



2010

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2010

City of Henderson, Nevada



**CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared by:
Department of Finance**

**Richard A. Derrick
Finance Director**

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CITY OF HENDERSON, NEVADA

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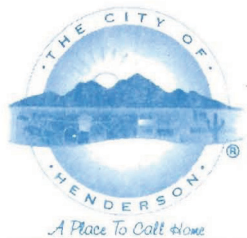


2010

Comprehensive Annual Financial Report

City of Henderson, Nevada

Introductory Section



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

November 23, 2010

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, 2010 is hereby submitted. State law requires that local governments provide for an annual audit by independent certified public accountants of its financial statements in accordance with generally accepted auditing standards.

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

The City of Henderson's financial statements have been audited by Piercy Bowler Taylor & Kern, 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, 2010 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, 2010, 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.

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

Profile of the Government

The City of Henderson is located in the southeastern part of Clark County, Nevada which ranks as one of the nation's top growth areas. With a population of approximately 276,629, Henderson is the second largest city in the State of Nevada. The City Charter was approved in its present form by the Nevada Legislature in 1971, and has been amended subsequent thereto.

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

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

The City of Henderson maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. Prior to April 15th, the Manager of Budget and Strategic Planning submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the City Council if the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May.

The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval. All revisions to the adopted budget are made a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total

fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available.

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

Local Economy

Henderson continues to be ranked as one of the most tax-friendly cities as well as one of the best cities to “live and play”, with one of our goals being to maintain Henderson's property taxes at the same low rate for 20 years.

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 business community. Some of the nation's best known and most respected corporations have established major operations in Henderson. These include, but are not limited to, Ocean Spray Cranberries, Inc., Ethel M. Chocolates, and Good-Humor-Breyers Ice Cream. Henderson also has defined gaming districts which include casino/resort development such as the M Resort, Sunset Station, Fiesta Henderson, and Green Valley Ranch Station.

An ongoing challenge for the public entities in Nevada has been the economic impact of the housing slowdown and the effect it has had on sales tax revenues. Total sales tax collection during the 12 month period ended June 2010 declined 10% compared to the same 12 month period from the prior year.

Property values, which previously had been increasing at above historical average rates for several years, significantly declined due to the excess of foreclosed homes and the related credit crisis. The City is monitoring the housing market and the impact this supply imbalance will have on future property tax revenues. The City is also monitoring other potential Legislative changes that may impact revenue sources.

The decline in residential construction activity has resulted in a drop in sales of building supplies and other home-improvement related items. Sales growth is expected to decline further in late 2010 and remain flat through the first half of 2011.

In August 2010, the official Clark County unemployment estimate was 14.7% with the National rate at 9.6%. In the Southern Nevada area, employers shed a total of approximately 1,500 jobs from July to August. The decline was attributed to a decrease in public sector jobs, which shed approximately 2,700 jobs, but was partially offset by small improvements in a variety of industries, most notably construction, education and health services.

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

The City is highly reliant on the economically-sensitive consolidated tax; a variety of sales taxes collected statewide on liquor, gaming and other items then distributed to municipalities according to a formula based on growth and population. Because of the dependence on consolidated tax, visitor volume is a key leading indicator for the local economy. Visitor volume is expected to remain below historical growth levels due to lower discretionary spending habits of consumers, high unemployment levels and a general decline in consumer confidence as a result of the current U. S. recession. If national employment figures improve and consumer confidence rebounds in 2011, visitor volume, convention attendance, occupancy rates and average daily room rates will all be positively impacted.

The City of Henderson is projected to experience limited population and revenue growth in the coming years, unlike the dramatic growth and rapid increases experienced through 2008. However, even though population and revenue growth is expected to stabilize, Henderson's population is expected to remain affluent as the median household income in Henderson continues to outpace the county and state averages. The high quality of life continues to attract new citizens.

Long Term Financial Planning

The City has an annual performance planning process. These plans include the following, but are contingent upon available funds:

- Provide efficient public services while maintaining one of the lowest employee-to-citizen ratios in the Las Vegas Valley
- Maintain the City of Henderson property tax at the same low rate for 20 years
- Continued development and enhancements of the citywide asset management program

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 2011 include, but are contingent upon available funding: Municipal Facilities Acquisition & Construction Fund to fund Detention Center Expansion; General Fund to fund energy performance upgrades to various City facilities; Grants and contributions to fund various parks and recreation projects, including Union Pacific Trail Phase III and Whitney Springs Park; Sewer Fund to fund the Southwest Water Reclamation Facility Phase I; the City will continue to partner with the Clark County Regional Flood Control District, the Regional Transportation Commission, Nevada Department of Transportation, and developers to fund projects to include flood channels and street projects.

In a worst-case scenario, if a prolonged economic downturn occurred, and annual revenues could not support the costs of essential services and infrastructure development, the City could consider several options. The first option could be to increase revenues from existing sources

such as property taxes or creating new taxing sources. The second option could include delaying future growth-related infrastructure development. Other options include expense reductions by various operating means.

The purpose of financial forecasting is to reduce the likelihood of ever having to resort to any worst-case financial alternatives, except in the most extreme circumstances. For this reason, a conservative approach is used to ensure revenues are not overstated, and expenses are not understated.

A city's ability to generate revenue or create new revenue sources is limited by social and economic conditions, state statutes, City Council policy, and public sentiment, which is increasingly being manifested in the form of voter led ballot initiatives.

The City is monitoring the impact of the property tax legislation passed during the 2005 Legislative session. The State passed a law to impose a cap on the increase in the taxable value of property. For primary residences, a 3% cap was implemented and an 8% cap on land, commercial buildings, business personal property, and other property. Property tax revenue has experienced decreases in the past few years due to the continued declines in assessed valuation. The entire Las Vegas Valley has experienced a drop in assessed valuation in the past two consecutive fiscal years. It is unknown when the assessed valuation will stabilize. At this point, the City is projecting zero growth for fiscal year 2011 and 2012 and modest growth for the next several years. The tax abatement described above will reduce the amount of property tax dollars for the City by an estimated \$3 million for fiscal year 2011. Due to decreases in assessed value in our city, the abatement amount has been decreasing. It is estimated that for Fiscal Year 2012, the assessed valuation will have decreased to a point that abatement will be very minimal.

An ongoing challenge facing the City is the economic impact of the housing slowdown and the impact it has had on sales tax revenues. The decline in residential construction activity has resulted in a drop in sales of building supplies and other home-improvement related items. The City's Consolidated Tax collection, of which 85% is related to sales tax, was down 10% in fiscal year 2010 compared to fiscal year 2009.

Major Initiatives

In 2008, the City began to prepare a 5-year plan to address the significant economic downturn that the country was facing. A 5-year plan committee was formed which continues to meet on a bi-weekly basis to assess current revenues & expenditures, and discuss options.

Throughout fiscal years 2009 and 2010, several cost cutting strategies were implemented. Employment compensation reductions included: a hiring freeze for all non-critical positions, an employee buyout program, overtime restrictions, suspension of City's deferred compensation match, as well as the suspension of car allowance benefits, compensatory time off in-lieu of paid overtime, suspension of cost-of-living pay raises, as well as modifications to paid holidays including the elimination of the Columbus Day holiday, and the elimination of the tuition reimbursement program. Other expenditure reductions included prohibition of non-essential travel, reduction to base operating budgets, stricter cell phone policies, consolidation of service contracts, surrendering of one-time funds, reduction of non-essential services, extension of

vehicle life, reduction to the city vehicle fleet, the closing of City Hall on Fridays, and deferring of capital projects.

Each department has compiled a new contingency plan that may be implemented if the current revenue targets are not met. In addition the City is looking into revenue enhancement opportunities that could be presented to Council for approval.

To date, the City has avoided layoffs, having success with cost reductions, employee buyout packages, and execution of various contingency plans. Compared to other municipalities, the City continues to maintain the lowest employee-to citizen ratio at 6.7 per 1,000 residents. Historically, combined with conservative budgeting, the City has had the ability to sustain municipal service levels.

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, 2009.

This was the 28th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Mark T. Calhoun
City Manager



Richard A. Derrick
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, 2009

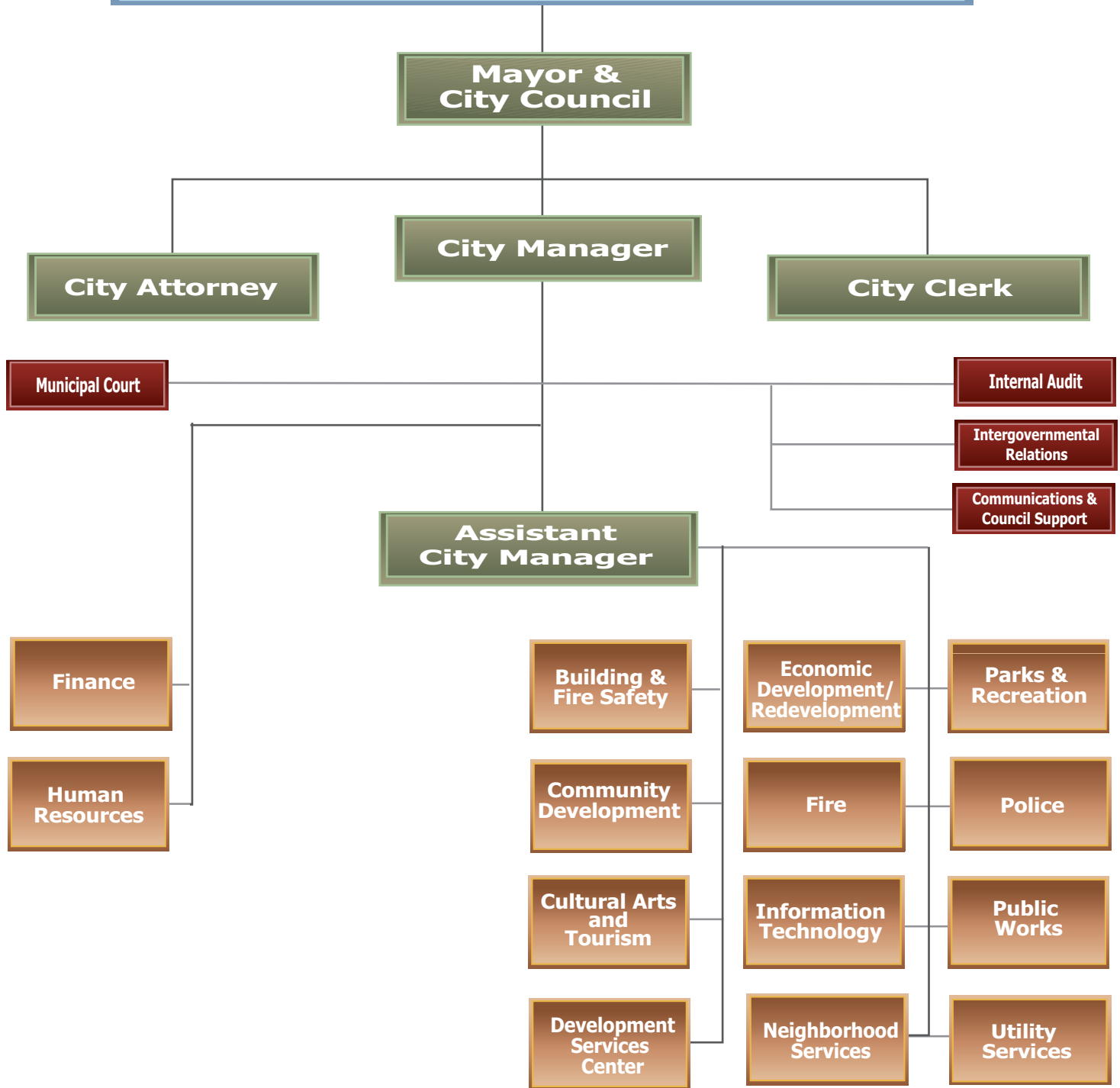
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Citizens of Henderson



MAYOR AND COUNCIL

Andy A. Hafen, Mayor
Steven D. Kirk, Councilman
Gerri Schroder, Councilwoman
Kathleen Boutin, Councilwoman
Debra March, Councilwoman

CITY OFFICIALS

Mark T. Calhoun, City Manager
Elizabeth Macias Quillin, City Attorney
Sabrina Mercadante, City Clerk

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2010

Comprehensive Annual Financial Report

City of Henderson, Nevada

Financial Section

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION**

The Honorable Mayor,
Members of the City Council and
Management of the
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 the City of Henderson, Nevada, (the City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 the 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 opinion.

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 the City of Henderson, Nevada, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Multipurpose Special Revenue funds 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 November 18, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Management's discussion and analysis, beginning on page 3A, and the schedule of funding progress for the City's Other Postemployment Benefits Plan (OPEB) on page 60, are not a required part of the basic financial statements but are 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, therefore, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial 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 combining and individual fund financial statements and schedules 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.

A handwritten signature in blue ink that reads "Percy Bowler Taylor" followed by a stylized flourish.

November 18, 2010

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Management's Discussion and Analysis

As management of the City of Henderson (the City), we offer readers of the City financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. 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 exceeded its liabilities at June 30, 2010 by \$2,732,935,495 (net assets). Of this amount, \$176,601,729 (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 \$132,380,048. See the sections on Governmental Activities and Business-type Activities below for explanations of the increase.
- As of June 30, 2010, the City's governmental funds reported combined ending fund balances of \$342,545,147, a decrease of \$32,992,227 in comparison with the prior year. The decrease is mainly due to a contribution from Clark County for the justice facility expansion received in fiscal year 2009, with no similar contribution in fiscal year 2010, lower consolidated tax revenues, and lower interest income. Approximately 77.3% of ending fund balances or \$264,935,609 is available for spending at the City's discretion (unreserved fund balance).
- As of June 30, 2010 unreserved fund balance in the general fund was \$19,337,267 or 9.4% of general fund expenditures.

Financial Statement Overview

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of 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's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City'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 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 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 include general government, judicial, public safety, public works, culture and recreation, and community support. The business-type activities of the City

include Water and Sewer operations, the Development Services Center, Cultural Arts and Tourism, and a Municipal Golf Course.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 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 maintains twenty 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, multipurpose special revenue 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 fifteen other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison for the City's general fund and the multipurpose special revenue 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 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 uses enterprise funds to account for its Water and Sewer activities, and the Development Services Center, all of which are considered major funds. Data from the two non-major enterprise funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in the report. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its engineering services, its City vehicles, its self-insurance activities, to account for loan activities to other funds for special assessment districts and to account for general citywide services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water activities, the Sewer activities and Development Services activities, which are considered major funds of the City. 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's own programs.

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$2,732,935,495 at June 30, 2010.

The largest portion of the City's net assets (78%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

Net Assets						
	Governmental Activities		Business Type Activities		Total	
	2010	2009 (restated)	2010	2009	2010	2009 (restated)
Current and other assets	\$515,735,399	\$538,262,315	\$228,006,595	\$300,880,641	\$743,741,994	\$839,142,956
Capital assets	1,439,140,907	1,291,521,813	1,059,820,389	992,638,074	2,498,961,296	2,284,159,887
Total assets	1,954,876,306	1,829,784,128	1,287,826,984	1,293,518,715	3,242,703,290	3,123,302,843
Long-term liabilities	214,891,538	223,059,390	206,159,676	217,673,939	421,051,214	440,733,329
Other liabilities	62,510,873	56,592,284	26,205,708	25,421,783	88,716,581	82,014,067
Total liabilities	277,402,411	279,651,674	232,365,384	243,095,722	509,767,795	522,747,396
Net assets:						
Invested in capital assets, net or related debt	1,284,908,783	1,125,613,020	862,809,319	787,891,869	2,147,718,102	1,913,504,889
Restricted	314,860,901	342,119,250	93,754,763	144,168,298	408,615,664	486,287,548
Unrestricted	77,704,211	82,400,184	98,897,518	118,362,826	176,601,729	200,763,010
Total net assets	\$1,677,473,895	\$1,550,132,454	\$1,055,461,600	\$1,050,422,993	\$2,732,935,495	\$2,600,555,447

An additional portion of the City's net assets (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$176,601,729, may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2010, the City 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 \$159,295,763 in net assets invested in capital assets net of related debt for governmental activities. This was due mainly to the acquisition and construction of infrastructure and buildings. See Capital Assets section for further explanation.

There was an increase of \$74,917,450 in net assets invested in capital assets net of related debt for business-type activities, due primarily to increased construction in progress. See Capital Assets section for further explanation.

The City's net assets increased by \$132,380,048 during the current fiscal year, an increase in governmental net assets of \$127,341,441 and an increase in business-type activities of \$5,038,607. See explanations for the increases in the sections for Governmental Activities and Business-type Activities.

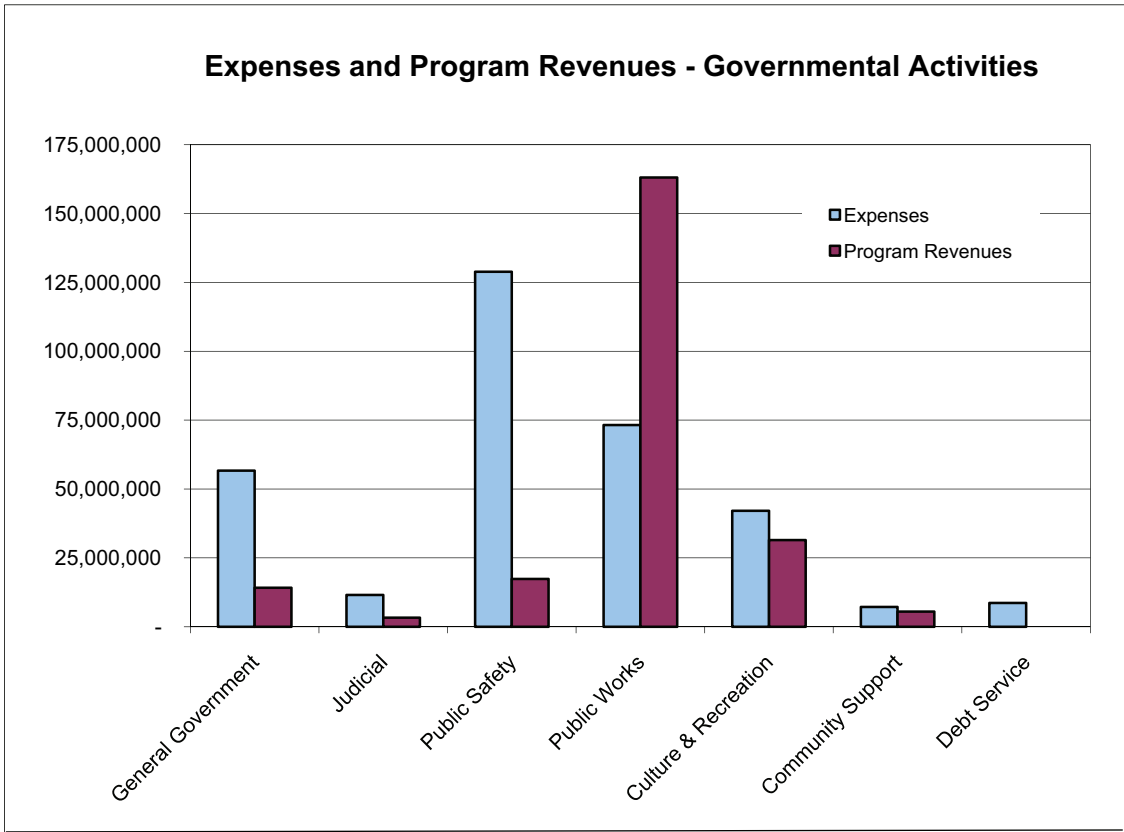
Changes in Net Assets

	2010	2009	2010	2009	2010	2009
		(restated)				(restated)
Revenues:						
Program revenues						
Charges for services	\$37,263,020	\$35,110,115	\$97,815,339	\$103,395,532	\$135,078,359	\$138,505,647
Operating grants, interest, and contributions	10,864,690	10,612,335	439,769	203,810	11,304,459	10,816,145
Capital grants, interest and						
Contributions	186,667,654	148,125,739	46,258,599	52,362,486	232,926,253	200,488,225
General revenues:						
Property taxes	94,879,894	99,811,843	-	-	94,879,894	99,811,843
Consolidated tax	70,110,772	77,752,314	-	-	70,110,772	77,752,314
Other taxes	43,968,045	45,366,226	5,250,092	6,062,248	49,218,137	51,428,474
Unrestricted interest income	7,187,788	14,103,960	5,383,141	13,236,639	12,570,929	27,340,599
Gain on sale of assets	660,264	401,596	6,080	-	666,344	401,596
Other	1,641,563	1,505,326	861,169	901,151	2,502,732	2,406,477
Total revenues	453,243,690	432,789,454	156,014,189	176,161,866	609,257,879	608,951,320
Expenses:						
General government	56,692,760	61,375,607	-	-	56,692,760	61,375,607
Judicial	11,535,842	11,822,052	-	-	11,535,842	11,822,052
Public safety	128,874,376	130,688,497	-	-	128,874,376	130,688,497
Public works	73,247,603	67,681,146	-	-	73,247,603	67,681,146
Culture and recreation	42,085,811	42,439,125	-	-	42,085,811	42,439,125
Community Support	7,176,141	6,678,845	-	-	7,176,141	6,678,845
Interest on long-term debt	8,607,438	8,558,064	-	-	8,607,438	8,558,064
Water	-	-	79,669,396	79,665,871	79,669,396	79,665,871
Sewer	-	-	49,498,225	47,967,454	49,498,225	47,967,454
Development Center	-	-	10,991,046	20,423,265	10,991,046	20,423,265
Other business-type activities	-	-	8,499,193	9,425,546	8,499,193	9,425,546
Total expenses	328,219,971	329,243,336	148,657,860	157,482,136	476,877,831	486,725,472
Increase in net assets before transfers	125,023,719	103,546,118	7,356,329	18,679,730	132,380,048	122,225,848
Transfers	2,317,722	(912,552)	(2,317,722)	912,552	-	-
Increase in net assets	127,341,441	102,633,566	5,038,607	19,592,282	132,380,048	122,225,848
Net assets, July 1, as originally reported	-	1,453,689,952	-	1,030,830,711	-	2,484,520,663
Prior Period Adjustment	-	(6,191,064)	-	-	-	(6,191,064)
Net assets, July 1, as adjusted	1,550,132,454	1,447,498,888	1,050,422,993	1,030,830,711	2,600,555,447	2,478,329,599
Net assets, June 30	\$1,677,473,895	\$1,550,132,454	\$1,055,461,600	\$1,050,422,993	\$2,732,935,495	\$2,600,555,447

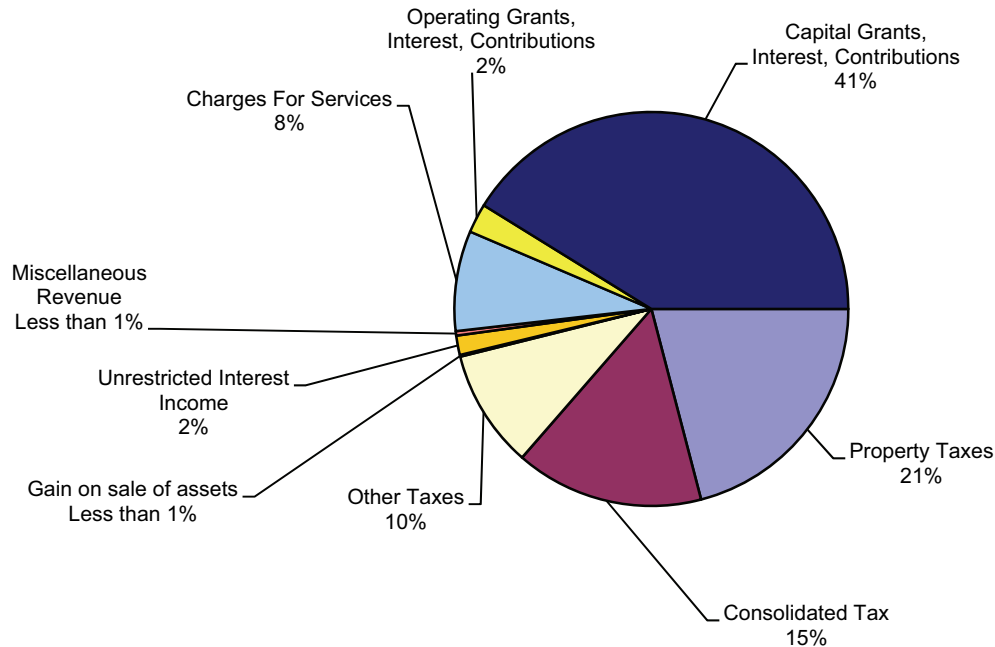
Governmental Activities. Governmental activities increased the City’s net assets by \$127,341,441, thereby accounting for 96% of the total growth in net assets of the City.

Key elements of this increase are as follows:

- Capital grants and contributions increased by \$38,541,915, or 26%, due in large part to donated infrastructure and construction in progress.
- Consolidated tax, which is derived in large part from sales taxes, decreased by \$7,641,542, or 10%, due to the significant downturn in the economy.
- Interest income decreased \$6,916,172, or 49%, due to a lower interest rate on investments and lower cash and investment balances.
- A prior period adjustment was made for \$6,191,064 in fiscal year 2009 and fiscal year 2009 was restated. This related to tax increment that is due to developers for redevelopment efforts. It was determined that upon further review of various Owner Participation Agreements that an expense and liability should be recognized once the tax increment is received on various redevelopment projects, reimbursable project costs have been incurred, and it is probable the developer will be repaid. This prior period adjustment is the amount of the expense and liability that should have been recognized in the previous year.



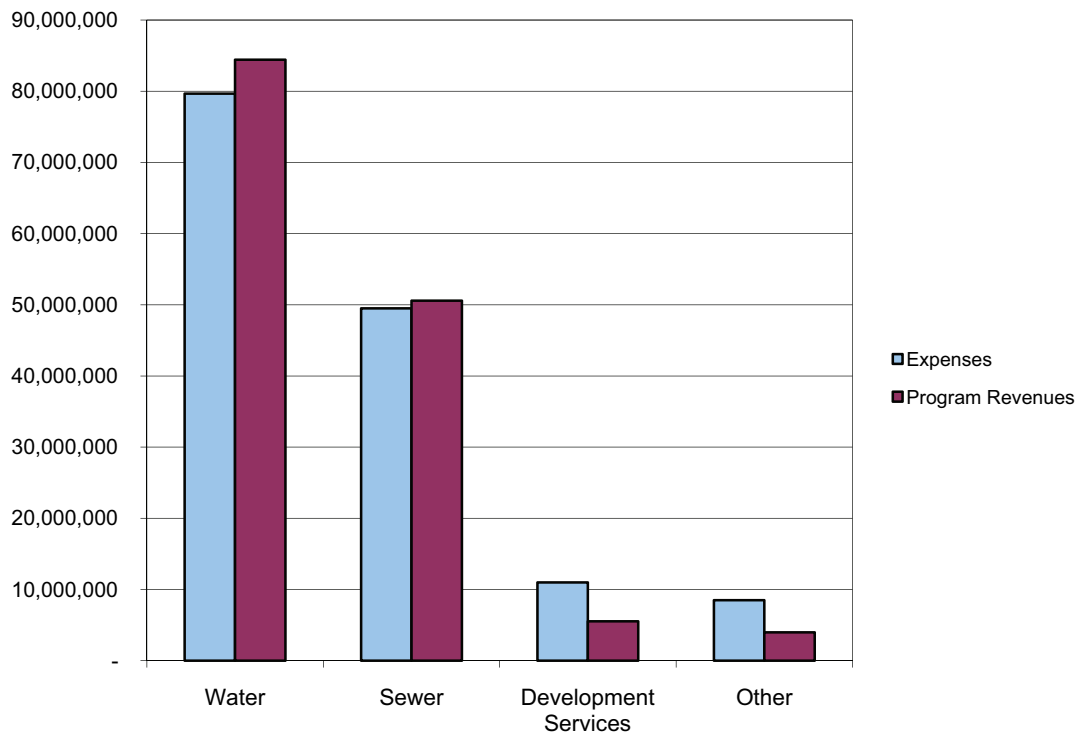
Revenues by Source - Governmental Activities



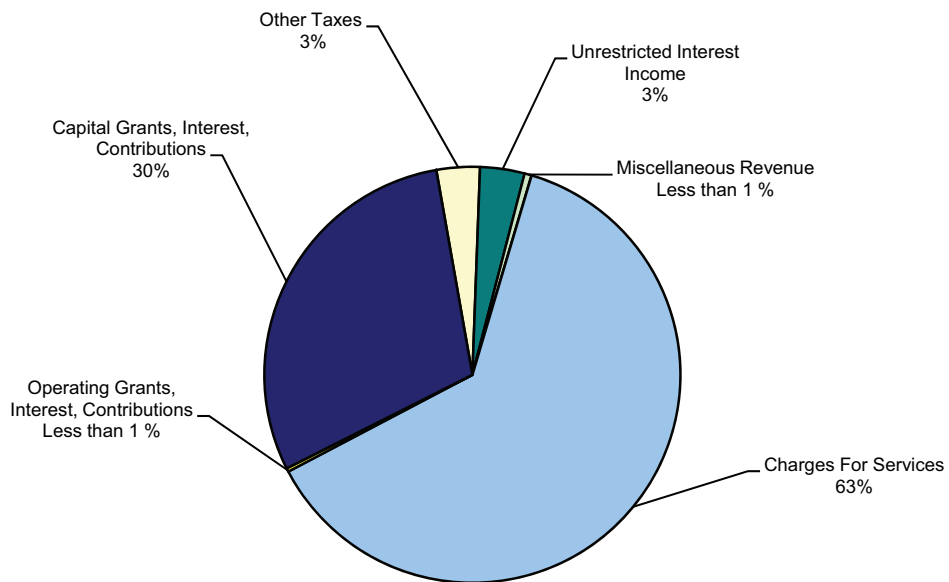
Business-type activities. Business-type activities increased the City's net assets by \$5,038,607 accounting for only 4% of the total growth in the City's net assets. Key elements of this increase are as follows:

- Capital grants and contributions decreased by \$6,103,887, or 12%, due to the construction slow-down resulting from the economic downturn.
- Other taxes, which relates to room taxes, transportation taxes and sales taxes decreased by \$812,156, or 13%, due to economic downturn.
- Interest income decreased by \$7,853,498, or 59%, due to lower cash and investment balances and lower rate of return on investments.
- Development services costs decreased by \$9,432,219, or 46%, due to a slowdown in construction resulting from the economic downturn, combined with reduced number of employees in this department.
- Other business-type activity costs, which include a municipal golf course and the cultural arts and tourism department, decreased by \$926,353, or 10%, due to decreased revenues resulting from downturn in economy.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

Governmental funds. The focus of the City'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'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's governmental funds reported combined ending fund balances of \$342,545,147, a decrease of \$32,992,227, in comparison with the prior year. Approximately 77.3% of this balance (\$264,935,609) 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 (\$43,257,209), 2) to pay debt service (\$9,374,556), 3) for land held for development/resale (\$15,762,293), 4) and for a variety of other purposes (\$9,215,480).

General Fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$19,337,267, while total fund balance was \$20,819,668. 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 9% of total general fund expenditures, while total fund balance represents 10% of that same amount.

The fund balance of the general fund decreased by \$4,168,970 during the current fiscal year. Key factors for this net decrease are as follows:

- General fund expenditures did not significantly increase over the previous fiscal year.
- There was a decrease in intergovernmental revenues of \$7,516,118, which consisted mostly of sales tax revenue due to the economic downturn.
- Transfers in from other funds increased by \$5,183,695, which were offset by a decrease in transfers to other funds by \$2,378,757, as compared to the previous fiscal year.

Multipurpose Special Revenue Fund. The multipurpose special revenue fund has a total fund balance of \$3,013,535, of which \$16,068,307 is reserved for encumbrances, leaving a negative unreserved, undesignated fund balance of \$13,054,772. The net increase in fund balance was \$1,685,133 and was due to an overall decrease in expenditures. Expenditures decreased by approximately \$6.5 million in culture and recreation capital outlay, due mainly to expenditures for Heritage Park in fiscal year 2009. This decrease in expenditures was offset by approximately a \$2.8 million increase in expenditures for road improvements financed by stimulus grants. The decrease in expenditures was also offset by an overall decrease in grant revenues.

General Obligation Debt Service Fund. The general obligation debt service fund has a total fund balance of \$6,964,868, all of which is reserved for payment of debt service. The net decrease in the fund balance was \$2,743,351, due to several factors. Property taxes were approximately \$17.5 million, a decrease of approximately \$8.5 million as compared to the prior fiscal year. In fiscal year 2010 the property tax levies were reallocated within the allowable rates as determined by the State of Nevada. The legislatively approved Supplemental City/County Relief Tax Loss component was increased, which is recorded in the Municipal Facilities Acquisition and Construction Capital Projects Fund (see discussion regarding this fund below), which resulted in an \$8.4 million increase in fiscal year 2010 over fiscal year 2009 in that fund. The property tax rate reduction to the General Obligation Debt Service Fund resulted in a decrease of \$8.5 million in fiscal year 2010 compared to fiscal year 2009. The overall City rate remained unchanged. Debt service payments were approximately \$19 million compared to a similar amount in the previous fiscal year.

Special Assessment Districts Debt Service Fund. The special assessment districts debt service fund has a total fund balance of \$1,032,791, all of which is reserved for payment of debt service. The net increase in the fund balance was \$67,470, which is insignificant.

Special Assessment Districts Capital Projects Fund. The special assessment districts capital projects fund has a total fund balance of \$133,705,157 which is unreserved. The net increase in fund balance was \$229,519, which is insignificant.

Municipal Facilities Acquisition & Construction Capital Projects Fund. The municipal facilities acquisition & construction capital projects fund has a reserved for encumbrances fund balance of \$23,216,162, an unreserved fund balance of \$40,128,153, and a total fund balance of \$63,344,315. The net decrease in fund balance was \$30,090,697, due to several factors. Property taxes were approximately \$20.9 million, an increase of approximately \$8.4 million. In fiscal year 2010 the property tax levies were reallocated within the allowable rates as determined by the State of Nevada. The legislatively approved Supplemental City/County Relief Tax Loss component was increased, which is recorded in this fund and resulted in an \$8.4 million increase in fiscal year 2010 over fiscal year 2009. The property tax rate reduction to the General Obligation Debt Service Fund resulted in a decrease of \$8.4 million in Fiscal Year 2010 compared to Fiscal Year 2009 in that fund (see discussion regarding this fund above). The overall City rate remained unchanged.

