



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2010
Henderson District Public Libraries
Henderson, Nevada



Not Your Parents' Library.

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010



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

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010

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Introductory Section



MAKE A SPLASH - READ!

Henderson Libraries had a fantastic year for Summer Reading. The June 5, 2010 kickoff, although hot (110°+), had a turnout of about 2,000 people. 25% of all children and teens who registered for the Summer Reading Program, registered at the kickoff. The kickoff featured water slides, games, vendor booths and lots of fun, free games.

This was the first year more than 3,000 children and 500 teens participated in the summer-long program. A combined 2-1/2 million minutes were read by participants!

There were 4 big district wide programs: The Fratello Marionettes had 4 programs, bringing in 600 children and their families; Magician Tony Daniels performed 2 shows with 282 attending; storyteller Jim Cogan performed 3 shows with 149 attendees; and children's musician Julie Austin performed a morning show at the Galleria Mall Library with 169 in attendance.

This year's Summer Reading Program resulted in the best individual school participation ever. Youth services staff is looking forward to next year when all schools will be on a 9-month schedule, promoting even more school participation. This year's Summer Reading Program was a huge success, thanks to the hard work of staff and volunteers.



November 12, 2010

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, 2010. This report contains the financial statements and other financial information and statistical data that provide complete and full disclosure of all material aspects of the Henderson District Public Libraries (HDPL). The financial statements in this CAFR conform to generally accepted accounting principles (GAAP) as applicable to governmental entities.

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

Nevada Revised Statute 354.624 requires an annual audit by independent certified public accountants. The accounting firm of Kafoury, Armstrong & Co. was selected to perform the fiscal year 2010 audit and has issued an unqualified ("clean") opinion on the Henderson District Public Libraries' financial statements for the year ended June 30, 2010. The independent auditor's report is located in the front of the financial section of this report.

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

Profile of Henderson District Public Libraries

Background

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

districts were automatically established with identical boundaries. Since that time, library district boundaries have been adjusted three times. The latest adjustment, in April 2005, made the library district boundaries contiguous with the City of Henderson boundaries.

Mission

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

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

Reporting Entity

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

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

Budget

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

Collection and Services

HDPL purchased and processed over 43,000 items worth \$782,080 in fiscal year 2010. In addition to purchased materials, HDPL continued to receive and process a large number of donated materials, including books, videos, music CDs and DVDs. The total cost of donations, if purchased, exceeded \$275,545. These donations were distributed to all of the HDPL libraries. These donations allowed HDPL to place an additional 18,150 items into the collection.

HDPL's total collection of over 475,000 volumes in books, recordings, documents, maps, videotapes, CDs, DVDs, CD-ROMs, audio books, and e-books is available to patrons in all six HDPL branches. HDPL makes an effort to collect the most current media available for the broadest scope of public access. The board has allocated an average of over 11 percent of the annual operating budget for collection development over the last five years.

HDPL's usage continues to increase. Circulation increased from 1,422,692 in fiscal year 2009 to 1,842,395 in fiscal year 2010. New library cards issued during the fiscal year increased from 31,176 in 2009 to 33,300 in 2010.

Major Initiatives

In a joint effort with the City of Henderson, HDPL opened the Heritage Park Senior Facility Library on January 30, 2010. Located in the City's new 50+ senior center, this library offers popular materials and a computer lab.

Construction was completed on the new James I. Gibson Library building in May 2010. Operations were transferred from the existing building and the library opened to the public on June 30, 2010.

The IT Department implemented a cost recovery system for printing and copying. Rolled out in June 2010, the system requires patrons to pay for printing or copying prior to the system releasing the printing/copying job.

The Future

HDPL continues to partner with the City of Henderson to provide library services to all areas of the City. However, continued strain on revenue, due to poor national and local economic conditions, places greater priority on efficiency and program evaluation. It is anticipated that Henderson's population will grow slightly or remain static over the next five years. To accommodate lower tax revenues, HDPL continues to implement efficiencies throughout the organization from library material purchasing to library material check-in. HDPL has completed its expansion phase with the completion of Heritage Park Library and the Gibson Library. HDPL still seeks land in the east side of the city for a library branch that can bring "full" library services to the area when the revenue improves. HDPL is seeking opportunities with both the City of Henderson and private parties to locate a site. In upcoming years, HDPL seeks a transition to Radio Frequency Identification (RFID) and Automated Material Handling (AMH). These technologies will allow automated check in of library materials district wide. This automation will ultimately save the district numerous staff hours and allow more productive use of staff time. Further, these technologies will provide a stronger security model and better inventory control.

Economic Growth

Local Economy

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

In light of this, HDPL has implemented several cost saving approaches including a freeze on any vacant positions, a voluntary employee separation package, reducing staff work schedules by 10%, reducing library operating hours, and reducing library programming.

Although there have been signs that the national economy is slowly turning around, economists are projecting the local economy to take longer to recover, possibly as late as 2012. HDPL is prepared for this slow recovery. Management has already prepared additional cost savings to be implemented in 2011 if the local economy does not improve.

Long-term Financial Planning

HDPL is preparing for the legislative session beginning in February 2011. With the State of Nevada facing an expected shortfall in excess of 1 billion dollars, it is unknown what changes may be made to the existing tax distributions. Any changes may have a negative effect on the District.

Awards and Acknowledgements

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to HDPL for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the tenth consecutive year that HDPL has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

Cordially,



Thomas F. Fay
Executive Director



Debra M. Englund
Chief Financial Officer

HENDERSON DISTRICT PUBLIC LIBRARIES

Library Officials

Board of Trustees

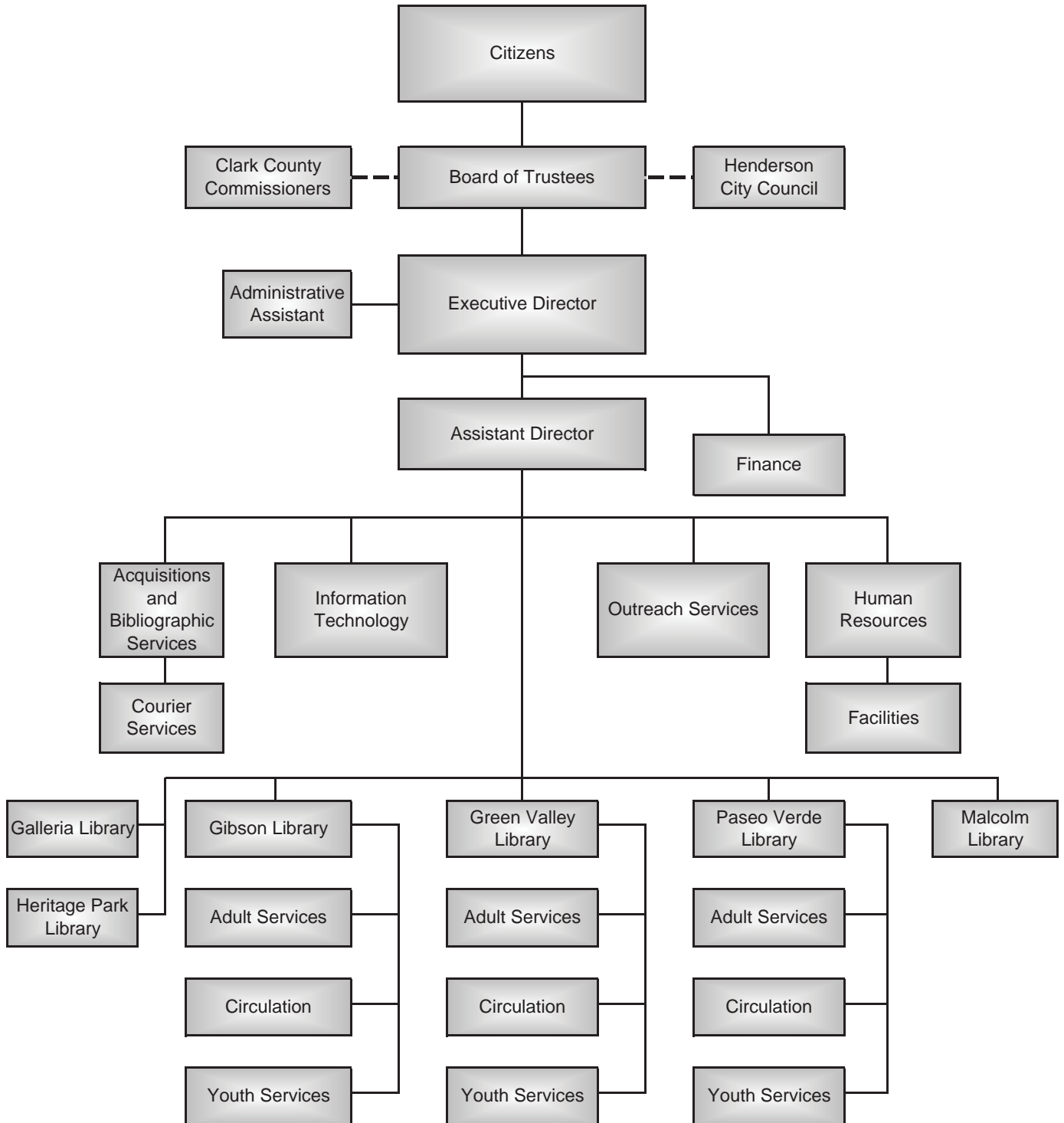
Colleen Bell	Chair
Sean Fellows	Vice-Chair
John Simmons	Secretary
Todd Hauge	Trustee
Cindy Herman	Trustee
Herb Hunter	Trustee
MJ Maynard	Trustee

Administrative Staff

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

HENDERSON DISTRICT PUBLIC LIBRARIES

Organizational Chart As of June 30, 2010



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, 2009

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

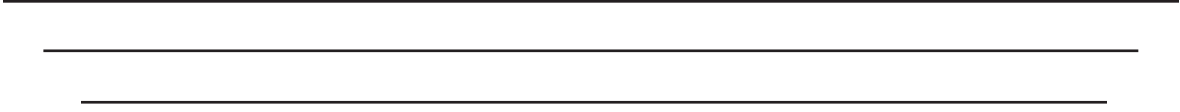


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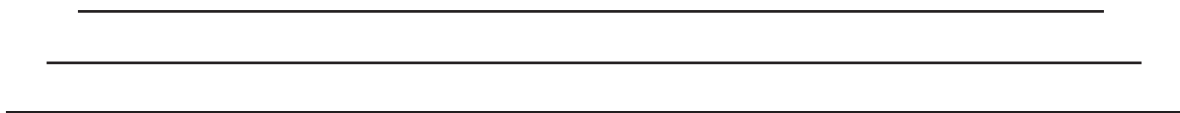
President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



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Financial Section

Galleria Library



The Galleria Library, a joint project between the Galleria at Sunset mall and Henderson Libraries, is a one-of-a-kind in Southern Nevada and a rare concept throughout the country. The branch offers popular bestsellers and high interest books. It also has space for family literacy programming that focuses on pre-kindergarten literacy skills. Wi-fi internet access is provided within the branch and can also be accessed in the mall within a range of approximately 300 feet.



Independent Auditor's Report

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2010, which collectively comprise Henderson District Public Libraries' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Henderson District Public Libraries. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Henderson District Public Libraries as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, and the Contributions and Grants Special Revenue Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 2A through 2J and the Schedule of Funding Progress on page 29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Henderson District Public Libraries' basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kafoury, Armstrong & Co.

