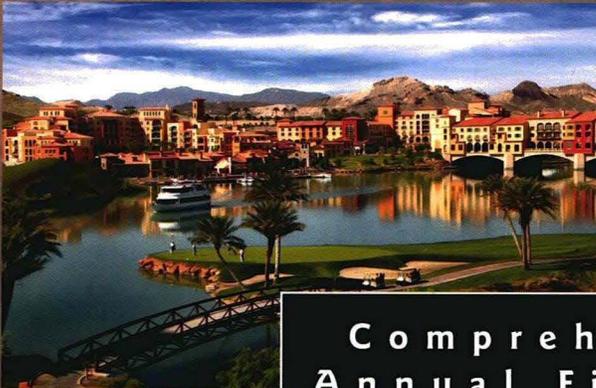
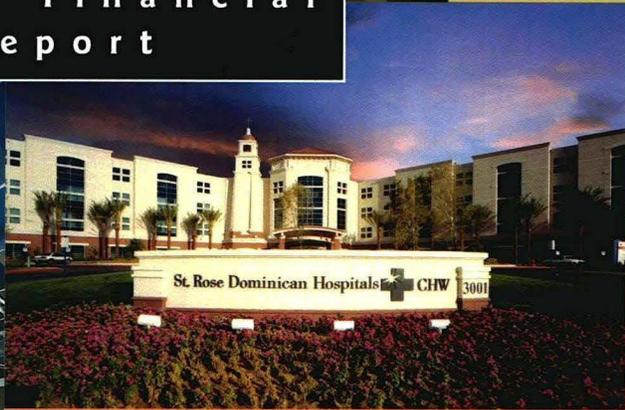


# City of Henderson, Nevada



## Comprehensive Annual Financial Report



For Fiscal Year Ended  
June 30, 2007

St. Rose Dominican Hospitals

**CITY OF HENDERSON, NEVADA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Prepared by:  
Department of Finance

Steven M. Hanson  
Finance Director

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2007**

Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	i-vi
Certificate of Achievement for Excellence in Financial Reporting .....	vii
Organization Chart .....	viii
List of Principal Officials .....	ix
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	1-2
Management’s Discussion and Analysis (required supplementary information) .....	3A-3M
<b><u>Basic Financial Statements</u></b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets .....	4
Statement of Activities .....	5
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds.....	6
Reconciliation of the Balance Sheet to the Statement of Net Assets – Governmental Funds .....	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	8-9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds.....	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	11
Statement of Net Assets – Proprietary Funds.....	12-13
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds .....	14
Statement of Cash Flows – Proprietary Funds .....	15-16
Statement of Fiduciary Net Assets .....	17
<b>Notes to Financial Statements .....</b>	<b>18-54</b>

**CITY OF HENDERSON, NEVADA**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2007**

Table of Contents

	<u>Page</u>
<b><u>Supplementary Information</u></b>	
<b><u>Combining and Individual Fund Statements and Schedules</u></b>	
<b>Governmental Funds:</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet .....	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	56
Nonmajor Special Revenue Funds:	
Combining Balance Sheet .....	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	58
Nonmajor Capital Projects Funds:	
Combining Balance Sheet .....	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual:	
General Fund .....	61-65
Special Revenue Funds:	
Redevelopment Agency .....	66
Gas Tax .....	67
Forfeited Assets .....	68
Municipal Court Administrative Fee .....	69
Financial Stabilization .....	70
Equipment Repair and Maintenance .....	71
Multipurpose .....	72
Lake Las Vegas .....	73
Sales and Use Tax .....	74
Debt Service Funds:	
General Obligation .....	75
Special Assessment Districts .....	76

**CITY OF HENDERSON, NEVADA**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2007**

Table of Contents

	<u>Page</u>
<b>Governmental Funds (continued):</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual (continued):	
Capital Projects Funds:	
Special Assessment Districts.....	77
Municipal Facilities Acquisition and Construction.....	78
Land Sales.....	79
Special Recreation.....	80
Bond Proceeds.....	81
Park Development.....	82
Flood Control.....	83
RTC/County Funded.....	84
Special Ad Valorem Transportation.....	85
<b>Proprietary Funds:</b>	
Internal Service Funds:	
Combining Statement of Net Assets.....	86-87
Combining Statement of Revenues, Expenses and Changes in Net Assets.....	88
Combining Statement of Cash Flows.....	89-90
Schedule of Revenues, Expenses and Changes in Net Assets – Budget (GAAP Basis) and Actual:	
Internal Service Funds:	
Engineering.....	91
City Shop.....	92
Revolving.....	93
Self-Insurance.....	94
Workmen’s Compensation Self-Insurance.....	95
Health Insurance Self-Insurance.....	96
Citywide Services.....	97
Enterprise Funds:	
Combining Statement of Net Assets.....	98
Combining Statement of Revenues, Expenses and Changes in Net Assets.....	99
Combining Statement of Cash Flows.....	100

**CITY OF HENDERSON, NEVADA**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2007**

Table of Contents

	<u>Page</u>
<b>Proprietary Funds (continued):</b>	
Schedule of Revenues, Expenses and Changes in Net Assets – Budget (GAAP Basis) and Actual:	
Enterprise Funds:	
Water .....	101
Sewer .....	102
Development Services .....	103
Cultural Arts and Tourism.....	104
Municipal Golf Course.....	105
<b>Fiduciary Funds:</b>	
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds.....	106
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	107

Table No.    Page

**STATISTICAL SECTION**

Net Assets by Component – Last Six Fiscal Years .....	1	108
Changes in Net Assets – Last Six Fiscal Years.....	2	109-110
Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	3	111
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	4	112
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	5	113
Property Tax Rates – Direct and Overlapping Governments (Per \$100 of Assessed Value) – Last Ten Fiscal Years .....	6	114
Principal Property Taxpayers – Current Year and Nine Years Ago .....	7	115
Property Tax Levies and Collections – Last Ten Fiscal Years .....	8	116
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	9	117
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years .....	10	118
Direct and Overlapping Governmental Activities Debt.....	11	119
Legal Debt Margin Information – Last Ten Fiscal Years .....	12	120
Pledged Revenue Bond Coverage – Last Ten Fiscal Years .....	13	121
Demographic and Economic Statistics – Last Ten Fiscal Years.....	14	122
Principal Employers – Current Year and Nine Years Ago .....	15	123
Full-Time Equivalent City Government Employees by Function/Program.....	16	124
Operating Indicators by Function/Program.....	17	125
Capital Asset Statistics by Function/Program .....	18	126

**CITY OF HENDERSON, NEVADA**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2007**

Table of Contents

	<u>Page</u>
<b>COMPLIANCE SECTION</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	127-128
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	129-131
Schedule of Expenditures of Federal Awards .....	132-136
Notes to Schedule of Expenditures of Federal Awards.....	137
Schedule of Findings and Questioned Costs .....	138-145
Summary Schedule of Prior Audit Findings .....	146
<b>AUDITOR’S COMMENTS</b>	
Statute Compliance .....	147
Progress on Prior Year Statute Compliance.....	147
Prior Year Recommendations .....	147
Current Year Recommendations.....	147
Nevada Revised Statute 354.6115 .....	147
Nevada Revised Statute 354.598155 .....	147
Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989 Limitation of Fees for Business Licenses .....	148
Independent Accountant’s Report on Nevada Revised Statute 354.6241 .....	149-150

**THIS PAGE INTENTIONALLY LEFT BLANK**

# Introductory Section





CITY OF HENDERSON  
240 Water Street  
P. O. Box 95050  
Henderson, NV 89009

October 29, 2007

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

The comprehensive annual financial report for the City of Henderson for the fiscal year ended June 30, 2007 is hereby submitted. State law requires that local governments provide for an annual audit by independent certified public accountants of its financial statements in accordance with generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City of Henderson. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Henderson has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Henderson's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Henderson's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Henderson's financial statements have been audited by Bartig, Basler & Ray, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Henderson for the fiscal year ended June 30, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Henderson's financial statements for fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Henderson was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited

October 29, 2007

government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Henderson's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Henderson is located in the southeastern part of Clark County, Nevada which ranks as one of the nation's top growth areas. With a population of approximately 265,589, Henderson is the second largest city in the State of Nevada. The City Charter was approved in its present form by the Nevada Legislature in 1971, and has been amended subsequent thereto.

The City operates under a council-manager form of government, with elective offices consisting of the mayor, four city council members, and three municipal court judges. The mayor and all council members are elected for four-year terms. Elections for city council members are held every other year with either three City Council seats or one City Council seat and the position of mayor being voted upon in any one election year. All City Council seats and the position of mayor are elected at large on a nonpartisan basis, although no two council members can be from the same ward of the City's four wards. City Council meetings are presided over by the mayor, or by the mayor pro tempore (a councilman elected to that position by the City Council), in the absence of the mayor.

Philip D. Speight, our City Manager during fiscal year 2006/2007, retired after nineteen years on October 18, 2007. Mary Kay Peck has been appointed as the new City Manager.

The City provides a full range of services including police and fire protection; Municipal Court; detention facilities; water and sewer services; the construction and maintenance of boulevards, streets and other public infrastructure; recreational facilities and activities; cultural events; and a municipal golf course.

The City of Henderson maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. Prior to April 15th, the Manager of Budget and Strategic Planning submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the City Council if 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.

October 29, 2007

The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval. 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.

Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds, are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is statutorily required to be exercised at the function level. Appropriations lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget augmentation.

### **Factors Affecting Financial Condition**

**Local Economy.** Henderson continues to be ranked as one of the most tax-friendly cities as well as one of the best cities to “live and play”. While the local housing market is expected to remain at current levels for the remainder of the year, commercial construction is anticipated to return to a more sustainable growth level and provide a solid base for continued economic growth. Gaming and tourism are expected to show continued growth as national employment levels improve, enabling more visitors to spend discretionary funds on travel and leisure activities. Employment growth is expected to be modest, relative to historical employment growth, with new jobs being created in business, service, and hospitality sectors.

Located just seven miles from the famous Las Vegas Strip, Henderson is known throughout the nation for its premiere master planned residential communities, outstanding parks and recreational facilities, cultural activities, and a rapidly growing business community. Some of the nation's best known and most respected corporations have established major operations in Henderson. These include, but are not limited to, Ocean Spray Cranberries, Inc., Ethel M. Chocolates, and Good-Humor-Breyers Ice Cream. Henderson also has defined gaming districts which include casino/resort development such as the Loew's Resort, Ritz Carlton, and Monte Lago at Lake Las Vegas, Sunset Station, Fiesta Henderson, and Green Valley Ranch Station.

The City has maintained current workforce and employee levels, while still delivering award-winning service to residents. Compared with other local municipalities, the City of Henderson continues to maintain the lowest employee-to-resident ratio at 6.8 employees per 1,000 residents. In addition, the city has protected its fiscal stability by focusing on building financial reserves since the last recession in 2001. Combined with conservative budgeting, the City has had the ability to sustain and enhance current municipal service levels.

October 29, 2007

The local economy continues to create new jobs in multiple industry sectors, thus helping to increase the diversity of employment opportunities within the City of Henderson. As such, the City is projected to experience moderate population and revenue growth, which is expected to return to historical rates. The median household buying income in Henderson continues to outpace the county and the state averages. The availability of relatively high-paying jobs and exceptional quality of life continues to attract new citizens.

Henderson has a tax rate of \$.7108 per \$100 in assessed valuation. This property tax rate has remained relatively steady for the past seven years and continues to be one of the lowest in the State of Nevada.

**Long Term Financial Planning.** The City has an annual performance planning process. These plans include the following:

- Improving police response time by adding 20 police officers funded by the voter approved Sales Tax Override, as well as staffing for the North Patrol Substation
- Expediting crime solving processes through the hiring of three crime scene analysts and two crime analysts
- Improving emergency response time by implementing the second phase of the City's second fire ladder truck company
- Implementing a monitoring program for first-time offenders via the new Alternative Sentencing/Direct Supervision Program
- Increasing capacity and operating efficiency of the office of the Domestic Violence Advocate
- Maintaining service standards by adding maintenance positions for the 23 new park acres donated to the City by developers

The City of Henderson continues to update the Capital Improvement Plan, a multi-year planning document that identifies and prioritizes the need for a variety of public improvements and coordinates the City's financing and construction time frames. Some of these capital projects for fiscal year 2008 include: Municipal Facilities to fund the Justice Facility Expansion and Parking Garage, the North Community Police Station, and the Senior Center; partnering with Clark County Regional Flood Control District, the Regional Transportation Commission and developers to fund projects to include flood channels, street projects, and parks; and grants to fund an extensive trail system.

The City continues to monitor the impact of the property tax legislation passed during the 2005 Legislative session. The State passed a law to impose a cap on the increase in the taxable value of property. For primary residences, a 3% cap was implemented and an 8% cap on land, commercial buildings, business personal property, and other property. This tax abatement reduced the amount of increased property tax dollars for the City by an estimated \$33.3 million for fiscal year 2008. The effects of this abatement will compound each year as the limits on taxable value increases are imposed.

October 29, 2007

Another challenge facing the City is the economic impact of the housing slowdown and the impact it has had on sales tax revenues. The decline in residential construction activity has resulted in a drop in sales of building supplies and other home-improvement related items. Although sales growth is expected to remain flat through the rest of 2007, sales activity is expected to pick up near the end of 2008 with the continued growth of gaming related developments.

**Cash Management Policies and Practices.** Cash temporarily idle during the year was invested in U. S. Treasury and agency obligations, banker's acceptances, and the State Treasurer's investment pool. The average yield on investments was approximately 4.76%.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, investments were either in U.S. Treasury and agency obligations; insured by Federal Depository Insurance; or collateralized. One hundred percent of the categorized investments held by the City at June 30, 2007 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. Investment income includes changes (appreciation or depreciation) in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

**Risk Management.** 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 coverage: a \$516 million blanket property insurance policy on all buildings and building contents with a \$100,000 deductible; a \$100,000,000 Boiler & Machinery policy with a \$100,000 deductible; \$3 million Inland Marine coverage on a scheduled basis for heavy equipment with a \$100,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery and alteration; and a \$8.9 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 a biannual basis. At June 30, 2007 the Self Insurance Fund had \$7,097,089 in working capital. No current claims are expected to be settled in a manner which would adversely affect the fund's financial condition.

On July 1, 1992 the city became self insured for employee health benefits, providing medical dental and vision care. The City maintains a specific stop loss policy of \$100,000 per participant, per plan year with plan benefits subject to a \$2,000,000 lifetime maximum is maintained. A third party administrator is used to pay claims.

October 29, 2007

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 \$1,250,000 SIR for all employees per occurrence, with the maximum on all claims at statutory limits for the coverage period from April 1, 2007 through April 1, 2008.

**Pension Information.** The employees of the City are covered by the State of Nevada Public Employees' Retirement System. The City does not exercise any control over the plan and is not liable for any of the plan's unfunded obligations. The Plan was established on July 1, 1948 by the Nevada Legislature and is governed by the Public Employees' Retirement Board, whose seven members are appointed by the Governor.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Henderson for its comprehensive annual financial report for the fiscal year ended June 30, 2006.

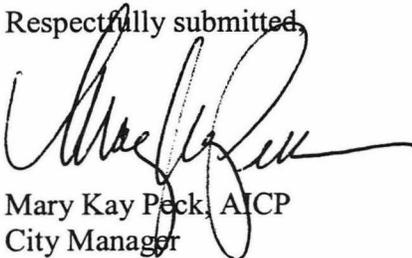
This was the 25th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance Department's Accounting Division staff as well as certain members of the City Manager's staff, Public Works Department, and the Neighborhood Services staff. We would like to express our appreciation to all members of the Departments who assisted and contributed to its preparation, as well as the contributions of the staff of Bartig, Basler & Ray, LLP, the City's independent auditors.

In closing, without the leadership and support of the City Council of the City of Henderson, preparation of this report would not have been possible.

Respectfully submitted,



Mary Kay Peck, AICP  
City Manager



Steven M. Hanson  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Henderson  
Nevada

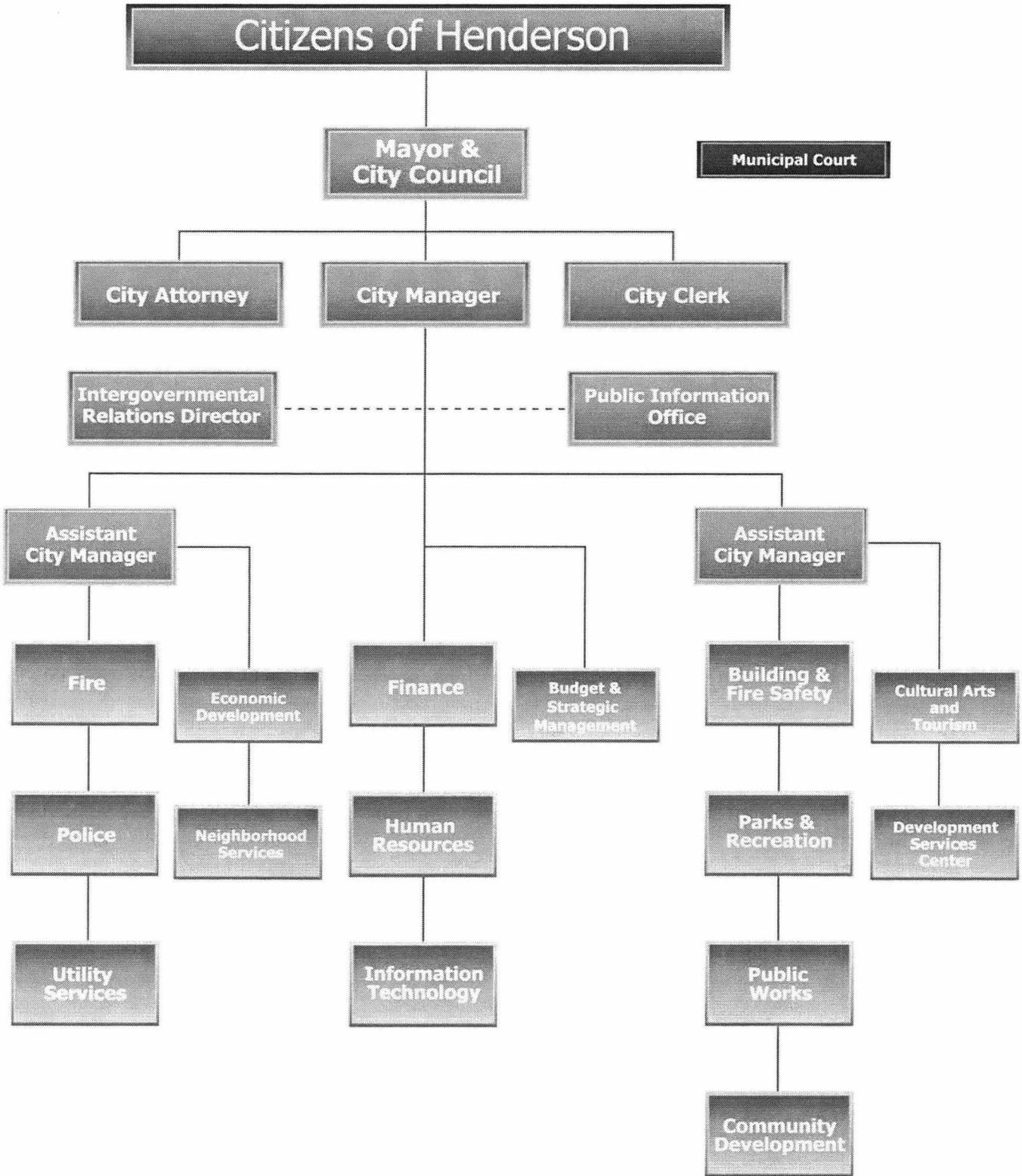
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



**MAYOR AND COUNCIL**

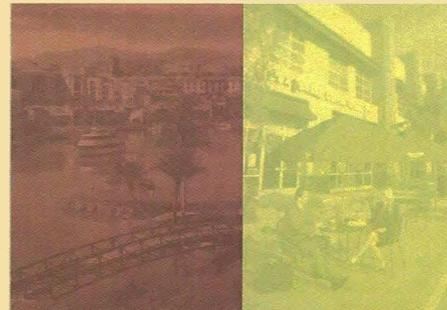
**James B. Gibson, Mayor**  
**Andy A. Hafen, Councilman**  
**Jack K. Clark, Councilman**  
**Steven D. Kirk, Councilman**  
**Gerri Schroder, Councilwoman**

**CITY OFFICIALS**

**Philip D. Speight , City Manager (During Fiscal Year)**  
**Mary Kay Peck, City Manager (Effective October 19, 2007)**  
**Shauna Hughes, City Attorney**  
**Monica M. Simmons, City Clerk**

**THIS PAGE INTENTIONALLY LEFT BLANK**

# Financial Section





BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## 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, 2007, 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, 2007, 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.

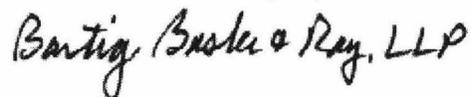
In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2007, on our consideration of City of Henderson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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.

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

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

A handwritten signature in black ink that reads "Bartig Basler & Ray, LLP". The signature is written in a cursive, flowing style.

Roseville, California  
October 18, 2007

**THIS PAGE INTENTIONALLY LEFT BLANK**

## 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, 2007. 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, 2007 by \$2,299,346,465 (net assets). Of this amount, \$222,391,868 (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 \$221,415,657. See the sections on Governmental Activities and Business-type Activities below for explanations on the increase.
- As of June 30, 2007, the City of Henderson's governmental funds reported combined ending fund balances of \$406,392,429, an increase of \$49,189,078 in comparison with the prior year. This increase is mainly due to a large land sale, property tax increases with a significant increase in Redevelopment taxes, higher interest earnings, and some growth. Approximately 93% of ending fund balances or \$376,864,198 is available for spending at the City's discretion (unreserved fund balance).
- As of June 30, 2007 unreserved fund balance in the general fund was \$30,921,060 or 16.3% 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, Cultural Arts and Tourism, 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 \$2,299,346,465 at June 30, 2007.

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	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$508,135,563	\$443,376,287	\$422,862,468	\$425,323,263	\$930,998,031	\$868,699,550
Capital assets	1,059,873,828	984,982,717	805,611,165	753,058,396	1,865,484,993	1,738,041,113
Total assets	1,568,009,391	1,428,359,004	1,228,473,633	1,178,381,659	2,796,483,024	2,606,740,663
Long-term liabilities	209,874,296	221,090,198	243,170,162	255,376,898	453,044,458	476,467,096
Other liabilities	28,491,318	27,272,408	15,600,783	25,070,351	44,092,101	52,342,759
Total liabilities	238,365,614	248,362,606	258,770,945	280,447,249	497,136,559	528,809,855
Net assets:						
Invested in capital assets, net of related debt	887,712,904	789,780,000	627,392,350	580,518,856	1,515,105,254	1,370,298,856
Restricted	348,850,390	314,016,644	212,998,953	205,732,209	561,849,343	519,748,853
Unrestricted	93,080,483	76,199,754	129,311,385	111,683,345	222,391,868	187,883,099
Total net assets	\$1,329,643,777	\$1,179,996,398	\$969,702,688	\$897,934,410	\$2,299,346,465	\$2,077,930,808

An additional portion of the City of Henderson's net assets (24%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$222,391,868, may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2007 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 \$97,932,904 in net assets invested in capital assets net of related debt for governmental activities. This was due mainly to developer donations of infrastructure, as well as a decrease in the debt related to these capital assets.

There was an increase of \$46,873,494 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, however this increase was not significant. See Capital Assets section for further explanation.

There was an increase of \$34,833,746 in restricted net assets for governmental activities. The largest increases were for claims by \$13.9 million, for redevelopment by \$6.6 million, for capital projects by \$5.2 million, and for public safety by \$3.5 million.

The City of Henderson's net assets increased by \$221,415,657 during the current fiscal year, an increase in governmental net assets of \$149,647,379 and an increase in business-type activities of \$71,768,278. See explanations for the increases in the sections for Governmental Activities and Business-type Activities.

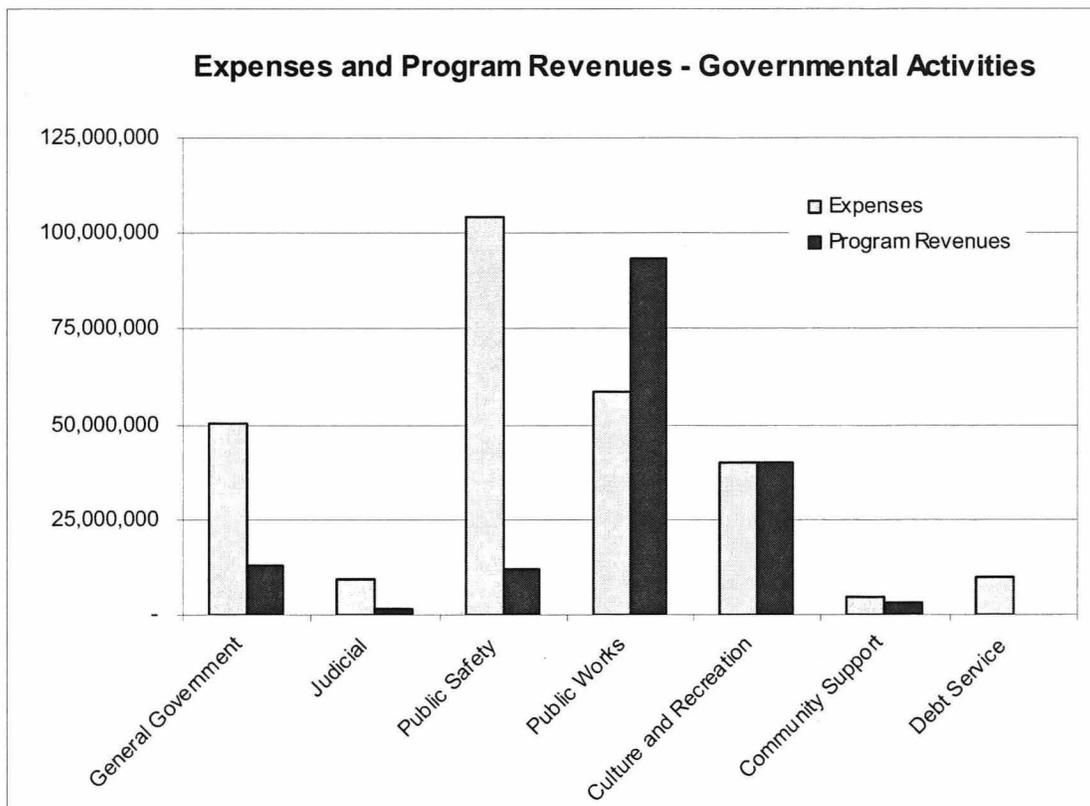
## City of Henderson's Changes in Net Assets

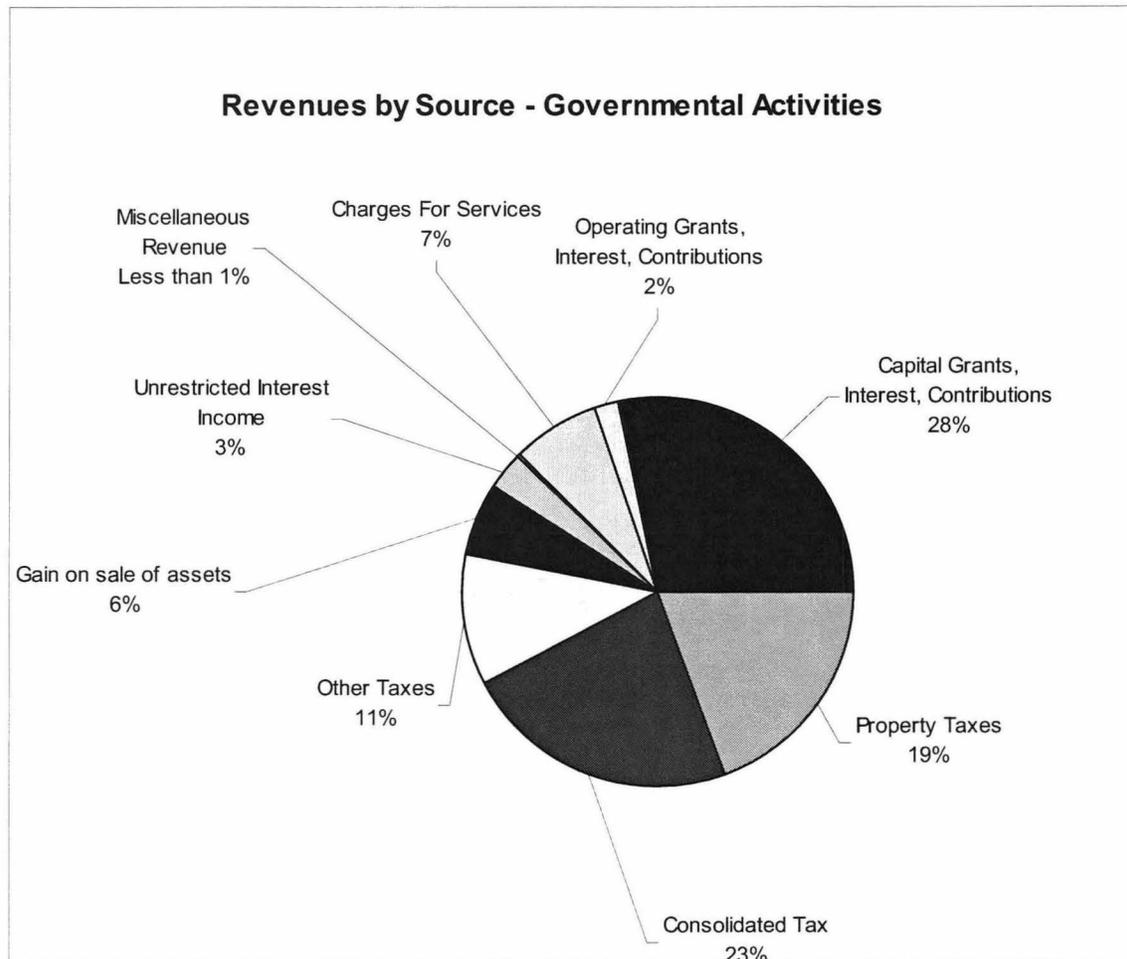
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues						
Charges for services	\$31,112,275	\$29,439,698	\$118,861,078	\$106,632,697	\$149,973,353	\$136,072,395
Operating grants, interest, and contributions	8,665,051	8,755,233	56,134	79,574	8,721,185	8,834,807
Capital grants, interest and Contributions	123,717,507	193,814,750	66,134,052	77,036,081	189,851,559	270,850,831
General revenues:						
Property taxes	84,670,413	68,017,019	-	-	84,670,413	68,017,019
Consolidated tax	99,587,194	102,988,098	-	-	99,587,194	102,988,098
Other taxes	46,983,771	41,156,213	7,285,311	7,024,049	54,269,082	48,170,262
Unrestricted interest income	13,885,771	6,421,835	20,441,004	12,808,610	34,326,775	19,230,445
Gain on sale of assets	25,902,150	2,499,958	-	369,085	25,902,150	2,869,043
Other	1,083,413	1,268,340	1,297,264	1,204,034	2,380,677	2,472,374
Total revenues	435,607,545	454,361,144	214,074,843	205,154,130	649,682,388	659,505,274
Expenses:						
General government	50,374,073	54,340,091	-	-	50,374,073	54,340,091
Judicial	9,109,288	8,213,691	-	-	9,109,288	8,213,691
Public safety	104,481,376	96,526,544	-	-	104,481,376	96,526,544
Public works	58,704,749	52,313,279	-	-	58,704,749	52,313,279
Culture and recreation	39,819,367	34,842,692	-	-	39,819,367	34,842,692
Community Support	4,865,916	4,629,662	-	-	4,865,916	4,629,662
Interest on long-term debt	9,681,974	8,256,103	-	-	9,681,974	8,256,103
Water	-	-	73,406,312	67,434,942	73,406,312	67,434,942
Sewer	-	-	42,732,326	35,457,292	42,732,326	35,457,292
Development Center	-	-	24,884,187	23,262,603	24,884,187	23,262,603
Other business-type activities	-	-	10,207,163	7,177,527	10,207,163	7,177,527
Total expenses	277,036,743	259,122,062	151,229,988	133,332,364	428,266,731	392,454,426
Increase in net assets before Transfers	158,570,802	195,239,082	62,844,855	71,821,766	221,415,657	267,050,848
Transfers	(8,923,423)	(13,285,666)	8,923,423	13,285,666	-	-
Increase in net assets	149,647,379	181,953,416	71,768,278	85,107,432	221,415,657	267,060,848
Net assets, July 1	1,179,996,398	998,042,982	897,934,410	812,826,978	2,077,930,808	1,810,869,960
Net assets, June 30	\$1,329,643,777	\$1,179,996,398	\$969,702,688	\$897,934,410	\$2,299,346,465	\$2,077,930,808

**Governmental Activities.** Governmental activities increased the City of Henderson's net assets by \$149,647,379 thereby accounting for 68% of the total growth in net assets of the City of Henderson. Key elements of this increase are as follows:

- Capital grants and contributions decreased by \$70,097,243 (36%). This is due in large part to property owner contributions of approximately \$103 million in the previous fiscal year for two special assessment districts for which the City is not liable compared to none in this fiscal year. This was offset by increases in contributions for parks and recreation facilities and increases related mostly to grants for parks, trails and natural areas as a result of the Southern Nevada Public Land Management Act.
- Property taxes increased by \$16,653,394 (24%) due in part to approximately \$7 million in Redevelopment Agency property taxes. This increase was due to an addition of a new redevelopment area and also a significant number of homes built in another redevelopment area. Any other increases are due to growth in assessed value.
- Other taxes increased by \$5,827,558 (14%) due in large part to the new police sales tax, which will pay for new police officers. This tax was only collected for nine months in fiscal year 2005/2006 and for a full year this fiscal year.

