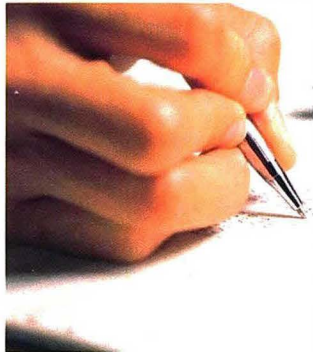

City of Henderson,
Nevada



Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2004

**CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**Prepared by:
Department of Finance**

**Steven M. Hanson
Finance Director**

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CITY OF HENDERSON, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2004

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CITY OF HENDERSON, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2004

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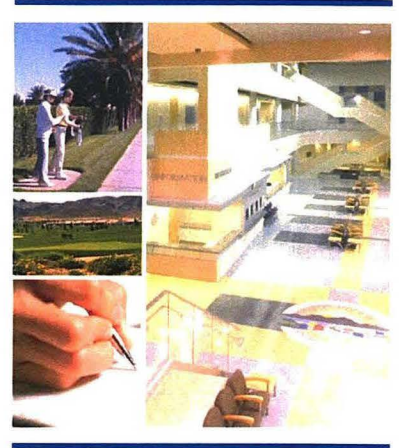
CITY OF HENDERSON, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2004

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Introductory Section





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

November 10, 2004

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

The comprehensive annual financial report for the City of Henderson for the fiscal year ended June 30, 2004 is hereby submitted. State law requires that local governments provide for an annual audit by independent certified public accountants of its financial statements in accordance with auditing standards generally accepted in the United States of America.

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

The City of Henderson's financial statements have been audited by Kafoury, Armstrong, & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Henderson for the fiscal year ended June 30, 2004 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Henderson's financial statements for fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Henderson was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

November 10, 2004

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

Profile of the Government

The City of Henderson is located in the southeastern part of Clark County, Nevada which ranks as the nation's top growth area. With a population of approximately 235,292, Henderson ranks as the second largest city in the State of Nevada. The City Charter was approved in its present form by the Nevada Legislature in 1971, and has been amended subsequent thereto.

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

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

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

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

November 10, 2004

functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available.

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

Factors Affecting Financial Condition

Local Economy. The state and local economy are continuing to lead the nation from the recession. Recovery is expected to continue through Fiscal Year 2005, with most economic indicators showing growth. While the past economic downturn has adversely affected many government entities, resulting in waves of cut-backs and layoffs, the City of Henderson has maintained a strong financial position and has continued providing award winning service delivery to our residents. The City accomplished this by focusing on building financial reserves since the last recession in 1991. Combined with conservative budgeting and one of the lowest employee-to-resident ratios, the City has had the ability to maintain and enhance current municipal service levels during the past economic downturn.

The City of Henderson continues to experience rapid increases in population. Located just seven miles from the famous Las Vegas Strip, Henderson is known throughout the nation for its premiere master planned residential communities, outstanding parks and recreational facilities, cultural activities, and a rapidly growing business community. The median household buying income in Henderson continues to outpace the county and the state averages. Some of the nation's best known and most respected corporations have established major operations in Henderson. These include, but are not limited to, Ocean Spray Cranberries, Inc., Ethel M. Chocolates, Conopco, Inc, Ford Motor Credit Company, Titanium Metals Corporation, and Levi Strauss & Company. Henderson also has defined gaming districts which include casino/resort development such as the Hyatt and Ritz-Carlton at Lake Las Vegas, Sunset Station, Fiesta, and Green Valley Ranch Station.

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

November 10, 2004

Long Term Financial Planning. The City of Henderson has many long range plans. These plans include the following:

- Adding thirteen uniformed and support positions to the Police Department and adding one Fire Department Peak Load Rescue units to enhance coverage in the City and improve response times.
- Increasing level of standards in Development Code including landscape, design, signs, and noise and changes as a result of the Comprehensive Plan Update..
- Building an additional two million-gallon reclaimed water reservoir tank
- Continuing to invest in technology to enhance service delivery to customers
- Enhancement of the Electronic Document Management System to comply with statutory record keeping requirements
- Remodeling of the Municipal Court to provide a third courtroom
- Inspecting streetlight pull boxes on a rotating basis
- Improvement of traffic striping and delineation

The City of Henderson continues to update the Capital Improvement Plan, a multi-year planning document that identifies and prioritizes the need for a variety of public improvements and coordinates the City's financing and construction time frames. Some of these capital projects for fiscal year 2005 include: RTC/County funded traffic improvement projects include an interchange at the Valley Automall; Park Development and Special Recreation funded projects include Cactus Wren Park; Municipal Facilities funded projects include completion of the City Hall Remodel and the Justice Facility Expansion and Parking Garage; and Grant funded projects include a portion of the Heritage Recreation Events Plaza and additions to the City's trail network.

Cash Management Policies and Practices. Cash temporarily idle during the year was invested in U. S. Treasury and agency obligations, banker's acceptances, and the State Treasurer's investment pool. The average yield on investments was approximately 2.85%.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, investments were either in U.S. Treasury and agency obligations; insured by Federal Depository Insurance; or collateralized. One hundred percent of the categorized investments held by the City at June 30, 2004 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. Investment income includes changes (appreciation or depreciation) in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

November 10, 2004

Risk Management. The City has obtained \$5,000,000 in excess Commercial General Liability Insurance with a \$1,000,000 self-insured retention (SIR). In addition, the City continues to maintain the following coverages: a \$354 million blanket property insurance policy on all buildings and \$18 million building contents with a \$10,000 deductible; a \$50,000,000 Boiler & Machinery policy with a \$10,000 deductible; \$2.7 million Inland Marine coverage on a scheduled basis for heavy equipment with a \$50,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery and alteration; and a \$5.6 million Fire Truck Physical Damage policy with a \$50,000 deductible.

The City maintains its self-insurance fund to cover all claims made or occurring prior to the securing of the excess liability policy and all claims that fall under the \$1,000,000 SIR. The City's Risk Manager works with the City Attorney's office; an outside claims adjusting firm; the excess insurance company and its administrator; and, applicable departments in handling claims filed against the City. In addition the City obtains an actuarial analysis on an annual basis. At June 30, 2004 the Self Insurance Fund had \$4,745,600 in working capital. No current claims are expected to be settled in a manner which would adversely affect the fund's financial condition.

On July 1, 1992 the city became self insured for employee health benefits, providing medical dental and vision care. A specific stop loss policy of \$75,000 per participant with a \$1,000,000 lifetime maximum is maintained. A third party administrator is used to pay claims.

On April 1, 1993 the City became self insured for worker's compensation claims. A third party administrator is utilized for claim payment. Effective January 1, 2004, the City increased its SIR from \$750,000 to \$1 million for all employees per occurrence, with a maximum of \$10 million on all claims per coverage period.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Henderson for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the 22nd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

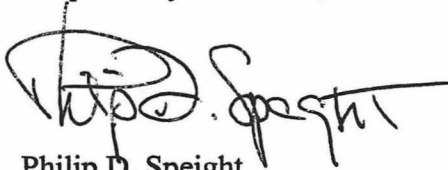
November 10, 2004

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

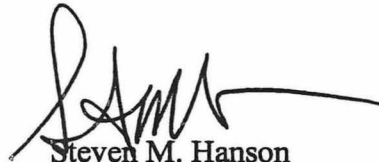
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance Department's Accounting Division staff as well as certain members of the City Manager's staff, Public Works Department, and the Neighborhood Services staff. We would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

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

Respectfully submitted,



Philip D. Speight
City Manager



Steven M. Hanson
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Henderson,
Nevada

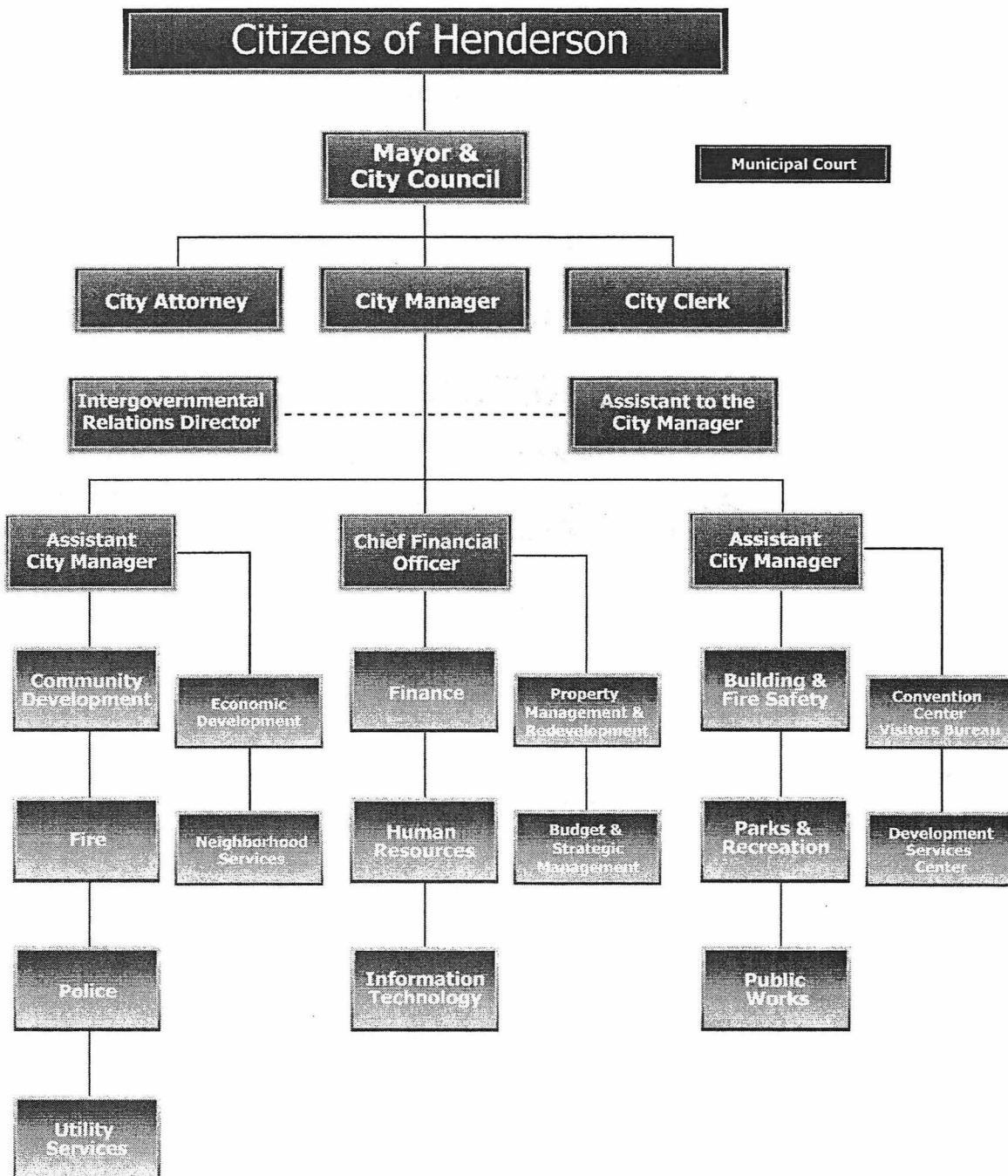
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



President

Executive Director



MAYOR AND COUNCIL

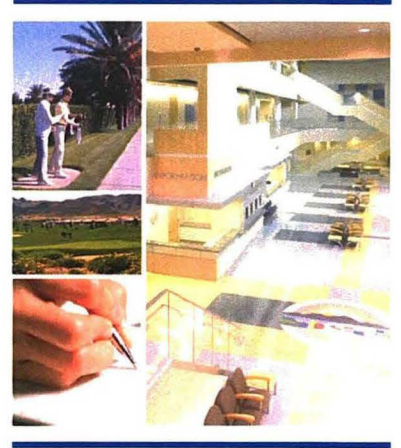
James B. Gibson, Mayor
Amanda M. Cyphers, Councilman
Andy A. Hafen, Councilman
Jack K. Clark, Councilman
Steven D. Kirk, Councilman

CITY OFFICIALS

Philip D. Speight , City Manager
Shauna Hughes, City Attorney
Monica M. Simmons, City Clerk

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Financial Section





KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Honorable Mayor,
Member 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, 2004, which collectively comprise 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 opinions 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, 2004, 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 21, 2004, on our consideration of City of Henderson's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, on pages 3A through 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 conducted 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.

Kafoury, Armstrong & Co.

Reno, Nevada
October 21, 2004

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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, 2004. 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, 2004 by \$1,606,991,501 (net assets). Of this amount, \$115,127,802 (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 \$110,821,620. See the sections on Governmental Activities and Business-type Activities below for explanations on the increase.
- As of June 30, 2004, the City of Henderson's governmental funds reported combined ending fund balances of \$169,082,170, a decrease of \$5,558,133 in comparison with the prior year. This decrease is mainly due to construction costs related to special assessment districts, debt service payments, and City Hall expansion costs. This decrease was offset by property owner contributions for special assessment districts and revenue increases due to growth. Approximately 90% of ending fund balances or \$151,354,076 is available for spending at the City's discretion (unreserved fund balance).
- As of June 30, 2004 unreserved fund balance in the general fund was \$24,619,246 or 16.9% of general fund expenditures.

Financial Statement Overview

This discussion and analysis is intended to serve as an introduction to the City of Henderson's basic financial statements. The City of Henderson's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Henderson's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Henderson that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Henderson include general government,

judicial, public safety, public works, and culture and recreation. The business-type activities of the City of Henderson include Water and Sewer operations, the Development Services Center, and a Convention Center.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Henderson, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Henderson can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

Proprietary funds. The City of Henderson maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Henderson uses enterprise funds to account for its Water and Sewer activities, the Development Services Center, and the Convention Center. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Henderson's various functions. The City of Henderson uses internal service funds to account for its engineering services, its City vehicles, self-insurance activities, to account for loan activities to other funds for special assessment districts and to account for general citywide services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water activities, the Sewer activities, and Development Services activities, which are considered major funds of the City of Henderson, and for the Convention Center activities, which is the City's only nonmajor enterprise fund. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Henderson's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Internal service funds are presented after the governmental fund statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Henderson, assets exceeded liabilities by \$1,606,991,501 at June 30, 2004.

The largest portion of the City of Henderson's net assets (73%) 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	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$236,913,308	\$233,316,154	\$323,284,123	\$313,355,393	\$560,197,431	\$546,671,547
Capital assets	876,062,725	822,084,553	565,919,054	534,257,989	1,441,981,779	1,356,342,542
Total assets	1,112,976,033	1,055,400,707	889,203,177	847,613,382	2,002,179,210	1,903,014,089
Long-term liabilities	198,594,822	207,685,216	160,726,955	168,949,882	359,321,777	376,635,098
Other liabilities	25,858,455	21,390,645	10,007,477	8,818,465	35,865,932	30,209,110
Total liabilities	224,453,277	229,075,861	170,734,432	177,768,347	395,187,709	406,844,208
Net assets:						
Invested in capital assets, net of related debt	737,854,881	668,651,723	434,186,988	400,488,623	1,172,041,869	1,069,140,346
Restricted	123,520,589	135,412,737	196,301,241	188,811,056	319,821,830	324,223,793
Unrestricted	27,147,286	22,260,386	87,980,516	80,545,356	115,127,802	102,805,742
Total net assets	\$888,522,756	\$ 826,324,846	\$718,468,745	\$ 669,845,035	\$1,606,991,501	\$ 1,496,169,881

An additional portion of the City of Henderson's net assets (20%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$115,127,802, may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2004 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 \$69,203,158 in net assets invested in capital assets net of related debt for governmental activities. This was due mainly to developer donations of infrastructure and the completion of a recreation center. See Capital Assets section for further explanation.

There was an increase of \$33,698,365 in net assets invested in capital assets net of related debt for business-type activities. Most of this increase is due to contributed assets and construction in progress. See Capital Assets section for further explanation.

There was a decrease of \$11,892,148 in restricted net assets for governmental activities. Most of this decrease is due to construction costs for special assessment capital projects, thereby decreasing fund balances restricted for capital projects. See discussion on Capital Assets below for further explanations.

The City of Henderson's net assets increased by \$110,821,620 during the current fiscal year, an increase in governmental net assets of \$62,197,910 and an increase in business-type activities of \$48,623,710. See explanations for the increases in the sections for Governmental Activities and Business-type Activities.

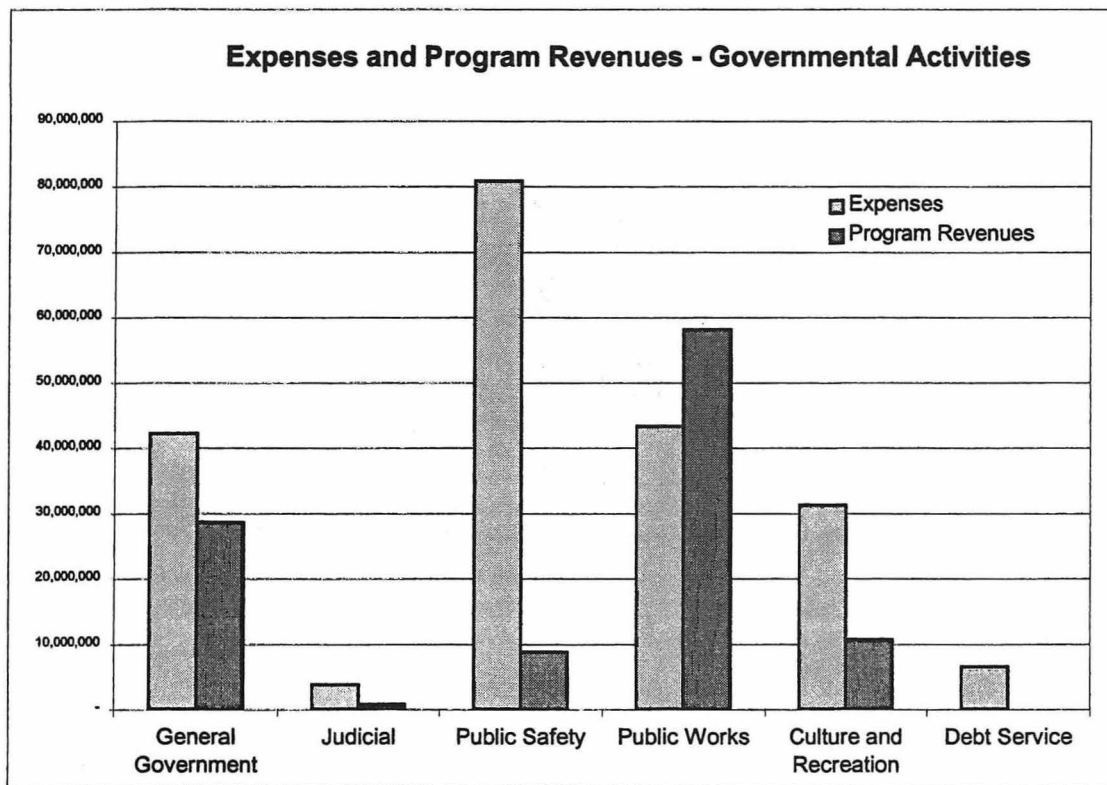
City of Henderson's Changes in Net Assets

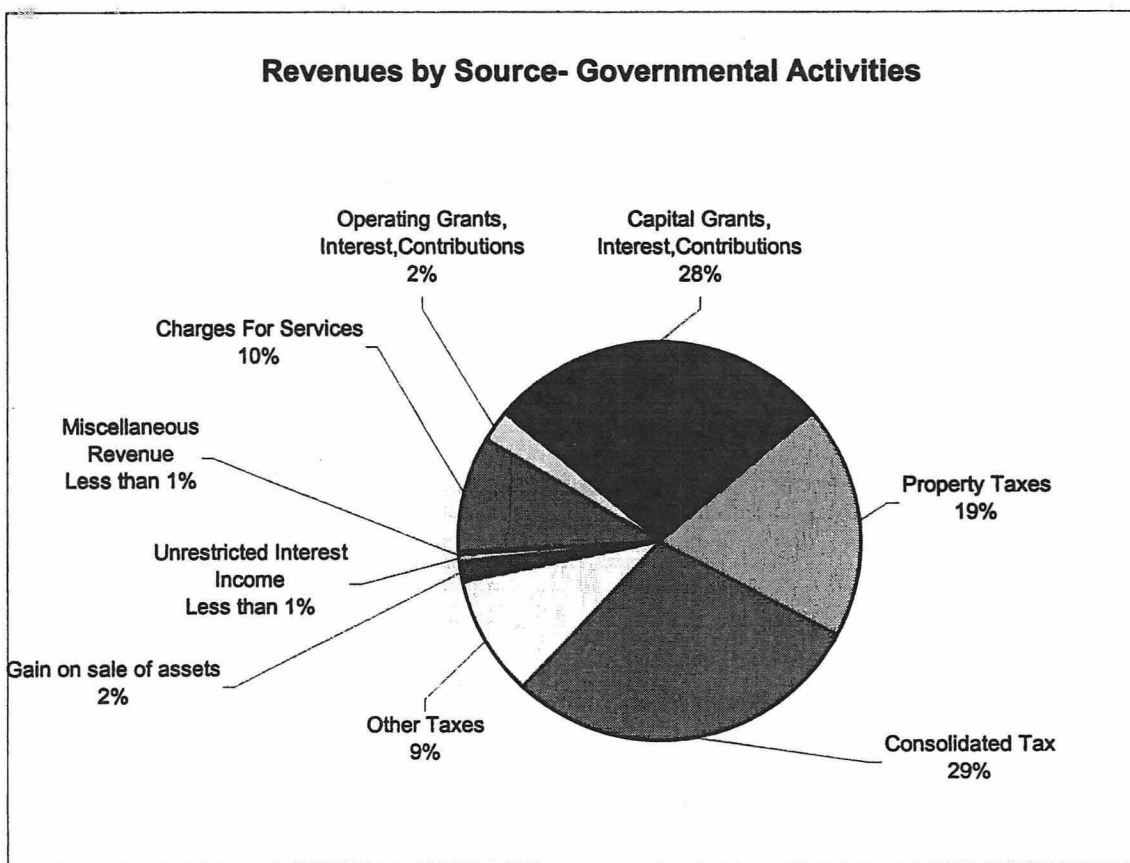
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues						
Charges for services	\$25,869,571	\$22,705,859	\$85,109,332	\$78,147,244	\$110,978,903	\$100,853,103
Operating grants, interest, and contributions	6,143,018	7,399,249	-	134,873	6,143,018	7,534,122
Capital grants, interest and Contributions	75,017,037	127,547,721	60,996,441	72,736,573	136,013,478	200,284,294
General revenues:						
Property taxes	51,078,663	46,203,872	-	-	51,078,663	46,203,872
Consolidated tax	78,290,939	63,896,932	-	-	78,290,939	63,896,932
Other taxes	25,726,071	23,354,134	5,441,169	4,463,201	31,167,241	27,817,335
Unrestricted interest income	1,286,329	4,488,772	2,537,604	10,402,806	3,823,934	14,891,578
Gain on sale of assets	4,555,063	6,924,002	737,836	102	5,292,899	6,924,104
Other	772,737	827,226	149,096	153,472	921,831	980,698
Total revenues	268,739,428	303,347,767	154,971,478	166,038,271	423,710,906	469,386,038
Expenses:						
General government	42,220,643	34,916,307	-	-	42,220,643	34,916,307
Judicial	3,744,366	3,466,048	-	-	3,744,366	3,466,048
Public safety	80,847,907	71,866,188	-	-	80,847,907	71,866,188
Public works	43,332,760	39,233,451	-	-	43,332,760	39,233,451
Culture and recreation	31,297,696	29,115,265	-	-	31,297,696	29,115,265
Interest on long-term debt	6,531,533	9,654,350	-	-	6,531,533	9,654,350
Water	-	-	56,761,359	50,939,527	56,761,359	50,939,527
Sewer	-	-	28,355,583	26,798,508	28,355,583	26,798,508
Development Center	-	-	17,504,160	16,023,169	17,504,160	16,023,169
Convention Center	-	-	2,293,279	2,084,085	2,293,279	2,084,085
Total expenses	207,974,905	188,251,609	104,914,381	95,845,289	312,889,286	284,096,898
Increase in net assets before transfers	60,764,523	115,096,158	50,057,097	70,192,982	110,821,620	185,289,140
Transfers	1,433,387	4,143,041	(1,433,387)	(4,143,041)	-	-
Increase in net assets	62,197,910	119,239,199	48,623,710	66,049,941	110,821,620	185,289,140
Net assets, July 1, as adjusted	826,324,846	707,085,647	669,845,035	603,795,094	1,496,169,881	1,310,880,741
Net assets, June 30	\$888,522,756	\$ 826,324,846	\$718,468,745	\$669,845,035	\$1,606,991,501	\$1,496,169,881

Governmental Activities. Governmental activities increased the City of Henderson's net assets by \$62,197,910 thereby accounting for 56% of the total growth in net assets of the City of Henderson. Key elements of this increase are as follows:

- Charges for services increased \$3,163,712 due to growth and increased fees.
- Capital grants and contributions decreased by \$52,530,684 (41%). This is due in large part to property owner contributions of approximately \$50.1 million in the previous fiscal year for a special assessment district for which the City is not liable compared to approximately \$5 million in the current fiscal year.
- Property taxes increased by \$4,874,791 (11%) due to growth in assessed value.
- Consolidated tax increased by \$14,394,007 (23%) due in large part to strong increases in sales tax revenue (see discussion on General Fund).
- There were large land sales in fiscal year 2003, which accounted for the decrease in gain on sale of assets. Fewer land sales occurred in fiscal year 2004.
- Interest income decreased by \$3,202,443 (71%) due in part to a lower overall rate of return of 2.85% compared to 3.27% in fiscal year 2003; in large part this decrease is due to a large market adjustment at June 30, 2004, which decreased investment income. In the previous fiscal year, the market value of investments was \$3.4 million over cost, whereas as of June 30, 2004, the market value of investments was approximately \$3 million below cost.

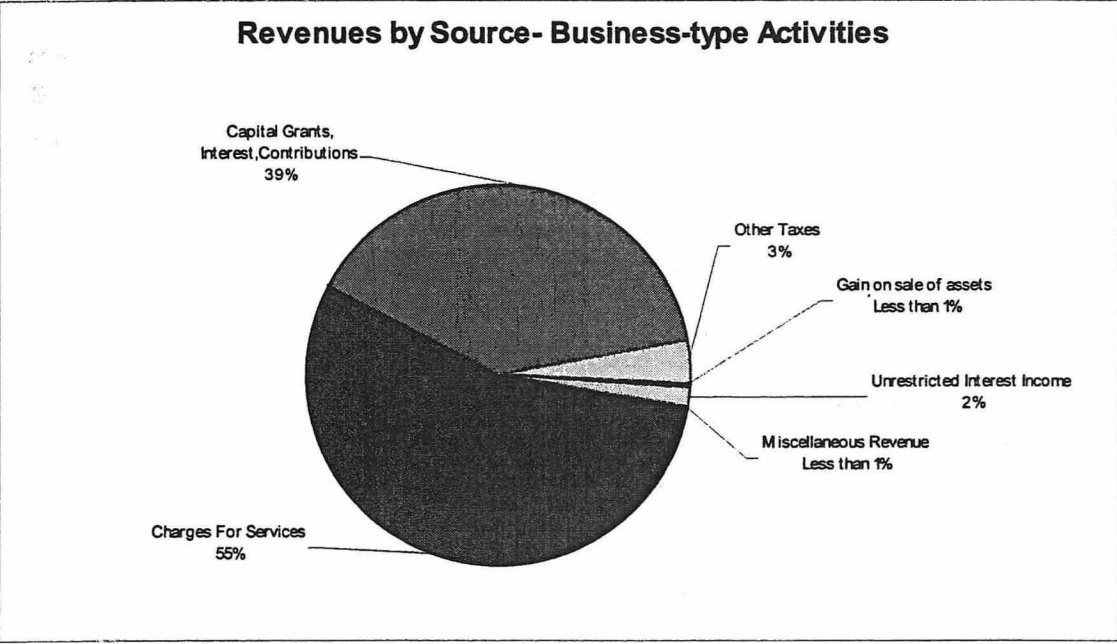
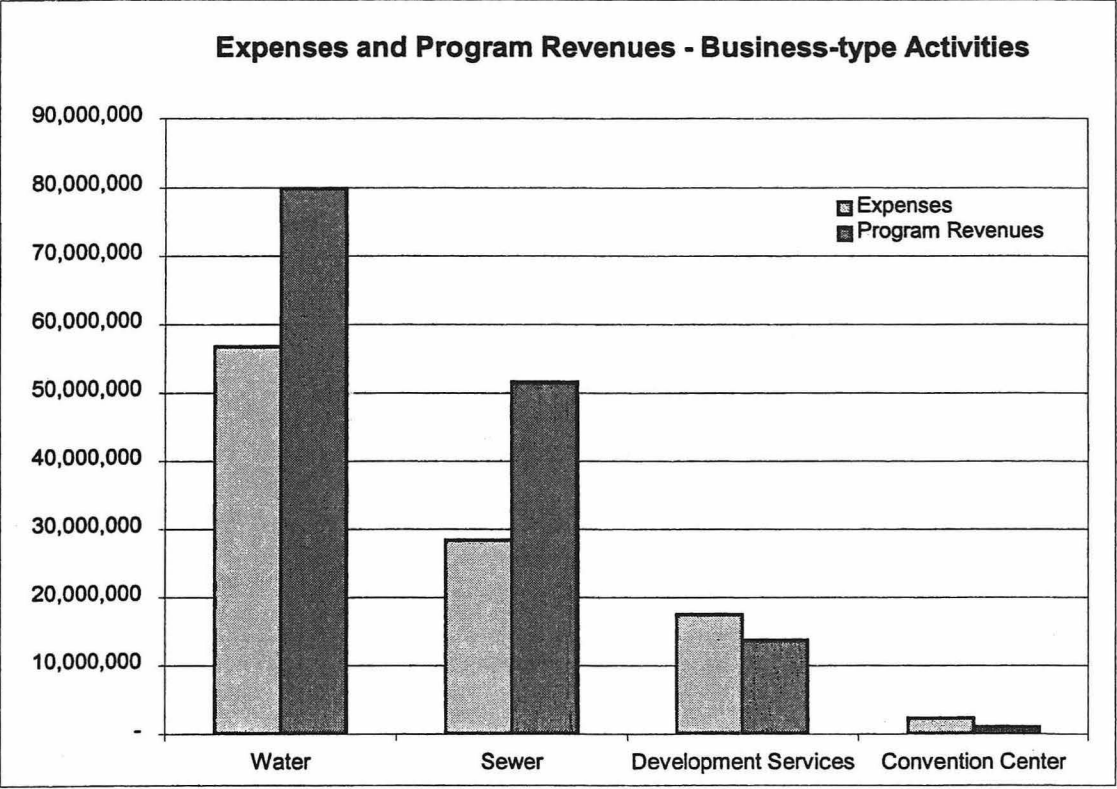
- **Increases in expenses** are due in large part to population growth and therefore an increase in services and employees; to retirement rate increases from 18.75% to 20.25% for non-police and non-fire employees as of July 1, 2003; and to City Hall expansion costs.





