

Proprietary Funds

Proprietary funds are used to account for a government's business-type activities. There are two types of proprietary funds - Enterprise Funds and Internal Service Funds. Both fund types use the same Generally Accepted Accounting Principles (GAAP) similar to businesses in the private sector. Both enterprise and internal service funds recover the full cost of providing services (including capital costs) through fees and charges on those who use their services. The adopted budget for each proprietary fund is based on GAAP and includes depreciation, but excludes capital outlay and principal payments on

debt. However, the management of these funds is based on the "bottom line" and whether the expenses are supported by revenue. The City uses "net unrestricted assets" to evaluate these funds. This method works similarly to working capital and is the result of all transactions that affect unrestricted assets and liabilities. By including capital outlay and debt service payments in the reconciliation of these funds, the City can determine whether the charges for services are adequate to cover all expenses and future capital needs.

Proprietary Funds Statement of Revenues, Expenses and Changes in Unrestricted Net Assets - Fiscal Year 2008

	Water Fund	Wastewater Fund	Golf Fund	Self Insurance Fund	Motor Equipment Fund	Totals
Revenue:						
Charges for services	47,820,000	30,090,000	2,358,500	11,883,100	6,364,900	98,516,500
Fines and forfeitures	1,100,000	730,000				1,830,000
Miscellaneous	600,000	5,200,000				5,800,000
Total Revenue	49,520,000	36,020,000	2,358,500	11,883,100	6,364,900	106,146,500
Expenses:						
Salaries and wages	6,628,900	3,332,800	291,000	2,336,700	1,501,600	14,091,000
Employee benefits	2,483,900	1,248,600	77,400	196,400	566,300	4,572,600
Services and supplies:						
Water Purchase	14,667,300					14,667,300
Sewage Treatment		12,828,200				12,828,200
Services and supplies	7,207,400	6,627,100	1,682,700	4,059,000	3,084,800	22,661,000
Total Expenses	30,987,500	24,036,700	2,051,100	6,592,100	5,152,700	68,820,100
Operating Income	18,532,500	11,983,300	307,400	5,291,000	1,212,200	37,326,400
Non-Operating Revenues (Expenses)						
Connection Fees	8,000,000	9,090,000				17,090,000
Debt Service	(4,578,980)	(6,918,220)				(11,497,200)
Capital Outlay	(7,774,900)	(66,414,500)			(4,200,500)	(78,389,900)
Total Non-Operating Revenues (Expenses)	(4,353,880)	(64,242,720)			(4,200,500)	(72,797,100)
Income Before Transfers In (Out)	14,178,620	(52,259,420)	307,400	5,291,000	(2,988,300)	(35,470,700)
Transfers In from Other Funds						
Transfers Out to Other Funds	(19,659,250)	(13,356,500)			4,117,200	(33,015,750)
Change in Unrestricted Net Assets	(5,480,630)	(65,615,920)	307,400	5,291,000	1,128,900	(64,369,250)
Beginning Unrestricted Net Assets	49,711,004	176,688,985	1,342,844	13,538,920	2,220,677	243,502,430
Ending Unrestricted Net Assets	44,230,374	111,073,065	1,650,244	18,829,920	3,349,577	179,133,180



Enterprise funds are used in situations where a fund provides services primarily to external customers. The City classifies its Water, Wastewater and Golf Funds as Enterprise Funds. GAAP mandates the use of an enterprise fund when legal requirements or management policy require that the full cost of providing services (including capital costs) be recovered through fees and charges.

Internal Service Funds are designed to function on a cost-reimbursement basis and are used to recover the full cost of providing a given activity. Internal service funds are used when a fund primarily provides benefits to other funds, departments or agencies of the government. Costs in the Internal Service Funds are allocated to the benefiting funds in the form of fees and charges. The City classifies its Motor Equipment and Self-Insurance Funds as Internal Service Funds.

Proprietary Funds Statement of Revenues, Expenses and Changes in Unrestricted Net Assets, Fiscal Years 2006-2008

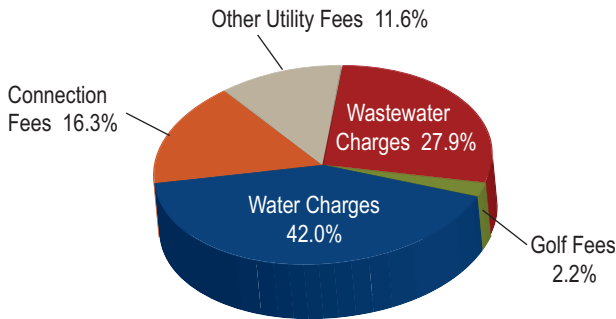
	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance	
Revenue:					
Internal Service Charges	13,522,522	14,788,900	18,248,000	3,459,100	23.4
Intergovernmental	652,156				0.0
Charges for services:					
Water fees	39,845,488	42,600,000	44,125,000	1,525,000	3.6
Wastewater fees	24,984,945	28,000,000	29,240,000	1,240,000	4.4
Other fees	5,523,134	6,703,800	6,903,500	199,700	3.0
Licenses and permits					0.0
Fines and forfeitures	1,661,361	1,602,000	1,830,000	228,000	14.2
Miscellaneous	1,056,484	6,690,000	5,800,000	(890,000)	(13.3)
Total Revenue	87,246,090	100,384,700	106,146,500	5,761,800	5.7
Expenses:					
Salaries and wages	9,729,515	13,221,485	14,091,000	869,515	6.6
Employee benefits	2,692,099	3,864,614	4,572,600	707,986	18.3
Services and supplies:					
Water purchase	13,112,556	13,156,000	14,667,300	1,511,300	11.5
Sewage Treatment	10,363,844	11,916,500	12,828,200	911,700	7.7
Services and supplies	16,223,139	21,375,674	22,661,000	1,285,326	6.0
Total Expenses	52,121,153	63,534,273	68,820,100	5,285,827	8.3
Operating Income	35,124,937	36,850,427	37,326,400	475,973	1.3
Non-Operating Revenues (Expenses)					
Bond Proceeds		143,425,000		(143,425,000)	(100.0)
Connection Fees	27,819,791	15,205,000	17,090,000	1,885,000	12.4
Debt Service	(5,192,683)	(4,931,100)	(11,497,200)	(6,566,100)	133.2
Capital Outlay	(14,874,998)	(26,386,990)	(78,389,900)	(52,002,910)	197.1
Total Non-Operating Revenues (Expenses)	7,752,110	127,311,910	(72,797,100)	(200,109,010)	(157.2)
Income Before Transfers In (Out)	42,877,047	164,162,337	(35,470,700)	(199,633,037)	(121.6)
Transfers In from Other Funds	4,000,000	3,992,700	4,117,200	124,500	3.1
Transfers Out to Other Funds	(31,246,139)	(32,783,800)	(33,015,750)	(231,950)	0.7
Change in Unrestricted Net Assets	15,630,908	135,371,237	(64,369,250)	(199,740,487)	(147.6)
Beginning Unrestricted Net Assets	92,500,285	108,131,193	243,502,430	135,371,237	125.2
Ending Unrestricted Net Assets	108,131,193	243,502,430	179,133,180	(64,369,250)	(26.4)



Enterprise Funds

Enterprise Funds are used to finance and account for the acquisition, operation and maintenance of city facilities and services that are intended to be entirely or predominately self-supported from user charges. Operations are accounted for in such a manner as to show a profit or loss on a basis comparable with industries in the private sector. The City of North Las Vegas operates three funds in this manner: the Water,

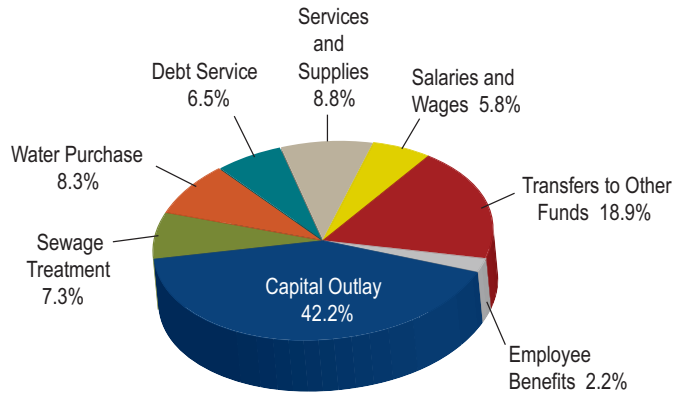
**Enterprise Fund Revenue
Unrestricted Net Assets Basis
\$104,988,500**



Wastewater and the Golf Course Funds. Enterprise Funds represent 17.3% of the City's budget. The most significant issue affecting the Enterprise Funds is to ensure that these funds operate as self-supporting funds and maintain adequate cash balances to cover operating costs, debt service including debt coverage and capital repairs and replacements. While all the enterprise funds are self-supporting and maintain adequate cash reserves, rate adjustments are needed occasionally to ensure this condition continues.

