

FINANCIAL SECTION

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

2013

CITY OF HENDERSON, NEVADA



A Place To Call Home



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, 2013, 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, 2013, 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 73-74 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 November 6, 2013, 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.



Las Vegas, Nevada
November 6, 2013

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

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, 2013. 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, 2013, by \$2,622,274,339 (net position). Of this amount, \$174,324,582 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

During fiscal 2013, the City's total net position decreased by \$63,211,803. See the sections on Governmental Activities and Business-type Activities below for explanations of the decrease.

As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$235,488,690, a decrease of \$30,495,784 in comparison with the prior year. See the governmental fund analysis below for explanations of the decrease. Approximately 7.0% of ending fund balances, or \$16,391,761, is available for spending at the City's discretion (unassigned fund balance).

As of June 30, 2013, unassigned fund balance in the general fund was 7.8% of fiscal 2013 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, 2013

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-two individual governmental funds as of June 30, 2013. 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.

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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.

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, 2013, the City's net position is \$2,622,274,339.

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, 2013

Summary Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
Assets						
Current, restricted and other	\$ 373,005,741	\$ 416,151,668	\$ 154,068,609	\$ 162,344,010	\$ 527,074,350	\$ 578,495,678
Capital	<u>1,507,830,951</u>	<u>1,524,589,944</u>	<u>1,001,616,803</u>	<u>1,027,934,784</u>	<u>2,509,447,754</u>	<u>2,552,524,728</u>
Total assets	<u>1,880,836,692</u>	<u>1,940,741,612</u>	<u>1,155,685,412</u>	<u>1,190,278,794</u>	<u>3,036,522,104</u>	<u>3,131,020,406</u>
Deferred outflows of resources	<u>10,112,557</u>	<u>11,514,584</u>	<u>7,203,429</u>	<u>1,298,063</u>	<u>17,315,986</u>	<u>12,812,647</u>
Liabilities						
Current	30,414,266	46,029,568	14,984,508	16,456,147	45,398,774	62,485,715
Other	<u>210,245,577</u>	<u>212,447,734</u>	<u>175,919,400</u>	<u>183,413,462</u>	<u>386,164,977</u>	<u>395,861,196</u>
Total liabilities	<u>240,659,843</u>	<u>258,477,302</u>	<u>190,903,908</u>	<u>199,869,609</u>	<u>431,563,751</u>	<u>458,346,911</u>
Net position						
Net investment in capital assets	1,377,259,345	1,391,457,251	846,172,666	858,586,532	2,223,432,011	2,250,043,783
Restricted	210,529,977	235,191,764	13,987,769	48,462,130	224,517,746	283,653,894
Unrestricted	<u>62,500,084</u>	<u>67,129,879</u>	<u>111,824,498</u>	<u>84,658,586</u>	<u>174,324,582</u>	<u>151,788,465</u>
Total net position	<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>

A portion of the City's net position (8.6%) is subject to external restrictions on how it may be used. The remaining balance of \$174,324,582 is considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

During fiscal year 2013, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 requires that the City report deferred outflows of resources related to deferred refunding losses on debt, which was previously netted with debt in long-term liabilities. As required by GASB 65, fiscal year 2012 net position has been restated to account for the cumulative effect of the adoption of a new accounting pronouncement. At June 30, 2013, the City is reporting deferred outflows of resources in the governmental and business-type activities of \$10.1 million and \$7.2 million, respectively, due to the adoption of GASB 65.

As of June 30, 2013, 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 \$24.7 million decrease in restricted net position for governmental activities was mainly due to payments for special assessment infrastructure of \$16.6 million during fiscal 2013. In addition, there was a \$4.4 million reduction of balances available for claims and a \$2.2 million reduction of redevelopment restrictions.

The decrease of \$34.4 million in restricted net position for business type activities is due to declining system development revenues, combined with cash payments for debt, capital projects and the repair and rehabilitation of current capital assets and infrastructure.

During the current fiscal year, the City's overall net position decreased by \$63,211,803, with Governmental Activities accounting for \$43,489,488 of the decrease and Business-type Activities accounting for \$19,722,315. See explanations for the decreases in the sections for Governmental Activities and Business-type Activities, immediately following the table below.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
		(Restated)		(Restated)		(Restated)
Revenues						
Program revenues						
Charges for services	\$ 44,877,495	\$ 46,771,978	\$ 115,195,718	\$ 107,538,384	\$ 160,073,213	\$ 154,310,362
Operating grants and contributions	10,625,816	10,108,605	20,000	88,378	10,645,816	10,196,983
Capital grants and contributions	58,672,921	97,763,977	10,187,969	14,658,033	68,860,890	112,422,010
General revenues						
Property taxes	63,320,080	67,805,008			63,320,080	67,805,008
Room taxes	823,290	784,278	1,644,032	1,564,477	2,467,322	2,348,755
Intergovernmental revenues - consolidated tax	81,088,044	77,115,178			81,088,044	77,115,178
Motor vehicle fuel tax	3,933,820	3,945,147			3,933,820	3,945,147
Sales tax	10,704,017	10,208,557	4,025,507	3,789,604	14,729,524	13,998,161
Franchise fees, based on gross receipts	30,011,869	30,372,912			30,011,869	30,372,912
Unrestricted investment income	2,231,741	2,358,160	1,710,311	2,413,633	3,942,052	4,771,793
Increase (decrease) in fair value of investments	(3,569,677)	1,449,379	(3,045,590)	641,934	(6,615,267)	2,091,313
Gain on disposal of capital assets	4,011,053	505,220			4,011,053	505,220
Miscellaneous	632,593	4,509,623	496,494	4,056,939	1,129,087	8,566,562
Total revenues	<u>307,363,062</u>	<u>353,698,022</u>	<u>130,234,441</u>	<u>134,751,382</u>	<u>437,597,503</u>	<u>488,449,404</u>
Expenses						
General government	60,686,477	54,529,227			60,686,477	54,529,227
Judicial	14,002,003	12,710,426			14,002,003	12,710,426
Public safety	138,260,143	136,086,182			138,260,143	136,086,182
Public works	75,900,091	77,151,783			75,900,091	77,151,783
Culture and recreation	46,200,390	47,012,306			46,200,390	47,012,306
Community support	4,952,021	6,542,584			4,952,021	6,542,584
Interest expense and fiscal charges	5,465,068	4,552,101			5,465,068	4,552,101
Administrative and other costs	591,649	2,097,120			591,649	2,097,120
Water			83,514,646	85,409,430	83,514,646	85,409,430
Sewer			53,979,377	53,123,778	53,979,377	53,123,778
Development services			9,358,144	8,532,739	9,358,144	8,532,739
Cultural arts and tourism			4,444,192	4,564,263	4,444,192	4,564,263
Municipal golf course			3,455,105	3,666,570	3,455,105	3,666,570
Total expenses	<u>346,057,842</u>	<u>340,681,729</u>	<u>154,751,464</u>	<u>155,296,780</u>	<u>500,809,306</u>	<u>495,978,509</u>
Transfers	(4,794,708)	(3,221,142)	4,794,708	3,221,142		
Change in net position	<u>(43,489,488)</u>	<u>9,795,151</u>	<u>(19,722,315)</u>	<u>(17,324,256)</u>	<u>(63,211,803)</u>	<u>(7,529,105)</u>
Net position, beginning of year, as previously reported	1,696,232,414	1,686,244,069	1,010,084,323	1,028,435,443	2,706,316,737	2,714,679,512
Adjustment	(2,453,520)	(2,260,326)	(18,377,075)	(19,403,939)	(20,830,595)	(21,664,265)
Net position, beginning of year, as adjusted	<u>1,693,778,894</u>	<u>1,683,983,743</u>	<u>991,707,248</u>	<u>1,009,031,504</u>	<u>2,685,486,142</u>	<u>2,693,015,247</u>
Net position, end 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>

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Governmental Activities

Governmental activities decreased the City's net position by \$43,489,488. Significant changes are as follows:

Capital grants and contributions decreased by \$39.1 million. There was a decrease in grants for the Southern Nevada Public Land Management Act of approximately \$51.1 million. This was offset by an increase in capital asset related to donated parks and land of \$9.2 million and donated infrastructure of \$3.4 million.

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 market value of investments decreased by \$3.6 million in the current fiscal year.

There was a \$4 million gain on sale of assets due to a sale and an exchange of appreciated land.

Other revenues decreased by \$3.9 million, which was due in large part to revenues related to an agreement with a developer to reimburse the City for legal fees related to environmental analysis in fiscal year 2012.

General Government expenses increased by \$6 million due in large part to a loss on sale of land of \$8.8 million related to three transactions: 1.) Twelve acres of land was sold to Clark County School District for the Tuscany school site for \$10, resulting in a loss of \$3.7 million. 2.) One hundred fifty-one acres of land was sold with the proceeds remitted to the Bureau of Land Management, resulting in a loss of \$1.7 million. The use of this land is limited to structures approved by the Henderson Executive Airport, so no large structures or residential units will be built. 3.) The Pinnacle Building in the Redevelopment Area was sold to Agua Gaming, resulting in a loss of \$3.4 million.

Judicial expenses increased by \$1.3 million due in large part to an increase in compensated absences of \$0.8 million. A department was moved from general government to judicial in fiscal year 2013, which accounts for this increase.

Community Support expenses decreased by \$1.6 million due in large part to a \$1.2 million decrease in grant expenditures related to neighborhood stabilization funds. Grant funding for this purpose was received in fiscal year 2012, with little remaining for expenditure in fiscal year 2013.

As a result of adopting GASB 65, there was a cumulative effect adjustment for the change in accounting principal, which reduced net position by \$2.1 million and \$1.7 million for fiscal years 2013 and 2012 respectively. GASB 65 requires debt issuance costs to be expensed in the period incurred. Prior to adopting GASB 65, these costs were deferred and amortized over the life of the debt.

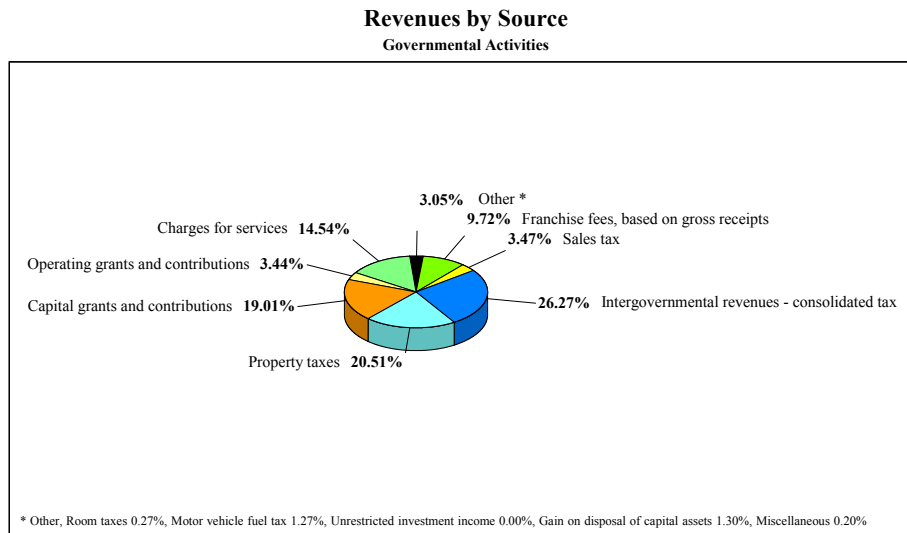
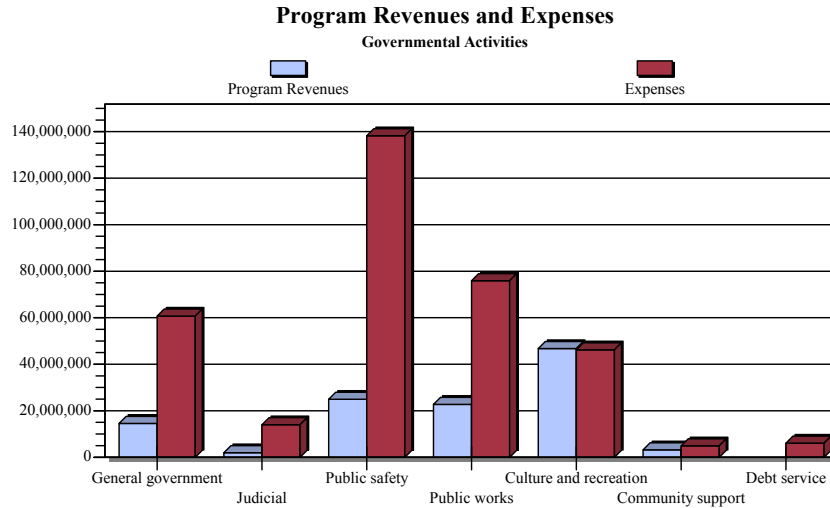
There was a prior period adjustment which reduced net position by \$0.4 million and \$0.5 million in fiscal years 2013 and 2012, respectively. The adjustment was required to record deferred inflows of resources related to notes receivable for housing rehabilitation and other loans, which was previously recognized as revenue.

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013



Business-type Activities

Business-type activities decreased the City's net position by \$19,722,315. Significant changes are as follows:

Capital grants and contributions decreased by \$4.5 million, due to the reduction of development fees and donated assets.

The market value of investments decreased by \$3 million.

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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

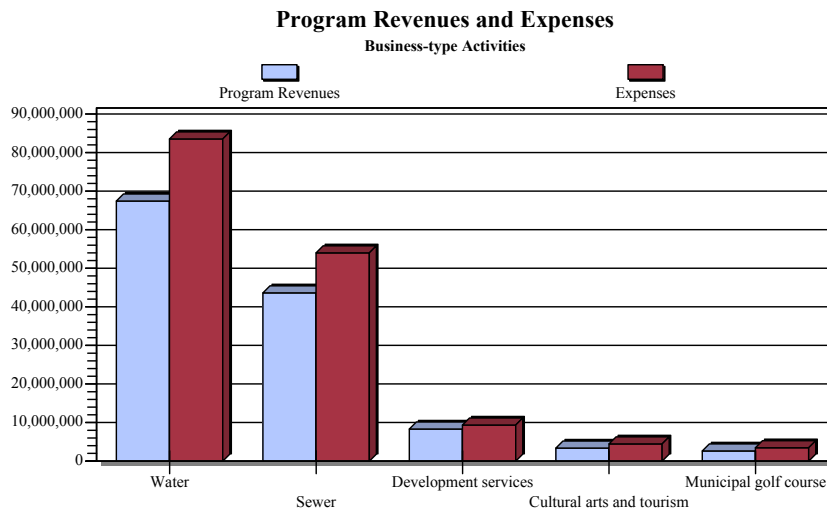
There was a decrease in investment income of \$0.7 million due to lower cash and investment balances and a decrease of average rate of return on investments from 1.58% in fiscal year 2012 to 1.23% in fiscal year 2013.

Other revenues decreased by \$3.6 million due primarily to a refund received in fiscal 2012 from the Clean Water Coalition (the Coalition). In 2009, the Coalition dissolved and all monies were turned over to the State by law; however, the Nevada Supreme Court overturned this law and ruled that all monies be returned to the original contributors (which included the City's initial contribution to the Coalition).

As a result of adopting GASB 65, there was a cumulative effect adjustment for the change in accounting principal, which reduced net position by \$1 million and \$1.1 million in fiscal years 2013 and 2012, respectively. GASB 65 requires debt issuance costs to be expensed in the period incurred. Prior to adopting GASB 65, these costs were deferred and amortized over the life of the debt.

There was a prior period adjustment that reduced net position by \$14.7 million and \$15.7 million in fiscal year 2013 and 2012, respectively. The adjustment was required to write-off lateral sewer lines and fire sprinklers and irrigation sleeves, which are owned and maintained by private parties.

There was a prior period adjustment that reduced net position by \$2.6 million in both fiscal years 2013 and 2012. The adjustment was required to record a liability to other governments related to sales tax allocation overpayments by the Southern Nevada Water Authority for fiscal years 2001 through 2010. The City is required to repay this obligation over the next eight years.

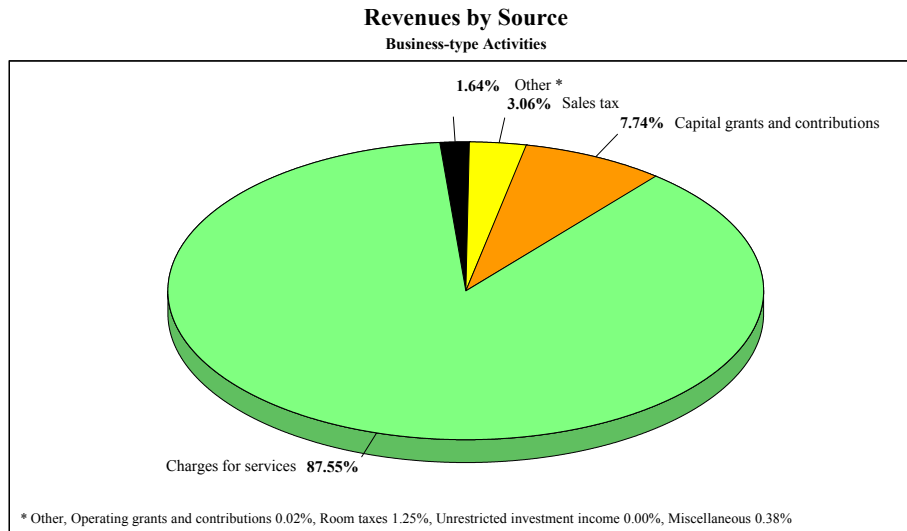


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CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013



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 \$235,488,690, a decrease of \$30,495,784, in comparison with the prior year. Approximately 7.0% of this balance (\$16,391,761) 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 (\$190,966,371) or assigned for specific uses by the City (\$28,130,558).

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 \$16,391,761, while total fund balance was \$17,328,221. 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, 2013, unassigned fund balance represents 7.8% of total general fund expenditures, while total fund balance represents 8.2% of that same amount.

The fund balance of the general fund increased by \$476,259 during the current fiscal year. Key factors for this net increase are as follows:

Transfers to other funds decreased by \$2.4 million, as compared to the previous fiscal year and transfers in from other funds decreased by \$7.2 million.

Property taxes increased by \$7.7 million, or 16%. This was due in large part to property taxes that were formerly recorded in the General Obligation Debt Service Fund that are now being recorded in the general fund.

Other general fund revenues increased, but no single category increased significantly over the previous fiscal year.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

General fund expenditures increased in total by \$3.6 million, but no one category increased significantly over the previous fiscal year.

Grants Special Revenue Fund

At June 30, 2013, the grants special revenue fund has a total fund balance of \$1,581,960, all of which is restricted by granting agencies. There was a decrease in intergovernmental revenues over last year of \$49.1 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 General Government increased by \$1.1 million due to expenditures related to a HUD Sustainable Community Grant. Expenditures for Public Safety increased by \$1.7 million due to expenditures related to police radio equipment, training, and other safety equipment. Culture and Recreation expenditures decreased by \$50.5 million due to the SNPLMA grants described above. Community Support expenditures decreased by \$1.2 million due to a decrease in grant expenditures related to neighborhood stabilization funds; grant funding for this program was received in fiscal year 2012, with little remaining for expenditure in fiscal year 2013.

General Obligation Debt Service Fund

The general obligation debt service fund has a total fund balance of \$2,215,640, all of which is restricted for payment of debt service. The \$556,951 net increase in fund balance during fiscal year 2013 is due to several factors. Although the debt service fund reported a reduction in property tax revenue of approximately \$11.5 million, this was due to a change in reporting. In previous years, the \$0.12 property tax override for Parks and Recreation was recorded in the debt service fund and then transferred out to the general fund. Beginning in fiscal year 2013, this revenue is recorded directly into the general fund. During fiscal year 2013, there was also a reduction in debt service payments of approximately \$6.7 million and an increase in net transfers of approximately \$5.2 million. Other financing sources include proceeds from refunded debt and the premium on refunded debt in the amount of \$66.7 million and \$5.1 million, respectively. Other financing uses included payments on refunded bonds in the amount of \$71.2 million.

Special Assessment Districts Capital Projects Fund

The special assessment districts capital projects fund has a total fund balance of \$89,824,570, all of which is restricted for capital projects funded by special assessments. In fiscal year 2013, the net decrease in fund balance of \$16.7 million is due to payment of special assessment infrastructure improvement projects.

Municipal Facilities Acquisition and Construction Capital Projects Fund

The municipal facilities acquisition and construction capital projects fund has a fund balance of \$9,642,558, all of which is assigned for capital projects within the City. During fiscal 2013, fund balance decreased by \$9.9 million, primarily due to transfers of resources to other funds.

Expenditures were approximately \$0.9 million lower in fiscal year 2013, as compared to fiscal year 2012. This was due to a decrease in expenditures for the detention facility in fiscal year 2013. The detention facility expansion was completed this year.

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, 2013

Unrestricted net position of the water fund at the end of fiscal year 2013 amounted to \$92,751,440 and the total decline in net position was \$9,495,538. Unrestricted net position of the sewer fund at the end of the fiscal year 2013 was \$47,606,907 and the total decrease in net position was \$4,533,116. 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 \$2.1 million, or 0.94% under the original budget. This decrease was due to a reorganization of departments and budgetary reductions approved by City Council during the current fiscal year.

Actual expenditures were 96.7% of appropriations, or \$7.2 million lower than the final budget. All functions are well within appropriation authority. The savings were mainly due to staffing vacancies during the fiscal year, reduced operating expenditures, as well as projects that were not completed by the end of the fiscal year that will be re-appropriated to the subsequent year. The main areas of savings are summarized below:

Actual General Government expenditures were \$3.3 million below the final budget. The majority of the positive variance from budget is due to reduced operating expenditures, while approximately \$600,000 of which related to ongoing projects that will be re-appropriated in fiscal year 2014.