Business-type activities. Business-type activities increased the City of Henderson's net assets by \$48,623,710 accounting for 44% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Capital grants and contributions decreased \$11,740,132 (16%) due to a decrease in contributed water laterals from the previous fiscal year recorded as contributed assets.
- Interest income decreased \$7,865,202 (76%) due in part to a lower rate of return in the current fiscal year (2.85% compared to 3.27% in fiscal year 2003), but in large part to a large market adjustment, which decreased investment income. (See discussion on interest income in the governmental activities section).
- Water expenses increased \$5,821,832 (11%) due to staff increases of approximately 7%, which in turn increased employee benefits and supplies for these utility employees.



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 \$169,082,170, a decrease of \$5,558,133 in comparison with the prior year. Approximately 89.5% of this balance (\$151,354,076) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,038,505), 2) to pay debt service (\$5,402,033), 3) for land held for resale (\$7,742,608), 4) for a variety of other purposes (\$3,544,948).

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 \$24,619,246, while total fund balance was \$26,104,301. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.9% of total general fund expenditures, while total fund balance represents 17.9% of that same amount.

The fund balance of the general fund increased by \$5,898,982 during the current fiscal year. Key factors for this net increase are as follows:

Property taxes increased by \$2,793,271 due to growth in assessed value.

Franchise fees increased by \$1,874,706 due to the City's growth.

Intergovernmental revenues increased by \$14,499,879. This increase is mainly due to the consolidated tax amount received from the State of Nevada. This increase is due to strong increases in sales tax revenue due in large part to a robust construction sector and to growth.

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 and culture and recreation, which increased by \$8,925,790 and \$2,429,183, respectively, due to an increase in staff.

General Obligation Debt Service Fund. The general obligation debt service fund has a total fund balance of \$1,573,486, all of which is reserved for payment of debt service. The net decrease in the fund balance was \$1,538,266 due mainly to debt service payments exceeding property tax revenues.

Special Assessment Districts Debt Service Fund. The special assessment districts debt service fund has a total fund balance of \$2,453,016, all of which is reserved for payment of debt service. The net increase in the fund balance was \$1,271,091 due to payments of assessments that will be used for debt service next fiscal year.

Special Assessment Districts Capital Projects Fund. The special assessment districts capital projects fund has a total fund balance of \$64,377,730 which is unreserved. The net decrease in fund balance was \$8,483,409. The decrease to fund balance was due mainly to approximately \$14 in construction costs for special assessment infrastructure offset by approximately \$5 million in property owner contributions related to special assessment bond proceeds for which the City is not liable for Local Improvement District T-15.

Municipal Facilities Acquisition & Construction Capital Projects Fund. The municipal facilities acquisition & construction capital projects fund has a total fund balance of \$18,771,154, which is unreserved. The net decrease in fund balance was \$8,893,066. This decrease is due mainly to expenditures related to the expansion of City Hall, which amounted to approximately \$4.7 million and expenditures related to a new telephone and data wiring system, which amounted to approximately \$1.5 million. Various other City construction projects added to the capital outlay in this fund.

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 \$46,060,464, and total growth in net assets was \$23,312,647. Unrestricted net assets of the sewer fund at the end of the fiscal year were \$42,492,109, and total growth in net assets were \$27,089,154. Unrestricted net assets in the development services fund at the end of the fiscal year were \$2,314,982, and the total increase in net assets was \$289,281. 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 \$5.5 million, or 3.6% over the original budget. This increase was due to the re-authorization of outstanding encumbrances and unspent appropriations for capital purchases and professional services from the prior year in all functions. Many budgeted capital purchases and projects had not been completed by the end of Fiscal Year 2003, and were re-appropriated in Fiscal Year 2004.

Actual expenditures were 93.2% of appropriations, or \$10.7 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 \$6.9 million below the final budget. Several projects within Information Technology, City Manager's Office, and Building Maintenance were not completed by year-end and were deferred to the subsequent year, in addition to \$0.9 million in vacancy savings.
- Actual Public Safety expenditures were \$1.3 million below the final budget, primarily due to vacancy savings, as well as projects that were deferred to the subsequent year.
- Actual Culture and Recreation expenditures were \$1.3 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, 2004 amounts to \$1,441,981,779 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Henderson's investment in capital assets was \$85,639,237 (\$53,978,172 for governmental activities and \$31,661,065 for business-type activities).

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

- Land in governmental activities increased \$19,771,120 due to donated land from the Bureau of Land Management for approximately \$14.8 million; a park purchase for approximately \$1.3 million; and approximately \$3.6 million in other land donations and purchases.
- Land in business-type activities increased \$4,114,200 due to a land exchange with an outside company for a water reclamation facility expansion for approximately \$1 million and a land exchange with the City for approximately \$3 million.
- Buildings increased in governmental activities by \$25,768,195 due in large part to the completion of one new recreation center.
- Buildings decreased by \$1,093,347 in business type activities due to the sale of a building as part of the land exchange described above.
- Machinery and equipment decreased by \$1,522,690 in business type activities due to the effect of depreciation for purchases recorded at June 30, 2003.
- Infrastructure increased \$25,931,782 due to developer contributions of streets, curbs, gutters, storm drains and other infrastructure from large construction activity within the City of Henderson.
- Construction in progress for governmental activities decreased by \$19,240,634 due to the completion of a recreation center offset by construction costs for various city projects, the largest being City Hall expansion.
- Construction in progress for business type activities increased by \$9,769,817. This increase is due to approximately \$7.5 million in costs associated with the water reclamation facility; approximately \$1.7 million related to a reservoir project; and \$.5 million related to a sewer substation project.

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

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$173,235,295	\$153,464,175	\$11,245,297	\$7,131,097	\$184,480,592	\$160,595,272
Buildings	106,817,236	81,049,041	9,800,733	10,894,080	116,617,969	91,943,121
Improvements other than buildings	70,116,708	70,258,343	484,861,525	464,468,440	554,978,233	534,726,783
Machinery and equipment	30,139,653	28,250,309	4,570,589	6,093,279	34,710,242	34,343,588
Infrastructure	422,752,767	396,820,985	-	-	422,752,767	396,820,985
Construction in progress	73,001,066	92,241,700	55,440,910	45,671,093	128,441,976	137,912,793
Total	\$876,062,725	\$822,084,553	\$565,919,054	\$534,257,989	\$1,441,981,779	\$1,356,342,542

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

Long-term debt. At the end of the current fiscal year, the City of Henderson had total bonded debt outstanding of \$312,097,473. Of this amount, \$137,665,000 is considered general obligation debt, \$16,340,000 is tax allocation debt, and \$2,500,000 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	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$137,665,000	\$149,945,000	\$ -	\$ -	\$137,665,000	\$149,945,000
Tax allocation bonds	16,340,000	16,340,000	-	-	16,340,000	16,340,000
Special assessment debt with government commitment	2,500,000	3,135,000	-	-	2,500,000	3,135,000
Water & sewer bonds	-	-	155,592,473	165,141,779	155,592,473	165,141,779
Total	\$156,505,000	\$169,420,000	\$155,592,473	\$165,141,779	\$312,097,473	\$334,561,779

During the fiscal year, the City refinanced some of its existing debt to take advantage of favorable interest rates. The City of Henderson issued general obligation and water & sewer bonds to refinance previously outstanding general obligation and water & sewer bonds. The result is expected to result in a decrease in future debt service payments of \$6,013,705.

The City of Henderson maintains "AA-" rating from Standard and Poor's Ratings Service and "Aa3" from Moody's Investors Service for the City's general obligation debt.

As of June 30, 2004, the City's net general obligation bonded debt subject to the legal debt margin of \$293,257,473 was below the legal limit of \$1,114,982,064 and net bonded debt per capita equaled \$647.84.

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

Other Factors

- The unemployment rate for Nevada was 4.2% in June 2004, 1.4 percentage points lower than the national average.
- Tourism continues to be a vital component of the Southern Nevada economy. Hotel occupancy rates were 94% in April 2004.
- The City's borrowing rate continues to be attractive, between 2.5% and 5.0% for long-term debt; however the City's yield on its investment portfolio was only 2.85% during the fiscal year.
- Significant increases in electricity and natural gas rates in Southern Nevada continue to outpace inflation by a significant margin.
- New home sales are up 12.2% over the prior year, existing home sales have increased 51% over the previous year, and new home permits reached record highs.

- Henderson's population reached 235,292, an increase of 5.48% over 2003.
- In June the Bureau of Land Management conducted the sale of 1,940 acres in West Henderson. This land sold for more than twice its appraised value and will continue to provide for continued growth and expansion of both residential and commercial construction.

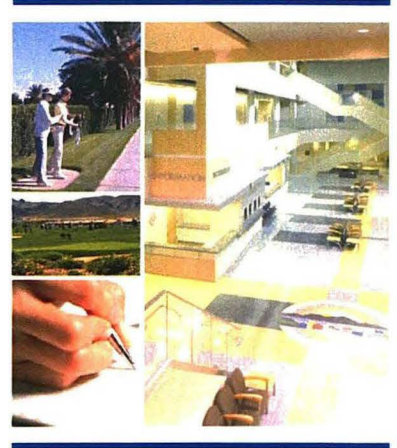
All of these factors were considered in preparing the City of Henderson's budget for the 2005 fiscal year.

During the current fiscal year unreserved fund balance in the general fund increased to \$24,619,246. The City of Henderson has appropriated approximately \$5.1 million of this amount for spending in the 2004-2005 fiscal year budget. It is intended that this use of available fund balance will pay for one time capital purchases.

Requests for Information

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

Basic Financial Statements



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CITY OF HENDERSON, NEVADA

STATEMENT OF NET ASSETS JUNE 30, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 188,310,332	\$ 296,261,847	\$ 484,572,179
Accounts receivable	5,851,714	9,358,396	15,210,110
Accrued interest receivable	687,630	1,337,721	2,025,351
Property taxes receivable - delinquent	593,466	-	593,466
Prepays	446,550	-	446,550
Due from other governments	19,086,682	754,129	19,840,811
Internal balances	1,310,692	(1,310,692)	-
Other	59,700	-	59,700
Special assessments receivable	1,421,353	-	1,421,353
Investment in joint venture	-	2,111,877	2,111,877
Land held for resale	7,742,608	-	7,742,608
Deferred charges	11,402,581	-	11,402,581
Restricted assets-cash and investments:			
Customer deposits	-	307,783	307,783
Water and sewer bond debt service	-	8,561,293	8,561,293
Banked water	-	5,901,769	5,901,769
Capital assets (net of accumulated depreciation):			
Land	173,235,295	11,245,297	184,480,592
Buildings	106,817,236	9,800,733	116,617,969
Improvements other than buildings	70,116,708	484,861,525	554,978,233
Machinery and equipment	30,139,653	4,570,589	34,710,242
Infrastructure	422,752,767	-	422,752,767
Construction in progress	73,001,066	55,440,910	128,441,976
Total Assets	<u>1,112,976,033</u>	<u>889,203,177</u>	<u>2,002,179,210</u>
LIABILITIES			
Accounts payable and accrued wages	10,516,582	6,034,485	16,551,067
Accrued interest payable	1,265,931	-	1,265,931
Construction contracts/retention payable	1,487,561	1,105,560	2,593,121
Deposits	3,110,099	12,177	3,122,276
Due to other governments	1,659,014	-	1,659,014
Unearned revenues	7,819,268	-	7,819,268
Current liabilities partially payable from restricted assets	-	2,855,255	2,855,255
Noncurrent liabilities:			
Due within one year	18,959,986	4,097,330	23,057,316
Due within one year, partially payable from restricted assets	-	9,835,026	9,835,026
Due in more than one year	179,634,836	146,794,599	326,429,435
Total Liabilities	<u>224,453,277</u>	<u>170,734,432</u>	<u>395,187,709</u>
NET ASSETS			
Invested in capital assets, net of related debt	737,854,881	434,186,988	1,172,041,869
Restricted for:			
General government	4,584,208	-	4,584,208
Judicial	567,426	-	567,426
Debt service	2,760,571	6,013,821	8,774,392
Public safety	154,871	-	154,871
Public works	11,816,906	-	11,816,906
Culture and recreation	1,920,232	-	1,920,232
Capital projects	90,341,182	2,111,877	92,453,059
Redevelopment	1,892,089	-	1,892,089
Claims	9,483,104	-	9,483,104
Banked water	-	5,901,769	5,901,769
Customer deposits	-	307,783	307,783
System development	-	181,965,991	181,965,991
Unrestricted	27,147,286	87,980,516	115,127,802
Total Net Assets	<u>\$ 888,522,756</u>	<u>\$ 718,468,745</u>	<u>\$ 1,606,991,501</u>

See notes to financial statements.

CITY OF HENDERSON, NEVADA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2004

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 42,220,643	\$ 10,150,406	\$ 158,946	\$ 18,300,360	\$ (13,610,931)	\$ -	\$ (13,610,931)
Judicial	3,744,366	761,557	-	-	(2,982,809)	-	(2,982,809)
Public safety	80,847,907	7,246,283	1,049,740	491,160	(72,060,724)	-	(72,060,724)
Public works	43,332,760	1,499,359	2,421,482	54,240,929	14,829,010	-	14,829,010
Culture and recreation	31,297,696	6,211,966	2,512,850	1,984,588	(20,588,292)	-	(20,588,292)
Debt Service:							
Administrative and other costs	466,656	-	-	-	(466,656)	-	(466,656)
Interest and fiscal charges	6,064,877	-	-	-	(6,064,877)	-	(6,064,877)
Total Governmental Activities	207,974,905	25,869,571	6,143,018	75,017,037	(100,945,279)	-	(100,945,279)
Business-Type Activities:							
Water	56,761,359	45,868,959	-	33,950,153	-	23,057,753	23,057,753
Sewer	28,355,583	24,497,374	-	27,017,389	-	23,159,180	23,159,180
Development Services	17,504,160	13,729,811	-	28,899	-	(3,745,450)	(3,745,450)
Convention Center	2,293,279	1,013,188	-	-	-	(1,280,091)	(1,280,091)
Total Business-type Activities	104,914,381	85,109,332	-	60,996,441	-	41,191,392	41,191,392
Total	\$ 312,889,286	\$ 110,978,903	\$ 6,143,018	\$ 136,013,478	(100,945,279)	41,191,392	(59,753,887)
General Revenues:							
Ad valorem taxes					51,078,663	-	51,078,663
Bond premium					317,783	79,741	397,524
Consolidated tax					78,290,939	-	78,290,939
Franchise taxes					21,227,833	-	21,227,833
Motor vehicle fuel tax					3,760,764	-	3,760,764
Room taxes					737,474	1,469,649	2,207,123
Sales tax					-	3,971,520	3,971,520
Unrestricted interest income					1,286,329	2,537,604	3,823,933
Gain on sale of assets					4,555,063	737,836	5,292,899
Miscellaneous revenue					454,954	69,355	524,309
Transfers					1,433,387	(1,433,387)	-
Total General Revenues and Transfers					163,143,189	7,432,318	170,575,507
Change in Net Assets					62,197,910	48,623,710	110,821,620
NET ASSETS, BEGINNING OF YEAR					826,324,846	669,845,035	1,496,169,881
NET ASSETS, END OF YEAR					\$ 888,522,756	\$ 718,468,745	\$ 1,606,991,501

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2004

	General Fund	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition & Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 16,607,914	\$ 1,406,967	\$ 2,876,891	\$ 64,530,844	\$ 20,110,619	\$ 50,324,108	\$ 155,857,343
Accounts receivable	5,777,835	-	-	-	-	63,712	5,841,547
Special assessments receivable	-	-	1,421,353	-	-	-	1,421,353
Accrued interest receivable	115,199	42,195	3,092	38,311	112,921	216,535	528,253
Property taxes receivable - delinquent	407,711	185,755	-	-	-	-	593,466
Due from other funds	489,786	-	-	-	-	-	489,786
Due from employees	38,604	-	-	-	-	-	38,604
Due from other governments	15,617,523	124,324	-	-	59,979	2,894,352	18,696,178
Prepaid expense	446,550	-	-	-	-	-	446,550
Land held for resale	-	-	-	-	-	7,742,608	7,742,608
TOTAL ASSETS	\$ 39,501,122	\$ 1,759,241	\$ 4,301,336	\$ 64,569,155	\$ 20,283,519	\$ 61,241,315	\$ 191,655,688
LIABILITIES							
Accounts payable and accrued wages	\$ 8,175,501	\$ -	\$ 426,967	\$ 95,465	\$ 441,834	\$ 831,318	\$ 9,971,085
Compensated absences payable	362,512	-	-	-	-	19,387	381,899
Construction contracts payable	-	-	-	-	1,070,531	417,030	1,487,561
Deposits	3,088,260	-	-	-	-	21,839	3,110,099
Due to other governments	1,362,837	-	-	-	-	296,177	1,659,014
Due to other funds	-	-	-	-	-	489,786	489,786
Advances from other funds	-	-	-	95,960	-	3,363,295	3,459,255
Deferred revenues	407,711	185,755	1,421,353	-	-	-	2,014,819
Total liabilities	13,396,821	185,755	1,848,320	191,425	1,512,365	5,438,832	22,573,518
FUND BALANCES							
Reserved for:							
Encumbrances	1,038,505	-	-	-	-	-	1,038,505
Debt service	-	1,573,486	2,453,016	-	-	1,375,531	5,402,033
Prepays	446,550	-	-	-	-	-	446,550
Land held for resale	-	-	-	-	-	7,742,608	7,742,608
Sinking fund	-	-	-	-	-	3,098,398	3,098,398
Unreserved - reported in:							
General Fund	24,619,246	-	-	-	-	-	24,619,246
Special Revenue Funds	-	-	-	-	-	27,873,164	27,873,164
Capital Projects Funds	-	-	-	64,377,730	18,771,154	15,712,782	98,861,666
Total fund balances	26,104,301	1,573,486	2,453,016	64,377,730	18,771,154	55,802,483	169,082,170
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,501,122	\$ 1,759,241	\$ 4,301,336	\$ 64,569,155	\$ 20,283,519	\$ 61,241,315	\$ 191,655,688

See notes to financial statements.

CITY OF HENDERSON, NEVADA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2004

Fund Balances - Governmental Funds		\$ 169,082,170
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	\$ 1,145,160,953	
Less: Accumulated depreciation	<u>(282,358,263)</u>	
		862,802,690
Other assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.		
Bond costs - deferred charges	11,846,094	
Less: Current year amortization	<u>(443,513)</u>	
		11,402,581
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	(137,665,000)	
Tax allocation bonds payable	(16,340,000)	
Special assessment bonds payable	(2,500,000)	
Notes payable	(143,004)	
Capital leases payable	(2,536,415)	
Compensated absences	(21,556,449)	
Arbitrage liability	(996,784)	
Landfill post-closure costs	<u>(12,000,000)</u>	
		(193,737,652)
Interest payable		(1,436,586)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		(5,804,449)
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds are reported with governmental activities.		41,369,360
Internal balances are receivable from business-type activities.		<u>4,844,642</u>
Net Assets - Governmental Activities		<u>\$ 888,522,756</u>

See notes to financial statements.

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2004

	<u>General Fund</u>	<u>General Obligation Debt Service</u>	<u>Special Assessment Districts Debt Service</u>	<u>Special Assessment Districts Capital Projects</u>	<u>Municipal Facilities Acquisition & Construction Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:							
Property taxes	\$ 25,765,571	\$ 14,976,539	\$ -	\$ -	\$ 7,250,281	\$ 3,363,747	\$ 51,356,138
Special assessments	-	-	1,818,361	-	-	-	1,818,361
Franchise fees	21,227,833	-	-	-	-	-	21,227,833
Licenses and permits	6,856,573	-	-	-	-	-	6,856,573
Intergovernmental	82,251,679	-	-	-	-	10,197,783	92,449,462
Charges for services	11,616,221	-	-	-	-	170,960	11,787,181
Fines and forfeits	2,497,535	-	-	-	-	500,506	2,998,041
Developer/property owner contributions	-	-	-	5,073,490	-	1,212,165	6,285,655
Impact fees	-	-	-	-	-	1,499,185	1,499,185
Miscellaneous interest	75,602	157,640	400,579	767,585	415,372	368,357	2,185,135
Miscellaneous	1,041,191	20	45,346	-	8,419	1,483,756	2,578,732
Total revenues	151,332,205	15,134,199	2,264,286	5,841,075	7,674,072	18,796,459	201,042,296
EXPENDITURES:							
Current:							
General government	32,719,062	-	-	-	4,085,275	1,939,923	38,744,260
Judicial	3,186,786	-	-	-	-	348,209	3,534,995
Public safety	75,117,533	-	-	-	3,036	1,056,586	76,177,155
Public works	6,793,226	-	-	153,275	-	3,659,297	10,605,798
Culture and recreation	26,037,697	-	-	-	8,937	1,111,570	27,158,204
Total current	143,854,304	-	-	153,275	4,097,248	8,115,585	156,220,412
Capital outlay:							
General government	618,506	-	-	-	8,288,310	39,533	8,946,349
Judicial	-	-	-	-	-	36,980	36,980
Public safety	1,049,571	-	-	-	117,227	652,303	1,819,101
Public works	3,650	-	-	14,226,861	-	3,711,158	17,941,669
Culture and recreation	208,342	-	-	-	1,030	4,079,476	4,288,848
Total capital outlay	1,880,069	-	-	14,226,861	8,406,567	8,519,450	33,032,947
Debt service:							
Principal retirement	-	13,035,000	635,000	-	-	20,740	13,690,740
Interest and fiscal charges	-	4,963,244	288,400	-	-	878,564	6,130,208
Administrative and other costs	-	2,706,481	14,143	-	-	-	2,720,624
Total debt service	-	20,704,725	937,543	-	-	899,304	22,541,572
Total expenditures	145,734,373	20,704,725	937,543	14,380,136	12,503,815	17,534,339	211,794,931
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,597,832	(5,570,526)	1,326,743	(8,539,061)	(4,829,743)	1,262,120	(10,752,635)

(Continued)

See notes to financial statements.

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued) FOR THE YEAR ENDED JUNE 30, 2004

	<u>General Fund</u>	<u>General Obligation Debt Service</u>	<u>Special Assessment Districts Debt Service</u>	<u>Special Assessment Districts Capital Projects</u>	<u>Municipal Facilities Acquisition & Construction Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):							
Land sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,472,086	\$ 3,472,086
Capital leases	809,200	-	-	-	-	-	809,200
Refunding debt issued	-	98,165,000	-	-	-	-	98,165,000
Premium on refunding debt issued	-	8,015,686	-	-	-	-	8,015,686
Payments to refunded bond escrow agent	-	(105,040,493)	-	-	-	-	(105,040,493)
Transfers:							
Transfers in	8,268,407	11,253,175	-	55,652	7,189,852	3,074,912	29,841,998
Transfers out	(8,776,457)	(8,361,108)	(55,652)	-	(11,253,175)	(1,622,583)	(30,068,975)
Total other financing sources (uses)	301,150	4,032,260	(55,652)	55,652	(4,063,323)	4,924,415	5,194,502
NET CHANGE IN FUND BALANCES	5,898,982	(1,538,266)	1,271,091	(8,483,409)	(8,893,066)	6,186,535	(5,558,133)
FUND BALANCES, BEGINNING OF YEAR	20,205,319	3,111,752	1,181,925	72,861,139	27,664,220	49,615,948	174,640,303
FUND BALANCES, END OF YEAR	<u>\$ 26,104,301</u>	<u>\$ 1,573,486</u>	<u>\$ 2,453,016</u>	<u>\$ 64,377,730</u>	<u>\$ 18,771,154</u>	<u>\$ 55,802,483</u>	<u>\$ 169,082,170</u>

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, 2004

Net Change in Fund Balances - Governmental Funds	\$	(5,558,133)
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Amounts reported for governmental activities in the statement
of net assets are different because:

Governmental funds report capital outlays as expenditures and
the proceeds from the sale of assets as other financing
sources. However, in the statement of activities, the cost of
those assets is depreciated over their estimated useful lives
and only the gain or loss is recorded when assets are sold.

Expenditures for capital assets	\$ 30,489,660	
Sale/disposition of assets	(23,725)	
Less: Current year depreciation	<u>(40,914,873)</u>	
		(10,448,938)

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues
in governmental funds.

Change in deferred revenue	(2,288,427)	
Donated capital assets	<u>63,302,671</u>	
		61,014,244

Bond and lease proceeds provide current financial
resources to governmental funds, but issuing debt
increases long-term liabilities in the statement of net
assets. Repayment of bond and lease principal is an
expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement
of net assets. This is the amount by which bonds
issued exceeded repayments and costs of issuance.

Bonds and leases issued	(98,974,200)	
Bond issuance costs	2,253,967	
Bond premium	(8,015,686)	
Accrued interest	47,254	
Interest payments	19,180	
Principal payments	<u>119,267,383</u>	
		14,597,898

Some expenses reported in the statement of activities do
not require the use of current financial resources and,
therefore, are not reported as expenditures in
governmental funds.

Amortization of current year bond premium, discount and costs	317,783	
Change in long-term compensated absences	(4,018,888)	
Change in arbitrage payable	<u>51,287</u>	
		(3,649,818)

Internal service funds are used by management to charge
the costs of certain activities to individual funds. The net
income of the internal service funds is reported with
governmental activities.

		<u>6,242,657</u>
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Change in Net Assets of Governmental Activities	\$	<u>62,197,910</u>
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See notes to financial statements.

CITY OF HENDERSON, NEVADA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 25,940,717	\$ 25,940,717	\$ 25,765,571	\$ (175,146)
Franchise fees	23,566,093	21,377,856	21,227,833	(150,023)
Licenses and permits	6,146,783	6,561,287	6,856,573	295,286
Intergovernmental	72,776,504	76,236,962	82,251,679	6,014,717
Charges for services	12,558,346	11,158,612	11,616,221	457,609
Fines and forfeits	2,399,666	2,496,215	2,497,535	1,320
Miscellaneous interest	1,148,210	651,384	75,602	(575,782)
Miscellaneous	760,487	955,014	1,041,191	86,177
Total revenues	145,296,806	145,378,047	151,332,205	5,954,158
EXPENDITURES:				
Current:				
General government	38,075,969	38,656,643	32,719,062	5,937,581
Judicial	3,374,241	3,374,791	3,186,786	188,005
Public safety	74,035,703	75,797,762	75,117,533	680,229
Public works	6,983,871	7,356,236	6,793,226	563,010
Culture and recreation	27,573,536	27,015,673	26,037,697	977,976
Total current	150,043,320	152,201,105	143,854,304	8,346,801
Capital outlay:				
General government	557,200	1,621,004	618,506	1,002,498
Public safety	368,000	1,662,159	1,049,571	612,588
Public works	19,150	388,755	3,650	385,105
Culture and recreation	-	572,952	208,342	364,610
Total capital outlay	944,350	4,244,870	1,880,069	2,364,801
Total expenditures	150,987,670	156,445,975	145,734,373	10,711,602
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,690,864)	(11,067,928)	5,597,832	16,665,760
OTHER FINANCING SOURCES (USES):				
Proceeds from capital leases	-	809,200	809,200	-
Transfers in	8,163,876	8,163,876	8,268,407	104,531
Transfers out	(6,516,107)	(8,563,457)	(8,776,457)	(213,000)
Total other financing sources	1,647,769	409,619	301,150	(108,469)
NET CHANGE IN FUND BALANCES	(4,043,095)	(10,658,309)	5,898,982	16,557,291
FUND BALANCES, BEGINNING OF YEAR	11,779,839	20,205,319	20,205,319	-
FUND BALANCES, END OF YEAR	\$ 7,736,744	\$ 9,547,010	\$ 26,104,301	\$ 16,557,291

See notes to financial statements.

