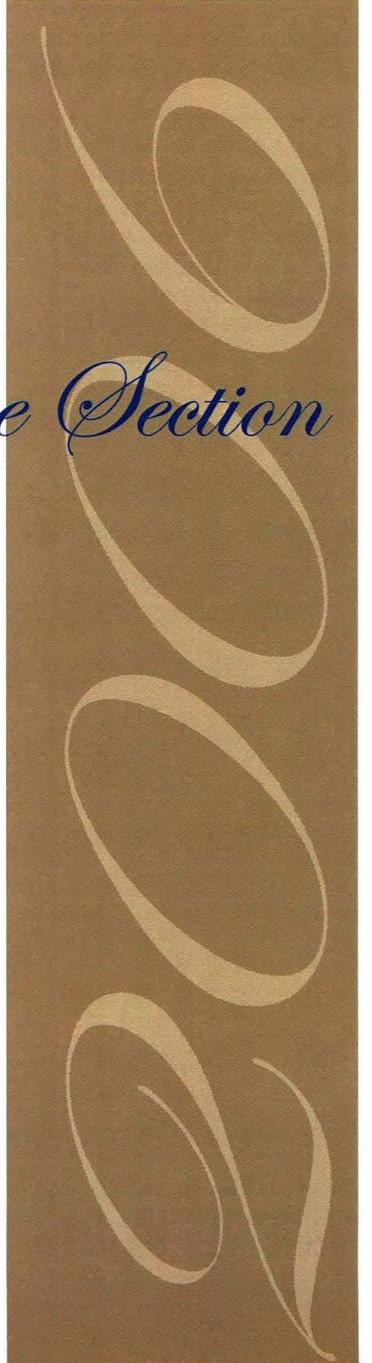


*Compliance Section*





BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 5, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Henderson's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Henderson's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which

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

Compliance and Other Matters (continued)

could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company

*Bartig Basler & Ray, LLP*

Roseville, California  
October 5, 2006



BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Henderson, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City of Henderson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Henderson's management. Our responsibility is to express an opinion on the City of Henderson's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Henderson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Henderson's compliance with those requirements.

In our opinion, the City of Henderson complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, we noted certain matters that we reported to management of the City, in a separate letter dated October 5, 2006.

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

Internal Control Over Compliance

The management of the City of Henderson is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Henderson's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses. However, we noted other matters involving internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs which we have reported to management in a separate letter dated October 5, 2006.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company

*Bartig Basler & Ray, LLP*

Roseville, California  
October 5, 2006

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Food and Nutrition Service			
Passed through State of Nevada Department of Education:			
Child Nutrition Cluster:			
Summer Food Service Program for Children			
Summer Magic Program	10.559	--	\$ 18,840
Total Child Nutrition Cluster \$18,840			
Child and Adult Care Food Program			
Safekey Snack Program	10.558	--	22,398
Total U.S. Department of Agriculture			\$ 41,238
<u>U.S. Department of Housing and Urban Development</u>			
Community Planning and Development			
Direct Programs:			
Community Development Block Grants/Entitlement Grants			
Entitlement Funds	14.218	--	360,325
Program Income	14.218	--	456
Amount Provided to Subrecipients	14.218	--	877,331
Total Community Development Block Grants/Entitlement Grants			1,238,112
Community Development Block Grants/ Economic Development Initiative:			
Project Grants	14.246	--	1,000
HOME Investment Partnerships Program			
HOME Grant - Projects	14.239	--	855,822
HOME Grant - Administration	14.239	--	77,706
Program Income	14.239	--	70,653
Total HOME Investment Partnerships Program			1,004,181
Total Direct			2,243,293
Passed through State of Nevada, Department of Commerce:			
HOME Investment Partnerships Program			
Program Income	14.239 *	--	50,084
Total HOME Investment Partnerships Program			50,084
Housing			
Passed through from the Housing Authority of Clark County, State of Nevada:			
Federally Assisted Low-Income Housing Drug Elimination			
Community Policing Grant	14.193	--	1,519
Total U.S. Department of Housing and Urban Development			\$ 2,294,896

