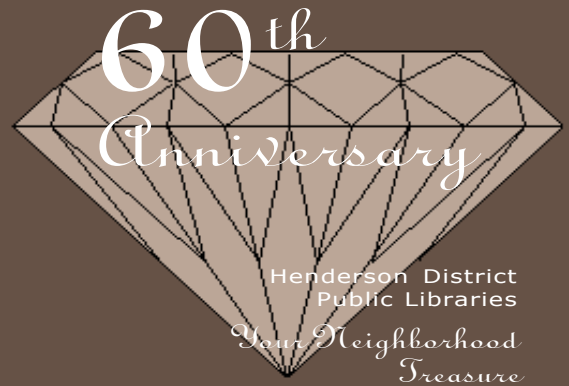


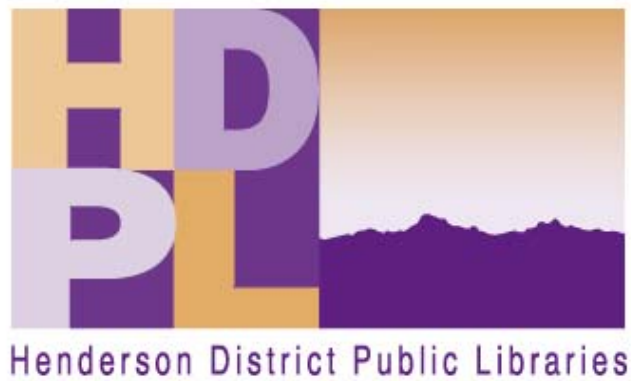
**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FISCAL YEAR ENDED JUNE 30, 2004



**HENDERSON DISTRICT PUBLIC LIBRARIES
HENDERSON, NEVADA**

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2004



Report Prepared By:
Debra M. Englund
Finance 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, 2004

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HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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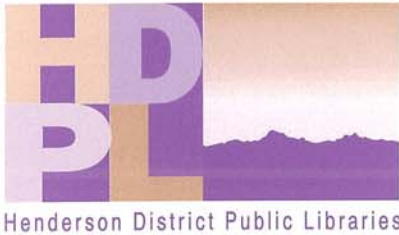
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INTRODUCTORY SECTION



Pictured: The newly remodeled library at 55 S. Water Street reopened on August 16, 1953. Added features included a children's reading room, new checkout section and more shelves. The front had been beautified and a new cooling system was installed.



October 12, 2004

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, 2004. 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. We believe the information as presented is accurate in all material respects, and presents fairly the financial position and results of operations of the governmental funds of HDPL. We believe that all disclosures necessary to enable the reader to gain an understanding of HDPL's fiscal accountability have been included. The responsibility for the accuracy and completeness of the data presented and the fairness of the presentation rests with the management of HDPL.

The Comprehensive Annual Financial Report consists of three parts:

- The Introductory Section, which is unaudited, includes information about HDPL and highlights describing economic conditions and outlook, major initiatives and financial management.
- The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements and related footnotes, combining and individual statements for major and nonmajor funds and other schedules that provide detailed information relative to the basic financial statements, as well as the independent auditor's report on the financial statements.
- The Statistical Section presents unaudited social and economic data and financial trend information.

GAAP also 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. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of Henderson District Public Libraries

Mission

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

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. After residing in a small storage building located on Atlantic Avenue for three years, the first real library opened on August 1, 1946, at 55 Water Street in downtown Henderson.

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.

Library district boundaries were reestablished in 1985 prior to a bond election for the Las Vegas/Clark County Library District. HDPL boundaries are not contiguous with the City of Henderson boundaries, encompassing county property to the south, east and center and excluding parts of Green Valley. Due to passage of AB44 in 2001, the area commonly known as Anthem was added to HDPL's boundaries during fiscal year 2002.

The library at 55 Water Street outgrew its facility and, in March 1989, the James I. Gibson Library opened at 280 South Water Street, adjacent to the City of Henderson government offices. This library was built with funds authorized from a statewide bond issue. It was remodeled and expanded in 1997 to encompass 16,850 square feet and today offers over 142,000 volumes.

The Pittman Cybrary, formerly called the Pittman Library, is located off Boulder Highway in Wells Park. This library opened in 1988 when the Pittman Women's Club deeded its 1,200 square foot building to the City of Henderson, which in turn leased it to the Library District. In 1996 the old building was replaced with the current facility, the Artie Cannon Building. The Library shares this building with the Boys and Girls Club and the Henderson Parks and Recreation Department in a cooperative relationship that supports special programs for children and youth. During fiscal year 2002, the Pittman Library was renamed the Pittman Cybrary. The Cybrary, using resources awarded by a Library Services and Technology Act (LSTA) grant, specializes in providing computer training and homework assistance to at-risk children who would otherwise have little access to computers. The current Pittman Cybrary has a collection of over 8,500 items selected primarily to serve children.

In August 1995, to cope with the tremendous population growth of over 19% per year, HDPL leased a storefront library in Green Valley named Lydia Malcolm Library, in honor of the longest serving library director. During the 2002 fiscal year, the Board of Trustees discussed closing this library based on the proximity of the new Paseo Verde Library but decided to keep it open in response to

the needs of neighborhood users. To accommodate this fiscally, HDPL entered into an agreement with the State of Nevada, in which half the storefront would be leased to the State's Talking Books Program. This agreement was effective July 2002. HDPL's portion of the 3,960 square foot library emphasizes popular books and now offers almost 17,000 volumes.

The much-anticipated Paseo Verde Library opened in August 2002. The 43,313 square foot library was built with funds saved over a six-year period and a \$1.5 million general obligation bond. This library is equipped with all the latest technological advancements and offers a collection of over 116,000 volumes.

Reporting Entity

HDPL was established and operates as an independent governmental unit under authority of Nevada Revised Statutes 379. Prior to January 2001, HDPL was governed by a five-member Board of Trustees appointed to four-year terms by the Board of County Commissioners of Clark County, Nevada. In January 2001, the City of Henderson Council appointed two additional members to three-year terms as authorized by a new interlocal agreement per NRS 379.022 subsection 6. The Board of Trustees is responsible for establishing policy and for the overall operations of HDPL maintained within the District's boundaries. HDPL currently operates four libraries – the James I. Gibson Public Library, the Lydia Malcolm Library, the Pittman Cybrary and the Paseo Verde Library, which is the district headquarters.

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*".

Collection and Services

HDPL purchased and processed over 38,000 items worth \$750,429 in fiscal year 2004. In addition to purchased materials, HDPL continued to receive and process a large number of donated materials, including books, videos, music CD's and DVD's. The total cost of donations, if purchased, exceeded \$99,000. These donations were distributed to all of the HDPL libraries. These donations allowed HDPL to place an additional 6,500 items into the collection.

HDPL's total collection of over 284,000 volumes in books, recordings, documents, maps, videotapes, CDs, DVDs, CD-ROMs and audio books is available by patrons in all four HDPL libraries. 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 18 percent of the annual operating budget for collection development over the last five years.

HDPL circulates approximately 7.5% of the total circulation of Southern Nevada libraries. HDPL is proud to participate in the countywide policy of open reciprocal borrowing and library use for all patrons. Circulation increased from 772,527 in fiscal year 2003 to 889,052 in fiscal year 2004. New library cards issued during the fiscal year decreased from 20,830 to 16,419. This decrease is attributed to an exceptionally high previous fiscal year due to the opening of the new Paseo Verde Library.

As well as serving HDPL's own citizens, HDPL lends over 6,800 items each month to patrons of other area libraries. HDPL is dedicated to interlibrary cooperation and resource sharing for the

benefit of all residents of Clark County and the State of Nevada. HDPL maintains memberships in nationwide resource sharing groups that deliver materials to users across the country.

Technology

In an effort to keep pace with technology, the HDPL Board of Trustees and Administration made a commitment to engineer a strong response to the changing standards and needs of information technology. In fiscal year 2004, the Information Technology Department (IT) installed 14 computer workstations for both staff and public users, replaced 29 existing computer workstations and upgraded nine computer workstations. In addition, IT installed eight new servers. IT also developed a purchase order management system and implemented it on the HDPL intranet. This system allows staff to create, manage and approve purchase orders that are integrated with the financial software. Other major projects completed include equipping the Paseo Verde and Gibson Libraries with video conferencing capabilities, transitioning from out-sourced to in-house web and e-mail hosting and developing a distinct HDPL web site for young adults called “The Teen Spot.”

Community Involvement

New meeting and exhibit space at Paseo Verde Library has allowed HDPL to bring numerous community activities into the library. Monthly art exhibits by local and visiting artists are highlighted by receptions where the public can meet exhibitors. Other events include candidates’ nights, voter registration and early voting, city planning forums, and Leadership Henderson. Other services for adults are regular computer classes held at both Gibson and Paseo Verde Libraries, art workshops in Paseo Verde’s Reading Room, monthly foreign films, community book sales, genealogy classes, and English as a Second Language classes at Gibson Library, St. Rose Hospital, local schools and other tutoring sites. The community’s love of books and reading is demonstrated by the many book clubs and reading programs featuring author appearances supported by HDPL.

HDPL has fostered partnerships with many groups to provide vital community services. Partners include City of Henderson, Henderson Chamber of Commerce, League of Women Voters, Henderson Arts Association, Clark County Heritage Museum, St. Rose Dominican Hospital, Clark County School District, Clark County Nevada Genealogical Society, Las Vegas PC Users Club, Boys and Girls Club, the State’s Talking Books program and Henderson Allied Community Advocates.