Actual Public Safety expenditures were \$1.7 million below the final budget due to vacancy savings and reductions to operating expenditures.

Actual Culture and Recreation expenditures were \$1.4 million below the final budget due to savings from vacancies and operating expenditure reductions.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2013, the City's investment in capital assets for its governmental and business-type activities is \$2,509,447,754 (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 2013, the City's investment in capital assets decreased by \$43.1 million (approximately \$16.8 million decrease for governmental activities and approximately \$26.3 million decrease for business-type activities). Major capital asset events during the current fiscal year included the following:

Buildings increased by \$27.1 million for governmental activities due in large part to the detention center expansion of \$34.5 million. This increase was partially offset by current year depreciation expense.

Improvements other than buildings increased by \$65.9 million for governmental activities due in large part to \$34.9 million for Heritage Park Phase II; \$8 million for St. Rose Trail Phase II; \$7 million for Hidden Falls Park; \$7 million for Reunion Trails Park; \$5.5 million for Weston Hills Park, which was donated; and \$2.1 million for Wells Park Improvements.

Infrastructure for governmental activities decreased by \$35 million, due mainly to depreciation of existing assets in the amount of approximately \$64 million. This decrease was offset by donated infrastructure assets of \$15.3 million; special assessment infrastructure additions of \$7.8 million; and completed roadway improvements of \$5 million.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Construction in progress for governmental activities decreased by \$74.3 million due in large part to the completion of Heritage Park Phase II for \$34.9 million; completion of the detention center expansion for \$34.5 million; and St. Rose Trail Phase II for \$8 million.

Buildings for business-type activities increased by \$88.5 million due in large part to \$90 million for the Southwest Reclamation Facility Phase I building portion.

Machinery and equipment for business-type activities increased by \$18.4 million due in large part to Southwest Reclamation Facility Phase I in the amount of \$19 million.

Construction in progress for business-type activities decreased by \$133.5 million mainly due to the completion of the Southwest Reclamation Facility Phase I in the amount of \$141.5 million.

	Capital Assets, Net of Accumulated Depreciation and Amortization					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012 (Restated)	2013	2012 (Restated)
Construction in progress	\$ 91,343,140	\$ 165,652,225	\$ 8,923,067	\$ 142,406,029	\$ 100,266,207	\$ 308,058,254
Land	209,061,075	210,500,525	28,208,674	27,477,823	237,269,749	237,978,348
Building and building improvements	258,336,955	231,273,671	120,286,376	31,758,503	378,623,331	263,032,174
Improvements other than buildings	207,314,890	141,388,326	816,233,560	816,742,581	1,023,548,450	958,130,907
Infrastructure	720,514,290	755,545,592			720,514,290	755,545,592
Machinery and equipment	<u>21,260,601</u>	<u>20,229,605</u>	<u>27,965,126</u>	<u>9,549,848</u>	<u>49,225,727</u>	<u>29,779,453</u>
	<u>\$ 1,507,830,951</u>	<u>\$ 1,524,589,944</u>	<u>\$ 1,001,616,803</u>	<u>\$ 1,027,934,784</u>	<u>\$ 2,509,447,754</u>	<u>\$ 2,552,524,728</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 \$272,888,659. Of this amount, \$106,969,000 is considered general obligation debt and \$12,360,000 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.

(Continued)

CITY OF HENDERSON, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Summary of Bonds Outstanding					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 106,969,000	\$ 112,364,000	\$	\$	\$ 106,969,000	\$ 112,364,000
Tax allocation bonds	12,360,000	13,010,000			12,360,000	13,010,000
Water and sewer bonds			153,559,659	165,218,258	153,559,659	165,218,258
	\$ 119,329,000	\$ 125,374,000	\$ 153,559,659	\$ 165,218,258	\$ 272,888,659	\$ 290,592,258

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

As of June 30, 2013, the City's net general obligation bonded debt subject to the legal debt margin of \$260,528,659 was below the legal limit of \$1,231,060,451.

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 2013/2014 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.

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

A modest recovery in the Southern Nevada economy

Improving conditions in construction and development

Assessed values beginning to show slight increases

Changes to the Consolidated Tax distribution formula that was approved at the 2013 Legislative Session

Concessions for all employee groups equivalent to 2% of compensation for FY 2014.

During the current fiscal year fund balance in the general fund increased to \$17,328,221. The City has appropriated approximately \$0.9 million of this amount for spending in the 2013/2014 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

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

2013

CITY OF HENDERSON, NEVADA



A Place To Call Home



CITY OF HENDERSON, NEVADA

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents, unrestricted	\$ 176,548,235	\$ 65,477,890	\$ 242,026,125
Investments, unrestricted	101,958,529	91,909,318	193,867,847
Cash and cash equivalents, restricted	2,334,899	11,838,376	14,173,275
Accounts receivable, net	10,986,669	13,796,396	24,783,065
Taxes receivable	1,526,682		1,526,682
Special assessments receivable	1,871,220		1,871,220
Notes receivable, net	4,619,695	294,018	4,913,713
Interest receivable	375,832	319,054	694,886
Due from other governments	27,343,048	1,145,540	28,488,588
Land held for resale	13,287,487		13,287,487
Other assets	105,125	1,336,337	1,441,462
Internal balances	32,048,320	(32,048,320)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	91,343,140	8,923,067	100,266,207
Land	209,061,075	28,208,674	237,269,749
Building and building improvements	258,336,955	120,286,376	378,623,331
Improvements other than buildings	207,314,890	816,233,560	1,023,548,450
Infrastructure	720,514,290		720,514,290
Machinery and equipment	21,260,601	27,965,126	49,225,727
Total assets	1,880,836,692	1,155,685,412	3,036,522,104
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	10,112,557	7,203,429	17,315,986
LIABILITIES			
Accounts payable and other accrued liabilities	13,577,849	5,921,611	19,499,460
Accrued wages	2,673,841	474,165	3,148,006
Contracts and retentions payable	755,344	400,208	1,155,552
Due to other governments	4,604,128	1,569,857	6,173,985
Tax increment payable to developers	473,858		473,858
Unearned revenue	142,804	3,771,942	3,914,746
Interest payable	1,074,155		1,074,155
Deposits	7,112,287	154,512	7,266,799
Other current liabilities, payable from restricted assets		2,692,213	2,692,213
Noncurrent liabilities, due within one year	22,628,805	1,019,305	23,648,110
Noncurrent liabilities, partially payable from restricted assets, due within one year		14,458,126	14,458,126
Noncurrent liabilities, net of unamortized premiums and discounts, due in more than one year	187,616,772	160,441,969	348,058,741
Total liabilities	240,659,843	190,903,908	431,563,751
NET POSITION			
Net investment in capital assets	1,377,259,345	846,172,666	2,223,432,011
Restricted for			
Stabilization and other general programs	17,039,059		17,039,059
Courts and other judicial programs	1,096,331		1,096,331
Fire, police and other public safety programs	2,805,565		2,805,565
Streets and other public works projects	125,090,674		125,090,674
Parks, cultural and recreational programs	12,294,971		12,294,971
Community assistance and support programs	138,525		138,525
Debt service	2,008,452	9,099,208	11,107,660
Redevelopment programs	29,418,639		29,418,639
Claims	20,637,761		20,637,761
System development		4,888,561	4,888,561
Unrestricted	62,500,084	111,824,498	174,324,582
Total net position	\$ 1,650,289,406	\$ 971,984,933	\$ 2,622,274,339

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

CITY OF HENDERSON, NEVADA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

FUNCTION/PROGRAM	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 60,686,477	\$ 12,352,918	\$ 1,231,013	\$ 973,907	\$ (46,128,639)		\$ (46,128,639)
Judicial	14,002,003	1,955,317	27,791		(12,018,895)		(12,018,895)
Public safety	138,260,143	22,577,786	2,324,598		(113,357,759)		(113,357,759)
Public works	75,900,091	627,055	250,616	21,872,281	(53,150,139)		(53,150,139)
Culture and recreation	46,200,390	7,364,419	3,585,326	35,826,733	576,088		576,088
Community support	4,952,021		3,206,472		(1,745,549)		(1,745,549)
Debt service							
Interest expense and fiscal charges	5,465,068				(5,465,068)		(5,465,068)
Administrative and other costs	591,649				(591,649)		(591,649)
Total governmental activities	<u>346,057,842</u>	<u>44,877,495</u>	<u>10,625,816</u>	<u>58,672,921</u>	<u>(231,881,610)</u>		<u>(231,881,610)</u>
Business-type activities							
Water	83,514,646	63,425,581		4,007,051		(16,082,014)	(16,082,014)
Sewer	53,979,377	37,434,262		6,180,918		(10,364,197)	(10,364,197)
Development services	9,358,144	8,315,424				(1,042,720)	(1,042,720)
Cultural arts and tourism	4,444,192	3,369,152	20,000			(1,055,040)	(1,055,040)
Municipal golf course	3,455,105	2,651,299				(803,806)	(803,806)
Total business-type activities	<u>154,751,464</u>	<u>115,195,718</u>	<u>20,000</u>	<u>10,187,969</u>		<u>(29,347,777)</u>	<u>(29,347,777)</u>
Total function/program	<u>\$ 500,809,306</u>	<u>\$ 160,073,213</u>	<u>\$ 10,645,816</u>	<u>\$ 68,860,890</u>	<u>\$ (231,881,610)</u>		<u>(29,347,777)</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, 2013

	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GENERAL REVENUES							
Property taxes					63,320,080		63,320,080
Room taxes					823,290	1,644,032	2,467,322
Intergovernmental revenues - consolidated tax					81,088,044		81,088,044
Motor vehicle fuel tax					3,933,820		3,933,820
Sales tax					10,704,017	4,025,507	14,729,524
Franchise fees, based on gross receipts					30,011,869		30,011,869
Unrestricted investment income					2,231,741	1,710,311	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					4,011,053		4,011,053
Miscellaneous					632,593	496,494	1,129,087
Total general revenues					<u>193,186,830</u>	<u>4,830,754</u>	<u>198,017,584</u>
Transfers					(4,794,708)	4,794,708	
CHANGE IN NET POSITION					<u>(43,489,488)</u>	<u>(19,722,315)</u>	<u>(63,211,803)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					1,696,232,414	1,010,084,323	2,706,316,737
Adjustment					(2,453,520)	(18,377,075)	(20,830,595)
NET POSITION BEGINNING OF YEAR, AS ADJUSTED					<u>1,693,778,894</u>	<u>991,707,248</u>	<u>2,685,486,142</u>
NET POSITION, END OF YEAR					<u>\$ 1,650,289,406</u>	<u>\$ 971,984,933</u>	<u>\$ 2,622,274,339</u>

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

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2013

	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 and cash equivalents	\$ 1,666,878		\$ 1,969,334	\$ 92,166,411	\$ 4,237,059		\$ 45,894,310	\$ 145,933,992	
Restricted cash and cash equivalents	1,607,773						727,126	2,334,899	
Investments	3,339,258		224,219	293,072	5,391,502		56,071,827	65,319,878	
Accounts receivable, net	9,401,030	1,039,977			194,841		130,706	10,766,554	
Interest receivable	22,892		6,393	1,031	26,421		191,598	248,335	
Taxes receivable	1,167,127		359,555					1,526,682	
Special assessments receivable							1,871,220	1,871,220	
Notes receivable, net	3,239,104		9,716,517				1,596,675	14,552,296	
Due from other funds	1,647,556							1,647,556	
Due from other governments	17,064,686		5,813,919				4,061,147	26,955,446	
Advances to other funds							621,261	621,261	
Land held for resale							13,287,487	13,287,487	
Total assets	<u>\$ 39,156,304</u>	<u>\$ 16,570,413</u>	<u>\$ 2,575,195</u>	<u>\$ 92,460,514</u>	<u>\$ 9,849,823</u>		<u>\$ 124,453,357</u>	<u>\$ 285,065,606</u>	
LIABILITIES									
Accounts payable and other accrued liabilities	\$ 6,327,817	\$ 3,955,095		\$ 703,857	\$ 206,587		\$ 1,235,600	\$ 12,428,956	
Accrued wages	2,401,380	30,518			678		126,670	2,559,246	
Tax increment payable to developers							473,858	473,858	
Due to other governments							3,242,474	4,604,128	
Due to other funds				23,516			361,233	1,671,072	
Advances from other funds		1,286,323		1,908,571			621,261	2,529,832	
Unearned revenue								84,620	
Deposits	84,620						28,625	7,038,966	
Compensated absences	7,010,341							25,726	
Termination benefits	25,726							210,314	
	210,314							210,314	
Total liabilities	<u>\$ 17,421,852</u>	<u>\$ 5,271,936</u>		<u>\$ 2,635,944</u>	<u>\$ 207,265</u>		<u>\$ 6,089,721</u>	<u>\$ 31,626,718</u>	

(Continued)

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

CITY OF HENDERSON, NEVADA

**GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
JUNE 30, 2013**

	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				
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue, property taxes	1,167,127		359,555						1,526,682
Unavailable revenue, special assessments	3,239,104	9,716,517							1,871,220
Unavailable revenue, notes receivable	4,406,231	9,716,517	359,555						14,552,296
Total deferred inflows of resources	21,828,083	14,988,453	359,555	2,635,944	207,265				17,950,198
Total liabilities and deferred inflows of resources									49,576,916
FUND BALANCES									
Restricted	936,460	1,581,960	2,215,640	89,824,570		9,642,558		97,344,201	190,966,371
Assigned	16,391,761							17,551,540	28,130,558
Unassigned	17,328,221	1,581,960	2,215,640	89,824,570		9,642,558		114,895,741	235,488,690
Total fund balances	\$ 39,156,304	\$ 16,570,413	\$ 2,575,195	\$ 92,460,514	\$ 9,849,823	\$ 124,453,357		\$ 285,065,606	
Total liabilities, deferred inflows of resources and fund balances									

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, 2013

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 235,488,690
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	\$ 2,342,219,304	
Less accumulated depreciation	<u>(847,889,576)</u>	1,494,329,728
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Due from other governments	<u>276,684</u>	276,684
Deferred outflows of resources benefit future periods; and therefore, are not reported in governmental funds:		
Deferred charges on refunding	<u>10,112,557</u>	10,112,557
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	(140,684,163)	
Construction contracts payable	(755,344)	
Other postemployment benefits	(15,473,637)	
Compensated absences payable	(35,559,096)	
Termination benefits payable	<u>(604,888)</u>	(193,077,128)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	<u>(1,074,155)</u>	(1,074,155)
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>8,017,597</u>	8,017,597
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	64,167,113	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	26,663,359	
Internal service fund balance receivable from business-type activities from current year activity	<u>5,384,961</u>	96,215,433
NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ 1,650,289,406</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, 2013

	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	\$ 55,642,041		\$ 2,455,646					\$ 5,175,974	\$ 63,273,661
Franchise fees	30,011,869								30,011,869
Licenses and permits	8,063,081								8,063,081
Intergovernmental	83,942,115	33,555,250						16,183,528	133,680,893
Charges for services	25,128,181							2,424,396	27,552,577
Fines and forfeitures	5,078,530					764,819		1,533,047	6,611,577
Impact fees								704,633	1,469,452
Special assessments								146,928	146,928
Investment income	132,993		33,342	79,835				1,248,425	1,653,726
Decrease in fair value of investments	(101,479)		(22,864)	(9,815)				(1,824,213)	(2,278,714)
Developer contributions								767,836	767,836
Rental fees								603,767	603,767
Miscellaneous	572,295	249,811						359,846	1,181,952
Total revenues	<u>208,469,626</u>	<u>33,805,061</u>	<u>2,466,124</u>	<u>70,020</u>	<u>603,607</u>			<u>27,324,167</u>	<u>272,738,605</u>
EXPENDITURES									
Current									
General government	41,591,200	1,216,606						4,175,671	47,245,654
Judicial	11,225,522							862,079	12,087,601
Public safety	115,932,933	1,526,276						11,581,720	129,203,173
Public works	6,643,882	229,392		245,814				307,728	9,680,018
Culture and recreation	33,723,767	4,356,892						2,278,257	40,374,416
Community support	1,781,027	3,269,677						101,715	5,152,419
Total current	<u>210,898,331</u>	<u>10,598,843</u>		<u>245,814</u>	<u>747,649</u>			<u>21,252,644</u>	<u>243,743,281</u>
Capital outlay									
General government								1,445,582	1,445,582
Judicial								284,878	284,878
Public safety	57,958	967,881						231,909	1,917,272
Public works	32,377	9,242						659,524	19,274,299
Culture and recreation				16,658,323				2,523,307	23,456,629
Total capital outlay	<u>90,335</u>	<u>22,748,838</u>		<u>16,658,323</u>	<u>710,574</u>			<u>6,170,590</u>	<u>46,378,660</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, 2013

	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		
					Funds	Funds			
Debt service									
Principal payments			4,464,565				650,000		5,114,565
Interest and fiscal charges			3,471,306	119,376			702,789		4,293,471
Administrative and other costs			585,178				6,471		591,649
Total debt service			8,521,049	119,376			1,359,260		9,999,685
Total expenditures	210,988,666	33,347,681	8,521,049	17,023,513	1,458,223		28,782,494		300,121,626
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,519,040)	457,380	(6,054,925)	(16,953,493)	(854,616)		(1,458,327)		(27,383,021)
OTHER FINANCING SOURCES (USES)									
Proceeds from land sales							1,827,493		1,827,493
Loss on sale of land held for development							(3,426,519)		(3,426,519)
Issuance of refunding bonds			66,750,000						66,750,000
Premium on refunding bonds issued			5,055,658						5,055,658
Payment to advance refunding bond agent			(71,194,329)						(71,194,329)
Transfers in	7,800,000		6,000,547	224,969	107,877		2,641,434		16,774,827
Transfers out	(4,804,701)				(9,183,487)		(3,911,705)		(18,899,893)
Total other financing sources (uses)	2,995,299		6,611,876	224,969	(9,075,610)		(2,869,297)		(3,112,763)
CHANGE IN FUND BALANCE	476,259	(542,620)	556,951	(16,728,524)	(9,930,226)		(4,327,624)		(30,495,784)
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	16,851,962	2,124,580	1,658,689	106,553,094	19,572,784		119,607,435		266,368,544
Adjustment							(384,070)		(384,070)
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	16,851,962	2,124,580	1,658,689	106,553,094	19,572,784		119,223,365		265,984,474
FUND BALANCE, END OF YEAR	17,328,221	1,581,960	2,215,640	89,824,570	9,642,558		114,895,741		235,488,690

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, 2013

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS \$ (30,495,784)

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	\$ 39,991,941	
Less current year depreciation	(80,123,857)	
Proceeds from land sales	(1,827,493)	
Net loss on disposition of capital assets	(1,422,603)	
Internal service fund activity	<u>(264,791)</u>	(43,646,803)

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	236,824	
Change in unavailable revenue related to notes receivable from current year activity	276,684	
Change in unavailable revenue from cumulative prior years' activity	(155,694)	
Capital asset contributions	30,136,256	
Property taxes	(190,405)	
Change in accrued interest receivable on notes receivable	<u>81,525</u>	30,385,190

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

Issuance of refunding bonds	(66,750,000)	
Premium on refunding bonds issued	(5,055,658)	
Payment to refunded bonds escrow agent	71,194,329	
Debt principal repayments	<u>5,114,565</u>	4,503,236

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	(1,079,100)	
Change in compensated absences payable	55,823	
Change in termination benefits payable	(126,414)	
Amortization of debt premiums, discounts and refunding charges	(1,193,269)	
Change in accrued interest	<u>(91,073)</u>	(2,434,033)

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	(7,186,255)	
The internal service funds change in net position related to business-type activities	<u>5,384,961</u>	<u>(1,801,294)</u>

CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES \$ (43,489,488)

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, 2013

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	\$ 54,897,557	\$ 54,897,557	\$ 55,642,041	\$ 744,484
Franchise fees	30,381,045	30,381,045	30,011,869	(369,176)
Licenses and permits	7,889,935	8,014,935	8,063,081	48,146
Intergovernmental	84,544,199	84,544,304	83,942,115	(602,189)
Charges for services	25,462,872	26,084,064	25,128,181	(955,883)
Fines and forfeitures	6,111,937	6,182,305	5,078,530	(1,103,775)
Investment income	125,000	235,000	132,993	(102,007)
Decrease in fair value of investments			(101,479)	(101,479)
Developer contributions	75,000	95,000		(95,000)
Miscellaneous	2,146,500	1,346,426	572,295	(774,131)
Total revenues	211,634,045	211,780,636	208,469,626	(3,311,010)
EXPENDITURES				
Current				
General government	43,155,106	44,882,005	41,591,200	3,290,805
Judicial	11,282,012	11,414,542	11,225,522	189,020
Public safety	120,100,866	117,633,356	115,932,933	1,700,423
Public works	7,947,067	6,920,384	6,643,882	276,502
Culture and recreation	35,757,544	35,083,970	33,723,767	1,360,203
Community support	1,985,941	2,129,630	1,781,027	348,603
Total current	220,228,536	218,063,887	210,898,331	7,165,556
Capital outlay				
Public safety		50,750	57,958	(7,208)
Public works		33,100	32,377	723
Total capital outlay		83,850	90,335	(6,485)
Total expenditures	220,228,536	218,147,737	210,988,666	7,159,071
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(8,594,491)	(6,367,101)	(2,519,040)	3,848,061
OTHER FINANCING SOURCES (USES)				
Transfers in	14,500,000	11,500,000	7,800,000	(3,700,000)
Transfers out	(4,954,701)	(4,404,701)	(4,804,701)	(400,000)
Total other financing sources (uses)	9,545,299	7,095,299	2,995,299	(4,100,000)
CHANGE IN FUND BALANCE	950,808	728,198	476,259	(251,939)
FUND BALANCE, BEGINNING OF YEAR	16,643,952	16,851,962	16,851,962	
FUND BALANCE, END OF YEAR	\$ 17,594,760	\$ 17,580,160	\$ 17,328,221	\$ (251,939)