The most significant issue affecting the Enterprise Funds is to ensure that these funds operate as self-supporting funds and maintain adequate cash balances to cover operating costs, debt service including debt coverage and capital repairs and replacements.

**Enterprise Fund Expenses
Unrestricted Net Assets Basis
\$175,777,650**



Basis of Accounting

The City of North Las Vegas uses the full accrual basis in preparing Enterprise Fund budgets. Revenues and expenses are recognized at the time they occur. For example, when homeowners use water, the City records the revenue when the meters are read and consumption is calculated. When the customer pays the utility bill does not affect when the City records the transaction. Conversely, the City reports expenses when a service is performed or an item is purchased. When the City pays the invoice does not affect when the expense is recorded.

However, the City uses "net unrestricted assets" to evaluate these funds. A city, unlike private sector enterprises, cannot make a profit. Expenses and revenues should balance, however, cash balances should accumulate to a level sufficient for three purposes:

1. Provide a cushion or a contingency for unforeseen needs and emergencies (like fund balances in governmental funds);
2. Provide adequate security for long-term debt; and
3. Allow for a capital development program to reduce the need for borrowing.



Water Utility Fund

Background

The Utilities Department is responsible for managing the Water Fund. The major issues facing the water utility are 1) water costs, 2) water supply and 3) conservation.

Rate increases implemented in 2003, 2004 and 2005 allowed the City to meet the current cost of the water utility.

Source of Supply

The City obtains water from two sources, ground water and Colorado River basin. Groundwater is obtained from a series of City-owned operating wells that account for 2.6% of the potable water supply for the City. The remaining 97.4% of required water is met with treated Colorado River water furnished through the Southern Nevada Water Authority (SNWA).

The water distribution system consists of several pump stations, well sites, storage facilities and over 1,100 miles of water system piping. This infrastructure enables the utility to provide water service to over 80,000 customers with a population of 290,000. The water system services incorporated North Las Vegas, as well as Sunrise Manor, which is a portion of unincorporated Clark County.

Colorado River water is provided to the City by SNWA at rates based on a formula that will recoup the costs associated with the construction, debt service and operational expenses. The quantity of Colorado River water received by the City under the facilities and operations agreement with SNWA is based on an annual operating plan that ensures that as a whole the valley does not exceed the Colorado River water allotment.

The Southern Nevada Water System is a water supply system comprised of two water treatment plants and pumping and transmission facilities with an annual delivery capacity of over 900 million gallons per day (mgd). Water is treated after diversion from Lake Mead and the potable

product is delivered to the Southern Nevada Water Authority water purveyors. The Southern Nevada Water Authority is currently planning, designing, and constructing new facilities as a part of a Capital Improvement Plan to expand the system's capacity to reliably treat and transport Colorado River water to the purveyor members.

The Southern Nevada Water Authority and Colorado River Commission continue to pursue all opportunities to secure additional water for southern Nevada. The members of the Southern Nevada Water Authority include the cities of Boulder City, Henderson, Las Vegas and North Las Vegas, the Big Bend Water District, Clark County Water Reclamation District (formerly Clark County Sanitation District), and the Las Vegas Valley Water District.

Among other things, the SNWA is addressing water resource management and water conservation on a regional basis; planning, managing and developing additional supplies of water for Southern Nevada; and expanding and enhancing regional treatment and delivery capabilities.



Drought

Over the past several years, the Colorado River Basin experienced drought conditions. Lake Mead, our primary water resource, continues to remain at lower than normal levels.

The City and the other SNWA member agencies agreed to make permanent the drought restrictions enacted in 2003 and 2004. The permanent restrictions were implemented as normal conservation measures for the region.

Water Rates

In September 2003, the City received and accepted a rate study that established reserve balances to cover for future shortfalls that may occur. Utility management, working with SNWA and other water purveyors has maintained an aggressive approach at keeping costs of the wholesale delivery charge at a minimum. Continued monitoring of the water utility rates is needed to ensure that the future water purchase and other operating costs do not create a deficit ending balance in the future. Unrestricted net assets are projected at \$44.2 million at the end of fiscal 2008.



Hoover Dam

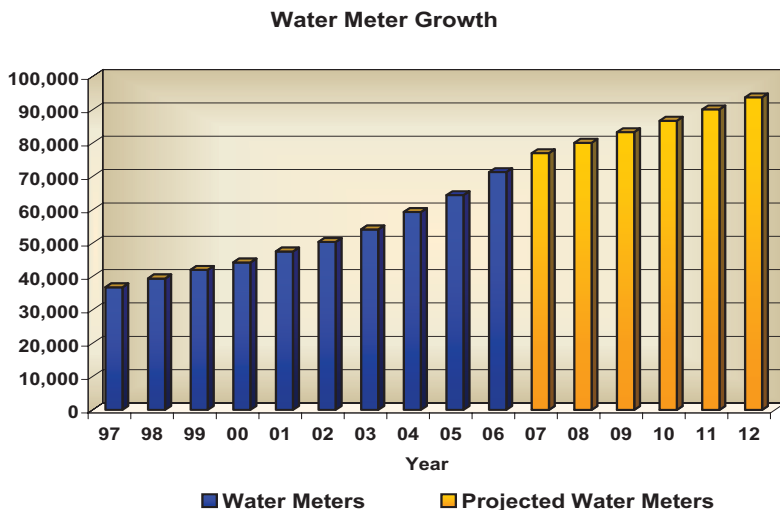
The City of North Las Vegas provides water services to residential, commercial and industrial customers. Water rates currently consist of a monthly service charge and a four-block volume charge for residential customers. The block or tiered volume-charge system is structured so that the difference in cost between the blocks or tiers is sufficient to promote conservation. A monthly service charge and a volume charge are in place for commercial and industrial customers.

The average residential water customer consumes 11,000 gallons per month. The average monthly water bill is currently \$26.03.

Customer Account Growth

Since 1997, the number of water meter services grew by over 40,200 or an increase of 109%. It is expected that the utility will service 80,100 meters in 2008, an increase of 4.0% over 2007. Projections indicate an average 4.0% rate of growth per annum.

The graph depicted below shows the growth in water meters over the last ten years and projections for the next five years.



Year	Water Meters
97	36,782
98	39,412
99	41,953
00	44,208
01	47,486
02	50,344
03	54,125
04	59,331
05	64,391
06	71,288
07	77,000
08	80,100
09	83,300
10	86,700
11	90,100
12	93,700



Summary

The financial statement depicted on the following page illustrates a \$5.5 million reduction in the Water Funds' unrestricted net assets in fiscal 2008 and is largely due to a \$7.8 million capital program.