Major Initiatives

- February 2004 marked HDPL’s 60th Anniversary serving the residents of Henderson and Clark County. This celebration occurred in conjunction with the 50th Anniversary of the city’s incorporation. HDPL’s two Old Town Reunion events brought together many of Henderson’s original residents to talk about their first days living in this area and how it has developed since then.
- An important resource for preserving the history of early Henderson is the library’s extensive collection of negatives and photos of the construction and operation of the Basic Magnesium plant that was the reason for Henderson’s birth. During this year the BMI Collection was completely digitized and now awaits further organization and cataloging for public access.
- HDPL is privileged to enjoy the community support of a political action committee, the Henderson Library Alliance. This group of dedicated citizens held both a golf tournament and a bike race to raise over \$15,000 to support library advocacy and the political interests of Henderson’s libraries at the local and state levels.

- In March 2004, Joan G. Kerschner, former State Librarian and Library Director at HDPL for five years, retired from her thirty-year career of service to libraries all over Nevada. Though this was a sad moment for many who had shared her work, the best candidate for her position was already on staff. Assistant Director Tom Fay, with twenty years of varied public library experience, has capably stepped into the Director's position for an easy transition to new leadership.
- HDPL entered into a cooperative arrangement with three other Nevada libraries, LVCCLD, Washoe County Library, and the Nevada State Library; to provide statewide virtual reference service during all hours these libraries are open. The service is funded through LSTA for the benefit of all state residents and has operated successfully since May 2004.
- HDPL expanded its program of delivering library materials to homebound patrons. Currently 89 patrons receive service through this program, some through a cooperative agreement with the City of Henderson's Meals on Wheels program.
- HDPL continued its commitment to improving literacy. During the course of fiscal year 2004, 143 patrons received English as a Second Language or literacy tutoring provided by HDPL.
- The Youth Service's Department provided programming to over 31,000 children of all ages. Programming consisted of a variety of activities, including book clubs, cookie decorating, pajama parties, arts and crafts, and science and magic workshops, plus special performances by storytellers, musicians and artists. New this year, "Teen Only" hours in the teen spot on weekday afternoons, giving teenagers a designated spot to gather.
- HDPL expanded its Summer Reading Program this year to include adults. Over 100 adult participated in this two month program reading over 400 books.
- Through a continued partnership with the City of Henderson, HDPL provides services to the business community by creating a Business Center at the Gibson Library. This Center provides print materials and periodicals on a variety of business related topics, business databases and tutorials on their use as well as computers dedicated to business applications. There are data ports and wireless Internet access available.
- HDPL joined with Nevada Humanities and City of Henderson Parks and Recreation to host the Second Annual Vegas Valley Book Festival. Primary financial backers included the Las Vegas Review Journal, Mervyn's and Borders Books. The festival featured more than forty authors of Chicano/a writing, satire, fiction, poetry and Nevada history and lore, in addition to keynote speaker Rudolfo Anaya. The all-day book fair on Saturday, October 25 featured over forty vendors and lots of activities for children and adults. More than 5,000 people attended the three days of events held at Paseo Verde Library, Liberty Pointe, and University of Nevada, Las Vegas. A fundraiser featuring Clive Cussler was also part of the activities. Primary sponsorship by this year and in the future is planned as HDPL's primary contribution to cultural programming in Henderson.
- A cooperative agreement with the Clark County Nevada Genealogical Society (CCNGS) continues to yield major benefits for HDPL. The volunteers who staff the Heritage Room assist library users in locating information within the collection and instruct monthly genealogical resource classes at the library. Due to the overwhelming amount of quality-donated materials received from CCNGS, the District installed additional storage space in the public area.

- HDPL began purchasing e-Books for use by the public. E-Books are complete books that may be checked out and downloadable to a patron's PC or pocket PDAs for portability. During the fiscal year, HDPL purchases over 4,000 of these books.
- The Circulation and Reference areas of the Gibson Library were expanded and remodeled allowing for better customer access and traffic flow. ADA compliant automatic entry doors were also installed.

The Future

HDPL is working closely with the City of Henderson to provide library services to all underserved areas of the City and to newly annexed areas as they are developed. The Facilities Master Plan is being revamped to include more detail in the newly developing areas of West Henderson. The Lydia Malcolm storefront library will be moved southwest to better serve the populations in that rapidly growing area. This plan continues to follow the input from library users desiring full-service libraries located three to five miles from their homes. A strategic planning process for programs and services is underway and implementation of the plan will begin Fiscal Year 2006.

Economic Growth in Southern Nevada and Henderson

Southern Nevada's commitment to diversification in the business sector, continuing employment growth and a favorable tax base has made it ideal for relocation and business expansion. Nevada does not impose corporate or personal income taxes, nor inventory, special intangible, inheritance, estate or gift taxes.

Henderson's growth rate is testimony to the desirability of living within the City of Henderson. According to the U.S. Census Bureau, the City of Henderson is the third fastest growing incorporated Place of 100,000 or more, with a population increase of 3,067% in the past 50 years. As a result, there are fewer older neighborhoods than in most other major cities, and the popular concept of master planned communities has become more desirable in residential planning. Henderson is known throughout the nation for these premier master planned communities, as well as its outstanding parks and recreational centers, cultural activities and a rapidly growing business community. The median household income in Henderson continues to outpace the county and state averages.

Cash Administration

HDPL pursues an aggressive approach to cash management by expediting receipt of revenues and prudently investing available cash in obligations issued by the United States Government. HDPL's deposits are either insured by the Federal Deposit Insurance Corporation or collateralized. Total investment income for the year was \$7,200.

Risk Management

HDPL has an obligation to manage and control the potential financial impact of frequent and predictable losses related to torts, theft of, damage to and destruction of assets, injuries to employees and natural disasters. HDPL maintains a Risk Management Program to assess coverage of potential risks of loss. Under this program, HDPL participates in workers' compensation and other purchased insurance coverage subject to nominal deductibles.

Pension Information

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

Other Information

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, 2003. This was the fourth 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.

Independent Audit

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 2004 audit. The auditor's report on the basis financial statements is included in the financial section of this report.

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
Finance Officer

HENDERSON DISTRICT PUBLIC LIBRARIES

Library Officials

Board of Trustees

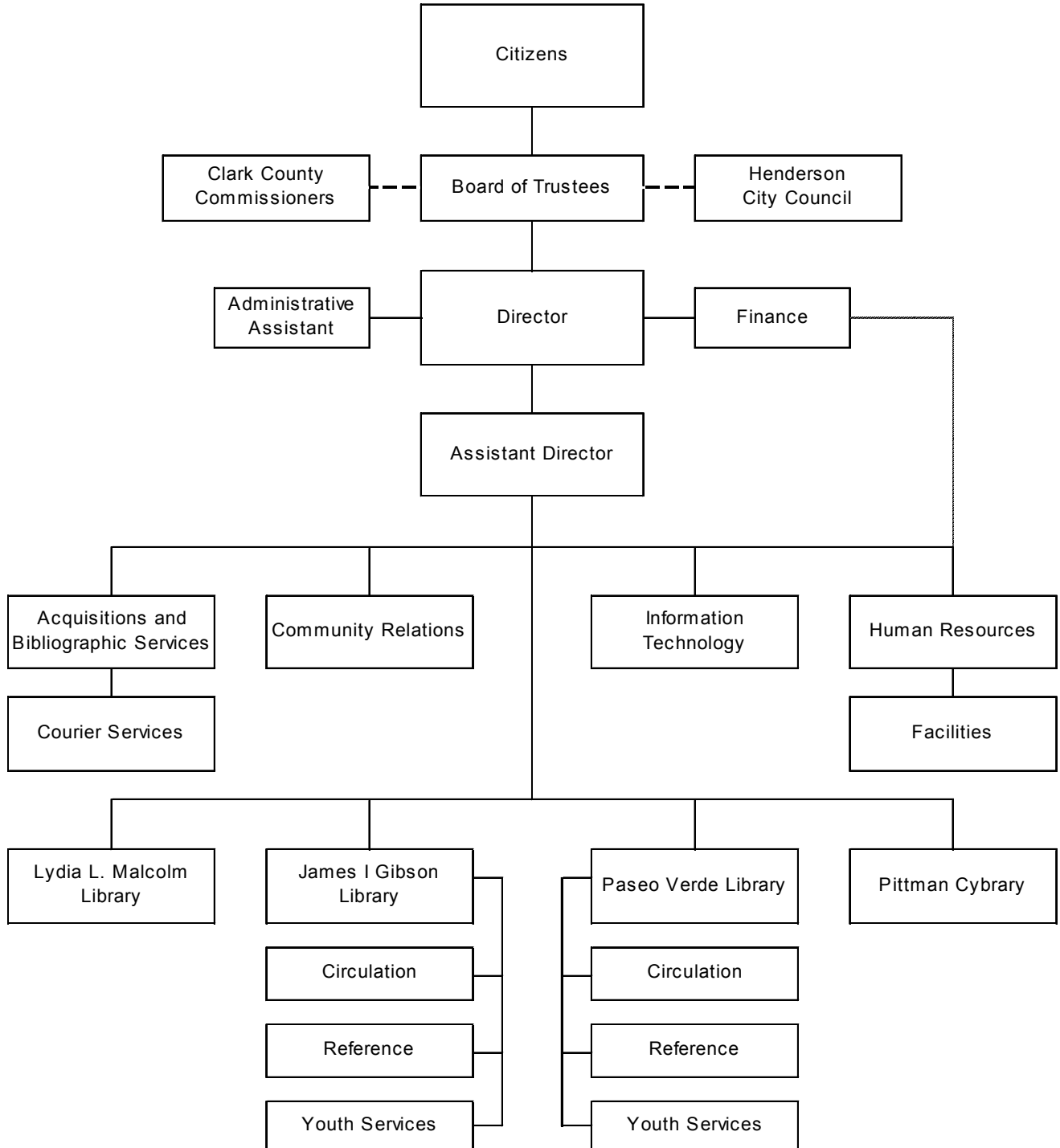
Colleen Bell	Chairman
Herb Hunter	Vice-Chairman
John Simmons	Secretary
Todd Hauge	Trustee
Timothy Ryan	Trustee
Ret. Col. Jack C. Schofield	Trustee
Vacant	Trustee

