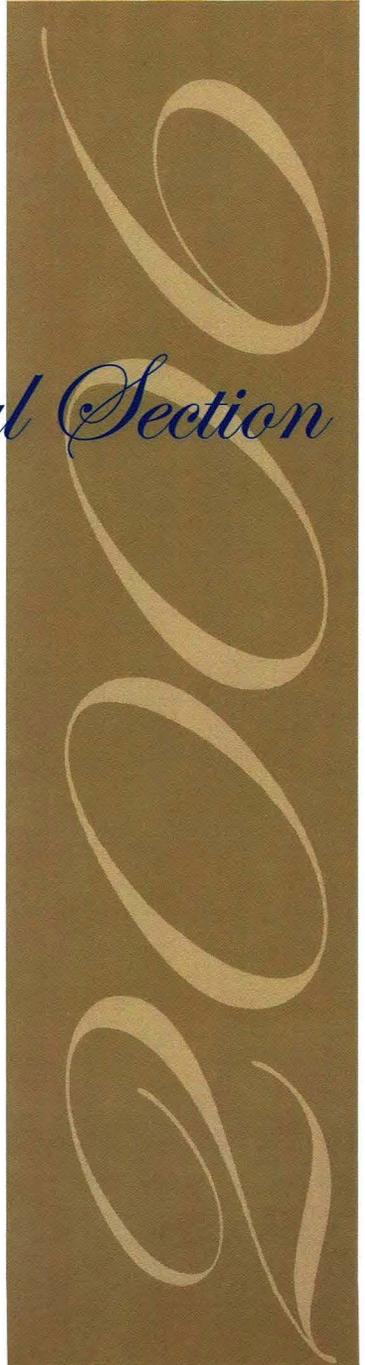


Financial Section





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, 2006, 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, 2006, 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 discussed in Note 1 of the notes to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 46, Net Assets Restricted by Enabling Legislation – an Amendment of GASB Statement No. 34 on July 1, 2005.

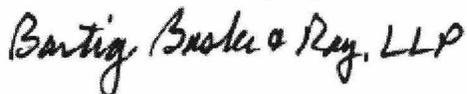
In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2006, on our consideration of City of Henderson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 3M, 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, LLP
A Gallina LLP Company



October 5, 2006
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, 2006. 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, 2006 by \$2,065,930,808 (net assets). Of this amount, \$175,883,099 (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 \$267,060,848. See the sections on Governmental Activities and Business-type Activities below for explanations on the increase.
- As of June 30, 2006, the City of Henderson's governmental funds reported combined ending fund balances of \$357,203,351, an increase of \$147,148,038 in comparison with the prior year. This increase is mainly due to property owner contributions for special assessment districts, a bond issue for several citywide capital improvements, and increases due to growth and higher interest earnings. Approximately 94% of ending fund balances or \$336,714,972 is available for spending at the City's discretion (unreserved fund balance).
- As of June 30, 2006 unreserved fund balance in the general fund was \$29,690,577 or 16.9% 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-one 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 sixteen 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, its self-insurance activities, to account for loan activities to other funds for special assessment districts and to account for general citywide services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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.

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 \$2,065,930,808 at June 30, 2006.

The largest portion of the City of Henderson's net assets (66%) 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$443,376,287	\$293,673,247	\$425,323,263	\$433,448,804	\$868,699,550	\$727,122,051
Capital assets	984,982,717	909,291,357	753,058,396	666,677,454	1,738,041,113	1,575,968,811
Total assets	1,428,359,004	1,202,964,604	1,178,381,659	1,100,126,258	2,606,740,663	2,303,090,862
Long-term liabilities	233,090,198	188,097,923	255,376,898	265,721,131	488,467,096	453,819,054
Other liabilities	27,272,408	28,823,699	25,070,351	21,578,149	52,342,759	50,401,848
Total liabilities	260,362,606	216,921,622	280,447,249	287,299,280	540,809,855	504,220,902
Net assets:						
Invested in capital assets, net of related debt	789,780,000	766,135,825	580,518,856	520,410,406	1,370,298,856	1,286,546,231
Restricted	314,016,644	159,497,376	205,732,209	202,113,468	519,748,853	361,610,844
Unrestricted	64,199,754	60,409,781	111,683,345	90,303,104	175,883,099	150,712,885
Total net assets	\$1,167,996,398	\$986,042,982	\$897,934,410	\$812,826,978	\$2,065,930,808	\$1,798,869,960

An additional portion of the City of Henderson's net assets (25%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$175,883,099, may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2006 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 \$23,644,175 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 \$60,108,450 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 an increase of \$154,519,268 in restricted net assets for governmental activities. Most of this increase is due to developer contributions for special assessment capital projects and bond issuances for capital improvements, 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 \$267,060,848 during the current fiscal year, an increase in governmental net assets of \$181,953,416 and an increase in business-type activities of \$85,107,432. See explanations for the increases in the sections for Governmental Activities and Business-type Activities.

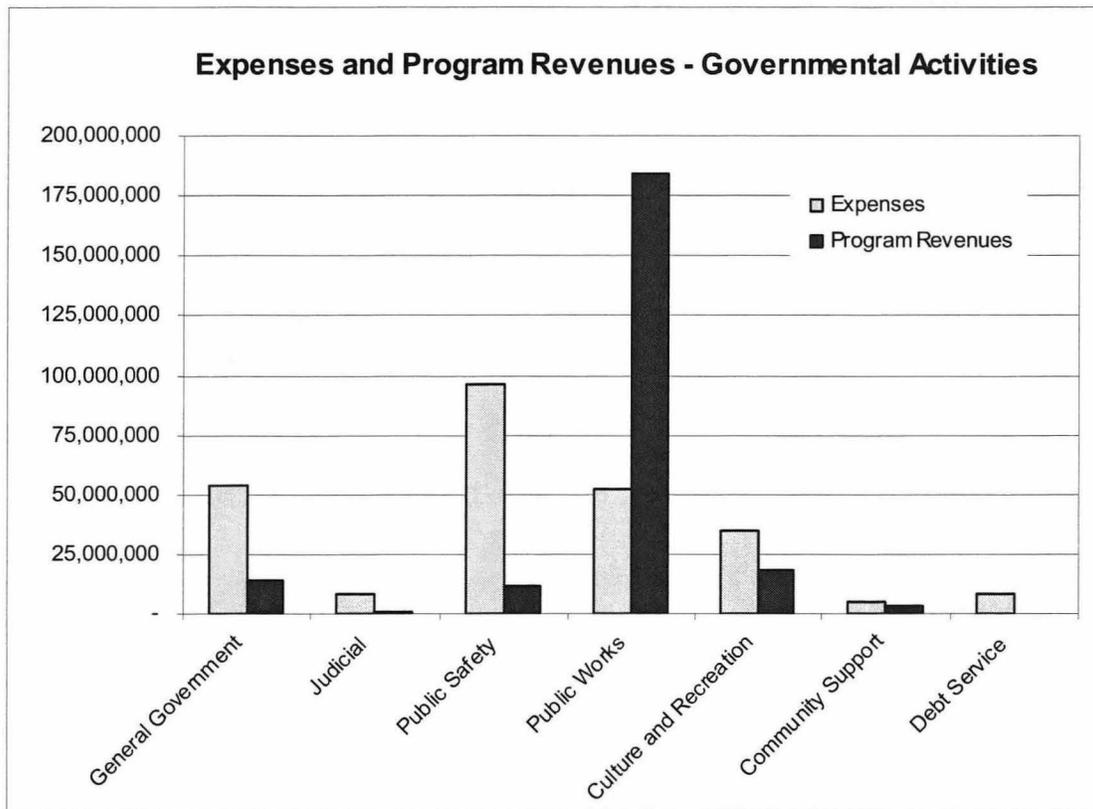
City of Henderson's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues						
Charges for services	\$29,439,698	\$27,973,837	\$106,632,697	\$93,387,151	\$136,072,395	\$121,360,988
Operating grants, interest, and contributions	8,755,233	7,021,016	79,574	-	8,834,807	7,021,016
Capital grants, interest and Contributions	193,814,750	100,639,769	77,036,081	104,082,490	270,850,831	204,722,259
General revenues:						
Property taxes	68,017,019	58,498,497	-	-	68,017,019	58,498,497
Consolidated tax	102,988,098	96,687,531	-	-	102,988,098	96,687,531
Other taxes	41,156,213	28,899,364	7,024,049	6,374,248	48,170,262	35,273,612
Unrestricted interest income	6,421,835	3,486,212	12,808,610	9,922,035	19,230,445	13,408,247
Gain on sale of assets	2,499,958	7,660,298	369,085	-	2,869,043	7,660,298
Other	1,268,340	1,034,919	1,204,034	401,898	2,472,374	1,436,817
Total revenues	454,361,144	331,901,443	205,154,130	214,167,822	659,505,274	546,069,265
Expenses:						
General government	54,340,091	48,028,276	-	-	54,340,091	48,028,276
Judicial	8,213,691	4,071,409	-	-	8,213,691	4,071,409
Public safety	96,526,544	84,006,733	-	-	96,526,544	84,006,733
Public works	52,313,279	47,890,227	-	-	52,313,279	47,890,227
Culture and recreation	34,842,692	34,451,551	-	-	34,842,692	34,451,551
Community Support	4,629,662	4,139,404	-	-	4,629,662	4,139,404
Interest on long-term debt	8,256,103	8,223,235	-	-	8,256,103	8,223,235
Water	-	-	67,434,942	64,469,362	67,434,942	64,469,362
Sewer	-	-	35,457,292	33,345,399	35,457,292	33,345,399
Development Center	-	-	23,262,603	20,156,904	23,262,603	20,156,904
Other business-type activities	-	-	7,177,527	5,408,306	7,177,527	5,408,306
Total expenses	259,122,062	230,810,835	133,332,364	123,379,971	392,454,426	354,190,806
Increase in net assets before Transfers	195,239,082	101,090,608	71,821,766	90,787,851	267,050,848	191,878,459
Transfers	(13,285,666)	(3,570,382)	13,285,666	3,570,382	-	-
Increase in net assets	181,953,416	97,520,226	85,107,432	94,358,233	267,060,848	191,878,459
Net assets, July 1	986,042,982	888,522,756	812,826,978	718,468,745	1,798,869,960	1,606,991,501
Net assets, June 30	\$1,167,996,398	\$986,042,982	\$897,934,410	\$812,826,978	\$2,065,930,808	\$1,798,869,960

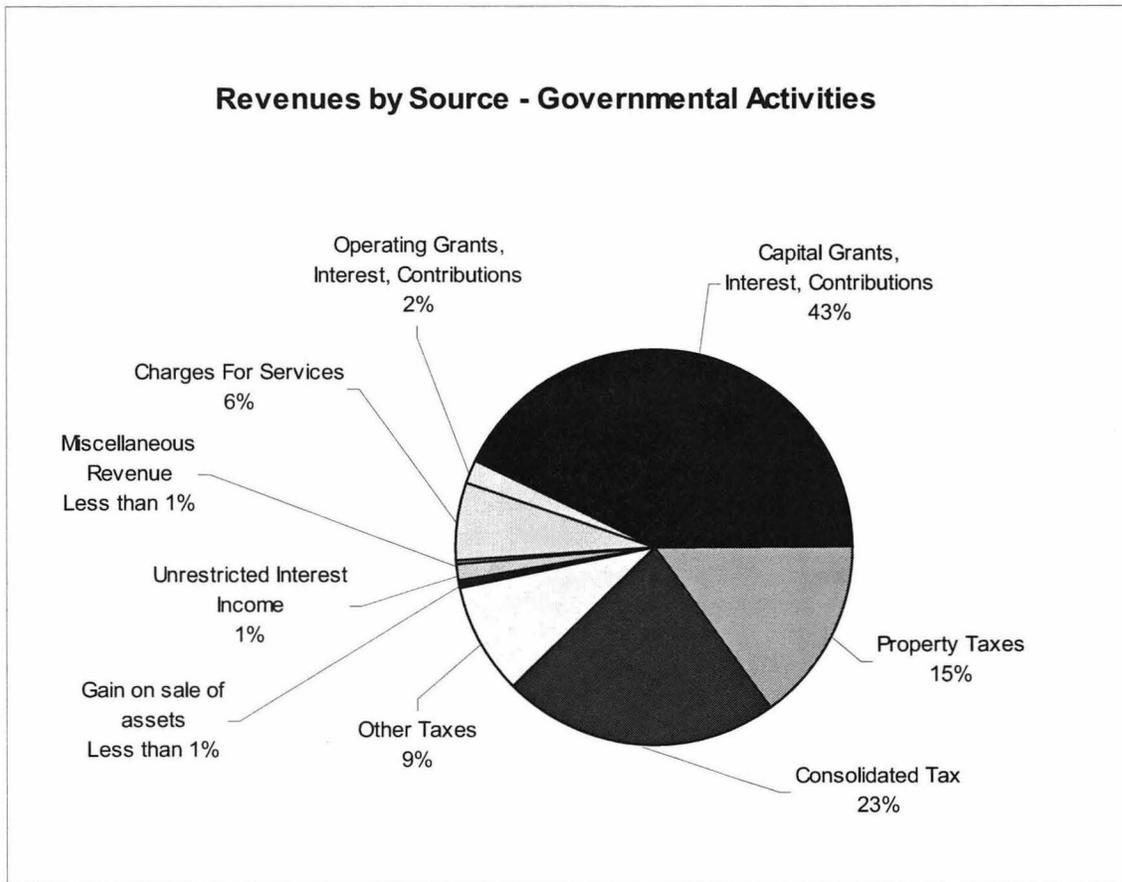
Governmental Activities. Governmental activities increased the City of Henderson's net assets by \$181,953,416 thereby accounting for 68% of the total growth in net assets of the City of Henderson. Key elements of this increase are as follows:

- Operating grants and contributions increased by \$1,734,217 due to in large part to higher grant revenues for culture and recreation.
- Capital grants and contributions increased by \$93,174,981 (93%). This is due in large part to property owner contributions of approximately \$103 million in this fiscal year for two special assessment districts for which the City is not liable compared to approximately \$32 million in the previous fiscal year. Other increases related mostly to grant increases for parks, trails and natural areas as a result of the Southern Nevada Public Land Management Act.
- Property taxes increased by \$9,518,522 (16%) due to growth in assessed value.
- Other taxes increased by \$12,256,849 (42%) due to the new police sales tax, which will pay for new police officers, and 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; in fiscal year 2006 this did not occur and accounts for the decrease of gain on sale of assets.

- Interest income increased by \$2,935,623 (84%) due to higher cash and investment balances and higher interest rates
- Increases in expenses are due in large part to population growth and therefore an increase in services and employees. Increases were also due to improvements to downtown Henderson, which is part of the Redevelopment district.
- Increases in judicial expenses are due to a criminal division created in fiscal year 2006, which was formerly reported in general government.
- Increases in public safety expenses are also due to additional expenses related to the new police sales tax.
- Charges for services and public safety expenses for 2005 were restated by a \$1,402,785 decrease due to a netting of bad debt expense against revenues, which in fiscal year 2005 was recorded as a public safety expense.



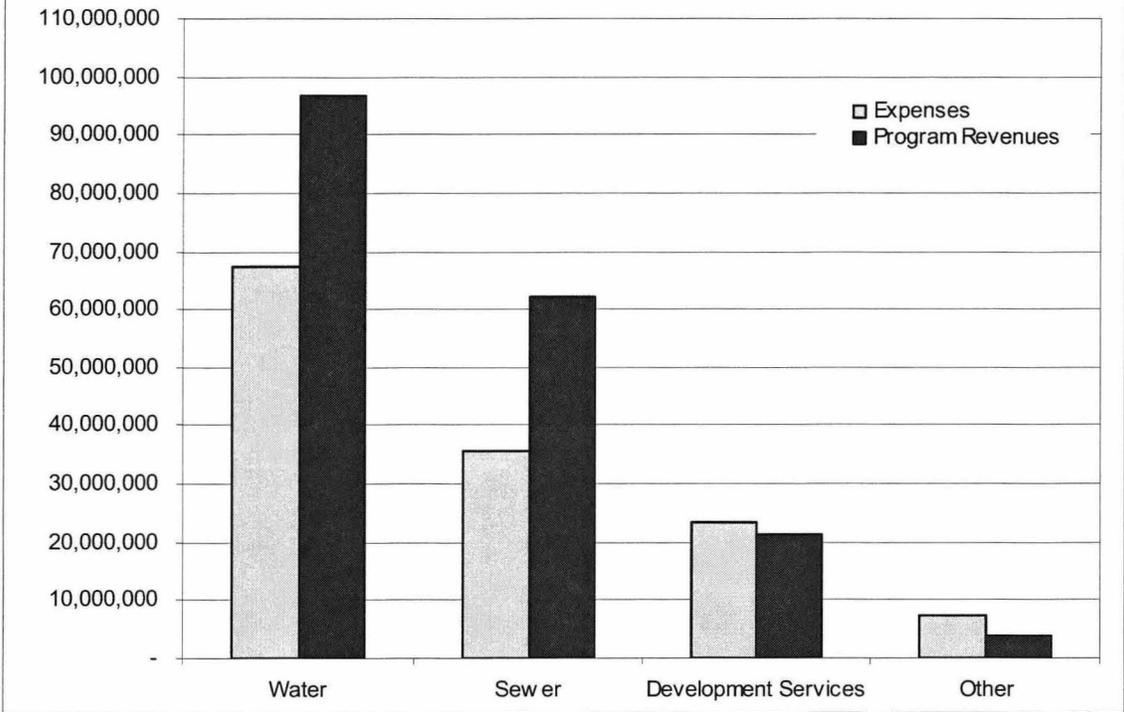
Revenues by Source - Governmental Activities



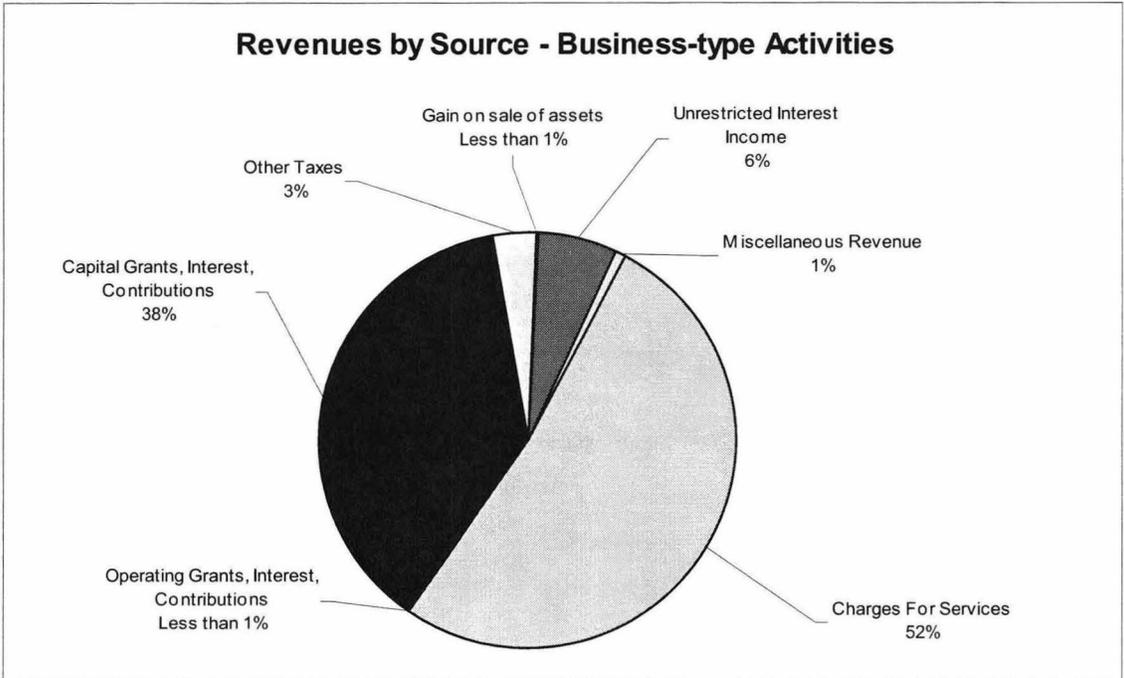
Business-type activities. Business-type activities increased the City of Henderson’s net assets by \$85,107,432 accounting for 32% of the total growth in the government’s net assets. Key elements of this increase are as follows:

- Charges for services increased by \$13,245,546 due in large part to growth. Other increases are due to a large rate increase in the permitting fees in the Development Services Fund in order to reach enhanced target levels relative to plan check and inspection services and the Municipal Golf Course was open for a full year as opposed to eight months in the previous fiscal year.
- Capital grants and contributions decreased by \$27,046,409 (26%) due in large part to the capital contributions relative to the acquisition of the Municipal Golf Course in fiscal year 2005 of approximately \$34.3 million. This decrease was offset by increased developer contributions of water and sewer lines.
- Interest income increased \$2,886,575 (29%) due to higher interest rates and higher cash and investment balances.
- Other revenues increased by \$802,136 (200%) due to a full year’s amortization of a bond premium for bonds that were issued in fiscal year 2005.
- Development services center expenses increased \$3,105,699 (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 in most part to a full year of operation of the municipal golf course, which opened in fiscal year 2005.

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 \$357,203,351, an increase of \$147,148,038 in comparison with the prior year. Approximately 94% of this balance (\$336,714,972) 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 (\$1,824,112), 2) to pay debt service (\$6,603,260), 3) for land held for resale (\$5,545,425), 4) for a variety of other purposes (\$6,515,582).

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 \$29,690,577, while total fund balance was \$31,514,689. 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 16.9% of total general fund expenditures, while total fund balance represents 17.9% of that same amount.

The fund balance of the general fund increased by \$3,137,890 during the current fiscal year. Key factors for this net increase are as follows:

Property taxes increased by \$4,151,125 (14%) due to growth in assessed value.

Franchise fees increased by \$2,881,981 (12%) and intergovernmental revenues increased by \$6,471,874 (6%) due to the City's growth.

Charges for services increased \$1,194,537 (9%) due to the City's growth.

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 \$6,740,562 due to increase in staffing levels.

General Obligation Debt Service Fund. The general obligation debt service fund has a total fund balance of \$4,352,167, all of which is reserved for payment of debt service. The net increase in the fund balance was \$3,505,205 due mainly to transfers from other funds for their respective share of debt service.

Special Assessment Districts Debt Service Fund. The special assessment districts debt service fund has a total fund balance of \$848,808, all of which is reserved for payment of debt service. The net decrease in the fund balance was \$529,091 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 \$159,366,183 which is unreserved. The net increase in fund balance was \$72,326,230. The increase to fund balance was due mainly to approximately \$102.7 million in property owner contributions related to Local Improvement Districts T-17 and T-18 special assessment bond proceeds for which the City is not liable. Interest earnings were approximately \$5.3 million due to high cash balances.

These revenues were offset by approximately \$35.7 million in construction costs for special assessment district infrastructure.

Municipal Facilities Acquisition & Construction Capital Projects Fund. The municipal facilities acquisition & construction capital projects fund has a total unreserved fund balance of \$89,629,631. The net increase in fund balance of \$62,656,084 was due mainly to a bond issue of \$56 million to acquire, construct, repair and equip building projects, recreational projects and utility 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 \$57,011,538, and total growth in net assets was \$44,491,397. Unrestricted net assets of the sewer fund at the end of the fiscal year were \$50,274,730, and total growth in net assets was \$40,993,445. Unrestricted net assets in the development services fund at the end of the fiscal year were \$9,258,660, and the total increase in net assets was \$1,739,295. 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 by \$10.4 million, or 5.7% over the original budget. This increase was mainly 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 2005, and were re-appropriated in Fiscal Year 2006.