- During this fiscal year, there was a significant land sale to Cashman Equipment for a new sales and repair facility for which the City gave up land with minimal book value resulting in the large increase in the gain on sale of assets.
- Interest income increased by \$7,463,936 (116%) due to higher cash and investment balances, higher interest rates, and a \$0.78 million increase for market valuation.
- Expenses for public works activities increased due in large part to projects related to the City Center Plaza, Water Street Improvements, Energy Performance Improvements, and an expansion of a City Building.
- Expenses in culture and recreation activities increased due to park improvements, trails, and a new recreation facility.
- The increase in interest on long-term debt is due to a full year of payment of interest on bonds that were issued at the end of fiscal year 2005/2006.

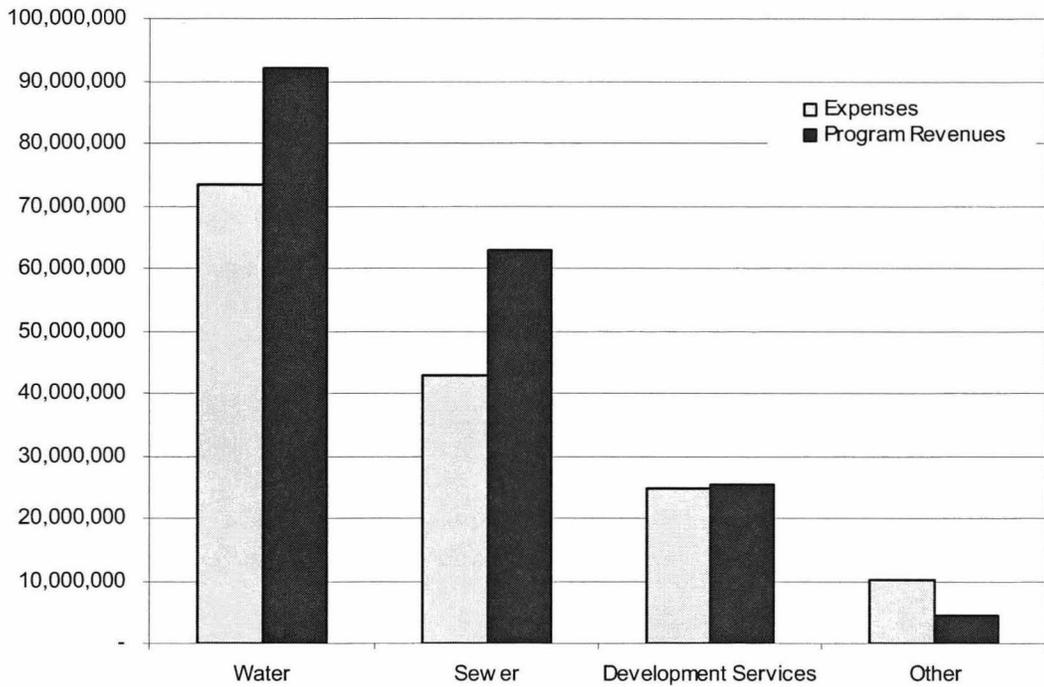




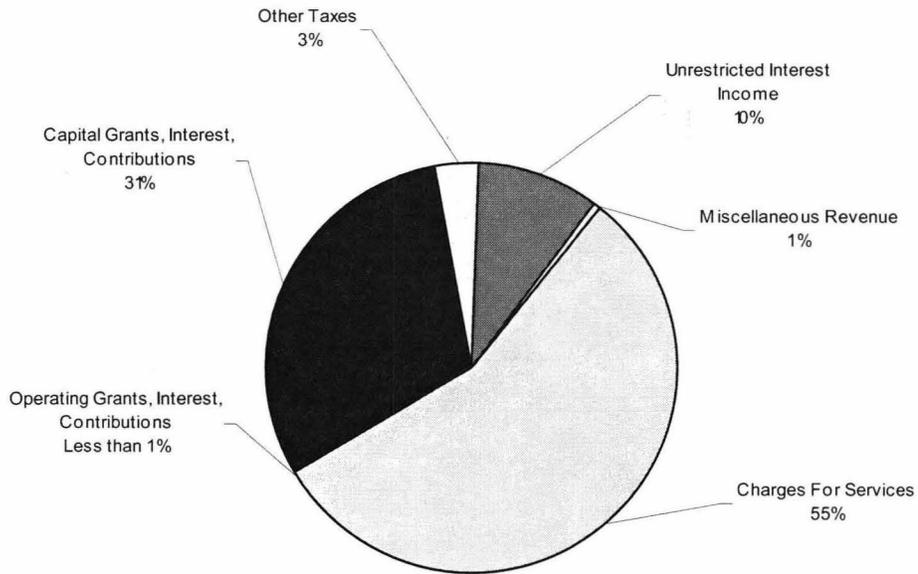
**Business-type activities.** Business-type activities increased the City of Henderson's net assets by \$71,768,278 accounting for 32% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services increased by \$12,228,381 due in large part to growth and increases in water rates of 5.8% effective November 1, 2006 and sewer rates of 1.7% effective July 1, 2006. Other increases were due to recognition of deferred revenue in the Development Services Fund in this fiscal year for permit fees collected last fiscal year. Work related to these permits was completed in the current fiscal year. The collection of these deferred revenues decreased in the current fiscal year due to fewer building permits.
- Capital grants and contributions decreased by \$10,902,029 (14%) due in large part to the capital contribution relative to the Tuscany Lift Station of approximately \$4.5 million in fiscal year 2006 and a decrease of system development fees of approximately \$3.7 million. There was also approximately \$2 million less in donated assets relative to water laterals under the previous fiscal year.
- Interest income increased \$7,632,394 (60%) due to higher interest rates and a market value adjustment of approximately \$2 million.
- Sewer expenses increased \$7,275,034 (21%) due in large part to Phase III expansion of the Water Reclamation Facility, which required an increase in staff and electricity as well as other operating costs. Other increases are due to customer growth.
- Other business-type expenses increased due to the Cultural Arts & Tourism Enterprise Fund that now records salaries, employee benefits and other operating expenses for some culture and recreation functions that were recorded in governmental funds in the prior fiscal year.

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



### Revenues by Source - Business-type Activities



## Financial Analysis of the City's Funds

**Governmental funds.** The focus of the City of Henderson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Henderson's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Henderson's governmental funds reported combined ending fund balances of \$406,392,429, an increase of \$49,189,078 in comparison with the prior year. Approximately 93% of this balance (\$376,864,198) 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 (\$2,805,128), 2) to pay debt service (\$8,977,253), 3) for land held for resale (\$8,462,325), 4) for a variety of other purposes (\$9,283,525).

**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 \$30,921,060, while total fund balance was \$33,726,188. 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 16.3% of total general fund expenditures, while total fund balance represents 17.8% of that same amount.

The fund balance of the general fund increased by \$2,211,499 during the current fiscal year. Key factors for this net increase are as follows:

Property taxes increased by \$4,801,506 (14%) due to growth in assessed value.

Franchise fees increased by \$2,698,764 (10%) 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 \$5,661,786 due to increase in staffing levels.

**General Obligation Debt Service Fund.** The general obligation debt service fund has a total fund balance of \$6,740,546, all of which is reserved for payment of debt service. The net increase in the fund balance was \$2,388,379 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 \$836,341, all of which is reserved for payment of debt service. The net decrease in the fund balance was \$12,467, which is insignificant.

**Special Assessment Districts Capital Projects Fund.** The special assessment districts capital projects fund has a total fund balance of \$141,101,685 which is unreserved. The net decrease in fund balance was \$18,264,498. The decrease to fund balance was due mainly to approximately \$27.5 million in construction costs for special assessment district infrastructure. This decrease was offset by approximately \$9.3 million in interest earnings.

**Municipal Facilities Acquisition & Construction Capital Projects Fund.** The municipal facilities acquisition & construction capital projects fund has a total unreserved fund balance of \$113,982,236. The net increase in fund balance of \$24,352,605 was due mainly to property taxes of \$10.7 million,

developer contributions for capital projects of \$9.8 million, interest earnings of \$4.9 million, and \$17.1 million from transfers from other funds for municipal facilities projects. These increases were offset by \$10.2 million in transfers out to the general obligation debt service fund for its share of debt service and by costs related to Water Street Improvements, City Center Plaza, Energy Performance Improvements, and an expansion of a City Building.

**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 \$63,010,695, and total growth in net assets was \$31,606,506. Unrestricted net assets of the sewer fund at the end of the fiscal year were \$56,477,728, and total growth in net assets was \$35,103,246. Unrestricted net assets in the development services fund at the end of the fiscal year were \$15,076,646, and the total increase in net assets was \$5,989,210. 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 \$10.3 million, or 5.0% 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 2006, and were re-appropriated in Fiscal Year 2007.

Actual expenditures were 87.7% of appropriations, or \$26.7 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 \$12.9 million below the final budget. Several projects within Information Technology, City Manager's Office, Finance, Community Development, and Building Maintenance were not completed by year-end and were deferred to the subsequent year, in addition to \$2.5 million in vacancy savings.
- Actual Public Safety expenditures were \$7.1 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 \$3.3 million below the final budget, primarily due to projects that were deferred to the subsequent year.
- Actual Culture and Recreation expenditures were \$2.3 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, 2007 amounts to \$1,865,484,993 (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 \$127,443,880 (\$74,891,111 for governmental activities and \$52,552,769 for business-type activities).

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

- Improvements other than buildings increased by \$25,339,561 for governmental activities due in large part to two contributed parks, with \$8.5 million for Esselmont Park and \$3.9 million for Anthem; the completion of the Civic Center Plaza of \$11 million; and the balance is from various completed park improvements.
- Infrastructure for governmental activities increased by \$50,760,628 mainly due to developer contributions.
- Construction in progress for business type activities increased by \$22,075,866. This increase is due in large part to approximately \$15.4 million for the Water Reclamation Facility Expansion, approximately \$3.7 million for a reservoir rehabilitation project, approximately \$1.3 million for the North East Reclaim Pump Station and Gibson Relief Sewer Project.

**City of Henderson's Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$176,316,589	\$174,615,526	\$25,215,735	\$25,215,735	\$201,532,324	\$199,831,261
Buildings	160,709,645	165,444,903	24,360,118	25,034,799	185,069,763	190,479,702
Improvements other than buildings	99,619,266	74,279,705	609,254,270	577,394,025	708,873,536	651,673,730
Machinery and equipment	31,127,318	29,318,263	8,465,781	9,174,442	39,593,099	38,492,705
Infrastructure	567,743,359	516,982,731	-	-	567,743,359	516,982,731
Construction in progress	24,357,651	24,341,589	138,315,261	116,239,395	162,672,912	140,580,984
<b>Total</b>	<b>\$1,059,873,828</b>	<b>\$984,982,717</b>	<b>\$805,611,165</b>	<b>\$753,058,396</b>	<b>\$1,865,484,993</b>	<b>\$1,738,041,113</b>

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 \$404,619,046. Of this amount, \$158,455,000 is considered general obligation debt, \$15,840,000 is tax allocation debt, and \$365,000 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$158,455,000	\$171,795,000	\$-	\$ -	\$158,455,000	\$171,795,000
Tax allocation bonds	15,840,000	16,340,000	-	-	15,840,000	16,340,000
Special assessment debt with government commitment	365,000	585,000	-	-	365,000	585,000
Water & sewer bonds	-	-	229,959,046	241,864,554	229,959,046	241,864,554
<b>Total</b>	<b>\$174,660,000</b>	<b>\$188,720,000</b>	<b>\$229,959,046</b>	<b>\$241,864,554</b>	<b>\$404,619,046</b>	<b>\$430,584,554</b>

During the fiscal year the City issued some medium-term general obligation bonds for upgrading or replacing existing facilities in order to increase energy efficiency.

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

As of June 30, 2007, the City’s net general obligation bonded debt subject to the legal debt margin of \$388,414,046 was below the legal limit of \$2,204,010,145.

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

#### Other Factors

- 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 is monitoring the impact of the property tax legislation passed during the 2005 Legislative session. Property taxes have continued to grow at rates above the Legislative caps due to the addition of new construction, which is not subject to the cap in the first year. The impact of the housing slowdown may yet have an impact on future property tax revenue.
- The City is experiencing moderate growth in population, below normal residential development, and continued strength in commercial construction and tourism-related businesses. These factors will impact City revenues through permit fees, sales tax and property tax revenues.

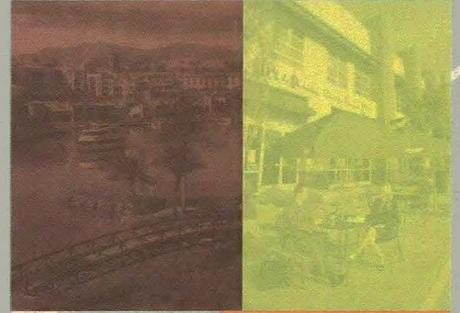
All of these factors were considered in preparing the City of Henderson’s budget for the 2007/2008 fiscal year.

During the current fiscal year unreserved fund balance in the general fund increased to \$30,921,060. The City of Henderson has appropriated approximately \$11.6 million of this amount for spending in the 2007/2008 fiscal year budget. It is intended that this use of available fund balance will pay for one time capital purchases.

### **Requests for Information**

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

# Basic Financial Statement



**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF HENDERSON, NEVADA

## Statement of Net Assets

June 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 442,234,001	\$ 391,065,387	\$ 833,299,388
Receivables:			
Accounts	8,241,995	12,455,087	20,697,082
Interest receivable	3,108,495	4,252,036	7,360,531
Delinquent property taxes	963,457	--	963,457
Special assessments	404,350	--	404,350
Notes	5,256,637	--	5,256,637
Prepaid items	150,000		150,000
Due from other governments	30,453,779	907,121	31,360,900
Internal balances	7,932,288	(7,932,288)	--
Other assets	21,656	4,694,343	4,715,999
Investment in joint venture	--	6,334,323	6,334,323
Land held for resale	8,462,325	--	8,462,325
Deferred charges	906,580	1,121,775	2,028,355
Restricted assets - cash and investments:			
Customer deposits	--	363,493	363,493
Water and sewer bond debt service	--	9,601,191	9,601,191
Capital assets (net of accumulated depreciation):			
Land	176,316,589	25,215,735	201,532,324
Buildings	160,709,645	24,360,118	185,069,763
Improvements other than buildings	99,619,266	609,254,270	708,873,536
Machinery and equipment	31,127,318	8,465,781	39,593,099
Infrastructure	567,743,359	--	567,743,359
Construction in progress	24,357,651	138,315,261	162,672,912
Total Assets	<u>1,568,009,391</u>	<u>1,228,473,633</u>	<u>2,796,483,024</u>
<b>LIABILITIES</b>			
Accounts payable and accrued wages	12,881,418	7,690,776	20,572,194
Accrued interest payable	1,063,904	--	1,063,904
Construction contracts/retention payable	1,293,918	2,121,650	3,415,568
Deposits	11,339,781	120,017	11,459,798
Due to other governments	1,804,782	--	1,804,782
Unearned revenue	107,515	2,785,507	2,893,022
Current liabilities partially payable from restricted assets	--	2,882,833	2,882,833
Noncurrent liabilities:			
Due within one year	23,629,483	5,613,509	29,242,992
Due within one year, partially payable from restricted assets	--	12,472,896	12,472,896
Due in more than one year	186,244,813	225,083,757	411,328,570
Total liabilities	<u>238,365,614</u>	<u>258,770,945</u>	<u>497,136,559</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	887,712,904	627,392,350	1,515,105,254
Restricted for:			
General government	13,382,667	--	13,382,667
Judicial	582,780	--	582,780
Debt service	6,512,983	7,081,851	13,594,834
Public safety	8,223,749	--	8,223,749
Public works	14,562,921	--	14,562,921
Culture and recreation	1,982,880	--	1,982,880
Capital projects	262,838,476	6,334,323	269,172,799
Redevelopment	20,074,016	--	20,074,016
Claims	20,689,918	--	20,689,918
Customer deposits	--	363,493	363,493
System development	--	199,219,286	199,219,286
Unrestricted	93,080,483	129,311,385	222,391,868
Total Net Assets	<u>\$ 1,329,643,777</u>	<u>\$ 969,702,688</u>	<u>\$ 2,299,346,465</u>

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

# CITY OF HENDERSON, NEVADA

## Statement of Activities For the Year Ended June 30, 2007

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	Business- Type Activities	
<b>Governmental Activities:</b>								
General government	\$ 50,374,073	\$ 12,244,183	\$ 423,861	\$ 379,967	\$ (37,326,062)	\$ --	\$ (37,326,062)	
Judicial	9,109,288	968,837	--	697,884	(7,442,567)	--	(7,442,567)	
Public safety	104,481,376	10,277,019	587,527	1,226,081	(92,390,749)	--	(92,390,749)	
Public works	58,704,749	35,266	466,879	92,865,118	34,662,514	--	34,662,514	
Culture and recreation	39,819,367	7,586,970	3,825,496	28,548,457	141,556	--	141,556	
Community support	4,865,916	--	3,361,288	--	(1,504,628)	--	(1,504,628)	
<b>Debt service:</b>								
Administrative and other costs	914,643	--	--	--	(914,643)	--	(914,643)	
Interest and fiscal charges	8,767,331	--	--	--	(8,767,331)	--	(8,767,331)	
<b>Total Governmental Activities</b>	<b>277,036,743</b>	<b>31,112,275</b>	<b>8,665,051</b>	<b>123,717,507</b>	<b>(113,541,910)</b>	<b>--</b>	<b>(113,541,910)</b>	
<b>Business-Type Activities:</b>								
Water	73,406,312	59,189,399	--	32,986,994	--	18,770,081	18,770,081	
Sewer	42,732,326	29,584,283	--	33,147,058	--	19,999,015	19,999,015	
Development services center	24,884,187	25,537,979	16,848	--	--	670,640	670,640	
Other business activities	10,207,163	4,549,417	39,286	--	--	(5,618,460)	(5,618,460)	
<b>Total Business-Type Activities</b>	<b>151,229,988</b>	<b>118,861,078</b>	<b>56,134</b>	<b>66,134,052</b>	<b>--</b>	<b>33,821,276</b>	<b>33,821,276</b>	
<b>Total</b>	<b>\$ 428,266,731</b>	<b>\$ 149,973,353</b>	<b>\$ 8,721,185</b>	<b>\$ 189,851,559</b>	<b>(113,541,910)</b>	<b>33,821,276</b>	<b>(79,720,634)</b>	
<b>General Revenues</b>								
Ad valorem taxes					84,670,413	--	84,670,413	
Bond premium amortization					713,337	1,111,292	1,824,629	
Consolidated tax					99,587,194	--	99,587,194	
Franchise fees					29,625,623	--	29,625,623	
Motor vehicle fuel tax					4,475,253	--	4,475,253	
Room taxes					984,204	2,187,661	3,171,865	
Sales tax					11,898,691	5,097,650	16,996,341	
Unrestricted investment earnings					13,885,771	20,441,004	34,326,775	
Gain on sale of assets					25,902,150	--	25,902,150	
Miscellaneous					370,076	185,972	556,048	
Transfers					(8,923,423)	8,923,423	--	
<b>Total General Revenues and Transfers</b>					<b>263,189,289</b>	<b>37,947,002</b>	<b>301,136,291</b>	
<b>Change in Net Assets</b>					149,647,379	71,768,278	221,415,657	
<b>NET ASSETS, BEGINNING OF YEAR</b>					<b>1,179,996,398</b>	<b>897,934,410</b>	<b>2,077,930,808</b>	
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 1,329,643,777</b>	<b>\$ 969,702,688</b>	<b>\$ 2,299,346,465</b>	

The accompanying notes are an integral part of these financial statements

# CITY OF HENDERSON, NEVADA

## Balance Sheet Governmental Funds June 30, 2007

	General Fund	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition and Construction Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and investments	\$ 25,658,222	\$ 5,385,930	\$ 828,018	\$ 144,260,376	\$ 113,491,601	\$ 92,344,510	\$ 381,968,657
Receivables:							
Accounts	8,216,555	--	--	--	--	24,351	8,240,906
Special assessments	--	--	404,350	--	--	--	404,350
Accrued interest	346,616	217,887	8,323	5,482	828,004	973,033	2,379,345
Notes	--	--	--	--	--	5,256,637	5,256,637
Delinquent property taxes	661,895	301,562	--	--	--	--	963,457
Prepaid items	--	--	--	--	--	150,000	150,000
Advances to other funds	--	--	--	--	--	791,592	791,592
Due from other funds	1,553,301	840,000	--	--	--	--	2,393,301
Due from employees	560	--	--	--	--	--	560
Due from other governments	19,020,160	296,729	--	--	372,888	10,590,893	30,280,670
Land held for resale	--	--	--	--	--	8,462,325	8,462,325
Total assets	<u>\$ 55,457,309</u>	<u>\$ 7,042,108</u>	<u>\$ 1,240,691</u>	<u>\$ 144,265,858</u>	<u>\$ 114,692,493</u>	<u>\$ 118,593,341</u>	<u>\$ 441,291,800</u>
<b>LIABILITIES</b>							
Accounts payable and accrued wages	\$ 10,184,832	\$ --	\$ --	\$ --	\$ 195,712	\$ 1,373,710	\$ 11,754,254
Compensated absences payable	41,251	--	--	--	--	--	41,251
Construction contracts payable	23,992	--	--	--	514,545	755,381	1,293,918
Deposits	9,095,365	--	--	--	--	2,244,416	11,339,781
Due to other governments	1,616,271	--	--	--	--	188,511	1,804,782
Due to other funds	--	--	--	--	--	1,553,301	1,553,301
Advances from other funds	--	--	--	3,164,173	--	791,592	3,955,765
Deferred revenue	769,410	301,562	404,350	--	--	1,680,997	3,156,319
Total liabilities	<u>21,731,121</u>	<u>301,562</u>	<u>404,350</u>	<u>3,164,173</u>	<u>710,257</u>	<u>8,587,908</u>	<u>34,899,371</u>
<b>FUND BALANCES</b>							
Reserved for:							
Encumbrances	2,805,128	--	--	--	--	--	2,805,128
Debt service	--	6,740,546	836,341	--	--	1,400,366	8,977,253
Land held for resale	--	--	--	--	--	8,462,325	8,462,325
Notes receivable	--	--	--	--	--	3,575,640	3,575,640
Sinking fund	--	--	--	--	--	4,766,293	4,766,293
Prepays	--	--	--	--	--	150,000	150,000
Advances	--	--	--	--	--	791,592	791,592
Unreserved, reported in:							
General fund	30,921,060	--	--	--	--	--	30,921,060
Special revenue funds	--	--	--	--	--	46,242,339	46,242,339
Capital projects funds	--	--	--	141,101,685	113,982,236	44,616,878	299,700,799
Total fund balance	<u>33,726,188</u>	<u>6,740,546</u>	<u>836,341</u>	<u>141,101,685</u>	<u>113,982,236</u>	<u>110,005,433</u>	<u>406,392,429</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 55,457,309</u>	<u>\$ 7,042,108</u>	<u>\$ 1,240,691</u>	<u>\$ 144,265,858</u>	<u>\$ 114,692,493</u>	<u>\$ 118,593,341</u>	<u>\$ 441,291,800</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, 2007

Fund Balances - Governmental Funds		\$ 406,392,429
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	1,463,413,682	
Less: Accumulated depreciation	<u>(424,896,044)</u>	
		1,038,517,638
Other assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.		
Bond costs - deferred charges	1,029,541	
Less: Current year amortization	<u>(122,961)</u>	
		906,580
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	(156,852,199)	
Tax allocation bonds payable	(15,840,000)	
Special assessment bonds payable	(365,000)	
Capital leases payable	(10,305)	
Compensated absences	<u>(27,374,223)</u>	
		(200,441,727)
Interest payable		(1,063,904)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		3,048,804
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.		74,351,669
Internal balances are receivable from business-type activities		<u>7,932,288</u>
Net Assets - Governmental Activities		<u>\$ 1,329,643,777</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, 2007

	General Fund	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition and Construction Capital Projects	Other Governmental Funds	Total
<b>REVENUES:</b>							
Property taxes	\$ 38,262,370	\$ 22,298,999	\$ --	\$ --	\$ 10,704,062	\$ 12,989,296	\$ 84,254,727
Special assessments	--	--	167,366	--	--	--	167,366
Franchise fees	29,625,623	--	--	--	--	--	29,625,623
Licenses and permits	8,307,293	--	--	--	--	--	8,307,293
Intergovernmental	103,925,689	--	--	--	697,884	31,027,332	135,650,905
Charges for services	13,895,992	--	--	--	--	339,165	14,235,157
Fines and forfeitures	4,249,662	--	--	--	--	813,442	5,063,104
Developer/property owner contributions	--	--	--	--	9,800,000	3,259,728	13,059,728
Impact fees	--	--	--	--	--	1,822,171	1,822,171
Miscellaneous interest	1,494,812	793,869	100,371	9,260,896	4,933,508	3,719,782	20,303,238
Miscellaneous	528,420	--	5,475	--	6,010	997,315	1,537,220
Total revenues	<u>200,289,861</u>	<u>23,092,868</u>	<u>273,212</u>	<u>9,260,896</u>	<u>26,141,464</u>	<u>54,968,231</u>	<u>314,026,532</u>
<b>EXPENDITURES:</b>							
Current:							
General government	42,276,503	--	--	--	41,456	4,483,884	46,801,843
Judicial	8,565,990	--	--	--	--	378,042	8,944,032
Public safety	94,227,610	--	--	--	--	8,408,093	102,635,703
Public works	10,758,363	--	--	1,912	3,191,291	1,195,790	15,147,356
Culture and recreation	30,103,571	--	--	--	207,578	4,853,678	35,164,827
Community support	1,606,219	--	--	--	--	3,220,991	4,827,210
Total current	<u>187,538,256</u>	<u>--</u>	<u>--</u>	<u>1,912</u>	<u>3,440,325</u>	<u>22,540,478</u>	<u>213,520,971</u>
Capital outlay:							
General government	306,738	--	--	--	279,172	3,614,153	4,200,063
Judicial	13,806	--	--	--	--	230,780	244,586
Public safety	1,186,462	--	--	--	--	2,268,200	3,454,662
Public works	560,942	--	--	27,530,790	7,123,250	2,767,698	37,982,680
Culture and recreation	36,405	--	--	--	--	7,980,834	8,017,239
Community support	27,132	--	--	--	--	215,383	242,515
Total capital outlay	<u>2,131,485</u>	<u>--</u>	<u>--</u>	<u>27,530,790</u>	<u>7,402,422</u>	<u>17,077,048</u>	<u>54,141,745</u>
Debt service:							
Principal retirement	--	15,405,000	220,000	--	--	597,606	16,222,606
Interest and fiscal charges	--	7,848,413	52,013	--	--	890,973	8,791,399
Administrative and other costs	--	6,500	6,358	--	--	--	12,858
Total debt service	<u>--</u>	<u>23,259,913</u>	<u>278,371</u>	<u>--</u>	<u>--</u>	<u>1,488,579</u>	<u>25,026,863</u>
Total expenditures	<u>189,669,741</u>	<u>23,259,913</u>	<u>278,371</u>	<u>27,532,702</u>	<u>10,842,747</u>	<u>41,106,105</u>	<u>292,689,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,620,120</u>	<u>(167,045)</u>	<u>(5,159)</u>	<u>(18,271,806)</u>	<u>15,298,717</u>	<u>13,862,126</u>	<u>21,336,953</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, 2007

	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	--	--	--	--	--	29,346,542	29,346,542
Bonds issued	--	--	--	--	2,065,000	--	2,065,000
Sale of capital assets	9,090	--	--	--	--	--	9,090
Transfers:							
Transfers from other funds	11,578,913	14,830,226	--	7,308	17,148,239	3,961,233	47,525,919
Transfers to other funds	(19,996,624)	(12,274,802)	(7,308)	--	(10,159,351)	(8,656,341)	(51,094,426)
Total other financing sources (uses)	<u>(8,408,621)</u>	<u>2,555,424</u>	<u>(7,308)</u>	<u>7,308</u>	<u>9,053,888</u>	<u>24,651,434</u>	<u>27,852,125</u>
NET CHANGE IN FUND BALANCES	2,211,499	2,388,379	(12,467)	(18,264,498)	24,352,605	38,513,560	49,189,078
FUND BALANCES, BEGINNING 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>
Ⓒ FUND BALANCES, END OF YEAR	<u>\$ 33,726,188</u>	<u>\$ 6,740,546</u>	<u>\$ 836,341</u>	<u>\$ 141,101,685</u>	<u>\$ 113,982,236</u>	<u>\$ 110,005,433</u>	<u>\$ 406,392,429</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, 2007

Net Change in Fund Balances - Governmental Funds	\$	49,189,078
<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	\$	41,607,250
Sale/disposition of assets		(4,446,731)
Less: Current year depreciation		<u>(54,210,396)</u>
		(17,049,877)
<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		211,919
Donated capital assets		<u>90,617,361</u>
		90,829,280
<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		(2,065,000)
Bond issuance costs		(901,785)
Accrued interest		70,604
Principal payments		<u>16,264,506</u>
		13,368,325
<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		713,337
Change in long-term compensated absences		<u>(1,900,366)</u>
		(1,187,029)
<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>		
		<u>14,497,602</u>
Change in Net Assets of Governmental Activities	\$	<u><u>149,647,379</u></u>

