

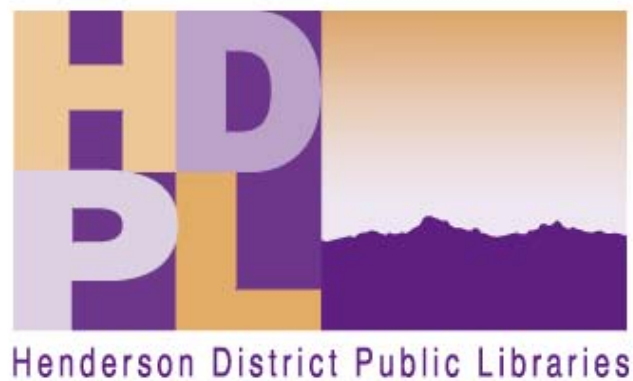
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2005



HENDERSON DISTRICT PUBLIC LIBRARIES
HENDERSON, NEVADA

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005



Report Prepared By:
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HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005

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INTRODUCTORY SECTION



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October 21, 2005

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, 2005. This report contains the financial statements and other financial information and statistical data that provide complete and full disclosure of all material aspects of the Henderson District Public Libraries (HDPL). The financial statements in this CAFR conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. We believe the information as presented is accurate in all material respects, and presents fairly the financial position and results of operations of the governmental funds of HDPL. We believe that all disclosures necessary to enable the reader to gain an understanding of HDPL's fiscal accountability have been included. The responsibility for the accuracy and completeness of the data presented and the fairness of the presentation rests with the management of HDPL.

The Comprehensive Annual Financial Report consists of three parts:

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

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

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 2005 audit and has issued an unqualified (“clean”) opinion on the Henderson District Public Libraries’ financial statements for the year ended June 30, 2005. The independent auditor’s report is located in the front of the financial section of this report.

Profile of Henderson District Public Libraries

Mission

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

Background

HDPL’s history begins in 1943 when a petition was formed to create the Henderson School Public Library. The petition was approved by the Board of County Commissioners, Clark County, Nevada on January 22, 1944, with a rate of ten cents for ad valorem taxes per annum fixed for the expenses. After residing in a small storage building located on Atlantic Avenue for three years, the first real library opened on August 1, 1946, at 55 Water Street in downtown Henderson.

In an attempt to overhaul educational laws, the Henderson School Public Library became a county library district in 1956 during a special session of the Nevada Legislature. At that time, statutes providing for public libraries based on school district boundaries were replaced and county library districts were automatically established with identical boundaries.

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

The library at 55 Water Street outgrew its facility and, in March 1989, the James I. Gibson Library opened at 280 South Water Street, adjacent to the City of Henderson government offices. This library was built with funds authorized from a statewide bond issue. It was remodeled and expanded in 1997 to encompass 16,850 square feet and today offers over 141,000 volumes.

The Pittman Cybrary, formerly called the Pittman Library, is located off Boulder Highway in Wells Park. This library opened in 1988 when the Pittman Women’s Club deeded its 1,200 square foot building to the City of Henderson, which in turn leased it to the Library District. In 1996 the old building was replaced with the current facility, the Artie Cannon Building. The Library shares this building with the Boys and Girls Club and the Henderson Parks and Recreation Department in a cooperative relationship that supports special programs for children and youth. During fiscal year 2002, the Pittman Library was renamed the

Pittman Cybrary. The Cybrary, using resources awarded by a Library Services and Technology Act (LSTA) grant, specializes in providing computer training and homework assistance to at-risk children who would otherwise have little access to computers. The current Pittman Cybrary has a collection of over 9,700 items selected primarily to serve children.

In August 1995, to cope with the tremendous population growth of over 19% per year, HDPL leased a storefront library in Green Valley named Lydia Malcolm Library, in honor of the longest serving library director. In February 2005, this library was relocated and expanded to better serve our constituents. The 6,030 square foot building, to which the library was relocated, was purchased in January 2005 with a \$1.74 million general obligation note. The State of Nevada's Talking Books Program also moved into the new building and leases approximately 2,000 square feet from HDPL. HDPL's portion of the building emphasizes popular books and now offers over 23,000 volumes.

The much-anticipated Paseo Verde Library opened in August 2002. The 43,313 square foot library was built with funds saved over a six-year period and a \$1.5 million general obligation bond. This library is equipped with all the latest technological advancements and offers a collection of over 140,000 volumes.

Reporting Entity

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

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

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 37,000 items worth \$811,693 in fiscal year 2005. In addition to purchased materials, HDPL continued to receive and process a large number of donated materials, including books, videos, music CD's and DVD's. The total cost of donations, if purchased, exceeded \$55,000. These donations were distributed to all of the HDPL libraries. These donations allowed HDPL to place an additional 3,400 items into the collection.

HDPL's total collection of over 319,000 volumes in books, recordings, documents, maps, videotapes, CDs, DVDs, CD-ROMs, audio books, and e-books is available by patrons in all four 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 almost 17 percent of the annual operating budget for collection development over the last five years.

HDPL's usage continues to increase. Circulation increased from 855,713 in fiscal year 2004 to 908,027 in fiscal year 2005, while new library cards issued during the fiscal year increased from 16,419 to 19,804. As well as serving HDPL's own citizens, HDPL lends over 7,600 items each month to patrons of other area libraries through the countywide policy of open reciprocal borrowing and library use for all patrons.

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

Technology

In an effort to keep pace with technology, the HDPL Board of Trustees and Administration made a commitment to engineer a strong response to the changing standards and needs of information technology. In fiscal year 2005, the Information Technology Department (IT) completed the migration of its Integrated Library System (ILS) from SIRSI to Polaris. The migration to Polaris has enabled IT to move forward with several major improvements to HDPL's library systems, including a streamlined acquisitions process, patron email notification for hold and overdue notices, and the development of customized statistical reports. In addition, an automated computer sign-up system, Pharos, was implemented in three library branches, resulting in a more equitable computer use system. To ensure personalized computer use in our libraries, wireless access was installed in three library branches. Finally, Webfeat, a federated search engine, was released on the HDPL website. Webfeat allows patrons to search all online databases simultaneously.

Following efforts to provide the latest technology to patrons, 95% of the computer workstations were upgraded to Windows XP. The HDPL wide area network (WAN) was evaluated and reconfigured for quality of service. The District's telephones have first priority across the WAN, followed by the Polaris ILS. Fifty-three public and staff computer workstations were replaced, and nineteen new computer workstations were deployed. Six new servers were installed as well.