Reno, Nevada
November 12, 2010

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

Financial Highlights

- The assets of HDPL exceeded its liabilities at June 30, 2010 by \$21,625,720 (net assets). Of this amount, \$2,527,554 (unrestricted net assets) may be used to meet HDPL's ongoing obligations to patrons and creditors.
- HDPL's total net assets increased by \$2,306,284. See the section on Government-Wide Financial Analysis for details.
- At the end of fiscal year 2010, HDPL's governmental funds had combined fund balances of \$3,454,165, an increase of \$798,174 from the previous year. Approximately 97.1% of ending fund balances, or \$3,352,513, is available for spending at HDPL's discretion (unreserved fund balance).
- As of June 30, 2010 unreserved fund balance in the General Fund was \$1,339,154 or 17.8% 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, 2010**

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

HDPL maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, the Contributions and Grants Fund, and the Capital Construction Fund, all of which are considered major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual statements and schedules elsewhere in the report.

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

Notes to the Financial Statements

The notes to the financial statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year. The notes can be found on pages 11-28 of this report.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of HDPL, assets exceed liabilities by \$21,625,720 at June 30, 2010.

	<u>2010</u>	<u>2009 (restated)</u>
Assets:		
Current and other assets	\$ 4,838,674	\$ 6,684,178
Capital assets	22,036,966	20,548,469
Total assets	<u>26,875,640</u>	<u>27,232,647</u>
Liabilities:		
Current liabilities	1,338,307	3,986,770
Long-term liabilities	3,911,613	3,926,441
Total liabilities	<u>5,249,920</u>	<u>7,913,211</u>
Net assets:		
Invested in capital assets, net of related debt	19,098,166	17,263,269
Unrestricted	2,527,554	2,056,167
Total net assets	<u>\$ 21,625,720</u>	<u>\$ 19,319,436</u>

The largest portion of HDPL's net assets (88.3%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Capital assets consist of land, buildings, equipment, computer equipment, furniture, land improvements, leasehold improvements, vehicles and library materials. These assets are used to provide services to the patrons of HDPL and are not available for future spending.

The remaining portion of HDPL's net assets (11.7%) reflects unrestricted net assets that may be used to meet HDPL's ongoing obligations to patrons and creditors.

As of June 30, 2010, HDPL is able to report positive balances in both categories of net assets. The same held true for the previous fiscal year.

There was an increase of \$1,834,897 in net assets invested in capital assets net of related debt. This increase was primarily due to the construction of the new James I Gibson Library building. See discussion on Capital Assets below for further explanations.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

HDPL's Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009 (restated)</u>
Revenues:		
Program Revenues		
Charges for services	\$ 292,907	\$ 228,371
Operating grants and contributions	128,735	308,851
Capital grants and contributions	350,133	8,175,815
General Revenues		
Ad valorem taxes	6,527,652	6,525,240
Consolidated taxes	1,643,082	1,846,780
Gain on sale of assets	1,315,504	-
Unrestricted investment earnings	22,785	146,825
Total revenues	<u>10,280,798</u>	<u>17,231,882</u>
Expenses:		
Culture and recreation	9,848,591	8,313,183
Interest	<u>125,923</u>	<u>50,572</u>
Total expenses	<u>9,974,514</u>	<u>8,363,755</u>
Increase in net assets before extraordinary item	306,284	8,868,127
Extraordinary Item		
Proceeds from early termination of lease	<u>2,000,000</u>	<u>-</u>
Increase in net assets	2,306,284	8,868,127
Net assets, beginning of year	<u>19,319,436</u>	<u>10,451,309</u>
Net assets, end of year	<u>\$ 21,625,720</u>	<u>\$ 19,319,436</u>

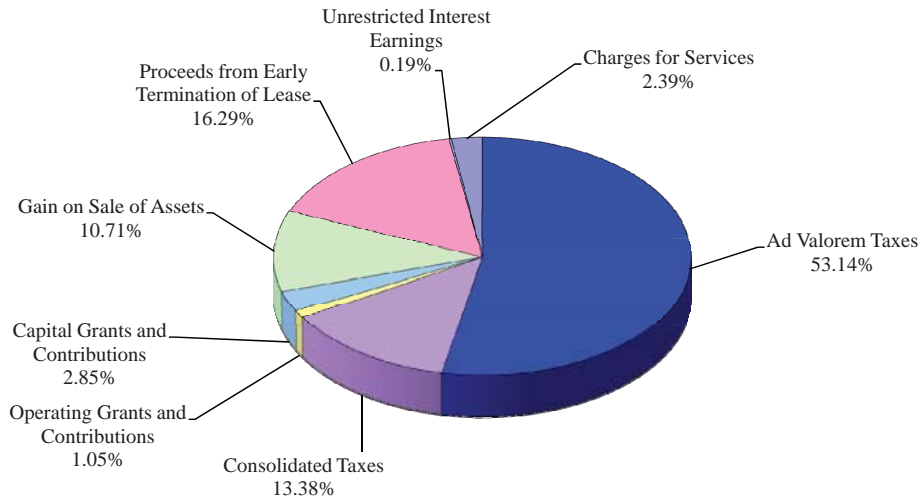
HDPL's net assets increased by \$2,306,284 during the current fiscal year. Key elements of this increase are as follows:

- Consolidated taxes decreased by \$203,698, or 11.0%, due to the significant downturn in the economy.
- Interest income decreased by \$124,040, or 84.5%, due to a lower yield on investments.
- A gain on the sale of assets of \$1,315,504, due primarily from the sale of the 21-year old James I Gibson Library building to the City of Henderson.
- An extraordinary gain of \$2,000,000 for the early termination of the 99-year land lease on which the James I Gibson Library building was located. The City of Henderson paid this early termination pay off as part of the sale of the building.
- Capital grants and contributions decreased by \$7,825,682, or 95.7%. This is due to an unusual spike in capital contributions in FY09 created when the Las Vegas-Clark County Library District transferred ownership of the Green Valley Library to HDPL. Were it not for that contribution in FY09, capital grants and contributions would have increased from FY09 to FY10 by \$74,813, which is primarily due to an increase in donated library materials.
- Operating grants and contributions decreased by \$180,116, or 58.3%, due to normal variation in the types of grants received by HDPL.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

- Charges for services increased by \$64,536, or 28.3%, due to the addition of the Green Valley Library to HDPL's operations.
- Culture and recreation expenses increased by \$1,535,408, or 18.5%, over the last fiscal year. This increase consists of an increase in salaries and benefits of \$1,209,505 due to the addition of the Green Valley staff for an entire year and the implementation of GASB 45 which recognizes the cost of postemployment healthcare in the year when the employee services are received; a decrease in services and supplies of \$338,330 due primarily to the completion of payments to Las Vegas-Clark County Library District for managing the Green Valley Library prior to the transfer of ownership; and an increase of \$672,650 due to increased depreciation from the additional building and the change in the calculations for library materials depreciation.

Revenues by Source - Governmental Activities



Fund Financial Analysis

As of the end of the current fiscal year, HDPL's governmental funds reported combined ending fund balances of \$3,454,165, an increase of \$798,174 from fiscal year 2009. Of the 2010 ending fund balances, \$3,352,513, or 97.1%, 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 2010, the General Fund had an ending fund balance of \$1,440,806, of which \$1,339,154 was unreserved.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The General Fund's fund balance increased by \$83,575 during the current fiscal year. Key factors for this increase are as follows:

- Consolidated taxes decreased by \$203,698, or 11.0%, due to the significant downturn in the economy.
- Fines and forfeits increased by \$34,074, or 26.6%, due to the addition to the Green Valley Library to HDPL's operations.
- Expenditures increased by a net of \$655,244, or 9.5%. This consists of an increase of \$911,058 in staffing costs due to the operation of the Green Valley Library for the entire year; a decrease of \$285,712 in supplies and services due to the completion of payments to the Las Vegas-Clark County Library District for the operation of Green Valley Library and staff efforts to reduce supplies due to the reduced funding HDPL is receiving; and an increase of \$29,898 in capital assets due to a server consolidation done by the IT Department.

Contributions and Grants Fund

The Contributions and Grants Fund has a fund balance of \$145,521 at the end of fiscal year 2010. This decrease of \$242,658 is primarily due to the use of the Marxen Family Memorial donation for the construction and furnishing of the James I. Gibson Library computer lab. This donation, in the amount of \$291,694, was received in previous fiscal years.

Capital Construction Fund

The Capital Construction Fund has a fund balance of \$1,548,009 at the end of fiscal year 2010, an increase of \$1,235,351 from the previous fiscal year. This increase was due primarily to the sale of the existing James I. Gibson Library building to the City of Henderson. The City purchased the building for \$2,000,000. In addition, the District received an additional \$2,000,000 from the City for the early termination of the 99-year land lease on which the building was located. Proceeds were used to construct a new 19,900 square feet building in which the library was relocated. The total cost to construct and furnish the new building, including \$155,443 from fiscal year 2009, was \$2,923,775.

General Fund Budgetary Highlights

The original fiscal year 2010 budget was approved May 21, 2009. 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Pursuant to NRS 354.598005, HDPL may transfer appropriations between funds, if such a transfer does not increase the total appropriation for any fiscal year. HDPL did not do such an amendment in fiscal year 2010; therefore, the original budget is also the final budget.

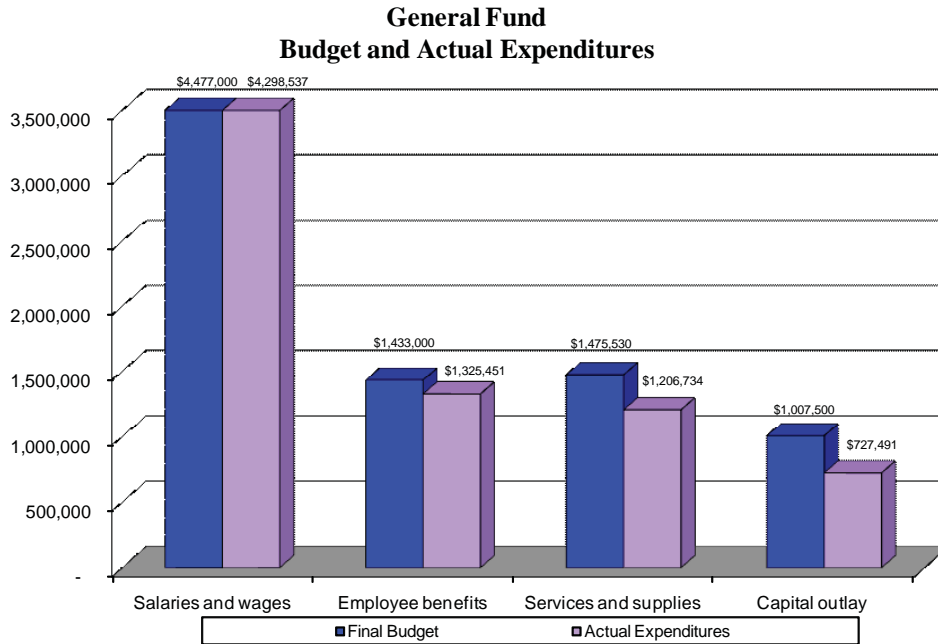
The final budget projected ad valorem taxes and consolidated tax, which account for 97.8% of the District's total revenue, to be \$6,695,298 and \$1,860,000 respectively. Due to the recession that has severely affected the local housing market, actual tax revenues were much lower than projected. Ad valorem tax revenue came in at \$6,527,652, a decrease of \$167,646 or 2.5%. Consolidated tax revenues came in at \$1,643,082, a decrease of \$216,918 or 11.7%.