Administrative Staff

Thomas Fay	Director
Gayle Hornaday	Assistant Director
Debra M. Englund	Finance
Sean Hill	Information Technology
Michelle Mazzanti	Acquisitions & Bibliographic Services
Kristy Price	Community Relations

HENDERSON DISTRICT PUBLIC LIBRARIES

Organizational Chart As of June 30, 2004



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, 2003

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



President

Executive Director

FINANCIAL SECTION



Pictured: Unidentified children march down Water Street for the Industrial Days Parade. This entry was led by a giant-sized library due date card. Circa 1955.



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 remaining aggregate fund information of Henderson District Public Libraries (HDPL) as of and for the year ended June 30, 2004, which collectively comprise HDPL's 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. 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 each present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information for Henderson District Public Libraries as of June 30, 2004, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 accompanying combining and individual fund statements and schedules 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 12, 2004

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

The Management's Discussion and Analysis (MD&A) introduces the financial report of Henderson District Public Libraries (HDPL). The MD&A is required as a new element of the reporting model established by the Governmental Accounting Standards Board (GASB) in Statement No. 34 and subsequent Statements No. 37 and No. 38 governing the presentation of financial statements, MD&A and note disclosures for state and local governments. The MD&A is designed to give the reader an easy-to-understand overview of HDPL's financial position and results of operations for the year.

Financial Highlights

- The assets of HDPL exceeded its liabilities at June 30, 2004 by \$8,843,781 (net assets). Of this amount, \$535,057 (unrestricted net assets) may be used to meet HDPL's ongoing obligations to patrons and creditors.
- HDPL's total net assets increased by \$166,627. See the section on Government-Wide Financial Analysis for details.
- At the end of fiscal year 2004, HDPL's governmental funds had fund balances of \$885,817, an increase of \$41,744 from the previous year. This increase is due to revenue increases due to growth and was offset by expenditures related to additional staffing, library materials, and programs. Approximately 97.4% of ending fund balances, or \$862,529, is available for spending at HDPL's discretion (unreserved fund balance).
- As of June 30, 2004 unreserved fund balance in the General Fund was \$669,046 or 14.2% of General Fund expenditures.

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.

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 five individual governmental funds. Separate governmental fund balance sheets and governmental fund statements/schedules of revenues, expenditures and changes in fund balance are provided for the General Fund, the Capital Projects Fund-Capital Construction Fund, and the Capital Projects Fund-Capital Technology Fund, all of which are considered major funds. Data from the other two nonmajor governmental funds is provided in the form of individual schedules elsewhere in the report.

HDPL adopts an annual appropriated budget for all its governmental funds. A budgetary comparison for HDPL's General Fund has been provided to demonstrate compliance with this budget. Budget comparisons for the other funds are provided elsewhere in the report.

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 \$8,843,781 at June 30, 2004.

The largest portion of HDPL's net assets (94.0%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Capital assets consist of buildings, equipment, computer equipment, furniture, vehicles and books. These assets are used to provide services to the patrons of HDPL and are not available for future spending.

There was an increase of \$189,800 in net assets invested in capital assets net of related debt. This increase was primarily due to the management's commitment to increase HDPL's book inventory. See discussion on Capital Assets below for further explanations.

HDPL's Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Assets:		
Current and other assets	\$ 1,227,783	\$ 1,063,796
Capital assets	<u>9,578,724</u>	<u>9,549,924</u>
Total assets	<u>10,806,507</u>	<u>10,613,720</u>
Liabilities:		
Current liabilities	341,426	218,123
Long-term liabilities	<u>1,621,300</u>	<u>1,718,443</u>
Total liabilities	<u>1,962,726</u>	<u>1,936,566</u>
Net assets:		
Invested in capital assets, net of related debt	8,308,724	8,118,924
Unrestricted	<u>535,057</u>	<u>558,230</u>
Total net assets	<u>\$ 8,843,781</u>	<u>\$ 8,677,154</u>

HDPL's net assets increased by \$166,627 during the current fiscal year. Key elements of this increase are as follows:

- Ad valorem taxes increased by \$388,515, or 13.4%, due to growth in assessed value.
- Consolidated taxes increased by \$205,910, or 14.1%, also due to growth.

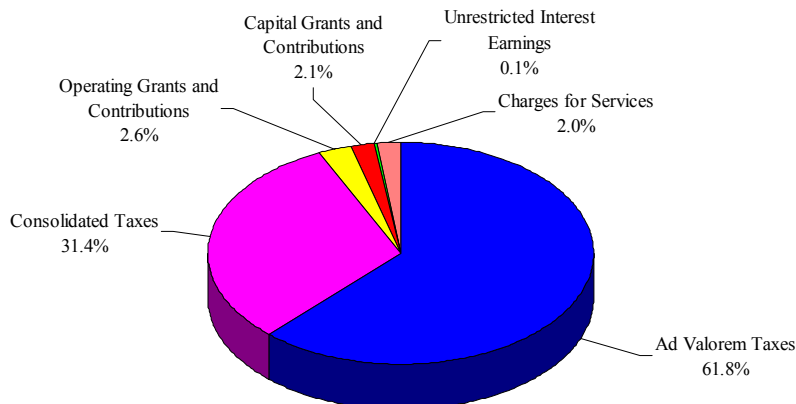
**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

- Interest income decreased by \$9,605, or 57.2%, due to a lower overall rate of return.
- Culture and recreation expenses increased by \$224,336, or 4.6%, over the last fiscal year. This is mainly due to increased staffing costs.
- Interest payments on outstanding medium term general obligation debt decreased by \$38,388, or 43.3%, due to the refunding of the debt at the end of fiscal year 2003 resulting in a more favorable interest rate.

HDPL's Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Revenues:		
Program Revenues		
Charges for services	\$ 107,585	\$ 85,603
Operating grants and contributions	136,963	227,558
Capital grants and contributions	111,642	-
General Revenues		
Ad valorem taxes	3,293,633	2,905,118
Consolidated taxes	1,670,242	1,464,332
Unrestricted investment earnings	7,200	16,805
Total revenues	<u>5,327,265</u>	<u>4,699,416</u>
Expenses:		
Culture and recreation	5,110,324	4,885,988
Debt Service	50,314	88,702
Total expenses	<u>5,160,638</u>	<u>4,974,690</u>
Increase/(Decrease) in net assets	166,627	(275,274)
Net assets, beginning of year	<u>8,677,154</u>	<u>8,952,428</u>
Net assets, end of year	<u>\$ 8,843,781</u>	<u>\$ 8,677,154</u>

Revenues by Source - Governmental Activities



**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Fund Financial Analysis

As of the end of the current fiscal year, HDPL's governmental funds reported combined ending fund balances of \$885,817, an increase of \$41,744 from fiscal year 2003. Of the 2004 ending fund balances, \$862,529, or 97.4%, 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 2004, the General Fund had an ending fund balance of \$692,334, of which \$669,046 was unreserved.

The General Fund's fund balance decreased by \$85,010 during the current fiscal year. Key factors for this decrease are as follows:

- Property taxes increased by \$388,515 due to growth in assessed value.
- Consolidated taxes increased by \$205,910, also due to growth.
- An increase in the transfer to the Debt Service Fund of \$15,062. The transfer to this fund was anticipated to be \$167,752 less than the previous year due to the refunding that took place at the end of fiscal year 2003 but the \$182,814 debt service payment due July 1, 2004 was made during the current fiscal year to avoid a late payment.
- An increase in the transfer to the Capital Projects-Capital Technology Fund of \$35,000. In fiscal year 2003, we reduced the annual transfer to this fund due to time and monetary restraints associated with the opening of a new library. In the current fiscal year, the IT department had more time to commit to technology upgrades and maintenance, thus the increased transfer amount.
- A net increase in the transfer to the Capital Projects-Capital Construction Fund of \$320,426. In fiscal year 2003, the Capital Projects-Capital Construction Fund became inactive due to the completion of all existing construction projects. This resulted in a transfer to the General Fund of \$175,176. In fiscal year 2004, HDPL made a commitment to save funds for future construction projects. A transfer in the amount of \$145,250 was made to the Capital Projects-Capital Construction Fund to support this commitment.
- An increase in the transfer to the Special Revenue-Extraordinary Maintenance Fund of \$45,000. In fiscal year 2003, transfers to this fund were curtailed so funds could be used to purchase items for the new library.
- These changes were accompanied by an increase in General Fund expenditures of \$458,269. This increase was due, in large part, to increased purchasing of library materials, increased utilities, and additional staffing costs.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Capital Construction Fund

The Capital Construction Fund has a fund balance of \$111,049 at the end of fiscal year 2004. This increase of \$111,049 over the previous fiscal year is due to the management's commitment to save for future construction projects.