Community Involvement

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

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

Major Initiatives

- HDPL partnered in a new cooperative venture with the Henderson Arts Association to promote literature and art in the community as well as an annual joint fundraising event. The first Arts & Letters Golf Tournament occurred on March 14th of 2005 which provided HDPL with new funding possibilities and additional corporate support.
- The Carr Chat Author Series is a major initiative to get back to basics with literary programming for all ages with a special focus on adults. The series has received numerous best selling authors, publisher support, partnership opportunities, corporate donations and popular press.
- The Friends of Henderson Libraries began regularly scheduled used book sales based on solicited donations at both the Gibson Library and the Paseo Verde Library. The large sales occur monthly and produce revenue of \$1,500-\$2,500 each month for the Friends' coffers which directly support HDPL.
- The Foreign Film Series began officially, with the Desert Space Foundation as a partner, in presenting award winning or critically acclaimed foreign films which may be difficult for patrons to locate. The series has a dedicated following for the monthly films and is slated to continue through 2006.
- The Vegas Valley Book Festival entered its fourth year of activity, spreading itself more thoroughly around the Vegas Valley as part of the Centennial celebration this year. The major partners for the 2005 Festival were the Nevada Humanities Committee, HDPL, Clark County Parks & Recreation, and the City of Las Vegas Cultural Affairs Division.
- Throughout the year, HDPL's service staff has worked with the public to promote the importance and value of the library card. Library users are now required to have their library cards with them to receive most library services. This helps prevent identity issues for patrons and ensures their fiscal responsibility for library materials.
- Continuing education is an important priority for HDPL. In the past year, one staff member completed his Master's Degree in library science (MLS), and three others entered the University of North Texas distance education program to earn theirs. We have implemented an annual staff day to allow everyone to participate in training activities. For our staff day in August of 2004 our entire staff attended the Nevada Library Association Conference held in Henderson for the first time.

The Future

HDPL is working closely with the City of Henderson to provide library services to all underserved areas of the City and to newly annexed areas as they are developed. The fiscal year 2007 strategic planning process is currently underway. As Henderson's population continues to increase, HDPL is making a strategic shift from large fixed buildings to a warehouse/outlet model. This shift in approach will allow HDPL to be more flexible in providing library services closer to our resident populations. The first phase of this strategic shift will be evident with the new outreach vehicle that is scheduled to arrive in the fall of 2005. This

outreach vehicle will allow HDPL to take library services into the community and offer a wide array of services beyond the traditional bookmobile. HDPL will also implement new Point of Sale technology along with patron Self Check services during the remainder of FY06 and early FY07.

Economic Growth

Local Economy

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

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

Long-term Financial Planning

In January 2009, HDPL will take possession of the Green Valley Library. The Green Valley Library is located in Henderson but is currently operated by the Las Vegas-Clark County Library District. HDPL is anticipating remodeling expenditures of approximately \$500,000, opening day collection costs of approximately \$2 million, and annual operating expenditures of approximately \$1.25 million to staff, operate, and maintain this facility. The remodeling costs will be paid for using savings generated over the next four years. HDPL has begun purchasing for the opening day collection already, allocating \$250,000 of the fiscal year 2006 budget for this purpose. Purchasing will continue in future fiscal years, allowing HDPL to purchase approximately \$1 million of the opening day collection with existing resources. Additional funding sources are being explored for the other half of the collection.

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, 2004. This was the fifth 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
Finance Officer

HENDERSON DISTRICT PUBLIC LIBRARIES

Library Officials

Board of Trustees

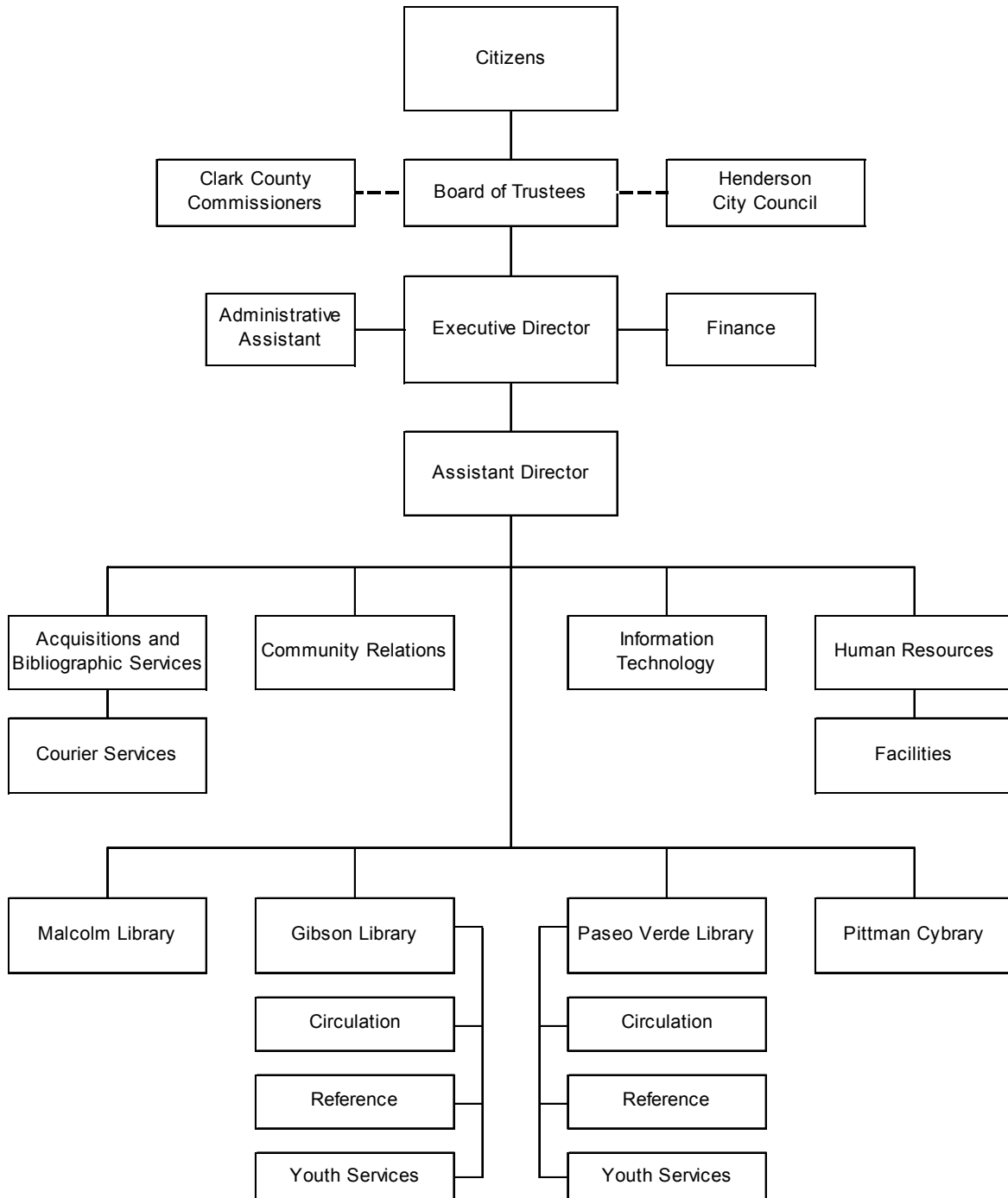
Colleen Bell	Chairman
Herb Hunter	Vice-Chairman
John Simmons	Secretary
Todd Hauge	Trustee
Timothy Ryan	Trustee
Jacob Snow	Trustee
Vacant	Trustee

Administrative Staff

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

HENDERSON DISTRICT PUBLIC LIBRARIES

Organizational Chart As of June 30, 2005



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, 2004

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.