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

**CITY OF HENDERSON, NEVADA**

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 36,493,403	\$ 39,126,205	\$ 38,262,370	\$ (863,835)
Franchise fees	28,148,312	29,240,138	29,625,623	385,485
Licenses and permits	8,259,146	8,259,146	8,307,293	48,147
Intergovernmental	119,233,217	111,502,478	103,925,689	(7,576,789)
Charges for services	13,416,657	12,668,382	13,895,992	1,227,610
Fines and forfeits	3,676,905	4,276,905	4,249,662	(27,243)
Miscellaneous interest	685,855	1,250,000	1,494,812	244,812
Miscellaneous	537,880	687,880	528,420	(159,460)
Total revenues	<u>210,451,375</u>	<u>207,011,134</u>	<u>200,289,861</u>	<u>(6,721,273)</u>
<b>EXPENDITURES</b>				
Current:				
General government	49,241,665	54,317,906	42,276,503	12,041,403
Judicial	8,931,636	8,992,013	8,565,990	426,023
Public safety	100,140,493	100,991,702	94,227,610	6,764,092
Public works	10,406,138	13,501,078	10,758,363	2,742,715
Culture and recreation	32,882,863	31,861,545	30,103,571	1,757,974
Community support	2,037,659	2,237,603	1,606,219	631,384
Total current	<u>203,640,454</u>	<u>211,901,847</u>	<u>187,538,256</u>	<u>24,363,591</u>
Capital outlay:				
General government	45,500	1,141,104	306,738	834,366
Judicial	--	46,966	13,806	33,160
Public safety	1,158,016	1,536,999	1,186,462	350,537
Public works	344,000	1,104,043	560,942	543,101
Culture and recreation	841,555	604,173	36,405	567,768
Community support	27,500	33,199	27,132	6,067
Total capital outlay	<u>2,416,571</u>	<u>4,466,484</u>	<u>2,131,485</u>	<u>2,334,999</u>
Total expenditures	<u>206,057,025</u>	<u>216,368,331</u>	<u>189,669,741</u>	<u>26,698,590</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>4,394,350</u>	<u>(9,357,197)</u>	<u>10,620,120</u>	<u>19,977,317</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	--	--	9,090	9,090
Transfers from other funds	11,578,913	11,578,913	11,578,913	--
Transfers to other funds	<u>(21,054,202)</u>	<u>(22,998,925)</u>	<u>(19,996,624)</u>	<u>3,002,301</u>
Total other financing sources (uses)	<u>(9,475,289)</u>	<u>(11,420,012)</u>	<u>(8,408,621)</u>	<u>3,011,391</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(5,080,939)</u>	<u>(20,777,209)</u>	<u>2,211,499</u>	<u>22,988,708</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>27,639,327</u>	<u>31,514,689</u>	<u>31,514,689</u>	<u>--</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 22,558,388</u>	<u>\$ 10,737,480</u>	<u>\$ 33,726,188</u>	<u>\$ 22,988,708</u>

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

**CITY OF HENDERSON, NEVADA**

Statement of Net Assets  
Proprietary Funds  
June 30, 2007

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash and investments	\$ 138,785,245	\$ 228,419,331	\$ 20,680,823	\$ 3,179,988	\$ 391,065,387	\$ 60,265,344
Receivables:						
Accounts receivable	9,027,695	3,155,257	21,330	250,805	12,455,087	1,089
Accrued interest	1,585,015	2,384,426	246,292	36,303	4,252,036	729,150
Due from other governments	--	879,369	7,752	20,000	907,121	173,109
Inventories - bulk fuel	--	--	--	--	--	15,336
Customer deposits (restricted assets, cash and investments)	362,493	1,000	--	--	363,493	--
Water and sewer debt service bonds (restricted assets, cash and investments)	4,392,441	5,208,750	--	--	9,601,191	--
<b>Total current assets</b>	<b>154,152,889</b>	<b>240,048,133</b>	<b>20,956,197</b>	<b>3,487,096</b>	<b>418,644,315</b>	<b>61,184,028</b>
<b>NONCURRENT ASSETS:</b>						
Capital Assets:						
Land	1,717,277	9,695,529	--	13,802,929	25,215,735	--
Buildings	6,646,641	15,994,839	--	8,634,022	31,275,502	753,377
Improvements other than buildings	508,765,950	332,807,712	560,290	24,116,443	866,250,395	473,374
Machinery and equipment	11,770,386	4,984,695	3,019,263	2,503,172	22,277,516	42,398,337
Construction in progress	14,455,572	123,544,636	35,659	279,394	138,315,261	--
<b>Total capital assets</b>	<b>543,355,826</b>	<b>487,027,411</b>	<b>3,615,212</b>	<b>49,335,960</b>	<b>1,083,334,409</b>	<b>43,625,088</b>
Less accumulated depreciation	(163,916,917)	(97,208,403)	(2,640,820)	(13,957,104)	(277,723,244)	(22,268,898)
<b>Net capital assets</b>	<b>379,438,909</b>	<b>389,819,008</b>	<b>974,392</b>	<b>35,378,856</b>	<b>805,611,165</b>	<b>21,356,190</b>
Other Assets:						
Investment in joint venture	--	6,334,323	--	--	6,334,323	--
Deferred charges	144,813	976,962	--	--	1,121,775	--
Deposits	4,694,343	--	--	--	4,694,343	5,760
Advances to other funds	--	--	--	--	--	3,164,173
<b>Total noncurrent assets</b>	<b>384,278,065</b>	<b>397,130,293</b>	<b>974,392</b>	<b>35,378,856</b>	<b>817,761,606</b>	<b>24,526,123</b>
<b>Total assets</b>	<b>538,430,954</b>	<b>637,178,426</b>	<b>21,930,589</b>	<b>38,865,952</b>	<b>1,236,405,921</b>	<b>85,710,151</b>

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, 2007

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued wages	\$ 5,268,829	\$ 1,333,600	\$ 715,692	\$ 372,655	\$ 7,690,776	\$ 1,127,164
Due to other funds	--	--	--	--	--	840,000
Compensated absences payable	1,719,214	1,245,668	2,267,310	381,317	5,613,509	1,410,003
Construction contracts	122,117	1,953,988	--	45,545	2,121,650	--
Deposits	--	--	111,042	8,975	120,017	--
Unearned revenue	--	--	2,785,507	--	2,785,507	--
Claims and judgements payable	--	--	--	--	--	7,981,006
Capital lease obligations, current	--	--	--	--	--	309
Customer deposits (partially payable from restricted assets)	362,493	1,000	--	--	363,493	--
Accrued bond interest (partially payable from restricted assets)	1,021,691	1,497,649	--	--	2,519,340	--
Current portion of bonds payable (partially payable from restricted assets)	4,886,361	7,586,535	--	--	12,472,896	--
<b>Total current liabilities</b>	<b>13,380,705</b>	<b>13,618,440</b>	<b>5,879,551</b>	<b>808,492</b>	<b>33,687,188</b>	<b>11,358,482</b>
<b>NONCURRENT LIABILITIES:</b>						
Provisional credits/refunding agreements	1,557,318	13,518	--	--	1,570,836	--
General obligation bonds (net of current portion)	58,866,224	164,646,697	--	--	223,512,921	--
<b>Total noncurrent liabilities</b>	<b>60,423,542</b>	<b>164,660,215</b>	<b>--</b>	<b>--</b>	<b>225,083,757</b>	<b>--</b>
<b>Total liabilities</b>	<b>73,804,247</b>	<b>178,278,655</b>	<b>5,879,551</b>	<b>808,492</b>	<b>258,770,945</b>	<b>11,358,482</b>
<b>NET ASSETS</b>						
Invested in capital, net of related debt	330,834,865	260,204,237	974,392	35,378,856	627,392,350	21,355,881
Restricted for:						
Debt service	3,370,750	3,711,101	--	--	7,081,851	--
Capital projects	--	6,334,323	--	--	6,334,323	--
Claims	--	--	--	--	--	20,689,918
Customer deposits	362,493	1,000	--	--	363,493	--
System development	67,047,904	132,171,382	--	--	199,219,286	--
Unrestricted	63,010,695	56,477,728	15,076,646	2,678,604	137,243,673	32,305,870
<b>Total net assets</b>	<b>\$ 464,626,707</b>	<b>\$ 458,899,771</b>	<b>\$ 16,051,038</b>	<b>\$ 38,057,460</b>	<b>977,634,976</b>	<b>\$ 74,351,669</b>
Adjustment to reflect the consolidation of Internal Service Funds' activities related to Enterprise Funds					(7,932,288)	
<b>Net Assets of Business-Type Activities</b>					<b>\$ 969,702,688</b>	

The accompanying notes are an integral part of these financial statements

# CITY OF HENDERSON, NEVADA

## Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	\$	\$	\$	\$	\$	\$
<b>OPERATING REVENUES</b>						
Utilities fees	57,591,979	28,699,846	--	--	86,291,825	--
Connection fees	420,700	242,798	--	--	663,498	--
Late charges	853,040	405,566	--	--	1,258,606	--
Rental fees	--	--	--	419,856	419,856	--
Licenses - gaming	--	--	--	647,240	647,240	--
Licenses and permits	--	--	7,731,433	--	7,731,433	--
Charges for services	--	--	17,788,953	3,479,252	21,268,205	34,875,151
Miscellaneous	323,680	236,072	83,883	55,407	699,042	--
Total operating revenues	<u>59,189,399</u>	<u>29,584,282</u>	<u>25,604,269</u>	<u>4,601,755</u>	<u>118,979,705</u>	<u>34,875,151</u>
<b>OPERATING EXPENSES</b>						
Salaries and wages	9,619,804	6,778,879	12,536,165	2,396,045	31,330,893	5,333,727
Employee benefits	3,456,403	2,368,346	4,117,761	686,402	10,628,912	1,875,818
Water purchases	21,254,031	--	--	--	21,254,031	--
Services and supplies	16,639,839	14,682,184	7,507,945	6,050,013	44,879,981	10,020,094
Claims and legal fees	--	--	--	--	--	9,587,609
Depreciation	20,294,859	11,718,346	563,050	1,110,249	33,686,504	4,176,910
Total operating expenses	<u>71,264,936</u>	<u>35,547,755</u>	<u>24,724,921</u>	<u>10,242,709</u>	<u>141,780,321</u>	<u>30,994,158</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(12,075,537)</u>	<u>(5,963,473)</u>	<u>879,348</u>	<u>(5,640,954)</u>	<u>(22,800,616)</u>	<u>3,880,993</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Room taxes	--	--	--	2,187,661	2,187,661	--
Interest revenue	7,499,517	11,738,062	1,038,906	164,519	20,441,004	2,885,627
Sales taxes	--	5,097,650	--	--	5,097,650	--
Interest expense	(2,922,954)	(7,759,855)	--	--	(10,682,809)	(48,448)
Miscellaneous	123,479	--	--	--	123,479	66,446
Gain (loss) on disposition of assets	--	--	--	--	--	586,105
Bond premium amortization	380,454	730,838	--	--	1,111,292	--
Total nonoperating revenues (expenses)	<u>5,080,496</u>	<u>9,806,695</u>	<u>1,038,906</u>	<u>2,352,180</u>	<u>18,278,277</u>	<u>3,489,730</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(6,995,041)</u>	<u>3,843,222</u>	<u>1,918,254</u>	<u>(3,288,774)</u>	<u>(4,522,339)</u>	<u>7,370,723</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>41,851,547</u>	<u>34,510,024</u>	<u>--</u>	<u>98,999</u>	<u>76,460,570</u>	<u>3,388,419</u>
<b>TRANSFERS</b>						
Transfers in	--	--	4,161,514	3,801,449	7,962,963	3,630,098
Transfers out	(3,250,000)	(3,250,000)	(90,558)	(1,400,000)	(7,990,558)	(33,996)
Total transfers	<u>(3,250,000)</u>	<u>(3,250,000)</u>	<u>4,070,956</u>	<u>2,401,449</u>	<u>(27,595)</u>	<u>3,596,102</u>
<b>CHANGES IN NET ASSETS</b>	<u>31,606,506</u>	<u>35,103,246</u>	<u>5,989,210</u>	<u>(788,326)</u>	<u>71,910,636</u>	<u>14,355,244</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<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>	<u>59,996,425</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 464,626,707</u>	<u>\$ 458,899,771</u>	<u>\$ 16,051,038</u>	<u>\$ 38,057,460</u>	<u>\$ 74,351,669</u>	<u>\$ 74,351,669</u>
					Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds	(142,358)
					Change in net assets	<u>\$ 71,768,278</u>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Funds				Governmental	
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 58,259,541	\$ 29,882,517	\$ 21,085,546	\$ 4,330,950	\$ 113,558,554	\$ 1,158,306
Cash received from interfund services provided	--	--	--	--	--	33,690,978
Cash from other sources	123,479	5,097,650	--	2,187,661	7,408,790	66,446
Cash payments to suppliers for goods and services	(41,910,833)	(17,665,528)	(11,762,988)	(6,662,309)	(78,001,658)	(19,907,632)
Cash payments to employees for services	(9,575,835)	(6,570,949)	(12,312,511)	(2,151,811)	(30,611,106)	(5,478,613)
Net cash provided by (used for) operating activities	<u>6,896,352</u>	<u>10,743,690</u>	<u>(2,989,953)</u>	<u>(2,295,509)</u>	<u>12,354,580</u>	<u>9,529,485</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	--	--	4,161,514	3,801,449	7,962,963	3,630,098
Transfers out	(3,250,000)	(3,250,000)	(90,558)	(1,400,000)	(7,990,558)	(33,996)
Payments on advances to other funds	--	--	--	--	--	3,232
Net cash provided by (used for) noncapital financing activities	<u>(3,250,000)</u>	<u>(3,250,000)</u>	<u>4,070,956</u>	<u>2,401,449</u>	<u>(27,595)</u>	<u>3,599,334</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(5,324,458)	(22,815,989)	(734,274)	(472,667)	(29,347,388)	(3,838,749)
Investment in joint venture	--	(2,490,807)	--	--	(2,490,807)	--
Principal payments on bonds and leases	(4,670,226)	(7,296,214)	--	--	(11,966,440)	(3,495)
Interest paid on bonds and leases	(3,170,877)	(8,372,127)	--	--	(11,543,004)	(48,448)
Due to other funds	--	--	--	--	--	(215,000)
Proceeds from sale of capital assets	--	--	--	--	--	631,739
(Increase) decrease in deposits/deferred charges	514,278	66,062	--	--	580,340	--
Increase (decrease) in provisional credits	1,015	--	--	--	1,015	--
Capital contributions	6,150,707	10,862,961	--	--	17,013,668	--
Net cash provided by (used for) capital and related financing activities	<u>(6,499,561)</u>	<u>(30,046,114)</u>	<u>(734,274)</u>	<u>(472,667)</u>	<u>(37,752,616)</u>	<u>(3,473,953)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	<u>7,022,143</u>	<u>11,073,020</u>	<u>959,703</u>	<u>160,132</u>	<u>19,214,998</u>	<u>2,610,711</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>4,168,934</u>	<u>(11,479,404)</u>	<u>1,306,432</u>	<u>(206,595)</u>	<u>(6,210,633)</u>	<u>12,265,577</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<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>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 143,540,179</u>	<u>\$ 233,629,081</u>	<u>\$ 20,680,823</u>	<u>\$ 3,179,988</u>	<u>\$ 401,030,071</u>	<u>\$ 60,265,344</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, 2007

	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)	\$ (12,075,537)	\$ (5,963,473)	\$ 879,348	\$ (5,640,954)	\$ (22,800,616)	\$ 3,880,993
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						
Depreciation	20,294,859	11,718,346	563,050	1,110,249	33,686,504	4,176,910
Miscellaneous revenues	123,479	5,097,650	--	2,187,661	7,408,790	66,446
Changes in assets and liabilities:						
(Increases) decrease:						
Accounts receivable	(929,858)	(114,992)	63,018	(250,805)	(1,232,637)	--
Due from other governments	--	413,227	(5,595)	(20,000)	387,632	(25,867)
Increase (decrease):						
Accounts payable and accrued wages	(516,553)	(561,750)	(81,368)	112,447	(1,047,224)	485,731
Deposits	(12,652)	(40)	6,350	1,675	(4,667)	--
Unearned revenue	--	--	(4,576,146)	--	(4,576,146)	--
Compensated absences payable	12,614	154,722	161,390	204,218	532,944	(141,126)
Claims and judgments	--	--	--	--	--	1,086,398
Total adjustments	<u>18,971,889</u>	<u>16,707,163</u>	<u>(3,869,301)</u>	<u>3,345,445</u>	<u>35,155,196</u>	<u>5,648,492</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 6,896,352</u>	<u>\$ 10,743,690</u>	<u>\$ (2,989,953)</u>	<u>\$ (2,295,509)</u>	<u>\$ 12,354,580</u>	<u>\$ 9,529,485</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Contribution of assets	35,700,840	23,647,063	--	98,999	59,446,902	3,388,419

**CITY OF HENDERSON, NEVADA**

Statement of Fiduciary Net Assets  
Agency Funds  
June 30, 2007

**ASSETS**

Cash and investments	\$	73,123,776
Delinquent assessments receivable		434,463
Total assets	\$	<u>73,558,239</u>

**LIABILITIES**

Due to developers	\$	13,983,719
Due to employees		104,786
Due to others		59,469,734
Total liabilities	\$	<u>73,558,239</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, 2007

### Note 1: Summary of Significant Accounting Policies

#### A. **The Reporting Entity**

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

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

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

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

### B. 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.

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.

### C. 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.

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

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

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

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

Property taxes, special assessments, sales taxes, consolidated tax revenue (sales taxes, cigarette taxes, motor vehicle privilege taxes, liquor taxes), gaming taxes, gasoline taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of 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).

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

The City reports deferred revenue in the fund financial statements balance sheets. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The City reports the following major governmental funds:

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

The **General Obligation Debt Service Fund** accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

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

The **Special Assessment Districts Capital Projects Fund** accounts for the cost of public improvements such as street lighting, streets, curbs, gutters, water and sewer benefiting certain property owners. Funding is provided by the issuance of special assessment district bonds.

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

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.

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

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.

D. **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.

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

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

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

**2. Receivables and Payables**

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

**3. Property Taxes**

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

The Nevada Department of Taxation provides the maximum allowable tax rates for operating purposes to local governments for inclusion in their budgets. Each local government that receives property taxes must file a budget on or before June 1<sup>st</sup>, which provides for the allowable tax rate for the next fiscal year. The Nevada Tax Commission must certify all tax rates on June 25th, the levy date, and property is liened on July 1st. Taxes on real property 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

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

3. **Property Taxes** (continued)

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.

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

Road Network

Asphalt  
Sidewalks  
Curbs and gutters  
Streetlights  
Traffic signals

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

**5. Capital Assets** (continued)

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. 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, 2007, is \$4,694,343.

**7. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund statements. In governmental funds, the current portion of compensated absences, vacation leave and sick leave actually paid or accrued as a result of employees who have terminated, is recorded as a payroll expenditure.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

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

The City has entered into refunding agreements whereby developers construct water and sewage transmission lines from their property to existing City lines at the expense of the developers. The developers are to be reimbursed by the City from the collection of connection fees or user charges.

These agreements are principally for the term of ten years with all liability canceled either by reimbursement to the developers from subsequent connection fee assessments in the related areas or upon expiration of the term of the agreements.

#### 9. **Long-Term Debt**

In the government-wide and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method. Issuance costs are reported as deferred charges and amortized over the term of the related bond.

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

#### 10. **Equity Classifications**

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

- a. **Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

10. **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.

11. **Use of Estimates**

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

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

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

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

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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	\$ 914,737,523
Other capital assets	<u>548,676,159</u>
Governmental Capital Assets	<u><u>\$ 1,463,413,682</u></u>
Accumulated Depreciation:	
Infrastructure assets	346,994,164
Other capital assets	<u>77,901,880</u>
Accumulated Depreciation	<u><u>\$ 424,896,044</u></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	\$ 25,902,150
Loss on disposition of assets on the statement of activities included in the general government function	(407,144)
Amount resulting from internal service fund activities included elsewhere on the reconciliation	(595,195)
Land sales included in the net change in fund balances – governmental funds	<u>(29,346,542)</u>
Net Difference in Reporting Sales/Disposition of Assets	<u><u>\$ (4,446,731)</u></u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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	\$ 415,686
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>(203,767)</u>
Change in Deferred Revenue	<u><u>\$ 211,919</u></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 \$7,932,288 difference are as follows:

Internal service fund loss allocation to business-type activities – Prior years	\$ (7,789,930)
Internal service fund loss allocation to business-type activities – Current year	<u>(142,358)</u>
	<u><u>\$ (7,932,288)</u></u>

# CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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.

Prior to April 15, the Manager of Budget and Strategic Planning 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 (\$111,211,963). 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:

Cultural Arts and Tourism Enterprise Fund	\$ 64,168
---	-----------

The above appears to be a potential violation of NRS 354.626.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

Note 4: **Cash and Investments**

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2007:

Cash:	
Cash on hand	\$ 12,310
Deposits in bank	(3,469,327)
Investments	<u>919,844,865</u>
 Total Cash and Investments	 <u><u>\$ 916,387,848</u></u>

Total cash and investments at June 30, 2007 were presented on the City's financial statements as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental activities	\$ 442,234,001	\$ --	\$ 442,234,001
Business-type activities	391,065,387	9,964,684	401,030,071
Fiduciary funds	<u>73,123,776</u>	<u>--</u>	<u>73,123,776</u>
 Total Cash and Investments	 <u><u>\$ 906,423,164</u></u>	 <u><u>\$ 9,964,684</u></u>	 <u><u>\$ 916,387,848</u></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, 2007, the recorded amount of the City's deposits was \$(3,469,327) and the bank balance was \$6,363,168. Of the bank statement balance \$300,000 was covered by federal depository insurance and \$6,063,168 was subject to collateralization.

## CITY OF HENDERSON, NEVADA

### Notes to Financial Statements For the Year Ended June 30, 2007

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</u>	
				<u>S &amp; P</u>	<u>Moody</u>
Banker's Acceptances	180	20%	5%	A-1	P-1
Commercial Paper	270 days	20%	None	A-1	P-1
Money Market Mutual Funds	None	None	None	AAA	Aaa
Negotiable Certificates of Deposit	None	None	None	n/a	n/a
Collateralized Nonnegotiable Certificates of Deposit	None	None	None	n/a	n/a
Negotiable notes/medium-term obligations of local governments of the State of Nevada	5 years	None	None	n/a	n/a
Repurchase Agreements	90 days	None	10%	n/a	n/a
U.S. Treasury Obligations	10 years	None	None	n/a	n/a
U.S. Agency Securities:					
Federal National Mortgage	10 years	None	None	n/a	n/a
Federal Agricultural Mortgage Corporation	10 years	None	None	n/a	n/a
Federal Farm Credit Bank	10 years	None	None	n/a	n/a
Federal Home Loan Bank	10 years	None	None	n/a	n/a
Federal Home Loan Mortgage Corporation	10 years	None	None	n/a	n/a
Government National Mortgage Association	10 years	None	None	n/a	n/a
Local Government Investment Pool	None	None	None	n/a	n/a
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, 2007

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

At June 30, 2007, the City had the following investments:

	Par	Cost	Fair Value	Weighted Average Maturity (Years)
<b>Pooled Investments</b>				
Money Market Funds	22,876,151	22,876,151	22,876,151	--
Farmer MAC	9,600,000	9,600,000	9,591,648	0.51
Farm Credit Bank	40,000,000	40,000,000	39,940,700	1.68
Federal Home Loan Banks	263,450,000	263,448,789	262,614,324	2.69
Federal Home Loan Mortgage	102,150,000	102,074,631	101,772,123	3.32
Federal Home Loan Mortgage - REMIC	550,264	550,264	539,071	0.96
Federal National Mortgage	165,140,000	165,143,552	164,524,808	2.88
Federal National Mortgage - CTF	1,106,880	1,106,880	1,157,282	4.33
US Treasury Notes	15,990,000	15,875,522	15,373,561	6.63
US Treasury Notes - Inflationary	1,316,749	1,316,749	1,312,749	7.54
State of Nevada Local Government Investment Pool	1,491,648	1,491,648	1,491,648	--
<b>Total Pooled Investments</b>	<b>623,671,692</b>	<b>623,484,186</b>	<b>621,194,065</b>	<b>2.75</b>
<b>Non-Pooled Investments</b>				
<i>Special Assessment Bond Proceeds Investments</i>				
Milestone Money Market Fund	27,121,556	27,121,556	27,121,556	--
Federal Home Loan Mortgage Corp. Discount Note	1,737,000	1,693,439	1,700,964	0.18
Federal National Mortgage Medium Term Notes	900,000	896,472	891,844	0.69
AIM Money Market Fund	167,798,938	167,798,938	167,798,938	--
<i>Other Bond Proceeds Investments</i>				
Water Bonds - AIM Money Market Funds	15,438,196	15,438,196	15,438,196	--
Sewer Bonds - AIM Money Market Funds	1,797,571	1,797,571	1,797,571	--
Sewer Bonds - MBIA Collateralized Investment Agreement	40,179,856	40,179,856	40,179,856	1.63
Muni Acquisitions - MBIA Collateralized Investment Agreement	41,915,903	41,915,903	41,915,903	1.27
Redevelopment Bonds - AIM Money Market Funds	1,805,972	1,805,972	1,805,972	--
<b>Total Non-Pooled Investments</b>	<b>298,694,992</b>	<b>298,647,903</b>	<b>298,650,800</b>	<b>0.40</b>
<b>Total Investments</b>	<b>\$ 922,366,684</b>	<b>\$ 922,132,089</b>	<b>\$ 919,844,865</b>	<b>3.15</b>

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

#### Interest Rate Risk

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

#### Concentration of Credit Risk

At June 30, 2007, in accordance with State laws as defined in the table found on page 32, the City was not in violation of the maximum percentage of total portfolio per investment type, nor the maximum percentage per single issuer restrictions.

## CITY OF HENDERSON, NEVADA

### Notes to Financial Statements For the Year Ended June 30, 2007

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

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

	<u>S&amp;P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
<b>Pooled Investments</b>			
Money Market Funds	AAA	Aaa	2.49%
Farmer MAC	AAA	Aaa	1.04%
Farm Credit Bank	AAA	Aaa	4.34%
Federal Home Loan Banks	AAA	Aaa	28.55%
Federal Home Loan Mortgage	AAA	Aaa	11.06%
Federal Home Loan Mortgage - REMIC	n/a	n/a	0.06%
Federal National Mortgage	AAA	Aaa	17.89%
Federal National Mortgage - CTF	n/a	n/a	0.13%
US Treasury Notes	AAA	Aaa	1.67%
US Treasury Notes - Inflationary	AAA	Aaa	0.14%
State of Nevada Local Government Investment Pool	n/a	n/a	0.16%
<b>Total Pooled Investments</b>			<u>67.53%</u>
<b>Non-Pooled Investments</b>			
<i>Special Assessment Bond Proceeds Investments</i>			
Milestone Money Market Fund	AAA	Aaa	2.95%
Federal Home Loan	AAA	Aaa	0.18%
Federal National Mortgage Medium Term Notes	AAA	Aaa	0.10%
AIM Money Market Fund	AAA	Aaa	18.24%
<i>Other Bonds Proceeds Investments</i>			
Water Bonds - AIM Money Market Funds	AAA	Aaa	1.68%
Sewer Bonds - AIM Money Market Funds	AAA	Aaa	0.20%
Sewer Bonds - MBIA Collateralized Investment Agreement	AAA	Aaa	4.36%
Muni Acquisition - MBIA Collateralized Investment Agreement	AAA	Aaa	4.56%
Redevelopment Bonds - AIM Money Market Funds	AAA	Aaa	0.20%
<b>Total Non-Pooled Investments</b>			<u>32.47%</u>
<b>Total</b>			<u>100.00%</u>

#### Custodial Credit Risk

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

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

Note 5: **Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2007 is as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,553,301
General Obligation Debt Service	Internal Service Funds	840,000
		\$ 2,393,301

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	\$ 3,164,173
Nonmajor Governmental Funds	Nonmajor Governmental Funds	791,592
		\$ 3,955,765

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	\$ (7,789,930)
Effects of current year internal service activity	(142,358)
	\$ (7,932,288)

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

Note 5: **Interfund Balances and Activity**

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>General Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Special Assessment Districts Capital Project Fund</u>	<u>Municipal Facilities Acquisition &amp; Construction Capital Projects Fund</u>
General Fund	\$ --	\$ 340,432	\$ --	\$ 6,121,452
General Obligation Debt Service Fund	11,488,355	--	--	786,447
Special Assessment Districts Debt Service Fund	--	--	7,308	--
Municipal Facilities Acquisition and Capital Construction Capital Projects Fund	--	10,159,351	--	--
Other Governmental Funds	--	4,330,443	--	2,306,344
Water Fund	--	--	--	3,250,000
Sewer Fund	--	--	--	3,250,000
Development Services Fund	90,558	--	--	--
Other Enterprise Funds	--	--	--	1,400,000
Internal Service Funds	--	--	--	33,996
<b>Total</b>	<b><u>\$ 11,578,913</u></b>	<b><u>\$ 14,830,226</u></b>	<b><u>\$ 7,308</u></b>	<b><u>\$ 17,148,239</u></b>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

Transfers In				
Other Governmental Funds	Development Services Fund	Other Enterprise Funds	Internal Services Funds	Total
\$ 3,901,679	\$ 4,161,514	\$ 1,841,449	\$ 3,630,098	\$ 19,996,624
--	--	--	--	12,274,802
--	--	--	--	7,308
--	--	--	--	10,159,351
59,554	--	1,960,000	--	8,656,341
--	--	--	--	3,250,000
--	--	--	--	3,250,000
--	--	--	--	90,558
--	--	--	--	1,400,000
--	--	--	--	33,996
<u>\$ 3,961,233</u>	<u>\$ 4,161,514</u>	<u>\$ 3,801,449</u>	<u>\$ 3,630,098</u>	<u>\$ 59,118,980</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, 2007

### Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions and Transfers In	Deletions and Transfers Out	Completed Construction	Balance June 30, 2007
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 174,615,526	\$ 7,421,647	\$ (5,720,584)	\$ --	\$ 176,316,589
Construction in progress	24,341,589	18,730,636	(554,641)	(18,159,933)	24,357,651
Total capital assets, not being depreciated	198,957,115	26,152,283	(6,275,225)	(18,159,933)	200,674,240
Capital assets, being depreciated:					
Buildings	196,501,740	956,849	(19,066)	50,689	197,490,212
Improvements other than buildings	91,419,190	13,064,013	(74,944)	14,823,631	119,231,890
Machinery and equipment	69,166,276	9,018,682	(3,561,109)	281,052	74,904,901
Infrastructure	821,214,326	90,518,636	--	3,004,561	914,737,523
Total capital assets, being depreciated	1,178,301,532	113,558,180	(3,655,119)	18,159,933	1,306,364,526
Less accumulated depreciation for:					
Buildings	(31,056,837)	(5,725,799)	2,069	--	(36,780,567)
Improvements other than buildings	(17,139,485)	(2,509,040)	35,901	--	(19,612,624)
Machinery and equipment	(39,848,013)	(7,389,895)	3,460,325	--	(43,777,583)
Infrastructure	(304,231,595)	(42,762,569)	--	--	(346,994,164)
Total accumulated depreciation	(392,275,930)	(58,387,303)	3,498,295	--	(447,164,938)
Total capital assets, being depreciated, net	786,025,602	55,170,877	(156,824)	18,159,933	859,199,588
Governmental activities capital assets, net	<u>\$ 984,982,717</u>	<u>\$ 81,323,160</u>	<u>\$ (6,432,049)</u>	<u>\$ --</u>	<u>\$ 1,059,873,828</u>
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 25,215,735	\$ --	\$ --	\$ --	\$ 25,215,735
Construction in progress	116,239,395	26,113,614	--	(4,037,748)	138,315,261
Total capital assets, not being depreciated	141,455,130	26,113,614	--	(4,037,748)	163,530,996
Capital assets, being depreciated:					
Buildings	31,176,608	19,066	--	79,828	31,275,502
Improvements other than buildings	803,497,706	59,016,520	--	3,736,169	866,250,395
Machinery and equipment	20,896,931	1,232,050	(73,216)	221,751	22,277,516
Total capital assets, being depreciated	855,571,245	60,267,636	(73,216)	4,037,748	919,803,413
Less accumulated depreciation for:					
Buildings	(6,141,809)	(773,575)	--	--	(6,915,384)
Improvements other than buildings	(226,103,681)	(30,892,444)	--	--	(256,996,125)
Machinery and equipment	(11,722,489)	(2,107,462)	18,216	--	(13,811,735)
Total accumulated depreciation	(243,967,979)	(33,773,481)	18,216	--	(277,723,244)
Total capital assets, being depreciated, net	611,603,266	26,494,155	(55,000)	4,037,748	642,080,169
Business-type activities capital assets, net	<u>\$ 753,058,396</u>	<u>\$ 52,607,769</u>	<u>\$ (55,000)</u>	<u>\$ --</u>	<u>\$ 805,611,165</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

**Governmental Activities:**

General government	\$ 4,103,819
Judicial	614,445
Public safety	2,561,161
Public works	42,755,114
Culture & recreation	4,174,904
Community support	950
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,176,910

Total	\$ 58,387,303
-------	---------------

**Business-Type Activities:**

Water	\$ 20,294,859
Sewer	11,718,346
Development services	563,050
Other enterprise funds	1,110,249

Total Depreciation Expense - Business-Type Activities	33,686,504
---	------------

Transfer of assets from governmental activities to business-type activities	86,977
--	--------

Total Additions and Transfers In	\$ 33,773,481
----------------------------------	---------------

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	(3,601,891)
Total	\$ 2,766,680

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

Note 7: **Leases** (continued)

**Capital Lease Obligations – Governmental Activity** (continued)

The future minimum lease payments for the capital leases and the present value of net minimum lease payments at June 30, 2007, are summarized in the following table:

<u>Year Ending</u> <u>June 30,</u>	
2008	\$ 11,348
Total minimum lease payments	<u>11,348</u>
Less amount representing interest	<u>(734)</u>
Present value of net minimum lease payments	<u><u>\$ 10,614</u></u>

Note 8: **Long-Term Debt**

**A. New Debt Issuance**

In September 2006, the City issued General Obligation Medium-Term Bonds, Series 2006 in the amount of \$2,065,000. The bonds were issued for the purpose of purchasing and installing operating cost savings measures and building projects for the City. The bonds will mature annually on September 1 of each year starting in 2007 and ending in 2016. Interest on the bonds is payable on March 1 and September 1, commencing on March 1, 2007. Interest is fixed at 3.7913%.

