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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2009



Henderson District Public Libraries
Henderson, Nevada



HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009



Report Prepared By:
Debra M. Englund
Chief Financial Officer
Henderson District Public Libraries
280 South Green Valley Parkway
Henderson, Nevada 89012

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

INTRODUCTORY SECTION:	Page
Transmittal Letter.....	i-v
Library Officials.....	vi
Organizational Chart.....	vii
Certificate of Achievement for Excellence in Financial Reporting	viii
 FINANCIAL SECTION:	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	2A-2I
 BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities.....	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	8
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	9

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS (continued)

	Page
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Contributions and Grants Fund	10
Notes to Financial Statements.....	11-25
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	26
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	27
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Extraordinary Maintenance Fund.....	28
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	29
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Construction Fund	30
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Technology Fund	31
 STATISTICAL SECTION:	
Table Page	
 Financial Trends:	
Net Assets by Component - Last Seven Fiscal Years.....	1.....32
Changes in Net Assets - Last Seven Fiscal Years	2.....33
Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	3.....34
Changes in Fund Balance, Governmental Funds - Last Ten Fiscal Years	4.....35

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS (continued)

	Table	Page
Revenue Capacity:		
Assessed and Estimated Actual Value of Taxable Property -		
Last Ten Fiscal Years	5	36
Property Tax Rates - Direct and Overlapping Governments -		
Last Ten Fiscal Years	6	37
Principal Property Taxpayers - Current Year and Nine Years Ago	7	38
Property Tax Levies and Collections - Last Ten Fiscal Years	8	39
Debt Capacity:		
Ratios of Outstanding Debt - Last Ten Fiscal Years	9	40
Direct and Overlapping Governmental Activities Debt	10	41
Debt Limit Information - Last Ten Fiscal Years	11	42
Demographic and Economic Information:		
Demographic and Economic Information - Last Ten Fiscal Years	12	43
Principal Employers - Current Year and Nine Years Ago	13	44
Operating Information		
Full-Time Equivalent Employees by Function - Last Ten Fiscal Years	14	45
Library Materials and Circulation Summary - Last Ten Fiscal Years	15	46
Circulation by Location - Last Ten Fiscal Years	16	47
Service Location Information - Last Ten Fiscal Years	17	48
Percentage of General Fund Operating Expenditures Spent on		
Library Books and Materials - Last Ten Fiscal Years	18	49
 COMPLIANCE SECTION:		
Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in According with <i>Government Auditing Standards</i>		50-51

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS (continued)

	Page
AUDITOR’S COMMENTS:	
Statute Compliance	52
Progress on Prior Year Statute Compliance	52
Prior Year Recommendations.....	52
Current Year Recommendations	52
Independent Accountant’s Report.....	53

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**INTRODUCTORY
SECTION**





October 29, 2009

To the Board of Trustees and the Citizens of the Henderson District Public Libraries:

We are pleased to present Henderson District Public Libraries' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This report contains the financial statements and other financial information and statistical data that provide complete and full disclosure of all material aspects of the Henderson District Public Libraries (HDPL). The financial statements in this CAFR conform to generally accepted accounting principles (GAAP) as applicable to governmental entities.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Nevada Revised Statute 354.624 requires an annual audit by independent certified public accountants. The accounting firm of Kafoury, Armstrong & Co. was selected to perform the fiscal year 2009 audit and has issued an unqualified ("clean") opinion on the Henderson District Public Libraries' financial statements for the year ended June 30, 2009. The independent auditor's report is located in the front of the financial section of this report.

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

Profile of Henderson District Public Libraries

Background

HDPL's history begins in 1943 when a petition was formed to create the Henderson School Public Library. The petition was approved by the Board of County Commissioners, Clark County, Nevada on January 22, 1944, with a rate of ten cents for ad valorem taxes per annum fixed for the expenses. In an attempt to overhaul educational laws, the Henderson School Public Library became a county library district in 1956 during a special session of the Nevada Legislature. At that time, statutes providing for public libraries based on school district boundaries were replaced and county library districts were automatically established with identical boundaries. Since that time, library district boundaries have been adjusted three times. The latest adjustment, in April 2005, made the library district boundaries contiguous with the City of Henderson boundaries.

Mission

Henderson District Public Libraries seeks to cultivate a literate community by providing every citizen free access to books and information resources as well as state of the art technology that supports work, school and recreational activities.

HDPL meets this mission through the operation of five full service libraries located throughout the city. In addition, HDPL operates deposit collections in several senior centers and day care centers, and offers home delivery for homebound patrons.

Reporting Entity

HDPL was established and operates as an independent governmental unit under authority of Nevada Revised Statutes (NRS) 379. HDPL is governed by a seven-member Board of Trustees. Five trustees are appointed to four-year terms by the Board of County Commissioners of Clark County, Nevada. The remaining two trustees are appointed to three-year terms by the City of Henderson Council. The Board of Trustees is responsible for establishing policy and for the overall operations of HDPL maintained within the District's boundaries.

HDPL is not considered a component unit of any other governmental unit under criteria established by Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity.*"

Budget

HDPL is required to adopt a final budget on or before June 1st of each year. This annual budget serves as the foundation for HDPL's financial planning and control. The budget is prepared by fund and function but management is authorized to transfer resources between functions or funds if the amounts do not exceed total appropriations for the year and the Board of Trustees is notified at the next regular meeting.

Collection and Services

HDPL purchased and processed over 60,000 items worth \$1,176,937 in fiscal year 2009. In addition to purchased materials, HDPL continued to receive and process a large number of donated materials, including books, videos, music CDs and DVDs. The total cost of donations, if purchased, exceeded \$177,538. These donations were distributed to all of the HDPL libraries. These donations allowed HDPL to place an additional 10,050 items into the collection.

HDPL's total collection of over 450,000 volumes in books, recordings, documents, maps, videotapes, CDs, DVDs, CD-ROMs, audio books, and e-books is available to patrons in all five HDPL branches. HDPL makes an effort to collect the most current media available for the broadest scope of public access. The board has allocated an average of over 13 percent of the annual operating budget for collection development over the last five years.

HDPL's usage continues to increase. Circulation increased from 1,186,113 in fiscal year 2008 to 1,422,692 in fiscal year 2009. New library cards issued during the fiscal year increased from 21,736 in 2008 to 31,176 in 2009. A portion of the cards issued can be attributed to the registration of the Green Valley Library patrons into our library system.

Major Initiatives

- On January 1, 2009, HDPL assumed ownership of the Green Valley Library as per the interlocal agreement with the Las Vegas-Clark County Library District dated April 2005. This library was closed for a short time to allow for remodeling and re-opened to the public on April 27, 2009.
- HDPL opened the Galleria Library on February 23, 2009. The first of its kind in Southern Nevada, this library is located within the Galleria Mall. Although small, the Galleria Library is very popular and provides many programming opportunities.
- HDPL closed the Pittman Library, which was located in the Boys and Girls Club. The decision to close this library was made based on declining usage and declining revenues. Staff from this library were reassigned to the Galleria location.
- HDPL purchased 1.84 acres in the Lake Mead Crossing shopping center during FY09. This land will be the site of the relocated James I. Gibson Library. Architectural plans and initial planning were also completed in FY09, with construction of the library estimated to be completed in late spring of 2010.
- HDPL issued a \$2,075,000 medium term general obligation bond in March 2009. Proceeds from this bond were used to purchase the land mention above and for the remodeling of the Green Valley Library.

The Future

HDPL continues to work with the City of Henderson to provide library services to all areas of the City and to newly annexed areas as they are developed. In FY10, the district will begin implementing its Strategic Priorities for the next five years. Continued strain on revenue, due to poor national and local economic conditions, places greater priority on efficiency and program evaluation. It is anticipated that Henderson's population will grow slightly or remain static over the next year. To accommodate lower tax revenues, HDPL continues to make a strategic shift from large fixed buildings to a warehouse/outlet model. This shift in approach will allow HDPL to be more flexible in providing library services closer to our resident populations. The next phase of this strategic shift is evident with the hybrid Heritage Senior Center Library, which will open in FY10, and the Galleria mall branch, each of which has been developed with a retail look and feel. HDPL is actively seeking land in the east side of the city for a library branch that can bring "full" library services to the area. HDPL is seeking opportunities with the City of Henderson or private parties to locate a site. In upcoming years, HDPL seeks a transition to Automated Material Handling (AMH). This technology will allow automated check in of library materials district wide. This automation will ultimately save the district numerous staff hours and allow more productive use of staff time.

Economic Growth

Local Economy

Henderson continues to be ranked as one of the most tax-friendly cities as well as one of the best cities to “live and play” but our local economy has been significantly affected by the recession. Nevada has one of the highest foreclosure rates in the nation, unemployment rates are in the double digits, construction activity, both commercial and residential, has had a significant slowdown, and consumer spending is down.

In light of this, HDPL has implemented several cost saving approaches including a 45-day freeze on any vacant positions and reducing the library budgets by 15%. In addition, outreach services have been scaled back.

Although there have been signs that the national economy is slowly turning around, economists are projecting the local economy to take longer to recover, possibly as late as 2011. HDPL is prepared for this slow recovery. Management has already prepared additional cost savings to be implemented in 2011 if the local economy does not improve.

Long-term Financial Planning

Construction on the new building, in which the James I. Gibson Library will be relocated, began in early FY10. Original construction estimates were approximately \$4.7 million however, due to the recession, construction costs are significantly lower and the construction project was awarded for \$2.6 million. With the sale of the existing building to the City of Henderson for \$4 million, HDPL will realize a saving of over \$1 million. This savings, if necessary, will be used to supplement HDPL’s future budgets.

HDPL is preparing for the legislative session beginning in February 2011. With the State of Nevada facing a \$2.4 billion shortfall, it is unknown what changes may be made to the existing tax distributions. Any changes may have a negative effect on the District.

Awards and Acknowledgements

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to HDPL for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the ninth consecutive year that HDPL has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The report preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire management staff, Finance Department staff and the staff of the independent auditors for HDPL, Kafoury, Armstrong & Co.

Thank you, the Board of Trustees, for your continued interest and support in planning and conducting the financial operations of the Henderson District Public Libraries in a responsible and progressive manner.

Cordially,



Thomas F. Fay
Executive Director



Debra M. Englund
Chief Financial Officer

HENDERSON DISTRICT PUBLIC LIBRARIES

Library Officials

Board of Trustees

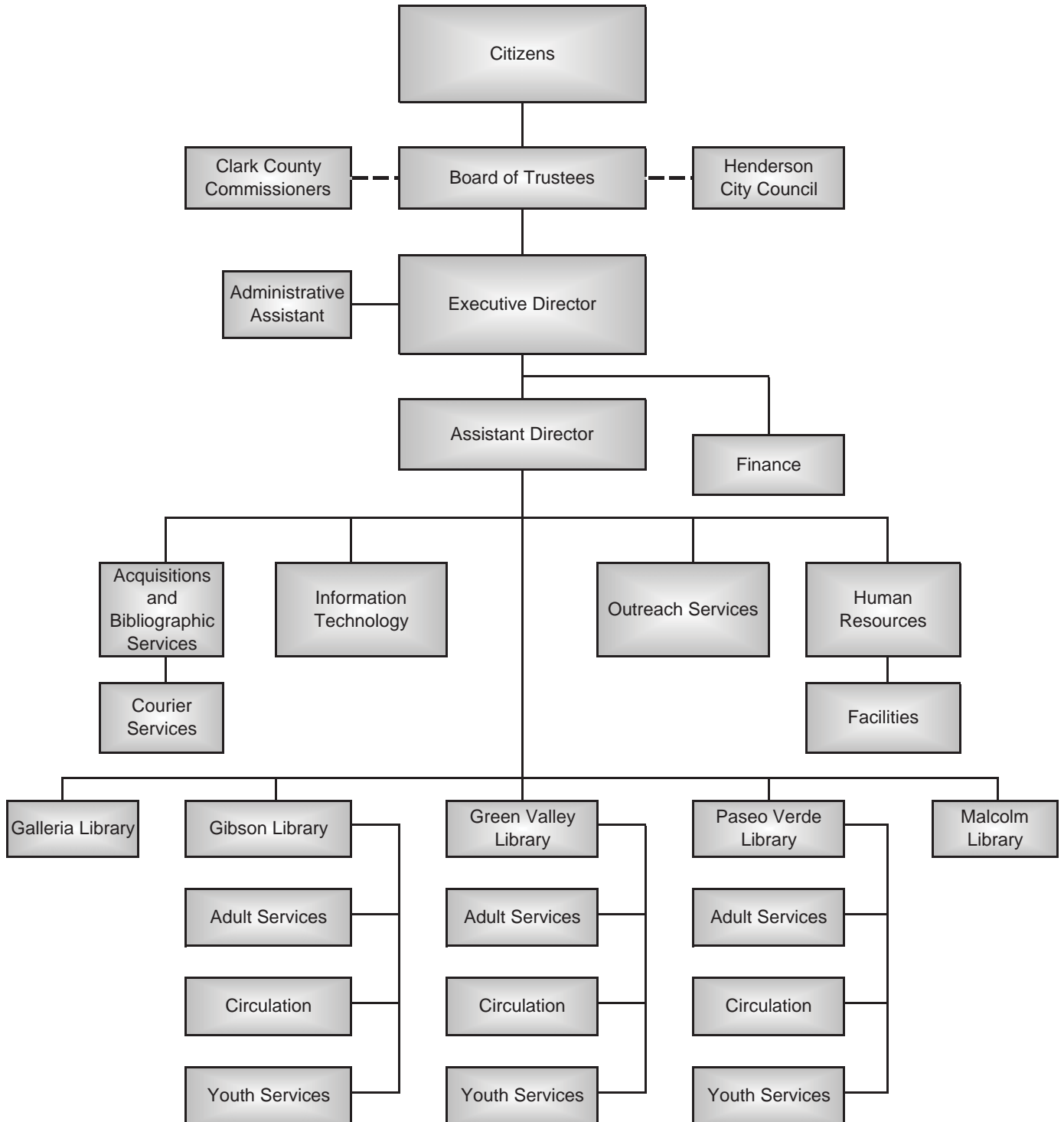
Colleen Bell	Chairman
Herb Hunter	Vice-Chairman
John Simmons	Secretary
Robyn Carr	Trustee
Richard Derrick	Trustee
Todd Hauge	Trustee