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 3,351,721	\$ 54,362,336	\$ 33,555,250	\$ (20,807,086)
Miscellaneous		240,825	249,811	8,986
Total revenues	<u>3,351,721</u>	<u>54,603,161</u>	<u>33,805,061</u>	<u>(20,798,100)</u>
EXPENDITURES				
Current				
General government		1,937,627	1,216,606	721,021
Public safety	335,435	1,712,695	1,526,276	186,419
Public works		584,283	229,392	354,891
Culture and recreation	368,695	5,724,338	4,356,892	1,367,446
Community support	2,244,998	5,361,477	3,269,677	2,091,800
Total current	<u>2,949,128</u>	<u>15,320,420</u>	<u>10,598,843</u>	<u>4,721,577</u>
Capital outlay				
Public safety		1,115,698	967,881	147,817
Public works		2,063,575	9,242	2,054,333
Culture and recreation		31,278,377	21,771,715	9,506,662
Total capital outlay		<u>34,457,650</u>	<u>22,748,838</u>	<u>11,708,812</u>
Total expenditures	<u>2,949,128</u>	<u>49,778,070</u>	<u>33,347,681</u>	<u>16,430,389</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>402,593</u>	<u>4,825,091</u>	<u>457,380</u>	<u>(4,367,711)</u>
OTHER FINANCING USES				
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	
CHANGE IN FUND BALANCE	(597,407)	3,825,091	(542,620)	(4,367,711)
FUND BALANCE, BEGINNING OF YEAR	<u>597,407</u>	<u>2,124,580</u>	<u>2,124,580</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 5,949,671</u>	<u>\$ 1,581,960</u>	<u>\$ (4,367,711)</u>

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, 2013

	Business-type Activities				Governmental
	Aggregate			Other	Internal Service
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 41,541,355	\$ 19,533,914	\$ 4,402,621	\$ 65,477,890	\$ 30,614,243
Restricted cash and cash equivalents	6,878,577	4,912,844	46,955	11,838,376	
Investments	55,251,855	30,996,496	5,660,967	91,909,318	36,638,651
Accounts receivable, net	9,499,185	4,124,974	172,237	13,796,396	220,115
Interest receivable	196,210	101,904	20,940	319,054	127,497
Notes receivable, net	294,018			294,018	
Inventories					105,125
Due from other funds					23,516
Due from other governments		821,210	324,330	1,145,540	110,918
Total current assets	<u>113,661,200</u>	<u>60,491,342</u>	<u>10,628,050</u>	<u>184,780,592</u>	<u>67,840,065</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Construction in progress	7,289,613	1,633,454		8,923,067	75,913
Land	2,726,245	11,679,500	13,802,929	28,208,674	
Buildings and building improvements	12,401,579	110,884,763	9,496,136	132,782,478	744,560
Improvements other than buildings	679,161,516	612,308,427	26,039,847	1,317,509,790	473,374
Machinery and equipment	11,353,381	26,311,142	5,400,277	43,064,800	48,948,144
Accumulated depreciation and amortization	<u>(308,487,210)</u>	<u>(196,957,662)</u>	<u>(23,427,134)</u>	<u>(528,872,006)</u>	<u>(36,740,768)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>404,445,124</u>	<u>565,859,624</u>	<u>31,312,055</u>	<u>1,001,616,803</u>	<u>13,501,223</u>
Other assets					
Advances to other funds					1,908,571
Deposits	1,336,337			1,336,337	
Total other assets	<u>1,336,337</u>			<u>1,336,337</u>	<u>1,908,571</u>
Total noncurrent assets	<u>405,781,461</u>	<u>565,859,624</u>	<u>31,312,055</u>	<u>1,002,953,140</u>	<u>15,409,794</u>
Total assets	<u>519,442,661</u>	<u>626,350,966</u>	<u>41,940,105</u>	<u>1,187,733,732</u>	<u>83,249,859</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	<u>346,601</u>	<u>6,856,828</u>		<u>7,203,429</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, 2013

	Business-type Activities				Governmental Activities
			Aggregate Other		Internal Service Funds
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
LIABILITIES					
Current liabilities					
Accounts payable and other accrued liabilities	4,657,477	1,139,675	124,459	5,921,611	1,148,893
Accrued wages	196,157	170,560	107,448	474,165	114,595
Due to other governments	1,569,857			1,569,857	
Construction contracts and retentions	115,395	284,813		400,208	
Unearned revenue			3,771,942	3,771,942	58,184
Customer deposits payable from restricted assets	1,321,600			1,321,600	
Deposits			154,512	154,512	73,321
Compensated absences	239,907	272,393	175,442	687,742	208,587
Termination benefits	91,516	136,039	104,008	331,563	911
Claims and judgments					14,877,172
Interest payable from restricted assets	492,039	878,574		1,370,613	
Debt obligations partially payable from restricted assets	6,189,020	8,269,106		14,458,126	
Total current liabilities	<u>14,872,968</u>	<u>11,151,160</u>	<u>4,437,811</u>	<u>30,461,939</u>	<u>16,481,663</u>
Noncurrent liabilities					
Debt obligations payable	25,412,829	125,359,603		150,772,432	
Compensated absences	1,993,114	2,263,006	1,457,551	5,713,671	1,691,571
Other post employment benefits	1,366,179	1,109,772	1,218,217	3,694,168	909,512
Provisional credits and refunding agreements	249,357	12,341		261,698	
Total noncurrent liabilities	<u>29,021,479</u>	<u>128,744,722</u>	<u>2,675,768</u>	<u>160,441,969</u>	<u>2,601,083</u>
Total liabilities	<u>43,894,447</u>	<u>139,895,882</u>	<u>7,113,579</u>	<u>190,903,908</u>	<u>19,082,746</u>
NET POSITION					
Net investment in capital assets	373,189,876	441,670,735	31,312,055	846,172,666	13,501,223
Restricted					
Debt service	5,064,938	4,034,270		9,099,208	
Claims					20,637,761
System development	4,888,561			4,888,561	
Unrestricted	<u>92,751,440</u>	<u>47,606,907</u>	<u>3,514,471</u>	<u>143,872,818</u>	<u>30,028,129</u>
Total net position	<u>\$ 475,894,815</u>	<u>\$ 493,311,912</u>	<u>\$ 34,826,526</u>	1,004,033,253	<u>\$ 64,167,113</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>(32,048,320)</u>	
Net position of business-type activities				<u>\$ 971,984,933</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, 2013

	Business-type Activities				Governmental
			Aggregate Other		Internal Service
	Water	Sewer	Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES					
Utilities fees	\$ 61,288,430	\$ 36,790,868	\$	\$ 98,079,298	\$
Connection fees	876,874	62,837		939,711	
Late charges	1,242,635	580,557		1,823,192	
Charges for services			8,056,067	8,056,067	33,873,580
Licenses and permits			3,864,657	3,864,657	
Intergovernmental		370,273		370,273	
Rental fees			348,192	348,192	
Miscellaneous	90,250	3,611	73,019	166,880	
Total operating revenues	63,498,189	37,808,146	12,341,935	113,648,270	33,873,580
OPERATING EXPENSES					
Salaries and wages	11,235,334	9,731,377	5,798,018	26,764,729	5,996,825
Employee benefits	4,418,153	3,741,027	2,099,110	10,258,290	2,412,553
Water purchases	22,713,837			22,713,837	
Services and supplies	15,475,583	13,154,524	7,332,365	35,962,472	16,854,510
Claims and judgments					15,868,554
Legal fees					27,767
Depreciation and amortization	26,227,048	20,457,093	998,609	47,682,750	3,911,128
Total operating expenses	80,069,955	47,084,021	16,228,102	143,382,078	45,071,337
Operating loss	(16,571,766)	(9,275,875)	(3,886,167)	(29,733,808)	(11,197,757)
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,073,085	529,132	108,094	1,710,311	719,612
Decrease in fair value of investments	(1,878,089)	(982,685)	(184,816)	(3,045,590)	(1,290,963)
Gain (loss) on capital asset disposition	(12,804)	(94)		(12,898)	264,791
Interest expense	(1,275,948)	(4,617,057)		(5,893,005)	(6,630)
Bond issuance costs		(777,121)		(777,121)	
Room tax revenue			1,644,032	1,644,032	
Sales tax revenue		4,025,507		4,025,507	
Other intergovernmental revenue	3,040		2,062,905	2,065,945	
Miscellaneous	11,596			11,596	73,393
Total nonoperating revenues (expenses)	(2,079,120)	(1,822,318)	3,630,215	(271,223)	(239,797)
Loss before capital contributions and transfers	(18,650,886)	(11,098,193)	(255,952)	(30,005,031)	(11,437,554)
CAPITAL CONTRIBUTIONS					
Capital contributions	10,403,407	6,916,720		17,320,127	473,783
TRANSFERS					
Transfers in	3,761	181,250	1,250,150	1,435,161	3,797,516
Transfers out	(1,251,820)	(532,893)	(1,302,898)	(3,087,611)	(20,000)
Total transfers	(1,248,059)	(351,643)	(52,748)	(1,652,450)	3,777,516

(Continued)

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 (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities				Governmental Activities
	Aggregate Other			Total Enterprise Funds	Internal Service Funds
	Water	Sewer	Enterprise Funds		
CHANGE IN NET POSITION	<u>(9,495,538)</u>	<u>(4,533,116)</u>	<u>(308,700)</u>	<u>(14,337,354)</u>	<u>(7,186,255)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	487,163,277	514,449,179	35,135,226		71,353,368
Adjustment	<u>(1,772,924)</u>	<u>(16,604,151)</u>			
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>485,390,353</u>	<u>497,845,028</u>	<u>35,135,226</u>		<u>71,353,368</u>
NET POSITION, END OF YEAR	<u>\$ 475,894,815</u>	<u>\$ 493,311,912</u>	<u>\$ 34,826,526</u>		<u>\$ 64,167,113</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>(5,384,961)</u>	
CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES				<u>\$ (19,722,315)</u>	

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

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities				Governmental
	Aggregate Other			Internal Service	
	Water	Sewer	Enterprise Funds		Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 63,646,894	\$ 37,812,325	\$ 12,196,069	\$ 113,655,288	\$ 1,444,751
Cash received from interfund services					32,462,408
Cash received from other sources	14,636	4,025,507	3,706,937	7,747,080	91,580
Cash payments for goods and services	(44,173,993)	(16,888,965)	(9,474,635)	(70,537,593)	(33,279,855)
Cash payments for employee services	(11,239,518)	(9,267,564)	(5,549,265)	(26,056,347)	(6,476,529)
Net cash provided by (used in) operating activities	<u>8,248,019</u>	<u>15,681,303</u>	<u>879,106</u>	<u>24,808,428</u>	<u>(5,757,645)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			1,250,150	1,250,150	3,797,516
Transfers out	(1,070,570)	(529,132)	(1,302,898)	(2,902,600)	(20,000)
Repayments of advances from other funds					105,593
Net cash provided by (used in) noncapital financing activities	<u>(1,070,570)</u>	<u>(529,132)</u>	<u>(52,748)</u>	<u>(1,652,450)</u>	<u>3,883,109</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(5,655,492)	(3,734,571)	(502,191)	(9,892,254)	(2,528,183)
Proceeds received from disposal of capital assets					271,827
Principal payments on debt	(5,964,285)	(97,973,149)		(103,937,434)	
Interest payments on debt	(1,537,833)	(4,934,723)		(6,472,556)	(6,630)
Bond issuance costs		(2,866,545)		(2,866,545)	
Increase (decrease) in deposits	1,306,977			1,306,977	
Increase (decrease) in provisional credits	(140,686)	5,859		(134,827)	
Capital contributions	2,396,813	3,597,660		5,994,473	
Proceeds from issuance of refunding debt		92,260,000		92,260,000	
Net cash used in capital financing activities	<u>(9,594,506)</u>	<u>(13,645,469)</u>	<u>(502,191)</u>	<u>(23,742,166)</u>	<u>(2,262,986)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from investment sales or redemptions	50,930,238	21,013,955	4,596,987	76,541,180	45,273,159
Purchase of investments	(38,089,128)	(15,715,678)	(3,669,577)	(57,474,383)	(34,856,861)
Investment income received	1,098,219	551,414	110,663	1,760,296	747,488
Net cash provided by investing activities	<u>13,939,329</u>	<u>5,849,691</u>	<u>1,038,073</u>	<u>20,827,093</u>	<u>11,163,786</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,522,272	7,356,393	1,362,240	20,240,905	7,026,264
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>36,897,660</u>	<u>17,090,365</u>	<u>3,087,336</u>	<u>57,075,361</u>	<u>23,587,979</u>
CASH AND CASH EQUIVALENTS, END OF YEAR					
Cash and cash equivalents, unrestricted	41,541,355	19,533,914	4,402,621	65,477,890	30,614,243
Cash and cash equivalents, restricted	6,878,577	4,912,844	46,955	11,838,376	
	<u>\$ 48,419,932</u>	<u>\$ 24,446,758</u>	<u>\$ 4,449,576</u>	<u>\$ 77,316,266</u>	<u>\$ 30,614,243</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, 2013

	Business-type Activities				Governmental
	Aggregate Other			Total Enterprise	Internal Service
	Water	Sewer	Enterprise Funds		
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	\$ (16,571,766)	\$ (9,275,875)	\$ (3,886,167)	\$ (29,733,808)	\$ (11,197,757)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities					
Depreciation	26,227,048	20,457,093	998,609	47,682,750	3,911,128
Other	14,636	4,025,507	3,706,937	7,747,080	73,393
(Increase) decrease in operating assets					
Accounts receivable	148,705	4,179	(490,888)	(338,004)	(19,286)
Due from other governments					28,882
Due from other funds					(6,683)
Inventories, bulk fuel					(30,449)
Increase (decrease) in operating liabilities					
Accounts payable and accrued liabilities	(1,599,106)	(46,587)	(53,938)	(1,699,631)	(117,903)
Compensated absences	(121,781)	325,701	126,796	330,716	(292,907)
Termination benefits	91,516	109,841	104,008	305,365	(203,398)
Claims and judgements					2,003,381
Other post employment benefits	93,640	81,444	47,023	222,107	53,934
Deposits	(34,873)		(18,296)	(53,169)	(18,164)
Unearned revenue			345,022	345,022	58,184
Total adjustments	<u>24,819,785</u>	<u>24,957,178</u>	<u>4,765,273</u>	<u>54,542,236</u>	<u>5,440,112</u>
Net cash provided by (used in) operating activities	<u>\$ 8,248,019</u>	<u>\$ 15,681,303</u>	<u>\$ 879,106</u>	<u>\$ 24,808,428</u>	<u>\$ (5,757,645)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contribution of capital assets	<u>\$ 8,006,594</u>	<u>\$ 3,319,060</u>	<u>\$ _____</u>	<u>\$ 11,325,654</u>	<u>\$ 473,783</u>
Change in fair value of investments	<u>\$ (1,878,089)</u>	<u>\$ (982,685)</u>	<u>\$ (184,816)</u>	<u>\$ (3,045,590)</u>	<u>\$ (1,290,963)</u>

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

CITY OF HENDERSON, NEVADA

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 66,383,393
Investments	892,983
Special assessments receivable	<u>469,647</u>
Total assets	<u>67,746,023</u>
LIABILITIES	
Due to developers	13,129,788
Due to employees	144,118
Due to others	<u>54,472,117</u>
Total liabilities	<u>67,746,023</u>
NET POSITION	<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, 2013

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 a 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 City Council is financially accountable. Financial accountability would result where the City 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.

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, 2013

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, 2013

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, 2013

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, 2013

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. 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

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. The balance of the refundable deposit as of June 30, 2013, is \$1,336,337.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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.

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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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 three sources: property taxes, special assessments and notes receivable. 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.

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 delegated authority to assign fund balances amounts 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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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.

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 (\$91,565,175) occurred in the capital projects funds.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Excess of Expenditures over Appropriations

For the year ended June 30, 2013, total expenditures exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

Code enforcement special revenue fund (community support function)	\$	1,600
Land sales capital projects fund (community support function)		100,115
Capital replacement capital projects fund (judicial function)		110,030
Capital replacement capital projects fund (culture and recreation function)		30,766

These over expenditures were funded by available assets in excess of liabilities as represented by fund balance or net position in the respective funds.

Prior Period Adjustments

Beginning fund balance and net position related to governmental activities have been restated and reduced by \$384,070. The adjustment was required to record deferred inflows of resources related to notes receivable for housing rehabilitation and other loans, which was previously recognized as revenue.

Beginning net position related to business-type activities has been restated and reduced by \$14,753,556. The adjustment was required to write-off certain capital assets (lateral sewer lines, fire sprinklers and irrigation sleeves) that were determined to be owned and are required to be maintained by private parties.

Beginning net position related to business-type activities has been restated and reduced by \$2,582,992. The adjustment was required to record a liability to other governments, related to sales tax allocation overpayments by the Southern Nevada Water Authority, which were received by the City in fiscal years 2001 through 2010.

Cumulative Effect of Change in Accounting Principal

Effective July 1, 2012, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The adoption of GASB 65 requires retroactive adjustment to amounts previously reported as deferred charges associated with bond issuance costs in water and sewer funds, as well as governmental activities of the entity-wide statement of net position. The cumulative effect of this change in accounting principle is reported in the current year as an adjustment to beginning net position.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Net position or fund balance as of July 1, 2012, has been retroactively adjusted as follows:

	Aggregate Governmental Funds	Other Water Enterprise Fund	Sewer Enterprise Fund	Governmental Activities	Business-type Activities
Net position or fund balance, as previously reported	\$ <u>119,607,435</u>	\$ <u>487,163,277</u>	\$ <u>514,449,179</u>	\$ <u>1,696,232,414</u>	\$ <u>1,010,084,323</u>
Adjustments					
Cumulative effect of adopting GASB 65		(176,378)	(864,149)	(2,069,450)	(1,040,527)
Record deferred inflows related to notes receivable	(384,070)			(384,070)	
Reverse donated capital assets		(1,596,546)	(13,157,010)		(14,753,556)
Record obligation to City of Las Vegas			(2,582,992)		(2,582,992)
Total adjustments	<u>(384,070)</u>	<u>(1,772,924)</u>	<u>(16,604,151)</u>	<u>(2,453,520)</u>	<u>(18,377,075)</u>
Net position or fund balance, as adjusted	\$ <u><u>119,223,365</u></u>	\$ <u><u>485,390,353</u></u>	\$ <u><u>497,845,028</u></u>	\$ <u><u>1,693,778,894</u></u>	\$ <u><u>991,707,248</u></u>

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, 2013:

Cash on hand	\$ 35,233
Cash on deposit	176,859,444
Cash equivalents	145,688,116
Investments	<u>194,760,830</u>
Total cash, cash equivalents and investments	<u>\$ 517,343,623</u>

At June 30, 2013, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

	Unrestricted	Restricted	Total
Governmental activities	\$ 278,506,764	\$ 2,334,899	\$ 280,841,663
Business-type activities	157,387,208	11,838,376	169,225,584
Fiduciary Funds	<u>67,276,376</u>		<u>67,276,376</u>
Total cash, cash equivalents and investments	<u>\$ 503,170,348</u>	<u>\$ 14,173,275</u>	<u>\$ 517,343,623</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, 2013

As of June 30, 2013, the recorded amount of the City's deposits was \$176,859,444 and the bank balance was \$177,503,840. 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 Finance Director 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, 2013, the City had the following cash equivalents and investments:

	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled cash equivalents and investments			
Money Market Funds	\$ 3,487,612	\$ 3,487,612	N/A
U.S. Agency securities*			
Federal Farm Credit Bank	10,000,000	9,569,050	7.35
Federal Home Loan Bank	63,622,615	61,455,989	6.71
Federal Home Loan Mortgage Corporation	16,439,922	16,255,861	4.38
Federal National Mortgage	56,912,358	56,772,317	3.59
U.S. Treasury notes	36,639,633	37,738,476	4.72
US Treasury notes - inflationary	6,702,567	7,183,054	7.35
State of Nevada, Local Government Investment Pool	127,902	127,902	N/A

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Cost	Fair Value	Weighted Average Maturity (Years)
Corporate bonds	\$ 4,994,700	\$ 4,893,100	4.46
Total pooled cash equivalents and investments	<u>198,927,309</u>	<u>197,483,361</u>	5.13
Non-pooled cash equivalents and investments			
Special assessment bond proceeds investments			
Invesco Money Market Fund	140,608,104	140,608,104	N/A
Federal Home Loan Bank Discount Note	872,090	892,983	0.08
Other bond proceeds investments			
Redevelopment bonds - Invesco Money Market Fund	1,376,862	1,376,862	N/A
Utility bonds - State of Nevada, Local Government Investment Pool	87,636	87,636	N/A
Total non-pooled cash equivalents and investments	<u>142,944,692</u>	<u>142,965,585</u>	0.08
Total cash equivalents and investments	<u>\$ 341,872,001</u>	<u>\$ 340,448,946</u>	2.99

* 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, 2013, 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	1.02 %
U.S. Agency securities			
Federal Farm Credit Bank	AA+	Aaa	2.81 %
Federal Home Loan Bank	AA+	Aaa	18.06 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	4.77 %
Federal National Mortgage	AA+	Aaa	16.68 %
U.S. Treasury notes	*	*	11.08 %
US Treasury notes - inflationary	*	*	2.11 %
State of Nevada, Local Government Investment Pool	N/A	N/A	0.04 %
Corporate bonds	A+	A1	1.44 %
Total pooled cash equivalents and investments			<u>58.01 %</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	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	41.30 %
Federal Home Loan Bank Discount Note	N/A	P-1	0.26 %
Other bond proceeds investments			
Redevelopment bonds - Invesco Money Market Fund	AAA	Aaa	0.40 %
Utility bonds - State of Nevada, Local Government			
Investment Pool	N/A	N/A	0.03 %
Total non-pooled cash equivalents and investments			41.99 %
 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, 2013, 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	\$ 1,286,323
	Aggregate Other Governmental Funds	361,233
Internal Service Funds	Special Assessment Districts Capital Projects Fund	23,516
		\$ 1,671,072

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. The amount due to the internal service funds consists of engineering service fees.