The GAAP-based budget presented in the Utility Department summary excludes capital outlay and principal on debt payments since these are reflected as additions to long-term assets and a reduction to long-term liabilities on the City's financial statements. However, by including capital expenses and debt service payments on an "unrestricted net asset" basis, the City can determine whether water revenues are adequate to cover all expenses and future capital needs.

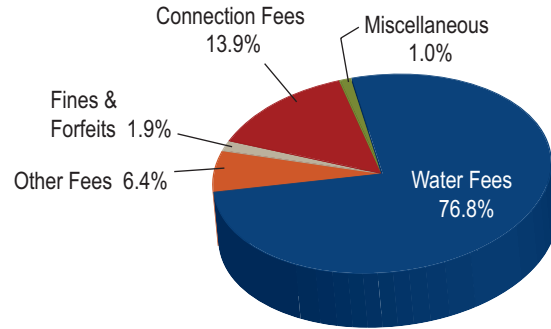
Major Revenues

Water Fund operating revenue is projected at \$49.5 million and is supplemented with \$8 million in construction and connection fees to produce total revenues of \$57.5 million. Approximately \$44.1 million, or 76.8% of all water revenue is generated from the sale of water services to City customers. Rate revenue increased by \$1.5 million or 3.6%, largely due to customer growth.

Other charges for services amount to \$3.7 million and include water connection and turn-on fees, water application fees and backflow prevention fees. Late penalties and interest is budgeted at \$1.1 million in fiscal 2008. Miscellaneous revenue includes \$600,000 in fees that are charged to Republic Services for garbage billing services.

Connection fees are budgeted at \$8 million, a 12.2% increase from fiscal 2007. These fees are based on development activity and are charged to new customers who connect to the water system. The fee represents a charge for the fair share of the capital cost of the system already in place and the cost of increasing the capacity of the system to meet the additional demand created by the connection of new customers.

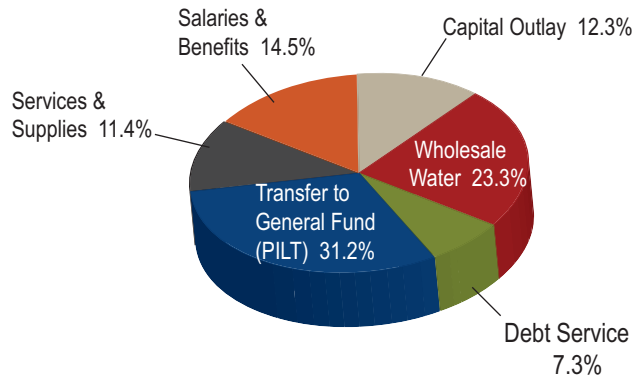
**Water Revenue
Unrestricted Net Assets Basis
\$57,520,000**



Major Expenses-Unrestricted Net Asset Basis

The 2008 operating budget amounts to \$31 million and is supplemented with capital outlay and construction (\$7.8 million), debt service (\$4.6 million) and the transfer to the general fund (\$19.7 million) to produce a total financial program of \$63 million. Total expenses increased by \$874,000 or 1.4% as compared to the 2007 amended budget.

**Water Expenses
Unrestricted Net Assets Basis
\$63,000,630**



Water Fund
Statement of Revenues, Expenses, and Changes in Unrestricted Net Assets
For the Years 2006 - 2008

	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance Amount	Percent
Revenue:					
Charges for services:					
Water fees	39,845,488	42,600,000	44,125,000	1,525,000	3.6
Other fees	2,486,944	3,515,000	3,695,000	180,000	5.1
Fines and forfeitures	1,139,145	1,032,000	1,100,000	68,000	6.6
Miscellaneous	634,178	410,000	600,000	190,000	46.3
Total Revenue	44,105,755	47,557,000	49,520,000	1,963,000	4.1
Expenses:					
Salaries and wages					
	4,393,053	6,120,088	6,628,900	508,812	8.3
Employee benefits					
	1,424,184	2,078,802	2,483,900	405,098	19.5
Services and supplies:					
Water purchase	13,112,556	13,156,000	14,667,300	1,511,300	11.5
Services and supplies	6,745,069	7,402,524	7,207,400	(195,124)	(2.6)
Total Expenses	25,674,862	28,757,414	30,987,500	2,230,086	7.8
Operating Income	18,430,893	18,799,586	18,532,500	(267,086)	(1.4)
Non-Operating Revenues (Expenses)					
Connection Fees					
	9,458,568	7,130,000	8,000,000	870,000	12.2
Debt Service					
	(4,613,564)	(4,581,400)	(4,578,980)	2,420	(0.1)
Capital Outlay					
	(675,863)	(9,548,100)	(7,774,900)	1,773,200	(18.6)
Total Non-Operating Revenues (Expenses)	4,169,141	(6,999,500)	(4,353,880)	2,645,620	(37.8)
Income Before Transfers In (Out)	22,600,034	11,800,086	14,178,620	2,378,534	20.2
Transfers in From Other Funds					
					0.0
Transfers Out to Other Funds					
	(18,265,393)	(19,240,000)	(19,659,250)	(419,250)	2.2
Change in Unrestricted Net Assets	4,334,641	(7,439,914)	(5,480,630)	1,959,284	(26.3)
Beginning Unrestricted Net Assets*	52,816,277	57,150,918	49,711,004	(7,439,914)	(13.0)
Ending Unrestricted Net Assets	57,150,918	49,711,004	44,230,374	(5,480,630)	(11.0)

* As Restated



Salaries and benefits amount to \$9.1 million, an increase of 11.2% as compared to fiscal 2007. The new staffing component funds 2.6 additional full-time equivalents. The new positions include two Water System Operators and one split funded Customer Service Specialist.

<p>PILT Calculation Payment in Lieu of Taxes @ 20.0% of Water Rate Revenue</p> <p>Franchise Fees @ 5.0% of Water Rate Revenue</p> <p>Overhead Fees @ 15.0% of Total Revenue</p>
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Wholesale water purchases accounts for 47.3% of total operating expenses and 23.3% of the total budget. Water purchases amount to \$14.7 million, an increase of \$1.5 million or 11.5%. The City purchases 97.4% of its water from the Southern Nevada Water Authority (SNWA).

Developer contributions and federal funds designated for grants or for reimbursement of expenditures for the Water Fund are not subject to the PILT calculation.

The SNWA's wholesale water cost is \$257 per acre foot. In addition, it is expected that the water utility's usage will increase from 52,000 to 56,000 acre-feet of water in fiscal 2008.

Debt Service is budgeted at \$4.6 million, approximately the same amount as fiscal 2007. More detail can be found in the debt management section of this document.

Supplies and services are budgeted at \$7.2 million. These expenses decreased by \$0.2 million or 2.6%. Some of the supplemental requests include fees to the Clean Water Coalition (\$1.5M), new minor equipment, Hydrant Meter Conversion Program and supplies in support of the new positions.

Capital Outlay amounts to \$7.8 million. A detail listing of all capital can be found in the Utility Department section of the budget.

In fiscal 2006, the Utilities Department subsidized the Public Works Department with \$1.4 million to cover the transfer of Public Works department costs to the General Fund. The allocation will be reduced by \$360,000, or 20% per annum in fiscal years 2007-2010 and will be completely phased out in fiscal 2011. This subsidy is in addition to the payment in lieu of tax (PILT) payment.



The payment in lieu of taxes (PILT) has been reclassified as a **Transfer to the General Fund**, consistent with government accounting standards. This amount is estimated at \$19.7 million in the fiscal 2008 budget and is based on a formula adopted in fiscal 2005.



Wastewater Utility Fund

Background

The Utilities Department is responsible for managing the Wastewater Fund. The major issues facing the wastewater utility are: 1) the increasing cost of wastewater treatment and 2) compliance with the Clean Water Act.

Recent rate increases implemented in 2003, 2004, and 2005 allowed the City to meet the current costs of the wastewater utility.