Nancy L. Ziehlke

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION





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

Independent Auditor's Report

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

We have audited the financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of Henderson District Public Libraries (HDPL) as of and for the year ended June 30, 2005, which collectively comprise HDPL's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Henderson District Public Libraries. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above each present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information for Henderson District Public Libraries as of June 30, 2005, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
October 21, 2005

HENDERSON DISTRICT PUBLIC LIBRARIES MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Financial Highlights

- The assets of HDPL exceeded its liabilities at June 30, 2005 by \$9,259,830 (net assets). Of this amount, \$784,980 (unrestricted net assets) may be used to meet HDPL's ongoing obligations to patrons and creditors.
- HDPL's total net assets increased by \$416,049. See the section on Government-Wide Financial Analysis for details.
- At the end of fiscal year 2005, HDPL's governmental funds had fund balances of \$1,201,513, an increase of \$315,696 from the previous year. This increase is due to revenue increases due to growth and was offset by expenditures related to additional staffing, library materials, and programs. Approximately 98.5% of ending fund balances, or \$1,183,541, is available for spending at HDPL's discretion (unreserved fund balance).
- As of June 30, 2005 unreserved fund balance in the General Fund was \$943,578 or 19.0% 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, 2005**

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

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

Notes to the Financial Statements

The notes to the financial statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 \$9,259,830 at June 30, 2005.

The largest portion of HDPL's net assets (91.5%) 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, vehicles and books. These assets are used to provide services to the patrons of HDPL and are not available for future spending.

There was an increase of \$166,198 in net assets invested in capital assets net of related debt. This increase was primarily due to the management's commitment to increase HDPL's book inventory. See discussion on Capital Assets below for further explanations.

HDPL's Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Assets:		
Current and other assets	\$ 1,440,929	\$ 1,227,783
Capital assets	10,853,422	9,578,724
Total assets	<u>12,294,351</u>	<u>10,806,507</u>
Liabilities:		
Current liabilities	237,020	341,426
Long-term liabilities	2,797,501	1,621,300
Total liabilities	<u>3,034,521</u>	<u>1,962,726</u>
Net assets:		
Invested in capital assets, net of related debt	8,474,922	8,308,724
Unrestricted	784,908	535,057
Total net assets	<u>\$ 9,259,830</u>	<u>\$ 8,843,781</u>

HDPL's net assets increased by \$416,049 during the current fiscal year. Key elements of this increase are as follows:

- Ad valorem taxes increased by \$477,556, or 14.5%, due to growth in assessed value.
- Consolidated taxes increased by \$223,915, or 13.4%, also due to growth.

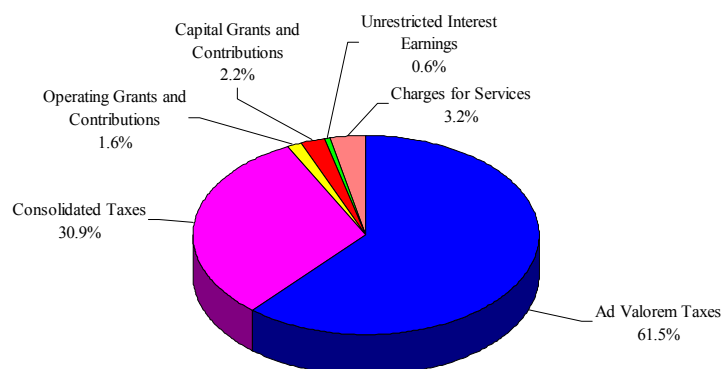
HENDERSON DISTRICT PUBLIC LIBRARIES **MANAGEMENT'S DISCUSSION AND ANALYSIS** **FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

- Interest income increased by \$29,540, or 410.3%, due to an increase in the overall rate of return and an increase in available funds for investing.
- Culture and recreation expenses increased by \$544,844, or 10.7%, over the last fiscal year. This is mainly due to supplies and equipment purchased for the new Malcolm facility and increased staffing costs.
- Interest payments on outstanding medium term general obligation debt increased by \$12,318, or 24.5%, due to the issuance of a new note in November, 2004. The proceeds from this note were used to purchase the new Malcolm facility.

HDPL's Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Revenues:		
Program Revenues		
Charges for services	\$ 198,628	\$ 107,585
Operating grants and contributions	96,118	136,963
Capital grants and contributions	137,017	111,642
General Revenues		
Ad valorem taxes	3,771,189	3,293,633
Consolidated taxes	1,894,157	1,670,242
Unrestricted investment earnings	36,740	7,200
Total revenues	<u>6,133,849</u>	<u>5,327,265</u>
Expenses:		
Culture and recreation	5,655,168	5,110,324
Interest	62,632	50,314
Total expenses	<u>5,717,800</u>	<u>5,160,638</u>
Increase/(Decrease) in net assets	416,049	166,627
Net assets, beginning of year	8,843,781	8,677,154
Net assets, end of year	<u>\$ 9,259,830</u>	<u>\$ 8,843,781</u>

Revenues by Source - Governmental Activities



**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Fund Financial Analysis

As of the end of the current fiscal year, HDPL's governmental funds reported combined ending fund balances of \$1,201,513, an increase of \$315,696 from fiscal year 2004. Of the 2005 ending fund balances, \$1,183,541, or 98.5%, 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 2005, the General Fund had an ending fund balance of \$957,193, of which \$943,578 was unreserved.

The General Fund's fund balance increased by \$264,859 during the current fiscal year. Key factors for this increase are as follows:

- Property taxes increased by \$477,556 due to growth in assessed value.
- Consolidated taxes increased by \$223,915, also due to growth.
- Investment income increased by \$22,831 due to an increase in the overall rate of return and an increase in available funds for investing.
- Other income increased by \$54,295.
- An increase in the transfer to the Debt Service Fund of \$17,918 due to the additional interest payment associated with the note issued in November 2004.
- An increase in the transfer to the Capital Projects-Capital Technology Fund of \$105,000. HDPL is committed to providing cutting-edge technology to the public. In order to meet this commitment, it was necessary to increase funding to this fund.
- A decrease in the transfer to the Capital Projects-Capital Construction Fund of \$25,250. HDPL is committed to saving funds for future construction projects. Unfortunately, due to budget constraints in fiscal year 2005, we had to decrease the amount set aside for this.
- A decrease in the transfer to the Special Revenue-Extraordinary Maintenance Fund of \$45,000. In fiscal year 2005, transfers to this fund were curtailed due to budget constraints.
- A transfer to the new fund, Contributions and Grant Fund, in the amount of \$8,095. This transfer consisted of proceeds generated through patron charges for printing and copying and was used for expenditures not associated with the general operating costs of HDPL.
- These changes were accompanied by an increase in General Fund expenditures of \$234,992. This increase was due, in large part, to additional staffing costs.

Capital Construction Fund

The Capital Construction Fund had a fund balance of \$136,723 at the end of fiscal year 2005. This increase of \$25,674 over the previous fiscal year is due to the management's commitment to save for future construction projects.

