

Financial
Section



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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Henderson, Nevada, as of and for the year ended June 30, 2003, which collectively comprise City of Henderson's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of City of Henderson. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Henderson, Nevada, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2003 on our consideration of City of Henderson's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, on pages 3A through 3M, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Henderson's basic financial statements. The combining and individual fund statements and schedules and the Schedule of Expenditures of Federal Awards (as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we express no opinion on them.

Kafoury, Armstrong & Co.

Reno, Nevada
October 23, 2003

This page left blank intentionally.

Management's Discussion & Analysis

As management of the City of Henderson, we offer readers of the City of Henderson's financial statements this narrative overview and analysis of the financial activities of the City of Henderson for the fiscal year ended June 30, 2003. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

Financial Highlights

- The assets of the City of Henderson exceeded its liabilities at June 30, 2003 by \$1,496,169,881 (net assets). Of this amount, \$102,805,742 (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 \$185,289,140. See the sections on Governmental Activities and Business-type Activities below for explanations on the increase.
- As of June 30, 2003, the City of Henderson's governmental funds reported combined ending fund balances of \$174,640,303, an increase of \$17,066,883 in comparison with the prior year. This increase is due to property owner contributions for special assessment districts and revenue increases due to growth. The increase was offset by expenditures related to the expansion of City Hall and expenditures related to a new computer software program. Approximately 91% of ending fund balances or \$158,842,363 is available for spending at the City's discretion (unreserved fund balance).
- As of June 30, 2003 unreserved fund balance in the general fund was \$19,034,111 or 14% of general fund expenditures.

Financial Statement Overview

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water activities,

the Sewer activities, and Development Services activities, which are considered major funds of the City of Henderson, and for the Convention Center activities, which is the City's only nonmajor enterprise fund. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Henderson, assets exceeded liabilities by \$1,496,169,881 at June 30, 2003.

The largest portion of the City of Henderson's net assets (70%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Henderson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Henderson's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Fiscal year ended 2002 has been restated as a result of the prior period adjustment as explained in the notes to the financial statements.

City of Henderson's Net Assets

	Governmental Activities		Business Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$233,316,154	\$214,794,478	\$313,355,393	\$315,377,913	\$546,671,547	\$530,172,391
Capital assets	822,084,553	733,197,685	534,257,989	473,694,126	1,356,342,542	1,206,891,811
Total assets	1,055,400,707	947,992,163	847,613,382	789,072,039	1,903,014,089	1,737,064,202
Long-term liabilities	207,685,216	217,616,105	168,949,882	177,332,486	376,635,098	394,948,591
Other liabilities	21,390,645	23,288,753	8,818,465	7,944,459	30,209,110	31,233,212
Total liabilities	229,075,861	240,904,858	177,768,347	185,276,945	406,844,208	426,181,803
Net assets:						
Invested in capital assets, net of related debt	652,311,723	588,072,333	400,488,623	347,713,193	1,052,800,346	935,785,526
Restricted	151,752,737	95,893,234	188,811,056	191,493,308	340,563,793	287,386,542
Unrestricted	22,260,386	23,120,080	80,545,356	64,588,593	102,805,742	87,708,673
Total net assets	\$ 826,324,846	\$707,085,647	\$ 669,845,035	\$603,795,094	\$ 1,496,169,881	\$1,310,880,741

An additional portion of the City of Henderson's net assets (23%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$102,805,742, may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2003 the City of Henderson is able to report positive balances in all three categories of net assets, both for government as a whole, as well as for its separate governmental and business-type activities. The same held true for the previous fiscal year.

There was an increase of \$64,239,390 in net assets invested in capital assets net of related debt for governmental activities. This was due mainly developer donations of infrastructure; the increase is also due to completion of various recreation centers, the City Hall parking garage and various park improvements.

There was an increase of \$52,775,430 in net assets invested in capital assets net of related debt for business-type activities. Most of this increase is due to increases in contributed assets and construction in progress.

There was an increase of \$55,859,503 in restricted net assets for governmental activities. Most of this increase is due to property owner contributions restricted for special assessment capital projects for Local Improvement District T-14. Proceeds in the amount of \$50,763,177 from a bond issue for which the City is not liable are reflected as property owner contributions in the capital projects fund. See discussion on Capital Assets below for further explanations

The City of Henderson's net assets increased by \$185,289,140 during the current fiscal year, an increase in governmental net assets of \$119,239,199 and an increase in business-type activities of \$66,049,941. See explanations for the increases in the sections for Governmental Activities and Business-type Activities.

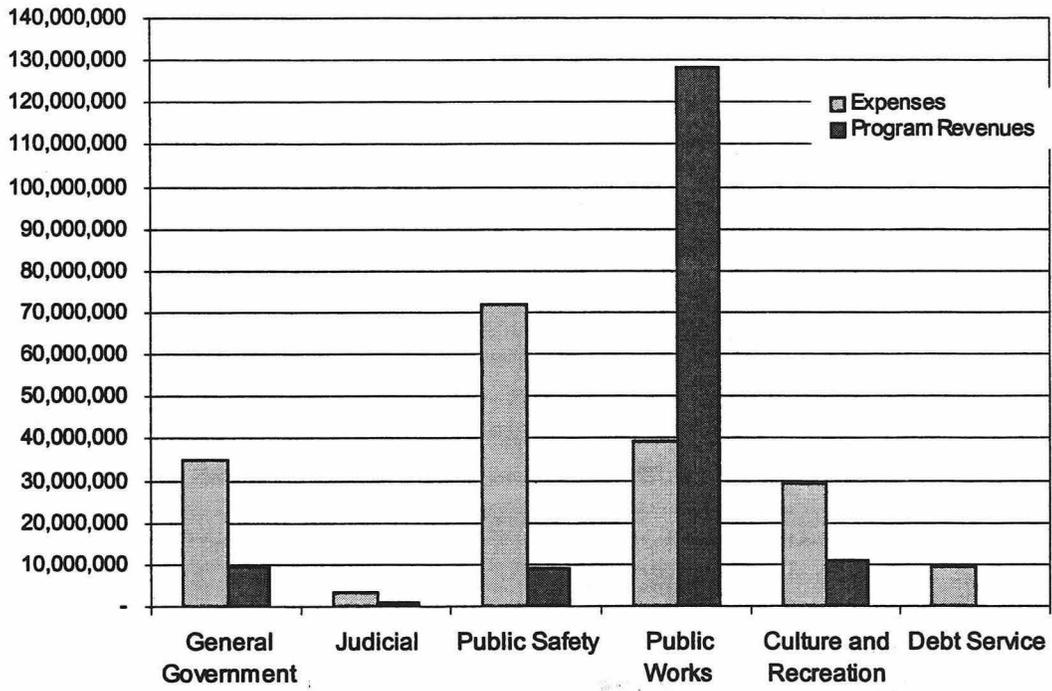
City of Henderson's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues						
Charges for services	\$22,705,859	\$23,186,691	\$78,147,244	\$74,322,520	\$100,853,103	\$97,509,211
Operating grants, interest, and contributions	7,399,249	8,559,922	134,873	81,695	7,534,122	8,641,617
Capital grants, interest and Contributions	127,547,721	79,349,672	72,736,573	64,112,915	200,284,294	143,462,587
General revenues:						
Property taxes	46,203,872	39,251,126	-	-	46,203,872	39,251,126
Consolidated tax	63,896,932	58,404,948	-	-	63,896,932	58,404,948
Other taxes	23,354,134	22,217,960	4,463,201	4,007,502	27,817,335	26,225,462
Unrestricted interest income	4,488,772	8,347,893	10,402,806	14,411,298	14,891,578	22,759,191
Gain on sale of assets	6,924,002	2,014,836	102	-	6,924,104	2,014,836
Other	827,226	814,406	153,472	221,518	980,698	1,035,924
Total revenues	303,347,767	242,147,454	166,038,271	157,157,448	469,386,038	399,304,902
Expenses:						
General government	34,916,307	35,253,241	-	-	34,916,307	35,253,241
Judicial	3,466,048	3,328,455	-	-	3,466,048	3,328,455
Public safety	71,866,188	63,620,351	-	-	71,866,188	63,620,351
Public works	39,233,451	34,706,359	-	-	39,233,451	34,706,359
Culture and recreation	29,115,265	24,214,562	-	-	29,115,265	24,214,562
Interest on long-term debt	9,654,350	9,975,364	-	-	9,654,350	9,975,364
Water	-	-	50,939,527	47,831,453	50,939,527	47,831,453
Sewer	-	-	26,798,508	24,456,660	26,798,508	24,456,660
Development Center	-	-	16,023,169	14,640,305	16,023,169	14,640,305
Convention Center	-	-	2,084,085	1,987,119	2,084,085	1,987,119
Total expenses	188,251,609	171,098,332	95,845,289	88,915,537	284,096,898	260,013,869
Increase in net assets before transfers	115,096,158	71,049,122	70,192,982	68,241,911	185,289,140	139,291,033
Transfers	4,143,041	(1,904,556)	(4,143,041)	1,904,556	-	-
Increase in net assets	119,239,199	69,144,566	66,049,941	70,146,467	185,289,140	139,291,033
Net assets, July 1, as adjusted	707,085,647	637,941,081	603,795,094	533,648,627	1,310,880,741	1,171,589,708
Net assets, June 30	\$ 826,324,846	\$707,085,647	\$669,845,035	\$603,795,094	\$1,496,169,881	\$1,310,880,741

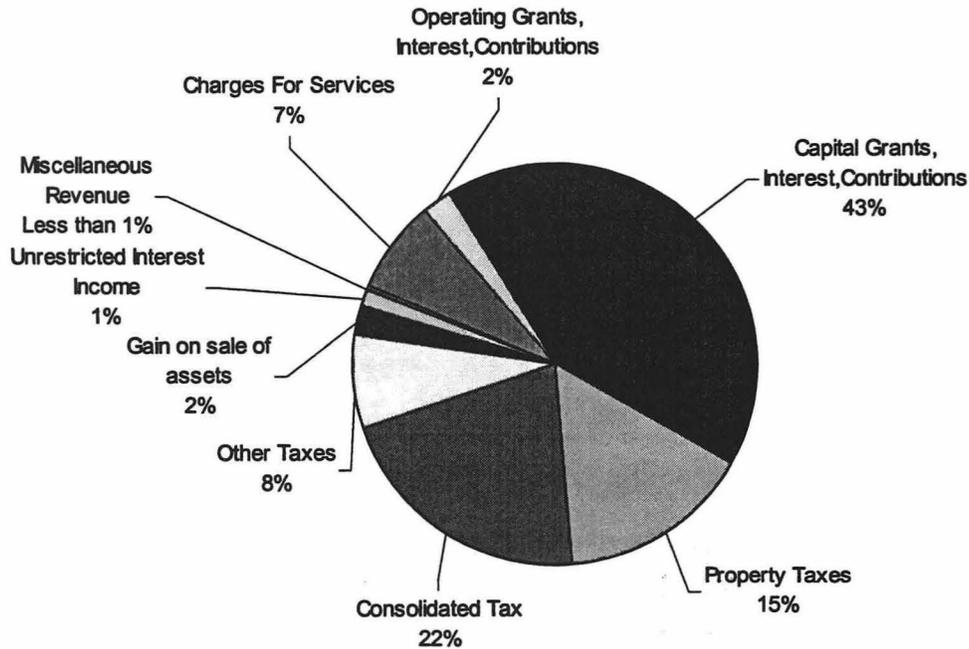
Governmental Activities. Governmental activities increased the City of Henderson's net assets by \$119,239,199 thereby accounting for 64% of the total growth in net assets of the City of Henderson. Key elements of this increase are as follows:

- Capital grants and contributions increased by \$48,198,049 (61%). This is due in large part to property owner contributions of \$50,763,177 for a new special assessment district T-14 in the current fiscal year. This contribution was from bond proceeds for special assessment debt for which the City is not liable. The remaining increase is due to contribution of capital assets. See discussion on capital assets below.
- Property taxes increased by \$6,952,746 (18%) due to growth in assessed value.
- There were large land sales in fiscal year 2003, which accounted for the large gain on sale of assets. Fewer land sales occurred in fiscal year 2002.
- Interest income decreased by \$3,859,121 (46%) due to a lower overall rate of return of 3.27% compared to 4.55% in fiscal year 2002 and lower investment balances throughout the current fiscal year compared to 2002.
- Increases in expenses are due in large part to population growth and therefore an increase in services and to City Hall expansion.

Expenses and Program Revenues - Governmental Activities



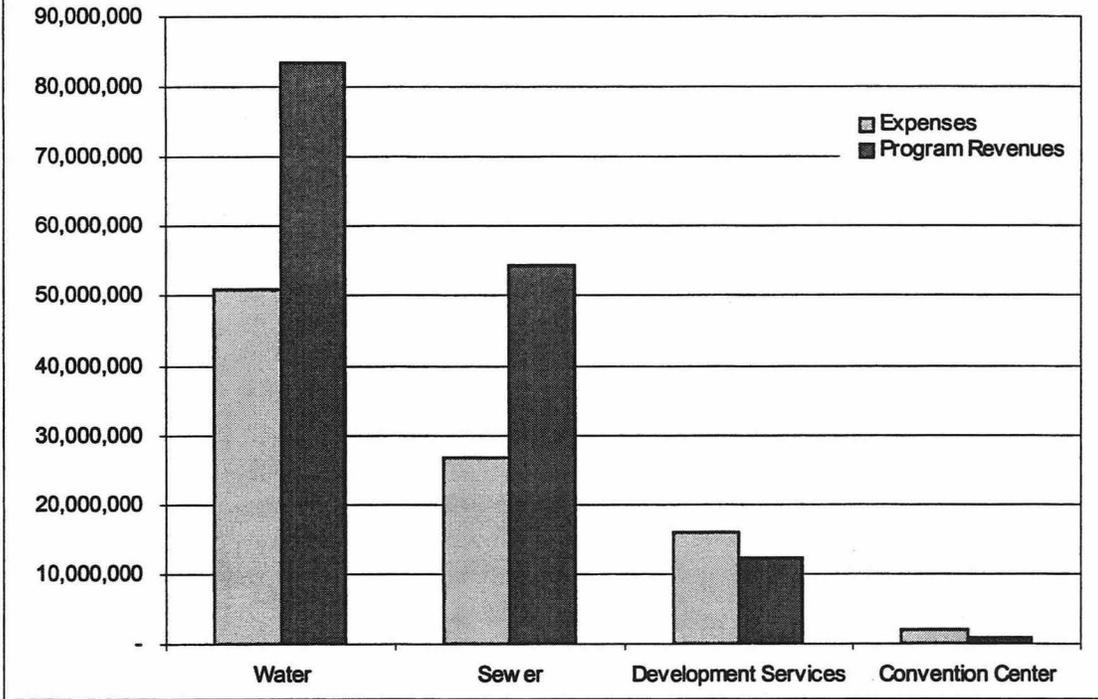
Revenues by Source- Governmental Activities



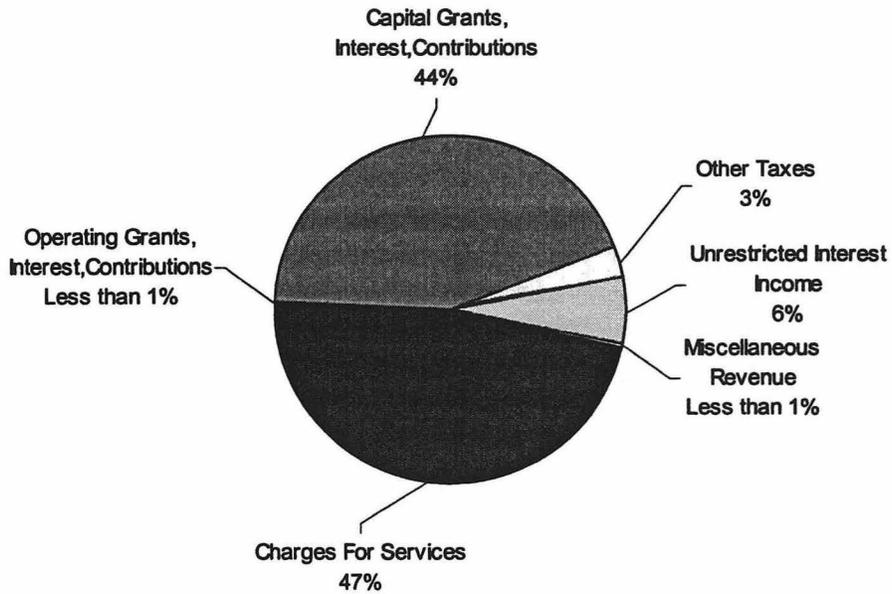
Business-type activities. Business-type activities increased the City of Henderson's net assets by \$66,049,941 accounting for 36% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Capital grants and contributions increased \$8,623,658 (13%) due to an increase in contributed water laterals recorded as contributed assets.
- Interest income decreased \$4,008,492 (28%) due to a lower rate of return in the current fiscal year (3.27% compared to 4.55% in fiscal year 2002).

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

As of the end of the current fiscal year, the City of Henderson's governmental funds reported combined ending fund balances of \$174,640,303, an increase of \$17,066,883 in comparison with the prior year. Approximately 91% of this balance (\$158,842,363) 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 (\$880,329), 2) to pay debt service (\$4,293,677), 3) for land held for resale (\$7,426,775), 4) for a variety of other purposes (\$3,197,159).

General Fund. The general fund is the chief operating fund of the City of Henderson. At the end of the current fiscal year, unreserved fund balance of the general fund was \$19,034,111, while total fund balance was \$20,205,319. 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 14% of total general fund expenditures, while total fund balance represents 15% of that same amount.

The fund balance of the general fund decreased by \$5,185,197 during the current fiscal year. Key factors for this net decrease are as follows:

Property taxes increased by \$3,333,337 due to growth in assessed value.

Franchise fees increased by \$1,054,953 due to the City's growth.

Intergovernmental revenues increased by \$5,752,286. A majority of this increase (\$5.5 million) is due to the consolidated tax amount received from the State of Nevada. This increase is due to a change in the formula by the State of Nevada, which impacted the City positively, and to growth.

These increases were offset by a total increase in general fund expenditures. The most significant of these increases was in public safety, which increased by \$7,140,067 due to an increase in staff.

General Obligation Debt Service Fund. The general obligation debt service fund has a total fund balance of \$3,111,752, all of which is reserved for payment of debt service. The net decrease in the fund balance was \$4,247,150 due mainly to approximately a \$4 million decrease in property taxes dedicated to debt service, and are now dedicated to public work projects in the Municipal Facilities Acquisition & Construction Capital Projects Fund.

Special Assessment Districts Debt Service Fund. The special assessment districts debt service fund has a total fund balance of \$1,181,925, all of which is reserved for payment of debt service. The net decrease in the fund balance was only \$55,337.

Special Assessment Districts Capital Projects Fund. The special assessment districts capital projects fund has a total fund balance of \$72,861,139, which is unreserved. The net increase in fund balance was \$48,704,378. The increase to fund balance was due mainly to approximately \$50 million in property owner

contributions related to special assessment bond proceeds for which the City is not liable for Local Improvement District T-14.

Municipal Facilities Acquisition & Construction Capital Projects Fund. The municipal facilities acquisition & construction capital projects fund has a total fund balance of \$27,664,220, which is unreserved. The net decrease in fund balance was \$27,331,173. This decrease is due mainly to expenditures related to the expansion of City Hall, which amounted to approximately \$32 million and expenditures related to a new computer software program, which amounted to approximately \$4 million. These expenditures were offset by approximately \$8 million in property taxes dedicated to public works and were previously dedicated to debt service. The increase in property taxes is due to the growth of the City.

Proprietary funds. The City of Henderson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water fund at the end of the fiscal year amounted to \$40,601,468, and total growth in net assets was \$33,310,711. Unrestricted net assets of the sewer fund at the end of the fiscal year were \$39,246,718, and total growth in net assets were \$34,178,411. Unrestricted net assets in the development services fund at the end of the fiscal year were \$1,662,269, and the total decrease in net assets was \$315,260. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Henderson's business-type activities.

General Fund Budgetary Highlights

Functions represent the City's legal level of budgetary control. The final budget expenditure appropriations increased \$7.2 million, or 5.2% over the original budget. Over \$6.1 million of this increase was due to the re-authorization of outstanding encumbrances and unspent appropriations for capital purchases and professional services from the prior year in all functions. Many budgeted capital purchases and projects had not been completed by the end of Fiscal Year 2002, and were re-appropriated in Fiscal Year 2003. The remaining increases were primarily related to adjustments to the City's staff complement.

Actual expenditures were 92.7% of appropriations, or \$10.7 million lower than the final budget. All functions are well within appropriation authority. The savings were mainly due to staffing vacancies that occurred during the fiscal year, as well as projects that were not completed by the end of the fiscal year and will be re-appropriated to the subsequent year. The main areas of savings are summarized below:

- Actual General Government expenditures were \$6.8 million below the final budget. Several projects within Information Technology, City Manager's Office, and City Attorney's Office were not completed by year-end and were deferred to the subsequent year, in addition to \$1.1 million in vacancy savings.
- Actual Public Safety expenditures were \$1.8 million below the final budget, primarily due to vacancy savings, as well as projects that were deferred to the subsequent year.
- Actual Culture and Recreation expenditures were \$1.5 million below the final budget, mainly due to equipment purchases and projects that were deferred to the subsequent year, as well as vacancy savings.

Capital Assets and Debt Administration

Capital assets. The City of Henderson's investment in capital assets for its governmental and business-type activities as of June 30, 2003 amounts to \$1,356,342,542 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Henderson's investment in capital assets was \$149,450,731 (\$88,886,868 for governmental activities and \$60,563,863 for business-type activities).