Actual expenditures were 90.6% of appropriations, or \$18.2 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 \$10.3 million below the final budget. Several projects within Information Technology, City Manager's Office, Finance, and Building Maintenance were not completed by year-end and were deferred to the subsequent year, in addition to \$2 million in vacancy savings.
- Actual Public Safety expenditures were \$3.6 million below the final budget, primarily due to vacancy savings, as well as projects that were deferred to the subsequent year.
- Actual Public Works expenditures were \$1.8 million below the final budget, primarily due to projects that were deferred to the subsequent year.
- Actual Culture and Recreation expenditures were \$1.8 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, 2006 amounts to \$1,738,041,113 (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 \$162,072,302 (\$75,691,360 for governmental activities and \$86,380,942 for business-type activities).

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

- Buildings increased by \$7,943,656 in business type activities due to approximately \$5 million for the completion of a sewer substation and approximately \$3 million for City Hall Expansion completion.
- Improvements other than buildings for business type activities increased by \$50,843,917 primarily due to donated infrastructure. Other increases were due to approximately \$7 million for the completion of the ultraviolet light water treatment project; approximately \$1.8 million for completion of a reservoir project; and approximately \$16.6 million construction of water lines.
- Machinery and equipment for business type activities increased by \$4,878,105 due primarily to the completion of converting from a manual-read meter system to a radio-read meter system
- Infrastructure for governmental activities increased by \$58,847,839 mainly due to developer contributions. Other increases were from City financed infrastructure for the Boulder Highway Channel, the Auto Mall Interchange, Horizon Ridge Parkway, and a Storm Water Conveyance System.
- Construction in progress for governmental activities increased by \$10,381,505 due to construction of the City Center Plaza.
- Construction in progress for business type activities increased by \$22,547,755. This increase is due to approximately \$27 million for the Water Reclamation Facility Expansion, approximately \$7.4 million for a new water pumping system and transmission station, approximately \$5 million for a satellite Water Reclamation Facility. These increases were offset by the completion of projects described above.

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$174,615,526	\$171,021,439	\$25,215,735	\$25,048,226	\$199,831,261	\$196,069,665
Buildings	165,444,903	168,636,692	25,034,799	17,091,143	190,479,702	185,727,835
Improvements other than buildings	74,279,705	68,697,193	577,394,025	526,550,108	651,673,730	595,247,301
Machinery and equipment	29,318,263	28,841,057	9,174,442	4,296,337	38,492,705	33,137,394
Infrastructure	516,982,731	458,134,892	-	-	516,982,731	458,134,892
Construction in progress	24,341,589	13,960,084	116,239,395	93,691,640	140,580,984	107,651,724
Total	\$984,982,717	\$909,291,357	\$753,058,396	\$666,677,454	\$1,738,041,113	\$1,575,968,811

Additional information on the City of Henderson’s capital assets can be found in note 6 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 \$430,584,554. Of this amount, \$171,795,000 is considered general obligation debt, \$16,340,000 is tax allocation debt, and \$585,000 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	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$171,795,000	\$125,240,000	\$ -	\$ -	\$171,795,000	\$125,240,000
Tax allocation bonds	16,340,000	16,340,000	-	-	16,340,000	16,340,000
Special assessment debt with government commitment	585,000	1,215,000	-	-	585,000	1,215,000
Water & sewer bonds	-	-	241,864,554	253,896,193	241,864,554	253,896,193
Total	\$188,720,000	\$142,795,000	\$241,864,554	\$253,896,193	\$430,584,554	\$396,691,193

During the fiscal year the City issued general obligation bonds for capital projects. The City also issued general obligation and water and sewer bonds to refund some of its capital leases and existing water and sewer bonds. The result is expected to result in a decrease in future debt service payments of \$341,502.

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

As of June 30, 2006, the City’s net general obligation bonded debt subject to the legal debt margin of \$413,659,554 was below the legal limit of \$1,565,813,682.

Additional information on the City of Henderson’s long-term debt can be found in note 8 to the financial statements.

Other Factors

- In 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. This tax abatement reduced the amount of increased property tax dollars for the City by an estimated \$30.2 million for fiscal year 2007.
- The City will maintain the property tax rate in the City of Henderson which is \$.7108 per \$100 in assessed valuation, one of the lowest in the state of Nevada.
- The City continues to have growth in population and development which impacts sales tax and property tax revenues.

- Sales taxes and public safety expenses will increase due to a voter approved sales tax increase to support the hiring of police officers. Fiscal year 2007 will show a full year's effect of this increase.

All of these factors were considered in preparing the City of Henderson's budget for the 2006/2007 fiscal year.

During the current fiscal year unreserved fund balance in the general fund increased to \$29,690,577. The City of Henderson has appropriated approximately \$7.7 million of this amount for spending in the 2006/2007 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.

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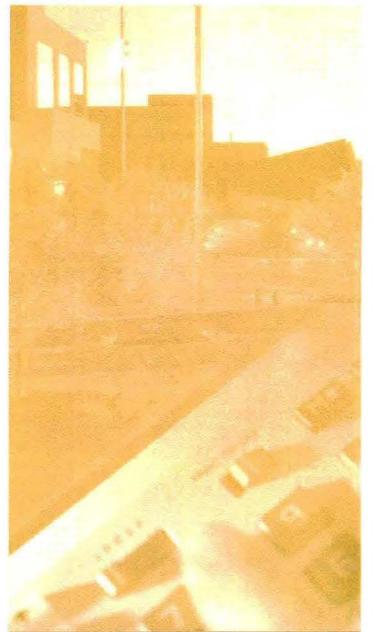
CITY OF HENDERSON, NEVADA

Statement of Net Assets

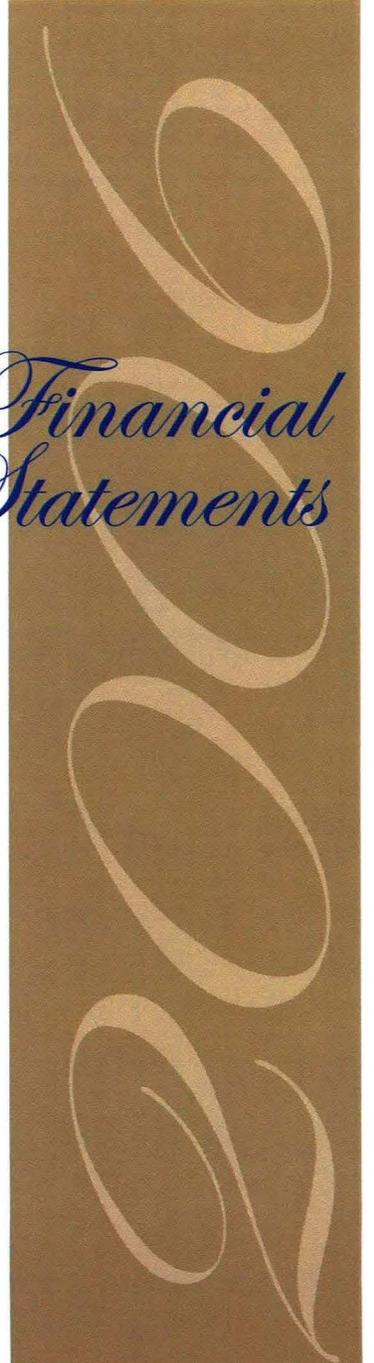
June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 385,826,688	\$ 397,296,795	\$ 783,123,483
Receivables:			
Accounts	8,018,274	11,222,450	19,240,724
Interest receivable	1,608,865	3,026,030	4,634,895
Delinquent property taxes	547,771	--	547,771
Special assessments	608,117	--	608,117
Notes	2,467,624	--	2,467,624
Due from other governments	29,948,865	1,294,753	31,243,618
Internal balances	7,789,930	(7,789,930)	--
Other assets	21,096	5,171,330	5,192,426
Investment in joint venture	--	3,843,516	3,843,516
Land held for resale	5,545,425	--	5,545,425
Deferred charges	993,632	1,314,410	2,308,042
Restricted assets - cash and investments:			
Customer deposits	--	376,185	376,185
Water and sewer bond debt service	--	9,567,724	9,567,724
Capital assets (net of accumulated depreciation):			
Land	174,615,526	25,215,735	199,831,261
Buildings	165,444,903	25,034,799	190,479,702
Improvements other than buildings	74,279,705	577,394,025	651,673,730
Machinery and equipment	29,318,263	9,174,442	38,492,705
Infrastructure	516,982,731	--	516,982,731
Construction in progress	24,341,589	116,239,395	140,580,984
Total Assets	<u>1,428,359,004</u>	<u>1,178,381,659</u>	<u>2,606,740,663</u>
LIABILITIES			
Accounts payable and accrued wages	12,638,043	8,721,796	21,359,839
Accrued interest payable	1,134,508	--	1,134,508
Construction contracts/retention payable	3,031,247	5,820,109	8,851,356
Deposits	8,162,441	111,992	8,274,433
Due to other governments	2,243,676	--	2,243,676
Unearned revenue	62,493	7,361,653	7,424,146
Current liabilities partially payable from restricted assets	--	3,054,801	3,054,801
Noncurrent liabilities:			
Due within one year	24,497,134	5,080,565	29,577,699
Due within one year, partially payable from restricted assets	--	11,966,440	11,966,440
Due in more than one year	208,593,064	238,329,893	446,922,957
Total liabilities	<u>260,362,606</u>	<u>280,447,249</u>	<u>540,809,855</u>
NET ASSETS			
Invested in capital assets, net of related debt	789,780,000	580,518,856	1,370,298,856
Restricted for:			
General government	12,025,291	--	12,025,291
Judicial	569,613	--	569,613
Debt service	4,066,467	6,889,108	10,955,575
Public safety	4,672,769	--	4,672,769
Public works	12,988,551	--	12,988,551
Culture and recreation	1,603,244	--	1,603,244
Capital projects	257,687,160	3,843,516	261,530,676
Redevelopment	13,508,941	--	13,508,941
Claims	6,894,608	--	6,894,608
Customer deposits	--	376,185	376,185
System development	--	194,623,400	194,623,400
Unrestricted	64,199,754	111,683,345	175,883,099
Total Net Assets	<u>\$ 1,167,996,398</u>	<u>\$ 897,934,410</u>	<u>\$ 2,065,930,808</u>

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



*Basic Financial
Statements*



CITY OF HENDERSON, NEVADA

Statement of Activities For the Year Ended June 30, 2006

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
Governmental Activities:							
General government	\$ 54,340,091	\$ 11,951,567	\$ 14,161	\$ 2,018,039	\$ (40,356,324)	\$ --	\$ (40,356,324)
Judicial	8,213,691	756,371	--	41,985	(7,415,335)	--	(7,415,335)
Public safety	96,526,544	9,251,604	815,693	1,177,903	(85,281,344)	--	(85,281,344)
Public works	52,313,279	15,023	664,891	183,750,709	132,117,344	--	132,117,344
Culture and recreation	34,842,692	7,465,133	4,102,006	6,826,114	(16,449,439)	--	(16,449,439)
Community support	4,629,662	--	3,158,482	--	(1,471,180)	--	(1,471,180)
Debt service:							
Administrative and other costs	248,185	--	--	--	(248,185)	--	(248,185)
Interest and fiscal charges	8,007,918	--	--	--	(8,007,918)	--	(8,007,918)
Total Governmental Activities	259,122,062	29,439,698	8,755,233	193,814,750	(27,112,381)	--	(27,112,381)
Business-Type Activities:							
Water	67,434,942	54,441,921	--	42,379,075	--	29,386,054	29,386,054
Sewer	35,457,292	27,303,279	75,325	34,648,107	--	26,569,419	26,569,419
Development services center	23,262,603	21,118,876	4,249	8,899	--	(2,130,579)	(2,130,579)
Other business activities	7,177,527	3,768,621	--	--	--	(3,408,906)	(3,408,906)
Total Business-Type Activities	133,332,364	106,632,697	79,574	77,036,081	--	50,415,988	50,415,988
Total	\$ 392,454,426	\$ 136,072,395	\$ 8,834,807	\$ 270,850,831	(27,112,381)	50,415,988	23,303,607
General Revenues							
Ad valorem taxes					68,017,019	--	68,017,019
Bond premium					685,566	1,110,093	1,795,659
Consolidated tax					102,988,098	--	102,988,098
Franchise fees					26,926,859	--	26,926,859
Motor vehicle fuel tax					4,344,180	--	4,344,180
Room taxes					1,002,588	2,003,255	3,005,843
Sales tax					8,882,586	5,020,794	13,903,380
Unrestricted investment earnings					6,421,835	12,808,610	19,230,445
Gain on sale of assets					2,499,958	369,085	2,869,043
Miscellaneous					582,774	93,941	676,715
Transfers					(13,285,666)	13,285,666	--
Total General Revenues and Transfers					209,065,797	34,691,444	243,757,241
Change in Net Assets					181,953,416	85,107,432	267,060,848
NET ASSETS, BEGINNING OF YEAR					986,042,982	812,826,978	1,798,869,960
NET ASSETS, END OF YEAR					\$ 1,167,996,398	\$ 897,934,410	\$ 2,065,930,808

The accompanying notes are an integral part of these financial statements

CITY OF HENDERSON, NEVADA

Balance Sheet
Governmental Funds
June 30, 2006

	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
ASSETS							
Cash and investments	\$ 22,123,789	\$ 2,994,826	\$ 842,841	\$ 162,531,810	\$ 90,766,127	\$ 58,567,528	\$ 337,826,921
Receivables:							
Accounts	7,751,288	--	--	--	--	265,897	8,017,185
Special assessments	--	--	608,117	--	--	--	608,117
Accrued interest	245,851	105,131	5,967	3,941	334,644	459,097	1,154,631
Notes	--	--	--	--	--	2,467,624	2,467,624
Delinquent property taxes	376,319	171,452	--	--	--	--	547,771
Advances to other funds	--	--	--	--	--	791,592	791,592
Due from other funds	1,027,511	1,055,000	--	--	--	--	2,082,511
Due from other governments	19,835,214	197,210	--	--	147,799	9,625,115	29,805,338
Land held for resale	--	--	--	--	--	5,545,425	5,545,425
Total assets	<u>\$ 51,359,972</u>	<u>\$ 4,523,619</u>	<u>\$ 1,456,925</u>	<u>\$ 162,535,751</u>	<u>\$ 91,248,570</u>	<u>\$ 77,722,278</u>	<u>\$ 388,847,115</u>
LIABILITIES							
Accounts payable and accrued wages	\$ 10,271,215	\$ --	\$ --	\$ 2,163	\$ 149,747	\$ 1,577,200	\$ 12,000,325
Compensated absences payable	1,186	--	--	--	--	--	1,186
Construction contracts payable	99,936	--	--	--	1,469,192	1,462,119	3,031,247
Deposits	7,389,798	--	--	--	--	772,643	8,162,441
Due to other governments	1,644,336	--	--	--	--	599,340	2,243,676
Due to other funds	--	--	--	--	--	1,027,511	1,027,511
Advances from other funds	--	--	--	3,167,405	--	791,592	3,958,997
Deferred revenue	438,812	171,452	608,117	--	--	--	1,218,381
Total liabilities	<u>19,845,283</u>	<u>171,452</u>	<u>608,117</u>	<u>3,169,568</u>	<u>1,618,939</u>	<u>6,230,405</u>	<u>31,643,764</u>
FUND BALANCES							
Reserved for:							
Encumbrances	1,824,112	--	--	--	--	--	1,824,112
Debt service	--	4,352,167	848,808	--	--	1,402,285	6,603,260
Land held for resale	--	--	--	--	--	5,545,425	5,545,425
Notes receivable	--	--	--	--	--	2,467,624	2,467,624
Sinking fund	--	--	--	--	--	4,047,958	4,047,958
Unreserved, reported in:							
General fund	29,690,577	--	--	--	--	--	29,690,577
Special revenue funds	--	--	--	--	--	35,745,946	35,745,946
Capital projects funds	--	--	--	159,366,183	89,629,631	22,282,635	271,278,449
Total fund balance	<u>31,514,689</u>	<u>4,352,167</u>	<u>848,808</u>	<u>159,366,183</u>	<u>89,629,631</u>	<u>71,491,873</u>	<u>357,203,351</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 51,359,972</u>	<u>\$ 4,523,619</u>	<u>\$ 1,456,925</u>	<u>\$ 162,535,751</u>	<u>\$ 91,248,570</u>	<u>\$ 77,722,278</u>	<u>\$ 388,847,115</u>

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, 2006

Fund Balances - Governmental Funds		\$ 357,203,351
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	1,338,207,590	
Less: Accumulated depreciation	<u>(371,576,439)</u>	966,631,151
Other assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.		
Bond costs - deferred charges	1,727,899	
Less: Current year amortization	<u>(734,267)</u>	993,632
Long -term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds payable	(170,090,803)	
Tax allocation bonds payable	(16,340,000)	
Special assessment bonds payable	(585,000)	
Notes payable	(97,608)	
Capital leases payable	(52,203)	
Compensated absences	(25,473,857)	
Landfill post-closure costs	<u>(12,000,000)</u>	(224,639,471)
Interest payable		(1,134,508)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		1,155,888
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.		59,996,425
Internal balances are receivable from business-type activities		<u>7,789,930</u>
Net Assets - Governmental Activities		<u>\$ 1,167,996,398</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, 2006

	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
REVENUES:							
Property taxes	\$ 33,460,864	\$ 19,501,400	\$ --	\$ --	\$ 9,360,820	\$ 5,652,030	\$ 67,975,114
Special assessments	--	--	119,197	--	--	--	119,197
Franchise fees	26,926,859	--	--	--	--	--	26,926,859
Licenses and permits	7,576,403	--	--	--	--	--	7,576,403
Intergovernmental	107,351,170	--	--	--	102,074	27,419,674	134,872,918
Charges for services	13,772,237	--	--	--	--	329,402	14,101,639
Fines and forfeitures	3,340,353	--	--	--	--	542,210	3,882,563
Developer/property owner contributions	--	--	--	102,783,093	--	1,440,496	104,223,589
Impact fees	--	--	--	--	--	1,682,336	1,682,336
Miscellaneous interest	738,637	332,194	107,418	5,293,788	2,156,946	1,694,318	10,323,301
Miscellaneous	635,667	--	1,327	--	3,720	915,070	1,555,784
Total revenues	<u>193,802,190</u>	<u>19,833,594</u>	<u>227,942</u>	<u>108,076,881</u>	<u>11,623,560</u>	<u>39,675,536</u>	<u>373,239,703</u>
EXPENDITURES:							
Current:							
General government	39,729,274	--	--	--	708,842	8,919,577	49,357,693
Judicial	7,732,123	--	--	--	--	236,620	7,968,743
Public safety	88,565,824	--	--	--	--	4,228,414	92,794,238
Public works	8,044,969	--	--	11,992	1,441,271	1,338,689	10,836,921
Culture and recreation	29,186,267	--	--	--	--	3,517,735	32,704,002
Community support	1,448,360	--	--	--	--	2,888,534	4,336,894
Total current	<u>174,706,817</u>	<u>--</u>	<u>--</u>	<u>11,992</u>	<u>2,150,113</u>	<u>21,129,569</u>	<u>197,998,491</u>
Capital outlay:							
General government	292,592	--	--	--	962,420	2,814,171	4,069,183
Judicial	42,860	--	--	--	--	41,017	83,877
Public safety	626,952	--	--	--	--	2,204,210	2,831,162
Public works	160,215	--	--	35,766,085	9,730,699	5,685,239	51,342,238
Culture and recreation	108,951	--	--	--	--	6,321,715	6,430,666
Community support	--	--	--	--	--	285,161	285,161
Total capital outlay	<u>1,231,570</u>	<u>--</u>	<u>--</u>	<u>35,766,085</u>	<u>10,693,119</u>	<u>17,351,513</u>	<u>65,042,287</u>
Debt service:							
Principal retirement	--	13,330,000	630,000	--	--	23,377	13,983,377
Interest and fiscal charges	--	6,796,218	93,575	--	--	875,928	7,765,721
Administrative and other costs	--	79,603	6,032	--	--	--	85,635
Total debt service	<u>--</u>	<u>20,205,821</u>	<u>729,607</u>	<u>--</u>	<u>--</u>	<u>899,305</u>	<u>21,834,733</u>
Total expenditures	<u>175,938,387</u>	<u>20,205,821</u>	<u>729,607</u>	<u>35,778,077</u>	<u>12,843,232</u>	<u>39,380,387</u>	<u>284,875,511</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>17,863,803</u>	<u>(372,227)</u>	<u>(501,665)</u>	<u>72,298,804</u>	<u>(1,219,672)</u>	<u>295,149</u>	<u>88,364,192</u>

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, 2006

	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	--	--	--	--	--	1,507,242	1,507,242
Bonds issued	--	--	--	--	56,000,000	--	56,000,000
Refunding bonds issued	--	3,885,000	--	--	--	--	3,885,000
Premium on bonds issued	--	78,429	--	--	1,143,488	--	1,221,917
Payment to debt refunding escrow	--	(2,509,555)	--	--	--	--	(2,509,555)
Sale of capital assets	2,050	--	--	--	--	--	2,050
Transfers:							
Transfers from other funds	11,019,647	12,900,199	--	27,426	16,875,942	8,124,472	48,947,686
Transfers to other funds	(25,747,610)	(10,476,641)	(27,426)	--	(10,143,674)	(3,875,143)	(50,270,494)
Total other financing sources (uses)	<u>(14,725,913)</u>	<u>3,877,432</u>	<u>(27,426)</u>	<u>27,426</u>	<u>63,875,756</u>	<u>5,756,571</u>	<u>58,783,846</u>
NET CHANGE IN FUND BALANCES	3,137,890	3,505,205	(529,091)	72,326,230	62,656,084	6,051,720	147,148,038
FUND BALANCES, BEGINNING 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>
FUND BALANCES, END OF YEAR	<u>\$ 31,514,689</u>	<u>\$ 4,352,167</u>	<u>\$ 848,808</u>	<u>\$ 159,366,183</u>	<u>\$ 89,629,631</u>	<u>\$ 71,491,873</u>	<u>\$ 357,203,351</u>

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, 2006

Net Change in Fund Balances - Governmental Funds		\$ 147,148,038
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>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.</p>		
Expenditures for capital assets	\$ 46,899,107	
Sale/disposition of assets	(116,456)	
Less: Current year depreciation	(49,580,147)	(2,797,496)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
Changes in deferred revenue	(212,787)	
Donated capital assets	75,357,567	75,144,780
<p>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</p>		
Bonds and leases issued	(59,885,000)	
Bond issuance costs	2,347,005	
Bond premium	(1,221,917)	
Accrued interest	(136,380)	
Principal payments	14,413,711	(44,482,581)
<p>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</p>		
Amortization of current year bond premium, discount and costs	685,566	
Change in long-term compensated absences	(2,677,601)	
Change in arbitrage payable	185,069	(1,806,966)
<p>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.</p>		
		8,747,641
Change in Net Assets of Governmental Activities		\$ 181,953,416