Capital Technology Fund

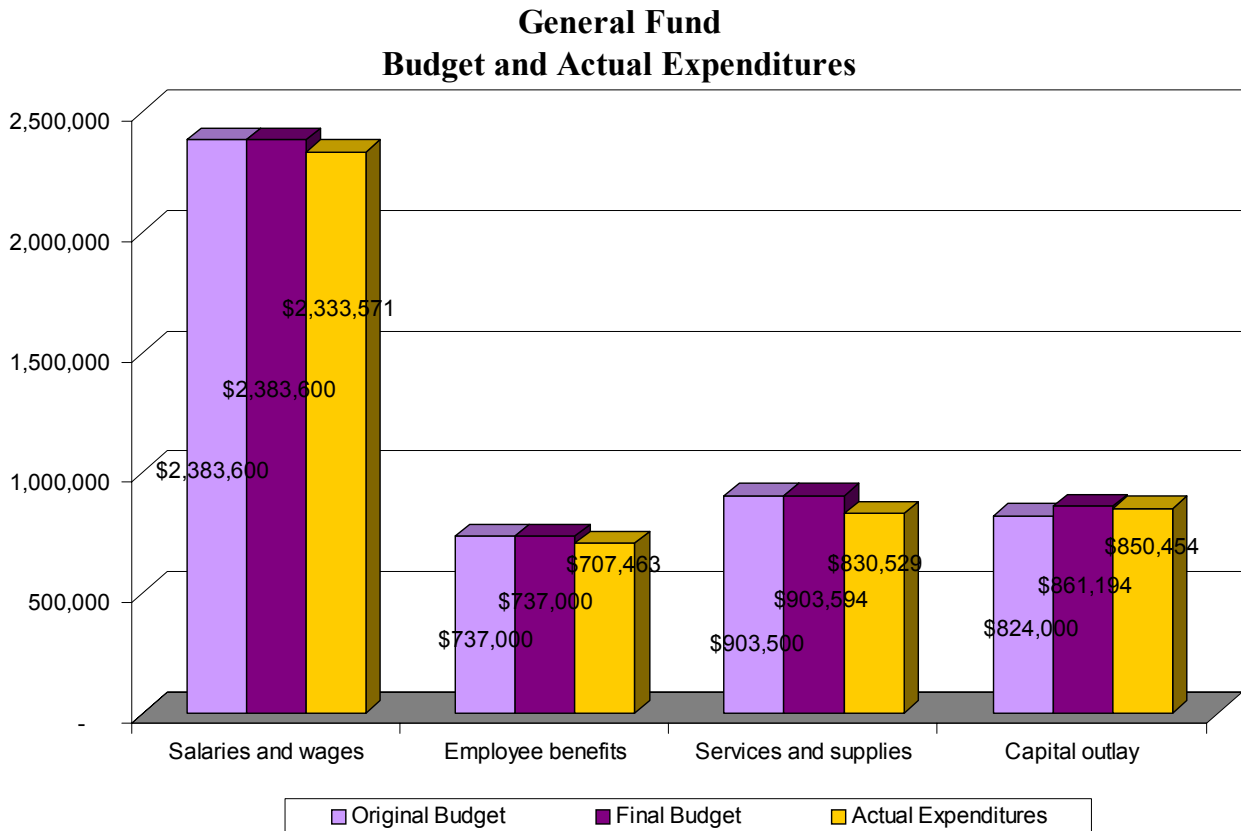
The Capital Technology Fund has a fund balance of \$52,014 at the end of fiscal year 2004, a decrease of \$14,715 from the previous fiscal year. This fund balance will be used for technological improvements that were not completed during the fiscal year. They are expected to continue in the 2005 fiscal year.

General Fund Budgetary Highlights

The original fiscal year 2004 budget was approved May 20, 2004. 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.

The original budget was amended at the June 22, 2004 Trustee meeting to include \$37,288 in unanticipated grant awards and their associated expenditures. The following table illustrates the total changes in the final budget and the actual expenditures.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**



Actual expenditures were 96.7% of appropriations, or \$163,371 lower than the final budget. The main areas of savings are summarized below:

- Salaries and wages were \$50,029 below the final budget. This is due primarily to vacancy saving.
- Employee benefits were \$29,537 below the final budget. This is also due primarily to vacancy savings and a less-than-anticipated increase in health insurance costs.
- Services and supplies were \$73,065 below the final budget. This is primarily due to a reconfiguration of the telephone and data communication lines, utility savings, and consulting savings.
- Capital outlay was \$10,740 below the final budget. This is primarily due to expending less on capital equipment and furniture than anticipated.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Capital Assets

At June 30, 2004, HPDL had \$9,578,724 invested in capital assets (net of accumulated depreciation). This investment in capital assets includes buildings, books, computer equipment, equipment, furniture and vehicles. This amount represents a net increase of \$28,800, or .3%, from last year. The following table reflects additions and disposals to capital assets for the governmental activities.

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

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Buildings	\$ 6,885,083	\$ 7,143,239
Books	2,092,249	1,691,100
Computer equipment	304,916	385,673
Equipment	22,336	13,333
Furniture	270,934	309,097
Vehicles	3,206	7,482
Total capital assets, net of depreciation	<u>\$ 9,578,724</u>	<u>\$ 9,549,924</u>

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

- Buildings, computer equipment, furniture, and vehicles decreased by \$258,156, \$80,757, \$38,163, and \$4,276, respectively. This is due to continued depreciation on existing capital assets.
- Books increased by \$401,149. This is due to HDPL's commitment to continually increase the availability and selection of library books and materials for its patrons.

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

Long-term Debt

At the end of the current fiscal year, HDPL had \$1,621,300 in outstanding debt, \$1,270,000 of which was for a medium term general obligation bond and \$351,300 was for compensated absences.

Per Nevada Revised Statute 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, 2004 is \$617,697,680. HDPL's net general obligation bonded debt subject to the legal debt margin of \$1,270,000 was well below this legal limit.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

Currently Known Facts

HDPL is proposing, in conjunction with the City of Henderson, legislation that would automatically add acreage annexed by the City to HDPL's district boundaries. This issue should be decided in the 73rd Session of the Nevada Legislature, which convenes on February 7, 2005.

HDPL is purchasing a 6,000 square foot building in order to relocate the Malcolm Library. This building should be completed in December 2004, with the reopening of the Malcolm Library scheduled for mid-January.

HDPL has committed itself to financial excellence. We are preparing a Comprehensive Annual Financial Report for the fifth consecutive year. We will be submitting this CAFR to the Government Finance Officers Association for the Certificate of Achievement Award, which we have received for the past four years.

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

BASIC FINANCIAL STATEMENTS



Pictured: Unidentified children enjoy storytime at the library at 55 S. Water Street. Date Unknown.

HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF NET ASSETS

JUNE 30, 2004

	Governmental <u>Activities</u>
ASSETS	
Cash and investments	\$ 847,665
Accounts receivable	34,606
Interest receivable	5,362
Due from other governments	316,862
Prepays	23,288
Capital assets (net of accumulated depreciation):	
Property and equipment	7,486,475
Library books and materials	2,092,249
TOTAL ASSETS	<u>10,806,507</u>
LIABILITIES	
Accounts payable	257,215
Accrued payroll	84,211
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	166,000
Compensated absences	264,823
Portion due or payable after one year:	
General obligation bonds	1,104,000
Compensated absences	86,477
TOTAL LIABILITIES	<u>1,962,726</u>
NET ASSETS	
Invested in capital assets, net of related debt	8,308,724
Unrestricted	535,057
TOTAL NET ASSETS	<u>\$ 8,843,781</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Culture and recreation	\$ 5,110,324	\$ 107,585	\$ 136,963	\$ 111,642	\$ (4,754,134)
Debt service:					
Interest on bonds	50,314	-	-	-	(50,314)
Total governmental activities	\$ 5,160,638	\$ 107,585	\$ 136,963	\$ 111,642	(4,804,448)
General revenues:					
Taxes:					
Ad valorem taxes					3,293,633
Consolidated taxes					1,670,242
Unrestricted investment earnings					7,200
Total general revenues					4,971,075
CHANGE IN NET ASSETS					166,627
NET ASSETS, BEGINNING OF YEAR					8,677,154
NET ASSETS, END OF YEAR					\$ 8,843,781

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**BALANCE SHEET
JUNE 30, 2004**

	General Fund	Capital Construction Fund	Capital Technology Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 569,709	\$ 139,068	\$ 93,468	\$ 45,420	\$ 847,665
Accounts receivable	34,606	-	-	-	34,606
Interest receivable	5,362	-	-	-	5,362
Due from other governments	316,862	-	-	-	316,862
Prepays	23,288	-	-	-	23,288
TOTAL ASSETS	\$ 949,827	\$ 139,068	\$ 93,468	\$ 45,420	\$ 1,227,783
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 172,742	\$ 28,019	\$ 41,454	\$ 15,000	\$ 257,215
Deferred revenue	540	-	-	-	540
Accrued payroll	84,211	-	-	-	84,211
Total liabilities	257,493	28,019	41,454	15,000	341,966
Fund balances:					
Reserved:					
Reserved for prepaids	23,288	-	-	-	23,288
Unreserved, reported in:					
General Fund	669,046	-	-	-	669,046
Special Revenue Fund	-	-	-	30,420	30,420
Capital Projects Funds	-	111,049	52,014	-	163,063
Total fund balances	692,334	111,049	52,014	30,420	885,817
TOTAL LIABILITIES AND FUND BALANCES	\$ 949,827	\$ 139,068	\$ 93,468	\$ 45,420	\$ 1,227,783