Administrative Staff

Thomas F. Fay	Executive Director
Gayle M. Hornaday	Assistant Director
Debra M. Englund	Finance/Human Resources
Sean M. Hill	Information Technology
Michelle L. Mazzanti	Acquisitions & Bibliographic Services

HENDERSON DISTRICT PUBLIC LIBRARIES

Organizational Chart As of June 30, 2009



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Henderson District
Public Libraries, Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



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**FINANCIAL
SECTION**





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

Independent Auditor's Report

To the Board of Trustees of Henderson District Public Libraries
Henderson, Nevada

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2009, which collectively comprise Henderson District Public Libraries' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Henderson District Public Libraries. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Henderson District Public Libraries as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Contributions and Grants Special Revenue 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 29, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis 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 Henderson District Public Libraries' basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section 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 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 the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kafoury, Armstrong & Co.

Reno, Nevada
October 29, 2009

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Henderson District Public Libraries' (HDPL) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the HDPL's financial activities, (c) identify changes in the HDPL's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

We encourage readers to read this information in conjunction with the transmittal letter, financial statements and notes to gain a more complete picture of the information presented.

Financial Highlights

- The assets of HDPL exceeded its liabilities at June 30, 2009 by \$21,388,656 (net assets). Of this amount, \$2,056,167 (unrestricted net assets) may be used to meet HDPL's ongoing obligations to patrons and creditors.
- HDPL's total net assets increased by \$8,868,127. See the section on Government-Wide Financial Analysis for details.
- At the end of fiscal year 2009, HDPL's governmental funds had combined fund balances of \$2,655,991, an increase of \$92,993 from the previous year. Approximately 99.3% of ending fund balances, or \$2,638,228, is available for spending at HDPL's discretion (unreserved fund balance).
- As of June 30, 2009 unreserved fund balance in the General Fund was \$1,350,848 or 19.6% of General Fund expenditures.
- HDPL's total debt increased by \$1,801,325, or 84.8%. This was due to the issuance of \$2,075,000 in general obligation bonds for the remodel of the Green Valley Library and the land for the relocation of the James I. Gibson Library.

Overview of the Financial Statements

HDPL's basic financial statements are comprised of government-wide financial statements, fund financial statements and notes to the financial statements.

Government-Wide Financial Statements

The Statement of Net Assets combines and consolidates all of HDPL's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting. The end result is net assets that are segregated into two components: invested in capital assets, net of related debt and unrestricted net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of HDPL is improving or deteriorating.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The Statement of Activities presents information showing how HDPL's net assets changed during the most recent fiscal year. All changes in net assets are reported when 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 result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a self-balancing set of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. HDPL uses fund accounting to demonstrate legal compliance and to aid in financial management. HDPL uses only the governmental fund category.

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 use the modified accrual basis of accounting, which focuses on near-term inflows and outflows of spendable resources, as well as on 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. 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.

HDPL maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheets and the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, the Contributions and Grants Fund, and the Capital Construction Fund, all of which are considered major funds. Data from the other three 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 and individual statements and schedules elsewhere in the report.

HDPL adopts an annual appropriated budget for all its governmental funds. Budgetary comparisons for all funds have been provided to demonstrate compliance with these budgets.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Notes to the Financial Statements

The notes to the financial statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year. The notes can be found on pages 11-25 of this report.

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 HDPL, assets exceed liabilities by \$21,388,656 at June 30, 2009.

HDPL's Net Assets

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Assets:		
Current and other assets	\$ 6,684,178	\$ 6,944,786
Capital assets	<u>22,617,689</u>	<u>12,082,647</u>
Total assets	<u>29,301,867</u>	<u>19,027,433</u>
Liabilities:		
Current liabilities	3,986,770	4,381,788
Long-term liabilities	<u>3,926,441</u>	<u>2,125,116</u>
Total liabilities	<u>7,913,211</u>	<u>6,506,904</u>
Net assets:		
Invested in capital assets, net of related debt	19,332,489	10,565,647
Unrestricted	<u>2,056,167</u>	<u>1,954,882</u>
Total net assets	<u>\$ 21,388,656</u>	<u>\$ 12,520,529</u>

The largest portion of HDPL's net assets (90.4%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Capital assets consist of land, buildings, equipment, computer equipment, furniture, land improvements, leasehold improvements, vehicles and books. These assets are used to provide services to the patrons of HDPL and are not available for future spending.

The remaining portion of HDPL's net assets (9.6%) reflects unrestricted net assets that may be used to meet HDPL's ongoing obligations to patrons and creditors.

As of June 30, 2009, HDPL is able to report positive balances in both categories of net assets. The same held true for the previous fiscal year.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

There was an increase of \$8,766,842 in net assets invested in capital assets net of related debt. This increase was primarily due to the transfer of the Green Valley Library building from Las Vegas-Clark County to HDPL and the purchase of 1.84 acres of land. See discussion on Capital Assets below for further explanations.

HDPL's Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Revenues:		
Program Revenues		
Charges for services	\$ 228,371	\$ 276,533
Operating grants and contributions	308,851	330,608
Capital grants and contributions	8,175,815	336,513
General Revenues		
Ad valorem taxes	6,525,240	5,972,802
Consolidated taxes	1,846,780	2,151,661
Unrestricted investment earnings	146,825	172,362
Total revenues	<u>17,231,882</u>	<u>9,240,479</u>
Expenses:		
Culture and recreation	8,313,183	7,840,936
Interest	50,572	60,570
Total expenses	<u>8,363,755</u>	<u>7,901,506</u>
Increase in net assets	8,868,127	1,338,973
Net assets, beginning of year	<u>12,520,529</u>	<u>11,181,556</u>
Net assets, end of year	<u>\$ 21,388,656</u>	<u>\$ 12,520,529</u>

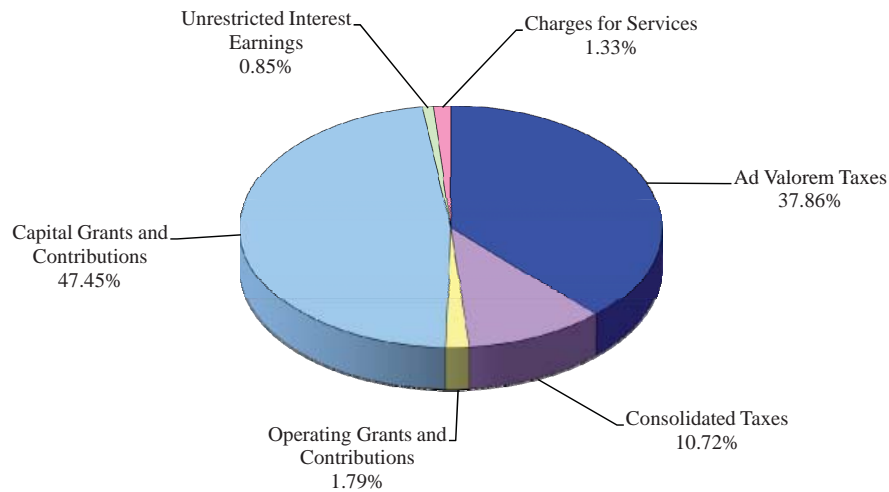
HDPL's net assets increased by \$8,868,127 during the current fiscal year. Key elements of this increase are as follows:

- Ad valorem taxes increased by \$552,438 or 9.3%, due in part to new construction, particularly the M Resort, and in part to a recovery from the Legislative cap placed on home values in the 2005 Legislative session.
- Consolidated taxes decreased by \$304,881, or 14.2%, due to the recession.
- Interest income decreased by \$25,537, or 14.8%, due a lower yield on investments.
- Capital grants and contributions increased by \$7,839,302, or 2329.6%, primarily due to the transfer of ownership of the Green Valley Library from Las Vegas-Clark County Library to HDPL.
- Operating grants and contributions decreased by \$21,757, or 6.6%, due to normal variation in the types of grants received by HDPL.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

- Culture and recreation expenses increased by \$472,247, or 6.0%, over the last fiscal year. A portion of this increase, \$311,693, is due to increased depreciation from the additional building and the enlarged materials collection associated with such building. The remaining portion of this increase, \$160,554, is mainly due to increased staffing for the Green Valley Library.

Revenues by Source - Governmental Activities



Fund Financial Analysis

As of the end of the current fiscal year, HDPL's governmental funds reported combined ending fund balances of \$2,655,991, an increase of \$92,993 from fiscal year 2008. Of the 2009 ending fund balances, \$2,638,228, or 99.3%, constitutes unreserved fund balance and is available for spending at HDPL's discretion. The remainder of fund balances is reserved for prepaid expenditures.

General Fund

The General Fund is the chief operating fund of HDPL. At the end of fiscal year 2009, the General Fund had an ending fund balance of \$1,357,231, of which \$1,350,848 was unreserved.

The General Fund's fund balance increased by \$484,625 during the current fiscal year. Key factors for this increase are as follows:

- Ad valorem taxes increased by \$552,438, or 9.3%, due in part to new construction, particularly the M Resort, and in part to a recovery from the Legislative cap placed on home values in the 2005 Legislative session.
- Consolidated taxes decreased by \$304,881, or 14.2%, due to the recession.
- Investment income decreased by \$18,014, or 30.6%, due to a lower yield on investments.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

- Even though HDPL had increased staffing costs and operating costs associated with the operation of the Green Valley Library, HDPL was able to decrease total General Fund expenditures by \$40,699, or .6%. This decrease was due, in part, to the completion of payments to the Las Vegas-Clark County Library District for the operation of Green Valley Library. In FY09, this payment was for a partial year and totaled \$378,544, a reduction of \$189,859 from the previous fiscal year. The remaining decrease, \$122,435, was due primarily to a reduction in library materials spending.

Contributions and Grants Fund

The Contributions and Grants Fund has a fund balance of \$388,179 at the end of fiscal year 2009. This is an increase of \$85,836 over the previous fiscal year.

Capital Construction Fund

The Capital Construction Fund has a fund balance of \$312,658 at the end of fiscal year 2009, a decrease of \$960,999 from the previous fiscal year. This decrease was due primarily to the purchase of land, site improvements, and architectural costs for the new James I. Gibson Library building in the amount of \$2,168,528, the remodeling and furnishing of the Green Valley Library in the amount of \$890,245, and the Galleria Library in the amount of \$11,381. This was offset by a \$2,075,000 bond issuance to cover the land and remodeling costs.

General Fund Budgetary Highlights

The original fiscal year 2009 budget was approved May 15, 2008. State regulations require budget controls to be exercised at the function level. Although function-level control is what is required, HDPL management exercises control at the object level.