Wastewater generated in the City is transmitted through City-owned sewer lines to the wastewater collection systems belonging to the City of Las Vegas and to the Clark County Water Reclamation District. The wastewater from North Las Vegas is treated by these entities and discharged to the Las Vegas Wash and eventually to Lake Mead. The City of North Las Vegas discharges approximately 18 million gallons per day of wastewater. Both wastewater treatment facilities are under continual expansion in compliance with the Environmental Protection Agency approved 208 and 201 plans.

The sewer collection system, service all of incorporated North Las Vegas and contains over 700 miles of piping. The utility is also responsible for the maintenance of storm piping throughout the City.

Water Reclamation Facility

Wastewater is a water resource for the City's future. Presently, all of the wastewater generated within the city limits is conveyed to the City of Las Vegas and the Clark County Water Reclamation District for treatment. Once conveyed to these agencies, the potential for water reuse is gone and the water commodity is owned by those agencies. In addition, almost 67% of the Wastewater Fund's operating budget pays for treatment costs to third party agencies.

In January 2004, the City Council authorized an in-depth analysis on wastewater treatment options for the city. In October, the City Council directed staff to pursue construction of a water reclamation facility and authorized the City Manager to pursue a site for the facility. The proposed Water Reclamation Facility will cost approximately \$243.0 million and will be funded with bond proceeds and low-interest State of Nevada Revolving Fund Loans. Preliminary engineering and design costs are included in the fiscal 2008 budget.

Construction of this facility will allow independence from the City of Las Vegas wastewater treatment rates and provide the City with the ability to maximize efficiencies of operations and water resources. Over time, the Wastewater Utility will realize a present worth savings with the construction of a treatment facility.

Wastewater Rates

In September 2003, the City received and accepted a rate study that established reserve balances to cover for future shortfalls that may occur. In the study sewage treatment costs were expected to increase. The 40% increase that the City was required to pay exceeded the projected increase in the study. Close monitoring of the Wastewater Utility rates are needed to ensure that the future sewage treatment cost and other operating costs do not create a deficit ending balance in the future.

A single-family wastewater customer is billed for an average monthly usage of 8,000 gallons. The average monthly wastewater bill is \$32.39 per month.



The City of North Las Vegas provides wastewater service to over 51,000 customers. Wastewater rates consist of a monthly service fee and a fee per 1,000 gallons of water used. For residential customers, the wastewater rate is capped at a water usage of 8,000 gallons each month. A monthly service fee and a fee per 1,000 gallons of water used is in place for commercial customers without a maximum cap.

Customer Account Growth

At present, the City services 56,956 wastewater accounts. Since 1997, the number of accounts grew by 30,156, an increase of 113% in the utility's customer base. It is expected that the wastewater utility will service 59,900 customers in 2008, an increase of 5.0% over 2007. Projections indicate a 5.0% rate of growth in 2008 and an average 5.0% growth per annum thereafter.

Summary

Unrestricted net assets are projected at \$32.1 million at the end of fiscal 2008. The financial statement depicted on the following pages illustrates a \$15.2 million reduction in the Wastewater Funds' unrestricted net assets.

This is largely due to a \$6.0 million capital program in fiscal 2007 and a \$11.4 million capital program in fiscal 2008.

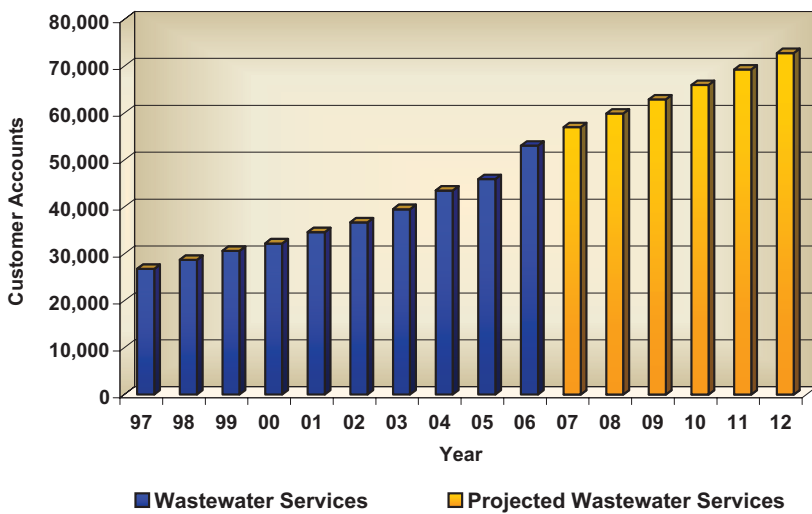
Additionally \$55 million is appropriated for construction contracts and the utility system for the water reclamation facility. It is expected that these expenses will be reimbursed through the State Revolving Loan program and bond proceeds. Net assets in the Wastewater Reclamation Fund were generated from bond proceeds and are legally reserved for the construction of the Wastewater Reclamation Facility

Major Revenues

Wastewater Fund operating revenue is projected at \$31.2 million and is supplemented with \$9.1 million in connection fees to produce total resources of \$40.3 million.

The utility expects to receive \$29.2 million in rate revenue generated from the sale of wastewater services to city customers. Rate revenue increased by \$1.2 million due to customer growth.

Wastewater Services Growth



Wastewater Services	
Year	Services
97	26,800
98	28,700
99	30,600
00	32,200
01	34,600
02	36,700
03	39,500
04	43,500
05	45,900
06	53,043
07	57,000
08	59,900
09	62,900
10	66,000
11	69,300
12	72,800



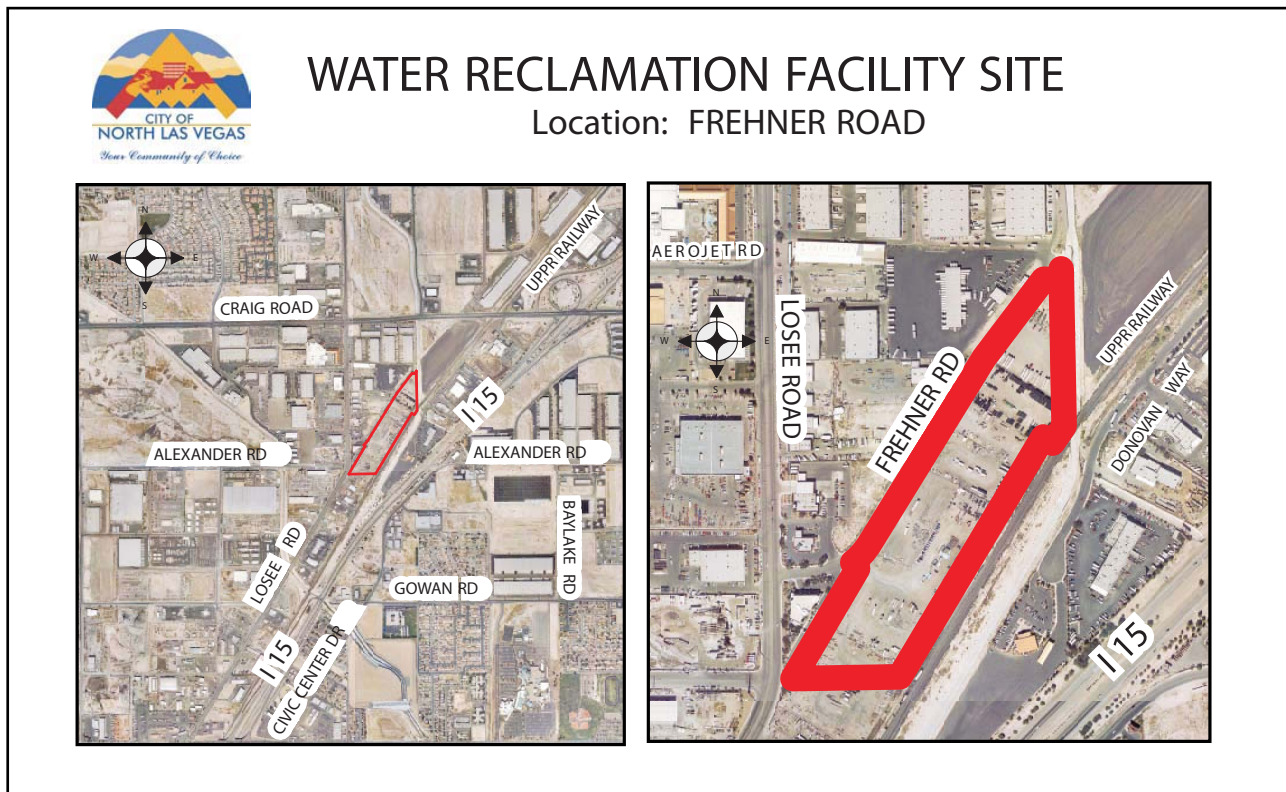
Wastewater Fund
Statement of Revenues, Expenses and Changes in Unrestricted Net Assets
For the Years 2006-2008

