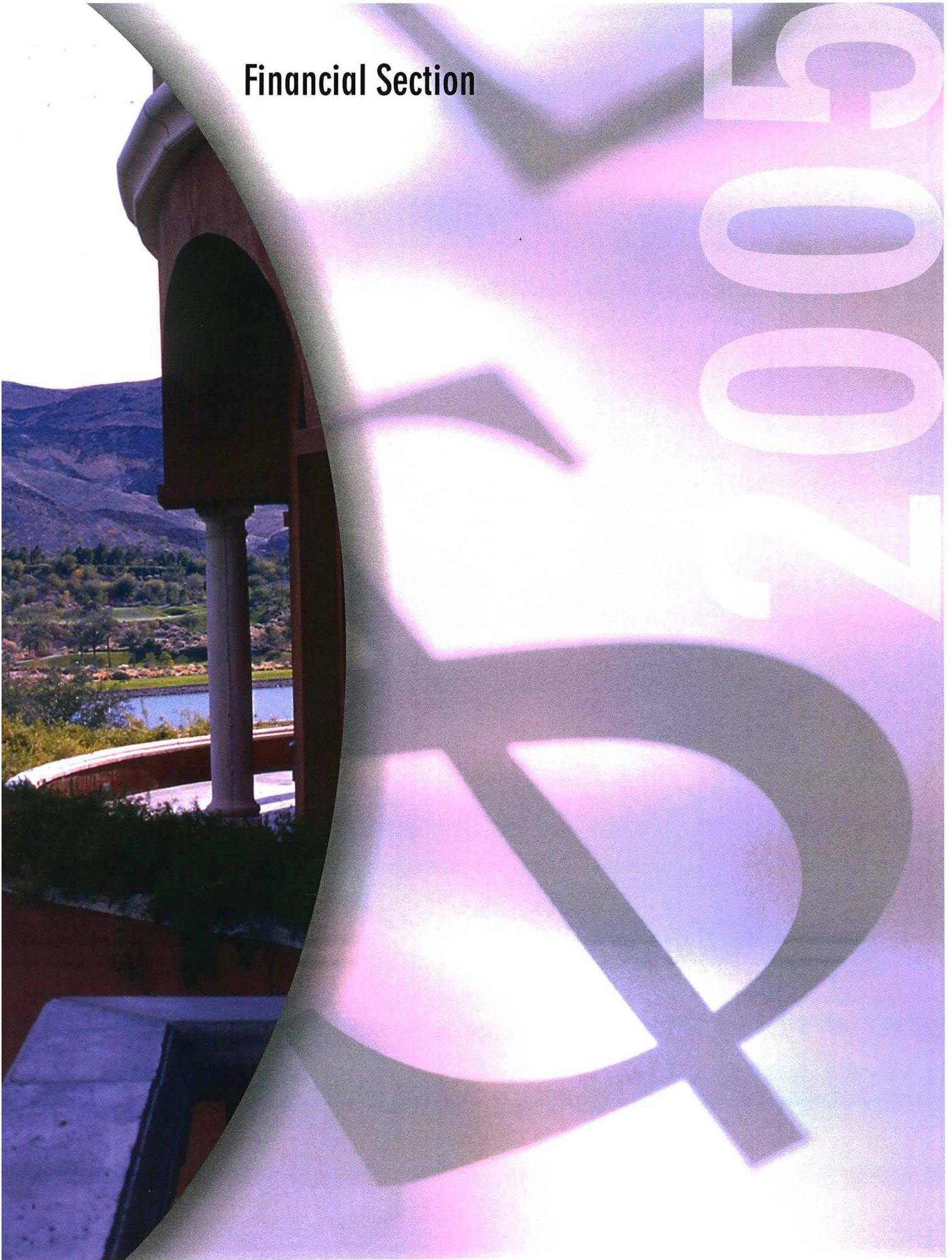


**Financial Section**



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# Bartig, Basler & Ray

A Professional Corporation

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Certified Public Accountants and Management Consultants

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Frank V. Trythall  
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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor  
Members of the City Council and  
City Manager  
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 City of Henderson, Nevada, as of and for the year ended June 30, 2005, which collectively comprise the City of Henderson's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of City of Henderson. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Henderson, Nevada, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1B, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, as of July 1, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2005, on our consideration of City of Henderson'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, on pages 3A thru 3N, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Henderson's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Henderson. The combining and individual fund statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BARTIG, BASLER & RAY, CPAs, INC.

*Bartig, Basler & Ray, CPAs, Inc.*

October 6, 2005  
Roseville, California

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## Management's Discussion & Analysis

As management of the City of Henderson, we offer readers of the City of Henderson's financial statements this narrative overview and analysis of the financial activities of the City of Henderson for the fiscal year ended June 30, 2005. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

### Financial Highlights

- The assets of the City of Henderson exceeded its liabilities at June 30, 2005 by \$1,798,869,960 (net assets). Of this amount, \$150,712,885 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$191,878,459. See the sections on Governmental Activities and Business-type Activities below for explanations on the increase.
- As of June 30, 2005, the City of Henderson's governmental funds reported combined ending fund balances of \$210,055,313, an increase of \$40,973,143 in comparison with the prior year. This increase is mainly due to property owner contributions for special assessment districts and revenue increases due to growth and higher interest earnings. Approximately 90% of ending fund balances or \$189,139,278 is available for spending at the City's discretion (unreserved fund balance).
- As of June 30, 2005 unreserved fund balance in the general fund was \$25,935,187 or 15.9% of general fund expenditures.

### Financial Statement Overview

This discussion and analysis is intended to serve as an introduction to the City of Henderson's basic financial statements. The City of Henderson's basic financial statements comprise 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 of Henderson's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City of Henderson's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Henderson is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Henderson 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 of Henderson include general government, judicial, public safety, public works, culture and recreation, and community support. The business-type

activities of the City of Henderson include Water and Sewer operations, the Development Services Center, a Convention Center, and a Municipal Golf Course.

**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 of Henderson, 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 of Henderson 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 of Henderson maintains twenty-two individual governmental funds. 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, general obligation debt service fund, special assessment debt service fund, special assessment districts capital projects fund, and the municipal facilities capital projects fund, all of which are considered to be major funds. Data from the seventeen other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

The City of Henderson adopts an annual appropriated budget for all its governmental funds. A budgetary comparison for the City's general fund has been provided to demonstrate compliance with this budget. Budget comparisons for other funds are provided elsewhere in the report.

**Proprietary funds.** The City of Henderson maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Henderson uses enterprise funds to account for its Water and Sewer activities, and the Development Services Center, all of which are considered major funds. Data from the two nonmajor enterprise funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in the report. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Henderson's various functions. The City of Henderson uses internal service funds to account for its engineering services, its City vehicles, 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water activities, the Sewer activities, Development Services activities, which are considered major funds of the City of Henderson. 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 of Henderson's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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 nonmajor governmental funds and nonmajor 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Henderson, assets exceeded liabilities by \$1,798,869,960 at June 30, 2005.

The largest portion of the City of Henderson's net assets (72%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Henderson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Henderson'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.

## City of Henderson's Net Assets

	Governmental Activities		Business Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$293,673,247	\$236,913,308	\$433,448,804	\$323,284,123	\$727,122,051	\$560,197,431
Capital assets	909,291,357	876,062,725	666,677,454	565,919,054	1,575,968,811	1,441,981,779
Total assets	1,202,964,604	1,112,976,033	1,100,126,258	889,203,177	2,303,090,862	2,002,179,210
Long-term liabilities	188,097,923	198,594,822	265,721,131	160,726,955	453,819,054	359,321,777
Other liabilities	28,823,699	25,858,455	21,578,149	10,007,477	50,401,848	35,865,932
Total liabilities	216,921,622	224,453,277	287,299,280	170,734,432	504,220,902	395,187,709
Net assets:						
Invested in capital assets, net of related debt	766,135,825	737,854,881	520,410,406	434,186,988	1,286,546,231	1,172,041,869
Restricted	159,497,376	123,520,589	202,113,468	196,301,241	361,610,844	319,821,830
Unrestricted	60,409,781	27,147,286	90,303,104	87,980,516	150,712,885	115,127,802
Total net assets	\$986,042,982	\$888,522,756	\$812,826,978	\$718,468,745	\$1,798,869,960	\$1,606,991,501

An additional portion of the City of Henderson's net assets (20%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$150,712,885, may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2005 the City of Henderson is able to report positive balances in all three categories of net assets, 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.

There was an increase of \$28,280,944 in net assets invested in capital assets net of related debt for governmental activities. This was due mainly to developer donations of infrastructure, however this increase is not significant.

There was an increase of \$86,223,418 in net assets invested in capital assets net of related debt for business-type activities. Most of this increase is due to contributed assets and construction in progress. See Capital Assets section for further explanation.

There was a increase of \$35,976,787 in restricted net assets for governmental activities. Most of this increase is due to developer contributions for special assessment capital projects, thereby increasing fund balances restricted for capital projects. See discussion on Capital Assets below for further explanations.

The City of Henderson's net assets increased by \$191,878,459 during the current fiscal year, an increase in governmental net assets of \$97,520,226 and an increase in business-type activities of \$94,358,233. See explanations for the increases in the sections for Governmental Activities and Business-type Activities.

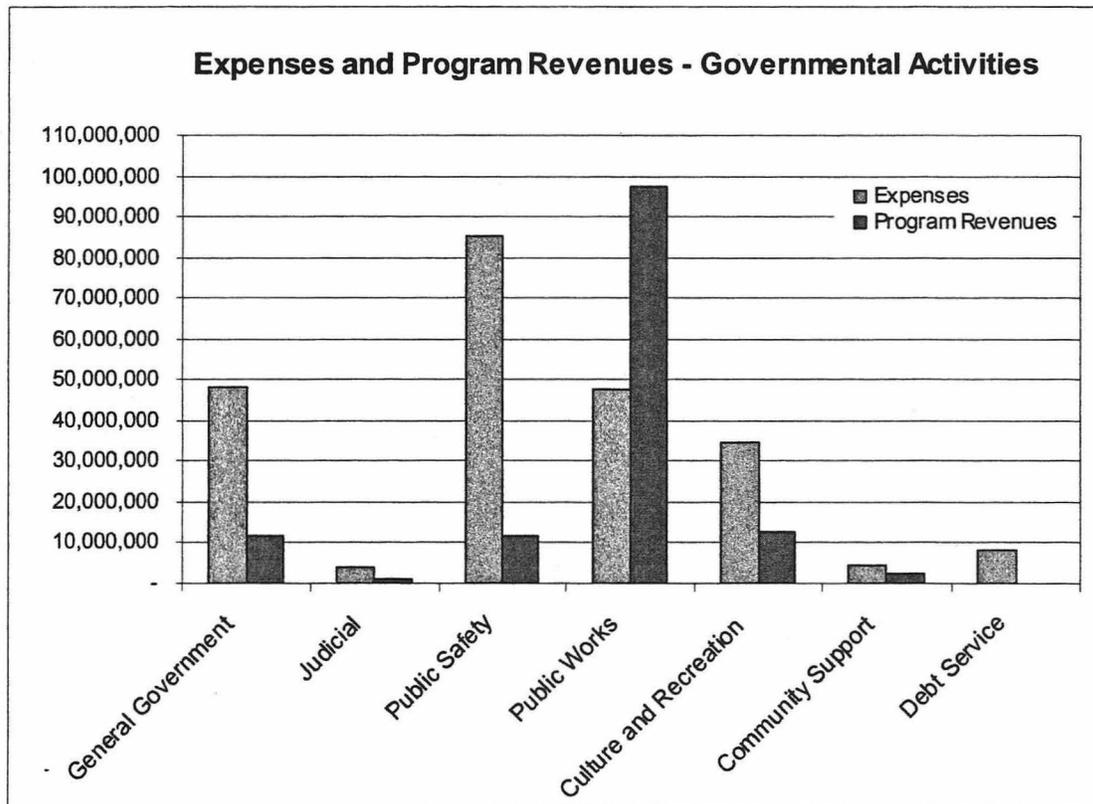
## City of Henderson's Changes in Net Assets

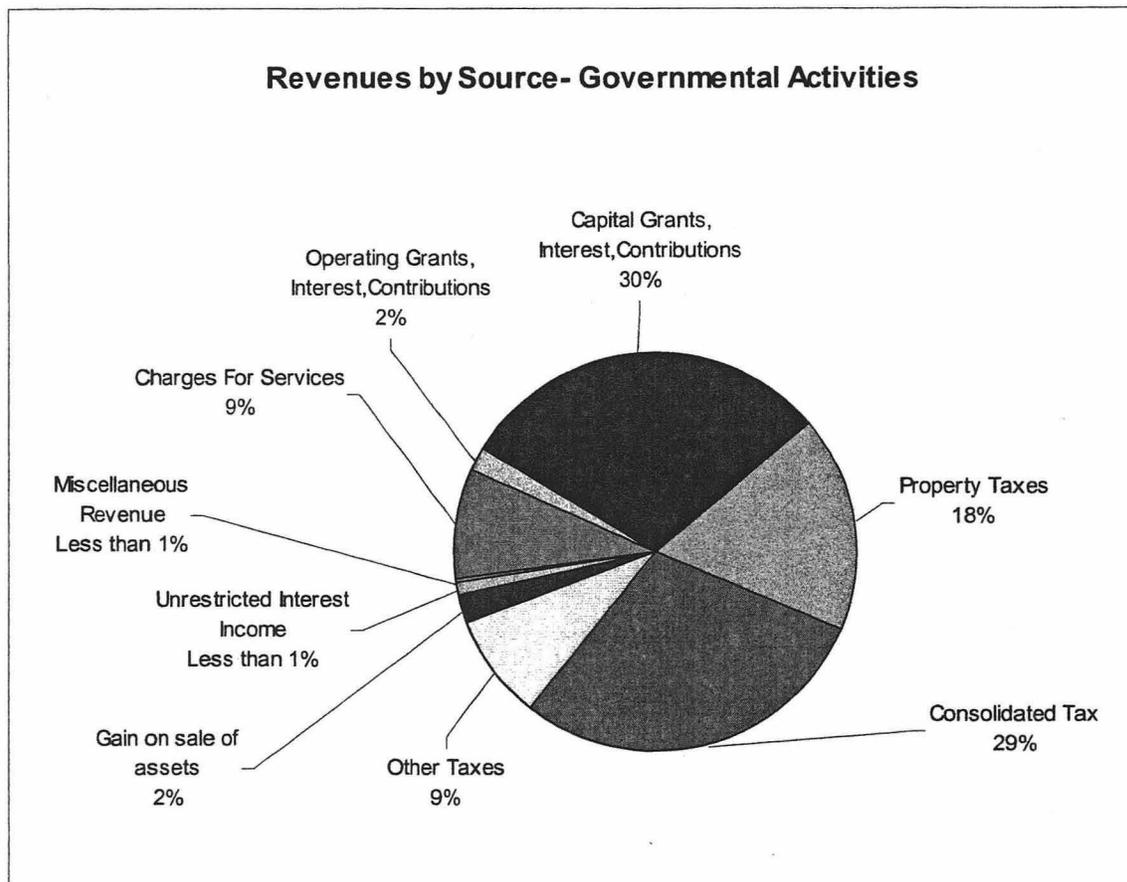
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues						
Charges for services	\$29,376,622	\$25,869,571	\$93,387,151	\$85,109,332	\$122,763,773	\$110,978,903
Operating grants, interest, and contributions	7,021,016	6,143,018	-	-	7,021,016	6,143,018
Capital grants, interest and Contributions	100,639,769	75,017,037	104,082,490	60,996,441	204,722,259	136,013,478
General revenues:						
Property taxes	58,498,497	51,078,663	-	-	58,498,497	51,078,663
Consolidated tax	96,687,531	78,290,939	-	-	96,687,531	78,290,939
Other taxes	28,899,364	25,726,071	6,374,248	5,441,169	35,273,612	31,167,241
Unrestricted interest income	3,486,212	1,286,329	9,922,035	2,537,604	13,408,247	3,823,934
Gain on sale of assets	7,660,298	4,555,063	-	737,836	7,660,298	5,292,899
Other	1,034,919	772,737	401,898	149,096	1,436,817	921,831
Total revenues	333,304,228	268,739,428	214,167,822	154,971,478	547,472,050	423,710,906
Expenses:						
General government	48,028,276	42,220,643	-	-	48,028,276	42,220,643
Judicial	4,071,409	3,744,366	-	-	4,071,409	3,744,366
Public safety	85,409,518	80,847,907	-	-	85,409,518	80,847,907
Public works	47,890,227	43,332,760	-	-	47,890,227	43,332,760
Culture and recreation	34,451,551	31,297,696	-	-	34,451,551	31,297,696
Community Support	4,139,404	-	-	-	4,139,404	-
Interest on long-term debt	8,223,235	6,531,533	-	-	8,223,235	6,531,533
Water	-	-	64,469,362	56,761,359	64,469,362	56,761,359
Sewer	-	-	33,345,399	28,355,583	33,345,399	28,355,583
Development Center	-	-	20,156,904	17,504,160	20,156,904	17,504,160
Other business-type activities	-	-	5,408,306	2,293,279	5,408,306	2,293,279
Total expenses	232,213,620	207,974,905	123,379,971	104,914,381	355,593,591	312,889,286
Increase in net assets before Transfers	101,090,608	60,764,523	90,787,851	50,057,097	191,878,459	110,821,620
Transfers	(3,570,382)	1,433,387	3,570,382	(1,433,387)	-	-
Increase in net assets	97,520,226	62,197,910	94,358,233	48,623,710	191,878,459	110,821,620
Net assets, July 1	888,522,756	826,324,846	718,468,745	669,845,035	1,606,991,501	1,496,169,881
Net assets, June 30	\$986,042,982	\$888,522,756	\$812,826,978	\$718,468,745	\$1,798,869,960	\$1,606,991,501

**Governmental Activities.** Governmental activities increased the City of Henderson's net assets by \$97,520,226 thereby accounting for 51% of the total growth in net assets of the City of Henderson. Key elements of this increase are as follows:

- Charges for services increased \$3,507,051 due to growth, increased fees for ambulance transports, and prisoner detention fees for holding prisoners for other jurisdictions who do not have the capacity.
- Operating grants and contributions increased by \$877,998 due to higher grant revenues and increase in the allocation from the Las Vegas Convention and Visitor's Authority due to growth.
- Capital grants and contributions increased by \$25,622,732 (34%). This is due in large part to property owner contributions of approximately \$32 million in this fiscal year for a special assessment district for which the City is not liable compared to approximately \$5 million in the previous fiscal year.
- Property taxes increased by \$7,419,834 (14%) due to growth in assessed value.
- Consolidated tax increased by \$18,396,592 (24%) due in large part to strong increases in sales tax revenue (see discussion on General Fund).
- Other taxes increased by \$3,173,293 (12%) due to growth.
- During fiscal year 2005, there was a significant land exchange for West Henderson for which the City gave up land with minimal book value in exchange for land and cash of a higher value; this accounted for the increase in gain on sale of assets.

- Interest income increased by \$2,199,883 (171%) due to higher cash and investment balances and to a large market adjustment at June 30, 2004, which decreased investment income by approximately \$1.2 million for that fiscal year. The market adjustment for fiscal year 2005 was insignificant.
- Increases in expenses are due in large part to population growth and therefore an increase in services and employees, particularly an increase in public safety costs due to a \$1.6 million communications lease and benefit and salary increases for police and fire.
- A new category of Community Support is reported this fiscal year, whereas it had been reported in General Government previously.
- Increase in interest on long-term debt is due to the additional debt issued in fiscal year 2003/2004 for which interest payments did not commence until this fiscal year.

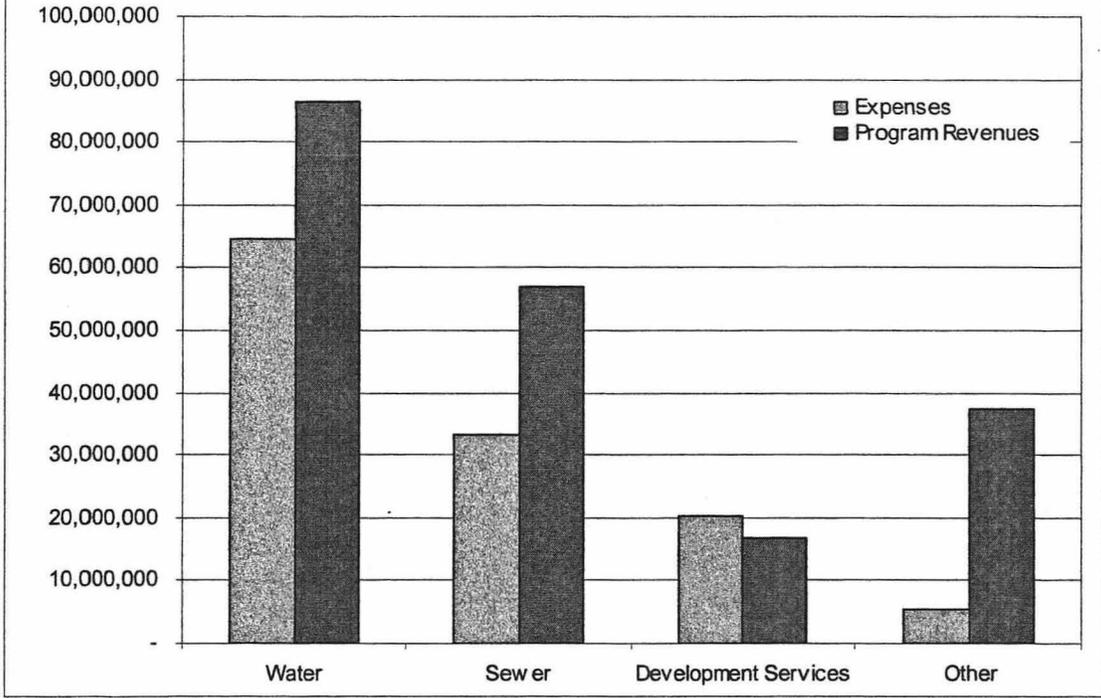




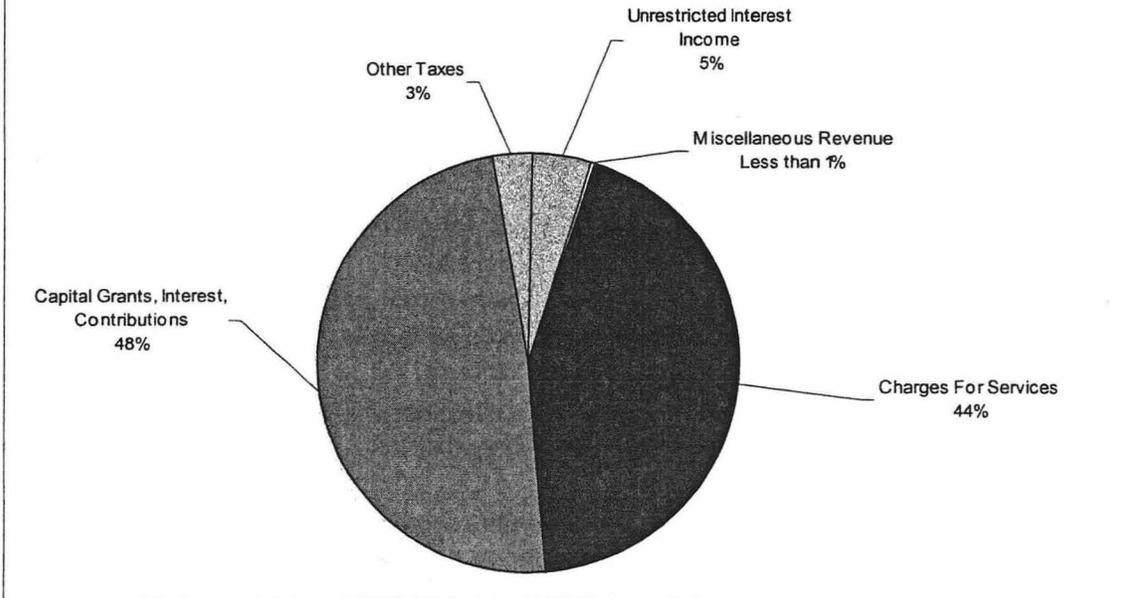
**Business-type activities.** Business-type activities increased the City of Henderson's net assets by \$94,358,233 accounting for 49% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Capital grants and contributions increased by \$43,086,049 (71%) due in large part to the capital contributions relative to the acquisition of the Municipal Golf Course, which is a new Enterprise fund for this fiscal year.
- Interest income increased \$7,384,431 (291%) due to higher cash and investment balances and to a large market adjustment at June 30, 2004, which decreased investment income by approximately \$5.1 million in fiscal year 2004. The adjustment for fiscal year 2005 was insignificant. (See discussion on interest income in the governmental activities section). The higher cash and investment balances were due in large part to a \$110 million bond issue in November 2004.
- Water expenses increased \$7,708,003 (13%) due to staffing increases, an increase in the amount and costs of purchased water, and an increase in depreciation expense associated with an increasing asset base.
- Sewer expenses increased \$4,989,816 (17%) due to staffing increases, an increase in depreciation expense due to an increasing asset base, and an increase in interest expense due to new bond issue.
- Development services center expenses increased \$2,652,744 (15%) due to increased staffing levels, which were planned in order to achieve enhanced target levels relative to plan check and inspection services. The enhanced target levels were intended to provide improved services to the development community.
- Other business-type expenses increased due to the acquisition of the municipal golf course, which is a new enterprise fund this fiscal year.

### Expenses and Program Revenues - Business-type Activities



### Revenues by Source - Business-type Activities



## Financial Analysis of the City's Funds

**Governmental funds.** The focus of the City of Henderson'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 of Henderson's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Henderson's governmental funds reported combined ending fund balances of \$210,055,313, an increase of \$40,973,143 in comparison with the prior year. Approximately 90% of this balance (\$189,139,278) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,995,062), 2) to pay debt service (\$5,572,324), 3) for land held for resale (\$8,412,363), 4) for a variety of other purposes (\$4,936,286).