The District responded to the decrease in revenues by reducing expenditures. Actual expenditures were 90.1% of appropriations, or \$834,817 lower than the final budget. The main areas of savings are summarized below:

- Salaries and wages were \$178,463 below the final budget. This was due to a district-wide freeze in hiring and a 5% reduction in the number of hours all employees work each week and the resulting decrease in pay. This was implemented March 29, 2010. An additional 5% reduction in hours was implemented on June 28, 2010. Salaried staff received 5% pay reductions to coincide with each of the reductions in hours. Library operation hours were reduced to accommodate the reduced work week. In addition, the District offered eligible employees a voluntary early separation program. Four of the eligible employees elected to take the plan but actual separation occurred between the months of June and August so most of the savings will be reflected in the next fiscal year.
- Employee benefits were \$107,549 below the final budget. This was also due to the hiring freeze and the reduced work week.
- Services and supplies were \$268,796 below the final budget. This savings was attributable to across-the-board reductions in all area of operations.
- Capital outlay was \$280,009 below the final budget. This was due to Management's decision to reduce library materials purchases due to budget constraints.

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**



Capital Assets

At June 30, 2010, HDPL had \$22,036,966 invested in capital assets (net of accumulated depreciation). This investment in capital assets includes land, buildings, books, computer equipment, equipment, furniture, land improvements, leasehold improvements and vehicles. This amount represents a net increase of \$1,488,497, or 7.3%, from last year. The following table reflects capital assets of HDPL at June 30, 2010 and 2009.

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

	<u>June 30, 2010</u>	<u>June 30, 2009</u> (restated)
Buildings	\$ 16,070,335	\$ 14,211,107
Books	3,110,637	3,309,855
Computer equipment	33,092	76,734
Construction in progress	-	155,443
Equipment	176,487	54,652
Furniture	83,189	110,015
Land	1,867,359	1,867,359
Land improvements	569,916	599,912
Leasehold improvements	7,092	7,474
Vehicles	118,859	155,918
Total capital assets, net of depreciation	<u>\$ 22,036,966</u>	<u>\$ 20,548,469</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

- Buildings increased by \$1,859,228. This is due to the sales of the existing James I. Gibson Library building and the construction of the new James I. Gibson Library building.
- Equipment increased by \$121,835. This is due to new equipment for the James I. Gibson Library, a server consolidation done by the IT Department, and the implementation of a pay-for-print system in the libraries.
- Construction in progress decreased by \$155,443 due to the completion of the James I. Gibson Library building.
- Books, computer equipment, furniture, land improvements, leasehold improvements, and vehicles decreased by \$199,218, \$43,642, \$26,826, \$29,996, \$382, and \$37,059, respectively. This is due to continued depreciation on existing capital assets.

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

Long-term Debt

At the end of the current fiscal year, HDPL had \$3,911,613 in outstanding debt, \$197,000 of which was for a medium term general obligation refunding bond issued in 2003, \$696,800 of which was for a medium term general obligation note issued in 2004, \$2,045,000 of which was for a medium term general obligation bond issued during this fiscal year, \$692,339 of which was for compensated absences, and \$280,474 is for postemployment benefits other than pensions.

Per NRS 379.0225, the debt limitation for HDPL is equal to 10 percent of the total assessed value of all taxable property. The debt limitation currently applicable to June 30, 2010 is \$1,351,415,976. HDPL's net general obligation bonded debt subject to the legal debt margin of \$2,938,800 was well below this legal limit.

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

Economic Factors and Next Year's Budgets

- The unemployment rate for Clark County has steadily increased and is currently 14.6%, which is an increase from the 12.3% rate a year ago. The United States national average unemployment rate is 9.5% and the State's average unemployment rate is 14.2%.
- Businesses within Clark County reported taxable sales of \$2.43 billion, a 1.0% decrease from the previous year.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

These factors were considered in preparing HDPL's budget for fiscal year 2011.

The unreserved fund balance in the General Fund decreased .01% to \$1,339,154 from the prior year. HDPL does not intend to appropriate any of this for spending in fiscal year 2011.

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:

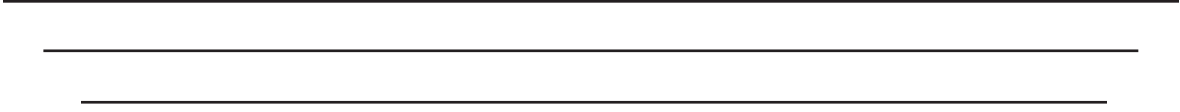
Henderson District Public Libraries
Finance Department
280 South Green Valley Parkway
Henderson, Nevada 89012

Basic Financial Statements

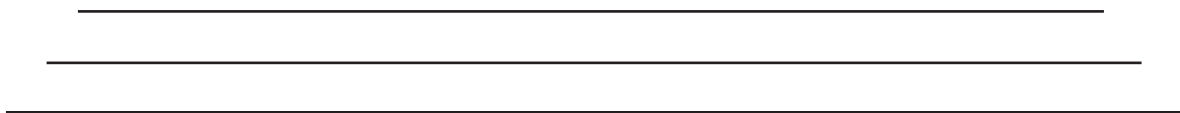
Gibson Library



Henderson Libraries oldest location, the James I. Gibson Library, moved to a brand-new building in the Lake Mead Crossings center which was completed in June 2010. The new facility features a drive-thru window for requested material, a computer lab for 25 users, a teen area, two study rooms, and additional space for programs and other activities. The new building is 4000 sq. ft. larger than the previous Water Street location, and the site includes space to add 7000 sq. ft. in the future. The ample parking and high visibility will help build on the library's increasing popularity.



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HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental <u>Activities</u>
ASSETS	
Cash and investments	\$ 4,378,339
Accounts receivable	38,581
Interest receivable	2,961
Due from other governments	281,386
Prepays	101,652
Deferred charges	35,755
Capital assets (net of accumulated depreciation, where applicable):	
Land	1,867,359
Property and equipment	17,058,970
Library books and materials	3,110,637
TOTAL ASSETS	26,875,640
LIABILITIES	
Accounts payable	903,310
Accrued payroll	223,202
Contract retainage	211,795
Non-current liabilities:	
Portion due or payable within one year:	
General obligation bonds	356,100
Compensated absences	326,548
Portion due or payable after one year:	
General obligation bonds	2,582,700
Compensated absences	365,791
Obligation for postemployment benefits other than pensions, due in more than one year	280,474
TOTAL LIABILITIES	5,249,920
NET ASSETS	
Invested in capital assets, net of related debt	19,098,166
Unrestricted	2,527,554
TOTAL NET ASSETS	\$ 21,625,720

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental activities:			Capital Grants and Contributions	Governmental Activities	
Culture and recreation	\$ 9,848,591	\$ 292,907	\$ 128,735	\$ 350,133	\$ (9,076,816)
Debt service:					
Interest on bonds	125,923	-	-	-	(125,923)
Total governmental activities	\$ 9,974,514	\$ 292,907	\$ 128,735	\$ 350,133	\$ (9,202,739)
General revenues:					
Ad valorem taxes					6,527,652
Consolidated taxes					1,643,082
Gain on sale of assets					1,315,504
Unrestricted investment earnings					22,785
Total general revenues					9,509,023
Extraordinary Item:					
Proceeds from early termination of lease					2,000,000
CHANGE IN NET ASSETS					2,306,284
NET ASSETS, BEGINNING OF YEAR					21,388,656
PRIOR PERIOD ADJUSTMENT					(2,069,220)
NET ASSETS, BEGINNING OF YEAR, RESTATED					19,319,436
NET ASSETS, END OF YEAR					\$ 21,625,720

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2010

	General Fund	Contributions and Grants Fund	Capital Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,450,692	\$ 136,060	\$ 2,403,614	\$ 387,973	\$ 4,378,339
Accounts receivable	283	38,298	-	-	38,581
Interest receivable	2,961	-	-	-	2,961
Due from other governments	281,386	-	-	-	281,386
Prepays	101,652	-	-	-	101,652
TOTAL ASSETS	\$ 1,836,974	\$ 174,358	\$ 2,403,614	\$ 387,973	\$ 4,802,919
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 172,966	\$ 18,390	\$ 643,810	\$ 68,144	\$ 903,310
Contract retention payable	-	-	211,795	-	211,795
Deferred revenue	-	10,447	-	-	10,447
Accrued payroll	223,202	-	-	-	223,202
Total liabilities	396,168	28,837	855,605	68,144	1,348,754
Fund balances:					
Reserved:					
Reserved for prepaids	101,652	-	-	-	101,652
Unreserved, reported in:					
General Fund	1,339,154	-	-	-	1,339,154
Special Revenue Funds	-	145,521	-	-	145,521
Debt Service Fund	-	-	-	319,829	319,829
Capital Projects Funds	-	-	1,548,009	-	1,548,009
Total fund balances	1,440,806	145,521	1,548,009	319,829	3,454,165
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,836,974	\$ 174,358	\$ 2,403,614	\$ 387,973	\$ 4,802,919

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Fund Balances - Governmental Funds		\$	3,454,165
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	\$	32,174,717	
Less: Accumulated depreciation		<u>(10,137,751)</u>	
			22,036,966
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Bond costs - deferred charges		39,841	
Less: Current year amortization		<u>(4,086)</u>	
			35,755
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.			10,447
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable and notes payable		(2,938,800)	
Compensated absences		(692,339)	
Obligations for postemployment benefits other than pensions		<u>(280,474)</u>	
			<u>(3,911,613)</u>
Net Assets - Governmental Activities		\$	<u>21,625,720</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Contributions and Grants Fund</u>	<u>Capital Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes:					
Ad valorem	\$ 6,527,652	\$ -	\$ -	\$ -	\$ 6,527,652
Intergovernmental:					
Consolidated tax	1,643,082	-	-	-	1,643,082
Grants, federal and state	-	140,666	-	-	140,666
Miscellaneous:					
Fines and forfeits	162,321	-	-	-	162,321
Contributions from private sources	-	53,786	-	-	53,786
Investment income	9,242	1,310	10,683	1,550	22,785
Other	50,582	80,004	-	-	130,586
Total revenues	<u>8,392,879</u>	<u>275,766</u>	<u>10,683</u>	<u>1,550</u>	<u>8,680,878</u>
EXPENDITURES:					
Current:					
Culture and recreation:					
Salaries and wages	4,298,537	-	-	-	4,298,537
Employee benefits	1,325,451	-	-	-	1,325,451
Services and supplies	1,206,734	132,895	90,754	452,469	1,882,852
Capital outlay	727,491	385,529	2,684,578	105,643	3,903,241
Debt service:					
Principal	-	-	-	346,400	346,400
Interest on bonds	-	-	-	125,923	125,923
Administrative and other costs	-	-	-	300	300
Total expenditures	<u>7,558,213</u>	<u>518,424</u>	<u>2,775,332</u>	<u>1,030,735</u>	<u>11,882,704</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>834,666</u>	<u>(242,658)</u>	<u>(2,764,649)</u>	<u>(1,029,185)</u>	<u>(3,201,826)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	48,403	-	-	799,494	847,897
Transfers out	(799,494)	-	-	(48,403)	(847,897)
Proceeds from sales of capital assets	-	-	2,000,000	-	2,000,000
Total other financing sources (uses)	<u>(751,091)</u>	<u>-</u>	<u>2,000,000</u>	<u>751,091</u>	<u>2,000,000</u>
EXTRAORDINARY ITEM					
Proceeds from early termination of lease	-	-	2,000,000	-	2,000,000
NET CHANGE IN FUND BALANCES	83,575	(242,658)	1,235,351	(278,094)	798,174
FUND BALANCES, BEGINNING OF YEAR	1,357,231	388,179	312,658	597,923	2,655,991
FUND BALANCES, END OF YEAR	<u>\$ 1,440,806</u>	<u>\$ 145,521</u>	<u>\$ 1,548,009</u>	<u>\$ 319,829</u>	<u>\$ 3,454,165</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, 2010**

Net change in Fund Balances - Government Funds \$ 798,174

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

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

Expenditures for capital assets	\$ 3,903,241	
Gain on disposition of assets	(684,496)	
Less: Current year depreciation	<u>(2,005,793)</u>	
		1,212,952