	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance	
Revenue:					
Intergovernmental	652,156				0.0
Charges for services:					
Wastewater Fees	24,984,945	28,000,000	29,240,000	1,240,000	4.4
Other fees	803,207	715,000	850,000	135,000	18.9
Fines and forfeitures	522,216	570,000	730,000	160,000	28.1
Miscellaneous	414,109	240,000	400,000	160,000	66.7
Total Revenue	27,376,633	29,525,000	31,220,000	1,695,000	5.7
Expenses:					
Salaries and wages	2,004,825	3,020,473	3,332,800	312,327	10.3
Employee benefits	647,166	1,036,785	1,248,600	211,815	20.4
Services and supplies:					
Sewage Treatment	10,363,844	11,916,500	12,828,200	911,700	7.7
Services and supplies	1,705,951	4,233,972	6,476,750	2,242,778	53.0
Total Expenses	14,721,786	20,207,730	23,886,350	3,678,620	18.2
Operating Income	12,654,847	9,317,270	7,333,650	(1,983,620)	(21.3)
Non-Operating Revenues (Expenses)					
Connection Fees	18,361,223	8,075,000	9,090,000	1,015,000	12.6
Debt Service	(579,119)	(349,700)	(6,918,220)	(6,568,520)	1,878.3
Capital Outlay	(1,642,436)	(6,024,000)	(11,414,500)	(5,390,500)	89.5
Total Non-Operating Revenues (Expenses)	16,139,668	1,701,300	(9,242,720)	(10,944,020)	(643.3)
Income Before Transfers In (Out)	28,794,515	11,018,570	(1,909,070)	(12,927,640)	(117.3)
Transfers in From Other Funds					0.0
Transfers Out to Other Funds	(12,980,746)	(13,467,000)	(13,356,500)	110,500	(0.8)
Change in Unrestricted Net Assets	15,813,769	(2,448,430)	(15,265,570)	(12,817,140)	523.5
Beginning Unrestricted Net Assets	34,014,646	49,828,415	47,379,985	(2,448,430)	(4.9)
Ending Unrestricted Net Assets	49,828,415	47,379,985	32,114,415	(15,265,570)	(32.2)



**Wastewater Reclamation Fund
Statement of Revenues, Expenses and Changes in Unrestricted Net Assets
For the Years 2006-2008**

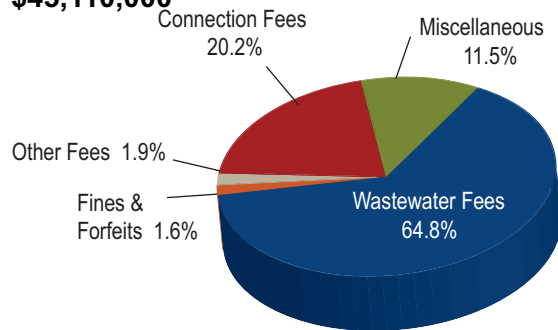
	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance Amount	2007 vs. 2008 Variance Percent
Revenue:					
Miscellaneous		6,000,000	4,800,000	(1,200,000)	(20.0)
Total Revenue		6,000,000	4,800,000	(1,200,000)	(20.0)
Expenses:					
Services and supplies		1,475,000	150,350	(1,324,650)	(89.8)
Total Expenses		1,475,000	150,350	(1,324,650)	(89.8)
Operating Income		4,525,000	4,649,650	124,650	2.8
Non-Operating Revenues (Expenses)					
Bond Proceeds		143,425,000		(143,425,000)	(100.0)
Debt Service					
Capital Outlay	(12,491,000)	(6,150,000)	(55,000,000)	(48,850,000)	
Total Non-Operating Revenues (Expenses)	(12,491,000)	137,275,000	(55,000,000)	(192,275,000)	(140.1)
Change in Unrestricted Net Assets	(12,491,000)	141,800,000	(50,350,350)	(192,150,350)	(135.5)
Beginning Unrestricted Net Assets		(12,491,000)	129,309,000	141,800,000	(1,135.2)
Ending Unrestricted Net Assets	(12,491,000)	129,309,000	78,958,650	(50,350,350)	(38.9)



Other revenues increased slightly and include wastewater connection and turn-on fees, wastewater permit fees, late penalties, interest and miscellaneous revenue. Miscellaneous revenue includes approximately \$400,000 in fees that are charged to Republic Services for garbage billing services, and \$4.8 million in interest earnings.

Connection fees are budgeted at \$9.1 million, a \$1.0 million increase from fiscal 2007. These fees are based on account growth and are conservatively budgeted because of their elastic nature. Development activity can be impacted by a variety of factors including air quality, drought conditions, and the local economy. Connection fees are

**Wastewater & Wastewater Reclamation Funds Revenue
Unrestricted Net Assets Basis
\$45,110,000**



charged to new customers who connect to the wastewater system. The fee represents a charge



for the fair share of the capital cost of the system already in place and the cost of increasing the capacity of the system to meet the additional demand created by the connection of new customers.

Major Expenses - Unrestricted Net Asset Basis

The 2008 operating budget amounts to \$23.9 million and is supplemented with capital outlay and construction (\$11.4 million), debt service (\$6.9 million), and the transfer to the General Fund (\$13.4 million) to produce a total financial program of \$55.6 million.

Salaries and benefits amount to almost \$4.6 million, an increase of 12.9% as compared to fiscal 2007 and is primarily due to the addition of 2.4 new positions in the water and wastewater utility funds. The new positions include two Pretreatment Inspectors and one split funded Customer Service Specialist.

Sewage treatment accounts for almost 53.7% of the operating budget and 11.6% of the total budget. Sewage treatment is contracted with the Clark County Reclamation District and the City of Las Vegas. Sewage treatment costs are estimated at \$12.8 million in fiscal year 2008.

Supplies and services are budgeted at \$6.5 million, a \$2.2 million increase over the prior year. This increase is attributed to a \$1.2 million appropriation for the Clean Water Coalition and Sewage Treatment. Other supplemental requests include supplies for the new staff; additional postage; and increases in fees.

In fiscal 2006, the Utilities Department subsidized the Public Works Department with \$864,000 from the Water Fund. The allocation will be reduced by 20% per annum in fiscal years 2007-2010 and will be completely phased out in fiscal 2011. This subsidy is in addition to the payment in lieu of tax (PILT) payment.

Payment in lieu of taxes has been reclassified as a **Transfer to the General Fund**, consistent with



government accounting standards. This amount is estimated at \$13.4 million in the fiscal 2008 budget and is based on the following methodology adopted in fiscal 2005.