Pursuant to NRS 354.598005, HDPL may transfer appropriations between funds, if such a transfer does not increase the total appropriation for any fiscal year. HDPL did not do such an amendment in fiscal year 2009; therefore, the original budget is also the final budget.

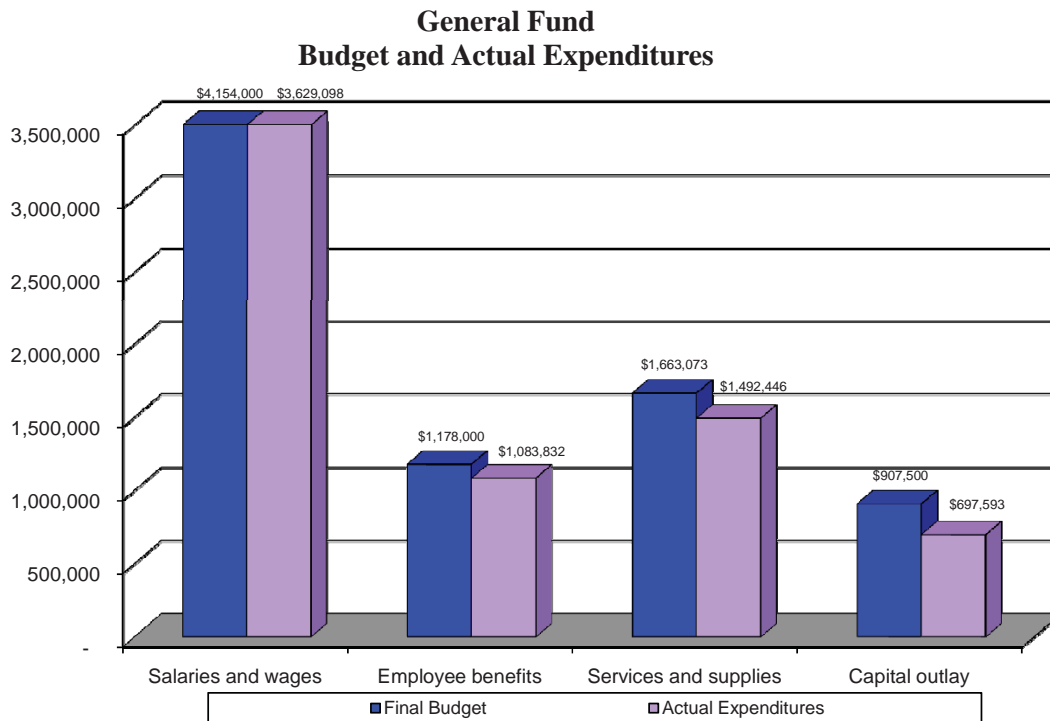
The final budget projected ad valorem taxes and consolidated tax, which account for 98.1% of the District's total revenue, to be \$6,832,920 and \$2,149,510 respectively. Due to the recession that has severely affected the local housing market, actual tax revenues were much lower than projected. Ad valorem tax revenue came in at \$6,525,240, a decrease of \$307,680 or 4.5%. Consolidated tax revenues came in at \$1,846,780, a decrease of \$302,730 or 14.1%.

The District responded to the decrease in revenues by reducing expenditures. Actual expenditures were 87.4% of appropriations, or \$999,604 lower than the final budget. The main areas of savings are as follows:

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

- Salaries and wages were \$524,902 below the final budget. This was primarily due to the delay of hiring Green Valley Library staff. A 45-day hiring freeze before filling vacant positions also contributed to this savings.
- Employee benefits were \$94,168 below the final budget. This was also due primarily to the delay in hiring Green Valley Library staff.
- Services and supplies were \$170,627 below the final budget. This was due to a savings in electricity costs due to closing on Sundays and a savings in vehicle maintenance due to a reduced schedule for the bookmobile. Reductions in library supplies, programming supplies, honorariums, and travel and training costs also contributed to this savings.
- Capital outlay was \$209,907 below the final budget. This was due to Management’s decision to reduce library materials purchases due to budget constraints.

The following table illustrates the total differences between the final budget and actual expenditures.



Capital Assets

At June 30, 2009, HDPL had \$22,617,689 invested in capital assets (net of accumulated depreciation). This investment in capital assets includes land, buildings, books, computer equipment, equipment, furniture, land improvements, leasehold improvements and vehicles. This amount represents a net increase of \$10,535,042, or 87.2%, from last year. The following table reflects capital assets of HDPL at June 30, 2009 and 2008.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**HDPL's Capital Assets
(net of depreciation)**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Buildings	\$ 14,211,107	\$ 6,465,941
Books	5,379,075	4,762,793
Computer equipment	76,734	89,263
Construction in progress	155,443	-
Equipment	54,652	58,153
Furniture	110,015	77,169
Land	1,867,359	461,308
Land improvements	599,912	-
Leasehold improvements	7,474	7,075
Vehicles	155,918	160,945
Total capital assets, net of depreciation	<u>\$ 22,617,689</u>	<u>\$ 12,082,647</u>

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

- Buildings increased by 7,745,166. This is due to the transfer of ownership of the Green Valley Library from Las Vegas-Clark County Library District to HDPL.
- Books increased by \$616,282. This is due to HDPL's commitment to continually increase the availability and selection of library books and materials for its patrons.
- Furniture increased by \$32,846. This is due to the purchase of furniture for the Green Valley Library.
- Land increased by \$1,406,051. This is due to the purchase of land for the relocation of the Gibson Library.
- Land improvements increased by \$599,912. This is due to site improvements on the above mentioned land.
- Leasehold improvements increased by a net amount of \$399 due primarily to the remodeling of the leased Galleria Library, but was offset by the disposal of the Pittman Library leasehold improvements due to the cancellation of its lease.
- Vehicles decreased by \$5,027. This is due to depreciation on existing vehicles but is offset by the purchase of a SUV for the IT department.
- Computer equipment and equipment decreased by \$12,529 and \$3,501, respectively. This is due to continued depreciation on existing capital assets.

Additional information on HDPL's capital assets can be found in Note 4 to the financial statements.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Long-term Debt

At the end of the current fiscal year, HDPL had \$3,926,441 in outstanding debt, \$389,000 of which was for a medium term general obligation refunding bond issued in 2003, \$821,200 of which was for a medium term general obligation note issued in 2004, \$2,075,000 of which was for a medium term general obligation bond issued during this fiscal year, and \$641,241 of which was for compensated absences.

Per NRS 379.0225, the debt limitation for HDPL is equal to 10 percent of the total assessed value of all taxable property. The debt limitation currently applicable to June 30, 2009 is \$1,665,582,080. HDPL's net general obligation bonded debt subject to the legal debt margin of \$3,285,200 was well below this legal limit.

Additional information on HDPL's long-term debt can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets

- The unemployment rate for Clark County has steadily increased and is currently 12.3%, which is an increase from the 6.0% rate a year ago. The United States national average unemployment rate is 9.7% and the State's average unemployment rate is 12.1%.
- Businesses within Clark County reported taxable sales of \$2.45 billion, a 21.7% decrease from the previous year.

These factors were considered in preparing HDPL's budget for fiscal year 2010.

The unreserved fund balance in the General Fund increased 59.3% to \$1,350,848 from the prior year. HDPL has appropriated approximately \$600,000 of this amount for spending in fiscal year 2010. It is intended that this use of available fund balance will build fund balances in the Debt Service Fund and the Capital Projects Construction Fund. It will also be used to pay for part of HDPL's technological enhancements.

Requests for Information

This financial report is designed to provide its users with a general overview of HDPL's finances and to show HDPL's accountability for the money it receives. Any questions, comments or requests for additional financial information should be addressed to:

Henderson District Public Libraries
Finance Department
280 South Green Valley Parkway
Henderson, Nevada 89012

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STATEMENTS**



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HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF NET ASSETS

JUNE 30, 2009

	Governmental <u>Activities</u>
ASSETS	
Cash and investments	\$ 6,241,121
Accounts receivable	60,910
Interest receivable	167
Due from other governments	324,376
Prepays	17,763
Deferred charges	39,841
Capital assets (net of accumulated depreciation, where applicable):	
Land and Construction in progress	2,022,802
Property and equipment	15,215,812
Library books and materials	5,379,075
TOTAL ASSETS	29,301,867
LIABILITIES	
Accounts payable	253,319
Accrued payroll	233,451
Earnest money held	3,500,000
Non-current liabilities:	
Portion due or payable within one year:	
General obligation bonds	346,400
Compensated absences	340,660
Portion due or payable after one year:	
General obligation bonds	2,938,800
Compensated absences	300,581
TOTAL LIABILITIES	7,913,211
NET ASSETS	
Invested in capital assets, net of related debt	19,332,489
Unrestricted	2,056,167
TOTAL NET ASSETS	\$ 21,388,656

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS				
Governmental activities:				
Culture and recreation	\$ 8,313,183	\$ 228,371	\$ 308,851	\$ 8,175,815
Debt service:				
Interest on bonds	50,572	-	-	(50,572)
Total governmental activities	<u>\$ 8,363,755</u>	<u>\$ 228,371</u>	<u>\$ 308,851</u>	<u>\$ 8,175,815</u>
General revenues:				
Taxes:				
Ad valorem taxes				6,525,240
Consolidated taxes				1,846,780
Unrestricted investment earnings				146,825
Total general revenues				<u>8,518,845</u>
CHANGE IN NET ASSETS				<u>8,868,127</u>
NET ASSETS, BEGINNING OF YEAR				<u>12,520,529</u>
NET ASSETS, END OF YEAR				<u>\$ 21,388,656</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2009

	General Fund	Contributions and Grants Fund	Capital Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,442,829	\$ 356,643	\$ 3,820,946	\$ 620,703	\$ 6,241,121
Accounts receivable	557	60,353	-	-	60,910
Interest receivable	167	-	-	-	167
Due from other governments	324,376	-	-	-	324,376
Prepays	6,383	696	-	10,684	17,763
TOTAL ASSETS	\$ 1,774,312	\$ 417,692	\$ 3,820,946	\$ 631,387	\$ 6,644,337

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable	\$ 183,630	\$ 27,937	\$ 8,288	\$ 33,464	\$ 253,319
Deferred revenue	-	1,576	-	-	1,576
Accrued payroll	233,451	-	-	-	233,451
Earnest money held	-	-	3,500,000	-	3,500,000
Total liabilities	417,081	29,513	3,508,288	33,464	3,988,346
Fund balances:					
Reserved:					
Reserved for prepaids	6,383	696	-	10,684	17,763
Unreserved, reported in:					
General Fund	1,350,848	-	-	-	1,350,848
Special Revenue Funds	-	387,483	-	59,385	446,868
Debt Service Fund	-	-	-	319,748	319,748
Capital Projects Funds	-	-	312,658	208,106	520,764
Total fund balances	1,357,231	388,179	312,658	597,923	2,655,991
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,774,312	\$ 417,692	\$ 3,820,946	\$ 631,387	\$ 6,644,337