The most significant decrease to fund balance was a decrease of approximately \$11 million in intergovernmental revenue. In fiscal year 2009, the City received a contribution of approximately \$11 million from Clark County for the Justice Facility expansion and garage, with no similar contribution in fiscal year 2010.

Interest income decreased by \$2.7 million, due to lower cash and investment balances and to lower rates of return.

Expenditures were approximately \$19.5 million lower in fiscal year 2010, as compared to fiscal year 2009, due in large part to the justice facility expansion in fiscal year 2009, which decreased expenditures by approximately \$25.8 million; this was offset by an increase in expenditures for the detention center expansion of approximately \$11.7 million.

Transfers in from other funds were approximately \$9.4 million, while transfers out to other funds were approximately \$27.4 million.

Proprietary funds. The City'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 \$60,020,168, and total growth in net assets was \$2,925,038. Unrestricted net assets of the sewer fund at the end of the fiscal year were \$45,858,516, and total growth in net assets was \$8,261,188. Unrestricted net assets in the development services fund at the end of the fiscal year were \$4,190,115, and the total decrease in net assets was \$2,825,161. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Functions represent the City's legal level of budgetary control. The final budget expenditure appropriations increased by \$5.1 million, or 2.3% over the original budget. This increase was mainly due to the re-authorization of outstanding encumbrances and unspent appropriations for capital purchases and professional services from the prior year in all functions. Some budgeted capital purchases and projects had not been completed by the end of Fiscal Year 2010, and were re-appropriated in Fiscal Year 2011.

Actual expenditures were 89.8% of appropriations, or \$23.3 million lower than the final budget. All functions are well within appropriation authority. The savings were mainly due to staffing vacancies and the elimination of positions during the fiscal year, operating expenditure reductions, as well as projects that were not completed by the end of the fiscal year that will be re-appropriated to the subsequent year. The main areas of savings are summarized below:

- Actual General Government expenditures were \$9 million below the final budget. Several projects within Information Technology were not completed by year-end and were deferred to the subsequent year, in addition to \$3.5 million in vacancy savings, and reductions to operating expenditures.
- Actual Public Safety expenditures were \$5.2 million below the final budget, primarily due to vacancy savings and reductions to operating expenditures
- Actual Public Works expenditures were \$3.4 million below the final budget, primarily due to reductions to operating expenditures and projects that were deferred to the subsequent year.
- Actual Culture and Recreation expenditures were \$4.8 million below the final budget, mainly due to vacancy savings, the delayed opening of the Heritage Senior Center, as well as projects that were deferred to the subsequent year.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounts to \$2,498,961,296 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges and a municipal golf course. The total increase in the City's investment in capital assets was \$214,801,409 (\$147,619,094 for governmental activities and \$67,182,315 for business-type activities).

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

- Buildings for governmental activities increased by \$84,307,656. This increase is due to approximately \$39 million for the Justice Facility and Garage; \$32 million for Heritage Park Phase II, including a senior center and aquatics center; \$13 million for the North Community Police Station.
- Infrastructure for governmental activities increased by \$91,238,851. This increase is due to \$65 million for the Galleria Drive Interchange; \$7 million for Eastgate Road-Auto Show Drive to Lake Mead Drive; \$3 million for the Sunset Road Rehabilitation; and various other donated infrastructure improvements in the Anthem Provence Country Club, Desert Canyon Unit 1, Lake Las Vegas Bella Fiore, and Weston Hills areas, which amounted to approximately \$14.5 million.
- Construction in progress decreased by \$35,607,389 due in large part to the completion of Galleria Drive Interchange for \$65 million, \$39 million for the Justice Facility Expansion, and \$32 million for the Heritage Park Aquatics and Senior Center. This decrease was offset by increases for the I515/Galleria Interchange for \$62 million; Northeast Detention Basin Outfall for \$13 million; Detention Center Expansion for \$11 million; citywide conservation projects for \$11 million; and various road improvements for \$3 million.

- Buildings for business type activities increased by \$9,194,907. This increase is due to the Utility Support Services Building.
- Machinery & Equipment for business type activities increased \$1,937,413, due to approximately \$0.8 million for equipment for the Utility Support Services Building; \$0.7 for asset management equipment; \$0.7 million for a renewable energy projects.
- Construction in progress for business type activities increased by \$61,959,044. This increase is due in large part to approximately \$52 million for a satellite Water Reclamation Facility; \$2.5 million for a sewer interceptor; \$1.8 million for the Waste Water Treatment Plant; \$1.2 million for the Southwest Water Reclamation Facility; and various other utility lines in the I515/ Galleria Interchange for approximately \$2 million.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$180,753,627	\$180,884,927	\$25,493,852	\$25,215,735	\$206,247,479	\$206,100,662
Buildings	239,772,517	155,464,861	32,001,492	22,806,585	271,774,009	178,271,446
Improvements other than buildings	132,688,415	122,066,841	839,370,520	845,557,686	972,058,935	967,624,527
Machinery and equipment	26,853,119	29,663,417	10,843,343	8,905,930	37,696,462	38,569,347
Infrastructure	783,272,753	692,033,902	-	-	783,272,753	692,033,902
Construction in progress	75,800,476	111,407,865	152,111,182	90,152,138	227,911,658	201,560,003
Total	\$1,439,140,907	\$1,291,521,813	\$1,059,820,389	\$992,638,074	\$2,498,961,296	\$2,284,159,887

Additional information on the City's capital assets can be found in note 6 to the financial statements.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$329,651,192. Of this amount, \$123,215,000 is considered general obligation debt, \$14,215,000 is tax allocation debt, and \$165,000 is considered special assessment debt for which the City is obligated in some manner. The remainder of the City's bonded debt represents bonds to be paid from the City's Water and Sewer activities.

Outstanding Bonds

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$123,215,000	\$135,027,000	\$-	\$-	\$123,215,000	\$135,027,000
Tax allocation bonds	14,215,000	14,780,000	-	-	14,215,000	14,780,000
Special assessment debt with government commitment	165,000	235,000	-	-	165,000	235,000
Water & sewer bonds	-	-	192,056,192	204,454,978	192,056,192	204,454,978
Total	\$137,595,000	\$150,042,000	\$192,056,192	\$204,454,978	\$329,651,192	\$354,496,978

In December 2009, the City entered into a revolving loan agreement with the Nevada State Department of Conservation and Natural Resources, to fund a portion of the estimated construction costs of the Pittman Wash sewer relocation. The maximum funding commitment of the amended loan agreement is \$1,815,447, and draws on the loan do not bear interest. Immediately following completion of the project, semi-annual installments are required such that all principal amounts drawn are repaid no later than one year following completion of the project.

Standard & Poor's Ratings Service and Moody's Investor's Service general obligation bond ratings are "AA+" and "Aa2", respectively.

As of June 30, 2010, the City's net general obligation bonded debt subject to the legal debt margin of \$315,271,192 was below the legal limit of \$2,021,723,964.

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

Other Factors

- The City will maintain the property tax rate of \$.7108 per \$100 in assessed valuation, one of the lowest in the state of Nevada.
- The City is monitoring the impact of the property tax legislation passed during the 2005 Legislative session. Property values have declined in light of oversupply of resale and foreclosure homes. These reduced values impact the total property tax and the abatements imposed by the Legislative caps.
- During the most recent legislative session, the State Legislature passed Assembly Bill 543, which essentially takes the revenue generated from the 4 cents per \$100 of assessed value and redirects it to the State general fund. The impact to the City over the next fiscal years is approximately \$2 million. This bill ends in 2011.
- The State Legislature also passed Assembly Bill 552. This Bill increases the fee paid to the State by cities and counties for collection of the sales and use tax. The fee increased from 0.75 to 1.75 percent. This fee is permanent and will impact the City over the next two years by approximately \$1.8 million (\$890,000 in fiscal year 2011 and \$890,000 in fiscal year 2012).
- Another Bill with a fiscal impact to the City is Assembly Bill 521. This bill expands the list of substances which are deemed to be known carcinogens and further expands coverage for cancer as an occupational disease of firefighters. The projected impact to the City over the next two years is approximately \$2.07 million (\$1.035 million in fiscal year 2011 and \$1.035 million in fiscal year 2012). This figure reflects the overall claim liability to the City.
- The full year operation of the Heritage Senior Center has been incorporated into the General Fund budget.
- The Utility Department's new Southwest Reclamation Facility is scheduled to open during FY2011.
- The Police Department's detention center expansion is scheduled to open in January 2011.

These factors were considered in preparing the City's budget for the 2010/2011 fiscal year.

During the current fiscal year unreserved fund balance in the general fund decreased to \$19,337,267. The City has appropriated approximately \$1.5 million of this amount for spending in the 2010/2011 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's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 240 Water Street, Henderson, Nevada 89015.

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2010

Comprehensive Annual Financial Report

City of Henderson, Nevada

Basic Financial Statements

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CITY OF HENDERSON, NEVADA

Statement of Net Assets June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 428,689,305	\$ 210,576,733	\$ 639,266,038
Receivables:			
Accounts	8,995,667	10,816,901	19,812,568
Accrued interest	1,339,255	1,058,166	2,397,421
Delinquent property taxes	2,253,919	-	2,253,919
Special assessments	2,418,293	-	2,418,293
Notes	12,078,872	-	12,078,872
Due from other governments	30,115,214	998,345	31,113,559
Internal balances	13,287,934	(13,287,934)	-
Other assets	19,723	4,339,436	4,359,159
Land held for sale	15,762,293	-	15,762,293
Deferred charges	774,924	928,336	1,703,260
Restricted assets - cash and investments:			
Customer deposits	-	1,468,089	1,468,089
Water and sewer bond debt service	-	11,108,523	11,108,523
Capital assets (net of accumulated depreciation):			
Land	180,753,627	25,493,852	206,247,479
Buildings	239,772,517	32,001,492	271,774,009
Improvements other than buildings	132,688,415	839,370,520	972,058,935
Machinery and equipment	26,853,119	10,843,343	37,696,462
Infrastructure	783,272,753	-	783,272,753
Construction in progress	75,800,476	152,111,182	227,911,658
Total Assets	<u>1,954,876,306</u>	<u>1,287,826,984</u>	<u>3,242,703,290</u>
LIABILITIES			
Accounts payable and accrued wages	26,565,029	14,111,154	40,676,183
Accrued interest payable	1,176,375	-	1,176,375
Construction contracts/retention payable	1,999,887	5,175,178	7,175,065
Tax increment payable to developers	11,988,493	-	11,988,493
Deposits	10,843,789	174,699	11,018,488
Due to other governments	986,186	-	986,186
Unearned revenue	8,951,114	3,368,067	12,319,181
Current liabilities partially payable from restricted assets	-	3,376,610	3,376,610
Noncurrent liabilities:			
Due within one year	31,129,475	6,226,437	37,355,912
Due within one year, partially payable from restricted assets	-	13,742,139	13,742,139
Due in more than one year	183,762,063	186,191,100	369,953,163
Total liabilities	<u>277,402,411</u>	<u>232,365,384</u>	<u>509,767,795</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,284,908,783	862,809,319	2,147,718,102
Restricted for:			
General government	14,511,268	-	14,511,268
Judicial	973,929	-	973,929
Debt service	6,821,284	9,200,002	16,021,286
Public safety	4,624,132	-	4,624,132
Public works	17,698,031	-	17,698,031
Culture and recreation	3,526,407	-	3,526,407
Capital projects	204,475,257	-	204,475,257
Redevelopment	32,408,932	-	32,408,932
Claims	29,821,661	-	29,821,661
System development	-	84,554,761	84,554,761
Unrestricted	77,704,211	98,897,518	176,601,729
Total Net Assets	<u>\$ 1,677,473,895</u>	<u>\$ 1,055,461,600</u>	<u>\$ 2,732,935,495</u>

CITY OF HENDERSON, NEVADA

Statement of Activities For the Year Ended June 30, 2010

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Interest, and Contributions	Capital Grants, Interest, and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General government	\$ 56,692,760	\$ 12,364,344	\$ 67,850	\$ 1,732,465	\$ (42,528,101)	\$ -	\$ (42,528,101)
Judicial	11,535,842	1,533,453	43,930	1,704,487	(8,253,972)	-	(8,253,972)
Public safety	128,874,376	15,501,879	1,647,751	177,455	(111,547,291)	-	(111,547,291)
Public works	73,247,603	421,134	660,921	162,006,059	89,840,511	-	89,840,511
Culture and recreation	42,085,811	7,437,937	2,946,265	21,047,188	(10,654,421)	-	(10,654,421)
Community support	7,176,141	4,273	5,497,973	-	(1,673,895)	-	(1,673,895)
Debt service:							
Administrative and other costs	837,125	-	-	-	(837,125)	-	(837,125)
Interest and fiscal charges	7,770,313	-	-	-	(7,770,313)	-	(7,770,313)
Total Governmental Activities	<u>328,219,971</u>	<u>37,263,020</u>	<u>10,864,690</u>	<u>186,667,654</u>	<u>(93,424,607)</u>	<u>-</u>	<u>(93,424,607)</u>
Business-Type Activities:							
Water	79,669,396	57,032,464	1,657	27,393,916	-	4,758,641	4,758,641
Sewer	49,498,225	31,321,424	388,000	18,864,683	-	1,075,882	1,075,882
Development services center	10,991,046	5,523,357	-	-	-	(5,467,689)	(5,467,689)
Cultural arts and tourism	4,605,532	1,102,236	50,112	-	-	(3,453,184)	(3,453,184)
Municipal golf course	3,893,661	2,835,858	-	-	-	(1,057,803)	(1,057,803)
Total Business-Type Activities	<u>148,657,860</u>	<u>97,815,339</u>	<u>439,769</u>	<u>46,258,599</u>	<u>-</u>	<u>(4,144,153)</u>	<u>(4,144,153)</u>
Total	<u>\$ 476,877,831</u>	<u>\$ 135,078,359</u>	<u>\$ 11,304,459</u>	<u>\$ 232,926,253</u>	<u>(93,424,607)</u>	<u>(4,144,153)</u>	<u>(97,568,760)</u>
General Revenues							
Ad valorem taxes					94,879,894	-	94,879,894
Bond premium amortization					553,418	669,800	1,223,218
Consolidated tax					70,110,772	-	70,110,772
Franchise fees					30,110,422	-	30,110,422
Motor vehicle fuel tax					3,863,837	-	3,863,837
Room taxes					709,196	1,413,843	2,123,039
Sales tax					9,284,590	3,836,249	13,120,839
Unrestricted investment earnings					7,187,788	5,383,141	12,570,929
Gain on sales of assets					660,264	6,080	666,344
Miscellaneous					1,088,145	191,369	1,279,514
Transfers					2,317,722	(2,317,722)	-
Total General Revenues and Transfers					<u>220,766,048</u>	<u>9,182,760</u>	<u>229,948,808</u>
Change in Net Assets					<u>127,341,441</u>	<u>5,038,607</u>	<u>132,380,048</u>
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					<u>1,559,263,302</u>	<u>1,050,422,993</u>	<u>2,609,686,295</u>
PRIOR PERIOD ADJUSTMENT					<u>(9,130,848)</u>	<u>-</u>	<u>(9,130,848)</u>
NET ASSETS, BEGINNING OF YEAR, AS ADJUSTED					<u>1,550,132,454</u>	<u>1,050,422,993</u>	<u>2,600,555,447</u>
NET ASSETS, END OF YEAR					<u>\$ 1,677,473,895</u>	<u>\$ 1,055,461,600</u>	<u>\$ 2,732,935,495</u>

CITY OF HENDERSON, NEVADA

Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Multipurpose Special Revenue	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition and Construction Capital Projects	Other Governmental Funds	Total
ASSETS								
Cash and investments	\$ 17,968,586	\$ -	\$ 6,890,759	\$ 1,029,472	\$ 136,029,129	\$ 66,667,158	\$ 110,415,435	\$ 339,000,539
Receivables:								
Accounts	8,561,855	2,199	-	-	-	251,313	16,064	8,831,431
Special assessments	-	-	-	2,418,293	-	-	-	2,418,293
Accrued interest	146,272	2,050	57,479	3,700	2,275	262,886	481,680	956,342
Notes	-	9,506,044	-	-	-	-	2,087,853	11,593,897
Delinquent property taxes	1,778,342	-	475,577	-	-	-	-	2,253,919
Advances to other funds	-	-	-	-	-	-	-	3,209,917
Due from other funds	2,677,515	-	-	-	-	-	-	2,677,515
Due from employees	4,387	-	-	-	-	-	-	4,387
Due from other governments	14,068,744	11,358,240	16,630	-	-	175,951	-	29,870,277
Land held for sale	-	-	-	-	-	-	-	15,762,293
Total assets	\$ 45,205,701	\$ 20,868,533	\$ 7,440,445	\$ 3,451,465	\$ 136,031,404	\$ 67,357,308	\$ 136,223,954	\$ 416,578,810
LIABILITIES								
Accounts payable and accrued wages	\$ 13,177,226	\$ 5,671,439	\$ -	\$ 381	\$ -	\$ 4,012,993	\$ 1,969,375	\$ 24,831,414
Compensated absences payable	47,710	-	-	-	-	-	-	47,710
Termination benefits payable	1,295,357	-	-	-	-	-	-	1,295,357
Tax increment payable to developers	-	-	-	-	-	-	-	11,988,493
Deposits	7,011,102	-	-	-	-	-	-	10,843,789
Due to other governments	986,186	-	-	-	-	-	-	986,186
Due to other funds	-	2,677,515	-	-	-	-	-	2,677,515
Advances from other funds	-	-	-	-	2,326,247	-	3,209,917	5,536,164
Deferred revenue	1,868,452	9,506,044	475,577	2,418,293	-	-	1,558,669	15,827,035
Total liabilities	\$ 24,386,033	\$ 17,854,998	\$ 475,577	\$ 2,418,674	\$ 2,326,247	\$ 4,012,993	\$ 22,559,141	\$ 74,033,663
FUND BALANCES								
Reserved for:								
Encumbrances	1,482,401	16,068,307	-	-	-	23,216,162	2,490,339	43,257,209
Debt service	-	-	6,964,868	1,032,791	-	-	1,376,897	9,374,556
Land held for sale	-	-	-	-	-	-	15,762,293	15,762,293
Notes receivable	-	-	-	-	-	-	529,184	529,184
Sinking fund	-	-	-	-	-	-	5,476,379	5,476,379
Advances	-	-	-	-	-	-	3,209,917	3,209,917
Unreserved, reported in:								
General fund	19,337,267	-	-	-	-	-	-	19,337,267
Special revenue funds	-	(13,054,772)	-	-	-	-	49,820,495	36,765,723
Capital projects funds	-	-	-	-	133,705,157	40,128,153	34,999,309	208,832,619
Total fund balances	\$ 20,819,668	\$ 3,013,535	\$ 6,964,868	\$ 1,032,791	\$ 133,705,157	\$ 63,344,315	\$ 113,664,813	\$ 342,545,147
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,205,701	\$ 20,868,533	\$ 7,440,445	\$ 3,451,465	\$ 136,031,404	\$ 67,357,308	\$ 136,223,954	\$ 416,578,810

CITY OF HENDERSON, NEVADA

Reconciliation of the Balance Sheet to the Statement of Net Assets Governmental Funds June 30, 2010

Fund Balances - Governmental Funds	\$	342,545,147
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds:

Governmental capital assets	2,033,615,292	
Less: Accumulated depreciation	<u>(612,934,857)</u>	
		1,420,680,435

Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:

Bond costs - deferred charges	845,853	
Less: Current year amortization	(70,929)	
Accrued interest on long-term notes receivable	<u>484,975</u>	
		1,259,899

Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in governmental funds:

General obligation bonds payable	(122,151,193)	
Tax allocation bonds payable	(14,215,000)	
Installment purchase payable	(17,403,000)	
Special assessment bonds payable	(165,000)	
Capital lease payable	(297,931)	
Construction contracts payable	(1,999,887)	
Other post employment benefits payable	(9,765,386)	
Termination benefits payable	(1,110,244)	
Compensated absences	<u>(34,591,812)</u>	
		(201,699,453)
Interest payable		(1,176,375)

Deferred revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds.		6,875,921
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Internal Service Funds are used by management to charge the costs of certain activities to individual funds. Net assets and liabilities of the Internal Service Funds are reported with governmental activities.		95,700,387
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Internal balances are receivable from business-type activities		<u>13,287,934</u>
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Net Assets - Governmental Activities	\$	<u><u>1,677,473,895</u></u>
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CITY OF HENDERSON, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	Multipurpose Special Revenue	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition and Construction Capital Projects	Other Governmental Funds	Total
REVENUES								
Property taxes	\$ 43,870,612	\$ -	\$ 17,522,654	\$ -	\$ -	\$ 20,911,745	\$ 12,955,516	\$ 95,260,527
Special assessments	-	-	-	190,674	-	-	-	190,674
Franchise fees	30,110,422	-	-	-	-	-	-	30,110,422
Licenses and permits	7,501,281	-	-	-	-	-	-	7,501,281
Intergovernmental	75,462,855	27,387,276	-	-	-	1,704,487	14,417,225	118,971,843
Charges for services	16,879,141	25,539	-	-	-	-	947,580	17,852,260
Fines and forfeitures	6,059,997	900	-	-	-	-	1,188,625	7,249,522
Developer/property owner contributions	-	-	-	-	-	-	2,956,906	2,956,906
Impact fees	-	-	-	-	-	642,498	289,758	932,256
Interest	528,983	26,665	267,554	205,621	134,684	1,410,260	2,869,178	5,442,945
Miscellaneous	647,174	927,434	-	5,745	-	92,202	613,168	2,285,723
Total revenues	181,060,465	28,367,814	17,790,208	402,040	134,684	24,761,192	36,237,956	288,754,359
EXPENDITURES								
Current:								
General government	40,785,889	26,130	-	-	-	43,720	9,659,003	50,514,742
Judicial	10,670,757	-	-	-	-	-	532,356	11,203,113
Public safety	109,682,719	734,311	-	-	-	278,020	12,241,618	122,936,668
Public works	10,037,717	281,284	-	-	-	1,172,116	3,526,947	15,018,064
Culture and recreation	30,923,936	5,275,612	-	-	-	427,284	1,804,167	38,430,999
Community support	1,571,009	6,326,324	-	-	-	-	-	7,897,333
Total current	203,672,027	12,643,661	-	-	-	1,921,140	27,764,091	246,000,919
Capital outlay:								
General government	26,990	445,612	-	-	-	-	1,242,461	1,715,063
Judicial	2,644	-	-	-	-	-	19,693	22,337
Public safety	150,025	742,376	-	-	-	12,255,860	22,816	13,171,077
Public works	309,572	2,861,440	-	-	142,700	16,608,412	2,709,918	22,632,042
Culture and recreation	516,893	9,289,592	-	-	-	6,076,189	770,689	16,653,363
Total capital outlay	1,006,124	13,339,020	-	-	142,700	34,940,461	4,765,577	54,193,882
Debt service:								
Principal retirement	-	-	12,517,963	70,000	-	-	565,000	13,152,963
Interest and fiscal charges	-	-	7,126,620	19,000	-	-	793,176	7,938,796
Administrative and other costs	-	-	19,294	8,035	-	-	-	27,329
Total debt service	-	-	19,663,877	97,035	-	-	1,358,176	21,119,088
Total expenditures	204,678,151	25,982,681	19,663,877	97,035	142,700	36,861,601	33,887,844	321,313,889
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,617,686)	2,385,133	(1,873,669)	305,005	(8,016)	(12,100,409)	2,350,112	(32,559,530)

(continued)

CITY OF HENDERSON, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	Multipurpose Special Revenue	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition and Construction Capital Projects	Other Governmental Funds	Total
OTHER FINANCING SOURCES (USES)								
Land sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 546,145	\$ 546,145
Sale of capital assets	1,558	-	-	-	-	-	-	1,558
Capital leases	-	-	-	-	-	-	446,894	446,894
Transfers:								
Transfers in	34,722,303	300,000	13,032,897	-	237,535	9,399,475	2,240,063	59,932,273
Transfers out	(15,275,145)	(1,000,000)	(13,902,579)	(237,535)	-	(27,389,763)	(3,554,545)	(61,359,567)
Total other financing sources (uses)	19,448,716	(700,000)	(869,682)	(237,535)	237,535	(17,990,288)	(321,443)	(432,697)
NET CHANGE IN FUND BALANCES	(4,168,970)	1,685,133	(2,743,351)	67,470	229,519	(30,090,697)	2,028,669	(32,992,227)
FUND BALANCE, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	24,988,638	1,328,402	9,708,219	965,321	133,475,638	93,435,012	120,766,992	384,668,222
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	(9,130,848)	(9,130,848)
FUND BALANCE, BEGINNING OF YEAR AS RESTATED	24,988,638	1,328,402	9,708,219	965,321	133,475,638	93,435,012	111,636,144	375,537,374
FUND BALANCE, END OF YEAR	\$ 20,819,668	\$ 3,013,535	\$ 6,964,868	\$ 1,032,791	\$ 133,705,157	\$ 63,344,315	\$ 113,664,813	\$ 342,545,147

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, 2010

Net Change in Fund Balances - Governmental Funds \$ (32,992,227)

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
capitalized and depreciated over their estimated useful lives and
only the gain or loss is recorded when assets are sold.

Expenditures for capital assets	58,442,395	
Sale/disposition of assets	(927,090)	
Less current year depreciation	<u>(68,979,366)</u>	(11,464,061)

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	(431,329)	
Donated capital assets	<u>160,777,733</u>	160,346,404

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 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:

Capital lease issued	(446,894)	
Bond issue costs	(807,894)	
Accrued interest	34,939	
Principal payments	<u>13,152,963</u>	11,933,114

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	553,418	
Change in other post employment benefit (OPEB) liability	(1,519,596)	
Change in long-term compensated absences	<u>(2,255,269)</u>	(3,221,447)

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.

2,739,658

Change in Net Assets of Governmental Activities \$ 127,341,441

CITY OF HENDERSON, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 44,001,664	\$ 43,751,664	\$ 43,870,612	\$ 118,948
Franchise fees	30,855,619	30,655,619	30,110,422	(545,197)
Licenses and permits	8,614,013	7,614,013	7,501,281	(112,732)
Intergovernmental	88,996,231	74,470,014	75,462,855	992,841
Charges for services	14,900,820	16,377,376	16,879,141	501,765
Fines and forfeits	6,465,628	6,465,628	6,059,997	(405,631)
Interest	600,000	375,000	528,983	153,983
Miscellaneous	313,664	571,464	647,174	75,710
Total revenues	<u>194,747,639</u>	<u>180,280,778</u>	<u>181,060,465</u>	<u>779,687</u>
EXPENDITURES				
Current:				
General government	46,285,098	49,508,614	40,785,889	8,722,725
Judicial	11,096,173	11,152,797	10,670,757	482,040
Public safety	113,674,164	114,854,873	109,682,719	5,172,154
Public works	11,295,598	13,250,714	10,037,717	3,212,997
Culture and recreation	38,446,357	35,157,665	30,923,936	4,233,729
Community support	2,059,201	1,923,681	1,571,009	352,672
Total current	<u>222,856,591</u>	<u>225,848,344</u>	<u>203,672,027</u>	<u>22,176,317</u>
Capital outlay:				
General government	-	305,658	26,990	278,668
Judicial	-	-	2,644	(2,644)
Public safety	-	196,155	150,025	46,130
Public works	-	552,819	309,572	243,247
Culture and recreation	-	1,052,708	516,893	535,815
Total capital outlay	<u>-</u>	<u>2,107,340</u>	<u>1,006,124</u>	<u>1,101,216</u>
Total expenditures	<u>222,856,591</u>	<u>227,955,684</u>	<u>204,678,151</u>	<u>23,277,533</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(28,108,952)</u>	<u>(47,674,906)</u>	<u>(23,617,686)</u>	<u>24,057,220</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	1,558	1,558
Transfers in	40,902,579	45,610,996	34,722,303	(10,888,693)
Transfers out	(10,365,085)	(10,223,262)	(15,275,145)	(5,051,883)
Total other financing sources (uses)	<u>30,537,494</u>	<u>35,387,734</u>	<u>19,448,716</u>	<u>(15,939,018)</u>
NET CHANGE IN FUND BALANCE	2,428,542	(12,287,172)	(4,168,970)	8,118,202
FUND BALANCE, BEGINNING OF YEAR	<u>9,794,094</u>	<u>24,988,638</u>	<u>24,988,638</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 12,222,636</u>	<u>\$ 12,701,466</u>	<u>\$ 20,819,668</u>	<u>\$ 8,118,202</u>

CITY OF HENDERSON, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Multipurpose Special Revenue Fund For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 3,555,351	\$ 44,975,993	\$ 27,387,276	\$ (17,588,717)
Charges for services	-	17,000	25,539	8,539
Fines and forfeits	-	-	900	900
Interest	-	11,811	26,665	14,854
Miscellaneous	12,000	860,479	927,434	66,955
Total revenues	3,567,351	45,865,283	28,367,814	(17,497,469)
EXPENDITURES				
Current:				
General government	-	95,459	26,130	69,329
Public safety	12,000	1,954,058	734,311	1,219,747
Public works	-	1,130,872	281,284	849,588
Culture and recreation	-	10,755,986	5,275,612	5,480,374
Community support	1,609,416	8,624,334	6,326,324	2,298,010
Total current	1,621,416	22,560,709	12,643,661	9,917,048
Capital outlay:				
General government	-	1,202,687	445,612	757,075
Public safety	-	1,330,457	742,376	588,081
Public works	273,762	4,218,995	2,861,440	1,357,555
Culture and recreation	-	17,139,527	9,289,592	7,849,935
Community support	-	41,310	-	41,310
Total capital outlay	273,762	23,932,976	13,339,020	10,593,956
Total expenditures	1,895,178	46,493,685	25,982,681	20,511,004
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,672,173	(628,402)	2,385,133	3,013,535
OTHER FINANCING SOURCES (USES)				
Transfers in	-	300,000	300,000	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	(1,000,000)	(700,000)	(700,000)	-
NET CHANGE IN FUND BALANCE	672,173	(1,328,402)	1,685,133	3,013,535
FUND BALANCE, BEGINNING OF YEAR	327,827	1,328,402	1,328,402	-
FUND BALANCE, END OF YEAR	\$ 1,000,000	\$ -	\$ 3,013,535	\$ 3,013,535

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CITY OF HENDERSON, NEVADA

Statement of Net Assets Proprietary Funds For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	
ASSETS						
CURRENT ASSETS:						
Cash and investments	\$ 99,729,854	\$ 97,711,529	\$ 10,213,565	\$ 2,921,785	\$ 210,576,733	\$ 89,688,766
Receivables:						
Accounts	7,424,839	3,254,504	-	137,558	10,816,901	164,236
Accrued interest	495,385	503,683	47,127	11,971	1,058,166	382,913
Due from other governments	-	998,345	-	-	998,345	244,937
Inventories - bulk fuel	-	-	-	-	-	15,336
Customer deposits (restricted assets, cash and investments)	1,468,089	-	-	-	1,468,089	-
Water and sewer debt service bonds (restricted assets, cash and investments)	5,697,920	5,410,603	-	-	11,108,523	-
Total current assets	114,816,087	107,878,664	10,260,692	3,071,314	236,026,757	90,496,188
NONCURRENT ASSETS:						
Capital assets:						
Land	1,995,394	9,695,529	-	13,802,929	25,493,852	-
Buildings	11,794,910	21,048,360	-	8,611,177	41,454,447	704,979
Improvements other than buildings	643,968,497	541,472,855	1,168,670	24,445,835	1,211,055,857	473,374
Machinery and equipment	14,445,235	7,372,473	2,884,356	2,427,762	27,129,826	45,903,157
Construction in progress	17,157,276	134,916,460	37,446	-	152,111,182	-
Total capital assets	689,361,312	714,505,677	4,090,472	49,287,703	1,457,245,164	47,081,510
Less accumulated depreciation	(234,172,218)	(142,969,094)	(3,111,245)	(17,172,218)	(397,424,775)	(28,621,038)
Net capital assets	455,189,094	571,536,583	979,227	32,115,485	1,059,820,389	18,460,472
Other assets:						
Deferred charges	168,329	760,007	-	-	928,336	-
Deposits	3,559,436	780,000	-	-	4,339,436	-
Advances to other funds	-	-	-	-	-	2,326,247
Total noncurrent assets	458,916,859	573,076,590	979,227	32,115,485	1,065,088,161	20,786,719
Total assets	573,732,946	680,955,254	11,239,919	35,186,799	1,301,114,918	111,282,907

(continued)

CITY OF HENDERSON, NEVADA

Statement of Net Assets (continued) Proprietary Funds For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable and accrued wages	\$ 5,777,335	\$ 7,811,503	\$ 279,408	\$ 242,908	\$ 14,111,154	\$ 1,733,615
Termination benefits payable	186,270	142,968	108,342	-	437,580	179,056
Compensated absences payable	2,211,454	1,690,068	1,362,860	524,475	5,788,857	2,434,605
Construction contracts payable	262,432	4,912,746	-	-	5,175,178	-
Deposits	-	-	154,419	20,280	174,699	-
Unearned revenue	-	-	3,368,067	-	3,368,067	-
Claims and judgments payable	-	-	-	-	-	10,658,207
Customer deposits (partially payable from restricted assets)	1,468,089	-	-	-	1,468,089	-
Accrued bond interest (partially payable from restricted assets)	742,226	1,166,295	-	-	1,908,521	-
Current portion of bonds payable (partially payable from restricted assets)	5,445,841	8,296,298	-	-	13,742,139	-
Total current liabilities	16,093,647	24,019,878	5,273,096	787,663	46,174,284	15,005,483
NONCURRENT LIABILITIES:						
Provisional credits/refunding agreements	388,665	327	-	-	388,992	-
Other post employee benefit (OPEB) liability	869,119	699,579	797,481	166,998	2,533,177	577,037
General obligation bonds (net of current portion)	43,125,717	140,143,214	-	-	183,268,931	-
Total noncurrent liabilities	44,383,501	140,843,120	797,481	166,998	186,191,100	577,037
Total liabilities	60,477,148	164,862,998	6,070,577	954,661	232,365,384	15,582,520
NET ASSETS						
Invested in capital assets, net of related debt	406,617,536	423,097,071	979,227	32,115,485	862,809,319	18,460,472
Restricted for:						
Debt service	4,955,694	4,244,308	-	-	9,200,002	-
Claims	-	-	-	-	-	29,821,661
System development	41,662,400	42,892,361	-	-	84,554,761	-
Unrestricted	60,020,168	45,858,516	4,190,115	2,116,653	112,185,452	47,418,254
Total net assets	\$ 513,255,798	\$ 516,092,256	\$ 5,169,342	\$ 34,232,138	1,068,749,534	\$ 95,700,387
Adjustment to reflect the consolidation of Internal Service Funds' activities related to Enterprise Funds					(13,287,934)	
Net Assets of Business-Type Activities					\$ 1,055,461,600	