\* Major Program

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of the Interior</u>			
National Park Service			
Passed through State of Nevada:			
Historic Preservation Fund Grants-in-Aid			
Historic Preservation Fund	15.904	32-02-17558(4)	\$ 10,080
Bureau of Reclamation			
Water Conservation Plan			
Bureau of Reclamation Turf Conversion	15.BCD	04FG300017	47,422
Bureau of Reclamation Turf Conversion	15.BCD	05FG300009	70,146
Total Water Conservation Plan			117,568
Bureau of Land Management			
Southern Nevada Public Land Management Act			
Trail Projects - Round 2	15.227 *	2002NV914252F5856HNHN01	1,127,322
Open Space Plan	15.227 *	NAA010005 NAF04HN05	6,666
Wetlands Trail Connection Project	15.227 *	NAA010005 NAH03HN02	225,427
Boulder Highway Trail	15.227 *	NAA010005 NAF04HN04	40,890
St. Rose Parkway Trail Phase 1	15.227 *	NAA010005 NAF04HN03	57,660
Union Pacific Railroad Trail	15.227 *	NAA010005 NAF04HN06	57,886
Whitney Mesa Preserve	15.227 *	NAA010005 NAF04HN07	89,652
Amargosa Trail	15.227 *	NAA010005 NAF04HN08	106,318
Pittman Wash Trail	15.227 *	NAA010005 NAF04HN10	64,434
Burkholder Trail	15.227 *	NAA010005 NAF04HN09	55,546
Cactus Wren Trail	15.227 *	NAA010005 NAF04HN11	74,076
UPRR Phase II	15.227 *	NAA010005 NAF05HN20	9,658
St. Rose Trail Phase 2	15.227 *	NAA010005 NAF05HN15	28,587
Hidden Falls Park	15.227 *	NAA010005 NAF05HN13	62,596
Amador Vista Park	15.227 *	NAA010005 NAF05HN14	74,324
Heritage Recreation Area	15.227 *	NAA010005 NAF05HN12	24,198
Anthem East Trails	15.227 *	NAA010005 NAF05HN16	21,686
Cornerstone Lake Park	15.227 *	NAA010005 NAF05HN18	24,578
River Mountain Trail 13-14	15.227 *	NAA010005 NAF05HN15	33,711
Amargosa Trailheads	15.227 *	NAA010005 NAF05HN17	26,071
Bird View Preserve Improvements	15.227 *	NAA010005 NAF05HN24	73,893
UPRR Right of Way	15.227 *	NAA010005 NAF05HN22	9,442
UPRR Phase III	15.227 *	NAA010005 NAF05HN23	30,220
McCullough Hills Trail	15.227 *	NAA010005 NAF05HN25	721
Mission View Park	15.227 *	NAA010005 NAF05HN21	28,416
Total Southern Nevada Public Land Management Act			2,353,978
Total U.S. Department of the Interior			\$ 2,481,626

\* Major Program

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u>			
Office of Justice Programs-Bureau of Justice Assistance			
Direct:			
Local Law Enforcement Block Grant	16.592	2004-LB-BX00299	\$ 5,265
Bulletproof Vest Partnership Program	16.607	--	1,256
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-1353	66,853
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2005-DD-BX-1193	18,028
Office of Community Oriented Policing Services			
Public Safety Partnership and Community Policing Grants COPS Methamphetamine Grant 2004	16.710	2004-CK-WX-0029	74,281
Total Direct			165,683
Office of Juvenile Justice and Delinquency Prevention			
Passed through State of Nevada Juvenile Justice Commission:			
Juvenile Justice and Delinquency Prevention: Allocation to States			
Juvenile Justice and Delinquency Prevention Grant 2003	16.540	--	3,511
Juvenile Justice and Delinquency Prevention Grant 2006	16.540	--	25,000
Total Juvenile Justice and Delinquency Prevention: Allocation to States			28,511
Total U.S. Department of Justice			\$ 194,194
<u>U.S. Department of Transportation</u>			
National Highway Traffic Safety Administration			
Passed through State of Nevada, Department of Motor Vehicles and Public Safety - Office of Traffic Safety:			
State and Community Highway Safety			
Joining Forces 2005	20.600	--	2,449
Joining Forces 2006	20.600	--	25,352
Preliminary Breath Testers	20.600	--	29,522
Total State and Community Highway Safety			57,323
Passed through State of Nevada, Department of Transportation:			
U.S. Federal Highway Administration			
Highway Planning and Construction Enhancement Project	20.205 *	PR794-03-063	504,282
Total U.S. Department of Transportation			\$ 561,605