PILT Calculation

Payment in Lieu of Taxes @
20.0% of Water Rate Revenue

Franchise Fees @
5.0% of Water Rate Revenue

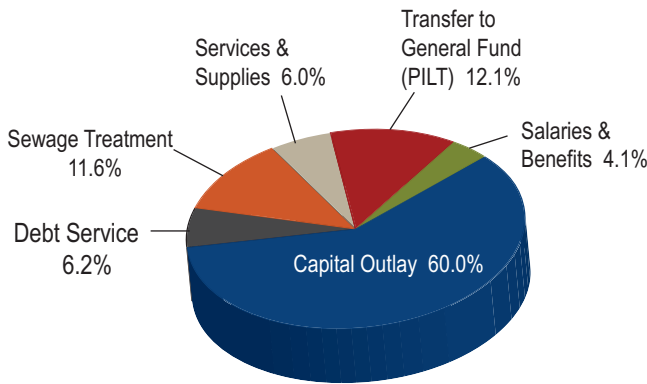
Overhead Fees @
15.0% of Total Revenue

Debt service amounts to \$6.9 million a substantial increase due to the Wastewater Facility Construction Bond issued in December 2006. More detail can be found in the debt management section of this document.

Capital outlay and construction appropriations total \$11.4 million in the Wastewater Operating Fund and \$55.0 million in construction contracts and utility system for the new reclamation facility. A detail listing of all capital can be found in the Utility Department section of the budget.

Developer contributions and federal funds designated for grants or for reimbursement of expenditures for the Water Fund are not subject to the above PILT calculation.

**Wastewater & Wastewater Reclamation Funds Expenses by Object
Unrestricted Net Assets Basis
\$110,725,920**



Golf Course Fund

Summary

The City owns and operates two golf courses. The municipal golf course is a small nine hole, par-3 golf course that allows for nighttime play and is open every day except Christmas.

The financial statement depicted below illustrates a \$307,400 increase in the unrestricted net assets of the Golf Fund. Although this represents an increase, it is largely the result of the acquisition of the Craig Ranch Golf Course.

In 2005, the City acquired the Craig Ranch Golf Course with proceeds from the Southern Nevada Public Lands Management Act funds. This 132-acre site will be developed into a regional park. Design is currently underway with construction scheduled in fiscal years 2008 and 2009.

The Municipal Golf Course cash reserves are declining and the competition of nearby golf courses is having an adverse impact on revenues. User fees may require an adjustment to ensure that the Municipal Golf Course continues to be self-supporting. Current projections indicate the potential for the fund balance to become depleted in fiscal 2008

Golf Course Fund Statement of Revenues, Expenses and Changes in Unrestricted Net Assets Fiscal Years 2006-2008

	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance	
Revenue:					
Charges for services	2,232,983	2,473,800	2,358,500	(115,300)	(4.7)
Miscellaneous	6,602				0.0
Total Revenue	2,239,585	2,473,800	2,358,500	(115,300)	(4.7)
Expenses:					
Salaries and wages	222,830	270,768	291,000	20,232	7.5
Employee benefits	55,709	73,000	77,400	4,400	6.0
Services and supplies	1,372,770	1,679,016	1,682,700	3,684	0.2
Total Expenses	1,651,309	2,022,784	2,051,100	28,316	1.4
Operating Income	588,276	451,016	307,400	(143,616)	(31.8)
Non-Operating Revenues (Expenses)					
					0.0
Debt Service					0.0
Capital Outlay		(62,650)		62,650	(100.0)
Total Non-Operating Revenues (Expenses)		(62,650)		62,650	(100.0)
Income Before Transfers In (Out)	588,276	388,366	307,400	(80,966)	(20.8)
Transfers to Other Funds					0.0
Change in Unrestricted Net Assets	588,276	388,366	307,400	(80,966)	(20.8)
Beginning Unrestricted Net Assets	366,202	954,478	1,342,844	388,366	40.7
Ending Unrestricted Net Assets	954,478	1,342,844	1,650,244	307,400	22.9



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 departments or agencies of the City and to other government units on a cost reimbursement basis. Costs in the internal service funds are allocated to the benefiting funds in the form of fees and charges. The City of North Las Vegas operates two funds in this manner: Motor Equipment Fund and the Self-Insurance Reserve Fund. The City uses "net unrestricted assets" to evaluate these funds.

Motor Equipment Fund

The Motor Equipment Fund is used to account for repairs, maintenance, fuel and services to vehicles of all departments of the City. The Fleet Services Division of the General Services Department is responsible for maintaining the municipal vehicular and construction equipment fleet in as high a degree of mechanical readiness as economically possible. Services provided by this division include:

- Vehicular Fleet Maintenance
- Preventative Maintenance Program
- Unscheduled Repair Program
- Fuel and Parts Inventory Control
- Equipment Specifications Preparation

Summary

The financial statement depicted on the following page illustrates a \$1.1 million increase in the unrestricted net assets in fiscal 2008.

The GAAP-based budget presented in the General Services' Department summary excludes capital outlay since it is reflected as an addition to long-term assets on the City's financial statements. However, by including capital expenses on an "unrestricted net asset" basis, the City can determine whether internal service rates are adequate to cover all expenses and future capital needs.

In December 2005, Mercury Associates, Inc. conducted a performance review of the City's fleet operations, including the development of a more effective and efficient management of City vehicles. Mercury Associates helped the City establish sound, service-based (direct) chargeback rates to the departments for scheduled vehicle maintenance, and the implementation of replacing vehicles sooner than the City had previously, under a 20-year program called the Smoothed Vehicle Replacement Plan. This Plan began in fiscal 2007 .

Major Revenues

Equipment rental charges amount to \$6.4 million in 2008, a 42.2% increase over 2007 levels. The main reasons for such a large increase include; increased size of fleet, increase in labor costs by 8%, increase in fuel costs by 12% and increase in cost of parts by 5%. Costs are allocated back to the user departments in the form of a "charge back rate". The rate is calculated using a technique called Vehicle Equivalent Unit (VEU) analysis, which measures the cost incurred with the type of vehicle maintained. The operating and maintenance component of the rate includes fuel, oil, tires, labor, parts, and overhead. Operation and maintenance rates are structured to recover the full cost of the Fleet Services Division. A table depicting the charge back rates to various departments is included in this section.



**Motor Equipment Fund
Statement of Revenues, Expenses and Changes in Unrestricted Net Assets
Fiscal Years 2006-2008**

	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance	
Revenue:					
Charges for services	4,500,059	4,476,600	6,364,900	1,888,300	42.2
Miscellaneous	1,595				0.0
Total Revenue	4,501,654	4,476,600	6,364,900	1,888,300	42.2
Expenses:					
Salaries and wages	1,200,360	1,475,657	1,501,600	25,943	1.8
Employee benefits	399,373	481,115	566,300	85,185	17.7
Services and supplies	2,545,618	2,662,842	3,084,800	421,958	15.8
Total Expenses	4,145,351	4,619,614	5,152,700	533,086	11.5
Operating Income	356,303	(143,014)	1,212,200	1,355,214	(947.6)
Non-Operating Revenues (Expenses)					
Debt Service					0.0
Capital Outlay	(65,699)	(4,602,240)	(4,200,500)	401,740	(8.7)
Total Non-Operating Revenues (Expenses)	(65,699)	(4,602,240)	(4,200,500)	401,740	(8.7)
Income Before Transfers In (Out)	290,604	(4,745,254)	(2,988,300)	1,756,954	(37.0)
Transfers in From Other Funds	2,000,000	3,992,700	4,117,200	124,500	3.1
Transfers Out to Other Funds					0.0
Change in Unrestricted Net Assets	2,290,604	(752,554)	1,128,900	1,881,454	(250.0)
Beginning Unrestricted Net Assets	682,627	2,973,231	2,220,677	(752,554)	(25.3)
Ending Unrestricted Net Assets	2,973,231	2,220,677	3,349,577	1,128,900	50.8

Major Expenses - Unrestricted Net Asset Basis

The 2008 operating budget amounts to \$5.2 million, supplemented with capital outlay in the amount of \$4.2 million, producing a total financial program of \$9.4 million. This represents an increase of \$935,000 or an increase of 1.4% from fiscal 2007. Fleet costs are expected to increase by almost \$1.9 million due to rising fuel costs and the addition of 44 vehicles to the City's fleet from the 2007-08 Supplemental Budget.