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	8,871	
Donated capital assets	<u>275,545</u>	
		284,416

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

Repayment of bond principal	<u>346,400</u>	
		346,400

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

Amortization of bond issuance costs	(4,086)	
Change in long-term compensated absences	(51,098)	
Change in obligations for postemployment benefits other than pensions	<u>(280,474)</u>	
		<u>(335,658)</u>

Change in Net Assets - Governmental Activities	<u><u>\$ 2,306,284</u></u>
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See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 6,695,298	\$ 6,695,298	\$ 6,527,652	\$ (167,646)
Intergovernmental:				
Consolidated tax	1,860,000	1,860,000	1,643,082	(216,918)
Miscellaneous:				
Fines and forfeits	143,000	143,000	162,321	19,321
Investment income	15,000	15,000	9,242	(5,758)
Other	35,000	35,000	50,582	15,582
Total revenues	<u>8,748,298</u>	<u>8,748,298</u>	<u>8,392,879</u>	<u>(355,419)</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Salaries and wages	4,477,000	4,477,000	4,298,537	178,463
Employee benefits	1,433,000	1,433,000	1,325,451	107,549
Services and supplies	1,475,530	1,475,530	1,206,734	268,796
Capital outlay	1,007,500	1,007,500	727,491	280,009
Total expenditures	<u>8,393,030</u>	<u>8,393,030</u>	<u>7,558,213</u>	<u>834,817</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>355,268</u>	<u>355,268</u>	<u>834,666</u>	<u>479,398</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	48,403	48,403
Transfers out	(982,704)	(982,704)	(799,494)	183,210
Total other financing sources (uses)	<u>(982,704)</u>	<u>(982,704)</u>	<u>(751,091)</u>	<u>231,613</u>
NET CHANGE IN FUND BALANCE	(627,436)	(627,436)	83,575	711,011
FUND BALANCE, BEGINNING OF YEAR	1,530,665	1,530,665	1,357,231	(173,434)
FUND BALANCE, END OF YEAR	<u>\$ 903,229</u>	<u>\$ 903,229</u>	<u>\$ 1,440,806</u>	<u>\$ 537,577</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

SPECIAL REVENUE FUND - CONTRIBUTIONS AND GRANTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental:				
Grants, federal and state	\$ 192,750	\$ 192,750	\$ 140,666	\$ (52,084)
Miscellaneous:				
Contributions from private sources	47,500	47,500	53,786	6,286
Investment income	5,000	5,000	1,310	(3,690)
Other	62,050	62,050	80,004	17,954
Total revenues	<u>307,300</u>	<u>307,300</u>	<u>275,766</u>	<u>(31,534)</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Services and supplies	173,686	173,686	132,895	40,791
Capital outlay	432,162	432,162	385,529	46,633
Total expenditures	<u>605,848</u>	<u>605,848</u>	<u>518,424</u>	<u>87,424</u>
NET CHANGE IN FUND BALANCE	(298,548)	(298,548)	(242,658)	55,890
FUND BALANCE, BEGINNING OF YEAR	<u>376,874</u>	<u>376,874</u>	<u>388,179</u>	<u>11,305</u>
FUND BALANCE, END OF YEAR	<u>\$ 78,326</u>	<u>\$ 78,326</u>	<u>\$ 145,521</u>	<u>\$ 67,195</u>

See notes to financial statements.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 six libraries – the Galleria Library, the Heritage Park Senior Facility Library, the James I. Gibson Library, the Green Valley Library, the Lydia Malcolm Library, and the Paseo Verde Library.

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

B. Government-Wide and Fund Financial Statements

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

The fund financial statements provide information about HDPL's funds. Funds are classified into three categories: governmental, proprietary and fiduciary. During fiscal year 2010, 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, 2010**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, HDPL considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other postemployment benefits, 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, 2010**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

HDPL reports three major governmental funds:

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

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

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

D. Assets, Liabilities, and Equity

1. Cash and Investments

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

Cash and cash equivalents include currency on hand, demand deposits with banks and other highly liquid investments, with original maturities of three months or less from the date of acquisition, which are readily convertible to cash.

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 – Summary of Significant Accounting Policies (continued)

2. Property Taxes

Taxes on real property are levied based on the assessed valuations as of January 1st of each year. A lien is placed on the property on July 1st of each year, and the taxes are due on the third Monday in August. The taxes can be paid in four installments on or before the third Monday in August and the first Mondays in October, January and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of deed, the County Treasurer may sell the property to satisfy the tax lien.

3. Capital Assets

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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. Other Postemployment Benefits Other Than Pensions (OPEB)

Effective July 1, 2009, HDPL implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of that statement, HDPL elected to apply its measurement and recognition requirement on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2010. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of HDPL, calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation at June 30, 2010 is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

6. 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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.

7. 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.
- b. Unrestricted Net Assets – Consists of net assets that do not meet the definition of “invested in capital assets, net of related debt”.

In fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified into reserved and unreserved. Reservations of fund balance consist of amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subject to change.

NOTE 2 – Compliance and Accountability

A. Budgetary Information

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

1. On or before April 15, the Library Board of Trustees files a tentative budget with the Nevada Department of Taxation.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 – Compliance and Accountability (continued)

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.
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 resolution by the Nevada Department of Taxation. Various supplemental appropriations were approved during the year to reflect necessary changes in spending and the corresponding additional resources available.
8. In accordance with Statute, actual expenditures may not exceed appropriations in the various functions of the General Fund, Special Revenue Funds, and the Capital Projects Funds.

B. Compliance with Nevada Revised Statutes

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 – Compliance and Accountability (continued)

C. New Pronouncements

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Asset*, effective for financial statements for periods beginning after June 15, 2009. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. Management has completed its assessment of this statement and determined that it will not have a material effect on HDPL’s overall financial presentation.

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for financial statements for periods beginning after June 15, 2009. This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. HDPL does not use derivative instruments.

The GASB has issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, effective for financial statements for periods beginning after June 15, 2009. This Statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. HDPL has not filed for Chapter 9 bankruptcy.

NOTE 3 – Cash and Investments

The following summarizes HDPL’s cash and investment balances at of June 30, 2010:

Cash and investments:	
Petty cash	\$ 3,922
Cash in financial institutions	458,959
Investments	3,915,458
Total cash and investments	\$ 4,378,339

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 – Cash and Investments (continued)

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2010, the recorded amount of HDPL’s deposits was \$458,959 and the bank balances were \$514,742. Of the bank statement balances, \$256,551 was covered by federal depository insurance and \$258,161 was covered by collateral held by HDPL’s agent in HDPL’s name.

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

NRS 355.170 sets forth acceptable investments for Nevada local governments. HDPL has not adopted a formal investment policy that would limit its investment choices or limit its exposure to certain risks beyond that set forth in the statutes.

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 – Cash and Investments (continued)

As of June 30, 2010, HDPL had the following investments and maturities:

	Interest Rates	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled Investments:					
BNY Mellon Money Market Fund	0.1%	\$ 514,883	\$ 514,883	\$ 514,883	--
Federal Home Loan Mortgage Corp Disc	.2-.3%	1,000,000	998,824	999,400	0.17
Federal National Mortgage Assn Disc	.1-.4%	1,400,000	1,396,785	1,397,270	0.49
US Treasury Note	0.9%	1,000,000	1,004,515	1,003,905	0.67
Total Pooled Investments			<u>\$ 3,915,007</u>	<u>\$ 3,915,458</u>	<u>0.26</u>

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

Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality rating of investments. State statutes require governmental agencies to invest in instruments that inherently have low credit risk, as evidenced by the table on page 19. HDPL has no formal investment policy that further limits investments in a single issuer.

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

	S & P	Moody's	% of Portfolio
Investments			
BNY Mellon Money Market Fund	n/a	n/a	13.74%
Federal Home Loan Mortgage Corp Disc	n/a	n/a	25.35%
Federal Home Loan Mortgage Assn Disc	n/a	n/a	35.45%
US Treasury Note	AAA	Aaa	25.46%
Total investments			<u>100.00%</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 – Cash and Investments (continued)

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

NOTE 4 – Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2010:

Governmental Activities:

	Balance July 1, 2009 (as restated)	Additions	Deletions	Balance June 30, 2010
Capital assets, not being depreciated:				
Construction in progress	\$ 155,443	\$ -	\$ (155,443)	\$ -
Land	1,867,359	-	-	1,867,359
Total capital assets, not being depreciated:	<u>2,022,802</u>	<u>-</u>	<u>(155,443)</u>	<u>1,867,359</u>
Capital assets, being depreciated:				
Buildings	17,394,549	3,121,094	(2,227,278)	18,288,365
Books	9,718,896	1,057,625	(823,927)	9,952,594
Computer equipment	486,678	-	(43,604)	443,074
Equipment	97,979	144,536	(11,195)	231,320
Furniture	529,315	10,974	(24,000)	516,289
Land improvements	599,912	-	-	599,912
Leasehold improvements	7,634	-	-	7,634
Vehicles	268,170	-	-	268,170
Total capital assets, being depreciated	<u>29,103,133</u>	<u>4,334,229</u>	<u>(3,130,004)</u>	<u>30,307,358</u>
Less accumulated depreciation for:				
Buildings	(3,183,442)	(597,168)	1,562,580	(2,218,030)
Books	(6,409,041)	(1,256,843)	823,927	(6,841,957)
Computer equipment	(409,944)	(43,642)	43,604	(409,982)
Equipment	(43,327)	(19,189)	7,683	(54,833)
Furniture	(419,300)	(21,514)	7,714	(433,100)
Land improvements	-	(29,996)	-	(29,996)
Leasehold improvements	(160)	(382)	-	(542)
Vehicles	(112,252)	(37,059)	-	(149,311)
Total accumulated depreciation	<u>(10,577,466)</u>	<u>(2,005,793)</u>	<u>2,445,508</u>	<u>(10,137,751)</u>
Total capital assets, being depreciated, net	<u>18,525,667</u>	<u>2,328,436</u>	<u>(684,496)</u>	<u>20,169,607</u>
Governmental activities capital assets, net	<u>\$ 20,548,469</u>	<u>\$ 2,328,436</u>	<u>\$ (839,939)</u>	<u>\$ 22,036,966</u>

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

Governmental Activities:

Culture and recreation	<u>\$ 2,005,793</u>
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**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 5 – Long-Term Debt

A. Changes to Long-Term Debt

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

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>	<u>Due in 2010-2011</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%.	\$ 389,000	\$ -	\$ (192,000)	\$ 197,000	\$ 197,000
Series 2009, Medium term bond - \$2,075,000, due in semi-annual installments beginning 2009 through December 1, 2018; interest at 3.50%.	2,075,000	-	(30,000)	2,045,000	30,000
General Obligation Note:					
2004, Medium term note - \$1,274,500, due in annual installments beginning 2005 through November 1, 2014; interest at 3.75%.	821,200	-	(124,400)	696,800	129,100
Compensated absences	641,241	408,138	(357,040)	692,339	326,548
Obligation for postemployment benefits other than pensions	-	297,515	(17,041)	280,474	-
Total Long-Term Debt	<u>\$ 3,926,441</u>	<u>\$ 705,653</u>	<u>\$ (720,481)</u>	<u>\$ 3,911,613</u>	<u>\$ 682,648</u>

B. Payment Requirements for Debt Service

The liability of the general obligation bonds and note will be liquidated by the Debt Service Fund and the liability of compensated absences and the obligation for postemployment benefits other than pensions will be liquidated by the General Fund. The annual requirements to pay principal and interest on the bonds and note outstanding at June 30, 2010 are as follows:

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 5 – Long-Term Debt (continued)