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Fund Balances - Governmental Funds		\$	2,655,991
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Governmental capital assets	\$	31,125,935	
Less: Accumulated depreciation		<u>(8,508,246)</u>	
			22,617,689
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Bond costs - deferred charges		40,863	
Less: Current year amortization		<u>(1,022)</u>	
			39,841
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.			
			1,576
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable and notes payable		(3,285,200)	
Compensated absences		<u>(641,241)</u>	
			<u>(3,926,441)</u>
Net Assets - Governmental Activities		<u>\$</u>	<u>21,388,656</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Contributions and Grants Fund</u>	<u>Capital Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes:					
Ad valorem	\$ 6,525,240	\$ -	\$ -	\$ -	\$ 6,525,240
Intergovernmental:					
Consolidated tax	1,846,780	-	-	-	1,846,780
Grants, federal and state	-	98,292	-	-	98,292
Grants, local	-	10,924	-	-	10,924
Miscellaneous:					
Fines and forfeits	128,247	-	-	-	128,247
Contributions from private sources	-	216,341	-	-	216,341
Investment income	40,945	8,888	84,449	12,543	146,825
Other	33,802	66,322	-	-	100,124
Total revenues	<u>8,575,014</u>	<u>400,767</u>	<u>84,449</u>	<u>12,543</u>	<u>9,072,773</u>
EXPENDITURES:					
Current:					
Culture and recreation:					
Salaries and wages	3,629,098	-	-	-	3,629,098
Employee benefits	1,083,832	-	-	-	1,083,832
Services and supplies	1,492,446	184,005	255,703	284,205	2,216,359
Capital outlay	697,593	130,926	2,864,745	74,555	3,767,819
Debt service:					
Principal	-	-	-	306,800	306,800
Interest on bonds	-	-	-	50,572	50,572
Administrative and other costs	-	-	-	300	300
Total expenditures	<u>6,902,969</u>	<u>314,931</u>	<u>3,120,448</u>	<u>716,432</u>	<u>11,054,780</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,672,045</u>	<u>85,836</u>	<u>(3,035,999)</u>	<u>(703,889)</u>	<u>(1,982,007)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	1,187,420	1,187,420
Transfers out	(1,187,420)	-	-	-	(1,187,420)
Debt issuance	-	-	2,075,000	-	2,075,000
Total other financing sources (uses)	<u>(1,187,420)</u>	<u>-</u>	<u>2,075,000</u>	<u>1,187,420</u>	<u>2,075,000</u>
NET CHANGE IN FUND BALANCES	484,625	85,836	(960,999)	483,531	92,993
FUND BALANCES, BEGINNING OF YEAR	<u>872,606</u>	<u>302,343</u>	<u>1,273,657</u>	<u>114,392</u>	<u>2,562,998</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,357,231</u>	<u>\$ 388,179</u>	<u>\$ 312,658</u>	<u>\$ 597,923</u>	<u>\$ 2,655,991</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net change in Fund Balances - Government Funds \$ 92,993

Amounts reported for governmental activities in the statement of activities
are different because:

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

Expenditures for capital assets	\$ 3,767,819	
Loss on disposition of assets	(8,417)	
Less: Current year depreciation	<u>(1,333,143)</u>	
		2,426,259

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

Change in deferred revenue	1,576	
Donated capital assets	<u>8,108,783</u>	
		8,110,359

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of general obligation bond	(2,075,000)	
Bond issuance costs	40,863	
Repayment of bond principal	<u>306,800</u>	
		(1,727,337)

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds.

Amortization of bond issuance costs	(1,022)	
Change in long-term compensated absences	<u>(33,125)</u>	
		<u>(34,147)</u>

Change in Net Assets - Governmental Activities		<u><u>\$ 8,868,127</u></u>
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See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 6,832,920	\$ 6,832,920	\$ 6,525,240	\$ (307,680)
Intergovernmental:				
Consolidated tax	2,149,510	2,149,510	1,846,780	(302,730)
Miscellaneous:				
Fines and forfeits	119,500	119,500	128,247	8,747
Investment income	20,000	20,000	40,945	20,945
Other	35,000	35,000	33,802	(1,198)
Total revenues	<u>9,156,930</u>	<u>9,156,930</u>	<u>8,575,014</u>	<u>(581,916)</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Salaries and wages	4,154,000	4,154,000	3,629,098	524,902
Employee benefits	1,178,000	1,178,000	1,083,832	94,168
Services and supplies	1,663,073	1,663,073	1,492,446	170,627
Capital outlay	907,500	907,500	697,593	209,907
Total expenditures	<u>7,902,573</u>	<u>7,902,573</u>	<u>6,902,969</u>	<u>999,604</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,254,357</u>	<u>1,254,357</u>	<u>1,672,045</u>	<u>417,688</u>
OTHER FINANCING USES:				
Transfers out	(1,187,420)	(1,187,420)	(1,187,420)	-
NET CHANGE IN FUND BALANCE	66,937	66,937	484,625	417,688
FUND BALANCE, BEGINNING OF YEAR	783,063	783,063	872,606	89,543
FUND BALANCE, END OF YEAR	<u>\$ 850,000</u>	<u>\$ 850,000</u>	<u>\$ 1,357,231</u>	<u>\$ 507,231</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

SPECIAL REVENUE FUND - CONTRIBUTIONS AND GRANTS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental:				
Grants, federal and state	\$ 92,517	\$ 132,172	\$ 98,292	\$ (33,880)
Grants, local	-	12,500	10,924	(1,576)
Miscellaneous:				
Contributions from private sources	47,700	189,225	216,341	27,116
Investment income	10,000	10,000	8,888	(1,112)
Other	134,200	134,200	66,322	(67,878)
Total revenues	<u>284,417</u>	<u>478,097</u>	<u>400,767</u>	<u>(77,330)</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Services and supplies	202,770	228,136	184,005	44,131
Capital outlay	<u>250,051</u>	<u>276,840</u>	<u>130,926</u>	<u>145,914</u>
Total expenditures	<u>452,821</u>	<u>504,976</u>	<u>314,931</u>	<u>190,045</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(168,404)</u>	<u>(26,879)</u>	<u>85,836</u>	<u>112,715</u>
NET CHANGE IN FUND BALANCE	(168,404)	(26,879)	85,836	112,715
FUND BALANCE, BEGINNING OF YEAR	<u>263,050</u>	<u>263,050</u>	<u>302,343</u>	<u>39,293</u>
FUND BALANCE, END OF YEAR	<u>\$ 94,646</u>	<u>\$ 236,171</u>	<u>\$ 388,179</u>	<u>\$ 152,008</u>

See notes to financial statements.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The Henderson District Public Libraries (HDPL) was established and operates as an independent governmental unit under authority of Nevada Revised Statutes (NRS) Chapter 379. It is governed by a seven member Board of Trustees. Five of the Board members are appointed to four-year terms by the Board of County Commissioners of Clark County, Nevada. The other two Board members are appointed to three-year terms by the City of Henderson Council. The Board of Trustees is responsible for establishing policy and overall operations of HDPL maintained within the District's boundaries. HDPL currently operates five libraries – the Galleria Library, the James I. Gibson Library, the Green Valley Library, the Lydia Malcolm Library, and the Paseo Verde Library.

HDPL is not considered a component unit of any other governmental unit under criteria established by Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*" and does not engage in any business-type activities.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of HDPL. 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 in the funds receiving the services and as reductions of expenditures in the General Fund. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function. Program revenues include 1) fees, fines, and charges paid by recipients of goods or services offered by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about HDPL's funds. Funds are classified into three categories: governmental, proprietary and fiduciary. During fiscal year 2009, HDPL used only the governmental fund category. The emphasis of fund financial statements is on the major governmental funds, which are each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

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 *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, HDPL considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due (or when payment is made).

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, motor vehicle privilege taxes and liquor taxes), interest associated with the current fiscal period, and federal, state and local grants are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Charges for services, fines and contributions 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).

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 – Summary of Significant Accounting Policies (continued)

HDPL 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 revenues are recognized.

HDPL reports three major governmental funds:

The **General Fund** is HDPL's primary operating fund. It accounts for all financial resources and costs associated with the general government, except those that are required to be accounted for in other funds.

The **Contributions and Grants Fund** is used to account for donations, grants, and other non-tax related resources and expenditures separate from the tax based revenues and general operating expenditures.

The **Capital Construction Fund** is used to account for the cost of construction, purchases, modernization, or furnishing of libraries, buildings, or sites.

D. Assets, Liabilities, and Equity

1. Cash and Investments

HDPL maintains three checking accounts, a sweep account and invests resources with an investment firm. HDPL pools cash resources of its various funds in order to facilitate the management of cash and maximize investment earning potential. Cash applicable to a particular fund is readily identifiable.

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.

As more fully described in Note 3, state statutes authorize HDPL to invest in obligations of the U.S. Treasury, certain farm loan bonds, certain securities issued by Nevada local governments, repurchase agreements, banker's acceptances, commercial paper, negotiable certificates of deposit and money market mutual funds. All investments are stated at fair value.

**HENDERSON DISTRICT PUBLIC LIBRARIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 – Summary of Significant Accounting Policies (continued)

2. Property Taxes

Taxes on real property are levied based on the assessed valuations as of January 1st of each year. A lien is placed on the property on July 1st of each year, and the taxes are due on the third Monday in August. The taxes can be paid in four 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 from the date the taxes were due 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 deed, the County Treasurer may sell the property to satisfy the tax lien.

3. Capital Assets

Capital assets are defined as those assets with an initial cost of \$2,500 or more and an estimated useful life of more than one year. Library books and materials purchased throughout the fiscal year are combined together as one item and considered a capital asset. All purchased or constructed capital assets are reported at cost or estimated historical cost. Donated assets are recorded at their estimated fair value at the date of donation. Book deletions are computed using the average cost per book, as determined from the purchases over a period of years. Depreciation is calculated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30 years
Books	5 years
Computer equipment	3 years
Equipment	5 years
Furniture	7 years
Land improvements	20 years
Leasehold improvement	20 years
Vehicles	5 years

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 – Summary of Significant Accounting Policies (continued)

4. Compensated Absences

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

5. Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the 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, if material. 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, if material, as a component of interest expense using the straight-line method. Issuance costs, if material, are reported as deferred charges and amortized over the term of the related bond.

In governmental funds, 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 reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

6. Equity Classifications

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

- a. Invested in Capital Assets, Net of Related Debt – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bond, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 – Summary of Significant Accounting Policies (continued)

- b. Unrestricted Net Assets – Consists of net assets that do not meet the definition of “invested in capital assets, net of related debt”.

In fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified into 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. Designation of fund balance represents tentative management plans that are subject to change.

NOTE 2 – Compliance and Accountability

A. Budgetary Information

HDPL adheres to the Local Government Budget and Finance Act, incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data that is reflected in these financial statements:

1. On or before April 15, the Library Board of Trustees files a tentative budget with the Nevada Department of Taxation.
2. Public hearings on the tentative budget are held during the third week in May.
3. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board.
4. Formal budgetary integration in the financial records is employed to enhance management control during the year.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) and appropriations lapse at year end.
6. Statutory regulations require budget controls to be exercised at the function level. Management is authorized to transfer budget amounts between functions or funds if amounts do not exceed total appropriations and the Board of Trustees is notified at the next regular meeting.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 – Compliance and Accountability (continued)

7. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Trustees following a public hearing. Such augmentations become effective upon receipt of such resolution by the Nevada Department of Taxation. Various supplemental appropriations were approved during the year to reflect necessary changes in spending and the corresponding additional resources available.
8. In accordance with Statute, actual expenditures may not exceed appropriations in the various functions of the General Fund, Special Revenue Funds, and the Capital Projects Funds.

B. Compliance with Nevada Revised Statutes

Henderson District Public Libraries conformed to all significant statutory constraints on its financial administration during this year.

NOTE 3 – Cash and Investments

The following summarizes HDPL’s cash and investment balances at of June 30, 2009:

Cash and investments:	
Petty cash	\$ 3,250
Cash in financial institutions	359,545
Investments	<u>5,878,326</u>
Total cash and investments	<u>\$ 6,241,121</u>

State statutes govern HDPL’s deposit options. HDPL monies must be deposited in insured banks, credit unions, or savings and loan associations. HDPL is authorized to use demand accounts, time accounts and certificates of deposit.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2009, the recorded amount of HDPL’s deposits was \$359,545 and the bank balances were \$466,439. Of the bank statement balances, \$250,000 was covered by federal depository insurance and \$216,439 was covered by collateral held by HDPL’s agent in HDPL’s name.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 – Cash and Investments (continued)

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

NRS 355.170 sets forth acceptable investments for Nevada local governments. HDPL has not adopted a formal investment policy that would limit its investment choices nor limit its exposure to certain risks beyond that set forth in the statutes.

