

Financial Section





INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Henderson, Nevada, as of and for the year ended June 30, 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.

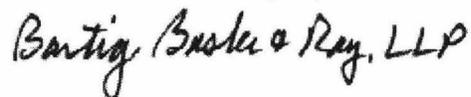
In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2007, on our consideration of City of Henderson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements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



Roseville, California
October 18, 2007

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Management's Discussion & Analysis

As management of the City of Henderson, we offer readers of the City of Henderson's financial statements this narrative overview and analysis of the financial activities of the City of Henderson for the fiscal year ended June 30, 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.

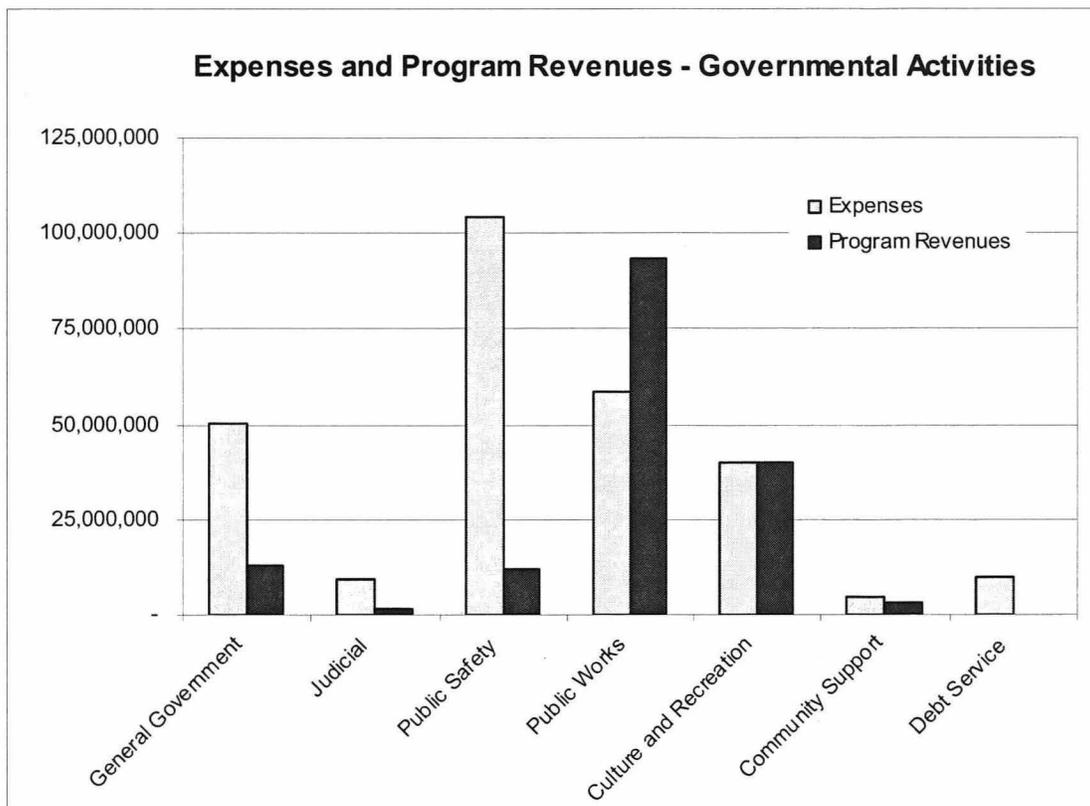
City of Henderson's Changes in Net Assets

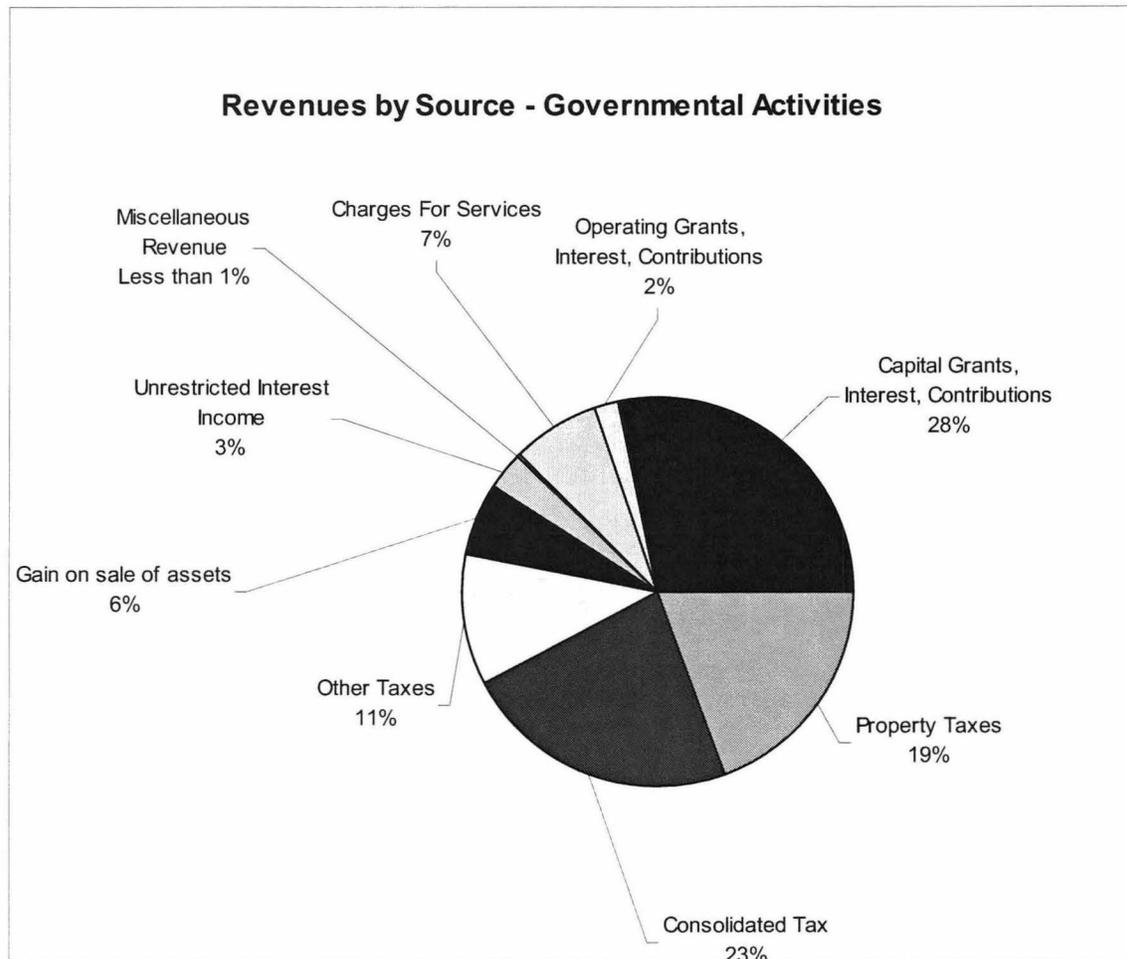
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues						
Charges for services	\$31,112,275	\$29,439,698	\$118,861,078	\$106,632,697	\$149,973,353	\$136,072,395
Operating grants, interest, and contributions	8,665,051	8,755,233	56,134	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.