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	1,908,571
		\$ 2,529,832

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, 2013

Internal Balances

Effect of prior years' internal service activity on business-type activities	\$ (26,663,359)
Effect of current year internal service activity on business-type activities	<u>(5,384,961)</u>
	<u>\$ (32,048,320)</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 Fund	Municipal Facilities Acquisition and Construction Capital Projects Fund	\$ 7,800,000
General Obligation Debt Service Fund	General Fund	1,057,035
	Grants Special Revenue Fund	1,000,000
	Municipal Facilities Acquisition and Construction Capital Projects Fund	908,487
	Aggregate Other Governmental Funds	1,412,425
	Water Enterprise Fund	1,070,570
	Sewer Enterprise Fund	529,132
	Aggregate Other Enterprise Funds	2,898
	Internal Service Funds	20,000
Special Assessment Districts Capital Projects Fund	Aggregate Other Governmental Funds	224,969
Municipal Facilities Acquisition and Construction Capital Projects Fund	Aggregate Other Governmental Funds	107,877
Aggregate Other Governmental Funds	Municipal Facilities Acquisition and Construction Capital Projects Fund	475,000
	Aggregate Other Governmental Funds	2,166,434
Water Enterprise Fund	Sewer Enterprise Fund	3,761
Sewer Enterprise Fund	Water Enterprise Fund	181,250
Aggregate Other Enterprise Funds	General Fund	1,250,150
Internal Service Funds	General Fund	2,497,516
	Aggregate Other Enterprise Funds	<u>1,300,000</u>
		<u>\$ 22,007,504</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Note 5. Capital Assets

For the year ended June 30, 2013, capital asset activity was as follows:

	Balance July 1, 2012	Increases	Decreases	Transfers* and Reclassifications	Balance June 30, 2013
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 165,652,225	\$ 32,243,335	\$	\$ (106,552,420)	\$ 91,343,140
Land	<u>210,500,525</u>	<u>4,579,555</u>	<u>(6,019,005)</u>		<u>209,061,075</u>
Total capital assets not being depreciated or amortized	<u>376,152,750</u>	<u>36,822,890</u>	<u>(6,019,005)</u>	<u>(106,552,420)</u>	<u>300,404,215</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	302,261,178	1,162,714	(163,773)	34,745,276	338,005,395
Improvements other than buildings	180,234,261	8,176,785	(87,728)	62,591,172	250,914,490
Infrastructure	1,387,751,783	23,054,199		6,210,605	1,417,016,587
Machinery and equipment	<u>81,700,579</u>	<u>4,222,652</u>	<u>(2,921,690)</u>	<u>3,119,067</u>	<u>86,120,608</u>
Total capital assets being depreciated or amortized	<u>1,951,947,801</u>	<u>36,616,350</u>	<u>(3,173,191)</u>	<u>106,666,120</u>	<u>2,092,057,080</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(70,987,507)	(8,845,079)	29,630	134,516	(79,668,440)
Improvements other than buildings	(38,845,935)	(4,830,814)	84,637	(7,488)	(43,599,600)
Infrastructure	(632,206,191)	(64,286,780)	26	(9,352)	(696,502,297)
Machinery and equipment	<u>(61,470,974)</u>	<u>(6,072,312)</u>	<u>2,914,655</u>	<u>(231,376)</u>	<u>(64,860,007)</u>
Total accumulated depreciation and amortization	<u>(803,510,607)</u>	<u>(84,034,985)</u>	<u>3,028,948</u>	<u>(113,700)</u>	<u>(884,630,344)</u>
Total capital assets being depreciated or amortized, net	<u>1,148,437,194</u>	<u>(47,418,635)</u>	<u>(144,243)</u>	<u>106,552,420</u>	<u>1,207,426,736</u>
Total governmental activities	<u>\$ 1,524,589,944</u>	<u>\$ (10,595,745)</u>	<u>\$ (6,163,248)</u>	<u>\$</u>	<u>\$ 1,507,830,951</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, 2013

	Balance July 1, 2012 (Restated)	Increases	Decreases	Transfers* and Reclassifications	Balance June 30, 2013
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 142,406,029	\$ 8,686,558	\$ (48,598)	\$ (142,120,922)	\$ 8,923,067
Land	<u>27,477,823</u>	<u>730,851</u>			<u>28,208,674</u>
Total capital assets not being depreciated or amortized	<u>169,883,852</u>	<u>9,417,409</u>	<u>(48,598)</u>	<u>(142,120,922)</u>	<u>37,131,741</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	43,107,827			89,674,651	132,782,478
Improvements other than buildings	1,272,593,291	11,701,975	(9,283)	33,223,807	1,317,509,790
Machinery and equipment	<u>28,103,307</u>	<u>306,880</u>	<u>(4,454,151)</u>	<u>19,108,764</u>	<u>43,064,800</u>
Total capital assets being depreciated or amortized	<u>1,343,804,425</u>	<u>12,008,855</u>	<u>(4,463,434)</u>	<u>142,007,222</u>	<u>1,493,357,068</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(11,349,324)	(1,146,778)			(12,496,102)
Improvements other than buildings	(455,850,710)	(45,434,804)	9,284		(501,276,230)
Machinery and equipment	<u>(18,553,459)</u>	<u>(1,101,168)</u>	<u>4,441,253</u>	<u>113,700</u>	<u>(15,099,674)</u>
Total accumulated depreciation and amortization	<u>(485,753,493)</u>	<u>(47,682,750)</u>	<u>4,450,537</u>	<u>113,700</u>	<u>(528,872,006)</u>
Total capital assets being depreciated or amortized, net	<u>858,050,932</u>	<u>(35,673,895)</u>	<u>(12,897)</u>	<u>142,120,922</u>	<u>964,485,062</u>
Total business-type activities	<u>\$ 1,027,934,784</u>	<u>\$ (26,256,486)</u>	<u>\$ (61,495)</u>	<u>\$</u>	<u>\$ 1,001,616,803</u>

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

For the year ended June 30, 2013, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 3,894,036
Judicial	819,624
Public safety	3,590,144
Public works	64,406,073
Culture and recreation	7,413,980
Internal service fund depreciation expense is charged to specific functions based on asset usage	<u>3,911,128</u>
Total depreciation expense, governmental activities	<u>\$ 84,034,985</u>
Business-type activities	
Water	\$ 26,227,048
Sewer	20,457,093
Development services	46,720
Cultural arts and tourism	183,596
Municipal golf course	<u>768,293</u>
Total depreciation expense, business-type activities	<u>\$ 47,682,750</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Note 6. Long-term Liabilities

Changes in Long-term Liabilities

Long-term debt obligations activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Governmental activities					
General obligation bonds					
\$34,505,000 2004A Park and Recreation Refunding Bonds due annually through June 2018; interest varies between 2.5% and 5.0%	\$ 4,180,000		\$ (180,000)	\$ 4,000,000	\$ 2,000,000
\$43,355,000 2004B Refunding Bonds due in annually through April 2020; interest varies between 2.5% and 5.25%	27,575,000		(27,575,000)		
\$56,000,000 2005D Various Purpose Bonds due annually through June 2035; interest varies between 4.0% and 5.0%	43,825,000		(43,825,000)		
\$2,065,000 2006 Medium-term Bonds (Energy Retrofit Project) due annually through September 2016; interest fixed at 3.79%	1,130,000		(209,000)	921,000	217,000
\$1,162,000 2008 Medium Term Bonds due annually through March 2015; interest fixed at 3.24%	529,000		(171,000)	358,000	176,000
\$565,000 2011 Medium Term Bonds (Police Communications Equipment) due annually through August 2014; interest fixed at 1.96%	565,000		(185,000)	380,000	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	

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
\$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	\$
\$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%		<u>26,795,000</u>		<u>26,795,000</u>	
Total general obligation bonds	<u>112,364,000</u>	<u>66,750,000</u>	<u>(72,145,000)</u>	<u>106,969,000</u>	<u>2,583,000</u>
Tax allocation bonds					
\$12,045,000 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 3.5% and 5.25%	9,495,000		(490,000)	9,005,000	515,000
\$4,295,000 2002 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 5.1% and 7.2%	<u>3,515,000</u>		<u>(160,000)</u>	<u>3,355,000</u>	<u>165,000</u>
Total tax allocation bonds	<u>13,010,000</u>		<u>(650,000)</u>	<u>12,360,000</u>	<u>680,000</u>
Other long-term obligations					
\$17,960,000 2009 Installment Purchase Agreement due annually beginning in February 2010 through 2024; interest fixed at 4.97%	16,136,000		(752,000)	15,384,000	838,000
\$322,695 capital lease payable to Dell Financial Services, due in annual installments of \$107,565 through November 2013; interest fixed at 0.00%	215,130		(107,565)	107,565	107,565
Intangible asset obligation	<u>65,503</u>		<u>(65,503)</u>		
Total other long-term obligations	<u>16,416,633</u>		<u>(925,068)</u>	<u>15,491,565</u>	<u>945,565</u>
Unamortized bond premiums	3,671,027	5,055,658	(2,863,087)	5,863,598	
Claims and judgments	12,873,791	16,625,649	(14,622,268)	14,877,172	14,877,172
Termination benefits	1,054,184	4,382,997	(4,621,068)	816,113	816,113
Compensated absences	37,807,984	3,964,209	(4,287,213)	37,484,980	2,726,955
Other post employment benefits	<u>15,250,115</u>	<u>2,307,840</u>	<u>(1,174,806)</u>	<u>16,383,149</u>	
Total governmental activities	<u>212,447,734</u>	<u>99,086,353</u>	<u>(101,288,510)</u>	<u>210,245,577</u>	<u>22,628,805</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Business-type activities					
Revenue bonds					
\$12,300,000 1992 Sewer Serial Bonds due in semi-annual installments through January 2012; interest fixed at 4.0%	\$ 458,690		\$ (458,690)		\$
\$987,525 1993 Water Serial Bonds due in five year installments through December 2012; interest varies between 4.85% and 6.5% (interest is accrued and due with principal payments)	701,165	18,835	(720,000)		
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest fixed at 4.0%	2,125,033		(824,853)	1,300,180	858,176
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 2015; interest fixed at 3.825%	2,230,028		(607,270)	1,622,758	630,719
\$5,500,000 2000 Water Bonds due in annual installments through January 2021; interest fixed at 3.65%	3,506,283		(264,285)	3,241,998	274,020
\$110,000,000 2004 Sewer Bonds due in annual installments through June 2034; interest varies between 3.0% and 5.25%	95,075,000		(92,435,000)	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%	16,942,000		(2,080,000)	14,862,000	2,180,000
\$33,927,000 2005 Sewer Bonds due in annual installments beginning September 2009 through 2018; interest fixed at 5.0%	25,413,000		(3,120,000)	22,293,000	3,270,000
\$29,815,000 Water and Sewer Refunding Bonds due in annual installments through September 2017; interest varies between 4.0% and 5.0%	17,195,000		(3,340,000)	13,855,000	4,195,000
\$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%	1,572,059		(87,336)	1,484,723	87,337

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
\$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%		19,710,000		19,710,000	
Total revenue bonds	165,218,258	92,278,835	(103,937,434)	153,559,659	14,135,252
Other					
Provisional credits and refunding agreements	396,525	25,308	(160,135)	261,698	
Intergovernmental payable to the City of Las Vegas	2,582,992			2,582,992	322,874
Total other	2,979,517	25,308	(160,135)	2,844,690	322,874
Unamortized bond premiums	5,646,731	8,094,416	(4,653,240)	9,087,907	
Termination benefits	26,198	910,239	(604,874)	331,563	331,563
Compensated absences	6,070,697	899,314	(568,598)	6,401,413	687,742
Other post employment benefits	3,472,061	222,107		3,694,168	
Total business-type activities	183,413,462	102,430,219	(109,924,281)	175,919,400	15,477,431
Total long-term debt obligations	\$ 395,861,196	\$ 201,516,572	\$ (211,212,791)	\$ 386,164,977	\$ 38,106,236

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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

For the year ended June 30, 2013, activity related to the City's unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2012 (Restated)	\$ 11,514,584	\$ 1,298,063	\$ 12,812,647
Additions	2,522,601	6,762,504	9,285,105
Reductions	(3,924,628)	(857,138)	(4,781,766)
Balance June 30, 2013	\$ 10,112,557	\$ 7,203,429	\$ 17,315,986

Future Debt Service Requirements

At June 30, 2013, the annual requirements to pay principal and interest on all bonds outstanding, as well as other long-term debt obligations, were as follows:

For the Year Ended June 30,	Revenue bonds		General obligation bonds	
	Principal	Interest	Principal	Interest
2014	\$ 14,135,252	\$ 6,700,933	\$ 2,583,000	\$ 3,780,180
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 - 2023	28,143,868	16,208,786	34,210,000	11,247,946
2024 - 2028	24,536,680	10,628,094	17,145,000	6,626,257
2029 - 2033	30,224,673	4,907,594	14,370,000	3,494,525
2034 - 2038	6,730,000	269,200	6,615,000	499,750
	\$ 153,559,659	\$ 59,246,990	\$ 106,969,000	\$ 38,346,836

For the Year Ended June 30,	Tax allocation bonds		Other Long-term Debt Obligations	
	Principal	Interest	Principal	Interest
2014	\$ 680,000	\$ 669,121	\$ 945,565	\$ 764,585
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 - 2023	4,915,000	1,790,937	8,142,000	1,797,700
2024 - 2028	3,670,000	328,294	2,073,000	103,028
	\$ 12,360,000	\$ 5,084,616	\$ 15,491,565	\$ 5,260,049

Special Assessment Bonds

The City has issued special assessment bonds with an aggregate outstanding principal balance of \$213,625,000. 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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Advance Refundings

In December 2012, the City issued \$72,550,000 in Sewer Refunding Bonds, Series 2012A. These proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on \$71,120,000 of refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next twenty-two years by \$3,675,303, and resulted in an economic gain of \$2,691,357.

In April 2013, the City issued \$19,710,000 in Sewer Refunding Bonds, Series 2013A. These proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on \$18,800,000 of refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next eighteen years by \$1,946,841, and resulted in an economic gain of \$1,588,651.

In April 2013, the City issued \$39,955,000 in General Obligation (Limited Tax) Various Purpose Refunding Bonds, Series 2013B and \$26,795,000 in General Obligation (Taxable) Various Purpose Refunding Bonds, Series 2013C. These bonds are collectively referred to as the Series 2013BC bonds. Proceeds of the 2013BC bonds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on \$68,450,000 of refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next twenty-three years by \$3,685,897, and resulted in an economic gain of \$3,629,130.

Defeased Debt

In the current year, debt was defeased in connection with the advance refundings, previously discussed, and the outstanding balance at June 30, 2013, applicable to this defeasement is \$175,300,000.

Termination Benefits

Pursuant to the City's voluntary employee severance program (VESP), certain employees could elect to receive a severance payment based on years of service, and three months of health insurance coverage. Payments under VESP agreements are generally made within two weeks of the employee's termination date. Accordingly, the termination obligation is reported at the stated value per the VESP agreements and is not discounted.

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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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. 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>		Required Contribution and Amount Contributed
	<u>Police and Fire Employees</u>	<u>Other Employees</u>	
2011	37.00 %	21.50 %	\$ 41,337,105
2012	39.75 %	23.75 %	45,827,522
2013	39.75 %	23.75 %	44,726,037

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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Effective May 1, 2013, the City Self Funded Health Plan no longer offers medical, prescription, dental or vision coverage for Medicare eligible retirees and their Medicare eligible dependents. Medicare eligible retirees have been moved to 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.

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, 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, 2013, the City had 238 retirees receiving benefits and 1,102 active employees. Contributions are required for both retiree and dependent coverage and range from \$396 to \$1,241 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.

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)	\$ 464,000	\$ 2,116,450	\$ 2,580,450
Interest on net OPEB obligation	166,854	675,644	842,498
Adjustment to ARC	(160,574)	(732,426)	(893,000)
Annual OPEB cost	470,280	2,059,668	2,529,948
OPEB contributions made	(510,693)	(664,114)	(1,174,807)
Increase (decrease) in net OPEB obligation	(40,413)	1,395,554	1,355,141
Net OPEB obligation, beginning of year	3,707,858	15,014,318	18,722,176
Net OPEB obligation, end of year	\$ 3,667,445	\$ 16,409,872	\$ 20,077,317

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plans and the net OPEB obligations fiscal years ended June 30, 2011, 2012 and 2013, were as follows:

<u>For the Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contributions Made</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
Public Employee Benefit Program				
2011	\$ 731,644	\$ 608,950	83.2 %	\$ 3,827,272
2012	422,000	541,414	128.3 %	3,707,858
2013	470,280	510,693	108.6 %	3,667,445
City of Henderson Plans				
2011	1,811,251	174,042	9.6 %	10,808,231
2012	4,243,000	36,913	0.9 %	15,014,318
2013	2,059,668	664,114	32.2 %	16,409,872

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>	<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, 2011	N/A ¹	\$ 7,931,000	\$ 7,931,000	0.0 %	N/A ²	N/A ²
City of Henderson Plans						
July 1, 2011	N/A ¹	34,427,000	34,427,000	0.0 %	143,530,451	24.0 %

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.

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, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate and a projected salary increase of 2.0% with no inflation rate growth and a health care cost trend rate assumption of 10.0% through fiscal 2012, grading down by 0.5% each year until an ultimate health care cost trend rate of 5.0% is reached. The unfunded actuarial accrued liability for the City Plan is being amortized on an open basis over a period of 30 years assuming a level percentage of projected payroll. The unfunded actuarial accrued liability for the PEBP Plan is being amortized on a closed basis over a period of 23 years.

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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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 \$899 million blanket property insurance policy on all buildings, building contents and Boiler and Machinery with a \$100,000 deductible; \$1.9 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 \$12.1 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.

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 \$150,000 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, 2012 through July 1, 2013.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

For the fiscal years ended June 30, 2012 and 2013, 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, 2012				
Liability insurance	\$ 1,926,332	\$ 1,234,086	\$ (1,360,198)	\$ 1,800,220
Workmen's compensation insurance	9,083,305	2,415,393	(1,824,127)	9,674,571
Health Insurance	1,183,700	10,621,357	(10,406,057)	1,399,000
	\$ 12,193,337	\$ 14,270,836	\$ (13,590,382)	\$ 12,873,791
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	1,399,000	12,698,286	(12,067,286)	2,030,000
	\$ 12,873,791	\$ 16,625,649	\$ (14,622,268)	\$ 14,877,172

Note 10. Other Information

Construction in Progress

As of June 30, 2013, construction in progress of \$100,266,207 was reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$25,407,798 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 it is not currently probable that the City will incur a loss, and accordingly, no provision for loss has been recorded in the accompanying financial statements. However, the City Attorney estimates a range of potential loss in connection with these matters of approximately \$0.6 million to \$7.0 million.

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.

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

City of Henderson Redevelopment 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 repay developers approximately \$58,995,000, plus accrued interest, to reimburse the developers for the costs incurred 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.

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, 2013, total costs under such agreements were \$1,289,647.

At June 30, 2013, the future minimum operating lease payments were as follows:

<u>For the Year Ended June 30,</u>	
2014	\$ 1,191,982
2015	1,191,982
2016	1,191,982
2017	595,591
2018	
	<u>\$ 4,171,537</u>

Encumbrances

At June 30, 2013, outstanding encumbrances were as follows:

General Fund	\$ 936,460
Grants Special Revenue Fund	6,158,995
General Obligation Debt Service Fund	42,831
Municipal Facilities Acquisition and Construction Capital Projects Fund	327,703
Aggregate Other Governmental Funds	<u>1,692,679</u>
	<u>\$ 9,158,668</u>

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.

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CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Note 11. Components of Fund Balances

At June 30, 2013, 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	\$	\$ 31,495	\$	\$	\$
Courts and other judicial programs					
Fire, police and other public safety programs		213,970			
Streets and other public works projects		1,001,618		89,824,570	
Parks, cultural and recreational programs		196,352			
Community assistance and support programs		138,525			
Debt service			2,215,640		
Redevelopment programs					
Assigned					
Stabilization and other general programs	615,364				
Courts and other judicial programs	28,189				
Fire, police and other public safety programs	108,977				
Streets and other public works projects	34,483				9,642,558
Parks, cultural and recreational programs	135,637				
Community assistance and support programs	13,810				
Unassigned	<u>16,391,761</u>				
	<u>\$ 17,328,221</u>	<u>\$ 1,581,960</u>	<u>\$ 2,215,640</u>	<u>\$ 89,824,570</u>	<u>\$ 9,642,558</u>

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Aggregate Other Governmental Funds	Total Governmental Funds
Restricted		
Stabilization and other general programs	\$ 17,007,564	\$ 17,039,059
Courts and other judicial programs	1,096,331	1,096,331
Fire, police and other public safety programs	2,591,595	2,805,565
Streets and other public works projects	34,264,486	125,090,674
Parks, cultural and recreational programs	12,098,619	12,294,971
Community assistance and support programs		138,525
Debt service	866,967	3,082,607
Redevelopment programs	29,418,639	29,418,639
Assigned		
Stabilization and other general programs		615,364
Courts and other judicial programs		28,189
Fire, police and other public safety programs		108,977
Streets and other public works projects	17,551,540	27,228,581
Parks, cultural and recreational programs		135,637
Community assistance and support programs		13,810
Unassigned	_____	16,391,761
	\$ 114,895,741	\$ 235,488,690

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

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

(Continued)

CITY OF HENDERSON, NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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 has not yet completed its assessment of this statement.