The following table identifies the investment types and minimum credit ratings authorized for HDPL by NRS 355.170:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum S & P	Minimum Ratings Moody
Banker’s Acceptances	180	20%	5%	A-1	P-1
Commercial Paper	270 days	20%	None	A-1	P-1
Money Market Mutual Funds	None	None	None	AAA	Aaa
Negotiable Certificates of Deposit	None	None	None	n/a	n/a
Collateralized Nonnegotiable Certificates of Deposit	None	None	None	n/a	n/a
Negotiable notes/medium-term obligations of local government of the State of Nevada	5 years	None	None	n/a	n/a
Repurchase Agreements	90 days	None	10%	n/a	n/a
U.S. Treasury Obligations	10 years	None	None	n/a	n/a
U.S. Agency Securities:					
Federal National Mortgage Association	10 years	None	None	n/a	n/a
Federal Agricultural Mortgage Corporation	10 years	None	None	n/a	n/a
Federal Farm Credit Bank	10 years	None	None	n/a	n/a
Federal Home Loan Bank	10 years	None	None	n/a	n/a
Federal Home Loan Mortgage Corporation	10 years	None	None	n/a	n/a
Government National Mortgage	10 years	None	None	n/a	n/a
Local Government Investment Pool	None	None	None	n/a	n/a

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 – Cash and Investments (continued)

As of June 30, 2009, HDPL had the following investments and maturities:

	Interest Rates	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled Investments:					
BNY Mellon Money Market Fund	0.5%	\$ 805,031	\$ 805,031	\$ 805,031	--
Federal Home Loan Bank Disc Note	2.8%	500,000	487,881	499,950	0.08
Federal Home Loan Mortgage Corp Disc	0.6%	500,000	497,623	499,100	0.53
Federal Home Loan Mortgage Corp	1.5%-2.8%	1,000,000	1,011,500	1,011,780	1.25
Federal National Mortgage	2.70%	500,000	487,625	499,900	0.14
US Treasury Bill	0.1%	2,000,000	1,999,826	1,999,810	0.07
US Treasury Inflation Indexed Note	0.9%	562,755	560,405	562,755	0.79
Total Pooled Investments			<u>\$ 5,849,891</u>	<u>\$ 5,878,326</u>	<u>0.10</u>

Interest Rate Risk: Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. HDPL does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statutes.

Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality rating of investments. State statutes require governmental agencies to invest in instruments that inherently have low credit risk, as evidenced by the table on page 18. HDPL has no formal investment policy that further limits investments in a single issuer.

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

	S & P	Moody's	% of Portfolio
Investments			
BNY Mellon Money Market Fund	n/a	n/a	10.50%
Federal Home Loan Bank Disc Note	n/a	n/a	8.82%
Federal Home Loan Mortgage Corp Disc	n/a	n/a	8.80%
Federal Home Loan Mortgage Corp	AAA	Aaa	17.85%
Federal National Mortgage	n/a	n/a	8.82%
US Treasury Bill	AAA	Aaa	35.28%
US Treasury Inflation Indexed Note	AAA	Aaa	9.93%
Total investments			<u>100.00%</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 – Cash and Investments (continued)

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

NOTE 4 – Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2009:

Governmental Activities:

	Balance <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2009</u>
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 155,443	\$ -	\$ 155,443
Land	461,308	1,406,051	-	1,867,359
Total capital assets, not being depreciated:	<u>461,308</u>	<u>1,561,494</u>	<u>-</u>	<u>2,022,802</u>
Capital assets, being depreciated:				
Buildings	9,208,396	8,190,686	(4,533)	17,394,549
Books	8,683,518	1,354,475	(319,097)	9,718,896
Computer equipment	446,683	39,995	-	486,678
Equipment	85,669	12,310	-	97,979
Furniture	451,402	79,589	(1,676)	529,315
Land improvements	-	599,912	-	599,912
Leasehold improvements	7,973	7,634	(7,973)	7,634
Vehicles	237,663	30,507	-	268,170
Total capital assets, being depreciated	<u>19,121,304</u>	<u>10,315,108</u>	<u>(333,279)</u>	<u>29,103,133</u>
Less accumulated depreciation for:				
Buildings	(2,742,455)	(443,847)	2,860	(3,183,442)
Books	(3,920,725)	(738,193)	319,097	(4,339,821)
Computer equipment	(357,420)	(52,524)	-	(409,944)
Equipment	(27,516)	(15,811)	-	(43,327)
Furniture	(374,233)	(46,743)	1,676	(419,300)
Land improvements	-	-	-	-
Leasehold improvements	(898)	(491)	1,229	(160)
Vehicles	(76,718)	(35,534)	-	(112,252)
Total accumulated depreciation	<u>(7,499,965)</u>	<u>(1,333,143)</u>	<u>324,862</u>	<u>(8,508,246)</u>
Total capital assets, being depreciated, net	<u>11,621,339</u>	<u>8,981,965</u>	<u>(8,417)</u>	<u>20,594,887</u>
Governmental activities capital assets, net	<u>\$ 12,082,647</u>	<u>\$ 10,543,459</u>	<u>\$ (8,417)</u>	<u>\$ 22,617,689</u>

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

Governmental Activities:

Culture and recreation	<u>\$ 1,333,143</u>
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**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 5 – Long-Term Debt

A. Changes to Long-Term Debt

Long-term debt, other than compensated absences, is used to construct, maintain, and equip library facilities. The following schedule summarizes the changes in long-term debt:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>	<u>Due in 2009-2010</u>
General Obligation Bonds:					
Series 2003, Medium term refunding bond - \$1,431,000, due in annual installments beginning 2004 through July 1, 2011; interest at 3.05%.	\$ 576,000	\$ -	\$ (187,000)	\$ 389,000	\$ 192,000
Series 2009, Medium term bond - \$2,075,000, due in semi-annual installments beginning 2009 through December 1, 2018; interest at 3.50%.	-	2,075,000	-	2,075,000	30,000
General Obligation Note:					
2004, Medium term note - \$1,274,500, due in annual installments beginning 2005 through November 1, 2014; interest at 3.75%.	941,000	-	(119,800)	821,200	124,400
Compensated absences	<u>608,116</u>	<u>359,672</u>	<u>(326,547)</u>	<u>641,241</u>	<u>340,660</u>
Total Long-Term Debt	<u>\$ 2,125,116</u>	<u>\$ 2,434,672</u>	<u>\$ (633,347)</u>	<u>\$ 3,926,441</u>	<u>\$ 687,060</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 5 – Long-Term Debt (continued)

B. Payment Requirements for Debt Service

The liability of the general obligation bonds and note will be liquidated by the Debt Service Fund and the liability of compensated absences will be liquidated by the General Fund. The annual requirements to pay principal and interest on the bonds and note outstanding at June 30, 2009 are as follows:

Fiscal Year	Principal	Interest	Total
<u>Ending</u>	<u> </u>	<u> </u>	<u> </u>
2010	\$ 346,400	\$ 126,004	\$ 472,404
2011	356,100	101,030	457,130
2012	306,500	87,805	394,305
2013	317,600	76,594	394,194
2014	329,300	64,975	394,275
2015-2019	<u>1,629,300</u>	<u>144,652</u>	<u>1,773,952</u>
Totals	<u>\$ 3,285,200</u>	<u>\$ 601,060</u>	<u>\$ 3,886,260</u>

NOTE 6 – Interfund Activity

Interfund transfers for the year ended June 30, 2009 consisted of the following:

	<u>Transfers in</u>
	Nonmajor
	Governmental
	<u>Funds</u>
Transfers out:	
General Fund	<u>\$ 1,187,420</u>
Total	<u>\$ 1,187,420</u>

Transfers are made to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 7 – Defined Benefit Pension Plan

Plan Description: All HDPL employees who work at least half-time are covered by the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple-employer, defined benefit plan administered by the PERS. All full-time employees are mandated by state law to participate in PERS. HDPL employees have a choice as to whether to be enrolled under a non-contributory plan where no benefits are payable unless they reach the vesting period of five years or a contributory plan where employee contributions are refunded to the employee if they do not reach their vesting period. PERS provides retirement benefits, disability benefits and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report, which 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.

Funding Policy: Plan members electing the non-contributory plan are funded under a plan whereby HDPL is required to contribute all amounts due under the plan. Plan members electing the contributory plan are funded under a plan whereby HDPL is required to contribute one-half the amounts due under the plan and the employee contributes the other half due. The contribution requirements are established by Chapter 286 of the Nevada Revised Statutes, which requires adjustments on each odd numbered year based on the actuarially determined contribution rate indicated in the biennial actuarial valuation. HDPL’s contribution rates and the amounts contributed (equal to the required contributions) for the last three years are as follows:

Fiscal Year	Non-Contributory Plan		Contributory Plan		Total Contribution
	Regular Member	Contribution	Regular Member	Contribution	
2008-09	20.50%	\$ 558,501	10.50%	\$ 40,188	\$ 598,689
2007-08	20.50%	521,109	10.50%	52,939	574,048
2006-07	19.75%	428,798	10.50%	63,277	492,075

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 8 – Post-Employment Benefits

In accordance with Nevada Revised Statutes 287.023, HDPL adopted the State of Nevada Public Employees' Benefits Program. Employees who retired prior to September 1, 2008 are eligible for payment by HDPL of a portion of their health benefit premiums upon retirement, based upon years of service to a maximum of 100% after 20 years of service. Payments per retiree range between \$34 and \$379 a month. Retirees are offered medical, prescription, vision, and life insurance benefits for themselves and their dependents. Retirees must pay the full premium for their dependents. During the current fiscal year, HDPL paid \$17,051 for ten eligible participants. Currently, HDPL finances the plan on a pay-as-you-go basis.

Employees who retire after September 1, 2008 are eligible for continued medical, prescription, vision, dental and life insurance benefits for themselves and their dependents. These benefits are administered by Clark County and the cost is the responsibility of the retiree. To qualify for this coverage, the employee must be enrolled in the Public Employees Retirement System and be receiving retirement payments.

NOTE 9 – Risk Management

HDPL is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions. HDPL participates in Clark County, Nevada's insurance program to provide health insurance coverage for its employees. HDPL carries insurance policies for liability, fire, theft, auto, inland marine, workers compensation and Directors and Officers coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 – Contracts

HDPL continued the interlocal agreement with the City of Henderson (the City) whereby the City provides landscape and building maintenance for the James I. Gibson Public Library. These services are to be provided to HDPL at cost, as determined on a monthly basis. This agreement also provides for assistance in updating or revising the HDPL master plan. These services are to be provided at no cost to HDPL. In addition, this agreement provides for the appointment of two members of the Board of Trustees by the Henderson City Council. The original term of the interlocal agreement was six years, ending on June 30, 2007. On June 21, 2007, this agreement was renegotiated for another six years and will terminate on June 30, 2013 unless renewed for an additional six years by mutual agreement of both parties.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 10 – Contracts (continued)

HDPL continued the following leases with the City of Henderson:

- HDPL leased 4.36 acres of the land on which the Paseo Verde Library is located for a period of 50 years, commencing May 16, 2000. The leased land is provided to HDPL at the nominal sum of \$1 per year in exchange for other considerations, such as payment of all utilities and janitorial services. This lease is renewable for an additional period of 48 years, unless cancelled by HDPL.
- HDPL leased 4.06 acres of land on which the James I. Gibson Library is located for a period of 99 years, commencing April 22, 1986. On December 18, 2007, the Board of Trustees entered into an agreement with the City of Henderson to cancel this lease and sell the existing building to the City. Per the agreement, the lease will remain in effect until the District transfers possession of the building to the City. The transfer will occur upon completion of a new building in which the Gibson library services will be relocated. Construction is anticipated to be complete by May 2010. In consideration, the District is receiving \$2,000,000 for the early termination and \$2,000,000 for the purchase of the building. Earnest money of \$3,000,000 was received in April 2008 and \$500,000 was received in June 2009. The remaining amount will be distributed to the District upon transfer of the building's ownership.

HDPL entered into an 8-month, rent free lease with Forest City Commercial Management for a 1,342 square feet retail facility in the Galleria at Sunset Shopping Center. This facility was remodeled and opened as the Galleria Library in February 2009. Upon expiration of this lease on August 31, 2009, HDPL will continue leasing the space on a year-to-year basis. Terms for the first renewal will be \$1,342/month, including CAM charges.

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Dream

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LEARN

GOVERNMENTAL EXPLORE FUNDS

READ

NONMAJOR SPECIAL REVENUE FUND

Extraordinary Maintenance Fund - To account for the costs of capital projects undertaken not more frequently than once every five years to maintain library facilities and equipment in fit operating condition.

NONMAJOR DEBT SERVICE FUND

Debt Service Fund - To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

MAJOR CAPITAL PROJECTS FUND

Capital Construction Fund - To account for the cost of construction, purchases, modernization or furnishing of library buildings or sites.

NONMAJOR CAPITAL PROJECTS FUND

Capital Technology Fund - To account for the costs of technological equipment and improvements.



HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2009

	Special Revenue Fund - Extraordinary Maintenance <u>Fund</u>	Debt Service Fund <u>Fund</u>	Capital Projects Fund - Capital Technology Fund <u>Fund</u>	Total Nonmajor Funds <u>Funds</u>
ASSETS				
Cash and investments	\$ 59,385	\$ 319,748	\$ 241,570	\$ 620,703
Prepays	-	-	10,684	10,684
TOTAL ASSETS	<u>\$ 59,385</u>	<u>\$ 319,748</u>	<u>\$ 252,254</u>	<u>\$ 631,387</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 33,464	\$ 33,464
 Fund balances				
Reserved:				
Reserved for prepaids	-	-	10,684	10,684
Unreserved:				
Designated for extraordinary maintenance	59,385	-	-	59,385
Designated for capital technology	-	319,748	208,106	527,854
Total fund balances	<u>59,385</u>	<u>319,748</u>	<u>218,790</u>	<u>597,923</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,385</u>	<u>\$ 319,748</u>	<u>\$ 252,254</u>	<u>\$ 631,387</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue Fund - Extraordinary Maintenance <u>Fund</u>	Debt Service <u>Fund</u>	Capital Projects Fund - Capital Technology <u>Fund</u>	Total Nonmajor <u>Funds</u>
REVENUES:				
Miscellaneous:				
Investment income	\$ 1,468	\$ -	\$ 11,075	\$ 12,543
EXPENDITURES:				
Current:				
Culture and recreation:				
Services and supplies	-	-	284,205	284,205
Capital outlay	-	-	74,555	74,555
Debt service:				
Principal	-	306,800	-	306,800
Interest on bonds	-	50,572	-	50,572
Administrative and other charges	-	300	-	300
Total expenditures	<u>-</u>	<u>357,672</u>	<u>358,760</u>	<u>716,432</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,468</u>	<u>(357,672)</u>	<u>(347,685)</u>	<u>(703,889)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>677,420</u>	<u>510,000</u>	<u>1,187,420</u>
NET CHANGE IN FUND BALANCES	1,468	319,748	162,315	483,531
FUND BALANCES, BEGINNING OF YEAR	<u>57,917</u>	<u>-</u>	<u>56,475</u>	<u>114,392</u>
FUND BALANCES, END OF YEAR	<u>\$ 59,385</u>	<u>\$ 319,748</u>	<u>\$ 218,790</u>	<u>\$ 597,923</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

SPECIAL REVENUE FUND - EXTRAORDINARY MAINTENANCE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	\$ 2,000	\$ 1,468	\$ (532)
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	12,500	-	12,500
Capital outlay	13,000	-	13,000
Total expenditures	<u>25,500</u>	<u>-</u>	<u>25,500</u>
 NET CHANGE IN FUND BALANCE	 (23,500)	 1,468	 24,968
FUND BALANCE, BEGINNING OF YEAR	<u>52,174</u>	<u>57,917</u>	<u>5,743</u>
FUND BALANCE, END OF YEAR	<u>\$ 28,674</u>	<u>\$ 59,385</u>	<u>\$ 30,711</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES:			
Debt Service:			
Principal	\$ 306,800	\$ 306,800	\$ -
Interest on bonds	91,209	50,572	40,637
Fiscal agent charges	300	300	-
Total expenditures	<u>398,309</u>	<u>357,672</u>	<u>40,637</u>
 (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	 <u>(398,309)</u>	 <u>(357,672)</u>	 <u>40,637</u>
 OTHER FINANCING SOURCES:			
Transfers in	<u>677,420</u>	<u>677,420</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	 279,111	 319,748	 40,637
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 279,111</u>	<u>\$ 319,748</u>	<u>\$ 40,637</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

CAPITAL PROJECTS FUND - CAPITAL CONSTRUCTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	\$ 37,500	\$ 84,449	\$ 46,949
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	496,500	255,703	240,797
Capital outlay	5,805,650	2,864,745	2,940,905
Total expenditures	<u>6,302,150</u>	<u>3,120,448</u>	<u>3,181,702</u>
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(6,264,650)</u>	<u>(3,035,999)</u>	<u>3,228,651</u>
OTHER FINANCING SOURCES:			
Proceeds from sale of capital assets	1,000,000	-	(1,000,000)
Debt issuance	2,030,000	2,075,000	45,000
Total other financing sources	<u>3,030,000</u>	<u>2,075,000</u>	<u>(955,000)</u>
NET CHANGE IN FUND BALANCE	(3,234,650)	(960,999)	2,273,651
FUND BALANCE, BEGINNING OF YEAR	<u>4,240,667</u>	<u>1,273,657</u>	<u>(2,967,010)</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,006,017</u>	<u>\$ 312,658</u>	<u>\$ (693,359)</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

CAPITAL PROJECTS FUND - CAPITAL TECHNOLOGY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	\$ 11,000	\$ 11,075	\$ 75
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	472,100	284,205	187,895
Capital outlay	80,000	74,555	5,445
Total expenditures	<u>552,100</u>	<u>358,760</u>	<u>193,340</u>
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(541,100)</u>	<u>(347,685)</u>	<u>193,415</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>510,000</u>	<u>510,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(31,100)	162,315	193,415
FUND BALANCE, BEGINNING OF YEAR	<u>46,624</u>	<u>56,475</u>	<u>9,851</u>
FUND BALANCE, END OF YEAR	<u>\$ 15,524</u>	<u>\$ 218,790</u>	<u>\$ 203,266</u>

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STATISTICAL SECTION

This part of HDPL's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about HDPL's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how HDPL's financial performance and well-being have changed over time.	32-35
REVENUE CAPACITY These schedules contain information to help the reader assess the factors affecting HDPL's ability to generate its property taxes.	36-39
DEBT CAPACITY These schedules contain information to help the reader assess the affordability of HDPL's current levels of outstanding debt and HDPL's ability to issue additional debt in the future.	40-42
DEMOGRAPHIC AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environments within which HDPL's financial activities take place and to help make comparisons over time and with other governments.	43-44
OPERATING INFORMATION These schedules contain information about HDPL's operations and resources to help the reader understand how HDPL's financial information relates to the services HDPL provides and the activities it performs.	45-49

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. HDPL implemented Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning that fiscal year.



HENDERSON DISTRICT PUBLIC LIBRARIES

Government-wide Net Assets by Components
Last Seven Fiscal Years
(accrual basis of accounting)

Governmental activities

Fiscal Year	Invested in capital assets, net of related debt	Unrestricted	Total
2003	\$ 7,864,247	\$ 558,230	\$ 8,422,477
2004	8,054,047	535,057	8,589,104
2005	8,220,245	784,908	9,005,153
2006	8,574,248	1,394,646	9,968,894
2007	9,319,993	1,861,563	11,181,556
2008	10,565,647	1,954,882	12,520,529
2009	19,332,489	2,056,167	21,388,656

Note: In 2003, the District implemented GASB Statement 34 and began the annual process of calculating government-wide

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
Culture and recreation	\$ 4,885,988	\$ 5,110,324	\$ 5,655,168	\$ 6,453,879	\$ 7,170,483	\$ 7,840,936	\$ 8,313,183
Debt service:							
Interest on long-term debt	70,778	50,314	62,632	79,471	70,127	60,570	50,572
Administrative and other costs	17,924	-	-	-	-	-	-
Total governmental activities expenses	\$ 4,974,690	\$ 5,160,638	\$ 5,717,800	\$ 6,533,350	\$ 7,240,610	\$ 7,901,506	\$ 8,363,755
Program Revenues							
Governmental activities:							
Charges for services	\$ 85,603	\$ 107,585	\$ 198,628	\$ 236,238	\$ 287,630	\$ 276,533	\$ 228,371
Operating grants and contributions	227,558	136,963	96,118	108,809	128,155	330,608	308,851
Capital grants and contributions	-	111,642	137,017	171,110	276,323	336,513	8,175,815
Total governmental activities program revenues	\$ 313,161	\$ 356,190	\$ 431,763	\$ 516,157	\$ 692,108	\$ 943,654	\$ 8,713,037
Net (Expense)/Revenue, governmental activities	\$ (4,661,529)	\$ (4,804,448)	\$ (5,286,037)	\$ (6,017,193)	\$ (6,548,502)	\$ (6,957,852)	\$ 349,282
General Revenue and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 2,905,118	\$ 3,293,633	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240
Consolidated taxes	1,464,332	1,670,242	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780
Investment earnings	16,805	7,200	36,740	77,819	144,842	172,362	146,825
Total governmental activities	\$ 4,386,255	\$ 4,971,075	\$ 5,702,086	\$ 6,980,934	\$ 7,761,164	\$ 8,296,825	\$ 8,518,845
Changes in Net Assets, governmental activities	\$ (275,274)	\$ 166,627	\$ 416,049	\$ 963,741	\$ 1,212,662	\$ 1,338,973	\$ 8,868,127

¹ In 2003, the District implemented GASB State 34 and began the annual process of calculating government-wide data.

HENDERSON DISTRICT PUBLIC LIBRARIES

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

<u>Fiscal Year</u>	<u>Reserved</u>	<u>Unreserved</u>	<u>Total</u>
2000	\$ 81,108	\$ 939,244	\$ 1,020,352
2001	35,092	574,244	609,336
2002	29,447	526,523	555,970
2003	15,519	761,825	777,344
2004	23,288	669,046	692,334
2005	13,615	943,578	957,193
2006	13,234	1,396,830	1,410,064
2007	5,214	1,290,496	1,295,710
2008	24,599	848,007 ²	872,606
2009	6,383	1,350,848	1,357,231

Other Governmental Funds

<u>Fiscal Year</u>	<u>Reserved</u>	<u>Unreserved, reported in</u>			<u>Total</u>
		<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Debt Service Fund</u>	
2000	\$ -	\$ -	\$ 4,127,124	\$ -	\$ 4,127,124
2001	-	25,000	6,480,113	-	6,505,113
2002	11,508	-	1,136,219 ¹	(161,550)	986,177
2003	20,891	-	45,838 ¹	-	66,729
2004	-	30,420	163,063	-	193,483
2005	4,357	55,388	184,575	-	244,320
2006	7,711	152,349	302,938	-	462,998
2007	440	159,947	944,180	-	1,104,567
2008	46,551	321,093	1,322,748 ²	-	1,690,392
2009	11,380	446,868	520,764 ³	319,748	1,298,760

Notes:

¹ The substantial decreases in unreserved fund balance for the Capital Project Funds in 2002 and 2003 were due to the construction of the Paseo Verde Library.

² The decrease in the unreserved fund balance of the General Fund and the increase in the Capital Project Fund's unreserved fund balance was due to a transfer between the funds which was used to purchase the Green Valley Library opening day collection.

³ The substantial decrease in unreserved fund balance for the Capital Project Funds was due to multiple construction projects undertaken during the fiscal year.

Table 4

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Property Taxes	\$ 1,669,637	\$ 1,909,674	\$ 2,345,304	\$ 2,905,118	\$ 3,293,633	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240
Consolidated Taxes	1,276,983	1,347,777	1,364,450	1,464,332	1,670,242	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780
Grants	70,467	38,698	199,876	129,358	134,474	129,726	110,334	123,059	252,217	109,216
Fines and forfeits	35,768	31,372	25,156	52,796	67,152	79,991	88,690	109,767	112,860	128,247
Contributions	50,965	1,458	1,120	58,575	13,549	44,248	72,930	67,311	215,183	216,341
Investment income	305,952	400,665	156,817	16,805	7,200	36,740	77,819	144,842	172,362	146,825
Other income	11,917	12,161	15,439	32,807	40,433	116,277	149,908	177,863	163,673	100,124
Total revenues	3,421,689	3,741,805	4,108,162	4,659,791	5,226,683	6,072,328	7,402,796	8,239,164	9,040,758	9,072,773
Expenditures										
Culture and recreation:										
Salaries and wages	958,455	1,165,379	1,456,951	2,048,297	2,333,571	2,548,833	2,845,551	3,259,515	3,505,082	3,629,098
Employee benefits	257,784	311,237	404,396	574,551	707,463	771,980	825,509	928,484	1,044,001	1,083,832
Services and supplies	623,595	675,140	890,137	1,148,956	955,340	1,167,490	1,697,349	1,974,483	2,202,216	2,216,359
Capital outlay	686,106	1,123,076	6,734,234	1,551,359	977,251	2,313,597	1,006,067	1,191,940	1,768,468	3,767,819
Debt Service:										
Interest	-	-	71,746	35,389	50,314	62,632	79,471	70,127	60,570	50,572
Principal	-	-	1,623,000	-	161,000	166,000	277,000	287,100	297,400	306,800
Administrative and other costs	-	-	-	17,924	-	300	300	300	300	300
Total expenditures	2,525,940	3,274,832	11,180,464	5,376,476	5,184,939	7,030,832	6,731,247	7,711,949	8,878,037	11,054,780
Excess (deficiency) of revenues over (under) expenditures	895,749	466,973	(7,072,302)	(716,685)	41,744	(958,504)	671,549	527,215	162,721	(1,982,007)
Other Financing Sources (Uses)										
Proceeds from borrowing	-	1,500,000	1,500,000	-	-	1,274,500	-	-	-	2,075,000
Proceeds from refunding	-	-	-	1,431,000	-	-	-	-	-	-
Payment to escrow agent	-	-	-	(1,412,389)	-	-	-	-	-	-
Total other financing sources (uses)	-	1,500,000	1,500,000	18,611	-	1,274,500	-	-	-	2,075,000
Net change in fund balances	\$ 895,749	\$ 1,966,973	\$ (5,572,302)	\$ (698,074)	\$ 41,744	\$ 315,996	\$ 671,549	\$ 527,215	\$ 162,721	\$ 92,993
Debt Service as a percentage of noncapital expenditures	0.0%	0.0%	38.1%	1.4%	5.0%	4.9%	6.2%	5.5%	5.0%	4.9%