**General Fund.** The general fund is the chief operating fund of the City of Henderson. At the end of the current fiscal year, unreserved fund balance of the general fund was \$25,935,187, while total fund balance was \$28,376,799. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15.9% of total general fund expenditures, while total fund balance represents 17.4% of that same amount.

The fund balance of the general fund increased by \$2,272,498 during the current fiscal year. Key factors for this net increase are as follows:

Property taxes increased by \$3,544,168 due to growth in assessed value.

Franchise fees increased by \$2,817,045 due to the City's growth.

Intergovernmental revenues increased by \$18,627,617. This increase is mainly due to the consolidated tax amount received from the State of Nevada. This increase is due to strong increases in sales tax revenue due in large part to a robust construction sector and to growth.

Charges for services increased \$2,364,263 due to growth, increased ambulance fees and increased revenue in prisoner detention for prisoners held in our municipal jail for other jurisdictions that do not have the capacity to hold its own prisoners.

These increases were offset by a total increase in general fund expenditures. The most significant of these increases was in the current expenditures for public safety which increased by \$8,110,513 due to benefit and salary increases for public safety employees.

The increases were also offset by transfers out to other funds from the General Fund that were approximately \$17 million over the previous fiscal year, the majority of this increase was transferred to the Municipal Facilities Acquisition and Construction Capital Projects Fund for capital projects.

**General Obligation Debt Service Fund.** The general obligation debt service fund has a total fund balance of \$846,962, all of which is reserved for payment of debt service. The net decrease in the fund balance was \$726,524 due mainly to debt service payments exceeding property tax revenues.

**Special Assessment Districts Debt Service Fund.** The special assessment districts debt service fund has a total fund balance of \$1,377,899, all of which is reserved for payment of debt service. The net decrease in the fund balance was \$1,075,117 due to payments of assessments last fiscal year that were used for debt service this fiscal year.

**Special Assessment Districts Capital Projects Fund.** The special assessment districts capital projects fund has a total fund balance of \$87,039,953 which is unreserved. The net increase in fund balance was \$22,662,223. The increase to fund balance was due mainly to approximately \$32 million in property owner contributions related to Local Improvement District T-16 special assessment bond proceeds for which the City is not liable. These proceeds were offset by approximately \$10 million in construction costs for special assessment infrastructure.

**Municipal Facilities Acquisition & Construction Capital Projects Fund.** The municipal facilities acquisition & construction capital projects fund has a total unreserved fund balance of \$26,973,547. The net increase in fund balance of \$8,202,393 was due mainly to transfers in from the General Fund and other funds for capital projects.

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

Unrestricted net assets of the water fund at the end of the fiscal year amounted to \$47,605,417, and total growth in net assets was \$25,165,193. Unrestricted net assets of the sewer fund at the end of the fiscal year were \$38,627,421, and total growth in net assets were \$31,580,536. Unrestricted net assets in the development services fund at the end of the fiscal year were \$7,160,490, and the total increase in net assets was \$4,325,514. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Henderson's business-type activities.

### **General Fund Budgetary Highlights**

Functions represent the City's legal level of budgetary control. The final budget expenditure appropriations increased \$14 million, or 8.7% over the original budget. This increase was due to the re-authorization of outstanding encumbrances and unspent appropriations for capital purchases and professional services from the prior year in all functions. Many budgeted capital purchases and projects had not been completed by the end of Fiscal Year 2004, and were re-appropriated in Fiscal Year 2005. In addition the execution of a capital lease in the police department for \$1.6 million was not included in the original budget.

Actual expenditures were 92.5% of appropriations, or \$13.2 million lower than the final budget. All functions are well within appropriation authority. The savings were mainly due to staffing vacancies that occurred during the fiscal year, as well as projects that were not completed by the end of the fiscal year and will be re-appropriated to the subsequent year. The main areas of savings are summarized below:

- Actual General Government expenditures were \$7.3 million below the final budget. Several projects within Information Technology, City Manager's Office, and Community Development were not completed by year-end and were deferred to the subsequent year, in addition to \$1.6 million in vacancy savings.
- Actual Public Safety expenditures were \$2.8 million below the final budget, primarily due to vacancy savings, as well as projects that were deferred to the subsequent year.

- Actual Culture and Recreation expenditures were \$2.1 million below the final budget, mainly due to equipment purchases and projects that were deferred to the subsequent year, as well as vacancy savings.

### Capital Assets and Debt Administration

**Capital assets.** The City of Henderson’s investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounts to \$1,575,968,811 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges and a municipal golf course. The total increase in the City of Henderson’s investment in capital assets was \$133,987,032 (\$33,228,632 for governmental activities and \$100,758,400 for business-type activities).

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

- Land in business-type activities increased \$13,802,929 due to the acquisition of the Municipal Golf Course.
- Buildings increased in governmental activities by \$61,819,456 due in large part to the completion of City Hall expansion.
- Buildings increased by \$7,290,410 in business type activities due to the City’s acquisition of the Municipal Golf Course and the completion of the City Hall expansion.
- Construction in progress for governmental activities decreased by \$59,040,982 due in large part to the completion of the City Hall expansion.
- Construction in progress for business type activities increased by \$38,250,730. This increase is due to approximately \$36.7 million in costs associated with the water reclamation facility project, approximately \$.9 million in costs associated with the sewer substation project, and approximately \$.5 million in costs associated with the interceptor project.

### City of Henderson’s Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$171,021,439	\$173,235,295	\$25,048,226	\$11,245,297	196,069,665	\$184,480,592
Buildings	168,636,692	106,817,236	17,091,143	9,800,733	185,727,835	116,617,969
Improvements other than buildings	68,697,193	70,116,708	526,550,108	484,861,525	595,247,301	554,978,233
Machinery and equipment	28,841,057	30,139,653	4,296,337	4,570,589	33,137,394	34,710,242
Infrastructure	458,134,892	422,752,767	-	-	458,134,892	422,752,767
Construction in progress	13,960,084	73,001,066	93,691,640	55,440,910	107,651,724	128,441,976
<b>Total</b>	<b>\$909,291,357</b>	<b>\$876,062,725</b>	<b>\$666,677,454</b>	<b>\$565,919,054</b>	<b>\$1,575,968,811</b>	<b>\$1,441,981,779</b>

Additional information on the City of Henderson’s capital assets can be found in notes to the financial statements.

**Long-term debt.** At the end of the current fiscal year, the City of Henderson had total bonded debt outstanding of \$396,691,193. Of this amount, \$125,240,000 is considered general obligation debt, \$16,340,000 is tax allocation debt, and \$1,215,000 is considered special assessment debt for which the City is obligated in some manner. The remainder of the City of Henderson’s bonded debt represents bonds to be paid from the City’s Water and Sewer activities.

### City of Henderson’s Outstanding Bonds

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$125,240,000	\$137,665,000	\$ -	\$ -	\$125,240,000	\$137,665,000
Tax allocation bonds	16,340,000	16,340,000	-	-	16,340,000	16,340,000
Special assessment debt with government commitment	1,215,000	2,500,000	-	-	1,215,000	2,500,000
Water & sewer bonds	-	-	253,896,193	155,592,473	253,896,193	155,592,473
<b>Total</b>	<b>\$142,795,000</b>	<b>\$156,505,000</b>	<b>\$253,896,193</b>	<b>\$155,592,473</b>	<b>\$396,691,193</b>	<b>\$312,097,473</b>

During the fiscal year, the City issued sewer bonds and refinanced some of its existing water and sewer bonds to take advantage of favorable interest rates. The City of Henderson issued water & sewer bonds to refinance previously outstanding water & sewer bonds. The result is expected to result in a decrease in future debt service payments of \$3,181,338.

In October 2004 Standard & Poor’s Ratings Service and Moody’s Investor’s Service upgraded the City’s general obligation bond rating from “AA-“ to “AA” and from “Aa3” to “Aa2”, respectively .

As of June 30, 2005, the City’s net general obligation bonded debt subject to the legal debt margin of \$379,136,193 was below the legal limit of \$1,179,854,439 and net bonded debt per capita equaled \$577.02.

Additional information on the City of Henderson’s long-term debt can be found in notes to the financial statements.

### Other Factors

- In the 2005 the Nevada State Legislature passed a law to provide a property tax relief to all citizens. Assembly Bill 489 was signed in law on April 6, 2005 and provides a partial abatement of taxes by applying a 3% cap on the increase in the tax bill for the owner’s primary residence (single family house, townhouse, condominium or manufactured home). Only one property may be selected in the State of Nevada as a primary residence. Some rental dwellings that meet the low-income rent limits may also qualify for a 3% cap on the tax bill. An 8% cap on the increase in the tax bill will be applied to residences that are not owner occupied. The 8% cap will also apply to vacant land, commercial buildings, business personal property, aircraft, etc.
- The unemployment rate for Nevada was 3.9% in March 2005, 1.3 percentage points lower than the national average.
- Tourism continues to be a vital component of the Southern Nevada economy. Hotel occupancy rates were 94.5% in March 2005, the highest occupancy rate since March 2001.

- The City's borrowing rate continues to be attractive, between 3.0% and 5.5% for long-term debt; however the City's yield on its investment portfolio was only 2.61% during the fiscal year.
- New home sales for Clark County are up 9.8% and median new home prices increased 33.1% for the 12 month period ended May 2005 over the prior 12-month period. Existing home sales increased 1.6% and the median price of pre-owned homes increased by 34.5% over the same period. The Las Vegas area added 15,200 construction jobs over the past year representing an annual growth of 17.2%.
- Henderson's population reached 243,897, an increase of 3.66% over 2004.

All of these factors were considered in preparing the City of Henderson's budget for the 2006 fiscal year.

During the current fiscal year unreserved fund balance in the general fund increased to \$25,935,187. The City of Henderson has appropriated approximately \$6.7 million of this amount for spending in the 2005-2006 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 of Henderson's finances for all those with an interest in the City's finances. 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**



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**CITY OF HENDERSON, NEVADA**

Statement of Net Assets  
June 30, 2005

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and Investments	\$ 234,824,310	\$ 408,224,442	\$ 643,048,752
Receivables:			
Accounts	6,829,799	10,149,515	16,979,314
Interest receivable	841,080	1,709,103	2,550,183
Delinquent property taxes	505,866	--	505,866
Special assessments	862,809	--	862,809
Notes	950,638	--	950,638
Prepaid items	456,550	--	456,550
Due from other governments	23,451,853	870,173	24,322,026
Internal balances	5,989,860	(5,989,860)	--
Other assets	21,776	--	21,776
Investment in joint venture	--	2,779,432	2,779,432
Land held for resale	8,412,363	--	8,412,363
Deferred charges	10,526,343	--	10,526,343
Restricted assets - cash and investments:			
Customer deposits	--	371,215	371,215
Water and sewer bond debt service	--	9,433,015	9,433,015
Banked water	--	5,901,769	5,901,769
Capital assets (net of accumulated depreciation):			
Land	171,021,439	25,048,226	196,069,665
Buildings	168,636,692	17,091,143	185,727,835
Improvements other than buildings	68,697,193	526,550,108	595,247,301
Machinery and equipment	28,841,057	4,296,337	33,137,394
Infrastructure	458,134,892	--	458,134,892
Construction in progress	13,960,084	93,691,640	107,651,724
Total Assets	<u>1,202,964,604</u>	<u>1,100,126,258</u>	<u>2,303,090,862</u>
<b>LIABILITIES</b>			
Accounts payable and accrued wages	12,023,616	8,752,830	20,776,446
Accrued interest payable	998,128	--	998,128
Construction contracts/retention payable	2,619,713	9,474,346	12,094,059
Deposits	3,963,900	144,216	4,108,116
Due to other governments	2,048,153	--	2,048,153
Unearned revenue	7,170,189	--	7,170,189
Current liabilities partially payable from restricted assets	--	3,206,757	3,206,757
Noncurrent liabilities:			
Due within one year	19,925,538	4,512,467	24,438,005
Due within one year, partially payable from restricted assets	--	12,213,866	12,213,866
Due in more than one year	168,172,385	248,994,798	417,167,183
Total liabilities	<u>216,921,622</u>	<u>287,299,280</u>	<u>504,220,902</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	766,135,825	520,410,406	1,286,546,231
Restricted for:			
General government	5,541,124	--	5,541,124
Judicial	492,542	--	492,542
Debt service	1,226,733	6,597,473	7,824,206
Public safety	111,078	--	111,078
Public works	12,177,935	--	12,177,935
Culture and recreation	2,034,377	--	2,034,377
Capital projects	123,191,135	2,779,432	125,970,567
Redevelopment	1,020,665	--	1,020,665
Claims	13,701,787	--	13,701,787
Banked water	--	5,901,769	5,901,769
Customer deposits	--	371,215	371,215
System development	--	186,463,579	186,463,579
Unrestricted	60,409,781	90,303,104	150,712,885
Total Net Assets	<u>\$ 986,042,982</u>	<u>\$ 812,826,978</u>	<u>\$ 1,798,869,960</u>

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

**CITY OF HENDERSON, NEVADA**

**Statement of Activities  
For the Year Ended June 30, 2005**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Interest, and Contributions	Capital Grants, Interest, and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 48,028,276	\$ 11,580,621	\$ 13,249	\$ 200,111	\$ (36,234,295)	\$ --	\$ (36,234,295)
Judicial	4,071,409	793,113	--	--	(3,278,296)	--	(3,278,296)
Public safety	85,409,518	9,597,481	792,757	1,445,361	(73,573,919)	--	(73,573,919)
Public works	47,890,227	592,097	461,515	96,051,738	49,215,123	--	49,215,123
Culture and recreation	34,451,551	6,813,310	3,141,126	2,902,966	(21,594,149)	--	(21,594,149)
Community support	4,139,404	--	2,612,369	39,593	(1,487,442)	--	(1,487,442)
Debt service:							
Administrative and other costs	921,422	--	--	--	(921,422)	--	(921,422)
Interest and fiscal charges	7,301,813	--	--	--	(7,301,813)	--	(7,301,813)
<b>Total Governmental Activities</b>	<b>232,213,620</b>	<b>29,376,622</b>	<b>7,021,016</b>	<b>100,639,769</b>	<b>(95,176,213)</b>	<b>--</b>	<b>(95,176,213)</b>
<b>Business-Type Activities:</b>							
Water	64,469,362	48,069,761	--	38,308,795	--	21,909,194	21,909,194
Sewer	33,345,399	25,406,890	--	31,414,797	--	23,476,288	23,476,288
Development service center	20,156,904	16,785,647	--	8,898	--	(3,362,359)	(3,362,359)
Other business activities	5,408,306	3,124,853	--	34,350,000	--	32,066,547	32,066,547
<b>Total Business-Type Activities</b>	<b>123,379,971</b>	<b>93,387,151</b>	<b>--</b>	<b>104,082,490</b>	<b>--</b>	<b>74,089,670</b>	<b>74,089,670</b>
<b>Total</b>	<b>\$ 355,593,591</b>	<b>\$ 122,763,773</b>	<b>\$ 7,021,016</b>	<b>\$ 204,722,259</b>	<b>(95,176,213)</b>	<b>74,089,670</b>	<b>(21,086,543)</b>
<b>General Revenues</b>							
Ad valorem taxes					58,498,497	--	58,498,497
Bond premium					649,079	324,201	973,280
Consolidated tax					96,687,531	--	96,687,531
Franchise fees					24,044,878	--	24,044,878
Motor vehicle fuel tax					3,978,157	--	3,978,157
Room taxes					--	1,750,194	1,750,194
Sales tax					876,329	4,624,054	5,500,383
Unrestricted investment earnings					3,486,212	9,922,035	13,408,247
Gain on sale of assets					7,660,298	--	7,660,298
Miscellaneous					385,840	77,697	463,537
Transfers					(3,570,382)	3,570,382	--
<b>Total General Revenues and Transfers</b>					<b>192,696,439</b>	<b>20,268,563</b>	<b>212,965,002</b>
<b>Change in Net Assets</b>					<b>97,520,226</b>	<b>94,358,233</b>	<b>191,878,459</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>					<b>888,522,756</b>	<b>718,468,745</b>	<b>1,606,991,501</b>
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 986,042,982</b>	<b>\$ 812,826,978</b>	<b>\$ 1,798,869,960</b>

The accompanying notes are an integral part of these financial statements

**CITY OF HENDERSON, NEVADA**

**Balance Sheet  
Governmental Funds  
June 30, 2005**

	General Fund	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition and Construction Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and investments	\$ 16,920,347	\$ 716,658	\$ 1,520,744	\$ 88,618,543	\$ 28,571,289	\$ 56,110,800	\$ 192,458,381
Receivables:							
Accounts	6,694,044	--	--	--	--	47,477	6,741,521
Special assessments	--	--	862,809	--	--	--	862,809
Accrued interest	152,390	43,880	3,604	2,364	110,798	287,892	600,928
Notes	--	--	--	--	--	950,638	950,638
Delinquent property taxes	347,530	158,336	--	--	--	--	505,866
Advances to other funds	--	--	--	--	--	791,592	791,592
Due from other funds	65,821	--	--	--	--	--	65,821
Due from employees	680	--	--	--	--	--	680
Due from other governments	19,497,071	86,424	--	--	41,377	3,552,916	23,177,788
Prepaid expense	446,550	--	--	--	--	10,000	456,550
Land held for resale	--	--	--	--	--	8,412,363	8,412,363
<b>Total assets</b>	<b>\$ 44,124,433</b>	<b>\$ 1,005,298</b>	<b>\$ 2,387,157</b>	<b>\$ 88,620,907</b>	<b>\$ 28,723,464</b>	<b>\$ 70,163,678</b>	<b>\$ 235,024,937</b>
<b>LIABILITIES</b>							
Accounts payable and accrued wages	\$ 9,283,039	\$ --	\$ 146,449	\$ 915	\$ 302,634	\$ 1,619,188	\$ 11,352,225
Compensated absences payable	500,000	--	--	--	--	3,051	503,051
Construction contracts payable	--	--	--	308,588	462,240	1,848,885	2,619,713
Arbitrage rebate tax payable	--	--	--	--	985,043	--	985,043
Deposits	3,895,038	--	--	--	--	68,862	3,963,900
Due to other governments	1,722,027	--	--	--	--	326,126	2,048,153
Due to other funds	--	--	--	--	--	65,821	65,821
Advances from other funds	--	--	--	1,271,451	--	791,592	2,063,043
Deferred revenue	347,530	158,336	862,809	--	--	--	1,368,675
<b>Total liabilities</b>	<b>\$ 15,747,634</b>	<b>\$ 158,336</b>	<b>\$ 1,009,258</b>	<b>\$ 1,580,954</b>	<b>\$ 1,749,917</b>	<b>\$ 4,723,525</b>	<b>\$ 24,969,624</b>
<b>FUND BALANCES</b>							
Reserved for:							
Encumbrances	1,995,062	--	--	--	--	--	1,995,062
Debt service	--	846,962	1,377,899	--	--	3,347,463	5,572,324
Prepaid items	446,550	--	--	--	--	10,000	456,550
Land held for resale	--	--	--	--	--	8,412,363	8,412,363
Notes receivable	--	--	--	--	--	950,638	950,638
Sinking fund	--	--	--	--	--	3,529,098	3,529,098
Unreserved, reported in:							
General fund	25,935,187	--	--	--	--	--	25,935,187
Special revenue funds	--	--	--	--	--	24,619,959	24,619,959
Capital projects funds	--	--	--	87,039,953	26,973,547	24,570,632	138,584,132
<b>Total fund balance</b>	<b>28,376,799</b>	<b>846,962</b>	<b>1,377,899</b>	<b>87,039,953</b>	<b>26,973,547</b>	<b>65,440,153</b>	<b>210,055,313</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 44,124,433</b>	<b>\$ 1,005,298</b>	<b>\$ 2,387,157</b>	<b>\$ 88,620,907</b>	<b>\$ 28,723,464</b>	<b>\$ 70,163,678</b>	<b>\$ 235,024,937</b>

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

**CITY OF HENDERSON, NEVADA**

Reconciliation of the Balance Sheet to  
the Statement of Net Assets  
Governmental Funds  
June 30, 2005

Fund Balances - Governmental Funds		\$ 210,055,313
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	1,218,526,909	
Less: Accumulated depreciation	<u>(324,436,908)</u>	894,090,001
<p>Other assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.</p>		
Bond costs - deferred charges	11,402,581	
Less: Current year amortization	<u>(876,238)</u>	10,526,343
<p>Long -term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
General obligation bonds payable	(125,240,000)	
Tax allocation bonds payable	(16,340,000)	
Special assessment bonds payable	(1,215,000)	
Notes payable	(120,985)	
Capital leases payable	(2,970,437)	
Compensated absences	(22,796,256)	
Arbitrage liability	(185,069)	
Landfill post-closure costs	<u>(12,000,000)</u>	(180,867,747)
Interest payable		(998,128)
<p>Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.</p>		
		(5,801,514)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets and liabilities of the internal service funds are reported with governmental activities.</p>		
		53,048,854
<p>Internal balances are receivable from business-type activities</p>		
		<u>5,989,860</u>
Net Assets - Governmental Activities		<u>\$ 986,042,982</u>

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

CITY OF HENDERSON, NEVADA

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2005

	General Fund	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition and Construction Capital Projects	Other Governmental Funds	Total
<b>REVENUES:</b>							
Property taxes	\$ 29,309,739	\$ 17,083,662	\$ --	\$ --	\$ 8,199,525	\$ 3,993,171	\$ 58,586,097
Special assessments	--	--	327,861	--	--	--	327,861
Franchise fees	24,044,878	--	--	--	--	--	24,044,878
Licenses and permits	7,305,463	--	--	--	--	--	7,305,463
Intergovernmental	100,879,296	--	--	--	--	12,450,766	113,330,062
Charges for services	13,980,484	--	--	--	--	196,604	14,177,088
Fines and forfeitures	3,114,561	--	--	--	--	373,644	3,488,205
Developer/property owner contributions	--	--	--	32,115,705	--	650,517	32,766,222
Impact fees	--	--	--	--	--	1,740,702	1,740,702
Miscellaneous interest	622,416	195,327	141,486	1,415,374	455,010	1,248,060	4,077,673
Miscellaneous	836,902	--	203	--	1,330	878,265	1,716,700
Total revenues	180,093,739	17,278,989	469,550	33,531,079	8,655,865	21,531,729	261,560,951
<b>EXPENDITURES:</b>							
<b>Current:</b>							
General government	37,003,782	--	--	--	2,624,264	4,202,740	43,830,786
Judicial	3,570,183	--	--	--	--	355,598	3,925,781
Public safety	83,228,046	--	--	--	--	574,118	83,802,164
Public works	6,950,048	--	--	198,313	1,252,898	1,323,564	9,724,823
Culture and recreation	27,110,016	--	--	--	3,858	2,031,223	29,145,097
Community support	1,609,486	--	--	--	--	2,324,898	3,934,384
Total current	159,471,561	--	--	198,313	3,881,020	10,812,141	174,363,035
<b>Capital outlay:</b>							
General government	751,339	--	--	--	1,161,220	271,227	2,183,786
Judicial	--	--	--	--	--	423,691	423,691
Public safety	2,369,589	--	--	--	--	1,200,132	3,569,721
Public works	20,673	--	--	10,709,090	2,727,784	6,019,555	19,477,102
Culture and recreation	127,398	--	--	--	--	2,425,157	2,552,555
Community support	5,393	--	--	--	--	227,177	232,570
Total capital outlay	3,274,392	--	--	10,709,090	3,889,004	10,566,939	28,439,425
<b>Debt service:</b>							
Principal retirement	--	12,425,000	1,285,000	--	--	22,019	13,732,019
Interest and fiscal charges	--	6,598,223	186,436	--	--	877,285	7,661,944
Administrative and other costs	--	10,500	34,684	--	--	--	45,184
Total debt service	--	19,033,723	1,506,120	--	--	899,304	21,439,147
Total expenditures	162,745,953	19,033,723	1,506,120	10,907,403	7,770,024	22,278,384	224,241,607
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,347,786	(1,754,734)	(1,036,570)	22,623,676	885,841	(746,655)	37,319,344

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

continued

**CITY OF HENDERSON, NEVADA**

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)  
 Governmental Funds  
 For the Year Ended June 30, 2005

	General Fund	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition and Construction Capital Projects	Other Governmental Funds	Total
OTHER FINANCING SOURCES (USES)							
Land sales	--	--	--	--	--	9,076,990	9,076,990
Inception of capital leases	1,634,354	--	--	--	--	--	1,634,354
Transfers:							
Transfers from other funds	9,084,937	10,296,766	--	38,547	17,613,318	6,251,411	43,284,979
Transfers to other funds	(25,794,579)	(9,268,556)	(38,547)	--	(10,296,766)	(4,944,076)	(50,342,524)
Total other financing sources (uses)	<u>(15,075,288)</u>	<u>1,028,210</u>	<u>(38,547)</u>	<u>38,547</u>	<u>7,316,552</u>	<u>10,384,325</u>	<u>3,653,799</u>
NET CHANGE IN FUND BALANCES	2,272,498	(726,524)	(1,075,117)	22,662,223	8,202,393	9,637,670	40,973,143
FUND BALANCES - BEGINNING OF YEAR	<u>26,104,301</u>	<u>1,573,486</u>	<u>2,453,016</u>	<u>64,377,730</u>	<u>18,771,154</u>	<u>55,802,483</u>	<u>169,082,170</u>
FUND BALANCES, END OF YEAR	<u>\$ 28,376,799</u>	<u>\$ 846,962</u>	<u>\$ 1,377,899</u>	<u>\$ 87,039,953</u>	<u>\$ 26,973,547</u>	<u>\$ 65,440,153</u>	<u>\$ 210,055,313</u>