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2004

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Development Services</u>	<u>Nonmajor Convention Center</u>	<u>Totals Enterprise Funds</u>	
ASSETS						
CURRENT ASSETS:						
Cash and investments	\$ 130,356,717	\$ 159,528,366	\$ 4,217,651	\$ 2,159,113	\$ 296,261,847	\$ 32,452,989
Accounts receivable	6,645,377	2,688,496	24,523	-	9,358,396	10,167
Accrued interest receivable	489,899	990,548	17,739	10,190	1,508,376	159,377
Due from other governments	-	723,906	30,223	-	754,129	390,504
Inventory-bulk fuel	-	-	-	-	-	15,336
Other	-	-	-	-	-	5,760
Customer deposits (restricted assets, cash and investments)	306,463	1,320	-	-	307,783	-
Water and sewer bond debt service (restricted assets, cash and investments)	4,087,310	4,473,983	-	-	8,561,293	-
Total current assets	<u>141,885,766</u>	<u>168,406,619</u>	<u>4,290,136</u>	<u>2,169,303</u>	<u>316,751,824</u>	<u>33,034,133</u>
BANKED WATER	<u>5,901,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,901,769</u>	<u>-</u>
PROPERTY, PLANT AND EQUIPMENT:						
Land	1,651,425	9,593,872	-	-	11,245,297	-
Buildings	3,358,515	7,431,284	-	2,954,356	13,744,155	753,377
Improvements other than buildings	381,003,524	267,284,009	374,890	1,376,097	650,038,520	368,472
Machinery and equipment	5,593,978	3,940,835	2,272,252	207,814	12,014,879	31,997,130
Construction in progress	17,979,044	37,461,866	-	-	55,440,910	35,469
Total property, plant and equipment	<u>409,586,486</u>	<u>325,711,866</u>	<u>2,647,142</u>	<u>4,538,267</u>	<u>742,483,761</u>	<u>33,154,448</u>
Less accumulated depreciation	<u>(108,658,499)</u>	<u>(65,175,446)</u>	<u>(965,105)</u>	<u>(1,765,657)</u>	<u>(176,564,707)</u>	<u>(19,894,413)</u>
Net property, plant and equipment	<u>300,927,987</u>	<u>260,536,420</u>	<u>1,682,037</u>	<u>2,772,610</u>	<u>565,919,054</u>	<u>13,260,035</u>
OTHER ASSETS:						
Investment in joint venture	-	2,111,877	-	-	2,111,877	-
Advances to other funds	-	3,363,295	-	-	3,363,295	95,960
Total assets	<u>\$ 448,715,522</u>	<u>\$ 434,418,211</u>	<u>\$ 5,972,173</u>	<u>\$ 4,941,913</u>	<u>\$ 894,047,819</u>	<u>\$ 46,390,128</u>

(Continued)

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS (Continued)

JUNE 30, 2004

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Development Services	Nonmajor Convention Center	Totals Enterprise Funds	
LIABILITIES						
CURRENT LIABILITIES (payable from current assets):						
Accounts payable and accrued wages	\$ 4,258,114	\$ 1,281,469	\$ 415,055	\$ 79,847	\$ 6,034,485	\$ 545,497
Compensated absences payable	1,430,093	987,462	1,552,117	127,658	4,097,330	1,486,141
Construction contracts	68,721	1,036,839	-	-	1,105,560	-
Deposits	-	-	7,982	4,195	12,177	-
Claims and judgments payable	-	-	-	-	-	2,885,366
Capital lease obligations, current	-	-	-	-	-	96,831
Customer deposits (partially payable from restricted assets)	306,463	1,320	-	-	307,783	-
Accrued bond interest (partially payable from restricted assets)	1,210,458	1,337,014	-	-	2,547,472	-
Current portion of bonds (partially payable from restricted assets)	4,465,880	5,369,146	-	-	9,835,026	-
Total current liabilities	<u>11,739,729</u>	<u>10,013,250</u>	<u>1,975,154</u>	<u>211,700</u>	<u>23,939,833</u>	<u>5,013,835</u>
LONG-TERM LIABILITIES:						
Provisional credits	511,931	18,520	-	-	530,451	-
General obligation bonds (net of current portion)	73,100,251	73,163,897	-	-	146,264,148	-
Capital lease obligations (net of current portion)	-	-	-	-	-	6,933
Total long-term liabilities	<u>73,612,182</u>	<u>73,182,417</u>	<u>-</u>	<u>-</u>	<u>146,794,599</u>	<u>6,933</u>
Total liabilities	<u>85,351,911</u>	<u>83,195,667</u>	<u>1,975,154</u>	<u>211,700</u>	<u>170,734,432</u>	<u>5,020,768</u>
NET ASSETS						
Invested in capital assets, net of related debt	247,419,618	182,312,723	1,682,037	2,772,610	434,186,988	13,156,271
Restricted for debt service	2,876,852	3,136,969	-	-	6,013,821	-
Restricted for capital projects	-	2,111,877	-	-	2,111,877	-
Restricted for claims	-	-	-	-	-	9,483,104
Restricted for banked water	5,901,769	-	-	-	5,901,769	-
Restricted for customer deposits	306,463	1,320	-	-	307,783	-
Restricted for system development	60,798,445	121,167,546	-	-	181,965,991	-
Unrestricted	46,060,464	42,492,109	2,314,982	1,957,603	92,825,158	18,729,985
Total net assets	<u>\$ 363,363,611</u>	<u>\$ 351,222,544</u>	<u>\$ 3,997,019</u>	<u>\$ 4,730,213</u>	<u>723,313,387</u>	<u>\$ 41,369,360</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(4,844,642)	
Net Assets of Business-Type Activities					<u>\$ 718,468,745</u>	

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED JUNE 30, 2004

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Development Services	Nonmajor Convention Center	Totals Enterprise Funds	
OPERATING REVENUES:						
Utility fees	\$ 43,955,267	\$ 23,911,663	\$ -	\$ -	\$ 67,866,930	\$ -
Connection fees	997,551	194,415	-	-	1,191,966	-
Developer contributions	-	-	28,899	-	28,899	-
Late charges	690,398	363,462	-	-	1,053,860	-
Rental fees	-	-	-	349,911	349,911	-
Licenses - gaming	-	-	-	604,022	604,022	-
Licenses and permits	-	-	6,866,184	-	6,866,184	-
Charges for services	-	-	6,804,710	-	6,804,710	23,165,512
Miscellaneous	225,743	64,203	67,028	67,238	424,212	-
Total operating revenues	45,868,959	24,533,743	13,766,821	1,021,171	85,190,694	23,165,512
OPERATING EXPENSES:						
Salaries and wages	7,841,780	5,280,611	8,489,461	976,382	22,588,234	5,526,091
Employee benefits	2,442,124	1,657,893	2,484,127	309,394	6,893,538	1,707,815
Water purchases	16,095,515	-	-	-	16,095,515	-
Services and supplies	11,038,082	9,756,431	4,737,456	874,181	26,406,150	7,499,249
Claims and legal fees	-	-	-	-	-	6,815,319
Depreciation	15,317,423	9,023,460	495,069	145,432	24,981,384	3,007,801
Total operating expenses	52,734,924	25,718,395	16,206,113	2,305,389	96,964,821	24,556,275
OPERATING LOSS	(6,865,965)	(1,184,652)	(2,439,292)	(1,284,218)	(11,774,127)	(1,390,763)
NONOPERATING REVENUES (EXPENSES):						
Room taxes	-	-	-	1,469,649	1,469,649	-
Interest revenue	929,573	1,580,698	15,103	12,230	2,537,604	269,810
Sales tax	-	3,971,520	-	-	3,971,520	-
Interest expense	(3,742,885)	(2,289,296)	-	-	(6,032,181)	(9,205)
Miscellaneous	221,663	206	-	-	221,869	103,849
Gain (loss) on disposition of assets	(88,302)	737,836	-	-	649,534	351,734
Bond amortization	31,898	47,843	-	-	79,741	-
Total nonoperating revenues	(2,648,053)	4,048,807	15,103	1,481,879	2,897,736	716,188
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(9,514,018)	2,864,155	(2,424,189)	197,661	(8,876,391)	(674,575)
CAPITAL CONTRIBUTIONS	36,076,665	27,474,999	-	-	63,551,664	638,692
TRANSFERS:						
Transfers in	-	-	2,713,470	-	2,713,470	4,169,325
Transfers out	(3,250,000)	(3,250,000)	-	-	(6,500,000)	(155,818)
Total transfers	(3,250,000)	(3,250,000)	2,713,470	-	(3,786,530)	4,013,507
CHANGES IN NET ASSETS	23,312,647	27,089,154	289,281	197,661	50,888,743	3,977,624
NET ASSETS, BEGINNING OF YEAR	340,050,964	324,133,390	3,707,738	4,532,552	672,424,644	37,391,736
NET ASSETS, END OF YEAR	\$ 363,363,611	\$ 351,222,544	\$ 3,997,019	\$ 4,730,213	723,313,387	\$ 41,369,360
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(4,844,642)	
Net Assets of Business-Type Activities					\$ 718,468,745	

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CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2004

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Development Services</u>	<u>Nonmajor Convention Center</u>	<u>Totals Enterprise Funds</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 46,392,007	\$ 24,998,656	\$ 13,741,607	\$ 1,021,171	\$ 86,153,441	\$ 1,175,040
Cash received from quasi-external operating transactions	-	639,339	-	-	639,339	21,721,025
Cash from other sources	221,663	3,971,726	-	1,469,649	5,663,038	107,753
Cash payments to suppliers for goods and services	(27,781,294)	(12,158,439)	(7,262,769)	(1,185,654)	(48,388,156)	(16,075,841)
Cash payments to employees for services	(7,584,516)	(5,045,310)	(8,200,849)	(943,593)	(21,774,268)	(5,405,827)
Net cash provided by (used for) operating activities	<u>11,247,860</u>	<u>12,405,972</u>	<u>(1,722,011)</u>	<u>361,573</u>	<u>22,293,394</u>	<u>1,522,150</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in	-	-	2,713,470	-	2,713,470	4,169,325
Transfers out	(3,250,000)	(3,250,000)	-	-	(6,500,000)	(155,818)
Payments on advances to other funds	-	-	-	-	-	48,002
Net cash provided by (used for) noncapital financing activities	<u>(3,250,000)</u>	<u>(3,250,000)</u>	<u>2,713,470</u>	<u>-</u>	<u>(3,786,530)</u>	<u>4,061,509</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	(3,471,956)	(8,094,429)	(131,637)	-	(11,698,022)	(3,955,239)
Investment in joint venture	-	(877,579)	-	-	(877,579)	-
Principal payments on bonds and leases	(6,267,615)	(8,201,583)	-	-	(14,469,198)	(111,647)
Good faith deposits	(30,000)	(30,000)	-	-	(60,000)	-
Interest paid on bonds and leases	(4,033,061)	(3,782,168)	-	-	(7,815,229)	(9,205)
Proceeds from sale of capital assets	384,271	454,850	-	-	839,121	412,325
Decrease in provisional credits	440,563	-	-	-	440,563	-
Capital contributions	9,221,177	13,618,175	-	-	22,839,352	-
Proceeds from issuance of debt	2,000,000	3,000,000	-	-	5,000,000	-
Net cash provided by (used for) capital and related financing activities	<u>(1,756,621)</u>	<u>(3,912,734)</u>	<u>(131,637)</u>	<u>-</u>	<u>(5,800,992)</u>	<u>(3,663,766)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest on investments	<u>987,846</u>	<u>1,576,880</u>	<u>13,449</u>	<u>11,199</u>	<u>2,589,374</u>	<u>276,684</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,229,085	6,820,118	873,271	372,772	15,295,246	2,196,577
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>127,521,405</u>	<u>157,183,551</u>	<u>3,344,380</u>	<u>1,786,341</u>	<u>289,835,677</u>	<u>30,256,412</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 134,750,490</u>	<u>\$ 164,003,669</u>	<u>\$ 4,217,651</u>	<u>\$ 2,159,113</u>	<u>\$ 305,130,923</u>	<u>\$ 32,452,989</u>

(Continued)

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued) FOR THE YEAR ENDED JUNE 30, 2004

	<u>Business-Type Activities-Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Development Services</u>	<u>Nonmajor Convention Center</u>	<u>Totals Enterprise Funds</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (6,865,965)	\$ (1,184,652)	\$ (2,439,292)	\$ (1,284,218)	\$ (11,774,127)	\$ (1,390,763)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	15,317,423	9,023,460	495,069	145,432	24,981,384	3,007,801
Miscellaneous revenues	221,663	3,971,726	-	1,469,649	5,663,038	103,849
(Increase) decrease in accounts receivable	523,048	1,185,459	784	-	1,709,291	150,715
Decrease in due from other funds	-	639,339	-	-	639,339	-
(Increase) decrease in due from other governments	-	(720,546)	(25,998)	-	(746,544)	(267,610)
Increase in deposits	15,028	950	(300)	4,195	19,873	(1,620)
Increase (decrease) in accounts payable and accrued wages	1,846,516	(701,271)	11,123	131	1,156,499	(191,394)
Increase in compensated absences payable	190,147	191,507	236,603	26,384	644,641	92,325
Increase in claims and judgments	-	-	-	-	-	18,847
Total adjustments	18,113,825	13,590,624	717,281	1,645,791	34,067,521	2,912,913
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 11,247,860	\$ 12,405,972	\$ (1,722,011)	\$ 361,573	\$ 22,293,394	\$ 1,522,150

NONCASH TRANSACTIONS AFFECTING FINANCIAL POSITION:

The Water Fund received contributions of capital assets totaling \$26,855,488 during the year ended June 30, 2004.

The Sewer Fund received contributions of capital assets totaling \$13,856,824 during the year ended June 30, 2004.

The Sewer Fund exchanged capital assets totaling \$2,325,206 with the Land Sales Fund for a reduction in the outstanding advances to other funds during the year ended June 30, 2004.

The Internal Service Funds received contributions of capital assets from other funds totaling \$638,692 during the year ended

June 30, 2004.

See notes to financial statements.

CITY OF HENDERSON, NEVADA

STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2004

ASSETS

Agency Funds

Cash and investments

\$ 43,925,334

LIABILITIES

Due to developers

8,621,230

Due to employees

19,228

Due to others

35,284,876

Total liabilities

\$ 43,925,334

See notes to financial statements.

CITY OF HENDERSON, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

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

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

B. 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.

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

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

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

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

Property taxes, special assessments, sales taxes, consolidated tax revenue (sales taxes, cigarette taxes, motor vehicle privilege taxes, liquor taxes), gaming taxes, gasoline taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of 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, 2004

I. 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, operating, maintenance, financing and related debt service; and, billing and collection.

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

The **Development Services Fund** accounts for the activities and transactions related to the building permit processing function. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, permit processing, issuance, monitoring, building inspection, plan checking, certain development reviews and related administrative expenses.

Additionally, the City reports the following fund types:

Internal Service Funds account for operations such as engineering; vehicle acquisition and maintenance; insurance; lending; and general technology that provide services or resources to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

CITY OF HENDERSON, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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.

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, bankers 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 lienied on July 1st. Taxes on real property are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August, and the first Mondays in October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 15 percent per year from the date the taxes were due, if four or more

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (continued)

3. Property Taxes (continued)

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

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

CITY OF HENDERSON, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (continued)

6. Banked Water

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

7. Compensated Absences

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

8. Provisional Credits (Enterprise Fund)

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

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

9. Long-Term Debt

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

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

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (continued)

10. Equity Classifications

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

- a. **Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted Net Assets** – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Assets** – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

11. Use of Estimates

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

II. 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:

Capital assets:	
Infrastructure assets	\$ 654,209,517
Other capital assets	<u>490,951,436</u>
Governmental Capital Assets	<u>\$1,145,160,953</u>
Accumulated depreciation:	
Infrastructure assets	\$ 231,456,750
Other capital assets	<u>50,901,513</u>
Accumulated Depreciation	<u>\$ 282,358,263</u>

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

II. 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)

Internal balances represent amounts owed between governmental and business-type activities.

Internal balances on the government-wide statement of net assets	\$1,310,692
Advances to other funds on the statement of net assets of the proprietary funds	3,363,295
Interest payable on advances on the statement of net assets of the proprietary funds	<u>170,655</u>
Net change in activity between governmental and business-type activities	<u>\$4,844,642</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 balances – 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	\$ 4,555,063
Loss on disposition of assets on the statement of activities included in the general government function	(754,968)
Amount resulting from internal service fund activities included elsewhere on the reconciliation	(351,734)
Land sales included in the net change in fund balances – governmental funds	<u>(3,472,086)</u>
Net difference in reporting sales/disposition of assets	<u>\$ (23,725)</u>

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:

Special assessment revenues increase net assets in the statement of activities, but do not appear in the governmental funds as they are not current financial resources	\$ (277,475)
Property taxes and miscellaneous revenues increase net assets in the statement of activities, but do not appear in the governmental funds as they are not current financial resources	(152,701)
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>(1,858,251)</u>
Change in deferred revenue	<u>\$(2,288,427)</u>

CITY OF HENDERSON, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

III. 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 Finance Director submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada State Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the City Council of whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval. The revenue classifications and expenditure functions shown in the fund financial statements are those prescribed by the Nevada Department of Taxation.

All revisions to the adopted budget are made a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available. The most significant change occurred in the Debt Service Fund (\$106,601,371). Nevada Law requires budgetary control to be exercised at the function level.

B. Excess of Expenditures/Expenses Over Appropriations

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

Nonmajor Funds:	
General Obligation Debt Service Fund	\$221,163
Land Sales Capital Projects Fund:	
Public works	211,784
Self Insurance Internal Service Fund	18,978

While the above appear to be potential violations of NRS 354.626, certain over expenditures/expenses do not constitute potential statute violations as they fall under the exceptions to the statute as described below:

General Obligation Debt Service Fund – Debt service activity
Self Insurance Internal Service Fund – Self insurance activity

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

C. Deficit Fund Balances

As of June 30, 2004, the following fund had a deficit fund balance:

Nonmajor Fund:	
HUD Proceeds Capital Projects Funds	\$65,191

The City plans to monitor this fund in 2004-2005 and eliminate the deficit fund balance.

IV. CASH AND INVESTMENTS

A. Summary of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2004:

Cash on hand	\$ 22,933
Bank deposits	5,473,032
Investments	<u>531,870,624</u>
	<u>\$537,366,589</u>
Governmental Activities	\$188,310,332
Business-Type Activities	<u>305,130,923</u>
	493,441,255
Fiduciary cash and investments	<u>43,925,334</u>
	<u>\$537,366,589</u>

B. Deposits

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. Permissible state investments include obligations of the U.S. Treasury, certain farm loan bonds, certain securities issued by Nevada local governments, repurchase agreements, bankers acceptances, commercial paper, negotiable certificates of deposit, and money market mutual funds. Allowable City investments are similar except that some state investments are longer term and include securities issued by municipalities outside of Nevada.

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

CASH AND INVESTMENTS (continued)

B. Deposits (continued)

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.

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.

At year-end, the carrying amount of the City's deposits was \$5,473,032 and the bank balance was \$11,280,712. Of the bank balance, \$300,000 was covered by Federal Depository Insurance, \$10,572,994 was covered by collateral held by the City's agent in the City's name, while \$407,718 was uncollateralized. Cash on hand at June 30, 2004 was \$22,933.

C. Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies having maturity dates that do not extend more than ten years from the date of purchase, the state treasurer's investment pool, negotiable notes or short-term negotiable bonds issued by other local governments of the State of Nevada, banker's acceptances not exceeding 180 days maturity and eligible by law for rediscount with the Federal Reserve Banks and commercial paper issued by a corporation organized and operating in the U.S. that is purchased from a registered broker-dealer, with a remaining term of less than 270 days rated "A-1", "P-1" or better (purchases of banker's acceptances or commercial paper may not exceed 20 percent of the money available for local government investment). The City's investments are categorized as either (1) insured or registered or securities held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name or, (3) uninsured and unregistered for which the securities are held by the counterparty's trust department but not in the City's name as follows:

	Categories			Fair Value
	1	2	3	
U.S. Government Securities	<u>\$366,575,300</u>	<u>\$ -</u>	<u>\$ -</u>	\$366,575,300
Money Market Funds				128,122,046
Investment in Local Government Pooled Investment Fund				<u>37,173,278</u>
Total Investments				<u>\$531,870,624</u>

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

IV. CASH AND INVESTMENTS (continued)

C. Investments (continued)

The Local Government Pooled Investment Fund 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.

V. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2004 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$489,786</u>

The amounts due to the General Fund represent expenditures paid by the General Fund on behalf of other funds.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund - Enterprise Fund	Nonmajor Governmental Fund	\$3,363,295
Internal Service Funds	Special Assessment Districts - Capital Projects Fund	95,960
		<u>\$3,459,255</u>

The amount owed to the Sewer Fund represents a cash loan to another fund.

The amounts owed to the Internal Service Funds represent loans to the Special Assessment Districts to be repaid from Special Assessments.

Internal balances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund - Enterprise Fund	Nonmajor Governmental Funds	\$ 3,533,950
Effects of prior years Internal Service activity		(2,579,609)
Effects of current year Internal Service activity		(2,265,033)
		<u>\$ (1,310,692)</u>

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CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

V. INTERFUND BALANCES (continued)

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Special Assessment Districts Capital Projects Fund</u>
General Fund	\$ -	\$ -	\$ -
General Obligation Debt Service Fund	8,163,876	-	-
Special Assessment Districts Debt Service Fund	-	-	55,652
Municipal Facilities Acquisition & Construction Capital Projects Fund	-	11,253,175	-
Other Governmental Funds	-	-	-
Water Fund	-	-	-
Sewer Fund	-	-	-
Internal Service Funds	<u>104,531</u>	<u>-</u>	<u>-</u>
Total	<u>\$8,268,407</u>	<u>\$11,253,175</u>	<u>\$55,652</u>

Transfers In				
Municipal Facilities Acquisition and Construction Capital Projects Fund	Other Governmental Funds	Development Services Fund	Internal Service Funds	Total
\$ -	\$1,893,662	\$2,713,470	\$4,169,325	\$8,776,457
197,232	-	-	-	8,361,108
-	-	-	-	55,652
-	-	-	-	11,253,175
456,333	1,166,250	-	-	1,622,583
3,250,000	-	-	-	3,250,000
3,250,000	-	-	-	3,250,000
<u>36,287</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>155,818</u>
<u>\$7,189,852</u>	<u>\$3,074,912</u>	<u>\$2,713,470</u>	<u>\$4,169,325</u>	<u>\$36,724,793</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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

VI. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions and Transfers In	Deletions and Transfers Out	Completed Construction	Balance June 30, 2004
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 153,464,175	\$ 20,094,877	\$ (323,757)	\$ -	\$ 173,235,295
Construction in progress	92,241,700	14,520,424	-	(33,761,058)	73,001,066
Total capital assets, not being depreciated	245,705,875	34,615,301	(323,757)	(33,761,058)	246,236,361
Capital assets, being depreciated:					
Buildings	99,404,275	562,831	-	28,427,587	128,394,693
Improvements other than buildings	82,532,124	519,331	(253,157)	1,732,425	84,530,723
Machinery and equipment	59,240,563	6,739,296	(3,929,262)	2,893,510	64,944,107
Infrastructure	596,898,579	56,603,402	-	707,536	654,209,517
Total capital assets, being depreciated	838,075,541	64,424,860	(4,182,419)	33,761,058	932,079,040
Less accumulated depreciation for:					
Buildings	(18,355,234)	(3,222,223)	-	-	(21,577,457)
Improvements other than buildings	(12,273,781)	(2,185,876)	45,642	-	(14,414,015)
Machinery and equipment	(30,990,254)	(7,135,419)	3,321,219	-	(34,804,454)
Infrastructure	(200,077,594)	(31,379,156)	-	-	(231,456,750)
Total accumulated depreciation	(261,696,863)	(43,922,674)	3,366,861	-	(302,252,676)
Total capital assets, being depreciated, net	576,378,678	20,502,186	(815,558)	33,761,058	629,826,364
Governmental activities capital assets, net	\$ 822,084,553	\$ 55,117,487	\$ (1,139,315)	\$ -	\$ 876,062,725
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 7,131,097	\$ 5,602,238	\$ (1,488,038)	\$ -	\$ 11,245,297
Construction in progress	45,671,093	12,146,466	-	(2,376,649)	55,440,910
Total capital assets, not being depreciated	52,802,190	17,748,704	(1,488,038)	(2,376,649)	66,686,207
Capital assets, being depreciated:					
Buildings	14,495,952	295,770	(1,047,567)	-	13,744,155
Improvements other than buildings	606,946,953	40,801,621	-	2,289,946	650,038,520
Machinery and equipment	11,618,272	396,607	-	-	12,014,879
Total capital assets, being depreciated	633,061,177	41,493,998	(1,047,567)	2,289,946	675,797,554
Less accumulated depreciation for:					
Buildings	(3,601,872)	(363,605)	22,055	-	(3,943,422)
Improvements other than buildings	(142,478,513)	(22,698,482)	-	-	(165,176,995)
Machinery and equipment	(5,524,993)	(1,919,297)	-	-	(7,444,290)
Total accumulated depreciation	(151,605,378)	(24,981,384)	22,055	-	(176,564,707)
Total capital assets, being depreciated, net	481,455,799	16,512,614	(1,025,512)	2,289,946	499,232,847
Business-type activities capital assets, net	\$ 534,257,989	\$ 34,261,318	\$ (2,513,550)	\$ (86,703)	\$ 565,919,054

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

Governmental Activities:	
General government	\$ 1,722,039
Judicial	165,876
Public safety	3,910,848
Public works	31,603,422
Culture & recreation	3,512,688
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	3,007,801
Total depreciation expense-governmental activities	\$ 43,922,674
Business-Type Activities:	
Water	\$ 15,317,423
Sewer	9,023,460
Development services	495,069
Convention center	145,432
Total depreciation expense- business-type activities	\$ 24,981,384

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

VII. LEASES

Capital Lease Obligations – Governmental Activity

The assets acquired through capital leases are as follows:

Assets	
Machinery and equipment	\$4,125,149
Less accumulated depreciation	<u>(1,754,842)</u>
Total	<u>\$2,370,307</u>

The future minimum lease payments for the capital leases and the present value of net minimum lease payments at June 30, 2004, are summarized in the following table:

Year Ending June 30	
2005	\$ 676,622
2006	547,759
2007	508,597
2008	457,899
2009	446,549
2010-14	<u>446,548</u>
Total minimum lease payments	3,083,974
Less amount representing interest	<u>(443,795)</u>
Present value of net minimum lease payments	<u>\$2,640,179</u>

VIII. LONG-TERM DEBT

A. Advance Refundings

In July 2003, the City issued \$15,100,000 in General Obligation Building Refunding Bonds Series 2003A, \$5,205,000 General Obligation Park Refunding Bonds Series 2003B, and \$5,000,000 General Obligation Water and Sewer Refunding Bonds Series 2003C. These proceeds were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments on \$15,295,000 of refunded debt applicable to the Series 2003A refunding, \$5,395,000 of refunded debt applicable to the Series 2003B refunding, and \$5,185,000 of refunded debt applicable to the Series 2003C refunding. Each of these advance refundings was undertaken to reduce total debt service payments and resulted in an economic gain. The Series 2003A advance refunding reduced total debt service payments over the next four years by \$1,007,357 and resulted in an economic gain of \$989,428. The Series 2003B advance refunding reduced total debt service payments over the next seven years by \$762,744 and resulted in an economic gain of \$405,321. The Series 2003C advance refunding reduced total debt service payments over the next six years by \$509,419 and resulted in an economic gain of \$369,656.

In March 2004, the City issued \$34,505,000 in General Obligation Park and Recreation Refunding Bonds Series 2004A and \$43,355,000 General Obligation Various Purpose Refunding Bonds Series 2004B. These proceeds were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments on \$34,650,000 of refunded debt applicable to the Series 2004A refunding and \$42,070,000 of refunded debt applicable to the Series 2004B refunding. Each of these advance refundings was undertaken to reduce total debt service payments and resulted in an economic gain. The Series 2004A advance refunding reduced total debt service payments over the next fifteen years by \$1,726,561 and resulted in an economic gain of \$1,421,373. The Series 2004B advance refunding reduced total debt service payments over the next seventeen years by \$2,007,624 and resulted in an economic gain of \$1,650,488.

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt

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

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004	Due in 2004-2005
Governmental Activities:					
General Obligation Bonds Payable:					
\$1,025,000 1989 Flood Control refunding bonds due in annual installments through February 1, 2005; interest varies between 6.5% and 6.8%	\$ 245,000	\$ -	\$ (115,000)	\$ 130,000	\$ 130,000
\$29,795,000 1993 Refunding and Park serial bonds due in annual installments through May 1, 2013; interest varies between 4.75% and 5.6%	5,395,000	-	(5,395,000)	-	-
\$10,250,000 1994 Building serial bonds due in annual installments through March 1, 2004; interest varies between 3.8% and 5.0%	1,620,000	-	(1,620,000)	-	-
\$14,550,000 1997 Building serial bonds due in annual installments through June 1, 2012; interest varies between 4.75% and 6.5%	12,555,000	-	(10,160,000)	2,395,000	550,000
\$10,530,000 1997 Refunding serial bonds due in annual installments through April 1, 2011; interest varies between 4.5% and 5.5%	9,090,000	-	(595,000)	8,495,000	1,025,000
\$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%	32,615,000	-	(27,160,000)	5,455,000	1,735,000
\$18,500,000 Building Bonds Series 1997B due in annual installments through June 1, 2007; interest varies between 4.0% and 5.5%	13,675,000	-	(13,675,000)	-	-
\$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%	12,295,000	-	(9,705,000)	2,590,000	595,000
\$50,000,000 2000 Various Purpose Bonds due in annual installments through April 1, 2011; interest varies between 5.00% and 6.00%	46,735,000	-	(34,180,000)	12,555,000	1,835,000
\$12,940,000 2001 Refunding Serial Bonds due in annual installments through June 1, 2013; interest varies between 3.5% and 4.5%	11,940,000	-	(1,000,000)	10,940,000	1,035,000
\$3,780,000 2003 Refunding Serial Bonds due in annual installments through November 1, 2006; interest varies between 5.375% and 5.5%	3,780,000	-	(1,075,000)	2,705,000	1,095,000

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt (continued)

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004	Due in 2004-2005
Governmental Activities (continued):					
General Obligation Bonds Payable (continued):					
\$15,100,000 2003A Building Refunding Bonds due in annual installments through June 1, 2007; interest varies between 2.0% and 4.0%	\$ -	\$ 15,100,000	\$ (4,050,000)	\$ 11,050,000	\$ 3,600,000
\$5,205,000 2003B Park Refunding Bonds due in annual installments through May 1, 2010; interest varies between 2.0% and 2.75%	-	5,205,000	(1,715,000)	3,490,000	825,000
\$34,505,000 2004A Park and Recreation Refunding Bonds due annually beginning in June 2008 through June 2018; interest varies between 2.25% and 5.0%	-	34,505,000	-	34,505,000	-
\$43,355,000 2004B Refunding Bonds due annually beginning in April 2008 through April 2020; interest varies between 2.50% and 5.25%	-	43,355,000	-	43,355,000	-
	<u>149,945,000</u>	<u>98,165,000</u>	<u>(110,445,000)</u>	<u>137,665,000</u>	<u>12,425,000</u>
Tax Allocation Bonds Payable:					
\$12,045,000 2002 Henderson Redevelopment tax allocation bond due annually beginning in October 2006 through October 2025; interest varies between 3.5% and 5.25%	12,045,000	-	-	12,045,000	-
\$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	-	-	4,295,000	-
	<u>16,340,000</u>	<u>-</u>	<u>-</u>	<u>16,340,000</u>	<u>-</u>
Special Assessment Bonds Payable:					
\$7,000,000 1991 Improvement District T-2 bonds due in annual installments through August 1, 2011; interest at 9.50%	3,135,000	-	(635,000)	2,500,000	225,000
Capital Lease Obligations:					
Capital lease payable to Emergency One in annual installments of \$112,046 including principal and interest through May 2005	202,050	-	(202,050)	-	-
Capital lease payable to the CIT Group in semi-annual installments of \$29,954 principal and interest through February 2005	85,096	-	(55,951)	29,145	29,145
Capital lease payable to GTE Leasing Acceptance Corporation in annual installments of \$123,082 including principal and interest through April 2004	115,930	-	(115,930)	-	-
Capital lease payable to LaSalle Bank in semi-annual installments of \$33,155 including principal and interest through August 2006	208,800	-	(55,717)	153,083	58,785

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt (continued)