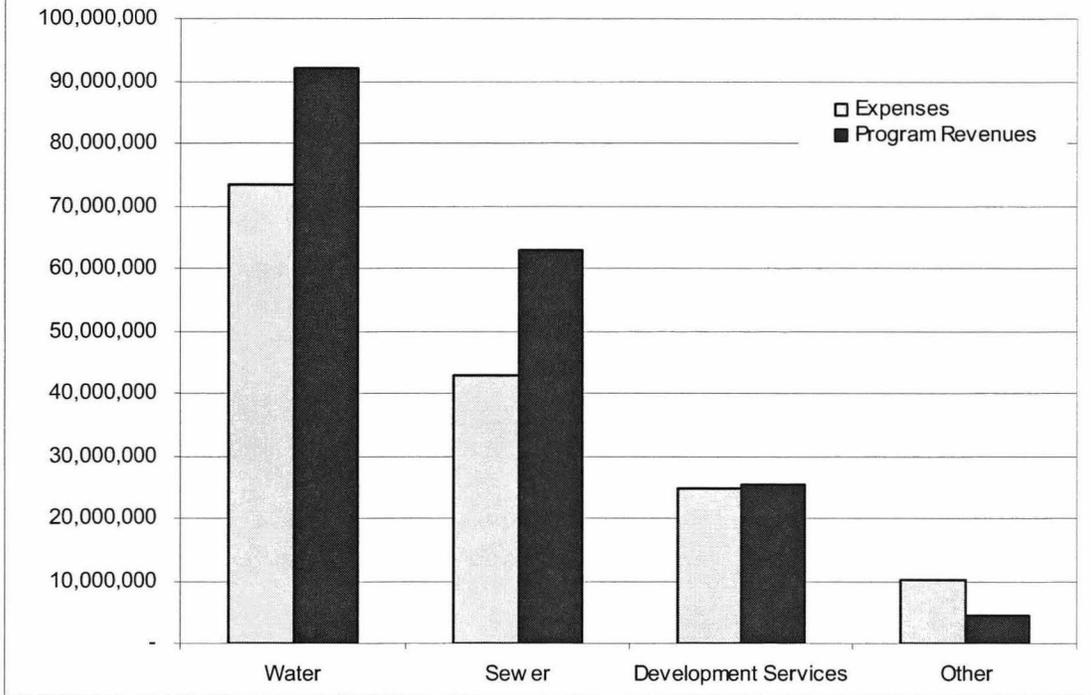




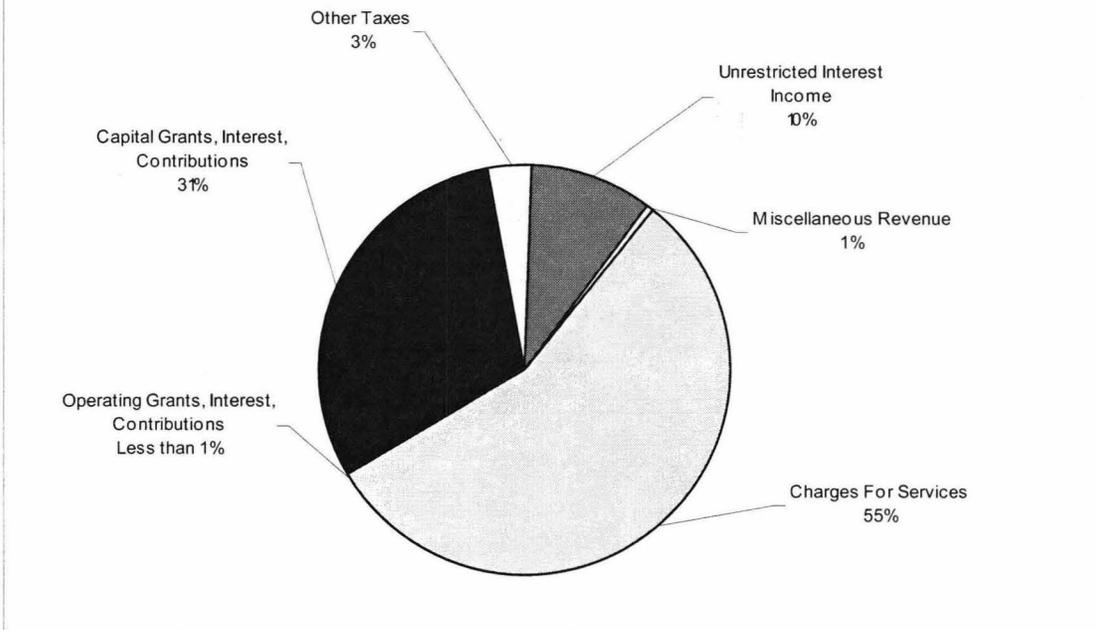
Business-type activities. Business-type activities increased the City of Henderson's net assets by \$71,768,278 accounting for 32% of the total growth in the government's net assets. Key elements of this increase are as follows:

- 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
Total	\$1,059,873,828	\$984,982,717	\$805,611,165	\$753,058,396	\$1,865,484,993	\$1,738,041,113

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
Total	\$174,660,000	\$188,720,000	\$229,959,046	\$241,864,554	\$404,619,046	\$430,584,554

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.

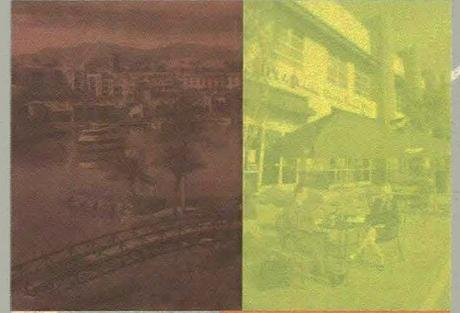
All of these factors were considered in preparing the City of Henderson’s budget for the 2007/2008 fiscal year.

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



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CITY OF HENDERSON, NEVADA

Statement of Net Assets

June 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
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	1,568,009,391	1,228,473,633	2,796,483,024
LIABILITIES			
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	238,365,614	258,770,945	497,136,559
NET ASSETS			
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	\$ 1,329,643,777	\$ 969,702,688	\$ 2,299,346,465

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	
Governmental Activities:								
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)	
Debt service:								
Administrative and other costs	914,643	--	--	--	(914,643)	--	(914,643)	
Interest and fiscal charges	8,767,331	--	--	--	(8,767,331)	--	(8,767,331)	
Total Governmental Activities	277,036,743	31,112,275	8,665,051	123,717,507	(113,541,910)	--	(113,541,910)	
Business-Type Activities:								
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)	
Total Business-Type Activities	151,229,988	118,861,078	56,134	66,134,052	--	33,821,276	33,821,276	
Total	\$ 428,266,731	\$ 149,973,353	\$ 8,721,185	\$ 189,851,559	(113,541,910)	33,821,276	(79,720,634)	
General Revenues								
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	--	
Total General Revenues and Transfers					263,189,289	37,947,002	301,136,291	
Change in Net Assets					149,647,379	71,768,278	221,415,657	
NET ASSETS, BEGINNING OF YEAR					1,179,996,398	897,934,410	2,077,930,808	
NET ASSETS, END OF YEAR					\$ 1,329,643,777	\$ 969,702,688	\$ 2,299,346,465	

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
ASSETS							
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>
LIABILITIES							
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>
FUND BALANCES							
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>
TOTAL LIABILITIES AND FUND BALANCES	<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
REVENUES:							
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>
EXPENDITURES:							
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>
⓪ 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		
REVENUES				
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>
EXPENDITURES				
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>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,394,350</u>	<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 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>
NET CHANGES IN FUND BALANCES	<u>(5,080,939)</u>	<u>(20,777,209)</u>	<u>2,211,499</u>	<u>22,988,708</u>
FUND BALANCES, BEGINNING OF YEAR	<u>27,639,327</u>	<u>31,514,689</u>	<u>31,514,689</u>	<u>--</u>
FUND BALANCES, END OF YEAR	<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
ASSETS						
CURRENT ASSETS:						
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	--
Total current assets	154,152,889	240,048,133	20,956,197	3,487,096	418,644,315	61,184,028
NONCURRENT ASSETS:						
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	--
Total capital assets	543,355,826	487,027,411	3,615,212	49,335,960	1,083,334,409	43,625,088
Less accumulated depreciation	(163,916,917)	(97,208,403)	(2,640,820)	(13,957,104)	(277,723,244)	(22,268,898)
Net capital assets	379,438,909	389,819,008	974,392	35,378,856	805,611,165	21,356,190
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
Total noncurrent assets	384,278,065	397,130,293	974,392	35,378,856	817,761,606	24,526,123
Total assets	538,430,954	637,178,426	21,930,589	38,865,952	1,236,405,921	85,710,151

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
LIABILITIES						
CURRENT LIABILITIES						
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	--
Total current liabilities	13,380,705	13,618,440	5,879,551	808,492	33,687,188	11,358,482
NONCURRENT LIABILITIES:						
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	--
Total noncurrent liabilities	60,423,542	164,660,215	--	--	225,083,757	--
Total liabilities	73,804,247	178,278,655	5,879,551	808,492	258,770,945	11,358,482
NET ASSETS						
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
Total net assets	\$ 464,626,707	\$ 458,899,771	\$ 16,051,038	\$ 38,057,460	977,634,976	\$ 74,351,669
Adjustment to reflect the consolidation of Internal Service Funds' activities related to Enterprise Funds					(7,932,288)	
Net Assets of Business-Type Activities					\$ 969,702,688	

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
OPERATING REVENUES						
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>
OPERATING EXPENSES						
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>
OPERATING INCOME (LOSS)	<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>
NONOPERATING REVENUES (EXPENSES)						
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>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<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>
CAPITAL CONTRIBUTIONS	<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>
TRANSFERS						
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>
CHANGES IN NET ASSETS	<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>
NET ASSETS, BEGINNING OF YEAR	<u>433,020,201</u>	<u>423,796,525</u>	<u>10,061,828</u>	<u>38,845,786</u>		<u>59,996,425</u>
NET ASSETS, END OF YEAR	<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>
					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.