Fiscal Year	Principal	Interest	Total
<u>Ending</u>			
2011	\$ 356,100	\$ 101,030	\$ 457,130
2012	306,500	87,805	394,305
2013	317,600	76,594	394,194
2014	329,300	64,975	394,275
2015	341,300	52,929	394,229
2016-2019	<u>1,288,000</u>	<u>91,723</u>	<u>1,379,723</u>
Totals	<u>\$ 2,938,800</u>	<u>\$ 475,056</u>	<u>\$ 3,413,856</u>

NOTE 6 – Interfund Activity

Interfund transfers for the year ended June 30, 2010 consisted of the following:

	<u>Transfers in</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Transfers out:			
General Fund	\$ -	\$ 799,494	\$ 799,494
Nonmajor Governmental Funds	<u>48,403</u>	<u>-</u>	<u>\$ 48,403</u>
Total	<u>\$ 48,403</u>	<u>\$ 799,494</u>	<u>\$ 847,897</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization, or (3) move remaining fund balance from one fund to another to close out the fund.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 7 – Defined Benefit Pension Plan

Plan Description: All HDPL employees who work at least half-time are covered by the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple-employer, defined benefit plan administered by the PERS. All full-time employees are mandated by state law to participate in PERS. HDPL employees have a choice as to whether to be enrolled under a non-contributory plan where no benefits are payable unless they reach the vesting period of five years or a contributory plan where employee contributions are refunded to the employee if they do not reach their vesting period. PERS provides retirement benefits, disability benefits and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report, which includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

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

Fiscal Year	Non-Contributory Plan		Contributory Plan		Total Contribution
	Regular Member	Contribution	Regular Member	Contribution	
2009-10	21.50%	\$ 645,594	11.25%	\$ 67,454	\$ 713,048
2008-09	20.50%	558,501	10.50%	40,188	598,689
2007-08	20.50%	521,109	10.50%	52,939	574,048

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 8 – Postemployment Benefits Other Than Pensions (OPEB)

Plan Description: Retirees of HDPL may continue insurance through existing plans, if enrolled in PERS and an active employee at the time of retirement. The two programs available to active employees and retirees are the Clark County Self-Funded Group Medical and Dental Benefits Plan (CCSF), an agent multiple-employer defined plan, and Health Plan of Nevada (HPN), a fully-insured health maintenance organization (HMO) plan.

The CCSF is not administered as a qualifying trust or equivalent arrangement, as defined by GASB Statement No. 45, and is included in the Clark County comprehensive annual financial report (CAFR) as in internal service fund (the Self-Funded Group Insurance Fund). The CCSF report may be obtained by writing Clark County, Nevada, PO Box 551210, 500 South Grand Central Parkway, Las Vegas, Nevada 89155-1210.

Employees retiring prior to September 1, 2008 could opt enrollment in the state program of insurance. This program, the Public Employee Benefit Program (PEBP), is an agent multiple-employer defined benefit OPEB plan.

The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The PEBP report may be obtained by writing Public Employee Benefit Plan, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701 or by calling 800-326-5496.

Each plan provides medical, dental, and vision benefits to eligible active and retired employees and beneficiaries. CCSF and HPN benefit provisions are established and amended through negotiations between HDPL and Clark County. PEBP benefit provisions are established and may be amended by the Nevada State Legislature.

Funding Policy: For the CCSF and HPN plans, contribution requirements of plan members and HDPL are established and may be amended through negotiations between HDPL and Clark County.

HDPL pays 100% of the monthly premiums for active employees, ranging between \$383-\$423, or 82% of the monthly premiums for active employees and their dependents, ranging between \$575-\$905. Retirees in the CCSF and HPN programs receive no direct subsidy from HDPL. Retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claim cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for HDPL. HDPL currently pays for postemployment healthcare benefits on a pay-as-you-go basis. There are currently four retirees participating in either CCSF or HPN.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 8 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

HDPL is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who enroll in this plan. The subsidy is paid on a pay-as-you-go basis and is set and may only be amended by the Nevada State Legislature. In fiscal year 2010, this subsidy ranged from \$35-\$365 per retiree, per month for nine retirees.

Annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of HDPL's annual OPEB cost for the year, the amount contributed to the plan, and the changes in HDPL's net OPEB obligations.

	CCSF and <u>HPN</u>	<u>PEBP</u>	Balance <u>Total</u>
Annual required contribution (ARC)	\$ 266,327	\$ 31,188	\$ 297,515
Interest on net OPEB obligation	-	-	-
Adjustment to the ARC	-	-	-
Annual OPEB cost (expense)	266,327	31,188	297,515
Contributions made	-	(17,041)	(17,041)
Increase in net OPEB obligations	266,327	14,147	280,474
Net OPEB obligation - beginning of year	-	-	-
Net OPEB obligation - end of year	<u>\$ 266,327</u>	<u>\$ 14,147</u>	<u>\$ 280,474</u>

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2010 was as follows:

	<u>CCSF and HPN</u>	<u>PEBP</u>
Actuarial accrued liability (AAL)	\$ 1,511,392	\$ 539,295
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,511,392</u>	<u>\$ 539,295</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll	\$ 3,708,512	N/A*
UAAL as percentage of covered payroll	41%	N/A*

*PEBP is a closed plan; and therefore, there are no current employees covered by the PEBP.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 8 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

The schedule of funding progress, presented as required supplementary information, will provide multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between HDPL and the plan members. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	CCSF, HPN and PEBP
Actuarial valuation date	July 1, 2009
Actuarial cost method	Entry age normal, level dollar amount
Amortization method	30 years, open, level dollar
Remaining amortization period	30 years remaining as of July 1, 2009
Asset valuation	N/A, no assets in trust
Actuarial assumptions:	
Investment rate of return	4%
Projected salary increases	N/A
Cost of living adjustments	N/A
Healthcare inflation rates	8% in 2009/2010, grading down 0.5% per year until it reaches an ultimate rate of 5.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

NOTE 9 – Prior Period Adjustment

In previous years, HDPL calculated depreciation for library materials based on the change in book value from the beginning of the fiscal year to the end of the fiscal year. The change in book value was calculated by taking the beginning balance, adding in purchases made and subtracting out disposals. After further analysis of this process, it was determined that, by subtracting out disposals, depreciation expense and accumulated depreciation were understated.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 9 – Prior Period Adjustment (continued)

As a result, this correction was recorded during the year ended June 30, 2010 as a prior period adjustment and capital assets and net assets at June 30, 2010 were reduced by \$2,069,220.

NOTE 10 – Extraordinary Item

HDPL received \$2,000,000 from the City of Henderson for the early termination of the 99-year land lease on which the James I. Gibson Library was located. The City paid this early termination pay off as part of the sale of the building.

NOTE 11 – Risk Management

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

NOTE 12 – Contracts

HDPL continued the interlocal agreement with the City of Henderson (the City) whereby the City provides for assistance in updating or revising the HDPL master plan. In addition, this agreement provides for the appointment of two members of the Board of Trustees by the Henderson City Council. The original term of the interlocal agreement was six years, ending on June 30, 2007. On June 21, 2007, this agreement was renegotiated for another six years and will terminate on June 30, 2013 unless renewed for an additional six years by mutual agreement of both parties.

HDPL continued leasing 4.36 acres of land from the City of Henderson, upon which the Paseo Verde Library is located. This lease is for a period of 50 years, commencing May 16, 2000. The leased land is provided to HDPL at the nominal sum of \$1 per year in exchange for other considerations, such as payment of all utilities and janitorial services. This lease is renewable for an additional period of 48 years, unless cancelled by HDPL.

HDPL continued leasing the 1,342 square feet retail facility in the Galleria at Sunset Shopping Center from Forest City Commercial Management, in which the Galleria Library is located. The original lease expired on August 31, 2009 and has been continued on a year-to-year basis. Terms for the first renewal are \$1,342/month, including common area maintenance (CAM) charges.

HENDERSON DISTRICT PUBLIC LIBRARIES
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2010

Other Postemployment Benefits Plan – Schedule of Funding Progress

Valuation Date	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability (AAL)</u>	Unfunded Actuarial Accrued <u>Liability (UAAL)</u>	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>	UAAL as a percentage of Covered <u>Payroll</u>
<u>CCSF and HPS</u>						
7/1/2009	\$ -	\$ 1,511,392	\$ 1,511,392	0%	\$ 3,708,512	41%
<u>PEBP</u>						
7/1/2009	\$ -	\$ 539,295	\$ 539,295	0%	N/A*	N/A*

Notes to Required Supplementary Information

1. This information is intended to help users assess HDPL's OPEB Plan's status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.
2. Multi-year trend information is not available as this is the first valuation under GASB No. 45. As they become available, information from the three most recent valuations will be presented.

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.

MAJOR CAPITAL PROJECTS FUND

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

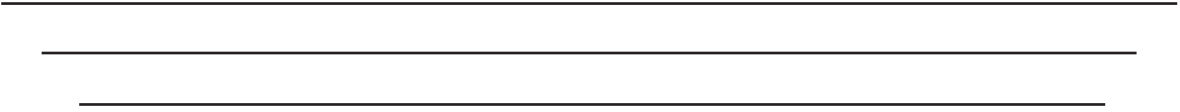
NONMAJOR CAPITAL PROJECTS FUND

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

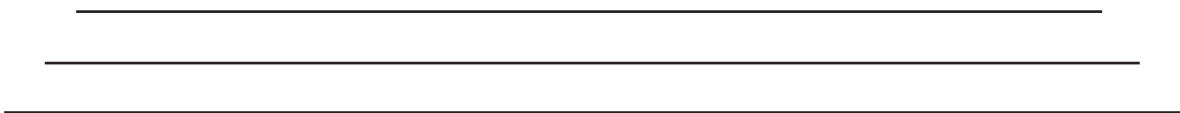
Green Valley Library



The Green Valley Library is located at the corner of Sunset and N. Green Valley Parkway. The library has a comprehensive collection of fiction, non-fiction, children's and audio visual materials. The 22,500 square foot building was built in 1987 and was remodeled in 2009 with improved seating areas and a 30 workstation computer lab. The Green Valley Library is also the center for Henderson Libraries Federal Depository Library operations, the only Federal Depository Library within the 3rd Congressional District of Nevada.