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

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

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>	<u>Amounts Due Within 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%	\$ 1,265,000	\$ --	\$ (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%	6,390,000	--	(1,140,000)	5,250,000	1,205,000
\$40,000,000 Parks and Recreation Bonds Series 1997A due in annual installments through June 1, 2017; interest varies between 4.875% and 6.25%	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%	1,365,000	--	(665,000)	700,000	700,000
\$50,000,000 2000 Various Purpose Bonds due in annual installments through April 1, 2011; interest varies between 5.00% and 6.00%	8,790,000	--	(2,030,000)	6,760,000	2,140,000
\$12,940,000 2001 Refunding Serial Bonds due in annual installments through June 1, 2013; interest varies between 3.5% and 4.5%	8,835,000	--	(1,115,000)	7,720,000	1,160,000
\$3,780,000 2003 Refunding Serial Bonds due in annual installments through November 1, 2006; interest varies between 5.375% and 5.5%	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%	3,765,000	--	(3,765,000)	--	--

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>	<u>Amounts Due Within One Year</u>
Governmental Activities (continued):					
General Obligation Bonds Payable (continued):					
\$5,205,000 2003B Park Refunding Bonds due in annual installments through May 1, 2010; interest varies between 2.0% and 2.75%	\$ 1,830,000	\$ --	\$ (860,000)	\$ 970,000	\$ 530,000
\$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	2,115,000
\$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	2,020,000
\$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%	3,300,000	--	(1,155,000)	2,145,000	1,205,000
\$56,000,000 2005D Various Purpose Bonds due annually beginning in June 2007 through June 2035; interest varies between 4.0% and 5.0%	56,000,000	--	(1,015,000)	54,985,000	1,055,000
\$2,065,000 2006 Medium-Term Bonds (Energy Retrofit Project) due annually beginning in September 2007 through September 2016; interest fixed at 3.7913%	--	2,065,000	--	2,065,000	173,000
	<u>171,795,000</u>	<u>2,065,000</u>	<u>(15,405,000)</u>	<u>158,455,000</u>	<u>12,303,000</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	--	(385,000)	11,660,000	400,000
\$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%	4,295,000	--	(115,000)	4,180,000	120,000
	<u>16,340,000</u>	<u>--</u>	<u>(500,000)</u>	<u>15,840,000</u>	<u>520,000</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amounts Due Within One Year
Governmental Activities (continued):					
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%	\$ 585,000	\$ --	\$ (220,000)	\$ 365,000	\$ 60,000
Capital Lease Obligations:					
Capital lease payable to LaSalle Bank in semi-annual installments of \$33,155 including principal and interest through August 1, 2006	32,278	--	(32,278)	--	--
Capital lease payable to Motorola in monthly payments of \$24,240 including principal and interest through December 2006	19,925	--	(9,620)	10,305	10,305
Capital lease payable to Canon in monthly payments of \$312, including principal and interest through July 2007	3,804	--	(3,495)	309	309
	<u>56,007</u>	<u>--</u>	<u>(45,393)</u>	<u>10,614</u>	<u>10,614</u>
Note Payable:					
\$230,000 2000 Henderson Redevelopment Agency note payable in monthly payments of \$2,500 including principal and interest through November 2009	97,608	--	(97,608)	--	--
Unamortized Bond Premium	7,706,539	--	(713,337)	6,993,202	--
Unamortized Bond Discount/Deferred Refunding Charge	(9,410,736)	--	814,733	(8,596,003)	--
Compensated Absences Payable	27,026,172	3,421,704	(1,622,399)	28,825,477	2,754,863
Claims Payable	6,894,608	10,323,815	(9,237,417)	7,981,006	7,981,006
Total Governmental Activities	<u>221,090,198</u>	<u>15,810,519</u>	<u>(27,026,421)</u>	<u>209,874,296</u>	<u>23,629,483</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>	<u>Due Within 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%	\$ 2,884,733	\$ --	\$ (478,864)	\$ 2,405,869	\$ 498,210
\$12,300,000 1992 Sewer serial bonds due in semi-annual installments through January 1, 2012; interest at 4.0%	5,276,914	--	(725,674)	4,551,240	754,992
\$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)	940,595	60,931	--	1,001,526	505,000
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest at 4%	6,443,398	--	(650,391)	5,793,007	676,666
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 1, 2015; interest rate at 3.825%	5,427,813	--	(483,784)	4,944,029	502,467
\$31,875,000 1997 Water Refunding bonds due in annual installments through September 1, 2017; interest varies between 3.7% and 6.5%	29,350,000	--	(1,255,000)	28,095,000	825,000
\$2,750,000 1997 Sewer Refunding bonds due in annual installments through September 1, 2014; interest varies between 3.7% and 6.5%	2,605,000	--	(15,000)	2,590,000	20,000
\$95,000,000 1998 Water and Sewer bonds Series A due in annual installments through September 1, 2018; interest varies between 4.0% to 5.5%	12,675,000	--	(4,035,000)	8,640,000	4,225,000
\$5,500,000 2000 Water bonds due in annual installments through January 1, 2021; interest rate at 3.65%	4,906,101	--	(212,726)	4,693,375	220,561

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

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

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amounts Due Within One Year
Business-Type Activities (continued):					
Revenue Bonds Payable (continued):					
\$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%	\$ 1,340,000	\$ --	\$ (435,000)	\$ 905,000	\$ 445,000
\$110,000,000 2004 Sewer bonds due in annual installments through June 1, 2034; interest varies between 3.0% and 5.25%	108,105,000	--	(1,950,000)	106,155,000	2,010,000
\$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	--	(1,725,000)	3,640,000	1,790,000
	<u>241,864,554</u>	<u>60,931</u>	<u>(11,966,439)</u>	<u>229,959,046</u>	<u>12,472,896</u>
Unamortized Bond Premium	9,609,824	--	(1,111,292)	8,498,532	--
Refunding Loss/Bond Discount Costs	(2,747,866)	--	276,105	(2,471,761)	--
Provisional Credits/Refunding Agreements	1,569,821	--	1,015	1,570,836	--
Compensated Absences Payable	5,080,565	631,340	(98,396)	5,613,509	5,613,509
Total Business-Type Activities	<u>255,376,898</u>	<u>692,271</u>	<u>(12,899,007)</u>	<u>243,170,162</u>	<u>18,086,405</u>
Total Debt	<u>\$ 476,467,096</u>	<u>\$ 16,502,790</u>	<u>\$ (39,925,428)</u>	<u>\$ 453,044,458</u>	<u>\$ 41,715,888</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

**B. 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.

**C. 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
2008	\$ 12,472,896	\$ 11,012,682	\$ 10,614	\$ 734	\$ 12,303,000	\$ 7,243,242
2009	12,983,388	10,449,655	--	--	12,135,000	6,772,600
2010	13,028,081	9,838,275	--	--	11,657,000	6,281,205
2011	13,657,137	9,201,677	--	--	11,944,000	5,786,745
2012	14,000,981	8,534,055	--	--	10,911,000	5,337,095
2013-2017	64,842,704	32,961,287	--	--	44,415,000	19,796,020
2018-2022	34,904,404	19,633,350	--	--	21,260,000	10,568,170
2023-2027	22,729,455	13,779,230	--	--	10,670,000	7,118,320
2028-2032	28,075,000	7,624,900	--	--	13,455,000	4,414,605
2033-2035	13,265,000	1,002,500	--	--	9,705,000	985,500
	<u>\$ 229,959,046</u>	<u>\$ 124,037,611</u>	<u>\$ 10,614</u>	<u>\$ 734</u>	<u>\$ 158,455,000</u>	<u>\$ 74,303,502</u>
Year Ending June 30:	Special Assessment Bonds		Tax Allocation Bonds			
	Principal	Interest	Principal	Interest		
2008	\$ 60,000	\$ 31,825	\$ 520,000	\$ 839,723		
2009	70,000	25,650	540,000	817,621		
2010	70,000	19,000	565,000	793,176		
2011	80,000	11,875	590,000	765,671		
2012	85,000	4,038	615,000	735,127		
2013-2017	--	--	3,590,000	3,156,742		
2018-2022	--	--	4,655,000	2,058,001		
2023-2026	--	--	4,765,000	572,662		
	<u>\$ 365,000</u>	<u>\$ 92,388</u>	<u>\$ 15,840,000</u>	<u>\$ 9,738,723</u>		

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

### D. **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 \$325,280,000. The City of Henderson is only acting as an agent for these bonds and is not liable for the debt.

### E. **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, 2007, outstanding general obligation bonds in the amount of \$148,400,000 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, 2007

### 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:

Fiscal Year	Contribution Rate		Total Contribution
	Regular Members	Police/ Fire	
2006/07	19.75%	32.0%	\$ 32,052,626
2005/06	19.75%	32.0%	\$ 28,963,067
2004/05	20.25%	28.5%	\$ 25,702,947

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, 2007, approximately 110 retirees were receiving post-retirement health care benefits from the City. The cost of these benefits in fiscal year 2006-07 was approximately \$308,188.

## CITY OF HENDERSON, NEVADA

Notes to Financial Statements  
For the Year Ended June 30, 2007

### 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 \$516 million blanket property insurance policy on all buildings and building contents with a \$100,000 deductible; a \$100,000,000 Boiler and Machinery policy with \$100,000 deductible; \$3 million Inland Marine coverage on a scheduled 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 \$8.9 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 a biannual 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 \$1,250,000 SIR for all employees per occurrence, with the maximum on all claims at statutory limits for the coverage period from April 1, 2007 through April 1, 2008.

**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 \$2,000,000 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, 2007

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

Changes in the funds' claims liability amounts for the years ended June 30, 2007 and 2006 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 2006/07:				
Liability	\$ 1,369,921	\$ 328,109	\$ 328,109	\$ 1,369,921
Workmen's Compensation	4,663,739	1,549,652	982,483	5,230,908
Health Insurance	860,948	8,446,054	7,926,825	1,380,177
	<u>\$ 6,894,608</u>	<u>\$ 10,323,815</u>	<u>\$ 9,237,417</u>	<u>\$ 7,981,006</u>
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	855,996	4,803,404	4,798,452	860,948
	<u>\$ 3,155,908</u>	<u>\$ 10,084,585</u>	<u>\$ 6,345,885</u>	<u>\$ 6,894,608</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, 2007

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, 2007, the City of Henderson's investment in the joint venture is \$6,334,323. 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 \$162,672,912 at June 30, 2007 is reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$154,987,718 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, 2007

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.

D. **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. The Agency was released from one guaranty agreement for \$1.68 million on July 19, 2007 by the lender who provided permanent funding for one project.

2014

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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, 2007 for governmental activities are as follows:

Restricted for general government		
Equipment repair and maintenance	\$ 11,474,076	
Multipurpose	<u>1,908,591</u>	\$ 13,382,667
Judicial		
Municipal court administrative	<u>582,780</u>	582,780
Debt service		
General obligation debt	5,691,090	
Special assessment debt	<u>821,893</u>	6,512,983
Public safety		
Sales tax police	7,932,224	
Fofeited assets	<u>291,525</u>	8,223,749
Public works		
Gas tax	6,043,952	
Lake Las Vegas	4,766,293	
Flood control	126,871	
RTC/County funded	535,095	
Ad valorem transportation	<u>3,090,710</u>	14,562,921
Culture and recreation		
Special recreation	<u>1,982,880</u>	1,982,880
Capital projects		
Special assessments districts	141,101,685	
Municipal facilities	113,982,236	
Park development	<u>7,754,555</u>	262,838,476
Redevelopment		
Redevelopment agency	<u>20,074,016</u>	20,074,016
Claims		
Self-insurance	7,097,089	
Workman's compensation	7,906,522	
Health insurance	<u>5,686,307</u>	20,689,918
		<u>20,689,918</u>
Total restricted net assets - governmental activities		<u>\$ 348,850,390</u>

**CITY OF HENDERSON, NEVADA**

Notes to Financial Statements  
For the Year Ended June 30, 2007

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

Restricted net assets at June 30, 2007 for business-type activities are as follows:

Debt service		
Water fund	\$ 3,370,750	
Sewer fund	<u>3,711,101</u>	\$ 7,081,851
Capital projects		
Sewer fund	<u>6,334,323</u>	6,334,323
Customer deposits		
Water fund	362,493	
Sewer fund	<u>1,000</u>	363,493
System development		
Water fund	67,047,904	
Sewer fund	<u>132,171,382</u>	<u>199,219,286</u>
Total restricted net assets - business-type activities		<u>\$ 212,998,953</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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## Governmental Funds

### Nonmajor Special Revenue Funds

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

#### City of Henderson Redevelopment Agency

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

#### Gas Tax Special Revenue

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

#### Forfeited Assets Special Revenue

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

#### Municipal Court Administrative Fee Special Revenue

to account for court assessments which are to be used to improve operations of the court.

#### Financial Stabilization Special Revenue

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

#### 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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

**ASSETS**

	Special Revenue Funds	Capital Project Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and investments	\$ 47,943,310	\$ 44,401,200	\$ 92,344,510
Receivables:			
Accounts	20,351	4,000	24,351
Accrued interest	567,940	405,093	973,033
Notes	3,575,640	1,680,997	5,256,637
Prepaid items	--	150,000	150,000
Advances to other funds	--	791,592	791,592
Due from other governments	8,099,419	2,491,474	10,590,893
Land held for resale	8,462,325	--	8,462,325
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 68,668,985</u></u>	<u><u>\$ 49,924,356</u></u>	<u><u>\$ 118,593,341</u></u>

**LIABILITIES AND FUND BALANCES**

LIABILITIES

Accounts payable and accrued wages	\$ 1,209,482	\$ 164,228	\$ 1,373,710
Construction contracts payable	400,331	355,050	755,381
Deposits	267,316	1,977,100	2,244,416
Due to other governments	--	188,511	188,511
Due to other funds	1,553,301	--	1,553,301
Advances from other funds	791,592	--	791,592
Deferred revenue	--	1,680,997	1,680,997
Total liabilities	<u>4,222,022</u>	<u>4,365,886</u>	<u>8,587,908</u>

FUND BALANCES

Reserved for:			
Debt service	1,400,366	--	1,400,366
Land held for resale	8,462,325	--	8,462,325
Notes receivable	3,575,640	--	3,575,640
Sinking fund	4,766,293	--	4,766,293
Prepays	--	150,000	150,000
Advances	--	791,592	791,592
Unreserved - undesignated	46,242,339	44,616,878	90,859,217
Total fund balances	<u>64,446,963</u>	<u>45,558,470</u>	<u>110,005,433</u>

<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 68,668,985</u></u>	<u><u>\$ 49,924,356</u></u>	<u><u>\$ 118,593,341</u></u>
--	-----------------------------	-----------------------------	------------------------------

**CITY OF HENDERSON, NEVADA**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007

	Special Revenue Funds	Capital Projects Funds	Total
<b>REVENUES</b>			
Property taxes	\$ 10,651,637	\$ 2,337,659	\$ 12,989,296
Intergovernmental	27,602,492	3,424,840	31,027,332
Charges for services	329,967	9,198	339,165
Fines and forfeitures	813,442	--	813,442
Developer/property owner contributions	3,209,728	50,000	3,259,728
Impact fees	--	1,822,171	1,822,171
Miscellaneous interest	2,411,533	1,308,249	3,719,782
Miscellaneous	357,215	640,100	997,315
Total revenues	<u>45,376,014</u>	<u>9,592,217</u>	<u>54,968,231</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,190,728	293,156	4,483,884
Judicial	378,042	--	378,042
Public safety	8,408,093	--	8,408,093
Public works	1,022,081	173,709	1,195,790
Culture and recreation	3,528,298	1,325,380	4,853,678
Community support	3,220,991	--	3,220,991
Total current	<u>20,748,233</u>	<u>1,792,245</u>	<u>22,540,478</u>
Capital outlay:			
General government	716,072	2,898,081	3,614,153
Judicial	230,780	--	230,780
Public safety	2,268,200	--	2,268,200
Public works	2,482,746	284,952	2,767,698
Culture and recreation	4,015,273	3,965,561	7,980,834
Community support	215,383	--	215,383
Total capital outlay	<u>9,928,454</u>	<u>7,148,594</u>	<u>17,077,048</u>
Debt service:			
Principal retirement	597,606	--	597,606
Interest and fiscal charges	890,973	--	890,973
Total debt service	<u>1,488,579</u>	<u>--</u>	<u>1,488,579</u>
Total expenditures	<u>32,165,266</u>	<u>8,940,839</u>	<u>41,106,105</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>13,210,748</u>	<u>651,378</u>	<u>13,862,126</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Land sales	--	29,346,542	29,346,542
Transfers in	3,884,679	76,554	3,961,233
Transfers out	<u>(1,857,702)</u>	<u>(6,798,639)</u>	<u>(8,656,341)</u>
Total other financing sources (uses)	<u>2,026,977</u>	<u>22,624,457</u>	<u>24,651,434</u>
<b>NET CHANGE IN FUND BALANCES</b>	15,237,725	23,275,835	38,513,560
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>49,209,238</u>	<u>22,282,635</u>	<u>71,491,873</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 64,446,963</u>	<u>\$ 45,558,470</u>	<u>\$ 110,005,433</u>

**CITY OF HENDERSON, NEVADA**

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2007

**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	\$ 8,739,240	\$ 5,540,760	\$ 294,856	\$ 591,866	\$ 11,237,800	\$ 11,629,291	\$ --	\$ 4,709,581	\$ 5,199,916	\$ 47,943,310
Receivables:										
Accounts	20,351	--	--	--	--	--	--	--	--	20,351
Accrued interest	97,676	64,656	3,740	--	135,706	150,054	--	56,712	59,396	567,940
Notes	3,575,640	--	--	--	--	--	--	--	--	3,575,640
Due from other governments	461,977	519,192	--	--	--	--	4,097,922	--	3,020,328	8,099,419
Land held for resale	8,462,325	--	--	--	--	--	--	--	--	8,462,325
<b>TOTAL ASSETS</b>	<b>\$ 21,357,209</b>	<b>\$ 6,124,608</b>	<b>\$ 298,596</b>	<b>\$ 591,866</b>	<b>\$ 11,373,506</b>	<b>\$ 11,779,345</b>	<b>\$ 4,097,922</b>	<b>\$ 4,766,293</b>	<b>\$ 8,279,640</b>	<b>\$ 68,668,985</b>

**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES</b>										
Accounts payable and accrued wages	\$ 183,116	\$ 728	\$ 7,071	\$ 9,086	\$ --	\$ 169,671	\$ 492,394	\$ --	\$ 347,416	\$ 1,209,482
Construction contracts payable	41,169	79,928	--	--	--	135,598	143,636	--	--	400,331
Deposits	267,316	--	--	--	--	--	--	--	--	267,316
Due to other funds	--	--	--	--	--	--	1,553,301	--	--	1,553,301
Advances from other funds	791,592	--	--	--	--	--	--	--	--	791,592
<b>Total liabilities</b>	<b>1,283,193</b>	<b>80,656</b>	<b>7,071</b>	<b>9,086</b>	<b>--</b>	<b>305,269</b>	<b>2,189,331</b>	<b>--</b>	<b>347,416</b>	<b>4,222,022</b>
<b>FUND BALANCES</b>										
Reserved for:										
Debt service	1,400,366	--	--	--	--	--	--	--	--	1,400,366
Land held for resale	8,462,325	--	--	--	--	--	--	--	--	8,462,325
Notes receivable	3,575,640	--	--	--	--	--	--	--	--	3,575,640
Sinking fund	--	--	--	--	--	--	--	4,766,293	--	4,766,293
Unreserved - undesignated	6,635,685	6,043,952	291,525	582,780	11,373,506	11,474,076	1,908,591	--	7,932,224	46,242,339
<b>Total fund balances</b>	<b>20,074,016</b>	<b>6,043,952</b>	<b>291,525</b>	<b>582,780</b>	<b>11,373,506</b>	<b>11,474,076</b>	<b>1,908,591</b>	<b>4,766,293</b>	<b>7,932,224</b>	<b>64,446,963</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 21,357,209</b>	<b>\$ 6,124,608</b>	<b>\$ 298,596</b>	<b>\$ 591,866</b>	<b>\$ 11,373,506</b>	<b>\$ 11,779,345</b>	<b>\$ 4,097,922</b>	<b>\$ 4,766,293</b>	<b>\$ 8,279,640</b>	<b>\$ 68,668,985</b>

**CITY OF HENDERSON, NEVADA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2007**

	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
<b>REVENUES</b>										
Property taxes	\$ 10,651,637	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,651,637
Intergovernmental	398,020	3,349,037	--	--	--	154,544	11,802,200	--	11,898,691	27,602,492
Charges for services	--	--	--	--	--	329,967	--	--	--	329,967
Fines and forfeitures	--	--	353,646	459,796	--	--	--	--	--	813,442
Developer/property owner contributions	--	--	--	--	--	3,137,240	--	72,488	--	3,209,728
Miscellaneous interest	556,132	245,871	12,866	--	555,541	598,773	--	229,641	212,709	2,411,533
Miscellaneous	28,343	--	--	--	--	--	327,222	--	1,650	357,215
<b>Total revenues</b>	<b>11,634,132</b>	<b>3,594,908</b>	<b>366,512</b>	<b>459,796</b>	<b>555,541</b>	<b>4,220,524</b>	<b>12,129,422</b>	<b>302,129</b>	<b>12,113,050</b>	<b>45,376,014</b>
<b>EXPENDITURES</b>										
<b>Current:</b>										
General government	3,580,478	--	--	--	--	610,030	220	--	--	4,190,728
Judicial	--	--	--	378,042	--	--	--	--	--	378,042
Public safety	--	--	237,504	--	--	--	344,264	--	7,826,325	8,408,093
Public works	--	201,470	--	--	--	806,474	14,137	--	--	1,022,081
Culture and recreation	--	--	--	--	--	338,837	3,189,461	--	--	3,528,298
Community support	--	--	--	--	--	--	3,220,991	--	--	3,220,991
<b>Total current</b>	<b>3,580,478</b>	<b>201,470</b>	<b>237,504</b>	<b>378,042</b>	<b>--</b>	<b>1,755,341</b>	<b>6,769,073</b>	<b>--</b>	<b>7,826,325</b>	<b>20,748,233</b>
<b>Capital outlay:</b>										
General government	--	--	--	--	--	716,072	--	--	--	716,072
Judicial	--	--	--	68,587	--	162,193	--	--	--	230,780
Public safety	--	--	46,094	--	--	--	1,403,447	--	818,659	2,268,200
Public works	--	1,509,544	--	--	--	966,613	6,589	--	--	2,482,746
Culture and recreation	--	--	--	--	--	839,351	3,175,922	--	--	4,015,273
Community support	--	--	--	--	--	--	215,383	--	--	215,383
<b>Total capital outlay</b>	<b>--</b>	<b>1,509,544</b>	<b>46,094</b>	<b>68,587</b>	<b>--</b>	<b>2,684,229</b>	<b>4,801,341</b>	<b>--</b>	<b>818,659</b>	<b>9,928,454</b>
<b>Debt service:</b>										
Principal retirement	597,606	--	--	--	--	--	--	--	--	597,606
Interest and fiscal charges	890,973	--	--	--	--	--	--	--	--	890,973
<b>Total debt service</b>	<b>1,488,579</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,488,579</b>
<b>Total expenditures</b>	<b>5,069,057</b>	<b>1,711,014</b>	<b>283,598</b>	<b>446,629</b>	<b>--</b>	<b>4,439,570</b>	<b>11,570,414</b>	<b>--</b>	<b>8,644,984</b>	<b>32,165,266</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,565,075</b>	<b>1,883,894</b>	<b>82,914</b>	<b>13,167</b>	<b>555,541</b>	<b>(219,046)</b>	<b>559,008</b>	<b>302,129</b>	<b>3,468,066</b>	<b>13,210,748</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	--	--	--	--	817,500	2,550,000	100,973	416,206	--	3,884,679
Transfers out	--	(224,143)	--	--	--	(1,133,559)	(500,000)	--	--	(1,857,702)
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>(224,143)</b>	<b>--</b>	<b>--</b>	<b>817,500</b>	<b>1,416,441</b>	<b>(399,027)</b>	<b>416,206</b>	<b>--</b>	<b>2,026,977</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>6,565,075</b>	<b>1,659,751</b>	<b>82,914</b>	<b>13,167</b>	<b>1,373,041</b>	<b>1,197,395</b>	<b>159,981</b>	<b>718,335</b>	<b>3,468,066</b>	<b>15,237,725</b>
FUND BALANCES, BEGINNING OF YEAR	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
FUND BALANCES, END OF YEAR	<u>\$ 20,074,016</u>	<u>\$ 6,043,952</u>	<u>\$ 291,525</u>	<u>\$ 582,780</u>	<u>\$ 11,373,506</u>	<u>\$ 11,474,076</u>	<u>\$ 1,908,591</u>	<u>\$ 4,766,293</u>	<u>\$ 7,932,224</u>	<u>\$ 64,446,963</u>

**CITY OF HENDERSON, NEVADA**

Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2007

**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	\$32,972,676	\$ 1,065,147	\$ 21,785	\$ 7,699,833	\$ 154,662	\$ 535,184	\$ 1,951,913	\$ 44,401,200
Receivables:								
Accounts	4,000	--	--	--	--	--	--	4,000
Accrued interest	259,404	18,290	--	99,743	1,899	--	25,757	405,093
Notes	1,680,997	--	--	--	--	--	--	1,680,997
Prepaid items	150,000	--	--	--	--	--	--	150,000
Advances to other funds	621,261	--	--	170,331	--	--	--	791,592
Due from other governments	--	1,144,562	--	--	--	7,428	1,339,484	2,491,474
<b>TOTAL ASSETS</b>	<u>\$35,688,338</u>	<u>\$ 2,227,999</u>	<u>\$ 21,785</u>	<u>\$ 7,969,907</u>	<u>\$ 156,561</u>	<u>\$ 542,612</u>	<u>\$ 3,317,154</u>	<u>\$ 49,924,356</u>

**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES</b>								
Accounts payable and accrued wages	\$ 11,720	\$ 141,665	\$ 863	\$ 8,316	\$ --	\$ 89	\$ 1,575	\$ 164,228
Construction contracts payable	120,493	103,454	20,922	36,705	29,690	7,428	36,358	355,050
Deposits	1,977,100	--	--	--	--	--	--	1,977,100
Due to other governments	--	--	--	--	--	--	188,511	188,511
Deferred revenue	1,680,997	--	--	--	--	--	--	1,680,997
<b>Total liabilities</b>	<u>3,790,310</u>	<u>245,119</u>	<u>21,785</u>	<u>45,021</u>	<u>29,690</u>	<u>7,517</u>	<u>226,444</u>	<u>4,365,886</u>
<b>FUND BALANCES</b>								
Reserved for:								
Prepays	150,000	--	--	--	--	--	--	150,000
Advances	621,261	--	--	170,331	--	--	--	791,592
Unreserved - undesignated	31,126,767	1,982,880	--	7,754,555	126,871	535,095	3,090,710	44,616,878
<b>TOTAL FUND BALANCES</b>	<u>31,898,028</u>	<u>1,982,880</u>	<u>--</u>	<u>7,924,886</u>	<u>126,871</u>	<u>535,095</u>	<u>3,090,710</u>	<u>45,558,470</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$35,688,338</u>	<u>\$ 2,227,999</u>	<u>\$ 21,785</u>	<u>\$ 7,969,907</u>	<u>\$ 156,561</u>	<u>\$ 542,612</u>	<u>\$ 3,317,154</u>	<u>\$ 49,924,356</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, 2007