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

- Land in governmental activities increased \$18,806,076 due to donations of land and purchase of land for a newly completed golf course.
- Land in business-type activities increased \$2,567,341 due to a land purchase for a water reclamation facility.
- Buildings increased in governmental activities by \$21,893,444 due to completions of two new recreation centers, a fire station, and a City administrative building.
- Improvements other than buildings increased \$22,289,017 due to the completion of a parking garage and various park improvements.
- Infrastructure increased \$37,209,514 due to developer contributions of streets, curbs, gutters, storm drains and other infrastructure from large construction activity within the City of Henderson.
- Construction in progress for governmental activities decreased by \$14,292,556 due to the completion of various projects.
- Construction in progress for business type activities increased by \$18,259,443. This increase is due to approximately \$12 million in costs associated with the water reclamation facility and approximately \$5.6 million in costs associated with the new City Hall.

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

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$153,464,175	\$134,658,099	\$7,131,097	\$4,563,756	\$160,595,272	\$139,221,855
Buildings	81,049,041	59,155,597	10,894,080	10,692,415	91,943,121	69,848,012
Improvements other than buildings	70,258,343	47,969,326	464,468,440	424,777,610	534,726,783	472,746,936
Machinery and equipment	28,250,309	25,268,936	6,093,279	6,248,695	34,343,588	31,517,631
Infrastructure	396,820,985	359,611,471	-	-	396,820,985	359,611,471
Construction in progress	92,241,700	106,534,256	45,671,093	27,411,650	137,912,793	133,945,906
Total	\$822,084,553	\$733,197,685	\$534,257,989	\$473,694,126	\$1,356,342,542	\$1,206,891,811

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

Long-term debt. At the end of the current fiscal year, the City of Henderson had total bonded debt outstanding of \$334,561,779. Of this amount, \$149,945,000 is considered general obligation debt, \$16,340,000 is tax allocation debt, and \$3,135,000 is considered special assessment debt for which the City

is obligated in some manner. The remainder of the City of Henderson's bonded debt represents bonds to be paid from the City's Water and Sewer activities.

City of Henderson's Outstanding Bonds

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$149,945,000	\$161,500,000	\$ -	\$ -	\$149,945,000	\$161,500,000
Tax allocation bonds	16,340,000	16,340,000	-	-	16,340,000	16,340,000
Special assessment debt with government commitment	3,135,000	3,360,000	-	-	3,135,000	3,360,000
Water & sewer bonds	-	-	165,141,779	173,843,159	165,141,779	173,843,159
Total	\$169,420,000	\$181,200,000	\$165,141,779	\$173,843,159	\$334,561,779	\$355,358,159

During the fiscal year, the City refinanced some of its existing debt to take advantage of favorable interest rates. The City of Henderson issued general obligation bonds to refinance previously outstanding general obligation bonds. The result is expected to result in a decrease in future debt service payments of \$150,519.

The City of Henderson maintains "AA-" rating from Standard and Poor's Ratings Service and "AA3" from Moody's Investors Service for the City's general obligation debt.

As of June 30, 2003, the City's net general obligation bonded debt subject to the legal debt margin of \$315,086,779 was below the legal limit of \$985,920,309 and net bonded debt per capita equaled \$731.49.

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

Other Factors

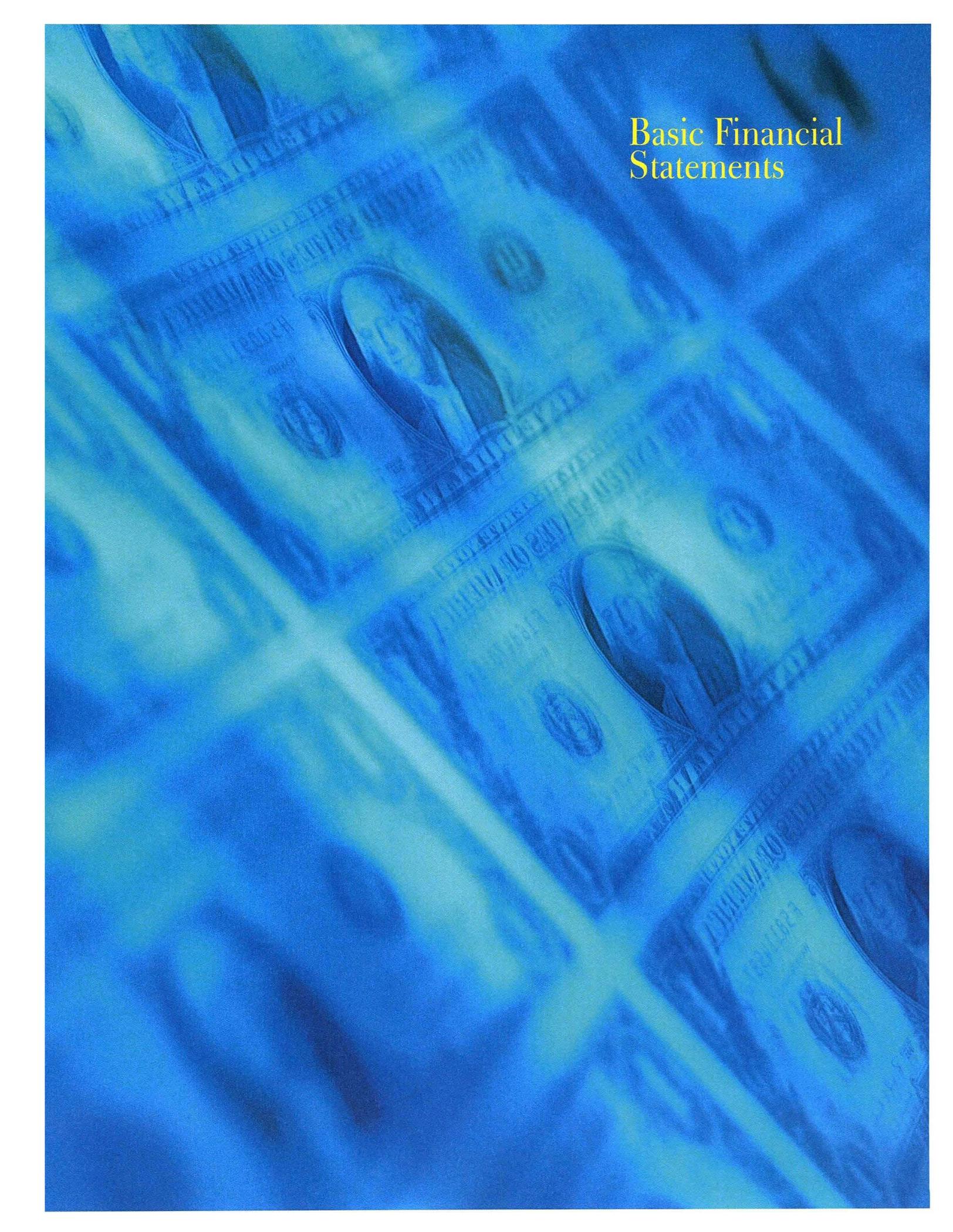
- The unemployment rate for Clark County is currently 5.4%, compared to 7% observed in November 2001 at the height of the economic downturn.
- Tourism continues to be a vital component of the Southern Nevada economy. Hotel occupancy rates have averaged in the range of 82-94% in the recent past.
- Inflationary trends in the region compare favorably to national indices.
- The City's borrowing rate continues to be attractive, between 2.5% and 3.5% for long-term debt; however the City's yield on its investment portfolio was only 3.27 during the fiscal year.

All of these factors were considered in preparing the City of Henderson's budget for the 2004 fiscal year.

During the current fiscal year unreserved fund balance in the general fund decreased to \$19,034,111. The City of Henderson has appropriated approximately \$4 million of this amount for spending in the 2003-2004 fiscal year budget. It is intended that this use of available fund balance will pay for one time capital purchases.

Requests for Information

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



Basic Financial Statements

This page left blank intentionally.

CITY OF HENDERSON, NEVADA

STATEMENT OF NET ASSETS JUNE 30, 2003

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 201,567,771	\$ 281,309,850	\$ 482,877,621
Accounts receivable	5,638,851	11,067,687	16,706,538
Accrued interest receivable	522,234	1,370,311	1,892,545
Property taxes receivable - delinquent	870,942	-	870,942
Prepays	290,879	-	290,879
Due from other governments	15,898,997	7,585	15,906,582
Internal balances	(3,938,066)	3,938,066	-
Other	163,553	-	163,553
Special assessments receivable	3,356,098	-	3,356,098
Investment in joint venture	-	1,234,298	1,234,298
Land held for resale	7,426,775	-	7,426,775
Deferred charges	1,518,120	-	1,518,120
Restricted assets-cash and investments:			
Customer deposits	-	291,805	291,805
Water and sewer bond debt service	-	8,234,022	8,234,022
Banked water	-	5,901,769	5,901,769
Capital assets (net of accumulated depreciation):			
Land	153,464,175	7,131,097	160,595,272
Buildings	81,049,041	10,894,080	91,943,121
Improvements other than buildings	70,258,343	464,468,440	534,726,783
Machinery and equipment	28,250,309	6,093,279	34,343,588
Infrastructure	396,820,985	-	396,820,985
Construction in progress	92,241,700	45,671,093	137,912,793
Total Assets	1,055,400,707	847,613,382	1,903,014,089
LIABILITIES			
Accounts payable and accrued wages	9,350,463	4,877,986	14,228,449
Accrued interest payable	1,313,185	-	1,313,185
Construction contracts/retention payable	5,142,625	916,249	6,058,874
Deposits	4,160,904	68,282	4,229,186
Due to other governments	1,302,104	-	1,302,104
Unearned revenues	121,364	-	121,364
Current liabilities partially payable from restricted assets	-	2,955,948	2,955,948
Noncurrent liabilities:			
Due within one year	18,442,603	3,452,689	21,895,292
Due within one year, partially payable from restricted assets	-	9,389,780	9,389,780
Due in more than one year	189,242,613	156,107,413	345,350,026
Total Liabilities	229,075,861	177,768,347	406,844,208
NET ASSETS			
Invested in capital assets, net of related debt	652,311,723	400,488,623	1,052,800,346
Restricted for:			
General government	3,592,588	-	3,592,588
Judicial	384,018	-	384,018
Debt service	2,980,492	5,569,879	8,550,371
Public safety	75,489	-	75,489
Public works	8,614,253	-	8,614,253
Culture and recreation	1,684,006	-	1,684,006
Capital projects	109,248,513	1,234,298	110,482,811
Redevelopment	17,746,198	-	17,746,198
Claims	7,427,180	-	7,427,180
Banked water	-	5,901,769	5,901,769
Customer deposits	-	291,805	291,805
System development	-	175,813,305	175,813,305
Unrestricted	22,260,386	80,545,356	102,805,742
Total Net Assets	\$ 826,324,846	\$ 669,845,035	\$ 1,496,169,881

See notes to financial statements.

CITY OF HENDERSON, NEVADA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2003

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 34,916,307	\$ 8,489,068	\$ 223,914	\$ 560,431	\$ (25,642,894)	\$ -	\$ (25,642,894)
Judicial	3,466,048	737,432	-	-	(2,728,616)	-	(2,728,616)
Public safety	71,866,188	6,931,524	1,666,836	250,308	(63,017,520)	-	(63,017,520)
Public works	39,233,451	1,130,495	3,345,169	123,508,249	88,750,462	-	88,750,462
Culture and recreation	29,115,265	5,417,340	2,163,330	3,228,733	(18,305,862)	-	(18,305,862)
Debt Service:							
Administrative and other costs	140,864	-	-	-	(140,864)	-	(140,864)
Interest and fiscal charges	9,513,486	-	-	-	(9,513,486)	-	(9,513,486)
Total Governmental Activities	188,251,609	22,705,859	7,399,249	127,547,721	(30,598,780)	-	(30,598,780)
Business-Type Activities:							
Water	50,939,527	42,055,446	115,000	41,257,084	-	32,488,003	32,488,003
Sewer	26,798,508	22,990,929	-	31,479,489	-	27,671,910	27,671,910
Development Services	16,023,169	12,187,168	19,873	-	-	(3,816,128)	(3,816,128)
Convention Center	2,084,085	913,701	-	-	-	(1,170,384)	(1,170,384)
Total Business-type Activities	95,845,289	78,147,244	134,873	72,736,573	-	55,173,401	55,173,401
Total	\$ 284,096,898	\$ 100,853,103	\$ 7,534,122	\$ 200,284,294	(30,598,780)	55,173,401	24,574,621
General Revenues:							
Ad valorem taxes					46,203,872	-	46,203,872
Bond premium					13,025	54,840	67,865
Consolidated tax					63,896,932	-	63,896,932
Franchise taxes					19,353,127	-	19,353,127
Motor vehicle fuel tax					3,474,780	-	3,474,780
Room taxes					526,227	1,049,821	1,576,048
Sales tax					-	3,413,380	3,413,380
Unrestricted interest income					4,488,772	10,402,806	14,891,578
Gain on sale of assets					6,924,002	102	6,924,104
Miscellaneous revenue					814,201	98,632	912,833
Transfers					4,143,041	(4,143,041)	-
Total General Revenues and Transfers					149,837,979	10,876,540	160,714,519
Change in Net Assets					119,239,199	66,049,941	185,289,140
NET ASSETS, BEGINNING OF YEAR, AS ORIGINALLY REPORTED					728,735,907	603,795,094	1,332,531,001
PRIOR PERIOD ADJUSTMENT					(21,650,260)	-	(21,650,260)
NET ASSETS, BEGINNING OF YEAR, AS ADJUSTED					707,085,647	603,795,094	1,310,880,741
NET ASSETS, END OF YEAR					\$ 826,324,846	\$ 669,845,035	\$ 1,496,169,881

See notes to financial statements.

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2003

	General Fund	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition & Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 14,031,931	\$ 3,202,135	\$ 1,306,300	\$ 72,956,017	\$ 31,729,953	\$ 48,085,023	\$ 171,311,359
Accounts receivable	5,108,496	-	87,558	-	-	281,915	5,477,969
Special assessments receivable	-	-	3,356,098	-	-	-	3,356,098
Accrued interest receivable	80,747	12,687	3,308	49,084	-	210,157	355,983
Property taxes receivable - delinquent	598,337	272,605	-	-	-	-	870,942
Due from other funds	260,194	-	-	-	-	-	260,194
Due from employees	144,077	-	-	-	-	-	144,077
Due from other governments	12,324,753	116,930	-	-	74,343	3,260,077	15,776,103
Prepaid expense	290,879	-	-	-	-	-	290,879
Land held for resale	-	-	-	-	-	7,426,775	7,426,775
TOTAL ASSETS	\$ 32,839,414	\$ 3,604,357	\$ 4,753,264	\$ 73,005,101	\$ 31,804,296	\$ 59,263,947	\$ 205,270,379
LIABILITIES							
Accounts payable and accrued wages	\$ 6,465,560	\$ -	\$ 291,735	\$ -	\$ 531,717	\$ 1,324,560	\$ 8,613,572
Compensated absences payable	362,512	-	-	-	-	13,117	375,629
Construction contracts payable	-	-	-	-	3,608,359	1,534,266	5,142,625
Deposits	3,905,582	220,000	-	-	-	35,322	4,160,904
Due to other governments	1,302,104	-	-	-	-	-	1,302,104
Due to other funds	-	-	-	-	-	260,194	260,194
Advances from other funds	-	-	-	143,962	-	6,327,840	6,471,802
Deferred revenues	598,337	272,605	3,279,604	-	-	152,700	4,303,246
Total liabilities	12,634,095	492,605	3,571,339	143,962	4,140,076	9,647,999	30,630,076
FUND BALANCES							
Reserved for:							
Encumbrances	880,329	-	-	-	-	-	880,329
Debt service	-	3,111,752	1,181,925	-	-	-	4,293,677
Prepays	290,879	-	-	-	-	-	290,879
Land held for resale	-	-	-	-	-	7,426,775	7,426,775
Sinking fund	-	-	-	-	-	2,751,673	2,751,673
Construction	-	-	-	-	-	154,607	154,607
Unreserved - reported in:							
General Fund	19,034,111	-	-	-	-	-	19,034,111
Special Revenue Funds	-	-	-	-	-	25,928,594	25,928,594
Capital Projects Funds	-	-	-	72,861,139	27,664,220	13,354,299	113,879,658
Total fund balances	20,205,319	3,111,752	1,181,925	72,861,139	27,664,220	49,615,948	174,640,303
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,839,414	\$ 3,604,357	\$ 4,753,264	\$ 73,005,101	\$ 31,804,296	\$ 59,263,947	\$ 205,270,379

See notes to financial statements.

CITY OF HENDERSON, NEVADA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2003

Fund Balances - Governmental Funds		\$ 174,640,303
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 1,053,389,358	
Less: Accumulated depreciation	<u>(243,039,301)</u>	810,350,057
<p>Other assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.</p>		
Bond costs - deferred charges	1,664,814	
Less: Current year amortization	<u>(146,694)</u>	1,518,120
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
General obligation bonds payable	(149,945,000)	
Tax allocation bonds payable	(16,340,000)	
Special assessment bonds payable	(3,135,000)	
Notes payable	(163,743)	
Capital leases payable	(2,664,466)	
Compensated absences	(17,537,561)	
Arbitrage liability	(1,048,071)	
Landfill post-closure costs	<u>(12,000,000)</u>	(202,833,841)
Interest payable		(1,503,020)
<p>Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.</p>		
		4,181,882
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds are reported with governmental activities.</p>		
		37,391,736
<p>Internal balances are receivable from business-type activities.</p>		
		<u>2,579,609</u>
Net Assets - Governmental Activities		<u>\$ 826,324,846</u>

See notes to financial statements.

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2003

	General Fund	General Obligation Debt Service	Special Assessment Districts Debt Service	Special Assessment Districts Capital Projects	Municipal Facilities Acquisition & Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Property taxes	\$ 22,972,300	\$ 12,105,369	\$ -	\$ -	\$ 8,134,403	\$ 2,814,666	\$ 46,026,738
Special assessments	-	-	249,569	-	-	-	249,569
Franchise fees	19,353,127	-	-	-	-	-	19,353,127
Licenses and permits	5,848,669	-	-	-	-	-	5,848,669
Intergovernmental	67,751,800	-	-	-	-	15,668,131	83,419,931
Charges for services	10,546,469	-	-	-	-	155,420	10,701,889
Fines and forfeits	2,311,480	-	-	-	-	434,826	2,746,306
Developer/property owner contributions	-	-	-	50,763,177	-	1,375,213	52,138,390
Impact fees	-	-	-	-	-	1,642,738	1,642,738
Miscellaneous interest	626,495	224,160	265,675	622,033	939,444	1,559,508	4,237,315
Miscellaneous	833,699	366	24,622	-	15,577	1,153,554	2,027,818
Total revenues	130,244,039	12,329,895	539,866	51,385,210	9,089,424	24,804,056	228,392,490
EXPENDITURES:							
Current:							
General government	31,911,179	-	-	-	5,106,653	1,854,394	38,872,226
Judicial	2,885,391	-	-	-	-	413,941	3,299,332
Public safety	66,191,743	-	-	-	-	1,410,962	67,602,705
Public works	6,495,895	-	-	75,378	300,000	2,820,564	9,691,837
Culture and recreation	23,608,514	-	-	-	49,356	2,634,833	26,292,703
Total current	131,092,722	-	-	75,378	5,456,009	9,134,694	145,758,803
Capital outlay:							
General government	903,483	-	-	-	29,542,032	22,508	30,468,023
Judicial	-	-	-	-	-	164,437	164,437
Public safety	1,596,712	-	-	-	289,599	521,363	2,407,674
Public works	364,173	-	-	2,641,333	127,367	7,697,657	10,830,530
Culture and recreation	574,751	-	-	-	1,163,104	8,494,172	10,232,027
Total capital outlay	3,439,119	-	-	2,641,333	31,122,102	16,900,137	54,102,691
Debt service:							
Principal retirement	-	11,655,000	225,000	-	-	42,984	11,922,984
Interest and fiscal charges	-	8,212,409	308,662	-	-	689,157	9,210,228
Administrative and other costs	-	74,502	25,662	-	-	-	100,164
Total debt service	-	19,941,911	559,324	-	-	732,141	21,233,376
Total expenditures	134,531,841	19,941,911	559,324	2,716,711	36,578,111	26,766,972	221,094,870
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,287,802)	(7,612,016)	(19,458)	48,668,499	(27,488,687)	(1,962,916)	7,297,620

(Continued)

CITY OF HENDERSON, NEVADA

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>General Fund</u>	<u>General Obligation Debt Service</u>	<u>Special Assessment Districts Debt Service</u>	<u>Special Assessment Districts Capital Projects</u>	<u>Municipal Facilities Acquisition & Construction Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):							
Land sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,296,745	\$ 6,296,745
Capital leases	45,120	-	-	-	-	-	45,120
Refunding debt issued	-	3,780,000	-	-	-	-	3,780,000
Premium on refunding debt issued	-	37,414	-	-	-	-	37,414
Payments to refunded bond escrow agent	-	(3,744,100)	-	-	-	-	(3,744,100)
Transfers:							
Transfers in	7,224,839	10,663,865	3,822	39,701	11,905,641	6,915,325	36,753,193
Transfers out	<u>(8,167,354)</u>	<u>(7,372,313)</u>	<u>(39,701)</u>	<u>(3,822)</u>	<u>(11,748,127)</u>	<u>(6,067,792)</u>	<u>(33,399,109)</u>
Total other financing sources (uses)	<u>(897,395)</u>	<u>3,364,866</u>	<u>(35,879)</u>	<u>35,879</u>	<u>157,514</u>	<u>7,144,278</u>	<u>9,769,263</u>
NET CHANGE IN FUND BALANCES	<u>(5,185,197)</u>	<u>(4,247,150)</u>	<u>(55,337)</u>	<u>48,704,378</u>	<u>(27,331,173)</u>	<u>5,181,362</u>	<u>17,066,883</u>
FUND BALANCES, BEGINNING OF YEAR, AS ORIGINALLY REPORTED	25,390,516	7,358,902	26,391,404	24,156,761	54,995,393	44,434,586	182,727,562
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(25,154,142)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,154,142)</u>
FUND BALANCES, BEGINNING OF YEAR, AS ADJUSTED	<u>25,390,516</u>	<u>7,358,902</u>	<u>1,237,262</u>	<u>24,156,761</u>	<u>54,995,393</u>	<u>44,434,586</u>	<u>157,573,420</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,205,319</u>	<u>\$ 3,111,752</u>	<u>\$ 1,181,925</u>	<u>\$ 72,861,139</u>	<u>\$ 27,664,220</u>	<u>\$ 49,615,948</u>	<u>\$ 174,640,303</u>

See notes to financial statements.