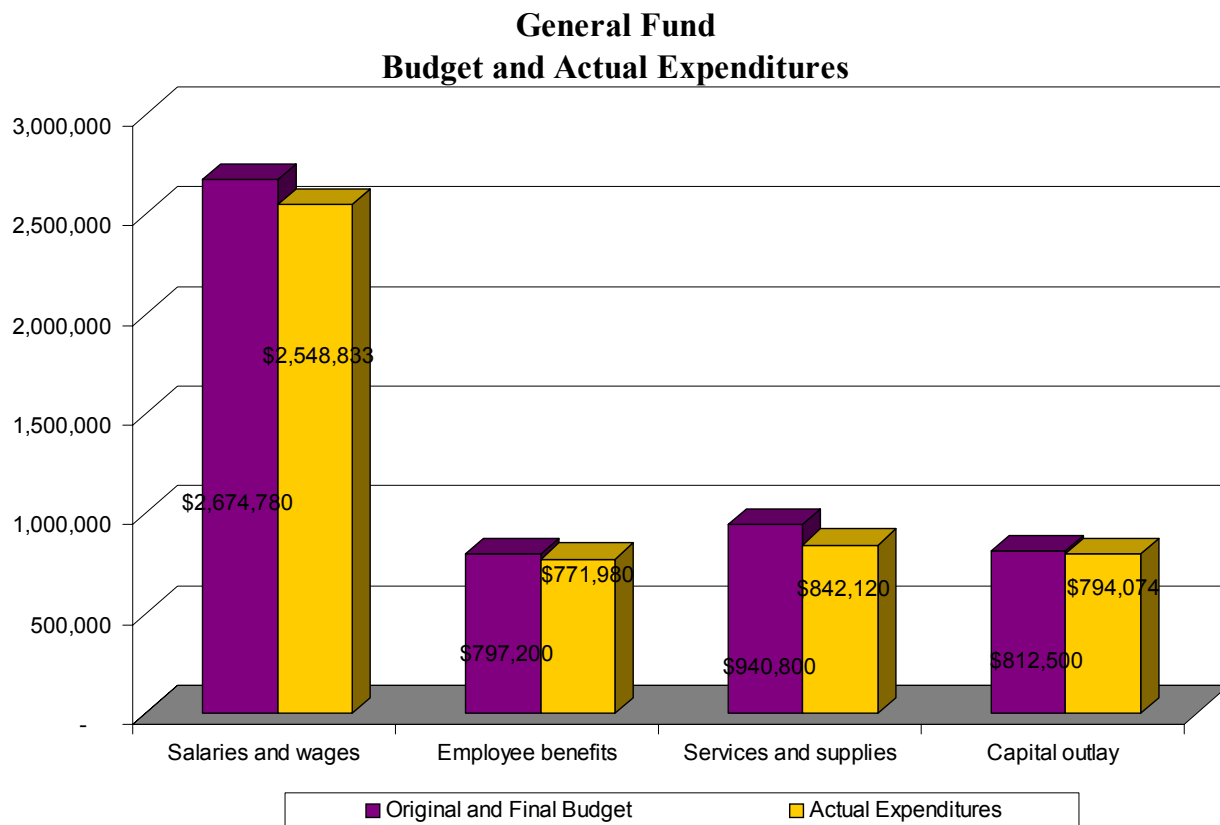
**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Capital Technology Fund

The Capital Technology Fund had a fund balance of \$52,209 at the end of fiscal year 2005, an increase of \$195 from the previous fiscal year. This fund balance will be used for technological improvements that were not completed during the fiscal year. They are expected to continue in the 2006 fiscal year.

General Fund Budgetary Highlights

The original fiscal year 2005 budget was approved May 20, 2004. HDPL did not amend this budget, therefore, it is also the final budget. State regulations require budget controls to be exercised at the function level. Although function-level control is what is required, HDPL management exercises control at the object level. The 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, 2005**

Actual expenditures were 94.9% of appropriations, or \$268,273 lower than the final budget. The main areas of savings are summarized below:

- Salaries and wages were \$125,947 below the final budget. This is due primarily to vacancy saving.
- Employee benefits were \$25,220 below the final budget. This is also due primarily to vacancy savings.
- Services and supplies were \$98,680 below the final budget. This is primarily due to a reconfiguration of the data communication lines, utility savings, and building repair savings and library supplies savings.
- Capital outlay was \$18,426 below the final budget. This is primarily due to expending less on capital equipment and furniture than anticipated.

Capital Assets

At June 30, 2005, HPDL had \$10,853,422 invested in capital assets (net of accumulated depreciation). This investment in capital assets includes land, buildings, books, computer equipment, equipment, furniture and vehicles. This amount represents a net increase of \$1,274,698, or 13.3%, from last year. The following table reflects additions and disposals to capital assets of HDPL at June 30, 2005 and 2004.

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

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Buildings	\$ 7,388,270	\$ 6,885,083
Books	2,452,070	2,092,249
Computer equipment	204,262	304,916
Equipment	23,439	22,336
Furniture	269,073	270,934
Land	461,308	-

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

- Buildings and land increased by \$503,187 and \$461,308, respectively. This was due to purchase of a new 6,100 square foot facility, in which the Malcolm Library was relocated.
- Books increased by \$359,821. This is due to HDPL's commitment to continually increase the availability and selection of library books and materials for its patrons.
- Equipment increased by a net of \$1,103. This is increased due to the purchase of new equipment for the Malcolm Library but decreased by the continued depreciation on the existing equipment.
- Computer equipment, furniture, and vehicles decreased by \$100,654, \$1,861, and \$3,206, respectively. This is due to continued depreciation on existing capital assets.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

Long-term Debt

At the end of the current fiscal year, HDPL had \$2,797,501 in outstanding debt, \$1,104,000 of which was for a medium term general obligation bond, \$1,274,500 of which was for the newly issued medium term general obligation note, and \$419,001 was for compensated absences.

Per Nevada Revised Statute 379.0225, the debt limitation for HDPL is equal to 10 percent of the total assessed value of all taxable property. The debt limitation currently applicable to June 30, 2005 is \$699,060,206. HDPL's net general obligation bonded debt subject to the legal debt margin of \$2,378,500 was well below this legal limit.

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

Currently Known Facts

In April 2005, HDPL reached a joint resolution with the Las Vegas-Clark County Library District (LVCCCLD) that would change HDPL's boundaries to be coterminous with the City of Henderson's boundaries and would adopt and approve an interlocal agreement between the two districts that would transfer ownership of the Green Valley Library to HDPL.

The Green Valley Library is located in Henderson but owned and operated by LVCCCLD. The interlocal agreement would transfer ownership of the building to HDPL in January 2009. Staff, materials, and personal property currently in the building will remain with LVCCCLD. As consideration for LVCCCLD operating, supplying and staffing the Green Valley Library from July 2005 through January 2009, HDPL agreed to pay LVCCCLD an amount equal to the ad valorem revenues collected from the affected taxing districts for the period stated above. Projected revenues for FY06 equal \$441,870.

