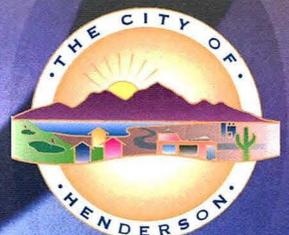


City of Henderson, Nevada

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2000



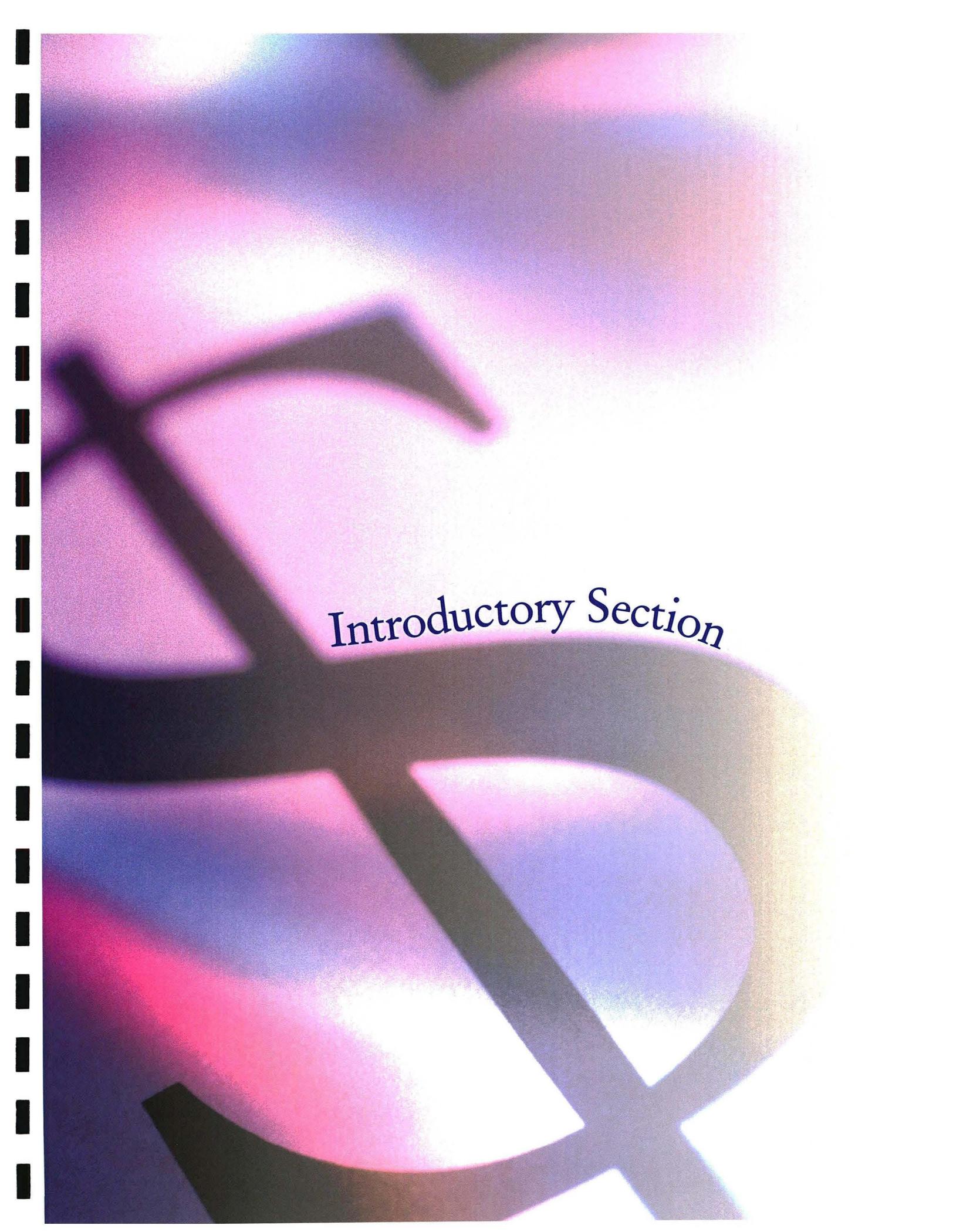
A Place To Call Home

**CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**Prepared by:
Department of Finance**

**Steven M. Hanson
Finance Director**

This page left blank intentionally.