CITY OF HENDERSON, NEVADA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2003

Net Change in Fund Balances - Governmental Funds		\$ 17,066,883
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Governmental funds report capital outlays as expenditures and the proceeds from the sale of assets as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when assets are sold.</p>		
Expenditures for capital assets	\$ 59,781,047	
Sale/disposition of assets	(591,218)	
Less: Current year depreciation	<u>(36,329,184)</u>	
		22,860,645
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
Change in deferred revenue	12,162	
Donated capital assets	<u>65,705,418</u>	
		65,717,580
<p>Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which bonds issued exceeded repayments and costs of issuance.</p>		
Bonds and leases issued	(3,825,120)	
Bond issuance costs	43,010	
Bond premium	(37,414)	
Accrued interest	128,914	
Interest payments	18,095	
Principal payments	<u>16,073,633</u>	
		12,401,118
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Amortization of current year bond premium, discount and costs	(102,177)	
Change in long-term compensated absences	(1,903,823)	
Change in arbitrage payable	<u>13,741</u>	
		(1,992,259)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds is reported with governmental activities.</p>		
		<u>3,185,232</u>
Change in Net Assets of Governmental Activities		<u>\$ 119,239,199</u>

See notes to financial statements.

CITY OF HENDERSON, NEVADA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 22,639,472	\$ 22,639,472	\$ 22,972,300	\$ 332,828
Franchise fees	20,946,217	20,768,457	19,353,127	(1,415,330)
Licenses and permits	5,619,236	5,808,978	5,848,669	39,691
Intergovernmental	68,479,440	67,523,344	67,751,800	228,456
Charges for services	10,717,724	11,320,327	10,546,469	(773,858)
Fines and forfeits	2,115,206	2,193,653	2,311,480	117,827
Miscellaneous interest	972,376	1,097,424	626,495	(470,929)
Miscellaneous	758,932	869,640	833,699	(35,941)
Total revenues	<u>132,248,603</u>	<u>132,221,295</u>	<u>130,244,039</u>	<u>(1,977,256)</u>
EXPENDITURES:				
General government	34,295,542	39,590,564	32,814,662	6,775,902
Judicial	3,473,583	2,886,444	2,885,391	1,053
Public safety	67,568,563	69,563,964	67,788,455	1,775,509
Public works	6,581,032	7,427,188	6,860,068	567,120
Culture and recreation	26,036,022	25,727,066	24,183,265	1,543,801
Total expenditures	<u>137,954,742</u>	<u>145,195,226</u>	<u>134,531,841</u>	<u>10,663,385</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(5,706,139)</u>	<u>(12,973,931)</u>	<u>(4,287,802)</u>	<u>8,686,129</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from capital leases	-	-	45,120	45,120
Transfers in	7,124,932	7,238,213	7,224,839	(13,374)
Transfers out	(8,737,283)	(10,157,354)	(8,167,354)	1,990,000
Total other financing sources (uses)	<u>(1,612,351)</u>	<u>(2,919,141)</u>	<u>(897,395)</u>	<u>2,021,746</u>
NET CHANGE IN FUND BALANCES	(7,318,490)	(15,893,072)	(5,185,197)	10,707,875
FUND BALANCES, BEGINNING OF YEAR	<u>14,533,318</u>	<u>25,390,516</u>	<u>25,390,516</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,214,828</u>	<u>\$ 9,497,444</u>	<u>\$ 20,205,319</u>	<u>\$ 10,707,875</u>

See notes to financial statements.

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2003

Business-Type Activities-Enterprise Funds

	Water	Sewer	Development Services	Nonmajor Convention Center	Totals Enterprise Funds	Governmental Activities - Internal Service Funds
ASSETS						
CURRENT ASSETS:						
Cash and investments	\$ 123,420,356	\$ 152,758,773	\$ 3,344,380	\$ 1,786,341	\$ 281,309,850	\$ 30,256,412
Accounts receivable	7,168,425	3,873,955	25,307	-	11,067,687	160,882
Accrued interest receivable	548,172	986,730	16,085	9,159	1,560,146	166,251
Due from other governments	-	3,360	4,225	-	7,585	122,894
Inventory-bulk fuel	-	-	-	-	-	15,336
Other	-	-	-	-	-	4,140
Total current assets	<u>131,136,953</u>	<u>157,622,818</u>	<u>3,389,997</u>	<u>1,795,500</u>	<u>293,945,268</u>	<u>30,725,915</u>
RESTRICTED ASSETS, CASH AND INVESTMENTS:						
Customer deposits	291,435	370	-	-	291,805	-
Water and sewer bond debt service	3,809,614	4,424,408	-	-	8,234,022	-
Total restricted assets	<u>4,101,049</u>	<u>4,424,778</u>	<u>-</u>	<u>-</u>	<u>8,525,827</u>	<u>-</u>
BANKED WATER	<u>5,901,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,901,769</u>	<u>-</u>
PROPERTY, PLANT AND EQUIPMENT:						
Land	1,282,220	5,848,877	-	-	7,131,097	-
Buildings	3,755,700	7,785,896	-	2,954,356	14,495,952	753,377
Improvements other than buildings	352,983,036	252,305,095	282,725	1,376,097	606,946,953	368,472
Machinery and equipment	5,386,755	3,790,923	2,232,780	207,814	11,618,272	29,270,209
Construction in progress	15,974,901	29,696,192	-	-	45,671,093	-
Total property, plant and equipment	379,382,612	299,426,983	2,515,505	4,538,267	685,863,367	30,392,058
Less accumulated depreciation	(93,354,188)	(56,160,929)	(470,036)	(1,620,225)	(151,605,378)	(18,657,562)
Net property, plant and equipment	<u>286,028,424</u>	<u>243,266,054</u>	<u>2,045,469</u>	<u>2,918,042</u>	<u>534,257,989</u>	<u>11,734,496</u>
OTHER ASSETS:						
Investment in joint venture	-	1,234,298	-	-	1,234,298	-
Advances to other funds	-	6,327,840	-	-	6,327,840	143,962
Total assets	<u>\$ 427,168,195</u>	<u>\$ 412,875,788</u>	<u>\$ 5,435,466</u>	<u>\$ 4,713,542</u>	<u>\$ 850,192,991</u>	<u>\$ 42,604,373</u>

(Continued)

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2003

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Development Services	Nonmajor Convention Center	Totals Enterprise Funds	
LIABILITIES						
CURRENT LIABILITIES (payable from current assets):						
Accounts payable and accrued wages	\$ 2,411,598	\$ 1,982,740	\$ 403,932	\$ 79,716	\$ 4,877,986	\$ 736,891
Compensated absences payable	1,239,946	795,955	1,315,514	101,274	3,452,689	1,393,816
Construction contracts	170,031	746,218	-	-	916,249	-
Deposits	30,000	30,000	8,282	-	68,282	-
Claims and judgments payable	-	-	-	-	-	2,866,519
Capital lease obligations, current	-	-	-	-	-	111,648
Total current liabilities (payable from current assets)	<u>3,851,575</u>	<u>3,554,913</u>	<u>1,727,728</u>	<u>180,990</u>	<u>9,315,206</u>	<u>5,108,874</u>
CURRENT LIABILITIES (partially payable from restricted assets):						
Customer deposits	291,435	370	-	-	291,805	-
Accrued bond interest	1,249,500	1,414,643	-	-	2,664,143	-
Current portion of bonds	4,235,851	5,153,929	-	-	9,389,780	-
Total current liabilities (partially payable from restricted assets)	<u>5,776,786</u>	<u>6,568,942</u>	<u>-</u>	<u>-</u>	<u>12,345,728</u>	<u>-</u>
LONG-TERM LIABILITIES:						
Provisional credits	71,368	18,520	-	-	89,888	-
General obligation bonds (net of current portion)	77,417,502	78,600,023	-	-	156,017,525	-
Capital lease obligations (net of current portion)	-	-	-	-	-	103,763
Total long-term liabilities	<u>77,488,870</u>	<u>78,618,543</u>	<u>-</u>	<u>-</u>	<u>156,107,413</u>	<u>103,763</u>
Total liabilities	<u>87,117,231</u>	<u>88,742,398</u>	<u>1,727,728</u>	<u>180,990</u>	<u>177,768,347</u>	<u>5,212,637</u>
NET ASSETS						
Invested in capital assets, net of related debt	230,931,814	164,593,298	2,045,469	2,918,042	400,488,623	11,519,085
Restricted for debt service	2,560,114	3,009,765	-	-	5,569,879	-
Restricted for capital projects	-	1,234,298	-	-	1,234,298	-
Restricted for claims	-	-	-	-	-	7,427,181
Restricted for banked water	5,901,769	-	-	-	5,901,769	-
Restricted for customer deposits	291,435	370	-	-	291,805	-
Restricted for system development	59,764,364	116,048,941	-	-	175,813,305	-
Unrestricted	40,601,468	39,246,718	1,662,269	1,614,510	83,124,965	18,445,470
Total net assets	<u>\$ 340,050,964</u>	<u>\$ 324,133,390</u>	<u>\$ 3,707,738</u>	<u>\$ 4,532,552</u>	<u>672,424,644</u>	<u>\$ 37,391,736</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(2,579,609)</u>	
Net Assets of Business-Type Activities					<u>\$ 669,845,035</u>	

See notes to financial statements.

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2003

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Development Services	Nonmajor Convention Center	Totals Enterprise Funds	
OPERATING REVENUES:						
Utility fees	\$ 40,366,181	\$ 22,539,704	\$ -	\$ -	\$ 62,905,885	\$ -
Connection fees	903,096	72,281	-	-	975,377	-
Developer contributions	6,157	-	19,873	-	26,030	-
Late charges	589,927	353,626	-	-	943,553	-
Rental fees	-	-	-	334,559	334,559	-
Licenses - gaming	-	-	-	543,075	543,075	-
Licenses and permits	-	-	6,124,420	-	6,124,420	-
Charges for services	-	-	6,041,550	-	6,041,550	19,452,530
Miscellaneous	296,173	46,559	80,576	41,705	465,013	-
Total operating revenues	<u>42,161,534</u>	<u>23,012,170</u>	<u>12,266,419</u>	<u>919,339</u>	<u>78,359,462</u>	<u>19,452,530</u>
OPERATING EXPENSES:						
Salaries and wages	6,502,939	4,537,090	8,021,925	845,873	19,907,827	4,993,393
Employee benefits	1,941,554	1,336,550	2,218,597	255,305	5,752,006	1,424,216
Water purchases	16,347,835	-	-	-	16,347,835	-
Services and supplies	9,543,450	9,477,602	4,510,786	821,726	24,353,564	5,299,732
Claims and legal fees	-	-	-	-	-	6,496,992
Depreciation	13,349,481	8,224,384	419,440	154,260	22,147,565	3,004,252
Total operating expenses	<u>47,685,259</u>	<u>23,575,626</u>	<u>15,170,748</u>	<u>2,077,164</u>	<u>88,508,797</u>	<u>21,218,585</u>
OPERATING LOSS	<u>(5,523,725)</u>	<u>(563,456)</u>	<u>(2,904,329)</u>	<u>(1,157,825)</u>	<u>(10,149,335)</u>	<u>(1,766,055)</u>
NONOPERATING REVENUES (EXPENSES):						
Room taxes	-	-	-	1,049,821	1,049,821	-
Interest revenue	4,091,862	6,138,615	108,753	63,576	10,402,806	1,138,965
Sales tax	-	3,413,380	-	-	3,413,380	-
Interest expense	(3,585,178)	(3,206,335)	-	-	(6,791,513)	(16,913)
Miscellaneous	33,455	161	-	-	33,616	91,783
Gain (loss) on disposition of assets	102	(607)	-	-	(505)	60,550
Bond premium amortization	21,936	32,904	-	-	54,840	-
Total nonoperating revenues	<u>562,177</u>	<u>6,378,118</u>	<u>108,753</u>	<u>1,113,397</u>	<u>8,162,445</u>	<u>1,274,385</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(4,961,548)</u>	<u>5,814,662</u>	<u>(2,795,576)</u>	<u>(44,428)</u>	<u>(1,986,890)</u>	<u>(491,670)</u>
CAPITAL CONTRIBUTIONS	<u>41,522,259</u>	<u>31,613,749</u>	<u>-</u>	<u>-</u>	<u>73,136,008</u>	<u>1,931,809</u>
TRANSFERS:						
Transfers in	-	-	2,480,316	-	2,480,316	2,000,900
Transfers out	(3,250,000)	(3,250,000)	-	-	(6,500,000)	(1,335,300)
Total transfers	<u>(3,250,000)</u>	<u>(3,250,000)</u>	<u>2,480,316</u>	<u>-</u>	<u>(4,019,684)</u>	<u>665,600</u>
CHANGES IN NET ASSETS	<u>33,310,711</u>	<u>34,178,411</u>	<u>(315,260)</u>	<u>(44,428)</u>	<u>67,129,434</u>	<u>2,105,739</u>
NET ASSETS, BEGINNING OF YEAR	<u>306,740,253</u>	<u>289,954,979</u>	<u>4,022,998</u>	<u>4,576,980</u>	<u>605,295,210</u>	<u>35,285,997</u>
NET ASSETS, END OF YEAR	<u>\$ 340,050,964</u>	<u>\$ 324,133,390</u>	<u>\$ 3,707,738</u>	<u>\$ 4,532,552</u>	<u>672,424,644</u>	<u>\$ 37,391,736</u>
					Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(2,579,609)
					Net Assets of Business-Type Activities	<u>\$ 669,845,035</u>

See notes to financial statements.

This page left blank intentionally.

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2003**

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Development Services	Nonmajor Convention Center	Totals Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 42,294,819	\$ 22,663,448	\$ 12,295,827	\$ 1,005,587	\$ 78,259,681	\$ 1,026,208
Cash received from quasi-external operating transactions	-	603,150	-	-	603,150	18,324,848
Cash from other sources	33,455	3,413,541	-	1,049,821	4,496,817	88,483
Cash payments to suppliers for goods and services	(28,269,774)	(9,737,764)	(6,645,890)	(1,088,726)	(45,742,154)	(12,690,570)
Cash payments to employees for services	(6,399,933)	(4,426,483)	(7,807,252)	(808,740)	(19,442,408)	(4,690,128)
Net cash provided by (used for) operating activities	<u>7,658,567</u>	<u>12,515,892</u>	<u>(2,157,315)</u>	<u>157,942</u>	<u>18,175,086</u>	<u>2,058,841</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in	-	-	2,480,316	-	2,480,316	2,000,900
Transfers out	(3,250,000)	(3,250,000)	-	-	(6,500,000)	(1,335,300)
Payments on advances to other funds	-	-	-	-	-	(52,364)
Net cash provided by (used for) noncapital financing activities	<u>(3,250,000)</u>	<u>(3,250,000)</u>	<u>2,480,316</u>	<u>-</u>	<u>(4,019,684)</u>	<u>613,236</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	(9,434,483)	(21,980,770)	(196,475)	(52,200)	(31,663,928)	(952,412)
Investment in joint venture	-	(1,234,298)	-	-	(1,234,298)	-
Principal payments on bonds and leases	(3,861,000)	(4,932,913)	-	-	(8,793,913)	(169,842)
Good faith deposits	30,000	30,000	-	-	60,000	-
Interest paid on bonds and leases	(3,381,161)	(3,428,667)	-	-	(6,809,828)	(16,913)
Proceeds from sale of fixed assets	-	-	-	-	-	192,133
Decrease in provisional credits	(16,488)	-	-	-	(16,488)	-
Capital contributions	9,419,632	12,769,295	-	-	22,188,927	-
Proceeds from issuance of debt	244,642	-	-	-	244,642	-
Net cash provided by (used for) capital and related financing activities	<u>(6,998,858)</u>	<u>(18,777,353)</u>	<u>(196,475)</u>	<u>(52,200)</u>	<u>(26,024,886)</u>	<u>(947,034)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest on investments	<u>4,240,749</u>	<u>6,305,387</u>	<u>116,280</u>	<u>66,786</u>	<u>10,729,202</u>	<u>1,176,619</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,650,458	(3,206,074)	242,806	172,528	(1,140,282)	2,901,662
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>125,870,947</u>	<u>160,389,625</u>	<u>3,101,574</u>	<u>1,613,813</u>	<u>290,975,959</u>	<u>27,354,750</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 127,521,405</u>	<u>\$ 157,183,551</u>	<u>\$ 3,344,380</u>	<u>\$ 1,786,341</u>	<u>\$ 289,835,677</u>	<u>\$ 30,256,412</u>

(Continued)

CITY OF HENDERSON, NEVADA

PROPRIETARY FUNDS

**STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2003**

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Development Services</u>	<u>Nonmajor Convention Center</u>	<u>Totals Enterprise Funds</u>	<u>Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS)						
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (5,523,725)	\$ (563,456)	\$ (2,904,329)	\$ (1,157,825)	\$ (10,149,335)	\$ (1,766,055)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	13,349,481	8,224,384	419,440	154,260	22,147,565	3,004,252
Miscellaneous revenues	33,455	3,413,541	-	1,049,821	4,496,817	91,783
(Increase) decrease in accounts receivable	86,351	(345,362)	21,155	86,248	(151,608)	(52,176)
Decrease in due from other funds	-	603,150	-	-	603,150	-
(Increase) decrease in due from other governments	46,934	(3,360)	8,253	-	51,827	(52,598)
Increase in deposits	75,275	80	8,282	-	83,637	-
Increase (decrease) in accounts payable and accrued wages	(485,703)	1,094,662	101,152	(4,340)	705,771	327,770
Increase in compensated absences payable	76,499	92,253	188,732	29,778	387,262	260,762
Increase in claims and judgments	-	-	-	-	-	245,103
Total adjustments	<u>13,182,292</u>	<u>13,079,348</u>	<u>747,014</u>	<u>1,315,767</u>	<u>28,324,421</u>	<u>3,824,896</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 7,658,567</u>	<u>\$ 12,515,892</u>	<u>\$ (2,157,315)</u>	<u>\$ 157,942</u>	<u>\$ 18,175,086</u>	<u>\$ 2,058,841</u>

NONCASH TRANSACTIONS AFFECTING FINANCIAL POSITION:

The Water Fund received contributions of capital assets totaling \$32,102,627 during the year ended June 30, 2003.

The Sewer Fund received contributions of capital assets totaling \$18,844,454 during the year ended June 30, 2003.

The Internal Service Funds received contributions of capital assets from other funds totaling \$2,020,120 during the year ended June 30, 2003.

See notes to financial statements.

CITY OF HENDERSON, NEVADA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2003

ASSETS

	Agency Funds
Cash and investments	\$ 41,028,319

LIABILITIES

Due to developers	7,486,603
Due to employees	42,455
Due to others	33,499,261
Total liabilities	41,028,319

NET ASSETS	\$ -
-------------------	-------------

See notes to financial statements.

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double-counting of internal activities. Services provided by the General Fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the General Fund. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are specifically associated with a function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF HENDERSON, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

Property taxes, special assessments, sales taxes, consolidated tax revenue (sales taxes, cigarette taxes, motor vehicle privilege taxes, liquor taxes), gaming taxes, gasoline taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, franchise fees, charges for services, and fines and forfeits are not susceptible to accrual because generally they are not measurable until received in cash.

Property tax revenue is recognized in the fiscal year in which the taxes become due to the extent they are collected during the fiscal year or soon enough thereafter that they can be used to finance current period expenditures (no later than 60 days after year-end).

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

D. Assets, Liabilities and Equity

1. Cash and Investments

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

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

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

2. Receivables and Payables

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

3. Property Taxes

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

The Nevada Department of Taxation provides the maximum allowable tax rates for operating purposes to local governments for inclusion in their budgets. Each local government that receives property taxes must file a budget on or before June 1st, which provides for the allowable tax rate for the next fiscal year. The Nevada Tax Commission must certify all tax rates on June 25th, the levy date, and property is liened on July 1st. Taxes on real property are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August, and the first Mondays in October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 15 percent per year from the date the taxes were due, if four or more

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (continued)

3. Property Taxes (continued)

installments were delinquent, until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property.

4. Restricted Assets

Bond covenants of the City's Water and Sewer Enterprise Funds require portions of the debt proceeds, as well as other resources, to be set aside for various purposes. These amounts are reported as restricted assets.

5. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated.

General infrastructure assets acquired prior to July 1, 2002 consist of the road network assets, storm drain network assets and bridges that were acquired or that received substantial improvements subsequent to July 1, 1980. The road network and storm drain network assets acquired prior to July 1, 2001 are reported at estimated historical cost using deflated replacement cost. Bridges are valued at initial installation cost.