Requests for Information

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

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

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HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,083,437
Accounts receivable	11,598
Due from other governments	327,922
Prepays	17,972
Capital assets (net of accumulated depreciation):	
Property and equipment	8,401,352
Library books and materials	2,452,070
TOTAL ASSETS	12,294,351
LIABILITIES	
Accounts payable	126,211
Accrued payroll	110,809
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	277,000
Compensated absences	170,545
Portion due or payable after one year:	
General obligation bonds	2,101,500
Compensated absences	248,456
TOTAL LIABILITIES	3,034,521
NET ASSETS	
Invested in capital assets, net of related debt	8,474,922
Unrestricted	784,908
TOTAL NET ASSETS	\$ 9,259,830

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2005

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Culture and recreation	\$ 5,655,168	\$ 198,628	\$ 96,118	\$ 137,017	\$ (5,223,405)
Debt service:					
Interest on bonds	62,632	-	-	-	(62,632)
Total governmental activities	\$ 5,717,800	\$ 198,628	\$ 96,118	\$ 137,017	\$ (5,286,037)

General revenues:

Taxes:

Ad valorem taxes 3,771,189

Consolidated taxes 1,894,157

Unrestricted investment earnings 36,740

Total general revenues 5,702,086

CHANGE IN NET ASSETS

416,049

NET ASSETS, BEGINNING OF YEAR

8,843,781

NET ASSETS, END OF YEAR

\$ 9,259,830

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

BALANCE SHEET JUNE 30, 2005

	General Fund	Capital Construction Fund	Capital Technology Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 834,536	\$ 136,723	\$ 53,937	\$ 58,241	\$ 1,083,437
Accounts receivable	3,196	-	-	8,402	11,598
Due from other governments	327,922	-	-	-	327,922
Prepays	13,615	-	4,357	-	17,972
TOTAL ASSETS	\$ 1,179,269	\$ 136,723	\$ 58,294	\$ 66,643	\$ 1,440,929

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable	\$ 111,267	\$ -	\$ 6,085	\$ 8,859	\$ 126,211
Deferred revenue	-	-	-	2,396	2,396
Accrued payroll	110,809	-	-	-	110,809
Total liabilities	222,076	-	6,085	11,255	239,416

Fund balances:

Reserved:					
Reserved for prepaids	13,615	-	4,357	-	17,972
Unreserved, reported in:					
General Fund	943,578	-	-	-	943,578
Special Revenue Funds	-	-	-	55,388	55,388
Capital Projects Funds	-	136,723	47,852	-	184,575
Total fund balances	957,193	136,723	52,209	55,388	1,201,513
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,179,269	\$ 136,723	\$ 58,294	\$ 66,643	\$ 1,440,929

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005**

Fund Balances - Governmental Funds \$ 1,201,513

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	\$ 17,986,470	
Less: Accumulated depreciation	<u>(7,133,048)</u>	
		10,853,422

Deferred revenue represents amounts that are not available to
fund current expenditures and, therefore, are not reported in
the governmental funds. 2,396

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

Bonds payable	(2,378,500)	
Compensated absences	<u>(419,001)</u>	
		<u>(2,797,501)</u>

Net assets - Governmental Activities \$ 9,259,830

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, 2005**

	<u>General Fund</u>	<u>Capital Construction Fund</u>	<u>Capital Technology Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes:					
Ad valorem	\$ 3,771,189	\$ -	\$ -	\$ -	\$ 3,771,189
Intergovernmental:					
Consolidated tax	1,894,157	-	-	-	1,894,157
Grants, federal and state	2,209	-	-	95,165	97,374
Grants, local	-	-	-	32,352	32,352
Miscellaneous:					
Fines and forfeits	79,991	-	-	-	79,991
Contributions from private sources	-	-	-	44,248	44,248
Investment income	26,919	3,369	4,769	1,683	36,740
Other	94,728	-	-	21,549	116,277
Total revenues	<u>5,869,193</u>	<u>3,369</u>	<u>4,769</u>	<u>194,997</u>	<u>6,072,328</u>
EXPENDITURES:					
Current:					
Culture and recreation:					
Salaries and wages	2,548,833	-	-	-	2,548,833
Employee benefits	771,980	-	-	-	771,980
Services and supplies	842,120	52,856	200,366	72,148	1,167,490
Capital outlay	794,074	1,319,339	94,208	105,976	2,313,597
Debt service:					
Principal	-	-	-	166,000	166,000
Interest on bonds	-	-	-	62,632	62,632
Administrative and other costs				600	600
Total expenditures	<u>4,957,007</u>	<u>1,372,195</u>	<u>294,574</u>	<u>407,356</u>	<u>7,031,132</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>912,186</u>	<u>(1,368,826)</u>	<u>(289,805)</u>	<u>(212,359)</u>	<u>(958,804)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	120,000	290,000	237,327	647,327
Transfers out	(647,327)	-	-	-	(647,327)
Note proceeds	-	1,274,500	-	-	1,274,500
Total other financing sources (uses)	<u>(647,327)</u>	<u>1,394,500</u>	<u>290,000</u>	<u>237,327</u>	<u>1,274,500</u>
NET CHANGE IN FUND BALANCES	264,859	25,674	195	24,968	315,696
FUND BALANCES, BEGINNING OF YEAR	692,334	111,049	52,014	30,420	885,817
FUND BALANCES, END OF YEAR	<u>\$ 957,193</u>	<u>\$ 136,723</u>	<u>\$ 52,209</u>	<u>\$ 55,388</u>	<u>\$ 1,201,513</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, 2005

Net change in Fund Balances - Government Funds \$ 315,696

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	\$ 2,313,597	
Sale/disposition of assets	(13,543)	
Less: Current year depreciation	<u>(1,085,021)</u>	
		1,215,033

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

Change in deferred revenue	1,856	
Donated capital assets	<u>59,665</u>	
		61,521

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	166,000	
Proceeds from note issued	<u>(1,274,500)</u>	
		(1,108,500)

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

Change in long-term compensated absences	<u>(67,701)</u>	
		<u>(67,701)</u>

Change in net assets - Governmental Activities	<u><u>\$ 416,049</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, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 3,728,131	\$ 3,728,131	\$ 3,771,189	\$ 43,058
Intergovernmental:				
Consolidated tax	1,682,569	1,682,569	1,894,157	211,588
Grants, federal and state	-	-	2,209	2,209
Miscellaneous:				
Fines and forfeits	60,000	60,000	79,991	19,991
Investment income	6,000	6,000	26,919	20,919
Other	92,000	92,000	94,728	2,728
Total revenues	<u>5,568,700</u>	<u>5,568,700</u>	<u>5,869,193</u>	<u>300,493</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Salaries and wages	2,674,780	2,674,780	2,548,833	125,947
Employee benefits	797,200	797,200	771,980	25,220
Services and supplies	940,800	940,800	842,120	98,680
Capital outlay	812,500	812,500	794,074	18,426
Total expenditures	<u>5,225,280</u>	<u>5,225,280</u>	<u>4,957,007</u>	<u>268,273</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>343,420</u>	<u>343,420</u>	<u>912,186</u>	<u>568,766</u>
OTHER FINANCING USES:				
Transfers out	<u>(652,920)</u>	<u>(652,920)</u>	<u>(647,327)</u>	<u>5,593</u>
NET CHANGE IN FUND BALANCE	(309,500)	(309,500)	264,859	574,359
FUND BALANCE, BEGINNING OF YEAR	<u>849,500</u>	<u>849,500</u>	<u>692,334</u>	<u>(157,166)</u>
FUND BALANCE, END OF YEAR	<u>\$ 540,000</u>	<u>\$ 540,000</u>	<u>\$ 957,193</u>	<u>\$ 417,193</u>

See notes to financial statements.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

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

The fund financial statements provide information about HDPL's funds. Funds are classified into three categories: governmental, proprietary and fiduciary. During fiscal year 2005, 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, 2005**

NOTE 1 – Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting

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

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

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, motor vehicle privilege taxes and liquor taxes), interest associated with the current fiscal period, and federal, state and local grants are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Charges for services, fines and contributions are not susceptible to accrual because generally they are not measurable until received in cash.