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 30,639,538	\$ 32,897,616	\$ 33,460,864	\$ 563,248
Franchise fees	25,007,178	26,018,011	26,926,859	908,848
Licenses and permits	7,618,555	7,596,263	7,576,403	(19,860)
Intergovernmental	99,400,532	109,558,610	107,351,170	(2,207,440)
Charges for services	12,959,689	13,226,134	13,772,237	546,103
Fines and forfeits	3,040,951	3,301,951	3,340,353	38,402
Miscellaneous interest	367,500	542,500	738,637	196,137
Miscellaneous	862,136	878,411	635,667	(242,744)
Total revenues	<u>179,896,079</u>	<u>194,019,496</u>	<u>193,802,190</u>	<u>(217,306)</u>
EXPENDITURES				
Current:				
General government	44,171,455	48,987,307	39,729,274	9,258,033
Judicial	7,584,095	8,081,089	7,732,123	348,966
Public safety	89,730,919	91,600,707	88,565,824	3,034,883
Public works	9,006,104	9,386,948	8,044,969	1,341,979
Culture and recreation	30,339,833	30,751,452	29,186,267	1,565,185
Community support	1,420,114	1,799,205	1,448,360	350,845
Total current	<u>182,252,520</u>	<u>190,606,708</u>	<u>174,706,817</u>	<u>15,899,891</u>
Capital outlay:				
General government	553,500	1,332,231	292,592	1,039,639
Judicial	--	76,827	42,860	33,967
Public safety	521,915	1,180,408	626,952	553,456
Public works	300,000	584,696	160,215	424,481
Culture and recreation	35,500	322,667	108,951	213,716
Total capital outlay	<u>1,410,915</u>	<u>3,496,829</u>	<u>1,231,570</u>	<u>2,265,259</u>
Total expenditures	<u>183,663,435</u>	<u>194,103,537</u>	<u>175,938,387</u>	<u>18,165,150</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,767,356)</u>	<u>(84,041)</u>	<u>17,863,803</u>	<u>17,947,844</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	2,050	2,050
Transfers from other funds	9,843,906	11,212,715	11,019,647	(193,068)
Transfers to other funds	(10,404,991)	(20,260,110)	(25,747,610)	(5,487,500)
Total other financing sources (uses)	<u>(561,085)</u>	<u>(9,047,395)</u>	<u>(14,725,913)</u>	<u>(5,678,518)</u>
NET CHANGES IN FUND BALANCES	<u>(4,328,441)</u>	<u>(9,131,436)</u>	<u>3,137,890</u>	<u>12,269,326</u>
FUND BALANCES, BEGINNING OF YEAR	<u>19,980,803</u>	<u>28,376,799</u>	<u>28,376,799</u>	<u>--</u>
FUND BALANCES, END OF YEAR	<u>\$ 15,652,362</u>	<u>\$ 19,245,363</u>	<u>\$ 31,514,689</u>	<u>\$ 12,269,326</u>

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

CITY OF HENDERSON, NEVADA

Statement of Net Assets
Proprietary Funds
June 30, 2006

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
CURRENT ASSETS:						
Cash and investments	\$ 134,576,299	\$ 239,959,522	\$ 19,374,391	\$ 3,386,583	\$ 397,296,795	\$ 47,999,767
Receivables:						
Accounts receivable	8,097,837	3,040,265	84,348	--	11,222,450	1,089
Accrued interest	1,107,641	1,719,384	167,089	31,916	3,026,030	454,234
Due from other governments	--	1,292,596	2,157	--	1,294,753	143,527
Inventories - bulk fuel	--	--	--	--	--	15,336
Customer deposits (restricted assets, cash and investments)	375,145	1,040	--	--	376,185	--
Water and sewer debt service bonds (restricted assets, cash and investments)	4,419,801	5,147,923	--	--	9,567,724	--
Total current assets	<u>148,576,723</u>	<u>251,160,730</u>	<u>19,627,985</u>	<u>3,418,499</u>	<u>422,783,937</u>	<u>48,613,953</u>
NONCURRENT ASSETS:						
Capital Assets:						
Land	1,717,277	9,695,529	--	13,802,929	25,215,735	--
Buildings	6,603,580	15,958,072	--	8,614,956	31,176,608	753,377
Improvements other than buildings	472,427,439	307,429,275	374,890	23,266,102	803,497,706	368,472
Machinery and equipment	11,537,207	4,714,643	2,362,498	2,282,583	20,896,931	37,824,307
Construction in progress	9,805,235	105,570,063	147,755	716,342	116,239,395	104,902
Total capital assets	<u>502,090,738</u>	<u>443,367,582</u>	<u>2,885,143</u>	<u>48,682,912</u>	<u>997,026,375</u>	<u>39,051,058</u>
Less accumulated depreciation	<u>(143,630,474)</u>	<u>(85,490,057)</u>	<u>(2,081,975)</u>	<u>(12,765,473)</u>	<u>(243,967,979)</u>	<u>(20,699,492)</u>
Net capital assets	<u>358,460,264</u>	<u>357,877,525</u>	<u>803,168</u>	<u>35,917,439</u>	<u>753,058,396</u>	<u>18,351,566</u>
Other Assets:						
Investment in joint venture	--	3,843,516	--	--	3,843,516	--
Deferred charges	221,852	1,092,558	--	--	1,314,410	--
Deposits	5,171,330	--	--	--	5,171,330	5,760
Advances to other funds	--	--	--	--	--	3,167,405
Total noncurrent assets	<u>363,853,446</u>	<u>362,813,599</u>	<u>803,168</u>	<u>35,917,439</u>	<u>763,387,652</u>	<u>21,524,731</u>
Total assets	<u>512,430,169</u>	<u>613,974,329</u>	<u>20,431,153</u>	<u>39,335,938</u>	<u>1,186,171,589</u>	<u>70,138,684</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, 2006

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued wages	\$ 5,785,382	\$ 1,895,350	\$ 735,311	\$ 305,753	\$ 8,721,796	\$ 637,718
Due to other funds	--	--	--	--	--	1,055,000
Compensated absences payable	1,706,600	1,090,946	2,105,920	177,099	5,080,565	1,551,129
Construction contracts	331,373	5,426,987	61,749	--	5,820,109	--
Deposits	--	--	104,692	7,300	111,992	--
Unearned revenue	--	--	7,361,653	--	7,361,653	--
Claims and judgements payable	--	--	--	--	--	6,894,608
Capital lease obligations, current	--	--	--	--	--	3,495
Customer deposits (partially payable from restricted assets)	375,145	1,040	--	--	376,185	--
Accrued bond interest (partially payable from restricted assets)	1,083,951	1,594,665	--	--	2,678,616	--
Current portion of bonds payable (partially payable from restricted assets)	4,670,226	7,296,214	--	--	11,966,440	--
Total current liabilities	<u>13,952,677</u>	<u>17,305,202</u>	<u>10,369,325</u>	<u>490,152</u>	<u>42,117,356</u>	<u>10,141,950</u>
NONCURRENT LIABILITIES:						
Provisional credits/refunding agreements	1,556,303	13,518	--	--	1,569,821	--
General obligation bonds (net of current portion)	63,900,988	172,859,084	--	--	236,760,072	--
Capital lease obligations (net of current portion)	--	--	--	--	--	309
Total noncurrent liabilities	<u>65,457,291</u>	<u>172,872,602</u>	<u>--</u>	<u>--</u>	<u>238,329,893</u>	<u>309</u>
Total liabilities	<u>79,409,968</u>	<u>190,177,804</u>	<u>10,369,325</u>	<u>490,152</u>	<u>280,447,249</u>	<u>10,142,259</u>
NET ASSETS						
Invested in capital, net of related debt	306,600,199	237,198,050	803,168	35,917,439	580,518,856	18,347,762
Restricted for:						
Debt service	3,335,850	3,553,258	--	--	6,889,108	--
Capital projects	--	3,843,516	--	--	3,843,516	--
Claims	--	--	--	--	--	15,580,123
Customer deposits	375,145	1,040	--	--	376,185	--
System development	65,697,469	128,925,931	--	--	194,623,400	--
Unrestricted	57,011,538	50,274,730	9,258,660	2,928,347	119,473,275	26,068,540
Total net assets	<u>\$ 433,020,201</u>	<u>\$ 423,796,525</u>	<u>\$ 10,061,828</u>	<u>\$ 38,845,786</u>	<u>905,724,340</u>	<u>\$ 59,996,425</u>
Adjustment to reflect the consolidation of Internal Service Funds' activities related to Enterprise Funds					(7,789,930)	
Net Assets of Business-Type Activities					<u>\$ 897,934,410</u>	

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, 2006

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Utilities fees	\$ 52,353,736	\$ 26,614,643	\$ --	\$ --	\$ 78,968,379	\$ --
Connection fees	992,723	217,490	--	--	1,210,213	--
Late charges	712,591	341,733	--	--	1,054,324	--
Rental fees	--	--	--	367,372	367,372	--
Licenses - gaming	--	--	--	584,098	584,098	--
Licenses and permits	--	--	5,991,380	--	5,991,380	--
Charges for services	--	--	15,109,798	2,745,477	17,855,275	29,923,046
Miscellaneous	382,871	161,649	66,264	73,066	683,850	--
Total operating revenues	<u>54,441,921</u>	<u>27,335,515</u>	<u>21,167,442</u>	<u>3,770,013</u>	<u>106,714,891</u>	<u>29,923,046</u>
OPERATING EXPENSES						
Salaries and wages	9,242,557	5,830,850	11,449,567	1,180,614	27,703,588	5,839,572
Employee benefits	3,246,506	2,052,250	3,620,898	410,358	9,330,012	1,956,493
Water purchases	20,289,316	--	--	--	20,289,316	--
Services and supplies	13,228,756	11,498,247	6,934,861	4,490,222	36,152,086	9,107,859
Claims and legal fees	--	--	--	--	--	11,276,784
Depreciation	18,106,591	10,335,729	517,681	1,105,602	30,065,603	3,515,299
Total operating expenses	<u>64,113,726</u>	<u>29,717,076</u>	<u>22,523,007</u>	<u>7,186,796</u>	<u>123,540,605</u>	<u>31,696,007</u>
OPERATING LOSS	<u>(9,671,805)</u>	<u>(2,381,561)</u>	<u>(1,355,565)</u>	<u>(3,416,783)</u>	<u>(16,825,714)</u>	<u>(1,772,961)</u>
NONOPERATING REVENUES (EXPENSES)						
Room taxes	--	--	--	2,003,255	2,003,255	--
Interest revenue	4,423,151	7,909,724	385,057	90,678	12,808,610	1,426,768
Sales taxes	--	5,020,795	--	--	5,020,795	--
Interest expense	(3,273,252)	(5,242,526)	--	--	(8,515,778)	(108,512)
Miscellaneous	57,131	43,088	--	--	100,219	66,148
Gain (loss) on disposition of assets	(113,829)	369,085	--	--	255,256	782,254
Bond amortization	379,471	730,622	--	--	1,110,093	--
Total nonoperating revenues (expenses)	<u>1,472,672</u>	<u>8,830,788</u>	<u>385,057</u>	<u>2,093,933</u>	<u>12,782,450</u>	<u>2,166,658</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(8,199,133)</u>	<u>6,449,227</u>	<u>(970,508)</u>	<u>(1,322,850)</u>	<u>(4,043,264)</u>	<u>393,697</u>
CAPITAL CONTRIBUTIONS	<u>58,990,789</u>	<u>34,931,459</u>	<u>--</u>	<u>--</u>	<u>93,922,248</u>	<u>2,259,584</u>
TRANSFERS						
Transfers in	--	2,950,884	3,600,484	1,006,215	7,557,583	4,392,931
Transfers out	(6,300,259)	(3,338,125)	(890,681)	--	(10,529,065)	(98,641)
Total transfers	<u>(6,300,259)</u>	<u>(387,241)</u>	<u>2,709,803</u>	<u>1,006,215</u>	<u>(2,971,482)</u>	<u>4,294,290</u>
CHANGES IN NET ASSETS	44,491,397	40,993,445	1,739,295	(316,635)	86,907,502	6,947,571
NET ASSETS, BEGINNING OF YEAR	<u>388,528,804</u>	<u>382,803,080</u>	<u>8,322,533</u>	<u>39,162,421</u>		<u>53,048,854</u>
NET ASSETS, END OF YEAR	<u>\$ 433,020,201</u>	<u>\$ 423,796,525</u>	<u>\$ 10,061,828</u>	<u>\$ 38,845,786</u>		<u>\$ 59,996,425</u>
					Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds	(1,800,070)
					Change in net assets	<u>\$ 85,107,432</u>

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, 2006**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 52,977,399	\$ 26,850,237	\$ 28,521,398	\$ 4,229,995	\$ 112,579,029	\$ 1,429,677
Cash received from interfund services provided	--	--	--	--	--	28,711,096
Cash from other sources	57,131	5,063,883	--	2,003,255	7,124,269	66,148
Cash payments to suppliers for goods and services	(37,637,687)	(13,089,603)	(10,518,009)	(4,712,571)	(65,957,870)	(18,665,053)
Cash payments to employees for services	(9,092,139)	(5,750,041)	(10,944,520)	(1,158,873)	(26,945,573)	(5,640,802)
Net cash provided by (used for) operating activities	<u>6,304,704</u>	<u>13,074,476</u>	<u>7,058,869</u>	<u>361,806</u>	<u>26,799,855</u>	<u>5,901,066</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	--	2,950,884	3,600,484	1,006,215	7,557,583	4,392,931
Transfers out	(6,300,259)	(3,338,125)	(890,681)	--	(10,529,065)	(98,641)
Advances to other funds	--	--	--	--	--	(1,920,685)
Payments on advances to other funds	--	--	--	--	--	24,731
Net cash provided by (used for) noncapital financing activities	<u>(6,300,259)</u>	<u>(387,241)</u>	<u>2,709,803</u>	<u>1,006,215</u>	<u>(2,971,482)</u>	<u>2,398,336</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(8,795,138)	(38,035,663)	(158,806)	(760,256)	(47,749,863)	(4,452,941)
Investment in joint venture	--	(1,064,084)	--	--	(1,064,084)	--
Principal payments on bonds and leases	(9,017,170)	(8,436,698)	--	--	(17,453,868)	(1,201,067)
Bond issuance costs	(96,743)	(37,336)	--	--	(134,079)	--
Interest paid on bonds and leases	(3,359,190)	(8,672,061)	--	--	(12,031,251)	(108,512)
Due to other funds	--	--	--	--	--	1,055,000
Proceeds from sale of capital assets	--	497,500	--	--	497,500	829,270
(Increase) decrease in banked water	5,901,769	--	--	--	5,901,769	--
(Increase) decrease in deposits/deferred charges	(5,190,534)	41,178	--	--	(5,149,356)	--
Increase (decrease) in provisional credits	677,815	--	--	--	677,815	--
Capital contributions	10,526,991	14,505,400	--	--	25,032,391	--
Proceeds from issuance of debt	4,399,300	965,700	--	--	5,365,000	--
Net cash provided by (used for) capital and related financing activities	<u>(4,952,900)</u>	<u>(40,236,064)</u>	<u>(158,806)</u>	<u>(760,256)</u>	<u>(46,108,026)</u>	<u>(3,878,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	3,976,579	7,178,266	263,997	72,843	11,491,685	1,212,686
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(971,876)</u>	<u>(20,370,563)</u>	<u>9,873,863</u>	<u>680,608</u>	<u>(10,787,968)</u>	<u>5,633,838</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>140,343,121</u>	<u>265,479,048</u>	<u>9,500,528</u>	<u>2,705,975</u>	<u>418,028,672</u>	<u>42,365,929</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 139,371,245</u>	<u>\$ 245,108,485</u>	<u>\$ 19,374,391</u>	<u>\$ 3,386,583</u>	<u>\$ 407,240,704</u>	<u>\$ 47,999,767</u>

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, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ (9,671,805)	\$ (2,381,561)	\$ (1,355,565)	\$ (3,416,783)	\$ (16,825,714)	\$ (1,772,961)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						
Depreciation	18,106,591	10,335,729	517,681	1,105,602	30,065,603	3,515,299
Miscellaneous revenues	57,131	5,063,883	--	2,003,255	7,124,269	66,148
Changes in assets and liabilities:						
(Increases) decrease:						
Accounts receivable	(1,464,522)	(485,278)	(7,697)	459,982	(1,497,515)	87,189
Due from other governments	--	--	--	--	--	130,538
Increase (decrease):						
Accounts payable and accrued wages	(816,649)	496,024	161,890	189,450	30,715	(33,673)
Deposits	5,090	(120)	(32,399)	175	(27,254)	--
Unearned revenue	--	--	7,361,653	--	7,361,653	--
Compensated absences payable	88,868	45,799	413,306	20,125	568,098	169,826
Claims and judgments	--	--	--	--	--	3,738,700
Total adjustments	<u>15,976,509</u>	<u>15,456,037</u>	<u>8,414,434</u>	<u>3,778,589</u>	<u>43,625,569</u>	<u>7,674,027</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 6,304,704</u>	<u>\$ 13,074,476</u>	<u>\$ 7,058,869</u>	<u>\$ 361,806</u>	<u>\$ 26,799,855</u>	<u>\$ 5,901,066</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Contribution of assets	48,763,798	20,426,059	--	--	69,189,857	2,259,584

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

CITY OF HENDERSON, NEVADA

Statement of Fiduciary Net Assets
Agency Funds
June 30, 2006

ASSETS

Cash and investments	\$ 75,704,457
Delinquent assessments receivable	204,638
Total assets	<u>\$ 75,909,095</u>

LIABILITIES

Due to developers	\$ 12,638,268
Due to employees	64,430
Due to others	63,206,397
Total liabilities	<u>\$ 75,909,095</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, 2006

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.

B. **New Accounting Pronouncements**

Governmental Accounting Standards Board Statement No. 46

For fiscal year ended June 30, 2006, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation – an Amendment of GASB Statement No. 34*”. This Statement

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

Note 1: Summary of Significant Accounting Policies

B. New Accounting Pronouncements (continued)

Governmental Accounting Standards Board Statement No. 46 (continued)

is effective for fiscal periods beginning after June 15, 2005. This Statement requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. A legally enforceable enabling legislation restriction is one that a party external to the City – such as citizens, public interest groups, or the judiciary – can compel a government to honor. Implementation of GASB Statement No. 46 did not have an impact on the City's financial statements for the year ended June 30, 2006, but required additional disclosure related to restricted net assets (see Note 14).

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, 2006

Note 1: **Summary of Significant Accounting Policies**

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 financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

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

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 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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

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

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.

The City reports the following major enterprise funds:

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

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

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

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

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.

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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

Note 1: Summary of Significant Accounting Policies (continued)

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

3. **Property Taxes** (continued)

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 1st, 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 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, 2006

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 agreement 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

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

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

6. **Banked Water** (continued)

to the Edison Contract. On March 21, 2006 this Cooperative Agreement was terminated and a new Cooperative Agreement for the Sale and Transfer of Water Banked in the Las Vegas Valley Groundwater Basin (“Agreement”) was entered into among the Southern Nevada Water Authority, the Las Vegas Valley Water District, the City of Henderson, the City of North Las Vegas, the City of Boulder City and the Big Bend Water District, (collectively, excluding the Authority, the Purveyors). The new agreement provided for the reimbursement to each Purveyor member’s costs under the 1993 agreement and transferred the banked water to the Southern Nevada Water Authority.

7. **Water Delivery Deposit**

The City and Basic Management, Inc. (BMI), executed a water delivery contract on May 22, 1990. BMI agreed to deliver water entitlements from Lake Mead to the City for payment under the terms of the agreement. Mutual review of the contract by the City and BMI resulted in modifications to the terms of the agreement. On September 20, 2005, the City and BMI amended the original agreement in which the City agreed to take an additional 4,000 acre feet of water per year. The amended agreement required the City to place a refundable deposit of \$5,515,782 with BMI on October 1, 2005 that would pay for the additional water to be delivered. The refundable deposit accrues interest at 4.5% annually and will be applied monthly. The balance of the refundable deposit as of June 30, 2006, is \$5,171,330.

8. **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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

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

9. **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.

10. **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.

11. **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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

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

11. **Equity Classifications** (continued)

- 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.

12. **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, 2006

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

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

Capital Assets:	
Infrastructure assets	\$ 821,214,326
Other capital assets	<u>516,993,264</u>
Governmental Capital Assets	<u>\$ 1,338,207,590</u>
Accumulated Depreciation:	
Infrastructure assets	\$ 304,231,595
Other capital assets	<u>67,344,844</u>
Accumulated Depreciation	<u>\$ 371,576,439</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	\$ 2,499,958
Loss on disposition of assets on the statement of activities included in the general government function	(292,750)
Amount resulting from internal service fund activities included elsewhere on the reconciliation	(816,422)
Land sales included in the net change in fund balances – governmental funds	<u>(1,507,242)</u>
Net Difference in Reporting Sales/Disposition of Assets	<u>\$ (116,456)</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

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 appear in the governmental funds as they are current financial resources, but were previously recognized as revenue in the statement of activities	\$ 41,905
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>(254,692)</u>
Change in Deferred Revenue	<u>\$ (212,787)</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 \$7,789,930 difference are as follows:

Internal service fund loss allocation to business-type activities – Prior years	\$ (5,989,860)
Internal service fund loss allocation to business-type activities – Current year	<u>(1,800,070)</u>
	<u>\$ (7,789,930)</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, 2006

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 Capital Projects Funds (\$138,242,231). 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:

Multipurpose Special Revenue Fund:	
Public Works	\$ 5,358
Self-Insurance Internal Service Fund	178,914
Workmen's Compensation Internal Service Fund	2,297,843

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, 2006

Note 4: Cash and Investments

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2006:

Cash:	
Cash on hand	\$ 12,356
Deposits in bank	2,900,099
Investments	<u>865,859,394</u>
Total cash and investments	<u>\$ 868,771,849</u>

Total cash and investments at June 30, 2006 were presented on the City's financial statements as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental activities	\$ 385,826,688	\$ --	\$ 385,826,688
Business-type activities	397,296,795	9,943,909	407,240,704
Fiduciary funds	<u>75,704,457</u>	<u>--</u>	<u>75,704,457</u>
Total cash and investments	<u>\$ 858,827,940</u>	<u>\$ 9,943,909</u>	<u>\$ 868,771,849</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, 2006, the recorded amount of the City's deposits was \$2,900,099 and the bank balance was \$6,780,897. Of the bank statement balance \$300,000 was covered by federal depository insurance and \$6,480,897 was subject to collateralization.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2006

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 and 355.171:

<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 & 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
Notes, Bonds and Other Obligations Issued by U.S. Corporations	5 years	20%	25%	A	n/a
Collateralized Mortgage Obligations	None	None	None	AAA	n/a
Asset-backed Securities	None	None	None	AAA	n/a

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2006

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

At June 30, 2006, the City had the following investments:

	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled Investments				
Dreyfus Money Market Fund	\$ 637,763	\$ 637,763	\$ 637,763	--
Farm Credit Bank	35,910,000	35,900,703	35,676,420	0.98
Federal Home Loan Banks	222,000,000	221,898,710	220,155,535	1.24
Federal Home Loan Mortgage	80,700,000	80,401,401	79,891,328	1.33
Federal Home Loan Mortgage - REMIC	688,846	688,846	670,299	2.96
Federal National Mortgage	127,925,000	127,895,553	126,426,708	1.29
Federal National Mortgage - CTF	1,626,121	1,626,121	1,663,561	6.33
US Treasury Notes	17,175,000	17,123,325	16,387,287	0.47
US Treasury Notes - Inflationary	1,316,749	1,316,749	1,283,446	9.79
State of Nevada Local Government Investment Pool	28,221,222	28,221,222	28,221,222	--
Total Pooled Investments	516,200,701	515,710,393	511,013,569	1.34
Non-Pooled Investments				
<i>Special Assessment Bond Proceeds Investments</i>				
Milestone Money Market Fund	28,746,697	28,746,697	28,746,697	--
Federal National Mortgage	720,000	709,760	712,035	0.09
Federal Home Loan	700,000	699,075	691,688	0.69
Federal National Mortgage Medium Term Notes	900,000	896,472	878,625	1.69
Federal National Mortgage Association Discount Note	1,025,000	1,017,388	1,021,515	0.08
AIM Money Market Fund	192,105,409	192,105,409	192,105,409	--
<i>Other Bond Proceeds Investments</i>				
Water Bonds - AIM Money Market Funds	16,809,157	16,809,157	16,809,157	--
Sewer Bonds - AIM Money Market Funds	1,707,303	1,707,303	1,707,303	--
Sewer Bonds - MBIA Collateralized Investment Agreement	58,595,929	58,595,929	58,595,929	1.80
Muni Acquisitions - MBIA Collateralized Investment Agreement	49,816,716	49,816,716	49,816,716	1.14
Boulder Highway Project - Milestone Money Market Funds	1,015,969	1,015,969	1,015,969	--
Street Improvements - AIM Money Market Fund	44,014	44,014	44,014	--
Redevelopment Bonds - AIM Money Market Funds	2,700,768	2,700,768	2,700,768	--
Total Non-Pooled Investments	354,886,962	354,864,657	354,845,825	0.46
Total Investments	\$ 871,087,663	\$ 870,575,050	\$ 865,859,394	1.80