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

Road Network

Asphalt
Sidewalks
Curbs and gutters
Streetlights
Traffic signals

Storm Drain Network

Storm drain infrastructure
Storm drain drop inlets

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

<u>Assets</u>	<u>Life</u>
Buildings	20 to 50 years
Improvements other than buildings	5 to 15 years
Machinery	5 to 10 years
Vehicles	3 to 10 years
Infrastructure	15 to 50 years

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (continued)

6. Banked Water

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

7. Compensated Absences

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

8. Provisional Credits (Enterprise Fund)

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

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

9. Long-Term Debt

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

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

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (continued)

10. Equity Classifications

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

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Capital assets:	
Infrastructure assets	\$ 596,898,579
Other capital assets	<u>456,490,779</u>
Governmental Capital Assets	<u>\$1,053,389,358</u>
Accumulated depreciation:	
Infrastructure assets	\$ 200,077,594
Other capital assets	<u>42,961,707</u>
Accumulated Depreciation	<u>\$ 243,039,301</u>

CITY OF HENDERSON, NEVADA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

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

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

Internal balances on the government-wide statement of net assets	\$(3,938,066)
Advances to other funds on the statement of net assets of the proprietary funds	6,327,840
Interest payable on advances on the statement of net assets of the proprietary funds	<u>189,835</u>
Net change in activity between governmental and business-type activities	<u>\$ 2,579,609</u>

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

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

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

Gain on sale of assets on the statement of activities	\$ 6,924,002
Loss on disposition of assets on the statement of activities included in the general government function	(1,157,925)
Amount resulting from internal service fund activities included elsewhere on the reconciliation	(60,550)
Land sales included in the net change in fund balances – governmental funds	<u>(6,296,745)</u>
Net difference in reporting sales/disposition of assets	<u>\$ (591,218)</u>

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

Special assessment revenues increase net assets in the statement of activities, but do not appear in the governmental funds as they are not current financial resources	\$ 86,110
Property taxes and miscellaneous revenues increase net assets in the statement of activities, but do not appear in the governmental funds as they are not current financial resources	175,621
Deferred revenues in prior years is included in beginning net asset on the statement of net activities, but is recorded as revenues in the governmental funds	<u>(249,569)</u>
Change in deferred revenue	<u>\$ 12,162</u>

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

All revisions to the adopted budget are made a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available. The most significant change occurred in the Capital Projects Funds (\$95,985,914). Nevada Law requires budgetary control to be exercised at the function level.

B. Excess of Expenditures/Expenses Over Appropriations

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

Nonmajor Funds:

Multipurpose Special Revenue Fund:	
General Government	\$ 11,540
Public Works	2,500
Health Insurance Self Insurance Internal	
Service Fund	1,163,765
Redevelopment Agency Special Revenue Fund	13,141

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

Multipurpose Special Revenue Fund – Receipt and expenditure of money received pursuant to a grant from the federal government

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. Excess of Expenditures/Expenses Over Appropriations (continued)

Health Insurance Self Insurance Internal Service Funds – Self Insurance activity
Redevelopment Agency Special Revenue Fund – Debt Service activity

C. Deficit Fund Balances

As of June 30, 2003, the following fund had a deficit fund balance:

Nonmajor Fund:	
Multipurpose Special Revenue Fund	\$82,091

The City plans to monitor this fund in 2003-2004 and eliminate the deficit fund balance.

IV. CASH AND INVESTMENTS

A. Summary of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2003:

Cash on hand	\$ 18,711
Bank deposits	34,809,915
Investments	<u>497,603,141</u>
	<u>\$532,431,767</u>
Governmental Activities	\$201,567,771
Business-Type Activities	<u>289,835,677</u>
	491,403,448
Fiduciary cash and investments	<u>41,028,319</u>
	<u>\$532,431,767</u>

B. Deposits

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

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

IV. CASH AND INVESTMENTS (continued)

B. Deposits (continued)

State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible state investments. Permissible state investments include obligations of the U.S. Treasury, certain farm loan bonds, certain securities issued by Nevada local governments, repurchase agreements, bankers acceptances, commercial paper, negotiable certificates of deposit, and money market mutual funds. Allowable City investments are similar except that some state investments are longer term and include securities issued by municipalities outside of Nevada.

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

The City invests monies both by individual fund and through pooling of monies. The pooling of monies, referred to as an internal investment pool, is theoretically invested on the whole and not as a combination of monies from each fund belonging to the pool. In this manner, the City's Finance Director is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned monthly to each fund in the pool based on the average cash balance of the fund for the month.

At year-end, the carrying amount of the City's deposits was \$34,809,915 and the bank balance was \$36,438,122. Of the bank balance, \$300,000 was covered by Federal Depository Insurance, \$35,877,764 was covered by collateral held by the City's agent in the City's name, while \$260,358 was uncollateralized. Cash on hand at June 30, 2003 was \$18,711.

C. Investments

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

	Categories			Fair Value
	1	2	3	
U.S. Government Securities	\$287,922,880	\$ -	\$ -	\$287,934,614
Money Market Funds				142,075,120
Investment in Local Government Pooled Investment Fund				67,593,407
Total Investments				\$497,603,141

CITY OF HENDERSON, NEVADA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

IV. CASH AND INVESTMENTS (continued)

C. Investments (continued)

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

V. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2003 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$260,194</u>

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

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund - Enterprise Fund	Nonmajor Governmental Fund	\$6,327,840
Internal Service Funds	Special Assessment Districts - Capital Projects Fund	143,962
		<u>\$6,471,802</u>

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

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

Internal balances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund - Enterprise Fund	Nonmajor Governmental Funds	\$6,517,675
Effects of prior years Internal Service activity		(1,500,116)
Effects of current year Internal Service activity		<u>(1,079,493)</u>
		<u>\$ 3,938,066</u>

This page left blank intentionally.

CITY OF HENDERSON, NEVADA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

V. INTERFUND BALANCES (continued)

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>General Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Special Assessment Districts Debt Service Fund</u>	<u>Special Assessment Districts Capital Projects Fund</u>
General Fund	\$ -	\$ -	\$ -	\$ -
General Obligation Debt Service Fund	7,124,932	-	-	-
Special Assessment Districts Debt Service Fund	-	-	-	39,701
Special Assessment Districts Capital Projects Fund	-	-	3,822	-
Municipal Facilities Acquisition & Construction Capital Projects Fund	-	10,663,865	-	-
Other Governmental Funds	-	-	-	-
Water Fund	-	-	-	-
Sewer Fund	-	-	-	-
Internal Service Funds	<u>99,907</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$7,224,839</u>	<u>\$10,663,865</u>	<u>\$3,822</u>	<u>\$39,701</u>

Transfers In

Municipal Facilities Acquisition and Construction Capital Projects Fund	Other Governmental Funds	Development Services Fund	Internal Service Funds	Total
\$ -	\$3,715,063	\$2,480,316	\$1,971,975	\$8,167,354
247,381	-	-	-	7,372,313
-	-	-	-	39,701
-	-	-	-	3,822
-	1,084,262	-	-	11,748,127
3,957,492	2,110,300	-	-	6,067,792
3,250,000	-	-	-	3,250,000
3,250,000	-	-	-	3,250,000
<u>1,200,768</u>	<u>5,700</u>	<u>-</u>	<u>28,925</u>	<u>1,335,300</u>
<u>\$11,905,641</u>	<u>\$6,915,325</u>	<u>\$2,480,316</u>	<u>\$2,000,900</u>	<u>\$41,234,409</u>

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

CITY OF HENDERSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

VI. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Additions and Transfers In	Deletions and Transfers Out	Completed Construction	Balance June 30, 2003
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 134,658,099	\$ 5,875,863	\$ (270,897)	\$ 13,201,110	\$ 153,464,175
Construction in progress	106,534,256	54,857,800	-	(69,150,356)	92,241,700
Total capital assets, not being depreciated	<u>241,192,355</u>	<u>60,733,663</u>	<u>(270,897)</u>	<u>(55,949,246)</u>	<u>245,705,875</u>
Capital assets, being depreciated:					
Buildings	74,996,232	-	-	24,408,043	99,404,275
Improvements other than buildings	58,721,967	240,412	-	23,569,745	82,532,124
Machinery and equipment	51,860,967	4,925,377	(2,466,361)	4,920,580	59,240,563
Infrastructure	531,041,344	62,806,357	-	3,050,878	596,898,579
Total capital assets, being depreciated	<u>716,620,510</u>	<u>67,972,146</u>	<u>(2,466,361)</u>	<u>55,949,246</u>	<u>838,075,541</u>
Less accumulated depreciation for:					
Buildings	(15,840,635)	(2,514,599)	-	-	(18,355,234)
Improvements other than buildings	(10,752,641)	(1,521,140)	-	-	(12,273,781)
Machinery and equipment	(26,592,031)	(6,677,038)	2,278,815	-	(30,990,254)
Infrastructure	(171,429,873)	(28,647,721)	-	-	(200,077,594)
Total accumulated depreciation	<u>(224,615,180)</u>	<u>(39,360,498)</u>	<u>2,278,815</u>	<u>-</u>	<u>(261,696,863)</u>
Total capital assets, being depreciated, net	<u>492,005,330</u>	<u>28,611,648</u>	<u>(187,546)</u>	<u>55,949,246</u>	<u>576,378,678</u>
Governmental activities capital assets, net	<u>\$ 733,197,685</u>	<u>\$ 89,345,311</u>	<u>\$ (458,443)</u>	<u>\$ -</u>	<u>\$ 822,084,553</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 4,563,756	\$ 115,889	\$ -	\$ 2,451,452	\$ 7,131,097
Construction in progress	27,411,650	30,628,136	-	(12,368,693)	45,671,093
Total capital assets, not being depreciated	<u>31,975,406</u>	<u>30,744,025</u>	<u>-</u>	<u>(9,917,241)</u>	<u>52,802,190</u>
Capital assets, being depreciated:					
Buildings	13,940,000	555,952	-	-	14,495,952
Improvements other than buildings	547,144,412	50,908,434	(519,308)	9,413,415	606,946,953
Machinery and equipment	10,191,988	1,022,831	(100,373)	503,826	11,618,272
Total capital assets, being depreciated	<u>571,276,400</u>	<u>52,487,217</u>	<u>(619,681)</u>	<u>9,917,241</u>	<u>633,061,177</u>
Less accumulated depreciation for:					
Buildings	(3,247,585)	(354,287)	-	-	(3,601,872)
Improvements other than buildings	(122,366,802)	(20,111,711)	-	-	(142,478,513)
Machinery and equipment	(3,943,293)	(1,681,567)	99,867	-	(5,524,993)
Total accumulated depreciation	<u>(129,557,680)</u>	<u>(22,147,565)</u>	<u>99,867</u>	<u>-</u>	<u>(151,605,378)</u>
Total capital assets, being depreciated, net	<u>441,718,720</u>	<u>30,339,652</u>	<u>(519,814)</u>	<u>9,917,241</u>	<u>481,455,799</u>
Business-type activities capital assets, net	<u>\$ 473,694,126</u>	<u>\$ 61,083,677</u>	<u>\$ (519,814)</u>	<u>\$ -</u>	<u>\$ 534,257,989</u>

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

Governmental Activities:		
General government		\$ 1,442,806
Judicial		140,922
Public safety		3,307,215
Public works		28,886,900
Culture & recreation		2,551,341
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		3,004,252
Total depreciation expense-governmental activities		<u>\$ 39,333,436</u>
Business-Type Activities:		
Water		
Sewer		\$ 13,349,481
Development services		8,224,384
Convention center		419,440
Total depreciation expense- business-type activities		<u>154,260</u>
		<u>\$ 22,147,565</u>

CITY OF HENDERSON, NEVADA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

VII. LEASES

A. Capital Lease Obligations - Governmental Activity

The assets acquired through capital leases are as follows:

<u>Assets</u>	
Machinery and equipment	\$ 5,215,020
Less accumulated depreciation	<u>(2,530,761)</u>
Total	<u>\$ 2,684,259</u>

The future minimum lease payments for the capital leases and the present value of net minimum lease payments at June 30, 2003, are summarized in the following table:

<u>Year Ending June 30</u>	
2004	\$ 952,060
2005	778,995
2006	467,475
2007	352,927
2008	302,228
2009-2013	<u>581,754</u>
Total minimum lease payments	3,435,439
Less amount representing interest	<u>(555,562)</u>
Present value of net minimum lease payments	<u>\$2,879,877</u>

VIII. LONG-TERM DEBT

A. Advance Refunding

In November 2002, the City issued \$3,780,000 in General Obligation Refunding Bonds. These proceeds were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments on \$3,680,000 of refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next five years by \$150,519 and resulted in an economic gain of \$149,615.

CITY OF HENDERSON, NEVADA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt

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

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>	<u>Due in 2003-2004</u>
Governmental Activities:					
General Obligation Bonds Payable:					
\$1,025,000 1989 Flood Control refunding bonds due in annual installments through February 1, 2005; interest varies between 6.5% and 6.8%	\$ 355,000	\$ -	\$ (110,000)	\$ 245,000	\$ 115,000
\$10,750,000 1992 Refunding and Building serial bonds due in annual installments through November 1, 2006; interest varies between 4.375% and 5.5%	4,625,000	-	(4,625,000)	-	-
\$29,795,000 1993 Refunding and Park serial bonds due in annual installments through May 1, 2013; interest varies between 4.75% and 5.6%	6,940,000	-	(1,545,000)	5,395,000	1,630,000
\$10,250,000 1994 Building serial bonds due in annual installments through March 1, 2004; interest varies between 3.8% and 5.0%	3,165,000	-	(1,545,000)	1,620,000	1,620,000
\$14,550,000 1997 Building serial bonds due in annual installments through June 1, 2012; interest varies between 4.75% and 6.5%	13,060,000	-	(505,000)	12,555,000	520,000
\$10,530,000 1997 Refunding serial bonds due in annual installments through April 1, 2011; interest varies between 4.5% and 5.5%	9,665,000	-	(575,000)	9,090,000	595,000
\$40,000,000 Parks and Recreation Bonds Series 1997A due in annual installments through June 1, 2017; interest varies between 4.875% and 6.25%	34,200,000	-	(1,585,000)	32,615,000	1,655,000
\$18,500,000 Building Bonds Series 1997B due in annual installments through June 1, 2007; interest varies between 4.0% and 5.5%	15,320,000	-	(1,645,000)	13,675,000	2,300,000
\$14,660,000 Parks and Recreation Bonds Series 1998B due in annual installments through June 1, 2016; interest varies between 4.50% and 6.0%	12,825,000	-	(530,000)	12,295,000	560,000
\$50,000,000 2000 Various Purpose Bonds due in annual installments through April 1, 2011; interest varies between 5.00% and 6.00%	48,405,000	-	(1,670,000)	46,735,000	1,750,000
\$12,940,000 2001 Refunding Serial Bonds due in annual installments through June 1, 2013; interest varies between 3.5% and 4.5%	12,940,000	-	(1,000,000)	11,940,000	1,000,000

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt (continued)

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due in 2003-2004
Governmental Activities (continued):					
General Obligation Bonds Payable (continued):					
\$3,780,000 2003 Refunding Serial Bonds due in annual installments through November 1, 2006; interest varies between 5.375% and 5.5%	\$ -	\$ 3,780,000	\$ -	\$ 3,780,000	\$ 1,075,000
	<u>161,500,000</u>	<u>3,780,000</u>	<u>(15,335,000)</u>	<u>149,945,000</u>	<u>12,820,000</u>
Tax Allocation Bonds Payable:					
\$12,045,000 2002 Henderson Redevelopment tax allocation bond due annually beginning in October 2006 through October 2025; interest varies between 3.5% and 5.25%	12,045,000	-	-	12,045,000	-
\$4,295,000 2002 Henderson Redevelopment tax allocation bond due annually beginning in October 2006 through October 2025; interest varies between 5.1% and 7.2%	<u>4,295,000</u>	<u>-</u>	<u>-</u>	<u>4,295,000</u>	<u>-</u>
	<u>16,340,000</u>	<u>-</u>	<u>-</u>	<u>16,340,000</u>	<u>-</u>
Special Assessment Bonds Payable:					
\$7,000,000 1991 Improvement District T-2 bonds due in annual installments through August 1, 2011; interest at 9.50%	<u>3,360,000</u>	<u>-</u>	<u>(225,000)</u>	<u>3,135,000</u>	<u>240,000</u>
Capital Lease Obligations:					
Capital lease payable to Emergency One in annual installments of \$112,046 including principal and interest through May 2005	293,028	-	(90,978)	202,050	97,519
Capital lease payable to the CIT Group in semi-annual installments of \$29,954 principal and interest through February 2005	138,067	-	(52,971)	85,096	55,951
Capital lease payable to GTE Leasing Acceptance Corporation in annual installments of \$123,082 including principal and interest through April 2004	225,156	-	(109,226)	115,930	115,930
Capital lease payable to LaSalle Bank in semi-annual installments of \$33,155 including principal and interest through August 2006	261,612	-	(52,812)	208,800	55,718
Capital lease payable to Xerox Corporation in monthly installments of \$2,904 including principal and interest through December 2005	103,421	-	(26,143)	77,278	28,737
Capital lease payable to Xerox Corporation in monthly installments of \$1,645 including principal and interest through December 2005	58,566	-	(14,804)	43,762	16,274
Capital lease payable to Xerox Corporation in monthly installments of \$3,054 including principal and interest through January 2006	113,090	-	(27,061)	86,029	29,747
Capital lease payable to Xerox Corporation in monthly installments of \$2,568 including principal and interest through December 2005	91,467	-	(23,121)	68,346	25,416

CITY OF HENDERSON, NEVADA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt (continued)

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due in 2003-2004
Capital Lease Obligations (continued):					
Capital lease payable to Xerox Corporation in monthly installments of \$1,134 including principal and interest through November 2005	\$ 39,561	\$ -	\$ (10,287)	\$ 29,274	\$ 11,308
Capital lease payable to Xerox Corporation in monthly installments of \$862 including principal and interest through October 2005	28,818	-	(7,943)	20,875	8,732
Capital lease payable to Caterpillar Financial Services in quarterly payments of \$10,023 including principal and interest through August 2003	47,940	-	(38,063)	9,877	9,877
Capital lease payable to Caterpillar Financial Services in quarterly payments of \$10,023 including principal and interest through August 2003	47,940	-	(38,063)	9,877	9,877
Capital lease payable to Xerox Corporation in monthly payments of \$1,354 including principal and interest through December 2002	6,671	-	(6,671)	-	-
Capital lease payable to Elgin Sweeper Company in annual payments of \$98,909 including principal and interest through October 2004	268,400	-	(84,979)	183,421	89,390
Capital lease payable to Motorola in monthly payments of \$24,240 including principal and interest through December 2006	1,617,057	-	-	1,617,057	158,419
Capital lease payable to Xerox Corporation in monthly payments of \$976 including principal and interest through February 2007	46,005	-	(8,556)	37,449	9,218
Capital lease payable to Xerox Corporation in monthly payments of \$700 including principal and interest through March 2007	33,496	-	(6,099)	27,397	6,572
Capital lease payable to Motorola in annual payments of \$11,037 including principal and interest through April 2008	-	45,120	-	45,120	7,828
Capital lease payable to Canon in monthly payments of \$312, including principal and interest through July 2007	-	14,304	(2,065)	12,239	2,504
	<u>3,420,295</u>	<u>59,424</u>	<u>(599,842)</u>	<u>2,879,877</u>	<u>739,017</u>

CITY OF HENDERSON, NEVADA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt (continued)

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>	<u>Due in 2003-2004</u>
Note Payable:					
\$230,000 2000 Henderson Redevelopment Agency note payable in monthly payments of \$2,500 including principal and interest through November 2009	\$ 183,278	\$ -	\$ (19,535)	\$ 163,743	\$ 20,739
Arbitrage Payable	1,061,812	203,521	(217,262)	1,048,071	-
Compensated Absences Payable	17,129,304	2,177,702	-	19,307,006	1,756,328
Claims Payable	2,621,416	245,103	-	2,866,519	2,866,519
Landfill Postclosure Costs	12,000,000	-	-	12,000,000	-
Total governmental activities	<u>217,616,105</u>	<u>6,465,750</u>	<u>(16,396,639)</u>	<u>207,685,216</u>	<u>18,442,603</u>
Business-Type Activities:					
Revenue Bonds Payable:					
\$7,221,110 1991 Sewer serial bonds due in semi-annual installments through July 1, 2011; interest at 4.0%	4,621,323	-	(408,706)	4,212,617	425,219
\$12,300,000 1992 Sewer serial bonds due in semi-annual installments through January 1, 2012; interest at 4.0%	7,908,556	-	(619,356)	7,289,200	644,378
\$26,410,000 1993 Water serial bonds due in annual installments through December 1, 2004; interest varies between 4.25% and 6.375%	2,460,000	-	(555,000)	1,905,000	925,000
\$987,525 1993 Water serial bonds due every five years in installments through December 1, 2012; interest varies between 4.85% and 6.50% (interest is due at time principal is paid)	1,063,975	55,171	(340,000)	779,146	-
\$5,398,000 1993 Water Refunding bonds due in annual installments through June 1 2009; interest varies between 3.90% and 5.375%	2,514,000	-	(440,000)	2,074,000	464,000
\$8,097,000 1993 Sewer Refunding bonds due in annual installments through June 1, 2009; interest varies between 3.90% and 5.375%	3,771,000	-	(660,000)	3,111,000	696,000
\$12,410,431 1994 Sewer Revolving Fund Loan due in semi-annual installments through July 2014; interest rate at 4%	8,802,024	-	(555,102)	8,246,922	577,528
\$26,255,000 1994 Water Bonds due in annual installments through December 1, 2008; interest varies between 5.5% and 8.5%	8,925,000	-	(1,050,000)	7,875,000	1,115,000