CITY OF HENDERSON, NEVADA

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES						
Utilities fees	\$ 55,274,721	\$ 30,697,318	\$ -	\$ -	\$ 85,972,039	\$ -
Connection fees	349,874	58,854	-	-	408,728	-
Late charges	1,073,938	564,513	-	-	1,638,451	-
Rental fees	-	-	-	350,574	350,574	-
Licenses - gaming	-	-	-	636,374	636,374	-
Licenses and permits	-	-	2,635,447	-	2,635,447	-
Charges for services	-	-	2,836,212	2,949,751	5,785,963	38,787,177
Miscellaneous	333,929	740	64,525	86,011	485,205	-
Total operating revenues	<u>57,032,462</u>	<u>31,321,425</u>	<u>5,536,184</u>	<u>4,022,710</u>	<u>97,912,781</u>	<u>38,787,177</u>
OPERATING EXPENSES						
Salaries and wages	10,930,097	9,265,889	4,955,914	2,157,927	27,309,827	8,286,307
Employee benefits	4,051,805	3,408,614	1,807,233	714,726	9,982,378	2,931,637
Water purchases	21,162,479	-	-	-	21,162,479	-
Services and supplies	15,861,655	14,254,207	3,395,493	4,596,397	38,107,752	16,279,397
Claims and legal fees	-	-	-	-	-	11,093,057
Depreciation	25,358,662	18,883,289	177,218	995,486	45,414,655	5,342,487
Total operating expenses	<u>77,364,698</u>	<u>45,811,999</u>	<u>10,335,858</u>	<u>8,464,536</u>	<u>141,977,091</u>	<u>43,932,885</u>
OPERATING LOSS	<u>(20,332,236)</u>	<u>(14,490,574)</u>	<u>(4,799,674)</u>	<u>(4,441,826)</u>	<u>(44,064,310)</u>	<u>(5,145,708)</u>
NONOPERATING REVENUES (EXPENSES)						
Room taxes	-	-	-	1,413,843	1,413,843	-
Interest revenue	2,578,113	2,500,824	241,423	62,781	5,383,141	2,053,933
Sales taxes	-	3,836,249	-	-	3,836,249	-
Interest expense	(1,837,120)	(3,283,167)	-	-	(5,120,287)	(11,059)
Miscellaneous	138,762	654,870	-	-	793,632	94,208
Gain on disposition of capital assets	3,800	2,280	-	-	6,080	263,532
Transfer of capital assets to general government	-	-	(23,146)	-	(23,146)	-
Bond premium amortization	230,716	439,084	-	-	669,800	-
Total nonoperating revenues (expenses)	<u>1,114,271</u>	<u>4,150,140</u>	<u>218,277</u>	<u>1,476,624</u>	<u>6,959,312</u>	<u>2,400,614</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(19,217,965)</u>	<u>(10,340,434)</u>	<u>(4,581,397)</u>	<u>(2,965,202)</u>	<u>(37,104,998)</u>	<u>(2,745,094)</u>
CAPITAL CONTRIBUTIONS						
	27,393,916	18,604,747	-	-	45,998,663	202,400
TRANSFERS						
Transfers in	-	-	1,758,607	2,002,812	3,761,419	3,252,608
Transfers out	(5,250,913)	(3,125)	(2,371)	(527)	(5,256,936)	(329,797)
Total transfers	<u>(5,250,913)</u>	<u>(3,125)</u>	<u>1,756,236</u>	<u>2,002,285</u>	<u>(1,495,517)</u>	<u>2,922,811</u>
CHANGE IN NET ASSETS	2,925,038	8,261,188	(2,825,161)	(962,917)	7,398,148	380,117
NET ASSETS, BEGINNING OF YEAR	510,330,760	507,831,068	7,994,503	35,195,055		95,320,270
NET ASSETS, END OF YEAR	<u>\$ 513,255,798</u>	<u>\$ 516,092,256</u>	<u>\$ 5,169,342</u>	<u>\$ 34,232,138</u>		<u>\$ 95,700,387</u>
			Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds		(2,359,541)	
			Change in net assets		\$ 5,038,607	

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CITY OF HENDERSON, NEVADA

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 56,907,706	\$ 30,892,525	\$ 6,122,883	\$ 4,182,233	\$ 98,105,347	\$ 2,184,296
Cash received from interfund services provided	-	-	-	-	-	36,688,323
Cash payments to suppliers for goods and services	(40,774,145)	(17,172,522)	(5,008,214)	(5,255,662)	(68,210,543)	(30,436,686)
Cash payments to employees for services	(10,371,422)	(8,945,595)	(4,865,421)	(2,129,167)	(26,311,605)	(7,974,525)
Net cash provided by (used in) operating activities	<u>5,762,139</u>	<u>4,774,408</u>	<u>(3,750,752)</u>	<u>(3,202,596)</u>	<u>3,583,199</u>	<u>461,408</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	1,758,607	2,002,812	3,761,419	3,252,608
Transfers out	(5,250,913)	(3,125)	(2,371)	(527)	(5,256,936)	(329,797)
Payments on advances to other funds	-	-	-	-	-	94,835
Cash received from other sources	138,762	654,870	-	-	793,632	94,208
Net cash provided by (used in) noncapital financing activities	<u>(5,112,151)</u>	<u>651,745</u>	<u>1,756,236</u>	<u>2,002,285</u>	<u>(701,885)</u>	<u>3,111,854</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(7,530,222)	(59,544,032)	-	-	(67,074,254)	(1,465,421)
Principal payments on bonds and leases	(5,199,108)	(7,928,974)	-	-	(13,128,082)	-
Interest paid on bonds and leases	(2,284,110)	(7,309,358)	-	-	(9,593,468)	(11,059)
Issuance of debt	-	691,065	-	-	691,065	-
Debt issuance costs	10,046	11,886	-	-	21,932	-
Proceeds from sale of capital assets	3,800	2,280	3,903	-	9,983	327,375
(Increase) decrease in deposits/deferred charges	137,503	(773,546)	-	-	(636,043)	-
Increase (decrease) in provisional credits	37,945	(1,516)	-	-	36,429	-
Capital contributions	1,538,960	3,161,459	-	-	4,700,419	-
Cash received from other sources	-	3,836,249	-	1,413,843	5,250,092	-
Net cash provided by (used in) capital and related financing activities	<u>(13,285,186)</u>	<u>(67,854,487)</u>	<u>3,903</u>	<u>1,413,843</u>	<u>(79,721,927)</u>	<u>(1,149,105)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	2,854,882	3,080,830	274,604	65,099	6,275,415	2,193,097
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(9,780,316)</u>	<u>(59,347,504)</u>	<u>(1,716,009)</u>	<u>278,631</u>	<u>(70,565,198)</u>	<u>4,617,254</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	116,676,179	162,469,636	11,929,574	2,643,154	293,718,543	85,071,512
CASH AND CASH EQUIVALENTS, END OF YEAR:						
Restricted for customer deposits	1,468,089	-	-	-	1,468,089	-
Restricted for debt service	5,697,920	5,410,603	-	-	11,108,523	-
Unrestricted	99,729,854	97,711,529	10,213,565	2,921,785	210,576,733	89,688,766
	<u>\$ 106,895,863</u>	<u>\$ 103,122,132</u>	<u>\$ 10,213,565</u>	<u>\$ 2,921,785</u>	<u>\$ 223,153,345</u>	<u>\$ 89,688,766</u>

(continued)

CITY OF HENDERSON, NEVADA

Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Development Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating loss	\$ (20,332,236)	\$ (14,490,574)	\$ (4,799,674)	\$ (4,441,826)	\$ (44,064,310)	\$ (5,145,708)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities						
Depreciation	25,358,662	18,883,289	177,218	995,486	45,414,655	5,342,487
Write-off of capital assets	-	-	107,124	-	107,124	-
Changes in assets and liabilities:						
(Increase) decrease:						
Accounts receivable	(126,236)	(103,119)	87,209	159,523	17,377	33,477
Due from other governments	1,480	(325,781)	-	-	(324,301)	83,298
Increase (decrease):						
Accounts payable and accrued wages	323,049	407,650	(4,855)	34,527	760,371	(412,647)
Termination benefits payable	104,306	16,112	16,050	(41,055)	95,413	22,859
Deposits	(123,029)	-	26,611	8,675	(87,743)	5,760
Unearned revenue	-	-	499,490	-	499,490	-
Compensated absences payable	427,080	275,457	78,071	59,915	840,523	273,216
Claims and judgments	-	-	-	-	-	159,146
Other post employment benefits (OPEB) liability	129,063	111,374	62,004	22,159	324,600	99,520
Total adjustments	26,094,375	19,264,982	1,048,922	1,239,230	47,647,509	5,607,116
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 5,762,139	\$ 4,774,408	\$ (3,750,752)	\$ (3,202,596)	\$ 3,583,199	\$ 461,408
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Contribution of assets	\$ 25,854,956	\$ 15,443,288	\$ -	\$ -	\$ 41,298,244	\$ 202,400

CITY OF HENDERSON, NEVADA

Statement of Fiduciary Net Assets Agency Funds June 30, 2010

ASSETS

Cash and investments	\$ 70,969,714
Delinquent assessments receivable	<u>919,674</u>
Total assets	<u><u>\$ 71,889,388</u></u>

LIABILITIES

Due to developers	\$ 16,225,409
Due to employees	99,214
Due to others	<u>55,564,765</u>
Total liabilities	<u><u>\$ 71,889,388</u></u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies

A. The Reporting Entity

The City of Henderson, Nevada (the “City”) was originally incorporated in 1953. It is governed by an elected mayor and four council members. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, these financial statements present the activities of the City and its blended 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 Redevelopment Agency, 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 blended component unit. Eliminations have been made to minimize the double-counting of internal activities.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Services provided by the General Fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the General Fund. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are specifically associated with a function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The City first utilizes restricted resources to finance qualifying activities, then unrestricted resources as they are needed.

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category, *governmental*, *proprietary* and *fiduciary*, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, and operating expenses result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings and nonoperating expenses result from nonexchange transactions or ancillary activities.

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

The government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting, as are the proprietary fund financial statements. Agency funds have no measurement focus.

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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 90 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).

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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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 **Multipurpose Special Revenue Fund** accounts for a variety of programs of a specific nature. Each revenue source has a designated purpose restricted by grant award, City Council Resolution and action, and/or statute.

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

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

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

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

The City reports the following major enterprise funds:

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

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Additionally, the City reports the following fund types:

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

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

D. Assets, Liabilities and Equity

1. Cash and Investments

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements.

Cash and cash equivalents include currency on hand, demand deposits with banks and other highly liquid investments with original maturities of three months or less, from the date of acquisition, which are readily convertible to cash. Since all cash in proprietary funds is pooled with the rest of the City's cash and is available upon demand, all cash and investments in those funds are considered cash equivalents.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

1. Cash and Investments (continued)

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

2. Receivables and Payables

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

3. Property taxes

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

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

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

3. Property Taxes (continued)

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 \$10,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost. Donated assets are recorded at their estimated fair market value on the date donated.

General infrastructure assets acquired prior to July 1, 2001, 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 are reported at estimated historical cost using deflated replacement cost and the bridges are reported at initial installation cost.

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

Road Network

Asphalt

Sidewalks

Curbs and gutters

Streetlights

Traffic signals

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

5. Capital Assets (continued)

Storm Drain Network

Storm drain infrastructure

Storm drain drop inlets

Capital assets are recorded at cost (including capitalized interest for business-type activities incurred during the construction phase on debt financed projects). Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

<u>Assets</u>	<u>Life</u>
Buildings	15 to 40 years
Improvements other than buildings	10 to 50 years
Machinery	5 to 10 years
Vehicles	3 to 10 years
Infrastructure	15 to 50 years

6. Water Delivery Deposit

The City and Basic Management, Inc. ("BMI"), executed a water delivery contract on May 22, 1990. BMI agreed to deliver water entitlements from Lake Mead to the City for payment under the terms of the agreement. Mutual review of the contract by the City and BMI resulted in modifications to the terms of the agreement. On September 20, 2005, the City and BMI amended the original agreement in which the City agreed to take an additional 4,000 acre feet of water per year. The amended agreement required the City to place a refundable deposit of \$5,515,782 with BMI on October 1, 2005, that would pay for the additional water to be delivered. The refundable deposit accrues interest at 4.5% annually and will be applied monthly. The balance of the refundable deposit as of June 30, 2010, is \$3,128,436.

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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

7. Compensated Absences (continued)

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.

10. Equity Classifications

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

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

10. Equity Classifications (continued)

- 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; or by (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

11. Use of Estimates

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

Note 2. Reconciliation of Government-wide and Fund Financial Statements

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

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

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 2. Reconciliation of Government-wide and Fund Financial Statements (continued)

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

Capital Assets:	
Infrastructure assets	\$ 1,288,305,056
Other capital assets	<u>745,310,236</u>
Governmental Capital Assets	<u>\$ 2,033,615,292</u>
Accumulated Depreciation	
Infrastructure assets	\$ 505,032,303
Other capital assets	<u>107,902,554</u>
Accumulated Depreciation	<u>\$ 612,934,857</u>

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balance – governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “Governmental funds report the proceeds from the sale of assets as other financing sources. However, in the statement of activities only the gain or loss on the sale is recorded.” The details of this difference are as follows:

Gain on sale of assets on the statement of activities	\$ 660,264
Loss on disposition of assets in the statement of activities included in the general government function	(776,119)
Amount resulting from internal service fund activities included elsewhere on the reconciliation	(263,532)
Sale of capital assets included in the net change in fund balances – governmental funds	(1,558)
Land sales included in the net change in fund balances – governmental funds	<u>(546,145)</u>
Net Difference in Reporting Sales/Dispositions of Assets	<u>\$ (927,090)</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 2. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (continued)

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.” The details of this difference are as follows:

Property taxes and miscellaneous revenues appear in the governmental funds as they are current financial resources but were previously recognized in the statement of activities	\$ (380,633)
Deferred revenue in prior years is included in beginning net assets on the statement of activities, but is recorded as revenues in the governmental funds	<u>(50,696)</u>
Change in Deferred Revenue	<u>\$ (431,329)</u>

C. Explanation of Certain Differences Between the Proprietary Fund Statement of Net Assets and the Government-wide Statement of Net Assets

The proprietary fund statement of net assets includes a reconciliation between net assets - total enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets. The description of the sole element of that reconciliation is “Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.” The details of this \$13,287,934 difference are as follows:

Internal service fund loss allocation to business-type activities - Prior years	\$ 10,928,393
Internal service fund loss allocation to business-type activities - Current year	<u>2,359,541</u>
	<u>\$ 13,287,934</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 3. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are legally adopted for all funds except Agency Funds and use a basis of accounting consistent with accounting principles generally accepted in the United States of America.

Prior to April 15, the Manager of Budget and Strategic Planning submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada State Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the City Council of whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval. The revenue classifications and expenditure functions shown in the fund financial statements are those prescribed by the Nevada Department of Taxation.

All revisions to the adopted budget are made a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes.

Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available. The most significant change occurred in the Capital Projects Funds (\$84,629,026). Nevada Law requires budgetary control to be exercised at the function level.

B. Excess of Expenditures/Expenses Over Appropriations

During the year ended June 30, 2010, there were no expenditures by fund or function that exceeded those budgeted for the year.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 4. Cash and Investments

The following is a reconciliation of the City's cash and investment balances (including restricted amounts) as of June 30, 2010:

Cash on hand	\$ 17,436
Deposits in bank	107,239,009
Investments	<u>615,555,919</u>
Total Cash and Investments	<u>\$ 722,812,364</u>

At June 30, 2010, total cash and investments were presented in the City's financial statements as follows:

	Unrestricted	Restricted	Total
Governmental activities	\$ 428,689,305	\$ -	\$ 428,689,305
Business-type activities	210,576,733	12,576,612	223,153,345
Fiduciary funds	<u>70,969,714</u>	<u>-</u>	<u>70,969,714</u>
Total Cash and Investments	<u>\$ 710,235,752</u>	<u>\$ 12,576,612</u>	<u>\$ 722,812,364</u>

State statutes govern the City's deposit policies. City monies must be deposited in insured banks and savings and loan associations. The City is authorized to use demand accounts, time accounts and certificates of deposit.

State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible state investments.

The City's agent, in the City's name, holds securities used as collateral to secure deposits. The depository bank submits monthly reports to the City indicating the type, the amount and the market value of the pledged securities. The City does not, however, have written custodial agreements with the trust bank for demand deposits.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2010, the recorded amount of the City's deposits was \$107,239,009 and the bank balance was \$111,625,022. Of the bank statement balance \$51,396,828 was covered by federal depository insurance and \$60,228,194 was subject to collateralization.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 4. Cash and Investments (continued)

The City invests monies both by individual fund and through pooling of monies. The pooling of monies, referred to as an internal investment pool, is theoretically invested on the whole and not as a combination of monies from each fund belonging to the pool. In this manner, the City's Finance Director is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned monthly to each fund in the pool based on the average cash balance of the fund for the month. The City investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Finance Director are regulated by Nevada Revised Statutes (NRS 355.170).

The following table identifies the investment types and minimum credit ratings authorized for the City of Henderson by NRS 355.170 and 355.171:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer	Minimum Rating	
				S&P	Moody
Banker's Acceptances	180 days	20%	None	n/a	n/a
Commercial Paper	270 days	20%	None	A-1	P-1
Money Market Mutual Funds	None	None	None	AAA	Aaa
Negotiable Certificates of Deposit	None	None	None	n/a	n/a
Collateralized Non-negotiable Certificates of Deposit	None	None	None	n/a	n/a
Negotiable notes/medium-term obligations of local governments of the State of Nevada	None	None	None	n/a	n/a
Obligations of state and local governments outside Nevada	None	None	None	A	n/a
Repurchase Agreements	90 days	None	None	n/a	n/a
U.S. Treasury Obligations	10 years	None	None	n/a	n/a
U.S. Agency Securities:					
Federal National Mortgage Corporation	10 years	None	None	n/a	n/a
Federal Agricultural Mortgage Corporation	10 years	None	None	n/a	n/a
Federal Farm Credit Bank	10 years	None	None	n/a	n/a
Federal Home Loan Bank	10 years	None	None	n/a	n/a
Federal Home Loan Mortgage Corporation	10 years	None	None	n/a	n/a
Government National Mortgage Association	10 years	None	None	n/a	n/a
Local Government Investment Pool	None	None	None	n/a	n/a
Notes, Bonds and Other Obligations Issued by U.S. Corporations	5 years	20%	25%	A	n/a
Collateralized Mortgage Obligations	None	None	None	AAA	n/a
Asset-backed Securities	None	None	None	AAA	n/a

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 4. Cash and Investments (continued)

At June 30, 2010, the City had the following investments:

	Par	Cost	Fair Value	Weighted-Average Maturity (Years)
Pooled Investments:				
Money Market Funds	\$ 4,937,899	\$ 4,937,899	\$ 4,937,899	0.00
Farm Credit Bank	67,000,000	67,316,190	67,491,140	2.86
Federal Home Loan Banks	123,300,000	123,316,668	124,228,867	2.27
Federal Home Loan Mortgage	114,080,000	114,406,154	115,532,174	2.24
Federal National Mortgage	80,655,289	80,861,614	82,034,268	3.32
US Treasury Notes	22,290,000	22,577,252	24,539,142	6.24
US Treasury Notes – Inflationary	3,036,934	2,784,586	3,154,608	5.95
State of Nevada Local Government Investment Pool	214,472	214,472	214,472	0.00
Total Pooled Investments	415,514,594	416,414,835	422,132,570	2.77
Non-pooled investments:				
<i>Special Assessment Bond Proceeds Investments</i>				
Milestone Money Market Fund	26,213,955	26,213,955	26,213,955	0.00
Federal National Mortgage Assn Pool	616,080	607,260	607,260	0.17
Federal Home Loan Bank Discount Note	956,000	950,544	956,000	0.08
AIM Money Market Fund	157,871,423	157,871,423	157,871,423	0.00
<i>Other Bond Proceeds Investments</i>				
Municipal Facilities – Federal Money Market Fund	6,397,814	6,397,814	6,397,814	0.00
Redevelopment Bonds - AIM Money Market Funds	1,376,897	1,376,897	1,376,897	0.00
Total Non-pooled investments	193,432,169	193,417,893	193,423,349	0.25
Total Investments	\$ 608,946,763	\$ 609,832,728	\$ 615,555,919	3.02

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

Interest Rate Risk

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

Concentration of Credit Risk

At June 30, 2010, in accordance with State laws as defined in the table found on page 33, the City was not in violation of the maximum percentage of total portfolio per investment type, nor the maximum percentage per single issuer restrictions.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 4. Cash and Investments (continued)

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

	<u>S&P</u>	<u>Moody's</u>	<u>Percentage of portfolio</u>
Pooled Investments:			
Money Market Funds	AAA	AAA	0.80%
Farm Credit Bank	AAA	AAA	10.96%
Federal Home Loan Banks	AAA	AAA	20.18%
Federal Home Loan Mortgage	AAA	AAA	18.77%
Federal National Mortgage	AAA	AAA	13.33%
US Treasury Notes	AAA	AAA	3.99%
US Treasury Notes - Inflationary	AAA	AAA	0.52%
State of Nevada Local Government Investment Pool	n/a	n/a	0.03%
Total Pooled Investments			<u>68.58%</u>
Non-pooled investments:			
<i>Special Assessment Bond Proceeds Investments</i>			
Milestone Money Market Fund	AAA	AAA	4.26%
Federal National Mortgage Assn Pool	AAA	n/a	0.10%
Federal Home Loan Bank Discount Note	AAA	n/a	0.16%
AIM Money Market Fund	AAA	AAA	25.64%
<i>Other Bond Proceeds Investments</i>			
Municipal Facilities – Federal Money Market Fund	AAA	AAA	1.04%
Redevelopment Bonds - AIM Money Market Funds	AAA	AAA	0.22%
Total Non-pooled investments			<u>31.42%</u>
Total			<u>100.00%</u>

Custodial Credit Risk

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

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 5. Interfund Balances and Activity

As of June 30, 2010, the composition of interfund balances is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Multipurpose Special Revenue Fund	\$ 2,677,515

The amount due to the General Fund is for a temporary loan to cover deficit cash.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds	Special Assessment Districts – Capital projects Fund	\$ 2,326,247
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>3,209,917</u>
		<u>\$ 5,536,164</u>

The amounts owed to the Internal Service Funds represent loans to the Special Assessment Districts to be repaid from Special Assessments. The amount of \$3,209,917 is a note receivable from the City of Henderson Redevelopment Agency to other governmental funds for land purchases.

Internal Balances:

Effects of prior years' internal service activity	\$ (10,928,393)
Effects of current year internal service activity	<u>(2,359,541)</u>
	<u>\$ (13,287,934)</u>

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CITY OF HENDERSON, NEVADA

Notes to Financial Statements
For the Year Ended June 30, 2010

Note 5. Interfund Balances and Activity (continued)

	Transfers In				
	General Fund	Multipurpose Special Revenue Fund	General Obligation Debt Service Fund	Special Assessment District Capital Projects Fund	Municipal Facilities Acquisition and Construction Capital Projects Fund
<u>Transfers Out</u>					
General Fund	\$ -	\$ -	\$ 2,794,623	\$ -	\$ 3,651,883
Multipurpose Special Revenue Fund	-	-	1,000,000	-	-
General Obligation Debt Service Fund	13,902,579		-	-	-
Special Assessment Districts Debt Service Fund	-	-	-	237,535	-
Municipal Facilities Acquisition and Construction Capital Projects Fund	20,819,724	-	6,444,588	-	-
Other Governmental Funds	-	300,000	2,784,651	-	469,894
Water Fund	-	-	3,012	-	5,247,901
Sewer Fund	-	-	3,125	-	-
Development Services Fund	-	-	2,371	-	-
Other Enterprise Funds	-	-	527	-	-
Internal Service Funds	-	-	-	-	29,797
Total	\$ 34,722,303	\$ 300,000	\$13,032,897	\$ 237,535	\$ 9,399,475

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Other Governmental Funds	Development Services Fund	Other Enterprise Funds	Internal Service Funds	Total
\$ 1,875,000	\$ 1,758,607	\$ 2,000,000	\$ 3,195,032	\$ 15,275,145
-	-	-	-	1,000,000
-	-	-	-	13,902,579
-	-	-	-	237,535
65,063	-	2,812	57,576	27,389,763
-	-	-	-	3,554,545
-	-	-	-	5,250,913
-	-	-	-	3,125
-	-	-	-	2,371
-	-	-	-	527
300,000	-	-	-	329,797
<u>\$ 2,240,063</u>	<u>\$ 1,758,607</u>	<u>\$ 2,002,812</u>	<u>\$ 3,252,608</u>	<u>\$ 66,946,300</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 6. Capital Assets

For the year ended June 30, 2010, capital asset activity was as follows:

	Balance July 1, 2009	Additions and Transfers in	Deletions and Transfers out	Completed Construction	Balance June 30, 2010
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 180,884,927	\$ 1,142	\$ (132,442)	\$ -	\$ 180,753,627
Construction in progress	111,407,865	145,092,765	(747,614)	(179,952,540)	75,800,476
Total capital assets not being depreciated	292,292,792	145,093,907	(880,056)	(179,952,540)	256,554,103
Capital Assets being depreciated:					
Buildings	203,985,094	179,656	(61,403)	90,240,549	294,343,896
Improvements other than buildings	148,033,191	458,631	(216,792)	14,299,499	162,574,529
Machinery and equipment	77,773,337	4,061,639	(3,681,571)	765,813	78,919,218
Infrastructure	1,140,296,560	73,361,817	-	74,646,679	1,288,305,056
Total capital assets being depreciated	1,570,088,182	78,061,743	(3,959,766)	179,952,540	1,824,142,699
Less accumulated depreciation for:					
Buildings	(48,520,233)	(6,101,249)	50,103	-	(54,571,379)
Improvements other than buildings	(25,966,350)	(3,967,177)	47,413	-	(29,886,114)
Machinery and equipment	(48,109,920)	(7,574,946)	3,618,767	-	(52,066,099)
Infrastructure	(448,262,658)	(56,769,645)	-	-	(505,032,303)
Total accumulated depreciation	(570,859,161)	(74,413,017)	3,716,283	-	(641,555,895)
Total capital assets being depreciated, net	999,229,021	3,648,726	(243,483)	179,952,540	1,182,586,804
Governmental activities capital assets, net	<u>\$1,291,521,813</u>	<u>\$148,742,633</u>	<u>\$ (1,123,539)</u>	<u>\$ -</u>	<u>\$ 1,439,140,907</u>
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 25,215,735	\$ 278,117	\$ -	\$ -	\$ 25,493,852
Construction in progress	90,152,138	72,485,727	(1,730,821)	(8,795,862)	152,111,182
Total capital assets, not being depreciated	115,367,873	72,763,844	(1,730,821)	(8,795,862)	177,605,034
Capital Assets being depreciated:					
Buildings	31,235,568	9,888,193	-	330,686	41,454,447
Improvements other than buildings	1,174,073,465	41,024,160	(10,682,307)	6,640,539	1,211,055,857
Machinery and equipment	24,017,695	1,336,012	(48,518)	1,824,637	27,129,826
Total capital assets being depreciated	1,229,326,728	52,248,365	(10,730,825)	8,795,862	1,279,640,130
Less accumulated depreciation for:					
Buildings	(8,428,983)	(1,023,972)	-	-	(9,452,955)
Improvements other than buildings	(328,515,779)	(43,170,500)	942	-	(371,685,337)
Machinery and equipment	(15,111,765)	(1,220,183)	45,465	-	(16,286,483)
Total accumulated depreciation	(352,056,527)	(45,414,655)	46,407	-	(397,424,775)
Total capital assets being depreciated, net	877,270,201	6,833,710	(10,684,418)	8,795,862	882,215,355
Business-type activities capital assets, net	<u>\$ 992,638,074</u>	<u>\$ 79,597,554</u>	<u>\$ (12,415,239)</u>	<u>\$ -</u>	<u>\$ 1,059,820,389</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 6. Capital Assets (continued)

For the year ended June 30, 2010, depreciation was charged to functions/programs of the government as follows:

Governmental Activities:

General government	\$ 3,717,121
Judicial	186,245
Public safety	2,857,798
Public works	56,711,217
Culture and recreation	5,505,846
Community support	1,140
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>5,342,487</u>

Total Depreciation Expense – Governmental activities	74,321,854
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Transfer of assets from business-type activities to governmental activities	60,450
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Reclassification of assets from improvements to infrastructure	<u>30,713</u>
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Total Additions and Transfers In	<u><u>\$ 74,413,017</u></u>
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Business-type Activities:

Water	25,358,662
Sewer	18,883,289
Development services	177,218
Cultural arts and tourism	133,984
Municipal golf course	<u>861,502</u>

Total Depreciation Expense – Business-type Activities	<u><u>\$ 45,414,655</u></u>
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CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 7. Long-term Obligations

A. New Debt Issuance

In December 2009, the City entered into a revolving loan agreement with the Nevada State Department of Conservation and Natural Resources, to fund a portion of the estimated construction costs of the Pittman Wash sewer relocation. The maximum funding commitment of the amended loan agreement is \$1,815,447, and draws on the loan do not bear interest. Immediately following completion of the project, semi-annual installments are required such that all principal amounts drawn are repaid no later than one year following completion of the project. The loan agreement requires the City to comply with the prevailing wage provisions of the Davis Bacon Act and the “American Iron, Steel and Manufactured Goods” provisions of the American Recovery and Reinvestment Act of 2009 (“ARRA”).

In October 2009, the City entered into a lease agreement for computer equipment which qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments (the stated interest rate in the lease is 0.0%). Interest expense that might have been imputed on this obligation is considered to be not material. In addition, the related assets are below the City’s capitalization threshold and, therefore, were not recorded as capital assets.