Introductory Section

CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS (Continued)

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i-vii
Certificate of Achievement in Financial Reporting	viii
Organization Chart	ix
List of Principal Officials	x
FINANCIAL SECTION	
Independent Auditor's Report	1-2
<u>General Purpose Financial Statements:</u>	
Combined Balance Sheet – All Fund Types and Account Groups	3-4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	5-6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue, Debt Service and Capital Projects Fund Types	7-8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) - All Proprietary Fund Types	9
Combined Statement of Cash Flows - All Proprietary Fund Types	10-11
Combined Statement of Changes in Net Assets - Investment Trust Fund	12
Notes to Financial Statements	13-37
SUPPLEMENTARY INFORMATION	
Required Supplementary Information: Year 2000 Disclosures (Unaudited)	38-39

CITY OF HENDERSON, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Page
<u>Combining, Individual Fund and Account Group Statements and Schedules:</u>	
<u>General Fund</u>	
Comparative Balance Sheets	38
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	39
Comparative Statements of Expenditures Compared to Budget (GAAP Basis)	40-45
Comparative Statements of Operating Transfers Out - Budget (GAAP Basis) and Actual	46
<u>Special Revenue Funds</u>	
Combining Balance Sheets	47
Combining Statements of Revenues, Expenditures and Changes in Fund Balances	48
Redevelopment Agency Special Revenue Fund:	
Comparative Balance Sheets	49
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	50
Gas Tax Special Revenue Fund:	
Comparative Balance Sheets	51
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	52
Forfeited Assets Special Revenue Fund:	
Comparative Balance Sheets	53
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	54

CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Page
Municipal Court Administrative Fee Special Revenue Fund:	
Comparative Balance Sheets	55
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	56
Financial Stabilization Special Revenue Fund:	
Comparative Balance Sheets	57
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	58
Graffiti Reward and Abatement Special Revenue Fund:	
Comparative Balance Sheets	59
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	60
Extraordinary Repairs Capital Improvements Special Revenue Fund:	
Comparative Balance Sheets	61
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	62
<u>Debt Service Funds</u>	
Combining Balance Sheets	63
Combining Statements of Revenues, Expenditures and Changes in Fund Balances	64
General Obligation Debt Service Fund:	
Comparative Balance Sheets	65
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	66

CITY OF HENDERSON, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Page
Special Assessment Districts Debt Service Fund:	
Comparative Balance Sheets	67
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	68
<u>Capital Projects Funds</u>	
Combining Balance Sheets	69
Combining Statements of Revenues, Expenditures and Changes in Fund Balances (Deficits)	70
Land Sales Capital Projects Fund:	
Comparative Balance Sheets	71
Comparative Statements of Revenues, Expenditures and Changes in Fund Deficits - Budget (GAAP Basis) and Actual	72
Special Recreation Capital Projects Fund:	
Comparative Balance Sheets	73
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget (GAAP Basis) and Actual	74
Bond Proceeds Capital Projects Fund:	
Comparative Balance Sheets	75
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	76
HUD Proceeds Capital Projects Fund:	
Comparative Balance Sheets	77
Comparative Statements of Revenues, Expenditures and Changes in Fund Deficits - Budget (GAAP Basis) and Actual	78

CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Page
Park Development Capital Projects Fund:	
Comparative Balance Sheets	79
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	80
Special Assessment Districts Capital Projects Fund:	
Comparative Balance Sheets	81
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	82
Flood Control Capital Projects Fund:	
Comparative Balance Sheets	83
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget (GAAP Basis) and Actual	84
RTC/County Funded Capital Projects Fund:	
Comparative Balance Sheets	85
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget (GAAP Basis) and Actual	86
Municipal Facilities Acquisition and Construction Capital Projects Fund:	
Comparative Balance Sheets	87
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	88
Special Ad Valorem Transportation Capital Projects Fund:	
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	89

CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Page
<u>Enterprise Funds</u>	
Combining Balance Sheets	90-91
Combining Statements of Revenues, Expenses and Changes in Retained Earnings (Deficits)	92
Combining Statements of Cash Flows	93-94
Convention Center Enterprise Fund:	
Comparative Balance Sheets	95
Comparative Statements of Revenues, Expenses and Changes in Earnings (Deficit)	96
Comparative Statements of Cash Flows	97
Comparative Statements of Revenues and Expenses - Budget (GAAP Basis) and Actual	98
Water Enterprise Fund:	
Comparative Balance Sheets	99-100
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	101
Comparative Statements of Cash Flows	102-103
Comparative Statements of Revenues and Expenses - Budget (GAAP Basis) and Actual	104
Sewer Enterprise Fund:	
Comparative Balance Sheets	105-106
Comparative Statements of Revenues, Expenses and Changes in Accumulated Deficit	107
Comparative Statements of Cash Flows	108-109
Comparative Statements of Revenues and Expenses - Budget (GAAP Basis) and Actual	110

CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Page
Development Services Enterprise Fund:	
Balance Sheet	111
Statement of Revenues, Expenses and Changes in Retained Earnings	112
Statement of Cash Flows	113
Statement of Revenues and Expenses - Budget (GAAP Basis) and Actual	114
 <u>Internal Service Funds</u>	
Combining Balance Sheets	115-116
Combining Statements of Revenues, Expenses and Changes in Retained Earnings (Deficit)	117
Combining Statements of Cash Flows	118-119
Engineering Internal Service Fund:	
Comparative Balance Sheets	120
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	121
Comparative Statements of Cash Flows	122
Comparative Statements of Revenues and Expenses - Budget (GAAP Basis) and Actual	123
City Shop Internal Service Fund:	
Comparative Balance Sheets	124
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	125
Comparative Statements of Cash Flows	126
Comparative Statements of Revenues and Expenses – Budget (GAAP Basis) and Actual	127

CITY OF HENDERSON, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Page
Revolving Internal Service Fund:	
Comparative Balance Sheets	128
Comparative Statements of Revenues, Expenses and Changes in Accumulated Deficits	129
Comparative Statements of Cash Flows	130
Comparative Statements of Revenues and Expenses - Budget (GAAP Basis) and Actual	131
Self Insurance Internal Service Fund:	
Comparative Balance Sheets	132
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	133
Comparative Statements of Cash Flows	134
Comparative Statements of Revenues and Expenses - Budget (GAAP Basis) and Actual	135
Workmen's Compensation Self Insurance Internal Service Fund:	
Comparative Balance Sheets	136
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	137
Comparative Statements of Cash Flows	138
Comparative Statements of Revenues and Expenses - Budget (GAAP Basis) and Actual	139
Health Insurance Internal Service Fund:	
Comparative Balance Sheets	140
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	141
Comparative Statements of Cash Flows	142
Comparative Statements of Revenues and Expenses - Budget (GAAP Basis) and Actual	143

CITY OF HENDERSON, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Page
<u>Trust and Agency Funds</u>	
Combining Balance Sheets	144
Lake Las Vegas Expendable Trust Fund:	
Comparative Balance Sheets	145
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	146
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	147
<u>General Fixed Assets Account Group</u>	
Schedule of General Fixed Assets by Sources	148
Schedule of General Fixed Assets by Function and Activity	149
Schedule of Changes in General Fixed Assets by Function and Activity	150

CITY OF HENDERSON, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Table No.	Page
STATISTICAL SECTION		
General Governmental Expenditures by Function - Last Ten Fiscal Years	1	151
General Governmental Revenues by Source - Last Ten Fiscal Years	2	152
General Fund Tax and Intergovernmental Revenues by Source - Last Ten Fiscal Years	2A	153
Property Tax Levies and Collections - Last Ten Fiscal Years	3	154
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	4	155
Property Tax Rates - Direct and Overlapping Governments (Per \$100 of Assessed Value) - Last Ten Fiscal Years	5	156
Special Assessment Billings and Collections - Last Ten Fiscal Years	6	157
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita - Last Ten Fiscal Years	7	158
Computation of Legal Debt Margin	8	159
Computation of General Obligation Direct and Overlapping Debt	9	160
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	10	161
Water and Sewer Funds Revenue Bond Coverage - Combined - Last Ten Fiscal Years	11	162
Demographic Statistics - Last Ten Fiscal Years	12	163-164
Property Value and Construction - Last Ten Fiscal Years	13	165
Residential Building Permits (Single Family) - Last Ten Fiscal Years	14	166
Principal Property Owners	15	167
Major Employers	16	168
Miscellaneous Statistics	17	169-170

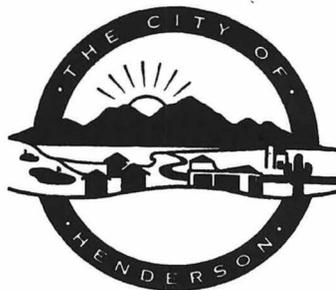
CITY OF HENDERSON, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS (Continued)

	Page
COMPLIANCE SECTION	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	171-172
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	173-174
Schedule of Expenditures of Federal Awards	175-176
Schedule of Findings and Questioned Costs	177-178
Summary Schedule of Prior Audit Findings	179
AUDITOR'S COMMENTS	
Statute Compliance	180
Progress on Prior Year Statute Compliance	180
Prior Year Recommendations	180
Current Year Recommendations	180
Nevada Revised Statute 354.624(4)(c), 354.611, and 354.6115	180
Independent Accountant's Report	181
Schedule of Fees Imposed Subject to the Provisions of NRS 354.5989 Limitation of Fees for Business Licenses	182

This page left blank intentionally.