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

VIII. LONG-TERM DEBT (continued)

B. Changes to Long-Term Debt (continued)

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due in 2003-2004
Business-Type Activities (continued):					
Revenue Bonds Payable (continued):					
\$5,645,000 1994 Sewer Bonds due in annual installments through December 1, 2008; interest varies between 5.5% and 8.5%	\$ 1,920,000	\$ -	\$ (225,000)	\$ 1,695,000	\$ 240,000
\$9,504,950 1995 Sewer Bonds due in semi-annual installments through July 1, 2015; interest rate at 3.825%	7,189,644	-	(415,750)	6,773,894	431,804
\$31,875,000 1997 Water Refunding bonds due in annual installments through September 1, 2017; interest varies between 3.7% and 6.5%	30,925,000	-	(120,000)	30,805,000	125,000
\$2,750,000 1997 Sewer Refunding bonds due in annual installments through September 1, 2014; interest varies between 3.7% and 6.5%	2,665,000	-	(15,000)	2,650,000	15,000
\$95,000,000 1998 Water and Sewer bonds Series A due in annual installments through September 1, 2018; interest varies between 4.0% to 5.5%	85,615,000	-	(3,390,000)	82,225,000	3,540,000
\$5,500,000 2000 Water bonds due in annual installments through January 1, 2021; interest rate at 3.65%	5,462,637	37,363	-	5,500,000	190,851
	<u>173,843,159</u>	<u>92,534</u>	<u>(8,793,914)</u>	<u>165,141,779</u>	<u>9,389,780</u>
Unamortized Premium	932,280	-	(54,840)	877,437	-
Refunding Loss	(783,434)	171,523	-	(611,914)	-
Arbitrage Payable	168,678	-	(168,678)	-	-
Provisional Credits	106,376	-	(16,488)	89,888	-
Compensated Absences Payable	3,065,427	387,262	-	3,452,689	3,452,689
Total business-type activities	<u>177,332,486</u>	<u>651,319</u>	<u>(9,033,920)</u>	<u>168,949,879</u>	<u>12,842,469</u>
Total debt	<u>\$ 394,948,591</u>	<u>\$ 7,117,069</u>	<u>\$ (25,430,559)</u>	<u>\$ 376,635,095</u>	<u>\$ 31,285,072</u>

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

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

VIII. LONG-TERM DEBT (continued)

C. Payment requirements for debt service

The annual requirements to pay principal and interest on all bonds, capital lease obligations, and notes payable outstanding are as follows:

Year Ending June 30	Revenue Bonds		Capital Leases		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 9,389,780	\$ 7,925,153	\$ 739,017	\$213,043	\$ 12,820,000	\$ 7,592,199
2005	9,860,026	7,480,314	659,241	119,754	12,415,000	6,977,485
2006	10,348,867	7,004,880	389,507	77,968	12,860,000	6,377,076
2007	9,961,439	6,480,447	294,972	57,955	13,480,000	5,771,803
2008	10,467,894	5,969,056	259,179	43,049	9,535,000	5,100,372
2009-13	56,153,834	22,108,681	537,961	43,793	47,355,000	18,108,906
2014-18	49,917,757	8,005,767	-	-	33,455,000	7,419,650
2019-23	<u>9,042,182</u>	<u>354,974</u>	<u>-</u>	<u>-</u>	<u>8,025,000</u>	<u>668,525</u>
Total	<u>\$165,141,779</u>	<u>\$65,329,272</u>	<u>\$2,879,877</u>	<u>\$555,562</u>	<u>\$149,945,000</u>	<u>\$58,016,016</u>

Year Ending June 30	Special Assessment Bonds		Note Payable		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 240,000	\$ 286,425	\$ 20,739	\$ 9,261	\$ -	\$ 869,304
2005	260,000	262,675	22,019	7,981	-	869,304
2006	285,000	236,788	23,377	6,623	-	869,304
2007	310,000	208,525	24,819	5,181	500,000	859,634
2008	340,000	177,650	26,349	3,651	520,000	839,723
2009-13	1,700,000	340,575	46,440	2,322	2,960,000	3,814,384
2014-18	-	-	-	-	3,775,000	2,965,385
2019-23	-	-	-	-	4,915,000	1,790,937
2024-26	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,670,000</u>	<u>328,294</u>
Total	<u>\$3,135,000</u>	<u>\$1,512,638</u>	<u>\$163,743</u>	<u>\$35,019</u>	<u>\$16,340,000</u>	<u>\$13,206,269</u>

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

VIII. LONG-TERM DEBT (continued)

D. Special Assessment Bonds

Principal and interest are payable from the assessments levied. District T-2 is obligated, to the extent that it has legally available surplus funds, to apply such surplus funds to the purchase of property in the assessment district that is not sold as a result of foreclosure proceedings. The City has issued various special assessment debt with an outstanding balance of \$204,980,000. The City of Henderson is only acting as an agent for these bonds and is not liable for the debt.

IX. RETIREMENT PLAN

The City is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer defined benefit plan administered by PERS. All full-time employees are covered under the system. In addition, those part-time employees working at least twenty hours per week are covered. The City has no liability for unfunded obligations of the system as provided by Nevada Revised Statute (NRS) 286.110.

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the Plan include pension benefits, disability benefits and death benefits.

Monthly benefit allowances for regular members are computed at 2.67% of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police and fire service, age 55 with 10 years of accredited police and fire service, age 50 with 20 years of accredited police and fire service or at any age with 30 years of accredited police and fire service. A member who retired on or after July 1, 1977 or is an active member whose effective date of membership is before July 1, 1985 and who has 36 years of service is entitled to a benefit of up to 90% of his/her average compensation. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of average compensation. Regular members and members of the Police and Firemen Fund become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates are established by NRS 286.450, which requires adjustments on each odd numbered year based on the actuarially determined contribution rate indicated in the biennial actuarial valuation. The City is enrolled in the employer pay contribution plan of PERS and is, therefore, required to contribute all amounts due under the Plan.

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

IX. RETIREMENT PLAN (continued)

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

<u>Fiscal year</u>	<u>Contribution Rate</u>		<u>Total Contribution</u>
	<u>Regular Members</u>	<u>Police/ Fire</u>	
2002/03	18.75%	28.5%	\$20,006,616
2001/02	18.75%	28.5%	\$17,428,268
2000/01	18.75%	28.5%	\$15,659,284

PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

X. RISK MANAGEMENT

State and local governments are subject to many types of claims such as workmen's compensation, contractual actions, personal injuries and property damage.

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

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

Liability Insurance - The City has obtained \$5,000,000 in excess Commercial General Liability insurance with a \$1,000,000 self-insured retention ("SIR") along with various other property and liability coverage including a \$354 million blanket property insurance policy on all buildings and \$18 million for building contents, with a \$10,000 deductible; \$2.7 million Inland Marine coverage on a scheduled basis for heavy equipment with a \$50,000 deductible; a \$250,000 Commercial Crime policy with a \$2,500 deductible that covers employee dishonesty, forgery, and alteration; and a \$5.6 million Fire Truck Physical Damage policy with a \$50,000 deductible.

The City maintains its self-insurance fund to cover all claims made or occurring prior to securing its excess liability policy and all claims that fall under the \$1,000,000 SIR. The City's risk manager works with the City Attorney's office; an outside claims adjusting firm; the excess insurance company and its administrator; and, applicable departments in handling claims filed against the City. In addition, the City obtains an actuarial analysis on an annual basis. At June 30, 2003, the Self Insurance Fund had \$4,821,732 in working capital. No current claims are expected to be settled in a manner which would adversely affect the fund's financial condition.

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

CITY OF HENDERSON, NEVADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

X. RISK MANAGEMENT (continued)

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

Changes in the funds' claims liability amounts for the years ended June 30, 2003 and 2002 were:

	Liability Balance Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at End of Fiscal Year
Fiscal Year 2002/03:				
Liability	\$ 497,857	\$ 147,438	\$ 147,438	\$ 497,857
Workmen's Compensation	1,274,254	990,955	745,852	1,519,357
Health Insurance	<u>849,305</u>	<u>3,599,430</u>	<u>3,599,430</u>	<u>849,305</u>
	<u>\$2,621,416</u>	<u>\$4,737,823</u>	<u>\$4,492,720</u>	<u>\$2,866,519</u>
Fiscal Year 2001/02:				
Liability	\$ 497,857	\$ 147,438	\$ 147,438	\$ 497,857
Workmen's Compensation	1,051,733	968,373	745,852	1,274,254
Health Insurance	<u>657,051</u>	<u>3,791,684</u>	<u>3,599,430</u>	<u>849,305</u>
	<u>\$2,206,641</u>	<u>\$4,907,495</u>	<u>\$4,492,720</u>	<u>\$2,621,416</u>

XI. COMMITMENTS AND CONTINGENCIES

A. Construction in Progress

Construction in progress in the total amount of \$137,912,793 at June 30, 2003 is reflected in the government-wide statements. Management estimates it will require an additional outlay of approximately \$268,830,204 to complete these projects.

B. Litigation

There are several lawsuits and unresolved disputes involving the City or its employees in which the City is represented by the City Attorney. However, in the opinion of the City Attorney these actions will not, in the aggregate, have a material adverse effect upon the operations or financial position of the City.

C. Lake Las Vegas

The City and the developers of Lake Las Vegas have established a sinking fund for the accumulation of \$30,000,000 to be used for stormwater treatment and/or conveyance in the event that the Federal Environmental Protection Agency (EPA) and the Nevada Division of Environmental Protection determine that more stringent stormwater treatment standards are required solely as a result of the creation of Lake Las Vegas.

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

CITY OF HENDERSON, NEVADA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

XI. COMMITMENTS AND CONTINGENCIES (continued)

D. Landfill Closure

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

E. Redevelopment Agency

The City of Henderson Redevelopment Agency has entered into several promissory notes in the original aggregate amount of \$9,750,000 as part of an Owner Participation Agreement with Cornerstone Partners I, L.L.C. The notes vary by amount of indebtedness, interest rate and maturity date. In addition, the indebtedness represented by each note has been allocated to various parcels of land and is payable solely and exclusively from a predetermined percentage of the Site Tax Increment received by the Agency on those specific parcels and shall not be payable from any other source. Because the requirements to repay the notes are contingent on the Agency receiving sufficient Site Tax Increment on the specific parcels, these potential future obligations of the Agency have not been reflected in these financial statements.

XII. PRIOR PERIOD ADJUSTMENT

In prior years, certain special assessment districts' receivables and debt were recorded in the City's financial statements. The City has since reviewed the original offering statements and has determined that the City has no current or future obligation for these bonds. Net assets at July 1, 2002 were adjusted as follows:

Special Assessment Districts Debt Service:	
Governmental fund beginning fund balance, July 1, 2002	\$25,154,142
Related debt and deferred revenue (reconciling	
Items on the Government Wide Financial Statements)	<u>(3,503,882)</u>
Net effect to Government Wide Financial Statements	<u>\$21,650,260</u>

Net change in fund balance for the Special Assessment Districts Debt Service fund for the year ended June 30, 2002 would have decreased by \$4,905,292.

XIII. SUBSEQUENT EVENT

Subsequent to year-end, the City issued \$15,100,000 Building Refunding Bonds Series 2003A and \$5,205,000 Park Refunding Bonds Series 2003B and \$5,000,000 Water and Sewer Refunding Bonds (Additionally Secured by Pledged Revenue) Series 2003C.

This page left blank intentionally.

Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

Municipal Court Administrative Fee Special Revenue - to account for court assessments which are to be used to improve operations of the court.

Financial Stabilization Special Revenue - to account for resources to stabilize governmental operations in the event of a shortfall in General Fund revenue.

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

Equipment Repair & Maintenance Special Revenue - to account for an allocation of bond proceeds and other financing sources used for infrastructure reinvestment for the maintenance, repair or improvement of technology and capital projects.

Multipurpose Special Revenue - to account for the receipts and expenditures of grants awarded to the City other than those reflected in the HUD Proceeds Capital Projects Fund.

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

Nonmajor Capital Projects Funds

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

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

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

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

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

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

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

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

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

This page left blank intentionally.

CITY OF HENDERSON, NEVADA

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2003

ASSETS

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Cash and investments	\$ 28,208,620	\$ 19,876,403	\$ 48,085,023
Accounts receivable	281,915	-	281,915
Accrued interest receivable	124,161	85,996	210,157
Due from other governments	1,141,916	2,118,161	3,260,077
Land held for resale	7,426,775	-	7,426,775
	<u>\$ 37,183,387</u>	<u>\$ 22,080,560</u>	<u>\$ 59,263,947</u>
TOTAL ASSETS	\$ 37,183,387	\$ 22,080,560	\$ 59,263,947

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable and accrued wages	\$ 562,731	\$ 761,829	\$ 1,324,560
Compensated absences payable	1,479	11,638	13,117
Construction contracts payable	99,241	1,435,025	1,534,266
Deposits	-	35,322	35,322
Due to other funds	260,194	-	260,194
Advances from other funds	-	6,327,840	6,327,840
Deferred revenues	152,700	-	152,700
Total liabilities	<u>1,076,345</u>	<u>8,571,654</u>	<u>9,647,999</u>

FUND BALANCES:

Reserved for land held for resale	7,426,775	-	7,426,775
Reserved for sinking fund	2,751,673	-	2,751,673
Reserved for construction	-	154,607	154,607
Unreserved - undesignated	25,928,594	13,354,299	39,282,893
Total fund balances	<u>36,107,042</u>	<u>13,508,906</u>	<u>49,615,948</u>

TOTAL LIABILITIES

AND FUND BALANCES	\$ 37,183,387	\$ 22,080,560	\$ 59,263,947
-------------------	----------------------	----------------------	----------------------

CITY OF HENDERSON, NEVADA

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2003

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
REVENUES:			
Property taxes	\$ 2,216,090	\$ 598,576	\$ 2,814,666
Intergovernmental	4,744,586	10,923,545	15,668,131
Charges for services	155,420	-	155,420
Fines and forfeits	434,826	-	434,826
Developer contributions	762,770	612,443	1,375,213
Impact fees	-	1,642,738	1,642,738
Miscellaneous interest	893,656	665,852	1,559,508
Miscellaneous	799,611	353,943	1,153,554
Total revenues	10,006,959	14,797,097	24,804,056
EXPENDITURES:			
Current:			
General government	1,854,394	-	1,854,394
Judicial	413,941	-	413,941
Public safety	1,410,962	-	1,410,962
Public works	49,821	2,770,743	2,820,564
Culture and recreation	728,522	1,906,311	2,634,833
Total current	4,457,640	4,677,054	9,134,694
Capital outlay:			
General government	22,508	-	22,508
Judicial	164,437	-	164,437
Public safety	521,363	-	521,363
Public works	1,717,677	5,979,980	7,697,657
Culture and recreation	265,045	8,229,127	8,494,172
Total capital outlay	2,691,030	14,209,107	16,900,137
Debt service:			
Principal retirement	42,984	-	42,984
Interest and fiscal charges	689,157	-	689,157
Total debt service	732,141	-	732,141
Total expenditures	7,880,811	18,886,161	26,766,972
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,126,148	(4,089,064)	(1,962,916)
OTHER FINANCING SOURCES (USES):			
Land sales	-	6,296,745	6,296,745
Transfers in	3,627,963	3,287,362	6,915,325
Transfers out	(926,565)	(5,141,227)	(6,067,792)
Total other financing sources	2,701,398	4,442,880	7,144,278
NET CHANGE IN FUND BALANCES	4,827,546	353,816	5,181,362
FUND BALANCES, BEGINNING OF YEAR	31,279,496	13,155,090	44,434,586
FUND BALANCES, END OF YEAR	\$ 36,107,042	\$ 13,508,906	\$ 49,615,948

CITY OF HENDERSON, NEVADA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2003

ASSETS

	Redevelopment Agency Special Revenue	Gas Tax Special Revenue	Forfeited Assets Special Revenue	Municipal Court Administrative Fee Special Revenue	Financial Stabilization Special Revenue	Graffiti Reward and Abatement Special Revenue	Equipment Repair and Maintenance Special Revenue	Multipurpose Special Revenue	Lake Las Vegas Special Revenue	Total
Cash and investments	\$ 10,179,979	\$ 3,977,214	\$ 73,413	\$ 426,036	\$ 7,087,148	\$ 4,463	\$ 3,722,282	\$ -	\$ 2,738,085	\$ 28,208,620
Accounts receivable	281,915	-	-	-	-	-	-	-	-	281,915
Accrued interest receivable	39,500	20,340	644	-	37,744	-	12,345	-	13,588	124,161
Due from other governments	29,776	563,542	-	-	-	-	41,750	506,848	-	1,141,916
Land held for resale	7,426,775	-	-	-	-	-	-	-	-	7,426,775
TOTAL ASSETS	\$ 17,957,945	\$ 4,561,096	\$ 74,057	\$ 426,036	\$ 7,124,892	\$ 4,463	\$ 3,776,377	\$ 506,848	\$ 2,751,673	\$ 37,183,387

LIABILITIES AND FUND BALANCES (DEFICIT)

LIABILITIES:										
Accounts payable and accrued wages	\$ 57,568	\$ 39,343	\$ 3,031	\$ 42,018	\$ -	\$ -	\$ 92,026	\$ 328,745	\$ -	\$ 562,731
Compensated absences payable	1,479	-	-	-	-	-	-	-	-	1,479
Construction contracts payable	-	89,569	-	-	-	-	9,672	-	-	99,241
Due to other funds	-	-	-	-	-	-	-	260,194	-	260,194
Deferred revenues	152,700	-	-	-	-	-	-	-	-	152,700
Total liabilities	211,747	128,912	3,031	42,018	-	-	101,698	588,939	-	1,076,345
FUND BALANCES (DEFICIT):										
Reserved for land held for resale	7,426,775	-	-	-	-	-	-	-	-	7,426,775
Reserved for sinking fund	-	-	-	-	-	-	-	-	2,751,673	2,751,673
Unreserved - undesignated	10,319,423	4,432,184	71,026	384,018	7,124,892	4,463	3,674,679	(82,091)	-	25,928,594
Total fund balances (deficit)	17,746,198	4,432,184	71,026	384,018	7,124,892	4,463	3,674,679	(82,091)	2,751,673	36,107,042
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,957,945	\$ 4,561,096	\$ 74,057	\$ 426,036	\$ 7,124,892	\$ 4,463	\$ 3,776,377	\$ 506,848	\$ 2,751,673	\$ 37,183,387

CITY OF HENDERSON, NEVADA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2003

	Redevelopment Agency Special Revenue	Gas Tax Special Revenue	Forfeited Assets Special Revenue	Municipal Court Administrative Fee Special Revenue	Financial Stabilization Special Revenue	Graffiti Reward and Abatement Special Revenue	Equipment Repair and Maintenance Special Revenue	Multipurpose Special Revenue	Lake Las Vegas Special Revenue	Total
REVENUES:										
Property taxes	\$ 2,216,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,216,090
Intergovernmental	7,487	2,328,771	-	-	-	-	-	2,408,328	-	4,744,586
Charges for services	-	-	-	-	-	-	155,420	-	-	155,420
Fines and forfeits	-	-	67,721	367,105	-	-	-	-	-	434,826
Developer contributions	-	-	-	-	-	-	695,586	-	67,184	762,770
Miscellaneous interest	315,621	138,365	4,750	-	261,200	-	79,238	-	94,482	893,656
Miscellaneous	437,014	9,853	-	-	-	-	42,200	310,544	-	799,611
Total revenues	<u>2,976,212</u>	<u>2,476,989</u>	<u>72,471</u>	<u>367,105</u>	<u>261,200</u>	<u>-</u>	<u>972,444</u>	<u>2,718,872</u>	<u>161,666</u>	<u>10,006,959</u>
EXPENDITURES:										
Current:										
General government	1,326,390	-	-	-	-	-	411,254	116,750	-	1,854,394
Judicial	-	-	-	198,258	-	-	215,683	-	-	413,941
Public safety	-	-	50,553	-	-	-	-	1,360,409	-	1,410,962
Public works	-	45,865	-	-	-	-	1,456	2,500	-	49,821
Culture and recreation	-	-	-	-	-	-	-	728,522	-	728,522
Total current	<u>1,326,390</u>	<u>45,865</u>	<u>50,553</u>	<u>198,258</u>	<u>-</u>	<u>-</u>	<u>628,393</u>	<u>2,208,181</u>	<u>-</u>	<u>4,457,640</u>
Capital outlay:										
General government	-	-	-	-	-	-	22,508	-	-	22,508
Judicial	-	-	-	164,437	-	-	-	-	-	164,437
Public safety	-	-	123,860	-	-	-	-	397,503	-	521,363
Public works	-	1,285,659	-	-	-	-	432,018	-	-	1,717,677
Culture and recreation	-	-	-	-	-	-	-	265,045	-	265,045
Total capital outlay	<u>-</u>	<u>1,285,659</u>	<u>123,860</u>	<u>164,437</u>	<u>-</u>	<u>-</u>	<u>454,526</u>	<u>662,548</u>	<u>-</u>	<u>2,691,030</u>
Debt service:										
Principal retirement	42,984	-	-	-	-	-	-	-	-	42,984
Interest and fiscal charges	689,157	-	-	-	-	-	-	-	-	689,157
Total debt service	<u>732,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>732,141</u>
Total expenditures	<u>2,058,531</u>	<u>1,331,524</u>	<u>174,413</u>	<u>362,695</u>	<u>-</u>	<u>-</u>	<u>1,082,919</u>	<u>2,870,729</u>	<u>-</u>	<u>7,880,811</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>917,681</u>	<u>1,145,465</u>	<u>(101,942)</u>	<u>4,410</u>	<u>261,200</u>	<u>-</u>	<u>(110,475)</u>	<u>(151,857)</u>	<u>161,666</u>	<u>2,126,148</u>
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	-	-	-	3,377,263	12,733	237,967	3,627,963
Transfers out	-	(126,565)	-	-	-	-	(800,000)	-	-	(926,565)
Total other financing sources (uses)	<u>-</u>	<u>(126,565)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,577,263</u>	<u>12,733</u>	<u>237,967</u>	<u>2,701,398</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>917,681</u>	<u>1,018,900</u>	<u>(101,942)</u>	<u>4,410</u>	<u>261,200</u>	<u>-</u>	<u>2,466,788</u>	<u>(139,124)</u>	<u>399,633</u>	<u>4,827,546</u>
FUND BALANCES, BEGINNING OF YEAR	<u>16,828,517</u>	<u>3,413,284</u>	<u>172,968</u>	<u>379,608</u>	<u>6,863,692</u>	<u>4,463</u>	<u>1,207,891</u>	<u>57,033</u>	<u>2,352,040</u>	<u>31,279,496</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 17,746,198</u>	<u>\$ 4,432,184</u>	<u>\$ 71,026</u>	<u>\$ 384,018</u>	<u>\$ 7,124,892</u>	<u>\$ 4,463</u>	<u>\$ 3,674,679</u>	<u>\$ (82,091)</u>	<u>\$ 2,751,673</u>	<u>\$ 36,107,042</u>