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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 to the Statement of Activities  
Governmental Funds  
For the Year Ended June 30, 2005

Net Change in Fund Balances - Governmental Funds	\$	40,973,143
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlay as expenditures and the proceeds from the sale of assets as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when assets are sold.		
Expenditures for capital assets	\$	19,553,433
Sale/disposition of assets		(4,156,639)
Less: Current year depreciation		<u>(45,470,168)</u>
		(30,073,374)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Changes in deferred revenue		(646,144)
Donated capital assets		<u>61,360,685</u>
		60,714,541
Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which bonds issued exceeded repayments and costs of issuance		
Bonds and leases issued		(1,634,354)
Bond issuance costs		(876,238)
Accrued interest		267,802
Interest payments		170,655
Principal payments		<u>14,932,352</u>
		12,860,217
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		
Amortization of current year bond premium, discount and costs		649,079
Change in long-term compensated absences		(1,239,807)
Change in arbitrage payable		<u>811,715</u>
		220,987
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds is reported with governmental activities.		
		<u>12,824,712</u>
Change in Net Assets of Governmental Activities	\$	<u><u>97,520,226</u></u>

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

**CITY OF HENDERSON, NEVADA**

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 28,853,207	\$ 28,853,207	\$ 29,309,739	456,532
Franchise fees	23,516,962	22,834,633	24,044,878	1,210,245
Licenses and permits	6,777,413	7,377,938	7,305,463	(72,475)
Intergovernmental	82,377,677	95,723,663	100,879,296	5,155,633
Charges for services	11,885,260	13,161,840	13,980,484	818,644
Fines and forfeits	2,721,392	2,686,285	3,114,561	428,276
Miscellaneous interest	683,953	390,000	622,416	232,416
Miscellaneous	814,692	899,594	836,902	(62,692)
Total revenues	<u>157,630,556</u>	<u>171,927,160</u>	<u>180,093,739</u>	<u>8,166,579</u>
<b>EXPENDITURES</b>				
Current:				
General government	38,295,009	43,723,293	37,003,782	6,719,511
Judicial	3,573,674	3,626,254	3,570,183	56,071
Public safety	80,726,067	85,363,568	83,228,046	2,135,522
Public works	7,525,027	7,513,389	6,950,048	563,341
Culture and recreation	29,146,252	28,931,790	27,110,016	1,821,774
Community support	1,730,867	1,903,385	1,609,486	293,899
Total current	<u>160,996,896</u>	<u>171,061,679</u>	<u>159,471,561</u>	<u>11,590,118</u>
Capital outlay:				
General government	394,780	1,311,500	751,339	560,161
Public safety	530,881	3,043,099	2,369,589	673,510
Public works	--	198,436	20,673	177,763
Culture and recreation	--	377,026	127,398	249,628
Community support	8,700	5,394	5,393	1
Total capital outlay	<u>934,361</u>	<u>4,935,455</u>	<u>3,274,392</u>	<u>1,661,063</u>
Total expenditures	<u>161,931,257</u>	<u>175,997,134</u>	<u>162,745,953</u>	<u>13,251,181</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,300,701)</u>	<u>(4,069,974)</u>	<u>17,347,786</u>	<u>21,417,760</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital leases	--	1,634,354	1,634,354	--
Transfers from other funds	9,080,474	9,080,474	9,084,937	4,463
Transfers to other funds	(9,852,936)	(15,985,544)	(25,794,579)	(9,809,035)
Total other financing sources (uses)	<u>(772,462)</u>	<u>(5,270,716)</u>	<u>(15,075,288)</u>	<u>(9,804,572)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(5,073,163)</u>	<u>(9,340,690)</u>	<u>2,272,498</u>	<u>11,613,188</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>15,459,842</u>	<u>26,104,301</u>	<u>26,104,301</u>	<u>--</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 10,386,679</u>	<u>\$ 16,763,611</u>	<u>\$ 28,376,799</u>	<u>\$ 11,613,188</u>

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

**CITY OF HENDERSON, NEVADA**

Statement of Net Assets  
Proprietary Funds  
June 30, 2005

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash and investments	\$ 135,665,184	\$ 260,352,755	\$ 9,500,528	\$ 2,705,975	\$ 408,224,442	\$ 42,365,929
Receivables:						
Accounts receivable	6,633,315	3,011,481	44,737	459,982	10,149,515	88,278
Accrued interest	661,069	987,924	46,029	14,081	1,709,103	240,152
Due from other governments	--	836,102	34,071	--	870,173	274,065
Inventories - bulk fuel	--	--	--	--	--	15,336
Other	--	--	--	--	--	5,760
Customer deposits (restricted assets, cash and investments)	370,055	1,160	--	--	371,215	--
Water and sewer debt service bonds (restricted assets, cash and investments)	4,307,882	5,125,133	--	--	9,433,015	--
Total current assets	<u>147,637,505</u>	<u>270,314,555</u>	<u>9,625,365</u>	<u>3,180,038</u>	<u>430,757,463</u>	<u>42,989,520</u>
<b>BANKED WATER</b>	<u>5,901,769</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,901,769</u>	<u>--</u>
<b>CAPITAL ASSETS:</b>						
Land	1,651,425	9,593,872	--	13,802,929	25,048,226	--
Buildings	6,603,580	7,455,475	--	8,614,956	22,674,011	753,377
Improvements other than buildings	414,453,313	286,698,155	374,890	23,266,103	724,792,461	368,472
Machinery and equipment	5,807,475	4,135,238	2,266,251	2,253,814	14,462,778	35,633,701
Construction in progress	15,928,161	77,763,479	--	--	93,691,640	--
Total capital assets	<u>444,443,954</u>	<u>385,646,219</u>	<u>2,641,141</u>	<u>47,937,802</u>	<u>880,669,116</u>	<u>36,755,550</u>
Less accumulated depreciation	(125,616,470)	(75,221,077)	(1,479,098)	(11,675,017)	(213,991,662)	(21,554,194)
Net capital assets	<u>318,827,484</u>	<u>310,425,142</u>	<u>1,162,043</u>	<u>36,262,785</u>	<u>666,677,454</u>	<u>15,201,356</u>
<b>OTHER ASSETS:</b>						
Investment in joint venture	--	2,779,432	--	--	2,779,432	--
Advances to other funds	--	--	--	--	--	1,271,451
Total assets	<u>\$ 472,366,758</u>	<u>\$ 583,519,129</u>	<u>\$ 10,787,408</u>	<u>\$ 39,442,823</u>	<u>\$ 1,106,116,118</u>	<u>\$ 59,462,327</u>

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

continued

**CITY OF HENDERSON, NEVADA**

Statement of Net Assets (continued)  
Proprietary Funds  
June 30, 2005

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued wages	\$ 6,602,031	\$ 1,399,326	\$ 635,170	\$ 116,303	\$ 8,752,830	\$ 671,391
Compensated absences payable	1,617,732	1,045,147	1,692,614	156,974	4,512,467	1,381,303
Construction contracts	11,544	9,462,802	--	--	9,474,346	--
Deposits	--	--	137,091	7,125	144,216	--
Claims and judgements payable	--	--	--	--	--	3,155,908
Capital lease obligations, current	--	--	--	--	--	281,229
Customer deposits (partially payable from restricted assets)	370,055	1,160	--	--	371,215	--
Accrued bond interest (partially payable from restricted assets)	1,151,808	1,683,734	--	--	2,835,542	--
Current portion of bonds payable (partially payable from restricted assets)	4,707,169	7,506,697	--	--	12,213,866	--
<b>Total current liabilities</b>	<b>14,460,339</b>	<b>21,098,866</b>	<b>2,464,875</b>	<b>280,402</b>	<b>38,304,482</b>	<b>5,489,831</b>
<b>LONG-TERM LIABILITIES:</b>						
Provisional credits/refunding agreements	878,488	13,518	--	--	892,006	--
General obligation bonds (net of current portion)	68,499,127	179,603,665	--	--	248,102,792	--
Capital lease obligations (net of current portion)	--	--	--	--	--	923,642
<b>Total long-term liabilities</b>	<b>69,377,615</b>	<b>179,617,183</b>	<b>--</b>	<b>--</b>	<b>248,994,798</b>	<b>923,642</b>
<b>Total liabilities</b>	<b>83,837,954</b>	<b>200,716,049</b>	<b>2,464,875</b>	<b>280,402</b>	<b>287,299,280</b>	<b>6,413,473</b>
<b>NET ASSETS</b>						
Invested in capital, net of related debt	269,840,833	213,144,745	1,162,043	36,262,785	520,410,406	13,996,485
Restricted for:						
Debt service	3,156,074	3,441,399	--	--	6,597,473	--
Capital projects	--	2,779,432	--	--	2,779,432	--
Claims	--	--	--	--	--	13,701,787
Banked water	5,901,769	--	--	--	5,901,769	--
Customer deposits	370,055	1,160	--	--	371,215	--
System development	61,654,656	124,808,923	--	--	186,463,579	--
Unrestricted	47,605,417	38,627,421	7,160,490	2,899,636	96,292,964	25,350,582
<b>Total net assets</b>	<b>\$ 388,528,804</b>	<b>\$ 382,803,080</b>	<b>\$ 8,322,533</b>	<b>\$ 39,162,421</b>	<b>\$ 818,816,838</b>	<b>\$ 53,048,854</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					(5,989,860)	
<b>Net Assets of Business-Type Activities</b>					<b>\$ 812,826,978</b>	

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

CITY OF HENDERSON, NEVADA

Statement of Revenues, Expenses and Changes in Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>						
Utilities fees	\$ 46,233,622	\$ 24,762,445	\$ --	\$ --	\$ 70,996,067	\$ --
Connection fees	932,613	312,090	--	--	1,244,703	--
Late charges	664,881	328,517	--	--	993,398	--
Rental fees	--	--	--	391,551	391,551	--
Licenses - gaming	--	--	--	539,880	539,880	--
Licenses and permits	--	--	7,381,407	--	7,381,407	--
Charges for services	--	--	9,372,629	2,122,836	11,495,465	27,307,851
Miscellaneous	238,645	3,838	76,528	72,616	391,627	--
Total operating revenues	48,069,761	25,406,890	16,830,564	3,126,883	93,434,098	27,307,851
<b>OPERATING EXPENSES</b>						
Salaries and wages	8,508,811	5,608,499	9,808,350	1,109,148	25,034,808	4,967,914
Employee benefits	3,023,326	1,927,745	3,107,854	398,516	8,457,441	1,740,562
Water purchases	20,241,673	--	--	--	20,241,673	--
Services and supplies	12,455,539	11,000,082	6,086,934	3,075,879	32,618,434	8,223,837
Claims and legal fees	--	--	--	--	--	6,904,506
Depreciation	16,957,971	10,045,631	519,994	859,826	28,383,422	3,109,013
Total operating expenses	61,187,320	28,581,957	19,523,132	5,443,369	114,735,778	24,945,832
<b>OPERATING INCOME (LOSS)</b>	<b>(13,117,559)</b>	<b>(3,175,067)</b>	<b>(2,692,568)</b>	<b>(2,316,486)</b>	<b>(21,301,680)</b>	<b>2,362,019</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Room taxes	--	--	--	1,750,194	1,750,194	--
Interest revenue	3,382,490	6,353,916	130,954	54,675	9,922,035	938,708
Sales taxes	--	4,624,054	--	--	4,624,054	--
Interest expense	(3,512,240)	(4,719,835)	--	--	(8,232,075)	(83,413)
Miscellaneous	39,586	62	--	--	39,648	53,104
Gain on disposition of assets	--	--	--	--	--	368,982
Bond amortization	90,439	233,762	--	--	324,201	--
Total nonoperating revenues	275	6,491,959	130,954	1,804,869	8,428,057	1,277,381
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(13,117,284)</b>	<b>3,316,892</b>	<b>(2,561,614)</b>	<b>(511,617)</b>	<b>(12,873,623)</b>	<b>3,639,400</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>41,532,477</b>	<b>31,513,644</b>	<b>--</b>	<b>34,350,000</b>	<b>107,396,121</b>	<b>1,963,502</b>
<b>TRANSFERS</b>						
Transfers in	--	--	6,887,128	593,825	7,480,953	6,151,584
Transfers out	(3,250,000)	(3,250,000)	--	--	(6,500,000)	(74,992)
Total transfers	(3,250,000)	(3,250,000)	6,887,128	593,825	980,953	6,076,592
<b>CHANGES IN NET ASSETS</b>	<b>25,165,193</b>	<b>31,580,536</b>	<b>4,325,514</b>	<b>34,432,208</b>	<b>95,503,451</b>	<b>11,679,494</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>363,363,611</b>	<b>351,222,544</b>	<b>3,997,019</b>	<b>4,730,213</b>		<b>41,369,360</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 388,528,804</b>	<b>\$ 382,803,080</b>	<b>\$ 8,322,533</b>	<b>\$ 39,162,421</b>		<b>\$ 53,048,854</b>
					Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(1,145,218)
					Change in net assets	\$ 94,358,233

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

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**CITY OF HENDERSON, NEVADA**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 48,081,823	\$ 24,971,709	\$ 16,806,502	\$ 2,666,900	\$ 92,526,934	\$ 1,852,146
Cash received from interfund services provided		3,363,295	--	--	3,363,295	25,580,304
Cash from other sources	39,586	4,624,116	--	1,750,194	6,413,896	53,104
Cash payments to suppliers for goods and services	(33,375,811)	(12,810,636)	(8,963,516)	(3,444,842)	(58,594,805)	(16,566,853)
Cash payments to employees for services	(8,247,376)	(5,514,946)	(9,549,901)	(1,069,999)	(24,382,222)	(5,064,639)
Net cash provided by (used for) operating activities	6,498,222	14,633,538	(1,706,915)	(97,747)	19,327,098	5,854,062
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	--	--	6,887,128	593,825	7,480,953	6,151,584
Transfers out	(3,250,000)	(3,250,000)	--	--	(6,500,000)	(74,992)
Advances to other funds	--	--	--	--	--	(1,208,950)
Payments on advances to other funds	--	--	--	--	--	33,459
Net cash provided by (used for) noncapital financing activities	(3,250,000)	(3,250,000)	6,887,128	593,825	980,953	4,901,101
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(1,098,689)	(30,179,295)	--	--	(31,277,984)	(1,723,682)
Investment in joint venture	--	(667,555)	--	--	(667,555)	--
Principal payments on bonds and leases	(27,849,880)	(40,445,147)	--	--	(68,295,027)	(361,790)
Bond issuance costs	846,368	5,686,628	--	--	6,532,996	--
Interest paid on bonds and leases	(3,832,760)	(6,763,073)	--	--	(10,595,833)	(83,413)
Proceeds from sale of capital assets	--	--	--	--	--	468,729
Increase (decrease) in provisional credits	366,557	(5,002)	--	--	361,555	--
Capital contributions	8,083,492	12,181,745	--	--	20,265,237	--
Proceeds from issuance of debt	22,618,000	143,927,000	--	--	166,545,000	--
Net cash provided by (used for) capital and related financing activities	(866,912)	83,735,301	--	--	82,868,389	(1,700,156)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	3,211,321	6,356,540	102,664	50,784	9,721,309	857,933
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,592,631	101,475,379	5,282,877	546,862	112,897,749	9,912,940
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	134,750,490	164,003,669	4,217,651	2,159,113	305,130,923	32,452,989
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 140,343,121	\$ 265,479,048	\$ 9,500,528	\$ 2,705,975	\$ 418,028,672	\$ 42,365,929

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

continued

**CITY OF HENDERSON, NEVADA**

**Statement of Cash Flows (continued)  
Proprietary Funds  
June 30, 2005**

	Business-type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (13,117,559)	\$ (3,175,067)	\$ (2,692,568)	\$ (2,316,486)	\$ (21,301,680)	\$ 2,362,019
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						
Depreciation	16,957,971	10,045,631	519,994	859,826	28,383,422	3,109,013
Miscellaneous revenues	39,586	4,624,116	--	1,750,194	6,413,896	53,104
Changes in assets and liabilities:						
(Increases) decrease:						
Accounts receivable	12,062	(322,985)	(20,214)	(459,983)	(791,120)	(78,111)
Deferred charges	11,014	35,362	--	--	46,376	--
Due from other funds	--	3,363,295	--	--	3,363,295	--
Due from other governments	--	(112,196)	(3,848)	--	(116,044)	116,439
Increase (decrease):						
Accounts payable and accrued wages	2,343,917	117,857	220,115	36,456	2,718,345	125,894
Deposits	63,592	(160)	129,109	2,930	195,471	--
Compensated absences payable	187,639	57,685	140,497	29,316	415,137	(104,838)
Claims and judgments	--	--	--	--	--	270,542
Total adjustments	19,615,781	17,808,605	985,653	2,218,739	40,628,778	3,492,043
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ 6,498,222</b>	<b>\$ 14,633,538</b>	<b>\$ (1,706,915)</b>	<b>\$ (97,747)</b>	<b>\$ 19,327,098</b>	<b>\$ 5,854,062</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Contribution of assets	41,532,477	31,513,644	--	34,350,000	107,396,121	1,963,502
Inception of capital lease	--	--	--	--	--	1,462,897

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

**CITY OF HENDERSON, NEVADA**

**Statement of Fiduciary Net Assets  
Agency Funds  
June 30, 2005**

**ASSETS**

Cash and Investments	\$ 50,902,483
Delinquent assessments receivable	251,884
Total assets	<u>\$ 51,154,367</u>

**LIABILITIES**

Due to developers	\$ 10,352,171
Accrued liabilities	44,362
Due to others	40,757,834
Total liabilities	<u>\$ 51,154,367</u>

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

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

### Note 1: Summary of Significant Accounting Policies

#### A. The Reporting Entity

The City of Henderson, Nevada (the "City") was originally incorporated in 1953. It is governed by an elected mayor and four council members. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, these financial statements present the activities of the City and its component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations and, therefore, data from these units are combined with data of the primary government.

In evaluating how to define the financial reporting entity, management considered all potential component units using standards prescribed under GASB Statement No. 14 "The Financial Reporting Entity". 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 City of Henderson Redevelopment Agency were identified.

The City of Henderson Redevelopment Agency ("Agency") is a blended component unit and is governed by a five-member board composed of the four City Council members and the Mayor. The Agency was set up in fiscal year 1996 as a separate and distinct legal entity to provide a diversified and strengthened economy in the central area of the City. For financial reporting purposes, the Agency is reported as if it were part of the City's operations, as a special revenue fund, since it operates within an established area in the City and its sole purpose is to plan and finance revitalization projects in the City's central area. Financial statements of the Agency can be obtained from the City of Henderson Finance Department, 240 Water Street, Henderson, Nevada 89015.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 1: **Summary of Significant Accounting Policies** (continued)

### B. **Implementation of Government Accounting Standards Board Statements**

#### *GASB Statement No. 40*

At June 30, 2005, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. The Statement modifies the custodial credit risk disclosures required by Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and addresses deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Accordingly, the cash and investments disclosures have been revised to conform to the provisions of GASB Statement No. 40.

### C. **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 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.

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, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 1: **Summary of Significant Accounting Policies** (continued)

**C. Government-Wide and Fund Financial Statements** (continued)

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.

**D. 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 and fiduciary fund financial statements. 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.

In accordance with GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting", the City applies all applicable FASB pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements issued after November 30, 1989.

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 revenues to be available if they are collected within 60 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 and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, sales taxes, consolidated tax revenue (sales taxes, cigarette taxes, motor vehicle privilege taxes, liquor taxes), 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

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 1: **Summary of Significant Accounting Policies** (continued)

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation** (continued)

the current fiscal period. Licenses and permits, franchise fees, charges for services, and fines and forfeits are not susceptible to accrual because generally they are not measurable until received in cash.

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

The City reports deferred revenue in the fund financial statements balance sheets. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise 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 deferred revenue is removed from the balance sheet and revenue is recognized.

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 **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 Debt Service Fund** accounts 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 the payment.

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 & Construction Capital Projects Fund** accounts for costs associated with the acquisition, construction and improvement of public building facilities.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 1: **Summary of Significant Accounting Policies** (continued)

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation** (continued)

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, operating, 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.

The **Development Services Fund** accounts for the 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.

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 custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

**E. Assets, Liabilities and Equity**

**1. Cash 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.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 1: **Summary of Significant Accounting Policies** (continued)

### E. **Assets, Liabilities and Equity** (continued)

#### 1. **Cash and Investments** (continued)

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.

State statutes 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.

#### 2. **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."

#### 3. **Property Taxes**

The Clark County Assessor assesses all real property by December 31 of each year. The County Treasurer bills and collects the City's share of property taxes. The 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<sup>st</sup>, which provides for the allowable tax rate for the next fiscal year. The Nevada Tax Commission must certify all tax rates on June 25th, the levy date, and property is liened on July 1st. Taxes on real property

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 1: **Summary of Significant Accounting Policies** (continued)

**E. Assets, Liabilities and Equity** (continued)

**3. Property Taxes** (continued)

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 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 percent 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 County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property.

**4. 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 assets.

**5. 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 with an initial cost of \$5,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated.

General infrastructure assets acquired prior to July 1, 2002 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 acquired prior to July 1, 2001 are reported at estimated historical cost using deflated replacement cost. Bridges are valued at initial installation cost.

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

## Note 1: Summary of Significant Accounting Policies (continued)

### E. **Assets, Liabilities and Equity** (continued)

#### 5. **Capital Assets** (continued)

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

##### Road Network

Asphalt  
Sidewalks  
Curbs and gutters  
Streetlights  
Traffic signals

##### Storm Drain Network

Storm drain infrastructure  
Storm drain drop inlets

Capital assets are recorded at cost (including capitalized interest for business-type activities incurred during the construction phase on debt financed projects). Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

<u>Assets</u>	<u>Life</u>
Buildings	20 to 50 years
Improvements other than buildings	5 to 15 years
Machinery	5 to 10 years
Vehicles	3 to 10 years
Infrastructure	15 to 50 years

#### 6. **Banked Water**

In 1994, the City entered into a Cooperative Agreement ("Edison Contract") to recharge underground storage aquifers among Southern Nevada Municipal Water Purveyors, (the "Purveyors"). The Purveyors desired to create an arrangement intended to allow each Purveyor, if it so chooses, to have stored for its account in the Las Vegas Valley groundwater basin by July 1, 2006 approximately the total quantity of water that the Purveyor will be obligated to make available to Southern California Edison Company from July 2, 2006 through July 1, 2026 pursuant to the Edison Contract. The City believes this program will provide an economical source of future supply for customers. The City believes the inventory method of accounting for recharged water will match the water cost with future revenues related thereto.

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

## Note 1: Summary of Significant Accounting Policies (continued)

### E. **Assets, Liabilities and Equity** (continued)

#### 7. **Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. 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, vacation leave and sick leave actually paid or accrued as a result of employees who have terminated, is recorded as a payroll expenditure.

#### 8. **Provisional Credits (Enterprise Fund)**

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.

#### 9. **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 assets. Bond premiums and discounts, as well as issuance costs, 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 is deferred and amortized as a component of interest expense using the straight-line method. Issuance costs are reported as deferred charges and amortized over the term of the related bond.

For governmental fund types, bond premiums and discounts, as well as 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 are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 1: **Summary of Significant Accounting Policies** (continued)

E. **Assets, Liabilities and Equity** (continued)

10. **Equity Classifications**

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

- a. **Invested in Capital Assets, Net of Related Debt** – 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.
- b. **Restricted Net Assets** – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reservations of fund balance consist of amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Proprietary fund equity is classified the same as in the government-wide statements.

11. **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: **Reconciliation of Government-Wide and Fund Financial Statements**

A. **Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental funds balance sheet includes a reconciliation between *fund balances – governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of net assets, the cost of those assets is capitalized and reported net of accumulated depreciation.” The details of capital assets and accumulated depreciation are as follows:

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 2: **Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets (continued)**

Capital Assets:	
Infrastructure assets	\$ 724,068,491
Other capital assets	<u>494,458,418</u>
Governmental Capital Assets	<u>\$ 1,218,526,909</u>
Accumulated Depreciation:	
Infrastructure assets	\$ 265,933,599
Other capital assets	<u>58,503,309</u>
Accumulated Depreciation	<u>\$ 324,436,908</u>

**B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balance – governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “Governmental funds report the proceeds from the sale of assets as other financing sources. However, in the statement of activities only the gain or loss on the sale is recorded.” The details of this difference are as follows:

Gain on sale of assets on the statement of activities	\$ 7,660,298
Loss on disposition of assets on the statement of activities included in the general government function	(2,370,965)
Amount resulting from internal service fund activities included elsewhere on the reconciliation	(368,982)
Land sales included in the net change in fund balances – governmental funds	<u>(9,076,990)</u>
Net Difference in Reporting Sales/Disposition of Assets	<u>\$ (4,156,639)</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 2: **Reconciliation of Government-Wide and Fund Financial Statements**

**B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)**

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.” The details of this difference are as follows:

Property taxes and miscellaneous revenues increase net assets in the statement of activities, but do not appear in the governmental funds as they are not current financial resources	\$ (87,600)
Deferred revenues in prior years is included in beginning net assets on the statement of activities, but is recorded as revenues in the governmental funds	<u>(558,544)</u>
Change in Deferred Revenue	<u>\$ (646,144)</u>

**C. Explanation of Certain Differences Between the Proprietary Fund Statement of Net Assets and the Government-Wide Statement of Net Assets**

The proprietary fund statement of net assets includes a reconciliation between Net Assets – total enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets. The description of the sole element of that reconciliation is “Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.” The details of this \$5,989,860 difference are as follows:

Internal service fund loss allocation to business-type activities – Prior years	\$ (4,844,642)
Internal service fund loss allocation to business-type activities – Current year	<u>(1,145,218)</u>
	<u>\$ (5,989,860)</u>

Note 3: **Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Annual budgets are legally adopted for all funds except Agency Funds and use a basis of accounting consistent with accounting principles generally accepted in the United States of America.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 3: **Stewardship, Compliance and Accountability** (continued)

**A. Budgetary Information** (continued)

Prior to April 15, the Finance Director 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 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 (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. The most significant change occurred in the Special Revenue Funds (\$31,901,569). Nevada Law requires budgetary control to be exercised at the function level.