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

HDPL reports three major governmental funds:

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

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

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

D. Assets, Liabilities, and Equity

1. Cash and Investments

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Pursuant to NRS 355.170, the District may only invest in the following types of securities:

- Certain “A” rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated “AAA” or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 20 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments.
- United States bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm bonds.
- Bills and notes of the United States Treasury, maturing within ten (10) years from the date of purchase.
- Obligations of an agency of the United States or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes, and (2) the obligation has been rated “A” or higher by a nationally recognized bond credit rating agency.
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations.
- State of Nevada Local Government Investment Pool.
- Certain securities issued by local governments of the State of Nevada.
- Certain bankers’ acceptances.
- Certain short-term paper issued by a corporation organized and operating in the United States.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain “AAA” rated mutual funds that invest in (1) securities issued by the Federal Government or agencies of the Federal Government, (2) Master, bank notes or other short-term commercial paper rated as “A-1” or “P-1” issued by a corporation or depository institution organized, licensed and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 1 – Summary of Significant Accounting Policies (continued)

2. Property Taxes

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

3. Capital Assets

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 1 – Summary of Significant Accounting Policies (continued)

4. Compensated Absences

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

5. Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, if material. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized, if material, as a component of interest expense using the straight-line method. Issuance costs, if material, are reported as deferred charges and amortized over the term of the related bond.

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

6. Equity Classifications

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

- a. Invested in Capital Assets, Net of Related Debt – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bond, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Unrestricted Net Assets – Consists of net assets that do not meet the definition of "invested in capital assets, net of related debt".

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

NOTE 2 – Compliance and Accountability

A. Budgetary Information

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 2 – Compliance and Accountability (continued)

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

B. Expenditures over Appropriations

Total expenditures exceeded appropriations as follows:

Major Fund:	
Capital Construction Fund	\$45,695

This condition falls under one of the exceptions to NRS 354.626. The exception covers construction expenditures which have been paid for with the proceeds of medium-term obligations.

NOTE 3 – Cash and Investments

As of June 30, 2005, HDPL had the following investments and maturities:

	Investments Maturities (In Years)	
	Fair Value	Less than 1
Investments:		
U.S. Treasuries	\$ 273,259	\$ 273,259
U.S. Agencies	748,725	748,725
Total Investments	1,021,984	1,021,984
Total Cash	61,453	61,453
Total Investments and Cash	\$ 1,083,437	\$ 1,083,437

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 3 – Cash and Investments (continued)

As a note, Nevada Revised Statutes 335.170 set forth acceptable investments for Nevada local governments. HDPL has not adopted a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

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. As noted above, 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.

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, which HDPL adheres to, requires governmental agencies to invest in instruments that inherently have low credit risk. As of June 30, 2005 HDPL's investments in U.S. Agencies are rated AAA by Standard and Poor's and Aaa by Moody's Investor Services.

At June 30, 2005, the following investments exceeded 5% of HDPL's total:

Federal Home Loan Mortgage Corporation	73.0%
US Treasury Bill	26.7%

Custodial Credit Risk on Deposits: Custodial credit risk is the risk that in the event of a bank failure, HDPL's deposits may not be returned to it. At year end, the bank balance and carrying value of the separate bank accounts maintained by HDPL were \$117,036 and \$57,678, respectively. Of the bank balance, \$100,000 was covered by the Federal Depository Insurance Company, while the remaining balance of \$17,036 was uncollateralized.

Investments are recorded at fair value. Interest earned on investments has been allocated to funds pursuant to the provisions of NRS 355.170 – 175, which allows income from investments associated with one fund to be assigned to another fund.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 4 – Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2005:

Governmental Activities:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 55,000	\$ -	\$ 55,000
Land	-	461,308	-	461,308
Total capital assets, not being depreciated:	<u>-</u>	<u>516,308</u>	<u>-</u>	<u>516,308</u>
Capital assets, being depreciated:				
Buildings	8,419,705	808,754	(20,063)	9,208,396
Books	5,506,595	866,858	(89,186)	6,284,267
Computer equipment	1,132,020	116,560	(9,657)	1,238,923
Equipment	39,831	7,155	-	46,986
Furniture	613,800	57,627	(1,216)	670,211
Vehicles	21,379	-	-	21,379
Total capital assets, being depreciated	<u>15,733,330</u>	<u>1,856,954</u>	<u>(120,122)</u>	<u>17,470,162</u>
Less accumulated depreciation for:				
Buildings	(1,534,622)	(292,024)	6,520	(1,820,126)
Books	(3,414,346)	(507,037)	89,186	(3,832,197)
Computer equipment	(827,104)	(217,214)	9,657	(1,034,661)
Equipment	(17,495)	(6,052)	-	(23,547)
Furniture	(342,866)	(59,488)	1,216	(401,138)
Vehicles	(18,173)	(3,206)	-	(21,379)
Total accumulated depreciation	<u>(6,154,606)</u>	<u>(1,085,021)</u>	<u>106,579</u>	<u>(7,133,048)</u>
Total capital assets, being depreciated, net	<u>9,578,724</u>	<u>771,933</u>	<u>(13,543)</u>	<u>10,337,114</u>
Governmental activities capital assets, net	<u>\$ 9,578,724</u>	<u>\$ 1,288,241</u>	<u>\$ (13,543)</u>	<u>\$ 10,853,422</u>

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

Governmental Activities:

Culture and recreation	<u>\$ 1,085,021</u>
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**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 5 – Long-Term Debt

A. Changes to Long-Term Debt

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

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>	<u>Due in 2005-2006</u>
General Obligation Bond:					
Series 2003, Medium term refunding bond - \$1,431,000, due in annual installments beginning 2004 through July 1, 2011; interest at 3.05%.	\$ 1,270,000	\$ -	\$ (166,000)	\$ 1,104,000	\$ 170,000
General Obligation Note:					
2004, Medium term note - \$1,274,500, due in annual installments beginning 2005 through November 1, 2014; interest at 3.75%.	-	1,274,500	-	1,274,500	107,000
Compensated absences	<u>351,300</u>	<u>248,794</u>	<u>(181,093)</u>	<u>419,001</u>	<u>170,545</u>
Total Long-Term Debt	<u>\$ 1,621,300</u>	<u>\$ 1,523,294</u>	<u>\$ (347,093)</u>	<u>\$ 2,797,501</u>	<u>\$ 447,545</u>