CITY OF NORTH LAS VEGAS

The ISF Vehicle Report depicts the charges assessed to each user department based on actual costs.

ISF Vehicle Report

Department	Account #	Total
General Services	100-4134	\$ 5,900
Neighborhood Services	100-4136	137,700
Building Maintenance	100-4163	238,000
Information Technology	100-4165	29,500
Janitorial Services	100-4166	27,600
Police - Resource Management	100-4221	1,719,400
Fire Operations	100-4232	802,600
Building Safety	100-4241	324,600
Code Enforcement	100-4242	82,600
Police - Detention Operations	100-4252	125,900
Warrant/Court Services	100-4254	76,700
Emergency Management	100-4291	7,900
Traffic Engineering	100-4293	243,900
Street Division	100-4312	901,000
Engineering	100-4313	63,000
Real Property Services	100-4314	5,900
Construction Services	100-4315	155,400
Survey	100-4316	98,400
Recreational Centers	100-4514	114,100
Parks and Grounds Maintenance	100-4522	383,600
Economic Development	100-4610	19,700
Other Protection	289-4294	76,700
Support Services	610-4323	560,700
Motor Equipment	750-5113	135,800
Totals		\$ 6,336,600



Vehicle Assignments Fiscal 2008 (All Being Replaced)

Department / Division	Vehicle # Replaced	Vehicle Type	Yr./Make/Model	Suggested Budget
Building Maint.	00029	Dodge Ram Pickup	1988 Dodge Ram Pickup	\$24,600
Building Maint.	00046	Dodge Ram Pickup	1991 Dodge Ram Pickup	\$24,600
Building Maint.	00156	GMC VAN	1980 GMC Van Welder	\$31,000
Building Maint.	00415	Dodge Pickup	1992 Dodge Pickup	\$25,800
Code Enforcement	00726	Ford F250	1998 Ford F250	\$32,000
Code Enforcement	00736	Ford Crown Victoria	1998 Ford Crown Vic	\$30,000
Code Enforcement	00749	Hybrid Escape SUV	1998 Honda Civic	\$30,000
Code Enforcement	00761	Ford F250	1999 Ford F250	\$28,400
Pool Vehicle	00199	Chevrolet Caprice	1991 Chevrolet Caprice	\$26,600
Pool Vehicle	00732	Ford Crown Victoria	1998 Ford Crown Victoria	\$26,600
Fire	00790	Ambulance	2000 International Navistar	\$255,000
Engineering	00737	Ford Escape Hybrid	1998 Ford Crown Vic	\$25,700
Engineering	00738	Ford Escape Hybrid	1998 Ford Crown Vic	\$25,700
Bldg. Inspect.	00681	Compact Xcab 4dr P/U	1997 Ford F250	\$17,600
Bldg. Inspect.	00282	Compact Xcab 4dr P/U	1992 Chevy Caprice	\$17,200
Bldg. Inspect.	00296	Compact Xcab 4dr P/U	1991 Ford Ranger	\$17,300
Bldg. Inspect.	00345	Compact Xcab 4dr P/U	1995 Ford F150	\$17,300
Bldg. Inspect.	00346	Compact Xcab 4dr P/U	1995 Ford F150	\$17,300
Bldg. Inspect.	00356	Compact Xcab 4dr P/U	1995 Ford F150	\$17,300
Bldg. Inspect.	00393	Compact Xcab 4dr P/U	1995 Ford F150	\$17,300
Bldg. Inspect.	00434	Compact Xcab 4dr P/U	1995 Ford F150	\$17,300
Bldg. Inspect.	00444	Compact Xcab 4dr P/U	1993 Ford Ranger	\$17,300
Bldg. Inspect.	00445	Compact Xcab 4dr P/U	1994 Ford Ranger	\$17,300
Bldg. Inspect.	00446	Compact Xcab 4dr P/U	1994 Ford Ranger	\$17,300
Bldg. Inspect.	00494	Compact Xcab 4dr P/U	1995 Ford F150	\$17,300
Bldg. Inspect.	00718	Compact Xcab 4dr P/U	1998 Ford F250	\$17,300
Warrant/Court Svcs	00417	P730A Ford Crown Victoria	1993 Mercury Grand Marquis	\$44,100
Warrant/Court Svcs	00632	P730A Ford Crown Victoria	1996 Ford Crown Vic	\$44,100
Warrant/Court Svcs	00656	P730A Ford Crown Victoria	1997 Ford Crown Vic	\$44,100
Warrant/Court Svcs	00663	P730A Ford Crown Victoria	1997 Ford Crown Vic	\$44,100
Warrant/Court Svcs	00700	P730A Ford Crown Victoria	1997 Ford Crown Vic	\$44,100
Traffic	00645	Flat Bed Trailer w/Side Rails	1987 Eager Beaver Trailer	\$4,000
Traffic	00720	Ford F250 Diesel 4x2	1998 Ford F250	\$29,200
Traffic	00721	Ford F250 Diesel 4x2	1998 Ford F250	\$29,200
Traffic	00729	Hybrid SUV 4 x 4	1998 Ford Crown Vic	\$30,000
Roadway	00388	Skid Steer Loader	1995 Bobcat	\$50,000
Roadway	00403	Tarpot	Tarpot	\$50,000
Roadway	00424	Double Steel Drum Compactor	1992 Bombag Roller	\$30,000
Roadway	00430	5-Yard Dump Truck	1995 ICH Dump Truck	\$115,000
Roadway	00431	5-Yard Dump Truck	1995 ICH Dump Truck	\$115,000
Roadway	00432	5-Yard Dump Truck	1995 ICH Dump Truck	\$115,000
Roadway	00699	Ford Crown Victoria	1997 Ford Crown Vic	\$27,000
Roadway	00734	Ford Crown Victoria	1998 Ford Crown Vic	\$30,000



Vehicle Assignments Fiscal 2008 (All Being Replaced) (cont.)