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 April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for periods beginning after June 15, 2013. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees and to enhance comparability of financial statements among such governments by requiring consistent reporting by those governments. This statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. Management has not yet completed its assessment of this statement.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

2013

CITY OF HENDERSON, NEVADA



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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, 2013

<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, 2007	\$ N/A ¹	\$ 19,158,002	\$ 19,158,002	0.0 %	\$ N/A ²	N/A ²
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
City of Henderson Plans						
July 1, 2007	\$ N/A ¹	\$ 32,283,998	\$ 32,283,998	0.0 %	\$ 147,095,944	21.9 %
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 %

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, 2013

Note 1. Other Post Employment Benefits

Effective May 1, 2013, the City Self Funded Health Plan no longer offers medical, prescription, dental or vision coverage for Medicare eligible retirees and their Medicare eligible dependents. Medicare eligible retirees have been moved to 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.

Except as discussed above, for the year ended June 30, 2013, 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.

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.

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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2013

CITY OF HENDERSON, NEVADA



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CITY OF HENDERSON, NEVADA

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2013

	<u>Special Revenue Funds</u>	<u>Special Assessments Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Aggregate Other Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 20,948,093	\$ 380,932	\$ 24,565,285	\$ 45,894,310
Restricted cash and cash equivalents	473,858		253,268	727,126
Investments	24,004,169	484,722	31,582,936	56,071,827
Accounts receivable, net	65,040		65,666	130,706
Interest receivable	83,330	1,688	106,580	191,598
Special assessments receivable		1,871,220		1,871,220
Notes receivable, net	216,084		1,380,591	1,596,675
Due from other governments	3,266,725		794,422	4,061,147
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>\$ 62,344,786</u>	<u>\$ 2,738,562</u>	<u>\$ 59,370,009</u>	<u>\$ 124,453,357</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 626,368	\$ 375	\$ 608,857	\$ 1,235,600
Accrued wages	125,115		1,555	126,670
Tax increment payable to developers	473,858			473,858
Due to other governments			3,242,474	3,242,474
Due to other funds	361,233			361,233
Advances from other funds	621,261			621,261
Deposits			<u>28,625</u>	<u>28,625</u>
Total liabilities	<u>2,207,835</u>	<u>375</u>	<u>3,881,511</u>	<u>6,089,721</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, special assessments		1,871,220		1,871,220
Unavailable revenue, notes receivable	<u>216,084</u>		<u>1,380,591</u>	<u>1,596,675</u>
Total deferred inflows of resources	<u>216,084</u>	<u>1,871,220</u>	<u>1,380,591</u>	<u>3,467,895</u>
Total liabilities and deferred inflows of resources	<u>2,423,919</u>	<u>1,871,595</u>	<u>5,262,102</u>	<u>9,557,616</u>
FUND BALANCES				
Restricted	59,920,867	866,967	36,556,367	97,344,201
Assigned			<u>17,551,540</u>	<u>17,551,540</u>
Total fund balances	<u>59,920,867</u>	<u>866,967</u>	<u>54,107,907</u>	<u>114,895,741</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 62,344,786</u>	<u>\$ 2,738,562</u>	<u>\$ 59,370,009</u>	<u>\$ 124,453,357</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, 2013

	Special Revenue Funds	Special Assessments Debt Service Fund	Capital Project Funds	Aggregate Other Governmental Funds
REVENUES				
Property taxes	\$ 4,662,437		\$ 513,537	\$ 5,175,974
Intergovernmental	13,543,198		2,640,330	16,183,528
Charges for services	76,637		2,347,759	2,424,396
Fines and forfeitures	1,533,012		35	1,533,047
Impact fees			704,633	704,633
Special assessments		146,928		146,928
Investment income	460,469	157,596	630,360	1,248,425
Decrease in fair value of investments	(815,570)	(15,302)	(993,341)	(1,824,213)
Developer contributions			767,836	767,836
Rental fees	51,430		552,337	603,767
Miscellaneous	123,672		236,174	359,846
Total revenues	19,635,285	289,222	7,399,660	27,324,167
EXPENDITURES				
Current				
General government	3,876,050		299,621	4,175,671
Judicial	862,079			862,079
Public safety	11,539,413		42,307	11,581,720
Public works	1,018,288		1,234,914	2,253,202
Culture and recreation			2,278,257	2,278,257
Community support	1,600		100,115	101,715
Total current	17,297,430		3,955,214	21,252,644
Capital outlay				
General government	219		1,445,363	1,445,582
Judicial	174,848		110,030	284,878
Public safety	157,814		74,095	231,909
Public works	2,382,024		141,283	2,523,307
Culture and recreation			1,684,914	1,684,914
Total capital outlay	2,714,905		3,455,685	6,170,590
Debt service				
Principal payments	650,000			650,000
Interest and fiscal charges	702,789			702,789
Administrative and other costs		6,471		6,471
Total debt service	1,352,789	6,471		1,359,260
Total expenditures	21,365,124	6,471	7,410,899	28,782,494
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,729,839)	282,751	(11,239)	(1,458,327)
OTHER FINANCING SOURCES (USES)				
Proceeds from land sales			1,827,493	1,827,493
Loss on sale of land held for development	(3,426,519)			(3,426,519)
Transfers in	2,559,497		81,937	2,641,434
Transfers out	(293,092)	(224,969)	(3,393,644)	(3,911,705)
Total other financing sources (uses)	(1,160,114)	(224,969)	(1,484,214)	(2,869,297)
CHANGE IN FUND BALANCE	(2,889,953)	57,782	(1,495,453)	(4,327,624)
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	63,194,890	809,185	55,603,360	119,607,435
Adjustment	(384,070)			(384,070)
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	62,810,820	809,185	55,603,360	119,223,365
FUND BALANCE, END OF YEAR	\$ 59,920,867	\$ 866,967	\$ 54,107,907	\$ 114,895,741

CITY OF HENDERSON, NEVADA

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2013

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Sales and Use Tax	Code Enforcement	Commissary	Total Special Revenue Funds
ASSETS									
Cash and cash equivalents	\$ 7,923,323	\$ 4,160,013	\$ 216,533	\$ 1,076,167	\$ 7,469,857	\$	\$ 920	\$ 101,280	\$ 20,948,093
Restricted cash and cash equivalents	473,858								473,858
Investments	8,827,886	5,293,464	275,530	56,784	9,505,120		1,171	100,998	24,004,169
Accounts receivable, net	5,475						2,781		65,040
Interest receivable	31,068	18,403	1,009		32,501		7	342	83,330
Notes receivable, net	216,084								216,084
Due from other governments	36,731	467,406			86	2,762,502			3,266,725
Land held for resale	13,287,487								13,287,487
Total assets	\$ 30,801,912	\$ 9,939,286	\$ 493,072	\$ 1,132,951	\$ 17,007,564	\$ 2,762,502	\$ 4,879	\$ 202,620	\$ 62,344,786
LIABILITIES									
Accounts payable and other accrued liabilities	\$ 59,370	\$ 132,548	\$ 139,496	\$ 41,072	\$	\$ 234,026	\$	\$ 19,856	\$ 626,368
Accrued wages	12,700			427		111,988			125,115
Tax increment payable to developers	473,858								473,858
Due to other funds						361,233			361,233
Advances from other funds	621,261								621,261
Total liabilities	1,167,189	132,548	139,496	41,499		707,247		19,856	2,207,835
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue, notes receivable	216,084								216,084
Total liabilities and deferred inflows of resources	1,383,273	132,548	139,496	41,499		707,247		19,856	2,423,919
FUND BALANCES									
Restricted	29,418,639	9,806,738	353,576	1,091,452	17,007,564	2,055,255	4,879	182,764	59,920,867
Total fund balances	29,418,639	9,806,738	353,576	1,091,452	17,007,564	2,055,255	4,879	182,764	59,920,867
Total liabilities, deferred inflows of resources and fund balances	\$ 30,801,912	\$ 9,939,286	\$ 493,072	\$ 1,132,951	\$ 17,007,564	\$ 2,762,502	\$ 4,879	\$ 202,620	\$ 62,344,786

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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, 2013

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Sales and Use Tax	Code Enforcement	Commissary	Total Special Revenue Funds
REVENUES									
Property taxes	\$ 4,648,687	\$ 2,839,181	\$	\$	\$ 13,750	\$ 10,704,017	\$	\$	\$ 4,662,437
Intergovernmental									13,543,198
Charges for services	100,000		635,021	794,733			3,258	76,637	76,637
Fines and forfeitures	175,446	103,276	4,283		173,876	1,858	31	1,699	1,533,012
Investment income	(307,553)	(186,657)	(6,182)		(311,243)	(949)	(27)	(2,959)	460,469
Decrease in fair value of investments									(815,570)
Rental fees	51,430								51,430
Miscellaneous	120,891		1,067			1,714			123,672
Total revenues	<u>4,788,901</u>	<u>2,755,800</u>	<u>634,189</u>	<u>794,733</u>	<u>(123,617)</u>	<u>10,706,640</u>	<u>3,262</u>	<u>75,377</u>	<u>19,635,285</u>
EXPENDITURES									
Current									
General government	3,876,050			862,079					3,876,050
Judicial									862,079
Public safety			284,239			11,226,893		28,281	11,539,413
Public works		1,018,288							1,018,288
Community support									1,600
Total current	<u>3,876,050</u>	<u>1,018,288</u>	<u>284,239</u>	<u>862,079</u>	<u>1,600</u>	<u>11,226,893</u>	<u>1,600</u>	<u>28,281</u>	<u>17,297,430</u>
Capital outlay									
General government	219								219
Judicial				174,848					174,848
Public safety			157,814						157,814
Public works		2,382,024							2,382,024
Total capital outlay	<u>219</u>	<u>2,382,024</u>	<u>157,814</u>	<u>174,848</u>					<u>2,714,905</u>
Debt service									
Principal payments	650,000								650,000
Interest and fiscal charges	702,789								702,789
Total debt service	<u>1,352,789</u>								<u>1,352,789</u>
Total expenditures	<u>5,229,058</u>	<u>3,400,312</u>	<u>442,053</u>	<u>1,036,927</u>	<u>1,600</u>	<u>11,226,893</u>	<u>1,600</u>	<u>28,281</u>	<u>21,365,124</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(440,157)</u>	<u>(644,512)</u>	<u>192,136</u>	<u>(242,194)</u>	<u>(123,617)</u>	<u>(520,253)</u>	<u>1,662</u>	<u>47,096</u>	<u>(1,729,839)</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, 2013

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Sales and Use Tax	Code Enforcement	Commissary	Total Special Revenue Funds
OTHER FINANCING SOURCES (USES)									
Loss on sale of land held for development	(3,426,519)								(3,426,519)
Transfers in	2,084,497				475,000				2,559,497
Transfers out	(81,937)	(103,278)	(107,877)						(293,092)
Total other financing sources (uses)	<u>(1,423,959)</u>	<u>(103,278)</u>	<u>(107,877)</u>		<u>475,000</u>				<u>(1,160,114)</u>
CHANGE IN FUND BALANCE	<u>(1,864,116)</u>	<u>(747,790)</u>	<u>84,259</u>	<u>(242,194)</u>	<u>351,383</u>	<u>(520,253)</u>	<u>1,662</u>	<u>47,096</u>	<u>(2,889,953)</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	31,666,825	10,554,528	269,317	1,333,646	16,656,181	2,575,508	3,217	135,668	63,194,890
Adjustment	<u>(384,070)</u>								<u>(384,070)</u>
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	<u>31,282,755</u>	<u>10,554,528</u>	<u>269,317</u>	<u>1,333,646</u>	<u>16,656,181</u>	<u>2,575,508</u>	<u>3,217</u>	<u>135,668</u>	<u>62,810,820</u>
FUND BALANCE, END 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>	<u>\$ 2,055,255</u>	<u>\$ 4,879</u>	<u>\$ 182,764</u>	<u>\$ 59,920,867</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2013

	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 and cash equivalents	\$ 11,519,845	\$ 1,426,177	\$ 3,596,467	\$ 82,014	\$ 234,687	\$ 16,063	\$ 5,224,534	\$ 2,465,498	\$ 24,565,285
Restricted cash and cash equivalents	67,999		185,269						253,268
Investments	14,745,110	1,814,757	4,812,119	104,358	300,866	20,440	6,648,029	3,137,257	31,582,936
Accounts receivable, net	12,087						53,579		65,666
Interest receivable	48,415	6,445	16,417	360		181	23,726	11,036	106,580
Notes receivable, net	1,380,591								1,380,591
Due from other governments		750,652				43,770			794,422
Advances to other funds	621,261								621,261
Total assets	\$ 28,395,308	\$ 3,998,031	\$ 8,610,272	\$ 186,732	\$ 535,553	\$ 80,454	\$ 11,949,868	\$ 5,613,791	\$ 59,370,009
LIABILITIES									
Accounts payable and other accrued liabilities	\$ 83,957	\$ 40,932	\$ 468,752	\$ 4,652			\$ 10,564		\$ 608,857
Accrued wages							1,555		1,555
Due to other governments	3,242,474								3,242,474
Deposits	28,625								28,625
Total liabilities	\$ 3,355,056	\$ 40,932	\$ 468,752	\$ 4,652			\$ 12,119		\$ 3,881,511
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue, notes receivable	1,380,591								1,380,591
Total deferred inflows of resources	\$ 1,380,591								\$ 1,380,591
Total liabilities and deferred inflows of resources	\$ 4,735,647	\$ 40,932	\$ 468,752	\$ 4,652			\$ 12,119		\$ 5,262,102
FUND BALANCES									
Restricted	23,659,661	3,957,099	8,141,520	182,080	535,553	80,454	11,937,749	5,613,791	36,556,367
Assigned									17,551,540
Total fund balances	\$ 23,659,661	\$ 3,957,099	\$ 8,141,520	\$ 182,080	\$ 535,553	\$ 80,454	\$ 11,937,749	\$ 5,613,791	\$ 54,107,907
Total liabilities, deferred inflows of resources and fund balances	\$ 28,395,308	\$ 3,998,031	\$ 8,610,272	\$ 186,732	\$ 535,553	\$ 80,454	\$ 11,949,868	\$ 5,613,791	\$ 59,370,009

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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, 2013

	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	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental		2,633,103				513,537	7,227		513,537
Charges for services		405,895					1,941,864		2,640,330
Fines and forfeitures							35		2,347,759
Impact fees			704,633						704,633
Investment income	316,590	33,743	85,821	1,918		1,024	132,204	59,060	630,360
Decrease in fair value of investments	(415,463)	(60,699)	(153,210)	(3,428)		(359)	(255,113)	(105,069)	(993,341)
Developer contributions							767,836		767,836
Rental fees	552,337								552,337
Miscellaneous							236,174		236,174
Total revenues	<u>453,464</u>	<u>3,012,042</u>	<u>637,244</u>	<u>(1,510)</u>	<u></u>	<u>514,202</u>	<u>2,830,227</u>	<u>(46,009)</u>	<u>7,399,660</u>
EXPENDITURES									
Current									
General government							299,621		299,621
Public safety							42,307		42,307
Public works	386,615				2,518		845,781		1,234,914
Culture and recreation		2,051,995	20,670				205,592		2,278,257
Community support	100,115								100,115
Total current	<u>486,730</u>	<u>2,051,995</u>	<u>20,670</u>	<u></u>	<u>2,518</u>	<u></u>	<u>1,393,301</u>	<u></u>	<u>3,955,214</u>
Capital outlay									
General government							1,445,363		1,445,363
Judicial							110,030		110,030
Public safety							74,095		74,095
Public works	42,148				1,120		98,015		141,283
Culture and recreation	42,148	420,544	609,405				654,965		1,684,914
Total capital outlay	<u>42,148</u>	<u>420,544</u>	<u>609,405</u>	<u></u>	<u>1,120</u>	<u></u>	<u>2,382,468</u>	<u></u>	<u>3,455,685</u>
Total expenditures	<u>528,878</u>	<u>2,472,539</u>	<u>630,075</u>	<u></u>	<u>3,638</u>	<u></u>	<u>3,775,769</u>	<u></u>	<u>7,410,899</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(75,414)</u>	<u>539,503</u>	<u>7,169</u>	<u>(1,510)</u>	<u>(3,638)</u>	<u>514,202</u>	<u>(945,542)</u>	<u>(46,009)</u>	<u>(11,239)</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, 2013

	Land Sales	Special Recreation	Park Development	Flood Control	RTC/County Funded	Special Ad Valorem Transportation	Capital Replacement	Lake Las Vegas	Total Capital Project Funds
OTHER FINANCING SOURCES (USES)									
Proceeds from land sales	1,827,493								1,827,493
Transfers in	51,274		30,663						81,937
Transfers out	(2,085,024)	(274,794)				(732,000)	(301,826)		(3,393,644)
Total other financing sources (uses)	<u>(206,257)</u>	<u>(274,794)</u>	<u>30,663</u>			<u>(732,000)</u>	<u>(301,826)</u>		<u>(1,484,214)</u>
CHANGE IN FUND BALANCE	(281,671)	264,709	37,832	(1,510)	(3,638)	(217,798)	(1,247,368)	(46,009)	(1,495,453)
FUND BALANCE, BEGINNING OF YEAR	23,941,332	3,692,390	8,103,688	183,590	539,191	298,252	13,185,117	5,659,800	55,603,360
FUND BALANCE, END OF YEAR	<u>\$ 23,659,661</u>	<u>\$ 3,957,099</u>	<u>\$ 8,141,520</u>	<u>\$ 182,080</u>	<u>\$ 535,553</u>	<u>\$ 80,454</u>	<u>\$ 11,937,749</u>	<u>\$ 5,613,791</u>	<u>\$ 54,107,907</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 54,897,557	\$ 55,642,041	\$ 744,484
Franchise fees	30,381,045	30,011,869	(369,176)
Licenses and permits	8,014,935	8,063,081	48,146
Intergovernmental	84,544,304	83,942,115	(602,189)
Charges for services	26,084,064	25,128,181	(955,883)
Fines and forfeitures	6,182,305	5,078,530	(1,103,775)
Investment income	235,000	132,993	(102,007)
Decrease in fair value of investments		(101,479)	(101,479)
Developer contributions	95,000		(95,000)
Miscellaneous	1,346,426	572,295	(774,131)
Total revenues	211,780,636	208,469,626	(3,311,010)
EXPENDITURES			
General government			
Mayor and council			
Salaries and wages	355,991	336,872	19,119
Employee benefits	134,252	130,617	3,635
Services and supplies	237,089	120,559	116,530
Total mayor and council	727,332	588,048	139,284
City manager			
Salaries and wages	851,172	873,846	(22,674)
Employee benefits	300,309	307,385	(7,076)
Services and supplies	486,961	430,496	56,465
Total city manager	1,638,442	1,611,727	26,715
Finance			
Salaries and wages	3,465,991	3,495,862	(29,871)
Employee benefits	1,464,453	1,488,384	(23,931)
Services and supplies	504,731	277,334	227,397
Total finance	5,435,175	5,261,580	173,595
Information technology			
Salaries and wages	5,369,689	5,280,479	89,210
Employee benefits	1,982,677	1,983,151	(474)
Services and supplies	1,367,743	1,018,415	349,328
Total information technology	8,720,109	8,282,045	438,064
City clerk			
Salaries and wages	1,124,022	1,117,910	6,112
Employee benefits	452,910	449,549	3,361
Services and supplies	474,122	403,499	70,623
Total city clerk	2,051,054	1,970,958	80,096
Human resources			
Salaries and wages	1,794,896	1,721,941	72,955
Employee benefits	682,939	686,493	(3,554)
Services and supplies	516,038	165,310	350,728
Total human resources	2,993,873	2,573,744	420,129
City attorney			
Salaries and wages	2,519,119	2,461,343	57,776
Employee benefits	936,889	922,180	14,709
Services and supplies	1,476,195	477,651	998,544
Total city attorney	4,932,203	3,861,174	1,071,029

(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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Community development			
Salaries and wages	2,180,909	2,274,429	(93,520)
Employee benefits	846,349	840,508	5,841
Services and supplies	<u>546,135</u>	<u>231,581</u>	<u>314,554</u>
Total community development	<u>3,573,393</u>	<u>3,346,518</u>	<u>226,875</u>
Building maintenance			
Salaries and wages	2,262,261	2,347,398	(85,137)
Employee benefits	1,028,442	1,028,978	(536)
Services and supplies	<u>4,384,235</u>	<u>4,006,817</u>	<u>377,418</u>
Total building maintenance	<u>7,674,938</u>	<u>7,383,193</u>	<u>291,745</u>
Public affairs			
Salaries and wages	986,507	973,558	12,949
Employee benefits	337,890	344,405	(6,515)
Services and supplies	<u>808,979</u>	<u>403,785</u>	<u>405,194</u>
Total public affairs	<u>2,133,376</u>	<u>1,721,748</u>	<u>411,628</u>
Internal audit			
Salaries and wages	142,146	94,597	47,549
Employee benefits	52,230	33,888	18,342
Services and supplies	<u>16,744</u>	<u>10,774</u>	<u>5,970</u>
Total internal audit	<u>211,120</u>	<u>139,259</u>	<u>71,861</u>
Miscellaneous			
Salaries and wages	3,732,840	3,855,740	(122,900)
Employee benefits	621,644	675,853	(54,209)
Services and supplies	<u>436,506</u>	<u>319,613</u>	<u>116,893</u>
Total miscellaneous	<u>4,790,990</u>	<u>4,851,206</u>	<u>(60,216)</u>
Total general government	<u>44,882,005</u>	<u>41,591,200</u>	<u>3,290,805</u>
Judicial			
Municipal court			
Salaries and wages	4,529,409	4,479,194	50,215
Employee benefits	2,038,880	2,030,368	8,512
Services and supplies	<u>496,578</u>	<u>485,685</u>	<u>10,893</u>
Total municipal court	<u>7,064,867</u>	<u>6,995,247</u>	<u>69,620</u>
City attorney- criminal			
Salaries and wages	1,529,892	1,526,633	3,259
Employee benefits	597,237	597,807	(570)
Services and supplies	<u>182,426</u>	<u>128,549</u>	<u>53,877</u>
Total city attorney- criminal	<u>2,309,555</u>	<u>2,252,989</u>	<u>56,566</u>
City attorney- court programs			
Salaries and wages	1,265,938	1,247,754	18,184
Employee benefits	466,342	463,192	3,150
Services and supplies	<u>307,840</u>	<u>266,340</u>	<u>41,500</u>
Total city attorney- court programs	<u>2,040,120</u>	<u>1,977,286</u>	<u>62,834</u>
Total judicial	<u>11,414,542</u>	<u>11,225,522</u>	<u>189,020</u>