**B. Excess of Expenditures/Expenses Over Appropriations**

Total expenditures/expenses exceeded those budgeted for the year in the following funds:

Nonmajor Funds:

Equipment Repair and Maintenance Special Revenue Fund:	
General Government	\$ 45,135
Municipal Golf Course Enterprise Fund	20,764
City Shop Internal Service Fund	10,164
Citywide Services Internal Service Fund	75,012

The above appear to be potential violations of NRS 354.626.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 4: **Cash and Investments**

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2005:

Cash:	
Cash on hand	\$ 12,595
Deposits in bank	(867,368)
Investments	<u>704,610,238</u>
 Total cash and investments	 <u>\$ 703,755,465</u>

Total cash and investments at June 30, 2005 were presented on the City's financial statements as follows:

Governmental activities	\$ 234,824,310
Business-type activities	418,028,672
Fiduciary funds	<u>50,902,483</u>
 Total cash and investments	 <u>\$ 703,755,465</u>

State statutes 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.

State statutes 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.

The City's agent, in the City's name, holds securities used as collateral to secure deposits. The depository bank submits monthly reports to the City indicating the type, the amount and the market value of the pledged securities. The City does not, however, have written custodial agreements with the trust bank for demand deposits.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2005, the recorded amount of the City's deposits was \$(867,368) and the bank balance was \$15,641,411. Of the bank statement balance \$300,000 was covered by federal depository insurance and \$15,341,411 was subject to collateralization.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 4: **Cash and Investments** (continued)

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 Finance Director 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 Nevada Revised Statutes (NRS 355.170).

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating S &amp; P</u>	<u>Moody</u>
Banker's Acceptances	180	20%	5%	A-1	P-1
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/medium-term obligations of local governments of the State of Nevada	5 years	None	None	n/a	n/a
Repurchase Agreements	90 days	None	10%	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

# CITY OF HENDERSON, NEVADA

## Notes to Financial Statements For the Year Ended June 30, 2005

### Note 4: Cash and Investments (continued)

At June 30, 2005, the City had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	Weighted Average Maturity (Years)
<b>Pooled Investments</b>						
Citigroup	2.84%	8/10/2005	\$ 7,000,000	\$ 6,951,051	\$ 6,980,120	0.11
Dreyfus Money Market Fund	Variable	On Demand	504,338	504,338	504,338	—
Farm Credit Bank	1.50% - 4.13%	10/19/05 - 04/15/09	35,910,000	35,900,721	35,590,757	0.98
Federal Home Loan Banks	1.50% - 4.25%	07/08/05 - 02/25/09	138,545,000	138,449,970	137,561,351	1.24
Federal Home Loan Mortgage	1.80% - 5.13%	08/04/05 - 11/07/13	116,425,000	116,107,367	115,237,597	1.33
Federal Home Loan Mortgage - REMIC	3.50%	6/15/2008	991,839	991,839	984,138	2.96
Federal National Mortgage	2.00% - 4.75%	11/28/05 - 02/21/13	126,155,000	126,157,038	124,752,584	1.29
Federal National Mortgage - REMIC	4.00%	6/25/2010	408,972	408,912	372,432	4.99
Federal National Mortgage - CTF	5.50%	03/01/11 - 03/01/12	2,341,975	2,362,438	2,486,422	6.33
US Treasury Notes	2.00% - 5.50%	05/15/06 - 05/15/15	16,830,000	16,751,985	16,957,169	0.47
US Treasury Notes - Inflationary	1.63%	1/15/2015	1,316,749	1,316,749	1,324,851	9.79
State of Nevada Local Government Investment Pool	Variable	On Demand	11,386,100	11,386,100	11,386,100	—
<b>Non-Pooled Investments</b>						
<i>Special Assessment Bond Proceeds Investments</i>						
Milestone Money Market Fund	Variable	On Demand	29,477,065	29,477,065	29,477,065	—
Federal National Mortgage	2.88%	10/15/2005	733,000	723,450	731,626	0.12
Federal Home Loan	3.75% - 4.92%	07/27/05 - 03/07/07	1,749,000	1,735,859	1,735,877	0.50
Federal National Mortgage Medium Term Notes	4.00%	3/10/2008	900,000	896,472	900,562	0.79
AIM Money Market Fund	Variable	On Demand	94,845,317	94,845,317	94,845,317	—
<i>Other Bond Proceeds Investments</i>						
Water Bonds - AIM Money Market Funds	Variable	On Demand	24,337,098	24,337,098	24,337,098	—
Sewer Bonds - AIM Money Market Funds	Variable	On Demand	4,634,325	4,634,325	4,634,325	—
Sewer Bonds - MBIA Collateralized Investment Agreement	3.22%	11/1/2009	89,444,098	89,444,098	89,444,098	4.59
Boulder Highway Project - Milestone Money Market Funds	Variable	On Demand	976,613	976,613	976,613	—
Street Improvements - AIM Money Market Fund	Variable	On Demand	42,335	42,335	42,335	—
Redevelopment Bonds - AIM Money Market Funds	Variable	On Demand	3,347,463	3,347,463	3,347,463	—
<b>Total Investments</b>			<b>\$ 708,301,287</b>	<b>\$ 707,748,603</b>	<b>\$ 704,610,238</b>	<b>1.38</b>

The 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.

#### Interest Rate Risk

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

#### Concentration of Credit Risk

At June 30, 2005, in accordance with State laws as defined in the table found on page 32, the City was not in violation of the maximum percentage of total portfolio per investment type, nor the maximum percentage per single issuer restrictions.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 4: **Cash and Investments** (continued)

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of their respective pool:

	<u>S&amp;P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Citigroup	AAA	Aaa	0.99%
Dreyfus Money Market Fund	AAA	Aaa	0.07%
Farm Credit Bank	AAA	Aaa	5.05%
Federal Home Loan Banks	AAA	Aaa	19.52%
Federal Home Loan Mortgage	AAA	Aaa	16.35%
Federal Home Loan Mortgage - REMIC	n/a	n/a	0.14%
Federal National Mortgage	AAA	Aaa	17.71%
Federal National Mortgage - REMIC	n/a	n/a	0.05%
Federal National Mortgage - CTF	n/a	n/a	0.35%
US Treasury Notes	AAA	Aaa	2.41%
US Treasury Notes - Inflationary	AAA	Aaa	0.19%
State of Nevada Local Government Investment Pool	n/a	n/a	1.62%
 <i>Special Assessment Bond Proceeds Investments</i>			
Milestone Money Market Fund	AAA	Aaa	4.18%
Federal National Mortgage	AAA	Aaa	0.10%
Federal Home Loan	A-1+	P-1	0.25%
Federal National Mortgage Medium Term Notes	AAA	Aaa	0.13%
AIM Money Market Fund	AAA	Aaa	13.46%
 <i>Other Bonds Proceeds Investments</i>			
Water Bonds - AIM Money Market Funds	AAA	Aaa	3.45%
Sewer Bonds - AIM Money Market Funds	AAA	Aaa	0.66%
Sewer Bonds - MBIA Collateralized Investment Agreement	AAA	Aaa	12.69%
Boulder Highway Project - Milestone Money Market Funds	AAA	Aaa	0.14%
Street Improvements - AIM Money Market Fund	AAA	Aaa	0.01%
Revelopment Bonds - AIM Money Market Funds	AAA	Aaa	0.48%
<b>Total</b>			<u>100.00%</u>

**Custodial Credit Risk**

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.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 5: **Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2005 is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 65,821</u>

The amounts due to the General Fund represent a cash loan to another fund.

**Advances to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds	Special Assessment Districts – Capital Projects Fund	\$ 1,271,451
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>791,592</u>
		<u>\$ 2,063,043</u>

The amounts owed to the Internal Service Funds represent loans to the Special Assessment Districts to be repaid from Special Assessments. The amount for \$791,592 is a note receivable from the City of Henderson Redevelopment Agency to other governmental funds for a land purchase.

**Internal Balances:**

	<u>Amount</u>
Effects of prior years internal service activity	\$ (4,844,642)
Effects of current year internal service activity	<u>(1,145,218)</u>
	<u>\$ (5,989,860)</u>

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**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 5: **Interfund Balances and Activity** (continued)

	Transfers In		
	General Fund	General Obligation Debt Service Fund	Special Assessment Districts Capital Projects Fund
<u>Transfers Out</u>	<u>General Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Special Assessment Districts Capital Projects Fund</u>
General Fund	\$ --	\$ --	\$ --
General Obligation Debt Service Fund	9,080,474	--	--
Special Assessment Districts Debt Service Fund	--	--	38,547
Municipal Facilities Acquisition and Capital Construction Capital Projects Fund	--	10,296,766	--
Other Governmental Funds	4,463	--	--
Water Fund	--	--	--
Sewer Fund	--	--	--
Internal Service Funds	--	--	--
Total	<u>\$ 9,084,937</u>	<u>\$ 10,296,766</u>	<u>\$ 38,547</u>

Transfers In

Municipal Facilities Acquisition and Construction Capital Projects Fund	Other Governmental Funds	Development Services Fund	Other Enterprise Funds	Internal Service Funds	Total
\$ 10,530,116	\$ 3,931,926	\$ 6,887,128	\$ 593,825	\$ 3,851,584	\$ 25,794,579
188,082	--	--	--	--	9,268,556
--	--	--	--	--	38,547
--	--	--	--	--	10,296,766
320,128	2,319,485	--	--	2,300,000	4,944,076
3,250,000	--	--	--	--	3,250,000
3,250,000	--	--	--	--	3,250,000
74,992	--	--	--	--	74,992
<u>\$ 17,613,318</u>	<u>\$ 6,251,411</u>	<u>\$ 6,887,128</u>	<u>\$ 593,825</u>	<u>\$ 6,151,584</u>	<u>\$ 56,917,516</u>

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.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 6: **Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions and</u> <u>Transfers In</u>	<u>Deletions and</u> <u>Transfers Out</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>June 30, 2005</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 173,235,295	\$ 4,931,406	\$ (7,145,262)	\$ --	\$ 171,021,439
Construction in progress	<u>73,001,066</u>	<u>8,976,800</u>	<u>(55,058)</u>	<u>(67,962,724)</u>	<u>13,960,084</u>
Total capital assets, not being depreciated	<u>246,236,361</u>	<u>13,908,206</u>	<u>(7,200,320)</u>	<u>(67,962,724)</u>	<u>184,981,523</u>
Capital assets, being depreciated:					
Buildings	128,394,693	284,085	--	65,495,353	194,174,131
Improvements other than buildings	84,530,723	868,252	--	--	85,398,975
Machinery and equipment	64,944,107	7,849,921	(6,382,950)	248,260	66,659,338
Infrastructure	<u>654,209,517</u>	<u>67,639,863</u>	<u>--</u>	<u>2,219,111</u>	<u>724,068,491</u>
Total capital assets, being depreciated	<u>932,079,040</u>	<u>76,642,121</u>	<u>(6,382,950)</u>	<u>67,962,724</u>	<u>1,070,300,935</u>
Less accumulated depreciation for:					
Buildings	(21,577,457)	(3,959,982)	--	--	(25,537,439)
Improvements other than buildings	(14,414,015)	(2,287,767)	--	--	(16,701,782)
Machinery and equipment	(34,804,454)	(7,854,582)	4,840,755	--	(37,818,281)
Infrastructure	<u>(231,456,750)</u>	<u>(34,476,849)</u>	<u>--</u>	<u>--</u>	<u>(265,933,599)</u>
Total accumulated depreciation	<u>(302,252,676)</u>	<u>(48,579,180)</u>	<u>4,840,755</u>	<u>--</u>	<u>(345,991,101)</u>
Total capital assets, being depreciated, net	<u>629,826,364</u>	<u>28,062,941</u>	<u>(1,542,195)</u>	<u>67,962,724</u>	<u>724,309,834</u>
Governmental activities capital assets, net	<u>\$ 876,062,725</u>	<u>\$ 41,971,147</u>	<u>\$ (8,742,515)</u>	<u>\$ --</u>	<u>\$ 909,291,357</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 6: **Capital Assets** (continued)

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions and</u> <u>Transfers In</u>	<u>Deletions and</u> <u>Transfers Out</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>June 30, 2005</u>
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 11,245,297	\$ 13,802,929	\$ --	\$ --	\$ 25,048,226
Construction in progress	<u>55,440,910</u>	<u>41,679,322</u>	<u>(72,090)</u>	<u>(3,356,502)</u>	<u>93,691,640</u>
Total capital assets, not being depreciated	<u>66,686,207</u>	<u>55,482,251</u>	<u>(72,090)</u>	<u>(3,356,502)</u>	<u>118,739,866</u>
Capital assets, being depreciated:					
Buildings	13,744,155	5,660,600	--	3,269,256	22,674,011
Improvements other than buildings	650,038,520	74,666,695	--	87,246	724,792,461
Machinery and equipment	<u>12,014,879</u>	<u>2,453,900</u>	<u>(6,001)</u>	<u>--</u>	<u>14,462,778</u>
Total capital assets, being depreciated	<u>675,797,554</u>	<u>82,781,195</u>	<u>(6,001)</u>	<u>3,356,502</u>	<u>761,929,250</u>
Less accumulated depreciation for:					
Buildings	(3,943,422)	(1,639,446)	--	--	(5,582,868)
Improvements other than buildings	(165,176,995)	(33,065,358)	--	--	(198,242,353)
Machinery and equipment	<u>(7,444,290)</u>	<u>(2,728,152)</u>	<u>6,001</u>	<u>--</u>	<u>(10,166,441)</u>
Total accumulated depreciation	<u>(176,564,707)</u>	<u>(37,432,956)</u>	<u>6,001</u>	<u>--</u>	<u>(213,991,662)</u>
Total capital assets, being depreciated, net	<u>499,232,847</u>	<u>45,348,239</u>	<u>--</u>	<u>3,356,502</u>	<u>547,937,588</u>
Business-type activities capital assets, net	<u>\$ 565,919,054</u>	<u>\$ 100,830,490</u>	<u>\$ (72,090)</u>	<u>\$ --</u>	<u>\$ 666,677,454</u>

Depreciation expense was charged to functions/programs of the government as follows:

**Governmental Activities:**

General government	\$ 2,247,154
Judicial	597,163
Public safety	3,710,946
Public works	34,652,037
Culture & recreation	4,262,867
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,109,013</u>

Total depreciation expense – governmental activities \$ 48,579,180

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 6: **Capital Assets** (continued)

**Business-Type Activities:**

Water	\$ 16,957,971
Sewer	10,045,631
Development services	519,994
Other enterprise funds	<u>859,826</u>

Total depreciation expense – business-type activities \$ 28,383,422

Note 7: **Leases**

**Capital Lease Obligations – Governmental Activity**

The assets acquired through capital leases are as follows:

<u>Assets</u>	
Machinery and equipment	\$ 6,878,223
Less accumulated depreciation	<u>(2,298,929)</u>
 Total	 <u>\$ 4,579,294</u>

The future minimum lease payments for the capital leases and the present value of net minimum lease payments at June 30, 2005, are summarized in the following table:

<u>Year Ending</u> <u>June 30</u>	
2006	\$ 1,205,863
2007	1,166,700
2008	1,116,002
2009	779,986
2010	<u>446,549</u>
Total minimum lease payments	4,715,100
Less amount representing interest	<u>(539,791)</u>
Present value of net minimum lease payments	<u>\$ 4,175,309</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 8: **Long-Term Debt**

**A. Advance Refundings**

In March 2005, the City issued \$56,545,000 in General Obligation Water and Sewer Refunding Bonds Series 2005. These proceeds were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments on \$58,460,000 of refunded debt applicable to the Series 1998A refunding. Advance refunding was undertaken to reduce total debt service payments and resulted in an economic loss. The Series 2005 advance refunding reduced total debt service payments over the next fourteen years by \$3,181,338 and resulted in an economic gain of \$2,571,009.

**B. New Debt Issuance**

In November 2004, the City issued General Obligation Sewer Bonds Series 2004, in the amount of \$110,000,000. The bonds were issued to construct, reconstruct, improve, and extend the City's sanitary sewer system. The bonds will mature annually on June 1 of each year starting in 2006 and ending in 2034. Interest on the bonds is payable on June 1 and December 1, commencing on June 1, 2005. Interest varies between 3.0% and 5.25%.

**C. Changes to Long-Term Debt**

The following schedule summarizes the changes in long-term debt:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds Payable:</b>					
\$1,025,000 1989 Flood Control refunding bonds due in annual installments through February 1, 2005; interest varies between 6.5% and 6.8%	\$ 130,000	\$ --	\$ (130,000)	\$ --	\$ --
\$14,550,000 1997 Building serial bonds due in annual installments through June 1, 2012; interest varies between 4.75% and 6.5%	2,395,000	--	(550,000)	1,845,000	580,000
\$10,530,000 1997 Refunding serial bonds due in annual installments through April 1, 2011; interest varies between 4.5% and 5.5%	8,495,000	--	(1,025,000)	7,470,000	1,080,000
\$40,000,000 Parks and Recreation Bonds Series 1997A due in annual installments through June 1, 2017; interest varies between 4.875% and 6.25%	5,455,000	--	(1,735,000)	3,720,000	1,815,000

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

**C. Changes to Long-Term Debt** (continued)

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities (continued):					
General Obligation Bonds Payable (continued):					
\$14,660,000 Parks and Recreation Bonds Series 1998B due in annual installments through June 1, 2016; interest varies between 4.50% and 6.0%	\$ 2,590,000	\$ --	\$ (595,000)	\$ 1,995,000	\$ 630,000
\$50,000,000 2000 Various Purpose Bonds due in annual installments through April 1, 2011; interest varies between 5.00% and 6.00%	12,555,000	--	(1,835,000)	10,720,000	1,930,000
\$12,940,000 2001 Refunding Serial Bonds due in annual installments through June 1, 2013; interest varies between 3.5% and 4.5%	10,940,000	--	(1,035,000)	9,905,000	1,070,000
\$3,780,000 2003 Refunding Serial Bonds due in annual installments through November 1, 2006; interest varies between 5.375% and 5.5%	2,705,000	--	(1,095,000)	1,610,000	1,120,000
\$15,100,000 2003A Building Refunding Bonds due in annual installments through June 1, 2007; interest varies between 2.0% and 4.0%	11,050,000	--	(3,600,000)	7,450,000	3,685,000
\$5,205,000 2003B Park Refunding Bonds due in annual installments through May 1, 2010; interest varies between 2.0% and 2.75%	3,490,000	--	(825,000)	2,665,000	835,000
\$34,505,000 2004A Park and Recreation Refunding Bonds due annual beginning in June 2008 through June 2018; interest varies between 2.25% and 5.0%	34,505,000	--	--	34,505,000	--
\$43,355,000 2004B Refunding Bonds due annually beginning in April 2008 through April 2020; interest varies between 2.50% and 5.25%	43,355,000	--	--	43,355,000	--
	<u>137,665,000</u>	<u>--</u>	<u>(12,425,000)</u>	<u>125,240,000</u>	<u>12,745,000</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

**C. Changes to Long-Term Debt** (continued)

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities (continued):					
Tax Allocation Bonds Payable:					
\$12,045,000 2002 Henderson Redevelopment tax allocation bond due annually beginning in October 2006 through October 2025; interest varies between 3.5% and 5.25%	\$ 12,045,000	\$ --	\$ --	\$ 12,045,000	\$ --
\$4,295,000 2002 Henderson Redevelopment tax allocation bond due annually beginning in October 2006 through October 2025; interest varies between 5.1% and 7.2%	<u>4,295,000</u>	<u>--</u>	<u>--</u>	<u>4,295,000</u>	<u>--</u>
	<u>16,340,000</u>	<u>--</u>	<u>--</u>	<u>16,340,000</u>	<u>--</u>
Special Assessment Bonds Payable:					
\$7,000,000 1991 Improvement District T-2 bonds due in annual installments through August 1, 2011; interest at 9.50%	<u>2,500,000</u>	<u>--</u>	<u>(1,285,000)</u>	<u>1,215,000</u>	<u>130,000</u>
Capital Lease Obligations:					
Capital lease payable to the CIT Group in semi-annual installments \$29,954 principal and interest through February 2005	29,145	--	(29,145)	--	--
Capital lease payable to LaSalle Bank in semi-annual installments of \$33,155 including principal and interest through August 2006	153,083	--	(58,785)	94,298	62,021
Capital lease payable to Elgin Sweeper Company in annual payments of \$98,909 including principal and interest through October 2004	94,031	--	(94,031)	--	--
Capital lease payable to Motorola is monthly payments of \$24,240 including principal and interest through December 2006	1,458,638	--	(212,404)	1,246,234	223,832
Capital lease payable to Xerox Corporation in monthly payments of \$976 including principal and interest through February 2007	28,233	--	(9,934)	18,299	10,705

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

**C. Changes to Long-Term Debt** (continued)

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities (continued):					
Capital Lease Obligations (continued):					
Capital lease payable to Xerox Corporation in monthly payments of \$700 including principal and interest through March 2007	\$ 20,825	\$ --	\$ (7,082)	\$ 13,743	\$ 7,632
Capital lease payable to Motorola in annual payments of \$11,037 including principal and interest through April 2008	37,292	--	(8,385)	28,907	8,982
Capital lease payable to Canon in monthly payments of \$312, including principal and interest through July 2007	9,732	--	(2,799)	6,933	3,128
Capital lease payable to Motorola in annual payments of \$155,671 including principal and interest through December 2010	809,200	--	(133,921)	675,279	122,379
Capital lease payable to General Electric Capital Corporation in annual payments of \$333,436 including principal and interest through 2009	--	1,462,897	(264,958)	1,197,939	278,101
Capital lease payable to Motorola in annual payments of \$324,667 including principal and interest through 2008	--	1,634,354	(740,677)	893,677	285,077
	<u>2,640,179</u>	<u>3,097,251</u>	<u>(1,562,121)</u>	<u>4,175,309</u>	<u>1,001,857</u>
Note Payable:					
\$230,000 2000 Henderson Redevelopment Agency note payable in monthly payments of \$2,500 including principal and interest through November 2009	143,004	--	(22,019)	120,985	23,377
Arbitrage Payable	996,784	173,328	--	1,170,112	985,043
Compensated Absences Payable	23,424,489	2,128,428	(872,308)	24,680,609	1,884,353
Claims Payable	2,885,366	6,753,462	(6,482,920)	3,155,908	3,155,908
Landfill Postclosure Costs	<u>12,000,000</u>	--	--	<u>12,000,000</u>	--
Total Governmental Activities	<u>198,594,822</u>	<u>12,152,469</u>	<u>(22,649,368)</u>	<u>188,097,923</u>	<u>19,925,538</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

**C. Changes to Long-Term Debt** (continued)

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Business-Type Activities:</b>					
<b>Revenue Bonds Payable:</b>					
\$7,221,110 1991 Sewer serial bonds due in semi-annual installments through July 1, 2011; interest at 4.0%	\$ 3,787,399	\$ --	\$ (442,396)	\$ 3,345,003	\$ 460,269
\$12,300,000 1992 Sewer serial bonds due in semi-annual installments through January 1, 2012; interest at 4.0%	6,644,821	--	(670,411)	5,974,410	697,495
\$26,410,000 1993 Water serial bonds due in annual installments through December 1, 2004; interest varies between 4.25% and 6.375%	980,000	--	(980,000)	--	--
\$987,525 1993 Water serial bonds due every five years in installations through December 1, 2012; interest varies between 4.85% and 6.50% (interest is due at time principal is paid)	829,620	53,746	--	883,366	--
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest at 4%	7,669,394	--	(600,861)	7,068,533	625,135
\$26,255,000 1994 Water Bonds due in annual installments through December 1, 2008; interest varies between 5.5% and 8.5%	6,760,000	--	(1,185,000)	5,575,000	1,265,000
\$5,645,000 1994 Sewer Bonds due in annual installments through December 1, 2008; interest varies between 5.5% and 8.5%	1,455,000	--	(255,000)	1,200,000	270,000
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 1, 2015; interest rate at 3.825%	6,342,089	--	(448,478)	5,893,611	465,798
\$31,875,000 1997 Water Refunding bonds due in annual installments through September 1, 2017; interest varies between 3.7% and 6.5%	30,680,000	--	(145,000)	30,535,000	1,185,000

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

**C. Changes to Long-Term Debt** (continued)

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities (continued):					
Revenue Bonds Payable (continued):					
\$2,750,000 1997 Sewer Refunding bonds due in annual installments through September 1, 2014; interest varies between 3.7% and 6.5%	\$ 2,635,000	\$ --	\$ (15,000)	\$ 2,620,000	\$ 15,000
\$95,000,000 1998 Water and Sewer bonds Series A due in annual installments through September 1, 2018; interest varies between 4.0% to 5.5%	78,685,000	--	(62,150,000)	16,535,000	3,860,000
\$5,500,000 2000 Water bonds due in annual installments through January 1, 2021; interest rate at 3.65%	5,309,150	--	(197,880)	5,111,270	205,169
\$5,000,000 2003C Water and Sewer Refunding bonds due in annual installments through June 1, 2009; interest varies between 2.0% and 5.0%	3,815,000	--	(1,205,000)	2,610,000	1,270,000
\$110,000,000 2004 Sewer bonds due in annual installments through June 1, 2034; interest varies between 3.0% and 5.25%	--	110,000,000	--	110,000,000	1,895,000
\$22,618,000 2005 Water bonds due in annual installments through September 1, 2018; interest rate at 5.0%	--	22,618,000	--	22,618,000	--
\$33,927,000 2005 Sewer bonds in annual installments through September 1, 2018; interest rate at 5.0%	--	33,927,000	--	33,927,000	--
	<u>155,592,473</u>	<u>166,598,746</u>	<u>(68,295,026)</u>	<u>253,896,193</u>	<u>12,213,866</u>
Unamortized Premium	1,026,462	10,006,870	(324,201)	10,709,131	--
Refunding Loss	(519,761)	(3,994,381)	225,476	(4,288,666)	--
Provisional Credits/Refunding Agreements	530,451	408,497	(46,942)	892,006	--
Compensated Absences Payable	<u>4,097,330</u>	<u>714,678</u>	<u>(299,541)</u>	<u>4,512,467</u>	<u>4,512,467</u>
Total Business-Type Activities	<u>160,726,955</u>	<u>173,734,410</u>	<u>(68,740,234)</u>	<u>265,721,131</u>	<u>16,726,333</u>
Total Debt	<u>\$ 359,321,777</u>	<u>\$ 185,886,879</u>	<u>\$ (91,389,602)</u>	<u>\$ 453,819,054</u>	<u>\$ 36,651,871</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

**C. Changes to Long-Term Debt** (continued)

Compensated absences typically have been liquidated by the General and Enterprise Funds. Claims payable typically have been liquidated by the Internal Service Funds. Arbitrage liabilities have typically been liquidated by the Capital Projects Funds and Enterprise Funds. The landfill post-closure costs will likely be paid from the General Fund.