Department / Division	Vehicle # Replaced	Vehicle Type	Yr./Make/Model	Suggested Budget
Recreation	00398	Ford F150	1996 Ford F150	\$25,000
Neighborhood Svcs	00391	Jeep Cherokee	1995 Chevrolet PU 2500 4x4	\$30,500
Neighborhood Svcs	01073	Ford 1 Ton Pickup	1995 Chevrolet 15 Pass. Bus	\$32,200
Parks	00146	Dodge 1-Ton Dump Truck	1991 Dodge Truck	\$27,000
Parks	00218	Toro Lawn Mower	1991 Toro Lawn Mower	\$42,000
Parks	00337	IHC Stake Bed Truck	1975 IHC Stake Bed	\$45,000
Parks	00400	3/4-1 Ton P/U	1996 Ford F150	\$26,800
Parks	00667	Large Lawn Tractor	1997 Toro Lawn Mower	\$42,000
Parks	00668	Large Lawn Tractor	1997 Toro Lawn Mower	\$42,000
Parks	00669	Large Lawn Tractor	1987 Universal 450 Tractor	\$42,000
Parks	00682	Diesel 1 Ton Crew Cab	1997 Ford F150	\$27,000
Parks	00722	3/4-1 Ton P/U	1998 Ford F250	\$27,000
Parks	00724	3/4-1 Ton P/U	1998 Ford F250	\$27,000
Parks	00739	3/4-1 Ton P/U	1999 Ford F250	\$27,000
Police	00447	12 to 15 passenger Transport Van	1993 Chrysler	\$60,000
Police	00529	Harley Davidson MC with ABS	1998 Harley Davidson MC	\$30,000
Police	00544	BMW 1200 RT-P MC	2002 BMW R-1150 RT-P MC	\$30,000
Police	00545	BMW 1200 RT-P MC	2002 BMW Motorcycle	\$30,000
Police	00546	BMW 1200 RT-P MC	2002 BMW Motorcycle	\$30,000
Police	00547	BMW 1200 RT-P MC	2002 BMW Motorcycle	\$30,000
Police	00548	BMW 1200 RT-P MC	2002 BMW Motorcycle	\$30,000
Police	00619	Ford 500	1996 Ford Crown Vic	\$28,000
Police	00620	E-250 Van with Rack System	1996 Ford Crown Vic	\$30,900
Police	00630	Ford 500	1996 Ford Crown Vic	\$28,000
Police	00648	15 Pass. Van with Roof Rack & PA	1997 Dodge Maxiwagon	\$32,000
Police	00659	Ford 500	1997 Ford Crown Vic	\$28,000
Police	00661	Ford Fusion	1997 Ford Crown Vic	\$25,000
Police	00696	Crown Victoria with Dog Box	1997 Ford Crown Vic	\$51,000
Police	00698	E-250 Van with Rack System	1997 Ford Crown Vic	\$30,900
Police	00741	Ford 500	1998 Dodge Intrepid	\$28,000
Police	00774	Ford 500	2000 Dodge Intrepid	\$28,000
Police	00781	Training/PIT roll-over vehicle	2000 Ford Crown Vic	\$7,500
Police	00792	Training/PIT roll-over vehicle	2000 Ford Crown Vic	\$7,500
Police	00796	Their Choice	1997 Ford F150 PU	\$28,000
Police	00797	P 730A Crown Vic	2000 Ford Crown Vic	\$48,000
Police	00798	Their Choice	1999 Monte Carlo	\$28,000
Police	00802	Their Choice	2000 Pontiac Grand AM	\$28,000
Police	00836	Their Choice	2000 Chevrolet Blazer	\$28,000
Police	00880	P 730A Crown Vic	2002 Ford Crown Vic	\$48,000
Police	00881	P 730A Crown Vic	2002 Ford Crown Vic	\$48,000
Police	00886	P 770A Crown Vic	2002 Ford Crown Vic	\$48,000



Vehicle Assignments Fiscal 2008 (All Being Replaced) (cont.)

Department / Division	Vehicle # Replaced	Vehicle Type	Yr./Make/Model	Suggested Budget
Police	00892	Expedition SSV	2002 Chevrolet Tahoe	\$55,000
Police	00893	Expedition SSV	2002 Chevrolet Tahoe	\$55,000
Police	00894	Expedition SSV	2002 Chevrolet Tahoe	\$55,000
Police	00895	Expedition EL SSV	2002 Chevrolet Tahoe	\$57,000
Police	00896	Expedition EL SSV	2002 Chevrolet Tahoe	\$57,000
Police	00943	P 730A Crown Vic	2003 Ford Crown Vic	\$48,000
Police	00944	P 730A Crown Vic	2003 Ford Crown Vic	\$48,000
Police	00945	P 730A Crown Vic	2003 Ford Crown Vic	\$48,000
Police	00946	P 730A Crown Vic	2003 Ford Crown Vic	\$48,000
Police	00948	P 730A Crown Vic	2003 Ford Crown Vic	\$48,000
Police	00978	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00979	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00980	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00981	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00982	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00983	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00984	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00985	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00986	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00987	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00988	P 730A Crown Vic	2004 Ford Crown Vic	\$48,000
Police	00989	Expedition SSV	2004 Ford Crown Vic	\$51,000
Utilities	00448	Chevrolet Pickup	1994 Chevrolet Pickup	\$26,000
Utilities	00482	CAT Backhoe	1994 CAT Backhoe	\$120,000
Utilities	00674	Ford Louisville Vactor	1997 Ford Louisville Vactor	\$305,000
Utilities	00714	Dodge 4x4 Pickup	1998 Dodge 4x4 Pickup	\$31,000
Utilities	00725	Ford F250	1998 Ford F250	\$30,000
Utilities	00728	GMC Sierra Crew Cab	1998 GMC Sierra Crew Cab	\$30,000
Utilities	00752	Ford F250 Styleside	1999 Ford F250 Styleside	\$30,000
Utilities	00755	Ford F350 Crew Cab	1999 Ford F350 Crew Cab	\$30,000
Utilities	00756	Dodge Ram	1999 Dodge Ram	\$30,000
Utilities	00760	Ford F250	1999 Ford F250	\$30,000
Utilities	00763	Ford F250	1999 Ford F250	\$30,000
Utilities	00764	Ford F250	1999 Ford F250	\$30,000
Grand Total				4,807,300



Self Insurance Reserve Fund

Summary

The Self-Insurance Reserve Fund is used to account for costs incurred in self-insuring liability claims, unemployment and workers compensation programs. The fund also accounts for and accumulates resources to fund accrued sick leave and vacation leave payouts.

In August 1985, the City discontinued its extended comprehensive liability insurance coverage because it was unable to secure satisfactory quotes from insurance companies to continue coverage. Consequently, it was determined that self-funding liability was the only alternative. The City renews the purchase of additional general liability insurance for the period beginning November 1 and ending October 31 of each year. This additional coverage protects the City from financial losses between \$1,000,000 and \$5,000,000.

In January 1994, the City elected to self-fund and manages its workers compensation insurance program with stop-loss insurance coverage for claims over \$1,500,000 in Public Safety and \$500,000 for all other

functions. Prior to then, the City had coverage through the State Industrial Insurance System.

Major Revenues

Interfund charges are budgeted at \$11.9 million; a 15.2% or \$1.6 million increase over 2007 levels. Rates are assessed against all salaries as a means of providing revenues for, and establishing a reserve for workers compensation, liability and employee termination pay expenses.

Major Expenses - Unrestricted Net Asset Basis
Total expenses in the Self-Insurance Fund amount to \$6.6 million, an increase of just over \$140,000 or 2.2% compared to the 2007 amended budget.

The financial statement depicted below illustrates a \$5.3 million increase in unrestricted net assets. Unrestricted net assets are projected at \$18.8 million as of June 2008. The City should continue to increase reserves to avert depletion of the fund's assets resulting from rising liability claims and unfunded mandates such as the heart and lung bill and post retirement benefits.

Self Insurance Fund Statement of Revenues, Expenses and Changes in Unrestricted Net Assets - Fiscal Years 2006-2008

	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance	
Revenue:					
Charges for services	9,022,463	10,312,300	11,883,100	1,570,800	15.2
Miscellaneous		40,000		(40,000)	(100.0)
Total Revenue	9,022,463	10,352,300	11,883,100	1,530,800	14.8
Expenses:					
Salaries and wages	1,908,447	2,334,499	2,336,700	2,201	0.1
Employee benefits	165,667	194,912	196,400	1,488	0.8
Services and supplies	3,853,731	3,922,320	4,059,000	136,680	3.5
Total Expenses	5,927,845	6,451,731	6,592,100	140,369	2.2
Operating Income	3,094,618	3,900,569	5,291,000	1,390,431	35.6
Income Before Transfers In (Out)	3,094,618	3,900,569	5,291,000	1,390,431	35.6
Transfers in From Other Funds	2,000,000				0.0
Transfers Out to Other Funds		(76,800)		76,800	(100.0)
Change in Unrestricted Net Assets	5,094,618	3,823,769	5,291,000	1,467,231	38.4
Beginning Unrestricted Net Assets	4,620,533	9,715,151	13,538,920	3,823,769	39.4
Ending Unrestricted Net Assets	9,715,151	13,538,920	18,829,920	5,291,000	39.1