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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
CASH FLOWS FROM OPERATING ACTIVITIES						
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>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
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>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
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>
CASH FLOWS FROM INVESTING ACTIVITIES						
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>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<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>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>139,371,245</u>	<u>245,108,485</u>	<u>19,374,391</u>	<u>3,386,583</u>	<u>407,240,704</u>	<u>47,999,767</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<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
	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	18,971,889	16,707,163	(3,869,301)	3,345,445	35,155,196	5,648,492
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 6,896,352	\$ 10,743,690	\$ (2,989,953)	\$ (2,295,509)	\$ 12,354,580	\$ 9,529,485
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 1st, which provides for the allowable tax rate for the next fiscal year. The Nevada Tax Commission must certify all tax rates on June 25th, the levy date, and property is liened on July 1st. Taxes on real property are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August, and the first Mondays in October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 15 percent per year from the date the taxes were due, if four or

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
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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 & 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)
Pooled Investments				
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	--
Total Pooled Investments	623,671,692	623,484,186	621,194,065	2.75
Non-Pooled Investments				
<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	--
Total Non-Pooled Investments	298,694,992	298,647,903	298,650,800	0.40
Total Investments	\$ 922,366,684	\$ 922,132,089	\$ 919,844,865	3.15

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:

	S&P	Moody's	% of Portfolio
Pooled Investments			
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%
Total Pooled Investments			67.53%
Non-Pooled Investments			
<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%
Total Non-Pooled Investments			32.47%
Total			100.00%

Custodial Credit Risk

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

CITY OF HENDERSON, NEVADA

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

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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 & 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
Total	\$ 11,578,913	\$ 14,830,226	\$ 7,308	\$ 17,148,239

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
Governmental Activities:					
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>
Business-Type Activities:					
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	<u>4,176,910</u>

Total \$ 58,387,303

Business-Type Activities:

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

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

Transfer of assets from governmental activities to business-type activities	<u>86,977</u>
--	---------------

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:

<u>Assets</u>	
Machinery and equipment	\$ 6,368,571
Less accumulated depreciation	<u>(3,601,891)</u>
Total	<u>\$ 2,766,680</u>

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	(734)
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)

	<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):					
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.

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

Note 15: **New Accounting Pronouncements**

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

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

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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

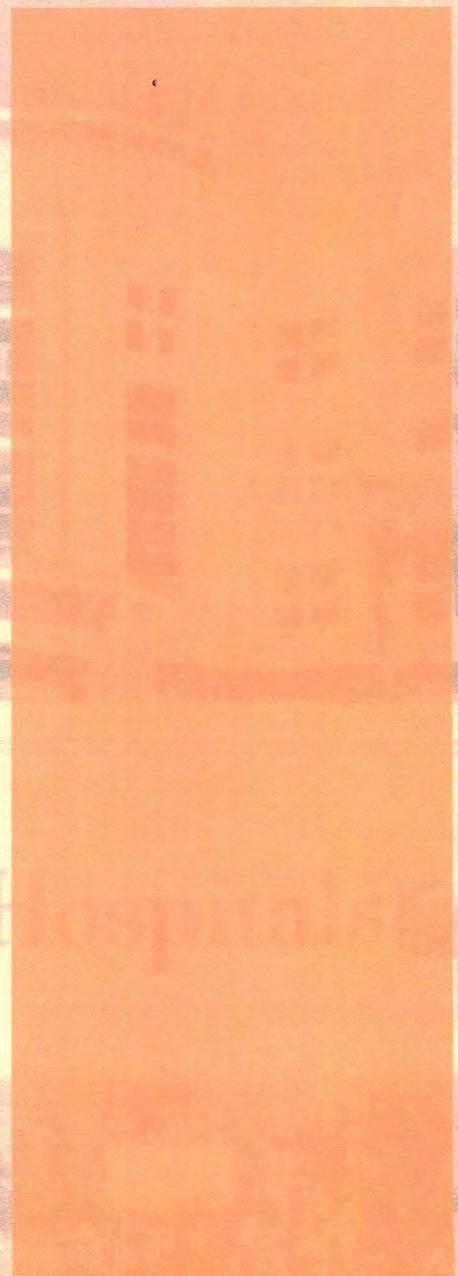
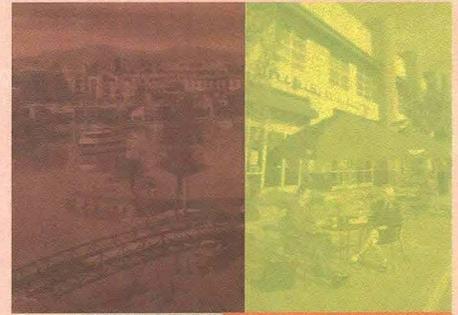
to account for flood control projects that receive their primary funding from the Clark County Flood Control District.