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004	Due in 2004-2005
Capital Lease Obligations (continued):					
Capital lease payable to Xerox Corporation in monthly installments of \$2,904 including principal and interest through December 2005	\$ 77,278	\$ -	\$ (77,278)	\$ -	\$ -
Capital lease payable to Xerox Corporation in monthly installments of \$1,645 including principal and interest through December 2005	43,762	-	(43,762)	-	-
Capital lease payable to Xerox Corporation in monthly installments of \$3,054 including principal and interest through January 2006	86,029	-	(86,029)	-	-
Capital lease payable to Xerox Corporation in monthly installments of \$2,568 including principal and interest through December 2005	68,346	-	(68,346)	-	-
Capital lease payable to Xerox Corporation in monthly installments of \$1,134 including principal and interest through November 2005	29,274	-	(29,274)	-	-
Capital lease payable to Xerox Corporation in monthly installments of \$862 including principal and interest through October 2005	20,875	-	(20,875)	-	-
Capital lease payable to Caterpillar Financial Services in quarterly payments of \$10,023 including principal and interest through August 2003	9,877	-	(9,877)	-	-
Capital lease payable to Caterpillar Financial Services in quarterly payments of \$10,023 including principal and interest through August 2003	9,877	-	(9,877)	-	-
Capital lease payable to Elgin Sweeper Company in annual payments of \$98,909 including principal and interest through October 2004	183,421	-	(89,390)	94,031	94,031
Capital lease payable to Motorola in monthly payments of \$24,240 including principal and interest through December 2006	1,617,057	-	(158,419)	1,458,638	212,404
Capital lease payable to Xerox Corporation in monthly payments of \$976 including principal and interest through February 2007	37,449	-	(9,216)	28,233	9,934
Capital lease payable to Xerox Corporation in monthly payments of \$700 including principal and interest through March 2007	27,397	-	(6,572)	20,825	7,082
Capital lease payable to Motorola in annual payments of \$11,037 including principal and interest through April 2008	45,120	-	(7,828)	37,292	8,385

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt (continued)

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004	Due in 2004-2005
Capital Lease Obligations (continued):					
Capital lease payable to Canon in monthly payments of \$312, including principal and interest through July 2007	\$ 12,239	\$ -	\$ (2,507)	\$ 9,732	\$ 2,800
Capital lease payable to Motorola in annual payments of \$155,671 including principal and interest through December 2010	-	809,200	-	809,200	133,921
	<u>2,879,877</u>	<u>809,200</u>	<u>(1,048,898)</u>	<u>2,640,179</u>	<u>556,487</u>
Note Payable:					
\$230,000 2000 Henderson Redevelopment Agency note payable in monthly payments of \$2,500 including principal and interest through November 2009	163,743		(20,739)	143,004	22,019
Arbitrage Payable	1,048,071	-	(51,287)	996,784	995,647
Compensated Absences Payable	19,307,006	5,150,690	(1,033,207)	23,424,489	1,850,467
Claims Payable	2,866,519	6,397,271	(6,378,424)	2,885,366	2,885,366
Landfill Postclosure Costs	12,000,000	-	-	12,000,000	-
Total governmental activities	<u>207,685,216</u>	<u>110,522,161</u>	<u>(119,612,555)</u>	<u>198,594,822</u>	<u>18,959,986</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%	4,212,617	-	(425,218)	3,787,399	442,396
\$12,300,000 1992 Sewer serial bonds due in semi-annual installments through January 1, 2012; interest at 4.0%	7,289,200	-	(644,379)	6,644,821	670,411
\$26,410,000 1993 Water serial bonds due in annual installments through December 1, 2004; interest varies between 4.25% and 6.375%	1,905,000	-	(925,000)	980,000	980,000
\$987,525 1993 Water serial bonds due every five years in installments through December 1, 2012; interest varies between 4.85% and 6.50% (interest is due at time principal is paid)	779,146	50,474	-	829,620	-
\$5,398,000 1993 Water Refunding bonds due in annual installments through June 1 2009; interest varies between 3.90% and 5.375%	2,074,000	-	(2,074,000)	-	-
\$8,097,000 1993 Sewer Refunding bonds due in annual installments through June 1, 2009; interest varies between 3.90% and 5.375%	3,111,000	-	(3,111,000)	-	-

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt (continued)

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004	Due in 2004-2005
Business-Type Activities (continued):					
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest rate at 4%	\$ 8,246,922	\$ -	\$ (577,528)	\$ 7,669,394	\$ 600,861
\$26,255,000 1994 Water Bonds due in annual installments through December 1, 2008; interest varies between 5.5% and 8.5%	7,875,000	-	(1,115,000)	6,760,000	1,185,000
Revenue Bonds Payable (continued):					
\$5,645,000 1994 Sewer Bonds due in annual installments through December 1, 2008; interest varies between 5.5% and 8.5%	1,695,000	-	(240,000)	1,455,000	255,000
\$9,504,950 1995 Sewer Bonds due in semi- annual installments through July 1, 2015; interest rate at 3.825%	6,773,894	-	(431,805)	6,342,089	448,478
\$31,875,000 1997 Water Refunding bonds due in annual installments through September 1, 2017; interest varies between 3.7% and 6.5%	30,805,000	-	(125,000)	30,680,000	145,000
\$2,750,000 1997 Sewer Refunding bonds due in annual installments through September 1, 2014; interest varies between 3.7% and 6.5%	2,650,000	-	(15,000)	2,635,000	15,000
\$95,000,000 1998 Water and Sewer bonds Series A due in annual installments through September 1, 2018; interest varies between 4.0% to 5.5%	82,225,000	-	(3,540,000)	78,685,000	3,690,000
\$5,500,000 2000 Water bonds due in annual installments through January 1, 2021; interest rate at 3.65%	5,500,000	-	(190,850)	5,309,150	197,880
\$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%	-	5,000,000	(1,185,000)	3,815,000	1,205,000
	165,141,779	5,050,474	(14,599,780)	155,592,473	9,835,026
Unamortized Premium	877,437	244,635	(95,610)	1,026,462	-
Refunding Loss	(611,914)	92,153	-	(519,761)	-
Provisional Credits	89,888	440,563	-	530,451	-
Compensated Absences Payable	3,452,689	833,757	(189,116)	4,097,330	4,097,330
Total business-type activities	168,949,879	6,661,582	(14,884,506)	160,726,955	13,932,356
Total debt	<u>\$ 376,635,095</u>	<u>\$ 117,183,743</u>	<u>\$ (134,497,061)</u>	<u>\$ 359,321,777</u>	<u>\$ 32,892,342</u>

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

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

VIII. LONG-TERM DEBT (continued)

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
2005	\$ 9,835,026	\$ 7,420,990	\$ 556,487	\$ 120,135	\$ 12,425,000	\$ 6,598,221
2006	10,318,867	6,949,881	438,679	109,080	12,745,000	5,569,693
2007	9,926,439	6,430,847	423,384	85,213	13,235,000	5,098,833
2008	10,417,894	6,238,445	393,923	63,976	9,870,000	4,497,657
2009	10,883,388	5,414,892	403,322	43,227	9,920,000	4,136,157
2010-14	56,848,834	19,412,944	424,384	22,164	44,690,000	14,364,819
2015-19	45,923,182	5,576,302	-	-	30,690,000	5,006,400
2020-24	<u>1,438,843</u>	<u>120,658</u>	<u>-</u>	<u>-</u>	<u>4,090,000</u>	<u>204,500</u>
Total	<u>\$155,592,473</u>	<u>\$57,564,959</u>	<u>\$2,640,179</u>	<u>\$ 443,795</u>	<u>\$137,665,000</u>	<u>\$45,476,280</u>

Year Ending June 30	Special Assessment Bonds		Note Payable		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 225,000	\$ 226,813	\$ 22,019	\$ 7,981	\$ -	\$ 869,304
2006	245,000	204,488	23,377	6,623	-	869,304
2007	265,000	180,263	24,819	5,181	500,000	859,634
2008	295,000	153,663	26,349	3,651	520,000	839,723
2009	320,000	124,450	27,975	2,025	540,000	817,621
2010-14	1,150,000	170,051	18,465	297	3,100,000	3,665,884
2015-19	-	-	-	-	3,975,000	2,761,069
2020-24	-	-	-	-	5,190,000	1,505,892
2025-26	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,515,000</u>	<u>148,534</u>
Total	<u>\$2,500,000</u>	<u>\$1,059,728</u>	<u>\$143,004</u>	<u>\$ 25,758</u>	<u>\$16,340,000</u>	<u>\$12,336,965</u>

CITY OF HENDERSON, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

VIII. 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 \$202,555,000. 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, 2004, outstanding general obligation bonds in the amount of \$12,940,000 are considered defeased.

IX. 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. 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.

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

IX. RETIREMENT PLAN (continued)

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

<u>Fiscal year</u>	<u>Contribution Rate</u>		<u>Total Contribution</u>
	<u>Regular Members</u>	<u>Police/ Fire</u>	
2003/04	20.25%	28.5%	\$23,171,741
2002/03	18.75%	28.5%	\$20,006,616
2001/02	18.75%	28.5%	\$17,428,268

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.

X. RISK MANAGEMENT

State and local governments are subject to many types of claims such as workmen'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") along with various other property and liability coverage including a \$354 million blanket property insurance policy on all buildings and \$18 million for building contents, with a \$10,000 deductible; \$2.7 million Inland Marine coverage on a scheduled basis for heavy equipment with a \$50,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery, and alteration; and a \$5.6 million Fire Truck Physical Damage policy with a \$50,000 deductible.

The City maintains its self-insurance fund to cover all claims made or occurring prior to securing its excess liability policy and all claims that fall under the \$1,000,000 SIR. The City's risk manager works with the City Attorney's office; an outside claims adjusting firm; the excess insurance company and its administrator; and, applicable departments in handling claims filed against the City. In addition, the City obtains an actuarial analysis on an annual basis. At June 30, 2004, the Self Insurance Fund had \$4,745,600 in working capital. No current claims are expected to be settled in a manner which would adversely affect the fund's financial condition.

Workmen's Compensation - On April 1, 1993, the City became self-insured for workmen's compensation claims. Effective January 1, 2004, the City increased its SIR from \$750,000 to \$1,000,000 for all employees per occurrence, with a maximum of \$10 million on all claims per coverage period.

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

X. RISK MANAGEMENT (continued)

Group Health Insurance – On July 1, 1992 the City became self-insured for employee health benefits, providing medical, dental and vision care. A specific stop loss policy of \$75,000 per participant with a \$1 million lifetime maximum is maintained. A third party administrator is used to pay claims.

Changes in the funds' claims liability amounts for the years ended June 30, 2004 and 2003 were:

	Liability Balance Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at End Of Fiscal Year
Fiscal Year 2003/04:				
Liability	\$ 497,857	\$ 269,985	\$ 269,985	\$ 497,857
Workmen's Compensation	1,519,357	1,141,628	1,122,781	1,538,204
Health Insurance	849,305	4,966,445	4,966,445	849,305
	<u>\$2,866,519</u>	<u>\$6,378,058</u>	<u>\$6,359,211</u>	<u>\$2,885,366</u>
Fiscal Year 2002/03:				
Liability	\$ 497,857	\$ 147,438	\$ 147,438	\$ 497,857
Workmen's Compensation	1,274,254	990,955	745,852	1,519,357
Health Insurance	849,305	3,599,430	3,599,430	849,305
	<u>\$2,621,416</u>	<u>\$4,737,823</u>	<u>\$4,492,720</u>	<u>\$2,866,519</u>

XI. 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.

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, 2004, the City of Henderson's investment in the joint venture is \$2,111,877. 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.

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

XII. COMMITMENTS AND CONTINGENCIES

A. Construction in Progress

Construction in progress in the total amount of \$128,441,976 at June 30, 2004 is reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$183,515,647 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.

The sinking fund will be maintained for a period of thirty years commencing in 1989 after which the City will be allowed to utilize the fund proceeds, if any, for any appropriate municipal purpose. Developer contributions with accumulated interest are expected to constitute \$4,500,000 of the total. The City intends to make contributions from property tax revenue that will be generated from increased assessed valuation resulting from the development. The developer estimates assessed valuation at complete build-out to be \$1,215,655,000 (35% of actual value).

D. Landfill Closure

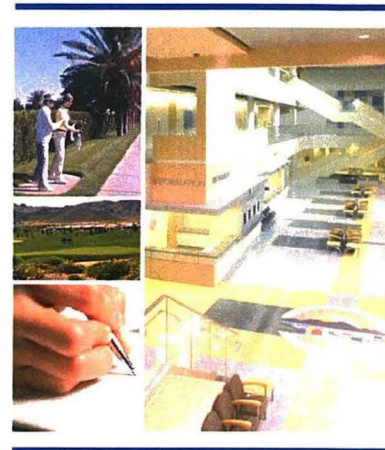
The City leased land from the Bureau of Land Management (BLM) for operation of a solid waste municipal landfill from November 1965 until November 1975. The City maintained the lease with the BLM through 1996. In March of 1997, the City entered into an agreement with the Nevada Division of Environmental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

E. Redevelopment Agency

The City of Henderson Redevelopment Agency has entered into several promissory notes in the original aggregate amount of \$11,030,573 as part of an Owner Participation Agreement with Cornerstone Partners I, L.L.C. The notes vary by amount of indebtedness, interest rate and maturity date. In addition, the indebtedness represented by each note has been allocated to various parcels of land and is payable solely and exclusively from a predetermined percentage of the Site Tax Increment received by the Agency on those specific parcels and shall not be payable from any other source. Because the requirements to repay the notes are 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 these financial statements.

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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.

Graffiti Reward and Abatement Special Revenue - to account for graffiti-related court assessments which are to be used to pay rewards for information resulting in the conviction of graffiti ordinance violators.

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 grants awarded to the City other than those reflected in the HUD Proceeds Capital Projects Fund.

Lake Las Vegas Fund - to account for resources to be used solely to fund costs of storm water treatment and/or conveyance in the event that Federal and/or State agencies determine that more stringent treatment standards are required as a result of the creation of Lake Las Vegas.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Land Sales - to account for the purchase and sale of City owned property. The City has traditionally used proceeds from these sales for miscellaneous capital projects.

Special Recreation - to account for costs of recreational equipment and other recreational purposes. Funds for these purposes are provided by revenues received from the Las Vegas Convention and Visitors Authority.

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

HUD Proceeds - to account for costs of providing loans and grants given for the purpose of housing rehabilitation and the construction of capital improvements, such as streets and street lighting. Primary funding is provided by Federal grants.

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

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2004

ASSETS

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Cash and investments	\$ 31,912,192	\$ 18,411,916	\$ 50,324,108
Accounts receivable	32,183	31,529	63,712
Accrued interest receivable	139,213	77,322	216,535
Due from other governments	1,304,516	1,589,836	2,894,352
Land held for resale	7,742,608	-	7,742,608
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 41,130,712	\$ 20,110,603	\$ 61,241,315
	<hr/>	<hr/>	<hr/>

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable and accrued wages	\$ 331,806	\$ 499,512	\$ 831,318
Compensated absences payable	1,814	17,573	19,387
Construction contracts payable	244,392	172,638	417,030
Deposits	-	21,839	21,839
Due to other governments	-	296,177	296,177
Due to other funds	462,999	26,787	489,786
Advances from other funds	-	3,363,295	3,363,295
Total liabilities	<hr/> 1,041,011	<hr/> 4,397,821	<hr/> 5,438,832
	<hr/>	<hr/>	<hr/>

FUND BALANCES:

Reserved for debt service	1,375,531	-	1,375,531
Reserved for land held for resale	7,742,608	-	7,742,608
Reserved for sinking fund	3,098,398	-	3,098,398
Unreserved - undesignated	27,873,164	15,712,782	43,585,946
Total fund balances	<hr/> 40,089,701	<hr/> 15,712,782	<hr/> 55,802,483
	<hr/>	<hr/>	<hr/>

TOTAL LIABILITIES AND FUND BALANCES

\$ 41,130,712	\$ 20,110,603	\$ 61,241,315
<hr/>	<hr/>	<hr/>

CITY OF HENDERSON, NEVADA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2004

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES:			
Property taxes	\$ 2,164,528	\$ 1,199,219	\$ 3,363,747
Intergovernmental	4,545,117	5,652,666	10,197,783
Charges for services	170,960	-	170,960
Fines and forfeits	500,506	-	500,506
Developer contributions	988,550	223,615	1,212,165
Impact fees	-	1,499,185	1,499,185
Miscellaneous interest	240,280	128,077	368,357
Miscellaneous	1,115,876	367,880	1,483,756
Total revenues	<u>9,725,817</u>	<u>9,070,642</u>	<u>18,796,459</u>
EXPENDITURES:			
Current:			
General government	1,939,923	-	1,939,923
Judicial	348,209	-	348,209
Public safety	1,056,586	-	1,056,586
Public works	16,133	3,643,164	3,659,297
Culture and recreation	570,029	541,541	1,111,570
Total current	<u>3,930,880</u>	<u>4,184,705</u>	<u>8,115,585</u>
Capital outlay:			
General government	39,533	-	39,533
Judicial	36,980	-	36,980
Public safety	652,303	-	652,303
Public works	1,734,163	1,976,995	3,711,158
Culture and recreation	127,178	3,952,298	4,079,476
Total capital outlay	<u>2,590,157</u>	<u>5,929,293</u>	<u>8,519,450</u>
Debt service:			
Principal retirement	20,740	-	20,740
Interest and fiscal charges	878,564	-	878,564
Total debt service	<u>899,304</u>	<u>-</u>	<u>899,304</u>
Total expenditures	<u>7,420,341</u>	<u>10,113,998</u>	<u>17,534,339</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,305,476</u>	<u>(1,043,356)</u>	<u>1,262,120</u>
OTHER FINANCING SOURCES (USES):			
Land sales	-	3,472,086	3,472,086
Transfers in	1,908,662	1,166,250	3,074,912
Transfers out	(231,479)	(1,391,104)	(1,622,583)
Total other financing sources	<u>1,677,183</u>	<u>3,247,232</u>	<u>4,924,415</u>
NET CHANGE IN FUND BALANCES	3,982,659	2,203,876	6,186,535
FUND BALANCES, BEGINNING OF YEAR	<u>36,107,042</u>	<u>13,508,906</u>	<u>49,615,948</u>
FUND BALANCES, END OF YEAR	<u>\$ 40,089,701</u>	<u>\$ 15,712,782</u>	<u>\$ 55,802,483</u>

CITY OF HENDERSON, NEVADA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2004

ASSETS

	Redevelopment Agency Special Revenue	Gas Tax Special Revenue	Forfeited Assets Special Revenue	Municipal Court Administrative Fee Special Revenue	Financial Stabilization Special Revenue	Graffiti Reward and Abatement Special Revenue	Equipment Repair and Maintenance Special Revenue	Multipurpose Special Revenue	Lake Las Vegas Special Revenue	Total
Cash and investments	\$ 10,233,125	\$ 5,816,768	\$ 149,866	\$ 578,337	\$ 7,492,299	\$ 4,463	\$ 4,553,280	\$ -	\$ 3,084,054	\$ 31,912,192
Accounts receivable	30,253	-	-	-	-	-	-	1,930	-	32,183
Accrued interest receivable	35,353	30,088	542	-	36,452	-	22,434	-	14,344	139,213
Due from other governments	57,882	478,755	-	-	-	-	-	767,879	-	1,304,516
Land held for resale	7,742,608	-	-	-	-	-	-	-	-	7,742,608
TOTAL ASSETS	\$ 18,099,221	\$ 6,325,611	\$ 150,408	\$ 578,337	\$ 7,528,751	\$ 4,463	\$ 4,575,714	\$ 769,809	\$ 3,098,398	\$ 41,130,712

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable and accrued wages	\$ 93,760	\$ -	\$ -	\$ 10,911	\$ -	\$ -	\$ 69,745	\$ 157,390	\$ -	\$ 331,806
Compensated absences payable	1,814	-	-	-	-	-	-	-	-	1,814
Construction contracts payable	-	173,211	-	-	-	-	71,181	-	-	244,392
Due to other funds	-	-	-	-	-	-	-	462,999	-	462,999
Total liabilities	95,574	173,211	-	10,911	-	-	140,926	620,389	-	1,041,011

FUND BALANCES:

Reserved for debt service	1,375,531	-	-	-	-	-	-	-	-	1,375,531
Reserved for land held for resale	7,742,608	-	-	-	-	-	-	-	-	7,742,608
Reserved for sinking fund	-	-	-	-	-	-	-	-	3,098,398	3,098,398
Unreserved - undesignated	8,885,508	6,152,400	150,408	567,426	7,528,751	4,463	4,434,788	149,420	-	27,873,164
Total fund balances	18,003,647	6,152,400	150,408	567,426	7,528,751	4,463	4,434,788	149,420	3,098,398	40,089,701

TOTAL LIABILITIES AND

FUND BALANCES	\$ 18,099,221	\$ 6,325,611	\$ 150,408	\$ 578,337	\$ 7,528,751	\$ 4,463	\$ 4,575,714	\$ 769,809	\$ 3,098,398	\$ 41,130,712
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CITY OF HENDERSON, NEVADA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) FOR THE YEAR ENDED JUNE 30, 2004

	Redevelopment Agency Special Revenue	Gas Tax Special Revenue	Forfeited Assets Special Revenue	Municipal Court Administrative Fee Special Revenue	Financial Stabilization Special Revenue	Graffiti Reward and Abatement Special Revenue	Equipment Repair and Maintenance Special Revenue	Multipurpose Special Revenue	Lake Las Vegas Special Revenue	Total
REVENUES:										
Property taxes	\$ 2,164,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,164,528
Intergovernmental	1,450	2,654,877	-	-	-	-	-	1,888,790	-	4,545,117
Charges for services	-	-	-	-	-	-	170,960	-	-	170,960
Fines and forfeits	-	-	160,304	340,202	-	-	-	-	-	500,506
Developer contributions	-	-	-	-	-	-	935,510	-	53,040	988,550
Miscellaneous interest	90,776	43,643	510	-	53,859	-	31,469	-	20,023	240,280
Miscellaneous	428,715	87,554	-	1,549	-	-	6,008	592,050	-	1,115,876
Total revenues	2,685,469	2,786,074	160,814	341,751	53,859	-	1,143,947	2,480,840	73,063	9,725,817
EXPENDITURES:										
Current:										
General government	1,528,716	-	-	-	-	-	381,353	29,854	-	1,939,923
Judicial	-	-	-	129,179	-	-	219,030	-	-	348,209
Public safety	-	-	43,950	-	-	-	-	1,012,636	-	1,056,586
Public works	-	-	-	-	-	-	11,322	4,811	-	16,133
Culture and recreation	-	-	-	-	-	-	-	570,029	-	570,029
Total current	1,528,716	-	43,950	129,179	-	-	611,705	1,617,330	-	3,930,880
Capital outlay:										
General government	-	-	-	-	-	-	39,533	-	-	39,533
Judicial	-	-	-	29,164	-	-	7,816	-	-	36,980
Public safety	-	-	37,482	-	-	-	-	614,821	-	652,303
Public works	-	937,389	-	-	-	-	796,774	-	-	1,734,163
Culture and recreation	-	-	-	-	-	-	-	127,178	-	127,178
Total capital outlay	-	937,389	37,482	29,164	-	-	844,123	741,999	-	2,590,157
Debt service:										
Principal retirement	20,740	-	-	-	-	-	-	-	-	20,740
Interest and fiscal charges	878,564	-	-	-	-	-	-	-	-	878,564
Total debt service	899,304	-	-	-	-	-	-	-	-	899,304
Total expenditures	2,428,020	937,389	81,432	158,343	-	-	1,455,828	2,359,329	-	7,420,341
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	257,449	1,848,685	79,382	183,408	53,859	-	(311,881)	121,511	73,063	2,305,476
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	-	350,000	-	1,175,000	110,000	273,662	1,908,662
Transfers out	-	(128,469)	-	-	-	-	(103,010)	-	-	(231,479)
Total other financing sources (uses)	-	(128,469)	-	-	350,000	-	1,071,990	110,000	273,662	1,677,183
NET CHANGE IN FUND BALANCES	257,449	1,720,216	79,382	183,408	403,859	-	760,109	231,511	346,725	3,982,659
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	17,746,198	4,432,184	71,026	384,018	7,124,892	4,463	3,674,679	(82,091)	2,751,673	36,107,042
FUND BALANCES, END OF YEAR	\$ 18,003,647	\$ 6,152,400	\$ 150,408	\$ 567,426	\$ 7,528,751	\$ 4,463	\$ 4,434,788	\$ 149,420	\$ 3,098,398	\$ 40,089,701

CITY OF HENDERSON, NEVADA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2004

ASSETS

	<u>Land Sales</u>	<u>Special Recreation</u>	<u>Bond Proceeds</u>	<u>HUD Proceeds</u>	<u>Park Development</u>	<u>Flood Control</u>	<u>RTC/ County Funded</u>	<u>Special Ad Valorem Transportation</u>	<u>Total</u>
Cash and investments	\$ 6,386,436	\$ 1,431,477	\$ 2,522,091	\$ -	\$ 5,964,550	\$ 135,388	\$ 369,602	\$ 1,602,372	\$ 18,411,916
Accounts receivable	2,526	-	-	29,003	-	-	-	-	31,529
Accrued interest receivable	32,968	11,655	-	-	25,856	691	-	6,152	77,322
Due from other governments	-	587,121	-	212,965	-	-	394,332	395,418	1,589,836
TOTAL ASSETS	<u>\$ 6,421,930</u>	<u>\$ 2,030,253</u>	<u>\$ 2,522,091</u>	<u>\$ 241,968</u>	<u>\$ 5,990,406</u>	<u>\$ 136,079</u>	<u>\$ 763,934</u>	<u>\$ 2,003,942</u>	<u>\$ 20,110,603</u>

LIABILITIES AND FUND BALANCES (DEFICIT)

LIABILITIES:

Accounts payable and accrued wages	\$ 16,674	\$ 110,021	\$ 3,594	\$ 262,799	\$ 94,444	\$ -	\$ -	\$ 11,980	\$ 499,512
Compensated absences payable	-	-	-	17,573	-	-	-	-	17,573
Construction contracts payable	-	-	-	-	142,948	29,690	-	-	172,638
Deposits	21,839	-	-	-	-	-	-	-	21,839
Due to other governments	-	-	-	-	-	-	170,748	125,429	296,177
Due to other funds	-	-	-	26,787	-	-	-	-	26,787
Advances from other funds	3,363,295	-	-	-	-	-	-	-	3,363,295
Total liabilities	<u>3,401,808</u>	<u>110,021</u>	<u>3,594</u>	<u>307,159</u>	<u>237,392</u>	<u>29,690</u>	<u>170,748</u>	<u>137,409</u>	<u>4,397,821</u>

FUND BALANCES (DEFICIT):

Unreserved - undesignated	<u>3,020,122</u>	<u>1,920,232</u>	<u>2,518,497</u>	<u>(65,191)</u>	<u>5,753,014</u>	<u>106,389</u>	<u>593,186</u>	<u>1,866,533</u>	<u>15,712,782</u>
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TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)

	<u>\$ 6,421,930</u>	<u>\$ 2,030,253</u>	<u>\$ 2,522,091</u>	<u>\$ 241,968</u>	<u>\$ 5,990,406</u>	<u>\$ 136,079</u>	<u>\$ 763,934</u>	<u>\$ 2,003,942</u>	<u>\$ 20,110,603</u>
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CITY OF HENDERSON, NEVADA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) FOR THE YEAR ENDED JUNE 30, 2004