As of June 30, 2010, the future minimum lease payments related to this obligation are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2011	\$ 148,964
2012	148,967
	<u>\$ 297,931</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 7. Long-term Obligations (continued)

B. Changes in Long-term Obligations

For the year ended June 30, 2010, the following schedule summarizes the changes in long-term obligations:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable:					
\$10,530,000 1997 Refunding Serial Bonds due annually through April 1, 2011; interest varies between 4.5% and 5.5%	\$ 2,770,000	\$ -	\$ (1,345,000)	\$ 1,425,000	\$ 1,425,000
\$50,000,000 2000 Various Purpose Bonds due annually through April 2011; interest varies between 5.0% and 6.0%	2,370,000	-	(2,370,000)	-	-
\$12,940,000 2001 Refunding Serial Bonds due annually through June 1, 2013; interest varies between 3.5% and 4.5%	5,355,000	-	(1,255,000)	4,100,000	1,310,000
\$5,205,000 2003B Park Refunding Bonds due annually through May 1, 2010; interest varies between 2.0% and 2.75%	220,000	-	(220,000)	-	-
\$34,505,000 2004A Park and Recreation Refunding Bonds due annually through June 2018; interest varies between 2.5% and 5.0%	29,495,000	-	(3,005,000)	26,490,000	3,130,000
\$43,355,000 2004B Refunding Bonds due in annually through April 2020; interest varies between 2.5% and 5.25%	39,260,000	-	(2,135,000)	37,125,000	4,700,000
\$56,000,000 2005D Various Purpose Bonds due annually through June 2035; interest varies between 4.0% and 5.0%	52,835,000	-	(1,140,000)	51,965,000	1,185,000
\$2,065,000 2006 Medium-term Bonds (Energy Retrofit Project) due annually through September 2016; interest fixed at 3.79%	1,712,000	-	(187,000)	1,525,000	194,000
\$1,162,000 2008 Medium Term Bonds due annually through March 2015; interest fixed at 3.24%	1,010,000	-	(155,000)	855,000	160,000
	<u>135,027,000</u>	<u>-</u>	<u>(11,812,000)</u>	<u>123,215,000</u>	<u>12,104,000</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 7. Long-term Obligations (continued)

B. Changes in Long-term Obligations (continued)

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Governmental Activities (continued):					
Tax Allocation Bonds Payable:					
\$12,045,000 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 3.5% and 5.25%	\$ 10,845,000	-	\$ (430,000)	\$10,415,000	\$450,000
\$4,295,000 2002 Henderson Redevelopment Tax Allocation Bond due annually through October 2025; interest varies between 5.1% and 7.2%	3,935,000	-	(135,000)	3,800,000	140,000
	14,780,000	-	(565,000)	14,215,000	590,000
Special Assessment Bonds Payable:					
\$7,000,000 1991 Improvement District T-2 Bonds due annually through August 2011; interest fixed at 9.5%	235,000	-	(70,000)	165,000	80,000
Unamortized Bond Premium	5,849,017	-	(553,418)	5,295,599	-
Unamortized Bond Discount/Deferred Refunding Charge	(7,096,371)	-	736,965	(6,359,406)	-
\$446,894 capital lease payable to Dell Financial Services, due in annual installments of \$148,964 through December 2011; interest fixed at 0.00%	-	446,894	(148,963)	297,931	148,964
\$17,960,000 2009 Installment Purchase Agreement due annually beginning in February 2010 through 2024; interest fixed at 4.97%	17,960,000	-	(557,000)	17,403,000	596,000
Compensated Absences Payable	34,279,389	5,355,390	(2,560,652)	37,074,127	4,594,829
Other Post Employment Benefits (OPEB) Liability	8,723,307	2,205,400	(586,284)	10,342,423	-
Termination Benefits Payable	2,802,987	2,487,509	(2,705,839)	2,584,657	2,357,475
Claims Payable	10,499,061	11,024,695	(10,865,549)	10,658,207	10,658,207
Total Governmental Activities	223,059,390	21,519,888	(29,687,740)	214,891,538	31,129,475

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 7. Long-term Obligations (continued)

B. Changes in Long-term Obligations (continued)

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Business-type Activities:					
Revenue Bonds Payable:					
\$7,221,110 1991 Sewer Serial Bonds due in semi-annual installments through July 2011; interest fixed at 4.0%	\$ 1,389,321	\$ -	\$ (539,279)	\$ 850,042	\$ 561,066
\$12,300,000 1992 Sewer Serial Bonds due in semi-annual installments through January 2012; interest fixed at 4.0%	3,010,754	-	(817,227)	2,193,527	850,243
\$987,525 1993 Water Serial Bonds due in five year installments through December 2012; interest varies between 4.85% and 6.5% (interest is accrued and due with principal payments)	578,744	38,230	-	616,974	-
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest fixed at 4.0%	4,412,337	-	(732,445)	3,679,892	762,036
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 2015; interest fixed at 3.825%	3,919,693	-	(542,022)	3,377,671	562,952
\$5,500,000 2000 Water Bonds due in annual installments through January 2021; interest fixed at 3.65%	4,244,129	-	(237,108)	4,007,021	245,842
\$110,000,000 2004 Sewer Bonds due in annual installments through June 2034; interest varies between 3.0% and 5.25%	102,035,000	-	(2,215,000)	99,820,000	2,325,000
\$22,618,000 2005 Water Bonds due in annual installments beginning September 2009 through 2018; interest fixed at 5.0%	22,618,000	-	(1,802,000)	20,816,000	1,890,000

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 7. Long-term Obligations (continued)

B. Changes in Long-term Obligations (continued)

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Business-type Activities (continued):					
Revenue Bonds Payable (continued):					
\$33,927,000 2005 Sewer Bonds due in annual installments beginning September 2009 through 2018; interest fixed at 5.0%	\$ 33,927,000	\$ -	\$ (2,703,000)	\$31,224,000	\$ 2,835,000
\$29,815,000 Water and Sewer Refunding Bonds due in annual installments through September 2017; interest varies between 4.0% and 5.0%	28,320,000	-	(3,540,000)	24,780,000	3,710,000
\$1,815,447 2009 Clean Water State Revolving Loan Fund - Sewer	-	691,065	-	691,065	-
	204,454,978	729,295	(13,128,081)	192,056,192	13,742,139
Unamortized Bond Premium	7,656,131	-	(669,800)	6,986,331	-
Unamortized Refunding Loss/Bond Discount	(2,288,811)	-	257,358	(2,031,453)	-
Provisional Credits/Refunding Agreements	352,563	98,459	(62,030)	388,992	-
Compensated Absences Payable	4,948,334	998,127	(157,604)	5,788,857	5,788,857
Other Post Employment Benefits (OPEB) Liability	2,208,577	324,600	-	2,533,177	-
Termination Benefits Payable	342,167	470,773	(375,360)	437,580	437,580
Total Business-type Activities	217,673,939	2,621,254	(14,135,517)	206,159,676	19,968,576
Total Long-term Obligations	\$ 440,733,329	\$ 24,141,142	\$(43,823,257)	\$ 421,051,214	\$ 51,098,051

Compensated absences, OPEB and termination benefits payable typically have been liquidated by the General, Internal Service, and Enterprise Funds. Claims payable typically have been liquidated by the Internal Service Funds.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 7. Long-term Obligations (continued)

C. Payment Requirements for Debt Service

As of June 30, 2010, the annual requirements to pay principal and interest on all bonds outstanding are as follows:

Year Ending June 30:	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 13,742,139	\$ 8,970,573	\$ 12,104,000	\$ 5,814,447
2012	14,095,535	8,332,421	11,077,000	5,359,613
2013	13,861,624	7,801,555	9,375,000	4,831,843
2014	14,082,468	7,075,969	8,338,000	4,388,452
2015	14,265,745	6,415,762	8,748,000	3,977,102
2016 – 2020	49,295,187	23,691,392	36,123,000	13,686,480
2021 – 2025	21,606,173	15,945,653	9,725,000	8,081,370
2026 – 2030	25,787,765	10,223,250	12,260,000	5,569,199
2031 – 2035	25,319,556	3,238,000	15,465,000	2,382,804
	<u>\$ 192,056,192</u>	<u>\$ 91,694,575</u>	<u>\$ 123,215,000</u>	<u>\$ 54,091,310</u>

Year Ending June 30:	Special Assessment Bonds		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 80,000	\$ 11,875	\$ 590,000	\$ 765,671
2012	85,000	4,038	615,000	735,127
2013	-	-	650,000	702,789
2014	-	-	680,000	669,121
2015	-	-	715,000	633,882
2016 – 2020	-	-	4,185,000	2,542,326
2021 – 2025	-	-	5,485,000	1,201,588
2026 – 2030	-	-	1,295,000	37,699
	<u>\$ 165,000</u>	<u>\$ 15,913</u>	<u>\$ 14,215,000</u>	<u>\$ 7,288,203</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 7. Long-term Obligations (continued)

C. Payment Requirements for Debt Service (continued)

Annual requirements to pay principal and interest on the installment purchase agreement are as follows:

Year Ending June 30:	Installment Purchase Agreement	
	Principal	Interest
2011	\$ 596,000	\$ 864,929
2012	671,000	835,308
2013	752,000	801,960
2014	838,000	764,585
2015	930,000	722,936
2016 – 2020	6,248,000	2,819,530
2021 – 2025	7,368,000	952,998
	<u>\$ 17,403,000</u>	<u>\$ 7,762,246</u>

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 \$269,010,000. The City 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, 2010, all defeased debt had been repaid.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 7. Long-term Obligations (continued)

F. Termination benefits payable

The City offered a voluntary employee severance program ("VESP") under which employees could elect to receive a severance payment based on years of service, and three months of health insurance coverage. Payments under VESP agreements are generally made within two weeks of the employee's termination date. Accordingly, the termination obligation is reported at the stated value per the VESP agreements and not discounted.

Note 8. 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 with an effective date prior to January 1, 2010, are computed at 2.50% for service earned through June 30, 2001, and 2.67 % for service earned on or after July 1, 2001, with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation). Monthly benefit allowances for regular members with an effective date on or after January 1, 2010, are computed at 2.50% of average compensation for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation). PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 8. Retirement Plan (continued)

Police and firemen with an effective date of membership prior to January 1, 2010, 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 25 years of accredited police and fire service. Police and firemen with an effective date of membership on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of accredited police and fire service, age 60 with 10 years of accredited police and fire service and age 50 with 20 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.

As of June 30, 2010, the City's contribution rates and amounts contributed for the previous three years are as follows:

Fiscal Year	Employer Contribution Rate		Total Required Contribution	Actual Percentage Contributed of Required Contribution
	Regular Members	Police/ Fire		
2010	21.5%	37.0%	\$ 39,840,236	100%
2009	20.5%	33.5%	\$ 35,578,092	100%
2008	20.5%	33.5%	\$ 36,216,707	100%

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.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 9. Other Post-employment Benefits (OPEB)

Plan Description: Eligible retirees can purchase health care coverage through two plans offered by the City of Henderson: a self-funded PPO and a fully-insured medical plan (Health Plan of Nevada). The City also offers its retirees dental, vision and life insurance benefits which is mandated by Nevada Revised Statutes. In addition to the plans offered by the City, eligible retirees may receive coverage through the Nevada Public Employees Benefit Program (PEPB). Retirees who receive coverage through the PEPB receive a direct subsidy from the City. The PEPB issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing or calling the plan at the following address or phone number:

Public Employee Benefits Plan
901 South Stewart Street, Suite 101
Carson City, Nevada 89701
(800) 326-5496

Contributions are required for both retiree and dependent coverage and range from \$153 to \$1,066 per month depending on the plan and the number of participants in the plan.

As of June 30, 2010, the City had 210 retirees receiving benefits and 1,055 active employees.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 9. Other Post-employment Benefits (OPEB) (continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 2,457,000
Interest on net OPEB obligation	492,000
Adjustment of annual required contribution	<u>(419,000)</u>
Annual OPEB costs	2,530,000
Contributions made	<u>(586,284)</u>
Increase in net OPEB obligation	1,943,716
Net OPEB obligation – beginning of year	<u>10,931,884</u>
Net OPEB obligation – end of year	<u>\$ 12,875,600</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for fiscal years ended June 30, 2008, 2009 and 2010 are as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation
June 30, 2008	\$ 5,881,000	\$ 441,878	7.51%	\$ 5,439,122
June 30, 2009	\$ 6,175,050	\$ 682,288	11.05%	\$ 10,931,884
June 30, 2010	\$ 2,530,000	\$ 586,284	23.17%	\$ 12,875,600

Funded Status and Funding Progress: Using the most recent actuarial valuation as of July 1, 2009, the following is the funded status of the OPEB Plan:

Actuarial accrued liability (AAL)	\$ 39,207,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 39,207,000</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.00%</u>
Covered payroll	<u>\$ 144,050,046</u>
UAAL as a percentage of covered payroll	<u>27.22%</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 9. Other Post-employment Benefits (OPEB) (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

In the actuarial valuation as of July 1, 2009, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate. The valuation uses a health care cost trend rate assumption of 11.00% in the year July 1, 2009 to June 30, 2010, grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2022 of 5.00%. The unfunded actuarial accrued liability is being amortized over a period of 30 years assuming a level percentage of projected payroll.

The required schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 10. Risk Management

State and local governments are subject to many types of claims such as worker's compensation, contractual actions, personal injuries and property damage. GASB Statement No. 10 requires that a liability for claims be reported if information available prior to issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, there are also situations in which incidents occur before the balance sheet date but claims are not reported or asserted when the financial statements are prepared. The "incurred but not reported" claims have been estimated based upon the City's past experience adjusted for current trends. The claims are included in the appropriate liability accounts.

The City maintains three self-insurance internal service funds for the following types of risk exposures:

Liability Insurance - The City has obtained \$10,000,000 in excess Public Entity Excess Liability Insurance with a \$1,000,000 self-insured retention (SIR). In addition, the City continues to maintain the following coverage: a \$682 million blanket property insurance policy on all buildings, building contents and Boiler and Machinery with a \$100,000 deductible; \$5.5 million Inland Marine coverage on a scheduled basis for heavy equipment with a \$50,000 deductible; a \$250,000

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 10. Risk Management (continued)

Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery and alteration; and a \$11.5 million Fire Engine and Equipment Physical Damage policy with a \$10,000 deductible.

The City maintains its self-insurance fund to cover all claims made or occurring prior to the effective date of the excess liability policy and all claims that fall under the \$1,000,000 SIR. The City's Risk Management division works with the City Attorney's office; an outside claims adjustment firm; the excess insurance company and its administrator; and, applicable departments in handling claims filed against the City. In addition, the City obtains an actuarial analysis on a biannual basis. No current claims are expected to be settled in a manner which would adversely affect the fund's financial condition.

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

Worker's Compensation - The City is self-insured for worker's compensation claims. A third party administrator is utilized for claim adjusting and payment. The City has a \$1,500,000 SIR for all public safety employees and a \$1,000,000 SIR for all other employees, per occurrence, with the maximum on all claims at statutory limits for the coverage period from April 1, 2010 through April 1, 2011.

For the years ended June 30, 2010 and 2009, changes in the funds' claims liability amounts were as follows:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
Fiscal Year 2009/10:				
Liability	\$ 1,369,921	\$ 748,975	\$ (748,975)	\$ 1,369,921
Workmen's Compensation	7,729,208	2,073,947	(1,484,769)	8,318,386
Health Insurance	1,399,932	8,201,773	(8,631,805)	969,900
	<u>\$ 10,499,061</u>	<u>\$ 11,024,695</u>	<u>\$ (10,865,549)</u>	<u>\$ 10,658,207</u>
Fiscal Year 2008/09:				
Liability	\$ 1,369,921	\$ 1,163,840	\$ (1,163,840)	\$ 1,369,921
Workmen's Compensation	5,936,149	3,324,978	(1,531,919)	7,729,208
Health Insurance	1,489,043	7,183,642	(7,272,753)	1,399,932
	<u>\$ 8,795,113</u>	<u>\$ 11,672,460</u>	<u>\$ (9,968,512)</u>	<u>\$ 10,499,061</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 11. Commitments and Contingencies

A. Construction in Progress

As of June 30, 2010, construction in progress of \$227,911,658 is reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$106,218,165 to complete these projects.

B. Litigation

There are several pending lawsuits and unresolved disputes involving the City and/or its employees, in which the City is represented by the City Attorney. Based on the current status of these matters and present uncertainty regarding the final outcome thereof, the City Attorney has concluded that it is not currently probable that the City will incur a loss, and accordingly, no provision for loss has been recorded in the accompanying financial statements. However, the City Attorney estimates a range of potential loss in connection with these matters of approximately \$12.8 to \$20.5 million.

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 storm water 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 storm water 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 were expected to constitute \$4,500,000 of the total; however, the developer contributions are uncertain at this time.

D. Redevelopment Agency

The City of Henderson Redevelopment Agency (the "Agency") has entered into several Owner Participation Agreements ("OPAs") with various developers whereby the developers are to construct public improvements on behalf of the Agency in connection with its redevelopment efforts. The OPAs could potentially obligate the Agency to repay developers approximately \$239.4 million, plus accrued interest, to reimburse the developers for the costs incurred in connection with the construction of the public improvements. However, the financial commitment to each developer is contingent upon there being sufficient tax increment available to fund the payments, as well as the developer actually incurring costs related to the public improvements.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 11. Commitments and Contingencies (continued)

D. Redevelopment Agency (continued)

In addition, any obligations to developers under the OPAs are payable solely and exclusively from a predetermined percentage of the tax increment received by the Agency on specific parcels of land, and is not to be payable from any other source.

Accordingly, to the extent that tax increment has not been collected and/or the developer has not incurred reimbursable costs, no liability has been recorded in the accompanying financial statements.

E. Operating Lease

Effective September 2009, the City entered into noncancelable managed service agreements (effectively leases) for copier equipment and related services. For the year ended June 30, 2010, total costs under such agreements were \$901,274. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2011	\$ 971,196
2012	971,196
2013	971,196
2014	292,386
2015	156,624
	<u>\$ 3,362,598</u>

Note 12. Restricted Net Assets

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

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 12. Restricted Net Assets (continued)

At June 30, 2010, restricted net assets are as follows:

Restricted for general government:		
Equipment repair and maintenance	\$ 11,497,733	
Multipurpose	<u>3,013,535</u>	\$ 14,511,268
Judicial:		
Municipal court administrative		973,929
Debt service:		
General obligation debt	5,795,024	
Special Assessment Debt	<u>1,026,260</u>	6,821,284
Public safety:		
Sales tax – police	3,979,718	
Forfeited assets	<u>644,414</u>	4,624,132
Public works:		
Gas tax	10,922,610	
Lake Las Vegas	5,476,379	
Flood control	176,522	
RTC/County funded	554,271	
Ad valorem transportation	<u>568,249</u>	17,698,031
Culture and recreation:		
Special recreation		3,526,407
Capital projects:		
Special assessment districts	133,705,157	
Municipal facilities	63,344,315	
Park development	<u>7,425,785</u>	204,475,257
Redevelopment:		
Redevelopment agency		32,408,932
Claims:		
Self-insurance	6,020,373	
Workmen’s compensation	14,935,013	
Health insurance	<u>8,866,275</u>	<u>29,821,661</u>
Total restricted net assets – governmental activities		<u>\$ 314,860,901</u>

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 12. Restricted Net Assets (continued)

At June 30, 2010, restricted net assets for business-type activities are as follows:

Debt service:			
Water fund	\$	4,955,694	
Sewer fund		<u>4,244,308</u>	\$ 9,200,002
System development:			
Water fund		41,662,400	
Sewer fund		<u>42,892,361</u>	<u>84,554,761</u>
Total restricted net assets – business-type activities			<u>\$ 93,754,763</u>

Note 13. Prior Period Adjustment

In previous years, pursuant to various Owner Participation Agreements with developers related to the City's redevelopment efforts, no liability to developers was recorded related to the tax increment revenues received in advance of the various redevelopment projects being completed. This revenue must be used solely to repay the developers for constructing public improvements on behalf of the City. However, after further analysis of these agreements, it has been determined that a liability must be recognized if tax increment revenue has been collected, allowable public improvement expenditures have been made by the developer, and it is probable that the developer will be repaid. As a result, a prior period adjustment was recorded reducing previously reported net assets of governmental activities by \$9,130,848, and establishing a tax increment liability payable to developers of the same amount at July 1, 2009.

Note 14. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 59, *Financial Instruments Omnibus*. According to the GASB, this standard is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, GASB 59 provides financial reporting guidance by doing the following:

- Emphasizing the applicability of SEC requirements to certain external investment pools (known as 2a7-like pools) to provide users more consistent information on qualifying pools;

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 14. New Accounting Pronouncements (continued)

- Addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, to certain financial instruments to clarify which financial instruments are within the scope of that pronouncement and to provide greater consistency in financial reporting; and
- Applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, to unallocated insurance contracts to improve the consistency of reporting by pension and other postemployment benefit plans.

GASB 59 is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2010, with earlier application encouraged. Management has not completed its assessment of this statement; however, it is not expected that its adoption will materially affect the City's financial position, results of operations, or cash flows.

The GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, effective for periods beginning after June 15, 2009, with retroactive application required for all prior periods presented during which a government was in bankruptcy. Early application is encouraged. The Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code by establishing requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities and for classifying changes in those items and related costs. The City has never declared bankruptcy, nor is it likely to do so in the future, so adoption of Statement No. 58 is not expected to affect the City's financial position, results of operation or cash flows.

The GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB 57 addresses issues related to measurement of other postemployment benefit (OPEB) obligations by certain employers participating in agent multiple-employer OPEB plans. GASB 57 amends GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The provisions of GASB 57 related to the use and reporting of the alternative measurement method are effective immediately, whereas other provisions are effective for periods beginning after June 15, 2011, with earlier application encouraged. The City's OPEB plan is not an agent multiple-employer plan administered as a trust, or equivalent arrangement, and does not participate in such plans. Therefore, adoption of Statement No. 57 is not expected to affect the City's financial position, results of operation or cash flows.

CITY OF HENDERSON, NEVADA

Notes to Financial Statements For the Year Ended June 30, 2010

Note 14. New Accounting Pronouncements (continued)

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. GASB 54 establishes a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used. Specifically, GASB 54 distinguishes fund balance between amounts that are considered nonspendable and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Under GASB 54, fund balance amounts will be reported in the following classifications:

- Restricted - amounts constrained by external parties, constitutional provision, or enabling legislation;
- Committed - amounts constrained by a government using its highest level of decision-making authority;
- Assigned - amounts a government intends to use for a particular purpose; and
- Unassigned - amounts that are not constrained at all will be reported in the general fund.

GASB 54 is effective for financial statements for periods beginning after June 15, 2010. Early adoption is encouraged. Management has not completed its assessment of this statement; however, it is not expected that adoption of this statement will materially affect the City's financial position, results of operations, or cash flows.

CITY OF HENDERSON, NEVADA

Required Supplementary Information (Unaudited) June 30, 2010

Other Postemployment Benefits Plan – Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage Of Covered Payroll (4) ÷ (5)
July 1, 2009	-	\$39,207,000	0.00%	\$ 39,207,000	\$ 144,050,046	27.22%
July 1, 2007	-	\$51,442,000	0.00%	\$ 51,442,000	\$ 147,095,944	34.97%

Notes to Required Supplementary Information:

1. This information is intended to help users assess the City's OPEB Plan's status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.
2. Only two actuarial valuations have been completed since GASB 45 was adopted. In the future, information from the three most recent valuations will be presented.

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2010

Comprehensive Annual Financial Report

City of Henderson, Nevada

Governmental Funds

Nonmajor Special Revenue Funds

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

City of Henderson Redevelopment Agency -

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

Gas Tax Special Revenue -

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

Forfeited Assets Special Revenue -

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

Municipal Court Administrative Fee Special Revenue -

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

Financial Stabilization Special Revenue -

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

Equipment Repair & Maintenance Special Revenue -

to account for an allocation of bond proceeds and other financing sources used for infrastructure reinvestment for the maintenance, repair or improvement of technology and capital projects.

Lake Las Vegas Fund -

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

Sales & Use Tax Special Revenue -

to account for the proceeds from the tax authorized by a State Assembly Bill for the Board of County Commissioners of Clark County to employ and equip additional police officers.

Nonmajor Capital Projects Funds

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

Land Sales -

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

Special Recreation -

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

Park Development -

to account for fees that are collected upon application for building permits. The revenues produced by these fees are to be used for the acquisition, development, improvement and expansion of public parks, playground and recreational facilities within the City.

Flood Control -

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

RTC/County -

to account for costs of improving streets within the City that are funded by the Regional Transportation Commission and Clark County Grants.

Special Ad Valorem Transportation Fund -

to account for revenue received from a special ad valorem tax that must be recorded in a capital project fund and dedicated to capital projects designed to alleviate critical transportation needs within Clark County.

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CITY OF HENDERSON, NEVADA

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2010

	Special Revenue Funds	Capital Project Funds	Total
ASSETS			
Cash and investments	\$ 71,847,125	\$ 38,568,310	\$ 110,415,435
Receivables:			
Accounts	3,286	12,778	16,064
Accrued interest	308,538	173,142	481,680
Notes	529,184	1,558,669	2,087,853
Advances to other funds	-	3,209,917	3,209,917
Due from other governments	3,167,278	1,083,434	4,250,712
Land held for sale	15,762,293	-	15,762,293
TOTAL ASSETS	\$ 91,617,704	\$ 44,606,250	\$ 136,223,954
LIABILITIES			
Accounts payable and accrued wages	\$ 1,215,410	\$ 753,965	\$ 1,969,375
Tax increment payable to developers	11,988,493	-	11,988,493
Deposits	201,444	3,631,243	3,832,687
Advances from other funds	3,209,917	-	3,209,917
Deferred revenue	-	1,558,669	1,558,669
Total liabilities	16,615,264	5,943,877	22,559,141
FUND BALANCES			
Reserved for:			
Encumbrances	2,037,192	453,147	2,490,339
Debt service	1,376,897	-	1,376,897
Land held for sale	15,762,293	-	15,762,293
Notes receivable	529,184	-	529,184
Sinking fund	5,476,379	-	5,476,379
Advances	-	3,209,917	3,209,917
Unreserved - undesignated	49,820,495	34,999,309	84,819,804
Total fund balances	75,002,440	38,662,373	113,664,813
TOTAL LIABILITIES AND FUND BALANCES	\$ 91,617,704	\$ 44,606,250	\$ 136,223,954

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Property taxes	\$ 12,934,879	\$ 20,637	\$ 12,955,516
Intergovernmental	12,184,125	2,233,100	14,417,225
Charges for services	603,225	344,355	947,580
Fines and forfeitures	1,188,625	-	1,188,625
Developer/property owner contributions	2,956,906	-	2,956,906
Impact fees	-	289,758	289,758
Interest	1,630,921	1,238,257	2,869,178
Miscellaneous	73,874	539,294	613,168
Total revenues	<u>31,572,555</u>	<u>4,665,401</u>	<u>36,237,956</u>
EXPENDITURES			
Current:			
General government	9,659,003	-	9,659,003
Judicial	532,356	-	532,356
Public safety	11,913,493	328,125	12,241,618
Public works	3,406,771	120,176	3,526,947
Culture and recreation	116,055	1,688,112	1,804,167
Total current	<u>25,627,678</u>	<u>2,136,413</u>	<u>27,764,091</u>
Capital outlay:			
General government	1,242,461	-	1,242,461
Judicial	19,693	-	19,693
Public safety	22,816	-	22,816
Public works	1,586,178	1,123,740	2,709,918
Culture and recreation	146,652	624,037	770,689
Total capital outlay	<u>3,017,800</u>	<u>1,747,777</u>	<u>4,765,577</u>
Debt service:			
Principal retirement	565,000	-	565,000
Interest and fiscal charges	793,176	-	793,176
Total debt service	<u>1,358,176</u>	<u>-</u>	<u>1,358,176</u>
Total expenditures	<u>30,003,654</u>	<u>3,884,190</u>	<u>33,887,844</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,568,901</u>	<u>781,211</u>	<u>2,350,112</u>
OTHER FINANCING SOURCES (USES)			
Land sales	-	546,145	546,145
Capital leases	446,894	-	446,894
Transfers in	1,940,063	300,000	2,240,063
Transfers out	(560,371)	(2,994,174)	(3,554,545)
Total other financing sources (uses)	<u>1,826,586</u>	<u>(2,148,029)</u>	<u>(321,443)</u>
NET CHANGE IN FUND BALANCES	<u>3,395,487</u>	<u>(1,366,818)</u>	<u>2,028,669</u>
FUND BALANCES, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	80,737,801	40,029,191	120,766,992
PRIOR PERIOD ADJUSTMENT	<u>(9,130,848)</u>	<u>-</u>	<u>(9,130,848)</u>
FUND BALANCES, BEGINNING OF YEAR AS ADJUSTED	<u>71,606,953</u>	<u>40,029,191</u>	<u>111,636,144</u>
FUND BALANCES, END OF YEAR	<u>\$ 75,002,440</u>	<u>\$ 38,662,373</u>	<u>\$ 113,664,813</u>

CITY OF HENDERSON, NEVADA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Equipment Repair and Maintenance	Lake Las Vegas	Sales and Use Tax	Total
ASSETS									
Cash and investments	\$ 31,268,366	\$ 10,499,004	\$ 676,766	\$ 994,596	\$ 9,059,943	\$ 11,904,217	\$ 5,452,023	\$ 1,992,210	\$ 71,847,125
Receivables:									
Accounts	3,286	-	-	-	-	-	-	-	3,286
Accrued interest	128,981	46,462	3,040	-	38,782	56,654	24,356	10,263	308,538
Notes	529,184	-	-	-	-	-	-	-	529,184
Due from other governments	308,229	443,876	-	-	-	-	-	2,415,173	3,167,278
Land held for sale	15,762,293	-	-	-	-	-	-	-	15,762,293
TOTAL ASSETS	\$ 48,000,339	\$ 10,989,342	\$ 679,806	\$ 994,596	\$ 9,098,725	\$ 11,960,871	\$ 5,476,379	\$ 4,417,646	\$ 91,617,704
LIABILITIES									
Accounts payable and accrued wages	\$ 191,553	\$ 66,732	\$ 35,392	\$ 20,667	\$ -	\$ 463,138	\$ -	\$ 437,928	1,215,410
Tax increment payable to developers	11,988,493	-	-	-	-	-	-	-	11,988,493
Deposits	201,444	-	-	-	-	-	-	-	201,444
Advances from other funds	3,209,917	-	-	-	-	-	-	-	3,209,917
Total liabilities	15,591,407	66,732	35,392	20,667	-	463,138	-	437,928	16,615,264
FUND BALANCES									
Reserved for:									
Encumbrances	328,209	188,993	-	31,220	-	1,488,770	-	-	2,037,192
Debt service	1,376,897	-	-	-	-	-	-	-	1,376,897
Land held for sale	15,762,293	-	-	-	-	-	-	-	15,762,293
Notes receivable	529,184	-	-	-	-	-	-	-	529,184
Sinking fund	-	-	-	-	-	-	5,476,379	-	5,476,379
Unreserved - undesignated	14,412,349	10,733,617	644,414	942,709	9,098,725	10,008,963	-	3,979,718	49,820,495
Total fund balances	32,408,932	10,922,610	644,414	973,929	9,098,725	11,497,733	5,476,379	3,979,718	75,002,440
TOTAL LIABILITIES AND FUND BALANCES	\$ 48,000,339	\$ 10,989,342	\$ 679,806	\$ 994,596	\$ 9,098,725	\$ 11,960,871	\$ 5,476,379	\$ 4,417,646	\$ 91,617,704

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

	Redevelopment Agency	Gas Tax	Forfeited Assets	Municipal Court Administrative Fee	Financial Stabilization	Equipment Repair and Maintenance	Lake Las Vegas	Sale and Use Tax	Total
REVENUES									
Property taxes	\$ 12,934,879	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,934,879
Intergovernmental	67,850	2,755,173	-	-	-	76,512	-	9,284,590	12,184,125
Charges for services	-	-	-	-	-	603,225	-	-	603,225
Fines and forfeitures	-	-	437,687	750,938	-	-	-	-	1,188,625
Developer/property owner contributions	-	-	-	-	-	2,956,906	-	-	2,956,906
Interest	690,162	246,796	15,772	-	207,335	289,245	127,703	53,908	1,630,921
Miscellaneous	63,152	-	-	-	-	-	-	10,722	73,874
Total revenues	13,756,043	3,001,969	453,459	750,938	207,335	3,925,888	127,703	9,349,220	31,572,555
EXPENDITURES									
Current:									
General government	8,812,854	-	-	-	-	846,149	-	-	9,659,003
Judicial	-	-	-	532,356	-	-	-	-	532,356
Public safety	-	-	249,139	-	-	-	-	11,664,354	11,913,493
Public works	-	999,595	-	-	-	2,407,176	-	-	3,406,771
Culture and recreation	-	-	-	-	-	116,055	-	-	116,055
Total current	8,812,854	999,595	249,139	532,356	-	3,369,380	-	11,664,354	25,627,678
Capital outlay:									
General government	-	-	-	-	-	1,242,461	-	-	1,242,461
Judicial	-	-	-	19,693	-	-	-	-	19,693
Public safety	-	-	-	-	-	-	-	22,816	22,816
Public works	-	697,565	-	-	-	888,613	-	-	1,586,178
Culture and recreation	-	-	-	-	-	146,652	-	-	146,652
Total capital outlay	-	697,565	-	19,693	-	2,277,726	-	22,816	3,017,800
Debt service:									
Principal retirement	565,000	-	-	-	-	-	-	-	565,000
Interest and fiscal charges	793,176	-	-	-	-	-	-	-	793,176
Total debt service	1,358,176	-	-	-	-	-	-	-	1,358,176
Total expenditures	10,171,030	1,697,160	249,139	552,049	-	5,647,106	-	11,687,170	30,003,654
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,585,013	1,304,809	204,320	198,889	207,335	(1,721,218)	127,703	(2,337,950)	1,568,901
OTHER FINANCING SOURCES (USES)									
Capital leases	-	-	-	-	-	446,894	-	-	446,894
Transfers in	-	-	-	-	400,000	1,475,000	-	65,063	1,940,063
Transfers out	-	(143,908)	-	-	-	(416,463)	-	-	(560,371)
Total other financing sources (uses)	-	(143,908)	-	-	400,000	1,505,431	-	65,063	1,826,586
NET CHANGES IN FUND BALANCES	3,585,013	1,160,901	204,320	198,889	607,335	(215,787)	127,703	(2,272,887)	3,395,487
FUND BALANCES, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	37,954,767	9,761,709	440,094	775,040	8,491,390	11,713,520	5,348,676	6,252,605	80,737,801
PRIOR PERIOD ADJUSTMENT	(9,130,848)	-	-	-	-	-	-	-	(9,130,848)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	28,823,919	9,761,709	440,094	775,040	8,491,390	11,713,520	5,348,676	6,252,605	71,606,953
FUND BALANCES, END OF YEAR	\$ 32,408,932	\$ 10,922,610	\$ 644,414	\$ 973,929	\$ 9,098,725	\$ 11,497,733	\$ 5,476,379	\$ 3,979,718	\$ 75,002,440

CITY OF HENDERSON, NEVADA

Combining Balance Sheet Nonmajor Capital Project Funds June 30, 2010

ASSETS	Land Sales	Special Recreation	Park Development	Flood Control	RTC/ County Funded	Special Ad Valorem Transportation	Total
Cash and investments	\$ 26,710,237	\$ 2,982,164	\$ 7,404,741	\$ 175,737	\$ 675,882	\$ 619,549	\$ 38,568,310
Receivables:							
Accounts	12,778	-	-	-	-	-	12,778
Accrued interest	120,440	13,703	33,310	785	-	4,904	173,142
Notes	1,558,669	-	-	-	-	-	1,558,669
Advances to other funds	3,209,917	-	-	-	-	-	3,209,917
Due from other governments	-	585,404	-	498,030	-	-	1,083,434
TOTAL ASSETS	\$ 31,612,041	\$ 3,581,271	\$ 7,438,051	\$ 674,552	\$ 675,882	\$ 624,453	\$ 44,606,250
LIABILITIES							
Accounts payable and accrued wages	\$ 10,990	\$ 54,864	\$ 12,266	\$ 498,030	\$ 121,611	\$ 56,204	\$ 753,965
Deposits	3,631,243	-	-	-	-	-	3,631,243
Deferred revenue	1,558,669	-	-	-	-	-	1,558,669
Total liabilities	<u>5,200,902</u>	<u>54,864</u>	<u>12,266</u>	<u>498,030</u>	<u>121,611</u>	<u>56,204</u>	<u>5,943,877</u>
FUND BALANCES							
Reserved for:							
Encumbrances	357,476	27,658	1,249	-	-	66,764	453,147
Advances	3,209,917	-	-	-	-	-	3,209,917
Unreserved - undesignated	22,843,746	3,498,749	7,424,536	176,522	554,271	501,485	34,999,309
Total fund balances	<u>26,411,139</u>	<u>3,526,407</u>	<u>7,425,785</u>	<u>176,522</u>	<u>554,271</u>	<u>568,249</u>	<u>38,662,373</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,612,041	\$ 3,581,271	\$ 7,438,051	\$ 674,552	\$ 675,882	\$ 624,453	\$ 44,606,250

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds For the Year Ended June 30, 2010