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, 2006, in accordance with State laws as defined in the table found on page 33, 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, 2006

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:

	S&P	Moody's	% of Portfolio
Pooled Investments			
Dreyfus Money Market Fund	AAA	Aaa	0.07%
Farm Credit Bank	AAA	Aaa	4.12%
Federal Home Loan Banks	AAA	Aaa	25.42%
Federal Home Loan Mortgage	AAA	Aaa	9.23%
Federal Home Loan Mortgage - REMIC	n/a	n/a	0.08%
Federal National Mortgage	AAA	Aaa	14.60%
Federal National Mortgage - CTF	n/a	n/a	0.19%
US Treasury Notes	AAA	Aaa	1.89%
US Treasury Notes - Inflationary	AAA	Aaa	0.15%
State of Nevada Local Government Investment Pool	n/a	n/a	3.26%
Total Pooled Investments			59.01%
Non-Pooled Investments			
<i>Special Assessment Bond Proceeds Investments</i>			
Milestone Money Market Fund	AAA	Aaa	3.32%
Federal National Mortgage	n/a	n/a	0.08%
Federal Home Loan	AAA	Aaa	0.08%
Federal National Mortgage Medium Term Notes	AAA	Aaa	0.10%
Federal National Mortgage Association Discount Note	A-1+	n/a	0.12%
AIM Money Market Fund	AAA	Aaa	22.19%
<i>Other Bonds Proceeds Investments</i>			
Water Bonds - AIM Money Market Funds	AAA	Aaa	1.94%
Sewer Bonds - AIM Money Market Funds	AAA	Aaa	0.20%
Sewer Bonds - MBIA Collateralized Investment Agreement	AAA	Aaa	6.77%
Muni Acquisition - MBIA Collateralized Investment Agreement	AAA	Aaa	5.75%
Boulder Highway Project - Milestone Money Market Funds	AAA	Aaa	0.12%
Street Improvements - AIM Money Market Fund	AAA	Aaa	0.01%
Redevelopment Bonds - AIM Money Market Funds	AAA	Aaa	0.31%
Total Non-Pooled Investments			40.99%
Total			100.00%

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, 2006

Note 5: **Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2006 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,027,511
General Obligation Debt Service	Internal Service Funds	1,055,000
		\$ 2,082,511

The amounts due to the General Fund represent a cash loan to another fund. The amount due to the General Obligation Debt Service Fund is the Internal Service Funds' obligation for debt service related to bonds issued to liquidate capital leases in the Internal Service Funds.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Internal Service Funds	Special Assessment Districts – Capital Projects Fund	\$ 3,167,405
Nonmajor Governmental Funds	Nonmajor Governmental Funds	791,592
		\$ 3,958,997

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:

	Amount
Effects of prior years internal service activity	\$ (5,989,860)
Effects of current year internal service activity	(1,800,070)
	\$ (7,789,930)

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

	Transfers In			
	General Fund	General Obligation Debt Service Fund	Special Assessment Districts Capital Project Fund	Municipal Facilities Acquisition & Construction Capital Projects Fund
<u>Transfers Out</u>				
General Fund	\$ --	\$ 1,184,371	\$ --	\$ 9,500,000
General Obligation Debt Service Fund	9,897,716	--	--	296,925
Special Assessment Districts Debt Service Fund	--	--	27,426	--
Municipal Facilities Acquisition and Capital Construction Capital Projects Fund	--	10,143,674	--	--
Other Governmental Funds	30,000	1,572,154	--	494,126
Water Fund	99,375	--	--	3,250,000
Sewer Fund	88,125	--	--	3,250,000
Development Services Fund	890,681	--	--	--
Internal Service Funds	<u>13,750</u>	<u>--</u>	<u>--</u>	<u>84,891</u>
 Total	 <u>\$ 11,019,647</u>	 <u>\$ 12,900,199</u>	 <u>\$ 27,426</u>	 <u>\$ 16,875,942</u>

Transfers In

<u>Other Governmental Funds</u>	<u>Sewer Fund</u>	<u>Development Services Fund</u>	<u>Other Enterprise Funds</u>	<u>Internal Services Funds</u>	<u>Total</u>
\$ 7,069,824	\$ --	\$ 3,600,484	\$ --	\$ 4,392,931	\$ 25,747,610
282,000	--	--	--	--	10,476,641
--	--	--	--	--	27,426
--	--	--	--	--	10,143,674
772,648	--	--	1,006,215	--	3,875,143
--	2,950,884	--	--	--	6,300,259
--	--	--	--	--	3,338,125
--	--	--	--	--	890,681
--	--	--	--	--	98,641
<u>\$ 8,124,472</u>	<u>\$ 2,950,884</u>	<u>\$ 3,600,484</u>	<u>\$ 1,006,215</u>	<u>\$ 4,392,931</u>	<u>\$ 60,898,200</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, 2006

Note 6: **Capital Assets**

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Balance</u> <u>July 1, 2005</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, 2006</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 171,021,439	\$ 3,176,831	\$ (59,622)	\$ 476,878	\$ 174,615,526
Construction in progress	<u>13,960,084</u>	<u>36,628,925</u>	<u>(26,565)</u>	<u>(26,220,855)</u>	<u>24,341,589</u>
Total capital assets, not being depreciated	<u>184,981,523</u>	<u>39,805,756</u>	<u>(86,187)</u>	<u>(25,743,977)</u>	<u>198,957,115</u>
Capital assets, being depreciated:					
Buildings	194,174,131	355,943	(280,132)	2,251,798	196,501,740
Improvements other than buildings	85,398,975	357,005	(1,911,787)	7,574,997	91,419,190
Machinery and equipment	66,659,338	7,303,280	(4,944,056)	147,714	69,166,276
Infrastructure	<u>724,068,491</u>	<u>81,376,367</u>	<u>--</u>	<u>15,769,468</u>	<u>821,214,326</u>
Total capital assets, being depreciated	<u>1,070,300,935</u>	<u>89,392,595</u>	<u>(7,135,975)</u>	<u>25,743,977</u>	<u>1,178,301,532</u>
Less accumulated depreciation for:					
Buildings	(25,537,439)	(5,624,930)	105,532	--	(31,056,837)
Improvements other than buildings	(16,701,782)	(2,312,140)	1,874,437	--	(17,139,485)
Machinery and equipment	(37,818,281)	(6,863,207)	4,833,475	--	(39,848,013)
Infrastructure	<u>(265,933,599)</u>	<u>(38,297,996)</u>	<u>--</u>	<u>--</u>	<u>(304,231,595)</u>
Total accumulated depreciation	<u>(345,991,101)</u>	<u>(53,098,273)</u>	<u>6,813,444</u>	<u>--</u>	<u>(392,275,930)</u>
Total capital assets, being depreciated, net	<u>724,309,834</u>	<u>36,294,322</u>	<u>(322,531)</u>	<u>25,743,977</u>	<u>786,025,602</u>
Governmental activities capital assets, net	<u>\$ 909,291,357</u>	<u>\$ 76,100,078</u>	<u>\$ (408,718)</u>	<u>\$ --</u>	<u>\$ 984,982,717</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

	Balance July 1, 2005	Additions and Transfers In	Deletions and Transfers Out	Completed Construction	Balance June 30, 2006
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 25,048,226	\$ 143,264	\$ (34,131)	\$ 58,376	\$ 25,215,735
Construction in progress	<u>93,691,640</u>	<u>47,461,019</u>	<u>(1,137)</u>	<u>(24,912,127)</u>	<u>116,239,395</u>
Total capital assets, not being depreciated	<u>118,739,866</u>	<u>47,604,283</u>	<u>(35,268)</u>	<u>(24,853,751)</u>	<u>141,455,130</u>
Capital assets, being depreciated:					
Buildings	22,674,011	--	--	8,502,597	31,176,608
Improvements other than buildings	724,792,461	68,821,685	(226,767)	10,110,327	803,497,706
Machinery and equipment	<u>14,462,778</u>	<u>357,194</u>	<u>(163,868)</u>	<u>6,240,827</u>	<u>20,896,931</u>
Total capital assets, being depreciated	<u>761,929,250</u>	<u>69,178,879</u>	<u>(390,635)</u>	<u>24,853,751</u>	<u>855,571,245</u>
Less accumulated depreciation for:					
Buildings	(5,582,868)	(558,941)	--	--	(6,141,809)
Improvements other than buildings	(198,242,353)	(27,901,012)	39,684	--	(226,103,681)
Machinery and equipment	<u>(10,166,441)</u>	<u>(1,698,886)</u>	<u>142,838</u>	--	<u>(11,722,489)</u>
Total accumulated depreciation	<u>(213,991,662)</u>	<u>(30,158,839)</u>	<u>182,522</u>	--	<u>(243,967,979)</u>
Total capital assets, being depreciated, net	<u>547,937,588</u>	<u>39,020,040</u>	<u>(208,113)</u>	<u>24,853,751</u>	<u>611,603,266</u>
Business-type activities capital assets, net	<u>\$ 666,677,454</u>	<u>\$ 86,624,323</u>	<u>\$ (243,381)</u>	<u>\$ --</u>	<u>\$ 753,058,396</u>

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

Governmental Activities:

General government	\$ 4,096,523
Judicial	161,647
Public safety	2,877,985
Public works	38,326,652
Culture & recreation	4,115,527
Community support	1,814
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,515,299</u>

Total depreciation expense – governmental activities 53,095,447

Transfer of assets from Water Fund to Internal Service Funds 2,826

Total Additions and Transfers In \$ 53,098,273

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

Business-Type Activities:

Water	\$ 18,106,591
Sewer	10,335,729
Development services	517,681
Other enterprise funds	<u>1,105,602</u>

Total depreciation expense – business-type activities 30,065,603

Transfer of assets from Internal Service Funds to
Development Services Fund 93,236

Total Additions and Transfers In \$ 30,158,839

Note 7: **Leases**

Capital Lease Obligations – Governmental Activity

The assets acquired through capital leases are as follows:

Assets	
Machinery and equipment	\$ 6,368,571
Less accumulated depreciation	<u>(2,803,016)</u>
Total	<u>\$ 3,565,555</u>

The future minimum lease payments for the capital leases and the present value of net minimum lease payments at June 30, 2006, are summarized in the following table:

Year Ending June 30	
2007	\$ 47,936
2008	<u>11,348</u>
Total minimum lease payments	59,284
Less amount representing interest	<u>(3,277)</u>
Present value of net minimum lease payments	<u>\$ 56,007</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

Note 8: **Long-Term Debt**

A. Advance Refundings

In October 2005, the City issued \$5,365,000 in General Obligation Water and Sewer Refunding Bonds, Series 2005C. 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 \$5,240,000 of refunded debt. This advance refunding was undertaken to reduce total debt service payment over the next four years by \$344,404 and resulted in an economic gain of \$225,618.

In October 2005, the City issued General Obligation Medium-Term Various Purpose Bonds Series 2005B in the amount of \$3,885,000. A portion of the proceeds were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments on \$3,529,551 of refunded capital leases. This refunding increased total debt service payments over the next five years by \$2,902 and resulted in an economic gain of \$36,002. Remaining proceeds were used to acquire and install fitness equipment for fire stations and recreational facilities.

B. New Debt Issuance

In December 2005, the City issued General Obligation Bonds Series 2005D in the amount of \$56,000,000. The bonds were issued to acquire, construct, repair, and equip building projects, recreational projects and utility projects for the City. The bonds will mature annually on June 1 of each year starting in 2007 and ending in 2035. Interest on the bonds is payable on June 1 and December 1, commencing on June 1, 2006. Interest varies between 4.0% and 5.0%.

C. Changes to Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds Payable:					
\$14,550,000 1997 Building serial bonds due in annual installments through June 1, 2012; interest varies between 4.75% and 6.5%	\$ 1,845,000	\$ --	\$ (580,000)	\$ 1,265,000	\$ 1,265,000
\$10,530,000 1997 Refunding serial bonds due in annual installments through April 1, 2011; interest varies between 4.5% and 5.5%	7,470,000	--	(1,080,000)	6,390,000	1,140,000

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

C. Changes to Long-Term Debt (continued)

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities (continued):					
General Obligation Bonds Payable (continued):					
\$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%	\$ 3,720,000	\$ --	\$ (1,815,000)	\$ 1,905,000	\$ 1,905,000
\$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%	1,995,000	--	(630,000)	1,365,000	665,000
\$50,000,000 2000 Various Purpose Bonds due in annual installments through April 1, 2011; interest varies between 5.00% and 6.00%	10,720,000	--	(1,930,000)	8,790,000	2,030,000
\$12,940,000 2001 Refunding Serial Bonds due in annual installments through June 1, 2013; interest varies between 3.5% and 4.5%	9,905,000	--	(1,070,000)	8,835,000	1,115,000
\$3,780,000 2003 Refunding Serial Bonds due in annual installments through November 1, 2006; interest varies between 5.375% and 5.5%	1,610,000	--	(1,120,000)	490,000	490,000
\$15,100,000 2003A Building Refunding Bonds due in annual installments through June 1, 2007; interest varies between 2.0% and 4.0%	7,450,000	--	(3,685,000)	3,765,000	3,765,000
\$5,205,000 2003B Park Refunding Bonds due in annual installments through May 1, 2010; interest varies between 2.0% and 2.75%	2,665,000	--	(835,000)	1,830,000	860,000
\$34,505,000 2004A Park and Recreation Refunding Bonds due annually 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	--

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

C. Changes to Long-Term Debt (continued)

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Governmental Activities (continued):					
General Obligation Bonds Payable (continued):					
\$3,885,000 2005B Medium-Term Various Purpose Bonds due annually beginning in June 2006 through June 2009; interest varies between 3.125% and 5.0%	\$ --	\$ 3,885,000	\$ (585,000)	\$ 3,300,000	\$ 1,155,000
\$56,000,000 2005D Various Purpose Bonds due annually beginning in June 2007 through June 2035; interest varies between 4.0% and 5.0%	--	<u>56,000,000</u>	--	<u>56,000,000</u>	<u>1,015,000</u>
	<u>125,240,000</u>	<u>59,885,000</u>	<u>(13,330,000)</u>	<u>171,795,000</u>	<u>15,405,000</u>
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	385,000
\$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>4,295,000</u>	<u>115,000</u>
	<u>16,340,000</u>	--	--	<u>16,340,000</u>	<u>500,000</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>1,215,000</u>	--	<u>(630,000)</u>	<u>585,000</u>	<u>75,000</u>
Capital Lease Obligations:					
Capital lease payable to LaSalle Bank in semi-annual installments of \$33,155 including principal and interest through August 2006	94,298	--	(62,020)	32,278	32,278
Capital lease payable to Motorola in monthly payments of \$24,240 including principal and interest through December 2006	1,246,234	--	(1,246,234)	--	--
Capital lease payable to Xerox Corporation in monthly payments of \$976 including principal and interest through February 2007	18,299	--	(18,299)	--	--

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

C. Changes to Long-Term Debt (continued)

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</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	\$ 13,743	\$ --	\$ (13,743)	\$ --	\$ --
Capital lease payable to Motorola in annual payments of \$11,037 including principal and interest through April 2008	28,907	--	(8,982)	19,925	9,620
Capital lease payable to Canon in monthly payments of \$312, including principal and interest through July 2007	6,933	--	(3,129)	3,804	3,495
Capital lease payable to Motorola in annual payments of \$155,671 including principal and interest through December 2010	675,279	--	(675,279)	--	--
Capital lease payable to General Electric Capital Corporation in annual payments of \$333,436 including principal and interest through 2009	1,197,939	--	(1,197,939)	--	--
Capital lease payable to Motorola in annual payments of \$324,667 including principal and interest through 2008	<u>893,677</u>	<u>--</u>	<u>(893,677)</u>	<u>--</u>	<u>--</u>
	<u>4,175,309</u>	<u>--</u>	<u>(4,119,302)</u>	<u>56,007</u>	<u>45,393</u>
Note Payable:					
\$230,000 2000 Henderson Redevelopment Agency note payable in monthly payments of \$2,500 including principal and interest through November 2009	120,985	--	(23,377)	97,608	24,818
Unamortized Bond Premium	7,170,189	1,221,916	(685,566)	7,706,539	--
Unamortized Bond Discount/Deferred Refunding Charge	(9,253,486)	(961,964)	804,714	(9,410,736)	--
Arbitrage Payable	1,170,112	--	(1,170,112)	--	--
Compensated Absences Payable	24,680,609	3,290,685	(945,122)	27,026,172	1,552,315
Claims Payable	3,155,908	10,084,585	(6,345,885)	6,894,608	6,894,608
Landfill Postclosure Costs	<u>12,000,000</u>	<u>--</u>	<u>--</u>	<u>12,000,000</u>	<u>--</u>
Total Governmental Activities	<u>186,014,626</u>	<u>73,520,222</u>	<u>(26,444,650)</u>	<u>233,090,198</u>	<u>24,497,134</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

C. Changes to Long-Term Debt (continued)

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
Revenue Bonds Payable:					
\$7,221,110 1991 Sewer serial bonds due in semi-annual installments through July 1, 2011; interest at 4.0%	\$ 3,345,003	\$ --	\$ (460,270)	\$ 2,884,733	\$ 478,864
\$12,300,000 1992 Sewer serial bonds due in semi-annual installments through January 1, 2012; interest at 4.0%	5,974,410	--	(697,496)	5,276,914	725,675
\$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)	883,366	57,229	--	940,595	--
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest at 4%	7,068,533	--	(625,135)	6,443,398	650,391
\$26,255,000 1994 Water Bonds due in annual installments through December 1, 2008; interest varies between 5.5% and 8.5%	5,575,000	--	(5,575,000)	--	--
\$5,645,000 1994 Sewer Bonds due in annual installments through December 1, 2008; interest varies between 5.5% and 8.5%	1,200,000	--	(1,200,000)	--	--
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 1, 2015; interest rate at 3.825%	5,893,611	--	(465,798)	5,427,813	483,784
\$31,875,000 1997 Water Refunding bonds due in annual installments through September 1, 2017; interest varies between 3.7% and 6.5%	30,535,000	--	(1,185,000)	29,350,000	1,255,000
\$2,750,000 1997 Sewer Refunding bonds due in annual installments through September 1, 2014; interest varies between 3.7% and 6.5%	2,620,000	--	(15,000)	2,605,000	15,000

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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

C. Changes to Long-Term Debt (continued)

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities (continued):					
Revenue Bonds Payable (continued):					
\$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%	\$ 16,535,000	\$ --	\$ (3,860,000)	\$ 12,675,000	\$ 4,035,000
\$5,500,000 2000 Water bonds due in annual installments through January 1, 2021; interest rate at 3.65%	5,111,270	--	(205,169)	4,906,101	212,726
\$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%	2,610,000	--	(1,270,000)	1,340,000	435,000
\$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	--	(1,895,000)	108,105,000	1,950,000
\$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	--
\$5,365,000 2005C Water and Sewer refunding bonds due in annual installments through December 1, 2008; interest varies between 3.0% and 4.0%	--	5,365,000	--	5,365,000	1,725,000
	<u>253,896,193</u>	<u>5,422,229</u>	<u>(17,453,868)</u>	<u>241,864,554</u>	<u>11,966,440</u>
Unamortized Bond Premium	10,709,131	10,786	(1,110,093)	9,609,824	--
Refunding Loss	(4,288,666)	(144,874)	1,685,674	(2,747,866)	--
Provisional Credits/Refunding Agreements	892,006	677,815	--	1,569,821	--
Compensated Absences Payable	<u>4,512,467</u>	<u>807,761</u>	<u>(239,663)</u>	<u>5,080,565</u>	<u>5,080,565</u>
Total Business-Type Activities	<u>265,721,131</u>	<u>6,773,717</u>	<u>(17,117,950)</u>	<u>255,376,898</u>	<u>17,047,005</u>
Total Debt	<u>\$ 451,735,757</u>	<u>\$ 80,293,939</u>	<u>\$ (43,562,600)</u>	<u>\$ 488,467,096</u>	<u>\$ 41,544,139</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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
2007	\$ 11,966,440	\$ 11,543,006	\$ 45,393	\$ 2,543	\$ 15,405,000	\$ 7,859,094
2008	12,472,893	11,012,682	10,614	734	12,130,000	7,168,231
2009	12,983,388	10,449,655	--	--	11,955,000	6,704,281
2010	13,028,081	9,838,275	--	--	11,470,000	6,219,843
2011	13,657,137	9,201,677	--	--	11,750,000	5,732,605
2012-2016	67,262,327	36,260,320	--	--	44,770,000	21,885,025
2017-2021	42,193,856	21,527,667	--	--	28,635,000	11,945,981
2022-2026	22,075,432	14,880,816	--	--	10,185,000	7,605,770
2027-2031	26,800,000	8,953,700	--	--	12,845,000	5,007,879
2032-2035	19,425,000	1,973,750	--	--	12,650,000	1,618,000
	<u>\$ 241,864,554</u>	<u>\$ 135,641,548</u>	<u>\$ 56,007</u>	<u>\$ 3,277</u>	<u>\$ 171,795,000</u>	<u>\$ 81,746,709</u>
Year Ending June 30:	Special Assessment Bonds		Notes Payable		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 75,000	\$ 52,013	\$ 24,818	\$ 5,181	\$ 500,000	\$ 859,634
2008	85,000	44,413	26,349	3,651	520,000	839,723
2009	95,000	35,863	27,975	2,025	540,000	817,621
2010	100,000	26,600	18,466	297	565,000	793,176
2011	110,000	16,625	--	--	590,000	765,671
2012-2016	120,000	5,700	--	--	3,415,000	3,336,770
2017-2021	--	--	--	--	4,410,000	2,308,276
2022-2026	--	--	--	--	5,800,000	877,486
	<u>\$ 585,000</u>	<u>\$ 181,214</u>	<u>\$ 97,608</u>	<u>\$ 11,154</u>	<u>\$ 16,340,000</u>	<u>\$ 10,598,357</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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 \$341,965,000. 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, 2006, outstanding general obligation bonds in the amount of \$151,655,000 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, 2006

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>	
2005/06	19.75%	32.0%	\$ 28,963,067
2004/05	20.25%	28.5%	\$ 25,702,947
2003/04	20.25%	28.5%	\$ 23,171,741

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, 2006, approximately 73 retirees were receiving post-retirement health care benefits from the City. The cost of these benefits in fiscal year 2005-06 was approximately \$195,990.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

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 \$517 million blanket property insurance policy on all buildings and building contents with a \$100,000 deductible; a \$78,000,000 Boiler and Machinery policy with \$100,000 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 \$7 million Fire Truck Physical Damage policy with a \$2,500 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, 2006 through April 1, 2007.

