371)	
CHANGE IN NET POSITION	\$ 34,853	70,145	\$ 35,292
NET POSITION, BEGINNING OF YEAR		2,076,207	
NET POSITION, END OF YEAR		\$ 2,146,352	

FIDUCIARY FUNDS

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

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

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

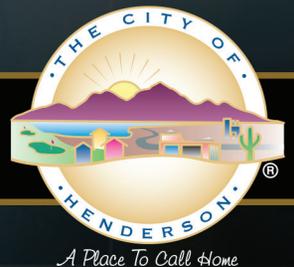
Forfeited Assets Fund - to account for monies impounded under applicable racketeering and/or controlled substance laws pending court adjudication.

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

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

2014 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2014



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CITY OF HENDERSON, NEVADA

**AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2014**

	<u>Section 125 Plan</u>	<u>Traffic Signal</u>	<u>Forfeited Assets</u>	<u>Paving Frontage</u>	<u>Special Assessment Districts</u>	<u>Total Agency Funds</u>
ASSETS						
Cash, cash equivalents and investments	\$ 157,737	\$ 14,211,937	\$ 277,674	\$ 72,252	\$ 41,608,161	\$ 56,327,761
Special assessments receivable					468,451	468,451
Total assets	<u>\$ 157,737</u>	<u>\$ 14,211,937</u>	<u>\$ 277,674</u>	<u>\$ 72,252</u>	<u>\$ 42,076,612</u>	<u>\$ 56,796,212</u>
LIABILITIES						
Due to developers		\$ 14,211,937		\$ 72,252		\$ 14,284,189
Due to employees	157,737					157,737
Due to others			277,674		42,076,612	42,354,286
Total liabilities	<u>\$ 157,737</u>	<u>\$ 14,211,937</u>	<u>\$ 277,674</u>	<u>\$ 72,252</u>	<u>\$ 42,076,612</u>	<u>\$ 56,796,212</u>

CITY OF HENDERSON, NEVADA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
SECTION 125 PLAN				
ASSETS				
Cash, cash equivalents and investments	\$ 144,118	\$ 766,649	\$ 753,030	\$ 157,737
LIABILITIES				
Due to employees	\$ 144,118	\$ 766,649	\$ 753,030	\$ 157,737
TRAFFIC SIGNAL				
ASSETS				
Cash, cash equivalents and investments	\$ 13,058,298	\$ 2,224,524	\$ 1,070,885	\$ 14,211,937
LIABILITIES				
Due to developers	\$ 13,058,298	\$ 2,224,524	\$ 1,070,885	\$ 14,211,937
FORFEITED ASSETS				
ASSETS				
Cash, cash equivalents and investments	\$ 109,328	\$ 541,062	\$ 372,716	\$ 277,674
LIABILITIES				
Due to others	\$ 109,328	\$ 541,062	\$ 372,716	\$ 277,674
PAVING FRONTAGE				
ASSETS				
Cash, cash equivalents and investments	\$ 71,490	\$ 762		\$ 72,252
LIABILITIES				
Due to developers	\$ 71,490	\$ 762		\$ 72,252
SPECIAL ASSESSMENT DISTRICTS				
ASSETS				
Cash, cash equivalents and investments	\$ 53,893,142	\$ 54,847,822	\$ 67,132,803	\$ 41,608,161
Special assessments receivable	469,647	16,821	18,017	468,451
Total assets	\$ 54,362,789	\$ 54,864,643	\$ 67,150,820	\$ 42,076,612
LIABILITIES				
Due to others	\$ 54,362,789	\$ 54,864,643	\$ 67,150,820	\$ 42,076,612
TOTAL AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments	\$ 67,276,376	\$ 58,380,819	\$ 69,329,434	\$ 56,327,761
Special assessments receivable	469,647	16,821	18,017	468,451
Total assets	\$ 67,746,023	\$ 58,397,640	\$ 69,347,451	\$ 56,796,212
LIABILITIES				
Due to developers	\$ 13,129,788	\$ 2,225,286	\$ 1,070,885	\$ 14,284,189
Due to employees	144,118	766,649	753,030	157,737
Due to others	54,472,117	55,405,705	67,523,536	42,354,286
Total liabilities	\$ 67,746,023	\$ 58,397,640	\$ 69,347,451	\$ 56,796,212

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