November 8, 2000

A Place To Call Home

To the citizens of The City of Henderson, Nevada:

The comprehensive annual financial report of the City of Henderson for the fiscal year ended June 30, 2000, is hereby submitted. Responsibility for both the accuracy of data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, the City of Henderson's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The compliance section includes information required pursuant to the Single Audit Act Amendments of 1996 as incorporated in the newly revised Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. This section includes the Schedule of Expenditures of Federal Awards; the independent auditor's report on compliance with laws, regulations, and the provisions of contracts of grant agreements that could have a direct and material effect on the financial statements and the major programs; the independent auditor's report on internal control related to the financial statements and federal awards, and the Schedule of Findings and Questioned Costs.

The comprehensive annual financial report includes all funds and account groups of the City, as well as a component unit. A component unit is a legally separate entity for which the government is financially accountable. The City provides a full range of services including police and fire protection; Municipal Court; detention facilities; water and sanitary sewer services; the construction and maintenance of boulevards, streets and other public infrastructure; recreational facilities and activities; and, cultural events. In addition to general government activities, the City Council exercises oversight responsibility for the Henderson Redevelopment Agency. Consequently, this activity has been included in the annual financial report as a blended component unit.

The City of Henderson was incorporated in June of 1953, pursuant to the provisions of Chapter 125 of the Nevada Statutes of 1907 as amended and subsequently reenacted as Chapter 266 of the Nevada Revised Statutes. The City operates under a Council - Manager form of government.

The financial statements present the financial position, results of operations and changes in fund balances / retained earnings of all funds for which the Henderson 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 upon the aforementioned criteria, no other reportable organizations were identified.

November 8, 2000

ECONOMIC CONDITION AND OUTLOOK

The City of Henderson is located in the southeastern part of Clark County, Nevada, which ranks as the nation's top growth area. With a population of approximately 190,512. Henderson ranks as the second largest city in the State of Nevada. The acceleration of economic activity in Nevada resulted in increased tax and construction driven revenues to the City. The Lake Las Vegas project, a major multi-hotel/casino and residential development located in Henderson continued construction. The City also recently annexed 5,458 acres of land.

MAJOR INITIATIVES

Presently under construction is an expansion to City Hall, including a multi-level parking garage, construction of an additional fire station and the construction of various recreation center/aquatic park complexes in Henderson

FINANCIAL INFORMATION

Management of the City of Henderson is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Single Audit As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal award programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2000 identified one reportable condition, but was not considered a material weakness.

Budgeting Controls. In addition, the City 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. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds, internal service funds and expendable trust fund 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 in the general fund and at the fund level for other funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget augmentation.

November 8, 2000

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

General Government Functions. The following schedule presents a summary of general fund revenues for the fiscal year ended June 30, 2000 and the amount and percentage of increases (decreases) in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 1999</u>	<u>Percentage Increase/ (Decrease)</u>
Property taxes	14,696,838	14.08	\$ 1,447,474	10.92%
Franchise fees	12,195,108	11.69	2,255,537	22.69
Licenses and permits	6,811,159	6.53	(1,607,560)	(19.10)
Intergovernmental	54,225,567	51.96	4,366,968	8.76
Charges for services	12,602,220	12.08	1,260,255	11.11
Fines and forfeits	1,635,996	1.56	266,722	19.50
Miscellaneous	<u>2,189,608</u>	<u>2.10</u>	<u>521,239</u>	<u>19.23</u>
	<u>\$104,356,496</u>	<u>100.00%</u>	<u>\$7,468,157</u>	

Increased property taxes result from higher assessed property valuations.

Franchise fees revenue which is based upon the gross receipts of gas, electric, telephone and other public utility companies increased because of the increase in the City's population.