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 \$100,000 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, 2006

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

Changes in the funds' claims liability amounts for the years ended June 30, 2006 and 2005 were:

	Liability Balance Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balances at End of Fiscal Year
Fiscal Year 2005/06:				
Liability	\$ 497,857	\$ 1,116,027	\$ 243,963	\$ 1,369,921
Workmen's Compensation	1,802,055	4,165,154	1,303,470	4,663,739
Health Insurance	<u>855,996</u>	<u>4,803,404</u>	<u>4,798,452</u>	<u>860,948</u>
	<u>\$ 3,155,908</u>	<u>\$ 10,084,585</u>	<u>\$ 6,345,885</u>	<u>\$ 6,894,608</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>

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, 2006

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, 2006, the City of Henderson's investment in the joint venture is \$3,843,516. 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 \$140,580,984 at June 30, 2006 is reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$247,476,759 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, 2006

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 \$9,350,000 as part of an Owner Participation Agreement with various developers. In addition, the Agency has agreed to guarantee construction and term loans totaling \$4.2 million for two projects in the event of default during construction, leasing or term out. 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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2006

Note 14: **Restricted Net Assets**

Restricted net assets are assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Restricted net assets at June 30, 2006 for governmental activities are as follows:

Restricted for general government		
Extraordinary repairs	\$ 10,276,681	
Multipurpose	<u>1,748,610</u>	
		\$ 12,025,291
Judicial		
Municipal court administrative	<u>569,613</u>	
		569,613
Debt service		
General obligation debt	3,217,659	
Special assessment debt	<u>848,808</u>	
		4,066,467
Public safety		
Sales tax police	4,464,158	
Forfeited assets	<u>208,611</u>	
		4,672,769
Public works		
Gas tax	4,384,201	
Lake Las Vegas	4,047,958	
Flood control	119,735	
RTC/County funded	538,755	
Ad valorem transportation	<u>3,897,902</u>	
		12,988,551
Culture and recreation		
Special recreation	<u>1,603,244</u>	
		1,603,244
Capital projects		
Special assessment districts	159,366,183	
Municipal facilities	89,629,631	
Bond proceeds	746,614	
Park development	<u>7,944,732</u>	
		257,687,160
Redevelopment		
Redevelopment agency	<u>13,508,941</u>	
		13,508,941
Claims		
Self-insurance	1,369,921	
Workman's compensation	4,663,739	
Health insurance	<u>860,948</u>	
		<u>6,894,608</u>
Total restricted net assets - governmental activities		<u><u>\$ 314,016,644</u></u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2006

Note 14: **Restricted Net Assets** (continued)

Restricted net assets at June 30, 2006 for business-type activities are as follows:

Debt service		
Water fund	\$ 3,335,850	
Sewer fund	<u>3,553,258</u>	
		\$ 6,889,108
Capital projects		
Sewer fund	<u>3,843,516</u>	
		3,843,516
Customer deposits		
Water fund	375,145	
Sewer fund	<u>1,040</u>	
		376,185
System development		
Water fund	65,697,469	
Sewer fund	<u>128,925,931</u>	
		<u>194,623,400</u>
Total restricted net assets - business-type activities		<u>\$ 205,732,209</u>

Note 15: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. 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. 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.

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CITY OF HENDERSON, NEVADA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

ASSETS

	Special Revenue Funds	Capital Project Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Cash and investments	\$ 37,952,855	\$ 20,614,673	\$ 58,567,528
Receivables:			
Accounts	8,686	257,211	265,897
Accrued interest	275,986	183,111	459,097
Notes	2,467,624	--	2,467,624
Advances to other funds	--	791,592	791,592
Due from other governments	7,396,224	2,228,891	9,625,115
Land held for resale	<u>5,545,425</u>	<u> </u>	<u>5,545,425</u>
 TOTAL ASSETS	 <u>\$ 53,646,800</u>	 <u>\$ 24,075,478</u>	 <u>\$ 77,722,278</u>

LIABILITIES AND FUND BALANCES

LIABILITIES			
Accounts payable and accrued wages	\$ 1,199,662	\$ 377,538	\$ 1,577,200
Construction contracts payable	1,268,797	193,322	1,462,119
Deposits	150,000	622,643	772,643
Due to other governments	--	599,340	599,340
Due to other funds	1,027,511	--	1,027,511
Advances from other funds	<u>791,592</u>	<u> </u>	<u>791,592</u>
Total liabilities	<u>4,437,562</u>	<u>1,792,843</u>	<u>6,230,405</u>
 FUND BALANCES			
Reserved for:			
Debt service	1,402,285	--	1,402,285
Land held for resale	5,545,425	--	5,545,425
Notes receivable	2,467,624	--	2,467,624
Sinking fund	4,047,958	--	4,047,958
Unreserved - undesignated	<u>35,745,946</u>	<u>22,282,635</u>	<u>58,028,581</u>
Total fund balances	<u>49,209,238</u>	<u>22,282,635</u>	<u>71,491,873</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 53,646,800</u>	 <u>\$ 24,075,478</u>	 <u>\$ 77,722,278</u>

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.

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.

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

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.

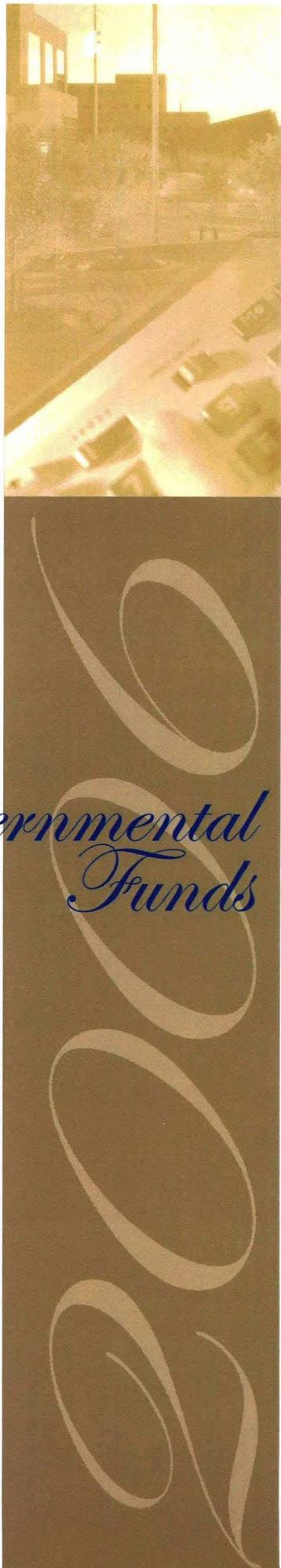
Bond Proceeds - to account for costs of improving and bettering streets within the City; flood control; improving and equipping artificial lights, lighting equipment, and traffic control equipment; and acquisition, development, improvement and expansion of public parks, playgrounds and recreation facilities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

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.



*Governmental
Funds*

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2006

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Property taxes	\$ 3,667,746	\$ 1,984,284	\$ 5,652,030
Intergovernmental	23,911,628	3,508,046	27,419,674
Charges for services	255,585	73,817	329,402
Fines and forfeitures	542,210	--	542,210
Developer/property owner contributions	1,175,297	265,199	1,440,496
Impact fees	--	1,682,336	1,682,336
Miscellaneous interest	985,436	708,882	1,694,318
Miscellaneous	328,905	586,165	915,070
Total revenues	<u>30,866,807</u>	<u>8,808,729</u>	<u>39,675,536</u>
EXPENDITURES			
Current:			
General government	8,504,201	415,376	8,919,577
Judicial	236,620	--	236,620
Public safety	4,228,414	--	4,228,414
Public works	964,520	374,169	1,338,689
Culture and recreation	1,794,124	1,723,611	3,517,735
Community support	2,888,534	--	2,888,534
Total current	<u>18,616,413</u>	<u>2,513,156</u>	<u>21,129,569</u>
Capital outlay:			
General government	536,704	2,277,467	2,814,171
Judicial	41,017	--	41,017
Public safety	2,204,210	--	2,204,210
Public works	4,013,025	1,672,214	5,685,239
Culture and recreation	2,036,217	4,285,498	6,321,715
Community support	285,161	--	285,161
Total capital outlay	<u>9,116,334</u>	<u>8,235,179</u>	<u>17,351,513</u>
Debt service:			
Principal retirement	23,377	--	23,377
Interest and fiscal charges	875,928	--	875,928
Total debt service	<u>899,305</u>	<u>--</u>	<u>899,305</u>
Total expenditures	<u>28,632,052</u>	<u>10,748,335</u>	<u>39,380,387</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,234,755</u>	<u>(1,939,606)</u>	<u>295,149</u>
OTHER FINANCING SOURCES (USES)			
Land sales	--	1,507,242	1,507,242
Transfers in	7,036,919	1,087,553	8,124,472
Transfers out	(931,957)	(2,943,186)	(3,875,143)
Total other financing sources (uses)	<u>6,104,962</u>	<u>(348,391)</u>	<u>5,756,571</u>
NET CHANGE IN FUND BALANCES	8,339,717	(2,287,997)	6,051,720
FUND BALANCES, BEGINNING OF YEAR	<u>40,869,521</u>	<u>24,570,632</u>	<u>65,440,153</u>
FUND BALANCES, END OF YEAR	<u>\$ 49,209,238</u>	<u>\$ 22,282,635</u>	<u>\$ 71,491,873</u>

CITY OF HENDERSON, NEVADA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

ASSETS

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Equipment Repair and Maintenance	Multipurpose	Lake Las Vegas	Sales and Use Tax	Total
Cash and investments	\$ 6,448,646	\$ 4,593,428	\$ 201,296	\$ 576,651	\$ 9,911,156	\$ 10,347,086	\$ --	\$ 4,011,564	\$ 1,863,028	\$ 37,952,855
Receivables:										
Accounts	8,129	--	--	--	--	--	557	--	--	8,686
Accrued interest	37,187	42,947	1,857	--	89,309	56,817	--	36,394	11,475	275,986
Notes	2,467,624	--	--	--	--	--	--	--	--	2,467,624
Due from other governments	506,142	592,699	7,200	--	--	--	3,254,773	--	3,035,410	7,396,224
Land held for resale	5,545,425	--	--	--	--	--	--	--	--	5,545,425
TOTAL ASSETS	\$ 15,013,153	\$ 5,229,074	\$ 210,353	\$ 576,651	\$ 10,000,465	\$ 10,403,903	\$ 3,255,330	\$ 4,047,958	\$ 4,909,913	\$ 53,646,800

LIABILITIES AND FUND BALANCES

LIABILITIES										
Accounts payable and accrued wages	\$ 142,080	\$ 1,016	\$ 1,742	\$ 7,038	\$ --	\$ 122,822	\$ 479,209	\$ --	\$ 445,755	\$ 1,199,662
Construction contracts payable	420,540	843,857	--	--	--	4,400	--	--	--	1,268,797
Deposits	150,000	--	--	--	--	--	--	--	--	150,000
Due to other funds	--	--	--	--	--	--	1,027,511	--	--	1,027,511
Advances from other funds	791,592	--	--	--	--	--	--	--	--	791,592
Total liabilities	1,504,212	844,873	1,742	7,038	--	127,222	1,506,720	--	445,755	4,437,562
FUND BALANCES										
Reserved for:										
Debt service	1,402,285	--	--	--	--	--	--	--	--	1,402,285
Land held for resale	5,545,425	--	--	--	--	--	--	--	--	5,545,425
Notes receivable	2,467,624	--	--	--	--	--	--	--	--	2,467,624
Sinking fund	--	--	--	--	--	--	--	4,047,958	--	4,047,958
Unreserved - undesignated	4,093,607	4,384,201	208,611	569,613	10,000,465	10,276,681	1,748,610	--	4,464,158	35,745,946
Total fund balances	13,508,941	4,384,201	208,611	569,613	10,000,465	10,276,681	1,748,610	4,047,958	4,464,158	49,209,238
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,013,153	\$ 5,229,074	\$ 210,353	\$ 576,651	\$ 10,000,465	\$ 10,403,903	\$ 3,255,330	\$ 4,047,958	\$ 4,909,913	\$ 53,646,800

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended June 30, 2006

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Equipment Repair and Maintenance	Multipurpose	Lake Las Vegas	Sales and Use Tax	Total
REVENUES										
Property taxes	\$ 3,667,746	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,667,746
Intergovernmental	1,225,292	3,276,982	--	--	--	225,358	10,301,410	--	8,882,586	23,911,628
Charges for services	--	--	--	--	--	255,585	--	--	--	255,585
Fines and forfeitures	--	--	190,057	352,153	--	--	--	--	--	542,210
Developer/property owner contributions	--	--	--	--	--	1,131,804	--	43,493	--	1,175,297
Miscellaneous interest	302,952	145,756	4,264	--	282,776	136,240	--	113,448	--	985,436
Miscellaneous	52,329	--	--	--	--	384	276,192	--	--	328,905
Total revenues	<u>5,248,319</u>	<u>3,422,738</u>	<u>194,321</u>	<u>352,153</u>	<u>282,776</u>	<u>1,749,371</u>	<u>10,577,602</u>	<u>156,941</u>	<u>8,882,586</u>	<u>30,866,807</u>
EXPENDITURES										
Current:										
General government	8,020,241	--	--	--	--	471,396	12,564	--	--	8,504,201
Judicial	--	--	--	236,620	--	--	--	--	--	236,620
Public safety	--	--	78,534	--	--	--	559,873	--	3,590,007	4,228,414
Public works	--	161,070	--	--	--	791,211	12,239	--	--	964,520
Culture and recreation	--	--	--	--	--	165,210	1,628,914	--	--	1,794,124
Community support	--	--	--	--	--	--	2,888,534	--	--	2,888,534
Total current	<u>8,020,241</u>	<u>161,070</u>	<u>78,534</u>	<u>236,620</u>	<u>--</u>	<u>1,427,817</u>	<u>5,102,124</u>	<u>--</u>	<u>3,590,007</u>	<u>18,616,413</u>
Capital outlay:										
General government	180,497	--	--	--	--	356,207	--	--	--	536,704
Judicial	--	--	--	38,462	--	2,555	--	--	--	41,017
Public safety	--	--	18,254	--	--	--	1,357,535	--	828,421	2,204,210
Public works	--	3,695,223	--	--	--	317,802	--	--	--	4,013,025
Culture and recreation	--	--	--	--	--	--	2,036,217	--	--	2,036,217
Community support	--	--	--	--	--	--	285,161	--	--	285,161
Total capital outlay	<u>180,497</u>	<u>3,695,223</u>	<u>18,254</u>	<u>38,462</u>	<u>--</u>	<u>676,564</u>	<u>3,678,913</u>	<u>--</u>	<u>828,421</u>	<u>9,116,334</u>
Debt service:										
Principal retirement	23,377	--	--	--	--	--	--	--	--	23,377
Interest and fiscal charges	875,928	--	--	--	--	--	--	--	--	875,928
Total debt service	<u>899,305</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>899,305</u>
Total expenditures	<u>9,100,043</u>	<u>3,856,293</u>	<u>96,788</u>	<u>275,082</u>	<u>--</u>	<u>2,104,381</u>	<u>8,781,037</u>	<u>--</u>	<u>4,418,428</u>	<u>28,632,052</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,851,724)</u>	<u>(433,555)</u>	<u>97,533</u>	<u>77,071</u>	<u>282,776</u>	<u>(355,010)</u>	<u>1,796,565</u>	<u>156,941</u>	<u>4,464,158</u>	<u>2,234,755</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	--	--	--	--	750,000	5,925,000	--	361,919	--	7,036,919
Transfers out	--	(49,569)	--	--	--	(382,388)	(500,000)	--	--	(931,957)
Total other financing sources (uses)	<u>--</u>	<u>(49,569)</u>	<u>--</u>	<u>--</u>	<u>750,000</u>	<u>5,542,612</u>	<u>(500,000)</u>	<u>361,919</u>	<u>--</u>	<u>6,104,962</u>
NET CHANGE IN FUND BALANCES	(3,851,724)	(483,124)	97,533	77,071	1,032,776	5,187,602	1,296,565	518,860	4,464,158	8,339,717
FUND BALANCES, BEGINNING OF YEAR	17,360,665	4,867,325	111,078	492,542	8,967,689	5,089,079	452,045	3,529,098	--	40,869,521
FUND BALANCES, END OF YEAR	<u>\$ 13,508,941</u>	<u>\$ 4,384,201</u>	<u>\$ 208,611</u>	<u>\$ 569,613</u>	<u>\$ 10,000,465</u>	<u>\$ 10,276,681</u>	<u>\$ 1,748,610</u>	<u>\$ 4,047,958</u>	<u>\$ 4,464,158</u>	<u>\$ 49,209,238</u>

CITY OF HENDERSON, NEVADA

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006

ASSETS

	<u>Land Sales</u>	<u>Special Recreation</u>	<u>Bond 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	\$ 7,367,975	\$ 1,326,475	\$ 741,746	\$ 7,468,054	\$ 160,026	\$ 627,727	\$ 2,922,670	\$ 20,614,673
Receivables:								
Accounts	7,211	--	--	250,000	--	--	--	257,211
Accrued interest	75,477	14,565	5,327	66,495	2,049	--	19,198	183,111
Advances to other funds	621,261	--	--	170,331	--	--	--	791,592
Due from other governments	<u>5,665</u>	<u>736,890</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>103,435</u>	<u>1,382,901</u>	<u>2,228,891</u>
TOTAL ASSETS	<u><u>\$ 8,077,589</u></u>	<u><u>\$ 2,077,930</u></u>	<u><u>\$ 747,073</u></u>	<u><u>\$ 7,954,880</u></u>	<u><u>\$ 162,075</u></u>	<u><u>\$ 731,162</u></u>	<u><u>\$ 4,324,769</u></u>	<u><u>\$ 24,075,478</u></u>

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LIABILITIES AND FUND BALANCES

LIABILITIES								
Accounts payable and accrued wages	\$ 19,735	\$ 327,262	\$ 459	\$ 10,148	\$ --	\$ --	\$ 19,934	\$ 377,538
Construction contracts payable	3,558	147,424	--	--	42,340	--	--	193,322
Deposits	622,643	--	--	--	--	--	--	622,643
Due to other governments	--	--	--	--	--	192,407	406,933	599,340
Total liabilities	<u>645,936</u>	<u>474,686</u>	<u>459</u>	<u>10,148</u>	<u>42,340</u>	<u>192,407</u>	<u>426,867</u>	<u>1,792,843</u>
FUND BALANCES								
Unreserved - undesignated	<u>7,431,653</u>	<u>1,603,244</u>	<u>746,614</u>	<u>7,944,732</u>	<u>119,735</u>	<u>538,755</u>	<u>3,897,902</u>	<u>22,282,635</u>
TOTAL FUND BALANCES	<u>7,431,653</u>	<u>1,603,244</u>	<u>746,614</u>	<u>7,944,732</u>	<u>119,735</u>	<u>538,755</u>	<u>3,897,902</u>	<u>22,282,635</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 8,077,589</u></u>	<u><u>\$ 2,077,930</u></u>	<u><u>\$ 747,073</u></u>	<u><u>\$ 7,954,880</u></u>	<u><u>\$ 162,075</u></u>	<u><u>\$ 731,162</u></u>	<u><u>\$ 4,324,769</u></u>	<u><u>\$ 24,075,478</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, 2006**

	Land Sales	Special Recreation	Bond Proceeds	Park Development	Flood Control	RTC/ County Funded	Special Ad Valorem Transportation	Total
REVENUES								
Property taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,984,284	\$ 1,984,284
Intergovernmental	--	2,589,249	--	--	188,400	730,397	--	3,508,046
Charges for services	--	73,817	--	--	--	--	--	73,817
Developer/property owner contributions	--	--	--	250,000	--	15,199	--	265,199
Impact fees	--	--	--	1,682,336	--	--	--	1,682,336
Miscellaneous interest	277,874	55,227	106,487	196,855	9,310	--	63,129	708,882
Miscellaneous	586,165	--	--	--	--	--	--	586,165
Total revenues	864,039	2,718,293	106,487	2,129,191	197,710	745,596	2,047,413	8,808,729
EXPENDITURES								
Current:								
General government	414,226	--	1,150	--	--	--	--	415,376
Public works	3,314	--	--	--	--	12,301	358,554	374,169
Culture and recreation	--	1,412,199	81,851	229,561	--	--	--	1,723,611
Total current	417,540	1,412,199	83,001	229,561	--	12,301	358,554	2,513,156
Capital outlay:								
General government	2,277,467	--	--	--	--	--	--	2,277,467
Public works	71,176	--	--	--	188,400	685,235	727,403	1,672,214
Culture and recreation	--	731,258	2,739,462	814,778	--	--	--	4,285,498
Total capital outlay	2,348,643	731,258	2,739,462	814,778	188,400	685,235	727,403	8,235,179
Total expenditures	2,766,183	2,143,457	2,822,463	1,044,339	188,400	697,536	1,085,957	10,748,335
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,902,144)	574,836	(2,715,976)	1,084,852	9,310	48,060	961,456	(1,939,606)
OTHER FINANCING SOURCES (USES)								
Land sales	1,507,242	--	--	--	--	--	--	1,507,242
Transfers in	--	282,000	--	772,648	--	--	32,905	1,087,553
Transfers out	(1,291,930)	(1,287,969)	(86,436)	--	--	--	(276,851)	(2,943,186)
Total other financing sources (uses)	215,312	(1,005,969)	(86,436)	772,648	--	--	(243,946)	(348,391)
NET CHANGE IN FUND BALANCES	(1,686,832)	(431,133)	(2,802,412)	1,857,500	9,310	48,060	717,510	(2,287,997)
FUND BALANCES, BEGINNING OF YEAR	9,118,485	2,034,377	3,549,026	6,087,232	110,425	490,695	3,180,392	24,570,632
FUND BALANCES, END OF YEAR	\$ 7,431,653	\$ 1,603,244	\$ 746,614	\$ 7,944,732	\$ 119,735	\$ 538,755	\$ 3,897,902	\$ 22,282,635

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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Property taxes	\$ 32,897,616	\$ 33,460,864	\$ 563,248
Franchise fees	26,018,011	26,926,859	908,848
Licenses and permits	7,596,263	7,576,403	(19,860)
Intergovernmental	109,558,610	107,351,170	(2,207,440)
Charges for services	13,226,134	13,772,237	546,103
Fines and forfeits	3,301,951	3,340,353	38,402
Miscellaneous interest	542,500	738,637	196,137
Miscellaneous	878,411	635,667	(242,744)
Total revenues	<u>194,019,496</u>	<u>193,802,190</u>	<u>(217,306)</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Mayor and Council:			
Salaries and wages	361,503	333,354	28,149
Employee benefits	232,868	211,376	21,492
Services and supplies	190,443	190,581	(138)
Total Mayor and Council	<u>784,814</u>	<u>735,311</u>	<u>49,503</u>
City Manager:			
Salaries and wages	1,351,843	1,108,927	242,916
Employee benefits	526,355	413,369	112,986
Services and supplies	1,502,074	468,627	1,033,447
Total City Manager	<u>3,380,272</u>	<u>1,990,923</u>	<u>1,389,349</u>
Finance:			
Salaries and wages	2,915,533	2,715,438	200,095
Employee benefits	1,177,241	1,035,352	141,889
Services and supplies	1,048,922	591,443	457,479
Capital outlay	26,700	--	26,700
Total Finance	<u>5,168,396</u>	<u>4,342,233</u>	<u>826,163</u>
Budget and Strategic Management:			
Salaries and wages	545,473	481,051	64,422
Employee benefits	209,411	201,841	7,570
Services and supplies	91,702	47,369	44,333
Capital outlay	20,161	3,595	16,566
Total Budget and Strategic Management	<u>866,747</u>	<u>733,856</u>	<u>132,891</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, 2006