	Land Sales	Special Recreation	Bond Proceeds	Park Development	Flood Control	RTC/ County Funded	Special Ad Valorem Transportation	Total
<b>REVENUES</b>								
Property taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,337,659	\$ 2,337,659
Intergovernmental	--	3,385,517	--	--	--	39,323	--	3,424,840
Charges for services	--	9,198	--	--	--	--	--	9,198
Developer/property owner contributions	--	50,000	--	--	--	--	--	50,000
Impact fees	--	--	--	1,822,171	--	--	--	1,822,171
Miscellaneous interest	603,593	78,132	50,930	435,876	8,236	--	131,482	1,308,249
Miscellaneous	640,100	--	--	--	--	--	--	640,100
<b>Total revenues</b>	<b>1,243,693</b>	<b>3,522,847</b>	<b>50,930</b>	<b>2,258,047</b>	<b>8,236</b>	<b>39,323</b>	<b>2,469,141</b>	<b>9,592,217</b>
<b>EXPENDITURES</b>								
Current:								
General government	293,156	--	--	--	--	--	--	293,156
Public works	--	--	--	--	1,100	--	172,609	173,709
Culture and recreation	--	698,783	150,593	476,004	--	--	--	1,325,380
<b>Total current</b>	<b>293,156</b>	<b>698,783</b>	<b>150,593</b>	<b>476,004</b>	<b>1,100</b>	<b>--</b>	<b>172,609</b>	<b>1,792,245</b>
Capital outlay:								
General government	2,898,081	--	--	--	--	--	--	2,898,081
Public works	--	--	--	--	--	42,983	241,969	284,952
Culture and recreation	--	1,750,205	536,467	1,678,889	--	--	--	3,965,561
<b>Total capital outlay</b>	<b>2,898,081</b>	<b>1,750,205</b>	<b>536,467</b>	<b>1,678,889</b>	<b>--</b>	<b>42,983</b>	<b>241,969</b>	<b>7,148,594</b>
<b>Total expenditures</b>	<b>3,191,237</b>	<b>2,448,988</b>	<b>687,060</b>	<b>2,154,893</b>	<b>1,100</b>	<b>42,983</b>	<b>414,578</b>	<b>8,940,839</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,947,544)</b>	<b>1,073,859</b>	<b>(636,130)</b>	<b>103,154</b>	<b>7,136</b>	<b>(3,660)</b>	<b>2,054,563</b>	<b>651,378</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Land sales	29,346,542	--	--	--	--	--	--	29,346,542
Transfers in	--	76,554	--	--	--	--	--	76,554
Transfers out	(2,932,623)	(770,777)	(110,484)	(123,000)	--	--	(2,861,755)	(6,798,639)
<b>Total other financing sources (uses)</b>	<b>26,413,919</b>	<b>(694,223)</b>	<b>(110,484)</b>	<b>(123,000)</b>	<b>--</b>	<b>--</b>	<b>(2,861,755)</b>	<b>22,624,457</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>24,466,375</b>	<b>379,636</b>	<b>(746,614)</b>	<b>(19,846)</b>	<b>7,136</b>	<b>(3,660)</b>	<b>(807,192)</b>	<b>23,275,835</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>7,431,653</b>	<b>1,603,244</b>	<b>746,614</b>	<b>7,944,732</b>	<b>119,735</b>	<b>538,755</b>	<b>3,897,902</b>	<b>22,282,635</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 31,898,028</b>	<b>\$ 1,982,880</b>	<b>\$ --</b>	<b>\$ 7,924,886</b>	<b>\$ 126,871</b>	<b>\$ 535,095</b>	<b>\$ 3,090,710</b>	<b>\$ 45,558,470</b>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 General Fund  
 For the Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Property taxes	\$ 39,126,205	\$ 38,262,370	\$ (863,835)
Franchise fees	29,240,138	29,625,623	385,485
Licenses and permits	8,259,146	8,307,293	48,147
Intergovernmental	111,502,478	103,925,689	(7,576,789)
Charges for services	12,668,382	13,895,992	1,227,610
Fines and forfeits	4,276,905	4,249,662	(27,243)
Miscellaneous interest	1,250,000	1,494,812	244,812
Miscellaneous	687,880	528,420	(159,460)
Total revenues	<u>207,011,134</u>	<u>200,289,861</u>	<u>(6,721,273)</u>
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Mayor and Council:			
Salaries and wages	366,544	362,929	3,615
Employee benefits	237,103	228,954	8,149
Services and supplies	170,588	185,812	(15,224)
Total Mayor and Council	<u>774,235</u>	<u>777,695</u>	<u>(3,460)</u>
City Manager:			
Salaries and wages	1,429,955	1,154,224	275,731
Employee benefits	522,316	434,620	87,696
Services and supplies	1,415,367	637,259	778,108
Total City Manager	<u>3,367,638</u>	<u>2,226,103</u>	<u>1,141,535</u>
Finance:			
Salaries and wages	3,153,796	2,624,054	529,742
Employee benefits	1,269,281	1,056,962	212,319
Services and supplies	1,180,123	519,698	660,425
Capital outlay	19,490	--	19,490
Total Finance	<u>5,622,690</u>	<u>4,200,714</u>	<u>1,421,976</u>
Budget and Strategic Management:			
Salaries and wages	600,175	528,452	71,723
Employee benefits	236,328	218,371	17,957
Services and supplies	124,138	58,612	65,526
Capital outlay	22,566	--	22,566
Total Budget and Strategic Management	<u>983,207</u>	<u>805,435</u>	<u>177,772</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, 2007

	Final Budget	Actual Amounts	Variance
GENERAL GOVERNMENT (continued)			
Information Technology:			
Salaries and wages	\$ 4,315,635	\$ 4,005,404	\$ 310,231
Employee benefits	1,638,717	1,513,149	125,568
Services and supplies	6,485,143	3,676,680	2,808,463
Capital outlay	829,081	172,491	656,590
Total Information Technology	<u>13,268,576</u>	<u>9,367,724</u>	<u>3,900,852</u>
City Clerk:			
Salaries and wages	1,084,045	1,032,168	51,877
Employee benefits	421,563	398,051	23,512
Services and supplies	1,288,651	778,726	509,925
Capital outlay	120,178	95,674	24,504
Total City Clerk	<u>2,914,437</u>	<u>2,304,619</u>	<u>609,818</u>
Human Resources:			
Salaries and wages	1,726,206	1,574,903	151,303
Employee benefits	749,381	603,828	145,553
Services and supplies	594,539	536,994	57,545
Total Human Resources	<u>3,070,126</u>	<u>2,715,725</u>	<u>354,401</u>
City Attorney:			
Salaries and wages	1,968,092	1,849,454	118,638
Employee benefits	818,589	767,890	50,699
Services and supplies	2,285,054	1,840,162	444,892
Capital outlay	24,744	719	24,025
Total City Attorney	<u>5,096,479</u>	<u>4,458,225</u>	<u>638,254</u>
Community Development:			
Salaries and wages	2,741,099	2,614,229	126,870
Employee benefits	1,123,880	1,020,921	102,959
Services and supplies	1,503,741	681,791	821,950
Total Community Development	<u>5,368,720</u>	<u>4,316,941</u>	<u>1,051,779</u>
Building Maintenance:			
Salaries and wages	1,486,077	1,302,696	183,381
Employee benefits	652,112	508,081	144,031
Services and supplies	4,799,683	3,671,478	1,128,205
Capital outlay	37,855	37,854	1
Total Building Maintenance	<u>6,975,727</u>	<u>5,520,109</u>	<u>1,455,618</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, 2007

	Final Budget	Actual Amounts	Variance
GENERAL GOVERNMENT (continued)			
Miscellaneous:			
Salaries and wages	\$ 2,614,671	\$ 2,383,489	\$ 231,182
Employee benefits	605,000	398,351	206,649
Services and supplies	3,898,733	2,335,380	1,563,353
Capital outlay	87,190	--	87,190
Total Miscellaneous	<u>7,205,594</u>	<u>5,117,220</u>	<u>2,088,374</u>
Property Management:			
Salaries and wages	478,780	449,959	28,821
Employee benefits	177,716	176,582	1,134
Services and supplies	155,085	146,190	8,895
Total Property Management	<u>811,581</u>	<u>772,731</u>	<u>38,850</u>
Total General Government	<u>55,459,010</u>	<u>42,583,241</u>	<u>12,875,769</u>
JUDICIAL			
Municipal Court:			
Salaries and wages	3,569,321	3,435,477	133,844
Employee benefits	1,484,875	1,362,975	121,900
Services and supplies	427,406	405,420	21,986
Total Municipal Court	<u>5,481,602</u>	<u>5,203,872</u>	<u>277,730</u>
City Attorney-Criminal:			
Salaries and wages	1,582,099	1,508,714	73,385
Employee benefits	662,140	639,918	22,222
Services and supplies	145,894	141,994	3,900
Total City Attorney-Criminal	<u>2,390,133</u>	<u>2,290,626</u>	<u>99,507</u>
City Attorney-Court Programs:			
Salaries and wages	721,341	711,728	9,613
Employee benefits	281,793	271,182	10,611
Services and supplies	117,144	88,582	28,562
Capital outlay	46,966	13,806	33,160
Total City Attorney-Court Programs	<u>1,167,244</u>	<u>1,085,298</u>	<u>81,946</u>
Total Judicial	<u>9,038,979</u>	<u>8,579,796</u>	<u>459,183</u>
PUBLIC SAFETY			
Fire:			
Salaries and wages	23,126,342	21,523,777	1,602,565
Employee benefits	8,815,237	8,051,702	763,535
Services and supplies	3,289,200	3,237,293	51,907
Capital outlay	561,409	526,001	35,408
Total Fire	<u>35,792,188</u>	<u>33,338,773</u>	<u>2,453,415</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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>PUBLIC SAFETY (continued)</b>			
Police:			
Salaries and wages	\$ 38,025,344	\$ 36,416,681	\$ 1,608,663
Employee benefits	17,858,476	16,088,541	1,769,935
Services and supplies	8,244,366	7,581,860	662,506
Capital outlay	943,690	639,028	304,662
<b>Total Police</b>	<u>65,071,876</u>	<u>60,726,110</u>	<u>4,345,766</u>
Building Inspection:			
Salaries and wages	1,068,345	896,363	171,982
Employee benefits	401,518	324,249	77,269
Services and supplies	162,874	107,144	55,730
Capital outlay	31,900	21,433	10,467
<b>Total Building Inspection</b>	<u>1,664,637</u>	<u>1,349,189</u>	<u>315,448</u>
<b>Total Public Safety</b>	<u>102,528,701</u>	<u>95,414,072</u>	<u>7,114,629</u>
<b>PUBLIC WORKS</b>			
Streets:			
Salaries and wages	979,754	912,238	67,516
Employee benefits	371,813	330,886	40,927
Services and supplies	965,724	936,865	28,859
Capital outlay	43,186	--	43,186
<b>Total Streets</b>	<u>2,360,477</u>	<u>2,179,989</u>	<u>180,488</u>
Street Lighting:			
Salaries and wages	1,234,159	1,089,395	144,764
Employee benefits	467,699	366,385	101,314
Services and supplies	3,571,421	3,102,836	468,585
Capital outlay	137,139	123,526	13,613
<b>Total Street Lighting</b>	<u>5,410,418</u>	<u>4,682,142</u>	<u>728,276</u>
Flood Control:			
Salaries and wages	732,409	674,146	58,263
Employee benefits	284,019	246,809	37,210
Services and supplies	1,015,168	961,079	54,089
Capital outlay	419,748	164,479	255,269
<b>Total Flood Control</b>	<u>2,451,344</u>	<u>2,046,513</u>	<u>404,831</u>
Public Works General Services:			
Salaries and wages	1,653,298	1,404,731	248,567
Employee benefits	663,269	526,414	136,855
Services and supplies	1,562,345	206,579	1,355,766
Capital outlay	503,970	272,937	231,033
<b>Total Public Works General Services</b>	<u>4,382,882</u>	<u>2,410,661</u>	<u>1,972,221</u>
<b>Total Public Works</b>	<u>14,605,121</u>	<u>11,319,305</u>	<u>3,285,816</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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>CULTURE AND RECREATION</b>			
Parks:			
Salaries and wages	\$ 6,345,115	\$ 6,108,821	\$ 236,294
Employee benefits	2,450,653	2,272,402	178,251
Services and supplies	4,399,791	4,146,089	253,702
Capital outlay	299,707	4,700	295,007
Total Parks	<u>13,495,266</u>	<u>12,532,012</u>	<u>963,254</u>
Recreation:			
Salaries and wages	10,519,761	10,232,981	286,780
Employee benefits	3,059,068	2,540,126	518,942
Services and supplies	5,087,157	4,803,152	284,005
Capital outlay	304,466	31,705	272,761
Total Recreation	<u>18,970,452</u>	<u>17,607,964</u>	<u>1,362,488</u>
 Total Culture and Recreation	 <u>32,465,718</u>	 <u>30,139,976</u>	 <u>2,325,742</u>
 <b>COMMUNITY SUPPORT</b>			
Economic Development:			
Salaries and wages	331,365	313,742	17,623
Employee benefits	126,023	120,163	5,860
Services and supplies	315,721	217,080	98,641
Capital outlay	5,699	5,699	--
Total Economic Development	<u>778,808</u>	<u>656,684</u>	<u>122,124</u>
Neighborhood Services:			
Salaries and wages	782,410	563,652	218,758
Employee benefits	321,017	241,270	79,747
Services and supplies	361,067	150,312	210,755
Capital outlay	27,500	21,433	6,067
Total Neighborhood Services	<u>1,491,994</u>	<u>976,667</u>	<u>515,327</u>
 Total Community Support	 <u>2,270,802</u>	 <u>1,633,351</u>	 <u>637,451</u>
 Total Expenditures	 <u>216,368,331</u>	 <u>189,669,741</u>	 <u>26,698,590</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(9,357,197)</u>	 <u>10,620,120</u>	 <u>19,977,317</u>
 OTHER FINANCING SOURCES (USES)			
Sale of capital assets	--	9,090	9,090
Transfers in	11,578,913	11,578,913	--
Transfers out	(22,998,925)	(19,996,624)	3,002,301
Total other financing sources (uses)	<u>(11,420,012)</u>	<u>(8,408,621)</u>	<u>3,011,391</u>
 NET CHANGE IN FUND BALANCES	 (20,777,209)	 2,211,499	 22,988,708
 FUND BALANCES, BEGINNING OF YEAR	 <u>31,514,689</u>	 <u>31,514,689</u>	 <u>--</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 10,737,480</u>	 <u>\$ 33,726,188</u>	 <u>\$ 22,988,708</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, 2007

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Property taxes	\$ 10,575,507	\$ 10,651,637	\$ 76,130
Intergovernmental	398,020	398,020	--
Miscellaneous interest	198,640	556,132	357,492
Miscellaneous	350,648	28,343	(322,305)
Total revenues	<u>11,522,815</u>	<u>11,634,132</u>	<u>111,317</u>
<b>EXPENDITURES</b>			
General government:			
Salaries and wages	722,080	662,883	59,197
Employee benefits	304,314	243,271	61,043
Services and supplies	4,877,907	2,674,324	2,203,583
Capital outlay	186,578	--	186,578
Total general government	<u>6,090,879</u>	<u>3,580,478</u>	<u>2,510,401</u>
Debt Service:			
Principal	608,755	597,606	11,149
Interest and fiscal charges	1,071,163	890,973	180,190
Total debt service	<u>1,679,918</u>	<u>1,488,579</u>	<u>191,339</u>
Total expenditures	<u>7,770,797</u>	<u>5,069,057</u>	<u>2,701,740</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>3,752,018</u>	<u>6,565,075</u>	<u>2,813,057</u>
<b>OTHER FINANCING SOURCES</b>			
Bonds Issued	<u>1,900,000</u>	<u>--</u>	<u>(1,900,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,652,018	6,565,075	913,057
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>13,508,941</u>	<u>13,508,941</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 19,160,959</u>	<u>\$ 20,074,016</u>	<u>\$ 913,057</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Gas Tax Special Revenue Fund  
For the Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 3,221,327	\$ 3,349,037	\$ 127,710
Miscellaneous interest	145,000	245,871	100,871
Total revenues	<u>3,366,327</u>	<u>3,594,908</u>	<u>228,581</u>
EXPENDITURES			
Public works:			
Salaries and wages	--	6,625	(6,625)
Employee benefits	--	2,200	(2,200)
Services and supplies	543,056	192,645	350,411
Capital outlay	<u>3,023,215</u>	<u>1,509,544</u>	<u>1,513,671</u>
Total expenditures	<u>3,566,271</u>	<u>1,711,014</u>	<u>1,855,257</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(199,944)	1,883,894	2,083,838
OTHER FINANCING USES			
Transfers out	<u>(145,000)</u>	<u>(224,143)</u>	<u>(79,143)</u>
NET CHANGE IN FUND BALANCES	(344,944)	1,659,751	2,004,695
FUND BALANCE, BEGINNING OF YEAR	<u>4,384,201</u>	<u>4,384,201</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,039,257</u>	<u>\$ 6,043,952</u>	<u>\$ 2,004,695</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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Fines and forfeits	\$ 165,606	\$ 353,646	\$ 188,040
Miscellaneous interest	1,898	12,866	10,968
Total revenues	<u>167,504</u>	<u>366,512</u>	<u>199,008</u>
EXPENDITURES			
Public safety:			
Services and supplies	254,004	237,504	16,500
Capital outlay	47,679	46,094	1,585
Total expenditures	<u>301,683</u>	<u>283,598</u>	<u>18,085</u>
NET CHANGE IN FUND BALANCES	(134,179)	82,914	217,093
FUND BALANCE, BEGINNING OF YEAR	<u>208,611</u>	<u>208,611</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 74,432</u>	<u>\$ 291,525</u>	<u>\$ 217,093</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Municipal Court Administrative Fee Special Revenue Fund  
 For the Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Fines and forfeits	\$ 390,716	\$ 459,796	\$ 69,080
EXPENDITURES			
Judicial:			
Services and supplies	504,000	378,042	125,958
Capital outlay	<u>350,000</u>	<u>68,587</u>	<u>281,413</u>
Total expenditures	<u>854,000</u>	<u>446,629</u>	<u>407,371</u>
NET CHANGE IN FUND BALANCES	(463,284)	13,167	476,451
FUND BALANCE, BEGINNING OF YEAR	<u>569,613</u>	<u>569,613</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 106,329</u>	<u>\$ 582,780</u>	<u>\$ 476,451</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Financial Stabilization Special Revenue Fund  
 For the Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	<u>\$ 160,000</u>	<u>\$ 555,541</u>	<u>\$ 395,541</u>
OTHER FINANCING SOURCES			
Transfers in	<u>817,500</u>	<u>817,500</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	977,500	1,373,041	395,541
FUND BALANCE, BEGINNING OF YEAR	<u>10,000,465</u>	<u>10,000,465</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 10,977,965</u></u>	<u><u>\$ 11,373,506</u></u>	<u><u>\$ 395,541</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, 2007

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Charges for services	\$ 329,969	\$ 329,967	\$ (2)
Intergovernmental	--	154,544	154,544
Developer/property owner contributions	2,307,519	3,137,240	829,721
Miscellaneous interest	257,300	598,773	341,473
Miscellaneous	404,115	--	(404,115)
Total revenues	<u>3,298,903</u>	<u>4,220,524</u>	<u>921,621</u>
<b>EXPENDITURES</b>			
General government:			
Salaries and wages	113,898	89,585	24,313
Employee benefits	32,536	33,141	(605)
Services and supplies	501,826	487,304	14,522
Capital outlay	743,219	716,072	27,147
Total general government	<u>1,391,479</u>	<u>1,326,102</u>	<u>65,377</u>
Judicial:			
Capital outlay	170,502	162,193	8,309
Total judicial	<u>170,502</u>	<u>162,193</u>	<u>8,309</u>
Public works:			
Salaries and wages	--	2,945	(2,945)
Employee benefits	--	860	(860)
Services and supplies	2,809,797	802,669	2,007,128
Capital outlay	2,883,503	966,613	1,916,890
Total public works	<u>5,693,300</u>	<u>1,773,087</u>	<u>3,920,213</u>
Culture and recreation:			
Salaries and wages	--	436	(436)
Employee benefits	--	137	(137)
Services and supplies	233,599	338,264	(104,665)
Capital outlay	1,962,770	839,351	1,123,419
Total culture and recreation	<u>2,196,369</u>	<u>1,178,188</u>	<u>1,018,181</u>
Total expenditures	<u>9,451,650</u>	<u>4,439,570</u>	<u>5,012,080</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,152,747)</u>	<u>(219,046)</u>	<u>5,933,701</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,552,300	2,550,000	(2,300)
Transfers out	(872,375)	(1,133,559)	(261,184)
Total other financing sources (uses)	<u>1,679,925</u>	<u>1,416,441</u>	<u>(263,484)</u>
NET CHANGES IN FUND BALANCES	(4,472,822)	1,197,395	5,670,217
FUND BALANCE, BEGINNING OF YEAR	<u>10,276,681</u>	<u>10,276,681</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,803,859</u>	<u>\$ 11,474,076</u>	<u>\$ 5,670,217</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, 2007

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 19,321,262	\$ 11,802,200	\$ (7,519,062)
Miscellaneous	--	327,222	327,222
Total revenues	<u>19,321,262</u>	<u>12,129,422</u>	<u>(7,191,840)</u>
<b>EXPENDITURES</b>			
General government:			
Services and supplies	220	220	--
Total general government	<u>220</u>	<u>220</u>	<u>--</u>
Public safety:			
Salaries and wages	173,538	165,315	8,223
Employee benefits	79,197	32,403	46,794
Services and supplies	199,842	146,546	53,296
Capital outlay	1,530,997	1,403,447	127,550
Total public safety	<u>1,983,574</u>	<u>1,747,711</u>	<u>235,863</u>
Public works:			
Services and supplies	73,382	14,137	59,245
Capital outlay	190,665	6,589	184,076
Total public works	<u>264,047</u>	<u>20,726</u>	<u>243,321</u>
Culture and recreation:			
Salaries and wages	770,430	434,540	335,890
Employee benefits	431,787	135,252	296,535
Services and supplies	5,464,529	2,619,669	2,844,860
Capital outlay	4,658,409	3,175,922	1,482,487
Total culture and recreation	<u>11,325,155</u>	<u>6,365,383</u>	<u>4,959,772</u>
Community support:			
Salaries and wages	522,134	399,221	122,913
Employee benefits	185,894	155,653	30,241
Services and supplies	3,912,655	2,666,117	1,246,538
Capital outlay	477,167	215,383	261,784
Total community support	<u>5,097,850</u>	<u>3,436,374</u>	<u>1,661,476</u>
Total expenditures	<u>18,670,846</u>	<u>11,570,414</u>	<u>7,100,432</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>650,416</u>	<u>559,008</u>	<u>(91,408)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	100,974	100,973	(1)
Transfers out	(500,000)	(500,000)	--
Total other financing sources (uses)	<u>(399,026)</u>	<u>(399,027)</u>	<u>(1)</u>
<b>NET CHANGES IN FUND BALANCES</b>	251,390	159,981	(91,409)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,748,610</u>	<u>1,748,610</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,000,000</u>	<u>\$ 1,908,591</u>	<u>\$ (91,409)</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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Developer/property owner contributions	\$ 55,000	\$ 72,488	\$ 17,488
Miscellaneous interest	72,000	229,641	157,641
Total revenues	<u>127,000</u>	<u>302,129</u>	<u>175,129</u>
OTHER FINANCING SOURCES			
Transfers in	<u>416,206</u>	<u>416,206</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	543,206	718,335	175,129
FUND BALANCE, BEGINNING OF YEAR	<u>4,047,958</u>	<u>4,047,958</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,591,164</u>	<u>\$ 4,766,293</u>	<u>\$ 175,129</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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	\$ 40,000	\$ 212,709	\$ 172,709
Intergovernmental revenues	11,984,000	11,898,691	(85,309)
Miscellaneous	--	1,650	1,650
Total revenues	<u>12,024,000</u>	<u>12,113,050</u>	<u>89,050</u>
EXPENDITURES			
Public safety:			
Salaries and wages	5,555,533	4,649,777	905,756
Employee benefits	3,256,899	2,382,868	874,031
Services and supplies	2,218,709	793,680	1,425,029
Capital outlay	2,807,755	818,659	1,989,096
Total expenditures	<u>13,838,896</u>	<u>8,644,984</u>	<u>5,193,912</u>
NET CHANGES IN FUND BALANCES	(1,814,896)	3,468,066	5,282,962
FUND BALANCE, BEGINNING OF YEAR	<u>4,464,158</u>	<u>4,464,158</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,649,262</u>	<u>\$ 7,932,224</u>	<u>\$ 5,282,962</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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 21,330,045	\$ 22,298,999	\$ 968,954
Miscellaneous interest	135,000	793,869	658,869
Total revenues	<u>21,465,045</u>	<u>23,092,868</u>	<u>1,627,823</u>
EXPENDITURES			
Debt Service:			
Principal retirement	15,405,000	15,405,000	--
Interest and fiscal charges	7,859,094	7,848,413	10,681
Administrative and other costs	--	6,500	(6,500)
Total expenditures	<u>23,264,094</u>	<u>23,259,913</u>	<u>4,181</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,799,049)</u>	<u>(167,045)</u>	<u>1,632,004</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	16,830,226	14,830,226	(2,000,000)
Transfers out	<u>(11,623,355)</u>	<u>(12,274,802)</u>	<u>(651,447)</u>
Total other financing sources (uses)	<u>5,206,871</u>	<u>2,555,424</u>	<u>(2,651,447)</u>
NET CHANGE IN FUND BALANCES	3,407,822	2,388,379	(1,019,443)
FUND BALANCE, BEGINNING OF YEAR	<u>4,352,167</u>	<u>4,352,167</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,759,989</u>	<u>\$ 6,740,546</u>	<u>\$ (1,019,443)</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, 2007

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Special assessments	\$ 83,000	\$ 167,366	\$ 84,366
Miscellaneous interest	134,049	100,371	(33,678)
Miscellaneous	31,610	5,475	(26,135)
Total revenues	<u>248,659</u>	<u>273,212</u>	<u>24,553</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal retirement	295,000	220,000	75,000
Interest and fiscal charges	104,026	52,013	52,013
Administrative and other costs	16,944	6,358	10,586
Total expenditures	<u>415,970</u>	<u>278,371</u>	<u>137,599</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(167,311)	(5,159)	162,152
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(7,308)</u>	<u>(7,308)</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	(174,619)	(12,467)	162,152
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>848,808</u>	<u>848,808</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 674,189</u>	<u>\$ 836,341</u>	<u>\$ 162,152</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, 2007

	Final Budget	Actual Amounts	Variance
REVENUES			
Miscellaneous interest	\$ 5,285,700	\$ 9,260,896	\$ 3,975,196
EXPENDITURES			
Public works:			
Services and supplies	436,235	1,912	434,323
Capital outlay	66,969,789	27,530,790	39,438,999
Total expenditures	67,406,024	27,532,702	39,873,322
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(62,120,324)	(18,271,806)	43,848,518
OTHER FINANCING SOURCES			
Transfers in	7,308	7,308	--
NET CHANGE IN FUND BALANCES	(62,113,016)	(18,264,498)	43,848,518
FUND BALANCE, BEGINNING OF YEAR	159,366,183	159,366,183	--
FUND BALANCE, END OF YEAR	\$ 97,253,167	\$ 141,101,685	\$ 43,848,518

## 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, 2007

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Property taxes	\$ 10,212,027	\$ 10,704,062	\$ 492,035
Developer contributions	--	9,800,000	9,800,000
Intergovernmental	--	697,884	697,884
Miscellaneous interest	800,000	4,933,508	4,133,508
Miscellaneous	330,000	6,010	(323,990)
Total revenues	<u>11,342,027</u>	<u>26,141,464</u>	<u>14,799,437</u>
<b>EXPENDITURES</b>			
General government:			
Services and supplies	2,218,580	41,456	2,177,124
Capital outlay	6,197,965	279,172	5,918,793
Total general government	<u>8,416,545</u>	<u>320,628</u>	<u>8,095,917</u>
Public works:			
Salaries and wages	1,360	1,360	--
Employee benefits	498	496	2
Services and supplies	9,992,657	3,189,435	6,803,222
Capital outlay	75,254,754	7,123,250	68,131,504
Total public works	<u>85,249,269</u>	<u>10,314,541</u>	<u>74,934,728</u>
Culture and recreation:			
Services and supplies	1,529,927	207,578	1,322,349
Capital outlay	7,414,044	--	7,414,044
Total culture and recreation	<u>8,943,971</u>	<u>207,578</u>	<u>8,736,393</u>
Total expenditures	<u>102,609,785</u>	<u>10,842,747</u>	<u>91,767,038</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(91,267,758)</u>	<u>15,298,717</u>	<u>106,566,475</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds issued	2,065,000	2,065,000	--
Transfers in	16,697,752	17,148,239	450,487
Transfers out	(10,159,351)	(10,159,351)	--
Total other financing sources (uses)	<u>8,603,401</u>	<u>9,053,888</u>	<u>450,487</u>
<b>NET CHANGE IN FUND BALANCES</b>	(82,664,357)	24,352,605	107,016,962
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>89,629,631</u>	<u>89,629,631</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 6,965,274</u>	<u>\$ 113,982,236</u>	<u>\$107,016,962</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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
<b>REVENUES</b>			
Miscellaneous interest	\$ 170,000	\$ 603,593	\$ 433,593
Miscellaneous	530,068	640,100	110,032
Total revenues	<u>700,068</u>	<u>1,243,693</u>	<u>543,625</u>
<b>EXPENDITURES</b>			
General government:			
Salaries and wages	30,000	8,816	21,184
Employee benefits	10,361	3,113	7,248
Services and supplies	1,453,616	281,227	1,172,389
Capital outlay	6,068,608	2,898,081	3,170,527
Total general government	<u>7,562,585</u>	<u>3,191,237</u>	<u>4,371,348</u>
Public works:			
Capital outlay	1,605,100	--	1,605,100
Total public works	<u>1,605,100</u>	<u>--</u>	<u>1,605,100</u>
Total expenditures	9,167,685	3,191,237	5,976,448
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(8,467,617)</u>	<u>(1,947,544)</u>	<u>6,520,073</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Land sales	10,000,000	29,346,542	19,346,542
Transfers out	(2,571,000)	(2,932,623)	(361,623)
Total other financing sources (uses)	<u>7,429,000</u>	<u>26,413,919</u>	<u>18,984,919</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,038,617)	24,466,375	25,504,992
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>7,431,653</u>	<u>7,431,653</u>	<u>--</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 6,393,036</u>	<u>\$ 31,898,028</u>	<u>\$ 25,504,992</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, 2007

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 2,824,309	\$ 3,385,517	\$ 561,208
Charges for services	--	9,198	9,198
Developer/property owner contributions	50,000	50,000	--
Miscellaneous interest	25,000	78,132	53,132
Total revenues	2,899,309	3,522,847	623,538
<b>EXPENDITURES</b>			
Culture and recreation:			
Salaries and wages	14,347	14,347	--
Employee benefits	5,935	4,467	1,468
Services and supplies	951,058	679,969	271,089
Capital outlay	2,321,946	1,750,205	571,741
Total expenditures	3,293,286	2,448,988	844,298
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(393,977)	1,073,859	1,467,836
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	17,000	76,554	59,554
Transfers out	(828,613)	(770,777)	57,836
Total other financing sources (uses)	(811,613)	(694,223)	117,390
<b>NET CHANGE IN FUND BALANCES</b>	(1,205,590)	379,636	1,585,226
<b>FUND BALANCE, BEGINNING OF YEAR</b>	1,603,244	1,603,244	--
<b>FUND BALANCE, END OF YEAR</b>	\$ 397,654	\$ 1,982,880	\$ 1,585,226

**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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	\$ 38,800	\$ 50,930	\$ 12,130
Total revenues	<u>38,800</u>	<u>50,930</u>	<u>12,130</u>
EXPENDITURES			
Culture and recreation:			
Salaries and wages	8,000	6,164	1,836
Employee benefits	2,400	2,140	260
Services and supplies	178,648	142,289	36,359
Capital outlay	<u>696,366</u>	<u>536,467</u>	<u>159,899</u>
Total expenditures	<u>885,414</u>	<u>687,060</u>	<u>198,354</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(846,614)</u>	<u>(636,130)</u>	<u>210,484</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	100,000	--	(100,000)
Transfers out	<u>--</u>	<u>(110,484)</u>	<u>(110,484)</u>
Total other financing sources (uses)	<u>100,000</u>	<u>(110,484)</u>	<u>(210,484)</u>
NET CHANGE IN FUND BALANCES	(746,614)	(746,614)	--
FUND BALANCE, BEGINNING OF YEAR	<u>746,614</u>	<u>746,614</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

## CITY OF HENDERSON, NEVADA

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual Park Development Capital Projects Fund For the Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance
<b>REVENUES</b>			
Impact fees	\$ 1,922,500	\$ 1,822,171	\$ (100,329)
Miscellaneous interest	120,500	435,876	315,376
Miscellaneous	500,000	--	(500,000)
Total revenues	2,543,000	2,258,047	(284,953)
<b>EXPENDITURES</b>			
Culture and recreation:			
Salaries and wages	1,882	9,323	(7,441)
Employee benefits	79	2,861	(2,782)
Services and supplies	1,006,805	463,820	542,985
Capital outlay	2,901,696	1,678,889	1,222,807
Total expenditures	3,910,462	2,154,893	1,755,569
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,367,462)	103,154	1,470,616
<b>OTHER FINANCING USES</b>			
Transfers out	(123,000)	(123,000)	--
<b>NET CHANGE IN FUND BALANCES</b>	(1,490,462)	(19,846)	1,470,616
<b>FUND BALANCE, BEGINNING OF YEAR</b>	7,944,732	7,944,732	--
<b>FUND BALANCE, END OF YEAR</b>	\$ 6,454,270	\$ 7,924,886	\$ 1,470,616