CITY OF HENDERSON, NEVADA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2003

ASSETS

	Land Sales	Special Recreation	Bond Proceeds	HUD Proceeds	Park Development	Flood Control	RTC/ County Funded	Special Ad Valorem Transpor- tation	Total
Cash and investments	\$ 6,984,161	\$ 1,510,118	\$ 2,648,047	\$ 121,163	\$ 7,228,726	\$ 134,302	\$ 545,723	\$ 704,163	\$ 19,876,403
Accrued interest receivable	26,267	9,241	-	-	35,768	704	10,515	3,501	85,996
Due from other governments	-	464,926	-	241,492	-	-	1,287,550	124,193	2,118,161
TOTAL ASSETS	\$ 7,010,428	\$ 1,984,285	\$ 2,648,047	\$ 362,655	\$ 7,264,494	\$ 135,006	\$ 1,843,788	\$ 831,857	\$ 22,080,560

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable and accrued wages	\$ 6,210	\$ 300,279	\$ 3,484	\$ 135,865	\$ 240,211	\$ -	\$ 75,780	\$ -	\$ 761,829
Compensated absences payable	-	-	-	11,638	-	-	-	-	11,638
Construction contracts payable	-	-	12,371	-	118,179	29,690	1,274,785	-	1,435,025
Deposits	35,322	-	-	-	-	-	-	-	35,322
Advances from other funds	6,327,840	-	-	-	-	-	-	-	6,327,840
Total liabilities	6,369,372	300,279	15,855	147,503	358,390	29,690	1,350,565	-	8,571,654

FUND BALANCES:

Reserved for construction	-	-	-	-	154,607	-	-	-	154,607
Unreserved - undesignated	641,056	1,684,006	2,632,192	215,152	6,751,497	105,316	493,223	831,857	13,354,299
Total fund balances	641,056	1,684,006	2,632,192	215,152	6,906,104	105,316	493,223	831,857	13,508,906

TOTAL LIABILITIES AND

FUND BALANCES	\$ 7,010,428	\$ 1,984,285	\$ 2,648,047	\$ 362,655	\$ 7,264,494	\$ 135,006	\$ 1,843,788	\$ 831,857	\$ 22,080,560
----------------------	---------------------	---------------------	---------------------	-------------------	---------------------	-------------------	---------------------	-------------------	----------------------

CITY OF HENDERSON, NEVADA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2003

Special

	Land Sales	Special Recreation	Bond Proceeds	HUD Proceeds	Park Development	Flood Control	RTC/ County Funded	Ad Valorem Transportation	Total
REVENUES:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 598,576	\$ 598,576
Intergovernmental	-	1,683,355	990,000	3,173,260	13,464	-	5,063,466	-	10,923,545
Developer contributions	-	-	-	-	-	-	612,443	-	612,443
Impact fees	-	-	-	-	1,642,738	-	-	-	1,642,738
Miscellaneous interest	292,995	92,875	37,280	-	221,335	4,139	-	17,228	665,852
Miscellaneous	333,642	-	8,674	-	12	-	11,615	-	353,943
Total revenues	626,637	1,776,230	1,035,954	3,173,260	1,877,549	4,139	5,687,524	615,804	14,797,097
EXPENDITURES:									
Current:									
Public works	546,833	-	-	2,223,910	-	-	-	-	2,770,743
Culture and recreation	-	1,060,069	578,825	-	267,417	-	-	-	1,906,311
Total current	546,833	1,060,069	578,825	2,223,910	267,417	-	-	-	4,677,054
Capital outlay:									
Public works	105,748	-	-	663,768	-	-	5,210,464	-	5,979,980
Culture and recreation	-	1,209,324	6,611,978	-	407,825	-	-	-	8,229,127
Total capital outlay	105,748	1,209,324	6,611,978	663,768	407,825	-	5,210,464	-	14,209,107
Total expenditures	652,581	2,269,393	7,190,803	2,887,678	675,242	-	5,210,464	-	18,886,161
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,944)	(493,163)	(6,154,849)	285,582	1,202,307	4,139	477,060	615,804	(4,089,064)
OTHER FINANCING SOURCES (USES):									
Land sales	6,296,745	-	-	-	-	-	-	-	6,296,745
Transfers in	-	41,300	1,653,262	-	1,500,000	-	92,800	-	3,287,362
Transfers out	(2,287,818)	(1,936,445)	(677,964)	-	(239,000)	-	-	-	(5,141,227)
Total other financing sources (uses)	4,008,927	(1,895,145)	975,298	-	1,261,000	-	92,800	-	4,442,880
NET CHANGE IN FUND BALANCES (DEFICITS)	3,982,983	(2,388,308)	(5,179,551)	285,582	2,463,307	4,139	569,860	615,804	353,816
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	(3,341,927)	4,072,314	7,811,743	(70,430)	4,442,797	101,177	(76,637)	216,053	13,155,090
FUND BALANCES, END OF YEAR	\$ 641,056	\$ 1,684,006	\$ 2,632,192	\$ 215,152	\$ 6,906,104	\$ 105,316	\$ 493,223	\$ 831,857	\$ 13,508,906

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 22,639,472	\$ 22,972,300	\$ 332,828
Franchise fees	20,768,457	19,353,127	(1,415,330)
Licenses and permits	5,808,978	5,848,669	39,691
Intergovernmental	67,523,344	67,751,800	228,456
Charges for services	11,320,327	10,546,469	(773,858)
Fines and forfeits	2,193,653	2,311,480	117,827
Miscellaneous interest	1,097,424	626,495	(470,929)
Miscellaneous	869,640	833,699	(35,941)
Total revenues	132,221,295	130,244,039	(1,977,256)
GENERAL GOVERNMENT:			
Mayor and Council:			
Salaries and wages	247,931	241,406	6,525
Employee benefits	109,538	118,597	(9,059)
Services and supplies	237,727	226,478	11,249
Capital outlay	2,655	2,655	-
Total Mayor and Council	597,851	589,136	8,715
City Manager:			
Salaries and wages	1,754,879	1,525,944	228,935
Employee benefits	552,888	513,510	39,378
Services and supplies	2,092,762	819,287	1,273,475
Capital outlay	130,000	-	130,000
Total City Manager	4,530,529	2,858,741	1,671,788
Finance:			
Salaries and wages	2,515,141	2,437,663	77,478
Employee benefits	838,614	820,698	17,916
Services and supplies	691,980	520,856	171,124
Capital outlay	46,175	-	46,175
Total Finance	4,091,910	3,779,217	312,693
Information Technology:			
Salaries and wages	2,664,604	2,714,754	(50,150)
Employee benefits	916,459	886,918	29,541
Services and supplies	2,969,342	1,877,919	1,091,423
Capital outlay	1,130,418	675,393	455,025
Total Information Technology	7,680,823	6,154,984	1,525,839
City Clerk:			
Salaries and wages	843,285	795,398	47,887
Employee benefits	267,442	256,226	11,216
Services and supplies	741,907	501,656	240,251
Capital outlay	144,185	94,394	49,791
Total City Clerk	1,996,819	1,647,674	349,145

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) (Continued) FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
GENERAL GOVERNMENT (continued):			
Human Resources:			
Salaries and wages	\$ 1,107,637	\$ 1,127,850	\$ (20,213)
Employee benefits	353,225	370,018	(16,793)
Services and supplies	460,509	305,086	155,423
Capital outlay	1,874	-	1,874
Total Human Resources	<u>1,923,245</u>	<u>1,802,954</u>	<u>120,291</u>
City Attorney:			
Salaries and wages	3,053,552	2,682,047	371,505
Employee benefits	994,155	893,533	100,622
Services and supplies	2,246,554	1,735,358	511,196
Capital outlay	232,713	85,816	146,897
Total City Attorney	<u>6,526,974</u>	<u>5,396,754</u>	<u>1,130,220</u>
Community Development:			
Salaries and wages	2,022,820	1,929,874	92,946
Employee benefits	623,667	604,446	19,221
Services and supplies	1,298,186	754,536	543,650
Capital outlay	42,797	19,309	23,488
Total Community Development	<u>3,987,470</u>	<u>3,308,165</u>	<u>679,305</u>
Building Maintenance:			
Salaries and wages	1,109,912	971,752	138,160
Employee benefits	343,001	305,883	37,118
Services and supplies	2,886,660	2,680,889	205,771
Capital outlay	417,067	25,916	391,151
Total Building Maintenance	<u>4,756,640</u>	<u>3,984,440</u>	<u>772,200</u>
Economic Development:			
Salaries and wages	245,036	246,190	(1,154)
Employee benefits	87,796	82,998	4,798
Services and supplies	222,960	193,979	28,981
Total Economic Development	<u>555,792</u>	<u>523,167</u>	<u>32,625</u>
Miscellaneous:			
Salaries and wages	1,570,987	1,568,293	2,694
Employee benefits	65,701	44,410	21,291
Services and supplies	1,305,823	1,156,727	149,096
Total Miscellaneous	<u>2,942,511</u>	<u>2,769,430</u>	<u>173,081</u>
Total General Government	<u>39,590,564</u>	<u>32,814,662</u>	<u>6,775,902</u>
JUDICIAL:			
Municipal Court:			
Salaries and wages	1,926,604	1,958,863	(32,259)
Employee benefits	679,579	662,141	17,438
Services and supplies	280,261	264,387	15,874
Total Judicial	<u>2,886,444</u>	<u>2,885,391</u>	<u>1,053</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) (Continued) FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
PUBLIC SAFETY:			
Fire:			
Salaries and wages	\$ 15,243,509	\$ 15,403,812	\$ (160,303)
Employee benefits	5,381,481	5,439,467	(57,986)
Services and supplies	3,938,688	3,544,484	394,204
Capital outlay	276,558	20,627	255,931
Total Fire	<u>24,840,236</u>	<u>24,408,390</u>	<u>431,846</u>
Police:			
Salaries and wages	26,364,018	25,864,256	499,762
Employee benefits	9,579,801	9,536,911	42,890
Services and supplies	5,816,357	5,386,717	429,640
Capital outlay	1,827,764	1,576,085	251,679
Total Police	<u>43,587,940</u>	<u>42,363,969</u>	<u>1,223,971</u>
Building Inspection:			
Salaries and wages	758,645	700,097	58,548
Employee benefits	243,514	226,479	17,035
Services and supplies	133,629	89,520	44,109
Total Building Inspection	<u>1,135,788</u>	<u>1,016,096</u>	<u>119,692</u>
Total Public Safety	<u>69,563,964</u>	<u>67,788,455</u>	<u>1,775,509</u>
PUBLIC WORKS:			
Streets:			
Salaries and wages	1,109,800	1,078,168	31,632
Employee benefits	351,850	334,044	17,806
Services and supplies	1,155,881	1,128,431	27,450
Capital outlay	425,919	261,309	164,610
Total Streets	<u>3,043,450</u>	<u>2,801,952</u>	<u>241,498</u>
Street Lighting:			
Salaries and wages	806,015	776,920	29,095
Employee benefits	248,850	242,557	6,293
Services and supplies	2,316,382	2,299,766	16,616
Capital outlay	285,081	102,864	182,217
Total Street Lighting	<u>3,656,328</u>	<u>3,422,107</u>	<u>234,221</u>
Flood Control:			
Salaries and wages	156,800	153,218	3,582
Employee benefits	50,800	49,002	1,798
Services and supplies	177,248	156,132	21,116
Capital outlay	55,976	-	55,976
Total Flood Control	<u>440,824</u>	<u>358,352</u>	<u>82,472</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) (Continued) FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
PUBLIC WORKS (continued):			
Public Works General Services:			
Salaries and wages	\$ 190,700	\$ 192,561	\$ (1,861)
Employee benefits	64,900	64,251	649
Services and supplies	30,986	20,845	10,141
Total Public Works General Services	<u>286,586</u>	<u>277,657</u>	<u>8,929</u>
Total Public Works	<u>7,427,188</u>	<u>6,860,068</u>	<u>567,120</u>
CULTURE AND RECREATION:			
Parks:			
Salaries and wages	4,452,576	4,532,092	(79,516)
Employee benefits	1,465,241	1,435,519	29,722
Services and supplies	3,794,326	3,296,752	497,574
Capital outlay	1,250,915	554,192	696,723
Total Parks	<u>10,963,058</u>	<u>9,818,555</u>	<u>1,144,503</u>
Recreation:			
Salaries and wages	6,805,997	6,793,917	12,080
Employee benefits	1,347,050	1,395,217	(48,167)
Services and supplies	4,190,894	3,893,873	297,021
Capital outlay	20,559	20,559	-
Total Recreation	<u>12,364,500</u>	<u>12,103,566</u>	<u>260,934</u>
Swimming Pools:			
Salaries and wages	1,523,841	1,399,491	124,350
Employee benefits	189,200	199,898	(10,698)
Services and supplies	352,291	329,478	22,813
Total Swimming Pools	<u>2,065,332</u>	<u>1,928,867</u>	<u>136,465</u>
Senior Citizens Activities:			
Salaries and wages	226,498	229,860	(3,362)
Employee benefits	40,200	40,017	183
Services and supplies	67,478	62,400	5,078
Total Senior Citizens Activities	<u>334,176</u>	<u>332,277</u>	<u>1,899</u>
Total Culture and Recreation	<u>25,727,066</u>	<u>24,183,265</u>	<u>1,543,801</u>
Total Expenditures	<u>145,195,226</u>	<u>134,531,841</u>	<u>10,663,385</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(12,973,931)</u>	<u>(4,287,802)</u>	<u>8,686,129</u>
OTHER FINANCING SOURCES (USES):			
Capital leases	-	45,120	45,120
Transfers in	7,238,213	7,224,839	(13,374)
Transfers out	(10,157,354)	(8,167,354)	1,990,000
Total Other Financing Uses	<u>(2,919,141)</u>	<u>(897,395)</u>	<u>2,021,746</u>

CITY OF HENDERSON, NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) (Continued) FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
NET CHANGE IN FUND BALANCES	\$ (15,893,072)	\$ (5,185,197)	\$ 10,707,875
FUND BALANCES, BEGINNING OF YEAR	<u>25,390,516</u>	<u>25,390,516</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,497,444</u>	<u>\$ 20,205,319</u>	<u>\$ 10,707,875</u>

CITY OF HENDERSON, NEVADA

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 2,163,657	\$ 2,216,090	\$ 52,433
Intergovernmental	221,860	7,487	(214,373)
Miscellaneous interest	200,000	315,621	115,621
Miscellaneous	101,173	437,014	335,841
Total revenues	2,686,690	2,976,212	289,522
EXPENDITURES:			
General government:			
Salaries and wages	458,710	436,070	22,640
Employee benefits	163,880	150,348	13,532
Services and supplies	1,008,290	739,972	268,318
Total general government	1,630,880	1,326,390	304,490
Debt service:			
Principal retirement	19,535	42,984	(23,449)
Interest and fiscal charges	699,465	689,157	10,308
Total debt service	719,000	732,141	(13,141)
Total expenditures	2,349,880	2,058,531	291,349
NET CHANGE IN FUND BALANCES	336,810	917,681	580,871
FUND BALANCES, BEGINNING OF YEAR	16,828,517	16,828,517	-
FUND BALANCES, END OF YEAR	\$ 17,165,327	\$ 17,746,198	\$ 580,871

CITY OF HENDERSON, NEVADA

GAS TAX SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 2,216,107	\$ 2,328,771	\$ 112,664
Miscellaneous interest	95,000	138,365	43,365
Miscellaneous	9,853	9,853	-
Total revenues	2,320,960	2,476,989	156,029
EXPENDITURES:			
Public works:			
Services and supplies	173,133	45,865	127,268
Capital outlay	3,349,339	1,285,659	2,063,680
Total expenditures	3,522,472	1,331,524	2,190,948
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,201,512)	1,145,465	2,346,977
OTHER FINANCING USES:			
Transfers out	(135,000)	(126,565)	8,435
NET CHANGE IN FUND BALANCES	(1,336,512)	1,018,900	2,355,412
FUND BALANCES, BEGINNING OF YEAR	3,413,284	3,413,284	-
FUND BALANCES, END OF YEAR	\$ 2,076,772	\$ 4,432,184	\$ 2,355,412

CITY OF HENDERSON, NEVADA

FORFEITED ASSETS SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Fines and forfeits	\$ 96,163	\$ 67,721	\$ (28,442)
Miscellaneous interest	8,663	4,750	(3,913)
Total revenues	104,826	72,471	(32,355)
EXPENDITURES:			
Public safety:			
Services and supplies	50,461	50,553	(92)
Capital outlay	126,324	123,860	2,464
Total expenditures	176,785	174,413	2,372
NET CHANGE IN FUND BALANCES	(71,959)	(101,942)	(29,983)
FUND BALANCES, BEGINNING OF YEAR	172,968	172,968	-
FUND BALANCES, END OF YEAR	\$ 101,009	\$ 71,026	\$ (29,983)

CITY OF HENDERSON, NEVADA

**MUNICIPAL COURT ADMINISTRATIVE FEE
SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Fines and forfeits	\$ 369,000	\$ 367,105	\$ (1,895)
EXPENDITURES:			
Judicial:			
Salaries and wages	2,271	2,271	-
Employee benefits	66	65	1
Services and supplies	331,806	195,922	135,884
Capital outlay	414,347	164,437	249,910
Total expenditures	<u>748,490</u>	<u>362,695</u>	<u>385,795</u>
NET CHANGE IN FUND BALANCES	(379,490)	4,410	383,900
FUND BALANCES, BEGINNING OF YEAR	<u>379,608</u>	<u>379,608</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 118</u>	<u>\$ 384,018</u>	<u>\$ 383,900</u>

CITY OF HENDERSON, NEVADA

FINANCIAL STABILIZATION SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Miscellaneous interest	\$ 235,000	\$ 261,200	\$ 26,200
OTHER FINANCING SOURCES:			
Transfers in	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
NET CHANGE IN FUND BALANCES	385,000	261,200	(123,800)
FUND BALANCES, BEGINNING OF YEAR	<u>6,863,692</u>	<u>6,863,692</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,248,692</u>	<u>\$ 7,124,892</u>	<u>\$ (123,800)</u>

CITY OF HENDERSON, NEVADA

GRAFFITI REWARD AND ABATEMENT SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Fines and forfeits	\$ 500	\$ -	\$ (500)
FUND BALANCES, BEGINNING OF YEAR	<u>4,463</u>	<u>4,463</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,963</u>	<u>\$ 4,463</u>	<u>\$ (500)</u>

CITY OF HENDERSON, NEVADA

EQUIPMENT REPAIR AND MAINTENANCE SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 155,419	\$ 155,420	\$ 1
Developer contributions	899,756	695,586	(204,170)
Miscellaneous interest	46,277	79,238	32,961
Miscellaneous	200	42,200	42,000
Total revenues	1,101,652	972,444	(129,208)
EXPENDITURES:			
General government:			
Services and supplies	727,982	411,254	316,728
Capital outlay	50,000	22,508	27,492
Total general government	777,982	433,762	344,220
Judicial			
Services and supplies	500,000	215,683	284,317
Capital outlay	499,000	-	499,000
Total judicial	999,000	215,683	783,317
Public works:			
Services and supplies	311,049	1,456	309,593
Capital outlay	1,264,237	432,018	832,219
Total public works	1,575,286	433,474	1,141,812
Culture and recreation			
Capital outlay	650,000	-	650,000
Total expenditures	4,002,268	1,082,919	2,919,349
DEFICIENCY OF REVENUES UNDER EXPENDITURES			
	(2,900,616)	(110,475)	2,790,141
OTHER FINANCING SOURCES (USES):			
Transfers in	3,371,563	3,377,263	5,700
Transfers out	(800,000)	(800,000)	-
Total other financing sources	2,571,563	2,577,263	5,700
NET CHANGE IN FUND BALANCES	(329,053)	2,466,788	2,795,841
FUND BALANCES, BEGINNING OF YEAR	1,207,891	1,207,891	-
FUND BALANCES, END OF YEAR	\$ 878,838	\$ 3,674,679	\$ 2,795,841