(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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Public safety			
Fire			
Salaries and wages	25,111,965	24,652,777	459,188
Employee benefits	11,178,390	10,978,450	199,940
Services and supplies	<u>1,957,245</u>	<u>1,924,172</u>	<u>33,073</u>
Total fire	<u>38,247,600</u>	<u>37,555,399</u>	<u>692,201</u>
Police			
Salaries and wages	46,002,252	46,361,577	(359,325)
Employee benefits	22,957,491	22,708,164	249,327
Services and supplies	9,007,004	7,951,907	1,055,097
Capital outlay	<u>50,750</u>	<u>57,958</u>	<u>(7,208)</u>
Total police	<u>78,017,497</u>	<u>77,079,606</u>	<u>937,891</u>
Building inspection			
Salaries and wages	938,569	900,330	38,239
Employee benefits	359,349	363,049	(3,700)
Services and supplies	<u>121,091</u>	<u>92,507</u>	<u>28,584</u>
Total building inspection	<u>1,419,009</u>	<u>1,355,886</u>	<u>63,123</u>
Total public safety	<u>117,684,106</u>	<u>115,990,891</u>	<u>1,693,215</u>
Public works			
Streets			
Salaries and wages	629,455	612,768	16,687
Employee benefits	270,776	262,668	8,108
Services and supplies	<u>147,732</u>	<u>135,625</u>	<u>12,107</u>
Total streets	<u>1,047,963</u>	<u>1,011,061</u>	<u>36,902</u>
Street lighting			
Salaries and wages	1,054,624	1,043,585	11,039
Employee benefits	409,706	394,700	15,006
Services and supplies	<u>1,513,238</u>	<u>1,447,629</u>	<u>65,609</u>
Total street lighting	<u>2,977,568</u>	<u>2,885,914</u>	<u>91,654</u>
Flood control			
Salaries and wages	205,958	181,915	24,043
Employee benefits	96,900	81,425	15,475
Services and supplies	<u>129,408</u>	<u>45,407</u>	<u>84,001</u>
Total flood control	<u>432,266</u>	<u>308,747</u>	<u>123,519</u>
Public works general services			
Salaries and wages	1,606,672	1,597,036	9,636
Employee benefits	633,331	640,328	(6,997)
Services and supplies	222,584	200,796	21,788
Capital outlay	<u>33,100</u>	<u>32,377</u>	<u>723</u>
Total public works general services	<u>2,495,687</u>	<u>2,470,537</u>	<u>25,150</u>
Total public works	<u>6,953,484</u>	<u>6,676,259</u>	<u>277,225</u>
Culture and recreation			
Parks			
Salaries and wages	7,238,054	7,084,924	153,130
Employee benefits	3,070,539	3,007,158	63,381
Services and supplies	<u>4,957,661</u>	<u>4,622,269</u>	<u>335,392</u>
Total parks	<u>15,266,254</u>	<u>14,714,351</u>	<u>551,903</u>

(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, 2013

	Final Budget	Actual	Variance
Recreation			
Salaries and wages	12,018,781	11,683,127	335,654
Employee benefits	3,100,557	2,998,995	101,562
Services and supplies	4,698,378	4,327,294	371,084
Total recreation	19,817,716	19,009,416	808,300
Total culture and recreation	35,083,970	33,723,767	1,360,203
Community support			
Economic development			
Salaries and wages	745,709	710,381	35,328
Employee benefits	183,487	179,040	4,447
Services and supplies	248,940	183,021	65,919
Total economic development	1,178,136	1,072,442	105,694
Neighborhood services			
Salaries and wages	381,642	368,439	13,203
Employee benefits	127,135	121,607	5,528
Services and supplies	442,717	218,539	224,178
Total neighborhood services	951,494	708,585	242,909
Total community support	2,129,630	1,781,027	348,603
Total expenditures	218,147,737	210,988,666	7,159,071
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(6,367,101)	(2,519,040)	3,848,061
OTHER FINANCING SOURCES (USES)			
Transfers in	11,500,000	7,800,000	(3,700,000)
Transfers out	(4,404,701)	(4,804,701)	(400,000)
Total other financing sources (uses)	7,095,299	2,995,299	(4,100,000)
CHANGE IN FUND BALANCE	728,198	476,259	(251,939)
FUND BALANCE, BEGINNING OF YEAR	16,851,962	16,851,962	
FUND BALANCE, END OF YEAR	\$ 17,580,160	\$ 17,328,221	\$ (251,939)

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 54,362,336	\$ 33,555,250	\$ (20,807,086)
Miscellaneous	240,825	249,811	8,986
Total revenues	<u>54,603,161</u>	<u>33,805,061</u>	<u>(20,798,100)</u>
EXPENDITURES			
General government			
Salaries and wages	793,063	440,229	352,834
Employee benefits	311,135	172,841	138,294
Services and supplies	833,429	603,536	229,893
Total general government	<u>1,937,627</u>	<u>1,216,606</u>	<u>721,021</u>
Public safety			
Salaries and wages	627,194	368,504	258,690
Employee benefits	66,647	37,904	28,743
Services and supplies	1,018,854	1,119,868	(101,014)
Capital outlay	1,115,698	967,881	147,817
Total public safety	<u>2,828,393</u>	<u>2,494,157</u>	<u>334,236</u>
Public works			
Services and supplies	584,283	229,392	354,891
Capital outlay	2,063,575	9,242	2,054,333
Total public works	<u>2,647,858</u>	<u>238,634</u>	<u>2,409,224</u>
Culture and recreation			
Salaries and wages	402,895	287,109	115,786
Employee benefits	126,718	88,048	38,670
Services and supplies	5,194,725	3,981,735	1,212,990
Capital outlay	31,278,377	21,771,715	9,506,662
Total culture and recreation	<u>37,002,715</u>	<u>26,128,607</u>	<u>10,874,108</u>
Community support			
Salaries and wages	779,784	451,583	328,201
Employee benefits	328,467	188,571	139,896
Services and supplies	4,253,226	2,629,523	1,623,703
Total community support	<u>5,361,477</u>	<u>3,269,677</u>	<u>2,091,800</u>
Total expenditures	<u>49,778,070</u>	<u>33,347,681</u>	<u>16,430,389</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,825,091</u>	<u>457,380</u>	<u>(4,367,711)</u>
OTHER FINANCING USES			
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u> </u>
CHANGE IN FUND BALANCE	3,825,091	(542,620)	(4,367,711)
FUND BALANCE, BEGINNING OF YEAR	<u>2,124,580</u>	<u>2,124,580</u>	<u> </u>
FUND BALANCE, END OF YEAR	<u>\$ 5,949,671</u>	<u>\$ 1,581,960</u>	<u>\$ (4,367,711)</u>

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, 2013

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 4,476,832	\$ 4,648,687	\$ 171,855
Fines and forfeitures	100,000	100,000	
Investment income	111,000	175,446	64,446
Decrease in fair value of investments		(307,553)	(307,553)
Rental fees		51,430	51,430
Miscellaneous	140,600	120,891	(19,709)
Total revenues	4,828,432	4,788,901	(39,531)
EXPENDITURES			
General government			
Salaries and wages	743,823	706,168	37,655
Employee benefits	321,916	269,652	52,264
Services and supplies	3,668,732	2,900,230	768,502
Capital outlay	219	219	
Total general government	4,734,690	3,876,269	858,421
Debt service			
Principal payments	650,000	650,000	
Interest and fiscal charges	702,789	702,789	
Total debt service	1,352,789	1,352,789	
Total expenditures	6,087,479	5,229,058	858,421
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,259,047)	(440,157)	818,890
OTHER FINANCING SOURCES (USES)			
Loss on sale of land held for development	(3,424,750)	(3,426,519)	(1,769)
Transfers in	2,078,656	2,084,497	5,841
Transfers out		(81,937)	(81,937)
Total other financing sources (uses)	(1,346,094)	(1,423,959)	(77,865)
CHANGE IN FUND BALANCE	(2,605,141)	(1,864,116)	741,025
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		31,666,825	
Adjustment		(384,070)	
FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED	32,408,932	31,282,755	(1,126,177)
FUND BALANCE, END OF YEAR	\$ 29,803,791	\$ 29,418,639	\$ (385,152)

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, 2013

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,683,405	\$ 2,839,181	\$ 155,776
Investment income	155,000	103,276	(51,724)
Decrease in fair value of investments		(186,657)	(186,657)
Total revenues	2,838,405	2,755,800	(82,605)
EXPENDITURES			
Public works			
Salaries and wages	575,216	525,402	49,814
Employee benefits	236,485	213,634	22,851
Services and supplies	2,098,707	279,252	1,819,455
Capital outlay	2,822,742	2,382,024	440,718
Total public works	5,733,150	3,400,312	2,332,838
Total expenditures	5,733,150	3,400,312	2,332,838
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,894,745)	(644,512)	2,250,233
OTHER FINANCING USES			
Transfers out	(155,000)	(103,278)	51,722
CHANGE IN FUND BALANCE	(3,049,745)	(747,790)	2,301,955
FUND BALANCE, BEGINNING OF YEAR	10,554,528	10,554,528	_____
FUND BALANCE, END OF YEAR	\$ 7,504,783	\$ 9,806,738	\$ 2,301,955

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, 2013

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 505,000	\$ 635,021	\$ 130,021
Investment income	3,000	4,283	1,283
Decrease in fair value of investments		(6,182)	(6,182)
Miscellaneous		1,067	1,067
Total revenues	508,000	634,189	126,189
EXPENDITURES			
Public safety			
Services and supplies	446,159	284,239	161,920
Capital outlay	75,000	157,814	(82,814)
Total public safety	521,159	442,053	79,106
Total expenditures	521,159	442,053	79,106
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,159)	192,136	205,295
OTHER FINANCING USES			
Transfers out		(107,877)	(107,877)
CHANGE IN FUND BALANCE	(13,159)	84,259	97,418
FUND BALANCE, BEGINNING OF YEAR	269,317	269,317	
FUND BALANCE, END OF YEAR	\$ 256,158	\$ 353,576	\$ 97,418

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ <u>956,735</u>	\$ <u>794,733</u>	\$ <u>(162,002)</u>
EXPENDITURES			
Judicial			
Salaries and wages	70,681	70,734	(53)
Employee benefits	20,700	21,445	(745)
Services and supplies	1,287,963	769,900	518,063
Capital outlay	<u>177,497</u>	<u>174,848</u>	<u>2,649</u>
Total judicial	<u>1,556,841</u>	<u>1,036,927</u>	<u>519,914</u>
Total expenditures	<u>1,556,841</u>	<u>1,036,927</u>	<u>519,914</u>
CHANGE IN FUND BALANCE	(600,106)	(242,194)	357,912
FUND BALANCE, BEGINNING OF YEAR	<u>1,333,646</u>	<u>1,333,646</u>	
FUND BALANCE, END OF YEAR	\$ <u><u>733,540</u></u>	\$ <u><u>1,091,452</u></u>	\$ <u><u>357,912</u></u>

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 13,873	\$ 13,750	\$ (123)
Investment income	150,000	173,876	23,876
Decrease in fair value of investments		(311,243)	(311,243)
Total revenues	<u>163,873</u>	<u>(123,617)</u>	<u>(287,490)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>163,873</u>	<u>(123,617)</u>	<u>(287,490)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>760,000</u>	<u>475,000</u>	<u>(285,000)</u>
CHANGE IN FUND BALANCE	923,873	351,383	(572,490)
FUND BALANCE, BEGINNING OF YEAR	<u>16,656,181</u>	<u>16,656,181</u>	
FUND BALANCE, END OF YEAR	<u>\$ 17,580,054</u>	<u>\$ 17,007,564</u>	<u>\$ (572,490)</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, 2013

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 10,700,000	\$ 10,704,017	\$ 4,017
Investment income	2,000	1,858	(142)
Decrease in fair value of investments		(949)	(949)
Miscellaneous	10,000	1,714	(8,286)
Total revenues	10,712,000	10,706,640	(5,360)
EXPENDITURES			
Public safety			
Salaries and wages	6,597,214	6,142,543	454,671
Employee benefits	3,861,047	3,435,067	425,980
Services and supplies	1,506,976	1,649,283	(142,307)
Total public safety	11,965,237	11,226,893	738,344
Total expenditures	11,965,237	11,226,893	738,344
CHANGE IN FUND BALANCE	(1,253,237)	(520,253)	732,984
FUND BALANCE, BEGINNING OF YEAR	2,575,508	2,575,508	
FUND BALANCE, END OF YEAR	\$ 1,322,271	\$ 2,055,255	\$ 732,984

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 4,000	\$ 3,258	\$ (742)
Investment income	50	31	(19)
Decrease in fair value of investments		(27)	(27)
Total revenues	<u>4,050</u>	<u>3,262</u>	<u>(788)</u>
EXPENDITURES			
Public works			
Services and supplies	<u>1,600</u>		<u>1,600</u>
Community support			
Services and supplies		<u>1,600</u>	<u>(1,600)</u>
Total expenditures	<u>1,600</u>	<u>1,600</u>	
CHANGE IN FUND BALANCE	2,450	1,662	(788)
FUND BALANCE, BEGINNING OF YEAR	<u>3,217</u>	<u>3,217</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,667</u>	<u>\$ 4,879</u>	<u>\$ (788)</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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 62,000	\$ 76,637	\$ 14,637
Investment income	1,000	1,699	699
Decrease in fair value of investments		(2,959)	(2,959)
Total revenues	<u>63,000</u>	<u>75,377</u>	<u>12,377</u>
EXPENDITURES			
Public safety			
Salaries and wages	1,300	1,356	(56)
Employee benefits	940	592	348
Services and supplies	<u>37,916</u>	<u>26,333</u>	<u>11,583</u>
Total expenditures	<u>40,156</u>	<u>28,281</u>	<u>11,875</u>
CHANGE IN FUND BALANCE	22,844	47,096	24,252
FUND BALANCE, BEGINNING OF YEAR	<u>135,668</u>	<u>135,668</u>	
FUND BALANCE, END OF YEAR	<u>\$ 158,512</u>	<u>\$ 182,764</u>	<u>\$ 24,252</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, 2013

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 2,419,716	\$ 2,455,646	\$ 35,930
Investment income	7,000	33,342	26,342
Decrease in fair value of investments		(22,864)	(22,864)
Total revenues	2,426,716	2,466,124	39,408
EXPENDITURES			
Debt service			
Principal payments	4,464,565	4,464,565	
Interest and fiscal charges	3,471,306	3,471,306	
Administrative and other costs	647,500	585,178	62,322
Total debt service	8,583,371	8,521,049	62,322
Total expenditures	8,583,371	8,521,049	62,322
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(6,156,655)	(6,054,925)	101,730
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	66,750,000	66,750,000	
Premium on refunding bonds issued	5,055,658	5,055,658	
Payment to advance refunding bond agent	(71,194,330)	(71,194,329)	1
Transfers in	6,708,729	6,000,547	(708,182)
Total other financing sources (uses)	7,320,057	6,611,876	(708,181)
CHANGE IN FUND BALANCE	1,163,402	556,951	(606,451)
FUND BALANCE, BEGINNING OF YEAR	1,658,691	1,658,689	(2)
FUND BALANCE, END OF YEAR	\$ 2,822,093	\$ 2,215,640	\$ (606,453)

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Special assessments	\$ 74,900	\$ 146,928	\$ 72,028
Investment income	139,683	157,596	17,913
Decrease in fair value of investments		(15,302)	(15,302)
Total revenues	<u>214,583</u>	<u>289,222</u>	<u>74,639</u>
EXPENDITURES			
Debt service			
Administrative and other costs	<u>19,898</u>	<u>6,471</u>	<u>13,427</u>
Total expenditures	<u>19,898</u>	<u>6,471</u>	<u>13,427</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>194,685</u>	<u>282,751</u>	<u>88,066</u>
OTHER FINANCING USES			
Transfers out	<u>(224,971)</u>	<u>(224,969)</u>	<u>2</u>
CHANGE IN FUND BALANCE	(30,286)	57,782	88,068
FUND BALANCE, BEGINNING OF YEAR	<u>809,185</u>	<u>809,185</u>	
FUND BALANCE, END OF YEAR	<u>\$ 778,899</u>	<u>\$ 866,967</u>	<u>\$ 88,068</u>

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, 2013

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 61,160	\$ 79,835	\$ 18,675
Decrease in fair value of investments		(9,815)	(9,815)
Total revenues	61,160	70,020	8,860
EXPENDITURES			
Public works			
Services and supplies	71,589,511	245,814	71,343,697
Capital outlay	9,566,181	16,658,323	(7,092,142)
Total public works	81,155,692	16,904,137	64,251,555
Debt service			
Interest and fiscal charges	120,000	119,376	624
Total expenditures	81,275,692	17,023,513	64,252,179
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(81,214,532)	(16,953,493)	64,261,039
OTHER FINANCING SOURCES			
Transfers in	224,971	224,969	(2)
CHANGE IN FUND BALANCE	(80,989,561)	(16,728,524)	64,261,037
FUND BALANCE, BEGINNING OF YEAR	106,553,094	106,553,094	
FUND BALANCE, END OF YEAR	\$ 25,563,533	\$ 89,824,570	\$ 64,261,037

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, 2013

	Final Budget	Actual	Variance
REVENUES			
Impact fees	\$ 650,000	\$ 764,819	\$ 114,819
Investment income	120,000	159,131	39,131
Decrease in fair value of investments		(320,343)	(320,343)
Total revenues	<u>770,000</u>	<u>603,607</u>	<u>(166,393)</u>
EXPENDITURES			
General government			
Salaries and wages		1,622	(1,622)
Employee benefits		722	(722)
Services and supplies	708,959	259,833	449,126
Total general government	<u>708,959</u>	<u>262,177</u>	<u>446,782</u>
Public safety			
Salaries and wages	1,305	7,882	(6,577)
Employee benefits	549	773	(224)
Services and supplies	443,287	153,589	289,698
Capital outlay	959,052	659,524	299,528
Total public safety	<u>1,404,193</u>	<u>821,768</u>	<u>582,425</u>
Public works			
Salaries and wages	75,000	8,336	66,664
Employee benefits		1,242	(1,242)
Services and supplies	1,293,907	298,150	995,757
Capital outlay	78,100	51,050	27,050
Total public works	<u>1,447,007</u>	<u>358,778</u>	<u>1,088,229</u>
Culture and recreation			
Services and supplies	19,344	15,500	3,844
Capital outlay	719		719
Total culture and recreation	<u>20,063</u>	<u>15,500</u>	<u>4,563</u>
Community support			
Services and supplies	174,249		174,249
Total expenditures	<u>3,754,471</u>	<u>1,458,223</u>	<u>2,296,248</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,984,471)</u>	<u>(854,616)</u>	<u>2,129,855</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		107,877	107,877
Transfers out	(13,168,487)	(9,183,487)	3,985,000
Total other financing sources (uses)	<u>(13,168,487)</u>	<u>(9,075,610)</u>	<u>4,092,877</u>
CHANGE IN FUND BALANCE	(16,152,958)	(9,930,226)	6,222,732
FUND BALANCE, BEGINNING OF YEAR	<u>19,572,784</u>	<u>19,572,784</u>	
FUND BALANCE, END OF YEAR	<u>\$ 3,419,826</u>	<u>\$ 9,642,558</u>	<u>\$ 6,222,732</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, 2013

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 280,000	\$ 316,590	\$ 36,590
Decrease in fair value of investments		(415,463)	(415,463)
Rental fees	500,191	552,337	52,146
Total revenues	780,191	453,464	(326,727)
EXPENDITURES			
Public works			
Services and supplies	1,256,708	386,615	870,093
Capital outlay	3,347,756	42,148	3,305,608
Total public works	4,604,464	428,763	4,175,701
Community support			
Services and supplies		100,115	(100,115)
Total expenditures	4,604,464	528,878	4,075,586
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,824,273)	(75,414)	3,748,859
OTHER FINANCING SOURCES (USES)			
Proceeds from land sales	2,000,000	1,827,493	(172,507)
Transfers in		51,274	51,274
Transfers out	(527)	(2,085,024)	(2,084,497)
Total other financing sources (uses)	1,999,473	(206,257)	(2,205,730)
CHANGE IN FUND BALANCE	(1,824,800)	(281,671)	1,543,129
FUND BALANCE, BEGINNING OF YEAR	23,941,332	23,941,332	
FUND BALANCE, END OF YEAR	\$ 22,116,532	\$ 23,659,661	\$ 1,543,129