Beginning February, 2000, licenses and permits relating to building permits are now recorded in the Development Services Enterprise Fund and are no longer recorded in the General Fund, thereby resulting in a decrease.

Fines and forfeits increased due to a fee increase and an additional traffic police unit producing a higher volume in fines.

The most significant revenue source was from intergovernmental revenues. The Consolidated Tax Distribution consists six individual revenue tax sources: Supplemental Sales, Basic Sales, Motor Vehicle Privilege, Real Property Transfer, Liquor, and Cigarette. The Consolidated Tax Distribution is comprised of a base distribution which is based on prior years' revenues adjusted by the Consumer Price Index, and an excess distribution which factors in population percentage changes and assessed valuation changes. The following table shows the various components included in intergovernmental revenue:

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1999</u>	<u>Percentage Increase (Decrease)</u>
Federal Sources	265,705	.49%	\$ 265,705	100%
State Sources:				
Motor vehicle fuel tax	1,270,164	2.34	80,569	6.77
Consolidated tax	50,720,718	93.54	3,881,359	8.29
Other	264,383	0.49	(75,162)	(22.14)
County Sources	<u>1,704,597</u>	<u>3.14</u>	<u>214,497</u>	<u>14.39</u>
	<u>\$54,225,567</u>	<u>100.00%</u>	<u>\$ 4,366,968</u>	

November 8, 2000

Increased county sources are due to mainly to a grant received for Senior Center Improvements.

The following schedule presents a summary of general fund expenditures for the fiscal year ended June 30, 2000 and the percentage of increase (decrease) in relation to prior year amounts:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1999</u>	<u>Percentage Increase (Decrease)</u>
General Government	\$28,133,602	26.95%	\$ 2,993,037	11.64%
Judicial	2,377,881	2.28	209,682	9.67
Public Safety	52,462,142	50.25	6,220,998	13.45
Highways and Streets	5,093,490	4.88	(633,467)	(11.06)
Culture and Recreation	<u>16,324,343</u>	<u>15.64</u>	<u>2,992,045</u>	<u>22.44</u>
	<u>\$104,391,458</u>	<u>100.00%</u>	<u>\$11,722,295</u>	

The increases in General Government; Judicial; Public Safety; and Cultural and Recreation; are a result of salary increases and personnel additions needed to keep up with the City's rapid rate of growth.

Highways and streets decreased due to a decrease in flood-related expenditures.

General Fund Balance. The fund balance of the General Fund decreased in 11% in 2000 with a fund balance of \$23,669,851. That is the equivalent of approximately 83 days of expenditures and is deemed adequate to meet the City's cash flow requirements.

Proprietary Operations. The City operates four enterprise funds and six internal service funds. The enterprise functions consist of a Water Enterprise Fund that provides potable water to the residents of the City of Henderson; a Sewer Enterprise Fund that provides sanitary sewer services to the residents of the City and reuse water for irrigation purposes to some golf courses and other large users within the City; a Convention Center Enterprise Fund that rents meeting and conference space to various groups and individuals; and a Development Services Fund to account for activities related to the building permit processing function.

The Water and Sewer Funds ended the fiscal year with \$107,829,590 and \$112,958,678 respectively, in working capital which is more than adequate to meet their needs. The Convention Center's working capital was \$1,241,680 at year-end, which is approximately equivalent to 440 days of expenses and is more than adequate to meet that fund's cash flow requirements. The Development Center working capital was only \$50,458 even though cash was \$1,053,401. This was due to the accrual of \$1,062,058 in compensated absences for employees who work with the building permit system and had previously been recorded in the General Long Term Debt Account Group. The City feels the Development Center's reserves are more than adequate to meet expenses.

The internal service functions include the Engineering Fund which provides engineering services to other departments and certain capital projects funds; and, the City Shop Fund which accounts for the cost of repairs, maintenance and acquisition of motor vehicles for user departments. The Revolving Internal Service Fund accounts for monies to be used for loans to special assessments districts, that are repaid by the special assessment debt service fund. The Self Insurance Fund, Health Insurance Fund and Workmen's Compensation Self Insurance Fund are used to account for monies collected from various City departments and funds to be used for payment of claims, to certain limits, and the purchase of certain types of insurance coverage for casualty and accident losses, employees health (medical, dental and vision) and workmen's injuries, respectively.

November 8, 2000

Engineering Internal Service Fund revenue decrease of \$1,383,303 was due to revenues related to new development being recorded in the Development Service Enterprise Fund since February 2000.