**D. Payment Requirements for Debt Service**

The annual requirements to pay principal and interest on all bonds, capital lease obligations, and notes payable outstanding are as follows:

Year Ending June 30:	Revenue Bonds		Capital Leases		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 12,213,869	\$ 12,250,369	\$ 1,001,857	\$ 204,006	\$ 12,745,000	\$ 5,569,693
2007	11,876,439	11,674,486	1,012,985	153,715	13,235,000	5,098,833
2008	12,427,894	11,101,113	1,011,190	104,812	9,870,000	4,497,657
2009	12,993,388	10,480,030	724,892	55,094	9,920,000	4,136,157
2010	13,028,081	9,838,275	424,385	22,164	10,330,000	3,724,894
2011-2015	69,565,693	39,656,879	--	--	41,315,000	12,354,325
2016-2020	49,457,421	23,791,377	--	--	27,825,000	3,496,500
2021-2025	21,433,408	15,945,653	--	--	--	--
2026-2030	25,615,000	10,223,250	--	--	--	--
2031-2034	25,285,000	3,238,000	--	--	--	--
	<u>\$ 253,896,193</u>	<u>\$ 148,199,432</u>	<u>\$ 4,175,309</u>	<u>\$ 539,791</u>	<u>\$ 125,240,000</u>	<u>\$ 38,878,059</u>

Year Ending June 30:	Special Assessment Bonds		Notes Payable		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 130,000	\$ 109,250	\$ 23,377	\$ 6,623	\$ --	\$ 869,304
2007	140,000	96,425	24,819	5,181	500,000	859,634
2008	155,000	82,413	26,349	3,651	520,000	839,723
2009	170,000	66,975	27,975	2,025	540,000	817,621
2010	190,000	49,875	18,465	297	565,000	793,176
2011-2015	430,000	41,801	--	--	3,250,000	3,506,590
2016-2020	--	--	--	--	4,185,000	2,542,326
2021-2025	--	--	--	--	5,485,000	1,201,588
2026-2030	--	--	--	--	1,295,000	37,699
	<u>\$ 1,215,000</u>	<u>\$ 446,739</u>	<u>\$ 120,985</u>	<u>\$ 17,777</u>	<u>\$ 16,340,000</u>	<u>\$ 11,467,661</u>

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

**E. Special Assessment Bonds**

Principal and interest are payable from the assessments levied. District T-2 is obligated, to the extent that it has legally available surplus funds, to apply such surplus funds to the purchase of property in the assessment district that is not sold as a result of foreclosure proceedings. The City has issued various special assessment debt with an outstanding balance of \$229,885,000. The City of Henderson is only acting as an agent for these bonds and is not liable for the debt.

**F. Prior Year Defeasance of Debt**

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2005, outstanding general obligation bonds in the amount of \$101,210,000 are considered defeased.

Note 9: **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, those part-time employees working at least twenty hours per week are covered. The City has no liability for unfunded obligations of the system as provided by Nevada Revised Statute (NRS) 286.110.

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 the Plan include pension benefits, disability benefits and death benefits.

Monthly benefit allowances for regular members are computed at 2.67% of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75% of the average 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 during his/her life and various optional monthly payments to a named beneficiary after his/her 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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 9: **Retirement Plan** (continued)

Police and firemen 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 30 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. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of 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 Plan.

The City's contribution rates and amounts contributed for the last three years are as follows:

<u>Fiscal Year</u>	<u>Contribution Rate</u>		<u>Total Contribution</u>
	<u>Regular Members</u>	<u>Police/ Fire</u>	
2004/05	20.25%	28.5%	\$ 25,702,947
2003/04	20.25%	28.5%	\$ 23,171,741
2002/03	18.75%	28.5%	\$ 20,006,616

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 10: **Post-Employment Benefits**

As of June 30, 2005, approximately 33 retirees were receiving post-retirement health care benefits from the City. The cost of these benefits in fiscal year 2004-05 was approximately \$101,946.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

### Note 11: 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 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 balance sheet date 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 \$5,000,000 in excess Commercial General Liability Insurance with a \$1,000,000 self-insured retention (SIR). In addition, the City continues to maintain the following coverages: a \$434 million blanket property insurance policy on all buildings and building contents with a \$100,000 deductible; a \$79,000,000 Boiler and Machinery policy with \$10,000 deductible; a \$2.7 million Inland Marine coverage on a schedule basis for heavy equipment with a \$100,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employees dishonesty, forgery and alteration; and a \$6.9 million Fire Truck Physical Damage policy with a \$50,000 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 adjusting 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 an annual basis.

**Worker's Compensation** – On April 1, 1993, the City became self-insured for worker's compensation claims. A third party administrator is utilized for claim payment. The City has a \$1,000,000 SIR for all employees per occurrence, with the maximum on all claims at statutory limits for the coverage period from April 1, 2005 through April 1, 2006.

**Group Health Insurance** – On July 1, 1992, the City became self-insured for employees health benefits, providing medical, dental and vision care for employees not covered under union provided health plans. The City maintains a specific stop loss policy of \$75,000 per participant per plan year with plan benefits subject to a \$1,000,000 lifetime maximum. A third party administrator is used to pay claims.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 11: **Risk Management** (continued)

Changes in the funds' claims liability amounts for the years ended June 30, 2005 and 2004 were:

	Liability Balance Beginning of <u>Fiscal Year</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Liability Balances at End of <u>Fiscal Year</u>
Fiscal Year 2004/05:				
Liability	\$ 497,857	\$ 604,215	\$ 604,215	\$ 497,857
Workmen's Compensation	1,538,204	1,339,151	1,075,300	1,802,055
Health Insurance	<u>849,305</u>	<u>4,810,096</u>	<u>4,803,405</u>	<u>855,996</u>
	<u>\$ 2,885,366</u>	<u>\$ 6,753,462</u>	<u>\$ 6,482,920</u>	<u>\$ 3,155,908</u>
Fiscal Year 2003/04:				
Liability	\$ 497,857	\$ 269,985	\$ 269,985	\$ 497,857
Workmen's Compensation	1,519,357	1,141,628	1,122,781	1,538,204
Health Insurance	<u>894,305</u>	<u>4,966,445</u>	<u>4,966,445</u>	<u>849,305</u>
	<u>\$ 2,866,519</u>	<u>\$ 6,378,058</u>	<u>\$ 6,359,211</u>	<u>\$ 2,885,366</u>

Note 12: **Joint Venture**

Pursuant to an interlocal agreement dated November 20, 2002, the City of Las Vegas, City of Henderson and the Clark County Water Reclamation District (Members) entered into a joint venture for the purpose of addressing water quality issues in the Las Vegas Wash and Las Vegas Bay of Lake Mead. The Members have worked jointly with other agencies on studies of alternate Discharge options and share a common environmental, economic and regulatory interest in the efficient and responsible collection, treatment, reuse and discharge of municipal Effluent. The studies have resulted in a program referred to as the System Conveyance and Operations Program (SCOP), which will produce the need for even greater coordination and cooperation in the funding, construction and operation of a regional system for the conveyance of Effluent.

In order to carry out their purposes and objectives with respect to Discharges from their respective treatment facilities, including the implementation of SCOP, the Members desired to create a separate legal entity. With this interlocal agreement, the Clean Water Coalition (CWC) was established pursuant to the provisions of Chapter 277 of NRS. The CWC is considered a political subdivision of the State of Nevada, separate from the members. The primary function of the CWC is to carry out the purposes and objectives of the Members with respect to Discharges from their respective treatment facilities, including the implementation of SCOP. The governing board of CWC will consist of one representative from each Member and an alternate representative from each member.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

### Note 12: Joint Venture (continued)

This arrangement is considered a joint venture with an equity interest because 1) the agreement results in a contractual entity, 2) joint control exists in a governing board with one representative from each Member and 3) there is an ongoing financial relationship/responsibility on the part of the participating entities.

Based on studies analyzing each Member's present and projected daily peak Discharge of effluent from their respective wastewater treatment facilities and, as negotiated by the Members the percentage capacity rights for the City of Henderson are 14%.

The underlying agreement creates an explicit, measurable equity interest in the resources of the joint venture and as such, this investment is reported as a separate line item on the government wide statements. As of June 30, 2005, the City of Henderson's investment in the joint venture is \$2,779,432. Separate audited financial statements and information for the joint venture are available by contacting the CWC Program Administrator at 1001 Whitney Ranch Drive, Suite 100, Henderson, Nevada, 89014.

### Note 13: Commitments and Contingencies

#### A. **Construction in Progress**

Construction in progress in the total amount of \$107,651,724 at June 30, 2005 is reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$196,803,295 to complete these projects.

#### B. **Litigation**

There are several lawsuits and unresolved disputes involving the City or its employees in which the City is represented by the City Attorney. However, in the opinion of the City Attorney these actions will not, in the aggregate, have a material adverse effect upon the operations or financial position of the City.

#### C. **Lake Las Vegas**

The City and the developers of Lake Las Vegas have established a sinking fund for the accumulation of \$30,000,000 to be used for stormwater 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 stormwater treatment standards are required solely as a result of the creation of Lake Las Vegas.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

### Note 13: Commitments and Contingencies (continued)

#### C. Lake Las Vegas (continued)

The sinking 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 are expected to constitute \$4,500,000 of the total. The City intends to make contributions from property tax revenue that will be generated from increased assessed valuation resulting from the development. The developer estimates assessed valuation at complete build-out to be \$1,215,655,000 (35% of actual value).

#### D. Landfill Closure

The City leased land from the Bureau of Land Management (BLM) for operation of a solid waste municipal landfill from November 1965 until November 1975. The City maintained the lease with the BLM through 1996. In March of 1997, the City entered into an agreement with the Nevada Division of Environmental Protection and the Clark County Health District whereby the City will investigate environmental conditions associated with the landfill, implement necessary remedial measures (e.g., installation of a final cover system and surface water run-on/run-off controls), and maintain the constructed remedial measures. The City has recorded an estimated contingent liability of \$12,000,000 to reflect costs, which the City estimates that it may incur under the above-referenced agreement.

#### E. Redevelopment Agency

The City of Henderson Redevelopment Agency entered into several promissory notes in the original aggregate amount of \$11,030,573 as part of an Owner Participation Agreement with Cornerstone Partners I, L.L.C. The indebtedness represented by each note was payable solely and exclusively from a predetermined percentage of the Site Tax Increment received by the Agency on specific parcels of land and was not to be payable from any other source. Because the requirements to repay the notes were contingent on the Agency receiving sufficient Site Tax Increment on the specific parcels, these potential future obligations of the Agency have not been reflected in the financial statements in the past. During the fiscal year ended June 30, 2005, these notes were forgiven.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 14: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Two of the new standards, GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions (OPEB)*, may have a significant impact on the City's financial reporting process.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. GASB No. 42 will be effective for the fiscal year ending June 30, 2006.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2008.

# Governmental Funds

## Nonmajor Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**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 resources to stabilize governmental operations in the event of a shortfall in General Fund revenue.

**Graffiti Reward and Abatement Special Revenue** - to account for graffiti-related court assessments which are to be used to pay rewards for information resulting in the conviction of graffiti ordinance violators. This fund was closed out to the General Fund.

**Equipment Repair & Maintenance Special Revenue** - to account for an allocation of bond proceeds and other financing sources used for infrastructure reinvestment for the maintenance, repair or improvement of technology and capital projects.

**Multipurpose Special Revenue** - to account for the receipts and expenditures of private contributions and grants awarded to the City.

**Lake Las Vegas Fund** - 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.

## Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities 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.

**Bond Proceeds** - to account for costs of improving and bettering streets within the City; flood control; improving and equipping artificial lights, lighting equipment, and traffic control equipment; and acquisition, development, improvement and expansion of public parks, playgrounds and recreation facilities within the City. Financing is provided by the sale of general obligation bonds.

**HUD Proceeds** - to account for costs of providing loans and grants given for the purpose of housing rehabilitation and the construction of capital improvements, such as streets and street lighting. Primary funding is provided by Federal grants. This fund was closed out to the Multipurpose Special Revenue Fund.

**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** - 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 Fund** - 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.

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**CITY OF HENDERSON, NEVADA**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2005

**ASSETS**

	Special Revenue Funds	Capital Project Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and investments	\$ 33,163,206	\$ 22,947,594	\$ 56,110,800
Receivables:			
Accounts	47,381	96	47,477
Accrued interest	158,735	129,157	287,892
Notes	950,638	--	950,638
Advances to other funds	--	791,592	791,592
Due from other governments	1,716,561	1,836,355	3,552,916
Prepaid expense	10,000	--	10,000
Land held for resale	8,412,363	--	8,412,363
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 44,458,884</u></u>	<u><u>\$ 25,704,794</u></u>	<u><u>\$ 70,163,678</u></u>

**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES</b>			
Accounts payable and accrued wages	\$ 1,357,759	\$ 261,429	\$ 1,619,188
Compensated absences payable	2,835	216	3,051
Construction contracts payable	1,311,356	537,529	1,848,885
Deposits	60,000	8,862	68,862
Due to other governments	--	326,126	326,126
Due to other funds	65,821	--	65,821
Advances from other funds	791,592	--	791,592
Total liabilities	<u>3,589,363</u>	<u>1,134,162</u>	<u>4,723,525</u>
<b>FUND BALANCES</b>			
Reserved for:			
Debt service	3,347,463	--	3,347,463
Prepaid items	10,000	--	10,000
Land held for resale	8,412,363	--	8,412,363
Notes receivable	950,638	--	950,638
Sinking fund	3,529,098	--	3,529,098
Unreserved - undesignated	24,619,959	24,570,632	49,190,591
Total fund balances	<u>40,869,521</u>	<u>24,570,632</u>	<u>65,440,153</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 44,458,884</u></u>	<u><u>\$ 25,704,794</u></u>	<u><u>\$ 70,163,678</u></u>

**CITY OF HENDERSON, NEVADA**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2005

	Special Revenue Funds	Capital Projects Funds	Total
<b>REVENUES</b>			
Property taxes	\$ 2,441,067	\$ 1,552,104	\$ 3,993,171
Intergovernmental	9,281,262	3,169,504	12,450,766
Charges for services	196,604	--	196,604
Fines and forfeitures	373,644	--	373,644
Developer/property owner contributions	649,758	759	650,517
Impact fees	--	1,740,702	1,740,702
Miscellaneous interest	777,438	470,622	1,248,060
Miscellaneous	479,959	398,306	878,265
<b>Total revenues</b>	<u>14,199,732</u>	<u>7,331,997</u>	<u>21,531,729</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,202,740	--	4,202,740
Judicial	355,598	--	355,598
Public safety	574,118	--	574,118
Public works	486,846	836,718	1,323,564
Culture and recreation	984,436	1,046,787	2,031,223
Community support	2,324,898	--	2,324,898
<b>Total current</b>	<u>8,928,636</u>	<u>1,883,505</u>	<u>10,812,141</u>
Capital outlay:			
General government	271,227	--	271,227
Judicial	423,691	--	423,691
Public safety	1,200,132	--	1,200,132
Public works	4,626,852	1,392,703	6,019,555
Culture and recreation	660,766	1,764,391	2,425,157
Community support	227,177	--	227,177
<b>Total capital outlay</b>	<u>7,409,845</u>	<u>3,157,094</u>	<u>10,566,939</u>
Debt service:			
Principal retirement	22,019	--	22,019
Interest and fiscal charges	877,285	--	877,285
<b>Total debt service</b>	<u>899,304</u>	<u>--</u>	<u>899,304</u>
<b>Total expenditures</b>	<u>17,237,785</u>	<u>5,040,599</u>	<u>22,278,384</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,038,053)</u>	<u>2,291,398</u>	<u>(746,655)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Land sales	36,491	9,040,499	9,076,990
Transfers in	3,991,926	2,259,485	6,251,411
Transfers out	(210,544)	(4,733,532)	(4,944,076)
<b>Total other financing sources (uses)</b>	<u>3,817,873</u>	<u>6,566,452</u>	<u>10,384,325</u>
<b>NET CHANGE IN FUND BALANCES</b>	779,820	8,857,850	9,637,670
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>40,089,701</u>	<u>15,712,782</u>	<u>55,802,483</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 40,869,521</u>	<u>\$ 24,570,632</u>	<u>\$ 65,440,153</u>

**CITY OF HENDERSON, NEVADA**

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2005

ASSETS										
	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Graffiti Reward and Abatement	Equipment Repair and Maintenance	Multipurpose	Lake Las Vegas	Total
Cash and investments	\$ 9,040,028	\$ 5,653,061	\$ 114,168	\$ 561,451	\$ 8,922,515	\$ --	\$ 5,361,388	\$ --	\$ 3,510,595	\$ 33,163,206
Receivables:										
Accounts	6,116	--	--	--	--	--	11,168	30,097	--	47,381
Accrued interest	37,226	30,031	742	--	45,174	--	27,059	--	18,503	158,735
Notes	950,638	--	--	--	--	--	--	--	--	950,638
Due from other governments	164,968	566,391	--	--	--	--	--	985,202	--	1,716,561
Prepaid expense	10,000	--	--	--	--	--	--	--	--	10,000
Land held for resale	8,412,363	--	--	--	--	--	--	--	--	8,412,363
<b>TOTAL ASSETS</b>	<b><u>\$ 18,621,339</u></b>	<b><u>\$ 6,249,483</u></b>	<b><u>\$ 114,910</u></b>	<b><u>\$ 561,451</u></b>	<b><u>\$ 8,967,689</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 5,399,615</u></b>	<b><u>\$ 1,015,299</u></b>	<b><u>\$ 3,529,098</u></b>	<b><u>\$ 44,458,884</u></b>
LIABILITIES AND FUND BALANCES										
<b>LIABILITIES</b>										
Accounts payable and accrued wages	\$ 406,600	\$ 124,757	\$ 3,832	\$ 68,909	\$ --	\$ --	\$ 256,581	\$ 497,080	\$ --	\$ 1,357,759
Compensated absences payable	2,482	--	--	--	--	--	--	353	--	2,835
Construction contracts payable	--	1,257,401	--	--	--	--	53,955	--	--	1,311,356
Deposits	60,000	--	--	--	--	--	--	--	--	60,000
Due to other funds	--	--	--	--	--	--	--	65,821	--	65,821
Advances from other funds	791,592	--	--	--	--	--	--	--	--	791,592
<b>Total liabilities</b>	<b><u>1,260,674</u></b>	<b><u>1,382,158</u></b>	<b><u>3,832</u></b>	<b><u>68,909</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>310,536</u></b>	<b><u>563,254</u></b>	<b><u>--</u></b>	<b><u>3,589,363</u></b>
<b>FUND BALANCES</b>										
Reserved for:										
Debt service	3,347,463	--	--	--	--	--	--	--	--	3,347,463
Prepaid items	10,000	--	--	--	--	--	--	--	--	10,000
Land held for resale	8,412,363	--	--	--	--	--	--	--	--	8,412,363
Notes receivable	950,638	--	--	--	--	--	--	--	--	950,638
Sinking fund	--	--	--	--	--	--	--	--	3,529,098	3,529,098
Unreserved - undesignated	7,987,664	4,867,325	111,078	492,542	8,967,689	--	5,089,079	452,045	--	27,967,422
<b>Total fund balances</b>	<b><u>17,360,665</u></b>	<b><u>4,867,325</u></b>	<b><u>111,078</u></b>	<b><u>492,542</u></b>	<b><u>8,967,689</u></b>	<b><u>--</u></b>	<b><u>5,089,079</u></b>	<b><u>452,045</u></b>	<b><u>3,529,098</u></b>	<b><u>40,869,521</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 18,621,339</u></b>	<b><u>\$ 6,249,483</u></b>	<b><u>\$ 114,910</u></b>	<b><u>\$ 561,451</u></b>	<b><u>\$ 8,967,689</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 5,399,615</u></b>	<b><u>\$ 1,015,299</u></b>	<b><u>\$ 3,529,098</u></b>	<b><u>\$ 44,458,884</u></b>

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2005

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Graffiti Reward and Abatement	Equipment Repair and Maintenance	Multipurpose	Lake Las Vegas	Total
<b>REVENUES</b>										
Property taxes	\$ 2,441,067	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,441,067
Intergovernmental	4,000	2,935,419	--	--	--	--	--	6,341,843	--	9,281,262
Charges for services	--	--	--	--	--	--	196,604	--	--	196,604
Fines and forfeitures	--	--	35,954	337,690	--	--	--	--	--	373,644
Developer/property owner contributions	--	--	--	--	--	--	607,502	--	42,256	649,758
Miscellaneous interest	250,806	140,627	4,127	--	188,938	--	119,208	--	73,732	777,438
Miscellaneous	119,080	--	--	13,303	--	--	125,430	222,146	--	479,959
Total revenues	<u>2,814,953</u>	<u>3,076,046</u>	<u>40,081</u>	<u>350,993</u>	<u>188,938</u>	<u>--</u>	<u>1,048,744</u>	<u>6,563,989</u>	<u>115,988</u>	<u>14,199,732</u>
<b>EXPENDITURES</b>										
Current:										
General government	2,504,230	--	--	--	--	--	1,540,176	158,334	--	4,202,740
Judicial	--	--	--	355,286	--	--	312	--	--	355,598
Public safety	--	--	79,411	--	--	--	--	494,707	--	574,118
Public works	--	152,103	--	--	--	--	324,175	10,568	--	486,846
Culture and recreation	--	--	--	--	--	--	5,850	978,586	--	984,436
Community support	--	--	--	--	--	--	--	2,324,898	--	2,324,898
Total current	<u>2,504,230</u>	<u>152,103</u>	<u>79,411</u>	<u>355,286</u>	<u>--</u>	<u>--</u>	<u>1,870,513</u>	<u>3,967,093</u>	<u>--</u>	<u>8,928,636</u>
Capital outlay:										
General government	90,892	--	--	--	--	--	180,335	--	--	271,227
Judicial	--	--	--	70,591	--	--	353,100	--	--	423,691
Public safety	--	--	--	--	--	--	--	1,200,132	--	1,200,132
Public works	--	4,178,128	--	--	--	--	417,719	31,005	--	4,626,852
Culture and recreation	--	--	--	--	--	--	--	660,766	--	660,766
Community support	--	--	--	--	--	--	--	227,177	--	227,177
Total capital outlay	<u>90,892</u>	<u>4,178,128</u>	<u>--</u>	<u>70,591</u>	<u>--</u>	<u>--</u>	<u>951,154</u>	<u>2,119,080</u>	<u>--</u>	<u>7,409,845</u>
Debt service:										
Principal retirement	22,019	--	--	--	--	--	--	--	--	22,019
Interest and fiscal charges	877,285	--	--	--	--	--	--	--	--	877,285
Total debt service	<u>899,304</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>899,304</u>
Total expenditures	<u>3,494,426</u>	<u>4,330,231</u>	<u>79,411</u>	<u>425,877</u>	<u>--</u>	<u>--</u>	<u>2,821,667</u>	<u>6,086,173</u>	<u>--</u>	<u>17,237,785</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>										
	<u>(679,473)</u>	<u>(1,254,185)</u>	<u>(39,330)</u>	<u>(74,884)</u>	<u>188,938</u>	<u>--</u>	<u>(1,772,923)</u>	<u>477,816</u>	<u>115,988</u>	<u>(3,038,053)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Land sales	36,491	--	--	--	--	--	--	--	--	36,491
Transfers in	--	--	--	--	1,250,000	--	2,427,214	--	314,712	3,991,926
Transfers out	--	(30,890)	--	--	--	(4,463)	--	(175,191)	--	(210,544)
Total other financing sources (uses)	<u>36,491</u>	<u>(30,890)</u>	<u>--</u>	<u>--</u>	<u>1,250,000</u>	<u>(4,463)</u>	<u>2,427,214</u>	<u>(175,191)</u>	<u>314,712</u>	<u>3,817,873</u>
<b>NET CHANGE IN FUND BALANCES</b>										
	<u>(642,982)</u>	<u>(1,285,075)</u>	<u>(39,330)</u>	<u>(74,884)</u>	<u>1,438,938</u>	<u>(4,463)</u>	<u>654,291</u>	<u>302,625</u>	<u>430,700</u>	<u>779,820</u>
FUND BALANCES - BEGINNING OF YEAR	18,003,647	6,152,400	150,408	567,426	7,528,751	4,463	4,434,788	149,420	3,098,398	40,089,701
FUND BALANCES, END OF YEAR	<u>\$ 17,360,665</u>	<u>\$ 4,867,325</u>	<u>\$ 111,078</u>	<u>\$ 492,542</u>	<u>\$ 8,967,689</u>	<u>\$ --</u>	<u>\$ 5,089,079</u>	<u>\$ 452,045</u>	<u>\$ 3,529,098</u>	<u>\$ 40,869,521</u>