	Land Sales	Special Recreation	Park Development	Flood Control	RTC/ County Funded	Special Ad Valorem Transportation	Total
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,637	\$ 20,637
Intergovernmental	-	2,042,128	-	-	190,972	-	2,233,100
Charges for services	-	344,355	-	-	-	-	344,355
Impact fees	-	-	289,758	-	-	-	289,758
Interest	964,093	68,651	175,342	4,116	-	26,055	1,238,257
Miscellaneous	539,294	-	-	-	-	-	539,294
Total revenues	<u>1,503,387</u>	<u>2,455,134</u>	<u>465,100</u>	<u>4,116</u>	<u>190,972</u>	<u>46,692</u>	<u>4,665,401</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	328,125	-	-	-	-	-	328,125
Public works	107,875	-	-	-	-	12,301	120,176
Culture and recreation	234,000	1,406,149	47,963	-	-	-	1,688,112
Total current	<u>670,000</u>	<u>1,406,149</u>	<u>47,963</u>	<u>-</u>	<u>-</u>	<u>12,301</u>	<u>2,136,413</u>
Capital outlay:							
General government	-	-	-	-	-	-	-
Public works	505,138	-	-	-	171,796	446,806	1,123,740
Culture and recreation	-	166,657	457,380	-	-	-	624,037
Total capital outlay	<u>505,138</u>	<u>166,657</u>	<u>457,380</u>	<u>-</u>	<u>171,796</u>	<u>446,806</u>	<u>1,747,777</u>
Total expenditures	<u>1,175,138</u>	<u>1,572,806</u>	<u>505,343</u>	<u>-</u>	<u>171,796</u>	<u>459,107</u>	<u>3,884,190</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>328,249</u>	<u>882,328</u>	<u>(40,243)</u>	<u>4,116</u>	<u>19,176</u>	<u>(412,415)</u>	<u>781,211</u>
OTHER FINANCING SOURCES (USES)							
Land sales	546,145	-	-	-	-	-	546,145
Transfers in	300,000	-	-	-	-	-	300,000
Transfers out	(300,527)	(333,492)	-	-	-	(2,360,155)	(2,994,174)
Total other financing sources (uses)	<u>545,618</u>	<u>(333,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,360,155)</u>	<u>(2,148,029)</u>
NET CHANGE IN FUND BALANCES	873,867	548,836	(40,243)	4,116	19,176	(2,772,570)	(1,366,818)
FUND BALANCES, BEGINNING OF YEAR	25,537,272	2,977,571	7,466,028	172,406	535,095	3,340,819	40,029,191
FUND BALANCES, END OF YEAR	<u>\$ 26,411,139</u>	<u>\$ 3,526,407</u>	<u>\$ 7,425,785</u>	<u>\$ 176,522</u>	<u>\$ 554,271</u>	<u>\$ 568,249</u>	<u>\$ 38,662,373</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual General Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Property taxes	\$ 43,751,664	43,870,612	\$ 118,948
Franchise fees	30,655,619	30,110,422	(545,197)
Licenses and permits	7,614,013	7,501,281	(112,732)
Intergovernmental	74,470,014	75,462,855	992,841
Charges for services	16,377,376	16,879,141	501,765
Fines and forfeits	6,465,628	6,059,997	(405,631)
Interest	375,000	528,983	153,983
Miscellaneous	571,464	647,174	75,710
Total revenues	<u>180,280,778</u>	<u>181,060,465</u>	<u>779,687</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Mayor and Council:			
Salaries and wages	269,976	224,391	45,585
Employee benefits	104,269	93,523	10,746
Services and supplies	365,463	122,608	242,855
Total Mayor and Council	<u>739,708</u>	<u>440,522</u>	<u>299,186</u>
City Manager:			
Salaries and wages	1,438,737	1,370,630	68,107
Employee benefits	579,466	517,932	61,534
Services and supplies	817,487	498,789	318,698
Total City Manager	<u>2,835,690</u>	<u>2,387,351</u>	<u>448,339</u>
Finance:			
Salaries and wages	3,907,444	3,596,090	311,354
Employee benefits	1,365,700	1,298,498	67,202
Services and supplies	624,669	287,336	337,333
Total Finance	<u>5,897,813</u>	<u>5,181,924</u>	<u>715,889</u>
Information Technology:			
Salaries and wages	5,207,379	5,189,712	17,667
Employee benefits	2,052,398	1,813,273	239,125
Services and supplies	1,624,761	838,296	786,465
Capital outlay	192,344	14,966	177,378
Total Information Technology	<u>9,076,882</u>	<u>7,856,247</u>	<u>1,220,635</u>
City Clerk:			
Salaries and wages	1,225,458	1,375,577	(150,119)
Employee benefits	482,317	457,369	24,948
Services and supplies	672,299	85,220	587,079
Capital outlay	21,600	7,500	14,100
Total City Clerk	<u>2,401,674</u>	<u>1,925,666</u>	<u>476,008</u>

(continued)

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (continued) General Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
GENERAL GOVERNMENT (continued)			
Human Resources:			
Salaries and wages	\$ 2,132,402	\$ 1,753,481	\$ 378,921
Employee benefits	736,257	648,974	87,283
Services and supplies	469,944	295,963	173,981
Total Human Resources	<u>3,338,603</u>	<u>2,698,418</u>	<u>640,185</u>
City Attorney:			
Salaries and wages	3,195,068	2,509,523	685,545
Employee benefits	917,325	855,028	62,297
Services and supplies	2,020,753	1,270,956	749,797
Total City Attorney	<u>6,133,146</u>	<u>4,635,507</u>	<u>1,497,639</u>
Community Development:			
Salaries and wages	2,826,769	2,731,563	95,206
Employee benefits	1,037,341	970,395	66,946
Services and supplies	743,043	440,909	302,134
Total Community Development	<u>4,607,153</u>	<u>4,142,867</u>	<u>464,286</u>
Building Maintenance:			
Salaries and wages	1,962,565	1,838,688	123,877
Employee benefits	862,338	795,714	66,624
Services and supplies	4,960,711	4,053,971	906,740
Capital outlay	4,524	-	4,524
Total Building Maintenance	<u>7,790,138</u>	<u>6,688,373</u>	<u>1,101,765</u>
Miscellaneous:			
Salaries and wages	3,038,159	2,182,262	855,897
Employee benefits	1,017,233	678,806	338,427
Services and supplies	2,850,883	1,990,412	860,471
Capital outlay	87,190	4,524	82,666
Total Miscellaneous	<u>6,993,465</u>	<u>4,856,004</u>	<u>2,137,461</u>
Total General Government	<u>49,814,272</u>	<u>40,812,879</u>	<u>9,001,393</u>
JUDICIAL			
Municipal Court:			
Salaries and wages	4,592,402	4,518,372	74,030
Employee benefits	1,952,513	1,908,270	44,243
Services and supplies	573,724	551,116	22,608
Total Municipal Court	<u>7,118,639</u>	<u>6,977,758</u>	<u>140,881</u>

(continued)

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (continued) General Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
JUDICIAL (continued)			
City Attorney-Criminal:			
Salaries and wages	\$ 1,587,587	\$ 1,461,824	\$ 125,763
Employee benefits	579,797	550,616	29,181
Services and supplies	163,853	129,698	34,155
Total City Attorney-Criminal	<u>2,331,237</u>	<u>2,142,138</u>	<u>189,099</u>
City Attorney-Court Programs:			
Salaries and wages	1,191,470	1,053,231	138,239
Employee benefits	354,389	377,621	(23,232)
Services and supplies	157,062	120,009	37,053
Capital outlay	-	2,644	(2,644)
Total City Attorney-Court Programs	<u>1,702,921</u>	<u>1,553,505</u>	<u>149,416</u>
Total Judicial	<u>11,152,797</u>	<u>10,673,401</u>	<u>479,396</u>
PUBLIC SAFETY			
Fire:			
Salaries and wages	26,833,755	24,697,845	2,135,910
Employee benefits	11,151,265	10,841,950	309,315
Services and supplies	1,991,029	1,923,936	67,093
Capital outlay	77,232	77,232	-
Total Fire	<u>40,053,281</u>	<u>37,540,963</u>	<u>2,512,318</u>
Police:			
Salaries and wages	44,423,385	43,179,296	1,244,089
Employee benefits	20,790,156	20,658,401	131,755
Services and supplies	8,306,454	7,067,851	1,238,603
Capital outlay	118,923	72,793	46,130
Total Police	<u>73,638,918</u>	<u>70,978,341</u>	<u>2,660,577</u>
Building Inspection:			
Salaries and wages	847,976	830,883	17,093
Employee benefits	320,598	315,056	5,542
Services and supplies	190,255	167,501	22,754
Total Building Inspection	<u>1,358,829</u>	<u>1,313,440</u>	<u>45,389</u>
Total Public Safety	<u>115,051,028</u>	<u>109,832,744</u>	<u>5,218,284</u>
PUBLIC WORKS			
Streets:			
Salaries and wages	777,564	688,736	88,828
Employee benefits	312,219	276,120	36,099
Services and supplies	398,603	376,829	21,774
Total Streets	<u>1,488,386</u>	<u>1,341,685</u>	<u>146,701</u>

(continued)

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (continued) General Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
PUBLIC WORKS (continued)			
Street Lighting:			
Salaries and wages	\$ 1,296,688	\$ 1,286,099	\$ 10,589
Employee benefits	470,082	462,694	7,388
Services and supplies	3,152,057	2,374,396	777,661
Total Street Lighting	<u>4,918,827</u>	<u>4,123,189</u>	<u>795,638</u>
Flood Control:			
Salaries and wages	855,534	705,560	149,974
Employee benefits	347,893	286,732	61,161
Services and supplies	646,116	608,727	37,389
Capital outlay	7,000	1,442	5,558
Total Flood Control	<u>1,856,543</u>	<u>1,602,461</u>	<u>254,082</u>
Public Works General Services:			
Salaries and wages	2,020,717	1,822,896	197,821
Employee benefits	648,748	598,082	50,666
Services and supplies	2,324,493	550,846	1,773,647
Capital outlay	545,819	308,130	237,689
Total Public Works General Services:	<u>5,539,777</u>	<u>3,279,954</u>	<u>2,259,823</u>
Total Public Works	<u>13,803,533</u>	<u>10,347,289</u>	<u>3,456,244</u>
CULTURE AND RECREATION			
Parks:			
Salaries and wages	7,382,742	7,008,805	373,937
Employee benefits	2,869,389	2,754,573	114,816
Services and supplies	3,913,388	3,427,102	486,286
Capital outlay	6,046	5,480	566
Total Parks	<u>14,171,565</u>	<u>13,195,960</u>	<u>975,605</u>
Recreation:			
Salaries and wages	12,498,169	11,135,149	1,363,020
Employee benefits	3,311,121	2,846,438	464,683
Services and supplies	5,182,856	3,751,869	1,430,987
Capital outlay	1,046,662	511,413	535,249
Total Recreation	<u>22,038,808</u>	<u>18,244,869</u>	<u>3,793,939</u>
Total Culture and Recreation	<u>36,210,373</u>	<u>31,440,829</u>	<u>4,769,544</u>

(continued)

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (continued) General Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
COMMUNITY SUPPORT			
Economic Development:			
Salaries and wages	343,021	382,322	(39,301)
Employee benefits	115,993	128,256	(12,263)
Services and supplies	205,157	178,341	26,816
Total Economic Development	<u>664,171</u>	<u>688,919</u>	<u>(24,748)</u>
Neighborhood Services:			
Salaries and wages	718,308	575,225	143,083
Employee benefits	196,423	146,551	49,872
Services and supplies	344,779	160,314	184,465
Total Neighborhood Services	<u>1,259,510</u>	<u>882,090</u>	<u>377,420</u>
Total Community Support	<u>1,923,681</u>	<u>1,571,009</u>	<u>352,672</u>
Total Expenditures	<u>227,955,684</u>	<u>204,678,151</u>	<u>23,277,533</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(47,674,906)</u>	<u>(23,617,686)</u>	<u>24,057,220</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	1,558	1,558
Transfers in	45,610,996	34,722,303	(10,888,693)
Transfers out	(10,223,262)	(15,275,145)	(5,051,883)
Total other financing sources (uses)	<u>35,387,734</u>	<u>19,448,716</u>	<u>(15,939,018)</u>
NET CHANGE IN FUND BALANCE	(12,287,172)	(4,168,970)	8,118,202
FUND BALANCE, BEGINNING OF YEAR	<u>24,988,638</u>	<u>24,988,638</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 12,701,466</u></u>	<u><u>\$ 20,819,668</u></u>	<u><u>\$ 8,118,202</u></u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Multipurpose Special Revenue Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Intergovernmental	\$ 44,975,993	\$ 27,387,276	\$ (17,588,717)
Charges for services	17,000	25,539	8,539
Fines and forfeits	-	900	900
Interest	11,811	26,665	14,854
Miscellaneous	860,479	927,434	66,955
Total revenues	<u>45,865,283</u>	<u>28,367,814</u>	<u>(17,497,469)</u>
EXPENDITURES			
General government:			
Services and supplies	95,459	26,130	69,329
Capital outlay	1,202,687	445,612	757,075
Total general government	<u>1,298,146</u>	<u>471,742</u>	<u>826,404</u>
Public safety:			
Salaries and wages	941,094	411,267	529,827
Employee benefits	102,172	48,018	54,154
Services and supplies	910,792	275,026	635,766
Capital outlay	1,330,457	742,376	588,081
Total public safety	<u>3,284,515</u>	<u>1,476,687</u>	<u>1,807,828</u>
Public works:			
Salaries and wages	-	6,416	(6,416)
Employee benefits	-	2,433	(2,433)
Services and supplies	1,130,872	272,435	858,437
Capital outlay	4,218,995	2,861,440	1,357,555
Total public works	<u>5,349,867</u>	<u>3,142,724</u>	<u>2,207,143</u>
Culture and recreation:			
Salaries and wages	502,606	365,790	136,816
Employee benefits	324,603	116,652	207,951
Services and supplies	9,928,777	4,793,170	5,135,607
Capital outlay	17,139,527	9,289,592	7,849,935
Total culture and recreation	<u>27,895,513</u>	<u>14,565,204</u>	<u>13,330,309</u>
Community support:			
Salaries and wages	943,143	715,862	227,281
Employee benefits	326,675	264,706	61,969
Services and supplies	7,354,516	5,345,756	2,008,760
Capital outlay	41,310	-	41,310
Total community support	<u>8,665,644</u>	<u>6,326,324</u>	<u>2,339,320</u>
Total expenditures	<u>46,493,685</u>	<u>25,982,681</u>	<u>20,511,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(628,402)</u>	<u>2,385,133</u>	<u>3,013,535</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	300,000	300,000	-
Transfers out	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,328,402)	1,685,133	3,013,535
FUND BALANCE, BEGINNING OF YEAR	<u>1,328,402</u>	<u>1,328,402</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 3,013,535</u>	<u>\$ 3,013,535</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Redevelopment Agency Special Revenue Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Property taxes	\$ 12,475,379	\$ 12,934,879	\$ 459,500
Intergovernmental revenue	-	67,850	67,850
Interest	334,200	690,162	355,962
Miscellaneous	65,650	63,152	(2,498)
Total revenues	<u>12,875,229</u>	<u>13,756,043</u>	<u>880,814</u>
EXPENDITURES			
General government:			
Salaries and wages	1,182,538	1,047,883	134,655
Employee benefits	420,104	332,472	87,632
Services and supplies	11,481,489	7,432,499	4,048,990
Total general government	<u>13,084,131</u>	<u>8,812,854</u>	<u>4,271,277</u>
Debt service:			
Principal	565,000	565,000	-
Interest and fiscal charges	793,176	793,176	-
Total debt service	<u>1,358,176</u>	<u>1,358,176</u>	<u>-</u>
Total expenditures	<u>14,442,307</u>	<u>10,171,030</u>	<u>4,271,277</u>
NET CHANGE IN FUND BALANCE	<u>(1,567,078)</u>	<u>3,585,013</u>	<u>5,152,091</u>
FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	37,954,767	37,954,767	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(9,130,848)</u>	<u>(9,130,848)</u>
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>37,954,767</u>	<u>28,823,919</u>	<u>(9,130,848)</u>
FUND BALANCE, END OF YEAR	<u>\$ 36,387,689</u>	<u>\$ 32,408,932</u>	<u>\$ (3,978,757)</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Gas Tax Special Revenue Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Intergovernmental	\$ 2,645,042	\$ 2,755,173	\$ 110,131
Interest	220,000	246,796	26,796
Total revenues	<u>2,865,042</u>	<u>3,001,969</u>	<u>136,927</u>
EXPENDITURES			
Public works:			
Salaries and wages	263,173	246,547	16,626
Employee benefits	112,106	99,196	12,910
Services and supplies	2,744,461	653,852	2,090,609
Capital outlay	1,071,201	697,565	373,636
Total expenditures	<u>4,190,941</u>	<u>1,697,160</u>	<u>2,493,781</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,325,899)	1,304,809	2,630,708
OTHER FINANCING USES			
Transfers out	<u>(145,000)</u>	<u>(143,908)</u>	<u>1,092</u>
NET CHANGE IN FUND BALANCE	(1,470,899)	1,160,901	2,631,800
FUND BALANCE, BEGINNING OF YEAR	<u>9,761,709</u>	<u>9,761,709</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,290,810</u>	<u>\$ 10,922,610</u>	<u>\$ 2,631,800</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Forfeited Assets Special Revenue Fund
For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Fines and forfeits	\$ 425,000	\$ 437,687	\$ 12,687
Interest	7,000	15,772	8,772
Total revenues	<u>432,000</u>	<u>453,459</u>	<u>21,459</u>
EXPENDITURES			
Public safety:			
Services and supplies	<u>300,000</u>	<u>249,139</u>	<u>50,861</u>
NET CHANGE IN FUND BALANCE	132,000	204,320	72,320
FUND BALANCE, BEGINNING OF YEAR	<u>440,094</u>	<u>440,094</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 572,094</u></u>	<u><u>\$ 644,414</u></u>	<u><u>\$ 72,320</u></u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Municipal Court Administrative Fee Special Revenue Fund For the Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Fines and forfeits	<u>\$ 773,601</u>	<u>\$ 750,938</u>	<u>\$ (22,663)</u>
EXPENDITURES			
Judicial:			
Salaries and wages	30,000	25,046	4,954
Employee benefits	-	1,078	(1,078)
Services and supplies	573,823	506,232	67,591
Capital outlay	<u>69,144</u>	<u>19,693</u>	<u>49,451</u>
Total expenditures	<u>672,967</u>	<u>552,049</u>	<u>120,918</u>
NET CHANGE IN FUND BALANCE	100,634	198,889	98,255
FUND BALANCE, BEGINNING OF YEAR	<u>775,040</u>	<u>775,040</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 875,674</u></u>	<u><u>\$ 973,929</u></u>	<u><u>\$ 98,255</u></u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Financial Stabilization Special Revenue Fund
For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Interest	\$ 175,000	\$ 207,335	\$ 32,335
OTHER FINANCING SOURCES (USES)			
Transfers in	-	400,000	400,000
Transfers out	(4,000,000)	-	4,000,000
Total other financing sources (uses)	(4,000,000)	400,000	4,400,000
NET CHANGE IN FUND BALANCE	(3,825,000)	607,335	4,432,335
FUND BALANCE, BEGINNING OF YEAR	8,491,390	8,491,390	-
FUND BALANCE, END OF YEAR	\$ 4,666,390	\$ 9,098,725	\$ 4,432,335

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Equipment Repair and Maintenance Special Revenue Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Charges for services	\$ 453,225	\$ 603,225	\$ 150,000
Intergovernmental	76,512	76,512	-
Developer/property owner contributions	2,478,134	2,956,906	478,772
Interest	260,300	289,245	28,945
Total revenues	<u>3,268,171</u>	<u>3,925,888</u>	<u>657,717</u>
EXPENDITURES			
General government:			
Salaries and wages	71,083	72,107	(1,024)
Employee benefits	23,066	23,825	(759)
Services and supplies	1,058,551	750,217	308,334
Capital outlay	3,117,601	1,242,461	1,875,140
Total general government	<u>4,270,301</u>	<u>2,088,610</u>	<u>2,181,691</u>
Public works:			
Salaries and wages	302	5,005	(4,703)
Employee benefits	76	1,956	(1,880)
Services and supplies	3,903,204	2,400,215	1,502,989
Capital outlay	1,953,000	888,613	1,064,387
Total public works	<u>5,856,582</u>	<u>3,295,789</u>	<u>2,560,793</u>
Culture and recreation:			
Services and supplies	285,321	116,055	169,266
Capital outlay	1,699,800	146,652	1,553,148
Total culture and recreation	<u>1,985,121</u>	<u>262,707</u>	<u>1,722,414</u>
Total expenditures	<u>12,112,004</u>	<u>5,647,106</u>	<u>6,464,898</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(8,843,833)</u>	<u>(1,721,218)</u>	<u>7,122,615</u>
OTHER FINANCING SOURCES (USES)			
Capital leases	446,894	446,894	-
Transfers in	1,624,175	1,475,000	(149,175)
Transfers out	(409,475)	(416,463)	(6,988)
Total other financing sources (uses)	<u>1,661,594</u>	<u>1,505,431</u>	<u>(156,163)</u>
NET CHANGE IN FUND BALANCE	(7,182,239)	(215,787)	6,966,452
FUND BALANCE, BEGINNING OF YEAR	<u>11,713,520</u>	<u>11,713,520</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,531,281</u>	<u>\$ 11,497,733</u>	<u>\$ 6,966,452</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Lake Las Vegas Special Revenue Fund
For the Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Interest	\$ 105,000	\$ 127,703	\$ 22,703
FUND BALANCE, BEGINNING OF YEAR	<u>5,348,676</u>	<u>5,348,676</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 5,453,676</u></u>	<u><u>\$ 5,476,379</u></u>	<u><u>\$ 22,703</u></u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Sales and Use Tax Special Revenue Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Intergovernmental revenues	\$ 9,012,789	\$ 9,284,590	\$ 271,801
Interest	115,000	53,908	(61,092)
Miscellaneous	-	10,722	10,722
Total revenues	<u>9,127,789</u>	<u>9,349,220</u>	<u>221,431</u>
EXPENDITURES			
Public safety:			
Salaries and wages	7,325,823	7,011,234	314,589
Employee benefits	3,950,177	3,855,452	94,725
Services and supplies	1,227,857	797,668	430,189
Capital outlay	22,817	22,816	1
Total expenditures	<u>12,526,674</u>	<u>11,687,170</u>	<u>839,504</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,398,885)	(2,337,950)	1,060,935
OTHER FINANCING SOURCES			
Transfers in	<u>291,000</u>	<u>65,063</u>	<u>(225,937)</u>
NET CHANGE IN FUND BALANCE	(3,107,885)	(2,272,887)	834,998
FUND BALANCE, BEGINNING OF YEAR	<u>6,252,605</u>	<u>6,252,605</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,144,720</u>	<u>\$ 3,979,718</u>	<u>\$ 834,998</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual General Obligation Debt Service Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Property taxes	\$ 17,378,224	\$ 17,522,654	\$ 144,430
Interest	200,000	267,554	67,554
Total revenues	<u>17,578,224</u>	<u>17,790,208</u>	<u>211,984</u>
EXPENDITURES			
Debt service:			
Principal retirement	12,518,175	12,517,963	212
Interest and fiscal charges	7,124,718	7,126,620	(1,902)
Administrative and other costs	30,000	19,294	10,706
Total expenditures	<u>19,672,893</u>	<u>19,663,877</u>	<u>9,016</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,094,669)</u>	<u>(1,873,669)</u>	<u>221,000</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	12,032,897	13,032,897	1,000,000
Transfers out	(13,902,579)	(13,902,579)	-
Total other financing sources (uses)	<u>(1,869,682)</u>	<u>(869,682)</u>	<u>1,000,000</u>
NET CHANGE IN FUND BALANCE	(3,964,351)	(2,743,351)	1,221,000
FUND BALANCE, BEGINNING OF YEAR	<u>9,708,219</u>	<u>9,708,219</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,743,868</u>	<u>\$ 6,964,868</u>	<u>\$ 1,221,000</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Special Assessment Districts Debt Service Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Special assessments	\$ 199,638	\$ 190,674	\$ (8,964)
Interest	381,899	205,621	(176,278)
Miscellaneous	2,000	5,745	3,745
Total revenues	<u>583,537</u>	<u>402,040</u>	<u>(181,497)</u>
EXPENDITURES			
Debt service:			
Principal retirement	70,000	70,000	-
Interest and fiscal charges	19,000	19,000	-
Administrative and other costs	34,830	8,035	26,795
Total expenditures	<u>123,830</u>	<u>97,035</u>	<u>26,795</u>
EXCESS OF REVENUES OVER EXPENDITURES	459,707	305,005	(154,702)
OTHER FINANCING USES			
Transfers out	<u>(271,150)</u>	<u>(237,535)</u>	<u>33,615</u>
NET CHANGE IN FUND BALANCE	188,557	67,470	(121,087)
FUND BALANCE, BEGINNING OF YEAR	<u>965,321</u>	<u>965,321</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 1,153,878</u></u>	<u><u>\$ 1,032,791</u></u>	<u><u>\$ (121,087)</u></u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Special Assessment Districts Capital Projects Fund
For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Interest	\$ 685,000	\$ 134,684	\$ (550,316)
EXPENDITURES			
Public works:			
Services and supplies	31,141,515	-	31,141,515
Capital outlay	-	142,700	(142,700)
Total expenditures	31,141,515	142,700	30,998,815
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(30,456,515)	(8,016)	30,448,499
OTHER FINANCING SOURCES			
Transfers in	271,150	237,535	(33,615)
NET CHANGE IN FUND BALANCE	(30,185,365)	229,519	30,414,884
FUND BALANCE, BEGINNING OF YEAR	133,475,638	133,475,638	-
FUND BALANCE, END OF YEAR	\$ 103,290,273	\$ 133,705,157	\$ 30,414,884

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Municipal Facilities Acquisition and Construction Capital Projects Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Property taxes	\$ 20,819,724	\$ 20,911,745	\$ 92,021
Intergovernmental	1,500,000	1,704,487	204,487
Impact fees	-	642,498	642,498
Interest	1,775,000	1,410,260	(364,740)
Miscellaneous	-	92,202	92,202
Total revenues	<u>24,094,724</u>	<u>24,761,192</u>	<u>666,468</u>
EXPENDITURES			
General government:			
Services and supplies	207,552	43,720	163,832
Capital outlay	15,000,000	-	15,000,000
Total general government	<u>15,207,552</u>	<u>43,720</u>	<u>15,163,832</u>
Public safety:			
Services and supplies	2,806,600	278,020	2,528,580
Capital outlay	33,555,639	12,255,860	21,299,779
Total public safety	<u>36,362,239</u>	<u>12,533,880</u>	<u>23,828,359</u>
Public works:			
Salaries and wages	-	1,792	(1,792)
Employee benefits	-	64	(64)
Services and supplies	2,615,918	1,170,260	1,445,658
Capital outlay	23,195,316	16,608,412	6,586,904
Total public works	<u>25,811,234</u>	<u>17,780,528</u>	<u>8,030,706</u>
Culture and recreation:			
Services and supplies	746,245	427,284	318,961
Capital outlay	7,322,763	6,076,189	1,246,574
Total culture and recreation	<u>8,069,008</u>	<u>6,503,473</u>	<u>1,565,535</u>
Total expenditures	<u>85,450,033</u>	<u>36,861,601</u>	<u>48,588,432</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(61,355,309)</u>	<u>(12,100,409)</u>	<u>49,254,900</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	6,960,300	9,399,475	2,439,175
Transfers out	(36,572,005)	(27,389,763)	9,182,242
Total other financing sources (uses)	<u>(29,611,705)</u>	<u>(17,990,288)</u>	<u>11,621,417</u>
NET CHANGE IN FUND BALANCE	(90,967,014)	(30,090,697)	60,876,317
FUND BALANCE, BEGINNING OF YEAR	93,435,012	93,435,012	-
FUND BALANCE, END OF YEAR	<u>\$ 2,467,998</u>	<u>\$ 63,344,315</u>	<u>\$ 60,876,317</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Land Sales Capital Projects Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Interest	\$ 500,000	\$ 964,093	\$ 464,093
Miscellaneous	536,718	539,294	2,576
Total revenues	<u>1,036,718</u>	<u>1,503,387</u>	<u>466,669</u>
EXPENDITURES			
General government:			
Services and supplies	<u>150,897</u>	<u>-</u>	<u>150,897</u>
Public safety:			
Services and supplies	<u>437,500</u>	<u>328,125</u>	<u>109,375</u>
Public works:			
Salaries and wages	-	2,562	(2,562)
Employee benefits	-	1,112	(1,112)
Services and supplies	309,939	104,201	205,738
Capital outlay	1,376,900	505,138	871,762
Total public works	<u>1,686,839</u>	<u>613,013</u>	<u>1,073,826</u>
Culture and recreation:			
Services and supplies	<u>234,000</u>	<u>234,000</u>	<u>-</u>
Total expenditures	<u>2,509,236</u>	<u>1,175,138</u>	<u>1,334,098</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,472,518)</u>	<u>328,249</u>	<u>1,800,767</u>
OTHER FINANCING SOURCES (USES)			
Land sales	44,045	546,145	502,100
Transfers in	300,000	300,000	-
Transfers out	(300,527)	(300,527)	-
Total other financing sources (uses)	<u>43,518</u>	<u>545,618</u>	<u>502,100</u>
NET CHANGE IN FUND BALANCE	(1,429,000)	873,867	2,302,867
FUND BALANCE, BEGINNING OF YEAR	<u>25,537,272</u>	<u>25,537,272</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 24,108,272</u>	<u>\$ 26,411,139</u>	<u>\$ 2,302,867</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Special Recreation Capital Projects Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Intergovernmental	\$ 2,000,000	\$ 2,042,128	\$ 42,128
Charges for services	-	344,355	344,355
Interest	50,000	68,651	18,651
Miscellaneous	264,034	-	(264,034)
Total revenues	<u>2,314,034</u>	<u>2,455,134</u>	<u>141,100</u>
EXPENDITURES			
Culture and recreation:			
Services and supplies	1,816,058	1,406,149	409,909
Capital outlay	668,446	166,657	501,789
Total expenditures	<u>2,484,504</u>	<u>1,572,806</u>	<u>911,698</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(170,470)	882,328	1,052,798
OTHER FINANCING USES			
Transfers out	<u>(324,794)</u>	<u>(333,492)</u>	<u>(8,698)</u>
NET CHANGE IN FUND BALANCE	(495,264)	548,836	1,044,100
FUND BALANCE, BEGINNING OF YEAR	<u>2,977,571</u>	<u>2,977,571</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,482,307</u>	<u>\$ 3,526,407</u>	<u>\$ 1,044,100</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Park Development Capital Projects Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Impact fees	\$ 245,100	\$ 289,758	\$ 44,658
Interest	164,200	175,342	11,142
Total revenues	<u>409,300</u>	<u>465,100</u>	<u>55,800</u>
EXPENDITURES			
Culture and recreation:			
Services and supplies	345,531	47,963	297,568
Capital outlay	<u>3,187,486</u>	<u>457,380</u>	<u>2,730,106</u>
Total expenditures	<u>3,533,017</u>	<u>505,343</u>	<u>3,027,674</u>
NET CHANGE IN FUND BALANCE	(3,123,717)	(40,243)	3,083,474
FUND BALANCE, BEGINNING OF YEAR	<u>7,466,028</u>	<u>7,466,028</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 4,342,311</u></u>	<u><u>\$ 7,425,785</u></u>	<u><u>\$ 3,083,474</u></u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Flood Control Capital Projects Fund
For the Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Interest	\$ 4,000	\$ 4,116	\$ 116
FUND BALANCE, BEGINNING OF YEAR	<u>172,406</u>	<u>172,406</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 176,406</u>	<u>\$ 176,522</u>	<u>\$ 116</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual RTC/County Funded Capital Projects Fund For the Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES			
Intergovernmental	<u>\$ 130,040</u>	<u>\$ 190,972</u>	<u>\$ 60,932</u>
EXPENDITURES			
Public works:			
Services and supplies	19,248	-	19,248
Capital outlay	<u>413,774</u>	<u>171,796</u>	<u>241,978</u>
Total expenditures	<u>433,022</u>	<u>171,796</u>	<u>261,226</u>
NET CHANGE IN FUND BALANCE	(302,982)	19,176	322,158
FUND BALANCE, BEGINNING OF YEAR	<u>535,095</u>	<u>535,095</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 232,113</u></u>	<u><u>\$ 554,271</u></u>	<u><u>\$ 322,158</u></u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Special Ad Valorem Transportation Capital Projects Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
REVENUES			
Property taxes - transportation	\$ 20,637	\$ 20,637	\$ -
Interest	50,000	26,055	(23,945)
Total revenues	<u>70,637</u>	<u>46,692</u>	<u>(23,945)</u>
EXPENDITURES			
Public works:			
Salaries and wages	680	1,250	(570)
Employee benefits	151	374	(223)
Services and supplies	41,301	10,677	30,624
Capital outlay	520,953	446,806	74,147
Total expenditures	<u>563,085</u>	<u>459,107</u>	<u>103,978</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(492,448)	(412,415)	80,033
OTHER FINANCING USES			
Transfers out	<u>(2,360,155)</u>	<u>(2,360,155)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,852,603)	(2,772,570)	80,033
FUND BALANCE, BEGINNING OF YEAR	<u>3,340,819</u>	<u>3,340,819</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 488,216</u></u>	<u><u>\$ 568,249</u></u>	<u><u>\$ 80,033</u></u>

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2010

Comprehensive Annual Financial Report

City of Henderson, Nevada

Proprietary Funds

Internal Service Funds

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

Engineering -

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

City Shop -

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

Revolving Fund -

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

Self Insurance -

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

Workmen's Compensation Self Insurance -

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

Health Insurance Self Insurance -

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

Citywide Services -

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

Enterprise Funds

Nonmajor Enterprise Funds

Cultural Arts & Tourism Enterprise Fund -

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

Municipal Golf Course Enterprise Fund -

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

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CITY OF HENDERSON, NEVADA

Combining Statement of Net Assets Internal Service Funds June 30, 2010

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total
ASSETS								
CURRENT ASSETS:								
Cash and investments	\$ 8,012,425	\$ 37,653,653	\$ 1,468,619	\$ 7,736,892	\$ 23,288,396	\$ 9,843,719	\$ 1,685,062	\$ 89,688,766
Receivables:								
Accounts	3,834	-	86,250	55,270	-	18,882	-	164,236
Accrued interest	32,078	159,248	6,529	34,082	97,521	45,414	8,041	382,913
Due from other governments	242,033	2,904	-	-	-	-	-	244,937
Inventories - bulk fuel	-	15,336	-	-	-	-	-	15,336
Total current assets	8,290,370	37,831,141	1,561,398	7,826,244	23,385,917	9,908,015	1,693,103	90,496,188
NONCURRENT ASSETS								
Capital assets:								
Buildings	-	704,979	-	-	-	-	-	704,979
Improvements other than buildings	-	473,374	-	-	-	-	-	473,374
Machinery and equipment	69,031	44,217,900	-	14,665	-	-	1,601,561	45,903,157
Total capital assets	69,031	45,396,253	-	14,665	-	-	1,601,561	47,081,510
Less accumulated depreciation	(69,031)	(27,589,014)	-	(10,266)	-	-	(952,727)	(28,621,038)
Net capital assets	-	17,807,239	-	4,399	-	-	648,834	18,460,472
Other assets:								
Deposits	-	-	-	-	-	-	-	-
Advances to other funds	-	-	2,326,247	-	-	-	-	2,326,247
Total noncurrent assets	-	17,807,239	2,326,247	4,399	-	-	648,834	20,786,719
Total assets	\$ 8,290,370	\$ 55,638,380	\$ 3,887,645	\$ 7,830,643	\$ 23,385,917	\$ 9,908,015	\$ 2,341,937	\$ 111,282,907