Fiduciary Operations. The City of Henderson maintains one expendable trust fund; one investment trust fund and five agency funds which are used to account for assets held by the City as a fiduciary on behalf of other entities.

The Lake Las Vegas Expendable Trust Fund is used to account for monies provided by the City of Henderson and a developer to fund a contingent liability for stormwater treatment.

The Investment Trust Fund is used to account for assets of an external investment pool for the Henderson District Public Libraries.

The agency funds include the Bridges Fund used to account for developer contributions towards the cost of constructing bridges across flood channels that traverse the City where funding for the anticipated projects have not been identified; the Section 125 Plan Fund used to account for employee contributions to an employee benefits plan, established under Section 125 of the Internal Revenue Code; the Traffic Signal Fund used to account for developer contributions toward the cost of installing new traffic signals or upgrading existing signals; the Forfeited Assets Fund used to account for monies impounded under applicable racketeering and/or controlled substance laws pending court adjudication; and the Paving Frontage Fund used to account for assessments accumulated for use as the land-owner portion of street frontage paving costs in defined areas.

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

Debt Administration. At June 30, 2000 the City had a number of debt issues outstanding. These issues included \$365,683,675 of General Obligation bonds and \$156,255,000 of Special Assessment bonds with some government commitment. The City's Bond Rating increased to AA-with Standard & Poor's and an Aa3 with Moody's Investor Services, making Henderson Nevada's only city to receive such a rating. Under current state statutes the City's general obligation bonded debt issuances are subject to a legal limitation based on 15 percent of total assessed value of real and personal property.

As of June 30, 2000, the City's net general obligation bonded debt of \$174,984,230 was below the legal limit of \$606,533,267 and net bonded debt per capita equaled \$918.49.

During the year, the City issued \$50,000,000 in General Obligation Various Purpose Bonds.

Cash Management. Cash temporarily idle during the year was invested in U.S. Treasury and agency obligations, banker's acceptances, repurchase agreements and the State Treasurer's investment pool. The average yield on investments was approximately 5.96%.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, investments were either in U.S. Treasury and agency obligations; insured by Federal Depository Insurance; or, collateralized. One hundred percent of the categorized investments held by the City at June 30, 2000 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

November 8, 2000

Risk Management. The City has obtained \$10,000,000 in excess Commercial General Liability insurance with a \$1,000,000 self-insured retention (SIR). In addition, the City continues to maintain the following coverages: a \$152.5 million blanket property insurance policy on all buildings and furnishings with a \$10,000 deductible; a \$50,000,000 Boiler & Machinery policy with a \$10,000 deductible; a \$500,000 Ambulance Drivers & Attendants Malpractice Liability policy with \$250 deductible; \$2,788,997 Inland Marine coverage on a scheduled basis for heavy equipment with 90% coinsurance after a \$5,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery and alteration; and a \$2,665,355 Fire Truck Physical Damage policy with a \$2,500 deductible.

The City maintains its self-insurance fund to cover all claims made or occurring prior to the securement of the excess liability policy and all claims that fall under the \$1,000,000 SIR. The City's risk manager works with the City Attorney's office; an outside claims adjusting firm; the excess insurance company and its administrator; and, applicable departments in handling claims filed against the City. In addition the City obtains an actuarial analysis on an annual basis. At June 30, 2000 the Self Insurance Fund had \$3,072,998 in working capital. No current claims are expected to be settled in a manner which would adversely affect the fund's financial condition.

On July 1, 1992 the City became self insured for employee health benefits, providing medical, dental and vision care. A specific stop loss policy of \$35,000 per participant with a \$1,000,000 lifetime maximum is maintained. A third party administrator is used to pay claims under the stop loss threshold.

The City withdrew from the State Industrial Insurance System for workmen's compensation claims and established a self-insurance program for workmen's compensation on April 1, 1993. A third party administrator is utilized for claim payment. A stop-loss policy was purchased providing coverage for claims in excess of \$325,000 per participant up to a maximum of \$1,000,000 for each occurrence. For incidents occurring prior to April 1, 1993 liability is retained by the State Industrial Insurance System.

OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Kafoury, Armstrong & Company was selected by the City Council. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The independent auditors' report on the general purpose financial statements and combining, individual fund, and account group financial statements and schedules of federal awards is included in the financial section of this report. The independent auditors' reports related specifically to the single audit are included in the Compliance Section.

Awards. 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 (CAFR) for the fiscal year ended June 30, 1999. This was the eighteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit 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 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.