**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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Miscellaneous interest	\$ 6,600	\$ 8,236	\$ 1,636
Total revenues	<u>6,600</u>	<u>8,236</u>	<u>1,636</u>
EXPENDITURES			
Public works:			
Services and Supplies	109,865	1,100	108,765
Total expenditures	<u>109,865</u>	<u>1,100</u>	<u>108,765</u>
NET CHANGE IN FUND BALANCES	(103,265)	7,136	110,401
FUND BALANCE, BEGINNING OF YEAR	<u>119,735</u>	<u>119,735</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 16,470</u>	<u>\$ 126,871</u>	<u>\$ 110,401</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, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ --	\$ 39,323	\$ 39,323
Developer contributions	586,984	--	(586,984)
Total revenues	<u>586,984</u>	<u>39,323</u>	<u>(547,661)</u>
EXPENDITURES			
Public works:			
Services and supplies	62,414	--	62,414
Capital outlay	<u>1,063,325</u>	<u>42,983</u>	<u>1,020,342</u>
Total expenditures	<u>1,125,739</u>	<u>42,983</u>	<u>1,082,756</u>
NET CHANGE IN FUND BALANCES	(538,755)	(3,660)	535,095
FUND BALANCE, BEGINNING OF YEAR	<u>538,755</u>	<u>538,755</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 535,095</u>	<u>\$ 535,095</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Special Ad Valorem Transportation Capital Projects Fund  
For the Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Property taxes - transportation	\$ 2,511,189	\$ 2,337,659	\$ (173,530)
Miscellaneous interest	115,000	131,482	16,482
Total revenues	<u>2,626,189</u>	<u>2,469,141</u>	<u>(157,048)</u>
EXPENDITURES			
Public works:			
Salaries and wages	1,022	1,020	2
Employee benefits	406	404	2
Services and supplies	259,864	171,185	88,679
Capital outlay	807,699	241,969	565,730
Total expenditures	<u>1,068,991</u>	<u>414,578</u>	<u>654,413</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,557,198	2,054,563	497,365
OTHER FINANCING USE			
Transfers out	<u>(2,861,755)</u>	<u>(2,861,755)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(1,304,557)	(807,192)	497,365
FUND BALANCE, BEGINNING OF YEAR	<u>3,897,902</u>	<u>3,897,902</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,593,345</u>	<u>\$ 3,090,710</u>	<u>\$ 497,365</u>

## Proprietary Funds

### **Internal Service Funds**

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

#### **Engineering**

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

#### **City Shop**

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

#### **Revolving Fund**

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

#### **Self Insurance**

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

#### **Workmen's Compensation Self Insurance**

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

#### **Health Insurance Self Insurance**

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

#### **Citywide Services**

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

### **Enterprise Funds**

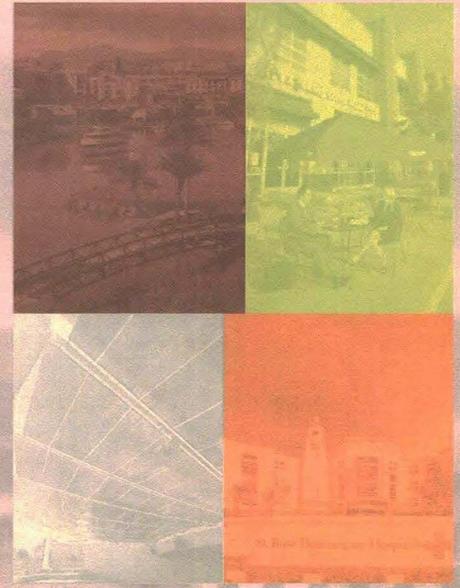
#### **Nonmajor Enterprise Funds**

##### **Cultural Arts & Tourism Enterprise Fund**

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

##### **Municipal Golf Course Enterprise Fund**

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



**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

Combining Statement of Net Assets (continued)

Internal Service Funds

June 30, 2007

**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>
<b>CURRENT LIABILITIES:</b>								
Accounts payable and accrued wages	249,716	649,913	--	63,430	64,083	13,329	86,693	1,127,164
Due to other funds	--	--	--	--	--	--	840,000	840,000
Compensated absences payable	957,343	308,412	--	37,693	59,137	30,546	16,872	1,410,003
Claims and judgments payable	--	--	--	1,369,921	5,230,908	1,380,177	--	7,981,006
Capital lease obligation, current	309	--	--	--	--	--	--	309
Total current liabilities	<u>1,207,368</u>	<u>958,325</u>	<u>--</u>	<u>1,471,044</u>	<u>5,354,128</u>	<u>1,424,052</u>	<u>943,565</u>	<u>11,358,482</u>

**NET ASSETS**

Invested in capital assets, net of related debt	22,957	20,193,015	--	13,198	67,219	--	1,059,492	21,355,881
Restricted for claims	--	--	--	7,097,089	7,906,522	5,686,307	--	20,689,918
Unrestricted	<u>3,345,777</u>	<u>25,249,494</u>	<u>3,897,184</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(186,585)</u>	<u>32,305,870</u>
Total net assets	<u>\$ 3,368,734</u>	<u>\$ 45,442,509</u>	<u>\$ 3,897,184</u>	<u>\$ 7,110,287</u>	<u>\$ 7,973,741</u>	<u>\$ 5,686,307</u>	<u>\$ 872,907</u>	<u>\$ 74,351,669</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
June 30, 2007

	<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)	\$ (2,768,350)	\$ 2,522,239	\$ 1,912	\$ 1,248,186	\$ 2,783,168	\$ (232,720)	\$ 326,558	\$ 3,880,993
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities								
Depreciation	16,210	4,001,696	--	1,467	2,318	--	155,219	4,176,910
Miscellaneous revenues	11,268	55,178	--	--	--	--	--	66,446
Changes in assets and liabilities:								
(Increases) decrease:								
Due from other governments	(25,867)	--	--	--	--	--	--	(25,867)
Increase (decrease):								
Accounts payable and accrued wages	56,445	419,690	--	44,643	23,016	(37,578)	(20,485)	485,731
Compensated absences payable	(118,813)	(54,224)	--	14,321	9,343	4,890	3,357	(141,126)
Claims and judgments	--	--	--	--	567,169	519,229	--	1,086,398
Total adjustments	<u>(60,757)</u>	<u>4,422,340</u>	<u>--</u>	<u>60,431</u>	<u>601,846</u>	<u>486,541</u>	<u>138,091</u>	<u>5,648,492</u>
Net cash provided by (used for) operating activities	<u>\$ (2,829,107)</u>	<u>\$ 6,944,579</u>	<u>\$ 1,912</u>	<u>\$ 1,308,617</u>	<u>\$ 3,385,014</u>	<u>\$ 253,821</u>	<u>\$ 464,649</u>	<u>\$ 9,529,485</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES								
Contribution of assets	--	3,388,419	--	--	--	--	--	3,388,419

## 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, 2007

	Final Budget	Actual Amounts	Variance
<b>OPERATING REVENUES</b>			
Charges for services	\$11,758,759	\$ 11,758,759	\$ --
Total operating revenues	11,758,759	11,758,759	--
<b>OPERATING EXPENSES</b>			
Salaries and wages	1,510,392	1,323,999	186,393
Employee benefits	509,870	401,643	108,227
Services and supplies	4,154,198	3,509,182	645,016
Depreciation	3,600,000	4,001,696	(401,696)
Total operating expenses	9,774,460	9,236,520	537,940
<b>OPERATING INCOME</b>	1,984,299	2,522,239	537,940
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	875,000	1,225,657	350,657
Miscellaneous	15,000	55,178	40,178
Gain on disposition of assets	50,000	586,105	536,105
Total nonoperating revenues (expenses)	940,000	1,866,940	926,940
<b>INCOME BEFORE CONTRIBUTIONS</b>	2,924,299	4,389,179	1,464,880
<b>CAPITAL CONTRIBUTIONS</b>	500,000	3,388,419	2,888,419
<b>CHANGES IN NET ASSETS</b>	\$ 3,424,299	7,777,598	\$ 4,353,299
<b>NET ASSETS, BEGINNING OF YEAR</b>		37,664,911	
<b>NET ASSETS, END OF YEAR</b>		\$ 45,442,509	

## 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, 2007

	Final Budget	Actual Amounts	Variance
<b>OPERATING REVENUES</b>			
Insurance premiums	\$ 3,031,635	\$ 3,031,635	\$ --
Total operating revenues	3,031,635	3,031,635	--
<b>OPERATING EXPENSES</b>			
Salaries and wages	393,556	347,092	46,464
Employee benefits	288,000	131,405	156,595
Services and supplies	885,986	807,098	78,888
Claims	660,000	328,109	331,891
Legal fees	360,000	168,278	191,722
Depreciation	--	1,467	(1,467)
Total operating expenses	2,587,542	1,783,449	804,093
<b>OPERATING INCOME</b>	444,093	1,248,186	804,093
<b>NONOPERATING REVENUES</b>			
Interest revenue	278,000	395,944	117,944
<b>CHANGES IN NET ASSETS</b>	\$ 722,093	1,644,130	\$ 922,037
<b>NET ASSETS, BEGINNING OF YEAR</b>		5,466,157	
<b>NET ASSETS, END OF YEAR</b>		\$ 7,110,287	

**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, 2007

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Insurance premiums	\$ 8,917,430	\$ 9,407,201	\$ 489,771
Total operating revenues	<u>8,917,430</u>	<u>9,407,201</u>	<u>489,771</u>
OPERATING EXPENSES			
Salaries and wages	119,305	72,408	46,897
Employee benefits	27,500	23,691	3,809
Services and supplies	1,794,734	2,136,226	(341,492)
Claims	8,193,252	7,407,596	785,656
Total operating expenses	<u>10,134,791</u>	<u>9,639,921</u>	<u>494,870</u>
OPERATING LOSS	<u>(1,217,361)</u>	<u>(232,720)</u>	<u>984,641</u>
NONOPERATING REVENUES			
Interest revenue	<u>276,000</u>	<u>406,671</u>	<u>130,671</u>
CHANGES IN NET ASSETS	<u>\$ (941,361)</u>	173,951	<u>\$ 1,115,312</u>
NET ASSETS, BEGINNING OF YEAR		<u>5,512,356</u>	
NET ASSETS, END OF YEAR		<u>\$ 5,686,307</u>	

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

Combining Statement of Revenues, Expenses and Changes in Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2007

	Cultural Arts & Tourism	Municipal Golf Course	Total
<b>OPERATING REVENUES</b>			
Rental fees	\$ 419,856	\$ --	\$ 419,856
Licenses - gaming	647,240	--	647,240
Charges for services	305,020	3,174,232	3,479,252
Miscellaneous	55,407	--	55,407
Total operating revenues	<u>1,427,523</u>	<u>3,174,232</u>	<u>4,601,755</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	2,396,045	--	2,396,045
Employee benefits	686,402	--	686,402
Services and supplies	2,606,148	3,443,865	6,050,013
Depreciation	125,595	984,654	1,110,249
Total operating expenses	<u>5,814,190</u>	<u>4,428,519</u>	<u>10,242,709</u>
<b>OPERATING LOSS</b>	<u>(4,386,667)</u>	<u>(1,254,287)</u>	<u>(5,640,954)</u>
<b>NONOPERATING REVENUES</b>			
Room taxes	2,187,661	--	2,187,661
Interest revenue	108,970	55,549	164,519
Total nonoperating revenues	<u>2,296,631</u>	<u>55,549</u>	<u>2,352,180</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(2,090,036)</u>	<u>(1,198,738)</u>	<u>(3,288,774)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>98,999</u>	<u>--</u>	<u>98,999</u>
<b>TRANSFERS</b>			
Transfers in	1,771,449	2,030,000	3,801,449
Transfers out	(1,400,000)	--	(1,400,000)
Total transfers	<u>371,449</u>	<u>2,030,000</u>	<u>2,401,449</u>
<b>CHANGES IN NET ASSETS</b>	(1,619,588)	831,262	(788,326)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>4,998,609</u>	<u>33,847,177</u>	<u>38,845,786</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,379,021</u>	<u>\$ 34,678,439</u>	<u>\$ 38,057,460</u>

## 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, 2007

	Final Budget	Actual Amounts	Variance
<b>OPERATING REVENUES</b>			
Utility fees	\$ 51,300,000	\$ 57,591,979	\$ 6,291,979
Connection fees	910,000	420,700	(489,300)
Late charges	735,000	853,040	118,040
Miscellaneous	250,000	323,680	73,680
Total operating revenues	53,195,000	59,189,399	5,994,399
<b>OPERATING EXPENSES</b>			
Salaries and wages	10,897,934	9,619,804	1,278,130
Employee benefits	4,119,753	3,456,403	663,350
Water purchases	20,650,742	21,254,031	(603,289)
Services and supplies	22,119,274	16,639,839	5,479,435
Depreciation	22,426,917	20,294,859	2,132,058
Total operating expenses	80,214,620	71,264,936	8,949,684
<b>OPERATING LOSS</b>	(27,019,620)	(12,075,537)	14,944,083
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	5,891,538	7,499,517	1,607,979
Interest expense	(3,402,456)	(2,922,954)	479,502
Miscellaneous	76,218	123,479	47,261
Bond amortization	--	380,454	380,454
Total nonoperating revenues (expenses)	2,565,300	5,080,496	2,515,196
<b>LOSS BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(24,454,320)	(6,995,041)	17,459,279
<b>CAPITAL CONTRIBUTIONS</b>	9,100,000	41,851,547	32,751,547
<b>TRANSFERS</b>			
Transfers out	(3,250,000)	(3,250,000)	--
<b>CHANGES IN NET ASSETS</b>	\$ (18,604,320)	31,606,506	\$ 50,210,826
<b>NET ASSETS, BEGINNING OF YEAR</b>		433,020,201	
<b>NET ASSETS, END OF YEAR</b>		\$ 464,626,707	

**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, 2007

	Final Budget	Actual Amounts	Variance
<b>OPERATING REVENUES</b>			
Licenses and permits	\$ 7,687,016	\$ 7,731,433	\$ 44,417
Charges for services	13,062,265	17,788,953	4,726,688
Miscellaneous	14,187	83,883	69,696
Total operating revenues	20,763,468	25,604,269	4,840,801
<b>OPERATING EXPENSES</b>			
Salaries and wages	14,319,007	12,536,165	1,782,842
Employee benefits	4,853,075	4,117,761	735,314
Services and supplies	8,885,730	7,507,945	1,377,785
Depreciation	724,040	563,050	160,990
Total operating expenses	28,781,852	24,724,921	4,056,931
<b>OPERATING INCOME (LOSS)</b>	<b>(8,018,384)</b>	<b>879,348</b>	<b>8,897,732</b>
<b>NONOPERATING REVENUES</b>			
Interest revenue	801,026	1,038,906	237,880
Miscellaneous	37,829	--	(37,829)
Total nonoperating revenues	838,855	1,038,906	200,051
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(7,179,529)</b>	<b>1,918,254</b>	<b>9,097,783</b>
<b>TRANSFERS</b>			
Transfers in	4,161,514	4,161,514	--
Transfers out	(90,558)	(90,558)	--
Total transfers in (out)	4,070,956	4,070,956	--
<b>CHANGES IN NET ASSETS</b>	<b>\$ (3,108,573)</b>	<b>5,989,210</b>	<b>\$ 9,097,783</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>		<b>10,061,828</b>	
<b>NET ASSETS, END OF YEAR</b>		<b>\$ 16,051,038</b>	

## 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, 2007

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 2,871,935	\$ 3,174,232	\$ 302,297
Total operating revenues	2,871,935	3,174,232	302,297
OPERATING EXPENSES			
Services and supplies	3,276,508	3,443,865	(167,357)
Depreciation	1,723,892	984,654	739,238
Total operating expenses	5,000,400	4,428,519	571,881
OPERATING LOSS	(2,128,465)	(1,254,287)	874,178
NONOPERATING REVENUES			
Interest revenue	7,500	55,549	48,049
LOSS BEFORE TRANSFERS	(2,120,965)	(1,198,738)	922,227
TRANSFERS			
Transfers in	2,030,000	2,030,000	--
CHANGES IN NET ASSETS	\$ (90,965)	831,262	\$ 922,227
NET ASSETS, BEGINNING OF YEAR		33,847,177	
NET ASSETS, END OF YEAR		\$ 34,678,439	

*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.*

## Fiduciary 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**

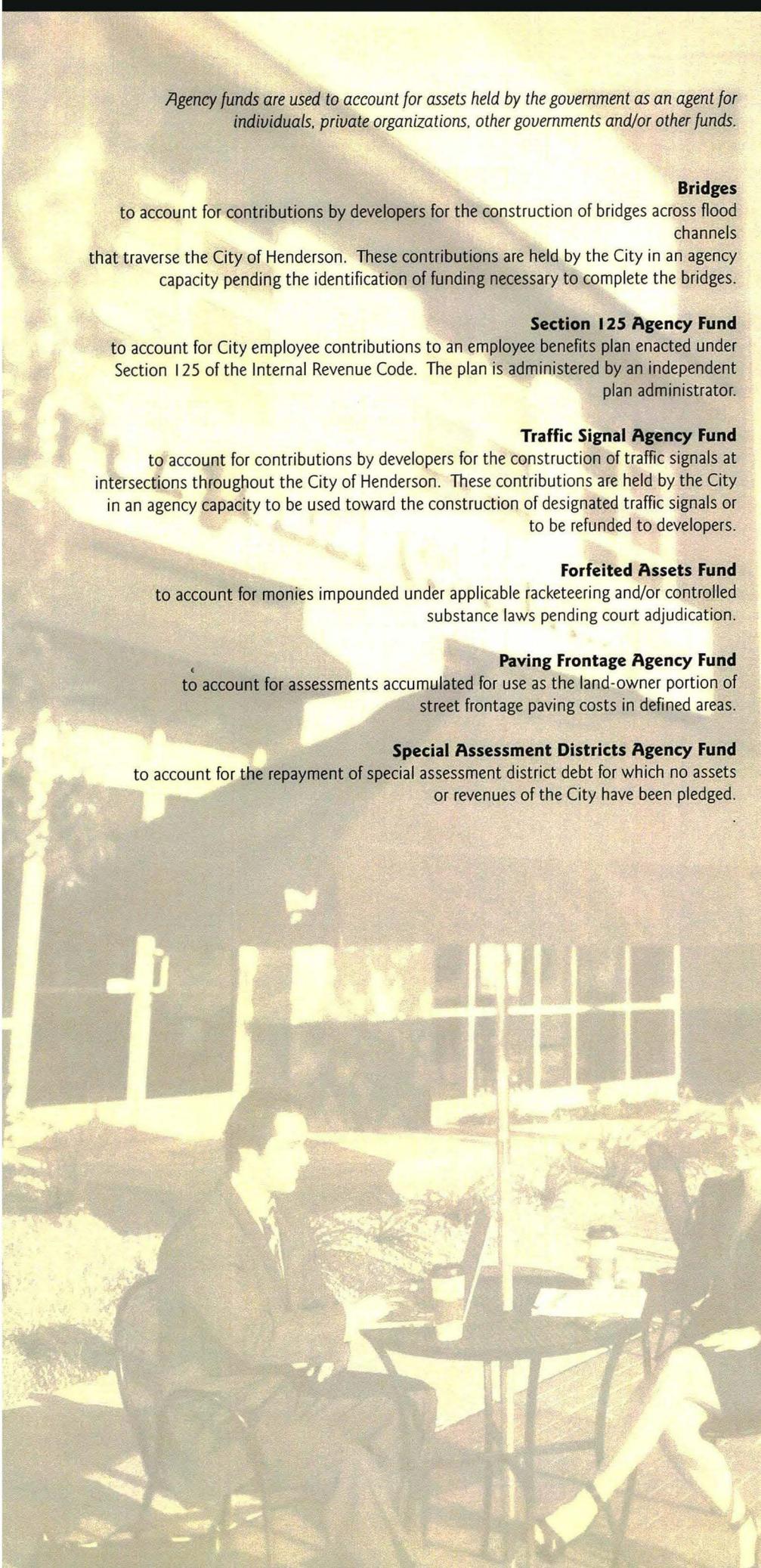
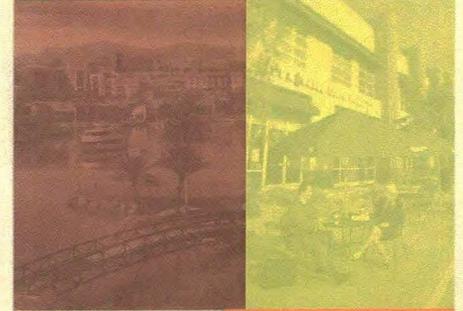
to account for monies impounded under applicable racketeering and/or controlled substance laws pending court adjudication.

### **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.



**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF HENDERSON, NEVADA**

Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2007

**ASSETS**

	<u>Bridges</u>	<u>Section 125 Plan</u>	<u>Traffic Signal</u>	<u>Forfeited Assets</u>	<u>Paving Frontage</u>	<u>Special Assessment Districts</u>	<u>Total</u>
Cash and investments	\$ 167,598	\$ 104,786	\$ 13,754,351	\$ 25,900	\$ 61,770	\$ 59,009,371	\$ 73,123,776
Delinquent assessments receivable	--	--	--	--	--	434,463	434,463
Total assets	<u>\$ 167,598</u>	<u>\$ 104,786</u>	<u>\$ 13,754,351</u>	<u>\$ 25,900</u>	<u>\$ 61,770</u>	<u>\$ 59,443,834</u>	<u>\$ 73,558,239</u>

**LIABILITIES**

106 Due to developers	\$ 167,598	\$ --	\$ 13,754,351	\$ --	\$ 61,770	\$ --	\$ 13,983,719
Due to employees	--	104,786	--	--	--	--	104,786
Due to others	--	--	--	25,900	--	59,443,834	59,469,734
Total liabilities	<u>\$ 167,598</u>	<u>\$ 104,786</u>	<u>\$ 13,754,351</u>	<u>\$ 25,900</u>	<u>\$ 61,770</u>	<u>\$ 59,443,834</u>	<u>\$ 73,558,239</u>

## CITY OF HENDERSON, NEVADA

### Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2007

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
<b>BRIDGES AGENCY FUND</b>				
Assets:				
Cash and investments	\$ 159,850	\$ 7,748	\$ --	\$ 167,598
Liabilities:				
Due to developers	\$ 159,850	\$ 7,748	\$ --	\$ 167,598
<b>SECTION 125 PLAN FUND</b>				
Assets:				
Cash and investments	\$ 64,430	\$ 855,955	\$ 815,599	\$ 104,786
Liabilities:				
Due to employees	\$ 64,430	\$ 855,955	\$ 815,599	\$ 104,786
<b>TRAFFIC SIGNAL AGENCY FUND</b>				
Assets:				
Cash and investments	\$ 12,419,503	\$ 3,895,245	\$ 2,560,397	\$ 13,754,351
Liabilities:				
Due to developers	\$ 12,419,503	\$ 3,895,245	\$ 2,560,397	\$ 13,754,351
<b>FORFEITED ASSETS AGENCY FUND</b>				
Assets:				
Cash and investments	\$ 28,593	\$ 158,049	\$ 160,742	\$ 25,900
Liabilities:				
Due to others	\$ 28,593	\$ 158,049	\$ 160,742	\$ 25,900
<b>PAVING FRONTAGE AGENCY FUND</b>				
Assets:				
Cash and investments	\$ 58,915	\$ 2,855	\$ --	\$ 61,770
Liabilities:				
Due to developers	\$ 58,915	\$ 2,855	\$ --	\$ 61,770
<b>SPECIAL ASSESSMENT DISTRICTS FUND</b>				
Assets:				
Cash and investments	\$ 62,973,166	\$ 55,268,586	\$ 59,232,381	\$ 59,009,371
Delinquent assessments receivable	204,638	230,184	359	434,463
	<u>\$ 63,177,804</u>	<u>\$ 55,498,770</u>	<u>\$ 59,232,740</u>	<u>\$ 59,443,834</u>
Liabilities:				
Due to others	\$ 63,177,804	\$ 55,498,770	\$ 59,232,740	\$ 59,443,834
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets:				
Cash and investments	\$ 75,704,457	\$ 60,188,438	\$ 62,769,119	\$ 73,123,776
Delinquent assessments receivable	204,638	230,184	359	434,463
Total assets	<u>\$ 75,909,095</u>	<u>\$ 60,418,622</u>	<u>\$ 62,769,478</u>	<u>\$ 73,558,239</u>
Liabilities:				
Due to developers	\$ 12,638,268	\$ 3,905,848	\$ 2,560,397	\$ 13,983,719
Due to employees	64,430	855,955	815,599	104,786
Due to others	63,206,397	55,656,819	59,393,482	59,469,734
Total liabilities	<u>\$ 75,909,095</u>	<u>\$ 60,418,622</u>	<u>\$ 62,769,478</u>	<u>\$ 73,558,239</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

*This part of the City of Henderson's comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.*

## Statistical Section

### Contents

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

### Table

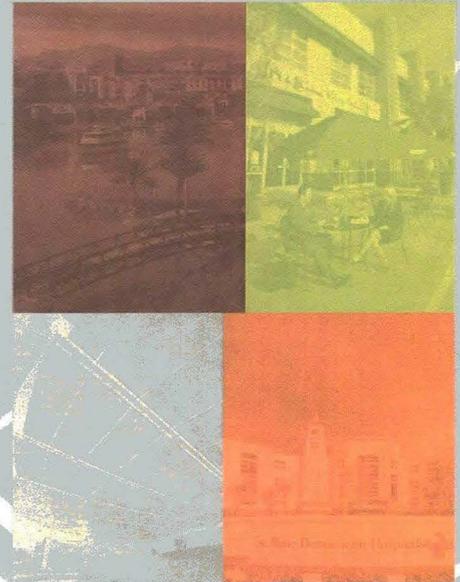
1-4

5-8

9-13

14-15

16-18



## CITY OF HENDERSON, NEVADA

Net Assets by Component  
 Last Six Fiscal Years <sup>(1)</sup>  
 (accrual basis of accounting)

	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
<b>Governmental activities</b>						
Invested in capital assets, net of related	\$ 588,072,333	\$ 652,311,723	\$ 737,854,881	\$ 766,135,825	\$ 789,780,000	\$ 887,712,904
Restricted	95,893,234	151,752,737	123,520,589	159,497,376	314,016,644	348,850,390
Unrestricted	23,120,080	22,260,386	27,147,286	60,409,781	76,199,754	93,080,483
Total governmental activities net assets	<u>707,085,647</u>	<u>826,324,846</u>	<u>888,522,756</u>	<u>986,042,982</u>	<u>1,179,996,398</u>	<u>1,329,643,777</u>
<b>Business-type activities</b>						
Invested in capital assets, net of related	347,713,193	400,488,623	434,186,988	520,410,406	580,518,856	627,392,350
Restricted	191,493,308	188,811,056	196,301,241	202,113,468	205,732,209	212,998,953
Unrestricted	64,588,593	80,545,356	87,980,516	90,303,104	111,683,345	129,311,385
Total business-type activities net assets	<u>603,795,094</u>	<u>669,845,035</u>	<u>718,468,745</u>	<u>812,826,978</u>	<u>897,934,410</u>	<u>969,702,688</u>
<b>Primary government</b>						
Invested in capital assets, net of related	935,785,526	1,052,800,346	1,172,041,869	1,286,546,231	1,370,298,856	1,515,105,254
Restricted	287,386,542	340,563,793	319,821,830	361,610,844	519,748,853	561,849,343
Unrestricted	87,708,673	102,805,742	115,127,802	150,712,885	187,883,099	222,391,868
Total primary government net assets	<u>\$ 1,310,880,741</u>	<u>\$ 1,496,169,881</u>	<u>\$ 1,606,991,501</u>	<u>\$ 1,798,869,960</u>	<u>\$ 2,077,930,808</u>	<u>\$ 2,299,346,465</u>

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

## CITY OF HENDERSON, NEVADA

Changes in Net Assets, Last Six Fiscal Years <sup>(1)</sup>  
(accrual basis of accounting)

	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
<b>Expenses</b>						
Governmental activities						
General government	\$ 35,253,241	\$ 34,916,307	\$ 42,220,643	\$ 48,028,276	\$ 54,340,091	\$ 50,374,073
Judicial	3,328,455	3,466,048	3,744,366	4,071,409	8,213,691	9,109,288
Public safety	63,620,351	71,866,188	80,847,907	85,409,518	96,526,544	104,481,376
Public works	34,706,359	39,233,451	43,332,760	47,890,227	52,313,279	58,704,749
Culture and recreation	24,214,562	29,115,265	31,297,696	34,451,551	34,842,692	39,819,367
Community support	--	--	--	4,139,404	4,629,662	4,865,916
Interest on long-term debt	9,975,364	9,654,350	6,531,533	8,223,235	8,256,103	9,681,974
Total governmental activities expenses	<u>171,098,332</u>	<u>188,251,609</u>	<u>207,974,905</u>	<u>232,213,620</u>	<u>259,122,062</u>	<u>277,036,743</u>
Business-type activities						
Water	47,831,453	50,939,527	56,761,359	64,469,362	67,434,942	73,406,312
Sewer	24,456,660	26,798,508	28,355,583	33,345,399	35,457,292	42,732,326
Development services center	14,640,305	16,023,169	17,504,160	20,156,904	23,262,603	24,884,187
Other business activities	1,987,119	2,084,085	2,293,279	5,408,306 <sup>(2)</sup>	7,177,527	10,207,163
Total business-type activities expenses	<u>88,915,537</u>	<u>95,845,289</u>	<u>104,914,381</u>	<u>123,379,971</u>	<u>133,332,364</u>	<u>151,229,988</u>
Total primary government expenses	<u>\$ 260,013,869</u>	<u>\$ 284,096,898</u>	<u>\$ 312,889,286</u>	<u>\$ 355,593,591</u>	<u>\$ 392,454,426</u>	<u>\$ 428,266,731</u>
<b>Program Revenues</b>						
Governmental activities						
Charges for services						
General government	\$ 8,508,772	\$ 8,489,068	\$ 10,150,406	\$ 11,580,621	\$ 11,951,567	\$ 12,244,183
Public safety	7,840,924	6,931,524	7,246,283	9,597,481	9,251,604	10,277,019
Culture and recreation	4,576,029	5,417,340	6,211,966	6,813,310	7,465,133	7,586,970
Other activities	2,260,966	1,867,927	2,260,916	1,385,210	771,394	1,004,103
Operating grants, interest, and contributions	8,559,922	7,399,249	6,143,018	7,021,016	8,755,233	8,665,051
Capital grants, interest and contributions	79,349,672	127,547,721	75,017,037	100,639,769	193,814,750 <sup>(3)</sup>	123,717,507
Total governmental activities program revenues	<u>111,096,285</u>	<u>157,652,829</u>	<u>107,029,626</u>	<u>137,037,407</u>	<u>232,009,681</u>	<u>163,494,833</u>
Business-type activities						
Charges for services						
Water	40,628,677	42,055,446	45,868,959	48,069,761	54,441,921	59,189,399
Sewer	21,029,042	22,990,929	24,497,374	25,406,890	27,303,279	29,584,283
Development services center	11,769,384	12,187,168	13,729,811	16,785,647	21,118,876	25,537,979
Other activities	895,417	913,701	1,013,188	3,124,853 <sup>(2)</sup>	3,768,621	4,549,417
Operating grants, interest, and contributions	81,695	134,873	--	--	79,574	56,134
Capital grants, interest and contributions	64,112,915	72,736,573	60,996,441	104,082,490	77,036,081	66,134,052
Total business-type activities program revenues	<u>138,517,130</u>	<u>151,018,690</u>	<u>146,105,773</u>	<u>197,469,641</u>	<u>183,748,352</u>	<u>185,051,264</u>
Total primary government program revenues	<u>\$ 249,613,415</u>	<u>\$ 308,671,519</u>	<u>\$ 253,135,399</u>	<u>\$ 334,507,048</u>	<u>\$ 415,758,033</u>	<u>\$ 348,546,097</u>
<b>Net Revenue (Expense)</b>						
Governmental activities	\$ (60,002,047)	\$ (30,598,780)	\$ (100,945,279)	\$ (95,176,213)	\$ (27,112,381)	\$ (113,541,910)
Business-type activities	49,601,593	55,173,401	41,191,392	74,089,670	50,415,988	33,821,276
Total primary government net revenue (expense)	<u>\$ (10,400,454)</u>	<u>\$ 24,574,621</u>	<u>\$ (59,753,887)</u>	<u>\$ (21,086,543)</u>	<u>\$ 23,303,607</u>	<u>\$ (79,720,634)</u>

continued

## CITY OF HENDERSON, NEVADA

continued

Changes in Net Assets, Last Six Fiscal Years <sup>(1)</sup>  
(accrual basis of accounting)

	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities						
Property taxes	\$ 39,251,126	\$ 46,203,872	\$ 51,078,663	\$ 58,498,497	\$ 68,017,019	\$ 84,670,413 <sup>(5)</sup>
Consolidated tax	58,404,948	63,896,932	78,290,939	96,687,531	102,988,098	99,587,194
Other taxes	22,217,960	23,354,134	25,726,071	28,899,364	41,156,213 <sup>(4)</sup>	46,983,771
Unrestricted interest income	8,347,893	4,488,772	1,286,329	3,486,212	6,421,835	13,885,771 <sup>(6)</sup>
Gain on sale of assets	2,014,836	6,924,002	4,555,063	7,660,298	2,499,958	25,902,150 <sup>(7)</sup>
Other	814,406	827,226	772,737	1,034,919	1,268,340	1,083,413
Transfers	(1,904,556)	4,143,041	1,433,387	(3,570,382)	(13,285,666)	(8,923,423)
Total governmental activities	<u>129,146,613</u>	<u>149,837,979</u>	<u>163,143,189</u>	<u>192,696,439</u>	<u>209,065,797</u>	<u>263,189,289</u>
Business-type activities						
Other taxes	4,007,502	4,463,201	5,441,169	6,374,248	7,024,049	7,285,311
Unrestricted interest income	14,411,298	10,402,806	2,537,604	9,922,035	12,808,610	20,441,004 <sup>(6)</sup>
Gain on sale of assets	--	102	737,836	--	369,085	--
Other	221,518	153,472	149,096	401,898	1,204,034	1,297,264
Transfers	1,904,556	(4,143,041)	(1,433,387)	3,570,382	13,285,666	8,923,423
Total business-type activities	<u>20,544,874</u>	<u>10,876,540</u>	<u>7,432,318</u>	<u>20,268,563</u>	<u>34,691,444</u>	<u>37,947,002</u>
Total primary government	<u>\$ 149,691,487</u>	<u>\$ 160,714,519</u>	<u>\$ 170,575,507</u>	<u>\$ 212,965,002</u>	<u>\$ 243,757,241</u>	<u>\$ 301,136,291</u>
<b>Change in Net Assets</b>						
Governmental activities	\$ 69,144,566	\$ 119,239,199	\$ 62,197,910	\$ 97,520,226	\$ 181,953,416	\$ 149,647,379
Business-type activities	<u>70,146,467</u>	<u>66,049,941</u>	<u>48,623,710</u>	<u>94,358,233</u>	<u>85,107,432</u>	<u>71,768,278</u>
Total primary government	<u>\$ 139,291,033</u>	<u>\$ 185,289,140</u>	<u>\$ 110,821,620</u>	<u>\$ 191,878,459</u>	<u>\$ 267,060,848</u>	<u>\$ 221,415,657</u>

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

(2) Fiscal year 2005 was the first year of a new enterprise fund - The Municipal Golf Course Enterprise Fund.