**CITY OF HENDERSON, NEVADA**

Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2005

**ASSETS**

	<u>Land Sales</u>	<u>Special Recreation</u>	<u>Bond Proceeds</u>	<u>HUD Proceeds</u>	<u>Park Development</u>	<u>Flood Control</u>	<u>RTC/ County Funded</u>	<u>Special Ad Valorem Transportation</u>	<u>Total</u>
Cash and investments	\$ 8,613,988	\$ 1,441,224	\$ 3,665,745	\$ --	\$ 5,892,774	\$ 139,250	\$ 351,448	\$ 2,843,165	\$ 22,947,594
Receivables:									
Accounts	96	--	--	--	--	--	--	--	96
Accrued interest	54,946	9,090	16,352	--	33,860	865	--	14,044	129,157
Advances to other funds	621,261	--	--	--	170,331	--	--	--	791,592
Due from other governments	--	669,957	--	--	--	--	682,560	483,838	1,836,355
<b>TOTAL ASSETS</b>	<u><u>\$ 9,290,291</u></u>	<u><u>\$ 2,120,271</u></u>	<u><u>\$ 3,682,097</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 6,096,965</u></u>	<u><u>\$ 140,115</u></u>	<u><u>\$ 1,034,008</u></u>	<u><u>\$ 3,341,047</u></u>	<u><u>\$ 25,704,794</u></u>

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**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES</b>									
Accounts payable and accrued wages	\$ 162,944	\$ 85,678	\$ --	\$ --	\$ 9,733	\$ --	\$ --	\$ 3,074	\$ 261,429
Compensated absences payable	--	216	--	--	--	--	--	--	216
Construction contracts payable	--	--	133,071	--	--	29,690	372,565	2,203	537,529
Deposits	8,862	--	--	--	--	--	--	--	8,862
Due to other governments	--	--	--	--	--	--	170,748	155,378	326,126
Total liabilities	<u>171,806</u>	<u>85,894</u>	<u>133,071</u>	<u>--</u>	<u>9,733</u>	<u>29,690</u>	<u>543,313</u>	<u>160,655</u>	<u>1,134,162</u>
<b>FUND BALANCES</b>									
Unreserved - undesignated	<u>9,118,485</u>	<u>2,034,377</u>	<u>3,549,026</u>	<u>--</u>	<u>6,087,232</u>	<u>110,425</u>	<u>490,695</u>	<u>3,180,392</u>	<u>24,570,632</u>
<b>TOTAL FUND BALANCES</b>	<u>9,118,485</u>	<u>2,034,377</u>	<u>3,549,026</u>	<u>--</u>	<u>6,087,232</u>	<u>110,425</u>	<u>490,695</u>	<u>3,180,392</u>	<u>24,570,632</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 9,290,291</u></u>	<u><u>\$ 2,120,271</u></u>	<u><u>\$ 3,682,097</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 6,096,965</u></u>	<u><u>\$ 140,115</u></u>	<u><u>\$ 1,034,008</u></u>	<u><u>\$ 3,341,047</u></u>	<u><u>\$ 25,704,794</u></u>

**CITY OF HENDERSON, NEVADA**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Capital Projects Funds  
 For the Year Ended June 30, 2005

	Land Sales	Special Recreation	Bond Proceeds	HUD Proceeds	Park Development	Flood Control	RTC/ County Funded	Special Ad Valorem Transportation	Total
<b>REVENUES</b>									
Property taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,552,104	\$ 1,552,104
Intergovernmental	--	2,240,038	--	--	--	--	929,466	--	3,169,504
Developer/property owner contributions	--	--	--	--	--	--	759	--	759
Impact fees	--	--	--	--	1,740,702	--	--	--	1,740,702
Miscellaneous interest	172,037	45,034	46,726	--	159,026	4,036	--	43,763	470,622
Miscellaneous	397,958	--	--	--	348	--	--	--	398,306
<b>Total revenues</b>	<b>569,995</b>	<b>2,285,072</b>	<b>46,726</b>	<b>--</b>	<b>1,900,076</b>	<b>4,036</b>	<b>930,225</b>	<b>1,595,867</b>	<b>7,331,997</b>
<b>EXPENDITURES</b>									
Current:									
Public works	724,013	--	--	--	--	--	2,281	110,424	836,718
Culture and recreation	--	828,169	160,331	--	58,287	--	--	--	1,046,787
<b>Total current</b>	<b>724,013</b>	<b>828,169</b>	<b>160,331</b>	<b>--</b>	<b>58,287</b>	<b>--</b>	<b>2,281</b>	<b>110,424</b>	<b>1,883,505</b>
Capital outlay:									
Public works	140,684	--	--	--	--	--	1,030,435	221,584	1,392,703
Culture and recreation	--	655,760	930,729	--	177,902	--	--	--	1,764,391
<b>Total capital outlay</b>	<b>140,684</b>	<b>655,760</b>	<b>930,729</b>	<b>--</b>	<b>177,902</b>	<b>--</b>	<b>1,030,435</b>	<b>221,584</b>	<b>3,157,094</b>
<b>Total expenditures</b>	<b>864,697</b>	<b>1,483,929</b>	<b>1,091,060</b>	<b>--</b>	<b>236,189</b>	<b>--</b>	<b>1,032,716</b>	<b>332,008</b>	<b>5,040,599</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>									
	(294,702)	801,143	(1,044,334)	--	1,663,887	4,036	(102,491)	1,263,859	2,291,398
<b>OTHER FINANCING SOURCES (USES)</b>									
Land sales	8,870,168	--	--	--	170,331	--	--	--	9,040,499
Transfers in	--	--	2,144,294	65,191	--	--	--	50,000	2,259,485
Transfers out	(2,477,103)	(686,998)	(69,431)	--	(1,500,000)	--	--	--	(4,733,532)
<b>Total other financing sources (uses)</b>	<b>6,393,065</b>	<b>(686,998)</b>	<b>2,074,863</b>	<b>65,191</b>	<b>(1,329,669)</b>	<b>--</b>	<b>--</b>	<b>50,000</b>	<b>6,566,452</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>6,098,363</b>	<b>114,145</b>	<b>1,030,529</b>	<b>65,191</b>	<b>334,218</b>	<b>4,036</b>	<b>(102,491)</b>	<b>1,313,859</b>	<b>8,857,850</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>3,020,122</b>	<b>1,920,232</b>	<b>2,518,497</b>	<b>(65,191)</b>	<b>5,753,014</b>	<b>106,389</b>	<b>593,186</b>	<b>1,866,533</b>	<b>15,712,782</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 9,118,485</b>	<b>\$ 2,034,377</b>	<b>\$ 3,549,026</b>	<b>\$ --</b>	<b>\$ 6,087,232</b>	<b>\$ 110,425</b>	<b>\$ 490,695</b>	<b>\$ 3,180,392</b>	<b>\$ 24,570,632</b>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 General Fund  
 For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Property taxes	\$ 28,853,207	\$ 29,309,739	456,532
Franchise fees	22,834,633	24,044,878	1,210,245
Licenses and permits	7,377,938	7,305,463	(72,475)
Intergovernmental	95,723,663	100,879,296	5,155,633
Charges for services	13,161,840	13,980,484	818,644
Fines and forfeits	2,686,285	3,114,561	428,276
Miscellaneous interest	390,000	622,416	232,416
Miscellaneous	899,594	836,902	(62,692)
Total revenues	<u>171,927,160</u>	<u>180,093,739</u>	<u>8,166,579</u>
<b>GENERAL GOVERNMENT</b>			
<b>Mayor and Council:</b>			
Salaries and wages	273,339	260,574	12,765
Employee benefits	184,392	178,700	5,692
Services and supplies	198,484	169,497	28,987
Total Mayor and Council	<u>656,215</u>	<u>608,771</u>	<u>47,444</u>
<b>City Manager:</b>			
Salaries and wages	1,136,004	1,024,568	111,436
Employee benefits	420,280	394,002	26,278
Services and supplies	1,812,759	531,338	1,281,421
Capital outlay	18,545	--	18,545
Total City Manager	<u>3,387,588</u>	<u>1,949,908</u>	<u>1,437,680</u>
<b>Finance:</b>			
Salaries and wages	2,620,749	2,498,160	122,589
Employee benefits	996,879	940,407	56,472
Services and supplies	886,723	739,231	147,492
Capital outlay	73,009	57,143	15,866
Total Finance	<u>4,577,360</u>	<u>4,234,941</u>	<u>342,419</u>
<b>Budget and Strategic Management:</b>			
Salaries and wages	391,238	385,509	5,729
Employee benefits	169,733	158,593	11,140
Services and supplies	110,358	79,920	30,438
Capital outlay	9,410	8,199	1,211
Total Budget and Strategic Management	<u>680,739</u>	<u>632,221</u>	<u>48,518</u>

continued

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual (continued)  
General Fund  
For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>GENERAL GOVERNMENT (continued)</b>			
<b>Information Technology:</b>			
Salaries and wages	\$ 3,758,308	\$ 3,528,398	\$ 229,910
Employee benefits	1,308,882	1,278,374	30,508
Services and supplies	4,530,974	3,142,255	1,388,719
Capital outlay	438,289	414,217	24,072
<b>Total Information Technology</b>	<b>10,036,453</b>	<b>8,363,244</b>	<b>1,673,209</b>
<b>City Clerk:</b>			
Salaries and wages	977,612	941,362	36,250
Employee benefits	377,458	351,697	25,761
Services and supplies	1,008,752	628,184	380,568
Capital outlay	253,958	37,820	216,138
<b>Total City Clerk</b>	<b>2,617,780</b>	<b>1,959,063</b>	<b>658,717</b>
<b>Human Resources:</b>			
Salaries and wages	1,243,670	1,181,222	62,448
Employee benefits	495,935	439,814	56,121
Services and supplies	487,026	378,998	108,028
Capital outlay	31,000	30,960	40
<b>Total Human Resources</b>	<b>2,257,631</b>	<b>2,030,994</b>	<b>226,637</b>
<b>City Attorney:</b>			
Salaries and wages	2,897,866	2,601,321	296,545
Employee benefits	1,093,663	1,039,663	54,000
Services and supplies	1,006,372	807,319	199,053
Capital outlay	329,556	170,081	159,475
<b>Total City Attorney</b>	<b>5,327,457</b>	<b>4,618,384</b>	<b>709,073</b>
<b>Community Development:</b>			
Salaries and wages	1,989,366	1,921,730	67,636
Employee benefits	754,117	719,466	34,651
Services and supplies	1,386,161	572,872	813,289
Capital outlay	--	--	--
<b>Total Community Development</b>	<b>4,129,644</b>	<b>3,214,068</b>	<b>915,576</b>
<b>Building Maintenance:</b>			
Salaries and wages	1,434,416	1,348,545	85,871
Employee benefits	533,041	503,836	29,205
Services and supplies	3,878,733	3,340,294	538,439
Capital outlay	157,733	32,919	124,814
<b>Total Building Maintenance</b>	<b>6,003,923</b>	<b>5,225,594</b>	<b>778,329</b>

continued

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual (continued)  
General Fund  
For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>GENERAL GOVERNMENT (continued)</b>			
Miscellaneous:			
Salaries and wages	\$ 1,050,000	\$ 1,055,939	\$ (5,939)
Employee benefits	210,000	162,382	47,618
Services and supplies	1,986,417	1,909,517	76,900
Total Miscellaneous	<u>3,246,417</u>	<u>3,127,838</u>	<u>118,579</u>
Property Management:			
Salaries and wages	1,159,559	1,046,435	113,124
Employee benefits	403,964	364,558	39,406
Services and supplies	550,063	379,102	170,961
Total Property Management	<u>2,113,586</u>	<u>1,790,095</u>	<u>323,491</u>
<b>Total General Government</b>	<u>45,034,793</u>	<u>37,755,121</u>	<u>7,279,672</u>
<b>JUDICIAL</b>			
Municipal Court:			
Salaries and wages	2,393,917	2,376,338	17,579
Employee benefits	926,750	902,861	23,889
Services and supplies	305,587	290,984	14,603
Total Judicial	<u>3,626,254</u>	<u>3,570,183</u>	<u>56,071</u>
<b>PUBLIC SAFETY</b>			
Fire:			
Salaries and wages	18,963,324	18,477,061	486,263
Employee benefits	7,198,834	7,015,905	182,929
Services and supplies	4,073,708	3,902,974	170,734
Capital outlay	244,021	154,142	89,879
Total Fire	<u>30,479,887</u>	<u>29,550,082</u>	<u>929,805</u>
Police:			
Salaries and wages	32,662,410	32,517,522	144,888
Employee benefits	13,907,025	13,404,985	502,040
Services and supplies	7,265,786	6,715,691	550,095
Capital outlay	2,799,078	2,215,447	583,631
Total Police	<u>56,634,299</u>	<u>54,853,645</u>	<u>1,780,654</u>
Building Inspection:			
Salaries and wages	857,592	802,104	55,488
Employee benefits	298,336	292,895	5,441
Services and supplies	136,553	98,909	37,644
Total Building Inspection	<u>1,292,481</u>	<u>1,193,908</u>	<u>98,573</u>
<b>Total Public Safety</b>	<u>88,406,667</u>	<u>85,597,635</u>	<u>2,809,032</u>

continued

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual (continued)  
General Fund  
For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>PUBLIC WORKS</b>			
Streets:			
Salaries and wages	\$ 1,184,497	\$ 1,150,701	\$ 33,796
Employee benefits	418,754	404,036	14,718
Services and supplies	1,139,743	1,107,343	32,400
Capital outlay	160,731	--	160,731
Total Streets	<u>2,903,725</u>	<u>2,662,080</u>	<u>241,645</u>
Street Lighting:			
Salaries and wages	977,019	946,441	30,578
Employee benefits	339,572	321,444	18,128
Services and supplies	2,668,759	2,371,712	297,047
Capital outlay	30,705	--	30,705
Total Street Lighting	<u>4,016,055</u>	<u>3,639,597</u>	<u>376,458</u>
Flood Control:			
Salaries and wages	163,997	162,775	1,222
Employee benefits	64,105	59,028	5,077
Services and supplies	225,903	139,119	86,784
Capital outlay	7,000	--	7,000
Total Flood Control	<u>461,005</u>	<u>360,922</u>	<u>100,083</u>
Public Works General Services:			
Salaries and wages	216,630	204,849	11,781
Employee benefits	86,019	82,600	3,419
Services and supplies	28,391	20,673	7,718
Total Public Works General Services	<u>331,040</u>	<u>308,122</u>	<u>22,918</u>
<b>Total Public Works</b>	<u>7,711,825</u>	<u>6,970,721</u>	<u>741,104</u>
<b>CULTURE AND RECREATION</b>			
Parks:			
Salaries and wages	5,413,125	5,202,056	211,069
Employee benefits	1,981,575	1,883,842	97,733
Services and supplies	4,029,689	3,362,853	666,836
Capital outlay	377,026	127,398	249,628
Total Parks	<u>11,801,415</u>	<u>10,576,149</u>	<u>1,225,266</u>
Recreation:			
Salaries and wages	9,935,311	9,501,021	434,290
Employee benefits	2,441,102	2,249,793	191,309
Services and supplies	5,130,988	4,910,451	220,537
Total Recreation	<u>17,507,401</u>	<u>16,661,265</u>	<u>846,136</u>
<b>Total Culture and Recreation</b>	<u>29,308,816</u>	<u>27,237,414</u>	<u>2,071,402</u>

continued

## CITY OF HENDERSON, NEVADA

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual (continued) General Fund For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
COMMUNITY SUPPORT			
Economic Development:			
Salaries and wages	\$ 306,560	\$ 294,223	\$ 12,337
Employee benefits	113,068	111,403	1,665
Services and supplies	254,351	157,529	96,822
Total Economic Development	<u>673,979</u>	<u>563,155</u>	<u>110,824</u>
Neighborhood Services:			
Salaries and wages	713,078	665,443	47,635
Employee benefits	273,680	257,105	16,575
Services and supplies	242,648	123,783	118,865
Capital outlay	5,394	5,393	1
Total Neighborhood Services	<u>1,234,800</u>	<u>1,051,724</u>	<u>183,076</u>
Total Community Support	<u>1,908,779</u>	<u>1,614,879</u>	<u>293,900</u>
Total Expenditures	<u>175,997,134</u>	<u>162,745,953</u>	<u>13,251,181</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,069,974)</u>	<u>17,347,786</u>	<u>21,417,760</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	1,634,354	1,634,354	--
Transfers in	9,080,474	9,084,937	4,463
Transfers out	(15,985,544)	(25,794,579)	(9,809,035)
Total Other Financing Sources (Uses)	<u>(5,270,716)</u>	<u>(15,075,288)</u>	<u>(9,804,572)</u>
NET CHANGE IN FUND BALANCES	(9,340,690)	2,272,498	11,613,188
FUND BALANCES, BEGINNING OF YEAR	<u>26,104,301</u>	<u>26,104,301</u>	<u>--</u>
FUND BALANCES, END OF YEAR	<u>\$ 16,763,611</u>	<u>\$ 28,376,799</u>	<u>\$ 11,613,188</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Redevelopment Agency Special Revenue Fund  
For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Property taxes	\$ 2,656,369	\$ 2,441,067	\$ (215,302)
Intergovernmental	4,000	4,000	--
Miscellaneous interest	100,000	250,806	150,806
Miscellaneous	118,298	119,080	782
<b>Total revenues</b>	<u>2,878,667</u>	<u>2,814,953</u>	<u>(63,714)</u>
<b>EXPENDITURES</b>			
General government:			
Salaries and wages	571,947	532,078	39,869
Employee benefits	237,996	207,307	30,689
Services and supplies	2,768,702	1,764,845	1,003,857
Capital outlay	292,950	90,892	202,058
<b>Total general government</b>	<u>3,871,595</u>	<u>2,595,122</u>	<u>1,276,473</u>
Debt Service:			
Principal	22,019	22,019	--
Interest and fiscal charges	877,285	877,285	--
<b>Total debt service</b>	<u>899,304</u>	<u>899,304</u>	<u>--</u>
<b>Total expenditures</b>	<u>4,770,899</u>	<u>3,494,426</u>	<u>1,276,473</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,892,232)</u>	<u>(679,473)</u>	<u>1,212,759</u>
<b>OTHER FINANCING SOURCE (USES)</b>			
Land sales	--	36,491	36,491
<b>Total other financing sources (uses)</b>	<u>--</u>	<u>36,491</u>	<u>36,491</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,892,232)	(642,982)	1,249,250
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>18,003,647</u>	<u>18,003,647</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 16,111,415</u>	<u>\$ 17,360,665</u>	<u>\$ 1,249,250</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Gas Tax Special Revenue Fund  
 For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,612,043	\$ 2,935,419	\$ 323,376
Miscellaneous interest	120,000	140,627	20,627
Total revenues	<u>2,732,043</u>	<u>3,076,046</u>	<u>344,003</u>
EXPENDITURES			
Public works:			
Services and supplies	646,765	152,103	494,662
Capital outlay	6,058,932	4,178,128	1,880,804
Total expenditures	<u>6,705,697</u>	<u>4,330,231</u>	<u>2,375,466</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,973,654)</u>	<u>(1,254,185)</u>	<u>2,719,469</u>
OTHER FINANCING SOURCE (USES)			
Transfers out	<u>(120,000)</u>	<u>(30,890)</u>	<u>89,110</u>
NET CHANGE IN FUND BALANCES	(4,093,654)	(1,285,075)	2,808,579
FUND BALANCE, BEGINNING OF YEAR	<u>6,152,400</u>	<u>6,152,400</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,058,746</u>	<u>\$ 4,867,325</u>	<u>\$ 2,808,579</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Forfeited Assets Special Revenue Fund  
 For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Fines and forfeits	\$ 39,000	\$ 35,954	\$ (3,046)
Miscellaneous interest	3,035	4,127	1,092
Total revenues	<u>42,035</u>	<u>40,081</u>	<u>(1,954)</u>
EXPENDITURES			
Public safety:			
Services and supplies	<u>150,943</u>	<u>79,411</u>	<u>71,532</u>
Total expenditures	<u>150,943</u>	<u>79,411</u>	<u>71,532</u>
NET CHANGE IN FUND BALANCES	(108,908)	(39,330)	69,578
FUND BALANCE, BEGINNING OF YEAR	<u>150,408</u>	<u>150,408</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 41,500</u>	<u>\$ 111,078</u>	<u>\$ 69,578</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Municipal Court Administrative Fee Special Revenue Fund  
 For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Fines and forfeits	\$ 332,000	\$ 337,690	\$ 5,690
Miscellaneous	--	13,303	13,303
Total revenues	<u>332,000</u>	<u>350,993</u>	<u>18,993</u>
<b>EXPENDITURES</b>			
Judicial:			
Services and supplies	464,332	355,286	109,046
Capital outlay	122,054	70,591	51,463
Total expenditures	<u>586,386</u>	<u>425,877</u>	<u>160,509</u>
NET CHANGE IN FUND BALANCES	(254,386)	(74,884)	179,502
FUND BALANCE, BEGINNING OF YEAR	<u>567,426</u>	<u>567,426</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 313,040</u>	<u>\$ 492,542</u>	<u>\$ 179,502</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Financial Stabilization Special Revenue Fund  
 For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	\$ 160,000	\$ 188,938	\$ 28,938
OTHER FINANCING SOURCES (USES)			
Transfers in	700,000	1,250,000	550,000
NET CHANGE IN FUND BALANCES	860,000	1,438,938	578,938
FUND BALANCE, BEGINNING OF YEAR	<u>7,528,751</u>	<u>7,528,751</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,388,751</u>	<u>\$ 8,967,689</u>	<u>\$ 578,938</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Graffiti Reward and Abatement Special Revenue Fund  
 For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	\$ 10	\$ --	\$ (10)
Total revenues	<u>10</u>	<u>--</u>	<u>(10)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(4,473)</u>	<u>(4,463)</u>	<u>10</u>
NET CHANGE IN FUND BALANCES	(4,463)	(4,463)	--
FUND BALANCE, BEGINNING OF YEAR	<u>4,463</u>	<u>4,463</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

## CITY OF HENDERSON, NEVADA

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual Equipment Repair and Maintenance Special Revenue Fund For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Charges for services	\$ 196,604	\$ 196,604	\$ --
Developer contributions	139,185	607,502	468,317
Miscellaneous interest	85,480	119,208	33,728
Miscellaneous	243,044	125,430	(117,614)
Total revenues	<u>664,313</u>	<u>1,048,744</u>	<u>384,431</u>
<b>EXPENDITURES</b>			
General government:			
Salaries and wages	67,741	65,053	2,688
Employee benefits	8,290	9,010	(720)
Services and supplies	1,295,836	1,466,113	(170,277)
Capital outlay	303,509	180,335	123,174
Total general government	<u>1,675,376</u>	<u>1,720,511</u>	<u>(45,135)</u>
Judicial:			
Services and supplies	166,471	312	166,159
Capital outlay	390,000	353,100	36,900
Total judicial	<u>556,471</u>	<u>353,412</u>	<u>203,059</u>
Public works:			
Services and supplies	1,799,499	324,175	1,475,324
Capital outlay	1,150,970	417,719	733,251
Total public works	<u>2,950,469</u>	<u>741,894</u>	<u>2,208,575</u>
Culture and recreation:			
Services and supplies	--	5,850	(5,850)
Capital outlay	1,051,986	--	1,051,986
Total culture and recreation	<u>1,051,986</u>	<u>5,850</u>	<u>1,046,136</u>
Total expenditures	<u>6,234,302</u>	<u>2,821,667</u>	<u>3,412,635</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,569,989)</u>	<u>(1,772,923)</u>	<u>3,797,066</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>2,117,214</u>	<u>2,427,214</u>	<u>310,000</u>
NET CHANGES IN FUND BALANCES	(3,452,775)	654,291	4,107,066
FUND BALANCE, BEGINNING OF YEAR	<u>4,434,788</u>	<u>4,434,788</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 982,013</u>	<u>\$ 5,089,079</u>	<u>\$ 4,107,066</u>