November 8, 2000

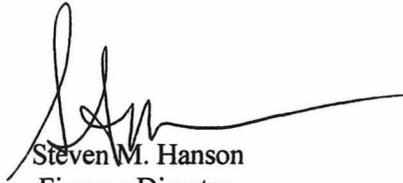
Acknowledgments. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance Department's Accounting Division staff (especially Roy Borsellino, Rhonda Dunaway, Connie Kershaw and Teri Jones) as well as certain members of the City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

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

Respectfully submitted.



Philip D. Speight
City Manager



Steven M. Hanson
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Henderson,
Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

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.

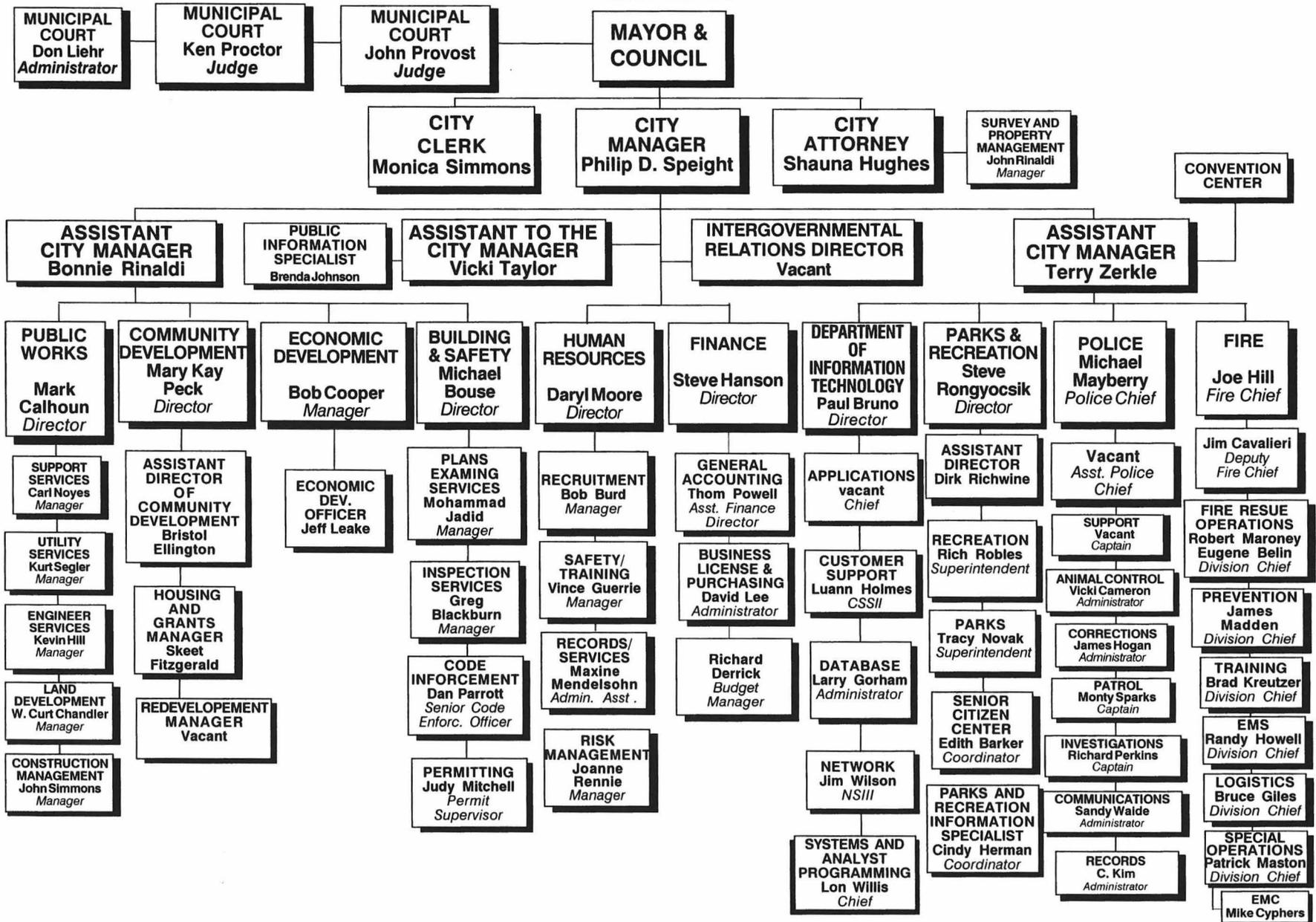


Anne Spray Kinney
President

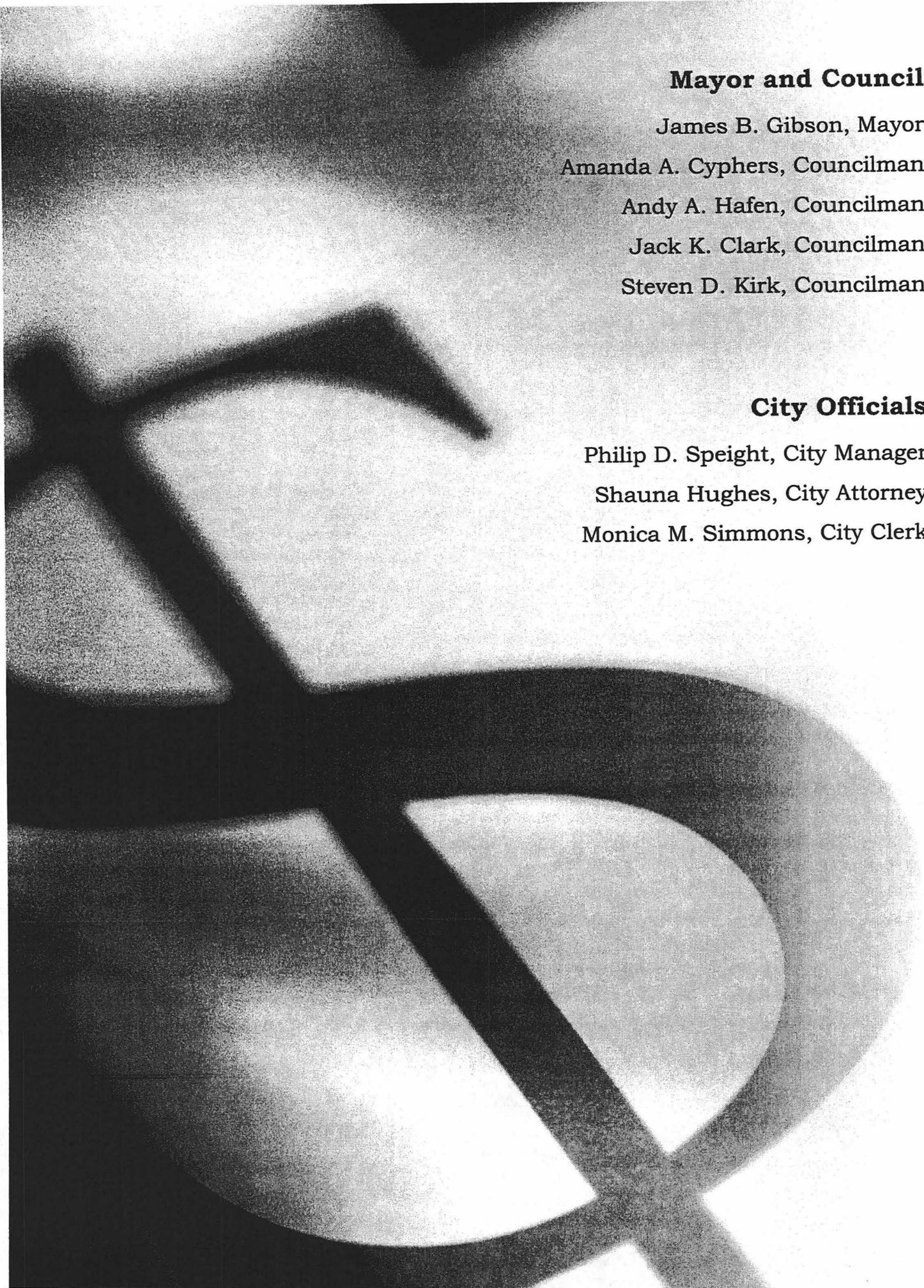
Jeffrey L. Esler
Executive Director

City of Henderson TABLE OF ORGANIZATION

CITY-WIDE
ELECTORATE



11111



Mayor and Council

James B. Gibson, Mayor

Amanda A. Cyphers, Councilman

Andy A. Hafen, Councilman

Jack K. Clark, Councilman

Steven D. Kirk, Councilman

City Officials

Philip D. Speight, City Manager

Shauna Hughes, City Attorney

Monica M. Simmons, City Clerk