	<u>Land Sales</u>	<u>Special Recreation</u>	<u>Bond Proceeds</u>	<u>HUD Proceeds</u>	<u>Park Development</u>	<u>Flood Control</u>	<u>RTC/ County Funded</u>	<u>Special Ad Valorem Transportation</u>	<u>Total</u>
REVENUES:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,199,219	\$ 1,199,219
Intergovernmental	-	1,967,915	-	2,573,680	-	-	1,111,071	-	5,652,666
Developer contributions	41,544	-	-	121,502	-	-	60,569	-	223,615
Impact fees	-	-	-	-	1,499,185	-	-	-	1,499,185
Miscellaneous interest	56,088	26,229	1,695	-	38,832	1,073	-	4,160	128,077
Miscellaneous	367,870	-	10	-	-	-	-	-	367,880
Total revenues	<u>465,502</u>	<u>1,994,144</u>	<u>1,705</u>	<u>2,695,182</u>	<u>1,538,017</u>	<u>1,073</u>	<u>1,171,640</u>	<u>1,203,379</u>	<u>9,070,642</u>
EXPENDITURES:									
Current:									
Public works	587,610	-	-	2,886,851	-	-	-	168,703	3,643,164
Culture and recreation	-	329,687	57,627	-	154,227	-	-	-	541,541
Total current	<u>587,610</u>	<u>329,687</u>	<u>57,627</u>	<u>2,886,851</u>	<u>154,227</u>	<u>-</u>	<u>-</u>	<u>168,703</u>	<u>4,184,705</u>
Capital outlay:									
Public works	799,385	-	17,259	88,674	-	-	1,071,677	-	1,976,995
Culture and recreation	-	210,349	38,819	-	3,703,130	-	-	-	3,952,298
Total capital outlay	<u>799,385</u>	<u>210,349</u>	<u>56,078</u>	<u>88,674</u>	<u>3,703,130</u>	<u>-</u>	<u>1,071,677</u>	<u>-</u>	<u>5,929,293</u>
Total expenditures	<u>1,386,995</u>	<u>540,036</u>	<u>113,705</u>	<u>2,975,525</u>	<u>3,857,357</u>	<u>-</u>	<u>1,071,677</u>	<u>168,703</u>	<u>10,113,998</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(921,493)</u>	<u>1,454,108</u>	<u>(112,000)</u>	<u>(280,343)</u>	<u>(2,319,340)</u>	<u>1,073</u>	<u>99,963</u>	<u>1,034,676</u>	<u>(1,043,356)</u>
OTHER FINANCING SOURCES (USES):									
Land sales	3,472,086	-	-	-	-	-	-	-	3,472,086
Transfers in	-	-	-	-	1,166,250	-	-	-	1,166,250
Transfers out	(171,527)	(1,217,882)	(1,695)	-	-	-	-	-	(1,391,104)
Total other financing sources (uses)	<u>3,300,559</u>	<u>(1,217,882)</u>	<u>(1,695)</u>	<u>-</u>	<u>1,166,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,247,232</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	<u>2,379,066</u>	<u>236,226</u>	<u>(113,695)</u>	<u>(280,343)</u>	<u>(1,153,090)</u>	<u>1,073</u>	<u>99,963</u>	<u>1,034,676</u>	<u>2,203,876</u>
FUND BALANCES, BEGINNING OF YEAR	<u>641,056</u>	<u>1,684,006</u>	<u>2,632,192</u>	<u>215,152</u>	<u>6,906,104</u>	<u>105,316</u>	<u>493,223</u>	<u>831,857</u>	<u>13,508,906</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 3,020,122</u>	<u>\$ 1,920,232</u>	<u>\$ 2,518,497</u>	<u>\$ (65,191)</u>	<u>\$ 5,753,014</u>	<u>\$ 106,389</u>	<u>\$ 593,186</u>	<u>\$ 1,866,533</u>	<u>\$ 15,712,782</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 25,940,717	\$ 25,765,571	\$ (175,146)
Franchise fees	21,377,856	21,227,833	(150,023)
Licenses and permits	6,561,287	6,856,573	295,286
Intergovernmental	76,236,962	82,251,679	6,014,717
Charges for services	11,158,612	11,616,221	457,609
Fines and forfeits	2,496,215	2,497,535	1,320
Miscellaneous interest	651,384	75,602	(575,782)
Miscellaneous	955,014	1,041,191	86,177
Total revenues	<u>145,378,047</u>	<u>151,332,205</u>	<u>5,954,158</u>
GENERAL GOVERNMENT:			
Mayor and Council:			
Salaries and wages	236,051	228,682	7,369
Employee benefits	111,108	135,125	(24,017)
Services and supplies	235,427	215,405	20,022
Total Mayor and Council	<u>582,586</u>	<u>579,212</u>	<u>3,374</u>
City Manager:			
Salaries and wages	1,602,603	1,639,063	(36,460)
Employee benefits	521,029	567,034	(46,005)
Services and supplies	1,941,783	695,132	1,246,651
Capital outlay	68,545	-	68,545
Total City Manager	<u>4,133,960</u>	<u>2,901,229</u>	<u>1,232,731</u>
Finance:			
Salaries and wages	2,755,867	2,654,548	101,319
Employee benefits	1,018,532	948,251	70,281
Services and supplies	1,200,772	782,176	418,596
Capital outlay	121,748	42,205	79,543
Total Finance	<u>5,096,919</u>	<u>4,427,180</u>	<u>669,739</u>
Information Technology:			
Salaries and wages	2,629,674	2,569,956	59,718
Employee benefits	964,355	916,637	47,718
Services and supplies	3,386,342	2,323,089	1,063,253
Capital outlay	765,608	440,319	325,289
Total Information Technology	<u>7,745,979</u>	<u>6,250,001</u>	<u>1,495,978</u>
City Clerk:			
Salaries and wages	927,106	905,422	21,684
Employee benefits	315,676	308,301	7,375
Services and supplies	289,670	194,452	95,218
Capital outlay	102,357	44,345	58,012
Total City Clerk	<u>1,634,809</u>	<u>1,452,520</u>	<u>182,289</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) (Continued) FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
GENERAL GOVERNMENT (continued):			
Human Resources:			
Salaries and wages	\$ 1,216,996	\$ 1,183,391	\$ 33,605
Employee benefits	439,493	413,784	25,709
Services and supplies	514,870	316,267	198,603
Capital outlay	15,000	-	15,000
Total Human Resources	<u>2,186,359</u>	<u>1,913,442</u>	<u>272,917</u>
City Attorney:			
Salaries and wages	3,224,935	2,938,294	286,641
Employee benefits	1,162,423	1,046,697	115,726
Services and supplies	1,644,653	1,141,506	503,147
Capital outlay	68,764	47,603	21,161
Total City Attorney	<u>6,100,775</u>	<u>5,174,100</u>	<u>926,675</u>
Community Development:			
Salaries and wages	2,113,237	2,094,209	19,028
Employee benefits	745,948	699,156	46,792
Services and supplies	1,225,111	509,200	715,911
Capital outlay	20,000	-	20,000
Total Community Development	<u>4,104,296</u>	<u>3,302,565</u>	<u>801,731</u>
Building Maintenance:			
Salaries and wages	1,179,168	1,072,354	106,814
Employee benefits	368,749	355,425	13,324
Services and supplies	3,553,986	3,035,401	518,585
Capital outlay	458,982	44,034	414,948
Total Building Maintenance	<u>5,560,885</u>	<u>4,507,214</u>	<u>1,053,671</u>
Economic Development:			
Salaries and wages	268,480	269,751	(1,271)
Employee benefits	92,700	95,096	(2,396)
Services and supplies	204,369	193,593	10,776
Total Economic Development	<u>565,549</u>	<u>558,440</u>	<u>7,109</u>
Miscellaneous:			
Salaries and wages	800,000	745,103	54,897
Employee benefits	71,000	58,891	12,109
Services and supplies	1,694,530	1,467,671	226,859
Total Miscellaneous	<u>2,565,530</u>	<u>2,271,665</u>	<u>293,865</u>
Total General Government	<u>40,277,647</u>	<u>33,337,568</u>	<u>6,940,079</u>
JUDICIAL:			
Municipal Court:			
Salaries and wages	2,244,027	2,130,683	113,344
Employee benefits	804,898	762,944	41,954
Services and supplies	325,866	293,159	32,707
Total Judicial	<u>3,374,791</u>	<u>3,186,786</u>	<u>188,005</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) (Continued) FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
PUBLIC SAFETY:			
Fire:			
Salaries and wages	\$ 16,968,078	\$ 17,008,283	\$ (40,205)
Employee benefits	6,158,907	6,104,307	54,600
Services and supplies	3,960,633	4,170,941	(210,308)
Capital outlay	163,924	50,517	113,407
Total Fire	<u>27,251,542</u>	<u>27,334,048</u>	<u>(82,506)</u>
Police:			
Salaries and wages	28,885,002	28,808,916	76,086
Employee benefits	11,160,405	11,113,032	47,373
Services and supplies	7,387,618	6,724,723	662,895
Capital outlay	1,498,235	999,054	499,181
Total Police	<u>48,931,260</u>	<u>47,645,725</u>	<u>1,285,535</u>
Building Inspection:			
Salaries and wages	863,978	798,480	65,498
Employee benefits	261,450	258,033	3,417
Services and supplies	151,691	130,818	20,873
Total Building Inspection	<u>1,277,119</u>	<u>1,187,331</u>	<u>89,788</u>
Total Public Safety	<u>77,459,921</u>	<u>76,167,104</u>	<u>1,292,817</u>
PUBLIC WORKS:			
Streets:			
Salaries and wages	1,161,218	1,109,227	51,991
Employee benefits	361,792	361,110	682
Services and supplies	1,111,239	1,053,178	58,061
Capital outlay	164,381	3,650	160,731
Total Streets	<u>2,798,630</u>	<u>2,527,165</u>	<u>271,465</u>
Street Lighting:			
Salaries and wages	901,585	858,808	42,777
Employee benefits	290,184	280,249	9,935
Services and supplies	2,426,081	2,496,397	(70,316)
Capital outlay	200,648	-	200,648
Total Street Lighting	<u>3,818,498</u>	<u>3,635,454</u>	<u>183,044</u>
Flood Control:			
Salaries and wages	155,730	145,040	10,690
Employee benefits	51,650	48,514	3,136
Services and supplies	218,871	144,101	74,770
Capital outlay	23,726	-	23,726
Total Flood Control	<u>449,977</u>	<u>337,655</u>	<u>112,322</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) (Continued) FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
PUBLIC WORKS (continued):			
Public Works General Services:			
Salaries and wages	\$ 373,030	\$ 200,268	\$ 172,762
Employee benefits	188,300	71,608	116,692
Services and supplies	116,556	24,726	91,830
Total Public Works General Services	<u>677,886</u>	<u>296,602</u>	<u>381,284</u>
Total Public Works	<u>7,744,991</u>	<u>6,796,876</u>	<u>948,115</u>
CULTURE AND RECREATION:			
Parks:			
Salaries and wages	5,089,458	5,165,846	(76,388)
Employee benefits	1,624,950	1,720,973	(96,023)
Services and supplies	3,954,660	3,446,254	508,406
Capital outlay	572,952	208,342	364,610
Total Parks	<u>11,242,020</u>	<u>10,541,415</u>	<u>700,605</u>
Recreation:			
Salaries and wages	9,310,879	9,004,946	305,933
Employee benefits	2,042,942	2,008,453	34,489
Services and supplies	4,992,784	4,691,225	301,559
Total Recreation	<u>16,346,605</u>	<u>15,704,624</u>	<u>641,981</u>
Total Culture and Recreation	<u>27,588,625</u>	<u>26,246,039</u>	<u>1,342,586</u>
Total Expenditures	<u>156,445,975</u>	<u>145,734,373</u>	<u>10,711,602</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,067,928)</u>	<u>5,597,832</u>	<u>16,665,760</u>
OTHER FINANCING SOURCES (USES):			
Capital leases	809,200	809,200	-
Transfers in	8,163,876	8,268,407	104,531
Transfers out	<u>(8,563,457)</u>	<u>(8,776,457)</u>	<u>(213,000)</u>
Total Other Financing Uses	<u>409,619</u>	<u>301,150</u>	<u>(108,469)</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) (Continued) FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
NET CHANGE IN FUND BALANCES	\$ (10,658,309)	\$ 5,898,982	\$ 16,557,291
FUND BALANCES, BEGINNING OF YEAR	<u>20,205,319</u>	<u>20,205,319</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,547,010</u>	<u>\$ 26,104,301</u>	<u>\$ 16,557,291</u>

CITY OF HENDERSON, NEVADA

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 2,292,475	\$ 2,164,528	\$ (127,947)
Intergovernmental	-	1,450	1,450
Miscellaneous interest	250,000	90,776	(159,224)
Miscellaneous	253,850	428,715	174,865
Total revenues	<u>2,796,325</u>	<u>2,685,469</u>	<u>(110,856)</u>
EXPENDITURES:			
General government:			
Salaries and wages	522,512	506,330	16,182
Employee benefits	186,674	196,070	(9,396)
Services and supplies	1,115,070	826,316	288,754
Total general government	<u>1,824,256</u>	<u>1,528,716</u>	<u>295,540</u>
Debt service:			
Principal retirement	37,815	20,740	17,075
Interest and fiscal charges	899,624	878,564	21,060
Total debt service	<u>937,439</u>	<u>899,304</u>	<u>38,135</u>
Total expenditures	<u>2,761,695</u>	<u>2,428,020</u>	<u>333,675</u>
NET CHANGE IN FUND BALANCES	34,630	257,449	222,819
FUND BALANCES, BEGINNING OF YEAR	<u>17,746,198</u>	<u>17,746,198</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 17,780,828</u>	<u>\$ 18,003,647</u>	<u>\$ 222,819</u>

CITY OF HENDERSON, NEVADA

GAS TAX SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 2,443,587	\$ 2,654,877	\$ 211,290
Miscellaneous interest	130,000	43,643	(86,357)
Miscellaneous	80,000	87,554	7,554
Total revenues	<u>2,653,587</u>	<u>2,786,074</u>	<u>132,487</u>
EXPENDITURES:			
Public works:			
Services and supplies	127,268	-	127,268
Capital outlay	<u>5,212,296</u>	<u>937,389</u>	<u>4,274,907</u>
Total expenditures	<u>5,339,564</u>	<u>937,389</u>	<u>4,402,175</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,685,977)	1,848,685	4,534,662
OTHER FINANCING USES:			
Transfers out	<u>(130,000)</u>	<u>(128,469)</u>	<u>1,531</u>
NET CHANGE IN FUND BALANCES	(2,815,977)	1,720,216	4,536,193
FUND BALANCES, BEGINNING OF YEAR	<u>4,432,184</u>	<u>4,432,184</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,616,207</u>	<u>\$ 6,152,400</u>	<u>\$ 4,536,193</u>

CITY OF HENDERSON, NEVADA

FORFEITED ASSETS SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Fines and forfeits	\$ 54,000	\$ 160,304	\$ 106,304
Miscellaneous interest	5,915	510	(5,405)
Total revenues	<u>59,915</u>	<u>160,814</u>	<u>100,899</u>
EXPENDITURES:			
Public safety:			
Services and supplies	100,000	43,950	56,050
Capital outlay	-	37,482	(37,482)
Total expenditures	<u>100,000</u>	<u>81,432</u>	<u>18,568</u>
NET CHANGE IN FUND BALANCES	(40,085)	79,382	119,467
FUND BALANCES, BEGINNING OF YEAR	<u>148,640</u>	<u>71,026</u>	<u>(77,614)</u>
FUND BALANCES, END OF YEAR	<u>\$ 108,555</u>	<u>\$ 150,408</u>	<u>\$ 41,853</u>

CITY OF HENDERSON, NEVADA

MUNICIPAL COURT ADMINISTRATIVE FEE SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Fines and forfeits	\$ 319,000	\$ 340,202	\$ 21,202
Miscellaneous	-	1,549	1,549
Total reveues	<u>319,000</u>	<u>341,751</u>	<u>22,751</u>
EXPENDITURES:			
Judicial:			
Services and supplies	225,492	129,179	96,313
Capital outlay	<u>211,814</u>	<u>29,164</u>	<u>182,650</u>
Total expenditures	<u>437,306</u>	<u>158,343</u>	<u>278,963</u>
NET CHANGE IN FUND BALANCES	(118,306)	183,408	301,714
FUND BALANCES, BEGINNING OF YEAR	<u>384,018</u>	<u>384,018</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 265,712</u>	<u>\$ 567,426</u>	<u>\$ 301,714</u>

CITY OF HENDERSON, NEVADA

FINANCIAL STABILIZATION SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Miscellaneous interest	\$ 305,000	\$ 53,859	\$ (251,141)
OTHER FINANCING SOURCES:			
Transfers in	<u>150,000</u>	<u>350,000</u>	<u>200,000</u>
NET CHANGE IN FUND BALANCES	455,000	403,859	(51,141)
FUND BALANCES, BEGINNING OF YEAR	<u>7,310,692</u>	<u>7,124,892</u>	<u>(185,800)</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,765,692</u>	<u>\$ 7,528,751</u>	<u>\$ (236,941)</u>

CITY OF HENDERSON, NEVADA

GRAFFITI REWARD AND ABATEMENT SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Fines and forfeits	\$ 200	\$ -	\$ (200)
FUND BALANCES, BEGINNING OF YEAR	<u>4,663</u>	<u>4,463</u>	<u>(200)</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,863</u>	<u>\$ 4,463</u>	<u>\$ (400)</u>

CITY OF HENDERSON, NEVADA

EQUIPMENT REPAIR AND MAINTENANCE SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 170,960	\$ 170,960	\$ -
Developer contributions	1,065,804	935,510	(130,294)
Miscellaneous interest	87,200	31,469	(55,731)
Miscellaneous	-	6,008	6,008
Total revenues	<u>1,323,964</u>	<u>1,143,947</u>	<u>(180,017)</u>
EXPENDITURES:			
General government:			
Services and supplies	1,058,596	381,353	677,243
Capital outlay	50,000	39,533	10,467
Total general government	<u>1,108,596</u>	<u>420,886</u>	<u>687,710</u>
Judicial			
Salaries	20,000	20,000	-
Services and supplies	373,317	199,030	174,287
Capital outlay	390,000	7,816	382,184
Total judicial	<u>783,317</u>	<u>226,846</u>	<u>556,471</u>
Public works:			
Services and supplies	620,699	11,322	609,377
Capital outlay	1,933,838	796,774	1,137,064
Total public works	<u>2,554,537</u>	<u>808,096</u>	<u>1,746,441</u>
Culture and recreation			
Capital outlay	650,000	-	650,000
Total expenditures	<u>5,096,450</u>	<u>1,455,828</u>	<u>3,640,622</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(3,772,486)</u>	<u>(311,881)</u>	<u>3,460,605</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,175,000	1,175,000	-
Transfers out	-	(103,010)	(103,010)
Total other financing sources	<u>1,175,000</u>	<u>1,071,990</u>	<u>(103,010)</u>
NET CHANGE IN FUND BALANCES	(2,597,486)	760,109	3,357,595
FUND BALANCES, BEGINNING OF YEAR	<u>3,674,679</u>	<u>3,674,679</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,077,193</u>	<u>\$ 4,434,788</u>	<u>\$ 3,357,595</u>

CITY OF HENDERSON, NEVADA

MULTIPURPOSE SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 6,158,584	\$ 1,888,790	\$ (4,269,794)
Miscellaneous	-	592,050	592,050
Total revenues	<u>6,158,584</u>	<u>2,480,840</u>	<u>(3,677,744)</u>
EXPENDITURES:			
General government:			
Services and supplies	<u>35,882</u>	<u>29,854</u>	<u>6,028</u>
Public safety:			
Salaries and wages	605,687	570,774	34,913
Employee benefits	293,187	236,392	56,795
Services and supplies	609,301	205,470	403,831
Capital outlay	1,427,403	614,821	812,582
Total public safety	<u>2,935,578</u>	<u>1,627,457</u>	<u>1,308,121</u>
Public works:			
Services and supplies	268,077	4,811	263,266
Capital outlay	1,288,486	-	1,288,486
Total public works	<u>1,556,563</u>	<u>4,811</u>	<u>1,551,752</u>
Culture and recreation:			
Salaries and wages	-	74,988	(74,988)
Employee benefits	-	12,901	(12,901)
Services and supplies	916,194	482,140	434,054
Capital outlay	742,276	127,178	615,098
Total culture and recreation	<u>1,658,470</u>	<u>697,207</u>	<u>961,263</u>
Total expenditures	<u>6,186,493</u>	<u>2,359,329</u>	<u>3,827,164</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(27,909)	121,511	149,420
OTHER FINANCING SOURCES:			
Transfers in	<u>110,000</u>	<u>110,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	82,091	231,511	149,420
FUND DEFICITS, BEGINNING OF YEAR	<u>(82,091)</u>	<u>(82,091)</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 149,420</u>	<u>\$ 149,420</u>

CITY OF HENDERSON, NEVADA

LAKE LAS VEGAS SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Developer contributions	\$ 99,892	\$ 53,040	\$ (46,852)
Miscellaneous interest	105,000	20,023	(84,977)
Total revenues	<u>204,892</u>	<u>73,063</u>	<u>(131,829)</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>273,662</u>	<u>273,662</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	478,554	346,725	(131,829)
FUND BALANCES, BEGINNING OF YEAR	<u>2,789,899</u>	<u>2,751,673</u>	<u>(38,226)</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,268,453</u>	<u>\$ 3,098,398</u>	<u>\$ (170,055)</u>

CITY OF HENDERSON, NEVADA

GENERAL OBLIGATION DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 15,116,777	\$ 14,976,539	\$ (140,238)
Miscellaneous interest	133,000	157,640	24,640
Miscellaneous	-	20	20
Total revenues	<u>15,249,777</u>	<u>15,134,199</u>	<u>(115,578)</u>
EXPENDITURES:			
Debt Service:			
Principal retirement	13,035,000	13,035,000	-
Interest and fiscal charges	4,993,439	4,963,244	30,195
Administrative and other costs	2,455,123	2,706,481	(251,358)
Total expenditures	<u>20,483,562</u>	<u>20,704,725</u>	<u>(221,163)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(5,233,785)</u>	<u>(5,570,526)</u>	<u>(336,741)</u>
OTHER FINANCING SOURCES (USES):			
Refunding debt issued	98,165,000	98,165,000	-
Premium on refunding debt issued	8,015,686	8,015,686	-
Payments to refunded bond escrow agent	(105,040,493)	(105,040,493)	-
Transfers in	11,253,175	11,253,175	-
Transfers out	(8,296,876)	(8,361,108)	(64,232)
Total other financing sources	<u>4,096,492</u>	<u>4,032,260</u>	<u>(64,232)</u>
NET CHANGE IN FUND BALANCES	(1,137,293)	(1,538,266)	(400,973)
FUND BALANCES, BEGINNING OF YEAR	<u>3,111,752</u>	<u>3,111,752</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,974,459</u>	<u>\$ 1,573,486</u>	<u>\$ (400,973)</u>

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Special assessments	\$ 6,781,789	\$ 1,818,361	\$ (4,963,428)
Miscellaneous interest	10,953,392	400,579	(10,552,813)
Miscellaneous	-	45,346	45,346
Total revenues	<u>17,735,181</u>	<u>2,264,286</u>	<u>(15,470,895)</u>
EXPENDITURES:			
Debt Service:			
Principal retirement	6,430,000	635,000	5,795,000
Interest and fiscal charges	9,550,919	288,400	9,262,519
Administrative and other costs	339,000	14,143	324,857
Total expenditures	<u>16,319,919</u>	<u>937,543</u>	<u>15,382,376</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,415,262	1,326,743	(88,519)
OTHER FINANCING USES:			
Transfers out	<u>(43,312)</u>	<u>(55,652)</u>	<u>(12,340)</u>
NET CHANGE IN FUND BALANCES	1,371,950	1,271,091	(100,859)
FUND BALANCES, BEGINNING OF YEAR	<u>26,578,221</u>	<u>1,181,925</u>	<u>(25,396,296)</u>
FUND BALANCES, END OF YEAR	<u>\$ 27,950,171</u>	<u>\$ 2,453,016</u>	<u>\$ (25,497,155)</u>

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Developer/property owner contributions	\$ 4,742,796	\$ 5,073,490	\$ 330,694
Miscellaneous interest	545,100	767,585	222,485
Total revenues	<u>5,287,896</u>	<u>5,841,075</u>	<u>553,179</u>
EXPENDITURES:			
Public works:			
Services and supplies	146,316	153,275	(6,959)
Capital outlay	16,627,721	14,226,861	2,400,860
Total expenditures	<u>16,774,037</u>	<u>14,380,136</u>	<u>2,393,901</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(11,486,141)	(8,539,061)	2,947,080
OTHER FINANCING SOURCES:			
Transfers in	<u>43,312</u>	<u>55,652</u>	<u>12,340</u>
NET CHANGE IN FUND BALANCES	(11,442,829)	(8,483,409)	2,959,420
FUND BALANCES, BEGINNING OF YEAR	<u>72,861,139</u>	<u>72,861,139</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 61,418,310</u>	<u>\$ 64,377,730</u>	<u>\$ 2,959,420</u>

CITY OF HENDERSON, NEVADA

MUNICIPAL FACILITIES ACQUISITION & CONSTRUCTION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 7,299,865	\$ 7,250,281	\$ (49,584)
Miscellaneous interest	630,000	415,372	(214,628)
Miscellaneous	8,309	8,419	110
Total revenues	<u>7,938,174</u>	<u>7,674,072</u>	<u>(264,102)</u>
EXPENDITURES:			
General government:			
Salaries and wages	184,407	88,296	96,111
Employee benefits	4,847	7,734	(2,887)
Services and supplies	6,973,583	3,989,245	2,984,338
Capital outlay	18,486,877	8,288,310	10,198,567
Total general government	<u>25,649,714</u>	<u>12,373,585</u>	<u>13,276,129</u>
Public safety:			
Services and supplies	1,500	3,036	(1,536)
Capital outlay	118,763	117,227	1,536
Total public safety	<u>120,263</u>	<u>120,263</u>	<u>-</u>
Public works:			
Services and supplies	633	-	633
Culture and recreation:			
Services and supplies	20,323	8,937	11,386
Capital outlay	27,002	1,030	25,972
Total culture and recreation	<u>47,325</u>	<u>9,967</u>	<u>37,358</u>
Total expenditures	<u>25,817,935</u>	<u>12,503,815</u>	<u>13,314,120</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(17,879,761)</u>	<u>(4,829,743)</u>	<u>13,050,018</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from issuance of debt	10,000,000	-	(10,000,000)
Transfers in	7,077,900	7,189,852	111,952
Transfers out	(11,253,175)	(11,253,175)	-
Total other financing sources (uses)	<u>5,824,725</u>	<u>(4,063,323)</u>	<u>(9,888,048)</u>
NET CHANGE IN FUND BALANCES	(12,055,036)	(8,893,066)	3,161,970
FUND BALANCES, BEGINNING OF YEAR	<u>27,664,220</u>	<u>27,664,220</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 15,609,184</u>	<u>\$ 18,771,154</u>	<u>\$ 3,161,970</u>

CITY OF HENDERSON, NEVADA

LAND SALES CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Developer Contributions	\$ -	\$ 41,544	\$ 41,544
Miscellaneous interest	175,000	56,088	(118,912)
Miscellaneous	441,842	367,870	(73,972)
Total revenues	<u>616,842</u>	<u>465,502</u>	<u>(151,340)</u>
EXPENDITURES:			
Public works:			
Salaries and wages	7,352	6,002	1,350
Employee benefits	242	1,415	(1,173)
Services and supplies	678,752	580,193	98,559
Capital outlay	488,865	799,385	(310,520)
Total expenditures	<u>1,175,211</u>	<u>1,386,995</u>	<u>(211,784)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(558,369)</u>	<u>(921,493)</u>	<u>(363,124)</u>
OTHER FINANCING SOURCES (USES):			
Land sales	300,000	3,472,086	3,172,086
Transfers out	(200,000)	(171,527)	28,473
Total other financing sources	<u>100,000</u>	<u>3,300,559</u>	<u>3,200,559</u>
NET CHANGE IN FUND BALANCES	(458,369)	2,379,066	2,837,435
FUND BALANCES, BEGINNING OF YEAR	<u>641,056</u>	<u>641,056</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 182,687</u>	<u>\$ 3,020,122</u>	<u>\$ 2,837,435</u>

CITY OF HENDERSON, NEVADA

SPECIAL RECREATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 1,870,000	\$ 1,967,915	\$ 97,915
Miscellaneous interest	140,000	26,229	(113,771)
Total revenues	<u>2,010,000</u>	<u>1,994,144</u>	<u>(15,856)</u>
EXPENDITURES:			
Culture and recreation:			
Services and supplies	1,418,919	329,687	1,089,232
Capital outlay	533,945	210,349	323,596
Total expenditures	<u>1,952,864</u>	<u>540,036</u>	<u>1,412,828</u>
EXCESS OF REVENUES OVER EXPENDITURES	57,136	1,454,108	1,396,972
OTHER FINANCING USES:			
Transfers out	<u>(1,216,250)</u>	<u>(1,217,882)</u>	<u>(1,632)</u>
NET CHANGE IN FUND BALANCES	(1,159,114)	236,226	1,395,340
FUND BALANCES, BEGINNING OF YEAR	<u>1,684,006</u>	<u>1,684,006</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 524,892</u>	<u>\$ 1,920,232</u>	<u>\$ 1,395,340</u>

CITY OF HENDERSON, NEVADA

BOND PROCEEDS CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Miscellaneous interest	\$ 400	\$ 1,695	\$ 1,295
Miscellaneous	-	10	10
Total revenues	<u>400</u>	<u>1,705</u>	<u>1,305</u>
EXPENDITURES:			
Culture and recreation:			
Services and supplies	97,134	57,627	39,507
Capital outlay	<u>171,704</u>	<u>38,819</u>	<u>132,885</u>
Total culture and recreation	268,838	96,446	172,392
Public works:			
Capital outlay	<u>17,302</u>	<u>17,259</u>	<u>43</u>
Total expenditures	<u>286,140</u>	<u>113,705</u>	<u>172,435</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(285,740)	(112,000)	173,740
OTHER FINANCING USES:			
Transfers out	<u>(400)</u>	<u>(1,695)</u>	<u>(1,295)</u>
NET CHANGE IN FUND BALANCES	(286,140)	(113,695)	172,445
FUND BALANCES, BEGINNING OF YEAR	<u>2,632,192</u>	<u>2,632,192</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 2,346,052</u>	<u>\$ 2,518,497</u>	<u>\$ 172,445</u>

CITY OF HENDERSON, NEVADA

HUD PROCEEDS CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 5,542,182	\$ 2,573,680	\$ (2,968,502)
Developer contributions	-	121,502	121,502
Total revenues	<u>5,542,182</u>	<u>2,695,182</u>	<u>(2,847,000)</u>
EXPENDITURES:			
Public works:			
Salaries and wages	390,143	356,110	34,033
Employee benefits	168,152	121,382	46,770
Services and supplies	4,350,435	2,409,359	1,941,076
Capital outlay	848,604	88,674	759,930
Total expenditures	<u>5,757,334</u>	<u>2,975,525</u>	<u>2,781,809</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	(215,152)	(280,343)	(65,191)
FUND BALANCES, BEGINNING OF YEAR	<u>215,152</u>	<u>215,152</u>	-
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (65,191)</u>	<u>\$ (65,191)</u>

CITY OF HENDERSON, NEVADA

PARK DEVELOPMENT CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Impact fees	\$ 1,281,400	\$ 1,499,185	\$ 217,785
Miscellaneous interest	187,100	38,832	(148,268)
Total revenues	<u>1,468,500</u>	<u>1,538,017</u>	<u>69,517</u>
EXPENDITURES:			
Culture and recreation:			
Services and supplies	347,887	154,227	193,660
Capital outlay	4,705,508	3,703,130	1,002,378
Total expenditures	<u>5,053,395</u>	<u>3,857,357</u>	<u>1,196,038</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,584,895)	(2,319,340)	1,265,555
OTHER FINANCING SOURCES:			
Transfers in	<u>1,166,250</u>	<u>1,166,250</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,418,645)	(1,153,090)	1,265,555
FUND BALANCES, BEGINNING OF YEAR	<u>6,906,104</u>	<u>6,906,104</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,487,459</u>	<u>\$ 5,753,014</u>	<u>\$ 1,265,555</u>

CITY OF HENDERSON, NEVADA

FLOOD CONTROL CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 558,859	\$ -	\$ (558,859)
Miscellaneous interest	3,800	1,073	(2,727)
Total revenues	<u>562,659</u>	<u>1,073</u>	<u>(561,586)</u>
EXPENDITURES:			
Public works:			
Services and supplies	<u>558,859</u>	<u>-</u>	<u>558,859</u>
NET CHANGE IN FUND BALANCES	3,800	1,073	(2,727)
FUND BALANCES, BEGINNING OF YEAR	<u>105,316</u>	<u>105,316</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 109,116</u>	<u>\$ 106,389</u>	<u>\$ (2,727)</u>

CITY OF HENDERSON, NEVADA

RTC/COUNTY FUNDED CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 8,500,000	\$ 1,111,071	\$ (7,388,929)
Developer contributions	-	60,569	60,569
Total revenues	<u>8,500,000</u>	<u>1,171,640</u>	<u>(7,328,360)</u>
EXPENDITURES:			
Public works:			
Capital outlay	<u>8,500,000</u>	<u>1,071,677</u>	<u>7,428,323</u>
NET CHANGE IN FUND BALANCES	-	99,963	99,963
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>493,223</u>	<u>493,223</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 593,186</u>	<u>\$ 593,186</u>