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

Fund Balances - Governmental Funds \$ 885,817

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	\$ 15,733,330	
Less: Accumulated depreciation	<u>(6,154,606)</u>	
		9,578,724

Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds. 540

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

Bonds payable	(1,270,000)	
Compensated absences	<u>(351,300)</u>	
		<u>(1,621,300)</u>

Net assets - Governmental Activities \$ 8,843,781

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, 2004**

	<u>General Fund</u>	<u>Capital Construction Fund</u>	<u>Capital Technology Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes:					
Ad valorem	\$ 3,293,633	\$ -	\$ -	\$ -	\$ 3,293,633
Intergovernmental:					
Consolidated tax	1,670,242	-	-	-	1,670,242
Grants, federal and state	124,474	-	-	-	124,474
Grants, local	10,000	-	-	-	10,000
Miscellaneous:					
Fines and forfeits	67,152	-	-	-	67,152
Contributions from private sources	13,549	-	-	-	13,549
Investment income	4,088	1,262	1,430	420	7,200
Other	40,433	-	-	-	40,433
Total revenues	<u>5,223,571</u>	<u>1,262</u>	<u>1,430</u>	<u>420</u>	<u>5,226,683</u>
EXPENDITURES:					
Current:					
Culture and recreation:					
Salaries and wages	2,333,571	-	-	-	2,333,571
Employee benefits	707,463	-	-	-	707,463
Services and supplies	830,529	15,905	108,906	-	955,340
Capital outlay	850,454	19,558	92,239	15,000	977,251
Debt Service:					
Principal	-	-	-	161,000	161,000
Interest on bonds	-	-	-	50,314	50,314
Total expenditures	<u>4,722,017</u>	<u>35,463</u>	<u>201,145</u>	<u>226,314</u>	<u>5,184,939</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>501,554</u>	<u>(34,201)</u>	<u>(199,715)</u>	<u>(225,894)</u>	<u>41,744</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	145,250	185,000	256,314	586,564
Transfers out	<u>(586,564)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(586,564)</u>
Total other financing sources (uses)	<u>(586,564)</u>	<u>145,250</u>	<u>185,000</u>	<u>256,314</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(85,010)	111,049	(14,715)	30,420	41,744
FUND BALANCES, BEGINNING OF YEAR	<u>777,344</u>	<u>-</u>	<u>66,729</u>	<u>-</u>	<u>844,073</u>
FUND BALANCES, END OF YEAR	<u>\$ 692,334</u>	<u>\$ 111,049</u>	<u>\$ 52,014</u>	<u>\$ 30,420</u>	<u>\$ 885,817</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, 2004**

Net change in Fund Balances - Government Funds \$ 41,744

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	\$ 977,251	
Sale/disposition of assets	(2,736)	
Less: Current year depreciation	<u>(1,047,357)</u>	
		(72,842)

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	(1,060)	
Donated capital assets	<u>101,642</u>	
		100,582

Repayment of bond principal is an expenditure in governmental funds. However,
in the statement of net assets, these repayments reduce long-term liabilities. 161,000

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.

Change in long-term compensated absences	<u>(63,857)</u>	
		<u>(63,857)</u>

Change in net assets - Governmental Activities \$ 166,627

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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 3,325,711	\$ 3,325,711	\$ 3,293,633	\$ (32,078)
Intergovernmental:				
Consolidated tax	1,466,244	1,466,244	1,670,242	203,998
Grants, federal and state	99,900	122,209	124,474	2,265
Grants, local	-	10,000	10,000	-
Miscellaneous:				
Fines and forfeits	50,000	50,000	67,152	17,152
Contributions from private sources	-	4,979	13,549	8,570
Investment income	9,995	9,995	4,088	(5,907)
Other	30,000	30,000	40,433	10,433
Total revenues	4,981,850	5,019,138	5,223,571	204,433
EXPENDITURES:				
Current:				
Culture and recreation:				
Salaries and wages	2,383,600	2,383,600	2,333,571	50,029
Employee benefits	737,000	737,000	707,463	29,537
Services and supplies	903,500	903,594	830,529	73,065
Capital outlay	824,000	861,194	850,454	10,740
Total expenditures	4,848,100	4,885,388	4,722,017	163,371
EXCESS OF REVENUES OVER EXPENDITURES	133,750	133,750	501,554	367,804
OTHER FINANCING USES:				
Transfers out	(403,750)	(403,750)	(586,564)	(182,814)
NET CHANGE IN FUND BALANCE	(270,000)	(270,000)	(85,010)	184,990
FUND BALANCE, BEGINNING OF YEAR	760,000	760,000	777,344	17,344
FUND BALANCE, END OF YEAR	\$ 490,000	\$ 490,000	\$ 692,334	\$ 202,334

See notes to financial statements.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 four libraries – the James I. Gibson Public Library, the Lydia Malcolm Library, the Paseo Verde Library and the Pittman Cybrary.

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. 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 2004, 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, 2004**

NOTE 1 – Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting

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, 2004**

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

The **Capital Technology Fund** is used to account for the costs of technological equipment and improvements.

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 \$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:

Asset Class	Estimated Useful Lives
Buildings	30 years
Books	5 years
Computer equipment	3 years
Equipment	5 years
Furniture	7 years
Vehicles	5 years

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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, 2004**

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.

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, 2004**

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 Fund, and the Capital Projects Funds.

B. Expenditures over Appropriations

Total expenditures exceeded appropriations as follows:

Nonmajor Fund:	
Debt Service Fund	\$182,814

This condition falls under one of the exceptions to NRS 354.626. The exception covers expenditures for the payment of principal and interest on bonds and medium-term obligations.

NOTE 3 – Cash and Investments

Cash on Hand: HDPL has a petty cash fund of \$430, \$250 of which is to cover incidental expenditures and \$180 is for cash register and copier change.

Deposits: When investing monies, HDPL is required to be in conformity with the Nevada Revised Statutes. HDPL monies must be deposited with federally insured banks. HDPL is authorized to use demand accounts, time accounts and certificates of deposit. State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible government investments. Permissible government investments include obligations of the U.S. Treasury, certain farm loan bonds, certain securities issued by Nevada local governments, repurchase agreements, bankers acceptances, commercial paper, negotiable and non-negotiable certificates of deposit, and money market mutual funds.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 3 – Cash and Investments (continued)

HDPL has a written custodial collateral agreement with Nevada State Bank’s Trust Department for demand deposits. The custodian submits monthly reports to HDPL indicating the type, amount and market value of the securities pledged as collateral.

At year end, the bank balance and carrying value of the separate bank accounts maintained by HDPL were \$176,270 and \$143,315, respectively. Of the bank balance, \$100,000 was covered by the Federal Depository Insurance Company, while the remaining balance of \$76,270 was collateralized with securities held by the pledging financial institution’s trust department in HDPL’s name.

Investments: State statutes authorize HDPL to invest in obligations of the U.S. Treasury and U.S. agencies having maturity dates that do not extend more than ten years from the date of purchase, the State Treasurer’s investment pool, negotiable notes or short-term negotiable bonds issued by other local governments of the State of Nevada, banker’s acceptances not exceeding 180 days maturity and eligible by law for rediscount with the Federal Reserve Banks, and commercial paper issued by a corporation organized and operating in the U.S. that is purchased from a registered broker-dealer, with a remaining term of less than 270 days rated “A-1”, “P-1” or better. Purchases of banker’s acceptances or commercial paper may not exceed 20 percent of the money available for local government investment. Various other investments are authorized by NRS, as well.

HDPL’s investments are categorized as either (1) insured or registered or for which HDPL or its agent in HDPL’s name holds the securities, (2) uninsured and unregistered investments for which the securities are held by the bank’s trust department or agent in HDPL’s name, or (3) uninsured and unregistered investments for which the securities are held by the bank or its agent, but not in HDPL’s name.