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Environmental Protection Agency</u>			
Congressionally Mandated Projects	66.202 (66.606)	XP-98968801, XP96908901, XP97923101	\$ 196,217
Total U.S. Environmental Protection Agency			<u>\$ 196,217</u>
<u>U.S. Department of Energy</u>			
Office of Energy Efficiency and Renewable Energy Passed through State of Nevada Housing Division			
Weatherization Assistance for Low-Income Persons	81.042	--	<u>52,279</u>
Total U.S. Department of Energy			<u>\$ 52,279</u>
<u>U.S. Department of Education</u>			
Office of Assistant Secretary for Special Education and Rehabilitative Services			
Rehabilitation Services Demonstration and Training Programs	84.235	--	<u>97,381</u>
Total U.S. Department of Education			<u>\$ 97,381</u>
<u>U.S. Department of Health and Human Services</u>			
Administration on Aging Passed through State of Nevada, Division of Aging Services:			
Aging Cluster:			
Special Programs for the Aging: Title III, Part C: Nutrition Services			
Senior Nutrition Grant	93.045	--	35,177
Senior Nutrition Grant 2005	93.045	--	38,815
Senior Nutrition Grant 2006	93.045	--	<u>170,766</u>
Total Special Programs for the Aging: Title III, Part C: Nutrition Services			<u>244,758</u>
Nutrition Services Incentive			
Black Mountain Senior Nutrition 2004	93.053	--	746
Black Mountain Senior Nutrition 2005	93.053	--	<u>30,577</u>
Total Aging Cluster \$276,081			<u>31,323</u>
Total U.S. Department of Health and Human Services			<u>\$ 276,081</u>
<u>Department of Homeland Security</u>			
Passed through the State of Nevada, Department of Motor Vehicles and Public Safety, Division of Emergency Management:			
Emergency Management Performance Grants			
Fire Department	97.042	--	43,192
Fire Department 2006	97.042	--	<u>77,057</u>
Total Emergency Management Performance Grants			<u>120,249</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>Department of Homeland Security (continued)</u>			
Passed through State of Nevada, Department of Public Safety, Division of Emergency Management:			
State Domestic Preparedness Equipment Support Program			
ODP/04 Law Enforcement Terrorism Prevention	97.004 *	--	\$ 18,832
Total State Domestic Preparedness Equipment Support Program			<u>18,832</u>
Passed through State of Nevada, Department of Public Safety, Safety, Division of Emergency Management:			
State Homeland Security Program (SHSP)			
SHSP Law Enforcement	97.073 *	DHS 2004 SHSP	104,211
SHSP Utilities	97.073 *	DHS 2004 SHSP	259,415
SHSP Fire	97.073 *	DHS 2005 SHSP	169,192
SHSP Law Enforcement	97.073 *	DHS 2005 SHSP	191,378
SHSP Utilities	97.073 *	DHS 2005 SHSP	119,693
Total State Homeland Security Program (SHSP)			<u>843,889</u>
Buffer Zone Protection Program	97.078	--	<u>44,717</u>
Passed through Clark County, Nevada - Office of Emergency Management:			
Urban Areas Security Initiative	97.008 *	DHS 2004 UASI	<u>610,288</u>
Total Department of Homeland Security			\$ <u>1,637,975</u>
Total Expenditures of Federal Awards			\$ <u><u>7,833,492</u></u>

\* Major Program

## CITY OF HENDERSON, NEVADA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2006

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Henderson. The City of Henderson's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the City's financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues in the Multipurpose Special Revenue fund.

Note 4: **Loans with Continuing Compliance Requirement**

The value of loans of federal monies outstanding at the end of the year was as follows:

Federal CFDA	Program Title	Amount Outstanding
14.228	Community Development Block Grant	\$ 240,074
14.239	HOME Investment Partnerships Program	2,806,612

Note 5: **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City of Henderson provided federal awards to subrecipients as follows:

Federal CFDA	Subrecipient	Amount
14.218	Blind Center of Nevada	\$ 10,000
14.218	Boys & Girls Club of Henderson	20,000
14.218	Catholic Healthcare West, dba St. Rose Dominican Hospitals	14,000
14.218	Classroom on Wheels	20,000

**CITY OF HENDERSON, NEVADA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

Note 5: **Subrecipients** (continued)