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.



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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>
TOTAL ASSETS	<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>

TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 68,668,985</u></u>	<u><u>\$ 49,924,356</u></u>	<u><u>\$ 118,593,341</u></u>
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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
REVENUES			
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>
EXPENDITURES			
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>
EXCESS OF REVENUES OVER EXPENDITURES	<u>13,210,748</u>	<u>651,378</u>	<u>13,862,126</u>
OTHER FINANCING SOURCES (USES)			
Land sales	--	29,346,542	29,346,542
Transfers in	3,884,679	76,554	3,961,233
Transfers out	(1,857,702)	(6,798,639)	(8,656,341)
Total other financing sources (uses)	<u>2,026,977</u>	<u>22,624,457</u>	<u>24,651,434</u>
NET CHANGE IN FUND BALANCES	15,237,725	23,275,835	38,513,560
FUND BALANCES, BEGINNING OF YEAR	<u>49,209,238</u>	<u>22,282,635</u>	<u>71,491,873</u>
FUND BALANCES, END OF YEAR	<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
TOTAL ASSETS	\$ 21,357,209	\$ 6,124,608	\$ 298,596	\$ 591,866	\$ 11,373,506	\$ 11,779,345	\$ 4,097,922	\$ 4,766,293	\$ 8,279,640	\$ 68,668,985

LIABILITIES AND FUND BALANCES

LIABILITIES										
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
Total liabilities	1,283,193	80,656	7,071	9,086	--	305,269	2,189,331	--	347,416	4,222,022
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
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
Total fund balances	20,074,016	6,043,952	291,525	582,780	11,373,506	11,474,076	1,908,591	4,766,293	7,932,224	64,446,963
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,357,209	\$ 6,124,608	\$ 298,596	\$ 591,866	\$ 11,373,506	\$ 11,779,345	\$ 4,097,922	\$ 4,766,293	\$ 8,279,640	\$ 68,668,985

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
REVENUES										
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
Total revenues	<u>11,634,132</u>	<u>3,594,908</u>	<u>366,512</u>	<u>459,796</u>	<u>555,541</u>	<u>4,220,524</u>	<u>12,129,422</u>	<u>302,129</u>	<u>12,113,050</u>	<u>45,376,014</u>
EXPENDITURES										
Current:										
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
Total current	<u>3,580,478</u>	<u>201,470</u>	<u>237,504</u>	<u>378,042</u>	<u>--</u>	<u>1,755,341</u>	<u>6,769,073</u>	<u>--</u>	<u>7,826,325</u>	<u>20,748,233</u>
Capital outlay:										
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
Total capital outlay	<u>--</u>	<u>1,509,544</u>	<u>46,094</u>	<u>68,587</u>	<u>--</u>	<u>2,684,229</u>	<u>4,801,341</u>	<u>--</u>	<u>818,659</u>	<u>9,928,454</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>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,488,579</u>
Total expenditures	<u>5,069,057</u>	<u>1,711,014</u>	<u>283,598</u>	<u>446,629</u>	<u>--</u>	<u>4,439,570</u>	<u>11,570,414</u>	<u>--</u>	<u>8,644,984</u>	<u>32,165,266</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES										
	<u>6,565,075</u>	<u>1,883,894</u>	<u>82,914</u>	<u>13,167</u>	<u>555,541</u>	<u>(219,046)</u>	<u>559,008</u>	<u>302,129</u>	<u>3,468,066</u>	<u>13,210,748</u>
OTHER FINANCING SOURCES (USES)										
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)
Total other financing sources (uses)	<u>--</u>	<u>(224,143)</u>	<u>--</u>	<u>--</u>	<u>817,500</u>	<u>1,416,441</u>	<u>(399,027)</u>	<u>416,206</u>	<u>--</u>	<u>2,026,977</u>
NET CHANGE IN FUND BALANCES										
	6,565,075	1,659,751	82,914	13,167	1,373,041	1,197,395	159,981	718,335	3,468,066	15,237,725
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
TOTAL ASSETS	<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

LIABILITIES								
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
Total liabilities	<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>
FUND BALANCES								
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
TOTAL FUND BALANCES	<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>
TOTAL LIABILITIES AND FUND BALANCES	<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
REVENUES								
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
Total revenues	1,243,693	3,522,847	50,930	2,258,047	8,236	39,323	2,469,141	9,592,217
EXPENDITURES								
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
Total current	293,156	698,783	150,593	476,004	1,100	--	172,609	1,792,245
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
Total capital outlay	2,898,081	1,750,205	536,467	1,678,889	--	42,983	241,969	7,148,594
Total expenditures	3,191,237	2,448,988	687,060	2,154,893	1,100	42,983	414,578	8,940,839
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,947,544)	1,073,859	(636,130)	103,154	7,136	(3,660)	2,054,563	651,378
OTHER FINANCING SOURCES (USES)								
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)
Total other financing sources (uses)	26,413,919	(694,223)	(110,484)	(123,000)	--	--	(2,861,755)	22,624,457
NET CHANGE IN FUND BALANCES	24,466,375	379,636	(746,614)	(19,846)	7,136	(3,660)	(807,192)	23,275,835
FUND BALANCES, BEGINNING OF YEAR	7,431,653	1,603,244	746,614	7,944,732	119,735	538,755	3,897,902	22,282,635
FUND BALANCES, END OF YEAR	\$ 31,898,028	\$ 1,982,880	\$ --	\$ 7,924,886	\$ 126,871	\$ 535,095	\$ 3,090,710	\$ 45,558,470