As of June 30, 2004, HDPL’s investments were as follows:

	Categories			Fair Value
	1	2	3	
U.S. Government Securities and Obligations	\$ 703,920	\$ -	\$ -	\$ 703,920

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 4 – Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2004:

Governmental Activities:

	Balance <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2004</u>
Capital assets, being depreciated:				
Buildings	\$ 8,395,705	\$ 24,000	\$ -	\$ 8,419,705
Books	4,884,121	849,746	(227,272)	5,506,595
Computer equipment	980,034	170,009	(18,023)	1,132,020
Equipment	31,760	14,258	(6,187)	39,831
Furniture	594,575	20,880	(1,655)	613,800
Vehicles	21,379	-	-	21,379
Total capital assets, being depreciated	<u>14,907,574</u>	<u>1,078,893</u>	<u>(253,137)</u>	<u>15,733,330</u>
Less accumulated depreciation for:				
Buildings	(1,252,466)	(282,156)		(1,534,622)
Books	(3,193,021)	(448,597)	227,272	(3,414,346)
Computer equipment	(594,361)	(249,630)	16,887	(827,104)
Equipment	(18,427)	(4,482)	5,414	(17,495)
Furniture	(285,478)	(58,216)	828	(342,866)
Vehicles	(13,897)	(4,276)	-	(18,173)
Total accumulated depreciation	<u>(5,357,650)</u>	<u>(1,047,357)</u>	<u>250,401</u>	<u>(6,154,606)</u>
Total capital assets, being depreciated, net	<u>9,549,924</u>	<u>31,536</u>	<u>(2,736)</u>	<u>9,578,724</u>
Governmental activities capital assets, net	<u>\$ 9,549,924</u>	<u>\$ 31,536</u>	<u>\$ (2,736)</u>	<u>\$ 9,578,724</u>

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

Governmental Activities:

Culture and recreation	<u>\$ 1,047,357</u>
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**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 5 – Long-Term Debt

A. Changes to Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Due in</u> <u>2004-2005</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%.	\$ 1,431,000	\$ -	\$ (161,000)	\$ 1,270,000	\$ 166,000
Compensated absences	<u>287,443</u>	<u>256,149</u>	<u>(192,292)</u>	<u>351,300</u>	<u>264,823</u>
Total Long-Term Debt	<u>\$ 1,718,443</u>	<u>\$ 256,149</u>	<u>\$ (353,292)</u>	<u>\$ 1,621,300</u>	<u>\$ 430,823</u>

B. Payment Requirements for Debt Service

The liability of the general obligation bond 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 bond outstanding at June 30, 2004 are as follows:

Fiscal Year	<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$	166,000	\$ 36,204	\$ 202,204
2006		170,000	31,079	201,079
2007		176,000	25,803	201,803
2008		182,000	20,344	202,344
2009		187,000	14,716	201,716
2010-2012		<u>389,000</u>	<u>11,941</u>	<u>400,941</u>
Totals	\$	<u>1,270,000</u>	\$ 140,087	<u>\$ 1,410,087</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 6 – Interfund Activity

Interfund transfers for the year ended June 30, 2004 consisted of the following:

	Transfers in			Total
	Capital Construction Fund	Capital Technology Fund	Nonmajor Governmental Funds	
Transfers out:				
General Fund	\$ 145,250	\$ 185,000	\$ 256,314	\$ 586,564
Total	\$ 145,250	\$ 185,000	\$ 256,314	\$ 586,564

NOTE 7 – Defined Benefit 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 7 – Defined Benefit Plan (continued)

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 and may only be amended through legislation. During the 2003 Legislative Session, the contribution requirements were increased to fund the System based on an actuarial valuation report. The increased rates were effective beginning in fiscal year 2004. HDPL's contribution rates and the amounts contributed (equal to the required contributions) for the last three years are as follows:

Fiscal Year	<u>Non-Contributory Plan</u>		<u>Contributory Plan</u>		<u>Total Contribution</u>
	Regular		Regular		
	<u>Member</u>	<u>Contribution</u>	<u>Member</u>	<u>Contribution</u>	
2003-04	20.25%	\$ 335,940	10.50%	\$ 42,453	\$ 378,393
2002-03	18.75%	296,931	9.75%	23,393	320,325
2001-02	18.75%	222,923	9.75%	7,502	230,425

NOTE 8 – 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 9 – Contracts

HDPL continued the interlocal agreement with the City of Henderson (the City) whereby the City provides landscape, building maintenance and security services 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 the preparation of any study or evaluation of HDPL's capability to provide services to the extended Southwest Henderson area and assistance with the development of the proposed Heritage Library. 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 term of the interlocal agreement is six years, and ends on June 30, 2007, unless renewed for an additional six years by mutual agreement of both parties. On May 23, 2002, HDPL and the City expanded this interlocal agreement to include the development and presentation of business information seminars, as well as access to business-oriented database information services for the benefit of the Henderson business community, in cooperation with the Economic Development Division of the City, as part of the Henderson Business Incubation Program. The City will reimburse HDPL for costs associated with this program.

HDPL extended the lease agreement with Pecos Nevada Limited Partnership on a month-to-month basis, whereby HDPL leases a storefront space located at 80 N. Pecos, Suite H. The lease amount is \$6,559 per month or \$78,708 annually. To offset the cost of this facility, HDPL subleased approximately half the square footage of this location to the State of Nevada Talking Books Program for \$39,600 in fiscal year 2004.

HDPL continued the following leases with the City of Henderson:

- 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. Upon expiration, this lease shall automatically renew on a year-to-year basis unless either party notifies the other party in writing one year prior to the scheduled expiration date. The leased land is provided to HDPL for the sum of \$1,218 annually.
- HDPL leased space for a neighborhood library, located at 1608 Moser Street, from the City for a period of thirty months, commencing September 1, 1997. The leased premises were provided to HDPL at no cost in exchange for other considerations, such as the payment of all utilities and janitorial services. Although the initial lease term has expired, this lease automatically renews for up to five (5) additional thirty-month periods unless cancelled by either party.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 9 – Contracts (continued)

- 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.

GOVERNMENTAL FUNDS

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.



Pictured: An unidentified mother and daughter enter the Henderson Library at 55 S. Water Street. Circa 1955.

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2004

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Funds
ASSETS			
Cash and investments	\$ 45,420	\$ -	\$ 45,420
TOTAL ASSETS	\$ 45,420	\$ -	\$ 45,420
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 15,000	\$ -	\$ 15,000
Total liabilities	15,000	-	15,000
Fund balances			
Unreserved:			
Designated for extraordinary maintenance	30,420	-	30,420
Designated for debt service	-	-	-
Total fund balances	30,420	-	30,420
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,420	\$ -	\$ 45,420

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVENMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Special Revenue <u>Fund</u>	Debt Service <u>Fund</u>	Total Nonmajor <u>Funds</u>
REVENUES:			
Miscellaneous:			
Investment income	\$ 420	\$ -	\$ 420
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Capital outlay	15,000	-	15,000
Debt Service:			
Principal	-	161,000	161,000
Interest on bonds	-	50,314	50,314
	<hr/>	<hr/>	<hr/>
Total expenditures	15,000	211,314	226,314
	<hr/>	<hr/>	<hr/>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(14,580)	(211,314)	(225,894)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES:			
Transfers in	45,000	211,314	256,314
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	30,420	-	30,420
FUND BALANCES, BEGINNING OF YEAR	-	-	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	\$ 30,420	\$ -	\$ 30,420
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2004**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	<u>\$ -</u>	<u>\$ 420</u>	<u>\$ 420</u>
EXPENDITURES:			
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(15,000)</u>	<u>(14,580)</u>	<u>420</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>45,000</u>	<u>45,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	30,000	30,420	420
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 30,000</u></u>	<u><u>\$ 30,420</u></u>	<u><u>\$ 420</u></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, 2004**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES:			
Debt Service:			
Principal	\$ -	\$ 161,000	\$ (161,000)
Interest on bonds	28,500	50,314	(21,814)
Total expenditures	<u>28,500</u>	<u>211,314</u>	<u>(182,814)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(28,500)</u>	<u>(211,314)</u>	<u>(182,814)</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>28,500</u>	<u>211,314</u>	<u>182,814</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2004**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	\$ -	\$ 1,262	\$ 1,262
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	-	15,905	(15,905)
Capital outlay	40,000	19,558	20,442
Total expenditures	<u>40,000</u>	<u>35,463</u>	<u>4,537</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(40,000)</u>	<u>(34,201)</u>	<u>5,799</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>145,250</u>	<u>145,250</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	105,250	111,049	5,799
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 105,250</u></u>	<u><u>\$ 111,049</u></u>	<u><u>\$ 5,799</u></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, 2004**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	<u>\$ -</u>	<u>\$ 1,430</u>	<u>\$ 1,430</u>
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	129,283	108,906	20,377
Capital outlay	<u>91,717</u>	<u>92,239</u>	<u>(522)</u>
Total expenditures	<u>221,000</u>	<u>201,145</u>	<u>19,855</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(221,000)</u>	<u>(199,715)</u>	<u>21,285</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>185,000</u>	<u>185,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(36,000)	(14,715)	21,285
FUND BALANCE, BEGINNING OF YEAR	<u>55,000</u>	<u>66,729</u>	<u>11,729</u>
FUND BALANCE, END OF YEAR	<u>\$ 19,000</u>	<u>\$ 52,014</u>	<u>\$ 33,014</u>

STATISTICAL SECTION



Pictured: Govenor Richard Bryan observes as Senator James I. Gibson shovels the ceremonial dirt at the James I. Gibson Library's groundbreaking.