## CITY OF HENDERSON, NEVADA

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual Multipurpose Special Revenue Fund For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 27,859,353	\$ 6,341,843	\$ (21,517,510)
Miscellaneous	172,825	222,146	49,321
Total revenues	<u>28,032,178</u>	<u>6,563,989</u>	<u>(21,468,189)</u>
<b>EXPENDITURES</b>			
General government:			
Services and supplies	171,108	158,334	12,774
Total general government	<u>171,108</u>	<u>158,334</u>	<u>12,774</u>
Public safety:			
Salaries and wages	175,643	128,053	47,590
Employee benefits	83,033	38,659	44,374
Services and supplies	581,401	327,995	253,406
Capital outlay	2,999,525	1,200,132	1,799,393
Total public safety	<u>3,839,602</u>	<u>1,694,839</u>	<u>2,144,763</u>
Public works:			
Services and supplies	452,930	10,568	442,362
Capital outlay	377,550	31,005	346,545
Total public works	<u>830,480</u>	<u>41,573</u>	<u>788,907</u>
Culture and recreation:			
Salaries and wages	630,001	117,552	512,449
Employee benefits	138,707	22,090	116,617
Services and supplies	2,966,897	838,944	2,127,953
Capital outlay	10,975,929	660,766	10,315,163
Total culture and recreation	<u>14,711,534</u>	<u>1,639,352</u>	<u>13,072,182</u>
Community support:			
Salaries and wages	430,711	383,853	46,858
Employee benefits	137,230	155,198	(17,968)
Services and supplies	3,037,402	1,785,847	1,251,555
Capital outlay	911,982	227,177	684,805
Total community support	<u>4,517,325</u>	<u>2,552,075</u>	<u>1,965,250</u>
Total expenditures	<u>24,070,049</u>	<u>6,086,173</u>	<u>17,983,876</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>3,962,129</u>	<u>477,816</u>	<u>(3,484,313)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,473	--	(4,473)
Transfers out	(1,065,191)	(175,191)	890,000
Total other financing sources (uses)	<u>(1,060,718)</u>	<u>(175,191)</u>	<u>885,527</u>
<b>NET CHANGES IN FUND BALANCES</b>	2,901,411	302,625	(2,598,786)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>149,420</u>	<u>149,420</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,050,831</u>	<u>\$ 452,045</u>	<u>\$ (2,598,786)</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Lake Las Vegas Special Revenue Fund  
 For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Developer contributions	\$ 55,000	\$ 42,256	\$ (12,744)
Miscellaneous interest	50,000	73,732	23,732
Total revenues	<u>105,000</u>	<u>115,988</u>	<u>10,988</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>314,712</u>	<u>314,712</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	419,712	430,700	10,988
FUND BALANCE, BEGINNING OF YEAR	<u>3,098,398</u>	<u>3,098,398</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,518,110</u>	<u>\$ 3,529,098</u>	<u>\$ 10,988</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
General Obligation Debt Service Fund  
For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Property taxes	\$ 16,859,414	\$ 17,083,662	\$ 224,248
Miscellaneous interest	130,000	195,327	65,327
Total revenues	<u>16,989,414</u>	<u>17,278,989</u>	<u>289,575</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal retirement	13,384,882	12,425,000	959,882
Interest and fiscal charges	5,638,342	6,598,223	(959,881)
Administrative and other costs	10,500	10,500	--
Total expenditures	<u>19,033,724</u>	<u>19,033,723</u>	<u>1</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,044,310)</u>	<u>(1,754,734)</u>	<u>289,576</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	11,296,766	10,296,766	(1,000,000)
Transfers out	(9,210,474)	(9,268,556)	(58,082)
Total other financing sources (uses)	<u>2,086,292</u>	<u>1,028,210</u>	<u>(1,058,082)</u>
<b>NET CHANGE IN FUND BALANCES</b>	41,982	(726,524)	(768,506)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,573,486</u>	<u>1,573,486</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,615,468</u>	<u>\$ 846,962</u>	<u>\$ (768,506)</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Special Assessment Districts Debt Service Fund  
 For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>REVENUES</b>			
Special assessments	\$ 285,374	\$ 327,861	\$ 42,487
Miscellaneous interest	243,713	141,486	(102,227)
Miscellaneous	<u>10,000</u>	<u>203</u>	<u>(9,797)</u>
Total revenues	<u>539,087</u>	<u>469,550</u>	<u>(69,537)</u>
 <b>EXPENDITURES</b>			
Debt Service:			
Principal retirement	1,285,000	1,285,000	--
Interest and fiscal charges	226,813	186,436	40,377
Administrative and other costs	<u>64,000</u>	<u>34,684</u>	<u>29,316</u>
Total expenditures	<u>1,575,813</u>	<u>1,506,120</u>	<u>69,693</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 <u>(1,036,726)</u>	 <u>(1,036,570)</u>	 <u>156</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(54,122)</u>	<u>(38,547)</u>	<u>15,575</u>
Total other financing sources (uses)	<u>(54,122)</u>	<u>(38,547)</u>	<u>15,575</u>
 <b>NET CHANGE IN FUND BALANCES</b>	 (1,090,848)	 (1,075,117)	 15,731
 <b>FUND BALANCE, BEGINNING OF YEAR</b>	 <u>2,453,016</u>	 <u>2,453,016</u>	 <u>--</u>
 <b>FUND BALANCE, END OF YEAR</b>	 <u>\$ 1,362,168</u>	 <u>\$ 1,377,899</u>	 <u>\$ 15,731</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Special Assessment Districts Capital Projects Fund  
 For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Developer/property owner contributions	\$ --	\$ 32,115,705	\$ 32,115,705
Miscellaneous interest	915,100	1,415,374	500,274
Total revenues	<u>915,100</u>	<u>33,531,079</u>	<u>32,615,979</u>
EXPENDITURES			
Public works:			
Services and supplies	643,842	198,313	445,529
Capital outlay	18,971,095	10,709,090	8,262,005
Total expenditures	<u>19,614,937</u>	<u>10,907,403</u>	<u>8,707,534</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,699,837)</u>	<u>22,623,676</u>	<u>41,323,513</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	54,122	38,547	(15,575)
Total other financing sources (uses)	<u>54,122</u>	<u>38,547</u>	<u>(15,575)</u>
NET CHANGE IN FUND BALANCES	(18,645,715)	22,662,223	41,307,938
FUND BALANCE, BEGINNING OF YEAR	<u>64,377,730</u>	<u>64,377,730</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 45,732,015</u>	<u>\$ 87,039,953</u>	<u>\$ 41,307,938</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Municipal Facilities Acquisition & Construction Capital Projects Fund  
For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Property taxes	\$ 8,074,055	\$ 8,199,525	\$ 125,470
Miscellaneous interest	440,000	455,010	15,010
Miscellaneous	--	1,330	1,330
Total revenues	<u>8,514,055</u>	<u>8,655,865</u>	<u>141,810</u>
<b>EXPENDITURES</b>			
General government:			
Employee benefits	--	1,365	(1,365)
Services and supplies	3,855,528	2,622,899	1,232,629
Capital outlay	6,630,096	1,161,220	5,468,876
Total general government	<u>10,485,624</u>	<u>3,785,484</u>	<u>6,700,140</u>
Public works:			
Salaries and wages	26,905	29,906	(3,001)
Employee benefits	--	14,676	(14,676)
Services and supplies	2,352,492	1,208,316	1,144,176
Capital outlay	12,187,453	2,727,784	9,459,669
Total public works	<u>14,566,850</u>	<u>3,980,682</u>	<u>10,586,168</u>
Culture and recreation:			
Services and supplies	3,864	3,858	6
Total culture and recreation	<u>3,864</u>	<u>3,858</u>	<u>6</u>
Total expenditures	<u>25,056,338</u>	<u>7,770,024</u>	<u>17,286,314</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(16,542,283)</u>	<u>885,841</u>	<u>17,428,124</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	8,534,416	17,613,318	9,078,902
Transfers out	(10,296,766)	(10,296,766)	--
Total other financing sources (uses)	<u>(1,762,350)</u>	<u>7,316,552</u>	<u>9,078,902</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(18,304,633)</u>	<u>8,202,393</u>	<u>26,507,026</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>18,771,154</u>	<u>18,771,154</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 466,521</u>	<u>\$ 26,973,547</u>	<u>\$ 26,507,026</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Land Sales Capital Projects Fund  
For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>REVENUES</b>			
Miscellaneous interest	\$ 120,000	\$ 172,037	\$ 52,037
Miscellaneous	347,500	397,958	50,458
Total revenues	<u>467,500</u>	<u>569,995</u>	<u>102,495</u>
<b>EXPENDITURES</b>			
Public Works			
Salaries and wages	--	3,209	(3,209)
Employee benefits	--	689	(689)
Services and supplies	977,265	720,115	257,150
Capital outlay	742,006	140,684	601,322
Total expenditures	<u>1,719,271</u>	<u>864,697</u>	<u>854,574</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,251,771)</u>	<u>(294,702)</u>	<u>957,069</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Land sales	8,200,000	8,870,168	670,168
Transfers out	<u>(2,420,000)</u>	<u>(2,477,103)</u>	<u>(57,103)</u>
Total other financing sources (uses)	<u>5,780,000</u>	<u>6,393,065</u>	<u>613,065</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,528,229	6,098,363	1,570,134
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>3,020,122</u>	<u>3,020,122</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,548,351</u>	<u>\$ 9,118,485</u>	<u>\$ 1,570,134</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Special Recreation Capital Projects Fund  
For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 1,900,000	\$ 2,240,038	\$ 340,038
Miscellaneous interest	40,000	45,034	5,034
Total revenues	<u>1,940,000</u>	<u>2,285,072</u>	<u>345,072</u>
 <b>EXPENDITURES</b>			
Culture and recreation:			
Salaries and wages	63,998	21,976	42,022
Employee benefits	17,392	6,951	10,441
Services and supplies	968,679	799,242	169,437
Capital outlay	753,066	655,760	97,306
Total expenditures	<u>1,803,135</u>	<u>1,483,929</u>	<u>319,206</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>136,865</u>	 <u>801,143</u>	 <u>664,278</u>
 OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(684,294)</u>	<u>(686,998)</u>	<u>(2,704)</u>
Total other financing sources (uses)	<u>(684,294)</u>	<u>(686,998)</u>	<u>(2,704)</u>
 NET CHANGE IN FUND BALANCES	 (547,429)	 114,145	 661,574
 FUND BALANCE, BEGINNING OF YEAR	 <u>1,920,232</u>	 <u>1,920,232</u>	 <u>--</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 1,372,803</u>	 <u>\$ 2,034,377</u>	 <u>\$ 661,574</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Bond Proceeds Capital Projects Fund  
 For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	\$ 42,800	\$ 46,726	\$ 3,926
Total revenues	<u>42,800</u>	<u>46,726</u>	<u>3,926</u>
EXPENDITURES			
Public works:			
Services and supplies	99,904	--	99,904
Capital outlay	460,569	--	460,569
Total public works	<u>560,473</u>	<u>--</u>	<u>560,473</u>
Culture and recreation:			
Services and supplies	235,950	160,331	75,619
Capital outlay	3,278,683	930,729	2,347,954
Total culture and recreation	<u>3,514,633</u>	<u>1,091,060</u>	<u>2,423,573</u>
Total expenditures	<u>4,075,106</u>	<u>1,091,060</u>	<u>2,984,046</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,032,306)</u>	<u>(1,044,334)</u>	<u>2,987,972</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,144,294	2,144,294	--
Transfers out	(42,800)	(69,431)	(26,631)
Total other financing sources (uses)	<u>2,101,494</u>	<u>2,074,863</u>	<u>(26,631)</u>
NET CHANGE IN FUND BALANCES	(1,930,812)	1,030,529	2,961,341
FUND BALANCE, BEGINNING OF YEAR	<u>2,518,497</u>	<u>2,518,497</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 587,685</u>	<u>\$ 3,549,026</u>	<u>\$ 2,961,341</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 HUD Proceeds Capital Projects Fund  
 For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 65,191	\$ 65,191	\$ --
Transfers out	--	--	--
Total other financing sources (uses)	<u>65,191</u>	<u>65,191</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	65,191	65,191	--
FUND BALANCE, BEGINNING OF YEAR	<u>(65,191)</u>	<u>(65,191)</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Park Development Capital Projects Fund  
For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Impact fees	\$ 1,490,000	\$ 1,740,702	\$ 250,702
Miscellaneous interest	128,000	159,026	31,026
Miscellaneous	--	348	348
Total revenues	<u>1,618,000</u>	<u>1,900,076</u>	<u>282,076</u>
 <b>EXPENDITURES</b>			
Culture and recreation:			
Services and supplies	344,645	58,287	286,358
Capital outlay	1,083,954	177,902	906,052
Total expenditures	<u>1,428,599</u>	<u>236,189</u>	<u>1,192,410</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 <u>189,401</u>	 <u>1,663,887</u>	 <u>1,474,486</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Land sales	--	170,331	170,331
Transfers out	(1,500,000)	(1,500,000)	--
Total other financing sources (uses)	<u>(1,500,000)</u>	<u>(1,329,669)</u>	<u>170,331</u>
 <b>NET CHANGE IN FUND BALANCES</b>	 (1,310,599)	 334,218	 1,644,817
 <b>FUND BALANCE, BEGINNING OF YEAR</b>	 <u>5,753,014</u>	 <u>5,753,014</u>	 <u>--</u>
 <b>FUND BALANCE, END OF YEAR</b>	 <u>\$ 4,442,415</u>	 <u>\$ 6,087,232</u>	 <u>\$ 1,644,817</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Flood Control Capital Projects Fund  
 For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	\$ 3,000	\$ 4,036	\$ 1,036
Total revenues	<u>3,000</u>	<u>4,036</u>	<u>1,036</u>
 NET CHANGE IN FUND BALANCES	 3,000	 4,036	 1,036
 FUND BALANCE, BEGINNING OF YEAR	 <u>106,389</u>	 <u>106,389</u>	 <u>--</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 109,389</u>	 <u>\$ 110,425</u>	 <u>\$ 1,036</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
RTC/County Funded Capital Projects Fund  
For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,826,802	\$ 929,466	\$ (1,897,336)
Developer contributions	695,000	759	(694,241)
Total revenues	<u>3,521,802</u>	<u>930,225</u>	<u>(2,591,577)</u>
EXPENDITURES			
Public Works:			
Services and supplies	89,157	2,281	86,876
Capital outlay	3,630,989	1,030,435	2,600,554
Total expenditures	<u>3,720,146</u>	<u>1,032,716</u>	<u>2,687,430</u>
NET CHANGE IN FUND BALANCES	(198,344)	(102,491)	95,853
FUND BALANCE, BEGINNING OF YEAR	<u>593,186</u>	<u>593,186</u>	--
FUND BALANCE, END OF YEAR	<u>\$ 394,842</u>	<u>\$ 490,695</u>	<u>\$ 95,853</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Special Ad Valorem Transportation Capital Projects Fund  
 For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Property taxes - transportation	\$ 1,767,989	\$ 1,552,104	\$ (215,885)
Miscellaneous interest	21,000	43,763	22,763
Total revenues	<u>1,788,989</u>	<u>1,595,867</u>	<u>(193,122)</u>
 <b>EXPENDITURES</b>			
Public Works:			
Services and supplies	232,086	110,424	121,662
Capital Outlay	652,955	221,584	431,371
Total expenditures	<u>885,041</u>	<u>332,008</u>	<u>553,033</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 <u>903,948</u>	 <u>1,263,859</u>	 <u>359,911</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	50,000	50,000	--
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>--</u>
 <b>NET CHANGE IN FUND BALANCES</b>	 953,948	 1,313,859	 359,911
 <b>FUND BALANCE, BEGINNING OF YEAR</b>	 <u>1,866,533</u>	 <u>1,866,533</u>	 <u>--</u>
 <b>FUND BALANCE, END OF YEAR</b>	 <u>\$ 2,820,481</u>	 <u>\$ 3,180,392</u>	 <u>\$ 359,911</u>

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# Proprietary Funds

## Internal Service Funds

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

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

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

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

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

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

**Health Insurance Self Insurance** - to account for and accumulate funds collected from various City departments and funds to be expended for payments of employees' health claims, to certain limits, and related insurance premiums including life and travel insurance for employees.

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

## Enterprise Funds Nonmajor Enterprise Funds

**Convention Center Enterprise Fund** - to account for costs of operating the City's Convention Center. Resources for operating the Center are derived from user fees, a room tax imposed by the City and the allocation of a portion of gaming license revenues to this fund.

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

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**CITY OF HENDERSON, NEVADA**

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2005

**ASSETS**

	<u>Engineering</u>	<u>City Shop</u>	<u>Revolving</u>	<u>Self Insurance</u>	<u>Workmen's Compensation Self Insurance</u>	<u>Health Insurance Self Insurance</u>	<u>Citywide Services</u>	<u>Total</u>
CURRENT ASSETS:								
Cash and investments	\$ 2,563,027	\$ 19,956,901	\$ 2,585,578	\$ 5,835,628	\$ 6,472,590	\$ 4,527,497	\$ 424,708	\$ 42,365,929
Receivables:								
Accounts receivable	955	--	--	--	--	87,323	--	88,278
Accrued interest	13,958	110,577	20,012	31,673	35,454	26,297	2,181	240,152
Due from other governments	274,065	--	--	--	--	--	--	274,065
Inventories - bulk fuel	--	15,336	--	--	--	--	--	15,336
Deposits	--	--	--	--	--	5,760	--	5,760
Total current assets	<u>2,852,005</u>	<u>20,082,814</u>	<u>2,605,590</u>	<u>5,867,301</u>	<u>6,508,044</u>	<u>4,646,877</u>	<u>426,889</u>	<u>42,989,520</u>
CAPITAL ASSETS:								
Buildings	48,398	704,979	--	--	--	--	--	753,377
Improvements other than buildings	--	368,472	--	--	--	--	--	368,472
Machinery and equipment	361,769	33,809,035	--	--	--	--	1,462,897	35,633,701
Total capital assets	<u>410,167</u>	<u>34,882,486</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,462,897</u>	<u>36,755,550</u>
Less accumulated depreciation	<u>(328,912)</u>	<u>(21,079,399)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(145,883)</u>	<u>(21,554,194)</u>
Net capital assets	<u>81,255</u>	<u>13,803,087</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,317,014</u>	<u>15,201,356</u>
OTHER ASSETS:								
Advances to other funds	--	--	1,271,451	--	--	--	--	1,271,451
Total assets	<u>2,933,260</u>	<u>33,885,901</u>	<u>3,877,041</u>	<u>5,867,301</u>	<u>6,508,044</u>	<u>4,646,877</u>	<u>1,743,903</u>	<u>59,462,327</u>

continued



## CITY OF HENDERSON, NEVADA

### Combining Statement of Revenues, Expenses and Changes in Net Assets Internal Service Funds For the Year Ended June 30, 2005

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total
<b>OPERATING REVENUES</b>								
Charges for services	\$ 3,165,447	\$ 8,692,294	\$ 5,087	\$ 2,482,723	\$ 3,760,191	\$ 8,217,309	\$ 984,800	\$ 27,307,851
<b>OPERATING EXPENSES</b>								
Salaries and wages	3,234,491	1,215,512	--	175,840	140,335	64,701	137,035	4,967,914
Employee benefits	1,211,530	355,581	--	47,846	56,372	20,591	48,642	1,740,562
Services and supplies	1,933,139	2,803,486	--	746,166	853,119	1,588,213	299,714	8,223,837
Claims	--	--	--	697,452	1,014,150	4,810,095	--	6,521,697
Legal fees	--	--	--	382,809	--	--	--	382,809
Depreciation	40,560	2,922,570	--	--	--	--	145,883	3,109,013
Total operating expenses	6,419,720	7,297,149	--	2,050,113	2,063,976	6,483,600	631,274	24,945,832
<b>OPERATING INCOME (LOSS)</b>	<b>(3,254,273)</b>	<b>1,395,145</b>	<b>5,087</b>	<b>432,610</b>	<b>1,696,215</b>	<b>1,733,709</b>	<b>353,526</b>	<b>2,362,019</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Interest revenue	53,603	450,783	71,376	138,071	127,541	91,625	5,709	938,708
Interest expense	(944)	(1,491)	--	--	(1,088)	--	(79,890)	(83,413)
Miscellaneous	35,405	17,699	--	--	--	--	--	53,104
Gain on disposition of assets	--	368,982	--	--	--	--	--	368,982
Total nonoperating revenues (expenses)	88,064	835,973	71,376	138,071	126,453	91,625	(74,181)	1,277,381
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(3,166,209)</b>	<b>2,231,118</b>	<b>76,463</b>	<b>570,681</b>	<b>1,822,668</b>	<b>1,825,334</b>	<b>279,345</b>	<b>3,639,400</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>--</b>	<b>1,963,502</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,963,502</b>
<b>TRANSFERS</b>								
Transfers in	3,831,075	20,509	2,300,000	--	--	--	--	6,151,584
Transfers out	--	--	(74,992)	--	--	--	--	(74,992)
Total transfers in (out)	3,831,075	20,509	2,225,008	--	--	--	--	6,076,592
<b>CHANGES IN NET ASSETS</b>	<b>664,866</b>	<b>4,215,129</b>	<b>2,301,471</b>	<b>570,681</b>	<b>1,822,668</b>	<b>1,825,334</b>	<b>279,345</b>	<b>11,679,494</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>1,105,856</b>	<b>29,018,367</b>	<b>1,575,570</b>	<b>4,745,600</b>	<b>2,793,198</b>	<b>1,944,306</b>	<b>186,463</b>	<b>41,369,360</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,770,722</b>	<b>\$ 33,233,496</b>	<b>\$ 3,877,041</b>	<b>\$ 5,316,281</b>	<b>\$ 4,615,866</b>	<b>\$ 3,769,640</b>	<b>\$ 465,808</b>	<b>\$ 53,048,854</b>

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**CITY OF HENDERSON, NEVADA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2005

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from users	\$ 1,524,264	\$ --	\$ --	\$ --	\$ --	\$ 327,882	\$ --	\$ 1,852,146
Cash received from interfund services provided	1,765,782	8,692,294	5,087	2,482,723	3,760,191	7,889,427	984,800	25,580,304
Cash from other sources	35,405	17,699	--	--	--	--	--	53,104
Cash payments to suppliers for goods and services	(3,127,073)	(3,071,744)	--	(1,896,066)	(1,629,612)	(6,542,727)	(299,631)	(16,566,853)
Cash payments to employees for services	(3,359,716)	(1,188,296)	--	(156,363)	(168,099)	(59,131)	(133,034)	(5,064,639)
Net cash provided by (used for) operating activities	<u>(3,161,338)</u>	<u>4,449,953</u>	<u>5,087</u>	<u>430,294</u>	<u>1,962,480</u>	<u>1,615,451</u>	<u>552,135</u>	<u>5,854,062</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers in	3,831,075	20,509	2,300,000	--	--	--	--	6,151,584
Transfers out	--	--	(74,992)	--	--	--	--	(74,992)
Advances to other funds	--	--	(1,208,950)	--	--	--	--	(1,208,950)
Payments on advances to other funds	--	--	33,459	--	--	--	--	33,459
Net cash provided by (used for) noncapital financing activities	<u>3,831,075</u>	<u>20,509</u>	<u>1,049,517</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,901,101</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition and construction of capital assets	--	(1,723,682)	--	--	--	--	--	(1,723,682)
Principal payments on bonds and leases	(2,801)	(94,031)	--	--	--	--	(264,958)	(361,790)
Interest paid on bonds and leases	(944)	(1,491)	--	--	(1,088)	--	(79,890)	(83,413)
Proceeds from sale of capital assets	--	468,729	--	--	--	--	--	468,729
Net cash provided by (used for) capital and related financing activities	<u>(3,745)</u>	<u>(1,350,475)</u>	<u>--</u>	<u>--</u>	<u>(1,088)</u>	<u>--</u>	<u>(344,848)</u>	<u>(1,700,156)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest on investments	<u>39,645</u>	<u>424,075</u>	<u>58,751</u>	<u>133,836</u>	<u>114,104</u>	<u>83,546</u>	<u>3,976</u>	<u>857,933</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>705,637</u>	<u>3,544,062</u>	<u>1,113,355</u>	<u>564,130</u>	<u>2,075,496</u>	<u>1,698,997</u>	<u>211,263</u>	<u>9,912,940</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,857,390</u>	<u>16,412,839</u>	<u>1,472,223</u>	<u>5,271,498</u>	<u>4,397,094</u>	<u>2,828,500</u>	<u>213,445</u>	<u>32,452,989</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,563,027</u>	<u>\$ 19,956,901</u>	<u>\$ 2,585,578</u>	<u>\$ 5,835,628</u>	<u>\$ 6,472,590</u>	<u>\$ 4,527,497</u>	<u>\$ 424,708</u>	<u>\$ 42,365,929</u>

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continued

**CITY OF HENDERSON, NEVADA**

**Combining Statement of Cash Flows (continued)  
Internal Service Funds  
June 30, 2005**

	<u>Engineering</u>	<u>City Shop</u>	<u>Revolving</u>	<u>Self Insurance</u>	<u>Workmen's Compensation Self Insurance</u>	<u>Health Insurance Self Insurance</u>	<u>Citywide Services</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>								
Operating income (loss)	<u>\$ (3,254,273)</u>	<u>\$ 1,395,145</u>	<u>\$ 5,087</u>	<u>\$ 432,610</u>	<u>\$ 1,696,215</u>	<u>\$ 1,733,709</u>	<u>\$ 353,526</u>	<u>\$ 2,362,019</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities								
Depreciation	40,560	2,922,570	--	--	--	--	145,883	3,109,013
Miscellaneous revenues	35,405	17,699	--	--	--	--	--	53,104
Changes in assets and liabilities:								
(Increases) decrease:								
Accounts receivable	8,160	--	--	--	--	(86,271)	--	(78,111)
Due from other governments	116,439	--	--	--	--	--	--	116,439
Increase (decrease):								
Accounts payable and accrued wages	29,443	77,274	--	(16,721)	26,185	(43,954)	53,667	125,894
Compensated absences payable	(137,072)	37,265	--	14,405	(23,771)	5,276	(941)	(104,838)
Claims and judgments	--	--	--	--	263,851	6,691	--	270,542
Total adjustments	<u>92,935</u>	<u>3,054,808</u>	<u>--</u>	<u>(2,316)</u>	<u>266,265</u>	<u>(118,258)</u>	<u>198,609</u>	<u>3,492,043</u>
Net cash provided by (used for) operating activities	<u>\$ (3,161,338)</u>	<u>\$ 4,449,953</u>	<u>\$ 5,087</u>	<u>\$ 430,294</u>	<u>\$ 1,962,480</u>	<u>\$ 1,615,451</u>	<u>\$ 552,135</u>	<u>\$ 5,854,062</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>								
Contribution of assets	--	1,963,502	--	--	--	--	--	1,963,502
Inception of capital lease	--	--	--	--	--	--	1,462,897	1,462,897