CITY OF HENDERSON, NEVADA

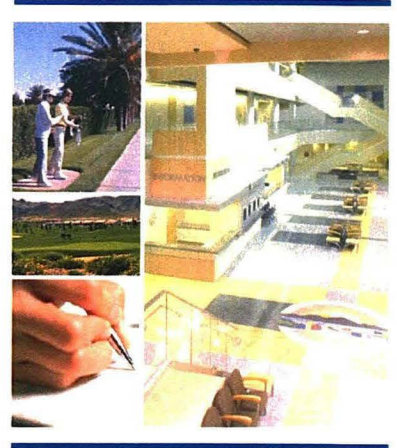
SPECIAL AD VALOREM TRANSPORTATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Property taxes - transportation	\$ 1,122,420	\$ 1,199,219	\$ 76,799
Miscellaneous interest	20,000	4,160	(15,840)
Total revenues	<u>1,142,420</u>	<u>1,203,379</u>	<u>60,959</u>
EXPENDITURES:			
Public works:			
Services and supplies	<u>285,000</u>	<u>168,703</u>	<u>116,297</u>
NET CHANGE IN FUND BALANCES	857,420	1,034,676	177,256
FUND BALANCES, BEGINNING OF YEAR	<u>831,857</u>	<u>831,857</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,689,277</u>	<u>\$ 1,866,533</u>	<u>\$ 177,256</u>

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Proprietary Funds



Internal Service Funds

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

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

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

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

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

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

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

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

Nonmajor Enterprise Fund

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

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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2004

ASSETS

	<u>Engineering</u>	<u>City Shop</u>	<u>Revolving</u>	<u>Self Insurance</u>	<u>Workmen's Compensation Self Insurance</u>	<u>Health Insurance Self Insurance</u>	<u>Citywide Services</u>	<u>Total</u>
CURRENT ASSETS:								
Cash and investments	\$ 1,857,390	\$ 16,412,839	\$ 1,472,223	\$ 5,271,498	\$ 4,397,094	\$ 2,828,500	\$ 213,445	\$ 32,452,989
Accounts receivable	9,115	-	-	-	-	1,052	-	10,167
Accrued interest receivable	-	83,869	7,387	27,438	22,017	18,218	448	159,377
Due from other governments	390,504	-	-	-	-	-	-	390,504
Inventory-bulk fuel	-	15,336	-	-	-	-	-	15,336
Deposits	-	-	-	-	-	5,760	-	5,760
Total current assets	<u>2,257,009</u>	<u>16,512,044</u>	<u>1,479,610</u>	<u>5,298,936</u>	<u>4,419,111</u>	<u>2,853,530</u>	<u>213,893</u>	<u>33,034,133</u>
PROPERTY, PLANT AND EQUIPMENT:								
Buildings	48,398	704,979	-	-	-	-	-	753,377
Improvements other than buildings	-	368,472	-	-	-	-	-	368,472
Machinery and equipment	448,661	31,528,969	-	-	19,500	-	-	31,997,130
Construction in progress	-	35,469	-	-	-	-	-	35,469
Total property, plant and equipment	<u>497,059</u>	<u>32,637,889</u>	<u>-</u>	<u>-</u>	<u>19,500</u>	<u>-</u>	<u>-</u>	<u>33,154,448</u>
Less accumulated depreciation	<u>(375,244)</u>	<u>(19,499,669)</u>	<u>-</u>	<u>-</u>	<u>(19,500)</u>	<u>-</u>	<u>-</u>	<u>(19,894,413)</u>
Net property, plant and equipment	<u>121,815</u>	<u>13,138,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,260,035</u>
OTHER ASSETS:								
Advances to other funds	-	-	95,960	-	-	-	-	95,960
Total assets	<u>2,378,824</u>	<u>29,650,264</u>	<u>1,575,570</u>	<u>5,298,936</u>	<u>4,419,111</u>	<u>2,853,530</u>	<u>213,893</u>	<u>46,390,128</u>

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS (Continued)

June 30, 2004

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	\$ 168,742	\$ 244,367	\$ -	\$ 55,479	\$ 14,555	\$ 45,736	\$ 16,618	\$ 545,497
Compensated absences payable	1,094,493	293,499	-	-	73,154	14,183	10,812	1,486,141
Claims and judgments payable	-	-	-	497,857	1,538,204	849,305	-	2,885,366
Capital lease obligations - current	2,800	94,031	-	-	-	-	-	96,831
Total current liabilities	1,266,035	631,897	-	553,336	1,625,913	909,224	27,430	5,013,835
LONG-TERM LIABILITIES:								
Capital lease obligations (net of current portion)	6,933	-	-	-	-	-	-	6,933
Total liabilities	1,272,968	631,897	-	553,336	1,625,913	909,224	27,430	5,020,768

NET ASSETS

76	Invested in capital assets, net of related debt	112,082	13,044,189	-	-	-	-	13,156,271
	Restricted for claims	-	-	-	4,745,600	2,793,198	1,944,306	9,483,104
	Unrestricted	993,774	15,974,178	1,575,570	-	-	186,463	18,729,985
	Total net assets	\$ 1,105,856	\$ 29,018,367	\$ 1,575,570	\$ 4,745,600	\$ 2,793,198	\$ 1,944,306	\$ 41,369,360

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2004

	<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>
OPERATING REVENUES:								
Charges for services	\$ 2,862,145	\$ 8,189,320	\$ 7,651	\$ 1,592,125	\$ 2,754,540	\$ 7,199,876	\$ 559,855	\$ 23,165,512
OPERATING EXPENSES:								
Salaries and wages	3,854,640	1,153,573	-	-	331,859	59,304	126,715	5,526,091
Employee benefits	1,233,537	307,994	-	-	108,957	18,506	38,821	1,707,815
Services and supplies	1,907,464	2,350,463	-	769,872	781,540	1,481,520	208,390	7,499,249
Claims	-	-	-	502,176	886,534	4,984,529	-	6,373,239
Legal fees	-	-	-	442,080	-	-	-	442,080
Depreciation	42,078	2,965,723	-	-	-	-	-	3,007,801
Total operating expenses	<u>7,037,719</u>	<u>6,777,753</u>	<u>-</u>	<u>1,714,128</u>	<u>2,108,890</u>	<u>6,543,859</u>	<u>373,926</u>	<u>24,556,275</u>
OPERATING INCOME (LOSS)	<u>(4,175,574)</u>	<u>1,411,567</u>	<u>7,651</u>	<u>(122,003)</u>	<u>645,650</u>	<u>656,017</u>	<u>185,929</u>	<u>(1,390,763)</u>
NONOPERATING REVENUES (EXPENSES):								
Interest revenue	-	137,643	9,226	45,871	32,943	43,593	534	269,810
Interest expense	(1,690)	(6,427)	-	-	(1,088)	-	-	(9,205)
Miscellaneous	81,979	16,930	-	-	4,940	-	-	103,849
Gain (loss) on the disposition of assets	-	351,734	-	-	-	-	-	351,734
Total nonoperating revenues	<u>80,289</u>	<u>499,880</u>	<u>9,226</u>	<u>45,871</u>	<u>36,795</u>	<u>43,593</u>	<u>534</u>	<u>716,188</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(4,095,285)</u>	<u>1,911,447</u>	<u>16,877</u>	<u>(76,132)</u>	<u>682,445</u>	<u>699,610</u>	<u>186,463</u>	<u>(674,575)</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>638,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>638,692</u>
TRANSFERS:								
Transfers in	3,419,325	-	-	-	-	750,000	-	4,169,325
Transfers out	(15,000)	(104,531)	(36,287)	-	-	-	-	(155,818)
Total transfers	<u>3,404,325</u>	<u>(104,531)</u>	<u>(36,287)</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>4,013,507</u>
CHANGE IN NET ASSETS	<u>(690,960)</u>	<u>2,445,608</u>	<u>(19,410)</u>	<u>(76,132)</u>	<u>682,445</u>	<u>1,449,610</u>	<u>186,463</u>	<u>3,977,624</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,796,816</u>	<u>26,572,759</u>	<u>1,594,980</u>	<u>4,821,732</u>	<u>2,110,753</u>	<u>494,696</u>	<u>-</u>	<u>37,391,736</u>
NET ASSETS, END OF YEAR	<u>\$ 1,105,856</u>	<u>\$ 29,018,367</u>	<u>\$ 1,575,570</u>	<u>\$ 4,745,600</u>	<u>\$ 2,793,198</u>	<u>\$ 1,944,306</u>	<u>\$ 186,463</u>	<u>\$ 41,369,360</u>

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CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2004

	<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>
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from users	\$ 864,934	\$ -	\$ 7,651	\$ -	\$ -	\$ 302,455	\$ -	\$ 1,175,040
Cash received from quasi-external operating transactions	1,727,764	8,189,320	-	1,592,125	2,754,540	6,897,421	559,855	21,721,025
Cash from other sources	81,979	20,834	-	-	4,940	-	-	107,753
Cash payments to suppliers for goods and services	(3,164,835)	(2,733,399)	-	(1,683,984)	(1,763,868)	(6,495,282)	(234,473)	(16,075,841)
Cash payments to employees for services	(3,829,659)	(1,090,237)	-	-	(318,466)	(55,442)	(112,023)	(5,405,827)
Net cash provided by (used for) operating activities	(4,319,817)	4,386,518	7,651	(91,859)	677,146	649,152	213,359	1,522,150
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Operating transfers in	3,419,325	-	-	-	-	750,000	-	4,169,325
Operating transfers out	(15,000)	(104,531)	(36,287)	-	-	-	-	(155,818)
Payments on advances to other funds	-	-	48,002	-	-	-	-	48,002
Net cash provided by (used for) noncapital financing activities	3,404,325	(104,531)	11,715	-	-	750,000	-	4,061,509
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Acquisition of fixed assets	(34,453)	(3,920,786)	-	-	-	-	-	(3,955,239)
Principal payments on lease obligations	(2,505)	(109,142)	-	-	-	-	-	(111,647)
Interest paid	(1,690)	(6,427)	-	-	(1,088)	-	-	(9,205)
Proceeds from sale of fixed assets	-	412,325	-	-	-	-	-	412,325
Net cash used for capital and related financing activities	(38,648)	(3,624,030)	-	-	(1,088)	-	-	(3,663,766)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest on investments	15,330	133,857	9,351	46,028	30,148	41,884	86	276,684
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(938,810)	791,814	28,717	(45,831)	706,206	1,441,036	213,445	2,196,577
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,796,200	15,621,025	1,443,506	5,317,329	3,690,888	1,387,464	-	30,256,412
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,857,390	\$ 16,412,839	\$ 1,472,223	\$ 5,271,498	\$ 4,397,094	\$ 2,828,500	\$ 213,445	\$ 32,452,989

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued) FOR THE YEAR ENDED JUNE 30, 2004

	<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)	\$ (4,175,574)	\$ 1,411,567	\$ 7,651	\$ (122,003)	\$ 645,650	\$ 656,017	\$ 185,929	\$ (1,390,763)
Adjustments to reconcile operating income (loss) to net cash provided by (used for)								
operating activities:								
Depreciation expense	42,078	2,965,723	-	-	-	-	-	3,007,801
Miscellaneous revenues	81,979	16,930	-	-	4,940	-	-	103,849
(Increase) decrease in accounts receivable	(1,837)	3,904	-	-	-	148,648	-	150,715
(Increase) in due from other governments	(267,610)	-	-	-	-	-	-	(267,610)
(Increase) in deposits	-	-	-	-	-	(1,620)	-	(1,620)
Increase (decrease) in accounts payable and accrued wages	(9,363)	(68,110)	-	30,144	(3,326)	(157,357)	16,618	(191,394)
Increase in compensated absences payable	10,510	56,504	-	-	11,035	3,464	10,812	92,325
Increase in claims and judgments			-	-	18,847	-	-	18,847
Total adjustments	<u>(144,243)</u>	<u>2,974,951</u>	<u>-</u>	<u>30,144</u>	<u>31,496</u>	<u>(6,865)</u>	<u>27,430</u>	<u>2,912,913</u>
NET CASH PROVIDED BY (USED FOR)								
OPERATING ACTIVITIES	<u>\$ (4,319,817)</u>	<u>\$ 4,386,518</u>	<u>\$ 7,651</u>	<u>\$ (91,859)</u>	<u>\$ 677,146</u>	<u>\$ 649,152</u>	<u>\$ 213,359</u>	<u>\$ 1,522,150</u>

NONCASH TRANSACTIONS AFFECTING FINANCIAL POSITION:

The City Shop Fund received contributions of fixed assets from other funds totaling \$638,692 for the year ended June 30, 2004.

CITY OF HENDERSON, NEVADA

ENGINEERING INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Charges for services	\$ 2,366,019	\$ 2,862,145	\$ 496,126
OPERATING EXPENSES:			
Salaries and wages	3,978,391	3,854,640	123,751
Employee benefits	1,260,827	1,233,537	27,290
Services and supplies	2,171,333	1,907,464	263,869
Depreciation	55,000	42,078	12,922
Total operating expenses	<u>7,465,551</u>	<u>7,037,719</u>	<u>427,832</u>
OPERATING LOSS	<u>(5,099,532)</u>	<u>(4,175,574)</u>	<u>923,958</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	33,800	-	(33,800)
Interest expense	(1,238)	(1,690)	(452)
Miscellaneous	75,303	81,979	6,676
Total nonoperating revenues	<u>107,865</u>	<u>80,289</u>	<u>(27,576)</u>
LOSS BEFORE TRANSFERS	<u>(4,991,667)</u>	<u>(4,095,285)</u>	<u>896,382</u>
TRANSFERS:			
Transfers in	3,419,325	3,419,325	-
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total transfers	<u>3,404,325</u>	<u>3,404,325</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ (1,587,342)</u>	(690,960)	<u>\$ 896,382</u>
NET ASSETS, BEGINNING OF YEAR		<u>1,796,816</u>	
NET ASSETS, END OF YEAR		<u>\$ 1,105,856</u>	

CITY OF HENDERSON, NEVADA

CITY SHOP INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Charges for services	\$ 8,104,719	\$ 8,189,320	\$ 84,601
OPERATING EXPENSES:			
Salaries and wages	1,094,064	1,153,573	(59,509)
Employee benefits	324,482	307,994	16,488
Services and supplies	2,354,794	2,350,463	4,331
Depreciation	3,098,622	2,965,723	132,899
Total operating expenses	<u>6,871,962</u>	<u>6,777,753</u>	<u>94,209</u>
OPERATING INCOME	<u>1,232,757</u>	<u>1,411,567</u>	<u>178,810</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	450,000	137,643	(312,357)
Interest expense	(9,813)	(6,427)	3,386
Miscellaneous	14,000	16,930	2,930
Gain on the disposition of assets	370,000	351,734	(18,266)
Total nonoperating revenues	<u>824,187</u>	<u>499,880</u>	<u>(324,307)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,056,944	1,911,447	(145,497)
CAPITAL CONTRIBUTIONS	550,000	638,692	88,692
TRANSFERS:			
Transfers out	<u>-</u>	<u>(104,531)</u>	<u>(104,531)</u>
CHANGE IN NET ASSETS	<u>\$ 2,606,944</u>	2,445,608	<u>\$ (161,336)</u>
NET ASSETS, BEGINNING OF YEAR		<u>26,572,759</u>	
NET ASSETS, END OF YEAR		<u>\$ 29,018,367</u>	

CITY OF HENDERSON, NEVADA

REVOLVING INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Charges for services	\$ 6,500	\$ 7,651	\$ 1,151
NONOPERATING REVENUES:			
Interest revenue	<u>58,000</u>	<u>9,226</u>	<u>(48,774)</u>
INCOME BEFORE TRANSFERS	64,500	16,877	(47,623)
TRANSFERS:			
Transfers out	<u>(64,500)</u>	<u>(36,287)</u>	<u>28,213</u>
CHANGE IN NET ASSETS	<u>\$ -</u>	(19,410)	<u>\$ (19,410)</u>
NET ASSETS, BEGINNING OF YEAR		<u>1,594,980</u>	
NET ASSETS, END OF YEAR		<u>\$ 1,575,570</u>	

CITY OF HENDERSON, NEVADA

SELF INSURANCE INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Charges for services	\$ 1,592,125	\$ 1,592,125	\$ -
OPERATING EXPENSES:			
Employee benefits	150,000	-	150,000
Services and supplies	1,545,150	769,872	775,278
Claims	-	502,176	(502,176)
Legal fees	-	442,080	(442,080)
Total operating expenses	<u>1,695,150</u>	<u>1,714,128</u>	<u>(18,978)</u>
OPERATING LOSS	(103,025)	(122,003)	(18,978)
NONOPERATING REVENUE:			
Interest revenue	<u>230,000</u>	<u>45,871</u>	<u>(184,129)</u>
CHANGE IN NET ASSETS	<u>\$ 126,975</u>	<u>(76,132)</u>	<u>\$ (203,107)</u>
NET ASSETS, BEGINNING OF YEAR		<u>4,821,732</u>	
NET ASSETS, END OF YEAR		<u>\$ 4,745,600</u>	

CITY OF HENDERSON, NEVADA

WORKMEN'S COMPENSATION SELF INSURANCE INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Insurance premiums	\$ 2,500,000	\$ 2,754,540	\$ 254,540
OPERATING EXPENSES:			
Salaries and wages	324,632	331,859	(7,227)
Employee benefits	125,697	108,957	16,740
Services and supplies	2,068,826	781,540	1,287,286
Claims	-	886,534	(886,534)
Total operating expenses	<u>2,519,155</u>	<u>2,108,890</u>	<u>410,265</u>
OPERATING INCOME (LOSS)	<u>(19,155)</u>	<u>645,650</u>	<u>664,805</u>
NONOPERATING REVENUE (EXPENSES):			
Interest revenue	110,000	32,943	(77,057)
Interest expense	(1,088)	(1,088)	-
Miscellaneous	-	4,940	4,940
Total nonoperating revenues	<u>108,912</u>	<u>36,795</u>	<u>(72,117)</u>
CHANGE IN NET ASSETS	<u>\$ 89,757</u>	<u>682,445</u>	<u>\$ 592,688</u>
NET ASSETS, BEGINNING OF YEAR		<u>2,110,753</u>	
NET ASSETS, END OF YEAR		<u>\$ 2,793,198</u>	

CITY OF HENDERSON, NEVADA

HEALTH INSURANCE SELF INSURANCE INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Insurance premiums	\$ 7,250,000	\$ 7,199,876	\$ (50,124)
OPERATING EXPENSES:			
Salaries and wages	59,147	59,304	(157)
Employee benefits	20,706	18,506	2,200
Services and supplies	6,609,308	1,481,520	5,127,788
Claims	-	4,984,529	(4,984,529)
Total operating expenses	<u>6,689,161</u>	<u>6,543,859</u>	<u>145,302</u>
OPERATING INCOME	560,839	656,017	95,178
NONOPERATING REVENUES:			
Interest revenue	<u>89,000</u>	<u>43,593</u>	<u>(45,407)</u>
INCOME BEFORE TRANSFERS	649,839	699,610	49,771
TRANSFERS:			
Transfers in	<u>750,000</u>	<u>750,000</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ 1,399,839</u>	1,449,610	<u>\$ 49,771</u>
NET ASSETS, BEGINNING OF YEAR		<u>494,696</u>	
NET ASSETS, END OF YEAR		<u>\$ 1,944,306</u>	

CITY OF HENDERSON, NEVADA

CITYWIDE SERVICES INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Charges for services	\$ 550,000	\$ 559,855	\$ 9,855
OPERATING EXPENSES:			
Salaries and wages	118,500	126,715	(8,215)
Employee benefits	52,500	38,821	13,679
Services and supplies	368,673	208,390	160,283
Total operating expenses	<u>539,673</u>	<u>373,926</u>	<u>165,747</u>
OPERATING INCOME	10,327	185,929	175,602
NONOPERATING REVENUES:			
Interest revenue	<u>-</u>	<u>534</u>	<u>534</u>
CHANGE IN NET ASSETS	<u>\$ 10,327</u>	<u>186,463</u>	<u>\$ 176,136</u>
NET ASSETS, BEGINNING OF YEAR		<u>-</u>	
NET ASSETS, END OF YEAR		<u>\$ 186,463</u>	

CITY OF HENDERSON, NEVADA

WATER ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Utility fees	\$ 44,250,000	\$ 43,955,267	\$ (294,733)
Connection fees	460,000	997,551	537,551
Late charges	720,000	690,398	(29,602)
Miscellaneous	257,000	225,743	(31,257)
Total operating revenues	<u>45,687,000</u>	<u>45,868,959</u>	<u>181,959</u>
OPERATING EXPENSES:			
Salaries and wages	7,829,559	7,841,780	(12,221)
Employee benefits	2,593,459	2,442,124	151,335
Water purchases	18,572,800	16,095,515	2,477,285
Services and supplies	14,011,579	11,038,082	2,973,497
Depreciation	15,868,528	15,317,423	551,105
Total operating expenses	<u>58,875,925</u>	<u>52,734,924</u>	<u>6,141,001</u>
OPERATING LOSS	<u>(13,188,925)</u>	<u>(6,865,965)</u>	<u>6,322,960</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	4,600,000	929,573	(3,670,427)
Interest expense	(4,090,444)	(3,742,885)	347,559
Miscellaneous	17,204	221,663	204,459
Loss on disposition of fixed assets	-	(88,302)	(88,302)
Bond amortization	-	31,898	31,898
Total nonoperating revenues (expenses)	<u>526,760</u>	<u>(2,648,053)</u>	<u>(3,174,813)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(12,662,165)	(9,514,018)	3,148,147
CAPITAL CONTRIBUTIONS	7,700,000	36,076,665	28,376,665
TRANSFERS:			
Transfers out	<u>(3,250,000)</u>	<u>(3,250,000)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ (8,212,165)</u>	23,312,647	<u>\$ 31,524,812</u>
NET ASSETS, BEGINNING OF YEAR		<u>340,050,964</u>	
NET ASSETS, END OF YEAR		<u>\$ 363,363,611</u>	

CITY OF HENDERSON, NEVADA

SEWER ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Utility fees	\$ 24,050,000	\$ 23,911,663	\$ (138,337)
Connection fees	63,500	194,415	130,915
Late charges	350,000	363,462	13,462
Miscellaneous	10,000	64,203	54,203
Total operating revenues	<u>24,473,500</u>	<u>24,533,743</u>	<u>60,243</u>
OPERATING EXPENSES:			
Salaries and wages	5,618,710	5,280,611	338,099
Employee benefits	1,773,221	1,657,893	115,328
Services and supplies	25,343,565	9,756,431	15,587,134
Depreciation	9,562,491	9,023,460	539,031
Total operating expenses	<u>42,297,987</u>	<u>25,718,395</u>	<u>16,579,592</u>
OPERATING LOSS	<u>(17,824,487)</u>	<u>(1,184,652)</u>	<u>16,639,835</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	5,880,000	1,580,698	(4,299,302)
Sales tax	3,570,591	3,971,520	400,929
Interest expense	(3,773,462)	(2,289,296)	1,484,166
Miscellaneous	-	206	206
Gain on disposition of fixed assets	-	737,836	737,836
Bond amortization	-	47,843	47,843
Total nonoperating revenues	<u>5,677,129</u>	<u>4,048,807</u>	<u>(1,628,322)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(12,147,358)	2,864,155	15,011,513
CAPITAL CONTRIBUTIONS	11,400,000	27,474,999	16,074,999
TRANSFERS:			
Transfers out	<u>(3,250,000)</u>	<u>(3,250,000)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ (3,997,358)</u>	27,089,154	<u>\$ 31,086,512</u>
NET ASSETS, BEGINNING OF YEAR		<u>324,133,390</u>	
NET ASSETS, END OF YEAR		<u>\$ 351,222,544</u>	

CITY OF HENDERSON, NEVADA

DEVELOPMENT SERVICES ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS- BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Developer contributions	\$ 37,798	\$ 28,899	\$ (8,899)
Licenses and permits	5,711,256	6,866,184	1,154,928
Charges for services	5,637,572	6,804,710	1,167,138
Miscellaneous	122,986	67,028	(55,958)
Total operating revenues	<u>11,509,612</u>	<u>13,766,821</u>	<u>2,257,209</u>
OPERATING EXPENSES:			
Salaries and wages	8,716,449	8,489,461	226,988
Employee benefits	2,541,682	2,484,127	57,555
Services and supplies	5,015,341	4,737,456	277,885
Depreciation	524,300	495,069	29,231
Total operating expenses	<u>16,797,772</u>	<u>16,206,113</u>	<u>591,659</u>
OPERATING LOSS	<u>(5,288,160)</u>	<u>(2,439,292)</u>	<u>2,848,868</u>
NONOPERATING REVENUES:			
Interest revenue	<u>64,128</u>	<u>15,103</u>	<u>(49,025)</u>
LOSS BEFORE TRANSFERS	(5,224,032)	(2,424,189)	2,799,843
TRANSFERS:			
Transfers in	<u>2,700,470</u>	<u>2,713,470</u>	<u>13,000</u>
CHANGE IN NET ASSETS	<u>\$ (2,523,562)</u>	289,281	<u>\$ 2,812,843</u>
NET ASSETS, BEGINNING OF YEAR		<u>3,707,738</u>	
NET ASSETS, END OF YEAR		<u>\$ 3,997,019</u>	

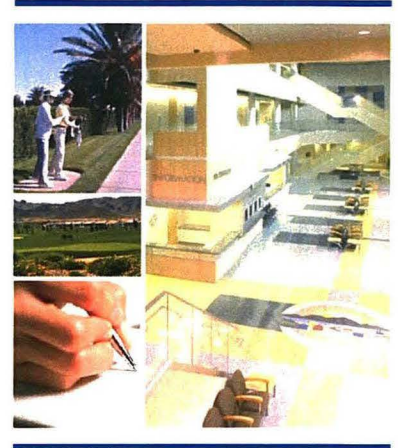
CITY OF HENDERSON, NEVADA

CONVENTION CENTER ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Rental fees	\$ 335,000	\$ 349,911	\$ 14,911
Licenses - gaming	650,000	604,022	(45,978)
Miscellaneous	106,200	67,238	(38,962)
Total operating revenues	<u>1,091,200</u>	<u>1,021,171</u>	<u>(70,029)</u>
OPERATING EXPENSES:			
Salaries and wages	975,583	976,382	(799)
Employee benefits	317,116	309,394	7,722
Services and supplies	1,067,092	874,181	192,911
Depreciation	222,774	145,432	77,342
Total operating expenses	<u>2,582,565</u>	<u>2,305,389</u>	<u>277,176</u>
OPERATING LOSS	<u>(1,491,365)</u>	<u>(1,284,218)</u>	<u>207,147</u>
NONOPERATING REVENUES:			
Room tax	1,371,053	1,469,649	98,596
Interest revenue	75,000	12,230	(62,770)
Total nonoperating revenues	<u>1,446,053</u>	<u>1,481,879</u>	<u>35,826</u>
CHANGE IN NET ASSETS	<u>\$ (45,312)</u>	197,661	<u>\$ 242,973</u>
NET ASSETS, BEGINNING OF YEAR		<u>4,532,552</u>	
NET ASSETS, END OF YEAR		<u>\$ 4,730,213</u>	

Fiduciary Funds



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

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

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

Traffic Signal Agency Fund - to account for contributions by developers for the construction of traffic signals at intersections throughout the City of Henderson. These contributions are held by the City in an agency capacity to be used toward the construction of designated traffic signals or to be refunded to developers.

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

Paving Frontage Agency Fund – to account for assessments accumulated for use as the land-owner portion of street frontage paving costs in defined areas.

Special Assessment Districts Agency Fund—to account for the repayment of special assessment district debt for which no assets or revenues of the City have been pledged.