B. Payment Requirements for Debt Service

The liability of the general obligation bond and note will be liquidated by the Debt Service Fund and the liability of compensated absences will be liquidated by the General Fund. The annual requirements to pay principal and interest on the bond and note outstanding at June 30, 2005 are as follows:

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 5 – Long-Term Debt (continued)

Fiscal Year Ending	Principal	Interest	Total
2006	\$ 277,000	\$ 79,460	\$ 356,460
2007	287,100	70,185	357,285
2008	297,400	60,570	357,970
2009	306,800	50,609	357,409
2010	316,400	40,327	356,727
2011-2014	893,800	73,295	967,095
Totals	<u>\$ 2,378,500</u>	<u>\$ 374,446</u>	<u>\$ 2,752,946</u>

NOTE 6 – Interfund Activity

Interfund transfers for the year ended June 30, 2005 consisted of the following:

		Transfers in		
		Capital Construction Fund	Capital Technology Fund	Nonmajor Governmental Funds
				Total
Transfers out:				
General Fund	\$ 120,000	\$ 290,000	\$ 237,327	\$ 647,327
Total	<u>\$ 120,000</u>	<u>\$ 290,000</u>	<u>\$ 237,327</u>	<u>\$ 647,327</u>

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

NOTE 7 – Defined Benefit Plan

Plan Description: All HDPL employees who work at least half-time are covered by the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple-employer, defined benefit plan administered by the PERS. All full-time employees are mandated by state law to participate in PERS. HDPL employees have a choice as to whether to be enrolled under a non-contributory plan where no benefits are payable unless they reach the vesting period of five years or a contributory plan where employee contributions are refunded to the employee if they do not reach their vesting period. PERS provides retirement benefits, disability

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 7 – Defined Benefit Plan (continued)

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

Fiscal Year	Non-Contributory Plan		Contributory Plan		Total
	Regular Member	Contribution	Regular Member	Contribution	Contribution
2004-05	20.25%	\$ 350,571	10.50%	\$ 51,360	\$ 401,931
2003-04	20.25%	335,940	10.50%	42,453	378,393
2002-03	18.75%	296,931	9.75%	23,393	320,325

NOTE 8 – Risk Management

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 9 – Contracts

HDPL continued the interlocal agreement with the City of Henderson (the City) whereby the City provides landscape and building maintenance for the James I. Gibson Public Library. These services are to be provided to HDPL at cost, as determined on a monthly basis. This agreement also provides for assistance in the preparation of any study or evaluation of HDPL's capability to provide services to the extended Southwest Henderson area and assistance with the development of the proposed Heritage Library. These services are to be provided at no cost to HDPL. In addition, this agreement provides for the appointment of two members of the Board of Trustees by the Henderson City Council. The term of the interlocal agreement is six years, and ends on June 30, 2007, unless renewed for an additional six years by mutual agreement of both parties.

HDPL discontinued the lease agreement with Pecos Nevada Limited Partnership effective January 1, 2004. This lease was for a storefront space located at 80 N. Pecos, Suite H. With the relocation of the Malcolm Library to a newly purchased building, this storefront was no longer necessary. The agreement to sublease approximately half the square footage of the storefront location to the State of Nevada Talking Books Program was modified to lease approximately 2,000 square feet of the new Malcolm Library. The new lease agreement was for a one year term with the option to renewal annually upon mutual agreement of both parties. The lease amount received for fiscal year 2005 was \$59,600.

HDPL continued the following leases with the City of Henderson:

- HDPL leased 4.06 acres of land on which the James I. Gibson Library is located for a period of 99 years, commencing April 22, 1986. Upon expiration, this lease shall automatically renew on a year-to-year basis unless either party notifies the other party in writing one year prior to the scheduled expiration date. The leased land is provided to HDPL for the sum of \$1,218 annually.
- HDPL leased space for a neighborhood library, located at 1608 Moser Street, from the City for a period of thirty months, commencing September 1, 1997. The leased premises were provided to HDPL at no cost in exchange for other considerations, such as the payment of all utilities and janitorial services. Although the initial lease term has expired, this lease automatically renews for up to five (5) additional thirty-month periods unless cancelled by either party.
- HDPL leased 4.36 acres of the land on which the Paseo Verde Library is located for a period of 50 years, commencing May 16, 2000. The leased land is provided to HDPL at the nominal sum of \$1 per year in exchange for other considerations, such as payment of all utilities and janitorial services. This lease is renewable for an additional period of 48 years, unless cancelled by HDPL.

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

CONTRIBUTIONS AND GRANTS FUND — TO ACCOUNT FOR DONATIONS, GRANTS, AND OTHER NON-TAX RELATED RESOURCES AND EXPENDITURES SEPARATE FROM THE TAX BASED REVENUES AND GENERAL OPERATING EXPENDITURES.

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.



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HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2005

	Special Revenue Fund - Contributions and Grants <u>Fund</u>	Special Revenue Fund - Extraordinary Maintenance <u>Fund</u>	Debt Service <u>Fund</u>	Total Nonmajor <u>Funds</u>
ASSETS				
Cash and investments	\$ 32,002	\$ 26,239	\$ -	\$ 58,241
Accounts receivable	8,402	-	-	8,402
TOTAL ASSETS	\$ 40,404	\$ 26,239	\$ -	\$ 66,643
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 8,859	\$ -	\$ -	\$ 8,859
Deferred revenues	2,396	-	-	2,396
Total liabilities	11,255	-	-	11,255
Fund balances				
Unreserved:				
Designated for extraordinary maintenance	-	26,239	-	26,239
Undesignated	29,149	-	-	29,149
Total fund balances	29,149	26,239	-	55,388
TOTAL LIABILITIES AND FUND BALANCES	\$ 40,404	\$ 26,239	\$ -	\$ 66,643

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Special Revenue Fund - Contributions and Grants <u>Fund</u>	Special Revenue Fund - Extraordinary Maintenance <u>Fund</u>	Debt Service <u>Fund</u>	Total Nonmajor <u>Funds</u>
REVENUES:				
Intergovernmental:				
Grants, federal and state	\$ 95,165	\$ -	\$ -	\$ 95,165
Grants, local	32,352.00	-	-	32,352
Miscellaneous:				
Contributions from private sources	44,248	-	-	44,248
Investment income	911	772	-	1,683
Other	21,549	-	-	21,549
Total revenues	<u>194,225</u>	<u>772</u>	<u>-</u>	<u>194,997</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Services and supplies	71,728	420	-	72,148
Capital outlay	101,443	4,533	-	105,976
Debt service:				
Principal	-	-	166,000	166,000
Interest on bonds	-	-	62,632	62,632
Administrative and other charges	-	-	600	600
Total expenditures	<u>173,171</u>	<u>4,953</u>	<u>229,232</u>	<u>407,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>21,054</u>	<u>(4,181)</u>	<u>(229,232)</u>	<u>(212,359)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>8,095</u>	<u>-</u>	<u>229,232</u>	<u>237,327</u>
NET CHANGE IN FUND BALANCES	29,149	(4,181)	-	24,968
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>30,420</u>	<u>-</u>	<u>30,420</u>
FUND BALANCES, END OF YEAR	<u>\$ 29,149</u>	<u>\$ 26,239</u>	<u>\$ -</u>	<u>\$ 55,388</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