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenses and Changes in Net Assets -  
Budget (GAAP Basis) and Actual  
Engineering Internal Service Fund  
For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,568,200	\$ 3,165,447	\$ 597,247
Total operating revenues	<u>2,568,200</u>	<u>3,165,447</u>	<u>597,247</u>
 <b>OPERATING EXPENSES</b>			
Salaries and wages	3,826,307	3,234,491	591,816
Employee benefits	1,289,043	1,211,530	77,513
Services and supplies	2,179,408	1,933,139	246,269
Depreciation	36,798	40,560	(3,762)
Total operating expenses	<u>7,331,556</u>	<u>6,419,720</u>	<u>911,836</u>
 <b>OPERATING INCOME (LOSS)</b>	<u>(4,763,356)</u>	<u>(3,254,273)</u>	<u>1,509,083</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	68,000	53,603	(14,397)
Interest charges	(944)	(944)	--
Miscellaneous	12,000	35,405	23,405
Total nonoperating revenues (expenses)	<u>79,056</u>	<u>88,064</u>	<u>9,008</u>
 <b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(4,684,300)</u>	<u>(3,166,209)</u>	<u>1,518,091</u>
 <b>TRANSFERS</b>			
Transfers in	3,772,040	3,831,075	59,035
Total transfers in (out)	<u>3,772,040</u>	<u>3,831,075</u>	<u>59,035</u>
 <b>CHANGES IN NET ASSETS</b>	<u>\$ (912,260)</u>	664,866	<u>\$ 1,577,126</u>
 <b>NET ASSETS - BEGINNING OF YEAR</b>		<u>1,105,856</u>	
 <b>NET ASSETS, END OF YEAR</b>		<u>\$ 1,770,722</u>	

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenses and Changes in Net Assets -  
Budget (GAAP Basis) and Actual  
City Shop Internal Service Fund  
For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 8,692,294	\$ 8,692,294	\$ --
Total operating revenues	<u>8,692,294</u>	<u>8,692,294</u>	<u>--</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	1,203,999	1,215,512	(11,513)
Employee benefits	343,940	355,581	(11,641)
Services and supplies	2,693,464	2,803,486	(110,022)
Depreciation	3,045,582	2,922,570	123,012
Total operating expenses	<u>7,286,985</u>	<u>7,297,149</u>	<u>(10,164)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,405,309</u>	<u>1,395,145</u>	<u>(10,164)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	425,000	450,783	25,783
Interest charges	(4,878)	(1,491)	3,387
Miscellaneous	14,000	17,699	3,699
Gain on disposition of assets	100,000	368,982	268,982
Total nonoperating revenues (expenses)	<u>534,122</u>	<u>835,973</u>	<u>301,851</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>1,939,431</u>	<u>2,231,118</u>	<u>291,687</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>850,000</u>	<u>1,963,502</u>	<u>1,113,502</u>
<b>TRANSFERS</b>			
Transfers in	20,509	20,509	--
Total transfers in (out)	<u>20,509</u>	<u>20,509</u>	<u>--</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 2,809,940</u>	4,215,129	<u>\$ 1,405,189</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>		<u>29,018,367</u>	
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 33,233,496</u>	

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenses and Changes in Net Assets -  
Budget (GAAP Basis) and Actual  
Revolving Internal Service Fund  
For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 6,500	\$ 5,087	\$ (1,413)
Total operating revenues	<u>6,500</u>	<u>5,087</u>	<u>(1,413)</u>
<b>OPERATING EXPENSES</b>			
Services and supplies	<u>207,407</u>	<u>--</u>	<u>207,407</u>
Total operating expenses	<u>207,407</u>	<u>--</u>	<u>207,407</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(200,907)</u>	<u>5,087</u>	<u>205,994</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	<u>45,000</u>	<u>71,376</u>	<u>26,376</u>
Total nonoperating revenues (expenses)	<u>45,000</u>	<u>71,376</u>	<u>26,376</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(155,907)</u>	<u>76,463</u>	<u>232,370</u>
<b>TRANSFERS</b>			
Transfers in	2,300,000	2,300,000	--
Transfers out	<u>(51,500)</u>	<u>(74,992)</u>	<u>(23,492)</u>
Total transfers in (out)	<u>2,248,500</u>	<u>2,225,008</u>	<u>(23,492)</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 2,092,593</u>	2,301,471	<u>\$ 208,878</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>		<u>1,575,570</u>	
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 3,877,041</u>	

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenses and Changes in Net Assets -  
 Budget (GAAP Basis) and Actual  
 Self Insurance Internal Service Fund  
 For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>OPERATING REVENUES</b>			
Insurance premiums	\$ 2,482,723	\$ 2,482,723	\$ --
Total operating revenues	2,482,723	2,482,723	--
<b>OPERATING EXPENSES</b>			
Salaries and wages	191,483	175,840	15,643
Employee benefits	215,557	47,846	167,711
Services and supplies	809,099	746,166	62,933
Claims	707,467	697,452	10,015
Legal fees	400,000	382,809	17,191
Total operating expenses	2,323,606	2,050,113	273,493
<b>OPERATING INCOME (LOSS)</b>	159,117	432,610	273,493
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	120,000	138,071	18,071
Total nonoperating revenues (expenses)	120,000	138,071	18,071
<b>CHANGES IN NET ASSETS</b>	\$ 279,117	570,681	\$ 291,564
<b>NET ASSETS - BEGINNING OF YEAR</b>		4,745,600	
<b>NET ASSETS, END OF YEAR</b>		\$ 5,316,281	

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenses and Changes in Net Assets -  
Budget (GAAP Basis) and Actual  
Workmen's Compensation Self Insurance Internal Service Fund  
For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES			
Insurance premiums	\$ 3,477,233	\$ 3,760,191	\$ 282,958
Total operating revenues	<u>3,477,233</u>	<u>3,760,191</u>	<u>282,958</u>
OPERATING EXPENSES			
Salaries and wages	172,065	140,335	31,730
Employee benefits	64,681	56,372	8,309
Services and supplies	1,939,427	853,119	1,086,308
Claims	--	1,014,150	(1,014,150)
Total operating expenses	<u>2,176,173</u>	<u>2,063,976</u>	<u>112,197</u>
OPERATING INCOME (LOSS)	<u>1,301,060</u>	<u>1,696,215</u>	<u>395,155</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	120,000	127,541	7,541
Interest charges	--	(1,088)	(1,088)
Total nonoperating revenues (expenses)	<u>120,000</u>	<u>126,453</u>	<u>6,453</u>
CHANGES IN NET ASSETS	<u>\$ 1,421,060</u>	1,822,668	<u>\$ 401,608</u>
NET ASSETS - BEGINNING OF YEAR		<u>2,793,198</u>	
NET ASSETS, END OF YEAR		<u>\$ 4,615,866</u>	

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenses and Changes in Net Assets -  
Budget (GAAP Basis) and Actual  
Health Insurance Self Insurance Internal Service Fund  
For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Insurance premiums	\$ 8,085,000	\$ 8,217,309	\$ 132,309
Total operating revenues	<u>8,085,000</u>	<u>8,217,309</u>	<u>132,309</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	61,657	64,701	(3,044)
Employee benefits	22,526	20,591	1,935
Services and supplies	6,453,853	1,588,213	4,865,640
Claims	--	4,810,095	(4,810,095)
Total operating expenses	<u>6,538,036</u>	<u>6,483,600</u>	<u>54,436</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,546,964</u>	<u>1,733,709</u>	<u>186,745</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	<u>85,000</u>	<u>91,625</u>	<u>6,625</u>
Total nonoperating revenues (expenses)	<u>85,000</u>	<u>91,625</u>	<u>6,625</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 1,631,964</u>	1,825,334	<u>\$ 193,370</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>		<u>1,944,306</u>	
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 3,769,640</u>	

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenses and Changes in Net Assets -  
Budget (GAAP Basis) and Actual  
Citywide Services Internal Service Fund  
For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>OPERATING REVENUES</b>			
Charges for services	\$ 8,692,294	\$ 984,800	\$ (7,707,494)
Total operating revenues	8,692,294	984,800	(7,707,494)
<b>OPERATING EXPENSES</b>			
Salaries and wages	1,203,999	137,035	1,066,964
Employee benefits	343,940	48,642	295,298
Services and supplies	2,693,464	299,714	2,393,750
Depreciation	3,045,582	145,883	2,899,699
Total operating expenses	7,286,985	631,274	6,655,711
<b>OPERATING INCOME (LOSS)</b>	1,405,309	353,526	(1,051,783)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	425,000	5,709	(419,291)
Interest charges	(4,878)	(79,890)	(75,012)
Miscellaneous	14,000	--	(14,000)
Gain (loss) on disposition of assets	100,000	--	(100,000)
Total nonoperating revenues (expenses)	534,122	(74,181)	(608,303)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,939,431	279,345	(1,660,086)
<b>CAPITAL CONTRIBUTIONS</b>	850,000	--	(850,000)
<b>TRANSFERS</b>			
Transfers in	20,509	--	(20,509)
Total transfers in (out)	20,509	--	(20,509)
<b>CHANGES IN NET ASSETS</b>	\$ 2,809,940	279,345	\$ (2,530,595)
<b>NET ASSETS - BEGINNING OF YEAR</b>		186,463	
<b>NET ASSETS, END OF YEAR</b>		\$ 465,808	

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**CITY OF HENDERSON, NEVADA**

Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2005

	<u>Convention Center</u>	<u>Municipal Golf Course</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 2,519,368	\$ 186,607	\$ 2,705,975
Receivables:			
Accounts receivable	--	459,982	459,982
Accrued Interest	13,305	776	14,081
Total current assets	<u>2,532,673</u>	<u>647,365</u>	<u>3,180,038</u>
Capital assets:			
Land	--	13,802,929	13,802,929
Buildings	2,954,356	5,660,600	8,614,956
Improvements other than buildings	1,376,097	7,260,400	8,636,497
Machinery and equipment	207,814	2,046,000	2,253,814
Golf course	--	14,629,606	14,629,606
Total capital assets	<u>4,538,267</u>	<u>43,399,535</u>	<u>47,937,802</u>
Less accumulated depreciation	<u>(1,903,422)</u>	<u>(9,771,595)</u>	<u>(11,675,017)</u>
Net capital assets	<u>2,634,845</u>	<u>33,627,940</u>	<u>36,262,785</u>
Total assets	<u>5,167,518</u>	<u>34,275,305</u>	<u>39,442,823</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued wages	101,303	15,000	116,303
Compensated absences payable	156,974	--	156,974
Deposits	7,125	--	7,125
Total liabilities	<u>265,402</u>	<u>15,000</u>	<u>280,402</u>
<b>NET ASSETS</b>			
Invested in capital, net of related debt	2,634,845	33,627,940	36,262,785
Unrestricted	2,267,271	632,365	2,899,636
Total net assets	<u>\$ 4,902,116</u>	<u>\$ 34,260,305</u>	<u>\$ 39,162,421</u>

**CITY OF HENDERSON, NEVADA**

Combining Statement of Revenues, Expenses and Changes in Net Assets  
 Nonmajor Enterprise Funds  
 For the Year Ended June 30, 2005

	Convention Center	Municipal Golf Course	Total
<b>OPERATING REVENUES</b>			
Rental fees	\$ 391,551	\$ --	\$ 391,551
Licenses - gaming	539,880	--	539,880
Charges for services	--	2,122,836	2,122,836
Miscellaneous	72,616	--	72,616
Total operating revenues	<u>1,004,047</u>	<u>2,122,836</u>	<u>3,126,883</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	1,109,148	--	1,109,148
Employee benefits	398,516	--	398,516
Services and supplies	991,584	2,084,295	3,075,879
Depreciation	137,765	722,061	859,826
Total operating expenses	<u>2,637,013</u>	<u>2,806,356</u>	<u>5,443,369</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,632,966)</u>	<u>(683,520)</u>	<u>(2,316,486)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Room taxes	1,750,194	--	1,750,194
Interest revenue	54,675	--	54,675
Total nonoperating revenues (expenses)	<u>1,804,869</u>	<u>--</u>	<u>1,804,869</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>171,903</u>	<u>(683,520)</u>	<u>(511,617)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>--</u>	<u>34,350,000</u>	<u>34,350,000</u>
<b>TRANSFERS</b>			
Transfers in	<u>--</u>	<u>593,825</u>	<u>593,825</u>
Total transfers in (out)	<u>--</u>	<u>593,825</u>	<u>593,825</u>
<b>CHANGES IN NET ASSETS</b>	171,903	34,260,305	34,432,208
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>4,730,213</u>	<u>--</u>	<u>4,730,213</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,902,116</u>	<u>\$ 34,260,305</u>	<u>\$ 39,162,421</u>

**CITY OF HENDERSON, NEVADA**

Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2005

	Convention Center	Municipal Golf Course	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,004,047	\$ 1,662,853	\$ 2,666,900
Cash from other sources	1,750,194	--	1,750,194
Cash payments for goods and services	(1,375,547)	(2,069,295)	(3,444,842)
Cash payments to employees for services	(1,069,999)	--	(1,069,999)
Net cash provided by (used for) operating activities	<u>308,695</u>	<u>(406,442)</u>	<u>(97,747)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	--	593,825	593,825
Net cash provided by (used for) noncapital financing activities	<u>--</u>	<u>593,825</u>	<u>593,825</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	51,560	(776)	50,784
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	360,255	186,607	546,862
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,159,113	--	2,159,113
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,519,368</u>	<u>\$ 186,607</u>	<u>\$ 2,705,975</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (1,632,966)	\$ (683,520)	\$ (2,316,486)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	137,765	722,061	859,826
Miscellaneous revenues	1,750,194	--	1,750,194
Changes in assets and liabilities:			
(Increases) decrease:			
Accounts receivable	--	(459,983)	(459,983)
Increase (decrease):			
Accounts payable and accrued wages	21,456	15,000	36,456
Deposits	2,930	--	2,930
Compensated absences payable	29,316	--	29,316
Total adjustments	1,941,661	277,078	2,218,739
Net cash provided by (used for) operating activities	<u>\$ 308,695</u>	<u>\$ (406,442)</u>	<u>\$ (97,747)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Contribution of assets	--	34,350,000	34,350,000

## CITY OF HENDERSON, NEVADA

### Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Water Enterprise Fund For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>OPERATING REVENUES</b>			
Utility fees	\$ 44,500,000	\$ 46,233,622	\$ 1,733,622
Connection fees	610,000	932,613	322,613
Late charges	760,000	664,881	(95,119)
Miscellaneous	219,500	238,645	19,145
Total operating revenues	46,089,500	48,069,761	1,980,261
<b>OPERATING EXPENSES</b>			
Salaries and wages	\$ 8,787,098	\$ 8,508,811	278,287
Employee benefits	3,038,802	3,023,326	15,476
Water purchases	19,920,836	20,241,673	(320,837)
Services and supplies	15,192,303	12,455,539	2,736,764
Depreciation	18,862,919	16,957,971	1,904,948
Total operating expenses	65,801,958	61,187,320	4,614,638
<b>OPERATING INCOME (LOSS)</b>	<b>(19,712,458)</b>	<b>(13,117,559)</b>	<b>6,594,899</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	3,420,000	3,382,490	(37,510)
Interest charges	(3,793,054)	(3,512,240)	280,814
Miscellaneous	--	39,586	39,586
Bond amortization	--	90,439	90,439
Total nonoperating revenues (expenses)	(373,054)	275	373,329
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(20,085,512)</b>	<b>(13,117,284)</b>	<b>6,968,228</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>7,700,000</b>	<b>41,532,477</b>	<b>33,832,477</b>
<b>TRANSFERS</b>			
Transfers out	(3,250,000)	(3,250,000)	--
Total transfers in (out)	(3,250,000)	(3,250,000)	--
<b>CHANGES IN NET ASSETS</b>	<b>\$ (15,635,512)</b>	<b>25,165,193</b>	<b>\$ 40,800,705</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>		<b>363,363,611</b>	
<b>NET ASSETS, END OF YEAR</b>		<b>\$ 388,528,804</b>	

## CITY OF HENDERSON, NEVADA

### Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Sewer Enterprise Fund For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>OPERATING REVENUES</b>			
Utility fees	\$ 24,700,000	\$ 24,762,445	\$ 62,445
Connection fees	163,500	312,090	148,590
Late charges	370,000	328,517	(41,483)
Miscellaneous	17,500	3,838	(13,662)
Total operating revenues	<u>25,251,000</u>	<u>25,406,890</u>	<u>155,890</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	\$ 6,011,760	\$ 5,608,499	403,261
Employee benefits	2,118,540	1,927,745	190,795
Services and supplies	15,947,712	11,000,082	4,947,630
Depreciation	10,945,345	10,045,631	899,714
Total operating expenses	<u>35,023,357</u>	<u>28,581,957</u>	<u>6,441,400</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(9,772,357)</u>	<u>(3,175,067)</u>	<u>6,597,290</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	4,520,000	6,353,916	1,833,916
Sales tax	3,570,600	4,624,054	1,053,454
Miscellaneous	--	62	62
Interest charges	(6,684,830)	(4,719,835)	1,964,995
Bond amortization	--	233,762	233,762
Total nonoperating revenues (expenses)	<u>1,405,770</u>	<u>6,491,959</u>	<u>5,086,189</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(8,366,587)</u>	<u>3,316,892</u>	<u>11,683,479</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>10,000,000</u>	<u>31,513,644</u>	<u>21,513,644</u>
<b>TRANSFERS</b>			
Transfers out	(3,250,000)	(3,250,000)	--
Total transfers in (out)	<u>(3,250,000)</u>	<u>(3,250,000)</u>	<u>--</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ (1,616,587)</u>	<u>31,580,536</u>	<u>\$ 33,197,123</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>		<u>351,222,544</u>	
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 382,803,080</u>	

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenses and Changes in Net Assets -  
Budget (GAAP Basis) and Actual  
Development Services Enterprise Fund  
For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
<b>OPERATING REVENUES</b>			
Licenses and permits	\$ 6,905,362	\$ 7,381,407	\$ 476,045
Charges for services	7,536,100	9,372,629	1,836,529
Miscellaneous	184,915	76,528	(108,387)
Total operating expenses	<u>14,626,377</u>	<u>16,830,564</u>	<u>2,204,187</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	\$ 11,226,686	\$ 9,808,350	1,418,336
Employee benefits	3,314,093	3,107,854	206,239
Services and supplies	6,797,533	6,086,934	710,599
Depreciation	589,014	519,994	69,020
Total operating expenses	<u>21,927,326</u>	<u>19,523,132</u>	<u>2,404,194</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(7,300,949)</u>	<u>(2,692,568)</u>	<u>4,608,381</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	64,128	130,954	66,826
Total nonoperating revenues (expenses)	<u>64,128</u>	<u>130,954</u>	<u>66,826</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(7,236,821)</u>	<u>(2,561,614)</u>	<u>4,675,207</u>
<b>TRANSFERS</b>			
Transfers in	6,887,128	6,887,128	--
Total transfers in (out)	<u>6,887,128</u>	<u>6,887,128</u>	<u>--</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ (349,693)</u>	4,325,514	<u>\$ 4,675,207</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>		<u>3,997,019</u>	
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 8,322,533</u>	

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenses and Changes in Net Assets -  
Budget (GAAP Basis) and Actual  
Convention Center Enterprise Fund  
For the Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Rental fees	\$ 380,000	\$ 391,551	\$ 11,551
Licenses - gaming	703,500	539,880	(163,620)
Miscellaneous	109,000	72,616	(36,384)
Total operating revenues	<u>1,192,500</u>	<u>1,004,047</u>	<u>(188,453)</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	\$ 1,092,926	\$ 1,109,148	(16,222)
Employee benefits	375,458	398,516	(23,058)
Services and supplies	1,055,463	991,584	63,879
Depreciation	161,974	137,765	24,209
Total operating expenses	<u>2,685,821</u>	<u>2,637,013</u>	<u>48,808</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,493,321)</u>	<u>(1,632,966)</u>	<u>(139,645)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Room tax	1,557,835	1,750,194	192,359
Interest revenue	75,000	54,675	(20,325)
Total nonoperating revenues (expenses)	<u>1,632,835</u>	<u>1,804,869</u>	<u>172,034</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 139,514</u>	171,903	<u>\$ 32,389</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>		<u>4,730,213</u>	
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 4,902,116</u>	

## CITY OF HENDERSON, NEVADA

### Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Municipal Golf Course Enterprise Fund For the Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 2,488,598	\$ 2,122,836	\$ (365,762)
Total operating revenues	2,488,598	2,122,836	(365,762)
OPERATING EXPENSES			
Services and supplies	2,459,342	2,084,295	375,047
Depreciation	326,250	722,061	(395,811)
Total operating expenses	2,785,592	2,806,356	(20,764)
OPERATING INCOME (LOSS)	(296,994)	(683,520)	(386,526)
CAPITAL CONTRIBUTIONS	34,350,000	34,350,000	--
TRANSFERS			
Transfers in	593,825	593,825	--
Total transfers in (out)	593,825	593,825	--
CHANGES IN NET ASSETS	\$ 34,646,831	34,260,305	\$ (386,526)
NET ASSETS - BEGINNING OF YEAR		--	
NET ASSETS, END OF YEAR		\$ 34,260,305	

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# Fiduciary Funds

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

**Bridges** - to account for contributions by developers for the construction of bridges across flood channels that traverse the City of Henderson. These contributions are held by the City in an agency capacity pending the identification of funding necessary to complete the bridges.

**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.

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**CITY OF HENDERSON, NEVADA**

Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2005

**ASSETS**

	<u>Bridges</u>	<u>Section 125 Plan</u>	<u>Traffic Signal</u>	<u>Forfeited Assets</u>	<u>Paving Frontage</u>	<u>Special Assessment Districts</u>	<u>Total</u>
Cash and investments	\$ 154,652	\$ 44,362	\$ 10,227,152	\$ 85,391	\$ 59,584	\$ 40,331,342	\$ 50,902,483
Delinquent assessments receivable	--	--	--	--	--	251,884	251,884
Total assets	<u>\$ 154,652</u>	<u>\$ 44,362</u>	<u>\$ 10,227,152</u>	<u>\$ 85,391</u>	<u>\$ 59,584</u>	<u>\$ 40,583,226</u>	<u>\$ 51,154,367</u>

**LIABILITIES**

106 Due to developers	\$ 154,652	\$ --	\$ 10,137,935	\$ --	\$ 59,584	\$ --	\$ 10,352,171
Due to employees	--	44,362	--	--	--	--	44,362
Due to others	--	--	89,217	85,391	--	40,583,226	40,757,834
Total liabilities	<u>\$ 154,652</u>	<u>\$ 44,362</u>	<u>\$ 10,227,152</u>	<u>\$ 85,391</u>	<u>\$ 59,584</u>	<u>\$ 40,583,226</u>	<u>\$ 51,154,367</u>

**CITY OF HENDERSON, NEVADA**

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b>BRIDGES AGENCY FUND</b>				
Assets:				
Cash and investments	\$ 150,874	\$ 3,778	\$ --	\$ 154,652
Liabilities:				
Due to developers	\$ 150,874	\$ 3,778	\$ --	\$ 154,652
<b>SECTION 125 PLAN FUND</b>				
Assets:				
Cash and investments	\$ 19,228	\$ 450,092	\$ 424,958	\$ 44,362
Liabilities:				
Due to employees	\$ 19,228	\$ 450,092	\$ 424,958	\$ 44,362
<b>TRAFFIC SIGNAL AGENCY FUND</b>				
Assets:				
Cash and investments	\$ 8,412,426	\$ 2,459,969	\$ 645,243	\$ 10,227,152
Liabilities:				
Due to developers	\$ 8,412,228	\$ 2,370,950	\$ 645,243	\$ 10,137,935
Due to others	198	89,019	--	89,217
	<u>\$ 8,412,426</u>	<u>\$ 2,459,969</u>	<u>\$ 645,243</u>	<u>\$ 10,227,152</u>
<b>FORFEITED ASSETS AGENCY FUND</b>				
Assets:				
Cash and investments	\$ 30,190	\$ 67,267	\$ 12,066	\$ 85,391
Liabilities:				
Due to others	\$ 30,190	\$ 67,267	\$ 12,066	\$ 85,391
<b>PAVING FRONTAGE AGENCY FUND</b>				
Assets:				
Cash and investments	\$ 58,128	\$ 1,456	\$ --	\$ 59,584
Liabilities:				
Due to developers	\$ 58,128	\$ 1,456	\$ --	\$ 59,584
<b>SPECIAL ASSESSMENT DISTRICTS FUND</b>				
Assets:				
Cash and investments	\$ 35,254,488	\$ 54,818,954	\$ 49,742,100	\$ 40,331,342
Delinquent assessments receivable	--	644,076	392,192	251,884
	<u>\$ 35,254,488</u>	<u>\$ 55,463,030</u>	<u>\$ 50,134,292</u>	<u>\$ 40,583,226</u>
Liabilities:				
Due to others	\$ 35,254,488	\$ 55,463,030	\$ 50,134,292	\$ 40,583,226
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets:				
Cash and investments	\$ 43,925,334	\$ 57,801,516	\$ 50,824,367	\$ 50,902,483
Delinquent assessments receivable	--	644,076	392,192	251,884
Total assets	<u>\$ 43,925,334</u>	<u>\$ 58,445,592</u>	<u>\$ 51,216,559</u>	<u>\$ 51,154,367</u>
Liabilities:				
Due to developers	\$ 8,621,230	\$ 2,376,184	\$ 645,243	\$ 10,352,171
Due to employees	19,228	450,092	424,958	44,362
Due to others	35,284,876	55,619,316	50,146,358	40,757,834
Total liabilities	<u>\$ 43,925,334</u>	<u>\$ 58,445,592</u>	<u>\$ 51,216,559</u>	<u>\$ 51,154,367</u>

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