(3) Increase due mainly to property owner contributions for two special assessment districts for which the City is not liable.

(4) Increase due to new police sales tax.

(5) Increase mainly due to increases in redevelopment property taxes. These increases were due to a new redevelopment area and also a significant number of homes built in another redevelopment area. Other increases are due to growth in assessed valuation.

(6) Increase due to higher cash and investment balances, higher interest rates, and market value increases.

(7) Increase due to a significant land sale to Cashman Equipment for which the City gave up land with a minimal value.

CITY OF HENDERSON, NEVADA

Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
General Fund										
Reserved	\$ 1,117,348	\$ 2,435,332	\$ 2,837,634	\$ 2,891,491	\$ 1,590,752	\$ 1,171,208	\$ 1,485,055	\$ 2,441,612	\$ 1,824,112	\$ 2,805,128
Unreserved	22,368,306	24,162,300	20,832,217	21,194,791	23,799,764	19,034,111	24,619,246	25,935,187	29,690,577	30,921,060
Total general fund	<u>\$ 23,485,654</u>	<u>\$ 26,597,632</u>	<u>\$ 23,669,851</u>	<u>\$ 24,086,282</u>	<u>\$ 25,390,516</u>	<u>\$ 20,205,319</u>	<u>\$ 26,104,301</u>	<u>\$ 28,376,799</u>	<u>\$ 31,514,689</u>	<u>\$ 33,726,188</u>
All Other Governmental Funds										
Reserved	\$ 38,239,470	\$ 38,505,663	\$ 38,086,889	\$ 34,095,841	\$ 45,386,133	\$ 14,626,732 <sup>(1)</sup>	\$ 16,243,039	\$ 18,474,423	\$ 18,664,267	\$ 26,723,103
Unreserved reported in:										
Special revenue funds	5,206,739	9,784,593	13,837,192	16,170,422	19,798,276	25,928,594	27,873,164	24,619,959	35,745,946	46,242,339
Capital projects funds	120,372,468	132,986,428	149,619,800	129,615,602	92,152,637	113,879,658	98,861,666	138,584,132	271,278,449	299,700,799
Total all other governmental funds	<u>\$ 163,818,677</u>	<u>\$ 181,276,684</u>	<u>\$ 201,543,881</u>	<u>\$ 179,881,865</u>	<u>\$ 157,337,046</u>	<u>\$ 154,434,984</u>	<u>\$ 142,977,869</u>	<u>\$ 181,678,514</u>	<u>\$ 325,688,662</u>	<u>\$ 372,666,241</u>

(1) Previous to fiscal year 2003, Special Assessment Debt for which the City was not liable was erroneously recorded in the City's financial statements and transactions were recorded in the Special Assessment Debt Service Fund. A prior period adjustment was made in fiscal year 2003 to take this debt off the City's financial statements.

CITY OF HENDERSON, NEVADA

Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
<b>REVENUES</b>										
Property taxes	\$ 20,094,200	\$ 25,888,189	\$ 29,376,061	\$ 34,126,689	\$ 39,251,126	\$ 46,026,738	\$ 51,356,138	\$ 58,586,097	\$ 67,975,114	\$ 84,254,727 <sup>(10)</sup>
Special assessments <sup>(1)</sup>	8,841,083	8,941,709	8,897,444	7,368,844	6,690,270	249,569	1,818,361	327,861	119,197	167,366
Franchise fees	8,287,523	9,939,571	12,195,108	15,799,641	18,298,174	19,353,127	21,227,833	24,044,878	26,926,859	29,625,623
Licenses and permits	8,129,130	8,418,719	6,811,159	4,798,572	5,324,227	5,848,669	6,856,573	7,305,463	8,307,293	8,307,293
Intergovernmental	53,224,045	56,349,204	60,920,367	67,347,896	72,315,724	83,419,931	92,449,462	113,330,062	134,872,918	135,650,905
Charges for services	8,521,274	11,341,958	12,602,220	15,553,012	10,982,168	10,701,889	11,787,181	14,177,088	14,101,639	14,235,157
Fines and forfeitures	1,599,142	1,654,378	1,950,238	2,214,936	2,542,172	2,746,306	2,998,041	3,488,205	3,882,563	5,063,104
Developer/property owner contributions	662,728	2,185,194	711,875	393,055	2,072,897	52,138,390 <sup>(2)</sup>	6,285,655	32,766,222 <sup>(2)</sup>	104,223,589 <sup>(2)</sup>	13,059,728
Impact fees	1,643,077	2,215,356	2,231,063	1,585,260	1,879,908	1,642,738	1,499,185	1,740,702	1,682,336	1,822,171
Miscellaneous interest <sup>(3)</sup>	--	--	--	--	17,839,187 <sup>(5)</sup>	4,237,315	2,185,135	4,077,673	10,323,301	20,303,238 <sup>(11)</sup>
Miscellaneous	20,804,305	21,604,745	23,716,030	27,861,810	2,589,383	2,027,818	2,578,732	1,716,700	1,555,784	1,537,220
Total revenues	131,806,507	148,539,023	159,411,565	177,049,715	179,785,236	228,392,490	201,042,296	261,560,951	373,239,703	314,026,532
<b>EXPENDITURES:</b>										
<b>Current:</b>										
General government	20,534,954	25,561,057	28,749,710	32,825,067	29,429,868	38,872,226	38,744,260	43,830,786	49,357,693	46,801,843
Judicial	1,988,504	2,168,199	2,377,881	2,663,526	3,091,282	3,299,332	3,534,995	3,925,781	7,968,743	8,944,032
Public safety	38,857,953	46,241,144	52,462,142	54,219,156	59,984,033	67,602,705	76,177,155	83,802,164	92,794,238	102,635,703
Public works	4,714,164	5,726,957	5,093,490	6,741,962	10,234,461	9,691,837	10,605,798	9,724,823	10,836,921	15,147,356
Culture and recreation	10,484,248	13,332,298	16,324,343	20,067,759	23,085,100	26,292,703	27,158,204	29,145,097	32,704,002	35,164,827
Community support	--	--	--	--	--	--	--	3,934,384 <sup>(4)</sup>	4,336,894	4,827,210
Capital outlay: <sup>(5)</sup>	21,978,426	55,197,154	65,624,070	48,962,914	--	--	--	--	--	--
General government	--	--	--	--	13,692,027	30,468,023 <sup>(6)</sup>	8,946,349	2,183,786	4,069,183	4,200,063
Judicial	--	--	--	--	414,600	164,437	36,980	423,691	83,877	244,586
Public safety	--	--	--	--	--	5,013,913	2,407,674	1,819,101	3,569,721	2,831,162
Public works	--	--	--	--	--	15,474,773	10,830,530	17,941,669	19,477,102	51,342,238 <sup>(9)</sup>
Culture and recreation	--	--	--	--	--	32,926,366 <sup>(7)</sup>	4,288,848	2,552,555	6,430,666	8,017,239
Community support	--	--	--	--	--	--	--	232,570 <sup>(4)</sup>	285,161	242,515
Debt service:										
Principal retirement <sup>(1)</sup>	16,585,000	33,290,000	15,235,991	18,627,331	25,323,400	11,922,984	13,690,740	13,732,019	13,983,377	16,222,606
Interest and fiscal charges <sup>(1)</sup>	17,846,699	17,624,316	18,585,084	20,177,997	19,925,550	9,210,228	6,130,208	7,661,944	7,765,721	8,791,399
Administrative and other costs	365,327	248,669	333,039	1,027,779	1,835,026	100,164	2,720,624	45,184	85,635	12,858
Advance refunding escrow	--	--	--	5,261,414	587,002	--	--	--	--	--
Total expenditures	133,355,275	199,389,794	204,785,750	210,574,905	241,017,401	221,094,870	211,794,931	224,241,607	284,875,511	292,689,579
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,548,768)	(50,850,771)	(45,374,185)	(33,525,190)	(61,232,165)	7,297,620	(10,752,635)	37,319,344	88,364,192	21,336,953
<b>OTHER FINANCING SOURCES (USES)</b>										
Land sales	2,364,341	291,696	307,459	7,357,532	2,401,927	6,296,745	3,472,086	9,076,990	1,507,242	29,346,542 <sup>(12)</sup>
Inception of capital leases	389,866	712,691	387,871	573,611	1,700,725	45,120	809,200	1,634,354	--	--
Bonds issued	65,055,117	73,479,872	49,786,443	--	--	31,590,000	--	--	56,000,000	2,065,000
Refunding debt issued	--	39,107,176	--	23,980,000	12,940,000	3,780,000	98,165,000	--	3,885,000	--
Premium on refunding debt issued	--	--	--	--	91,584	37,414	8,015,686	--	--	--
Premium on bonds issued	--	--	--	--	10,090	--	--	--	1,221,917	--
Discount on bonds issued	--	--	--	--	(239,835)	--	--	--	--	--
Payments to refunded bond escrow agent	--	(48,868,062)	--	(21,937,212)	(12,938,027)	(3,744,100)	(105,040,493)	--	(2,509,555)	--
Sale of capital assets	--	--	1,995	--	--	--	--	--	2,050	9,090
Transfers from other funds	21,799,742	41,621,942	40,968,792	28,563,307	32,303,657	36,753,193	29,841,998	43,284,979	48,947,686	47,525,919
Transfers to other funds	(17,278,449)	(34,924,559)	(28,738,959)	(26,257,633)	(29,711,687)	(33,399,109)	(30,068,975)	(50,342,524)	(50,270,494)	(51,094,426)
Total other financing sources (uses)	72,330,617	71,420,756	62,713,601	12,279,605	38,148,434	9,769,263	5,194,502	3,653,799	58,783,846	27,852,125
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 70,781,849</b>	<b>\$ 20,569,985</b>	<b>\$ 17,339,416</b>	<b>\$ (21,245,585)</b>	<b>\$ (23,083,731)</b>	<b>\$ 17,066,883</b>	<b>\$ (5,558,133)</b>	<b>\$ 40,973,143</b>	<b>\$ 147,148,038</b>	<b>\$ 49,189,078</b>
Debt service as a percentage of noncapital expenditures <sup>(8)</sup>	30.9%	35.3%	24.3%	24.0%	25.5%	13.1%	10.9%	10.5%	9.1%	10.0%

(1) Previous to fiscal year 2003, special assessment debt for which the City was not liable was erroneously recorded in the City's financial statements. Assessment revenues, assessment interest income, and principal and interest debt service payments were all recorded in the Special Assessment Debt Service Fund. A prior period adjustment was made in fiscal year 2003 to take this debt off the City's financial statements.

(2) In fiscal years 2003, 2005 and 2006 there were large property owner contributions related to special assessment bonds for which the City is not liable.

(3) Prior to 2002, Miscellaneous Interest was included in the Miscellaneous category.

(4) Fiscal year 2005 was the first year of the community support function. Previous to that, it was reported in general government.

(5) Fiscal year 2002 was the first year capital outlay was broken out by function.

(6) Fiscal year 2003's large capital outlay is due to the City Hall expansion.

(7) Fiscal year 2002's large capital outlay is due to the construction of several major recreational facilities.

(8) Prior to the implementation of GASB 34 in fiscal year 2002, this ratio was computed by dividing principal and interest by total expenditures, less capital outlay. Fiscal year 2002 and forward, this ratio is computed by dividing principal and interest by total expenditures less amounts that are capitalized on the accrual basis government-wide statement of net assets.

(9) Increase due mainly to construction of special assessment infrastructure.

(10) Increase due to increases in redevelopment property taxes. These increases were due to a new redevelopment area and also a significant number of homes built in another redevelopment area. Other increases are due to growth in assessed valuations.

(11) Increase due to higher cash and investment balances, higher interest rates, and market value increases.

(12) Increase due to a significant land sale to Cashman Equipment for which the City gave up land with minimal value.

**CITY OF HENDERSON, NEVADA**

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ended	Real Property		Personal Property		Total		Ratio of Total Assessed To Total Estimated	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Total Direct Tax Rate		
1998	2,533,709,450	7,239,169,857	351,630,797	1,004,659,420	2,885,340,247	0.7035	8,243,829,277	35.0%
1999	3,251,045,120	9,288,700,343	405,645,672	1,158,987,634	3,656,690,792	0.7081	10,447,687,977	35.0%
2000	3,738,591,770	10,681,690,771	304,963,340	871,323,829	4,043,555,110	0.7040	11,553,014,600	35.0%
2001	4,276,595,470	12,218,844,200	387,678,320	1,107,652,343	4,664,273,790	0.7108	13,326,496,543	35.0%
2002	5,033,711,060	14,382,031,600	586,433,720	1,675,524,914	5,620,144,780	0.7108	16,057,556,514	35.0%
2003	6,022,498,387	17,207,138,249	550,303,670	1,572,296,200	6,572,802,057	0.7108	18,779,434,449	35.0%
2004	6,856,028,148	19,588,651,851	577,185,611	1,649,101,746	7,433,213,759	0.7108	21,237,753,597	35.0%
2005	7,350,381,130	21,001,088,943	515,315,133	1,472,328,951	7,865,696,263	0.7108	22,473,417,894	35.0%
2006	9,866,711,823	28,190,605,209	572,046,058	1,634,417,309	10,438,757,881	0.7108	29,825,022,518	35.0%
2007	14,049,539,660	40,141,541,886	643,861,307	1,839,603,734	14,693,400,967	0.7108	41,981,145,620	35.0%

Source: Clark County Assessor's Office

## CITY OF HENDERSON, NEVADA

Property Tax Rates - Direct and Overlapping<sup>(1)</sup> Governments  
 (Per \$100 of Assessed Value)  
 Last Ten Fiscal Years

Fiscal Year	CITY OF HENDERSON			OVERLAPPING RATES				Total Overlapping Rates	Total Direct & Overlapping Rates
	General Fund	Debt Service Fund	Total City Rate	State of Nevada	School District	County	Special District		
1998	0.3740	0.3295	0.7035	0.1500	1.3034	0.6785	0.0500	2.1819	2.8854
1999	0.3786	0.3295	0.7081	0.1500	1.3034	0.6653	0.0500	2.1687	2.8768
2000	0.3745	0.3295	0.7040	0.1500	1.3034	0.6579	0.0995	2.2108	2.9148
2001	0.3813	0.3295	0.7108	0.1500	1.3034	0.6527	0.0976	2.2037	2.9145
2002	0.3813	0.3295	0.7108	0.1500	1.3034	0.6352	0.0993	2.1879	2.8987
2003	0.5163	0.1945	0.7108	0.1500	1.3034	0.6352	0.0969	2.1855	2.8963
2004	0.4886	0.2222	0.7108	0.1700	1.3034	0.6502	0.0995	2.2231	2.9339
2005	0.4880	0.2228	0.7108	0.1700	1.3034	0.6652	0.0974	2.2360	2.9468
2006	0.4880	0.2228	0.7108	0.1700	1.3034	0.6575	0.0669	2.1978	2.9086
2007	0.4880	0.2228	0.7108	0.1700	1.3034	0.6566	0.0665	2.1965	2.9073

The State Constitution has a maximum rate limit of \$5 per \$100 assessed value and Nevada Revised Statutes further lower the limit to a total combined tax rate of \$3.64.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Henderson. Not all overlapping rates apply to all City of Henderson property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

Source: State of Nevada Department of Taxation's "Local Government Finance Redbook"

## CITY OF HENDERSON, NEVADA

Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Approximate Percentage of Taxable Assessed Valuation	Taxable Assessed Value	Rank	Approximate Percentage of Taxable Assessed Valuation
Basic Management Incorporated	\$ 242,360,113	1	1.65%			
Pulte Homes	225,223,592	2	1.53%			
Focus Property Group	212,804,060	3	1.45%			
Greenspun Companies	146,217,658	4	1.00%			
Station Casinos Incorporated	122,024,101	5	0.83%	\$ 10,955,790	7	0.38%
Lake at Las Vegas Joint Venture	93,597,818	6	0.64%	40,842,430	1	1.42%
Green Valley Ranch Gaming L.L.C.	79,448,433	7	0.54%			
L L V-1 Limited Liability Company	61,612,458	8	0.42%			
Lennar Corporation	61,482,443	9	0.42%			
Rhodes Homes	57,482,624	10	0.39%			
Oasis Residential Incorporated				27,649,200	2	0.96%
Ranch Center Associates Limited Partnership				24,114,340	3	0.84%
Levi Strauss & Company				19,004,130	4	0.66%
Sentinel Ventures I				14,675,010	5	0.51%
Pacific Partnership II				11,938,120	6	0.41%
Del E. Webb Communities				9,715,420	8	0.34%
Green Valley Investment Company				9,555,280	9	0.33%
Silver Canyon Partnership				9,351,830	10	0.32%
	<u>\$ 1,302,253,300</u>		<u>8.87%</u>	<u>\$ 177,801,550</u>		<u>6.17%</u>

Source: Clark County Assessor's Office

Note: Taxable assessed value is 35% of appraised value.

**CITY OF HENDERSON, NEVADA**

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1998	16,980,505	16,792,486	98.89%	188,019	16,980,505	100.00%
1999	22,038,032	21,786,842	98.86%	251,190	22,038,032	100.00%
2000	25,322,606	25,029,900	98.52%	292,706	25,322,606	100.00%
2001	28,965,448	28,637,652	98.29%	327,796	28,965,448	100.00%
2002	34,106,224	33,664,830	98.53%	441,394	34,106,224	100.00%
2003	42,300,099	41,781,856	98.36%	518,243	42,300,099	100.00%
2004	47,178,817	46,916,703	99.15%	262,092	47,178,795	99.99%
2005	54,278,445	54,065,416	99.15%	203,604	54,269,020	99.98%
2006	62,730,966	62,408,721	99.49%	259,316	62,668,037	99.90%
2007	78,937,235	78,138,203	98.99%	*	78,138,203	98.99%

Source: Clark County Comptroller's Office  
\* Still in the process of being collected

CITY OF HENDERSON, NEVADA

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Tax Allocation Bonds	Special Assessment Bonds <sup>(2)</sup>	Notes Payable	Capital Leases	Revenue Bonds			
1998	129,805,000	--	142,210,000	6,367,690	1,317,027	102,797,059	382,496,776	Not available	2,401
1999	137,765,000	--	163,820,000	10,180,840	1,906,534	193,170,668	506,843,042	Not available	2,869
2000	180,105,000	--	156,255,000	10,219,009	2,339,462	185,284,154	534,202,625	Not available	2,804
2001	171,495,000	--	144,615,000	10,201,678	2,276,229	179,074,501	507,662,408	Not available	2,542
2002	161,500,000	16,340,000	154,675,000	183,278	3,420,295	173,843,159	509,961,732	Not available	2,419
2003	149,945,000	16,340,000	3,135,000	163,743	2,879,877	165,141,779	337,605,399	Not available	1,513
2004	137,665,000	16,340,000	2,500,000	143,004	2,640,179	155,592,473	314,880,656	Not available	1,338
2005	125,240,000	16,340,000	1,215,000	120,985	4,175,309	253,896,193	400,987,487	Not available	1,644
2006	171,795,000	16,340,000	585,000	97,608	56,007	241,864,554	430,738,169	4.87%	1,682
2007	158,455,000	15,840,000	365,000	--	10,614	229,959,046	404,629,660	4.34%	1,524

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements

(1) See Table 14 for personal income and population data. Personal income data was not kept prior to fiscal year 2006.

Source for 2006 is Applied Analysis, 10100 W Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or [www.appliedanalysis.com](http://www.appliedanalysis.com).

(2) Previous to fiscal year 2003, special assessment debt for which the City was not liable was erroneously recorded in the City's financial statements.

**CITY OF HENDERSON, NEVADA**

Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in the Debt Service Fund	Total	Percentage of Actual Taxable Value of Property <sup>(1)</sup>	Per Capita <sup>(2)</sup>
1998	129,805,000	8,891,012	120,913,988	1.47%	759
1999	137,765,000	6,761,986	131,003,014	1.25%	742
2000	180,105,000	5,120,770	174,984,230	1.51%	918
2001	171,495,000	5,264,172	166,230,828	1.25%	832
2002	161,500,000	7,358,902	154,141,098	0.96%	731
2003	149,945,000	3,111,752	146,833,248	0.78%	658
2004	137,665,000	1,573,486	136,091,514	0.64%	578
2005	125,240,000	846,962	124,393,038	0.55%	510
2006	171,795,000	4,352,167	167,442,833	0.56%	654
2007	158,455,000	6,740,546	151,714,454	0.36%	571

Notes: (1) See Schedule of the Assessed Value and Estimated Actual Value of Taxable Property on Table 5 for property value data.

(2) Population data can be found on Table 14.

Details regarding the City's outstanding debt can be found in the notes to the financial statements

## CITY OF HENDERSON, NEVADA

Direct and Overlapping Governmental Activities Debt  
June 30, 2007

	Total General Obligation Debt	Less Debt Service Fund Balance	Net Debt Outstanding	% Applicable	Applicable Net Debt
City of Henderson	\$ 404,254,046	\$ 6,740,546	\$ 397,513,500	100%	<u>\$ 397,513,500</u>
Henderson District Public Libraries	1,814,400	--	1,814,400	100%	1,814,400
Clark County	639,315,000	139,506,350	499,808,650	15.44%	77,170,456
Clark County School District	3,915,265,500	552,034,771	3,363,230,729	15.44%	519,282,825
Las Vegas-Clark County Library District	28,575,000	7,747,316	20,827,684	18.74%	<u>3,903,108</u>
Total Overlapping Debt					<u>602,170,789</u>
Total Direct and Overlapping Debt					<u>\$ 999,684,289</u>

Source for debt amounts for overlapping entities is the various local governments; percentage applicable is derived from the State of Nevada Department of Taxation's "Local Government Finance Redbook."

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Henderson. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

## CITY OF HENDERSON, NEVADA

Legal Debt Margin Information  
Last Ten Fiscal Years

	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
Assessed value	\$ 2,885,340,247	\$ 3,656,690,792	\$ 4,043,555,110	\$ 4,664,273,790	\$ 5,620,144,780	\$ 6,572,802,057	\$ 7,433,213,759	\$ 7,865,696,263	\$ 10,438,757,881	\$ 14,693,400,967
<b>Legal debt margin</b>										
Debt limit (15% of Assessed Value)	432,801,037	548,503,619	606,533,267	699,641,069	843,021,717	985,920,309	1,114,982,064	1,179,854,439	1,565,813,682	2,204,010,145
Debt applicable to limit:										
Total Bonded Debt (including Special Assessment Bonds)	374,812,059	494,755,668	521,644,154	495,184,501	506,358,159	334,561,779 <sup>(3)</sup>	312,097,473	396,691,193	430,584,554	404,619,046
Less:										
Special Assessment Bonds (1)	(142,210,000)	(163,820,000)	(156,255,000)	(144,615,000)	(154,675,000)	(3,135,000)	(2,500,000)	(1,215,000)	(585,000)	(365,000)
Tax Allocation Bonds (2)	--	--	--	--	(16,340,000)	(16,340,000)	(16,340,000)	(16,340,000)	(16,340,000)	(15,840,000)
Total Amount of Debt Applicable to Debt Limit	232,602,059	330,935,668	365,389,154	350,569,501	335,343,159	315,086,779	293,257,473	379,136,193	413,659,554	388,414,046
Legal Debt Margin	\$ 200,198,978	\$ 217,567,951	\$ 241,144,113	\$ 349,071,568	\$ 507,678,558	\$ 670,833,530	\$ 821,724,591	\$ 800,718,246	1,152,154,128	1,815,596,099
Total debt applicable to limit as a percentage of debt limit	53.74%	60.33%	60.24%	50.11%	39.78%	31.96%	26.30%	32.13%	26.42%	17.62%

## Notes:

(1) Does not include matured and unredeemed bonds.

(2) The Tax Allocation Bonds issued by the City of Henderson Redevelopment Agency do not constitute indebtedness within the meaning of the statutory debt limitations.

(3) Previous to fiscal year 2003, Special Assessment Debt for which the City was not liable was erroneously recorded in the City's financial statements and transactions were recorded in the Special Assessment Debt Service Fund. A prior period adjustment was made in fiscal year 2003 to take this debt off the City's financial statements.

## CITY OF HENDERSON, NEVADA

Pledged Revenue Bond Coverage  
Last Ten Fiscal Years

Year	Water & Sewer Bonds						Special Assessment Bonds <sup>(3)</sup>				Tax Allocation Bonds			
	Utility Service Charges	Less: Operating Expenses <sup>(1)</sup>	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
			Principal	Interest			Principal	Interest			Principal	Interest		
1998	38,691,013	28,380,306	10,310,707	4,917,746	5,113,136	103%	8,841,083	9,205,000	11,550,306	43%	--	--	n/a	
1999	44,437,360	33,556,923	10,880,437	4,678,499	7,713,018	88%	8,941,709	26,590,000	10,327,596	24%	--	--	n/a	
2000	49,622,738	34,775,955	14,846,783	7,941,884	9,407,221	86%	8,897,444	7,565,000	11,441,650	47%	--	--	n/a	
2001	59,126,172	38,074,205	21,051,967	8,313,009	7,673,932	132%	7,368,844	10,000,000	10,761,336	35%	--	--	n/a	
2002	61,855,110	45,328,954	16,526,156	8,711,980	7,989,062	99%	6,690,270	5,190,000	8,901,034	47%	--	--	n/a	
2003	65,173,704	49,687,020	15,486,684	8,793,913	6,791,514	99%	249,569	225,000	308,662	47%	2,216,090	--	664,051	334%
2004	70,402,702	54,112,436	16,290,266	9,414,780	6,032,181	105%	1,818,361 <sup>(2)</sup>	635,000	288,400	197%	2,164,528	--	869,304	249%
2005	73,476,651	62,765,675	10,710,976	9,835,026	8,232,075	59%	327,861	1,285,000	186,436	22%	2,441,067	--	869,304	281%
2006	81,777,436	65,388,482	16,388,954	12,213,868	12,031,251	68%	119,197	630,000	93,575	16%	3,255,300	--	869,304	374%
2007	88,773,681	74,799,486	13,974,195	11,966,440	11,543,004	59%	167,366	220,000	52,013	62%	10,651,636	500,000	859,634	783%

Notes: (1) Total operating expenses, exclusive of depreciation.

(2) Includes payoff of assessments used for debt service in the following fiscal year.

(3) Previous to fiscal year 2003, special assessment debt for which the City was not liable was erroneously recorded in the City's financial statements. Assessment revenue, assessment interest income, and principal and interest debt service payments were all recorded in the Special Assessment Debt Service Fund. A prior period adjustment was made in fiscal year 2003 to take this debt off the City's financial statements.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

## CITY OF HENDERSON, NEVADA

Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population <sup>(1)</sup>	Personal Income <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
1998	159,332	Not available	Not available	4.20%
1999	176,670	Not available	Not available	3.78%
2000	190,512	Not available	Not available	4.19%
2001	199,695	Not available	Not available	4.34%
2002	210,850	Not available	Not available	6.20%
2003	223,070	Not available	Not available	5.30%
2004	235,292	Not available	Not available	4.79%
2005	243,897	Not available	Not available	4.20%
2006	256,128	8,836,009,011	34,498	4.00%
2007	265,589	9,331,499,855	35,135	4.20%

## Sources:

(1) City of Henderson Planning Department

(2) Data on personal income was not kept prior to 2006. For 2006, the source for personal income is Applied Analysis,  
10100 W Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or [www.appliedanalysis.com](http://www.appliedanalysis.com)

(3) Nevada Department of Employment, Training and Rehabilitation

## CITY OF HENDERSON, NEVADA

Principal Employers  
Current Year and Nine Years Ago

Name	2007			1998		
	Employees <sup>(1)</sup>	Rank	Percentage of Total City Employment	Employees <sup>(2)</sup>	Rank	Percentage of Total City Employment <sup>(3)</sup>
City of Henderson	3,275	1	2.79%	1,779	2	--
St. Rose Dominican Hospital	2,000 - 2,499	2	1.71-2.13%	800	4	--
Green Valley Ranch Gaming LLC	2,000 - 2,499	3	1.71-2.13%			
Sunset Station Hotel & Casino	1,500 - 1,999	4	1.28-1.71%	1,847	1	--
Fiesta Lake Mead Station	900 - 999	5	0.77-0.85%			
Ritz-Carlton Hotel Company LLC	500 - 599	6	0.43-0.51%			
Loews Lake Las Vegas Resort	500 - 599	7	0.43-0.51%			
Wal-Mart Stores, Inc.	500 - 599	8	0.43-0.51%			
Titanium Metals Corporation	500 - 599	9	0.43-0.51%	660	5	--
Medco Health LLC	500 - 599	10	0.43-0.51%			
The Reserve				1,085	3	--
Good Humor Breyers				477	6	--
Levi-Strauss & Co.				360	7	--
El Dorado, Inc.				320	8	--
Railroad Pass				318	9	--
Skyline Restaurant & Casino				280	10	--

(1) Source: City of Henderson - City of Henderson Finance Department; all others from Applied Analysis, 10100 W Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or [www.appliedanalysis.com](http://www.appliedanalysis.com)

For privacy purposes, exact employment numbers are unavailable.