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
REVENUES			
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>
EXPENDITURES			
GENERAL GOVERNMENT			
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>
PUBLIC SAFETY (continued)			
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
Total Police	<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
Total Building Inspection	<u>1,664,637</u>	<u>1,349,189</u>	<u>315,448</u>
Total Public Safety	<u>102,528,701</u>	<u>95,414,072</u>	<u>7,114,629</u>
PUBLIC WORKS			
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
Total Streets	<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
Total Street Lighting	<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
Total Flood Control	<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
Total Public Works General Services	<u>4,382,882</u>	<u>2,410,661</u>	<u>1,972,221</u>
Total Public Works	<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

	Final Budget	Actual Amounts	Variance
CULTURE AND RECREATION			
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>
COMMUNITY SUPPORT			
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	<u>(20,777,209)</u>	<u>2,211,499</u>	<u>22,988,708</u>
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
REVENUES			
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>
EXPENDITURES			
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>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,752,018</u>	<u>6,565,075</u>	<u>2,813,057</u>
OTHER FINANCING SOURCES			
Bonds Issued	<u>1,900,000</u>	<u>--</u>	<u>(1,900,000)</u>
NET CHANGE IN FUND BALANCES	5,652,018	6,565,075	913,057
FUND BALANCE, BEGINNING OF YEAR	<u>13,508,941</u>	<u>13,508,941</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<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
REVENUES			
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>
EXPENDITURES			
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>
OTHER FINANCING SOURCES (USES)			
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
REVENUES			
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>
EXPENDITURES			
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>
EXCESS OF REVENUES OVER EXPENDITURES	<u>650,416</u>	<u>559,008</u>	<u>(91,408)</u>
OTHER FINANCING SOURCES (USES)			
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>
NET CHANGES IN FUND BALANCES	251,390	159,981	(91,409)
FUND BALANCE, BEGINNING OF YEAR	<u>1,748,610</u>	<u>1,748,610</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<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
REVENUES			
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>
EXPENDITURES			
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>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(167,311)	(5,159)	162,152
OTHER FINANCING USES			
Transfers out	<u>(7,308)</u>	<u>(7,308)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(174,619)	(12,467)	162,152
FUND BALANCE, BEGINNING OF YEAR	<u>848,808</u>	<u>848,808</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<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
REVENUES			
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>
EXPENDITURES			
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>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(91,267,758)</u>	<u>15,298,717</u>	<u>106,566,475</u>
OTHER FINANCING SOURCES (USES)			
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>
NET CHANGE IN FUND BALANCES	(82,664,357)	24,352,605	107,016,962
FUND BALANCE, BEGINNING OF YEAR	<u>89,629,631</u>	<u>89,629,631</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<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>
REVENUES			
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>
EXPENDITURES			
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
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(8,467,617)</u>	<u>(1,947,544)</u>	<u>6,520,073</u>
OTHER FINANCING SOURCES (USES)			
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>
NET CHANGE IN FUND BALANCES	(1,038,617)	24,466,375	25,504,992
FUND BALANCE, BEGINNING OF YEAR	<u>7,431,653</u>	<u>7,431,653</u>	<u>--</u>
FUND BALANCE, END OF YEAR	<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
REVENUES			
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
EXPENDITURES			
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
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(393,977)	1,073,859	1,467,836
OTHER FINANCING SOURCES (USES):			
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
NET CHANGE IN FUND BALANCES	(1,205,590)	379,636	1,585,226
FUND BALANCE, BEGINNING OF YEAR	1,603,244	1,603,244	--
FUND BALANCE, END OF YEAR	\$ 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	--	(110,484)	(110,484)
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
REVENUES			
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)
EXPENDITURES			
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
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,367,462)	103,154	1,470,616
OTHER FINANCING USES			
Transfers out	(123,000)	(123,000)	--
NET CHANGE IN FUND BALANCES	(1,490,462)	(19,846)	1,470,616
FUND BALANCE, BEGINNING OF YEAR	7,944,732	7,944,732	--
FUND BALANCE, END OF YEAR	\$ 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

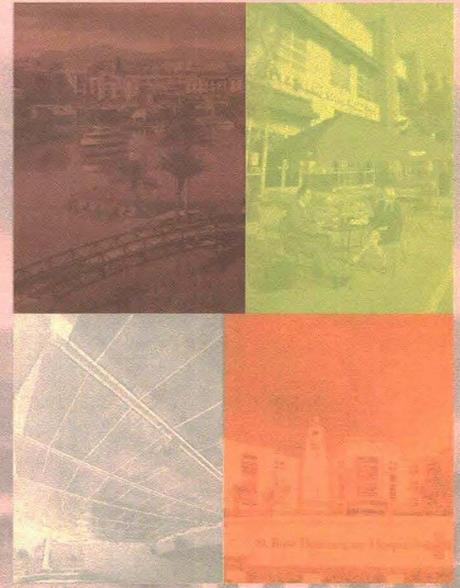
Nonmajor Enterprise Funds

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.