HENDERSON DISTRICT PUBLIC LIBRARIES

**Government-Wide Expenses by Function
Last Two Fiscal Years**

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Culture and recreation	\$ 5,110,324	\$ 4,885,988
Debt service:		
Interest on bonds	50,314	70,778
Administrative and other costs	<u>-</u>	<u>17,924</u>
Total	<u>\$ 5,160,638</u>	<u>\$ 4,974,690</u>

 HENDERSON DISTRICT PUBLIC LIBRARIES

**Government-Wide Revenues
Last Two Fiscal Years**

Fiscal Year	Program Revenues			General Revenues		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Investments Earnings	Taxes	
2003-2004	\$ 107,585	\$ 136,963	\$ 111,642	\$ 7,200	\$ 4,963,875	\$ 5,327,265
2002-2003	\$ 85,603	\$ 227,558	\$ -	\$ 16,805	\$ 4,369,450	\$ 4,699,416

HENDERSON DISTRICT PUBLIC LIBRARIES

**General Governmental Expenditures (1)
Last Ten Fiscal Years**

Fiscal Year	Expenditures
2003-2004	\$ 5,184,939
2002-2003	5,376,476
2001-2002	11,180,464
2000-2001	3,274,832
1999-2000	2,525,940
1998-1999	1,885,560
1997-1998	1,890,242
1996-1997	1,604,222
1995-1996	1,359,627
1994-1995	1,180,750

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds

HENDERSON DISTRICT PUBLIC LIBRARIES

**General Governmental Revenues By Source (1)
Last Ten Fiscal Years**

Fiscal Year	Ad Valorem Taxes	Consolidated Taxes (2)	Federal and State Grants	Local Grants	Fines and Forfeits	Contributions	Investment Income	Other	Total Revenues
2003-2004	\$3,293,633	\$1,670,242	\$ 124,474	\$10,000	\$67,152	\$ 13,549	\$ 7,200	\$40,433	\$ 5,226,683
2002-2003	2,905,118	1,464,332	109,358	20,000	52,796	58,575	16,805	32,807	4,659,791
2001-2002	2,345,304	1,364,450	199,876	-	25,156	1,120	156,817	15,439	4,108,162
2000-2001	1,909,674	1,347,777	38,698	-	31,372	1,458	400,665	12,161	3,741,805
1999-2000	1,669,637	1,276,983	70,467	-	35,768	50,965	305,952	11,917	3,421,689
1998-1999	1,490,531	1,196,944	83,585	-	22,461	1,375	175,812	19,833	2,990,541
1997-1998	1,151,001	1,179,354	134,805	-	26,299	6,411	160,793	23,365	2,682,028
1996-1997	1,008,155	933,151	-	-	21,905	9,807	116,340	31,623	2,120,981
1995-1996	816,977	922,582	-	-	18,396	3,152	381	26,389	1,787,877
1994-1995	738,920	734,321	-	-	15,811	340	1,051	17,952	1,508,395

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds

(2) Prior to Fiscal Year 1998-1999, this was considered two separate tax revenues, the Supplemental City County Relief Tax and the Motor Vehicle Privilege Tax.

Table 5

HENDERSON DISTRICT PUBLIC LIBRARIES

**Property Tax Levies and Collections for All Overlapping Governments
Last Ten Fiscal Years**

FISCAL YEAR	NET SECURED ROLL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT TAXES AS PERCENT OF CURRENT LEVY
2003-2004	\$ 1,262,775,465	\$ 1,251,864,740	99.14%	\$ *	\$ 1,251,864,740	99.14%	\$ 10,910,725	0.86%
2002-2003	1,133,480,442	1,118,892,620	98.71%	12,238,477	1,131,131,097	99.79%	2,349,345	0.21%
2001-2002	964,978,170	949,315,930	98.38%	15,091,892	964,407,822	99.94%	570,348	0.06%
2000-2001	869,451,803	854,836,513	98.32%	14,522,183	869,358,696	99.99%	93,107	0.01%
1999-2000	772,860,319	761,900,282	98.58%	10,904,098	772,804,380	99.99%	55,939	0.01%
1998-1999	649,424,268	642,770,695	98.98%	6,612,633	649,383,328	99.99%	40,940	0.01%
1997-1998	576,799,918	567,575,022	98.40%	9,190,006	576,765,028	99.99%	34,890	0.01%
1996-1997	503,842,509	497,694,024	98.78%	6,125,663	503,819,687	99.99%	22,822	0.01%
1995-1996	452,233,132	444,346,304	98.26%	7,872,260	452,218,564	99.99%	14,568	0.01%
1994-1995	415,683,187	406,713,760	97.84%	8,964,950	415,678,710	99.99%	4,477	0.01%

* Still in the process of being collected

Source: Clark County Treasurer

Table 6

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed To Estimated Actual Value
	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
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%
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%
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%
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%
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%
1998-1999	3,089,688,469	8,827,681,340	401,393,092	1,146,837,406	3,491,081,561	9,974,518,746	35%
1997-1998	1,930,339,020	5,515,254,343	333,550,820	953,002,343	2,263,889,840	6,468,256,686	35%
1996-1997	1,632,159,250	4,663,312,143	229,078,030	654,508,657	1,861,237,280	5,317,820,800	35%
1995-1996	1,353,516,874	3,867,191,069	203,376,918	581,076,909	1,556,893,792	4,448,267,977	35%
1994-1995	1,158,404,606	3,309,727,446	155,572,056	444,491,589	1,313,976,662	3,754,219,034	35%

Source: Clark County Assessor's Office

Table 7

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
County Wide:										
County Funds	0.6981	0.6705	0.6635	0.6635	0.6503	0.6429	0.6377	0.6202	0.6202	0.6502
School District	1.1935	1.1935	1.1935	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034
State of Nevada	0.1650	0.1650	0.1650	0.1650	0.1650	0.1650	0.1650	0.1650	0.1650	0.1700
Cities:										
Boulder City	0.2190	0.1861	0.1951	0.2007	0.2012	0.2022	0.2022	0.2038	0.2038	0.2038
Henderson	0.7436	0.7124	0.7124	0.7035	0.7081	0.7040	0.7108	0.7108	0.7108	0.7108
Las Vegas	0.7361	0.7512	0.7465	0.6771	0.6741	0.6875	0.6873	0.7817	0.7809	0.7796
Mesquite	0.1141	0.1120	0.1120	0.1120	0.1120	0.1520	0.3020	0.3020	0.3020	0.3020
North Las Vegas	0.9860	0.9625	0.9625	1.1611	1.1649	1.1649	1.1734	1.1987	1.1987	1.1987
Unincorporated:										
Bunkerville	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Enterprise	-	-	-	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Glendale	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	-	-
Indian Springs	0.0200	0.0200	0.0200	0.0200	0.0200	0.0250	0.0200	0.0200	0.0200	0.0200
Laughlin	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416
Moapa	0.1094	0.1526	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344
Moapa Valley	0.0200	0.0250	0.0250	0.0250	0.0250	0.0250	0.0200	0.0200	0.0200	0.0200
Mt. Charleston	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Paradise	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Searchlight	0.1962	0.1199	0.1142	0.1158	0.1242	0.1177	0.1165	0.1232	0.1224	0.1153
Spring Valley	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Summerlin	-	-	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Sunrise Manor	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Whitney (East Las Vegas)	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Winchester	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Other Governments:										
Boulder City Library	0.0702	0.0702	0.0736	0.0766	0.0766	0.1766	0.1832	0.1820	0.1655	0.1655
Clark County Fire Service Area	0.1686	0.1631	0.1862	0.1899	0.2031	0.2105	0.2157	0.2157	0.2197	0.2197
Colorado Ground Water Basin	0.0008	0.0008	-	-	-	-	-	-	-	-
Coyote Spring Valley Groundwater Basin	-	-	-	-	-	0.1457	0.2981	0.0711	0.0287	0.0402
Emergency 911 District	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
Henderson District Public Libraries	0.0521	0.0500	0.0500	0.0500	0.0500	0.0500	0.0502	0.0507	0.0531	0.0535
Kyle Canyon Water District	0.1086	0.1052	0.1036	0.0820	0.0798	0.0752	0.0487	0.0487	0.0456	0.0417
Las Vegas Artesian Basin	0.0038	0.0058	0.0052	0.0034	0.0031	0.0026	0.0024	0.0022	0.0020	0.0018
Las Vegas-Clark County Library	0.1282	0.1271	0.1156	0.0994	0.1027	0.0969	0.0952	0.0971	0.0949	0.0977
Las Vegas Metro Police-Manpower-City	0.1025	0.0990	0.0933	0.1100	0.1593	0.2058	0.2721	0.2800	0.2800	0.2800
Las Vegas Metro Police-Manpower-County	0.0685	0.0703	0.0726	0.1100	0.1593	0.2058	0.2721	0.2800	0.2800	0.2800
Mt.Charleston Fire District	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813
Muddy River Springs Area Groundwater Basin	-	-	-	-	-	0.1929	0.1657	0.1563	0.0970	0.0937
North Las Vegas Library	0.0582	0.0582	0.0582	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632

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

Source: Clark County Treasurer

HENDERSON DISTRICT PUBLIC LIBRARIES

**Computation of Legal Debt Margin
June 30, 2004**

Assessed value of all taxable property in the Henderson District Public Libraries	<u>\$ 6,176,976,801</u>
Debt limit applicable to the Henderson District Public Libraries (10% of assessed value)	\$ 617,697,680
Amount of debt applicable to debt limit	<u>\$ 1,270,000</u>
Legal Debt Margin	<u>\$ 616,427,680</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	City of Henderson Population (1)	Clark County Household Income (2)	Clark County School Enrollment (3)	Clark County Unemployment Rate (4)
2003-2004	225,449 (5)	N/A	268,357	4.40%
2002-2003	217,448	\$ 44,307	255,328	5.30%
2001-2002	209,486	45,607	244,684	6.20%
2000-2001	196,780	43,787	231,125	4.40%
1999-2000	198,691	41,657	217,139	3.90%
1998-1999	177,030	41,875	203,777	4.40%
1997-1998	159,380	40,958	190,822	4.20%
1996-1997	147,870	40,514	178,896	4.00%
1995-1996	130,380	38,389	166,788	5.30%
1994-1995	115,490	36,710	156,348	5.40%