(continued)

CITY OF HENDERSON, NEVADA

Combining Statement of Net Assets Internal Service Funds (continued) June 30, 2010

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued wages
Termination benefits payable
Compensated absences payable
Claims and judgments payable
Total current liabilities

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total
	\$ 321,507	\$ 280,548	\$ -	\$ 335,775	\$ 46,294	\$ 25,081	\$ 724,410	\$ 1,733,615
	156,931	-	-	-	-	-	22,125	179,056
	1,767,397	440,488	-	68,763	60,662	40,321	56,974	2,434,605
	-	-	-	1,369,921	8,318,386	969,900	-	10,658,207
	2,245,835	721,036	-	1,774,459	8,425,342	1,035,302	803,509	15,005,483
	379,634	111,308	-	31,412	25,562	6,438	22,683	577,037
	2,625,469	832,344	-	1,805,871	8,450,904	1,041,740	826,192	15,582,520

NONCURRENT LIABILITIES:

Other post employment benefit (OPEB) liability

Total liabilities

NET ASSETS

Invested in capital assets, net of related debt
Restricted for claims
Unrestricted

	-	17,807,239	-	4,399	-	-	648,834	18,460,472
	-	-	-	6,020,373	14,935,013	8,866,275	-	29,821,661
	5,664,901	36,998,797	3,887,645	-	-	-	866,911	47,418,254
	\$ 5,664,901	\$ 54,806,036	\$ 3,887,645	\$ 6,024,772	\$ 14,935,013	\$ 8,866,275	\$ 1,515,745	\$ 95,700,387

Total Net assets

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenses and Changes in Net Assets Internal Service Funds For the Year Ended June 30, 2010

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total
OPERATING REVENUES								
Charge for services	\$ 7,204,123	\$ 7,597,741	\$ 142,701	\$ 2,346,014	\$ 5,194,882	\$ 11,094,949	\$ 5,206,767	\$ 38,787,177
OPERATING EXPENSES								
Salaries and wages	5,701,609	1,473,726	-	326,960	305,767	75,305	402,940	8,286,307
Employee benefits	1,994,198	541,424	-	115,355	113,355	29,531	137,774	2,931,637
Services and supplies	2,264,764	3,644,110	-	1,030,933	1,402,870	2,129,109	5,807,611	16,279,397
Claims	-	-	-	748,975	2,073,947	8,201,773	-	11,024,695
Legal	-	-	-	63,268	5,094	-	-	68,362
Depreciation	-	5,151,625	-	2,933	13,907	-	174,022	5,342,487
Total operating expenses	9,960,571	10,810,885	-	2,288,424	3,914,940	10,435,718	6,522,347	43,932,885
OPERATING INCOME (LOSS)	(2,756,448)	(3,213,144)	142,701	57,590	1,279,942	659,231	(1,315,580)	(5,145,708)
NONOPERATING REVENUES (EXPENSES)								
Interest revenue	171,219	864,205	32,317	173,892	530,720	246,438	35,142	2,053,933
Interest expense	-	-	-	-	(11,059)	-	-	(11,059)
Miscellaneous	70,538	23,670	-	-	-	-	-	94,208
Gain (loss) on disposition of assets	(7,266)	296,295	-	-	(25,497)	-	-	263,532
Total nonoperating revenues (expenses)	234,491	1,184,170	32,317	173,892	494,164	246,438	35,142	2,400,614
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,521,957)	(2,028,974)	175,018	231,482	1,774,106	905,669	(1,280,438)	(2,745,094)
CAPITAL CONTRIBUTIONS								
	-	202,400	-	-	-	-	-	202,400
TRANSFERS								
Transfers in	3,195,032	-	-	-	57,576	-	-	3,252,608
Transfers out	-	-	(329,797)	-	-	-	-	(329,797)
	3,195,032	-	(329,797)	-	57,576	-	-	2,922,811
CHANGES IN NET ASSETS	673,075	(1,826,574)	(154,779)	231,482	1,831,682	905,669	(1,280,438)	380,117
NET ASSETS, BEGINNING OF YEAR	4,991,826	56,632,610	4,042,424	5,793,290	13,103,331	7,960,606	2,796,183	95,320,270
NET ASSETS, END OF YEAR	\$ 5,664,901	\$ 54,806,036	\$ 3,887,645	\$ 6,024,772	\$ 14,935,013	\$ 8,866,275	\$ 1,515,745	\$ 95,700,387

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CITY OF HENDERSON, NEVADA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers	\$ 1,796,506	\$ -	\$ -	\$ -	\$ -	\$ 387,790	\$ -	\$ 2,184,296
Cash received from interfund services provided	5,493,059	7,597,741	142,701	2,346,014	5,194,882	10,707,159	5,206,767	36,688,323
Cash payments to suppliers for goods and services	(4,185,020)	(4,323,054)	-	(2,490,999)	(3,041,911)	(10,732,751)	(5,662,951)	(30,436,686)
Cash payments to employees for services	(5,431,582)	(1,374,854)	-	(327,008)	(397,393)	(72,513)	(371,175)	(7,974,525)
Net cash provided by (used in) operating activities	(2,327,037)	1,899,833	142,701	(471,993)	1,753,578	289,685	(827,359)	461,408
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	3,195,032	-	-	-	57,576	-	-	3,252,608
Transfers out	-	-	(329,797)	-	-	-	-	(329,797)
Payments on advances to other funds	-	-	94,835	-	-	-	-	94,835
Cash received from other sources	70,538	23,670	-	-	-	-	-	94,208
Net cash provided by (used in) noncapital financing activities	3,265,570	23,670	(234,962)	-	57,576	-	-	3,111,854
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	-	(1,465,421)	-	-	-	-	-	(1,465,421)
Interest paid on bonds and leases	-	-	-	-	(11,059)	-	-	(11,059)
Due to other funds	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	327,375	-	-	-	-	-	327,375
Net cash provided by (used in) capital and related financing activities	-	(1,138,046)	-	-	(11,059)	-	-	(1,149,105)
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest on investments	178,952	917,144	34,845	193,316	563,006	263,567	42,267	2,193,097
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,117,485	1,702,601	(57,416)	(278,677)	2,365,101	553,252	(785,092)	4,617,254
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,894,940	35,951,052	1,526,035	8,015,569	20,923,295	9,290,467	2,470,154	85,071,512
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,012,425</u>	<u>\$ 37,653,653</u>	<u>\$ 1,468,619</u>	<u>\$ 7,736,892</u>	<u>\$ 23,288,396</u>	<u>\$ 9,843,719</u>	<u>\$ 1,685,062</u>	<u>\$ 89,688,766</u>

(continued)

CITY OF HENDERSON, NEVADA

Combining Statement of Cash Flows
Internal Service Funds (continued)
For the Year Ended June 30, 2010

	Engineering	City Shop	Revolving	Self Insurance	Workmen's Compensation Self Insurance	Health Insurance Self Insurance	Citywide Services	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ (2,756,448)	\$ (3,213,144)	\$ 142,701	\$ 57,590	\$ 1,279,942	\$ 659,231	\$ (1,315,580)	\$ (5,145,708)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation	-	5,151,625	-	2,933	13,907	-	174,022	5,342,487
Changes in assets and liabilities:								
(Increase) decrease:								
Accounts receivable	466	-	-	(55,270)	-	88,281	-	33,477
Deposits	84,976	(1,678)	-	-	-	5,760	-	5,760
Due from other governments						-	-	83,298
Increase (decrease):								
Accounts payable and accrued wages	21,534	(148,257)	-	(485,764)	(39,470)	(37,125)	276,435	(412,647)
Termination benefits payable	68,664	-	-	-	(67,930)	-	22,125	22,859
Compensated absences payable	184,380	93,987	-	4,436	(23,742)	2,598	11,557	273,216
Claims and judgments	-	-	-	-	589,178	(430,032)	-	159,146
Other post employment benefits (OPEB) liability	69,391	17,300	-	4,082	3,693	972	4,082	99,520
Total adjustments	429,411	5,112,977	-	(529,583)	475,636	(369,546)	488,221	5,607,116
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (2,327,037)	\$ 1,899,833	\$ 142,701	\$ (471,993)	\$ 1,755,578	\$ 289,685	\$ (827,359)	\$ 461,408
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Contribution of assets	\$ -	\$ 202,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,400

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Engineering Internal Service Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 5,960,000	\$ 7,204,123	\$ 1,244,123
Other	38,000	-	(38,000)
Total operating revenues	<u>5,998,000</u>	<u>7,204,123</u>	<u>1,206,123</u>
OPERATING EXPENSES			
Salaries and wages	6,691,119	5,701,609	989,510
Employee benefits	2,069,129	1,994,198	74,931
Services and supplies	2,758,906	2,264,764	494,142
Depreciation	11,023	-	11,023
Total operating expenses	<u>11,530,177</u>	<u>9,960,571</u>	<u>1,569,606</u>
OPERATING LOSS	<u>(5,532,177)</u>	<u>(2,756,448)</u>	<u>2,775,729</u>
NONOPERATING REVENUES (EXPENSES)			
Interest	70,000	171,219	101,219
Miscellaneous	-	70,538	70,538
Loss on disposal of capital assets	-	(7,266)	(7,266)
Total nonoperating revenues (expenses)	<u>70,000</u>	<u>234,491</u>	<u>164,491</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(5,462,177)</u>	<u>(2,521,957)</u>	<u>2,940,220</u>
TRANSFERS			
Transfers in	<u>3,865,032</u>	<u>3,195,032</u>	<u>(670,000)</u>
CHANGES IN NET ASSETS	<u>\$ (1,597,145)</u>	673,075	<u>\$ 2,270,220</u>
NET ASSETS, BEGINNING OF YEAR		<u>4,991,826</u>	
NET ASSETS, END OF YEAR		<u>\$ 5,664,901</u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual City Shop Internal Service Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 7,597,741	\$ 7,597,741	\$ -
Total operating revenues	<u>7,597,741</u>	<u>7,597,741</u>	<u>-</u>
OPERATING EXPENSES			
Salaries and wages	1,638,863	1,473,726	165,137
Employee benefits	600,650	541,424	59,226
Services and supplies	5,971,807	3,644,110	2,327,697
Depreciation	6,302,479	5,151,625	1,150,854
Total operating expenses	<u>14,513,799</u>	<u>10,810,885</u>	<u>3,702,914</u>
OPERATING LOSS	<u>(6,916,058)</u>	<u>(3,213,144)</u>	<u>3,702,914</u>
NONOPERATING REVENUES			
Interest	650,000	864,205	214,205
Miscellaneous		23,670	23,670
Gain on disposition of assets	295,000	296,295	1,295
Total nonoperating revenues	<u>945,000</u>	<u>1,184,170</u>	<u>239,170</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(5,971,058)	(2,028,974)	3,942,084
CAPITAL CONTRIBUTIONS	<u>115,000</u>	<u>202,400</u>	<u>87,400</u>
CHANGES IN NET ASSETS	<u>\$ (5,856,058)</u>	(1,826,574)	<u>\$ 4,029,484</u>
NET ASSETS, BEGINNING OF YEAR		<u>56,632,610</u>	
NET ASSETS, END OF YEAR		<u>\$ 54,806,036</u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Revolving Internal Service Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ -	\$ 142,701	\$ 142,701
Total operating revenues	<u>-</u>	<u>142,701</u>	<u>142,701</u>
OPERATING INCOME	<u>-</u>	<u>142,701</u>	<u>142,701</u>
NONOPERATING REVENUES			
Interest	<u>180,000</u>	<u>32,317</u>	<u>(147,683)</u>
INCOME BEFORE TRANSFERS	<u>180,000</u>	<u>175,018</u>	<u>(4,982)</u>
TRANSFERS			
Transfers out	<u>(305,000)</u>	<u>(329,797)</u>	<u>(24,797)</u>
CHANGES IN NET ASSETS	<u><u>\$ (125,000)</u></u>	<u>(154,779)</u>	<u><u>\$ (29,779)</u></u>
NET ASSETS, BEGINNING OF YEAR		<u>4,042,424</u>	
NET ASSETS, END OF YEAR		<u><u>\$ 3,887,645</u></u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Self Insurance Internal Service Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Insurance premiums	\$ 2,346,014	\$ 2,346,014	\$ -
Total operating revenues	<u>2,346,014</u>	<u>2,346,014</u>	<u>-</u>
OPERATING EXPENSES			
Salaries and wages	394,577	326,960	67,617
Employee benefits	129,296	115,355	13,941
Services and supplies	1,281,958	1,030,933	251,025
Claims	1,430,000	748,975	681,025
Legal fees	225,000	63,268	161,732
Depreciation	2,933	2,933	-
Total operating expenses	<u>3,463,764</u>	<u>2,288,424</u>	<u>1,175,340</u>
OPERATING INCOME (LOSS)	<u>(1,117,750)</u>	<u>57,590</u>	<u>1,175,340</u>
NONOPERATING REVENUES			
Interest	<u>150,000</u>	<u>173,892</u>	<u>23,892</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(967,750)</u>	<u>231,482</u>	<u>1,199,232</u>
TRANSFERS			
Transfers in	<u>21,000</u>	<u>-</u>	<u>(21,000)</u>
CHANGES IN NET ASSETS	<u>\$ (946,750)</u>	231,482	<u>\$ 1,178,232</u>
NET ASSETS, BEGINNING OF YEAR		<u>5,793,290</u>	
NET ASSETS, END OF YEAR		<u>\$ 6,024,772</u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Workmen's Compensation Self Insurance Internal Service Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Insurance premiums	\$ 5,150,000	\$ 5,194,882	\$ 44,882
Total operating revenues	<u>5,150,000</u>	<u>5,194,882</u>	<u>44,882</u>
OPERATING EXPENSES			
Salaries and wages	368,699	305,767	62,932
Employee benefits	120,658	113,355	7,303
Services and supplies	2,208,756	1,402,870	805,886
Claims	4,116,638	2,073,947	2,042,691
Legal	20,400	5,094	15,306
Depreciation	13,907	13,907	-
Total operating expenses	<u>6,849,058</u>	<u>3,914,940</u>	<u>2,934,118</u>
OPERATING INCOME (LOSS)	<u>(1,699,058)</u>	<u>1,279,942</u>	<u>2,979,000</u>
NONOPERATING REVENUES (EXPENSES)			
Interest	450,000	530,720	80,720
Interest expense	-	(11,059)	(11,059)
Loss on disposal of capital assets	-	(25,497)	(25,497)
Total nonoperating revenues (expenses)	<u>450,000</u>	<u>494,164</u>	<u>44,164</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,249,058)</u>	<u>1,774,106</u>	<u>3,023,164</u>
TRANSFERS			
Transfers in	<u>58,000</u>	<u>57,576</u>	<u>(424)</u>
CHANGES IN NET ASSETS	<u>\$ (1,191,058)</u>	1,831,682	<u>\$ 3,022,740</u>
NET ASSETS, BEGINNING OF YEAR		<u>13,103,331</u>	
NET ASSETS, END OF YEAR		<u>\$ 14,935,013</u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Health Insurance Self Insurance Internal Service Fund For the Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES			
Insurance premiums	\$ 10,450,000	\$ 11,094,949	\$ 644,949
Total operating revenues	<u>10,450,000</u>	<u>11,094,949</u>	<u>644,949</u>
OPERATING EXPENSES			
Salaries and wages	75,372	75,305	67
Employee benefits	28,509	29,531	(1,022)
Services and supplies	2,174,921	2,129,109	45,812
Claims	9,930,892	8,201,773	1,729,119
Total operating expenses	<u>12,209,694</u>	<u>10,435,718</u>	<u>1,773,976</u>
OPERATING INCOME (LOSS)	<u>(1,759,694)</u>	<u>659,231</u>	<u>2,418,925</u>
NONOPERATING REVENUES			
Interest	<u>200,000</u>	<u>246,438</u>	<u>46,438</u>
CHANGES IN NET ASSETS	<u>\$ (1,559,694)</u>	905,669	<u>\$ 2,465,363</u>
NET ASSETS, BEGINNING OF YEAR		<u>7,960,606</u>	
NET ASSETS, END OF YEAR		<u>\$ 8,866,275</u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Citywide Services Internal Service Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 5,253,971	\$ 5,206,767	\$ (47,204)
Total operating revenues	<u>5,253,971</u>	<u>5,206,767</u>	<u>(47,204)</u>
OPERATING EXPENSES			
Salaries and wages	544,533	402,940	141,593
Employee benefits	118,529	137,774	(19,245)
Services and supplies	6,801,049	5,807,611	993,438
Depreciation	180,114	174,022	6,092
Total operating expenses	<u>7,644,225</u>	<u>6,522,347</u>	<u>1,121,878</u>
OPERATING LOSS	<u>(2,390,254)</u>	<u>(1,315,580)</u>	<u>1,074,674</u>
NONOPERATING REVENUES			
Interest	<u>30,000</u>	<u>35,142</u>	<u>5,142</u>
LOSS BEFORE TRANSFERS	<u>(2,360,254)</u>	<u>(1,280,438)</u>	<u>1,079,816</u>
TRANSFERS			
Transfers in	115,000	-	(115,000)
Transfers out	<u>(149,175)</u>	<u>-</u>	<u>149,175</u>
Total transfers	<u>(34,175)</u>	<u>-</u>	<u>34,175</u>
CHANGES IN NET ASSETS	<u>\$ (2,394,429)</u>	(1,280,438)	<u>\$ 1,113,991</u>
NET ASSETS, BEGINNING OF YEAR		<u>2,796,183</u>	
NET ASSETS, END OF YEAR		<u>\$ 1,515,745</u>	

CITY OF HENDERSON, NEVADA

Combining Statement of Net Assets Nonmajor Enterprise Funds For the Year Ended June 30, 2010

	Cultural Arts and Tourism	Municipal Golf Course	Total
ASSETS			
CURRENT ASSETS:			
Cash and investments	\$ 1,320,441	\$ 1,601,344	\$ 2,921,785
Receivables:			
Accounts	804	136,754	137,558
Accrued interest	4,811	7,160	11,971
Total current assets	<u>1,326,056</u>	<u>1,745,258</u>	<u>3,071,314</u>
NONCURRENT ASSETS			
Capital assets:			
Land	-	13,802,929	13,802,929
Buildings	2,950,577	5,660,600	8,611,177
Improvements other than buildings	1,398,259	23,047,576	24,445,835
Machinery and equipment	290,876	2,136,886	2,427,762
Total capital assets	<u>4,639,712</u>	<u>44,647,991</u>	<u>49,287,703</u>
Less accumulated depreciation	<u>(2,444,609)</u>	<u>(14,727,609)</u>	<u>(17,172,218)</u>
Net capital assets	<u>2,195,103</u>	<u>29,920,382</u>	<u>32,115,485</u>
 Total assets	 <u>\$ 3,521,159</u>	 <u>\$ 31,665,640</u>	 <u>\$ 35,186,799</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable and accrued wages	\$ 225,470	\$ 17,438	\$ 242,908
Compensated absences payable	524,475	-	524,475
Deposits	20,280	-	20,280
Total current liabilities	<u>770,225</u>	<u>17,438</u>	<u>787,663</u>
NONCURRENT LIABILITIES:			
Other post employment benefit (OPEB) liability	<u>166,998</u>	<u>-</u>	<u>166,998</u>
 Total liabilities	 <u>937,223</u>	 <u>17,438</u>	 <u>954,661</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,195,103	29,920,382	32,115,485
Unrestricted	<u>388,833</u>	<u>1,727,820</u>	<u>2,116,653</u>
 Total Net assets	 <u>\$ 2,583,936</u>	 <u>\$ 31,648,202</u>	 <u>\$ 34,232,138</u>

CITY OF HENDERSON, NEVADA

Combining Statement of Revenues, Expenses and Changes in Net Assets

Nonmajor Enterprise Funds

For the Year Ended June 30, 2010

	Cultural Arts and Tourism	Municipal Golf Course	Total
OPERATING REVENUES			
Rental fees	\$ 350,574	\$ -	\$ 350,574
Licenses - gaming	636,374	-	636,374
Charges for services	113,893	2,835,858	2,949,751
Miscellaneous	86,011	-	86,011
Total operating revenues	<u>1,186,852</u>	<u>2,835,858</u>	<u>4,022,710</u>
OPERATING EXPENSES			
Salaries and wages	2,157,927	-	2,157,927
Employee benefits	714,726	-	714,726
Services and supplies	1,564,238	3,032,159	4,596,397
Depreciation	133,984	861,502	995,486
Total operating expenses	<u>4,570,875</u>	<u>3,893,661</u>	<u>8,464,536</u>
OPERATING LOSS	<u>(3,384,023)</u>	<u>(1,057,803)</u>	<u>(4,441,826)</u>
NONOPERATING REVENUES			
Room tax	1,413,843	-	1,413,843
Interest	25,430	37,351	62,781
Total nonoperating revenues	<u>1,439,273</u>	<u>37,351</u>	<u>1,476,624</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(1,944,750)</u>	<u>(1,020,452)</u>	<u>(2,965,202)</u>
TRANSFERS			
Transfers in	2,002,812	-	2,002,812
Transfers out	(527)	-	(527)
Total transfers	<u>2,002,285</u>	<u>-</u>	<u>2,002,285</u>
CHANGES IN NET ASSETS	57,535	(1,020,452)	(962,917)
NET ASSETS, BEGINNING OF YEAR	<u>2,526,401</u>	<u>32,668,654</u>	<u>35,195,055</u>
NET ASSETS, END OF YEAR	<u>\$ 2,583,936</u>	<u>\$ 31,648,202</u>	<u>\$ 34,232,138</u>

CITY OF HENDERSON, NEVADA

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2010

	Cultural Arts and Tourism	Municipal Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,186,048	\$ 2,996,185	\$ 4,182,233
Cash payments for goods and services	(2,223,590)	(3,032,072)	(5,255,662)
Cash payments to employees for services	(2,129,167)	-	(2,129,167)
Net cash used in operating activities	<u>(3,166,709)</u>	<u>(35,887)</u>	<u>(3,202,596)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	2,002,812	-	2,002,812
Transfers out	<u>(527)</u>	<u>-</u>	<u>(527)</u>
Net cash provided by noncapital financing activities	<u>2,002,285</u>	<u>-</u>	<u>2,002,285</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from other sources	<u>1,413,843</u>	<u>-</u>	<u>1,413,843</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>24,826</u>	<u>40,273</u>	<u>65,099</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	274,245	4,386	278,631
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,046,196</u>	<u>1,596,958</u>	<u>2,643,154</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,320,441</u>	<u>\$ 1,601,344</u>	<u>\$ 2,921,785</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	<u>\$ (3,384,023)</u>	<u>\$ (1,057,803)</u>	<u>\$ (4,441,826)</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities			
Depreciation	133,984	861,502	995,486
Changes in assets and liabilities:			
(Increase) decrease:			
Accounts receivable	(804)	160,327	159,523
Increase (decrease):			
Accounts payable and accrued wages	34,440	87	34,527
Termination benefits payable	(41,055)	-	(41,055)
Deposits	8,675	-	8,675
Compensated absences payable	59,915	-	59,915
Other post employment benefits (OPEB) liability	22,159	-	22,159
Total adjustments	<u>217,314</u>	<u>1,021,916</u>	<u>1,239,230</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (3,166,709)</u>	<u>\$ (35,887)</u>	<u>\$ (3,202,596)</u>

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Water Enterprise Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Utility fees	\$ 55,950,000	\$ 55,274,721	\$ (675,279)
Connection fees	320,000	349,874	29,874
Late charges	1,100,000	1,073,938	(26,062)
Miscellaneous	300,000	333,929	33,929
Total operating revenues	<u>57,670,000</u>	<u>57,032,462</u>	<u>(637,538)</u>
OPERATING EXPENSES			
Salaries and wages	12,105,596	10,930,097	1,175,499
Employee benefits	4,322,081	4,051,805	270,276
Water purchases	21,500,000	21,162,479	337,521
Services and supplies	19,942,107	15,861,655	4,080,452
Depreciation	26,500,154	25,358,662	1,141,492
Total operating expenses	<u>84,369,938</u>	<u>77,364,698</u>	<u>7,005,240</u>
OPERATING LOSS	<u>(26,699,938)</u>	<u>(20,332,236)</u>	<u>6,367,702</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	1,482,328	2,578,113	1,095,785
Interest expense	(2,235,315)	(1,837,120)	398,195
Miscellaneous	159,939	138,762	(21,177)
Gain on disposition of capital assets	-	3,800	3,800
Bond amortization	-	230,716	230,716
Total nonoperating revenues (expenses)	<u>(593,048)</u>	<u>1,114,271</u>	<u>1,707,319</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(27,292,986)</u>	<u>(19,217,965)</u>	<u>8,075,021</u>
CAPITAL CONTRIBUTIONS	<u>2,000,000</u>	<u>27,393,916</u>	<u>25,393,916</u>
TRANSFERS			
Transfers in	336,000	-	(336,000)
Transfers out	(3,253,012)	(5,250,913)	(1,997,901)
Total transfers	<u>(2,917,012)</u>	<u>(5,250,913)</u>	<u>(2,333,901)</u>
CHANGES IN NET ASSETS	<u>\$ (28,209,998)</u>	2,925,038	<u>\$ 31,135,036</u>
NET ASSETS, BEGINNING OF YEAR		<u>510,330,760</u>	
NET ASSETS, END OF YEAR		<u>\$ 513,255,798</u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Sewer Enterprise Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Utility fees	\$ 30,675,000	\$ 30,697,318	\$ 22,318
Connection fees	105,000	58,854	(46,146)
Late charges	580,000	564,513	(15,487)
Miscellaneous	40,000	740	(39,260)
Total operating revenues	<u>31,400,000</u>	<u>31,321,425</u>	<u>(78,575)</u>
OPERATING EXPENSES			
Salaries and wages	9,706,388	9,265,889	440,499
Employee benefits	3,404,051	3,408,614	(4,563)
Services and supplies	18,843,981	14,254,207	4,589,774
Depreciation	18,965,449	18,883,289	82,160
Total operating expenses	<u>50,919,869</u>	<u>45,811,999</u>	<u>5,107,870</u>
OPERATING LOSS	<u>(19,519,869)</u>	<u>(14,490,574)</u>	<u>5,029,295</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	1,553,454	2,500,824	947,370
Sales tax	3,700,000	3,836,249	136,249
Interest expense	(7,196,600)	(3,283,167)	3,913,433
Miscellaneous	388,000	654,870	266,870
Gain on disposition of capital assets	-	2,280	2,280
Bond premium amortization	-	439,084	439,084
Total nonoperating revenues (expenses)	<u>(1,555,146)</u>	<u>4,150,140</u>	<u>5,705,286</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(21,075,015)</u>	<u>(10,340,434)</u>	<u>10,734,581</u>
CAPITAL CONTRIBUTIONS	<u>3,100,000</u>	<u>18,604,747</u>	<u>15,504,747</u>
TRANSFERS			
Transfers in	333,000	-	(333,000)
Transfers out	(3,253,125)	(3,125)	3,250,000
Total transfers	<u>(2,920,125)</u>	<u>(3,125)</u>	<u>2,917,000</u>
CHANGES IN NET ASSETS	<u>\$ (20,895,140)</u>	8,261,188	<u>\$ 29,156,328</u>
NET ASSETS, BEGINNING OF YEAR		<u>507,831,068</u>	
NET ASSETS, END OF YEAR		<u>\$ 516,092,256</u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Development Services Enterprise Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Licenses and permits	\$ 2,385,603	\$ 2,635,447	\$ (249,844)
Charges for services	3,327,131	2,836,212	490,919
Miscellaneous	13,292	64,525	(51,233)
Total operating revenues	<u>5,726,026</u>	<u>5,536,184</u>	<u>189,842</u>
OPERATING EXPENSES			
Salaries and wages	6,216,432	4,955,914	1,260,518
Employee benefits	1,804,427	1,807,233	(2,806)
Services and supplies	3,908,021	3,395,493	512,528
Depreciation	304,884	177,218	127,666
Total operating expenses	<u>12,233,764</u>	<u>10,335,858</u>	<u>1,897,906</u>
OPERATING LOSS	<u>(6,507,738)</u>	<u>(4,799,674)</u>	<u>(1,708,064)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest	271,615	241,423	(30,192)
Transfer of capital assets to general government	-	(23,146)	(23,146)
Total nonoperating revenues (expenses)	<u>271,615</u>	<u>218,277</u>	<u>(53,338)</u>
LOSS BEFORE TRANSFERS	<u>(6,236,123)</u>	<u>(4,581,397)</u>	<u>(1,654,726)</u>
TRANSFERS			
Transfers in	2,350,607	1,758,607	(592,000)
Transfers out	(2,371)	(2,371)	-
Total transfers	<u>2,348,236</u>	<u>1,756,236</u>	<u>(592,000)</u>
CHANGES IN NET ASSETS	<u>\$ (3,887,887)</u>	(2,825,161)	<u>\$ 1,062,726</u>
NET ASSETS, BEGINNING OF YEAR		<u>7,994,503</u>	
NET ASSETS, END OF YEAR		<u>\$ 5,169,342</u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Cultural Arts and Tourism Enterprise Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Rental fees	\$ 350,500	\$ 350,574	\$ 74
Licenses - gaming	600,000	636,374	36,374
Charges for services	94,000	113,893	19,893
Miscellaneous	87,039	86,011	(1,028)
Total operating revenues	<u>1,131,539</u>	<u>1,186,852</u>	<u>55,313</u>
OPERATING EXPENSES			
Salaries and wages	2,135,155	2,157,927	(22,772)
Employee benefits	775,994	714,726	61,268
Services and supplies	1,802,427	1,564,238	238,189
Depreciation	150,000	133,984	16,016
Total operating expenses	<u>4,863,576</u>	<u>4,570,875</u>	<u>292,701</u>
OPERATING LOSS	<u>(3,732,037)</u>	<u>(3,384,023)</u>	<u>348,014</u>
NONOPERATING REVENUES			
Room tax	1,385,000	1,413,843	28,843
Interest	15,000	25,430	10,430
Total nonoperating revenues	<u>1,400,000</u>	<u>1,439,273</u>	<u>39,273</u>
LOSS BEFORE TRANSFERS	<u>(2,332,037)</u>	<u>(1,944,750)</u>	<u>387,287</u>
TRANSFERS			
Transfers in	2,003,000	2,002,812	(188)
Transfers out	(527)	(527)	-
Total transfers	<u>2,002,473</u>	<u>2,002,285</u>	<u>(188)</u>
CHANGES IN NET ASSETS	<u>\$ (329,564)</u>	57,535	<u>\$ 387,099</u>
NET ASSETS, BEGINNING OF YEAR		<u>2,526,401</u>	
NET ASSETS, END OF YEAR		<u>\$ 2,583,936</u>	

CITY OF HENDERSON, NEVADA

Schedule of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual Municipal Golf Course Enterprise Fund For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance
OPERATING REVENUES			
Charges for services	\$ 3,505,808	\$ 2,835,858	\$ (669,950)
Total operating revenues	<u>3,505,808</u>	<u>2,835,858</u>	<u>(669,950)</u>
OPERATING EXPENSES			
Services and supplies	3,508,275	3,032,159	476,116
Depreciation	1,275,664	861,502	414,162
Total operating expenses	<u>4,783,939</u>	<u>3,893,661</u>	<u>890,278</u>
OPERATING LOSS	<u>(1,278,131)</u>	<u>(1,057,803)</u>	<u>220,328</u>
NONOPERATING REVENUES			
Interest	<u>36,000</u>	<u>37,351</u>	<u>1,351</u>
CHANGES IN NET ASSETS	<u>\$ (1,242,131)</u>	(1,020,452)	<u>\$ 221,679</u>
NET ASSETS, BEGINNING OF YEAR		<u>32,668,654</u>	
NET ASSETS, END OF YEAR		<u>\$ 31,648,202</u>	



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City of Henderson, Nevada

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

Combining Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2010

	Bridges	Section 125 Plan	Traffic Signal	Forfeited Assets	Paving Frontage	Special Assessment Districts	Total
ASSETS							
Cash and investments	\$ 186,295	\$ 99,214	\$ 15,970,453	\$ 170,060	\$ 68,661	\$ 54,475,031	\$ 70,969,714
Delinquent assessments receivable	-	-	-	-	-	919,674	919,674
Total assets	<u>\$ 186,295</u>	<u>\$ 99,214</u>	<u>\$ 15,970,453</u>	<u>\$ 170,060</u>	<u>\$ 68,661</u>	<u>\$ 55,394,705</u>	<u>\$ 71,889,388</u>
LIABILITIES							
Due to developers	\$ 186,295	\$ -	\$ 15,970,453	\$ -	\$ 68,661	\$ -	\$ 16,225,409
Due to employees	-	99,214	-	-	-	-	99,214
Due to others	-	-	-	170,060	-	55,394,705	55,564,765
Total liabilities	<u>\$ 186,295</u>	<u>\$ 99,214</u>	<u>\$ 15,970,453</u>	<u>\$ 170,060</u>	<u>\$ 68,661</u>	<u>\$ 55,394,705</u>	<u>\$ 71,889,388</u>