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CITY OF HENDERSON, NEVADA

AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2004

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	\$ 150,874	\$ 19,228	\$ 8,412,426	\$ 30,190	\$ 58,128	\$ 35,254,488	\$ 43,925,334

LIABILITIES AND NET ASSETS

LIABILITIES:

Due to developers	\$ 150,874	\$ -	\$ 8,412,228	\$ -	\$ 58,128	\$ -	\$ 8,621,230
Due to employees	-	19,228	-	-	-	-	19,228
Due to others	-	-	198	30,190	-	35,254,488	35,284,876
Total liabilities	\$ 150,874	\$ 19,228	\$ 8,412,426	\$ 30,190	\$ 58,128	\$ 35,254,488	\$ 43,925,334

CITY OF HENDERSON, NEVADA

ALL AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2004

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
BRIDGES AGENCY FUND				
Assets:				
Cash and investments	\$ 147,115	\$ 3,759	\$ -	\$ 150,874
Liabilities:				
Due to developers	\$ 147,115	\$ 3,759	\$ -	\$ 150,874
SECTION 125 PLAN FUND				
Assets:				
Cash and investments	\$ 45,853	\$ 304,312	\$ 330,937	\$ 19,228
Liabilities:				
Due to employees	\$ 42,455	\$ 304,312	\$ 327,539	\$ 19,228
Due to others	3,398	-	3,398	-
	\$ 45,853	\$ 304,312	\$ 330,937	\$ 19,228
TRAFFIC SIGNAL AGENCY FUND				
Assets:				
Cash and investments	\$ 7,282,808	\$ 2,427,266	\$ 1,297,648	\$ 8,412,426
Liabilities:				
Due to developers	\$ 7,282,808	\$ 2,427,068	\$ 1,297,648	\$ 8,412,228
Due to others	-	198	-	198
	\$ 7,282,808	\$ 2,427,266	\$ 1,297,648	\$ 8,412,426
FORFEITED ASSETS AGENCY FUND				
Assets:				
Cash and investments	\$ 18,465	\$ 57,946	\$ 46,221	\$ 30,190
Liabilities:				
Due to others	\$ 18,465	\$ 57,946	\$ 46,221	\$ 30,190
PAVING FRONTAGE AGENCY FUND				
Assets:				
Cash and investments	\$ 56,680	\$ 1,448	\$ -	\$ 58,128
Liabilities:				
Due to developers	\$ 56,680	\$ 1,448	\$ -	\$ 58,128
SPECIAL ASSESSMENT DISTRICTS FUND				
Assets:				
Cash and investmnts	\$ 33,477,398	\$ 41,725,693	\$ 39,948,603	\$ 35,254,488
Liabilities:				
Due to others	\$ 33,477,398	\$ 41,725,693	\$ 39,948,603	\$ 35,254,488
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 41,028,319	\$ 44,520,424	\$ 41,623,409	\$ 43,925,334
Liabilities:				
Due to developers	\$ 7,486,603	\$ 2,432,275	\$ 1,297,648	\$ 8,621,230
Due to employees	42,455	304,312	327,539	19,228
Due to others	33,499,261	41,783,837	39,998,222	35,284,876
Total liabilities	\$ 41,028,319	\$ 44,520,424	\$ 41,623,409	\$ 43,925,334

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Statistical Section

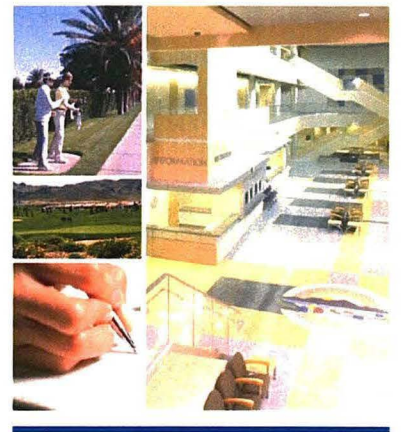


TABLE 1

CITY OF HENDERSON, NEVADA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST THREE FISCAL YEARS

	JUNE 30, 2002	JUNE 30, 2003	JUNE 30, 2004
General government	\$ 35,253,241	\$ 34,916,307	\$ 42,220,643
Judicial	3,328,455	3,466,048	3,744,366
Public safety	63,620,351	71,866,188	80,847,907
Public works	34,706,359	39,233,451	43,332,760
Culture and recreation	24,214,562	29,115,265	31,297,696
Debt service:			
Administrative and other costs	661,184	140,864	466,656
Interest and fiscal charges	9,314,180	9,513,486	6,064,877
Water	47,831,453	50,939,527	56,761,359
Sewer	24,456,660	26,798,508	28,355,583
Development Services	14,640,305	16,023,169	17,504,160
Convention Center	1,987,119	2,084,085	2,293,279
Total	<u>\$ 260,013,869</u>	<u>\$ 284,096,898</u>	<u>\$ 312,889,286</u>

TABLE 2

CITY OF HENDERSON, NEVADA

GOVERNMENT-WIDE REVENUES

LAST THREE FISCAL YEARS

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES				Total
	Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions	Gain on Sale of Assets	Investment Earnings	Miscellaneous	Taxes	
2002	<u>\$ 97,509,211</u>	<u>\$ 8,641,617</u>	<u>\$ 143,462,587</u>	<u>\$ 2,014,836</u>	<u>\$ 22,759,191</u>	<u>\$ 1,035,924</u>	<u>\$ 123,881,536</u>	<u>\$ 399,304,902</u>
2003	<u>\$ 100,853,103</u>	<u>\$ 7,534,122</u>	<u>\$ 200,284,294</u>	<u>\$ 6,924,104</u>	<u>\$ 14,891,578</u>	<u>\$ 980,698</u>	<u>\$ 137,918,139</u>	<u>\$ 469,386,038</u>
2004	<u>\$ 110,978,903</u>	<u>\$ 6,143,018</u>	<u>\$ 136,013,478</u>	<u>\$ 5,292,899</u>	<u>\$ 3,823,934</u>	<u>\$ 921,831</u>	<u>\$ 160,536,843</u>	<u>\$ 423,710,906</u>

TABLE 3

CITY OF HENDERSON, NEVADA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

95	Fiscal Year	General Government	Judicial	Public Safety	Public Works	Culture & Recreation	Debt Service	Total
	1995	\$ 13,946,875	\$ 1,210,615	\$ 25,319,323	\$ 3,706,628	\$ 6,686,795	\$ 17,107,289	\$ 67,977,525
	1996	15,271,704	1,424,811	28,667,410	4,207,087	7,645,530	19,326,240	76,542,782
	1997	19,587,130	1,797,149	34,031,028	4,168,418	9,196,625	30,862,255	99,642,605
	1998	22,075,316	1,988,504	38,857,953	4,714,164	10,484,248	34,797,026	112,917,211
	1999	26,902,974	2,168,199	46,241,144	5,726,957	13,332,298	51,162,985	145,534,557
	2000	30,085,079	2,377,881	52,462,142	5,093,490	16,324,343	34,154,114	140,497,049
	2001	35,677,629	2,633,526	54,219,156	6,741,962	20,067,759	45,064,521	164,404,553
	2002	29,429,868	3,091,282	59,984,033	10,234,461	23,085,100	47,670,978	173,495,722
	2003	38,872,226	3,299,332	67,602,705	9,691,837	26,292,703	21,233,376	166,992,179
	2004	38,744,260	3,534,995	76,177,155	10,605,798	27,158,204	22,541,572	178,761,984

Note: (1) Includes General, Special Revenue, Capital Projects and Debt Service Funds; excludes capital outlay

TABLE 4

CITY OF HENDERSON, NEVADA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Property Taxes	Special Assessments	Franchise Fees	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeits	Developer/Property Owner Contributions	Impact Fees	Miscellaneous	Total
1995	\$ 11,080,716	\$ 1,239,387	\$ 5,454,925	\$ 4,779,291	\$ 32,250,667	\$ 4,000,875	\$ 977,156	\$ 12,803	\$ -	\$ 4,983,082	\$ 64,778,902
1996	12,477,303	4,337,980	6,224,144	6,337,790	37,062,792	5,325,388	1,141,460	1,333	-	8,347,199	81,255,389
1997	14,773,745	10,450,756	6,887,730	6,901,812	42,081,967	6,652,160	1,330,029	1,917	-	13,853,416	102,933,532
1998	19,787,556	8,841,083	8,287,523	8,129,130	49,674,247	8,521,274	1,599,142	5,000	-	13,832,408	118,677,363
1999	25,518,272	8,941,709	9,939,571	8,418,719	51,302,071	11,341,965	1,654,378	-	-	14,808,085	131,924,770
2000	28,966,393	8,897,444	12,195,108	6,811,159	55,863,745	12,602,220	1,950,238	-	-	14,778,433	142,064,740
2001	33,667,008	7,368,844	15,799,641	4,798,572	60,314,810	15,553,012	2,214,936	-	-	17,347,909	157,064,732
2002	39,251,126	6,690,270	18,298,174	5,324,227	72,315,724	10,982,168	2,542,172	2,072,897	1,879,908	20,428,570	179,785,236
2003	46,026,738	249,569	19,353,127	5,848,669	83,419,931	10,701,889	2,746,306	52,138,390	1,642,738	6,265,133	228,392,490
2004	51,356,138	1,818,361	21,227,833	6,856,573	92,449,462	11,787,181	2,998,041	6,285,655	1,499,185	4,763,867	201,042,296

Note:

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds for 2002 through 2004; previous years exclude Capital Projects Funds

TABLE 4A

CITY OF HENDERSON, NEVADA

GENERAL FUND TAX AND INTERGOVERNMENTAL REVENUES BY SOURCE

LAST TEN FISCAL YEARS

Fiscal Year	Property Tax	Franchise Fees	Sales Tax(1)	Motor Fuel Tax(1)	Alcoholic Beverage Tax(1)	Consolidated Tax Revenues(1)	Other Intergovernmental Revenues(1)	Total
1995	5,348,386	5,454,925	25,030,293	746,585	260,455	-	5,254,830	42,095,474
1996	5,757,207	6,224,144	29,094,030	812,034	274,594	-	5,866,178	48,028,187
1997	6,712,296	6,887,730	33,726,683	923,022	280,024	-	6,063,741	54,593,496
1998	10,247,627	8,287,523	37,939,319	1,060,837	319,539	-	9,027,476	66,882,321
1999	13,249,364	9,939,571	-	1,189,595	-	46,839,359	1,829,645	73,047,534
2000	14,696,838	12,195,108	-	1,270,164	-	50,720,719	2,234,684	81,117,513
2001	17,286,070	15,799,641	-	1,358,338	-	53,465,516	1,667,598	89,577,163
2002	19,638,963	18,298,174	-	1,637,688	-	58,404,948	1,956,878	99,936,651
2003	22,972,300	19,353,127	-	1,672,236	-	63,896,932	2,182,632	110,077,227
2004	25,765,571	21,227,833	-	1,843,361	-	78,290,939	2,117,379	129,245,083

Note:

(1) Included as intergovernmental revenues in the General Fund

TABLE 5

CITY OF HENDERSON, NEVADA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collection to Tax Levy	Outstanding Delinquent Taxes
1995	\$ 11,260,233	\$ 11,088,981	98.48%	\$ 125,336	\$ 11,214,317	99.59%	\$ 437,220
1996	12,560,805	12,447,335	99.10%	410,185	12,857,520	102.36%	140,505
1997	14,638,211	14,504,487	99.09%	51,280	14,555,767	99.44%	222,949
1998	16,980,505	16,792,486	98.89%	93,396	16,885,882	99.44%	317,572
1999	22,038,032	21,786,842	98.86%	212,908	21,999,750	99.83%	355,854
2000	25,405,018	25,029,900	98.52%	290,388	25,320,288	99.67%	440,584
2001	29,136,392	28,637,652	98.29%	325,455	28,963,107	99.41%	613,869
2002	34,167,421	33,664,830	98.53%	422,652	34,087,482	99.77%	693,808
2003	42,478,469	41,781,856	98.36%	519,479	42,301,335	99.58%	870,942
2004	47,318,596	46,916,703	99.15%	679,369	47,596,072	100.59%	593,466

Source: Clark County Controller's Office

TABLE 6

CITY OF HENDERSON, NEVADA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1995	1,513,521,918	4,324,348,337	182,367,706	521,050,589	1,695,889,624	4,845,398,926	35.0
1996	1,726,149,120	4,931,854,629	198,344,674	566,699,069	1,924,493,794	5,498,553,697	35.0
1997	2,000,222,916	5,714,922,617	328,229,596	937,798,846	2,328,452,512	6,652,721,463	35.0
1998	2,533,709,450	7,239,169,857	351,630,797	1,004,659,420	2,885,340,247	8,243,829,277	35.0
1999	3,251,045,120	9,288,700,343	405,645,672	1,158,987,634	3,656,690,792	10,447,687,977	35.0
2000	3,738,591,770	10,681,690,771	304,963,340	871,323,829	4,043,555,110	11,553,014,600	35.0
2001	4,276,595,470	12,218,844,200	387,678,320	1,107,652,343	4,664,273,790	13,326,496,543	35.0
2002	5,033,711,060	14,382,031,600	586,433,720	1,675,524,914	5,620,144,780	16,057,556,514	35.0
2003	6,022,498,387	17,207,138,249	550,303,670	1,572,296,200	6,572,802,057	18,779,434,449	35.0
2004	6,856,028,148	19,588,651,851	577,185,611	1,649,101,746	7,433,213,759	21,237,753,597	35.0

Source: Clark County Assessor's Office

TABLE 7

CITY OF HENDERSON, NEVADA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

100	CITY OF HENDERSON				State of Nevada	School District	County	Special Districts	Total	
	Fiscal Year	General Fund	Debt Service Fund	Legislative Approved Override						Total
	1995	0.3829	0.3295	0.0312						0.7436
	1996	0.3829	0.3295							0.7124
	1997	0.3829	0.3295							0.7124
	1998	0.3740	0.3295							0.7035
	1999	0.3786	0.3295							0.7081
	2000	0.3745	0.3295							0.7040
	2001	0.3813	0.3295							0.7108
	2002	0.3813	0.3295							0.7108
2003	0.5163	0.1945		0.7108						
2004	0.4886	0.2222		0.7108						

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

TABLE 8

CITY OF HENDERSON, NEVADA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Special Assessment Billings	Special Assessments Collected (1)	Total Outstanding Assessments (2)
1995	\$ 974,349	\$ 1,239,837	\$ 104,624,727
1996	2,924,133	4,337,980	160,366,199
1997	4,452,619	10,450,756	149,082,645
1998	5,293,883	8,841,083	139,042,933
1999	5,202,688	8,941,709	161,216,893
2000	5,455,335	8,897,444	152,314,452
2001	5,757,187	7,368,844	143,281,953
2002	5,907,424	6,690,270	151,838,715
2003	240,629	249,569	3,356,098
2004	270,914	1,818,361	1,421,353

Notes:

(1) Includes prepayments and foreclosures

(2) Includes current, delinquent and deferred accounts

(3) Previous years include Special Assessments with no governmental commitment.
 2003 and 2004 include only those assessments with potential governmental commitment.

TABLE 9

CITY OF HENDERSON, NEVADA

RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	Population(1)	Assessed Value in Thousands	Gross Bonded Debt(2)	Debt Service Monies Available	Payable From Enterprise Revenues	Net Bonded Debt	Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995	117,890	\$ 1,695,890	\$ 171,361,511	\$ 2,534,107	\$ 103,056,511	\$ 65,770,893	3.88	557.90
1996	132,560	1,924,494	173,899,721	4,150,808	109,089,721	60,659,192	3.15	457.60
1997	146,357	2,328,453	182,001,888	6,967,693	105,816,888	69,217,307	2.97	472.93
1998	159,332	2,885,340	231,033,450	8,891,012	101,228,450	120,913,988	4.19	758.88
1999	176,670	3,656,690	330,734,477	6,761,986	192,969,477	131,003,014	3.58	741.51
2000	190,512	4,043,555	365,683,675	5,120,770	185,578,675	174,984,230	4.33	918.49
2001	199,695	4,664,274	351,994,406	5,264,172	180,499,406	166,230,828	3.56	832.42
2002	210,850	5,620,145	351,683,159	7,358,902	173,843,159	170,481,098	3.03	808.54
2003	223,070	6,572,802	331,426,779	3,111,752	165,141,779	163,173,248	2.48	731.49
2004	235,292	7,433,213	309,597,473	1,573,486	155,592,473	152,431,514	2.05	647.84

Source:

(1) City of Henderson Planning Department estimates

Note:

(2) Includes all Long-Term General Obligation Debt

CITY OF HENDERSON, NEVADA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004

Estimated Assessed Value	\$ 7,433,213,759
Debt Limit - 15 Percent of Total Assessed Value	1,114,982,064
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt (including Special Assessment and Tax Allocation Bonds)	\$ 312,097,473
Less:	
Special Assessment Bonds	(2,500,000) (1)
Tax Allocation Bonds	(16,340,000) (2)
Total Amount of Debt Applicable to Debt Limit	<u>293,257,473</u>
Legal Debt Margin	<u><u>\$ 821,724,591</u></u>

Notes:

- (1) Does not include matured and unredeemed bonds
- (2) The Tax Allocation Bonds issued by the City of Henderson Redevelopment Agency do not constitute indebtedness within the meaning of the statutory debt limitations.

TABLE 11

CITY OF HENDERSON, NEVADA

COMPUTATION OF GENERAL OBLIGATION DIRECT AND OVERLAPPING DEBT

June 30, 2004

	Total General Obligation Debt	Less Debt Service Fund Balance	Net Debt Outstanding	% Applicable	Applicable Net Debt
Direct:					
City of Henderson	\$ 309,597,473	\$ 1,573,486	\$ 308,023,987	100.00%	<u>\$ 308,023,987</u>
Overlapping:					
State of Nevada	2,545,599,000	-	2,545,599,000	10.81%	275,073,231
Clark County	2,846,977,000	138,534,000	2,708,443,000	15.23%	412,441,941
Clark County School District	2,854,099,000	367,604,000	2,486,495,000	15.23%	378,643,680
Las Vegas-Clark County Library District	47,600,000	8,814,000	38,786,000	19.26%	<u>7,470,129</u>
Total Overlapping debt					<u>1,073,628,981</u>
Total Direct and Overlapping Debt					<u><u>\$ 1,381,652,968</u></u>

Source: Clark County School District

CITY OF HENDERSON, NEVADA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT (1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (2)	Ratio of Debt Service To Total General Expenditures
1995	\$ 3,025,000	\$ 3,924,442	\$ 6,949,442	\$ 67,977,525	10.22
1996	3,495,000	3,747,666	7,242,666	76,542,782	9.47
1997	3,890,000	3,691,045	7,581,045	99,642,605	7.61
1998	4,880,000	6,133,893	11,013,893	112,917,211	9.75
1999	6,700,000	7,296,720	13,996,720	145,534,557	9.62
2000	7,660,000	7,134,425	14,794,425	140,497,049	10.53
2001	8,610,000	9,403,992	18,013,992	164,404,553	10.96
2002	10,115,000	8,667,416	18,782,416	173,495,722	10.83
2003	11,655,000	8,212,409	19,867,409	166,992,179	11.90
2004	13,035,000	4,963,244	17,998,244	178,761,984	10.07

Notes:

(1) General Obligation Bonds reported in the Enterprise Funds and Special Assessment Debt with Government Commitment are excluded

(2) Includes General, Special Revenue, Capital Projects and Debt Service Funds; excluding capital outlay

TABLE 13

CITY OF HENDERSON, NEVADA
WATER AND SEWER FUNDS REVENUE BOND COVERAGE - COMBINED
LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenue	Operating Expenses(1)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995	\$ 24,628,877	\$ 18,323,421	\$ 6,305,456	\$ 2,513,074	\$ 4,139,007	\$ 6,652,081	95%
1996	29,986,765	22,317,120	7,667,645	3,795,873	5,599,212	9,395,085	82%
1997	34,727,532	26,722,260	8,005,272	4,214,524	5,642,028	9,856,552	81%
1998	38,691,013	28,380,306	10,310,707	4,917,746	5,113,136	10,030,882	103%
1999	44,437,360	33,556,923	10,880,437	4,678,499	7,713,018	12,391,517	88%
2000	49,622,738	34,775,955	14,846,783	7,941,884	9,407,221	17,349,105	86%
2001	59,126,172	38,074,205	21,051,967	8,313,009	7,673,932	15,986,941	132%
2002	61,855,110	45,328,954	16,526,156	8,711,980	7,989,062	16,701,042	99%
2003	65,173,704	49,687,020	15,486,684	8,793,913	6,791,514	15,585,427	99%
2004	70,402,702	54,112,436	16,290,266	9,414,780	6,032,181	15,446,961	105%

Note:

(1) Total operating expenses exclusive of depreciation

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CITY OF HENDERSON, NEVADA

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	School Enrollment (2)	Unemployment Rate (3)
1995	117,890	21,061	6.40%
1996	132,560	24,456	5.40%
1997	146,357	27,609	5.00%
1998	159,332	27,322	4.20%
1999	176,670	27,997	3.78%
2000	190,512	26,724	4.19%
2001	199,695	32,227	4.34%
2002	210,850	31,938	6.20%
2003	223,070	33,667	5.30%
2004	235,292	34,504	4.79%

Education (4):

Level	Percent Zip Code 89011	Percent Zip Code 89012	Percent Zip Code 89014	Percent Zip Code 89015	Percent Zip Code 89052	Percent Zip Code 89074
Some high school	7%	3%	4%	10%	1%	4%
High school degree	23%	21%	20%	31%	13%	18%
Some college	28%	36%	34%	33%	26%	39%
College degree	21%	20%	25%	15%	32%	19%
Some graduate	6%	7%	6%	5%	8%	4%
Graduate degree	15%	13%	11%	6%	20%	16%

Sources:

- (1) City of Henderson Planning Department
- (2) Clark County School District
- (3) Nevada Employment Security Department-Clark County Data
- (4) University of Nevada, Las Vegas Center for Business and Economic Research-Las Vegas Perspective

TABLE 14
(Cont.)

CITY OF HENDERSON, NEVADA

DEMOGRAPHIC STATISTICS

JUNE 30, 2004

Income Character- istics - % (4)	Income Category	Zip Code 89011	Zip Code 89012	Zip Code 89014	Zip Code 89015	Zip Code 89052	Zip Code 89074
	Under - \$15,000	1%	1%	5%	8%	1%	3%
	\$ 15,000 - \$ 19,999	1%	2%	4%	6%	1%	5%
	\$ 20,000 - \$ 24,999	0%	7%	7%	10%	2%	3%
	\$ 25,000 - \$ 34,999	1%	5%	12%	13%	5%	12%
	\$ 35,000 - \$ 49,999	16%	20%	18%	18%	21%	16%
	\$ 50,000 - \$ 74,999	25%	32%	24%	23%	23%	25%
	\$ 75,000 - \$100,000	9%	16%	15%	12%	20%	16%
	Over \$100,000	47%	17%	15%	10%	27%	20%
	Median	\$ 93,678	\$ 61,829	\$ 53,541	\$ 45,491	\$ 71,368	\$ 61,450
Age Characteristics of Adults - % (4)	Adult Ages	Zip Code 89011	Zip Code 89012	Zip Code 89014	Zip Code 89015	Zip Code 89052	Zip Code 89074
	18 - 24	8%	6%	9%	10%	8%	9%
	25 - 34	6%	15%	18%	13%	21%	12%
	35 - 44	7%	20%	16%	19%	22%	21%
	45 - 54	26%	14%	23%	23%	12%	22%
	55 - 64	35%	21%	19%	19%	21%	19%
	65 +	18%	24%	15%	16%	16%	17%
Type of Dwelling - % (4)	Adult Ages	Zip Code 89011	Zip Code 89012	Zip Code 89014	Zip Code 89015	Zip Code 89052	Zip Code 89074
	Single family	98%	76%	46%	75%	79%	69%
	Apartment	0%	20%	38%	13%	17%	14%
	Condo/townhome	2%	4%	16%	6%	4%	15%
	Mobile home	0%	0%	0%	6%	0%	2%

Sources:

(4) University of Nevada, Las Vegas Center for
Business and Economic Research-
Las Vegas Perspective

TABLE 15

CITY OF HENDERSON, NEVADA
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS

Fiscal Year	(1) Commercial Construction		(1) Residential Construction		(2) Property Assessed Value		
	Number of Permits	Value	Number of Permits	Value	Commercial	Residential	Industrial
1995	226	\$ 130,242,103	4,460	\$ 364,988,768	\$ 193,137,840	\$ 1,151,868,980	\$ 33,041,340
1996	385	144,990,464	5,407	468,131,355	216,211,060	1,332,064,070	41,925,280
1997	335	154,094,657	4,991	470,536,457	275,551,280	1,521,200,050	65,636,680
1998	199	172,526,577	4,982	503,327,706	341,001,350	1,747,397,590	79,236,000
1999	173	220,650,151	5,202	544,981,099	445,633,990	2,170,988,610	101,596,710
2000	142	92,466,815	5,404	661,508,676	584,153,280	2,461,082,190	113,167,780
2001	165	206,811,554	4,850	661,599,679	688,667,160	2,774,810,790	118,557,370
2002	125	127,406,173	3,928	530,329,172	878,429,290	3,273,255,230	131,423,790
2003	73	54,635,128	4,063	573,182,599	1,100,550,510	3,933,284,490	144,392,080
2004	62	55,146,944	4,082	555,508,867	1,263,986,936	4,563,429,326	156,527,679

Sources:

(1) City of Henderson Building Department

(2) Clark County Assessor.

CITY OF HENDERSON, NEVADA

RESIDENTIAL BUILDING PERMITS
(SINGLE FAMILY)

LAST TEN FISCAL YEARS

	Las Vegas	North Las Vegas	Henderson	Unincorporated Clark County	Boulder City (1)	Total
<u>1995</u>						
Permits	6,560	2,184	3,419	4,758	80	17,001
Dollar Value	\$ 492,260,428	\$ 181,509,651	\$ 312,332,272	\$ 300,165,407	\$ 13,474,593	\$ 1,299,742,351
<u>1996</u>						
Permits	7,153	2,135	4,530	5,253	81	19,152
Dollar Value	\$ 582,562,339	\$ 179,883,279	\$ 409,225,634	\$ 405,621,646	\$ 13,699,442	\$ 1,590,992,340
<u>1997</u>						
Permits	6,124	2,027	4,020	6,245	85	18,501
Dollar Value	\$ 527,498,218	\$ 169,630,130	\$ 363,722,494	\$ 477,028,779	\$ 17,231,980	\$ 1,555,111,601
<u>1998</u>						
Permits	6,097	3,553	4,662	6,591	48	20,951
Dollar Value	\$ 534,971,780	\$ 234,721,935	\$ 429,532,656	\$ 511,021,162	\$ 13,454,960	\$ 1,723,702,493
<u>1999</u>						
Permits	5,504	2,015	4,951	6,994	25	19,489
Dollar Value	\$ 486,578,363	\$ 169,556,236	\$ 493,214,958	\$ 555,834,012	\$ 7,292,000	\$ 1,712,475,569
<u>2000</u>						
Permits	5,050	1,982	5,128	7,523	30	19,713
Dollar Value	\$ 474,999,528	\$ 173,525,536	\$ 644,309,770	\$ 777,741,769	\$ 10,834,421	\$ 2,081,411,024
<u>2001</u>						
Permits	4,531	2,427	4,369	9,705	62	21,094
Dollar Value	\$ 438,482,969	\$ 246,689,832	\$ 570,936,661	\$ 1,026,193,257	\$ 15,694,532	\$ 2,297,997,251
<u>2002</u>						
Permits	3,892	2,576	3,497	5,464	21	15,450
Dollar Value	\$ 544,251,214	\$ 283,983,401	\$ 466,495,056	\$ 674,855,149	\$ 6,460,384	\$ 1,976,045,204
<u>2003</u>						
Permits	5,765	3,620	3,565	5,615	32	18,597
Dollar Value	\$ 7,945,289	\$ 413,033,554	\$ 488,588,296	\$ 577,044,251	\$ 9,157,960	\$ 1,495,769,350
<u>2004</u>						
Permits	8,281	5,747	4,077	13,669	12	31,786
Dollar Value	\$ 1,109,873,338	\$ 1,177,265,426	\$ 537,696,891	\$ 1,386,842,569	\$ 4,963,924	\$ 4,216,642,148

Source:

Building Departments - Las Vegas, North Las Vegas, Henderson, Clark County and Boulder City.

Note:

(1) Boulder City imposed a strict growth control ordinance effective July 1, 1979.

CITY OF HENDERSON, NEVADA

PRINCIPAL PROPERTY OWNERS

JUNE 30, 2004

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Taxpayer	Type of Business	Taxable Estimated Appraised Value (1)	Taxable Assessed Value	Approximate Percentage of Taxable Assessed Valuation
Pulte Homes	Real Estate	\$ 310,397,534	\$ 108,639,137	1.462%
Lake at Las Vegas Joint Venture	Real Estate	253,503,117	88,726,091	1.194%
Station Casinos Incorporated	Hotel/Casino	247,066,911	86,473,419	1.163%
Greenspun Companies	Real Estate	204,928,800	71,725,080	0.965%
Green Valley Ranch Gaming LLC	Hotel/Casino	202,479,206	70,867,722	0.953%
Foothill Partners	Real Estate	90,125,089	31,543,781	0.424%
Sentinel Realty Partners III Limited Partnership	Real Estate	88,315,000	30,910,250	0.416%
Sierra-Nevada Multifamily Investments	Real Estate	87,241,329	30,534,465	0.411%
Lake Mead Horizon LLC	Real Estate	86,864,086	30,402,430	0.409%
Harsch Investments	Real Estate	78,447,240	27,456,534	0.369%
Ranch Center Associates Limited Partnership	Real Estate	78,338,266	27,418,393	0.369%
NGVP LLC	Real Estate	56,109,357	19,638,275	0.264%
Totals			<u>\$ 624,335,577</u>	<u>8.398%</u>

Source: Clark County Assessor's Office

Note: (1) Estimated appraised value is based on assessed value at 35% of appraised value

TABLE 18

CITY OF HENDERSON, NEVADA

MAJOR EMPLOYERS

JUNE 30, 2004

Name	Product/Service	Employees
City of Henderson	Government	2,845
St. Rose Dominican Hospital	Medical	1,000 +
Sunset Station	Hotel & Casino	1,000 +
Green Valley Ranch	Hotel & Casino	1,000 +
Fiesta Henderson	Hotel & Casino	500-999
Ford Motor Credit Co.	Sales Financing	500-999
Wal-Mart Stores, Inc.	Warehouse Clubs and Supercenters	500-999
Camden Development, Inc.	Residential Buildings	250-499
Casino Monte Lago	Casino	250-499
Costco Wholesale	Warehouse Clubs and Supercenters	250-499
El Dorado Casino	Casino	250-499
Hyatt Regency, Lake Las Vegas	Hotel & Casino	250-499
Good Humor - Breyers Ice Cream	Manufacturer	250-499
IDC	Telemarketing Bureaus	250-499
Jokers Wild Casino	Casino	250-499
Levi-Strauss & Co.	Distribution	250-499
RC Wiley Home Furnishings	Furniture Stores	250-499
Skyline Casino	Casino	250-499
The Ritz-Carlton, Lake Las Vegas	Hotel & Casino	250-499
Titanium Metals Corporation	Manufacturer	250-499

Source: 2004 City of Henderson Economic and Demographic Overview

TABLE 19

CITY OF HENDERSON, NEVADA

MISCELLANEOUS STATISTICS

JUNE 30, 2004

Date of charter (1)	1965
Form of government	Council/City Manager
Area	96.87 Square miles
Miles of Street	
Paved	676
Unpaved	28
Miles of railroad	13.4
Number of traffic signals	115
Number of street lights (2)	31,900
Number of flashing school beacons	30

Fire Protection:

Number of stations	9
Number of firemen and officers	184

Police Protection:

Number of stations	2
Number of policemen and officers (including corrections officers)	291

Municipal Water Utility:

<u>Type of Service</u>	<u>Number of Active Accounts</u>	<u>Utility Revenues</u>
Single family	67,863	\$ 25,088,927
Commercial	2,937	11,868,934
Multi-family	357	5,482,453
Mobile park	11	340,180
Municipal	129	1,174,773
Total	<u>71,297</u>	<u>\$ 43,955,267</u>

Average daily water consumption	70 MGD
Number of water treatment plants	1
Number of water pump stations	23
Miles of water mains	1,010

TABLE 19
(cont.)

CITY OF HENDERSON, NEVADA

MISCELLANEOUS STATISTICS

JUNE 30, 2004

Municipal Sewer Utility:

<u>Type of Service</u>	<u>Number of Active Accounts</u>	<u>Utility Revenues</u>
Single family	66,571	\$ 12,275,682
Commercial	1,245	6,043,737
Multi-family	357	5,080,887
Mobile park	11	256,460
Municipal	53	254,897
Total	<u>68,237</u>	<u>\$ 23,911,663</u>

Number of sewage treatment plants	2
Number of sewer lift stations	11
Miles of sanitary sewer mains	801

Development Services:

Building permits issued	4,144
-------------------------	-------

Recreation and culture:

Number of parks	43
Park acres	1097
Activity centers	7
Swimming pools	7
Streetscapes	181
Trail acres	75

Employees:

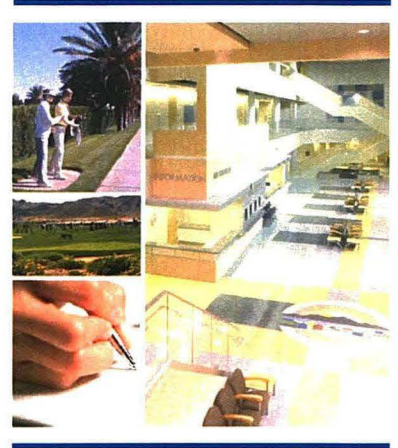
Full-time	1,463
Elected officials	7
Part-time	<u>1,375</u>
Total number of employees	<u>2,845</u>

Notes:

- (1) The City was incorporated in 1953 under the Council/Mayor form of government. In 1965, the City was chartered by the state legislature and the form of government was changed to Council/City Manager.
- (2) Includes approximately 380 lights leased from Nevada Power Company.