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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>
CURRENT LIABILITIES:								
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>

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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)	<u>\$ (2,768,350)</u>	<u>\$ 2,522,239</u>	<u>\$ 1,912</u>	<u>\$ 1,248,186</u>	<u>\$ 2,783,168</u>	<u>\$ (232,720)</u>	<u>\$ 326,558</u>	<u>\$ 3,880,993</u>
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><u>\$ (2,829,107)</u></u>	<u><u>\$ 6,944,579</u></u>	<u><u>\$ 1,912</u></u>	<u><u>\$ 1,308,617</u></u>	<u><u>\$ 3,385,014</u></u>	<u><u>\$ 253,821</u></u>	<u><u>\$ 464,649</u></u>	<u><u>\$ 9,529,485</u></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
OPERATING REVENUES			
Charges for services	\$11,758,759	\$ 11,758,759	\$ --
Total operating revenues	11,758,759	11,758,759	--
OPERATING EXPENSES			
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
OPERATING INCOME	1,984,299	2,522,239	537,940
NONOPERATING REVENUES (EXPENSES)			
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
INCOME BEFORE CONTRIBUTIONS	2,924,299	4,389,179	1,464,880
CAPITAL CONTRIBUTIONS	500,000	3,388,419	2,888,419
CHANGES IN NET ASSETS	\$ 3,424,299	7,777,598	\$ 4,353,299
NET ASSETS, BEGINNING OF YEAR		37,664,911	
NET ASSETS, END OF YEAR		\$ 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
OPERATING REVENUES			
Insurance premiums	\$ 3,031,635	\$ 3,031,635	\$ --
Total operating revenues	3,031,635	3,031,635	--
OPERATING EXPENSES			
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
OPERATING INCOME	444,093	1,248,186	804,093
NONOPERATING REVENUES			
Interest revenue	278,000	395,944	117,944
CHANGES IN NET ASSETS	\$ 722,093	1,644,130	\$ 922,037
NET ASSETS, BEGINNING OF YEAR		5,466,157	
NET ASSETS, END OF YEAR		\$ 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	8,917,430	9,407,201	489,771
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	10,134,791	9,639,921	494,870
OPERATING LOSS	(1,217,361)	(232,720)	984,641
NONOPERATING REVENUES			
Interest revenue	276,000	406,671	130,671
CHANGES IN NET ASSETS	\$ (941,361)	173,951	\$ 1,115,312
NET ASSETS, BEGINNING OF YEAR		5,512,356	
NET ASSETS, END OF YEAR		\$ 5,686,307	

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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
OPERATING REVENUES			
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>
OPERATING EXPENSES			
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>
OPERATING LOSS	<u>(4,386,667)</u>	<u>(1,254,287)</u>	<u>(5,640,954)</u>
NONOPERATING REVENUES			
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>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(2,090,036)</u>	<u>(1,198,738)</u>	<u>(3,288,774)</u>
CAPITAL CONTRIBUTIONS	<u>98,999</u>	<u>--</u>	<u>98,999</u>
TRANSFERS			
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>
CHANGES IN NET ASSETS	(1,619,588)	831,262	(788,326)
NET ASSETS, BEGINNING OF YEAR	<u>4,998,609</u>	<u>33,847,177</u>	<u>38,845,786</u>
NET ASSETS, END OF YEAR	<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
OPERATING REVENUES			
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
OPERATING EXPENSES			
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
OPERATING LOSS	(27,019,620)	(12,075,537)	14,944,083
NONOPERATING REVENUES (EXPENSES)			
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
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(24,454,320)	(6,995,041)	17,459,279
CAPITAL CONTRIBUTIONS	9,100,000	41,851,547	32,751,547
TRANSFERS			
Transfers out	(3,250,000)	(3,250,000)	--
CHANGES IN NET ASSETS	\$ (18,604,320)	31,606,506	\$ 50,210,826
NET ASSETS, BEGINNING OF YEAR		433,020,201	
NET ASSETS, END OF YEAR		\$ 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
OPERATING REVENUES			
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
OPERATING EXPENSES			
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
OPERATING INCOME (LOSS)	(8,018,384)	879,348	8,897,732
NONOPERATING REVENUES			
Interest revenue	801,026	1,038,906	237,880
Miscellaneous	37,829	--	(37,829)
Total nonoperating revenues	838,855	1,038,906	200,051
INCOME (LOSS) BEFORE TRANSFERS	(7,179,529)	1,918,254	9,097,783
TRANSFERS			
Transfers in	4,161,514	4,161,514	--
Transfers out	(90,558)	(90,558)	--
Total transfers in (out)	4,070,956	4,070,956	--
CHANGES IN NET ASSETS	\$ (3,108,573)	5,989,210	\$ 9,097,783
NET ASSETS, BEGINNING OF YEAR		10,061,828	
NET ASSETS, END OF YEAR		\$ 16,051,038	