CITY OF HENDERSON, NEVADA

Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
BRIDGES AGENCY FUND				
Assets:				
Cash and investments	\$ 182,312	\$ 3,983	\$ -	\$ 186,295
Liabilities:				
Due to developers	\$ 182,312	\$ 3,983	\$ -	\$ 186,295
SECTION 125 PLAN FUND				
Assets:				
Cash and investments	\$ 116,436	\$ 822,925	\$ 840,147	\$ 99,214
Liabilities:				
Due to employees	\$ 116,436	\$ 822,925	\$ 840,147	\$ 99,214
TRAFFIC SIGNAL AGENCY FUND				
Assets:				
Cash and investments	\$ 18,166,738	\$ 669,153	\$ 2,865,438	\$ 15,970,453
Liabilities:				
Due to developers	\$ 18,166,738	\$ 669,153	\$ 2,865,438	\$ 15,970,453
FORFEITED ASSETS AGENCY FUND				
Assets:				
Cash and investments	\$ 75,225	\$ 648,420	\$ 553,585	\$ 170,060
Liabilities:				
Due to others	\$ 75,225	\$ 648,420	\$ 553,585	\$ 170,060
PAVING FRONTAGE AGENCY FUND				
Assets:				
Cash and investments	\$ 67,193	\$ 1,468	\$ -	\$ 68,661
Liabilities:				
Due to developers	\$ 67,193	\$ 1,468	\$ -	\$ 68,661
SPECIAL ASSESSMENT DISTRICTS FUND				
Assets:				
Cash and investments	\$ 54,253,940	\$ 63,210,733	\$ 62,989,642	\$ 54,475,031
Delinquent assessments receivable	1,078,524	293,763	452,613	919,674
	\$ 55,332,464	\$ 63,504,496	\$ 63,442,255	\$ 55,394,705
Liabilities:				
Due to others	\$ 55,332,464	\$ 63,504,496	\$ 63,442,255	\$ 55,394,705
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 72,861,844	\$ 65,356,682	\$ 67,248,812	\$ 70,969,714
Delinquent assessments receivable	1,078,524	293,763	452,613	919,674
Total assets	\$ 73,940,368	\$ 65,650,445	\$ 67,701,425	\$ 71,889,388
Liabilities:				
Due to developers	\$ 18,416,243	\$ 674,604	\$ 2,865,438	16,225,409
Due to employees	116,436	822,925	840,147	99,214
Due to others	55,407,689	64,152,916	63,995,840	55,564,765
Total liabilities	\$ 73,940,368	\$ 65,650,445	\$ 67,701,425	\$ 71,889,388

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City of Henderson, Nevada

Statistical Section

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

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CITY OF HENDERSON, NEVADA

Net Assets by Component
Last Nine Fiscal Years (1)
(accrual basis of accounting)

	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Governmental activities									
Invested in capital activities, net of related debt	\$ 588,072,333	\$ 652,311,723	\$ 737,854,881	\$ 766,135,825	\$ 789,780,000	\$ 887,712,904	\$ 1,005,171,173	\$ 1,125,613,020	\$ 1,284,908,783
Restricted	95,893,234	151,752,737	123,520,589	159,497,376	314,016,644	348,850,390	358,318,888	351,250,098	314,860,901
Unrestricted	23,120,080	22,260,386	27,147,286	60,409,781	76,199,754	93,080,483	90,199,891	82,400,184	77,704,211
Total governmental activities net asset	707,085,647	826,324,846	888,522,756	986,042,982	1,179,996,398	1,329,643,777	1,453,689,952	1,559,263,302	1,677,473,895
Business-type activities									
Invested in capital activities, net of related debt	347,713,193	400,488,623	434,186,988	520,410,406	580,518,556	627,392,350	714,572,047	787,891,869	862,809,319
Restricted	191,493,308	188,811,056	196,301,241	202,113,468	205,732,209	212,998,953	214,753,110	144,168,298	93,754,763
Unrestricted	64,588,593	80,545,356	87,980,516	90,303,104	111,683,345	129,311,385	111,123,474	118,362,826	98,897,518
Total business-type activities net asset	603,795,094	669,845,035	718,468,745	812,826,978	897,934,410	969,702,688	1,040,448,631	1,050,422,993	1,055,461,600
Primary government									
Invested in capital activities, net of related debt	935,785,526	1,052,800,346	1,172,041,869	1,286,546,231	1,370,298,556	1,515,105,254	1,719,743,220	1,913,504,889	2,147,718,102
Restricted	287,386,542	340,563,793	319,821,830	361,610,844	519,748,553	561,849,343	573,071,998	495,418,396	408,615,664
Unrestricted	87,708,673	102,805,742	115,127,802	150,712,885	187,883,099	222,391,868	201,323,365	200,763,010	176,601,729
Total primary government net asset	\$ 1,310,880,741	\$ 1,496,169,881	\$ 1,606,991,501	\$ 1,798,869,960	\$ 2,077,930,808	\$ 2,299,346,465	\$ 2,494,138,583	\$ 2,609,686,295	\$ 2,732,935,495

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

Table 2

CITY OF HENDERSON, NEVADA

Changes in Net Assets, Last Nine Fiscal Years (1)
(accrual basis of accounting)

	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Expenses									
Governmental activities									
General government									
Judicial	\$ 35,253,241	\$ 34,916,307	\$ 42,220,643	\$ 48,028,276	\$ 54,340,091	\$ 50,374,073	\$ 61,804,917	\$ 58,435,823	\$ 56,692,760
Public safety	3,328,455	3,466,048	3,744,366	4,071,409	8,213,691	9,109,288	10,493,174	11,822,052	11,535,842
Public works	63,620,351	71,866,188	80,847,907	85,400,517	96,526,544	104,481,376	120,255,700	130,688,497	128,874,376
Culture and recreation	34,706,359	39,233,451	43,332,760	47,890,227	52,313,279	58,704,749	62,305,206	67,081,146	73,247,603
Community support	24,214,562	29,115,265	31,297,696	34,451,551	34,842,692	39,819,367	45,459,685	42,439,125	42,085,811
Interest on long-term debt	-	-	-	4,139,404	4,629,662	4,865,916	5,457,316	6,678,845	7,176,141
Total governmental activities expenses	9,975,364	9,654,350	6,531,533	8,223,235	9,681,974	8,256,103	8,921,624	8,558,064	8,607,438
Business-type activities									
Water	171,098,332	188,231,609	207,974,905	232,213,620	259,122,062	277,036,743	314,697,622	326,303,552	328,219,971
Sewer	47,831,453	50,939,327	56,761,359	64,469,362	67,434,942	73,406,312	76,910,784	79,665,871	79,669,396
Development services center	24,456,660	26,798,308	28,355,583	33,343,399	35,457,292	42,732,326	46,917,885	47,967,454	49,498,225
Other business activities	14,640,305	16,023,169	17,504,160	20,156,904	23,262,603	24,884,187	27,144,018	20,423,265	10,991,046
Total business-type activities expenses	1,987,119	2,084,085	2,293,279	5,408,306	7,177,527	10,207,163	11,249,375	9,425,546	8,499,193
Total primary government expenses	88,915,337	95,845,289	104,914,381	123,379,971	133,332,364	151,229,988	162,222,062	157,482,136	146,657,860
Total primary government expenses	<u>\$ 260,013,869</u>	<u>\$ 284,096,898</u>	<u>\$ 312,889,286</u>	<u>\$ 355,593,591</u>	<u>\$ 392,454,426</u>	<u>\$ 428,266,731</u>	<u>\$ 476,919,684</u>	<u>\$ 483,785,688</u>	<u>\$ 476,877,831</u>
Program Revenues									
Governmental activities									
Changes for services									
General government	\$ 8,508,772	\$ 8,489,688	\$ 10,150,406	\$ 11,580,621	\$ 11,951,567	\$ 12,244,183	\$ 12,950,767	\$ 12,745,977	\$ 12,364,344
Public safety	7,840,924	6,931,524	7,246,283	9,597,481	9,251,604	10,277,019	11,232,187	13,280,891	15,501,879
Culture and recreation	4,576,029	5,417,340	6,211,966	6,813,310	7,465,133	7,586,970	7,750,831	7,476,274	7,437,937
Other activities	2,260,966	1,867,927	2,260,916	1,385,210	771,394	1,004,103	1,370,287	1,066,973	1,958,860
Operating grants, interest, and contributions	8,559,922	7,399,349	6,143,018	7,021,016	8,755,233	8,665,051	8,660,441	10,612,335	10,864,690
Capital grants, interest, and contributions	79,349,672	127,547,721	75,017,037	100,639,769	193,814,750	123,717,507	155,138,614	148,125,739	186,667,654
Total governmental activities program revenues	111,096,285	157,652,929	107,029,626	137,037,407	232,009,681	165,494,833	197,103,127	193,848,189	234,795,364
Business-type activities									
Changes for services									
Water	40,638,677	42,055,446	45,868,959	48,069,761	54,441,921	59,189,399	57,802,864	57,153,017	57,032,464
Sewer	21,029,042	22,990,039	24,497,374	25,406,890	27,703,279	29,584,283	28,938,294	30,601,222	31,321,424
Development services center	11,769,384	12,187,168	13,729,811	16,785,647	21,118,876	23,537,979	20,327,017	11,308,929	5,523,357
Other activities	895,417	913,701	1,013,188	3,124,853	4,349,417	4,549,417	4,242,564	3,938,094	3,938,094
Operating grants, interest, and contributions	81,695	134,873	134,873	79,574	3,768,621	56,134	77,098	203,810	439,769
Capital grants, interest, and contributions	64,112,915	72,736,373	60,996,441	104,082,490	77,036,081	66,134,052	95,819,296	52,362,486	46,238,599
Total business-type activities program revenues	138,517,130	151,038,690	146,105,775	197,467,691	183,748,352	185,051,264	207,893,309	153,961,828	144,513,707
Total primary government program revenues	<u>\$ 249,613,415</u>	<u>\$ 308,691,619</u>	<u>\$ 253,135,399</u>	<u>\$ 334,507,048</u>	<u>\$ 415,758,033</u>	<u>\$ 348,546,097</u>	<u>\$ 404,996,436</u>	<u>\$ 347,810,017</u>	<u>\$ 379,309,071</u>
Net Revenue (Expense)									
Governmental activities	\$ (60,002,047)	\$ (30,598,780)	\$ (100,945,279)	\$ (95,176,213)	\$ (27,112,381)	\$ (113,541,910)	\$ (117,594,495)	\$ (132,455,363)	\$ (93,424,607)
Business-type activities	49,601,593	55,173,401	41,191,392	74,089,670	50,415,988	33,821,276	45,671,247	(1,520,308)	(41,144,153)
Total primary government net revenue (expense)	<u>\$ (10,400,454)</u>	<u>\$ 24,574,621</u>	<u>\$ (59,753,887)</u>	<u>\$ (21,086,543)</u>	<u>\$ 23,303,607</u>	<u>\$ (79,720,634)</u>	<u>\$ (71,923,248)</u>	<u>\$ (133,975,671)</u>	<u>\$ (97,568,760)</u>

continued

continued

CITY OF HENDERSON, NEVADA

Changes in Net Assets, Last Nine Fiscal Years (1)
(accrual basis of accounting)

	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
General Revenues and Other Changes in Net Assets									
Governmental activities									
Property taxes	\$ 39,251,126	\$ 46,203,972	\$ 51,078,663	\$ 58,498,497	\$ 68,017,019	\$ 84,670,413	(5) \$ 94,998,002	\$ 99,811,843	\$ 94,879,894
Consolidated tax	58,404,948	63,896,932	78,290,939	96,681,531	102,988,098	99,587,194	92,537,034	77,732,314	70,110,772
Other taxes	22,217,960	23,134,134	23,726,071	28,899,364	41,156,213	46,983,771	48,591,040	45,366,226	43,968,045
Unrestricted interest income	8,347,893	4,488,712	1,286,329	3,486,212	6,821,835	13,885,771	(6) 18,584,119	14,103,960	7,187,788
Gain on sale of assets	2,014,836	6,924,002	4,555,063	7,660,298	2,499,958	25,902,150	(7) 709,299	401,596	660,264
Other	814,406	827,226	772,737	1,034,919	1,268,340	1,083,413	(8) 1,532,688	1,305,326	1,641,563
Special item - land donation	-	-	-	-	-	-	(13,888,499)	-	-
Transfers	(1,904,560)	4,143,041	1,433,387	(3,570,382)	(13,285,666)	(8,923,423)	(1,423,913)	(912,552)	2,317,722
Total governmental activities	129,146,613	149,837,979	163,143,189	192,696,439	209,065,797	263,189,289	241,640,670	238,028,713	220,766,048
Business-type activities									
Other taxes	4,007,502	4,463,201	5,441,169	6,374,248	7,024,049	7,285,311	7,221,693	6,062,248	5,250,092
Unrestricted interest income	14,411,298	10,402,806	2,537,604	9,922,035	12,908,610	20,441,004	(6) 20,942,193	13,336,639	5,383,141
Gain on sale of assets	-	102	737,836	-	369,085	-	71,595	-	6,080
Other	221,518	153,472	149,096	401,898	1,204,034	1,297,264	816,127	901,151	861,169
Transfers	1,904,556	(41,443,041)	(1,433,387)	3,570,382	13,285,666	8,923,423	1,423,913	912,552	(2,317,722)
Total business-type activities expenses	20,544,874	10,876,540	7,432,318	20,268,363	34,691,444	37,947,002	30,475,521	21,112,590	9,182,760
Total primary government expenses	\$ 149,691,487	\$ 160,714,519	\$ 170,575,507	\$ 212,965,002	\$ 243,757,241	\$ 301,136,291	\$ 272,116,191	\$ 259,141,303	\$ 229,948,808
Change in Net Assets									
Governmental activities	\$ 69,144,566	\$ 119,239,199	\$ 62,197,910	\$ 97,520,226	\$ 181,953,416	\$ 149,647,379	\$ 124,046,175	\$ 105,573,350	\$ 127,341,441
Business-type activities	70,146,467	66,049,941	48,623,710	94,358,233	85,107,432	71,768,278	76,146,768	19,592,282	5,038,607
Total primary government	\$ 139,291,033	\$ 185,289,140	\$ 110,821,620	\$ 191,878,459	\$ 267,060,848	\$ 221,415,657	\$ 200,192,943	\$ 125,165,632	\$ 132,380,048

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

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

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

(4) Increase due to new police sales tax.

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

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

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

(8) Land donation to the Nevada System of Higher Education for the development of the Nevada State College campus.

(9) Decrease due to construction slowdown.

(10) Decrease due to economic slowdown.

(11) Decrease due to employee reductions.

(12) Decrease due to lower cash balances and interest rates.

CITY OF HENDERSON, NEVADA

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

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
General Fund										
Reserved	\$ 2,891,491	\$ 1,590,752	\$ 1,171,208	\$ 1,485,055	\$ 2,441,612	\$ 1,824,112	\$ 2,805,128	\$ 2,711,026	\$ 1,493,517	\$ 1,482,401
Unreserved	21,194,791	23,799,764	19,034,111	24,619,246	25,935,187	29,690,577	30,921,060	28,459,480	23,495,121	19,337,267
Total general fund	<u>\$ 24,086,282</u>	<u>\$ 25,390,516</u>	<u>\$ 20,205,319</u>	<u>\$ 26,104,301</u>	<u>\$ 28,376,799</u>	<u>\$ 31,514,689</u>	<u>\$ 33,726,188</u>	<u>\$ 31,170,506</u>	<u>\$ 24,988,638</u>	<u>\$ 20,819,668</u>
All Other Governmental Funds										
Reserved	\$ 34,095,841	\$ 45,386,133	\$ 14,626,732	(1) \$ 16,243,039	\$ 18,474,423	\$ 18,664,267	\$ 26,723,103	\$ 97,960,369	(2) \$ 104,818,510	\$ 76,127,137
Unreserved reported in:										
Special revenue funds	16,170,422	19,798,276	25,928,594	27,873,164	24,619,959	35,745,946	46,242,339	47,320,144	48,293,562	36,765,723
Capital projects funds	129,615,602	92,152,637	113,879,658	98,861,666	138,584,132	271,278,449	299,700,799	225,539,042	206,567,512	208,832,619
Total all other governmental funds	<u>\$ 179,881,865</u>	<u>\$ 157,337,046</u>	<u>\$ 154,434,984</u>	<u>\$ 142,977,869</u>	<u>\$ 181,678,514</u>	<u>\$ 325,688,662</u>	<u>\$ 372,666,241</u>	<u>\$ 370,819,555</u>	<u>\$ 359,679,584</u>	<u>\$ 321,725,479</u>

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

(2) Increase in reserved fund balance is due to reserve for encumbrances being reported in all funds that have encumbrances beginning in fiscal year 2008. Previously only the General Fund reported reserve for encumbrance.

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

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
REVENUES										
Property taxes	\$ 34,126,689	\$ 39,251,126	\$ 46,026,738	\$ 51,356,138	\$ 58,586,097	\$ 67,975,114	\$ 84,254,727	\$ 93,860,687	\$ 99,278,964	\$ 95,260,527
Special assessments ⁽¹⁾	7,368,844	6,690,270	249,569	1,818,361	327,861	119,197	167,366	569,805	341,924	190,674
Franchise fees	15,799,641	18,298,174	19,333,127	21,227,833	24,044,878	26,926,839	29,625,623	31,468,210	30,586,472	30,110,422
Licenses and permits	4,798,572	5,324,227	5,848,669	6,856,573	7,303,463	7,576,403	8,307,293	8,425,573	8,137,847	7,501,281
Intergovernmental	67,347,896	72,315,724	83,419,931	92,449,462	113,330,062	134,872,918	135,650,905	131,086,100	141,007,416	118,971,843
Charges for services	15,553,012	10,982,168	10,701,889	11,787,181	14,177,088	14,101,639	14,235,157	14,951,513	16,005,572	17,852,260
Fines and forfeitures	2,214,936	2,542,172	2,746,386	2,998,041	3,488,205	3,882,563	5,063,104	5,805,668	6,832,522	7,249,522
Developer/property owner contribution	393,065	2,072,897	52,138,390	6,285,655	32,766,222	104,223,589	13,059,728	935,266	2,054,291	2,956,906
Impact fees	1,585,660	1,879,908	1,642,738	1,499,185	1,740,702	1,682,336	1,822,171	1,106,267	922,256	952,256
Miscellaneous interest ⁽¹⁾	-	17,839,187	4,237,315	2,185,135	4,077,673	10,323,301	20,303,238	20,091,695	12,200,118	5,442,945
Miscellaneous	27,861,810	2,589,383	2,027,818	2,578,732	1,716,700	1,555,784	1,537,220	1,570,018	3,056,573	2,285,723
Total revenues	177,049,715	179,785,236	228,392,490	201,042,296	261,560,951	373,239,703	314,026,532	309,870,802	320,525,432	288,754,359
EXPENDITURES:										
Current:										
General government	32,825,067	29,429,868	38,872,226	38,744,260	43,830,786	49,357,693	46,801,843	50,337,021	50,021,747	50,514,742
Judicial	2,663,526	3,091,282	3,299,332	3,534,995	3,925,781	7,968,743	8,944,032	10,064,915	11,260,921	11,203,113
Public safety	54,219,136	59,984,033	67,602,705	76,177,155	83,802,164	92,794,238	102,635,703	116,405,664	123,164,766	122,936,668
Public works	6,741,962	10,234,461	9,691,837	10,605,798	9,724,823	10,836,921	15,147,356	16,114,452	14,737,826	15,018,064
Culture and recreation	20,067,759	23,085,100	26,292,703	27,158,204	29,145,097	32,704,002	35,164,827	41,240,791	41,929,949	38,480,999
Community support	-	-	-	-	3,934,384	4,336,894	4,827,210	5,319,549	7,488,893	7,897,333
Capital outlay: ⁽⁵⁾	48,962,914	13,692,027	30,468,023	8,946,349	2,183,786	4,069,183	4,200,063	12,711,239	4,430,713	1,715,063
General government	-	414,600	164,437	36,980	423,691	83,877	244,586	228,469	106,517	22,337
Judicial	-	5,013,913	2,407,674	1,819,101	3,569,721	2,831,162	3,454,662	1,849,100	3,266,977	13,171,077
Public safety	-	15,474,773	10,830,530	17,941,669	19,477,102	51,342,238	37,982,680	32,325,572	47,406,966	22,632,042
Culture and recreation	-	32,926,366	10,232,027	4,288,848	2,552,555	6,430,666	8,017,239	4,783,396	26,383,672	16,653,363
Community support	-	-	-	-	232,570	285,161	242,515	4,971	100,000	-
Debt service:										
Principal retirement ⁽¹⁾	18,627,331	25,323,400	11,922,984	13,690,740	13,732,019	13,983,377	16,222,606	12,883,000	12,897,000	13,152,963
Interest and fiscal charges ⁽¹⁾	20,177,997	19,925,550	9,210,228	6,130,208	7,661,944	7,765,721	8,791,399	8,079,540	7,687,975	7,938,796
Administrative and other costs	1,027,779	1,835,026	100,164	2,720,624	45,184	85,635	12,858	46,941	35,718	27,329
Advance refunding escrow	5,261,414	587,002	-	-	-	-	-	-	-	-
Total expenditures	210,574,905	241,017,401	221,094,870	211,794,931	224,241,607	284,875,511	292,689,579	312,394,620	350,889,640	321,313,889
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,525,190)	(61,232,165)	7,297,620	(10,752,635)	37,319,344	88,364,192	21,336,953	(2,523,818)	(30,364,208)	(32,559,530)

continued

continued

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

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
OTHER FINANCING SOURCES (USES)										
Land sales	7,357,532	2,401,927	6,296,745	3,472,086	9,076,990	1,507,242	29,346,542	212,637	326,968	546,145
Sale of capital assets	-	-	-	-	-	2,050	9,090	-	5,425	1,538
Capital leases	573,611	1,700,725	45,120	809,200	1,634,354	-	-	-	-	446,894
Issuance of debt	-	31,590,000	-	-	-	56,000,000	-	-	-	-
Refunding debt issued	23,980,000	12,900,000	3,780,000	98,165,000	-	3,885,000	2,065,000	1,162,000	17,940,000	(15)
Premium on refunding debt issued	-	-	37,414	8,015,686	-	-	-	-	-	-
Premium on bonds issued	-	91,584	-	-	-	-	-	-	-	-
Dividends received	-	10,900	-	-	-	1,221,917	-	-	-	-
Donations	-	(239,835)	-	-	-	(2,509,555)	-	-	-	-
Payments to refunded bond escrow agent	(21,937,212)	(12,938,027)	(3,744,100)	(105,040,493)	-	48,947,686	-	-	-	-
Transfers from other funds	28,563,307	32,303,657	36,753,193	29,841,998	43,284,979	51,655,773	47,525,919	37,529,016	51,655,773	59,932,273
Transfers to other funds	(26,257,633)	(29,711,687)	(33,399,109)	(30,068,975)	(50,342,524)	(50,270,494)	(51,094,436)	(40,782,203)	(56,905,797)	(61,359,562)
Total other financing sources (uses)	12,279,605	38,148,434	9,769,265	5,194,502	3,653,799	58,783,846	27,852,125	(1,878,550)	13,042,360	(432,607)
NET CHANGE IN FUND BALANCES	\$ (21,245,585)	\$ (23,083,731)	\$ 17,066,883	\$ (5,558,133)	\$ 40,973,143	\$ 147,148,038	\$ 49,189,078	\$ (4,402,568)	\$ (17,321,839)	\$ (32,992,227)

Debt service as a percentage of noncapital expenditures⁽⁸⁾

	24.0%	25.5%	13.1%	10.9%	10.5%	9.1%	10.0%	7.8%	7.8%	8.0%
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- (1) Previous to fiscal year 2003, special assessment debt for which the City was not liable was erroneously recorded in the City's financial statements. Assessment revenues, assessment interest income, and principal and interest debt service payments were all recorded in the Special Assessment Debt Service Fund. A prior period adjustment was made in fiscal year 2003 to take this debt off the City's financial statement.
- (2) In fiscal year 2003, 2005 and 2006 there were large property owner contributions related to special assessment bonds for which the City is not liable.
- (3) Prior to 2002, Miscellaneous Interest was included in the Miscellaneous category.
- (4) Fiscal year 2002 was the first year of the community support function. Previous to that, it was reported in general government.
- (5) Fiscal year 2002 was the first year capital outlay was broken out by function.
- (6) Fiscal year 2002's large capital outlay is due to the City Hall expansion.
- (7) Fiscal year 2002's large capital outlay is due to the City Hall expansion and the major recreation facility.
- (8) Prior to the implementation of GASB 34 in fiscal year 2002, this ratio was computed by dividing principal and interest by total expenditures, less capital outlay. Fiscal year 2002 and forward, this ratio is computed by dividing principal and interest by total expenditures less amounts that are capitalized on the accrual basis government-wide statement of net asset.
- (9) Increase due mainly to construction of special assessment infrastructure.
- (10) Increase due to increases in redevelopment property taxes. These increases were due to a new redevelopment area and also a significant number of homes built in another redevelopment area. Other increases are due to growth in assessed value.
- (11) Increase due to higher cash and investment balances, higher interest rates, and market value increases.
- (12) Increase due to a significant land sale to Cashman Equipment for which the City gave up land with minimal value.
- (13) Due to decreased return on investments.
- (14) Increase due to construction for Heritage Park and Aquatics Center.
- (15) Installment purchase agreement for energy conservation projects.
- (16) Due to decrease in consolidated tax and decrease in intergovernmental contributions for the justice facility expansion.

CITY OF HENDERSON, NEVADA
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended	Real Property		Personal Property		Total		Ratio of Total Assessed To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Estimated Actual Value	
2001	\$ 4,276,595,470	\$ 12,218,844,200	\$ 387,678,320	\$ 1,107,652,343	0.7108	\$ 13,326,496,543	35%
2002	5,033,711,060	14,382,031,600	586,433,720	1,675,524,914	0.7108	16,057,556,514	35%
2003	6,022,498,387	17,207,138,249	550,303,670	1,572,296,200	0.7108	18,779,434,449	35%
2004	6,856,028,148	19,588,651,851	577,185,611	1,649,101,746	0.7108	21,237,753,597	35%
2005	7,350,381,130	21,001,088,943	515,315,133	1,472,328,951	0.7108	22,473,417,894	35%
2006	9,866,711,823	28,190,605,209	572,046,058	1,634,417,309	0.7108	29,825,022,518	35%
2007	14,049,539,660	40,141,541,886	730,618,857	2,087,482,449	0.7108	42,229,024,335	35%
2008	15,947,429,061	45,564,083,031	695,030,105	1,985,800,300	0.7108	47,549,883,331	35%
2009	16,304,394,985	46,583,985,671	584,783,077	1,670,808,791	0.7108	48,254,794,462	35%
2010	12,995,450,318	37,129,858,051	482,709,443	1,379,169,837	0.7108	38,509,027,888	35%

Source: Clark County Assessor's Office

CITY OF HENDERSON, NEVADA

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

Fiscal Year	CITY OF HENDERSON			OVERLAPPING RATES					Total Direct & Overlapping Rates
	Total Tax Levy	Debt Service Fund	Total City Rate	State of Nevada	School District	County	Special District	Total Overlapping Rates	
2001	0.3813	0.3295	0.7108	0.1500	1.3034	0.6527	0.0976	2.2037	2.9145
2002	0.3813	0.3295	0.7108	0.1500	1.3034	0.6352	0.0993	2.1879	2.8987
2003	0.5163	0.1945	0.7108	0.1500	1.3034	0.6352	0.0969	2.1855	2.8963
2004	0.4886	0.2222	0.7108	0.1700	1.3034	0.6502	0.0995	2.2231	2.9339
2005	0.4880	0.2228	0.7108	0.1700	1.3034	0.6652	0.0974	2.2360	2.9468
2006	0.4880	0.2228	0.7108	0.1700	1.3034	0.6575	0.0669	2.1978	2.9086
2007	0.4880	0.2228	0.7108	0.1700	1.3034	0.6566	0.0665	2.1965	2.9073
2008	0.4880	0.2228	0.7108	0.1700	1.3034	0.6541	0.0713	2.1988	2.9096
2009	0.4880	0.2228	0.7108	0.1700	1.3034	0.6541	0.0684	2.1959	2.9067
2010	0.5608	0.1500	0.7108	0.1700	1.3034	0.6541	0.0692	2.1967	2.9075

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

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

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

CITY OF HENDERSON, NEVADA

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Approximate Percentage of Taxable Assessed Valuation	Taxable Assessed Value	Rank	Approximate Percentage of Taxable Assessed Valuation
Basic Management Incorporated	\$ 257,840,183	1	1.91%			
Focus Property Group	171,571,613	2	1.27%			
Greenspun Corporation	170,292,556	3	1.26%			
Lake at Las Vegas Joint Venture	153,873,428	4	1.14%	\$ 63,417,330	2	1.36%
Station Casinos Incorporated	141,168,230	5	1.05%	63,061,020	3	1.35%
Marnell Corrao Associates	108,819,815	6	0.81%			
Green Valley Ranch Gaming, LLC	93,862,344	7	0.70%			
W.L. Nevada Incorporated	88,450,975	8	0.66%			
Harsch Investment Properties	52,544,212	9	0.39%			
Richard C. MacDonald Properties	50,270,017	10	0.37%			
Del Webb Communities Incorporated				79,034,770	1	1.69%
Silver Springs Incorporated				61,635,100	4	1.32%
Foothill Partners				33,559,690	5	0.72%
Camden Subsidiary Incorporated				29,123,660	6	0.62%
Ranch Center Associates Limited Partnership				25,182,060	7	0.54%
Pacific Montego Bay Limited Partnership				20,824,240	8	0.45%
Levi Strauss & Company				20,070,480	9	0.43%
Acquiport Horizon Bluffs Incorporated				19,512,500	10	0.42%
	\$ 1,288,693,373		9.56%	\$ 415,420,850		8.90%

Source: Clark County Assessor's Office

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

CITY OF HENDERSON, NEVADA

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2001	\$ 28,956,448	\$ 28,637,652	98.90%	\$ 327,796	\$ 28,965,448	100.00%
2002	34,106,224	33,664,830	98.71%	441,394	34,106,224	100.00%
2003	42,300,099	41,781,856	98.77%	518,243	42,300,099	100.00%
2004	47,178,698	46,916,703	99.44%	261,995	47,178,698	100.00%
2005	54,280,325	54,065,416	99.60%	214,840	54,280,256	99.99%
2006	62,713,038	62,408,721	99.51%	301,460	62,710,181	99.99%
2007	78,844,849	78,138,203	99.10%	678,653	78,816,856	99.96%
2008	88,884,923	87,304,802	98.22%	1,385,990	88,690,792	99.78%
2009	94,649,215	92,160,401	97.37%	1,494,897	92,160,401	97.37%
2010	91,506,330	89,058,480	97.32%	*	89,058,480	97.32%

Source: Clark County Comptroller's Office

* Still in process of being collected

CITY OF HENDERSON, NEVADA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities						Business-type Activities			
	General Obligation Bonds	Tax Allocation Bonds	Special Assessment Bonds ⁽²⁾		Notes/Loans Payable	Capital Leases	Revenue Bonds	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2001	\$ 171,495,000	\$ -	\$ 144,615,000	\$ 10,201,678	\$ 2,276,229	\$ 179,074,501	\$ 507,662,408	Not available	2,542	
2002	161,500,000	16,340,000	154,675,000	183,278	3,420,295	173,843,159	509,961,732	Not available	2,419	
2003	149,945,000	16,340,000	3,135,000	163,743	2,879,877	165,141,779	337,605,399	Not available	1,513	
2004	137,665,000	16,340,000	2,500,000	143,004	2,640,179	155,592,473	314,880,656	Not available	1,338	
2005	125,240,000	16,340,000	1,215,000	120,985	4,175,309	253,896,193	400,987,487	Not available	1,644	
2006	171,795,000	16,340,000	585,000	97,608	56,007	241,864,554	430,738,169	4.87%	1,682	
2007	158,455,000	15,840,000	365,000	-	10,614	229,959,046	404,629,660	4.61%	1,524	
2008	147,314,000	15,320,000	305,000	-	-	217,507,507	380,446,507	3.96%	1,410	
2009	135,027,000	14,780,000	235,000	17,960,000	-	204,454,978	372,456,978	3.86%	1,358	
2010	123,215,000	14,215,000	165,000	17,403,000	297,931	192,056,192	347,352,123	3.47%	1,256	

Notes:

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

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

Source for 2006 forward is Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or www.appliedanalysis.com.