Federal CFDA	<u>Subrecipient</u>	<u>Amount</u>
14.218	Giving Life Ministries	\$ 28,111
14.218	Henderson Allied Community Advocates	32,000
14.218	Nevada Partnership for Homeless Youth	10,000
14.218	S.A.F.E. House	15,000
14.218	The Shade Tree	14,000
14.218	Women's Development Center	8,000
14.218	City of Henderson Building & Fire-Code Maintenance	50,000
14.218	City of Henderson Affordable Housing Program	150,000
14.218	City of Henderson Acquisitions for Affordable Housing	283,583
14.218	Rebuilding Together Christmas in April	10,000
14.218	City of Henderson Public Works	100,000
14.218	Girl Scouts of Frontier Council	10,000
14.218	Nathan Adelson Hospice	100,000
14.218	Opportunity Village	100,000
14.218	Nevada Small Business Development	37,900
14.218	Neighborhood Services Administration	<u>228,149</u>
	Total	<u>\$ 1,240,743</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**Section 1**

Financial Statements

Summary of Auditor's Results

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued:   | Unqualified   |
| 2. Internal controls over financial reporting:                                |               |
| a. Material weaknesses identified?  | No            |
| b. Reportable conditions identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted?                      | No            |

Federal Awards

- |   |               |
|---|---------------|
| 1. Internal control over major programs:  |               |
| a. Material weaknesses identified?  | No            |
| b. Reportable conditions identified not considered to be material weaknesses?   | None Reported |
| 2. Type of auditor's report issued on compliance for major programs:  | Unqualified   |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No            |

4. Identification of major programs:

CFDA Number

Name of Federal Program

14.239	HOME Investment Partnership Program
15.227	Southern Nevada Public Lands Management Act Grants
20.205	Highway Planning and Construction Enhancement Project
97.004	State Domestic Preparedness Equipment Support Program
97.073	State Homeland Security Program (SHSP)
97.008	Urban Areas Security Initiative

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**Section 1** (continued)

Financial Statements

Summary of Auditor's Results

- |   |            |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No         |

**Section 2**

Financial Statement Findings

None Reported

**Section 3**

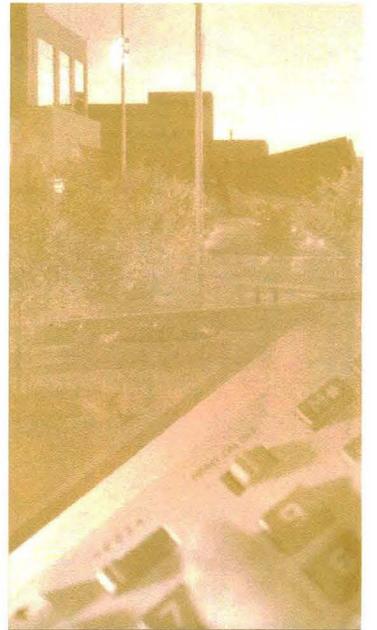
Federal Award Findings and Questioned Costs

None Reported.

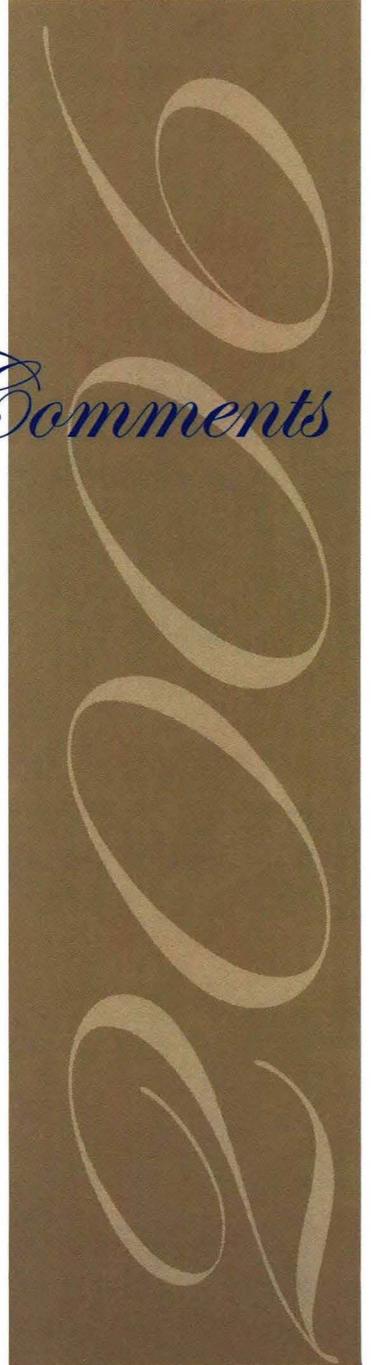
**CITY OF HENDERSON, NEVADA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2006