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Compliance Section





KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Henderson, Nevada as of and for the year ended June 30, 2004, which collectively comprise the City of Henderson's basic financial statements and have issued our report thereon dated October 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting:

In planning and performing our audit, we considered the City of Henderson, Nevada's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Henderson, Nevada in a separate letter dated October 21, 2004.

Compliance and Other Matters:

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
October 21, 2004



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133

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

Compliance:

We have audited the compliance of the City of Henderson, Nevada with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City of Henderson, Nevada's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Henderson, Nevada's management. Our responsibility is to express an opinion on the City of Henderson, Nevada's compliance based on our audit.

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

In our opinion, the City of Henderson, Nevada complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 04-1 through 04-6.

Internal Control over Compliance:

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

of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely effect the City of Henderson, Nevada's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 04-1 through 04- 6.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

Kafoury, Armstrong & Co.

Reno, Nevada
October 21, 2004

**CITY OF HENDERSON, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Name of Agency or Department</u>	<u>CFDA Number</u>	<u>Grant I. D. Number</u>	<u>Federal Disbursements/ Expenditures</u>
<u>U. S. Department of Housing and Urban Development</u>			
<u>Community Planning and Development</u>			
<u>Community Development Block Grants/Entitlement Grants</u>	14.218		
Entitlement Funds			\$ 336,015
Program Income			18,487
Amount Provided to Subrecipients			319,869
Total Community Development Block Grants/Entitlement Grants			674,371
<u>Community Development Block Grants/Economic Development Initiative</u>			
Project Grants	14.246		15,000
Total Community Development Block Grants/Economic Development Initiative			15,000
<u>HOME Investment Partnerships Program</u>	14.239		
Passed through State of Nevada, Department of Commerce			
HOME Grant - Projects			736,885
HOME Grant - Administration			47,429
Program Income			102,006
Total HOME Investment Partnerships Program			886,320
Total Community Planning and Development			1,575,691
Total U. S. Department of Housing and Urban Development			1,575,691
<u>U. S. Federal Emergency Management Agency</u>			
<u>Office of National Preparedness</u>			
<u>Emergency Management Performance Grants</u>	83.552		
Passed through State of Nevada, Department of Motor Vehicles and Public Safety, Division of Emergency Management			
Fire Department		8355203	67,776
Total Office of National Preparedness			67,776
<u>United States Fire Administration</u>			
<u>Assistance to Firefighters Grant</u>	97.044		
FEMA Assistance Grant		EMW-2002-FG-04026	9,397
Total United States Fire Administration			9,397
<u>Emergency Preparedness and Response Directorate</u>			
<u>Assistance to Firefighters Grant</u>	97.044		
Fire Operations and Firefighter Safety		EMW-2003-FG-05265	180,135
Total Emergency Preparedness and Response Directorate			180,135
Total U. S. Federal Emergency Management Agency			257,308
<u>U. S. Department of Justice</u>			
<u>Office of Justice Programs-Bureau of Justice Assistance</u>			
<u>Local Law Enforcement Block Grants Program</u>	16.592		
Local Law Enforcement Block Grant		2003-LB-BX-0661	57,979
Total Local Law Enforcement Block Grant			57,979
Total Office of Justice Programs - Bureau of Justice Assistance			57,979
<u>Office of Justice Programs - Bureau of Justice Statistics</u>			
<u>National Incident Based Reporting System</u>	16.733		
Passed through State of Nevada, Department of Public Safety, Office of Criminal Justice Assistance			
NIBRS Grant		01-NIBRS-002	118,800
Total Office of Justice Programs - Bureau of Justice Statistics			118,800
<u>Office of Juvenile Justice and Delinquency Prevention</u>			
<u>Juvenile Justice and Delinquency Prevention: Allocation to States</u>	16.540		
Passed through State of Nevada Juvenile Justice Commission			
Juvenile Justice and Delinquency Prevention Grant			24,398
Total Office of Juvenile Justice and Delinquency Prevention			24,398
<u>Office of Community Oriented Policing Services</u>			
<u>Public Safety Partnership and Community Policing Grants</u>	16.710		
COPS Universal Hiring Award		2001-UM-WX-0194	667,882
COPS Methamphetamine Grant		2002-CK-WX-0311	132,094
Total Office of Community Oriented Policing Services			799,976
Total U. S. Department of Justice			1,001,153

**CITY OF HENDERSON, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Name of Agency or Department</u>	<u>CFDA Number</u>	<u>Grant I. D. Number</u>	<u>Federal Disbursements/ Expenditures</u>
<u>U. S. Department of Transportation</u>			
<u>National Highway Traffic Safety Administration</u>			
<u>State and Community Highway Safety</u>	20.600		
Passed through State of Nevada, Department of Motor Vehicles and Public Safety - Office of Traffic Safety			
Joining Forces			27,565
Every 15 Minutes			27,880
Total National Highway Traffic Safety Administration			55,445
<u>Federal Highway Administration</u>	20.205		
<u>Highway Planning and Construction</u>			
Passed through State of Nevada, Department of Transportation			
Enhancement Project		PR794-03-063	4,811
Total National Highway Traffic Safety Administration			4,811
Total U. S. Department of Transportation			60,256
<u>U. S. Department of Health and Human Services</u>			
<u>Administration on Aging</u>			
<u>Special Programs for the Aging: Title III, Part C: Nutrition Services</u>	93.045		
Passed through State of Nevada, Division for Aging Services			
<u>Aging Cluster</u>			
Senior Nutrition Grant			316,946
Total U. S. Department of Health and Human Services			316,946
<u>U. S. Department of Agriculture</u>			
<u>Forest Service</u>			
<u>Cooperative Forestry</u>	10.664		
Passed through State of Nevada, Department of Conservation and Natural Resources,			
Nevada Division of Forestry			
Morrell Park Tree Planting & Restoration		USDS/UF/FFY03/#01	4,950
Total Cooperative Forestry			4,950
<u>Food and Nutrition Service</u>			
<u>Special Milk Program for Children</u>	10.556		
Passed through State of Nevada Department of Education			
Safekey Milk Program			19,592
Total Special Milk Program for Children			19,592
<u>Summer Food Service Program for Children</u>	10.559		
Passed through State of Nevada Department of Education			
Summer Magic Program			8,973
Total Summer Food Service Program for Children			8,973
<u>Nutrition Services Incentive</u>	10.570		
Passed through State of Nevada, Division for Aging Services			
Black Mountain Senior Nutrition			40,290
Total Nutrition Services Incentive			40,290
Total U. S. Department of Agriculture			73,805
<u>U. S. Department of the Interior</u>			
<u>National Park Service</u>			
<u>Historic Preservation Fund Grants-In-Aid</u>	15.904		
Passed through State of Nevada -			
Historic Preservation Fund		32-02-17558(4)	29,160
Total Historic Preservation Fund Grants-In-Aid			29,160
<u>Outdoor Recreation: Acquisition, Development and Planning</u>	15.916		
Passed through State of Nevada - Division of State Parks, Department of Conservation and Natural Resources			
Acacia Park Backyard Conservation Demonstration Gardens		32-00-00249	23,614
Total Outdoor Recreation: Acquisition, Development and Planning			23,614

**CITY OF HENDERSON, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Name of Agency or Department</u>	<u>CFDA Number</u>	<u>Grant I. D. Number</u>	<u>Federal Disbursements/ Expenditures</u>
<u>Bureau of Land Management</u>			
<u>Southern Nevada Public Land Management Act</u>	15.227		
River Mountain Loop Trail Project		NAA010005 NAH02HN01	56,063
Wetlands Trail Connection Project		NAA010005 NAH03HN02	3,321
Boulder Highway Trail		NAA010005 NAF04HN04	7,965
Total Southern Nevada Public Land Management Act			<u>67,349</u>
Total U. S. Department of the Interior			<u>120,123</u>
<u>Department of Homeland Security</u>			
<u>Emergency Management Performance Grants</u>	97.042		
Passed through Clark County, Nevada - Administrative Services Department, Office of Emergency Management			
Emergency Management Performance Grant - Supplemental 02			30,000
Total Emergency Management Performance Grants			<u>30,000</u>
<u>Citizen Corps</u>	97.053		
Passed through Clark County, Nevada - Administrative Services Department, Office of Emergency Management			
Citizen Corps Council Program			3,098
Total Citizen Corps			<u>3,098</u>
<u>State Domestic Preparedness Equipment Support Program</u>	97.004		
Passed through State of Nevada, Department of Public Safety, Division of Emergency Management			
ODP Phase 1 Program			40,412
Passed through Clark County, Nevada, Office of Emergency Management			
Homeland Security Grant - Phase II			54,063
Total State Domestic Preparedness Equipment Support Program			<u>94,475</u>
Total Department of Homeland Security			<u>127,573</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,532,855</u>

**CITY OF HENDERSON, NEVADA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Henderson, Nevada (the "City"). The City's reporting entity is defined in Note I to the financial statements. All expenditures of awards from federal agencies as well as expenditures of awards passed through other government agencies by the City are included on the schedule. The schedule does not include the federal award program expenditures of the City of Henderson Redevelopment Agency, a blended component unit.

2. BASIS OF ACCOUNTING

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

3. AMOUNTS PROVIDED TO SUBRECIPIENTS

Included on the Schedule of Expenditures of Federal Awards for the Community Development Block Grant, are expenditures related to payments to subrecipients. These expenditures include payments made to departments within the City of Henderson. For purposes of the Schedule of Expenditures of Federal Awards, the City considers these departments to be subrecipients, though they do not meet the definition of a subrecipient as described in OMB Circular A-133.

**CITY OF HENDERSON, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

Summary of Auditor's Results:

- Kafoury, Armstrong & Co. issued an unqualified opinion on the financial statements of the City of Henderson, Nevada for the year ended June 30, 2004.
- The audit disclosed no instances of noncompliance that were material to the financial statements of the City of Henderson.
- No reportable conditions or material weaknesses were disclosed during the audit of the financial statements.
- Reportable conditions, not identified as material weaknesses, in the internal control over the major programs were disclosed.
- Kafoury, Armstrong & Co. issued an unqualified opinion on compliance for major programs of the City of Henderson.
- Audit findings relative to the major federal award programs for the City of Henderson, which are required to be reported under section .510(a) of OMB Circular A-133 are included on the following pages.
- The City of Henderson had four major programs for the year ended June 30, 2004, as follows:
 - Public Safety Partnership and Community Policing Grants – CFDA 16.710
 - HOME Investment Partnership Programs – CFDA 14.239
 - Community Development Block Grant – CFDA 14.218
 - Aging Cluster – CFDA 93.044, 93.045, and 93.053
- The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2004, was \$300,000.
- The City of Henderson qualified as a low risk auditee for the year ended June 30, 2004 under the criteria set forth in section .530 of OMB Circular A-133.

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

There were no such findings in relation to the financial statements of the City of Henderson for the year ended June 30, 2004.

**CITY OF HENDERSON, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

U.S. Department of Housing and Urban Development:

Finding 04-1

Community Development Block Grants/Entitlement Grants, CFDA 14.218

Grant Award Number: Potentially affects all grant awards included under CFDA 14.218 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: The OMB Circular A-133 Compliance Supplement requires that when CDBG funds are used for rehabilitation, the grantee must assure that the work is properly completed. Requirements include conducting pre-rehabilitation inspections to identify the deficiencies, incorporating the deficiencies into the rehabilitation contract, and inspection of the rehabilitation work upon completion to assure that it was carried out in accordance with contract specifications.

During our testing over special tests and provisions, we selected ten rehabilitation files to review. We noted that there was no documentation that pre-rehabilitation inspections had been performed for nine files, there was no written description of the deficiencies in any of the files, and there was no evidence of inspection upon completion of the work in three of the files.

Questioned Costs: Undeterminable.

Context: The condition noted above appears to be a systemic problem.

Effect: Inappropriate amounts may have been charged to the Federal program.

Cause: Adequate procedures were not in place to ensure the City was in compliance with program requirements with respect to rehabilitation.

Recommendation: We recommend that the City establish procedures to ensure all required inspections are performed, including preparation of written descriptions of the deficiencies in accordance with 24 CFR 570.506 (9).

Management's Response: See management's response on page 125.



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

October 28, 2004

To: U.S. Department of Housing and Urban Development
From: Jean Santry, Internal Auditor
Subject: City of Henderson, Nevada Fiscal Year 2003-2004
External Auditor's Recommendations
Finding 04-1

A recent external audit made the following recommendation regarding reporting of this Community Development Block Grants/Entitlement Grants, CFDA 14.218. We have been requested to provide you with our response to the recommendation.

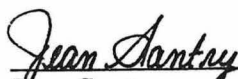
Text of Recommendation

We recommend that the City establish procedures to ensure all required inspections are performed, including preparation of written descriptions of the deficiencies in accordance with 24 CFR 570.506(9).

Department Response

Policy and Procedures with regard to the Emergency/Repair Program funded by CDBG already exists. The portion of the finding regarding lack of documentation for pre-rehabilitation is the result of non-performance of a Neighborhood Services staff member. Corrective action has been taken and management will increase efforts to monitor and document per regulations and requirements.

If you have any questions, please contact me at (702) 267-1781.



Jean Santry
Internal Auditor

**CITY OF HENDERSON, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

U.S. Department of Housing and Urban Development:

Finding 04-2

Community Development Block Grants/Entitlement Grants, CFDA 14.218
HOME Investment Partnerships Program, CFDA 14.239

Grant Award Number: Potentially affects all grant awards included under CFDA 14.218 and CFDA 14.239 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: OMB Circular A-87 requires that salaries and wages charged to federal programs be supported by certain records related to time distribution.

Charges to Federal awards for salaries and wages will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. During our testing over allowable costs, we noted one employee whose time sheets reflected that all of her time was spent on HOME program, but her salary for one week was charged to CDBG.

Questioned Costs: Undeterminable.

Context: The problem is systemic as there were no procedures in place to ensure that payroll costs charged to the federal programs were supported by the records required under OMB A-87.

Effect: Payroll costs charged to the grants may not be allowable, and all allowable costs may not be charged to the grants.

Cause: There were no procedures in place to review salaries and wages charged to the program. As a result, salary costs were inappropriately charged to the CDBG program and not identified.

Recommendation: We recommend that the City implement review procedures to ensure actual time worked as recorded on the time cards is the basis of charges to the federal programs.

Management's Response: See management's response on page 127.



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

October 28, 2004

To: U.S. Department of Housing and Urban Development

From: Jean Santry, Internal Auditor

Subject: City of Henderson, Nevada Fiscal Year 2003-2004
External Auditor's Recommendations
Finding 04-2

A recent external audit made the following recommendation regarding reporting of this Community Development Block Grants/Entitlement Grants, CFDA 14.218, and HOME Investment Partnerships Program, CFDA 14.239. We have been requested to provide you with our response to the recommendation.

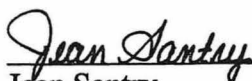
Text of Recommendation

We recommend that the City implement review procedures to ensure actual time worked as recorded on the time cards is the basis of charges to the federal programs.

Department Response

Neighborhood Services implemented procedures beginning September 2003 to verify hours entered into the PeopleSoft system. However, this verification is performed before the hours are actually posted by the system. Effectively immediately, procedures will be implemented to review the actual hours paid through PeopleSoft system with the time sheets.

If you have any questions, please contact me at (702) 267-1781.



Jean Santry
Internal Auditor

**CITY OF HENDERSON, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

U.S. Department of Housing and Urban Development

U.S. Department of Health and Human Services:

Finding 04-3

Community Development Block Grants/Entitlement Grants, CFDA 14.218
Aging Cluster – CFDA 93.044, 93.045, and 93.053

<i>Grant Award Number:</i>	Potentially affects all grant awards included under CFDA 14.218 and CFDA 93.044, 93.045, and 93.053 on the Schedule of Expenditures of Federal Awards.
<i>Criteria and Condition:</i>	<p>The OMB Circular A-133 Compliance Supplement requires that the entity have an internal control process in place designed to provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency are supported by underlying accounting records.</p> <p><i>The CO4PR26, CDBG Financial Summary for Program Year 2003, and the CO4PR03, CDBG Activity Summary Report, could not be reconciled to the City's accounting records.</i></p> <p><i>Program income reported on the quarterly financial reports submitted to the State Division for Aging Services by the Nutrition Program during the fiscal year could not be reconciled to the City's accounting records.</i></p>
<i>Questioned Costs:</i>	None.
<i>Context:</i>	The condition noted above appears to be a systemic problem.
<i>Effect:</i>	Financial reporting may be inaccurate.
<i>Cause:</i>	Adequate procedures were not in place to ensure the CDBG Financial Summary was reconcilable to the City's accounting records.
<i>Recommendation:</i>	We recommend that the City establish procedures to reconcile the CDBG Financial Summary Report and CDBG Activity Summary Report to the City's accounting records. These procedures should be performed prior to submitting reports to the Federal awarding agency to ensure amounts can be reconciled to the accounting records and are supported by the appropriate documentation.
<i>Management's Response:</i>	See management's response on pages 129 through 130.



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

October 28, 2004

To: U.S. Department of Housing and Urban Development

From: Jean Santry, Internal Auditor

Subject: City of Henderson, Nevada Fiscal Year 2003-2004
External Auditor's Recommendations
Finding 04-3

A recent external audit made the following recommendation regarding reporting of this Community Development Block Grants/Entitlement Grants, CFDA 14.218. We have been requested to provide you with our response to the recommendation.

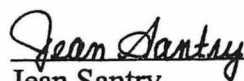
Text of Recommendation

We recommend that the City establish procedures to reconcile the CDBG Financial and Activity Summary Reports and the Aging Cluster Quarterly Financial Reports to the City's accounting records. These procedures should be performed prior to submitting reports to the Federal awarding agency to ensure amounts can be reconciled to the accounting records and are supported by the appropriate documentation.

Department Response

In addition to procedures that exist to reconcile Neighborhood Services' records to HUD IDIS reports, additional procedures will be added to reconcile the PR26 and PR03 reports to City records. We will rely upon the Finance Department to provide timely reporting of accruing and adjusting entries that affect the Financial Summary Report.

If you have any questions, please contact me at (702) 267-1781.


Jean Santry
Internal Auditor



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

October 28, 2004

To: U.S. Department of Health and Human Services
From: Jean Santry, Internal Auditor
Subject: City of Henderson, Nevada Fiscal Year 2003-2004
External Auditor's Recommendations
Finding 04-3

A recent external audit made the following recommendation regarding reporting of this Aging Cluster Grants, CFDA 93.044, 93.045 and 93.053. We have been requested to provide you with our response to the recommendation.

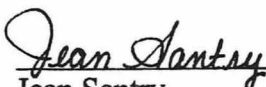
Text of Recommendation

We recommend that the City establish procedures to reconcile the CDBG Financial and Activity Summary Reports and the Aging Cluster Quarterly Financial Reports to the City's accounting records. These procedures should be performed prior to submitting reports to the Federal awarding agency to ensure amounts can be reconciled to the accounting records and are supported by the appropriate documentation.

Department Response

There has been a change in management for the Aging Cluster Grants. Procedures are being implemented to review quarterly financial reports to ensure that amounts for program income are reconciled to the City's accounting records before the reports are submitted.

If you have any questions, please contact me at (702) 267-1781.


Jean Santry
Internal Auditor

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**CITY OF HENDERSON, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

U.S. Department of Housing and Urban Development

U.S. Department of Health and Human Services:

Finding 04-4

HOME Investment Partnerships Program, CFDA 14.239

Aging Cluster – CFDA 93.044, 93.045, and 93.053

<i>Grant Award Number:</i>	Potentially affects all grant awards included under CFDA 14.239 and CFDA 93.044, 93.045, and 93.053 on the Schedule of Expenditures of Federal Awards.
<i>Criteria and Condition:</i>	<p>In accordance with the A-102 Common Rule, program income, rebates, refunds, and other income and receipts should be disbursed before requesting additional cash payments from the grantor agency.</p> <p><i>The City drew down additional federal funds throughout the year although its records indicate program income and recaptured funds were available for disbursement. At June 30, 2004, the balance of program income and recaptured funds available in the HOME program was \$220,630. At June 30, 2004, the balance of program income available in the Aging Cluster was \$70,457.</i></p>
<i>Questioned Costs:</i>	None.
<i>Context:</i>	The condition noted above appears to be a systemic problem.
<i>Effect:</i>	The City had excess federal cash on hand during the year and at year-end.
<i>Cause:</i>	Although the City accurately identified and recorded program income and receipt of recaptured funds, it did not have adequate procedures in place to ensure that program income and recaptured funds were disbursed before requesting additional cash payments.
<i>Recommendation:</i>	We recommend that the City establish procedures to ensure that all available program income and recaptured funds be disbursed before requesting additional cash payments.
<i>Management's Response:</i>	See management's response on pages 132 through 133.



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

October 28, 2004

To: U.S. Department of Housing and Urban Development
From: Jean Santry, Internal Auditor
Subject: City of Henderson, Nevada Fiscal Year 2003-2004
External Auditor's Recommendations
Finding 04-4

A recent external audit made the following recommendation regarding reporting of this HOME Investment Partnerships Program, CFDA 14.239. We have been requested to provide you with our response to the recommendation.

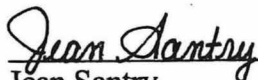
Text of Recommendation

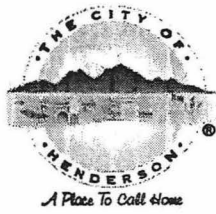
We recommend that the City establish procedures to ensure that all available program income and recaptured funds be disbursed before requesting additional cash payments.

Department Response

Neighborhood Services is required to draw program income in accordance with 24 CFR 85.25. Additional procedures will be implemented to delay a draw, in the event of a system malfunction or fault with the IDIS system, until the malfunction or fault is corrected to ensure that program income is drawn before federal funds are drawn.

If you have any questions, please contact me at (702) 267-1781.


Jean Santry
Internal Auditor



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

October 28, 2004

To: U.S. Department of Health and Human Services
From: Jean Santry, Internal Auditor
Subject: City of Henderson, Nevada Fiscal Year 2003-2004
External Auditor's Recommendations
Finding 04-4

A recent external audit made the following recommendation regarding reporting of this Aging Cluster Grants, CFDA 93.044, 93.045, and 93.053. We have been requested to provide you with our response to the recommendation.

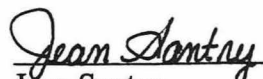
Text of Recommendation

We recommend that the City establish procedures to ensure that all available program income and recaptured funds be disbursed before requesting additional cash payments.

Department Response

There has been a change in management for the Aging Cluster Grants. Procedures are being implemented to review program income on a monthly basis before federal funds are drawn.

If you have any questions, please contact me at (702) 267-1781.



Jean Santry
Internal Auditor

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**CITY OF HENDERSON, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

U.S. Department of Housing and Urban Development:

Finding 04-5

HOME Investment Partnerships Program, CFDA 14.239

Grant Award Number: Potentially affects all grant awards included under CFDA 14.239 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: As noted in the OMB Circular A-133 Compliance Supplement, each participating jurisdiction must invest HOME funds made available during a fiscal year so that, with respect to tenant-based rental assistance and rental units not less than 90 percent of (1) the families receiving assistance are families whose annual income do not exceed 60 percent of the median family income for the area, as determined and made available by HUD, with adjustments for smaller and larger families at the time of occupancy or at the times the funds are invested, whichever is later, or (2) the dwelling units assisted with such funds are occupied by families having such incomes (24 CFR 92.216).

There was no evidence that the families occupying the dwelling units assisted with HOME funds met the earmarking requirement for one of the four project files reviewed.

Questioned Costs: Undeterminable.

Context: The condition noted above appears to be a systemic problem.

Effect: The City may not be in compliance with this earmarking requirement.

Cause: Although the City requires low-income housing property managers to submit "HOME Program Housing Beneficiary Reports," which identify household size and income of tenants, semiannually, it does not appear that controls were in place to ensure the required reports were received.

Recommendation: We recommend that the City establish a tracking system to ensure receipt of the required reports from the property managers.

Management's Response: See management's response on page 135.



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

October 28, 2004

To: U.S. Department of Housing and Urban Development
From: Jean Santry, Internal Auditor
Subject: City of Henderson, Nevada Fiscal Year 2003-2004
External Auditor's Recommendations
Finding 04-5

A recent external audit made the following recommendation regarding reporting of this HOME Investment Partnerships Program, CFDA 14.239. We have been requested to provide you with our response to the recommendation.

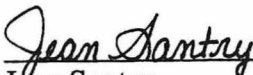
Text of Recommendation

We recommend that the City establish a tracking system to ensure receipt of the required reports from the property managers.

Department Response

Neighborhood Services is in the process of developing a "table" based tracking system that will accompany each file to ensure that "Beneficiary Reports" are submitted per procedures.

If you have any questions, please contact me at (702) 267-1781.



Jean Santry
Internal Auditor

**CITY OF HENDERSON, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

U.S. Department of Housing and Urban Development:

Finding 04-6

HOME Investment Partnerships Program, CFDA 14.239

Grant Award Number: Potentially affects all grant awards included under CFDA 14.239 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: As noted in the OMB Circular A-133 Compliance Supplement, during the period of affordability for HOME assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than: (a) every three years for projects containing 1 to 4 units, (b) every 2 years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units.

There was no documentation that the required housing quality standard inspections were performed for three of the four project files reviewed.

Questioned Costs: None.

Context: The condition noted above appears to be a systemic problem.

Effect: The City was not in compliance with this requirement.

Cause: The City did not have adequate procedures in place to ensure the required housing quality standard inspections were performed.

Recommendation: We recommend that the City establish a tracking system to identify when housing quality inspections are due.

Management's Response: See management's response on page 137.



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

October 28, 2004

To: U.S. Department of Housing and Urban Development
From: Jean Santry, Internal Auditor
Subject: City of Henderson, Nevada Fiscal Year 2003-2004
External Auditor's Recommendations
Finding 04-6

A recent external audit made the following recommendation regarding reporting of this HOME Investment Partnerships Program, CFDA 14.239. We have been requested to provide you with our response to the recommendation.

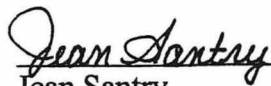
Text of Recommendation

We recommend that the City establish a tracking system to identify when housing quality inspections are due.

Department Response

Neighborhood Services is in the process of developing a "table" based tracking system that will accompany each file to ensure that "HQS" inspections are completed per procedures.

If you have any questions, please contact me at (702) 267-1781.

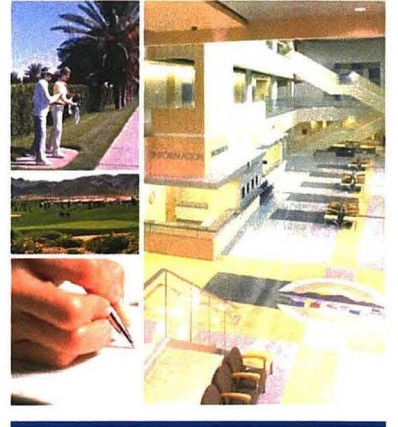


Jean Santry
Internal Auditor

**THE CITY OF HENDERSON, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

There were no findings reported for the year ended June 30, 2003.

Auditor's Comments



AUDITOR'S COMMENTS

STATUTE COMPLIANCE

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

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The following action was taken during 2003-04 relating to potential statute violations as reported in the June 30, 2003, audit report:

- During the current year, efforts were made to monitor all expenditures and expenses. However, the City was unable to avoid all potential violations.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2003.

CURRENT YEAR RECOMMENDATIONS

We did not find any financial weaknesses of a magnitude to justify inclusion within our audit report. However, our audit activity did identify recommendations to improve procedures and accountability that have been included in our current management letter.

354.6115

- The financial statements of the Financial Stabilization Special Revenue Fund are located in this report.
- As noted above, compliance with Nevada Revised Statutes is contained in Note III to the financial statements.

354.598155

- The Special Ad Valorem Transportation Capital Projects Fund expended the following amounts during the year ended June 30, 2004:

Public Works – Service and supplies	<u>\$168,703</u>
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THE CITY OF HENDERSON, NEVADA

SCHEDULE OF FEES IMPOSED SUBJECT TO THE
PROVISIONS OF NRS 354.5989
LIMITATION OF FEES FOR BUSINESS LICENSES
FOR THE YEAR ENDED JUNE 30, 2004

Flat Fixed Fees:

Business license revenue for the year ended June 30, 2003 (Base Year)	\$1,601,408
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Adjustment to Base:

1. Percentage increase in population of the local government	5.48%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	1.90%	
	7.38%	<u>118,184</u>
Adjusted Base at June 30, 2004		1,719,592
Actual Revenue		<u>1,744,112</u>
Amount over Allowable Amount		<u>\$ 24,520</u>

Fees Calculated as a Percentage of Gross Revenue:

Business license revenue for the year ended June 30, 2003	\$8,520,565
1. Percentage increase in the Consumer Price Index	1.90%
	<u>161,891</u>
Adjusted Base at June 30, 2004	8,682,456
Actual Revenue	<u>9,335,910</u>
Actual Amount over Allowable Amount	<u>\$ 653,454</u>



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Report on
Nevada Revised Statute 354.6241

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

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

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2004 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2004 (except as previously noted under statute compliance),
- The balance and net assets of the funds are as noted in the financial statements.

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

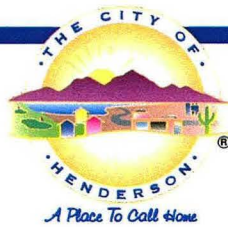
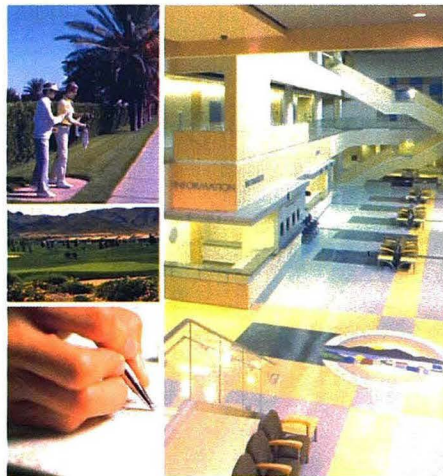
Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express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

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

Kafoury, Armstrong & Co.

Reno, Nevada
October 21, 2004

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James B. Gibson
Mayor

Jack K. Clark
Councilman

Amanda M. Cyphers
Councilman

Andy A. Hafen
Councilman

Steven D. Kirk
Councilman

Philip D. Speight
City Manager

Steven Hanson
Finance Director