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, 2013

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,500,000	\$ 2,633,103	\$ 133,103
Charges for services	250,000	405,895	155,895
Investment income	32,000	33,743	1,743
Decrease in fair value of investments		(60,699)	(60,699)
Total revenues	2,782,000	3,012,042	230,042
EXPENDITURES			
Culture and recreation			
Services and supplies	2,330,744	2,051,995	278,749
Capital outlay	1,348,361	420,544	927,817
Total expenditures	3,679,105	2,472,539	1,206,566
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(897,105)	539,503	1,436,608
OTHER FINANCING USES			
Transfers out	(274,794)	(274,794)	
CHANGE IN FUND BALANCE	(1,171,899)	264,709	1,436,608
FUND BALANCE, BEGINNING OF YEAR	3,692,390	3,692,390	
FUND BALANCE, END OF YEAR	\$ 2,520,491	\$ 3,957,099	\$ 1,436,608

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, 2013

	Final Budget	Actual	Variance
REVENUES			
Impact fees	\$ 590,000	\$ 704,633	\$ 114,633
Investment income	75,000	85,821	10,821
Decrease in fair value of investments		(153,210)	(153,210)
Total revenues	665,000	637,244	(27,756)
EXPENDITURES			
Culture and recreation			
Services and supplies	392,344	20,670	371,674
Capital outlay	5,896,703	609,405	5,287,298
Total expenditures	6,289,047	630,075	5,658,972
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,624,047)	7,169	5,631,216
OTHER FINANCING SOURCES			
Transfers in		30,663	30,663
CHANGE IN FUND BALANCE	(5,624,047)	37,832	5,661,879
FUND BALANCE, BEGINNING OF YEAR	8,103,688	8,103,688	
FUND BALANCE, END OF YEAR	\$ 2,479,641	\$ 8,141,520	\$ 5,661,879

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ 3,000	\$ 1,918	\$ (1,082)
Decrease in fair value of investments		<u>(3,428)</u>	<u>(3,428)</u>
Total revenues	<u>3,000</u>	<u>(1,510)</u>	<u>(4,510)</u>
CHANGE IN FUND BALANCE	3,000	(1,510)	(4,510)
FUND BALANCE, BEGINNING OF YEAR	<u>183,590</u>	<u>183,590</u>	
FUND BALANCE, END OF YEAR	<u>\$ 186,590</u>	<u>\$ 182,080</u>	<u>\$ (4,510)</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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Public works			
Services and supplies	\$ 2,262	\$ 2,518	\$ (256)
Capital outlay	<u>226,403</u>	<u>1,120</u>	<u>225,283</u>
Total expenditures	<u>228,665</u>	<u>3,638</u>	<u>225,027</u>
CHANGE IN FUND BALANCE	(228,665)	(3,638)	225,027
FUND BALANCE, BEGINNING OF YEAR	<u>539,191</u>	<u>539,191</u>	
FUND BALANCE, END OF YEAR	<u>\$ 310,526</u>	<u>\$ 535,553</u>	<u>\$ 225,027</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, 2013

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 713,394	\$ 513,537	\$ (199,857)
Investment income		1,024	1,024
Decrease in fair value of investments		(359)	(359)
Total revenues	713,394	514,202	(199,192)
EXCESS OF REVENUES OVER EXPENDITURES	713,394	514,202	(199,192)
OTHER FINANCING USES			
Transfers out	(732,000)	(732,000)	
CHANGE IN FUND BALANCE	(18,606)	(217,798)	(199,192)
FUND BALANCE, BEGINNING OF YEAR	298,252	298,252	
FUND BALANCE, END OF YEAR	\$ 279,646	\$ 80,454	\$ (199,192)

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, 2013

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 7,000	\$ 7,227	\$ 227
Charges for services	1,902,300	1,941,864	39,564
Fines and forfeitures		35	35
Investment income	144,000	132,204	(11,796)
Decrease in fair value of investments		(255,113)	(255,113)
Developer contributions	462,034	767,836	305,802
Miscellaneous	156,000	236,174	80,174
Total revenues	<u>2,671,334</u>	<u>2,830,227</u>	<u>158,893</u>
EXPENDITURES			
General government			
Salaries and wages	83,006	81,103	1,903
Employee benefits	28,630	28,321	309
Services and supplies	204,487	190,197	14,290
Capital outlay	2,099,500	1,445,363	654,137
Total general government	<u>2,415,623</u>	<u>1,744,984</u>	<u>670,639</u>
Judicial			
Capital outlay		110,030	(110,030)
Public safety			
Services and supplies	16,540	42,307	(25,767)
Capital outlay	224,112	74,095	150,017
Total public safety	<u>240,652</u>	<u>116,402</u>	<u>124,250</u>
Public works			
Salaries and wages	487	516	(29)
Employee benefits	212	230	(18)
Services and supplies	2,582,344	845,035	1,737,309
Capital outlay	4,473,250	98,015	4,375,235
Total public works	<u>7,056,293</u>	<u>943,796</u>	<u>6,112,497</u>
Culture and recreation			
Services and supplies	54,000	205,592	(151,592)
Capital outlay	775,791	654,965	120,826
Total culture and recreation	<u>829,791</u>	<u>860,557</u>	<u>(30,766)</u>
Total expenditures	<u>10,542,359</u>	<u>3,775,769</u>	<u>6,766,590</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(7,871,025)</u>	<u>(945,542)</u>	<u>6,925,483</u>
OTHER FINANCING USES			
Transfers out	<u>(301,826)</u>	<u>(301,826)</u>	
CHANGE IN FUND BALANCE	(8,172,851)	(1,247,368)	6,925,483
FUND BALANCE, BEGINNING OF YEAR	<u>13,185,117</u>	<u>13,185,117</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,012,266</u>	<u>\$ 11,937,749</u>	<u>\$ 6,925,483</u>

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ 65,000	\$ 59,060	\$ (5,940)
Decrease in fair value of investments		<u>(105,069)</u>	<u>(105,069)</u>
Total revenues	<u>65,000</u>	<u>(46,009)</u>	<u>(111,009)</u>
CHANGE IN FUND BALANCE	65,000	(46,009)	(111,009)
FUND BALANCE, BEGINNING OF YEAR	<u>5,659,800</u>	<u>5,659,800</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,724,800</u>	<u>\$ 5,613,791</u>	<u>\$ (111,009)</u>

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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2013

CITY OF HENDERSON, NEVADA



A Place To Call Home



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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2013

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation		Health Insurance	Citywide Services	Total Internal Service Funds
					Self Insurance	Self Insurance			
ASSETS									
Current assets									
Cash and cash equivalents	\$ 2,171,401	\$ 7,661,754	\$ 999,995	\$ 2,839,098	\$ 10,989,749	\$ 3,001,053	\$ 2,951,193	\$ 30,614,243	
Investments	2,763,029	9,749,303	1,272,458	3,612,647	11,344,422	4,141,507	3,755,285	36,638,651	
Accounts receivable, net	432	7,521	86,250	262	54,389	71,261		220,115	
Interest receivable	9,665	36,077	4,393	12,571	40,927	15,328	8,536	127,497	
Inventories		105,125						105,125	
Due from other funds	23,516							23,516	
Due from other governments	110,918							110,918	
Total current assets	5,078,961	17,559,780	2,363,096	6,464,578	22,429,487	7,229,149	6,715,014	67,840,065	
Noncurrent assets									
Capital assets, net of accumulated depreciation and amortization									
Construction in progress		75,913						75,913	
Buildings and building improvements		744,560						744,560	
Improvements other than buildings		473,374						473,374	
Machinery and equipment	53,386	48,863,263		14,665			16,830	48,948,144	
Accumulated depreciation and amortization	(53,386)	(36,655,887)		(14,665)			(16,830)	(36,740,768)	
Total capital assets, net of accumulated depreciation and amortization		13,501,223						13,501,223	
Other assets									
Advances to other funds			1,908,571					1,908,571	
Total noncurrent assets		13,501,223	1,908,571					15,409,794	
Total assets	5,078,961	31,061,003	4,271,667	6,464,578	22,429,487	7,229,149	6,715,014	83,249,859	

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2013

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total Internal Service Funds
LIABILITIES								
Current liabilities								
Accounts payable and other accrued liabilities	42,526	511,215		4,684	101,769	23,691	465,008	1,148,893
Accrued wages	64,090	22,896		8,980	12,279	1,568	4,782	114,595
Unearned revenue						58,184		58,184
Deposits							73,321	73,321
Compensated absences	126,375	44,605		15,737	10,288	6,231	5,351	208,587
Termination benefits	911							911
Claims and judgments								
Total current liabilities	<u>233,902</u>	<u>578,716</u>		<u>1,926,314</u>	<u>10,920,858</u>	<u>2,030,000</u>	<u>548,462</u>	<u>14,877,172</u>
Total				<u>1,955,715</u>	<u>11,045,194</u>	<u>2,119,674</u>		<u>16,481,663</u>
Noncurrent liabilities								
Compensated absences	1,024,860	361,727		127,623	83,431	50,534	43,396	1,691,571
Other post employment benefits	597,949	170,524		51,186	41,513	10,583	37,757	909,512
Total noncurrent liabilities	<u>1,622,809</u>	<u>532,251</u>		<u>178,809</u>	<u>124,944</u>	<u>61,117</u>	<u>81,153</u>	<u>2,601,083</u>
Total				<u>2,134,524</u>	<u>11,170,138</u>	<u>2,180,791</u>	<u>629,615</u>	<u>19,082,746</u>
Total liabilities	<u>1,856,711</u>	<u>1,110,967</u>		<u>2,134,524</u>	<u>11,170,138</u>	<u>2,180,791</u>	<u>629,615</u>	<u>19,082,746</u>
NET POSITION								
Net investment in capital assets								
Restricted		13,501,223						13,501,223
Claims				4,330,054	11,259,349	5,048,358	6,085,399	20,637,761
Unrestricted	<u>3,222,250</u>	<u>16,448,813</u>	<u>4,271,667</u>					<u>30,028,129</u>
Total net position	<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>

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 4,749,140	\$ 3,720,170	\$ 119,375	\$ 2,125,084	\$ 3,390,577	\$ 12,532,055	\$ 7,237,179	\$ 33,873,580
OPERATING EXPENSES								
Salaries and wages	3,395,454	1,349,024		416,622	472,245	84,975	278,505	5,996,825
Employee benefits	1,439,335	498,778		139,323	189,954	34,034	111,129	2,412,553
Services and supplies	1,559,863	4,254,858		1,140,061	1,189,939	2,644,006	6,065,783	16,854,510
Claims and judgments				867,823	2,933,444	12,067,287		15,868,554
Legal fees				19,351	8,416			27,767
Depreciation and amortization		3,897,329					13,799	3,911,128
Total operating expenses	<u>6,394,652</u>	<u>9,999,989</u>		<u>2,583,180</u>	<u>4,793,998</u>	<u>14,830,302</u>	<u>6,469,216</u>	<u>45,071,337</u>
Operating income (loss)	<u>(1,645,512)</u>	<u>(6,279,819)</u>	<u>119,375</u>	<u>(458,096)</u>	<u>(1,403,421)</u>	<u>(2,298,247)</u>	<u>767,963</u>	<u>(11,197,757)</u>
NONOPERATING REVENUES (EXPENSES)								
Investment income	51,626	211,534	22,612	68,873	237,235	89,938	37,794	719,612
Decrease in fair value of investments	(92,251)	(389,183)	(39,638)	(125,206)	(385,368)	(162,201)	(97,116)	(1,290,963)
Gain (loss) on capital asset disposition		261,403			(6,630)		3,388	264,791
Interest expense					(6,630)			(6,630)
Miscellaneous	51,236	17,238		3,969		950		73,393
Total nonoperating revenues (expenses)	<u>10,611</u>	<u>100,992</u>	<u>(17,026)</u>	<u>(52,364)</u>	<u>(154,763)</u>	<u>(71,313)</u>	<u>(55,934)</u>	<u>(239,797)</u>
Income (loss) before capital contributions and transfers	<u>(1,634,901)</u>	<u>(6,178,827)</u>	<u>102,349</u>	<u>(510,460)</u>	<u>(1,558,184)</u>	<u>(2,369,560)</u>	<u>712,029</u>	<u>(11,437,554)</u>
CAPITAL CONTRIBUTIONS								
Capital contributions		473,783						473,783
TRANSFERS								
Transfers in	2,097,516						1,700,000	3,797,516
Transfers out			(20,000)					(20,000)
Total transfers	<u>2,097,516</u>		<u>(20,000)</u>				<u>1,700,000</u>	<u>3,777,516</u>
CHANGE IN NET POSITION	462,615	(5,705,044)	82,349	(510,460)	(1,558,184)	(2,369,560)	2,412,029	(7,186,255)
NET POSITION, BEGINNING OF YEAR	<u>2,759,635</u>	<u>35,655,080</u>	<u>4,189,318</u>	<u>4,840,514</u>	<u>12,817,533</u>	<u>7,417,918</u>	<u>3,673,370</u>	<u>71,353,368</u>
NET POSITION, END 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>

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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2013

	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	466,275	3,720,170	119,375	2,125,084	3,390,577	960,312	18,164	1,444,751
Cash received from interfund services	4,316,444	35,425		3,969		11,571,743	7,219,015	32,462,408
Cash received from other sources	51,236	(2,947,643)		(2,046,000)	(3,064,204)	950	(6,678,694)	91,580
Cash payments for goods and services	(2,947,643)	(4,484,851)		(372,118)	(462,461)	(14,058,463)	(274,252)	(33,279,855)
Cash payments for employee services	(3,964,193)	(1,321,987)		(289,065)	(136,088)	(81,518)		(6,476,529)
Net cash provided by (used in) operating activities	<u>(2,077,881)</u>	<u>(2,051,243)</u>	<u>119,375</u>	<u>(289,065)</u>	<u>(136,088)</u>	<u>(1,606,976)</u>	<u>284,233</u>	<u>(5,757,645)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	2,097,516						1,700,000	3,797,516
Transfers out			(20,000)					(20,000)
Repayments of advances from other funds			105,593					105,593
Net cash provided by noncapital financing activities	<u>2,097,516</u>		<u>85,593</u>				<u>1,700,000</u>	<u>3,883,109</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES								
Acquisition and construction of capital assets		(2,528,183)						(2,528,183)
Proceeds received from disposal of capital assets		264,848					6,979	271,827
Interest payments on debt								(6,630)
Net cash provided by (used in) capital financing activities		<u>(2,263,335)</u>					<u>6,979</u>	<u>(2,262,986)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from investment sales or redemptions	2,172,998	19,425,553	475,177	3,688,355	10,141,440	7,675,175	1,694,461	45,273,159
Purchase of investments	(1,625,117)	(14,527,762)	(355,370)	(2,758,405)	(7,584,465)	(5,740,022)	(2,265,720)	(34,856,861)
Investment income received	53,044	226,416	22,692	71,066	243,447	94,819	36,004	747,488
Net cash provided by (used in) investing activities	<u>600,925</u>	<u>5,124,207</u>	<u>142,499</u>	<u>1,001,016</u>	<u>2,800,422</u>	<u>2,029,972</u>	<u>(535,255)</u>	<u>11,163,786</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	620,560	809,629	347,467	711,951	2,657,704	422,996	1,455,957	7,026,264
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,550,841</u>	<u>6,852,125</u>	<u>652,528</u>	<u>2,127,147</u>	<u>8,332,045</u>	<u>2,578,057</u>	<u>1,495,236</u>	<u>23,587,979</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,171,401</u>	<u>\$ 7,661,754</u>	<u>\$ 999,995</u>	<u>\$ 2,839,098</u>	<u>\$ 10,989,749</u>	<u>\$ 3,001,053</u>	<u>\$ 2,951,193</u>	<u>\$ 30,614,243</u>

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

	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)	\$ (1,645,512)	\$ (6,279,819)	\$ 119,375	\$ (458,096)	\$ (1,403,421)	\$ (2,298,247)	\$ 767,963	\$ (11,197,757)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation		3,897,329						3,911,128
Other	51,236	17,238		3,969		950		73,393
(Increase) decrease in operating assets								
Accounts receivable	15,905	18,187		(262)	(49,608)	(3,508)		(19,286)
Due from other governments	24,357	4,525						28,882
Due from other funds	(6,683)							(6,683)
Inventories, bulk fuel		(30,449)						(30,449)
Increase (decrease) in operating liabilities								
Accounts payable and accrued liabilities	24,450	288,375		(4,970)	61,139	599	(487,496)	(117,903)
Compensated absences	(369,675)	22,801		40,677	5,314	3,233	4,743	(292,907)
Termination benefits	(203,398)							(203,398)
Claims and judgements								
Other post employment benefits	31,439	10,570		126,094	1,246,287	631,000	3,388	2,003,381
Deposits				3,523	4,201	813	(18,164)	(18,164)
Unearned revenue						58,184		58,184
Total adjustments	<u>(432,369)</u>	<u>4,228,576</u>		<u>169,031</u>	<u>1,267,333</u>	<u>691,271</u>	<u>(483,730)</u>	<u>5,440,112</u>
Net cash provided by (used in) operating activities	<u>(2,077,881)</u>	<u>(2,051,243)</u>	<u>119,375</u>	<u>(289,065)</u>	<u>(136,088)</u>	<u>(1,606,976)</u>	<u>284,233</u>	<u>(5,757,645)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Contribution of capital assets	\$	\$ 473,783	\$	\$	\$	\$	\$	\$ 473,783
Change in fair value of investments	<u>(92,251)</u>	<u>(389,183)</u>	<u>(39,638)</u>	<u>(125,206)</u>	<u>(385,368)</u>	<u>(162,201)</u>	<u>(97,116)</u>	<u>(1,290,963)</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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 4,450,000	\$ 4,749,140	\$ 299,140
OPERATING EXPENSES			
Salaries and wages	5,117,433	3,395,454	1,721,979
Employee benefits	1,774,186	1,439,335	334,851
Services and supplies	1,661,092	1,559,863	101,229
Total operating expenses	8,552,711	6,394,652	2,158,059
Operating loss	(4,102,711)	(1,645,512)	2,457,199
NONOPERATING REVENUES (EXPENSES)			
Investment income	40,000	51,626	11,626
Decrease in fair value of investments		(92,251)	(92,251)
Miscellaneous		51,236	51,236
Total nonoperating revenues (expenses)	40,000	10,611	(29,389)
Loss before transfers	(4,062,711)	(1,634,901)	2,427,810
TRANSFERS			
Transfers in	2,097,516	2,097,516	
CHANGE IN NET POSITION	\$ (1,965,195)	462,615	\$ 2,427,810
NET POSITION, BEGINNING OF YEAR		2,759,635	
NET POSITION, END OF YEAR		\$ 3,222,250	

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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 3,720,170	\$ 3,720,170	\$ _____
OPERATING EXPENSES			
Salaries and wages	1,594,873	1,349,024	245,849
Employee benefits	561,567	498,778	62,789
Services and supplies	5,473,245	4,254,858	1,218,387
Depreciation and amortization	3,974,284	3,897,329	76,955
Total operating expenses	11,603,969	9,999,989	1,603,980
Operating loss	(7,883,799)	(6,279,819)	1,603,980
NONOPERATING REVENUES (EXPENSES)			
Investment income	225,000	211,534	(13,466)
Decrease in fair value of investments		(389,183)	(389,183)
Gain (loss) on capital asset disposition	95,000	261,403	166,403
Miscellaneous		17,238	17,238
Total nonoperating revenues (expenses)	320,000	100,992	(219,008)
Loss before capital contributions	(7,563,799)	(6,178,827)	1,384,972
CAPITAL CONTRIBUTIONS			
Capital contributions	315,970	473,783	157,813
CHANGE IN NET POSITION	\$ (7,247,829)	(5,705,044)	\$ 1,542,785
NET POSITION, BEGINNING OF YEAR		35,655,080	
NET POSITION, END OF YEAR		\$ 29,950,036	

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ <u>120,000</u>	\$ <u>119,375</u>	\$ <u>(625)</u>
Operating income	<u>120,000</u>	<u>119,375</u>	<u>(625)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	20,000	22,612	2,612
Decrease in fair value of investments	<u> </u>	<u>(39,638)</u>	<u>(39,638)</u>
Total nonoperating revenues (expenses)	<u>20,000</u>	<u>(17,026)</u>	<u>(37,026)</u>
Income before transfers	<u>140,000</u>	<u>102,349</u>	<u>(37,651)</u>
TRANSFERS			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u> </u>
CHANGE IN NET POSITION	\$ <u><u>120,000</u></u>	82,349	\$ <u><u>(37,651)</u></u>
NET POSITION, BEGINNING OF YEAR		<u>4,189,318</u>	
NET POSITION, END OF YEAR		\$ <u><u>4,271,667</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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 2,125,084	\$ 2,125,084	\$ _____
OPERATING EXPENSES			
Salaries and wages	485,285	416,622	68,663
Employee benefits	201,622	139,323	62,299
Services and supplies	1,181,881	1,140,061	41,820
Claims and judgments	1,735,000	867,823	867,177
Legal fees	100,000	19,351	80,649
Total operating expenses	3,703,788	2,583,180	1,120,608
Operating loss	(1,578,704)	(458,096)	1,120,608
NONOPERATING REVENUES (EXPENSES)			
Investment income	60,000	68,873	8,873
Decrease in fair value of investments		(125,206)	(125,206)
Miscellaneous		3,969	3,969
Total nonoperating revenues (expenses)	60,000	(52,364)	(112,364)
CHANGE IN NET POSITION	\$ (1,518,704)	(510,460)	\$ 1,008,244
NET POSITION, BEGINNING OF YEAR		4,840,514	
NET POSITION, END OF YEAR		\$ 4,330,054	