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HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	Special Revenue Fund - Extraordinary Maintenance Fund	Debt Service Fund	Capital Projects Fund - Capital Technology Fund	Total Nonmajor Funds
ASSETS				
Cash and investments	<u>\$ -</u>	<u>\$ 319,829</u>	<u>\$ 68,144</u>	<u>\$ 387,973</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,144</u>	<u>\$ 68,144</u>
Fund balances				
Unreserved:				
Undesignated	<u>-</u>	<u>319,829</u>	<u>-</u>	<u>319,829</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 319,829</u>	<u>\$ 68,144</u>	<u>\$ 387,973</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Fund - Extraordinary Maintenance <u>Fund</u>	Debt Service <u>Fund</u>	Capital Projects Fund - Capital Technology <u>Fund</u>	Total Nonmajor <u>Funds</u>
REVENUES:				
Miscellaneous:				
Investment income	\$ -	\$ -	\$ 1,550	\$ 1,550
EXPENDITURES:				
Current:				
Culture and recreation:				
Services and supplies	10,982	-	441,487	452,469
Capital outlay	-	-	105,643	105,643
Debt service:				
Principal	-	346,400	-	346,400
Interest on bonds	-	125,923	-	125,923
Administrative and other charges	-	300	-	300
Total expenditures	<u>10,982</u>	<u>472,623</u>	<u>547,130</u>	<u>1,030,735</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,982)</u>	<u>(472,623)</u>	<u>(545,580)</u>	<u>(1,029,185)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	472,704	326,790	799,494
Transfers out	<u>(48,403)</u>	<u>-</u>	<u>-</u>	<u>(48,403)</u>
Total other financing sources (uses)	<u>(48,403)</u>	<u>472,704</u>	<u>326,790</u>	<u>751,091</u>
NET CHANGE IN FUND BALANCES	(59,385)	81	(218,790)	(278,094)
FUND BALANCES, BEGINNING OF YEAR	<u>59,385</u>	<u>319,748</u>	<u>218,790</u>	<u>597,923</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 319,829</u>	<u>\$ -</u>	<u>\$ 319,829</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

SPECIAL REVENUE FUND - EXTRAORDINARY MAINTENANCE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	\$ 1,500	\$ -	\$ (1,500)
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	12,500	10,982	1,518
Capital outlay	10,000	-	10,000
Total expenditures	<u>22,500</u>	<u>10,982</u>	<u>11,518</u>
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(21,000)</u>	<u>(10,982)</u>	<u>10,018</u>
OTHER FINANCING USES:			
Transfers out	<u>-</u>	<u>(48,403)</u>	<u>(48,403)</u>
NET CHANGE IN FUND BALANCE	(21,000)	(59,385)	(38,385)
FUND BALANCE, BEGINNING OF YEAR	<u>59,417</u>	<u>59,385</u>	<u>(32)</u>
FUND BALANCE, END OF YEAR	<u>\$ 38,417</u>	<u>\$ -</u>	<u>\$ (38,417)</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, 2010**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES:			
Debt Service:			
Principal	\$ 346,400	\$ 346,400	\$ -
Interest on bonds	126,004	125,923	81
Fiscal agent charges	300	300	-
Total expenditures	<u>472,704</u>	<u>472,623</u>	<u>81</u>
 OTHER FINANCING SOURCES:			
Transfers in	<u>472,704</u>	<u>472,704</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	-	81	81
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>319,748</u>	<u>319,748</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 319,829</u></u>	<u><u>\$ 319,829</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, 2010**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	\$ 50,000	\$ 10,683	\$ (39,317)
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	120,000	90,754	29,246
Capital outlay	4,270,000	2,684,578	1,585,422
Total expenditures	<u>4,390,000</u>	<u>2,775,332</u>	<u>1,614,668</u>
 (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	 <u>(4,340,000)</u>	 <u>(2,764,649)</u>	 <u>1,575,351</u>
OTHER FINANCING SOURCES:			
Transfers in	130,000	-	(130,000)
Proceeds from sale of capital assets	4,000,000	2,000,000	(2,000,000)
Total other financing sources	<u>4,130,000</u>	<u>2,000,000</u>	<u>(2,130,000)</u>
EXTRAORDINARY ITEM:			
Proceeds from early termination of lease	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
 NET CHANGE IN FUND BALANCE	 (210,000)	 1,235,351	 1,445,351
FUND BALANCE, BEGINNING OF YEAR	<u>250,000</u>	<u>312,658</u>	<u>62,658</u>
FUND BALANCE, END OF YEAR	<u>\$ 40,000</u>	<u>\$ 1,548,009</u>	<u>\$ 1,508,009</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, 2010**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	<u>\$ 10,000</u>	<u>\$ 1,550</u>	<u>\$ (8,450)</u>
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	441,600	441,487	113
Capital outlay	<u>110,500</u>	<u>105,643</u>	<u>4,857</u>
Total expenditures	<u>552,100</u>	<u>547,130</u>	<u>4,970</u>
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(542,100)</u>	<u>(545,580)</u>	<u>(3,480)</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>380,000</u>	<u>326,790</u>	<u>(53,210)</u>
NET CHANGE IN FUND BALANCE	(162,100)	(218,790)	(56,690)
FUND BALANCE, BEGINNING OF YEAR	<u>210,548</u>	<u>218,790</u>	<u>8,242</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 48,448</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (48,448)</u></u>

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Statistical Section

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

<u>CONTENTS</u>	<u>PAGE</u>
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how HDPL's financial performance and well-being have changed over time.	36-39
REVENUE CAPACITY These schedules contain information to help the reader assess the factors affecting HDPL's ability to generate its property taxes.	40-43
DEBT CAPACITY These schedules contain information to help the reader assess the affordability of HDPL's current levels of outstanding debt and HDPL's ability to issue additional debt in the future.	44-46
DEMOGRAPHIC AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environments within which HDPL's financial activities take place and to help make comparisons over time and with other governments.	47-48
OPERATING INFORMATION These schedules contain information about HDPL's operations and resources to help the reader understand how HDPL's financial information relates to the services HDPL provides and the activities it performs.	49-53

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

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Governmental activities

Fiscal Year	Invested in capital assets, net of related debt	Unrestricted	Total
2003	\$ 7,864,247	\$ 558,230	\$ 8,422,477
2004	8,054,047	535,057	8,589,104
2005	8,220,245	784,908	9,005,153
2006	8,574,248	1,394,646	9,968,894
2007	9,319,993	1,861,563	11,181,556
2008	10,565,647	1,954,882	12,520,529
2009 ¹	17,263,269	2,056,167	19,319,436
2010	19,098,166	2,527,554	21,625,720

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

¹ Restated

HENDERSON DISTRICT PUBLIC LIBRARIES

Changes in Net Assets, Last Eight Fiscal Years¹
(accrual basis of accounting)
(unaudited)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
Culture and recreation	\$ 4,885,988	\$ 5,110,324	\$ 5,655,168	\$ 6,453,879	\$ 7,170,483	\$ 7,840,936	\$ 8,313,183	\$ 9,848,591
Debt service:								
Interest on long-term debt	70,778	50,314	62,632	79,471	70,127	60,570	50,572	125,923
Administrative and other costs	17,924	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 4,974,690	\$ 5,160,638	\$ 5,717,800	\$ 6,533,350	\$ 7,240,610	\$ 7,901,506	\$ 8,363,755	\$ 9,974,514
Program Revenues								
Governmental activities:								
Charges for services	\$ 85,603	\$ 107,585	\$ 198,628	\$ 236,238	\$ 287,630	\$ 276,533	\$ 228,371	\$ 292,907
Operating grants and contributions	227,558	136,963	96,118	108,809	128,155	330,608	308,851	128,735
Capital grants and contributions	-	111,642	137,017	171,110	276,323	336,513	8,175,815	350,133
Total governmental activities program revenues	\$ 313,161	\$ 356,190	\$ 431,763	\$ 516,157	\$ 692,108	\$ 943,654	\$ 8,713,037	\$ 771,775
Net (Expense)/Revenue, governmental activities	\$ (4,661,529)	\$ (4,804,448)	\$ (5,286,037)	\$ (6,017,193)	\$ (6,548,502)	\$ (6,957,852)	\$ 349,282	\$ (9,202,739)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 2,905,118	\$ 3,293,633	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240	\$ 6,527,652
Consolidated taxes	1,464,332	1,670,242	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780	1,643,082
Gain on sale of asset	-	-	-	-	-	-	-	1,315,504
Investment earnings	16,805	7,200	36,740	77,819	144,842	172,362	146,825	22,785
Extraordinary item	-	-	-	-	-	-	-	-
Proceeds from early termination of lease	-	-	-	-	-	-	-	2,000,000
Total governmental activities	\$ 4,386,255	\$ 4,971,075	\$ 5,702,086	\$ 6,980,934	\$ 7,761,164	\$ 8,296,825	\$ 8,518,845	\$ 11,509,023
Changes in Net Assets, governmental activities	\$ (275,274)	\$ 166,627	\$ 416,049	\$ 963,741	\$ 1,212,662	\$ 1,338,973	\$ 8,868,127	\$ 2,306,284

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

² Increase due to the transfer of ownership of the Green Valley Library from the Las Vegas-Clark County Library District to HDPL.

³ Increase due to the sale of the James I. Gibson Library building to the City of Henderson and the early termination of the 99-year land lease on which the building was located.

Table 3

HENDERSON DISTRICT PUBLIC LIBRARIES

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(unaudited)

General Fund

Fiscal Year	Reserved	Unreserved	Total
2001	\$ 35,092	\$ 574,244	\$ 609,336
2002	29,447	526,523	555,970
2003	15,519	761,825	777,344
2004	23,288	669,046	692,334
2005	13,615	943,578	957,193
2006	13,234	1,396,830	1,410,064
2007	5,214	1,290,496	1,295,710
2008	24,599	848,007 ²	872,606
2009	6,383	1,350,848	1,357,231
2010	101,652	1,339,154	1,440,806

Other Governmental Funds

Fiscal Year	Reserved	Unreserved, reported in			Total
		Special Revenue Funds	Capital Project Funds	Debt Service Fund	
2001	\$ -	\$ 25,000	\$ 6,480,113	\$ -	\$ 6,505,113
2002	11,508	-	1,136,219 ¹	(161,550)	986,177
2003	20,891	-	45,838 ¹	-	66,729
2004	-	30,420	163,063	-	193,483
2005	4,357	55,388	184,575	-	244,320
2006	7,711	152,349	302,938	-	462,998
2007	440	159,947	944,180	-	1,104,567
2008	46,551	321,093	1,322,748 ²	-	1,690,392
2009	11,380	446,868	520,764 ³	319,748	1,298,760
2010	-	145,521	1,548,009 ⁴	319,829	2,013,359

Notes:

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

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

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

⁴ The substantial increase in unreserved fund balance for the Capital Project Funds was due the sale of the existing James I. Gibson Library building to the City of Henderson. Part of the proceeds were used to construct the new James I. Gibson Library building.

Table 4

HENDERSON DISTRICT PUBLIC LIBRARIES

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)
(unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Property Taxes	\$ 1,909,674	\$ 2,345,304	\$ 2,905,118	\$ 3,293,633	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240	\$ 6,527,652
Consolidated Taxes	1,347,777	1,364,450	1,464,332	1,670,242	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780	1,643,082
Grants	38,698	199,876	129,358	134,474	129,726	110,334	123,059	252,217	109,216	140,666
Fines and forfeits	31,372	25,156	52,796	67,152	79,991	88,690	109,767	112,860	128,247	162,321
Contributions	1,458	1,120	58,575	13,549	44,248	72,930	67,311	215,183	216,341	53,786
Investment income	400,665	156,817	16,805	7,200	36,740	77,819	144,842	172,362	146,825	22,785
Other income	12,161	15,439	32,807	40,433	116,277	149,908	177,863	163,673	100,124	130,586
Total revenues	3,741,805	4,108,162	4,659,791	5,226,683	6,072,328	7,402,796	8,239,164	9,040,758	9,072,773	8,680,878
Expenditures										
Culture and recreation:										
Salaries and wages	1,165,379	1,456,951	2,048,297	2,333,571	2,548,833	2,845,551	3,259,515	3,505,082	3,629,098	4,298,537
Employee benefits	311,237	404,396	574,551	707,463	771,980	825,509	928,484	1,044,001	1,083,832	1,325,451
Services and supplies	675,140	890,137	1,148,956	955,340	1,167,490	1,697,349	1,974,483	2,202,216	2,216,359	1,882,852
Capital outlay	1,123,076	6,734,234	1,551,359	977,251	2,313,597	1,006,067	1,191,940	1,768,468	3,767,819	3,903,241
Debt Service:										
Interest	-	71,746	35,389	50,314	62,632	79,471	70,127	60,570	50,572	125,923
Principal	-	1,623,000	-	161,000	166,000	277,000	287,100	297,400	306,800	346,400
Administrative and other costs	-	-	17,924	-	300	300	300	300	300	300
Total expenditures	3,274,832	11,180,464	5,376,476	5,184,939	7,030,832	6,731,247	7,711,949	8,878,057	11,054,780	11,882,704
Excess (deficiency) of revenues over (under) expenditures	466,973	(7,072,302)	(716,685)	41,744	(958,504)	671,549	527,215	162,721	(1,982,007)	(3,201,826)
Other Financing Sources (Uses)										
Proceeds from borrowing	1,500,000	1,500,000	-	-	1,274,500	-	-	-	2,075,000	-
Proceeds from refunding	-	-	1,431,000	-	-	-	-	-	-	-
Proceeds from sales of capital assets	-	-	(1,412,389)	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	2,000,000
Total other financing sources (uses)	1,500,000	1,500,000	18,611	-	1,274,500	-	-	-	2,075,000	2,000,000
Extraordinary Item										
Proceeds from early termination of lease	-	-	-	-	-	-	-	-	-	2,000,000
Net change in fund balances	\$ 1,966,973	\$ (5,572,302)	\$ (698,074)	\$ 41,744	\$ 315,996	\$ 671,549	\$ 527,215	\$ 162,721	\$ 92,993	\$ 798,174
Debt Service as a percentage of noncapital expenditures	0.0%	38.1%	1.4%	5.0%	4.9%	6.2%	5.5%	5.0%	4.9%	5.9%