	Final Budget	Actual Amounts	Variance
GENERAL GOVERNMENT (continued)			
Information Technology:			
Salaries and wages	\$ 4,248,533	\$ 4,048,953	\$ 199,580
Employee benefits	1,588,007	1,508,179	79,828
Services and supplies	5,544,287	3,748,010	1,796,277
Capital outlay	823,603	169,496	654,107
Total Information Technology	<u>12,204,430</u>	<u>9,474,638</u>	<u>2,729,792</u>
City Clerk:			
Salaries and wages	1,026,853	985,191	41,662
Employee benefits	406,379	371,445	34,934
Services and supplies	685,123	327,135	357,988
Capital outlay	102,706	--	102,706
Total City Clerk	<u>2,221,061</u>	<u>1,683,771</u>	<u>537,290</u>
Human Resources:			
Salaries and wages	1,559,315	1,339,034	220,281
Employee benefits	665,373	525,478	139,895
Services and supplies	668,478	613,489	54,989
Total Human Resources	<u>2,893,166</u>	<u>2,478,001</u>	<u>415,165</u>
City Attorney:			
Salaries and wages	1,564,306	1,359,884	204,422
Employee benefits	701,078	585,052	116,026
Services and supplies	2,270,196	1,946,846	323,350
Capital outlay	107,108	82,364	24,744
Total City Attorney	<u>4,642,688</u>	<u>3,974,146</u>	<u>668,542</u>
Community Development:			
Salaries and wages	2,077,293	2,053,501	23,792
Employee benefits	785,938	792,387	(6,449)
Services and supplies	1,290,980	527,503	763,477
Capital outlay	5,688	5,687	1
Total Community Development	<u>4,159,899</u>	<u>3,379,078</u>	<u>780,821</u>
Building Maintenance:			
Salaries and wages	1,501,191	1,466,466	34,725
Employee benefits	603,745	560,186	43,559
Services and supplies	4,233,743	3,480,280	753,463
Capital outlay	114,815	--	114,815
Total Building Maintenance	<u>6,453,494</u>	<u>5,506,932</u>	<u>946,562</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, 2006

	Final Budget	Actual Amounts	Variance
GENERAL GOVERNMENT (continued)			
Miscellaneous:			
Salaries and wages	\$ 2,565,000	\$ 1,639,824	\$ 925,176
Employee benefits	444,770	305,049	139,721
Services and supplies	2,544,058	2,082,419	461,639
Capital outlay	131,450	31,450	100,000
Total Miscellaneous	<u>5,685,278</u>	<u>4,058,742</u>	<u>1,626,536</u>
Property Management:			
Salaries and wages	1,189,001	1,062,803	126,198
Employee benefits	416,359	381,957	34,402
Services and supplies	253,933	219,475	34,458
Total Property Management	<u>1,859,293</u>	<u>1,664,235</u>	<u>195,058</u>
Total General Government	<u>50,319,538</u>	<u>40,021,866</u>	<u>10,297,672</u>
JUDICIAL			
Municipal Court:			
Salaries and wages	3,105,575	3,037,723	67,852
Employee benefits	1,307,086	1,236,097	70,989
Services and supplies	404,154	399,077	5,077
Total Municipal Court	<u>4,816,815</u>	<u>4,672,897</u>	<u>143,918</u>
City Attorney-Criminal:			
Salaries and wages	1,438,437	1,412,553	25,884
Employee benefits	713,502	596,417	117,085
Services and supplies	130,175	122,058	8,117
Total City Attorney-Criminal	<u>2,282,114</u>	<u>2,131,028</u>	<u>151,086</u>
City Attorney-Court Programs:			
Salaries and wages	623,171	628,557	(5,386)
Employee benefits	251,339	236,975	14,364
Services and supplies	107,650	62,666	44,984
Capital outlay	76,827	42,860	33,967
Total City Attorney-Court Programs	<u>1,058,987</u>	<u>971,058</u>	<u>87,929</u>
Total Judicial	<u>8,157,916</u>	<u>7,774,983</u>	<u>382,933</u>
PUBLIC SAFETY			
Fire:			
Salaries and wages	20,858,287	19,869,447	988,840
Employee benefits	8,377,026	8,106,007	271,019
Services and supplies	2,746,449	2,712,637	33,812
Capital outlay	334,994	27,185	307,809
Total Fire	<u>32,316,756</u>	<u>30,715,276</u>	<u>1,601,480</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, 2006

	Final Budget	Actual Amounts	Variance
PUBLIC SAFETY (continued)			
Police:			
Salaries and wages	\$ 34,962,216	\$ 34,390,938	\$ 571,278
Employee benefits	15,446,144	14,992,558	453,586
Services and supplies	7,842,468	7,260,570	581,898
Capital outlay	845,414	599,767	245,647
Total Police	<u>59,096,242</u>	<u>57,243,833</u>	<u>1,852,409</u>
Building Inspection:			
Salaries and wages	855,364	808,140	47,224
Employee benefits	318,349	309,276	9,073
Services and supplies	194,404	116,251	78,153
Total Building Inspection	<u>1,368,117</u>	<u>1,233,667</u>	<u>134,450</u>
Total Public Safety	<u>92,781,115</u>	<u>89,192,776</u>	<u>3,588,339</u>
PUBLIC WORKS			
Streets:			
Salaries and wages	874,224	841,908	32,316
Employee benefits	343,870	303,741	40,129
Services and supplies	732,507	723,409	9,098
Capital outlay	43,186	--	43,186
Total Streets	<u>1,993,787</u>	<u>1,869,058</u>	<u>124,729</u>
Street Lighting:			
Salaries and wages	991,554	972,853	18,701
Employee benefits	358,810	332,038	26,772
Services and supplies	3,260,518	2,754,365	506,153
Capital outlay	26,677	13,521	13,156
Total Street Lighting	<u>4,637,559</u>	<u>4,072,777</u>	<u>564,782</u>
Flood Control:			
Salaries and wages	634,315	619,649	14,666
Employee benefits	232,221	221,483	10,738
Services and supplies	970,403	816,453	153,950
Capital outlay	400,123	20,048	380,075
Total Flood Control	<u>2,237,062</u>	<u>1,677,633</u>	<u>559,429</u>
Public Works General Services:			
Salaries and wages	274,411	276,090	(1,679)
Employee benefits	113,593	110,560	3,033
Services and supplies	600,522	72,420	528,102
Capital outlay	114,710	126,646	(11,936)
Total Public Works General Services	<u>1,103,236</u>	<u>585,716</u>	<u>517,520</u>
Total Public Works	<u>9,971,644</u>	<u>8,205,184</u>	<u>1,766,460</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, 2006

	Final Budget	Actual Amounts	Variance
CULTURE AND RECREATION			
Parks:			
Salaries and wages	\$ 5,813,401	\$ 5,558,011	\$ 255,390
Employee benefits	2,201,345	2,079,116	122,229
Services and supplies	4,071,836	3,467,426	604,410
Capital outlay	322,667	108,951	213,716
Total Parks	<u>12,409,249</u>	<u>11,213,504</u>	<u>1,195,745</u>
Recreation:			
Salaries and wages	10,301,654	10,227,642	74,012
Employee benefits	2,900,262	2,626,234	274,028
Services and supplies	5,462,954	5,227,838	235,116
Total Recreation	<u>18,664,870</u>	<u>18,081,714</u>	<u>583,156</u>
Total Culture and Recreation	<u>31,074,119</u>	<u>29,295,218</u>	<u>1,778,901</u>
COMMUNITY SUPPORT			
Economic Development:			
Salaries and wages	339,475	302,809	36,666
Employee benefits	114,997	114,682	315
Services and supplies	254,270	159,256	95,014
Total Economic Development	<u>708,742</u>	<u>576,747</u>	<u>131,995</u>
Neighborhood Services:			
Salaries and wages	581,308	543,714	37,594
Employee benefits	233,601	224,241	9,360
Services and supplies	275,554	103,658	171,896
Total Neighborhood Services	<u>1,090,463</u>	<u>871,613</u>	<u>218,850</u>
Total Community Support	<u>1,799,205</u>	<u>1,448,360</u>	<u>350,845</u>
Total Expenditures	<u>194,103,537</u>	<u>175,938,387</u>	<u>18,165,150</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(84,041)</u>	<u>17,863,803</u>	<u>17,947,844</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	--	2,050	2,050
Transfers in	11,212,715	11,019,647	(193,068)
Transfers out	(20,260,110)	(25,747,610)	(5,487,500)
Total other financing sources (uses)	<u>(9,047,395)</u>	<u>(14,725,913)</u>	<u>(5,678,518)</u>
NET CHANGE IN FUND BALANCES	<u>(9,131,436)</u>	<u>3,137,890</u>	<u>12,269,326</u>
FUND BALANCES, BEGINNING OF YEAR	<u>28,376,799</u>	<u>28,376,799</u>	<u>--</u>
FUND BALANCES, END OF YEAR	<u>\$ 19,245,363</u>	<u>\$ 31,514,689</u>	<u>\$ 12,269,326</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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Property taxes	\$ 2,990,458	\$ 3,667,746	\$ 677,288
Intergovernmental	1,252,250	1,225,292	(26,958)
Miscellaneous interest	410,700	302,952	(107,748)
Miscellaneous	54,275	52,329	(1,946)
Total revenues	4,707,683	5,248,319	540,636
EXPENDITURES			
General government:			
Salaries and wages	562,157	565,606	(3,449)
Employee benefits	223,770	216,599	7,171
Services and supplies	5,123,699	7,238,036	(2,114,337)
Capital outlay	3,703,534	180,497	3,523,037
Total general government	9,613,160	8,200,738	1,412,422
Debt Service:			
Principal	23,377	23,377	--
Interest and fiscal charges	966,127	875,928	90,199
Total debt service	989,504	899,305	90,199
Total expenditures	10,602,664	9,100,043	1,502,621
NET CHANGE IN FUND BALANCES	(5,894,981)	(3,851,724)	2,043,257
FUND BALANCE, BEGINNING OF YEAR	17,360,666	17,360,665	(1)
FUND BALANCE, END OF YEAR	\$ 11,465,685	\$ 13,508,941	\$ 2,043,256

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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 3,039,949	\$ 3,276,982	\$ 237,033
Miscellaneous interest	95,000	145,756	50,756
Total revenues	<u>3,134,949</u>	<u>3,422,738</u>	<u>287,789</u>
EXPENDITURES			
Public works:			
Salaries and wages	--	2,958	(2,958)
Employee benefits	--	1,003	(1,003)
Services and supplies	504,533	157,109	347,424
Capital outlay	<u>5,404,798</u>	<u>3,695,223</u>	<u>1,709,575</u>
Total expenditures	<u>5,909,331</u>	<u>3,856,293</u>	<u>2,053,038</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,774,382)	(433,555)	2,340,827
OTHER FINANCING USES			
Transfers out	<u>(95,000)</u>	<u>(49,569)</u>	<u>45,431</u>
NET CHANGE IN FUND BALANCES	(2,869,382)	(483,124)	2,386,258
FUND BALANCE, BEGINNING OF YEAR	<u>4,867,325</u>	<u>4,867,325</u>	--
FUND BALANCE, END OF YEAR	<u>\$ 1,997,943</u>	<u>\$ 4,384,201</u>	<u>\$ 2,386,258</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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Fines and forfeits	\$ 266,000	\$ 190,057	\$ (75,943)
Miscellaneous interest	1,800	4,264	2,464
Total revenues	267,800	194,321	(73,479)
EXPENDITURES			
Public safety:			
Services and supplies	92,129	78,534	13,595
Capital outlay	18,254	18,254	--
Total expenditures	110,383	96,788	13,595
NET CHANGE IN FUND BALANCES	157,417	97,533	(59,884)
FUND BALANCE, BEGINNING OF YEAR	111,078	111,078	--
FUND BALANCE, END OF YEAR	\$ 268,495	\$ 208,611	\$ (59,884)

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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Fines and forfeits	\$ 335,753	\$ 352,153	\$ 16,400
EXPENDITURES			
Judicial:			
Salaries and wages	--	761	(761)
Employee benefits	--	388	(388)
Services and supplies	640,136	235,471	404,665
Capital outlay	38,463	38,462	1
Total expenditures	678,599	275,082	403,517
NET CHANGE IN FUND BALANCES	(342,846)	77,071	419,917
FUND BALANCE, BEGINNING OF YEAR	492,542	492,542	--
FUND BALANCE, END OF YEAR	\$ 149,696	\$ 569,613	\$ 419,917

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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	<u>\$ 155,000</u>	<u>\$ 282,776</u>	<u>\$ 127,776</u>
OTHER FINANCING SOURCES			
Transfers in	<u>750,000</u>	<u>750,000</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	905,000	1,032,776	127,776
FUND BALANCE, BEGINNING OF YEAR	<u>8,967,689</u>	<u>8,967,689</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 9,872,689</u></u>	<u><u>\$ 10,000,465</u></u>	<u><u>\$ 127,776</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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Charges for services	\$ 255,585	\$ 255,585	\$ --
Intergovernmental	--	225,358	225,358
Developer contributions	673,234	1,131,804	458,570
Miscellaneous interest	104,700	136,240	31,540
Miscellaneous	222,131	384	(221,747)
Total revenues	<u>1,255,650</u>	<u>1,749,371</u>	<u>493,721</u>
EXPENDITURES			
General government:			
Salaries and wages	65,284	21,090	44,194
Employee benefits	28,065	5,624	22,441
Services and supplies	600,229	444,682	155,547
Capital outlay	554,426	356,207	198,219
Total general government	<u>1,248,004</u>	<u>827,603</u>	<u>420,401</u>
Judicial:			
Services and supplies	166,159	--	166,159
Capital outlay	6,900	2,555	4,345
Total judicial	<u>173,059</u>	<u>2,555</u>	<u>170,504</u>
Public works:			
Services and supplies	1,879,527	791,211	1,088,316
Capital outlay	1,885,592	317,802	1,567,790
Total public works	<u>3,765,119</u>	<u>1,109,013</u>	<u>2,656,106</u>
Culture and recreation:			
Salaries and wages	--	261	(261)
Employee benefits	--	1,112	(1,112)
Services and supplies	356,650	163,837	192,813
Capital outlay	1,348,314	--	1,348,314
Total culture and recreation	<u>1,704,964</u>	<u>165,210</u>	<u>1,539,754</u>
Total expenditures	<u>6,891,146</u>	<u>2,104,381</u>	<u>4,786,765</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(5,635,496)</u>	<u>(355,010)</u>	<u>5,280,486</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,937,500	5,925,000	3,987,500
Transfers out	(472,096)	(382,388)	89,708
Total other financing sources (uses)	<u>1,465,404</u>	<u>5,542,612</u>	<u>4,077,208</u>
NET CHANGES IN FUND BALANCES	(4,170,092)	5,187,602	9,357,694
FUND BALANCE, BEGINNING OF YEAR	<u>5,089,079</u>	<u>5,089,079</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 918,987</u>	<u>\$ 10,276,681</u>	<u>\$ 9,357,694</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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Intergovernmental	\$ 13,798,123	\$ 10,301,410	\$ (3,496,713)
Miscellaneous	111,343	276,192	164,849
Total revenues	<u>13,909,466</u>	<u>10,577,602</u>	<u>(3,331,864)</u>
EXPENDITURES			
General government:			
Services and supplies	12,784	12,564	220
Total general government	<u>12,784</u>	<u>12,564</u>	<u>220</u>
Public safety:			
Salaries and wages	245,967	219,546	26,421
Employee benefits	106,808	69,094	37,714
Services and supplies	405,371	271,233	134,138
Capital outlay	1,692,776	1,357,535	335,241
Total public safety	<u>2,450,922</u>	<u>1,917,408</u>	<u>533,514</u>
Public works:			
Services and supplies	6,881	12,239	(5,358)
Total public works	<u>6,881</u>	<u>12,239</u>	<u>(5,358)</u>
Culture and recreation:			
Salaries and wages	607,311	362,982	244,329
Employee benefits	256,213	102,998	153,215
Services and supplies	1,634,563	1,162,934	471,629
Capital outlay	2,564,050	2,036,217	527,833
Total culture and recreation	<u>5,062,137</u>	<u>3,665,131</u>	<u>1,397,006</u>
Community support:			
Salaries and wages	690,305	420,354	269,951
Employee benefits	189,265	164,252	25,013
Services and supplies	3,196,067	2,303,928	892,139
Capital outlay	753,150	285,161	467,989
Total community support	<u>4,828,787</u>	<u>3,173,695</u>	<u>1,655,092</u>
Total expenditures	<u>12,361,511</u>	<u>8,781,037</u>	<u>3,580,474</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,547,955	1,796,565	248,610
OTHER FINANCING USES			
Transfers out	(500,000)	(500,000)	--
NET CHANGES IN FUND BALANCES	1,047,955	1,296,565	248,610
FUND BALANCE, BEGINNING OF YEAR	452,045	452,045	--
FUND BALANCE, END OF YEAR	<u>\$ 1,500,000</u>	<u>\$ 1,748,610</u>	<u>\$ 248,610</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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Developer contributions	\$ 55,000	\$ 43,493	\$ (11,507)
Miscellaneous interest	60,000	113,448	53,448
Total revenues	<u>115,000</u>	<u>156,941</u>	<u>41,941</u>
OTHER FINANCING SOURCES			
Transfers in	<u>361,919</u>	<u>361,919</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	476,919	518,860	41,941
FUND BALANCE, BEGINNING OF YEAR	<u>3,529,098</u>	<u>3,529,098</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,006,017</u>	<u>\$ 4,047,958</u>	<u>\$ 41,941</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget (GAAP Basis) and Actual
 Sales and Use Tax Special Revenue Fund
 For the Year Ended June 30, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Miscellaneous interest	\$ 15,000	\$ --	\$ (15,000)
Fines and forfeitures	8,400,000	--	(8,400,000)
Intergovernmental revenues	--	8,882,586	8,882,586
Total revenues	<u>8,415,000</u>	<u>8,882,586</u>	<u>467,586</u>
EXPENDITURES			
Public safety:			
Salaries and wages	2,371,105	1,783,944	587,161
Employee benefits	1,508,537	926,602	581,935
Services and supplies	1,232,063	879,461	352,602
Capital outlay	1,950,000	828,421	1,121,579
Total expenditures	<u>7,061,705</u>	<u>4,418,428</u>	<u>2,643,277</u>
NET CHANGES IN FUND BALANCES	1,353,295	4,464,158	3,110,863
FUND BALANCE, BEGINNING OF YEAR	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,353,295</u>	<u>\$ 4,464,158</u>	<u>\$ 3,110,863</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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 19,221,192	\$ 19,501,400	\$ 280,208
Miscellaneous interest	165,000	332,194	167,194
Total revenues	<u>19,386,192</u>	<u>19,833,594</u>	<u>447,402</u>
EXPENDITURES			
Debt Service:			
Principal retirement	13,330,000	13,330,000	--
Interest and fiscal charges	6,823,912	6,796,218	27,694
Administrative and other costs	714,090	79,603	634,487
Total expenditures	<u>20,868,002</u>	<u>20,205,821</u>	<u>662,181</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,481,810)</u>	<u>(372,227)</u>	<u>1,109,583</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	13,042,744	12,900,199	(142,545)
Transfers out	(10,344,716)	(10,476,641)	(131,925)
Refunding bonds issued	3,885,000	3,885,000	--
Premium on bonds issued	--	78,429	78,429
Payment to debt refunding escrow	(2,443,559)	(2,509,555)	(65,996)
Total other financing sources (uses)	<u>4,139,469</u>	<u>3,877,432</u>	<u>(262,037)</u>
NET CHANGE IN FUND BALANCES	2,657,659	3,505,205	847,546
FUND BALANCE, BEGINNING OF YEAR	<u>846,962</u>	<u>846,962</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,504,621</u>	<u>\$ 4,352,167</u>	<u>\$ 847,546</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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Special assessments	\$ 223,496	\$ 119,197	\$ (104,299)
Miscellaneous interest	83,679	107,418	23,739
Miscellaneous	12,278	1,327	(10,951)
Total revenues	<u>319,453</u>	<u>227,942</u>	<u>(91,511)</u>
EXPENDITURES			
Debt Service:			
Principal retirement	630,000	630,000	--
Interest and fiscal charges	109,250	93,575	15,675
Administrative and other costs	24,000	6,032	17,968
Total expenditures	<u>763,250</u>	<u>729,607</u>	<u>33,643</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(443,797)	(501,665)	(57,868)
OTHER FINANCING USES			
Transfers out	<u>(27,426)</u>	<u>(27,426)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(471,223)	(529,091)	(57,868)
FUND BALANCE, BEGINNING OF YEAR	<u>1,377,899</u>	<u>1,377,899</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 906,676</u>	<u>\$ 848,808</u>	<u>\$ (57,868)</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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Developer/property owner contributions	\$ 20,133,844	\$ 102,783,093	\$ 82,649,249
Miscellaneous interest	3,516,900	5,293,788	1,776,888
Total revenues	<u>23,650,744</u>	<u>108,076,881</u>	<u>84,426,137</u>
EXPENDITURES			
Public works:			
Services and supplies	445,531	11,992	433,539
Capital outlay	<u>45,771,027</u>	<u>35,766,085</u>	<u>10,004,942</u>
Total expenditures	<u>46,216,558</u>	<u>35,778,077</u>	<u>10,438,481</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(22,565,814)</u>	<u>72,298,804</u>	<u>94,864,618</u>
OTHER FINANCING SOURCES			
Transfers in	<u>27,426</u>	<u>27,426</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(22,538,388)	72,326,230	94,864,618
FUND BALANCE, BEGINNING OF YEAR	<u>87,039,953</u>	<u>87,039,953</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 64,501,565</u>	<u>\$ 159,366,183</u>	<u>\$ 94,864,618</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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Property taxes	\$ 8,573,928	\$ 9,360,820	\$ 786,892
Developer contributions	12,500,000	--	(12,500,000)
Intergovernmental	--	102,074	102,074
Miscellaneous interest	700,000	2,156,946	1,456,946
Miscellaneous	--	3,720	3,720
Total revenues	<u>21,773,928</u>	<u>11,623,560</u>	<u>(10,150,368)</u>
EXPENDITURES			
General government:			
Salaries and wages	--	114	(114)
Employee benefits	--	42	(42)
Services and supplies	3,498,159	708,686	2,789,473
Capital outlay	6,503,244	962,420	5,540,824
Total general government	<u>10,001,403</u>	<u>1,671,262</u>	<u>8,330,141</u>
Public works:			
Salaries and wages	962	2,588	(1,626)
Employee benefits	282	851	(569)
Services and supplies	9,834,479	1,437,832	8,396,647
Capital outlay	64,268,615	9,730,699	54,537,916
Total public works	<u>74,104,338</u>	<u>11,171,970</u>	<u>62,932,368</u>
Total expenditures	<u>84,105,741</u>	<u>12,843,232</u>	<u>71,262,509</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(62,331,813)</u>	<u>(1,219,672)</u>	<u>61,112,141</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	57,100,000	56,000,000	(1,100,000)
Premium on bonds issued	--	1,143,488	1,143,488
Transfers in	15,151,500	16,875,942	1,724,442
Transfers out	(10,143,674)	(10,143,674)	--
Total other financing sources (uses)	<u>62,107,826</u>	<u>63,875,756</u>	<u>1,767,930</u>
NET CHANGE IN FUND BALANCES	(223,987)	62,656,084	62,880,071
FUND BALANCE, BEGINNING OF YEAR	<u>26,973,547</u>	<u>26,973,547</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 26,749,560</u>	<u>\$ 89,629,631</u>	<u>\$ 62,880,071</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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	\$ 158,000	\$ 277,874	\$ 119,874
Miscellaneous	486,460	586,165	99,705
Total revenues	<u>644,460</u>	<u>864,039</u>	<u>219,579</u>
EXPENDITURES			
General government:			
Salaries and wages	30,000	11,452	18,548
Employee benefits	10,375	3,413	6,962
Services and supplies	1,295,809	399,361	896,448
Capital outlay	4,059,136	2,277,467	1,781,669
Total general government	<u>5,395,320</u>	<u>2,691,693</u>	<u>2,703,627</u>
Public works:			
Services and supplies	10,000	3,314	6,686
Capital outlay	80,000	71,176	8,824
Total public works	<u>90,000</u>	<u>74,490</u>	<u>15,510</u>
Total expenditures	5,485,320	2,766,183	2,719,137
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(4,840,860)</u>	<u>(1,902,144)</u>	<u>2,938,716</u>
OTHER FINANCING SOURCES (USES)			
Land sales	3,000,000	1,507,242	(1,492,758)
Transfers out	(1,164,215)	(1,291,930)	(127,715)
Total other financing sources (uses)	<u>1,835,785</u>	<u>215,312</u>	<u>(1,620,473)</u>
NET CHANGE IN FUND BALANCES	(3,005,075)	(1,686,832)	1,318,243
FUND BALANCE, BEGINNING OF YEAR	<u>9,118,485</u>	<u>9,118,485</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,113,410</u>	<u>\$ 7,431,653</u>	<u>\$ 1,318,243</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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,041,605	\$ 2,589,249	\$ 547,644
Charges for services	--	73,817	73,817
Miscellaneous interest	25,000	55,227	30,227
Miscellaneous	<u>125,000</u>	<u>--</u>	<u>(125,000)</u>
Total revenues	<u>2,191,605</u>	<u>2,718,293</u>	<u>526,688</u>
EXPENDITURES			
Culture and recreation:			
Salaries and wages	53,423	70,413	(16,990)
Employee benefits	18,329	22,802	(4,473)
Services and supplies	1,611,558	1,318,984	292,574
Capital outlay	<u>1,470,405</u>	<u>731,258</u>	<u>739,147</u>
Total expenditures	<u>3,153,715</u>	<u>2,143,457</u>	<u>1,010,258</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(962,110)</u>	<u>574,836</u>	<u>1,536,946</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	282,000	282,000	--
Transfers out	<u>(1,255,555)</u>	<u>(1,287,969)</u>	<u>(32,414)</u>
Total other financing sources (uses)	<u>(973,555)</u>	<u>(1,005,969)</u>	<u>(32,414)</u>
NET CHANGE IN FUND BALANCES	(1,935,665)	(431,133)	1,504,532
FUND BALANCE, BEGINNING OF YEAR	<u>2,034,377</u>	<u>2,034,377</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 98,712</u>	<u>\$ 1,603,244</u>	<u>\$ 1,504,532</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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Miscellaneous interest	\$ 58,800	\$ 106,487	\$ 47,687
Total revenues	<u>58,800</u>	<u>106,487</u>	<u>47,687</u>
EXPENDITURES			
General government:			
Services and supplies	1,150	1,150	--
Total general government	<u>1,150</u>	<u>1,150</u>	<u>--</u>
Culture and recreation:			
Salaries and wages	--	16,572	(16,572)
Employee benefits	--	5,075	(5,075)
Services and supplies	108,413	60,204	48,209
Capital outlay	3,400,823	2,739,462	661,361
Total culture and recreation	<u>3,509,236</u>	<u>2,821,313</u>	<u>687,923</u>
Total expenditures	<u>3,510,386</u>	<u>2,822,463</u>	<u>687,923</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,451,586)	(2,715,976)	735,610
OTHER FINANCING USES			
Transfers out	<u>(58,800)</u>	<u>(86,436)</u>	<u>(27,636)</u>
NET CHANGE IN FUND BALANCES	(3,510,386)	(2,802,412)	707,974
FUND BALANCE, BEGINNING OF YEAR	<u>3,549,026</u>	<u>3,549,026</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 38,640</u>	<u>\$ 746,614</u>	<u>\$ 707,974</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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Developer contributions	\$ --	\$ 250,000	\$ 250,000
Impact fees	1,373,000	1,682,336	309,336
Miscellaneous interest	133,000	196,855	63,855
Total revenues	<u>1,506,000</u>	<u>2,129,191</u>	<u>623,191</u>
EXPENDITURES			
Culture and recreation:			
Salaries and wages	--	14,337	(14,337)
Employee benefits	--	4,519	(4,519)
Services and supplies	593,971	210,705	383,266
Capital outlay	1,608,068	814,778	793,290
Total expenditures	<u>2,202,039</u>	<u>1,044,339</u>	<u>1,157,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(696,039)	1,084,852	1,780,891
OTHER FINANCING SOURCES			
Transfers in	<u>772,648</u>	<u>772,648</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	76,609	1,857,500	1,780,891
FUND BALANCE, BEGINNING OF YEAR	<u>6,087,232</u>	<u>6,087,232</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,163,841</u>	<u>\$ 7,944,732</u>	<u>\$ 1,780,891</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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	\$ 1,000	\$ 9,310	\$ 8,310
Intergovernmental	188,400	188,400	--
Total revenues	<u>189,400</u>	<u>197,710</u>	<u>8,310</u>
EXPENDITURES			
Public works:			
Capital outlay	188,400	188,400	--
Total expenditures	<u>188,400</u>	<u>188,400</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	1,000	9,310	8,310
FUND BALANCE, BEGINNING OF YEAR	<u>110,425</u>	<u>110,425</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 111,425</u></u>	<u><u>\$ 119,735</u></u>	<u><u>\$ 8,310</u></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, 2006