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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 3,308,520	\$ 3,390,577	\$ 82,057
OPERATING EXPENSES			
Salaries and wages	653,411	472,245	181,166
Employee benefits	318,255	189,954	128,301
Services and supplies	1,405,012	1,189,939	215,073
Claims and judgments	4,982,692	2,933,444	2,049,248
Legal fees	20,400	8,416	11,984
Total operating expenses	7,379,770	4,793,998	2,585,772
Operating loss	(4,071,250)	(1,403,421)	2,667,829
NONOPERATING REVENUES (EXPENSES)			
Investment income	250,000	237,235	(12,765)
Decrease in fair value of investments		(385,368)	(385,368)
Interest expense		(6,630)	(6,630)
Total nonoperating revenues (expenses)	250,000	(154,763)	(404,763)
CHANGE IN NET POSITION	\$ (3,821,250)	(1,558,184)	\$ 2,263,066
NET POSITION, BEGINNING OF YEAR		12,817,533	
NET POSITION, END OF YEAR		\$ 11,259,349	

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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 12,000,000	\$ 12,532,055	\$ 532,055
OPERATING EXPENSES			
Salaries and wages	85,494	84,975	519
Employee benefits	34,326	34,034	292
Services and supplies	2,470,220	2,644,006	(173,786)
Claims and judgments	13,332,163	12,067,287	1,264,876
Total operating expenses	15,922,203	14,830,302	1,091,901
Operating loss	(3,922,203)	(2,298,247)	1,623,956
NONOPERATING REVENUES (EXPENSES)			
Investment income	100,000	89,938	(10,062)
Decrease in fair value of investments		(162,201)	(162,201)
Miscellaneous		950	950
Total nonoperating revenues (expenses)	100,000	(71,313)	(171,313)
CHANGE IN NET POSITION	\$ (3,822,203)	(2,369,560)	\$ 1,452,643
NET POSITION, BEGINNING OF YEAR		7,417,918	
NET POSITION, END OF YEAR		\$ 5,048,358	

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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 7,187,929	\$ 7,237,179	\$ 49,250
OPERATING EXPENSES			
Salaries and wages	275,576	278,505	(2,929)
Employee benefits	102,842	111,129	(8,287)
Services and supplies	8,284,023	6,065,783	2,218,240
Depreciation and amortization	17,336	13,799	3,537
Total operating expenses	8,679,777	6,469,216	2,210,561
Operating income (loss)	(1,491,848)	767,963	2,259,811
NONOPERATING REVENUES (EXPENSES)			
Investment income	30,000	37,794	7,794
Decrease in fair value of investments		(97,116)	(97,116)
Gain (loss) on capital asset disposition		3,388	3,388
Total nonoperating revenues (expenses)	30,000	(55,934)	(85,934)
Income (loss) before transfers	(1,461,848)	712,029	2,173,877
TRANSFERS			
Transfers in		1,700,000	1,700,000
Total transfers		1,700,000	1,700,000
CHANGE IN NET POSITION	\$ (1,461,848)	2,412,029	\$ 3,873,877
NET POSITION, BEGINNING OF YEAR		3,673,370	
NET POSITION, END OF YEAR		\$ 6,085,399	

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2013

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 977,120	\$ 83,564	\$ 3,341,937	\$ 4,402,621
Restricted cash and cash equivalents		46,955		46,955
Investments	1,242,394	166,079	4,252,494	5,660,967
Accounts receivable, net	2,000	170,237		172,237
Interest receivable	4,109	814	16,017	20,940
Due from other governments	<u>324,330</u>			<u>324,330</u>
Total current assets	<u>2,549,953</u>	<u>467,649</u>	<u>7,610,448</u>	<u>10,628,050</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	2,884,356	5,400,277
Accumulated depreciation and amortization	<u>(2,898,665)</u>	<u>(17,065,114)</u>	<u>(3,463,355)</u>	<u>(23,427,134)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>2,589,379</u>	<u>28,095,559</u>	<u>627,117</u>	<u>31,312,055</u>
Total noncurrent assets	<u>2,589,379</u>	<u>28,095,559</u>	<u>627,117</u>	<u>31,312,055</u>
Total assets	<u>5,139,332</u>	<u>28,563,208</u>	<u>8,237,565</u>	<u>41,940,105</u>
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	64,747	17,844	41,868	124,459
Accrued wages	34,195		73,253	107,448
Unearned revenue			3,771,942	3,771,942
Deposits	4,700	50,827	98,985	154,512
Compensated absences	57,199		118,243	175,442
Termination benefits			104,008	104,008
Total current liabilities	<u>160,841</u>	<u>68,671</u>	<u>4,208,299</u>	<u>4,437,811</u>
Noncurrent liabilities				
Compensated absences	475,204		982,347	1,457,551
Other post employment benefits	<u>247,505</u>		<u>970,712</u>	<u>1,218,217</u>
Total noncurrent liabilities	<u>722,709</u>		<u>1,953,059</u>	<u>2,675,768</u>
Total liabilities	<u>883,550</u>	<u>68,671</u>	<u>6,161,358</u>	<u>7,113,579</u>
NET POSITION				
Net investment in capital assets	2,589,379	28,095,559	627,117	31,312,055
Unrestricted	<u>1,666,403</u>	<u>398,978</u>	<u>1,449,090</u>	<u>3,514,471</u>
Total net position	<u>\$ 4,255,782</u>	<u>\$ 28,494,537</u>	<u>\$ 2,076,207</u>	<u>\$ 34,826,526</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, 2013

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 276,453	\$ 2,651,299	\$ 5,128,315	\$ 8,056,067
Licenses and permits	677,577		3,187,080	3,864,657
Rental fees	348,192			348,192
Miscellaneous	67,100		5,919	73,019
Total operating revenues	<u>1,369,322</u>	<u>2,651,299</u>	<u>8,321,314</u>	<u>12,341,935</u>
OPERATING EXPENSES				
Salaries and wages	2,014,944		3,783,074	5,798,018
Employee benefits	704,190		1,394,920	2,099,110
Services and supplies	1,410,757	2,676,689	3,244,919	7,332,365
Depreciation and amortization	183,596	768,293	46,720	998,609
Total operating expenses	<u>4,313,487</u>	<u>3,444,982</u>	<u>8,469,633</u>	<u>16,228,102</u>
Operating loss	<u>(2,944,165)</u>	<u>(793,683)</u>	<u>(148,319)</u>	<u>(3,886,167)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	19,752	4,862	83,480	108,094
Decrease in fair value of investments	(33,343)	(12,085)	(139,388)	(184,816)
Room tax revenue	1,644,032			1,644,032
Other intergovernmental revenue	2,062,905			2,062,905
Total nonoperating revenues (expenses)	<u>3,693,346</u>	<u>(7,223)</u>	<u>(55,908)</u>	<u>3,630,215</u>
Income (loss) before transfers	<u>749,181</u>	<u>(800,906)</u>	<u>(204,227)</u>	<u>(255,952)</u>
TRANSFERS				
Transfers in		250,000	1,000,150	1,250,150
Transfers out	(527)		(1,302,371)	(1,302,898)
Total transfers	<u>(527)</u>	<u>250,000</u>	<u>(302,221)</u>	<u>(52,748)</u>
CHANGE IN NET POSITION	748,654	(550,906)	(506,448)	(308,700)
NET POSITION, BEGINNING OF YEAR	<u>3,507,128</u>	<u>29,045,443</u>	<u>2,582,655</u>	<u>35,135,226</u>
NET POSITION, END OF YEAR	<u>\$ 4,255,782</u>	<u>\$ 28,494,537</u>	<u>\$ 2,076,207</u>	<u>\$ 34,826,526</u>

CITY OF HENDERSON, NEVADA

NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2013

	Cultural Arts and Tourism	Municipal Golf Course	Development Services	Aggregate Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,048,671	\$ 2,481,062	\$ 8,666,336	\$ 12,196,069
Cash received from other sources	3,706,937			3,706,937
Cash payments for goods and services	(2,121,076)	(2,676,442)	(4,677,117)	(9,474,635)
Cash payments for employee services	(2,064,961)		(3,484,304)	(5,549,265)
Net cash provided by (used in) operating activities	<u>569,571</u>	<u>(195,380)</u>	<u>504,915</u>	<u>879,106</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in		250,000	1,000,150	1,250,150
Transfers out	(527)		(1,302,371)	(1,302,898)
Net cash provided by (used in) noncapital financing activities	<u>(527)</u>	<u>250,000</u>	<u>(302,221)</u>	<u>(52,748)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(502,191)		(502,191)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from investment sales or redemptions	393,091	1,338,287	2,865,609	4,596,987
Purchase of investments	(525,615)	(1,000,863)	(2,143,099)	(3,669,577)
Investment income received	18,881	5,709	86,073	110,663
Net cash provided by (used in) investing activities	<u>(113,643)</u>	<u>343,133</u>	<u>808,583</u>	<u>1,038,073</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	455,401	(104,438)	1,011,277	1,362,240
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>521,719</u>	<u>234,957</u>	<u>2,330,660</u>	<u>3,087,336</u>
CASH AND CASH EQUIVALENTS, END OF YEAR				
Cash and cash equivalents, unrestricted	977,120	83,564	3,341,937	4,402,621
Cash and cash equivalents, restricted		46,955		46,955
	<u>\$ 977,120</u>	<u>\$ 130,519</u>	<u>\$ 3,341,937</u>	<u>\$ 4,449,576</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating loss	\$ (2,944,165)	\$ (793,683)	\$ (148,319)	\$ (3,886,167)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation	183,596	768,293	46,720	998,609
Other	3,706,937			3,706,937
Increase in operating assets				
Accounts receivable	(320,651)	(170,237)		(490,888)
Increase (decrease) in operating liabilities				
Accounts payable and accrued liabilities	(14,638)	(50,580)	11,280	(53,938)
Compensated absences	(50,044)		176,840	126,796
Termination benefits			104,008	104,008
Other post employment benefits	14,906		32,117	47,023
Deposits	(6,370)	50,827	(62,753)	(18,296)
Unearned revenue			345,022	345,022
Total adjustments	<u>3,513,736</u>	<u>598,303</u>	<u>653,234</u>	<u>4,765,273</u>
Net cash provided by (used in) operating activities	<u>\$ 569,571</u>	<u>\$ (195,380)</u>	<u>\$ 504,915</u>	<u>\$ 879,106</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Change in fair value of investments	<u>\$ (33,343)</u>	<u>\$ (12,085)</u>	<u>\$ (139,388)</u>	<u>\$ (184,816)</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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Utilities fees	\$ 62,850,000	\$ 61,288,430	\$ (1,561,570)
Connection fees	150,000	876,874	726,874
Late charges	1,300,000	1,242,635	(57,365)
Miscellaneous	300,000	90,250	(209,750)
Total operating revenues	<u>64,600,000</u>	<u>63,498,189</u>	<u>(1,101,811)</u>
OPERATING EXPENSES			
Salaries and wages	11,704,518	11,235,334	469,184
Employee benefits	4,263,484	4,418,153	(154,669)
Water purchases	24,027,000	22,713,837	1,313,163
Services and supplies	17,953,530	15,475,583	2,477,947
Depreciation and amortization	28,836,042	26,227,048	2,608,994
Total operating expenses	<u>86,784,574</u>	<u>80,069,955</u>	<u>6,714,619</u>
Operating loss	<u>(22,184,574)</u>	<u>(16,571,766)</u>	<u>5,612,808</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,806,938	1,073,085	(733,853)
Decrease in fair value of investments		(1,878,089)	(1,878,089)
Gain (loss) on capital asset disposition		(12,804)	(12,804)
Interest expense	(1,476,094)	(1,275,948)	200,146
Other intergovernmental revenue		3,040	3,040
Miscellaneous	170,000	11,596	(158,404)
Total nonoperating revenues (expenses)	<u>500,844</u>	<u>(2,079,120)</u>	<u>(2,579,964)</u>
Loss before capital contributions and transfers	<u>(21,683,730)</u>	<u>(18,650,886)</u>	<u>3,032,844</u>
CAPITAL CONTRIBUTIONS			
Capital contributions	<u>1,854,000</u>	<u>10,403,407</u>	<u>8,549,407</u>
TRANSFERS			
Transfers in		3,761	3,761
Transfers out	(1,386,505)	(1,251,820)	134,685
Total transfers	<u>(1,386,505)</u>	<u>(1,248,059)</u>	<u>138,446</u>
CHANGE IN NET POSITION	<u>\$ (21,216,235)</u>	<u>(9,495,538)</u>	<u>\$ 11,720,697</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		487,163,277	
Adjustment		<u>(1,772,924)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		<u>485,390,353</u>	
NET POSITION, END OF YEAR		<u>\$ 475,894,815</u>	

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Utilities fees	\$ 35,922,400	\$ 36,790,868	\$ 868,468
Connection fees	26,000	62,837	36,837
Late charges	600,000	580,557	(19,443)
Intergovernmental		370,273	370,273
Miscellaneous	10,000	3,611	(6,389)
Total operating revenues	<u>36,558,400</u>	<u>37,808,146</u>	<u>1,249,746</u>
OPERATING EXPENSES			
Salaries and wages	9,366,204	9,731,377	(365,173)
Employee benefits	3,462,211	3,741,027	(278,816)
Services and supplies	16,613,736	13,154,524	3,459,212
Depreciation and amortization	23,841,579	20,457,093	3,384,486
Total operating expenses	<u>53,283,730</u>	<u>47,084,021</u>	<u>6,199,709</u>
Operating loss	<u>(16,725,330)</u>	<u>(9,275,875)</u>	<u>7,449,455</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,134,698	529,132	(605,566)
Decrease in fair value of investments		(982,685)	(982,685)
Gain (loss) on capital asset disposition		(94)	(94)
Interest expense	(5,377,449)	(4,617,057)	760,392
Bond issuance costs		(777,121)	(777,121)
Sales tax revenue	2,750,000	4,025,507	1,275,507
Miscellaneous	48,629		(48,629)
Total nonoperating revenues (expenses)	<u>(1,444,122)</u>	<u>(1,822,318)</u>	<u>(378,196)</u>
Loss before capital contributions and transfers	<u>(18,169,452)</u>	<u>(11,098,193)</u>	<u>7,071,259</u>
CAPITAL CONTRIBUTIONS			
Capital contributions	<u>2,600,000</u>	<u>6,916,720</u>	<u>4,316,720</u>
TRANSFERS			
Transfers in		181,250	181,250
Transfers out	(869,657)	(532,893)	336,764
Total transfers	<u>(869,657)</u>	<u>(351,643)</u>	<u>518,014</u>
CHANGE IN NET POSITION	<u>\$ (16,439,109)</u>	<u>(4,533,116)</u>	<u>\$ 11,905,993</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		514,449,179	
Adjustment		<u>(16,604,151)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED		<u>497,845,028</u>	
NET POSITION, END OF YEAR		<u>\$ 493,311,912</u>	

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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 278,500	\$ 276,453	\$ (2,047)
Licenses and permits	630,000	677,577	47,577
Intergovernmental	1,881,684		(1,881,684)
Rental fees	386,000	348,192	(37,808)
Miscellaneous	128,000	67,100	(60,900)
Total operating revenues	3,304,184	1,369,322	(1,934,862)
OPERATING EXPENSES			
Salaries and wages	2,367,028	2,014,944	352,084
Employee benefits	854,062	704,190	149,872
Services and supplies	1,830,285	1,410,757	419,528
Depreciation and amortization	200,000	183,596	16,404
Total operating expenses	5,251,375	4,313,487	937,888
Operating loss	(1,947,191)	(2,944,165)	(996,974)
NONOPERATING REVENUES (EXPENSES)			
Investment income	20,000	19,752	(248)
Decrease in fair value of investments		(33,343)	(33,343)
Room tax revenue	1,600,000	1,644,032	44,032
Other intergovernmental revenue		2,062,905	2,062,905
Total nonoperating revenues (expenses)	1,620,000	3,693,346	2,073,346
Income (loss) before transfers	(327,191)	749,181	1,076,372
TRANSFERS			
Transfers out	(527)	(527)	
CHANGE IN NET POSITION	\$ (327,718)	748,654	\$ 1,076,372
NET POSITION, BEGINNING OF YEAR		3,507,128	
NET POSITION, END OF YEAR		\$ 4,255,782	

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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 2,774,567	\$ 2,651,299	\$ (123,268)
OPERATING EXPENSES			
Services and supplies	2,475,678	2,676,689	(201,011)
Depreciation and amortization	<u>825,000</u>	<u>768,293</u>	<u>56,707</u>
Total operating expenses	<u>3,300,678</u>	<u>3,444,982</u>	<u>(144,304)</u>
Operating loss	<u>(526,111)</u>	<u>(793,683)</u>	<u>(267,572)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	7,000	4,862	(2,138)
Decrease in fair value of investments	<u> </u>	<u>(12,085)</u>	<u>(12,085)</u>
Total nonoperating revenues (expenses)	<u>7,000</u>	<u>(7,223)</u>	<u>(14,223)</u>
Loss before transfers	<u>(519,111)</u>	<u>(800,906)</u>	<u>(281,795)</u>
TRANSFERS			
Transfers in	<u>250,000</u>	<u>250,000</u>	<u> </u>
CHANGE IN NET POSITION	<u>\$ (269,111)</u>	<u>(550,906)</u>	<u>\$ (281,795)</u>
NET POSITION, BEGINNING OF YEAR		<u>29,045,443</u>	
NET POSITION, END OF YEAR		<u>\$ 28,494,537</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, 2013

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services	\$ 4,693,344	\$ 5,128,315	\$ 434,971
Licenses and permits	2,787,210	3,187,080	399,870
Miscellaneous		5,919	5,919
Total operating revenues	7,480,554	8,321,314	840,760
OPERATING EXPENSES			
Salaries and wages	3,521,157	3,783,074	(261,917)
Employee benefits	1,357,053	1,394,920	(37,867)
Services and supplies	2,797,038	3,244,919	(447,881)
Depreciation and amortization	100,000	46,720	53,280
Total operating expenses	7,775,248	8,469,633	(694,385)
Operating loss	(294,694)	(148,319)	146,375
NONOPERATING REVENUES (EXPENSES)			
Investment income	100,000	83,480	(16,520)
Decrease in fair value of investments		(139,388)	(139,388)
Loss before transfers	(194,694)	(204,227)	(9,533)
TRANSFERS			
Transfers in	1,000,150	1,000,150	
Transfers out	(2,371)	(1,302,371)	(1,300,000)
Total transfers	997,779	(302,221)	(1,300,000)
CHANGE IN NET POSITION	\$ 803,085	(506,448)	\$ (1,309,533)
NET POSITION, BEGINNING OF YEAR		2,582,655	
NET POSITION, END OF YEAR		\$ 2,076,207	

FIDUCIARY FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2013

CITY OF HENDERSON, NEVADA

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.



A Place To Call Home



CITY OF HENDERSON, NEVADA

AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2013

	<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 and cash equivalents	\$ 144,118	\$ 13,058,298	\$ 109,328	\$ 71,490	\$ 53,000,159	\$ 66,383,393
Investments					892,983	892,983
Special assessments receivable					469,647	469,647
Total assets	<u>\$ 144,118</u>	<u>\$ 13,058,298</u>	<u>\$ 109,328</u>	<u>\$ 71,490</u>	<u>\$ 54,362,789</u>	<u>\$ 67,746,023</u>
LIABILITIES						
Due to developers		\$ 13,058,298		\$ 71,490		\$ 13,129,788
Due to employees	144,118					144,118
Due to others			109,328		54,362,789	54,472,117
Total liabilities	<u>\$ 144,118</u>	<u>\$ 13,058,298</u>	<u>\$ 109,328</u>	<u>\$ 71,490</u>	<u>\$ 54,362,789</u>	<u>\$ 67,746,023</u>

CITY OF HENDERSON, NEVADA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
SECTION 125 PLAN				
ASSETS				
Cash and cash equivalents	\$ 112,732	\$ 791,351	\$ 759,965	\$ 144,118
LIABILITIES				
Due to employees	\$ 112,732	\$ 791,351	\$ 759,965	\$ 144,118
TRAFFIC SIGNAL				
ASSETS				
Cash and cash equivalents	\$ 15,217,742	\$ 238,428	\$ 2,397,872	\$ 13,058,298
LIABILITIES				
Due to developers	\$ 15,217,742	\$ 238,428	\$ 2,397,872	\$ 13,058,298
FORFEITED ASSETS				
ASSETS				
Cash and cash equivalents	\$ 153,417	\$ 247,751	\$ 291,840	\$ 109,328
LIABILITIES				
Due to others	\$ 153,417	\$ 247,751	\$ 291,840	\$ 109,328
PAVING FRONTAGE				
ASSETS				
Cash and cash equivalents	\$ 70,739	\$ 751		\$ 71,490
LIABILITIES				
Due to developers	\$ 70,739	\$ 751		\$ 71,490
SPECIAL ASSESSMENT DISTRICTS				
ASSETS				
Cash and cash equivalents	\$ 52,292,443	\$ 62,683,487	\$ 61,975,771	\$ 53,000,159
Investments	880,982	12,001		892,983
Special assessments receivable	626,995	15,931	173,279	469,647
Total assets	\$ 53,800,420	\$ 62,711,419	\$ 62,149,050	\$ 54,362,789
LIABILITIES				
Due to others	\$ 53,800,420	\$ 62,711,419	\$ 62,149,050	\$ 54,362,789
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 67,847,073	\$ 63,961,768	\$ 65,425,448	\$ 66,383,393
Investments	880,982	12,001		892,983
Special assessments receivable	626,995	15,931	173,279	469,647
Total assets	\$ 69,355,050	\$ 63,989,700	\$ 65,598,727	\$ 67,746,023
LIABILITIES				
Due to developers	\$ 15,288,481	\$ 239,179	\$ 2,397,872	\$ 13,129,788
Due to employees	112,732	791,351	759,965	144,118
Due to others	53,953,837	62,959,170	62,440,890	54,472,117
Total liabilities	\$ 69,355,050	\$ 63,989,700	\$ 65,598,727	\$ 67,746,023