(2) Source: Direct phone contacts and Henderson Chamber of Commerce

(3) This information was not available for 1998.

## CITY OF HENDERSON, NEVADA

Full-Time Equivalent City Government Employees by Function/Program<sup>(1)</sup>

	June 30, 2006	June 30, 2007
Functions/Programs		
<b>Governmental activities</b>		
General government	347	362
Judicial	62	69
Public safety	678	774
Public works	102	111
Culture and recreation	182	182
Community support	19	19
<b>Business-type activities</b>		
Water	137	148
Sewer	91	111
Development services center	149	155
Other business activities	17	28
Total	<u>1,784</u>	<u>1,959</u>

Source: City of Henderson Finance Department

(1) Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

## CITY OF HENDERSON, NEVADA

Operating Indicators by Function/Program <sup>(1) (3)</sup>

	June 30, 2006	June 30, 2007
Functions/Programs		
<b>Governmental activities</b>		
Judicial		
Average warrants cleared per day	9	6
Public safety		
Police reports	27,253	26,048
Police calls for service	122,518	127,548
Police total 911 calls received	92,045	103,139
# of EMS incidents	14,885	14,823
# of EMS transports	9,975	9,887
Total fire responses	940	834
Public works		
Lane miles of street maintenance	338	142
Lane miles of existing street reconstruction	16	74
# of scheduled inspections (off-site improvements)	41,994	39,320
# of off-site (non-building) projects	206	155
Culture and recreation		
Parks and Recreation class registrations	323,193	341,139
Community support		
# of requests for information on business relocations	103	109
# of local business requests for information/assistance/outreach	342	447
# of jobs created	1,034	770
<b>Business-type activities</b>		
Water		
Average daily water consumption (MGD) <sup>(2)</sup>	68	71
# of requests for line location	37,110	31,684
# of hydrant major repairs	258	248
# of line repairs	243	360
Sewer		
Lines video inspected (feet)	180,239	90,002
Lines cleaned (feet)	1,106,675	1,252,317
Development Services Center		
# of plan review activities	19,531	14,823
Building permits issued	19,075	15,704

Source: Various City departments

- (1) Indicators are not available for the general government function.  
(2) Millions of gallons per day  
(3) Information was not available for ten years' reporting, but will be accumulated over time as it becomes available

## CITY OF HENDERSON, NEVADA

Capital Asset Statistics by Function/Program <sup>(1)(2)</sup>

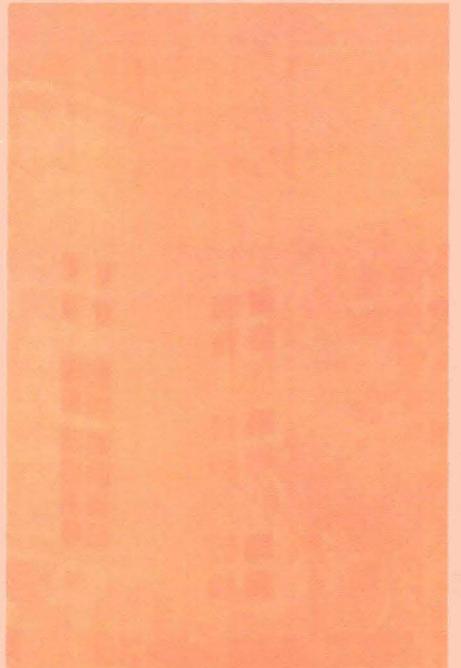
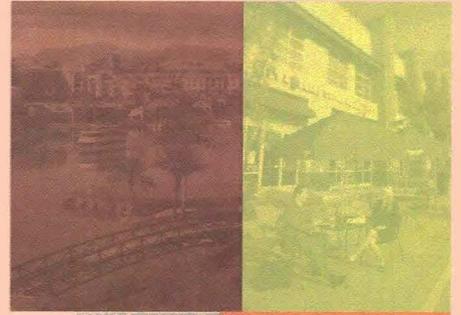
	June 30, 2006	June 30, 2007
Functions/Programs		
<b>Governmental activities</b>		
Public safety		
# of police stations	2	2
# of fire stations	9	9
# of patrol units	117	154
Public works		
Streets (miles)	737	788
Traffic signals	131	135
Culture and recreation		
Park acreage	1,029	1,067
# of parks	43	44
# of swimming pools	9	9
# of tennis courts	42	42
# of recreation centers	6	7
<b>Business-type activities</b>		
Water		
Water mains (miles)	1,080	1,124
# of treatment plants	1	1
# of water pump stations	27	27
Sewer		
Number of sewage treatment plants	2	2
Number of sewer lift stations	12	12
Miles of sanitary sewer lines	920	953

Source: Various City departments

- (1) Indicators are not available for the general government, judicial, community support, or development services center functions.
- (2) Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

**THIS PAGE INTENTIONALLY LEFT BLANK**

# Compliance Section





BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Henderson's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Internal Control Over Financial Reporting (continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Henderson's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company

*Bartig Basler & Ray, LLP*

Roseville, California  
October 18, 2007



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

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

Compliance

We have audited the compliance of the City of Henderson, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Henderson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Henderson's management. Our responsibility is to express an opinion on the City of Henderson's compliance based on our audit.

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

In our opinion, the City of Henderson complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 07-SA-1 through 07-SA-3.

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

#### Internal Control Over Compliance

The management of the City of Henderson is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Henderson's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Henderson's internal control over compliance.

A *control* deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant* deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-SA-1 through 07-SA-3 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City's response and, accordingly, we express no opinion on it.

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

This report is intended solely for the information and use of management, others within the entity, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company

*Bartig Basler & Ray, LLP*

Roseville, California  
October 18, 2007

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Food and Nutrition Service</i>			
Passed through State of Nevada Department of Education:			
<i>Child Nutrition Cluster:</i>			
Child and Adult Care Food Program			
Safekey Snack Program 05-06	10.558	--	\$ 3,609
Safekey Snack Program 06-07	10.558	--	<u>23,577</u>
Total U.S. Department of Agriculture			<u>\$ 27,186</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Community Planning and Development</i>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants			
Entitlement Funds	14.218	--	541,180
Program Income	14.218	--	319
Amount Provided to Subrecipients	14.218	--	<u>585,784</u>
Total Community Development Block Grants/Entitlement Grants			<u>1,127,283</u>
HOME Investment Partnerships Program			
HOME Grant - Program Income/Projects	14.239	--	742,949
HOME Grant - Administration	14.239	--	<u>46,851</u>
Total HOME Investment Partnerships Program			<u>789,800</u>
Total Direct			<u>1,917,083</u>
Passed through State of Nevada, Department of Commerce:			
HOME Investment Partnerships Program			
Program Income/Projects	14.239	--	<u>395,100</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 2,312,183</u>
<u>U.S. Department of the Interior</u>			
<i>National Park Service</i>			
Passed through State of Nevada:			
Outdoor Recreation: Acquisition, Development and Planning			
Acacia Park Backyard Conservation Demonstration Gardens	15.916	--	<u>35,048</u>
<i>Bureau of Reclamation</i>			
Water Conservation Plan			
Bureau of Reclamation Turf Conversion	15.BCD	05FG300009	17,854
Bureau of Reclamation Turf Conversion	15.BCD	06FG300018	<u>60,000</u>
Total Water Conservation Plan			<u>77,854</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of the Interior Continued</u>			
<i>Bureau of Land Management</i>			
Southern Nevada Public Land Management Act			
St. Rose Parkway Trail Phase 1	15.227*	NAA010005 NAF04HN03	\$ 735,347
Boulder Highway Trail	15.227*	NAA010005 NAF04HN04	465,897
Union Pacific Railroad Trail	15.227*	NAA010005 NAF04HN06	1,268,987
Whitney Mesa Preserve	15.227*	NAA010005 NAF04HN07	143,454
Amargosa Trail	15.227*	NAA010005 NAF04HN08	42,301
Pittman Wash Trail	15.227*	NAA010005 NAF04HN10	839,912
Burkholder Trail	15.227*	NAA010005 NAF04HN09	158,737
Cactus Wren Trail	15.227*	NAA010005 NAF04HN11	5,440
St Rose Trail Phase 2	15.227*	NAA010005 NAF05HN15	90,260
Hidden Falls Park	15.227*	NAA010005 NAF05HN13	74,223
Amador Vista Park	15.227*	NAA010005 NAF05HN14	202,325
Heritage Recreation Area	15.227*	NAA010005 NAF05HN12	320,712
Anthem East Trails	15.227*	NAA010005 NAF05HN16	39,785
Cornerstone Lake Park	15.227*	NAA010005 NAF05HN18	63,064
River Mtn Trail 13-14	15.227*	NAA010005 NAF05HN15	115,004
Amargosa Trailheads	15.227*	NAA010005 NAF05HN17	88,024
Bird View Preserve Imp	15.227*	NAA010005 NAF05HN24	101,643
UPRR Right of Way	15.227*	NAA010005 NAF05HN22	33,819
UPRR Phase III	15.227*	NAA010005 NAF05HN23	168,061
UPRR Phase II	15.227*	NAA010005 NAF05HN20	43,680
Mission View Park	15.227*	NAA010005 NAF05HN21	45,871
McCullough Hills Trail	15.227*	NAA010005 NAF05HN25	46,465
Arroyo Grande Project Green	15.227*	NAA010005 FAA060150	105,709
Whitney Mesa Trailhead	15.227*	NAA010005 FAA060156	30,875
Wetlands Trail Phase II	15.227*	NAA010005 FAA060158	2,076
Heritage Park Phase II	15.227*	NAA010005 FAA060163	8,861
Reunion Trails Park	15.227*	NAA010005 FAA060176	45,549
Downs 5/Downtown Trail	15.227*	NAA010005 FAA060173	58,949
Lake Mead Parkway Trail	15.227*	NAA010005 FAA060175	4,390
PPP Upper Pittman Wash W Hend Drainage Corridor Feasibility	15.227*	NAA010005	649
PPP Lower Pittman Wash Corridor Feasibility Study	15.227*	NAA010005	78
PPP Black Mountain Nature Preserve	15.227*	NAA010005	656
PPP MacDonald Canyons Nature Park Study	15.227*	NAA010005	197
PPP RMLT to McCullough Hills Trail Connection & Equestrian	15.227*	NAA010005	27
PPP Nevada State College to Wetlands Corridor Feasibility Sty	15.227*	NAA010005	197
Total Southern Nevada Public Land Management Act			5,351,224
Total U.S. Department of the Interior			\$ 5,464,126

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Justice</u>			
<i>Office of Justice Programs-Bureau of Justice Assistance</i>			
Direct:			
Local Law Enforcement Block Grant	16.592	2004-LB-BX00299	\$ 35
Bulletproof Vest Partnership Program 2005	16.607	--	5,145
Bulletproof Vest Partnership Program 2006	16.607	--	6,305
			<u>11,450</u>
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-1353	6,010
Edward Byrne Memorial Justice Assistance Grant	16.738	2006-DJ-BX-0600	41,145
			<u>47,155</u>
Edward Byrne Memorial State and Local Law Enforcement , Assistance Discretionary Grants Program	16.580*	2005-DD-BX-1193	524,246
<i>Office of Community Oriented Policing Services</i>			
Public Safety Partnership and Community Policing Grants COPS Methamphetamine Grant 2004	16.710	2004-CK-WX-0029	24,149
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Every 15 Minutes	16.541	2006-JL-FX-0100	34,862
Total Direct			<u>641,897</u>
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Passed through State of Nevada Juvenile Justice Commission:			
Juvenile Justice and Delinquency Prevention: Allocation to States Juvenile Justice and Delinquency Prevention Grant 2007	16.540	--	6,191
<i>Office on Violence Against Women</i>			
Passed through State of Nevada Office of Attorney General			
STOP Violence Against Women 2006	16.588	2006-STOP-02	23,336
Total U.S. Department of Justice			<u>\$ 671,424</u>
<u>U.S. Department of Transportation</u>			
<i>National Highway Traffic Safety Administration</i>			
Passed through State of Nevada, Department of Motor Vehicles and Public Safety - Office of Traffic Safety:			
State and Community Highway Safety			
Joining Forces 2006	20.600	--	6,526
Joining Forces 2007	20.600	--	36,009
Annual Conference Training -DRE	20.600	--	1,809
Total State and Community Highway Safety			<u>44,344</u>
Total U.S. Department of Transportation			<u>\$ 44,344</u>

\*Major Program

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Environmental Protection Agency</u>			
Congressionally Mandated Projects	66.606*	XP98968801	\$ 373,463
Congressionally Mandated Projects	66.202*	XP96908901	2,086
Total U.S. Environmental Protection Agency			\$ 375,549
<u>U.S. Department of Energy</u>			
<i>Office of Energy Efficiency and Renewable Energy</i>			
Passed through State of Nevada Housing Division			
Weatherization Assistance for Low-Income Persons	81.042	--	53,443
Total U.S. Department of Energy			\$ 53,443
<u>U.S. Department of Education</u>			
<i>Office of Assistant Secretary for Special Education and Rehabilitative Services</i>			
Rehabilitation Services Demonstration and Training Programs	84.235	--	208,679
Total U.S. Department of Education			\$ 208,679
<u>U.S. Department of Health and Human Services</u>			
<i>Administration on Aging</i>			
Passed through State of Nevada, Division of Aging Services:			
<i>Aging Cluster:</i>			
Special Programs for the Aging: Title III, Part C: Nutrition Services			
Senior Nutrition Grant 2006	93.045	0331-07-06/0331-04-06	68,372
Senior Nutrition Grant 2007	93.045	0331-04-2X-07/0331-07-1X-07	133,770
Total Special Programs for the Aging: Title III, Part C: Nutrition Services			202,142
Nutrition Services Incentive			
Black Mountain Senior Nutrition 2005	93.053	0331-57-05	586
Black Mountain Senior Nutrition 2006	93.053	0331-57-06/0331-57-NX-07	59,227
			59,813
Total U.S. Department of Health and Human Services			\$ 261,955
<u>Department of Homeland Security</u>			
Passed through the State of Nevada, Department of Motor Vehicles and Public Safety, Division of Emergency Management:			
Emergency Management Performance Grants			
Fire Department	97.042	--	24,481
Fire Department 2006	97.042	--	16,610
Fire Department 2007	97.042	--	74,089
Total Emergency Management Performance Grants			115,180

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>Department of Homeland Security (continued)</u>			
Passed through State of Nevada, Department of Public Safety, Division of Emergency Management:			
State Domestic Preparedness Equipment Support Program			
ODP/04 Law Enforcement Terrorism Prevention	97.004	--	\$ 118,644
Total State Domestic Preparedness Equipment Support Program			<u>118,644</u>
Passed through State of Nevada, Department of Public Safety, Safety, Division of Emergency Management:			
State Homeland Security Program (SHSP)			
SHSP Utilities	97.073	DHS 2004 SHSP	179,771
SHSP Law Enforcement Terrorism	97.073	DHS 2005 SHSP	16,479
SHSP Law Enforcement	97.073	DHS 2005 SHSP	385,715
SHSP Utilities	97.073	DHS 2005 SHSP	129,612
Total State Homeland Security Program (SHSP)			<u>711,577</u>
Buffer Zone Protection Program	97.078	--	<u>5,102</u>
Total Department of Homeland Security			\$ <u>950,503</u>
Total Expenditures of Federal Awards			\$ <u><u>10,369,392</u></u>

**CITY OF HENDERSON, NEVADA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Henderson, except for those activities of the City of Henderson Redevelopment Agency. The City of Henderson's reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule. The City of Henderson Redevelopment Agency is a component unit of the City of Henderson and a separate report has been issued to present the activity of all federal award programs for the City of Henderson Redevelopment Agency.

Note 2: **Basis of Accounting**

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

Note 3: **Relationship to Financial Statements**

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

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

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>
14.239	HOME Investment Partnerships Program	\$ 1,289,770

Note 5: **Subrecipients**

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

<u>Federal CFDA</u>	<u>Subrecipient</u>	<u>Amount</u>
14.218	Community Development Block Grant	\$ 329,011

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

**Section 1**

Financial Statements

Summary of Auditor's Results

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

Federal Awards

- |   |             |
|---|-------------|
| 1. Internal control over major programs:  |             |
| a. Material weaknesses identified?  | No          |
| b. Significant deficiencies identified not considered to be material weaknesses?  | Yes         |
| 2. Type of auditor's report issued on compliance for major programs:  | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes         |
| 4. Identification of major programs:  |             |

CFDA Number

Name of Federal Program

15.227	Southern Nevada Public Lands Management Act Grants
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program
66.202	Congressionally Mandated Projects
66.606	Congressionally Mandated Projects

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

**Section 1** (continued)

Financial Statements

Summary of Auditor's Results

- |   |            |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 311,082 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes        |

**Section 2**

Financial Statement Findings

None Reported

**Section 3**

Federal Award Findings and Questioned Costs

CFDA 16.580	Finding 07-SA-1
CFDA 16.580	Finding 07-SA-2
CFDA 16.580	Finding 07-SA-3

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

Finding/Program	Findings/Noncompliance
<b>Finding 07-SA-1</b>	<i>Federal Grantor: U.S. Department of Justice</i>
Edward Byrne Memorial State and Local Law Enforcement Assistance	<i>Pass-Through Entity: None</i>
Discretionary Grant Program CFDA 16.580	<i>Compliance Requirement: Equipment and Real Property Management</i>
Award No. 2005-DD-BX-1193 Year: 2006-2007	<i>Reporting Requirement: Significant Deficiency; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective</i>
	<u>Criteria</u>
	Equipment purchased with federal funds must be recorded and a physical inventory must be taken at least every two years to compare the actual equipment on hand with the equipment records (OMB Circular A-133 Compliance Supplement Part 3 Section F).
	<u>Condition</u>
	We inquired about controls over equipment and were informed that a list of equipment purchased by the Department had not been compiled.
	<u>Questioned Costs</u>
	No costs are questioned.
	<u>Perspective</u>
	We do not believe that any additional information will assist in providing proper perspective.
	<u>Effect of the Condition</u>
	The lack of an established procedure to account for the equipment purchased with program funds increases the risk that equipment could be misappropriated or misplaced without detection.
	<u>Recommendation</u>
	We recommend that the Department develop a complete list of all capital assets purchased with program funds, update the list as needed when equipment is purchased or disposed of, and perform physical inventories of the equipment at least biannually to comply with federal requirements.

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

Finding/Program

Findings/Noncompliance

**Finding 07-SA-1**  
(continued)

Edward Byrne  
Memorial State  
and Local Law  
Enforcement  
Assistance  
Discretionary Grant  
Program  
CFDA 16.580

Corrective Action Plan

A physical inventory will be completed of all items purchased under the grant agreements. The inventory will be reviewed, confirmed every two years. If equipment is replaced, the inventory will be updated at that time.

Michael Cyphers,  
Emergency Management Coordinator  
Fire Department  
(702) 267-2212

Award No.  
2005-DD-BX-1193  
Year: 2006-2007

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

Finding/Program	Findings/Noncompliance
<b>Finding 07-SA-2</b>	<i>Federal Grantor:</i> U.S. Department of Justice
Edward Byrne Memorial State and Local Law Enforcement Assistance	<i>Pass-Through Entity:</i> None
Discretionary Grant Program CFDA 16.580	<i>Compliance Requirement:</i> Procurement and Suspension and Debarment
Award No. 2005-DD-BX-1193 Year: 2006-2007	<i>Reporting Requirement:</i> Significant Deficiency; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective
	<u>Criteria</u>
	We find that many local governments are not aware of new requirements regarding suspension and debarment, which became effective November 26, 2003.
	Procurement, suspension and debarment is one of the 14 types of compliance requirements included in Part 3 of the OMB Circular A-133 Compliance Supplement. On November 26, 2003, new suspension and debarment rules were published in the Federal Register (68FR66583–66632). Prior to this revision, when a non-federal entity entered into a federally-funded transaction which equaled or exceeded \$100,000 or for any amount with a subrecipient, only a certificate of compliance signed by the other party to the transaction was required. Now, under the new rules, for any federally-funded transaction which equals or exceeds \$25,000 or for any amount with a subrecipient, the non-federal entity is obligated to check to make sure that the other party to the transaction is not suspended or debarred.
	As well, the debarment rules now provide that this requirement be imposed on, and relevant information provided to, all subrecipients of federal funds.
	<u>Condition</u>
	We inquired about the Department’s procedures regarding suspension and debarment and learned that the Department does not have a procedure in place to verify that large vendors are not suspended or debarred.
	<u>Questioned Costs</u>
	No costs are questioned.
	<u>Perspective</u>
	We do not believe that any additional information will assist in providing proper perspective.

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
<b>Finding 07-SA-2</b> (continued)  Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program CFDA 16.580  Award No. 2005-DD-BX-1193 Year: 2006-2007	<u>Effect of the Condition</u>  The federal government can reject a claim for federal funds reimbursement when the underlying transaction was with a suspended or debarred individual or entity.  <u>Recommendation</u>  We recommend that the Department implement procedures which require that on any federally-funded transaction, which equals or exceeds \$25,000 or for any amount with a subrecipient, that the Department conduct a review to ensure that the other party to the transaction is not suspended or debarred. Lists of suspended and debarred parties are available online from the Excluded Parties List System at < <a href="http://www.epls.gov">http://www.epls.gov</a> >.  <u>Corrective Action Plan</u>  Future grants awarded to the City of Henderson Fire Department or Emergency Management Division will have the Debarment rule and website written into the formal adoption we present to City Council before we accept the award. This document follows the grant to the actual purchasers and can serve as a reminder of the policy.  Michael Cyphers, Emergency Management Coordinator Fire Department (702) 267-2212

CITY OF HENDERSON, NEVADA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

Finding/Program	Findings/Noncompliance
<b>Finding 07-SA-3</b>	<i>Federal Grantor:</i> U.S. Department of Justice
	<i>Pass-Through Entity:</i> None
Edward Byrne	<i>Compliance Requirement:</i> Earmarking
Memorial State	<i>Reporting Requirement:</i> Significant Deficiency; Material Non-Compliance
and Local Law	<i>in Relation to a Compliance Supplement Audit</i>
Enforcement	<i>Objective</i>
Assistance	
Discretionary Grant	<u>Criteria</u>
Program	
CFDA 16.580	
Award No.	
2005-DD-BX-1193	
Year: 2006-2007	

As posted on the Department of Justice website for Office of Justice Programs, the Financial Guide 2006, Part III, Chapter 5 states recipients of grants from the Office of Justice Programs may request modification to an approved budget in order to reallocate dollar amounts among budget categories within the existing award amount. The original award amount may not be increased by this procedure. Movement of dollars between approved budget categories is allowable up to 10 percent of the total award amount (the 10 percent rule), provided there is no change in project scope. A formal request from the grantee is required when:

- 1) The proposed change exceeds 10 percent of the total award amount.
- 2) The budget modification also changes the scope of the project. Examples include altering the purpose of the project, authorizing use of subcontractor or other organization that was not identified in the original budget, or contracting for or transferring of grant-supported effort.
- 3) If a budget adjustment affects a Standard 424 cost category that was not included in the original budget, a grant adjustment is required. For example, if the direct cost category, "Travel" did not exist in the original budget, the adjustment to transfer funds from the Equipment to Travel requires a grant adjustment.

Condition

We inquired about the Department's procedures regarding earmarking and learned that the Department does not have a procedure in place to identify the need to submit a Budget Modification Letter/Document to the grantor when estimated expenditures in a specific category exceed the original budget by more than 10 percent of the total project cost. The original award amount for this project was \$542,654 and 10 percent of that is \$54,265.

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

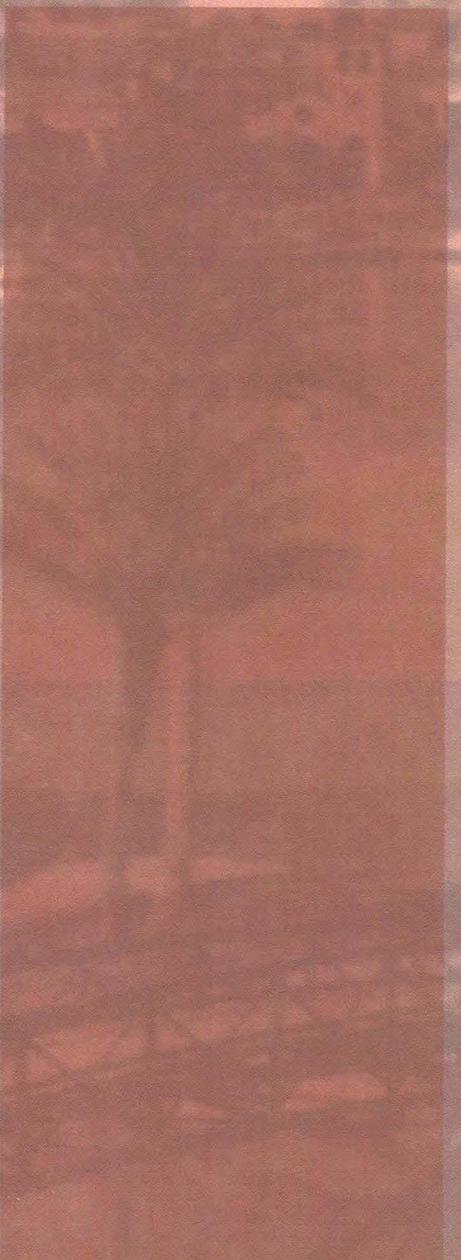
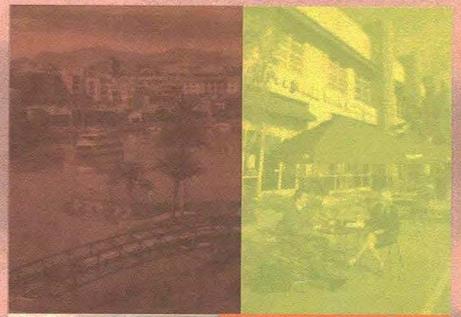
Finding/Program	Findings/Noncompliance
<b>Finding 07-SA-3</b> (continued)	Construction costs exceeded the original budget for this category by \$158,119 thus exceeding the maximum amount allowable under the 10 percent rule where the Department could reallocate dollar amounts between categories without approval from the grantor.
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program CFDA 16.580	<u>Questioned Costs</u>
Award No. 2005-DD-BX-1193 Year: 2006-2007	No costs are questioned.
	<u>Perspective</u>
	We do not believe that any additional information will assist in providing proper perspective.
	<u>Effect of the Condition</u>
	The lack of an established procedure to identify when a formal request must be submitted to the grantor regarding the reallocation of dollar amounts among budget categories increases the risk that funds from a grant could be spent in a manner not consistent with the terms of the grant agreement and this could lead to disallowed costs under the grant.
	<u>Recommendation</u>
	We recommend that the Department establish procedures to identify when formal budget modification requests should be submitted. Periodic comparisons of expenditures to budgetary grant category totals will help to identify if a category is approaching the maximum allowable amount.
	<u>Corrective Action Plan</u>
	Future grants awarded to the City of Henderson Fire Department or Emergency Management Division will have the 10 percent rule written into the formal adoption we present to City Council before we accept the award. This document follows the grant to the actual purchasers and can serve as a reminder of the policy.
	Michael Cyphers, Emergency Management Coordinator Fire Department (702) 267-2212

**CITY OF HENDERSON, NEVADA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2007

Audit Reference Number	Status of Prior Year Audit Findings
N/A	None reported.

# Auditor's Comments



## AUDITOR'S COMMENTS

### STATUTE COMPLIANCE

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

### PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The following action was taking during 2006-07 relating to the potential violations reported in the June 30, 2006 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2007. There were, however, overexpenditures during the current year as reported in Note 3 to the financial statements.

### PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2006.

### CURRENT YEAR RECOMMENDATIONS

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

### NEVADA REVISED STATUTE 354.6115

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

### NEVADA REVISED STATUTE 354.598155

The Special Ad Valorem Transportation Capital Projects Fund expended the following amounts during the year ended June 30, 2007:

Public Works – Salaries and wages	\$ 1,020
– Employee benefits	404
– Services and supplies	171,185
– Capital outlay	241,969
Transfer to General Obligation Debt Service Fund	<u>2,861,755</u>
	<u>\$ 3,276,333</u>

\*\*\*\*

The City of Henderson's continuing efforts toward superior financial reporting and presentation were again acknowledged by the Government Finance Officers Association when the City was awarded the Certificate of Achievement for Excellence in Financial Reporting for its June 30, 2006 Comprehensive Annual Financial Report. We congratulate the City on this achievement.

**THE CITY OF HENDERSON, NEVADA**

**SCHEDULE OF FEES IMPOSED SUBJECT TO THE  
PROVISIONS OF NRS 354.5989  
LIMITATION OF FEES FOR BUSINESS LICENSES  
FOR THE YEAR ENDED JUNE 30, 2007**

Flat Fixed Fees:

Business license revenue for the year ended June 30, 2006 (Base Year)	\$ 1,969,880
--	--------------

Adjustment to Base:

1. Percentage increase in population of the local government	3.69%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	<u>3.20%</u>	
	6.89%	<u>135,725</u>
Adjusted Base at June 30, 2007		2,105,605
Actual Revenue		<u>2,280,487</u>
Amount Over Allowable Amount		<u>\$ 174,882</u>

Fees Calculated as a Percentage of Gross Revenue:

Business license revenue for the year ended June 30, 2006		\$ 9,132,321
1. Percentage increase in the Consumer Price Index	3.20%	<u>292,234</u>
Adjusted Base at June 30, 2007		9,424,555
Actual Revenue		<u>10,944,740</u>
Amount Over Allowable Amount		<u>\$ 1,520,185</u>



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

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

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

- The identified funds are being used expressly for the purpose for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2007 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenue, including transfers, available for the funds are as noted in the financial statements,
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2007 (except as previously noted under statute compliance),
- The balance and net assets of the funds are as noted in the financial statements.

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

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

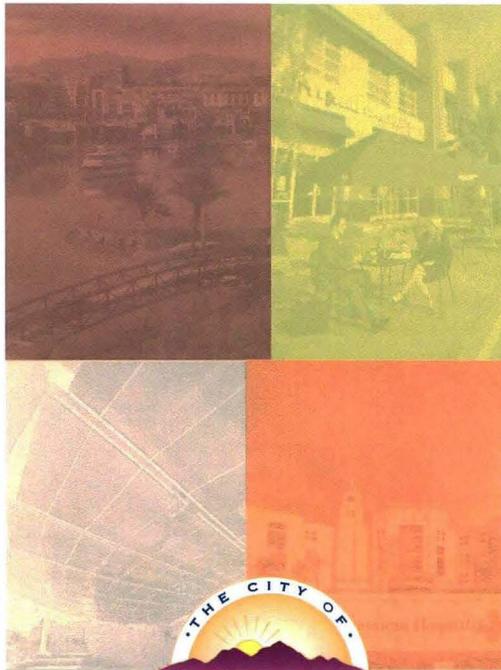
The Honorable Mayor  
Members of the City Council and  
City Manager  
City of Henderson, Nevada

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

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company

*Bartig, Basler & Ray, LLP*

Roseville, California  
October 18, 2007



*A Place To Call Home*

**James B. Gibson**  
Mayor

**Jack K. Clark**  
Councilman

**Gerri Schroder**  
Councilwoman

**Andy A. Hafen**  
Councilman

**Steven D. Kirk**  
Councilman

**Philip D. Speight**  
City Manager

**Steven Hanson**  
Finance Director

---