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

CITY OF HENDERSON, NEVADA

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year Ended	General Obligation		Less: Amounts Available in the		Total	Percentage of Actual Taxable Value of Property ⁽¹⁾		Per capita ⁽²⁾
	Bonds		Debt Service Fund					
2001	\$	171,495,000	\$	5,264,172	\$ 166,230,828	1.25%		832
2002		161,500,000		7,358,902	154,141,098	0.96%		731
2003		149,945,000		3,111,752	146,833,248	0.78%		658
2004		137,665,000		1,573,486	136,091,514	0.64%		578
2005		125,240,000		846,962	124,393,038	0.55%		510
2006		171,795,000		4,352,167	167,442,833	0.56%		654
2007		158,455,000		6,740,546	151,714,454	0.36%		571
2008		147,314,000		6,072,215	141,241,785	0.30%		523
2009		135,027,000		9,708,219	125,318,781	0.26%		457
2010		123,215,000		6,964,868	116,250,132	0.30%		420

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

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

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

CITY OF HENDERSON, NEVADA

Direct and Overlapping Governmental Activities Debt June 30, 2010

	Total General Obligation Debt	Less: Debt Service Fund Balance	Net Debt Outstanding	% Applicable	Applicable Net Debt
City of Henderson	\$ 329,486,192	\$ 6,964,868	\$ 322,521,324	100.00%	\$ 322,521,324
Henderson District Public Libraries	2,938,800	319,829	2,618,971	100.00%	2,618,971
Clark County	660,670,000	160,879,178	499,790,822	14.41%	72,019,857
Clark County School District	4,110,425,000	479,362,977	3,631,062,023	14.41%	523,236,038
Las Vegas-Clark County Library District	60,375,000	11,956,598	48,418,402	17.33%	8,390,909
Total Overlapping Debt					606,265,775
Total Direct and Overlapping Debt					\$ 928,787,099

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

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

CITY OF HENDERSON, NEVADA

Legal Debt Margin Information
Last Ten Fiscal Years

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Assessed value	\$4,664,273,790	\$5,620,144,780	\$6,572,802,057	\$7,433,213,759	\$7,865,696,263	\$10,438,757,881	\$14,780,158,517	\$16,642,459,166	\$16,889,178,062	\$13,478,159,761
Legal debt margin										
Debt limit (15% of Assessed Value)	699,641,069	843,021,717	985,920,309	1,114,982,064	1,179,854,439	1,565,813,682	2,217,023,778	2,496,368,875	2,533,376,709	2,021,723,964
Debt applicable to limit:										
Total Bonded Debt (including Special Assessment Bonds)	495,184,501	506,358,159	334,561,779	(3)	312,097,473	430,584,554	404,619,046	380,446,507	354,496,978	329,651,192
Less:										
Special Assessment Bonds ⁽¹⁾	(144,615,000)	(154,675,000)	(3,135,000)	(2,500,000)	(1,215,000)	(585,000)	(365,000)	(305,000)	(235,000)	(165,000)
Tax Allocation Bonds ⁽²⁾	-	(16,340,000)	(16,340,000)	(16,340,000)	(16,340,000)	(16,340,000)	(15,840,000)	(15,520,000)	(14,780,000)	(14,215,000)
Total Amount of Debt Applicable to Debt Limit	350,569,501	335,343,159	315,086,779	293,257,473	379,136,193	413,659,554	388,414,046	364,821,507	339,481,978	315,271,192
Legal Debt Margin	\$ 349,071,568	\$ 507,678,558	\$ 670,833,530	\$ 821,724,591	\$ 800,718,246	\$ 1,152,154,128	\$ 1,828,609,732	\$ 2,131,547,368	\$ 2,193,894,731	\$ 1,706,452,772
Total debt applicable to limit as a percentage of debt limit	50.11%	39.78%	31.96%	26.30%	32.13%	26.42%	17.52%	14.61%	13.40%	15.59%

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

CITY OF HENDERSON, NEVADA

Pledged Revenue Bond Coverage
Last Ten Fiscal Years

Year	Water & Sewer Bonds						Special Assessment Bonds ⁽¹⁾				Tax Allocation Bonds			
	Utility Service Charges	Less: Operating Expenses ⁽¹⁾	Net Available Revenue	Debt Service		Special Assessment Collections	Debt Service		Coverage	Tax Increment	Debt Service		Coverage	
				Principal	Interest		Principal	Interest			Principal	Interest		
2001	\$ 59,126,172	\$ 38,074,205	\$ 21,051,967	\$ 8,313,009	\$ 7,673,932	\$ 7,368,844	\$ 10,000,000	\$ 10,761,336	35%	\$ -	\$ -	\$ -	n/a	
2002	61,855,110	45,328,954	16,526,156	8,711,980	7,989,062	6,690,270	5,190,000	8,901,034	47%	-	-	-	n/a	
2003	65,173,704	49,687,020	15,486,684	8,793,913	6,791,514	249,569	225,000	308,662	47%	2,216,090	-	664,051	334%	
2004	70,402,702	54,112,436	16,290,266	9,414,780	6,032,181	1,818,361 ⁽²⁾	635,000	288,400	197%	2,164,528	-	869,304	249%	
2005	73,476,651	62,765,675	10,710,976	9,835,026	8,232,075	327,861	1,285,000	186,436	22%	2,441,067	-	869,304	281%	
2006	81,777,436	65,388,482	16,388,954	12,213,868	12,031,251	119,197	630,000	93,575	16%	3,255,300	-	869,304	374%	
2007	88,773,681	74,799,486	13,974,195	11,966,440	11,543,004	167,366	220,000	52,013	62%	10,651,636	500,000	859,634	783%	
2008	86,731,158	80,547,344	6,183,814	12,472,896	10,923,574	69,440	60,000	31,825	76%	13,033,976	520,000	839,724	959%	
2009	87,844,239	81,881,425	5,962,814	13,088,390	10,176,709	341,924	70,000	25,650	357%	13,623,262	540,000	865,314	969%	
2010	88,353,887	78,934,746	9,419,141	13,128,082	9,593,468	190,674	70,000	19,000	214%	12,934,879	565,000	793,176	952%	

Notes:

(1) Total operating expenses, exclusive of depreciation.

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

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

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

CITY OF HENDERSON, NEVADA

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
2001	199,695	Not available	Not available	4.34%
2002	210,850	Not available	Not available	6.20%
2003	223,070	Not available	Not available	5.30%
2004	235,292	Not available	Not available	4.79%
2005	243,897	Not available	Not available	4.20%
2006	256,128	8,836,009,011	34,498	4.00%
2007	265,589	8,783,653,632	33,072	4.20%
2008	269,826	9,606,345,252	35,602	5.00%
2009	274,293	9,653,025,150	35,192	9.60%
2010	276,629	10,003,816,464	36,163	13.80%

Sources:

(1) City of Henderson Community Development Department

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

(3) Nevada Department of Employment, Training and Rehabilitation.

CITY OF HENDERSON, NEVADA

Principal Employers
Current Year and Nine Years Ago

Name	2010			2001		
	Employees ⁽¹⁾	Rank	Percentage of Total City Employment	Employees ⁽²⁾	Rank	Percentage of Total City Employment ⁽³⁾
City of Henderson	2,963	1	2.37%	2,160	1	-
St. Rose Dominican-Siena	1,500-1,999	2	1.20-1.60%	1,000+	3	-
Green Valley Ranch Gaming, LLC	1,500-1,999	3	1.20-1.60%			
M Resort	1,000-1,499	4	0.80-1.20%			
Sunset Station Hotel & Casino	1,000-1,499	5	0.80-1.20%	1,000+	2	-
Medco Health LLC	800-899	6	0.64-0.72%			
St. Rose Dominican Hospital	800-899	7	0.64-0.72%			
Zappos.com	600-699	8	0.48-0.56%			
Wal-Mart Supercenter	500-599	9	0.40-0.48%			
Fiesta Lake Mead Station	500-599	10	0.40-0.48%			
The Reserve Hotel Casino				750-1,000	4	-
Providian Financial				500-749	5	-
Ford Motor Credit Co.				500-749	6	-
Hyatt Regency Hotel Casino				500-749	7	-
Good Humor - Breyers Ice Cream				400-499	8	-
Jokers Wild Casino				300-399	9	-
Railroad Pass Hotel Casino				300-399	10	-

Source:

(1) City of Henderson - City of Henderson Finance Department; all others from Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or www.appliedanalysis.com
For privacy purposes, exact employment numbers are unavailable.

(2) City of Henderson Economic Development Phone Survey, 2001

(3) This information was not available for 2001.

CITY OF HENDERSON, NEVADA

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

Functions/Programs	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Governmental activities					
General government	331	347	352	363	352
Judicial	78	84	90	96	94
Public safety	678	774	817	824	827
Public works	102	111	118	141	140
Culture and recreation	182	182	191	204	190
Community support	19	19	19	19	22
Business-type activities					
Water	137	148	150	157	147
Sewer	91	111	119	122	116
Development services center	149	155	156	133	62
Other business activities	17	28	32	35	30
Total	<u>1,784</u>	<u>1,959</u>	<u>2,044</u>	<u>2,094</u>	<u>1,980</u>

Source: City of Henderson Finance Department

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

CITY OF HENDERSON, NEVADA

Operating Indicators by Function/Program ^{(1) (3)}

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Functions/Programs					
Governmental activities					
Judicial					
Average warrants cleared per day	9	6	5	10	11
Public safety					
Police reports	28,961	28,103	27,417	26,761	26,466
Police calls for service	135,772	144,452	159,821	162,184	160,594
# of EMS incidents	14,885	14,823	15,185	15,079	16,164
# of EMS transports	9,975	9,887	10,276	10,593	11,333
Total fire responses	940	834	723	611	552
Public works					
Lane miles of street maintenance	338	142	14	179	340
Lane miles of existing street reconstruction	16	74	24	43	34
# of scheduled inspections (off-site improvements)	41,994	39,320	33,194	30,151	20,658
# of off-site (non-building) projects	206	155	157	55	288
Culture and recreation					
Parks and Recreation class registrations	323,193	341,139	344,766	478,357	267,008
Community support					
# of requests for information on business relocations	103	109	136	129	160
# of local business requests for information/assistance/outreach	342	447	414	659	746
# of jobs created	1,034	770	1,190	425	411
Business-type activities					
Water					
Average daily water consumption (MGD) ⁽²⁾	68	71	69	68	67
# of requests for line location	37,110	31,684	40,534	26,638	31,633
# of hydrant major repairs	258	248	198	220	227
# of line repairs	243	360	283	257	464
Sewer					
Lines video inspected (feet)	180,239	90,002	150,129	157,609	172,267
Lines cleaned (feet)	1,106,675	1,252,317	1,568,312	1,951,831	2,224,640
Development services center					
# of plan review activities	28,097	23,424	18,463	11,939	11,808
Building permits issued	19,075	15,704	12,402	9,794	10,814 (4)

Source: Various City departments

(1) Indicators are not available for the general government function.

(2) Millions of gallons per day.

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

(4) Increase due to increase in small dollar permits (e.g. residential remodels), while large commercial/residential development permits decreased resulting in an overall decrease in Development Services Center revenue.

CITY OF HENDERSON, NEVADA

Capital Asset Statistics by Function/Program ^{(1) (2)}

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Functions/Programs					
Governmental activities					
Public safety					
# of police stations	2	2	2	3	3
# of fire stations	9	9	9	9	9
# of patrol units	117	154	149	140	148
Public works					
Streets (miles)	737	788	804	804	812
Traffic signals	131	135	141	144	149
Culture and recreation					
Park acreage	1,029	1,067	1,109	1,131	1,155
# of parks	39	41	43	44	44
# of swimming pools	9	9	9	13	15
# of tennis courts	42	42	43	43	43
# of recreation centers	6	6	6	6	7
Business-type activities					
Water					
Water mains (miles)	1,080	1,124	1,280	1,384	1,473
# of treatment plants	1	1	1	1	1
# of water pump stations	27	27	27	31	31
Sewer					
Number of sewage treatment plants	2	2	2	2	2
Number of sewer lift stations	12	12	12	13	13
Miles of sanitary sewer lines	920	953	958	1,029	1,080

Source: Various City departments

(1) Indicators are not available for the general government function, judicial, community support, or development services center functions.

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

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2010

Comprehensive Annual Financial Report

City of Henderson, Nevada

Compliance Section

**INDEPENDENT AUDITORS' 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
Management of the
City of Henderson, Nevada

We have audited the basic financial statements of the City of Henderson (the City) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 18, 2010. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 2010-1 and 2010-3 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as item 2010-2 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

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

Compliance and other matters. As part of obtaining reasonable assurance about whether the City's basic 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 including whether the funds established by the City, as described in Nevada Revised Statutes (NRS) 354.624(5)(a)(1) – (5), complied with the express purposes required by NRS 354.6241. 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*.

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

We noted certain matters that were reported to the City's management in a separate letter dated November 18, 2010.

This report is intended for the information and use of the Honorable Mayor, Members of the City Council, management of the City, federal awarding agencies and pass-through entities. However, this report is a matter of public record, and therefore, its distribution is not limited.

A handwritten signature in blue ink that reads "Percy Bowler Taylor" followed by a stylized mark that appears to be a cross or a small 'x'.

November 18, 2010

**INDEPENDENT AUDITORS' 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
Management of the
City of Henderson, Nevada

Compliance. We have audited the City of Henderson's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City'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's management. Our responsibility is to express an opinion on the City'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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-4 and 2010-5.

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-4 and 2010-5. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards. 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 as of and for the year ended June 30, 2010, and have issued our report thereon dated November 18, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City's responses to the above findings are included in the accompanying schedule of findings and questioned costs. However, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the Honorable Mayor, Members of the City Council, management of the City, federal awarding agencies and pass-through entities. However, this report is a matter of public record, and therefore, its distribution is not limited.

A handwritten signature in blue ink that reads "Percy Bowler Taylor".

November 18, 2010

CITY OF HENDERSON, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Food and Nutrition Service</i>			
Passed through State of Nevada Department of Education:			
<i>Child Nutrition Cluster:</i>			
Child and Adult Care Food Program			
Safekey Snack Program 07-08	10.558	--	\$ 1,388
Summer Food Program -06/09 - 8/098	10.558	--	15,447
Safekey Milk Grant FY10	10.558	--	30,314
			<hr/>
Total U.S. Department of Agriculture			47,149
			<hr/>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Community Planning and Development</i>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants			
Entitlement Funds	14.218*	--	1,316,162
Amount Provided to Subrecipients	14.218*	--	10,445
American Recovery and Reinvestment Act (ARRA)	14.218*	--	143,716
Total Community Development Block Grants/Entitlement Grants			<hr/>
			1,470,323
			<hr/>
Passed through State of Nevada, Community Development			
Block Grants:			
NSP HERA Entitlement	14.218*	--	<hr/>
			1,411,565
			<hr/>
HOME Investment Partnerships Program			
HOME Grant - Program Income/Projects	14.239	--	66,424
HOME Grant - Administration	14.239	--	42,631
Total HOME Investment Partnerships Program			<hr/>
			109,055
			<hr/>
Passed through State of Nevada, Housing Division:			
HOME Investment Partnerships Program			
Program Income/Projects	14.239	--	<hr/>
			200,000
			<hr/>
Total Department of Housing and Urban Development			<hr/>
			3,190,943
			<hr/>
<u>U.S. Department of the Interior</u>			
<i>Bureau of Land Management</i>			
Recreation Resource Management			
Whitney Mesa Preserve	15.225*	NAA010005 NAF04HN07	25,855
Burkholder Trail	15.225*	NAA010005 NAF04HN09	989,372
St. Rose Trail Phase 2	15.225*	NAA010005 NAF05HN15	258,965
Hidden Falls Park	15.225*	NAA010005 NAF05HN13	474,627
Amador Vista Park	15.225*	NAA010005 NAF05HN14	1,109,284
Heritage Recreation Area	15.225*	NAA010005 NAF05HN12	4,180,899
Anthem East Trails	15.225*	NAA010005 NAF05HN16	36,749
Cornerstone Lake Park	15.225*	NAA010005 NAF05HN18	474,435
River Mountain Trail 13-14	15.225*	NAA010005 NAF05HN17	848,705
Amargosa Trailheads	15.225*	NAA010005 NAF05HN19	732,769
Bird View Preserve Improvement	15.225*	NAA010005 NAF05HN24	516,880

CITY OF HENDERSON, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of the Interior (continued)</u>			
<i>Bureau of Land Management (continued)</i>			
Recreation Resource Management (continued)			
UPRR Right of Way	15.225*	NAA010005 NAF05HN22	174,853
UPRR Phase III	15.225*	NAA010005 NAF05HN23	896,775
UPRR Phase II	15.225*	NAA010005 NAF05HN20	10,805
Mission View Park	15.225*	NAA010005 NAF05HN21	54,545
McCullough Hills Trail	15.225*	NAA010005 NAF05HN25	75,661
Arroyo Grande Project Green	15.225*	NAA010005 FAA060150	144,073
Whitney Mesa Trailhead	15.225*	NAA010005 FAA060156	103,055
Wetlands Trail Phase II	15.225*	NAA010005 FAA060158	20,739
Heritage Park Phase II	15.225*	NAA010005 FAA060163	220,068
Southeast Valley Acquisition	15.225*	NAA010005 FAA080033	91,933
Reunion Trails Park	15.225*	NAA010005 FAA060176	888,141
Downs 5/Downtown Trail	15.225*	NAA010005 FAA060173	898,943
Lake Mead Parkway Trail	15.225*	NAA010005 FAA060175	51,047
PPP Upper Pittman Wash W Henderson Drainage Corridor Feasibility	15.225*	NAA010005 FAA080013	22,467
PPP Lower Pittman Wash Corridor Feasibility Study	15.225*	NAA010005 FAA080016	25,344
PPP Black Mountain Nature Preserve	15.225*	NAA010005 FAA080012	63,641
PPP MacDonald Canyons Nature Park Study	15.225*	NAA010005 FAA080015	40,971
PPP RMLT to McCullough Hills Trail Connection & Equestrian	15.225*	NAA010005 FAA080017	38,695
PPP Nevada State College to Wetlands Corridor Feasibility Study	15.225*	NAA010005 FAA080014	2,366
McCullough Vista Park	15.225*	NAA010005 FAA080028	111,246
Green Valley Flood Control Panel	15.225*	NAA010005 FAA080045	3,246
			<u>13,587,154</u>
Southern Nevada Public Land Management			
Amargosa Trail	15.235	NAA010005 NAF04HN08	153,677
Whitney Mesa Nature Preserve Phase II	15.235	--	401
			<u>154,078</u>
<i>Bureau of Reclamation</i>			
Water Conservation Plan			
Bureau of Reclamation Turf Conversion	15.BBM	--	<u>24,316</u>
<i>National Park Service</i>			
Outdoor Recreation Acquisition, Development and Planning			
River Mountain Skateboard Feature	15.916	--	51,347
Bureau of Reclamation Acacia Gardens	15.916	--	20,000
Bureau of Reclamation Irrigation	15.916	--	11,205
			<u>82,552</u>
 Total U.S. Department of the Interior			 <u>13,848,100</u>

CITY OF HENDERSON, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u>			
<i>Bureau of Justice Assistance</i>			
Direct:			
Bulletproof Vest Partnership Program 2007	16.607	--	5,492
Bulletproof Vest Partnership Program 2008	16.607	--	1,907
Edward Byrne Memorial State and Local Law Enforcement, Assistance Discretionary Grant Program	16.580	2008-DD-BX-0014	22,502
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0915	299
Edward Byrne Memorial Justice Assistance Grant Program American Recovery and Reinvestment Act	16.804*	--	60,850
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	29-AL-5	21,078
Missing children's assistance	16.543	--	18,021
<i>Office of Community Oriented Policing Services</i>			
Public Safety Partnership and Community Policing Grants	16.710	2008CKWX0168	297,624
Public Safety Partnership and Community Policing Grants	16.710	2008CKWX0167	284,076
<i>Office of Drug Enforcement Administration</i>			
Domestic Cannabis Eradication	n/a	--	2,749
Total Direct			714,598
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Passed through State of Nevada Juvenile Justice Commission:			
Enforcing Underage Drinking Laws Program	16.727	COH-PD-2010-G0212	25,192
<i>Office on Violence Against Women</i>			
Passed through State of Nevada Office of Attorney General			
Violence Against Women Formula Grants	16.588	2007-STOP-01	18,993
Violence Against Women Formula Grants	16.588	2008-STOP-01	20,448
Total U.S. Department of Justice			779,231

CITY OF HENDERSON, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u>			
<i>Federal Motor Carrier Safety Administration</i>			
National Motor Carrier Safety	20.218	27XX32MH08HEND15780	13,141
<i>Federal Highway Administration</i>			
Highway Planning and Construction - American Recovery and Reinvestment Act (ARRA)	20.205*	--	2,969,732
<i>National Highway Traffic Safety Administration</i>			
Passed through State of Nevada, Department of Motor Vehicles and Public Safety - Office of Traffic Safety:			
State and Community Highway Safety			
Joining Forces 2010	20.600	28-JF-1.08	110,568
Joining Forces 2009	20.600	29-JF-1.06	46,278
Joining Forces Initiative 2009	20.600	--	9,997
Preliminary Breath Test	20.600	--	34,000
			<hr/>
Total U.S. Department of Transportation			3,183,716
			<hr/>
<u>U.S. Environmental Protection Agency</u>			
Office of the Chief Financial Officer			
Congressionally Mandated Projects	66.202	XP96908901	388,000
			<hr/>
<u>U.S. Department of Energy</u>			
<i>Energy Efficiency and Conservation Block Grant Program (ARRA)</i>	81.128*	--	649,196
<i>Office of Energy Efficiency and Renewable Energy</i>			
Passed through State of Nevada Housing Division			
Weatherization Assistance for Low-Income Persons- American Recovery and Reinvestment Act (ARRA)	81.042*	--	1,011,380
			<hr/>
Total U.S. Department of Energy			1,660,576
			<hr/>

CITY OF HENDERSON, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u>			
<i>Centers for Disease Control and Prevention</i>			
<i>Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems</i>			
Diabetes Demonstration Project	93.988	1H75DP001876-01	74,117
<i>Administration on Aging</i>			
Passed through State of Nevada, Division of Aging Services:			
<i>Aging Cluster:</i>			
Special Programs for the Aging: Title III, Part C: Nutrition Services			
Senior Nutrition	93.045	--	221,886
Senior Nutrition Homebound 2009	93.045	03-031-04-2X-09	49,303
Senior Nutrition Congregate 2009	93.045	03-031-07-1X-09	29,744
			<u>300,933</u>
Aging Home-Delivered Nutrition Services for States - American Recovery and Reinvestment Act (ARRA)	93.705	--	<u>90,108</u>
Nutrition Services Incentive Program			
Black Mountain Senior Nutrition	93.053	--	52,156
Black Mountain Senior Nutrition 2009	93.053	03-031-57-NX-09	49,604
			<u>101,760</u>
<i>Administration For Children and Families</i>			
Passed through State of Nevada, Department of Business and Industry-Housing Division, Weatherization Assistance Program			
Low Income Home Energy Assistance	93.568	LIHEA/09/04	<u>23,495</u>
Total U.S. Department of Health and Human Services			<u>590,413</u>
<u>Department of Homeland Security</u>			
<i>Federal Emergency Management Agency</i>			
FY2008 Assistance to Firefighters Grant	97.044	EMW-2008-FO-05878	130,859
<i>Homeland Security Grant Program</i>	97.067	--	3,191
Passed through the State of Nevada, Department of Motor Vehicles and Public Safety, Division of Emergency Management:			
Emergency Management Performance Grants			
Fire Department	97.042	9704209	132,453
Passed through Clark County Emergency Management & Homeland Security Safety, Division of Emergency Management:			
Non-Profit Security Program	97.008	97067U09	<u>91,528</u>
Total Department of Homeland Security			<u>358,031</u>
Total Expenditures of Federal Awards Excluding Loans			<u>24,046,159</u>

CITY OF HENDERSON, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>Federal Loan Balances With a Continuing Compliance Requirement</u>			
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/States Program	14.218*	--	199,259
Home Investment Partnership Program	14.239	--	2,798,639
 <u>U.S. Environmental Protection Agency</u>			
Passed through the Nevada Division of Environmental Protection			
Capitalization Grants for Clean Water State Revolving Funds			
American Recovery and Reinvestment Act (ARRA)			
Pittman Wash Relocation	66.458	--	691,065
Federal Loan Balances with a Continuing Compliance Requirement			3,688,963
Total Expenditures of Federal Awards Including Loans			\$ 27,735,122

CITY OF HENDERSON, NEVADA

Notes to Schedule of Expenditures of Federal Awards June 30, 2010

Note 1. Reporting Entity

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

Note 2. Basis of Accounting

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

Note 3. Relationship to Financial Statements

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

Note 4. Subrecipients

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

Federal CFDA	Program Title	Amount Provided to Subrecipients
14.218	Community Development Block Grants/Entitlement Grants	\$ 10,445

(continued)

CITY OF HENDERSON, NEVADA

Notes to Schedule of Expenditures of Federal Awards (continued) June 30, 2010

Note 5. Program Clusters

Federal programs relating to the aging of the City's population, which are considered together as a program cluster, include the following:

Federal CFDA	Program Title	Federal Expenditures
93.045	Special Programs for the Aging – Nutrition Services	\$ 300,933
93.705	Aging Home-delivered Nutrition Services for States	90,108
93.053	Nutrition Services Incentive Program	101,760
	Total	<u>\$ 492,801</u>

Note 6. American Recovery and Reinvestment Act ("ARRA")

Expenditures of ARRA funding are included in the following federal programs:

Federal CFDA	Program Title	ARRA Expenditures
14.218	Community Development Block Grants/Entitlement Grants	\$ 143,716
20.205	Highway Planning and Construction	2,969,732
81.042	Weatherization Assistance for Low-income Persons	1,011,380
93.705	Aging Home-delivered Services for States	90,108
66.458	Capitalization Grants for Clean Water State Revolving Funds	691,065
81.128	Energy Efficiency and Conservation Block Grant	649,196
	Total	<u>\$ 5,555,197</u>

CITY OF HENDERSON, NEVADA

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2010

Section I – Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	None reported

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133	None reported

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	
14.218	Community Development Block Grants/ Entitlement Grants	
15.225	Recreation Resource Management	
16.804	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)	
	Program/Grants To Units Of Local Government	
20.205	Highway Planning and Construction	
81.042	Weatherization Assistance for Low-income Persons	
81.128	Energy Efficiency and Conservation Block Grant Program	
Dollar threshold used to distinguish between Type A and Type B programs		\$860,553
Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133		No

CITY OF HENDERSON, NEVADA

Schedule of Findings and Questioned Costs (continued) For the Fiscal Year Ended June 30, 2010

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States:

2010-1

Criteria	Agreements that could have a potentially material effect on the City's financial statements should be reviewed, with the salient provisions abstracted and summarized to support and document the rationale for the accounting treatment applied.
Condition/context	Certain Owner Participation Agreements (OPAs) and Disposition and Development Agreements (DDAs), each of which include material commitments that may potentially obligate the City's Redevelopment Agency (the Agency) over the next several years, have not been abstracted. In addition, although Agency management appears familiar with the various OPAs and DDAs, documentation supporting prior decisions regarding the accounting treatment for certain provisions of each OPA or DDA has not been created and reviewed by an appropriate level of management.
Effect	A material commitment to a developer and a \$9.1 million liability to various developers were not reported in the prior year financial statements, and a \$2.3 million adjustment to the amount owed to developers was not recorded in the current year.
Cause	The majority of OPAs and DDAs were originally written and maintained by individuals who are no longer with the Agency. However, current management has not adequately summarized and documented its understanding of the material provisions of all of the agreements, including documenting its rationale for the accounting treatment applied to each agreement.
Recommendation	We recommend that management create documentation summarizing its understanding of the salient, material provisions of the OPAs and DDAs and the rationale for the accounting treatment applied to those provisions. These abstracts should be updated periodically to document the status of the related development, the perceived financial condition of the developer and the perceived value of collateral for notes receivable, if any. The abstracts and updates thereto should be reviewed periodically by an appropriate level of management to provide reasonable assurance that all material provisions are properly reported and adequately disclosed in the notes to the City's basic financial statements.
Management response	Management has informed us that because of the recent changes in management and staff, management has again been reviewing all of the agreements with the Agency's legal counsel. Due to limited staff, not all agreements have been reviewed; however, the review is well underway and is scheduled to be complete no later than the end of fiscal year 2011. While management is very familiar with the salient, material provisions of each agreement, written summaries have not been completed. Management will complete documented summaries and abstracts indicating the reasoning for specific accounting treatment.

CITY OF HENDERSON, NEVADA

Schedule of Findings and Questioned Costs (continued) For the Fiscal Year Ended June 30, 2010

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States (continued):

2010-1 (continued)

Management response
(continued)

Management has also informed us that they agree with this very conservative approach to the recording of current financial resources available to make future payments as advances are added to the note payable, upon the developer meeting all of the requirements of the agreement.

Lastly, management informed us that it extensively discussed the agreements, including all material provisions, with the two previous auditing firms agreeing with the reporting of a contingent liability for each agreement. Because GASB is silent on this issue, management was reporting the contingent liability in the notes to the financial statements during the time that the developers had not completed all of the requirements to the agreements.

CITY OF HENDERSON, NEVADA

Schedule of Findings and Questioned Costs (continued) For the Fiscal Year Ended June 30, 2010

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States (continued):

2010-2

Criteria	Notes receivable are periodically evaluated for impairment based on evolving events and circumstances that may be impairment indicators (<i>i.e.</i> , those that increase the risk that the recorded balance may not be collectible).
Condition/context	The City's Redevelopment Agency (the Agency) has several notes receivable from developers which, due to the current economic climate and the hardships being experienced by developers, should be evaluated for impairment.
Effect	The Agency's notes receivable were overstated by \$775,000 due to an unrecorded impairment charge.
Cause	Due to ineffective monitoring, a formal impairment analysis on the Agency's notes receivable was not completed.
Recommendation	The collectibility of the Agency's notes receivable from developers should be evaluated at least annually for impairment based on evolving events and circumstances that may be indicators of impairment. The perceived financial condition of the counterparty, as well as the Agency's collateral should be considered in determining if the receivable is impaired.
Management response	Management has informed us that the collateral for notes will be reviewed by appropriate staff (<i>i.e.</i> , property experts, <i>etc.</i>) annually to validate notes receivable balances or recommend impairments.

CITY OF HENDERSON, NEVADA

Schedule of Findings and Questioned Costs (continued) For the Fiscal Year Ended June 30, 2010

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States (continued):

2010-3

Criteria	Accurate and complete subsidiary ledgers are maintained for CDBG/HOME low income program loans receivable.
Condition/context	The subsidiary ledger for CDBG/HOME program loans receivable was not accurate and complete.
Effect	The general ledger was improperly adjusted to agree to the inaccurate subsidiary ledger and as a result, was understated by \$1,341,718.
Cause	Ineffective monitoring and review of the subsidiary ledger for all CDBG/HOME low income program loans receivable.
Recommendation	The CDBG/HOME low income program loan subsidiary ledger should be periodically reconciled to the actual note receivable documentation (<i>i.e.</i> , original note agreements, subsequent amendments, documentation of advances, <i>etc.</i>) to verify that all activity has been properly recorded.
Management response	<p>Management has informed us that Neighborhood Services will update their loan tracking reports to include the beginning fiscal year expended balance amounts for each project, any additions and deletions during the fiscal year and the ending expended balance. Neighborhood Services will review each loan record on a consistent and regular basis against the actual note receivable documentation in each loan file; the date and name of the reviewer will be documented in each file and the loan report. Each month, Neighborhood Services will reconcile the updated report to the General Ledger. Any discrepancies will be researched and corrected; the reconciled report will be forwarded to Finance for their review.</p> <p>Each voucher request for loan expenditures from Neighborhood Services will include line items for the Note Receivable and Deferred Revenue entry. The voucher request will be reviewed by an Accountant II prior to being processed for payment.</p> <p>In the event that a loan is paid off, the payment distribution will also include line items for the Note Receivable and Deferred Revenue entry. The account codes for the payment will be reviewed by an Accountant II prior to being processed.</p>

CITY OF HENDERSON, NEVADA

Schedule of Findings and Questioned Costs (continued) For the Fiscal Year Ended June 30, 2010

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a):

2010-4

Programs:	Community Development Block Grants/ Entitlement Grants (CFDA # 14.218) Recreation Resource Management (CFDA #15.225) Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units Of Local Government (CFDA #16.804) Highway Planning and Construction (CFDA #20.205) Weatherization Assistance for Low-income Persons (CFDA #81.042) Energy Efficiency and Conservation Block Grant Program (CFDA # 81.128)
Specific requirements:	The schedule of expenditures of federal awards (SEFA) should be complete and accurate.
Condition / context:	The unaudited SEFA included four programs with incorrect/missing CFDA numbers, one program which included expenditures of state grant funding and one program which was incorrectly not identified as American Recovery and Reinvestment Act (ARRA).
Questioned costs	Not applicable
Effect	The unaudited SEFA was not complete and accurate.
Cause	Controls over the preparation of the SEFA did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	Management should instruct personnel as to the importance of compliance with the requirements applicable to ensuring the completeness and accuracy of the SEFA, and it should exercise additional control by monitoring such compliance.
Management response	Management has informed us CFDA project numbers will be verified with the latest amendments received at the department level. All ARRA projects will have the ARRA identification in the project name. Also, to ensure there is no miscommunication, responses to verbal requests will be in writing.

CITY OF HENDERSON, NEVADA

Schedule of Findings and Questioned Costs (continued) For the Fiscal Year Ended June 30, 2010

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued):

2010-5

Programs:	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units Of Local Government (CFDA #16.804) Energy Efficiency and Conservation Block Grant Program (CFDA # 81.128)
Specific requirements:	Periodic Federal Financial Reports (FFRs) should only include federal expenditures that were incurred during the reporting period.
Condition / context:	FFRs inappropriately excluded \$260,482 of payroll and other expenditures that were incurred during the reporting period.
Questioned costs	Not applicable
Effect	FFRs were not completed correctly.
Cause	Controls over the preparation of FFRs did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	Management should instruct personnel as to the importance of compliance with the requirements applicable to ensuring the completeness and accuracy of FFRs, and it should exercise additional control by monitoring such compliance.
Management response	<p>Management has informed us that the exclusion of expenditures from the Federal Financial Reports for the reporting period of April 1 – June 30, 2010 is a timing difference between the date of submission to the Federal agencies and the date of the City's financial close of the General Ledger. The due dates for the 4th quarter reports for the Federal agencies are early in July. Expenditures incurred through June 30th are recorded in the General Ledger through late July. The Federal Financial Reports reflect actual expenditures recorded in the General Ledger as of the date of the report.</p> <p>The expenditures not included with the 4th quarter Federal Financial Reports are included in the July1 – September 30, 2010 reports, so the cumulative amounts are correct.</p>

CITY OF HENDERSON, NEVADA

**Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2010**

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States:

No findings were reported in the prior year.

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a):

No findings were reported in the prior year.

CITY OF HENDERSON, NEVADA

SCHEDULE OF BUSINESS LICENSE FEES

SUBJECT TO THE PROVISIONS OF NRS 354.5989

FOR THE YEAR ENDED JUNE 30, 2010

(UNAUDITED)

Nevada Revised Statutes (NRS) 354.5989: As required by NRS 354.624, Section 4(a), all fees imposed by the City are subject to the provisions of NRS 354.5989. The City may adopt new business license fees only if the revenue from the fees is less than the calculated maximum prescribed by the statute. Total revenues for the year ended June 30, 2010, from business license fees did not exceed the allowable maximum revenue in the flat or fixed fee revenue category.

Fees calculated as a percentage of gross revenue:

Business license revenue for the year based on percentage of gross		<u>\$ 5,546,501</u>
Less maximum allowable revenue:		
Prior actual revenue (Base)	\$ 6,807,347	
Times increase in Consumer Price Index	<u>2.70%</u>	
Total adjustment to Base	<u>183,798</u>	
Adjusted business license gross revenue		<u>6,991,145</u>
Amount over (under) allowable maximum		<u><u>\$ (1,444,644)</u></u>

Fees calculated on a flat or fixed rate:

Business license revenue for the year based on a flat or fixed rate		\$ 2,076,135
Less maximum allowable revenue:		
Prior actual revenue (Base)	\$ 2,177,167	
Percentage increase in population of the City of Henderson	0.85%	
Percentage increase in CPI for the year ending December 31 preceding the year for which the limit is being calculated	<u>2.70%</u>	
Total adjustment to Base	3.55% <u>77,289</u>	
Adjusted business license gross revenue		<u>2,254,456</u>
Amount over (under) allowable maximum		<u><u>\$ (178,321)</u></u>



Mayor and Council

Andy Hafen, Mayor

Gerri Schroder, Council Ward I

Debra March, Council Ward II

Kathleen Boutin, Council Ward III

Steven D. Kirk, Council Ward IV

City Manager's Office

Mark T. Calhoun, City Manager

Bristol S. Ellington, Assistant City Manager

Finance Department

Richard A. Derrick, Finance Director