CITY OF HENDERSON, NEVADA

MULTIPURPOSE SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 5,137,555	\$ 2,408,328	\$ (2,729,227)
Miscellaneous	-	310,544	310,544
Total revenues	<u>5,137,555</u>	<u>2,718,872</u>	<u>(2,418,683)</u>
EXPENDITURES:			
General government:			
Services and supplies	105,210	116,750	(11,540)
Public safety:			
Salaries and wages	957,461	802,528	154,933
Employee benefits	322,742	293,079	29,663
Services and supplies	317,010	264,802	52,208
Capital outlay	546,183	397,503	148,680
Total public safety	<u>2,143,396</u>	<u>1,757,912</u>	<u>385,484</u>
Public works:			
Services and supplies	-	2,500	(2,500)
Culture and recreation:			
Services and supplies	1,046,704	728,522	318,182
Capital outlay	1,912,011	265,045	1,646,966
Total culture and recreation	<u>2,958,715</u>	<u>993,567</u>	<u>1,965,148</u>
Total expenditures	<u>5,207,321</u>	<u>2,870,729</u>	<u>2,336,592</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(69,766)	(151,857)	(82,091)
OTHER FINANCING SOURCES:			
Transfers in	12,733	12,733	-
NET CHANGE IN FUND BALANCES (DEFICIT)	(57,033)	(139,124)	(82,091)
FUND BALANCES, BEGINNING OF YEAR	<u>57,033</u>	<u>57,033</u>	<u>-</u>
FUND DEFICIT, END OF YEAR	<u>\$ -</u>	<u>\$ (82,091)</u>	<u>\$ (82,091)</u>

CITY OF HENDERSON, NEVADA

LAKE LAS VEGAS SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Developer contributions	\$ 67,184	\$ 67,184	\$ -
Miscellaneous interest	75,000	94,482	19,482
Total revenues	<u>142,184</u>	<u>161,666</u>	<u>19,482</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>237,967</u>	<u>237,967</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	380,151	399,633	19,482
FUND BALANCES, BEGINNING OF YEAR	<u>2,352,040</u>	<u>2,352,040</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,732,191</u>	<u>\$ 2,751,673</u>	<u>\$ 19,482</u>

CITY OF HENDERSON, NEVADA

GENERAL OBLIGATION DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 11,773,327	\$ 12,105,369	\$ 332,042
Miscellaneous interest	325,000	224,160	(100,840)
Miscellaneous	37,414	366	(37,048)
Total revenues	<u>12,135,741</u>	<u>12,329,895</u>	<u>194,154</u>
EXPENDITURES:			
Debt Service:			
Principal retirement	11,655,000	11,655,000	-
Interest and fiscal charges	12,062,067	8,212,409	3,849,658
Administrative and other costs	73,870	74,502	(632)
Total expenditures	<u>23,790,937</u>	<u>19,941,911</u>	<u>3,849,026</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(11,655,196)</u>	<u>(7,612,016)</u>	<u>4,043,180</u>
OTHER FINANCING SOURCES (USES):			
Refunding debt issued	3,780,000	3,780,000	-
Premium on refunding debt issued	-	37,414	37,414
Payments to refunded bond escrow agent	-	(3,744,100)	(3,744,100)
Transfers in	10,717,187	10,663,865	(53,322)
Transfers out	(7,674,932)	(7,372,313)	302,619
Total other financing sources	<u>6,822,255</u>	<u>3,364,866</u>	<u>(3,457,389)</u>
NET CHANGE IN FUND BALANCES	(4,832,941)	(4,247,150)	585,791
FUND BALANCES, BEGINNING OF YEAR	<u>7,358,902</u>	<u>7,358,902</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,525,961</u>	<u>\$ 3,111,752</u>	<u>\$ 585,791</u>

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Special assessments	\$ 6,805,426	\$ 249,569	\$ (6,555,857)
Miscellaneous interest	8,079,939	265,675	(7,814,264)
Miscellaneous	96,556	24,622	(71,934)
Total revenues	<u>14,981,921</u>	<u>539,866</u>	<u>(14,442,055)</u>
EXPENDITURES:			
Debt Service:			
Principal retirement	6,560,000	225,000	6,335,000
Interest and fiscal charges	11,355,958	308,662	11,047,296
Administrative and other costs	329,590	25,662	303,928
Total expenditures	<u>18,245,548</u>	<u>559,324</u>	<u>17,686,224</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,263,627)</u>	<u>(19,458)</u>	<u>3,244,169</u>
OTHER FINANCING SOURCES (USES):			
Bonds issued	9,241,823	-	(9,241,823)
Transfers in	3,822	3,822	-
Transfers out	(259,868)	(39,701)	220,167
Total other financing sources (uses)	<u>8,985,777</u>	<u>(35,879)</u>	<u>(9,021,656)</u>
NET CHANGE IN FUND BALANCES	<u>5,722,150</u>	<u>(55,337)</u>	<u>(5,777,487)</u>
FUND BALANCES, BEGINNING OF YEAR, AS ORIGINALLY REPORTED	26,391,404	26,391,404	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(25,154,142)</u>	<u>(25,154,142)</u>
FUND BALANCES, BEGINNING OF YEAR, AS ADJUSTED	<u>-</u>	<u>1,237,262</u>	<u>1,237,262</u>
FUND BALANCES, END OF YEAR	<u>\$ 32,113,554</u>	<u>\$ 1,181,925</u>	<u>\$ (30,931,629)</u>

CITY OF HENDERSON, NEVADA

SPECIAL ASSESSMENT DISTRICTS CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Developer/property owner contributions	\$ -	\$ 50,763,177	\$ 50,763,177
Miscellaneous interest	285,100	622,033	336,933
Total revenues	285,100	51,385,210	51,100,110
EXPENDITURES:			
Public works:			
Services and supplies	420,495	75,378	345,117
Capital outlay	8,630,110	2,641,333	5,988,777
Total expenditures	9,050,605	2,716,711	6,333,894
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,765,505)	48,668,499	57,434,004
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	50,758,177	-	(50,758,177)
Transfers in	259,868	39,701	(220,167)
Transfers out	(3,822)	(3,822)	-
Total other financing sources	51,014,223	35,879	(50,978,344)
NET CHANGE IN FUND BALANCES	42,248,718	48,704,378	6,455,660
FUND BALANCES, BEGINNING OF YEAR	24,156,761	24,156,761	-
FUND BALANCES, END OF YEAR	\$ 66,405,479	\$ 72,861,139	\$ 6,455,660

CITY OF HENDERSON, NEVADA

MUNICIPAL FACILITIES ACQUISITION & CONSTRUCTION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Ad Valorem	\$ 8,015,548	\$ 8,134,403	\$ 118,855
Miscellaneous interest	1,000,000	939,444	(60,556)
Miscellaneous	193,707	15,577	(178,130)
Total revenues	9,209,255	9,089,424	(119,831)
EXPENDITURES:			
General government:			
Salaries and wages	45,786	1,479	44,307
Employee benefits	4,881	46	4,835
Services and supplies	11,242,181	5,105,128	6,137,053
Capital outlay	48,884,802	29,542,032	19,342,770
Total general government	60,177,650	34,648,685	25,528,965
Public safety:			
Services and supplies	9,781	-	9,781
Capital outlay	391,773	289,599	102,174
Total public safety	401,554	289,599	111,955
Public works:			
Services and supplies	300,000	300,000	-
Capital outlay	128,000	127,367	633
Total public works	428,000	427,367	633
Culture and recreation:			
Services and supplies	69,680	49,356	20,324
Capital outlay	1,185,762	1,163,104	22,658
Total culture and recreation	1,255,442	1,212,460	42,982
Total expenditures	62,262,646	36,578,111	25,684,535
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(53,053,391)	(27,488,687)	25,564,704
OTHER FINANCING SOURCES (USES):			
Transfers in	14,548,200	11,905,641	(2,642,559)
Transfers out	(11,801,449)	(11,748,127)	53,322
Total other financing sources	2,746,751	157,514	(2,589,237)
NET CHANGE IN FUND BALANCES	(50,306,640)	(27,331,173)	22,975,467
FUND BALANCES, BEGINNING OF YEAR	54,995,393	54,995,393	-
FUND BALANCES, END OF YEAR	\$ 4,688,753	\$ 27,664,220	\$ 22,975,467

CITY OF HENDERSON, NEVADA

LAND SALES CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS) - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Miscellaneous interest	\$ 184,700	\$ 292,995	\$ 108,295
Miscellaneous	279,600	333,642	54,042
Total revenues	464,300	626,637	162,337
EXPENDITURES:			
Public works:			
Services and supplies	852,664	546,833	305,831
Capital outlay	529,744	105,748	423,996
Total expenditures	1,382,408	652,581	729,827
DEFICIENCY OF REVENUES UNDER EXPENDITURES			
	(918,108)	(25,944)	892,164
OTHER FINANCING SOURCES (USES):			
Land sales	6,985,453	6,296,745	(688,708)
Transfers out	(2,211,414)	(2,287,818)	(76,404)
Total other financing sources	4,774,039	4,008,927	(765,112)
NET CHANGE IN FUND BALANCE (DEFICITS)			
	3,855,931	3,982,983	127,052
FUND DEFICITS, BEGINNING OF YEAR			
	(3,341,927)	(3,341,927)	-
FUND BALANCES, END OF YEAR			
	\$ 514,004	\$ 641,056	\$ 127,052

CITY OF HENDERSON, NEVADA

SPECIAL RECREATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 1,600,000	\$ 1,683,355	\$ 83,355
Miscellaneous interest	116,000	92,875	(23,125)
Total revenues	<u>1,716,000</u>	<u>1,776,230</u>	<u>60,230</u>
EXPENDITURES:			
Culture and recreation:			
Services and supplies	1,342,055	1,060,069	281,986
Capital outlay	1,880,874	1,209,324	671,550
Total expenditures	<u>3,222,929</u>	<u>2,269,393</u>	<u>953,536</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,506,929)</u>	<u>(493,163)</u>	<u>1,013,766</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	41,300	41,300	-
Transfers out	(2,016,000)	(1,936,445)	79,555
Total other financing uses	<u>(1,974,700)</u>	<u>(1,895,145)</u>	<u>79,555</u>
NET CHANGE IN FUND BALANCES	(3,481,629)	(2,388,308)	1,093,321
FUND BALANCES, BEGINNING OF YEAR	<u>4,072,314</u>	<u>4,072,314</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 590,685</u>	<u>\$ 1,684,006</u>	<u>\$ 1,093,321</u>

CITY OF HENDERSON, NEVADA

BOND PROCEEDS CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 990,000	\$ 990,000	\$ -
Miscellaneous interest	39,950	37,280	(2,670)
Miscellaneous	8,318	8,674	356
Total revenues	<u>1,038,268</u>	<u>1,035,954</u>	<u>(2,314)</u>
EXPENDITURES:			
Culture and recreation:			
Services and supplies	649,693	578,825	70,868
Capital outlay	6,788,099	6,611,978	176,121
Total culture and recreation	<u>7,437,792</u>	<u>7,190,803</u>	<u>246,989</u>
Public works:			
Services and supplies	171,389	-	171,389
Total expenditures	<u>7,609,181</u>	<u>7,190,803</u>	<u>418,378</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,570,913)</u>	<u>(6,154,849)</u>	<u>416,064</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,653,262	1,653,262	-
Transfers out	(1,163,493)	(677,964)	485,529
Total other financing sources	<u>489,769</u>	<u>975,298</u>	<u>485,529</u>
NET CHANGE IN FUND BALANCES	(6,081,144)	(5,179,551)	901,593
FUND BALANCES, BEGINNING OF YEAR	<u>7,811,743</u>	<u>7,811,743</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,730,599</u>	<u>\$ 2,632,192</u>	<u>\$ 901,593</u>

CITY OF HENDERSON, NEVADA

HUD PROCEEDS CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 4,879,539	\$ 3,173,260	\$ (1,706,279)
EXPENDITURES:			
Public works:			
Salaries and wages	389,213	336,265	52,948
Employee benefits	152,462	99,465	52,997
Services and supplies	3,329,073	1,788,180	1,540,893
Capital outlay	938,361	663,768	274,593
Total expenditures	<u>4,809,109</u>	<u>2,887,678</u>	<u>1,921,431</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	70,430	285,582	215,152
FUND DEFICITS, BEGINNING OF YEAR	<u>(70,430)</u>	<u>(70,430)</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 215,152</u>	<u>\$ 215,152</u>

CITY OF HENDERSON, NEVADA

PARK DEVELOPMENT CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ -	\$ 13,464	\$ 13,464
Impact fees	1,734,000	1,642,738	(91,262)
Miscellaneous interest	185,960	221,335	35,375
Miscellaneous	-	12	12
Total revenues	1,919,960	1,877,549	(42,411)
EXPENDITURES:			
Culture and recreation:			
Services and supplies	502,955	267,417	235,538
Capital outlay	3,387,956	407,825	2,980,131
Total expenditures	3,890,911	675,242	3,215,669
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,970,951)	1,202,307	3,173,258
OTHER FINANCING SOURCES (USES):			
Transfers in	1,500,000	1,500,000	-
Transfers out	(239,000)	(239,000)	-
Total other financing sources	1,261,000	1,261,000	-
NET CHANGE IN FUND BALANCES	(709,951)	2,463,307	3,173,258
FUND BALANCES, BEGINNING OF YEAR	4,442,797	4,442,797	-
FUND BALANCES, END OF YEAR	\$ 3,732,846	\$ 6,906,104	\$ 3,173,258

CITY OF HENDERSON, NEVADA

FLOOD CONTROL CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Miscellaneous interest	\$ 3,200	\$ 4,139	\$ 939
FUND BALANCES, BEGINNING OF YEAR	<u>101,177</u>	<u>101,177</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 104,377</u>	<u>\$ 105,316</u>	<u>\$ 939</u>

CITY OF HENDERSON, NEVADA

RTC/COUNTY FUNDED CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 5,021,409	\$ 5,063,466	\$ 42,057
Developer contributions	1,649,143	612,443	(1,036,700)
Miscellaneous	11,615	11,615	-
Total revenues	<u>6,682,167</u>	<u>5,687,524</u>	<u>(994,643)</u>
EXPENDITURES:			
Public works:			
Services and supplies	515,444	-	515,444
Capital outlay	6,182,886	5,210,464	972,422
Total expenditures	<u>6,698,330</u>	<u>5,210,464</u>	<u>1,487,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,163)	477,060	493,223
OTHER FINANCING SOURCES			
Transfers in	<u>92,800</u>	<u>92,800</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	76,637	569,860	493,223
FUND (DEFICITS), BEGINNING OF YEAR	<u>(76,637)</u>	<u>(76,637)</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 493,223</u>	<u>\$ 493,223</u>

CITY OF HENDERSON, NEVADA

SPECIAL AD VALOREM TRANSPORTATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
REVENUES:			
Property taxes - transportation	\$ 600,000	\$ 598,576	\$ (1,424)
Miscellaneous interest	4,600	17,228	12,628
Total revenues	604,600	615,804	11,204
EXPENDITURES:			
Public works:			
Services and supplies	820,653	-	820,653
NET CHANGE IN FUND BALANCES	(216,053)	615,804	831,857
FUND BALANCES, BEGINNING OF YEAR	216,053	216,053	-
FUND BALANCES, END OF YEAR	\$ -	\$ 831,857	\$ 831,857

This page left blank intentionally.

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.

Nonmajor Enterprise Fund

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

Proprietary Funds

This page left blank intentionally.

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2003

ASSETS

	<u>Engineering</u>	<u>City Shop</u>	<u>Revolving</u>	<u>Self Insurance</u>	<u>Workmen's Compensation Self Insurance</u>	<u>Health Insurance Self Insurance</u>	<u>Total</u>
CURRENT ASSETS:							
Cash and investments	\$ 2,796,200	\$ 15,621,025	\$ 1,443,506	\$ 5,317,329	\$ 3,690,888	\$ 1,387,464	\$ 30,256,412
Accounts receivable	7,278	3,904	-	-	-	149,700	160,882
Accrued interest receivable	15,330	80,083	7,512	27,595	19,222	16,509	166,251
Due from other governments	122,894	-	-	-	-	-	122,894
Inventory-bulk fuel	-	15,336	-	-	-	-	15,336
Deposits	-	-	-	-	-	4,140	4,140
Total current assets	<u>2,941,702</u>	<u>15,720,348</u>	<u>1,451,018</u>	<u>5,344,924</u>	<u>3,710,110</u>	<u>1,557,813</u>	<u>30,725,915</u>
PROPERTY, PLANT AND EQUIPMENT:							
Buildings	48,398	704,979	-	-	-	-	753,377
Improvements other than buildings	-	368,472	-	-	-	-	368,472
Machinery and equipment	414,208	28,836,501	-	-	19,500	-	29,270,209
Total property, plant and equipment	<u>462,606</u>	<u>29,909,952</u>	<u>-</u>	<u>-</u>	<u>19,500</u>	<u>-</u>	<u>30,392,058</u>
Less accumulated depreciation	<u>(333,166)</u>	<u>(18,304,896)</u>	<u>-</u>	<u>-</u>	<u>(19,500)</u>	<u>-</u>	<u>(18,657,562)</u>
Net property, plant and equipment	<u>129,440</u>	<u>11,605,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,734,496</u>
OTHER ASSETS:							
Advances to other funds	-	-	143,962	-	-	-	143,962
Total assets	<u>3,071,142</u>	<u>27,325,404</u>	<u>1,594,980</u>	<u>5,344,924</u>	<u>3,710,110</u>	<u>1,557,813</u>	<u>42,604,373</u>

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS (Continued)

June 30, 2003

LIABILITIES

	<u>Engineering</u>	<u>City Shop</u>	<u>Revolving</u>	<u>Self Insurance</u>	<u>Workmen's Compensation Self Insurance</u>	<u>Health Insurance Self Insurance</u>	<u>Total</u>
CURRENT LIABILITIES:							
Accounts payable and accrued wages	\$ 178,105	\$ 312,477	\$ -	\$ 25,335	\$ 17,881	\$ 203,093	\$ 736,891
Compensated absences payable	1,083,983	236,995	-	-	62,119	10,719	1,393,816
Claims and judgments payable	-	-	-	497,857	1,519,357	849,305	2,866,519
Capital lease obligations - current	<u>2,506</u>	<u>109,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,648</u>
Total current liabilities	<u>1,264,594</u>	<u>658,614</u>	<u>-</u>	<u>523,192</u>	<u>1,599,357</u>	<u>1,063,117</u>	<u>5,108,874</u>
LONG-TERM LIABILITIES:							
Capital lease obligations (net of current portion)	<u>9,732</u>	<u>94,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,763</u>
Total liabilities	<u>1,274,326</u>	<u>752,645</u>	<u>-</u>	<u>523,192</u>	<u>1,599,357</u>	<u>1,063,117</u>	<u>5,212,637</u>
NET ASSETS							
Invested in capital assets, net of related debt	117,202	11,401,883	-	-	-	-	11,519,085
Restricted for claims	-	-	-	4,821,732	2,110,753	494,696	7,427,181
Unrestricted	<u>1,679,614</u>	<u>15,170,876</u>	<u>1,594,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,445,470</u>
Total net assets	<u>\$ 1,796,816</u>	<u>\$ 26,572,759</u>	<u>\$ 1,594,980</u>	<u>\$ 4,821,732</u>	<u>\$ 2,110,753</u>	<u>\$ 494,696</u>	<u>\$ 37,391,736</u>

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Engineering</u>	<u>City Shop</u>	<u>Revolving</u>	<u>Self Insurance</u>	<u>Workmen's Compensation Self Insurance</u>	<u>Health Insurance Self Insurance</u>	<u>Total</u>
OPERATING REVENUES:							
Charges for services	\$ 2,773,515	\$ 7,292,643	\$ 5,954	\$ 1,310,994	\$ 2,179,559	\$ 5,889,865	\$ 19,452,530
OPERATING EXPENSES:							
Salaries and wages	3,628,084	989,743	-	-	317,955	57,611	4,993,393
Employee benefits	1,074,489	241,586	-	-	92,357	15,784	1,424,216
Services and supplies	651,076	1,955,702	-	682,942	604,373	1,405,639	5,299,732
Claims	-	-	-	269,985	1,141,628	4,966,445	6,378,058
Legal fees	-	-	-	118,934	-	-	118,934
Depreciation	43,335	2,960,917	-	-	-	-	3,004,252
Total operating expenses	<u>5,396,984</u>	<u>6,147,948</u>	<u>-</u>	<u>1,071,861</u>	<u>2,156,313</u>	<u>6,445,479</u>	<u>21,218,585</u>
OPERATING INCOME (LOSS)	<u>(2,623,469)</u>	<u>1,144,695</u>	<u>5,954</u>	<u>239,133</u>	<u>23,246</u>	<u>(555,614)</u>	<u>(1,766,055)</u>
NONOPERATING REVENUES (EXPENSES):							
Interest revenue	124,470	540,984	53,872	193,148	127,778	98,713	1,138,965
Interest expense	(1,533)	(14,292)	-	-	(1,088)	-	(16,913)
Miscellaneous	55,432	36,351	-	-	-	-	91,783
Gain (loss) on the disposition of assets	(13,374)	73,924	-	-	-	-	60,550
Total nonoperating revenues	<u>164,995</u>	<u>636,967</u>	<u>53,872</u>	<u>193,148</u>	<u>126,690</u>	<u>98,713</u>	<u>1,274,385</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(2,458,474)</u>	<u>1,781,662</u>	<u>59,826</u>	<u>432,281</u>	<u>149,936</u>	<u>(456,901)</u>	<u>(491,670)</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>1,931,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,931,809</u>
TRANSFERS:							
Transfers in	1,271,975	-	28,925	-	700,000	-	2,000,900
Transfers out	(554,200)	(700,000)	(81,100)	-	-	-	(1,335,300)
Total transfers	<u>717,775</u>	<u>(700,000)</u>	<u>(52,175)</u>	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>665,600</u>
CHANGE IN NET ASSETS	(1,740,699)	3,013,471	7,651	432,281	849,936	(456,901)	2,105,739
NET ASSETS, BEGINNING OF YEAR	<u>3,537,515</u>	<u>23,559,288</u>	<u>1,587,329</u>	<u>4,389,451</u>	<u>1,260,817</u>	<u>951,597</u>	<u>35,285,997</u>
NET ASSETS, END OF YEAR	<u>\$ 1,796,816</u>	<u>\$ 26,572,759</u>	<u>\$ 1,594,980</u>	<u>\$ 4,821,732</u>	<u>\$ 2,110,753</u>	<u>\$ 494,696</u>	<u>\$ 37,391,736</u>

This page left blank intentionally.