	Final Budget	Actual Amounts	Variance
REVENUES			
Intergovernmental	\$ 2,128,853	\$ 730,397	\$ (1,398,456)
Developer contributions	11,072	15,199	4,127
Total revenues	2,139,925	745,596	(1,394,329)
EXPENDITURES			
Public works:			
Services and supplies	97,949	12,301	85,648
Capital outlay	2,172,481	685,235	1,487,246
Total expenditures	2,270,430	697,536	1,572,894
NET CHANGE IN FUND BALANCES	(130,505)	48,060	178,565
FUND BALANCE, BEGINNING OF YEAR	490,695	490,695	--
FUND BALANCE, END OF YEAR	\$ 360,190	\$ 538,755	\$ 178,565

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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Property taxes - transportation	\$ 2,038,820	\$ 1,984,284	\$ (54,536)
Miscellaneous interest	45,000	63,129	18,129
Total revenues	<u>2,083,820</u>	<u>2,047,413</u>	<u>(36,407)</u>
EXPENDITURES			
Public works:			
Salaries and wages	--	284	(284)
Employee benefits	--	66	(66)
Services and supplies	512,957	358,204	154,753
Capital outlay	1,642,497	727,403	915,094
Total expenditures	<u>2,155,454</u>	<u>1,085,957</u>	<u>1,069,497</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(71,634)</u>	<u>961,456</u>	<u>1,033,090</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	32,905	32,905	--
Transfers out	<u>(336,702)</u>	<u>(276,851)</u>	<u>59,851</u>
Total other financing sources (uses)	<u>(303,797)</u>	<u>(243,946)</u>	<u>59,851</u>
NET CHANGE IN FUND BALANCES	(375,431)	717,510	1,092,941
FUND BALANCE, BEGINNING OF YEAR	<u>3,180,392</u>	<u>3,180,392</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,804,961</u>	<u>\$ 3,897,902</u>	<u>\$ 1,092,941</u>

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.

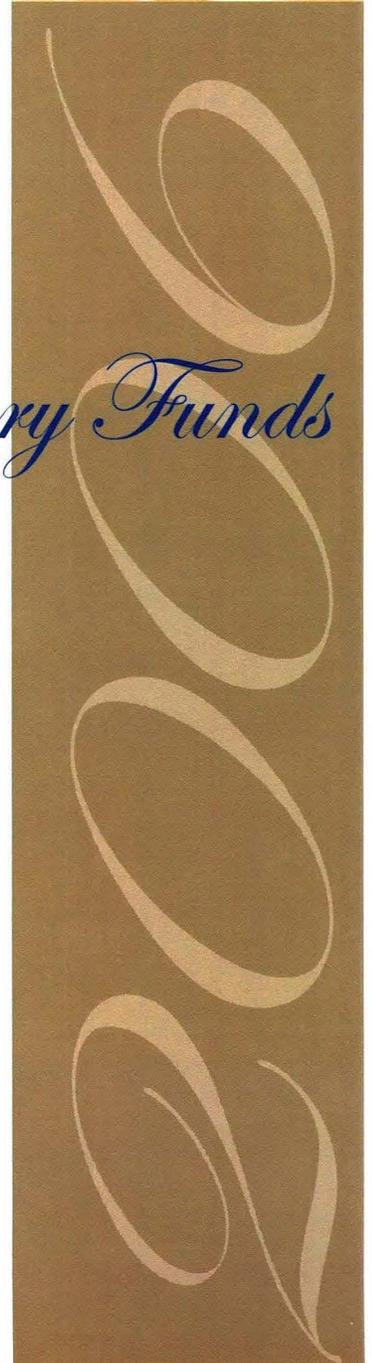
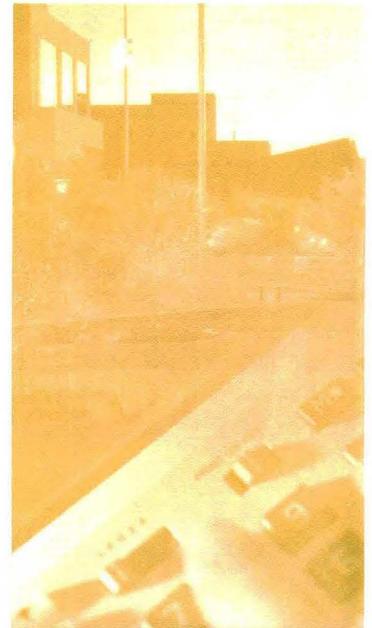
Citywide Services - to account for the costs of common services such as telephone, copy and print services, and certain information technology services provided by one department to other departments and funds on a cost reimbursement basis.

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.

Proprietary Funds



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CITY OF HENDERSON, NEVADA

Combining Statement of Net Assets
Internal Service Funds
June 30, 2006

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	\$ 3,363,819	\$ 20,946,754	\$ 702,442	\$ 6,817,884	\$ 9,273,928	\$ 6,380,903	\$ 514,037	\$ 47,999,767
Receivables:								
Accounts receivable	37	--	--	--	--	1,052	--	1,089
Accrued interest	28,881	194,586	21,632	60,353	82,282	62,152	4,348	454,234
Due from other governments	143,527	--	--	--	--	--	--	143,527
Inventories - bulk fuel	--	15,336	--	--	--	--	--	15,336
Total current assets	<u>3,536,264</u>	<u>21,156,676</u>	<u>724,074</u>	<u>6,878,237</u>	<u>9,356,210</u>	<u>6,444,107</u>	<u>518,385</u>	<u>48,613,953</u>
NONCURRENT ASSETS:								
Capital assets:								
Buildings	48,398	704,979	--	--	--	--	--	753,377
Improvements other than buildings	--	368,472	--	--	--	--	--	368,472
Machinery and equipment	120,393	36,196,372	--	--	--	--	1,507,542	37,824,307
Construction in progress	--	104,902	--	--	--	--	--	104,902
Total capital assets	<u>168,791</u>	<u>37,374,725</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,507,542</u>	<u>39,051,058</u>
Less accumulated depreciation	<u>(129,315)</u>	<u>(20,277,346)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(292,831)</u>	<u>(20,699,492)</u>
Net capital assets	39,476	17,097,379	--	--	--	--	1,214,711	18,351,566
Other assets:								
Deposits	--	--	--	--	--	5,760	--	5,760
Advances to other funds	--	--	3,167,405	--	--	--	--	3,167,405
Total noncurrent assets	<u>39,476</u>	<u>17,097,379</u>	<u>3,167,405</u>	<u>--</u>	<u>--</u>	<u>5,760</u>	<u>1,214,711</u>	<u>21,524,731</u>
Total assets	<u>3,575,740</u>	<u>38,254,055</u>	<u>3,891,479</u>	<u>6,878,237</u>	<u>9,356,210</u>	<u>6,449,867</u>	<u>1,733,096</u>	<u>70,138,684</u>

continued

CITY OF HENDERSON, NEVADA

Combining Statement of Net Assets (continued)
Internal Service Funds
June 30, 2006

LIABILITIES

	<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 LIABILITIES:								
Accounts payable and accrued wages	193,271	226,508	--	18,787	41,067	50,907	107,178	637,718
Due to other funds	--	--	--	--	--	--	1,055,000	1,055,000
Compensated absences payable	1,076,156	362,636	--	23,372	49,794	25,656	13,515	1,551,129
Claims and judgments payable	--	--	--	1,369,921	4,663,739	860,948	--	6,894,608
Capital lease obligation, current	3,495	--	--	--	--	--	--	3,495
Total current liabilities	<u>1,272,922</u>	<u>589,144</u>	<u>--</u>	<u>1,412,080</u>	<u>4,754,600</u>	<u>937,511</u>	<u>1,175,693</u>	<u>10,141,950</u>
NONCURRENT LIABILITIES:								
Capital lease obligations (net of current portion)	<u>309</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>309</u>
Total noncurrent liabilities	<u>309</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>309</u>
Total liabilities	<u>1,273,231</u>	<u>589,144</u>	<u>--</u>	<u>1,412,080</u>	<u>4,754,600</u>	<u>937,511</u>	<u>1,175,693</u>	<u>10,142,259</u>

NET ASSETS

Invested in capital, net of related debt	35,672	17,097,379	--	--	--	--	1,214,711	18,347,762
Restricted for claims	--	--	--	5,466,157	4,601,610	5,512,356	--	15,580,123
Unrestricted	<u>2,266,837</u>	<u>20,567,532</u>	<u>3,891,479</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(657,308)</u>	<u>26,068,540</u>
Total net assets	<u>\$ 2,302,509</u>	<u>\$ 37,664,911</u>	<u>\$ 3,891,479</u>	<u>\$ 5,466,157</u>	<u>\$ 4,601,610</u>	<u>\$ 5,512,356</u>	<u>\$ 557,403</u>	<u>\$ 59,996,425</u>

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenses and Changes in Net Assets Internal Service Funds For the Year Ended June 30, 2006

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total
OPERATING REVENUES								
Charges for services	\$ 3,102,669	\$ 9,020,449	\$ 2,695	\$ 2,693,360	\$ 4,986,041	\$ 9,060,606	\$ 1,057,226	\$ 29,923,046
OPERATING EXPENSES								
Salaries and wages	3,810,523	1,324,261	--	260,769	178,088	98,245	167,686	5,839,572
Employee benefits	1,333,767	384,039	--	93,383	66,637	22,540	56,127	1,956,493
Services and supplies	1,885,344	3,255,205	--	922,861	811,296	1,732,338	500,815	9,107,859
Claims	--	--	--	1,116,027	4,174,985	5,648,035	--	10,939,047
Legal fees	--	--	--	337,737	--	--	--	337,737
Depreciation	26,163	3,342,188	--	--	--	--	146,948	3,515,299
Total operating expenses	7,055,797	8,305,693	--	2,730,777	5,231,006	7,501,158	871,576	31,696,007
OPERATING INCOME (LOSS)	(3,953,128)	714,756	2,695	(37,417)	(244,965)	1,559,448	185,650	(1,772,961)
NONOPERATING REVENUES (EXPENSES)								
Interest revenue	82,958	632,377	96,634	187,293	231,820	183,268	12,418	1,426,768
Interest expense	(928)	--	--	--	(1,111)	--	(106,473)	(108,512)
Miscellaneous	25,570	40,578	--	--	--	--	--	66,148
Gain (loss) on disposition of assets	(15,616)	797,870	--	--	--	--	--	782,254
Total nonoperating revenues (expenses)	91,984	1,470,825	96,634	187,293	230,709	183,268	(94,055)	2,166,658
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(3,861,144)	2,185,581	99,329	149,876	(14,256)	1,742,716	91,595	393,697
CAPITAL CONTRIBUTIONS	--	2,259,584	--	--	--	--	--	2,259,584
TRANSFERS								
Transfers in	4,392,931	--	--	--	--	--	--	4,392,931
Transfers out	--	(13,750)	(84,891)	--	--	--	--	(98,641)
Total transfers in (out)	4,392,931	(13,750)	(84,891)	--	--	--	--	4,294,290
CHANGES IN NET ASSETS	531,787	4,431,415	14,438	149,876	(14,256)	1,742,716	91,595	6,947,571
NET ASSETS, BEGINNING OF YEAR	1,770,722	33,233,496	3,877,041	5,316,281	4,615,866	3,769,640	465,808	53,048,854
NET ASSETS, END OF YEAR	\$ 2,302,509	\$ 37,664,911	\$ 3,891,479	\$ 5,466,157	\$ 4,601,610	\$ 5,512,356	\$ 557,403	\$ 59,996,425

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CITY OF HENDERSON, NEVADA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2006

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from users	\$ 1,060,281	\$ --	\$ --	\$ --	\$ --	\$ 369,396	\$ --	\$ 1,429,677
Cash received from interfund services provided	2,173,844	9,020,449	2,695	2,693,360	4,986,041	8,777,481	1,057,226	28,711,096
Cash from other sources	25,570	40,578	--	--	--	--	--	66,148
Cash payments to suppliers for goods and services	(3,245,328)	(3,737,230)	--	(1,621,728)	(2,191,692)	(7,349,072)	(520,003)	(18,665,053)
Cash payments to employees for services	(3,670,485)	(1,289,536)	--	(247,989)	(176,892)	(91,812)	(164,088)	(5,640,802)
Net cash provided by (used for) operating activities	<u>(3,656,118)</u>	<u>4,034,261</u>	<u>2,695</u>	<u>823,643</u>	<u>2,617,457</u>	<u>1,705,993</u>	<u>373,135</u>	<u>5,901,066</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	4,392,931	--	--	--	--	--	--	4,392,931
Transfers out	--	(13,750)	(84,891)	--	--	--	--	(98,641)
Advances to other funds	--	--	(1,920,685)	--	--	--	--	(1,920,685)
Payments on advances to other funds	--	--	24,731	--	--	--	--	24,731
Net cash provided by (used for) noncapital financing activities	<u>4,392,931</u>	<u>(13,750)</u>	<u>(1,980,845)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,398,336</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	--	(4,408,296)	--	--	--	--	(44,645)	(4,452,941)
Principal payments on bonds and leases	(3,128)	--	--	--	--	--	(1,197,939)	(1,201,067)
Interest paid on bonds and leases	(928)	--	--	--	(1,111)	--	(106,473)	(108,512)
Due to other funds	--	--	--	--	--	--	1,055,000	1,055,000
Proceeds from sale of capital assets	--	829,270	--	--	--	--	--	829,270
Net cash provided by (used for) capital and related financing activities	<u>(4,056)</u>	<u>(3,579,026)</u>	<u>--</u>	<u>--</u>	<u>(1,111)</u>	<u>--</u>	<u>(294,057)</u>	<u>(3,878,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest on investments	68,035	548,368	95,014	158,613	184,992	147,413	10,251	1,212,686
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	800,792	989,853	(1,883,136)	982,256	2,801,338	1,853,406	89,329	5,633,838
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,563,027	19,956,901	2,585,578	5,835,628	6,472,590	4,527,497	424,708	42,365,929
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,363,819</u>	<u>\$ 20,946,754</u>	<u>\$ 702,442</u>	<u>\$ 6,817,884</u>	<u>\$ 9,273,928</u>	<u>\$ 6,380,903</u>	<u>\$ 514,037</u>	<u>\$ 47,999,767</u>

CITY OF HENDERSON, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
June 30, 2006

	<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>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES								
Operating income (loss)	<u>\$ (3,953,128)</u>	<u>\$ 714,756</u>	<u>\$ 2,695</u>	<u>\$ (37,417)</u>	<u>\$ (244,965)</u>	<u>\$ 1,559,448</u>	<u>\$ 185,650</u>	<u>\$ (1,772,961)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities								
Depreciation	26,163	3,342,188	--	--	--	--	146,948	3,515,299
Miscellaneous revenues	25,570	40,578	--	--	--	--	--	66,148
Changes in assets and liabilities:								
(Increases) decrease:								
Accounts receivable	918	--	--	--	--	86,271	--	87,189
Due from other governments	130,538	--	--	--	--	--	--	130,538
Increase (decrease):								
Accounts payable and accrued wages	(4,914)	(95,133)	--	(19,971)	327	49,125	36,893	(33,673)
Compensated absences payable	118,735	31,872	--	8,967	411	6,197	3,644	169,826
Claims and judgments	--	--	--	872,064	2,861,684	4,952	--	3,738,700
Total adjustments	<u>297,010</u>	<u>3,319,505</u>	<u>--</u>	<u>861,060</u>	<u>2,862,422</u>	<u>146,545</u>	<u>187,485</u>	<u>7,674,027</u>
Net cash provided by (used for) operating activities	<u><u>\$ (3,656,118)</u></u>	<u><u>\$ 4,034,261</u></u>	<u><u>\$ 2,695</u></u>	<u><u>\$ 823,643</u></u>	<u><u>\$ 2,617,457</u></u>	<u><u>\$ 1,705,993</u></u>	<u><u>\$ 373,135</u></u>	<u><u>\$ 5,901,066</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES								
Contribution of assets	--	2,259,584	--	--	--	--	--	2,259,584

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, 2006

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 2,900,000	\$ 3,102,669	\$ 202,669
Total operating revenues	2,900,000	3,102,669	202,669
OPERATING EXPENSES			
Salaries and wages	3,995,179	3,810,523	184,656
Employee benefits	1,528,823	1,333,767	195,056
Services and supplies	2,470,866	1,885,344	585,522
Depreciation	47,000	26,163	20,837
Total operating expenses	8,041,868	7,055,797	986,071
OPERATING INCOME (LOSS)	(5,141,868)	(3,953,128)	1,188,740
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	50,000	82,958	32,958
Interest expense	(616)	(928)	(312)
Miscellaneous	--	25,570	25,570
Loss on disposition of assets	--	(15,616)	(15,616)
Total nonoperating revenues (expenses)	49,384	91,984	42,600
INCOME (LOSS) BEFORE TRANSFERS	(5,092,484)	(3,861,144)	1,231,340
TRANSFERS			
Transfers in	4,392,931	4,392,931	--
CHANGES IN NET ASSETS	\$ (699,553)	531,787	\$ 1,231,340
NET ASSETS, BEGINNING OF YEAR		1,770,722	
NET ASSETS, END OF YEAR		\$ 2,302,509	