Audit Reference Number	Status of Prior Year Audit Findings
<b>Finding 04-4:</b>	
Department of Housing & Urban Development CFA 14.239	Corrected this year.



*Auditor's Comments*



**AUDITOR'S COMMENTS**

STATUTE COMPLIANCE

The required disclosure on compliance with the Nevada Revised Statutes and Nevada Administrative Code is contained in Note 3 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The following action was taking during 2005-06 relating to the potential violations reported in the June 30, 2005 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2006. There were, however, overexpenditures during the current year as reported in Note 3 to the financial statements.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2005.

CURRENT YEAR RECOMMENDATIONS

We did not find any financial weaknesses of a magnitude to justify inclusion within our audit report.

NEVADA REVISED STATUTE 354.6115

The financial statements of the Financial Stabilization Special Revenue Fund are located in this report.

NEVADA REVISED STATUTE 354.598155

The Special Ad Valorem Transportation Capital Projects Fund expended the following amounts during the year ended June 30, 2006:

Public Works – Salaries and wages	\$ 284
– Employee benefits	66
– Services and supplies	358,204
– Capital outlay	727,403
Transfer to General Obligation Debt Service Fund	<u>276,851</u>
	<u>\$ 1,362,808</u>

\*\*\*\*

The City of Henderson's continuing efforts toward superior financial reporting and presentation were again acknowledged by the Government Finance Officers Association when the City was awarded the Certificate of Achievement for Excellence in Financial Reporting for its June 30, 2005 Comprehensive Annual Financial Report. We congratulate the City on this achievement.

**THE CITY OF HENDERSON, NEVADA**

**SCHEDULE OF FEES IMPOSED SUBJECT TO THE  
PROVISIONS OF NRS 354.5989  
LIMITATION OF FEES FOR BUSINESS LICENSES  
FOR THE YEAR ENDED JUNE 30, 2006**

Flat Fixed Fees:

Business license revenue for the year ended June 30, 2005 (Base Year)	\$ 1,883,669
--	--------------

Adjustment to Base:

1. Percentage increase in population of the local government	5.01%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	<u>3.40%</u>	
	8.41%	<u>158,417</u>
Adjusted Base at June 30, 2006		2,042,086
Actual Revenue		<u>1,969,880</u>
Amount Under Allowable Amount		<u>\$ (72,206)</u>

Fees Calculated as a Percentage of Gross Revenue:

Business license revenue for the year ended June 30, 2005		\$ 10,223,810
1. Percentage increase in the Consumer Price Index	3.40%	<u>347,610</u>
Adjusted Base at June 30, 2006		10,571,420
Actual Revenue		<u>9,132,321</u>
Amount Under Allowable Amount		<u>\$ (1,439,099)</u>



**INDEPENDENT ACCOUNTANT'S REPORT ON  
NEVADA REVISED STATUTE 354.6241**

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

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624 (5)(a):

- The identified funds are being used expressly for the purpose for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2006 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenue, including transfers, available for the funds are as noted in the financial statements,
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2006 (except as previously noted under statute compliance),
- The balance and net assets of the funds are as noted in the financial statements.

This assertion is the responsibility of the management of the City of Henderson, Nevada.

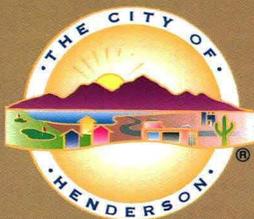
Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company

*Bartig, Basler & Ray, LLP*

October 5, 2006  
Roseville, California



*A Place To Call Home*

James B. Gibson  
Mayor

Jack K. Clark  
Councilman

Amanda M. Cyphers  
Councilman

Andy A. Hafen  
Councilman

Steven D. Kirk  
Councilman

Philip D. Speight  
City Manager

Steven Hanson  
Finance Director