(1) Nevada State Demographer's Office

(2) University of Nevada, Las Vegas Center for Business and Economic Research -
Las Vegas Perspective

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

(4) Research and Analysis Bureau of the Department of Employment, Training
and Rehabilitation

(5) City of Henderson Demographics and Zoning Department

 HENDERSON DISTRICT PUBLIC LIBRARIES

**Assessed Valuation Growth Rate
Last Ten Fiscal Years**

Fiscal Year	Assessed Valuation	Percent Growth
2003-2004	\$ 6,176,976,801	12.87%
2002-2003	5,472,615,522	18.01%
2001-2002	4,637,388,435	24.56%
2000-2001	3,723,141,490	12.89%
1999-2000	3,298,137,590	-5.53%
1998-1999	3,491,081,561	54.21%
1997-1998	2,263,889,840	21.63%
1996-1997	1,861,237,280	19.55%
1995-1996	1,556,893,792	18.49%
1994-1995	1,313,976,662	11.74%
5 Year Average Growth		12.56%
10 Year Average Growth		18.84%

Source: Clark County Assessor's Office

 HENDERSON DISTRICT PUBLIC LIBRARIES

Ten Largest Taxpayers 2003-2004 (1)

Taxpayer	Type of Business	2003-2004 Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation (2)
Pulte Homes	Real Estate/Construction	\$ 108,639,137	1.76%
Lake at Las Vegas Ventures	Hotel/Casino	88,726,091	1.44%
Station Casinos Incorporated	Hotel/Casino	86,473,419	1.40%
Greenspun Companies	Real Estate/Construction	71,725,080	1.16%
Green Valley Ranch Station	Hotel/Casino	70,867,722	1.15%
Foothills Partners	Real Estate/Construction	31,543,781	0.51%
Sentinel Realty Partners III Limited Partnership	Real Estate/Construction	30,910,250	0.50%
Sierra-Nevada Multifamily Investments	Real Estate/Construction	30,534,465	0.49%
Lake Mead Horizon Limited Liability Company	Real Estate/Construction	30,402,430	0.49%
Harsch Investments	Real Estate/Construction	27,456,534	0.44%
	TOTALS	<u>\$ 577,278,909</u>	<u>9.34%</u>

(1) Source: Clark County Assessor's Office

(2) Based on 2003-04 total assessed valuation for Henderson District Public Libraries of \$6,176,976,801

HENDERSON DISTRICT PUBLIC LIBRARIES

**Circulation Summary
Last Ten Fiscal Years**

Fiscal Year	Circulation	% Increase	New Patrons
2003-2004	855,713	24.86%	16,419
2002-2003	685,356	28.46%	20,830
2001-2002	533,516	3.97%	14,232
2000-2001	513,131	13.44%	9,531
1999-2000	452,322	10.10%	4,726
1998-1999	410,841	5.31%	4,603
1997-1998	390,130	12.84%	4,853
1996-1997	345,748	24.12%	4,664
1995-1996	278,569	27.44%	4,192
1994-1995	218,581	16.55%	3,270

HENDERSON DISTRICT PUBLIC LIBRARIES

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

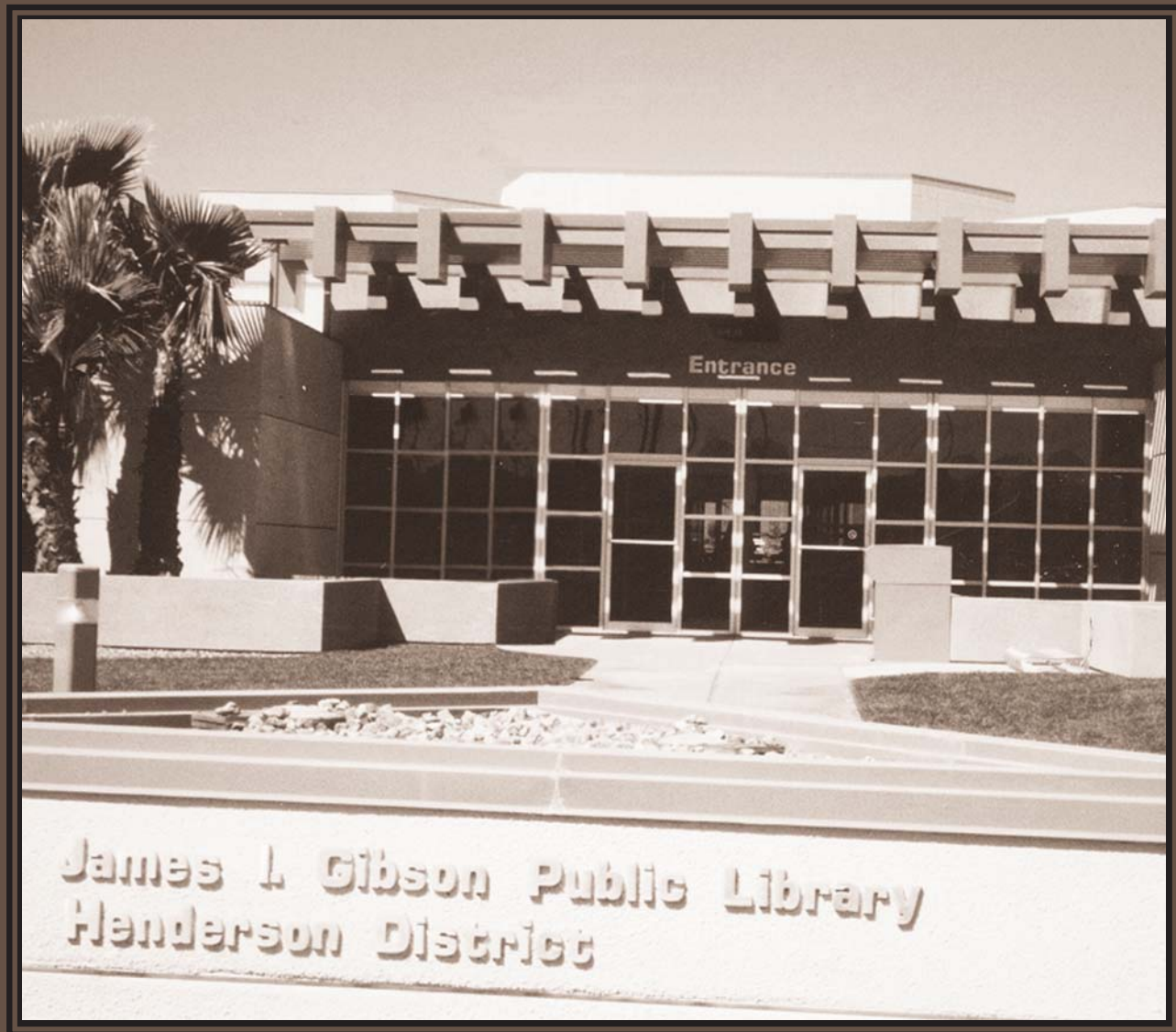
	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
Total General Fund Expenditures	\$ 2,525,940	\$ 2,788,421	\$ 3,362,853	\$ 4,263,748	\$ 4,722,017
Less Capital Outlay Other Than Books	(136,088)	(97,924)	(54,435)	(94,924)	(100,025)
Less Other Grant Expenditures:					
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)
Other Noncapital Expenditures	(5,000)	(1,163)	(12,626)	(61,787)	(14,106)
Total General Fund Operating Expenditures	<u>\$ 2,344,317</u>	<u>\$ 2,651,799</u>	<u>\$ 3,126,903</u>	<u>\$ 4,071,854</u>	<u>\$ 4,570,558</u>
Total Library Books and Materials	\$ 550,018	\$ 557,373	\$ 748,503	\$ 630,956	\$ 750,429
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)
Total Operating Library Books and Materials	<u>\$ 509,483</u>	<u>\$ 519,838</u>	<u>\$ 579,614</u>	<u>\$ 610,905</u>	<u>\$ 718,080</u>
Percentage of Total General Fund Operating Expenditures	21.73%	19.60%	18.54%	15.00%	15.71%

 HENDERSON DISTRICT PUBLIC LIBRARIES

Miscellaneous Statistics
June 30, 2004

Date of Inception	January 22, 1944
Form of Government	Special District of the State of Nevada
Number of employees (full-time equivalent)	
Administration	10.5
Information Technology	4.0
Reference	10.0
Circulation	23.0
Children's	11.5
Technical Services	6.0
Total	<u>65.0</u>
Number of Libraries	4
Collection Size	
Gibson Library	142,598
Malcolm Library	17,540
Paseo Verde Library	8,599
Pittman Library	116,242
E-books	4,004
Total	<u>288,983</u>

INDEPENDENT ACCOUNTANT'S REPORT



Pictured: Front view of the James I Gibson Library when it opened in 1989.



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, 2004 (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 conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2004 (except as previously noted in Note 2 to the financial statements),
- 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.

Reno, Nevada
October 12, 2004

AUDITOR'S COMMENTS



Pictured: Front view of the Paseo Verde Library, opened August 24, 2002.

**HENDERSON DISTRICT PUBLIC LIBRARIES
AUDITOR'S COMMENTS
JUNE 30, 2004**

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

The following action was taken during 2003-04 relating to the statute violation reported in the June 30, 2003 audit report:

- During the current year, efforts were made to monitor all expenditures.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2003.

CURRENT YEAR RECOMMENDATIONS

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