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, 2006

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 9,020,449	\$ 9,020,449	\$ --
Total operating revenues	<u>9,020,449</u>	<u>9,020,449</u>	<u>--</u>
OPERATING EXPENSES			
Salaries and wages	1,344,618	1,324,261	20,357
Employee benefits	455,970	384,039	71,931
Services and supplies	3,380,151	3,255,205	124,946
Depreciation	3,300,000	3,342,188	(42,188)
Total operating expenses	<u>8,480,739</u>	<u>8,305,693</u>	<u>175,046</u>
OPERATING INCOME (LOSS)	<u>539,710</u>	<u>714,756</u>	<u>175,046</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	400,000	632,377	232,377
Miscellaneous	44,900	40,578	(4,322)
Gain on disposition of assets	50,000	797,870	747,870
Total nonoperating revenues (expenses)	<u>494,900</u>	<u>1,470,825</u>	<u>975,925</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,034,610</u>	<u>2,185,581</u>	<u>1,150,971</u>
CAPITAL CONTRIBUTIONS	<u>500,000</u>	<u>2,259,584</u>	<u>1,759,584</u>
TRANSFERS			
Transfers out	<u>(13,750)</u>	<u>(13,750)</u>	<u>--</u>
CHANGES IN NET ASSETS	<u>\$ 1,520,860</u>	4,431,415	<u>\$ 2,910,555</u>
NET ASSETS, BEGINNING OF YEAR		<u>33,233,496</u>	
NET ASSETS, END OF YEAR		<u>\$ 37,664,911</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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ 7,000	\$ 2,695	\$ (4,305)
Total operating revenues	<u>7,000</u>	<u>2,695</u>	<u>(4,305)</u>
OPERATING EXPENSES			
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>
OPERATING INCOME (LOSS)	<u>(200,407)</u>	<u>2,695</u>	<u>203,102</u>
NONOPERATING REVENUES			
Interest revenue	<u>45,000</u>	<u>96,634</u>	<u>51,634</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(155,407)</u>	<u>99,329</u>	<u>254,736</u>
TRANSFERS			
Transfers out	<u>(45,000)</u>	<u>(84,891)</u>	<u>(39,891)</u>
CHANGES IN NET ASSETS	<u>\$ (200,407)</u>	14,438	<u>\$ 214,845</u>
NET ASSETS, BEGINNING OF YEAR		<u>3,877,041</u>	
NET ASSETS, END OF YEAR		<u>\$ 3,891,479</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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES			
Insurance premiums	\$ 2,693,360	\$ 2,693,360	\$ --
Total operating revenues	<u>2,693,360</u>	<u>2,693,360</u>	<u>--</u>
OPERATING EXPENSES			
Salaries and wages	376,629	260,769	115,860
Employee benefits	290,854	93,383	197,471
Services and supplies	895,880	922,861	(26,981)
Claims	538,500	1,116,027	(577,527)
Legal fees	450,000	337,737	112,263
Total operating expenses	<u>2,551,863</u>	<u>2,730,777</u>	<u>(178,914)</u>
OPERATING INCOME (LOSS)	<u>141,497</u>	<u>(37,417)</u>	<u>(178,914)</u>
NONOPERATING REVENUES			
Interest revenue	<u>110,000</u>	<u>187,293</u>	<u>77,293</u>
CHANGES IN NET ASSETS	<u>\$ 251,497</u>	149,876	<u>\$ (101,621)</u>
NET ASSETS, BEGINNING OF YEAR		<u>5,316,281</u>	
NET ASSETS, END OF YEAR		<u>\$ 5,466,157</u>	

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, 2006

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Insurance premiums	\$ 4,311,598	\$ 4,986,041	\$ 674,443
Total operating revenues	4,311,598	4,986,041	674,443
OPERATING EXPENSES			
Salaries and wages	210,253	178,088	32,165
Employee benefits	70,885	66,637	4,248
Services and supplies	918,025	811,296	106,729
Claims	1,734,000	4,174,985	(2,440,985)
Total operating expenses	2,933,163	5,231,006	(2,297,843)
OPERATING INCOME (LOSS)	1,378,435	(244,965)	(1,623,400)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	134,000	231,820	97,820
Interest expense	(1,088)	(1,111)	(23)
Total nonoperating revenues (expenses)	132,912	230,709	97,797
CHANGES IN NET ASSETS	\$ 1,511,347	(14,256)	\$ (1,525,603)
NET ASSETS, BEGINNING OF YEAR		4,615,866	
NET ASSETS, END OF YEAR		\$ 4,601,610	

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, 2006

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Insurance premiums	\$ 8,692,822	\$ 9,060,606	\$ 367,784
Total operating revenues	8,692,822	9,060,606	367,784
OPERATING EXPENSES			
Salaries and wages	141,750	98,245	43,505
Employee benefits	25,571	22,540	3,031
Services and supplies	1,257,658	1,732,338	(474,680)
Claims	6,137,579	5,648,035	489,544
Total operating expenses	7,562,558	7,501,158	61,400
OPERATING INCOME	1,130,264	1,559,448	429,184
NONOPERATING REVENUES			
Interest revenue	105,000	183,268	78,268
CHANGES IN NET ASSETS	\$ 1,235,264	1,742,716	\$ 507,452
NET ASSETS, BEGINNING OF YEAR		3,769,640	
NET ASSETS, END OF YEAR		\$ 5,512,356	

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, 2006

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 1,057,226	\$ 1,057,226	\$ --
Total operating revenues	1,057,226	1,057,226	--
OPERATING EXPENSES			
Salaries and wages	221,903	167,686	54,217
Employee benefits	50,910	56,127	(5,217)
Services and supplies	754,863	500,815	254,048
Depreciation	292,579	146,948	145,631
Total operating expenses	1,320,255	871,576	448,679
OPERATING INCOME (LOSS)	(263,029)	185,650	448,679
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	7,000	12,418	5,418
Interest expense	(55,336)	(106,473)	(51,137)
Total nonoperating revenues (expenses)	(48,336)	(94,055)	(45,719)
INCOME (LOSS) BEFORE AND TRANSFERS	(311,365)	91,595	402,960
TRANSFERS			
Transfers out	(82,694)	--	82,694
CHANGES IN NET ASSETS	\$ (394,059)	91,595	\$ 485,654
NET ASSETS, BEGINNING OF YEAR		465,808	
NET ASSETS, END OF YEAR		\$ 557,403	

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CITY OF HENDERSON, NEVADA

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2006

	<u>Convention Center</u>	<u>Municipal Golf Course</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS:			
Cash and investments	\$ 2,695,067	\$ 691,516	\$ 3,386,583
Receivables:			
Accrued Interest	<u>23,845</u>	<u>8,071</u>	<u>31,916</u>
Total current assets	<u>2,718,912</u>	<u>699,587</u>	<u>3,418,499</u>
NONCURRENT ASSETS:			
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	21,890,005	23,266,102
Machinery and equipment	236,583	2,046,000	2,282,583
Construction in progress	--	716,342	716,342
Total capital assets	<u>4,567,036</u>	<u>44,115,876</u>	<u>48,682,912</u>
Less accumulated depreciation	<u>(2,012,827)</u>	<u>(10,752,646)</u>	<u>(12,765,473)</u>
Net capital assets	2,554,209	33,363,230	35,917,439
 Total noncurrent assets	<u>2,554,209</u>	<u>33,363,230</u>	<u>35,917,439</u>
 Total assets	<u>5,273,121</u>	<u>34,062,817</u>	<u>39,335,938</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable and accrued wages	90,113	215,640	305,753
Compensated absences payable	177,099	--	177,099
Deposits	<u>7,300</u>	<u>--</u>	<u>7,300</u>
 Total liabilities	<u>274,512</u>	<u>215,640</u>	<u>490,152</u>
NET ASSETS			
Invested in capital, net of related debt	2,554,209	33,363,230	35,917,439
Unrestricted	<u>2,444,400</u>	<u>483,947</u>	<u>2,928,347</u>
 Total net assets	<u>\$ 4,998,609</u>	<u>\$ 33,847,177</u>	<u>\$ 38,845,786</u>

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenses and Changes in Net Assets
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2006

	<u>Convention Center</u>	<u>Municipal Golf Course</u>	<u>Total</u>
OPERATING REVENUES			
Rental fees	\$ 367,372	\$ --	\$ 367,372
Licenses - gaming	584,098	--	584,098
Charges for services	--	2,745,477	2,745,477
Miscellaneous	73,066	--	73,066
Total operating revenues	<u>1,024,536</u>	<u>2,745,477</u>	<u>3,770,013</u>
OPERATING EXPENSES			
Salaries and wages	1,180,614	--	1,180,614
Employee benefits	410,358	--	410,358
Services and supplies	1,292,266	3,197,956	4,490,222
Depreciation	124,551	981,051	1,105,602
Total operating expenses	<u>3,007,789</u>	<u>4,179,007</u>	<u>7,186,796</u>
OPERATING LOSS	<u>(1,983,253)</u>	<u>(1,433,530)</u>	<u>(3,416,783)</u>
NONOPERATING REVENUES			
Room taxes	2,003,255	--	2,003,255
Interest revenue	76,491	14,187	90,678
Total nonoperating revenues	<u>2,079,746</u>	<u>14,187</u>	<u>2,093,933</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>96,493</u>	<u>(1,419,343)</u>	<u>(1,322,850)</u>
TRANSFERS			
Transfers in	<u>--</u>	<u>1,006,215</u>	<u>1,006,215</u>
CHANGES IN NET ASSETS	96,493	(413,128)	(316,635)
NET ASSETS, BEGINNING OF YEAR	<u>4,902,116</u>	<u>34,260,305</u>	<u>39,162,421</u>
NET ASSETS, END OF YEAR	<u>\$ 4,998,609</u>	<u>\$ 33,847,177</u>	<u>\$ 38,845,786</u>

CITY OF HENDERSON, NEVADA

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2006

	Convention Center	Municipal Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,024,536	\$ 3,205,459	\$ 4,229,995
Cash from other sources	2,003,255	--	2,003,255
Cash payments for goods and services	(1,715,255)	(2,997,316)	(4,712,571)
Cash payments to employees for services	(1,158,873)	--	(1,158,873)
Net cash provided by (used for) operating activities	153,663	208,143	361,806
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	--	1,006,215	1,006,215
Net cash provided by (used for) noncapital financing activities	--	1,006,215	1,006,215
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(43,915)	(716,341)	(760,256)
Net cash provided by (used for) capital and related financing activities	(43,915)	(716,341)	(760,256)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	65,951	6,892	72,843
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	175,699	504,909	680,608
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,519,368	186,607	2,705,975
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,695,067	\$ 691,516	\$ 3,386,583
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,983,253)	\$ (1,433,530)	\$ (3,416,783)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	124,551	981,051	1,105,602
Miscellaneous revenues	2,003,255	--	2,003,255
Changes in assets and liabilities:			
(Increases) decrease:			
Accounts receivable	--	459,982	459,982
Increase (decrease):			
Accounts payable and accrued wages	(11,190)	200,640	189,450
Deposits	175	--	175
Compensated absences payable	20,125	--	20,125
Total adjustments	2,136,916	1,641,673	3,778,589
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 153,663	\$ 208,143	\$ 361,806

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, 2006

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Utility fees	\$ 48,300,000	\$ 52,353,736	\$ 4,053,736
Connection fees	1,000,000	992,723	(7,277)
Late charges	750,000	712,591	(37,409)
Miscellaneous	32,000	382,871	350,871
Total operating revenues	50,082,000	54,441,921	4,359,921
OPERATING EXPENSES			
Salaries and wages	9,638,247	9,242,557	395,690
Employee benefits	3,543,169	3,246,506	296,663
Water purchases	21,414,899	20,289,316	1,125,583
Services and supplies	17,808,122	13,228,756	4,579,366
Depreciation	22,422,352	18,106,591	4,315,761
Total operating expenses	74,826,789	64,113,726	10,713,063
OPERATING LOSS	(24,744,789)	(9,671,805)	15,072,984
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	3,315,263	4,423,151	1,107,888
Interest expense	(3,688,620)	(3,273,252)	415,368
Miscellaneous	--	57,131	57,131
Gain (loss) on disposition of assets	--	(113,829)	(113,829)
Bond amortization	--	379,471	379,471
Total nonoperating revenues (expenses)	(373,357)	1,472,672	1,846,029
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(25,118,146)	(8,199,133)	16,919,013
CAPITAL CONTRIBUTIONS	8,286,904	58,990,789	50,703,885
TRANSFERS			
Transfers out	(6,249,375)	(6,300,259)	(50,884)
CHANGES IN NET ASSETS	\$ (23,080,617)	44,491,397	\$ 67,572,014
NET ASSETS, BEGINNING OF YEAR		388,528,804	
NET ASSETS, END OF YEAR		\$ 433,020,201	

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, 2006

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Utility fees	\$ 25,400,000	\$ 26,614,643	\$ 1,214,643
Connection fees	115,000	217,490	102,490
Late charges	365,000	341,733	(23,267)
Miscellaneous	175,000	161,649	(13,351)
Total operating revenues	26,055,000	27,335,515	1,280,515
OPERATING EXPENSES			
Salaries and wages	6,209,563	5,830,850	378,713
Employee benefits	2,332,534	2,052,250	280,284
Services and supplies	15,500,981	11,498,247	4,002,734
Depreciation	12,726,153	10,335,729	2,390,424
Total operating expenses	36,769,231	29,717,076	7,052,155
OPERATING LOSS	(10,714,231)	(2,381,561)	8,332,670
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	6,838,773	7,909,724	1,070,951
Sales tax	3,900,000	5,020,795	1,120,795
Interest expense	(8,723,531)	(5,242,526)	3,481,005
Miscellaneous	--	43,088	43,088
Gain (loss) on disposition of assets	--	369,085	369,085
Bond amortization	--	730,622	730,622
Total nonoperating revenues (expenses)	2,015,242	8,830,788	6,815,546
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(8,698,989)	6,449,227	15,148,216
CAPITAL CONTRIBUTIONS	12,518,566	34,931,459	22,412,893
TRANSFERS			
Transfers in	2,900,000	2,950,884	50,884
Transfers out	(3,338,125)	(3,338,125)	--
Total transfers in (out)	(438,125)	(387,241)	50,884
CHANGES IN NET ASSETS	\$ 3,381,452	40,993,445	\$ 37,611,993
NET ASSETS, BEGINNING OF YEAR		382,803,080	
NET ASSETS, END OF YEAR		\$ 423,796,525	

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, 2006

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Licenses and permits	\$ 10,476,414	\$ 5,991,380	\$ (4,485,034)
Charges for services	18,030,015	15,109,798	(2,920,217)
Miscellaneous	34,831	66,264	31,433
Total operating revenues	28,541,260	21,167,442	(7,373,818)
OPERATING EXPENSES			
Salaries and wages	13,096,058	11,449,567	1,646,491
Employee benefits	4,209,376	3,620,898	588,478
Services and supplies	7,825,334	6,934,861	890,473
Depreciation	700,809	517,681	183,128
Total operating expenses	25,831,577	22,523,007	3,308,570
OPERATING INCOME (LOSS)	2,709,683	(1,355,565)	(4,065,248)
NONOPERATING REVENUES			
Interest revenue	350,000	385,057	35,057
INCOME (LOSS) BEFORE TRANSFERS	3,059,683	(970,508)	(4,030,191)
TRANSFERS			
Transfers in	3,600,484	3,600,484	--
Transfers out	(1,083,749)	(890,681)	193,068
Total transfers in (out)	2,516,735	2,709,803	193,068
CHANGES IN NET ASSETS	\$ 5,576,418	1,739,295	\$ (3,837,123)
NET ASSETS, BEGINNING OF YEAR		8,322,533	
NET ASSETS, END OF YEAR		\$ 10,061,828	

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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES			
Rental fees	\$ 386,500	\$ 367,372	\$ (19,128)
Licenses - gaming	675,000	584,098	(90,902)
Miscellaneous	102,500	73,066	(29,434)
Total operating revenues	<u>1,164,000</u>	<u>1,024,536</u>	<u>(139,464)</u>
OPERATING EXPENSES			
Salaries and wages	1,250,186	1,180,614	69,572
Employee benefits	502,330	410,358	91,972
Services and supplies	1,309,245	1,292,266	16,979
Depreciation	162,000	124,551	37,449
Total operating expenses	<u>3,223,761</u>	<u>3,007,789</u>	<u>215,972</u>
OPERATING LOSS	<u>(2,059,761)</u>	<u>(1,983,253)</u>	<u>76,508</u>
NONOPERATING REVENUES			
Room tax	2,012,300	2,003,255	(9,045)
Interest revenue	75,000	76,491	1,491
Total nonoperating revenues	<u>2,087,300</u>	<u>2,079,746</u>	<u>(7,554)</u>
CHANGES IN NET ASSETS	<u>\$ 27,539</u>	96,493	<u>\$ 68,954</u>
NET ASSETS, BEGINNING OF YEAR		<u>4,902,116</u>	
NET ASSETS, END OF YEAR		<u>\$ 4,998,609</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, 2006

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 3,778,360	\$ 2,745,477	\$ (1,032,883)
Total operating revenues	3,778,360	2,745,477	(1,032,883)
OPERATING EXPENSES			
Services and supplies	3,757,233	3,197,956	559,277
Depreciation	1,641,802	981,051	660,751
Total operating expenses	5,399,035	4,179,007	1,220,028
OPERATING LOSS	(1,620,675)	(1,433,530)	187,145
NONOPERATING REVENUES			
Interest revenue	--	14,187	14,187
LOSS BEFORE TRANSFERS	(1,620,675)	(1,419,343)	201,332
TRANSFERS			
Transfers in	1,006,215	1,006,215	--
CHANGES IN NET ASSETS	\$ (614,460)	(413,128)	\$ 201,332
NET ASSETS, BEGINNING OF YEAR		34,260,305	
NET ASSETS, END OF YEAR		\$ 33,847,177	

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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.

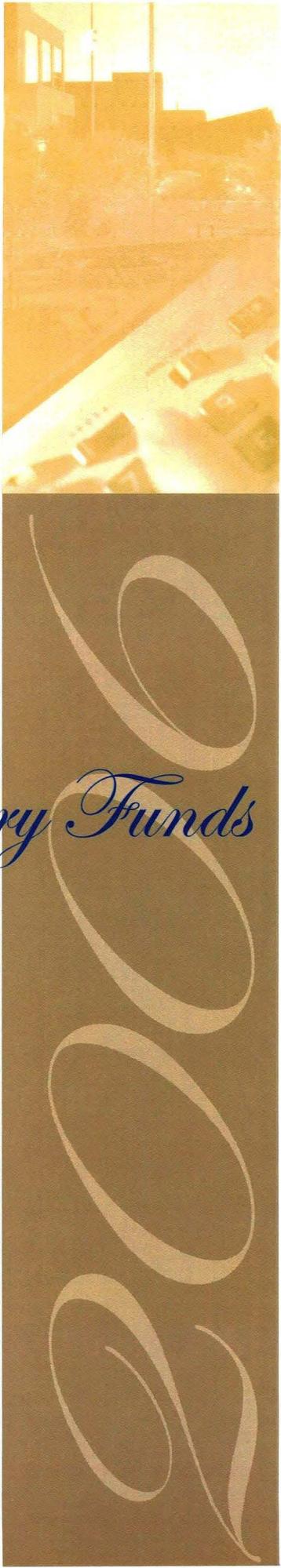
Section 125 Agency Fund - to account for City employee contributions to an employee benefits plan enacted under Section 125 of the Internal Revenue Code. The plan is administered by an independent plan administrator.

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.



Fiduciary Funds

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CITY OF HENDERSON, NEVADA

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2006

ASSETS

	Bridges	Section 125 Plan	Traffic Signal	Forfeited Assets	Paving Frontage	Special Assessment Districts	Total
Cash and investments	\$ 159,850	\$ 64,430	\$ 12,419,503	\$ 28,593	\$ 58,915	\$ 62,973,166	\$ 75,704,457
Delinquent assessments receivable	--	--	--	--	--	204,638	204,638
Total assets	<u>\$ 159,850</u>	<u>\$ 64,430</u>	<u>\$ 12,419,503</u>	<u>\$ 28,593</u>	<u>\$ 58,915</u>	<u>\$ 63,177,804</u>	<u>\$ 75,909,095</u>

LIABILITIES

Due to developers	\$ 159,850	\$ --	\$ 12,419,503	\$ --	\$ 58,915	\$ --	\$ 12,638,268
Due to employees	--	64,430	--	--	--	--	64,430
Due to others	--	--	--	28,593	--	63,177,804	63,206,397
Total liabilities	<u>\$ 159,850</u>	<u>\$ 64,430</u>	<u>\$ 12,419,503</u>	<u>\$ 28,593</u>	<u>\$ 58,915</u>	<u>\$ 63,177,804</u>	<u>\$ 75,909,095</u>

CITY OF HENDERSON, NEVADA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
BRIDGES AGENCY FUND				
Assets:				
Cash and investments	<u>\$ 154,652</u>	<u>\$ 5,198</u>	<u>\$ --</u>	<u>\$ 159,850</u>
Liabilities:				
Due to developers	<u>\$ 154,652</u>	<u>\$ 5,198</u>	<u>\$ --</u>	<u>\$ 159,850</u>
SECTION 125 PLAN FUND				
Assets:				
Cash and investments	<u>\$ 44,362</u>	<u>\$ 782,933</u>	<u>\$ 762,865</u>	<u>\$ 64,430</u>
Liabilities:				
Due to employees	<u>\$ 44,362</u>	<u>\$ 782,933</u>	<u>\$ 762,865</u>	<u>\$ 64,430</u>
TRAFFIC SIGNAL AGENCY FUND				
Assets:				
Cash and investments	<u>\$ 10,227,152</u>	<u>\$ 3,552,372</u>	<u>\$ 1,360,021</u>	<u>\$ 12,419,503</u>
Liabilities:				
Due to developers	\$ 10,137,935	\$ 3,552,372	\$ 1,270,804	\$ 12,419,503
Due to others	89,217	--	89,217	--
	<u>\$ 10,227,152</u>	<u>\$ 3,552,372</u>	<u>\$ 1,360,021</u>	<u>\$ 12,419,503</u>
FORFEITED ASSETS AGENCY FUND				
Assets:				
Cash and investments	<u>\$ 85,391</u>	<u>\$ 21,707</u>	<u>\$ 78,505</u>	<u>\$ 28,593</u>
Liabilities:				
Due to others	<u>\$ 85,391</u>	<u>\$ 21,707</u>	<u>\$ 78,505</u>	<u>\$ 28,593</u>
PAVING FRONTAGE AGENCY FUND				
Assets:				
Cash and investments	<u>\$ 59,584</u>	<u>\$ 1,931</u>	<u>\$ 2,600</u>	<u>\$ 58,915</u>
Liabilities:				
Due to developers	<u>\$ 59,584</u>	<u>\$ 1,931</u>	<u>\$ 2,600</u>	<u>\$ 58,915</u>
SPECIAL ASSESSMENT DISTRICTS FUND				
Assets:				
Cash and investments	\$ 40,331,342	\$ 76,650,707	\$ 54,008,883	\$ 62,973,166
Delinquent assessments receivable	251,884	314,715	361,961	204,638
	<u>\$ 40,583,226</u>	<u>\$ 76,965,422</u>	<u>\$ 54,370,844</u>	<u>\$ 63,177,804</u>
Liabilities:				
Due to others	<u>\$ 40,583,226</u>	<u>\$ 76,965,422</u>	<u>\$ 54,370,844</u>	<u>\$ 63,177,804</u>
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 50,902,483	\$ 81,014,848	\$ 56,212,874	\$ 75,704,457
Delinquent assessments receivable	251,884	314,715	361,961	204,638
Total assets	<u>\$ 51,154,367</u>	<u>\$ 81,329,563</u>	<u>\$ 56,574,835</u>	<u>\$ 75,909,095</u>
Liabilities:				
Due to developers	\$ 10,352,171	\$ 3,559,501	\$ 1,273,404	\$ 12,638,268
Due to employees	44,362	782,933	762,865	64,430
Due to others	<u>40,757,834</u>	<u>76,987,129</u>	<u>54,538,566</u>	<u>63,206,397</u>
Total liabilities	<u>\$ 51,154,367</u>	<u>\$ 81,329,563</u>	<u>\$ 56,574,835</u>	<u>\$ 75,909,095</u>

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