Table 5

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Real Property		Personal Property		Total		Percentage of Taxable	
	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value to Estimated Actual Taxable Value	Total Direct Tax Rate
2000-2001	\$ 3,330,800,880	\$ 9,516,573,943	\$ 392,340,610	\$ 1,120,973,171	\$ 3,723,141,490	\$ 10,637,547,114	35%	\$ 0.0502
2001-2002	4,115,403,345	11,758,295,271	521,985,090	1,491,385,971	4,637,388,435	13,249,681,243	35%	0.0507
2002-2003	4,913,407,352	14,038,306,720	559,208,170	1,597,737,629	5,472,615,522	15,636,044,349	35%	0.0531
2003-2004	5,650,278,349	16,143,652,426	526,698,452	1,504,852,720	6,176,976,801	17,648,505,146	35%	0.0533
2004-2005	6,551,394,060	18,718,268,743	567,766,392	1,622,189,691	7,119,160,452	20,340,458,434	35%	0.0533
2005-2006	9,866,711,823	28,190,605,209	617,491,635	1,764,261,814	10,484,203,458	29,954,867,023	35%	0.0533
2006-2007	14,049,539,660	40,141,541,886	730,579,401	2,087,369,717	14,780,119,061	42,228,911,603	35%	0.0533
2007-2008	15,920,800,412	45,488,001,177	699,346,954	1,998,134,154	16,620,147,366	47,486,135,331	35%	0.0582
2008-2009	16,071,037,727	45,917,250,649	584,783,077	1,670,808,791	16,655,820,804	47,588,059,440	35%	0.0590
2009-2010	13,031,450,318	37,232,715,194	482,709,443	1,379,169,837	13,514,159,761	38,611,885,031	35%	0.0581

Source: Clark County Assessor's Office

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

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Direct										
Henderson District Public Libraries	0.0502	0.0507	0.0531	0.0535	0.0533	0.0533	0.0533	0.0582	0.0590	0.0581
Overlapping Governments										
State Wide:										
State of Nevada	0.1500	0.1500	0.1500	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
County Wide:										
County Funds	0.6527	0.6352	0.6352	0.6502	0.6652	0.6575	0.6566	0.6541	0.6541	0.6541
School District	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034
Cities:										
Henderson	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108
Other Governments:										
Las Vegas Artesian Basin	0.0024	0.0022	0.0020	0.0018	0.0016	0.0013	0.0009	0.0008	0.0008	0.0011

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

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

HENDERSON DISTRICT PUBLIC LIBRARIES
Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)

Taxpayer	Type of Business	Fiscal Year 2010			Fiscal Year 2001		
		Assessed Valuation	Percentage of Total		Assessed Valuation	Percentage of Total	
			Valuation	Assessed Valuation		Assessed Valuation	Assessed Valuation
Basic Management Incorporated	Real Estate	\$ 257,840,183	1.91%	---	---	---	
Focus Property Group	Real Estate	171,571,613	1.27%	---	---	---	
Greenspun Companies	Real Estate	170,292,556	1.26%	---	---	---	
Lake at Las Vegas Ventures	Real Estate	153,873,428	1.14%	63,417,330	1.70%	1.70%	
Station Casinos Incorporated	Hotel/Casino	141,168,230	1.04%	63,061,020	1.69%	1.69%	
Marnell Corrao Associates	Hotel/Casino	108,819,815	0.81%	---	---	---	
Green Valley Ranch Gaming LLC	Hotel/Casino	93,862,344	0.69%	---	---	---	
W.L. Nevada Incorporated	Real Estate	88,450,975	0.65%	---	---	---	
Harsch Investment Properties	Real Estate	52,544,212	0.39%	---	---	---	
Richard C. MacDonald Properties	Real Estate	50,270,017	0.37%	---	---	---	
Del Webb Communities Incorporated	Real Estate	---	---	79,034,770	2.12%	2.12%	
Silver Springs Incorporated	Real Estate	---	---	61,635,100	1.66%	1.66%	
Foothills Partnership	Real Estate	---	---	33,559,690	0.90%	0.90%	
Camden Residential Incorporated	Real Estate	---	---	29,123,660	0.78%	0.78%	
Ranch Center Associates Limited Partnership	Real Estate	---	---	25,182,060	0.68%	0.68%	
Pacific Montego Bay Limited Partnership	Real Estate	---	---	20,824,240	0.56%	0.56%	
Levi Strauss & Company	Warehousing	---	---	20,070,480	0.54%	0.54%	
Acquiport Horizon Bluffs Incorporated	Real Estate	---	---	19,512,500	0.52%	0.52%	
Total Top Ten Principal Taxpayers		\$ 1,288,693,373	9.53%	\$ 415,420,850	11.15%	11.15%	
Total Assessed Valuation		\$ 13,514,159,761	100.00%	\$ 3,723,141,490	100.00%	100.00%	

Source: Clark County Assessor's Office

HENDERSON DISTRICT PUBLIC LIBRARIES

**Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)**

Fiscal Year	Collected within the Levy Year		Percentage of the Levy	Collections in Subsequent Years	Total Collections to Date	
	Levy	Amount			Amount	Percentage of the Current Levy ¹
2001	\$ 28,965,448	\$ 28,637,652	98.9%	\$ 327,796	\$ 28,965,448	100.0%
2002	34,106,224	33,664,830	98.7%	441,394	34,106,224	100.0%
2003 ²	42,300,099	41,781,856	98.8%	518,243	42,300,099	100.0%
2004 ²	47,178,698	46,916,703	99.4%	261,995	47,178,698	100.0%
2005 ²	54,280,325	54,065,416	99.6%	214,840	54,280,256	100.0%
2006 ³	67,174,503	66,848,690	99.5%	322,741	67,171,431	100.0%
2007 ³	84,006,292	83,261,571	99.1%	725,915	83,987,486	100.0%
2008 ³	94,699,120	93,022,209	98.2%	1,470,447	94,492,656	99.8%
2009 ³	101,033,926	98,382,740	97.4%	1,595,724	99,978,464	99.0%
2010 ³	97,806,217	95,198,449	97.3%	-	95,198,449	97.3%

Notes:

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

² Includes tax levy and collections for Henderson Redevelopment Agency.

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

Source: Clark County Comptroller's Office

Table 9

HENDERSON DISTRICT PUBLIC LIBRARIES

**Ratios of Outstanding Debt
Last Ten Fiscal Years**
(unaudited)

Fiscal Year	General Obligation Bonds		Population ¹	Debt per Capita	Personal Income ²	Debt as a Percentage of Personal Income	Estimated Actual Value of Taxable Property ³	Debt as a Percentage of Estimated Actual Value of Taxable Property
	\$	-						
2001	\$ -	-	199,695	\$ -	*	*	\$ 10,637,547,114	0.00%
2002	1,377,000	6.53	210,850	6.53	*	*	13,249,681,243	0.01%
2003	1,431,000	6.42	223,070	6.42	*	*	15,636,044,349	0.01%
2004	1,270,000	5.40	235,292	5.40	*	*	17,648,505,146	0.01%
2005	2,378,500	9.75	243,897	9.75	*	*	20,340,458,434	0.01%
2006	2,101,500	8.15	257,838	8.15	8,836,009,011	0.02%	29,954,867,023	0.01%
2007	1,814,400	6.83	265,589	6.83	9,331,499,855	0.02%	42,228,911,603	0.00%
2008	1,517,000	5.63	269,245	5.63	9,606,345,252	0.02%	47,486,135,331	0.00%
2009	3,285,200	12.00	273,804	12.00	9,653,025,150	0.03%	47,588,059,440	0.01%
2010	2,938,800	10.65	276,065	10.65	10,003,816,464	0.03%	38,611,885,031	0.01%

* Information not readily available

Sources:

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

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

Table 11

HENDERSON DISTRICT PUBLIC LIBRARIES

Debt Limit Information
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Assessed valuation										
Debt limit - 10% of assessed value	\$ 3,723,141,490	\$ 4,637,388,435	\$ 5,472,615,522	\$ 6,176,976,801	\$ 7,119,160,452	\$ 10,484,203,458	\$ 14,780,119,061	\$ 16,620,147,366	\$ 16,655,820,804	\$ 13,514,159,761
Debt outstanding applicable to the limit	372,314,149	463,738,844	547,261,552	617,697,680	711,916,045	1,048,420,346	1,478,011,906	1,662,014,737	1,665,582,080	1,351,415,976
	-	1,377,000	1,431,000	1,270,000	2,378,500	2,101,500	1,814,400	1,517,000	3,285,200	2,938,800
Legal debt margin	\$ 372,314,149	\$ 462,361,844	\$ 545,830,552	\$ 616,427,680	\$ 709,537,545	\$ 1,046,318,846	\$ 1,476,197,506	\$ 1,660,497,737	\$ 1,662,296,880	\$ 1,348,477,176
Legal debt margin as a percentage of debt limit	100.00%	99.70%	99.74%	99.79%	99.67%	99.80%	99.88%	99.91%	99.80%	99.78%

 HENDERSON DISTRICT PUBLIC LIBRARIES

Demographic and Economic Information
Last Ten Fiscal Years
 (unaudited)

Fiscal Year	City of Henderson Population ¹	Personal Income ²	Per Capita Personal Income	Clark County Unemployment Rate ³	Clark County School Enrollment ⁴
2000-2001	199,695	\$ *	*	4.40%	231,125
2001-2002	210,850	*	*	6.60%	244,684
2002-2003	223,070	*	*	5.60%	255,328
2003-2004	235,292	*	*	4.40%	268,357
2004-2005	243,897	*	*	4.00%	280,834
2005-2006	257,838	8,836,009,011	34,270	4.30%	291,510
2006-2007	265,589	9,331,499,855	35,135	4.70%	302,763
2007-2008	269,245	9,606,345,252	35,679	6.50%	308,783
2008-2009	273,804	9,653,025,150	35,255	12.30%	311,240
2009-2010	276,065	10,003,816,464	36,237	14.60%	309,476

*Information not readily available

Sources:

¹City of Henderson Community Development Department

²Applied Analysis, Las Vegas, NV

³Nevada Department of Employment Security

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

HENDERSON DISTRICT PUBLIC LIBRARIES

**Principal Employers
Current Year and Nine Years Ago
(unaudited)**

Employer	Fiscal Year 2010			Fiscal Year 2001		
	Employees ¹	Rank	Percentage of Total City Employment	Employees ²	Rank	Percentage of Total City Employment
City of Henderson	2,500-2,999	1	2.00%-2.40%	2,160	1	*
St. Rose Dominican - Siena	1,500-1,999	2	1.20%-1.60%			---
Green Valley Ranch Gaming LLC	1,500-1,999	3	1.20%-1.60%			---
The M Resort, LLC	1,000-1,499	4	.80%-1.20%			---
Sunset Station Hotel & Casino	1,000-1,499	5	.80%-1.20%	1,000-1,499	2	*
Medco Health LLC	800-899	6	.64%-.72%			---
St. Rose Dominican Hospital	800-899	7	.64%-.72%	1,000-1,499	3	*
Zappos.com	600-699	8	.48%-.56%			---
Wal-Mart Supercenter	500-599	9	.40%-.48%			---
Fiesta Lake Mead Station	500-599	10	.40%-.48%			---
The Reserve			---	750-1,000	4	*
Providian Financial			---	500-749	5	*
Ford Credit			---	500-749	6	*
Hyatt Regency Hotel & Casino			---	500-749	7	*
Good Humor - Breyers			---	400-499	8	*
Joker's Wild			---	300-399	9	*
Railroad Pass			---	300-399	10	*
Total	<u>10,700-13,691</u>		<u>8.56%-10.96%</u>	<u>7,410-9,702</u>		<u>*</u>
Total City Employment ³	<u>125,142</u>			<u>*</u>		

* Information not readily available

Sources:

¹ Applied Analysis, Las Vegas, Nevada

² City of Henderson Finance Department

HENDERSON DISTRICT PUBLIC LIBRARIES

Full-Time Equivalent Employees by Function
Last Ten Fiscal Years
(unaudited)

	Full-time Equivalent Employees as of June 30									
	2001	2002	2003 ¹	2004	2005	2006	2007	2008	2009 ³	2010
Library Services										
Reference	5.0	6.0	9.0	10.0	10.5	11.0	11.5	11.5	18.0	17.5
Circulation	13.5	14.5	22.5	23.0	24.5	26.0	24.0	24.0	34.5	30.0
Outreach ²	----	----	----	----	----	3.0	4.5	4.5	4.5	4.0
Youth Services	6.0	6.5	10.5	11.5	12.5	11.0	13.0	12.5	19.0	19.0
Acquisitions & Bibliographic Services	3.0	6.0	5.0	6.0	6.0	6.5	7.0	8.0	9.0	9.0
Administration	6.0	7.5	10.5	10.5	11.0	12.5	11.0	8.5	10.5	10.5
Information Technology	2.5	4.0	4.0	4.0	4.5	4.5	5.5	5.5	5.5	5.0
Total	<u>36.0</u>	<u>44.5</u>	<u>61.5</u>	<u>65.0</u>	<u>69.0</u>	<u>74.5</u>	<u>76.5</u>	<u>74.5</u>	<u>101.0</u>	<u>95.0</u>

Notes:

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

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

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

HENDERSON DISTRICT PUBLIC LIBRARIES

**Library Materials and Circulation Summary
Last Ten Fiscal Years
(unaudited)**

Fiscal Year	Items	Cost of		Cost of Disposed Items	Net Book Value of Collections ¹	Number of Items Circulated	Turnover Rate ²
	Owned	Total Collection	New Acquisitions				
2000-2001	197,605	\$ 3,221,420	\$ 557,373	\$ (104,319)	\$ *	513,131	2.60%
2001-2002	235,407	3,674,474	748,504	(88,193)	*	533,516	2.27%
2002-2003	261,191	4,334,785	724,960	(175,624)	1,691,100	685,356	2.62%
2003-2004	288,983	4,884,121	849,746	(227,272)	2,092,249	855,713	2.96%
2004-2005	306,332	5,506,595	866,858	(89,186)	2,452,070	907,082	2.96%
2005-2006	333,482	6,284,267	1,011,146	(902,713)	2,850,647	956,974	2.87%
2006-2007	361,158	6,392,700	1,241,004	(427,117)	3,548,006	1,068,511	2.96%
2007-2008	400,698	7,206,587	1,810,734	(333,803)	4,762,793	1,186,113	2.96%
2008-2009	456,718	8,683,518	1,354,475	(319,097)	3,309,855 ³	1,422,692	3.12%
2009-2010	489,104	9,718,896	1,057,625	(823,927)	3,110,637	1,842,395	3.77%

* Information not readily available

Notes:

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

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

³Restated.

HENDERSON DISTRICT PUBLIC LIBRARIES

**Circulation by Location
Last Ten Fiscal Years**
(unaudited)

Fiscal Year	Galleria Library	Green Valley Library	Heritage Park Senior Facility Library	James I. Gibson Library	Lydia Malcolm Library	Paseo Verde Library	Pittman Library	Remote Services ¹	Total
2000-2001	----	----	----	348,497	159,723	----	4,911	----	513,131
2001-2002	----	----	----	372,104	155,648	----	5,764	----	533,516
2002-2003	----	----	----	314,636	49,753	315,597 ²	5,379	----	685,367
2003-2004	----	----	----	334,824	39,589	475,171	6,129	----	855,713
2004-2005	----	----	----	353,951	40,285	501,877	9,763	1,206	907,082
2005-2006	----	----	----	330,610	80,003	536,341	8,251	1,769	956,974
2006-2007	----	----	----	340,764	104,532	606,145	8,322	8,748	1,068,511
2007-2008	----	----	----	370,250	116,684	680,128	6,686	12,365	1,186,113
2008-2009	4,490 ³	76,242 ⁴	----	403,138	133,343	789,622	4,982 ⁵	10,875 ⁶	1,422,692
2009-2010	15,688	433,731	5,590 ⁷	360,198 ⁸	145,863	874,057	----	7,268	1,842,395

Notes:

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

²The Paseo Verde Library opened in August 2002.

³The Galleria Library opened in February 2009.

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

⁵The Pittman Library closed in February 2009.

⁶The bookmobile discontinued service in May 2009.

⁷The Heritage Park Senior Facility Library opened in Jan 2010.

⁸The James I. Gibson Library was closed for six weeks while the library was relocated to the new building.

Table 18

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005 ¹	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Total General Fund Expenditures	\$ 2,788,421	\$ 3,362,853	\$ 4,263,748	\$ 4,722,017	\$ 4,957,007	\$ 5,861,872	\$ 6,644,108	\$ 6,943,668	\$ 6,902,969	\$ 7,558,213
Less Capital Outlay Other Than Books	(97,924)	(54,435)	(94,924)	(100,025)	(6,472)	(45,565)	(69,479)	(2,956)	(3,500)	(34,246)
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	(37,535)	(75,943)	-	(1,060)	-	-	-	-	-	-
Other Noncapital Expenditures	-	-	-	(4,979)	-	-	-	-	-	-
Less Federal Grant Expenditures:										
Library Books and Materials	-	(92,946)	(9,131)	(20,357)	(419)	-	-	-	-	-
Other Noncapital Expenditures	(1,163)	(12,626)	(61,787)	(14,106)	(1,790)	-	-	-	-	-
Total General Fund Operating Expenditures	\$ 2,651,799	\$ 3,126,903	\$ 4,071,854	\$ 4,570,558	\$ 4,948,326	\$ 5,816,307	\$ 6,574,629	\$ 6,940,712	\$ 6,899,469	\$ 7,523,967
Total Library Books and Materials	\$ 557,373	\$ 748,503	\$ 630,956	\$ 750,429	\$ 787,602	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093	\$ 693,245
Less Other Grant Book Expenditures	-	-	(10,920)	(10,932)	-	-	-	-	-	-
Less State Grant Book Expenditures	(37,535)	(75,943)	-	(1,060)	-	-	-	-	-	-
Less Federal Grant Book Expenditures	-	(92,946)	(9,131)	(20,357)	(419)	-	-	-	-	-
Total Operating Library Books and Materials	\$ 519,838	\$ 579,614	\$ 610,905	\$ 718,080	\$ 787,183	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093	\$ 693,245
Percentage of Total General Fund Operating Expenditures	19.60%	18.54%	15.00%	15.71%	15.91%	14.29%	13.99%	11.77%	10.06%	9.21%

Notes:

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

Compliance Section



Heritage Park Library

Located in the Senior Facility at Heritage Park, Heritage Park Library serves the 50 and older community. The library district partnered with the City of Henderson's Parks and Recreation Department to create the hybrid facility. The library is staffed almost entirely by volunteers. Heritage Park Library has a full range of materials for checkout, including popular fiction, high interest nonfiction, books on CD and MP3, DVDs, Music CDs, large print books, magazines, and daily newspapers. There are more than 1,500 items housed at this location, and patrons can request materials from any Henderson Libraries branch to be picked up at Heritage Park. The space also includes six public computer stations for seniors, and computer training classes will be implemented in the near future.



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2010, which collectively comprise Henderson District Public Libraries' basic financial statements, and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as Finding 10-1 to be a material weakness.

A *significant deficiency* is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as Finding 10-2 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Henderson District Public Libraries' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Henderson District Public Libraries responses to the indentified findings are described in the accompanying Schedule of Findings and Responses. We did not audit Henderson District Public Libraries responses, and accordingly, we express no opinion on them.

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



Reno, Nevada
November 12, 2010

**HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010**

Findings Relating to the Financial Statement Audit Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS):

Material Weakness:

10-1 Accumulated Depreciation and Depreciation Expense Correction of an Error

Criteria: Generally accepted accounting principles require depreciation expense to be calculated consistently on the gross base of an asset.

Condition: HDPL's formula to compute depreciation expense was incorrectly calculating depreciation using a base that was net of book disposals.

Effect: Accumulated depreciation at the beginning of the year and depreciation expense for the current year was understated.

Cause: The formula used to calculate depreciation expense for books incorrectly deducted book disposals from the depreciable asset base.

Recommendation: We recommend HDPL correct the formula to calculate depreciation expense on the appropriate base.

Management's Response: HDPL agrees with this finding. The formula that calculates book depreciation has been corrected.

**HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010**

Significant Deficiency:

10-2 Financial Statement Preparation

Criteria: Management is responsible for establishing and maintaining an effective system of internal control. One of the key components of an effective system of internal controls is the preparation and review of full disclosure financial statements and the year-end closing procedures implemented to ensure the financial statements are correct.

Condition: We noted it is the District's policy that one person prepares the financial statements without a secondary review.

Effect: Financial statement amounts could be incorrect or inaccurate.

Cause: HDPL has not implemented sufficient procedures to ensure that there is a secondary review of the financial statements.

Recommendation: We recommend the HDPL implement procedures to require a secondary review of the financial statements, and if additional training is necessary, we recommend training be provided.

Management's Response: HDPL agrees with this finding. Since the finance department consists of only two members, preparation of the financial statements has been completed by the CFO. In the future, training will be provided to the other staff member so she may perform a secondary review.

Auditor's Comments



Paseo Verde Library

Located in the heart of Green Valley, the Paseo Verde Library serves as Henderson Libraries' flagship location. The District, Henderson's premier shopping and dining destination, Green Valley Ranch Casino - Resort - Spa, the Henderson Pavilion, and Henderson Multigenerational Center are all located nearby. The Paseo Verde Library is home to Henderson Library's administrative offices. Unique to this location is the 1,000 sq-ft glass-wall reading room, coffee shop, and staffed genealogy room. The bright and spacious reading room is a popular location for programs for children and adults alike. Pictured above is singer-songwriter Jim Gill, performing as part of the Bright Beginnings Program.

**HENDERSON DISTRICT PUBLIC LIBRARIES
AUDITOR'S COMMENTS
JUNE 30, 2010**

STATUTE COMPLIANCE

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

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

HDPL conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2009.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2009.

CURRENT YEAR RECOMMENDATIONS

Our current year recommendations are included in the Schedule of Findings and Responses.



Independent Accountant's Report on
Nevada Revised Statute 354.6241

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, 2010 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conformed to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2010,
- The net assets and balances of the funds are as noted in the financial statements.

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

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 12, 2010