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Engineering</u>	<u>City Shop</u>	<u>Revolving</u>	<u>Self Insurance</u>	<u>Workmen's Compensation Self Insurance</u>	<u>Health Insurance Self Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from users	\$ 763,108	\$ -	\$ -	\$ -	\$ -	\$ 263,100	\$ 1,026,208
Cash received from quasi-external operating transactions	1,970,449	7,292,643	5,954	1,310,994	2,179,559	5,565,249	18,324,848
Cash from other sources	55,432	33,051	-	-	-	-	88,483
Cash payments to suppliers for goods and services	(1,708,443)	(2,096,640)	-	(1,050,865)	(1,589,515)	(6,245,107)	(12,690,570)
Cash payments to employees for services	<u>(3,399,245)</u>	<u>(936,207)</u>	<u>-</u>	<u>-</u>	<u>(309,164)</u>	<u>(45,512)</u>	<u>(4,690,128)</u>
Net cash provided by (used for) operating activities	<u>(2,318,699)</u>	<u>4,292,847</u>	<u>5,954</u>	<u>260,129</u>	<u>280,880</u>	<u>(462,270)</u>	<u>2,058,841</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Operating transfers in	1,271,975	-	28,925	-	700,000	-	2,000,900
Operating transfers out	(554,200)	(700,000)	(81,100)	-	-	-	(1,335,300)
Payments on advances to other funds	<u>-</u>	<u>-</u>	<u>(52,364)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,364)</u>
Net cash provided by (used for) noncapital financing activities	<u>717,775</u>	<u>(700,000)</u>	<u>(104,539)</u>	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>613,236</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition of fixed assets	(39,001)	(913,411)	-	-	-	-	(952,412)
Principal payments on lease obligations	(8,737)	(161,105)	-	-	-	-	(169,842)
Interest paid	(1,533)	(14,292)	-	-	(1,088)	-	(16,913)
Proceeds from sale of fixed assets	<u>-</u>	<u>192,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,133</u>
Net cash used for capital and related financing activities	<u>(49,271)</u>	<u>(896,675)</u>	<u>-</u>	<u>-</u>	<u>(1,088)</u>	<u>-</u>	<u>(947,034)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest on investments	<u>139,238</u>	<u>551,426</u>	<u>57,377</u>	<u>201,180</u>	<u>127,737</u>	<u>99,661</u>	<u>1,176,619</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,510,957)	3,247,598	(41,208)	461,309	1,107,529	(362,609)	2,901,662
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,307,157</u>	<u>12,373,427</u>	<u>1,484,714</u>	<u>4,856,020</u>	<u>2,583,359</u>	<u>1,750,073</u>	<u>27,354,750</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,796,200</u>	<u>\$ 15,621,025</u>	<u>\$ 1,443,506</u>	<u>\$ 5,317,329</u>	<u>\$ 3,690,888</u>	<u>\$ 1,387,464</u>	<u>\$ 30,256,412</u>

(Continued)

CITY OF HENDERSON, NEVADA

INTERNAL SERVICE FUNDS

**COMBINING STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Engineering</u>	<u>City Shop</u>	<u>Revolving</u>	<u>Self Insurance</u>	<u>Workmen's Compensation Self Insurance</u>	<u>Health Insurance Self Insurance</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR)							
OPERATING ACTIVITIES:							
Operating income (loss)	\$ (2,623,469)	\$ 1,144,695	\$ 5,954	\$ 239,133	\$ 23,246	\$ (555,614)	\$ (1,766,055)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation expense	43,335	2,960,917	-	-	-	-	3,004,252
Miscellaneous revenues	55,432	36,351	-	-	-	-	91,783
(Increase) decrease in accounts receivable	12,640	(3,300)	-	-	-	(61,516)	(52,176)
(Increase) in due from other governments	(52,598)	-	-	-	-	-	(52,598)
Increase in accounts payable and accrued wages	40,609	108,325	-	20,996	4,243	153,597	327,770
Increase in compensated absences payable	205,352	45,859	-	-	8,288	1,263	260,762
Increase in claims and judgments	-	-	-	-	245,103	-	245,103
Total adjustments	<u>304,770</u>	<u>3,148,152</u>	<u>-</u>	<u>20,996</u>	<u>257,634</u>	<u>93,344</u>	<u>3,824,896</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (2,318,699)</u>	<u>\$ 4,292,847</u>	<u>\$ 5,954</u>	<u>\$ 260,129</u>	<u>\$ 280,880</u>	<u>\$ (462,270)</u>	<u>\$ 2,058,841</u>

NONCASH TRANSACTIONS AFFECTING FINANCIAL
POSITION:

The City Shop Fund received contributions of fixed assets from other funds totaling \$2,020,120 for the year ended June 30, 2003.
The Engineering Fund acquired capital assets of \$14,304 through a capital lease during the year ended June 30, 2003.

CITY OF HENDERSON, NEVADA

ENGINEERING INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Charges for services	\$ 2,705,765	\$ 2,773,515	\$ 67,750
OPERATING EXPENSES:			
Salaries and wages	3,644,170	3,628,084	16,086
Employee benefits	1,173,657	1,074,489	99,168
Services and supplies	814,259	651,076	163,183
Depreciation	33,500	43,335	(9,835)
Total operating expenses	<u>5,665,586</u>	<u>5,396,984</u>	<u>268,602</u>
OPERATING LOSS	<u>(2,959,821)</u>	<u>(2,623,469)</u>	<u>336,352</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	132,000	124,470	(7,530)
Interest expense	(2,934)	(1,533)	1,401
Miscellaneous	-	55,432	55,432
Loss on disposition of assets	-	(13,374)	(13,374)
Total nonoperating revenues	<u>129,066</u>	<u>164,995</u>	<u>35,929</u>
LOSS BEFORE TRANSFERS	<u>(2,830,755)</u>	<u>(2,458,474)</u>	<u>372,281</u>
TRANSFERS:			
Transfers in	1,271,975	1,271,975	-
Transfers out	(561,874)	(554,200)	7,674
Total transfers	<u>710,101</u>	<u>717,775</u>	<u>7,674</u>
CHANGE IN NET ASSETS	<u>\$ (2,120,654)</u>	(1,740,699)	<u>\$ 379,955</u>
NET ASSETS, BEGINNING OF YEAR		<u>3,537,515</u>	
NET ASSETS, END OF YEAR		<u>\$ 1,796,816</u>	

CITY OF HENDERSON, NEVADA

CITY SHOP INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Charges for services	\$ 7,288,891	\$ 7,292,643	\$ 3,752
OPERATING EXPENSES:			
Salaries and wages	891,070	989,743	(98,673)
Employee benefits	248,837	241,586	7,251
Services and supplies	2,025,935	1,955,702	70,233
Depreciation	3,640,696	2,960,917	679,779
Total operating expenses	<u>6,806,538</u>	<u>6,147,948</u>	<u>658,590</u>
OPERATING INCOME	<u>482,353</u>	<u>1,144,695</u>	<u>662,342</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	400,000	540,984	140,984
Interest expense	(17,992)	(14,292)	3,700
Miscellaneous	27,000	36,351	9,351
Gain on the disposition of assets	126,000	73,924	(52,076)
Total nonoperating revenues	<u>535,008</u>	<u>636,967</u>	<u>101,959</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,017,361	1,781,662	764,301
CAPITAL CONTRIBUTIONS	-	1,931,809	1,931,809
TRANSFERS:			
Transfers out	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ 317,361</u>	3,013,471	<u>\$ 2,696,110</u>
NET ASSETS, BEGINNING OF YEAR		<u>23,559,288</u>	
NET ASSETS, END OF YEAR		<u>\$ 26,572,759</u>	

CITY OF HENDERSON, NEVADA

REVOLVING INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Interest on loans	\$ 6,100	\$ 5,954	\$ (146)
NONOPERATING REVENUES:			
Interest revenue	<u>55,000</u>	<u>53,872</u>	<u>(1,128)</u>
INCOME BEFORE TRANSFERS	<u>61,100</u>	<u>59,826</u>	<u>(1,274)</u>
TRANSFERS:			
Transfers in	-	28,925	28,925
Transfers out	<u>(55,000)</u>	<u>(81,100)</u>	<u>(26,100)</u>
Total transfers	<u>(55,000)</u>	<u>(52,175)</u>	<u>2,825</u>
CHANGE IN NET ASSETS	<u>\$ 6,100</u>	7,651	<u>\$ 1,551</u>
NET ASSETS, BEGINNING OF YEAR		<u>1,587,329</u>	
NET ASSETS, END OF YEAR		<u>\$ 1,594,980</u>	

CITY OF HENDERSON, NEVADA

SELF INSURANCE INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Charges for services	\$ 1,310,994	\$ 1,310,994	\$ -
OPERATING EXPENSES:			
Employee benefits	103,896	-	103,896
Services and supplies	1,248,130	682,942	565,188
Claims	-	269,985	(269,985)
Legal fees	-	118,934	(118,934)
Total operating expenses	<u>1,352,026</u>	<u>1,071,861</u>	<u>280,165</u>
OPERATING INCOME (LOSS)	(41,032)	239,133	280,165
NONOPERATING REVENUE:			
Interest revenue	<u>180,000</u>	<u>193,148</u>	<u>13,148</u>
CHANGE IN NET ASSETS	<u>\$ 138,968</u>	432,281	<u>\$ 293,313</u>
NET ASSETS, BEGINNING OF YEAR		<u>4,389,451</u>	
NET ASSETS, END OF YEAR		<u>\$ 4,821,732</u>	

CITY OF HENDERSON, NEVADA

WORKMEN'S COMPENSATION SELF INSURANCE INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Insurance premiums	\$ 1,757,035	\$ 2,179,559	\$ 422,524
OPERATING EXPENSES:			
Salaries and wages	291,826	317,955	(26,129)
Employee benefits	99,210	92,357	6,853
Services and supplies	1,884,626	604,373	1,280,253
Claims	-	1,141,628	(1,141,628)
Total operating expenses	<u>2,275,662</u>	<u>2,156,313</u>	<u>119,349</u>
OPERATING LOSS	<u>(518,627)</u>	<u>23,246</u>	<u>541,873</u>
NONOPERATING REVENUE (EXPENSES):			
Interest revenue	117,000	127,778	10,778
Interest expense	<u>(635)</u>	<u>(1,088)</u>	<u>(453)</u>
Total nonoperating revenues	<u>116,365</u>	<u>126,690</u>	<u>10,325</u>
INCOME (LOSS) BEFORE TRANSFERS	(402,262)	149,936	552,198
TRANSFERS:			
Transfers in	<u>700,000</u>	<u>700,000</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ 297,738</u>	849,936	<u>\$ 552,198</u>
NET ASSETS, BEGINNING OF YEAR		<u>1,260,817</u>	
NET ASSETS, END OF YEAR		<u>\$ 2,110,753</u>	

CITY OF HENDERSON, NEVADA

HEALTH INSURANCE SELF INSURANCE INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Insurance premiums	\$ 5,887,200	\$ 5,889,865	\$ 2,665
OPERATING EXPENSES:			
Salaries and wages	54,179	57,611	(3,432)
Employee benefits	15,835	15,784	51
Services and supplies	5,211,700	1,405,639	3,806,061
Claims	-	4,966,445	(4,966,445)
Total operating expenses	<u>5,281,714</u>	<u>6,445,479</u>	<u>(1,163,765)</u>
OPERATING INCOME (LOSS)	605,486	(555,614)	(1,161,100)
NONOPERATING REVENUES:			
Interest revenue	<u>88,000</u>	<u>98,713</u>	<u>10,713</u>
CHANGE IN NET ASSETS	<u>\$ 693,486</u>	<u>(456,901)</u>	<u>\$ (1,150,387)</u>
NET ASSETS, BEGINNING OF YEAR		<u>951,597</u>	
NET ASSETS, END OF YEAR		<u>\$ 494,696</u>	

CITY OF HENDERSON, NEVADA

WATER ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Utility fees	\$ 39,800,000	\$ 40,366,181	\$ 566,181
Connection fees	753,500	903,096	149,596
Developer contributions	6,150	6,157	7
Late charges	700,000	589,927	(110,073)
Miscellaneous	357,000	296,173	(60,827)
Total operating revenues	41,616,650	42,161,534	544,884
OPERATING EXPENSES:			
Salaries and wages	6,855,381	6,502,939	352,442
Employee benefits	2,080,341	1,941,554	138,787
Water purchases	17,533,700	16,347,835	1,185,865
Services and supplies	11,465,524	9,543,450	1,922,074
Depreciation	12,915,342	13,349,481	(434,139)
Total operating expenses	50,850,288	47,685,259	3,165,029
OPERATING LOSS	(9,233,638)	(5,523,725)	3,709,913
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	4,248,000	4,091,862	(156,138)
Interest expense	(4,293,652)	(3,585,178)	708,474
Miscellaneous	32,095	33,455	1,360
Gain on disposition of fixed assets	-	102	102
Bond premium amortization	-	21,936	21,936
Total nonoperating revenues (expenses)	(13,557)	562,177	575,734
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(9,247,195)	(4,961,548)	4,285,647
CAPITAL CONTRIBUTIONS	15,208,730	41,522,259	26,313,529
TRANSFERS:			
Transfers out	(3,250,000)	(3,250,000)	-
CHANGE IN NET ASSETS	\$ 2,711,535	33,310,711	\$ 30,599,176
NET ASSETS, BEGINNING OF YEAR		306,740,253	
NET ASSETS, END OF YEAR		\$ 340,050,964	

CITY OF HENDERSON, NEVADA

SEWER ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Utility fees	\$ 21,800,000	\$ 22,539,704	\$ 739,704
Connection fees	78,500	72,281	(6,219)
Developer/property owner contributions	190,000	-	(190,000)
Late charges	350,000	353,626	3,626
Miscellaneous	10,000	46,559	36,559
Total operating revenues	22,428,500	23,012,170	583,670
OPERATING EXPENSES:			
Salaries and wages	4,811,918	4,537,090	274,828
Employee benefits	1,516,359	1,336,550	179,809
Services and supplies	12,088,184	9,477,602	2,610,582
Depreciation	8,134,779	8,224,384	(89,605)
Total operating expenses	26,551,240	23,575,626	2,975,614
OPERATING LOSS	(4,122,740)	(563,456)	3,559,284
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	5,650,123	6,138,615	488,492
Sales tax	3,392,990	3,413,380	20,390
Interest expense	(4,044,550)	(3,206,335)	838,215
Miscellaneous	-	161	161
Loss on disposition of fixed assets	-	(607)	(607)
Bond premium amortization	-	32,904	32,904
Total nonoperating revenues	4,998,563	6,378,118	1,379,555
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	875,823	5,814,662	4,938,839
CAPITAL CONTRIBUTIONS	18,014,345	31,613,749	13,599,404
TRANSFERS:			
Transfers out	(3,250,000)	(3,250,000)	-
CHANGE IN NET ASSETS	\$ 15,640,168	34,178,411	\$ 18,538,243
NET ASSETS, BEGINNING OF YEAR		289,954,979	
NET ASSETS, END OF YEAR		\$ 324,133,390	

CITY OF HENDERSON, NEVADA

DEVELOPMENT SERVICES ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS- BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Developer contributions	\$ 35,041	\$ 19,873	\$ (15,168)
Licenses and permits	5,677,395	6,124,420	447,025
Charges for services	6,182,092	6,041,550	(140,542)
Miscellaneous	15,125	80,576	65,451
Total operating revenues	11,909,653	12,266,419	356,766
OPERATING EXPENSES:			
Salaries and wages	8,329,083	8,021,925	307,158
Employee benefits	2,385,207	2,218,597	166,610
Services and supplies	4,768,550	4,510,786	257,764
Depreciation	437,766	419,440	18,326
Total operating expenses	15,920,606	15,170,748	749,858
OPERATING LOSS	(4,010,953)	(2,904,329)	1,106,624
NONOPERATING REVENUES:			
Interest revenue	89,896	108,753	18,857
Miscellaneous	90,656	-	(90,656)
Total nonoperating revenues	180,552	108,753	(71,799)
LOSS BEFORE TRANSFERS	(3,830,401)	(2,795,576)	1,034,825
TRANSFERS:			
Transfers in	2,480,316	2,480,316	-
CHANGE IN NET ASSETS	\$ (1,350,085)	(315,260)	\$ 1,034,825
NET ASSETS, BEGINNING OF YEAR		4,022,998	
NET ASSETS, END OF YEAR		\$ 3,707,738	

CITY OF HENDERSON, NEVADA

CONVENTION CENTER ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
OPERATING REVENUES:			
Rental fees	\$ 370,000	\$ 334,559	\$ (35,441)
Licenses - gaming	650,000	543,075	(106,925)
Charges for services	200,000	-	(200,000)
Miscellaneous	-	41,705	41,705
Total operating revenues	1,220,000	919,339	(300,661)
OPERATING EXPENSES:			
Salaries and wages	871,125	845,873	25,252
Employee benefits	277,970	255,305	22,665
Services and supplies	1,185,322	821,726	363,596
Depreciation	188,598	154,260	34,338
Total operating expenses	2,523,015	2,077,164	445,851
OPERATING LOSS	(1,303,015)	(1,157,825)	145,190
NONOPERATING REVENUES:			
Room tax	1,247,716	1,049,821	(197,895)
Interest revenue	75,000	63,576	(11,424)
Total nonoperating revenues	1,322,716	1,113,397	(209,319)
CHANGE IN NET ASSETS	\$ 19,701	(44,428)	\$ (64,129)
NET ASSETS, BEGINNING OF YEAR		4,576,980	
NET ASSETS, END OF YEAR		\$ 4,532,552	

This page left blank intentionally.

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.

Fiduciary Funds

This page left blank intentionally.

CITY OF HENDERSON, NEVADA

AGENCY FUNDS

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2003**

ASSETS

	<u>Bridges</u>	<u>Section 125 Plan</u>	<u>Traffic Signal</u>	<u>Forfeited Assets</u>	<u>Paving Frontage</u>	<u>Special Assessment Districts</u>	<u>Total</u>
Cash and investments	\$ 147,115	\$ 45,853	\$ 7,282,808	\$ 18,465	\$ 56,680	\$ 33,477,398	\$ 41,028,319

LIABILITIES AND NET ASSETS

LIABILITIES:

Due to developers	\$ 147,115	\$ -	\$ 7,282,808	\$ -	\$ 56,680	\$ -	\$ 7,486,603
Due to employees	-	42,455	-	-	-	-	42,455
Due to others	-	3,398	-	18,465	-	33,477,398	33,499,261
Total liabilities	<u>147,115</u>	<u>45,853</u>	<u>7,282,808</u>	<u>18,465</u>	<u>56,680</u>	<u>33,477,398</u>	<u>41,028,319</u>

NET ASSETS	<u>\$ -</u>						
------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

CITY OF HENDERSON, NEVADA

ALL AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2003

	Balance July 1, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2003</u>
BRIDGES AGENCY FUND				
Assets:				
Cash and investments	\$ 141,884	\$ 5,231	\$ -	\$ 147,115
Liabilities:				
Due to developers	\$ 141,884	\$ 5,231	\$ -	\$ 147,115
SECTION 125 PLAN FUND				
Assets:				
Cash and investments	\$ 48,428	\$ 227,460	\$ 230,035	\$ 45,853
Liabilities:				
Due to employees	\$ 48,428	\$ 227,459	\$ 233,432	\$ 42,455
Due to others	-	8,572	5,174	3,398
	\$ 48,428	\$ 236,031	\$ 238,606	\$ 45,853
TRAFFIC SIGNAL AGENCY FUND				
Assets:				
Cash and investments	\$ 7,738,336	\$ 1,542,633	\$ 1,998,161	\$ 7,282,808
Liabilities:				
Due to developers	\$ 7,738,336	\$ 1,542,633	\$ 1,998,161	\$ 7,282,808
FORFEITED ASSETS AGENCY FUND				
Assets:				
Cash and investments	\$ 61,320	\$ 23,978	\$ 66,833	\$ 18,465
Liabilities:				
Due to others	\$ 61,320	\$ 23,978	\$ 66,833	\$ 18,465
PAVING FRONTAGE AGENCY FUND				
Assets:				
Cash and investments	\$ 54,664	\$ 2,016	\$ -	\$ 56,680
Liabilities:				
Due to developers	\$ 54,664	\$ 2,016	\$ -	\$ 56,680
SPECIAL ASSESSMENT DISTRICTS FUND				
Assets:				
Cash and investmnts	\$ 25,152,569	\$ 39,730,920	\$ 31,406,091	\$ 33,477,398
Liabilities:				
Due to others	\$ 25,152,569	\$ 39,730,920	\$ 31,406,091	\$ 33,477,398
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 33,197,201	\$ 41,532,238	\$ 33,701,120	\$ 41,028,319
Liabilities:				
Due to developers	\$ 7,934,884	\$ 1,549,880	\$ 1,998,161	\$ 7,486,603
Due to employees	48,428	227,459	233,432	42,455
Due to others	25,213,889	39,763,470	31,478,098	33,499,261
Total liabilities	\$ 33,197,201	\$ 41,540,809	\$ 33,709,691	\$ 41,028,319

This page left blank intentionally.