Table 5

HENDERSON DISTRICT PUBLIC LIBRARIES

**Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Property		Personal Property		Total		Percentage of Taxable Assessed Value to Estimated Actual Taxable Value		Total Direct Tax Rate
	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1999-2000	\$ 2,964,174,450	\$ 8,469,069,857	\$ 333,963,140	\$ 954,180,400	\$ 3,298,137,590	\$ 9,423,250,257	35%	\$ 0.0500	
2000-2001	3,330,800,880	9,516,573,943	392,340,610	1,120,973,171	3,723,141,490	10,637,547,114	35%	0.0502	
2001-2002	4,115,403,345	11,758,295,271	521,985,090	1,491,385,971	4,637,388,435	13,249,681,243	35%	0.0507	
2002-2003	4,913,407,352	14,038,306,720	559,208,170	1,597,737,629	5,472,615,522	15,636,044,349	35%	0.0531	
2003-2004	5,650,278,349	16,143,652,426	526,698,452	1,504,852,720	6,176,976,801	17,648,505,146	35%	0.0533	
2004-2005	6,551,394,060	18,718,268,743	567,766,392	1,622,189,691	7,119,160,452	20,340,458,434	35%	0.0533	
2005-2006	9,866,711,823	28,190,605,209	617,491,635	1,764,261,814	10,484,203,458	29,954,867,023	35%	0.0533	
2006-2007	14,049,539,660	40,141,541,886	730,579,401	2,087,369,717	14,780,119,061	42,228,911,603	35%	0.0533	
2007-2008	15,920,800,412	45,488,001,177	699,346,954	1,998,134,154	16,620,147,366	47,486,135,331	35%	0.0582	
2008-2009	16,071,037,727	45,917,250,649	584,783,077	1,670,808,791	16,655,820,804	47,588,059,440	35%	0.0590	

Source: Clark County Assessor's Office

Note: Property is reassessed each year. The county assesses property at 35 percent of actual value. Estimated actual value is calculated by dividing assessed value by that percentage. Tax rates are per \$100 of assessed value.

HENDERSON DISTRICT PUBLIC LIBRARIES

**Property Tax Rates ¹ - Direct and Overlapping Governments
Last Ten Fiscal Years**

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Direct										
Henderson District Public Libraries	0.0500	0.0502	0.0507	0.0531	0.0535	0.0533	0.0533	0.0533	0.0582	0.0590
Overlapping Governments										
State Wide:										
State of Nevada	0.1500	0.1500	0.1500	0.1500	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
County Wide:										
County Funds	0.6579	0.6527	0.6352	0.6352	0.6502	0.6652	0.6575	0.6566	0.6541	0.6541
School District	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034
Cities:										
Henderson	0.7040	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108
Other Governments:										
Las Vegas Artesian Basin	0.0026	0.0024	0.0022	0.0020	0.0018	0.0016	0.0013	0.0009	0.0008	0.0008

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

Note: ¹ Per \$100 of assessed value, constitutional limit is generally \$3.64 on any one area's combined tax rate.

HENDERSON DISTRICT PUBLIC LIBRARIES

**Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	Type of Business	Fiscal Year 2009		Fiscal Year 2000	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Basic Management Incorporated	Real Estate	\$ 254,577,603	1.53%	13,598,740	0.41%
Focus Property Group	Real Estate	253,748,209	1.52%	----	----
Greenspun Companies	Real Estate	184,879,646	1.11%	----	----
Lake at Las Vegas Ventures	Real Estate	181,400,234	1.09%	48,023,300	1.46%
Station Casinos Incorporated	Hotel/Casino	139,071,394	0.83%	56,514,610	1.71%
Green Valley Ranch Gaming LLC	Hotel/Casino	118,129,612	0.71%	----	----
W.L. Nevada Incorporated	Real Estate	85,400,000	0.51%	----	----
Pardee Homes	Real Estate	64,492,142	0.39%	----	----
Pulte Homes	Real Estate	62,228,920	0.37%	----	----
Richard C. MacDonald Properties	Real Estate	60,644,822	0.36%	----	----
Silver Springs Incorporated	Real Estate	----	----	59,567,170	1.81%
Del Webb Communities Incorporated	Real Estate	----	----	41,005,980	1.24%
Camden Residential Incorporated	Real Estate	----	----	29,293,370	0.89%
Ranch Center Associates Limited Partnership	Real Estate	----	----	24,611,810	0.75%
Levi Strauss & Company	Warehousing	----	----	20,102,930	0.61%
Ameristar Casino Las Vegas Incorporated	Hotel/Casino	----	----	14,432,730	0.44%
Foothills Partnership	Real Estate	----	----	13,775,340	0.42%
Total Top Ten Principal Taxpayers		\$ 1,404,572,582	8.42%	\$ 320,925,980	9.74%
Total Assessed Valuation		\$ 16,655,820,804	100.00%	\$ 3,298,137,590	100.00%

Source: Clark County Assessor's Office

HENDERSON DISTRICT PUBLIC LIBRARIES

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Collected within the Levy Year		Collections in Subsequent Years		Total Collections to Date	
	Levy	Amount	Percentage of the Levy	Years	Amount	Percentage of the Current Levy ¹
2000	\$ 25,322,606	\$ 25,029,900	98.8%	292,706	\$ 25,322,606	100.0%
2001	28,965,448	28,637,652	98.9%	327,796	28,965,448	100.0%
2002	34,106,224	33,664,830	98.7%	441,394	34,106,224	100.0%
2003 ²	42,300,099	41,781,856	98.8%	518,243	42,300,099	100.0%
2004 ²	47,178,698	46,916,703	99.4%	261,995	47,178,698	100.0%
2005 ²	54,277,712	54,065,416	99.6%	209,680	54,275,096	100.0%
2006 ³	67,174,503	66,848,690	99.5%	322,694	67,171,384	100.0%
2007 ³	84,017,066	83,261,571	99.1%	673,110	83,934,681	99.9%
2008 ³	94,662,832	93,022,209	98.3%	1,096,410	94,118,619	99.4%
2009 ³	101,014,202	98,382,740	97.4%	-	98,382,740	97.4%

Notes:

¹ Figured on collections to net levy (actual levy less stricken taxes).

² Includes tax levy and collections for Henderson Redevelopment Agency.

³ Includes tax levy and collections for Henderson Redevelopment Agency and Henderson District Public Libraries.

Source: Clark County Comptroller's Office

Table 9

HENDERSON DISTRICT PUBLIC LIBRARIES

Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Population ¹	Debt per Capita	Personal Income ²	Debt as a Percentage of Personal Income	Estimated Actual Value of Taxable Property ³	Debt as a Percentage of Estimated Actual Value of Taxable Property
2000	-	190,512	-	*	*	9,423,250,257	0.00%
2001	-	199,695	-	*	*	10,637,547,114	0.00%
2002	1,377,000	210,850	6.53	*	*	13,249,681,243	0.01%
2003	1,431,000	223,070	6.42	*	*	15,636,044,349	0.01%
2004	1,270,000	235,292	5.40	*	*	17,648,505,146	0.01%
2005	2,378,500	243,897	9.75	*	*	20,340,458,434	0.01%
2006	2,101,500	257,838	8.15	8,836,009,011	0.02%	29,954,867,023	0.01%
2007	1,814,400	265,589	6.83	9,331,499,855	0.02%	42,228,911,603	0.00%
2008	1,517,000	269,245	5.63	9,606,345,252	0.02%	47,486,135,331	0.00%
2009	3,285,200	273,804	12.00	9,653,025,150	0.03%	47,588,059,440	0.01%

*Information not readily available

Sources:

¹City of Henderson Community Development Department²Applied Analysis, Las Vegas, NV³Clark County Assessor's Office

Note: Prior to Fiscal Year 2002, the District did not have any outstanding debt.

HENDERSON DISTRICT PUBLIC LIBRARIES

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2009**

	Governmental Activities Debt	Percentage Applicable to Henderson District Public Libraries	Amount Applicable to Henderson District Public Libraries
	<u> </u>	<u> </u>	<u> </u>
Direct			
Henderson District Public Libraries	\$ 3,285,200	100.00%	\$ 3,285,200
Overlapping			
Clark County ¹	623,495,000	14.86%	92,651,357
Clark County School District ²	4,670,965,000	14.86%	694,105,399
City of Henderson ³	372,221,979	100.00%	372,221,979
Las Vegas Artesian Basin ¹	-	0.00%	-
Total	<u>\$ 5,669,967,179</u>		<u>\$ 1,162,263,935</u>

Sources:

¹ Clark County Assessor's Office² Clark County School District Finance Department³ City of Henderson Finance Department

Table 11

HENDERSON DISTRICT PUBLIC LIBRARIES

Debt Limit Information
Last Ten Fiscal Years

	Fiscal Year									
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	
Assessed valuation	\$ 3,298,137,590	\$ 4,637,388,435	\$ 5,472,615,522	\$ 6,176,976,801	\$ 7,119,160,452	\$ 10,484,203,458	\$ 14,780,119,061	\$ 16,620,147,366	\$ 16,655,820,804	
Debt limit - 10% of assessed value	329,813,759	463,738,844	547,261,552	617,697,680	711,916,045	1,048,420,346	1,478,011,906	1,662,014,737	1,665,582,080	
Debt outstanding applicable to the limit	-	1,377,000	1,431,000	1,270,000	2,378,500	2,101,500	1,814,400	1,517,000	3,285,200	
Legal debt margin	\$ 329,813,759	\$ 462,361,844	\$ 545,830,552	\$ 616,427,680	\$ 709,537,545	\$ 1,046,318,846	\$ 1,476,197,506	\$ 1,660,497,737	\$ 1,662,296,880	
Legal debt margin as a percentage of debt limit	100.00%	99.70%	99.74%	99.79%	99.67%	99.80%	99.88%	99.91%	99.80%	

HENDERSON DISTRICT PUBLIC LIBRARIES

**Demographic and Economic Information
Last Ten Fiscal Years**

Fiscal Year	City of Henderson Population ¹	Personal Income ²	Per Capita Personal Income	Clark County Unemployment Rate ³	Clark County School Enrollment ⁴
1999-2000	190,512	\$ *	*	3.50%	217,139
2000-2001	199,695	*	*	4.40%	231,125
2001-2002	210,850	*	*	6.60%	244,684
2002-2003	223,070	*	*	5.60%	255,328
2003-2004	235,292	*	*	4.40%	268,357
2004-2005	243,897	*	*	4.00%	280,834
2005-2006	257,838	8,836,009,011	34,270	4.30%	291,510
2006-2007	265,589	9,331,499,855	35,135	4.70%	302,763
2007-2008	269,245	9,606,345,252	35,679	6.50%	314,403
2008-2009	273,804	9,653,025,150	35,255	12.30%	309,573

*Information not readily available

Sources:

¹City of Henderson Community Development Department

²Applied Analysis, Las Vegas, NV

³Nevada Department of Employment Security

⁴Clark County School District (4th Week) - Public School Enrollment Only

HENDERSON DISTRICT PUBLIC LIBRARIES
Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2009			Fiscal Year 2000		
	Employees ¹	Rank	Percentage of Total City Employment	Employees ²	Rank	Percentage of Total City Employment
City of Henderson	3,000-3,500	1	2.23%-2.60%	1,800	1	*
Green Valley Ranch Gaming LLC	1,500-1,999	2	1.11%-1.48%			----
M Resort	1,500-1,999	3	1.11%-1.48%			----
St. Rose Dominican - Siena	1,500-1,999	4	1.11%-1.48%			----
Sunset Station Hotel & Casino	1,000-1,499	5	.74%-1.11%	1,000-1,799	2	*
St. Rose Dominican Hospital	800-899	6	.59%-.67%	750-1,000	3	*
Fiesta Lake Mead Station	700-799	7	.52%-.59%			----
Medco Health LLC	700-799	8	.52%-.59%			----
Zappos.com	700-799	9	.52%-.59%			----
Ford Motor Credit Co.	500-599	10	.37%-.44%			----
The Reserve			----	750-1,000	4	*
Providian Financial			----	500-749	5	*
Hyatt Regency Hotel & Casino			----	500-749	6	*
Good Humor - Breyers			----	400-499	7	*
Joker's Wild			----	300-399	8	*
Railroad Pass			----	300-399	9	*
Levi-Strauss & Co.			----	200-299	10	*
Total	11,900-14,891		8.82%-11.03%	6,500-8,693		*
Total City Employment ¹	134,613			*		

* Information not readily available

Sources:

¹ Applied Analysis, Las Vegas, Nevada

² City of Henderson Finance Department

HENDERSON DISTRICT PUBLIC LIBRARIES

**Full-Time Equivalent Employees by Function
Last Ten Fiscal Years**

	Full-time Equivalent Employees as of June 30									
	2000	2001	2002	2003 ¹	2004	2005	2006	2007	2008	2009 ³
Library Services										
Reference	5.0	5.0	6.0	9.0	10.0	10.5	11.0	11.5	11.5	18.0
Circulation	11.5	13.5	14.5	22.5	23.0	24.5	26.0	24.0	24.0	34.5
Outreach ²	----	----	----	----	----	----	3.0	4.5	4.5	4.5
Youth Services	5.0	6.0	6.5	10.5	11.5	12.5	11.0	13.0	12.5	19.0
Acquisitions & Bibliographic Services	3.0	3.0	6.0	5.0	6.0	6.0	6.5	7.0	8.0	9.0
Administration	6.5	6.0	7.5	10.5	10.5	11.0	12.5	11.0	8.5	10.5
Information Technology	1.0	2.5	4.0	4.0	4.0	4.5	4.5	5.5	5.5	5.5
Total	32.0	36.0	44.5	61.5	65.0	69.0	74.5	76.5	74.5	101.0

Notes:

¹The Paseo Verde Library was completed and opened at the beginning of fiscal year 2003.

²The Outreach Department was established in fiscal year 2006 with the purchase of a bookmobile.

³ The Green Valley Library transferred ownership to HDPL on January 1, 2009. The library was remodeled and reopened to the public in April 2009.

HENDERSON DISTRICT PUBLIC LIBRARIES

**Library Materials and Circulation Summary
Last Ten Fiscal Years**

Fiscal Year	Items Owned	Cost of Total Collection	Cost of New Acquisitions	Cost of Disposed Items	Net Book Value of Collections ¹	Number of Items Circulated	Turnover Rate ²
1999-2000	182,776	2,971,413	550,018	(300,011)	*	452,322	2.47%
2000-2001	197,605	3,221,420	557,373	(104,319)	*	513,131	2.60%
2001-2002	235,407	3,674,474	748,504	(88,193)	*	533,516	2.27%
2002-2003	261,191	4,334,785	724,960	(175,624)	1,691,100	685,356	2.62%
2003-2004	288,983	4,884,121	849,746	(227,272)	2,092,249	855,713	2.96%
2004-2005	306,332	5,506,595	866,858	(89,186)	2,452,070	907,082	2.96%
2005-2006	333,482	6,284,267	1,011,146	(902,713)	2,850,647	956,974	2.87%
2006-2007	361,158	6,392,700	1,241,004	(427,117)	3,548,006	1,068,511	2.96%
2007-2008	400,698	7,206,587	1,810,734	(333,803)	4,762,793	1,186,113	2.96%
2008-2009	456,718	8,683,518	1,354,475	(319,097)	5,379,075	1,422,692	3.12%

* Information not readily available

Notes:

¹GASB Statement 34, implemented in 2003, requires that capital assets be depreciated. HDPL's collection of books and materials is considered a capital asset. Net book value represents total acquisition cost of circulating materials less depreciation to date.

²Turnover rate is the number of times an item is checked out. This is an average of publicly circulating items in the total collection.

HENDERSON DISTRICT PUBLIC LIBRARIES

**Circulation by Location
Last Ten Fiscal Years**

Fiscal Year	Galleria Library	Green Valley Library	James I. Gibson Library	Lydia Malcolm Library	Paseo Verde Library	Pittman Library	Remote Services ¹	Total
1999-2000	----	----	*	*	----	*	----	452,322
2000-2001	----	----	348,497	159,723	----	4,911	----	513,131
2001-2002	----	----	372,104	155,648	----	5,764	----	533,516
2002-2003	----	----	314,636	49,753	315,597 ²	5,379	----	685,367
2003-2004	----	----	334,824	39,589	475,171	6,129	----	855,713
2004-2005	----	----	353,951	40,285	501,877	9,763	1,206	907,082
2005-2006	----	----	330,610	80,003	536,341	8,251	1,769	956,974
2006-2007	----	----	340,764	104,532	606,145	8,322	8,748	1,068,511
2007-2008	----	----	370,250	116,684	680,128	6,686	12,365	1,186,113
2008-2009	4,490 ³	76,242 ⁴	403,138	133,343	789,622	4,982 ⁵	10,875 ⁶	1,422,704

*Information not readily available

Notes:

¹Remote Services includes e-books, remote deposit collections, downloadable materials, and the bookmobile. E-books became available in fiscal year 2005, the remote deposit collections and the bookmobile began operations at the end of fiscal year 2006, and downloadable materials became available in fiscal year 2007.

²The Paseo Verde Library opened at the end of August 2003.

³The Galleria Library opened in February 2009.

⁴Ownership of the Green Valley Library was transferred to HDPL on January 1, 2009. The building was closed for remodeling. During the remodeling process, a temporary library was set up, beginning in February 2009, to provide limited circulation to local patrons. The library reopened in April 2009.

⁵The Pittman Library closed in February 2009.

⁶The bookmobile discontinued service in May 2009.

Table 17

HENDERSON DISTRICT PUBLIC LIBRARIES

	Current Address	Current Status	Service Location Information Last Ten Fiscal Years												
			1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09			
<u>LIBRARIES</u>															
Galleria Library	1300 W. Sunset Rd., Ste 1121 Henderson, NV 89014	Leased													1,342
Green Valley Library	2797 N Green Valley Pkwy Henderson, NV 89014	Owned													21,410
James I Gibson Library	280 S Water St Henderson, NV 89015	Owned	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850
Lydia Malcolm Library	80 N Pecos, Suite H Henderson, NV 89074	Leased	6,409	6,409	4,669	4,669	4,669	4,669	4,669	4,669	4,669	4,669	4,669	4,669	4,669
	2960 Sunridge Heights Pkwy Henderson, NV 89074	Owned	----	----	----	----	----	4,030	4,030	4,030	4,030	4,030	4,030	4,030	6,030
Paseo Verde Library	280 S Green Valley Pkwy Henderson, NV 89012	Owned	----	----	----	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313
Pitman Library	1680 Moser Henderson, NV 89015	Leased	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<u>SUPPORT SERVICES</u>															
Administrative/Acquisitions & Bibliographic Services	115 S Water Street Henderson, NV 89015	Leased	1,500	1,500	1,500	----	----	----	----	----	----	----	----	----	----
	280 S Green Valley Pkwy Henderson, NV 89012	Owned	----	----	----	6	6	6	6	6	6	6	6	6	6
Information Technology Services	280 S Green Valley Pkwy Henderson, NV 89012	Owned	5	5	5	6	6	6	6	6	6	6	6	6	6

Notes:

- ¹The reduction in square footage is due to a portion of the facility being subleased to the State of Nevada's Talking Books Program. The remaining square footage was retained for library use.
- ²The District purchased a 6,030 square foot building in which the Malcolm Library was relocated. Of the 6,030 square feet, 2,000 square feet was allocated to the Talking Books program, leaving the indicated square footage for library services.
- ³The Talking Books program moved out of the Malcolm Library at the beginning of this fiscal year thereby increasing the square footage used for library services to 6,030 square feet.
- ⁴The District temporarily leased a location for the Administrative Services and Acquisitions & Bibliographic Services.
- ⁵Square footage for this location is included in the James I. Gibson Library.
- ⁶Square footage for this location is included in the Paseo Verde Library.

Table 18

HENDERSON DISTRICT PUBLIC LIBRARIES

**Percentage of General Fund Operating Expenditures Spent on Library Books and Materials
Last Ten Fiscal Years**

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005 ¹	2005-2006	2006-2007	2007-2008	2008-2009
Total General Fund Expenditures	\$ 2,525,940	\$ 2,788,421	\$ 3,362,853	\$ 4,263,748	\$ 4,722,017	\$ 4,957,007	\$ 5,861,872	\$ 6,644,108	\$ 6,943,668	\$ 6,902,969
Less Capital Outlay Other Than Books	(136,088)	(97,924)	(54,435)	(94,924)	(100,025)	(6,472)	(45,565)	(69,479)	(2,956)	(3,500)
Less Other Grant Expenditures:										
Library Books and Materials	-	-	-	(10,920)	(10,932)	-	-	-	-	-
Other Noncapital Expenditures	-	-	-	(15,132)	-	-	-	-	-	-
Less State Grant Expenditures:										
Library Books and Materials	(40,535)	(37,535)	(75,943)	-	(1,060)	-	-	-	-	-
Other Noncapital Expenditures	-	-	-	-	(4,979)	-	-	-	-	-
Less Federal Grant Expenditures:										
Library Books and Materials	-	-	(92,946)	(9,131)	(20,357)	(419)	-	-	-	-
Other Noncapital Expenditures	(5,000)	(1,163)	(12,626)	(61,787)	(14,106)	(1,790)	-	-	-	-
Total General Fund Operating Expenditures	\$ 2,344,317	\$ 2,651,799	\$ 3,126,903	\$ 4,071,854	\$ 4,570,558	\$ 4,948,326	\$ 5,816,307	\$ 6,574,629	\$ 6,940,712	\$ 6,899,469
Total Library Books and Materials	\$ 550,018	\$ 557,373	\$ 748,503	\$ 630,956	\$ 750,429	\$ 787,602	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093
Less Other Grant Book Expenditures	-	-	-	(10,920)	(10,932)	-	-	-	-	-
Less State Grant Book Expenditures	(40,535)	(37,535)	(75,943)	-	(1,060)	-	-	-	-	-
Less Federal Grant Book Expenditures	-	-	(92,946)	(9,131)	(20,357)	(419)	-	-	-	-
Total Operating Library Books and Materials	\$ 509,483	\$ 519,838	\$ 579,614	\$ 610,905	\$ 718,080	\$ 787,183	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093
Percentage of Total General Fund Operating Expenditures	21.73%	19.60%	18.54%	15.00%	15.71%	15.91%	14.29%	13.99%	11.77%	10.06%

Notes:

¹The Contributions and Grants Fund was created in fiscal year 2005. Grants awarded after fiscal year 2004 are recorded in this new fund and are therefore not recorded on this schedule.

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**COMPLIANCE
SECTION**





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

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of Henderson District Public Libraries
Henderson, Nevada

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2009, which collectively comprise Henderson District Public Libraries' basic financial statements, and have issued our report thereon dated October 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Henderson District Public Libraries' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Henderson District Public Libraries' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Henderson District Public Libraries' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We noted no material weaknesses in internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Henderson District Public Libraries' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could

have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Reno, Nevada
October 29, 2009

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**AUDITOR'S
COMMENTS**



**HENDERSON DISTRICT PUBLIC LIBRARIES
AUDITOR'S COMMENTS
JUNE 30, 2009**

STATUTE COMPLIANCE

The required disclosure on compliance with the Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

HDPL conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2008.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2008.

CURRENT YEAR RECOMMENDATIONS

We did not find any financial weaknesses of a magnitude to justify inclusion within our audit report.



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

Independent Accountant's Report

To the Board of Trustees of Henderson District Public Libraries
Henderson, Nevada

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

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2009 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conformed to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2009,
- The net assets and fund balances of the funds are as noted in the financial statements.

This assertion is the responsibility of the management of the Henderson District Public Libraries.

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
October 29, 2009