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

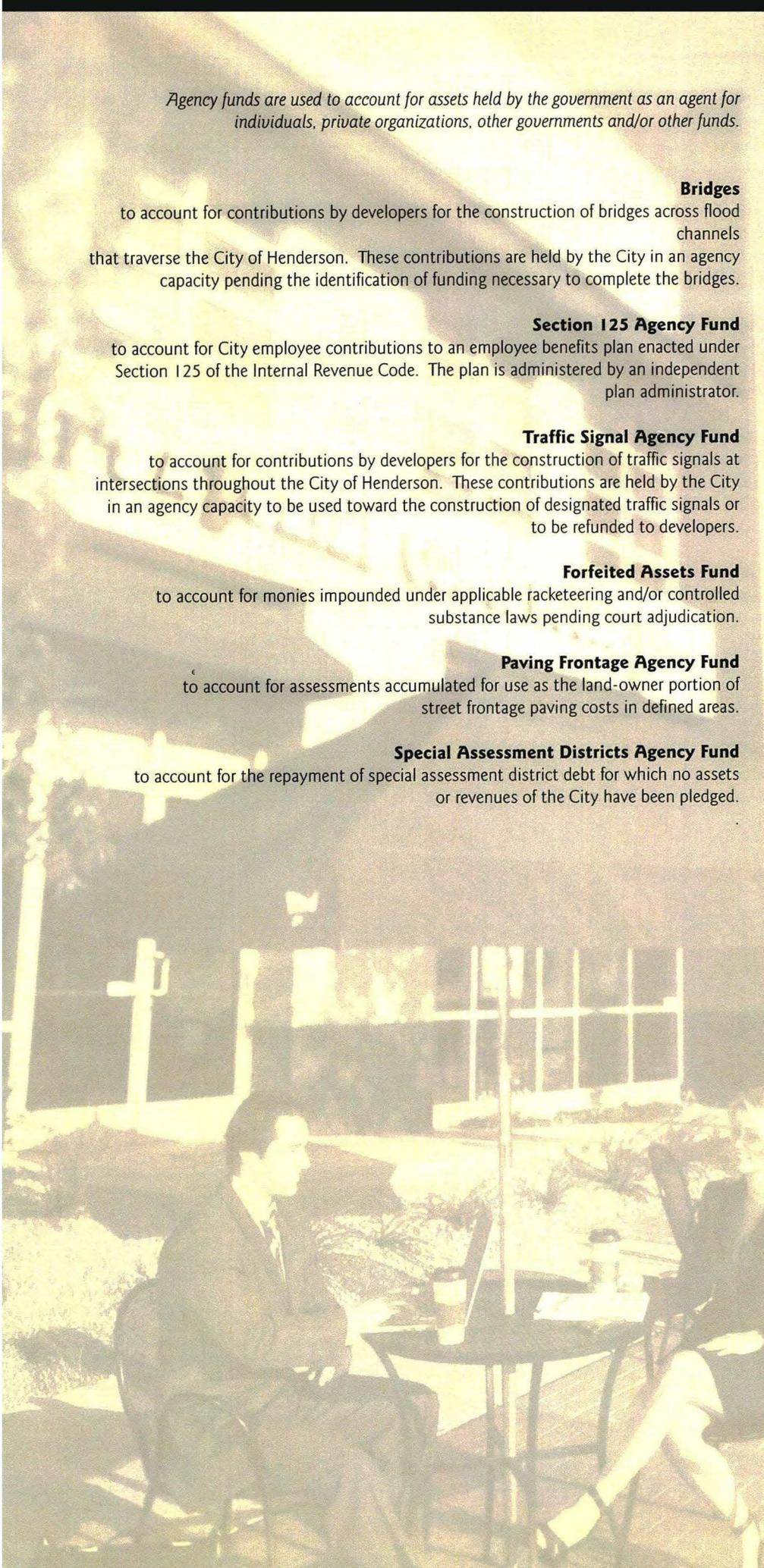
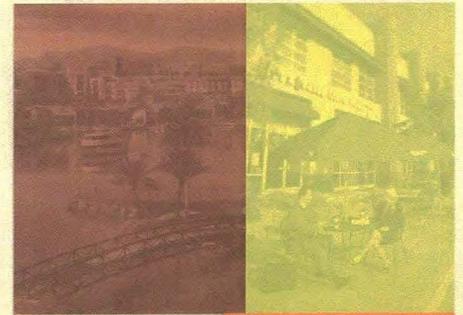
to account for monies impounded under applicable racketeering and/or controlled substance laws pending court adjudication.

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.



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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

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

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
BRIDGES AGENCY FUND				
Assets:				
Cash and investments	<u>\$ 159,850</u>	<u>\$ 7,748</u>	<u>\$ --</u>	<u>\$ 167,598</u>
Liabilities:				
Due to developers	<u>\$ 159,850</u>	<u>\$ 7,748</u>	<u>\$ --</u>	<u>\$ 167,598</u>
SECTION 125 PLAN FUND				
Assets:				
Cash and investments	<u>\$ 64,430</u>	<u>\$ 855,955</u>	<u>\$ 815,599</u>	<u>\$ 104,786</u>
Liabilities:				
Due to employees	<u>\$ 64,430</u>	<u>\$ 855,955</u>	<u>\$ 815,599</u>	<u>\$ 104,786</u>
TRAFFIC SIGNAL AGENCY FUND				
Assets:				
Cash and investments	<u>\$ 12,419,503</u>	<u>\$ 3,895,245</u>	<u>\$ 2,560,397</u>	<u>\$ 13,754,351</u>
Liabilities:				
Due to developers	<u>\$ 12,419,503</u>	<u>\$ 3,895,245</u>	<u>\$ 2,560,397</u>	<u>\$ 13,754,351</u>
FORFEITED ASSETS AGENCY FUND				
Assets:				
Cash and investments	<u>\$ 28,593</u>	<u>\$ 158,049</u>	<u>\$ 160,742</u>	<u>\$ 25,900</u>
Liabilities:				
Due to others	<u>\$ 28,593</u>	<u>\$ 158,049</u>	<u>\$ 160,742</u>	<u>\$ 25,900</u>
PAVING FRONTAGE AGENCY FUND				
Assets:				
Cash and investments	<u>\$ 58,915</u>	<u>\$ 2,855</u>	<u>\$ --</u>	<u>\$ 61,770</u>
Liabilities:				
Due to developers	<u>\$ 58,915</u>	<u>\$ 2,855</u>	<u>\$ --</u>	<u>\$ 61,770</u>
SPECIAL ASSESSMENT DISTRICTS FUND				
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	<u>\$ 63,177,804</u>	<u>\$ 55,498,770</u>	<u>\$ 59,232,740</u>	<u>\$ 59,443,834</u>
TOTALS - ALL AGENCY FUNDS				
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>

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