SPECIAL REVENUE FUND - CONTRIBUTIONS AND GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Intergovernmental:			
Grants, federal and state	\$ 95,861	\$ 95,165	\$ (696)
Grants, local	32,352	32,352	-
Miscellaneous:			
Contributions from private sources	40,000	44,248	4,248
Investment income	-	911	911
Other	18,000	21,549	3,549
Total revenues	<u>186,213</u>	<u>194,225</u>	<u>8,012</u>
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	85,221	71,728	13,493
Capital outlay	92,992	101,443	(8,451)
Total expenditures	<u>178,213</u>	<u>173,171</u>	<u>5,042</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>8,000</u>	<u>21,054</u>	<u>13,054</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>12,000</u>	<u>8,095</u>	<u>(3,905)</u>
NET CHANGE IN FUND BALANCE	20,000	29,149	9,149
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,000</u>	<u>\$ 29,149</u>	<u>\$ 9,149</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, 2005**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	<u>\$ -</u>	<u>\$ 772</u>	<u>\$ 772</u>
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	450	420	30
Capital outlay	<u>4,550</u>	<u>4,533</u>	<u>17</u>
Total expenditures	<u>5,000</u>	<u>4,953</u>	<u>47</u>
NET CHANGE IN FUND BALANCE	(5,000)	(4,181)	819
FUND BALANCE, BEGINNING OF YEAR	<u>45,000</u>	<u>30,420</u>	<u>(14,580)</u>
FUND BALANCE, END OF YEAR	<u>\$ 40,000</u>	<u>\$ 26,239</u>	<u>\$ (13,761)</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, 2005**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES:			
Debt Service:			
Principal	\$ 161,000	\$ 166,000	\$ (5,000)
Interest on bonds	69,620	62,632	6,988
Fiscal agent charges	300	600	(300)
Total expenditures	<u>230,920</u>	<u>229,232</u>	<u>1,688</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(230,920)</u>	<u>(229,232)</u>	<u>1,688</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>230,920</u>	<u>229,232</u>	<u>(1,688)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HENDERSON DISTRICT PUBLIC LIBRARIES

CAPITAL PROJECTS FUND - CAPITAL CONSTRUCTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	<u>\$ -</u>	<u>\$ 3,369</u>	<u>\$ 3,369</u>
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	46,500	52,856	(6,356)
Capital outlay	<u>1,280,000</u>	<u>1,319,339</u>	<u>(39,339)</u>
Total expenditures	<u>1,326,500</u>	<u>1,372,195</u>	<u>(45,695)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,326,500)</u>	<u>(1,368,826)</u>	<u>(42,326)</u>
OTHER FINANCING SOURCES:			
Transfers in	120,000	120,000	-
Note proceeds	<u>1,276,500</u>	<u>1,274,500</u>	<u>(2,000)</u>
Total other financing sources	<u>1,396,500</u>	<u>1,394,500</u>	<u>(2,000)</u>
NET CHANGE IN FUND BALANCE	70,000	25,674	(44,326)
FUND BALANCE, BEGINNING OF YEAR	<u>105,250</u>	<u>111,049</u>	<u>5,799</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 175,250</u></u>	<u><u>\$ 136,723</u></u>	<u><u>\$ (38,527)</u></u>

HENDERSON DISTRICT PUBLIC LIBRARIES

CAPITAL PROJECTS FUND - CAPITAL TECHNOLOGY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Miscellaneous:			
Investment income	<u>\$ -</u>	<u>\$ 4,769</u>	<u>\$ 4,769</u>
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	196,990	200,366	(3,376)
Capital outlay	<u>107,900</u>	<u>94,208</u>	<u>13,692</u>
Total expenditures	<u>304,890</u>	<u>294,574</u>	<u>10,316</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(304,890)</u>	<u>(289,805)</u>	<u>15,085</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>290,000</u>	<u>290,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(14,890)	195	15,085
FUND BALANCE, BEGINNING OF YEAR	<u>35,304</u>	<u>52,014</u>	<u>16,710</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,414</u>	<u>\$ 52,209</u>	<u>\$ 31,795</u>

STATISTICAL SECTION



HENDERSON DISTRICT PUBLIC LIBRARIES

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

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Culture and recreation	\$ 5,655,168	\$ 5,110,324	\$ 4,885,988
Debt service:			
Interest on bonds	62,632	50,314	70,778
Administrative and other costs	<u>-</u>	<u>-</u>	<u>17,924</u>
Total	<u>\$ 5,717,800</u>	<u>\$ 5,160,638</u>	<u>\$ 4,974,690</u>

Table 2

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Program Revenues			General Revenues		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Investments Earnings	Taxes	
2004-2005	<u>\$ 198,628</u>	<u>\$ 96,118</u>	<u>\$ 137,017</u>	<u>\$ 36,740</u>	<u>\$ 5,665,346</u>	<u>\$ 6,133,849</u>
2003-2004	<u>\$ 107,585</u>	<u>\$ 136,963</u>	<u>\$ 111,642</u>	<u>\$ 7,200</u>	<u>\$ 4,963,875</u>	<u>\$ 5,327,265</u>
2002-2003	<u>\$ 85,603</u>	<u>\$ 227,558</u>	<u>\$ -</u>	<u>\$ 16,805</u>	<u>\$ 4,369,450</u>	<u>\$ 4,699,416</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Expenditures
2004-2005	\$ 7,031,132
2003-2004	5,184,939
2002-2003	5,376,476
2001-2002	11,180,464
2000-2001	3,274,832
1999-2000	2,525,940
1998-1999	1,885,560
1997-1998	1,890,242
1996-1997	1,604,222
1995-1996	1,359,627

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

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Ad Valorem Taxes	Consolidated Taxes (2)	Federal and State Grants	Local Grants	Fines and Forfeits	Contributions	Investment Income	Other	Total Revenues
2004-2005	\$3,771,189	\$1,894,157	\$ 97,374	\$32,352	\$79,991	\$ 44,248	\$ 36,740	\$116,277	\$ 6,072,328
2003-2004	3,293,633	1,670,242	124,474	10,000	67,152	13,549	7,200	40,433	5,226,683
2002-2003	2,905,118	1,464,332	109,358	20,000	52,796	58,575	16,805	32,807	4,659,791
2001-2002	2,345,304	1,364,450	199,876	-	25,156	1,120	156,817	15,439	4,108,162
2000-2001	1,909,674	1,347,777	38,698	-	31,372	1,458	400,665	12,161	3,741,805
1999-2000	1,669,637	1,276,983	70,467	-	35,768	50,965	305,952	11,917	3,421,689
1998-1999	1,490,531	1,196,944	83,585	-	22,461	1,375	175,812	19,833	2,990,541
1997-1998	1,151,001	1,179,354	134,805	-	26,299	6,411	160,793	23,365	2,682,028
1996-1997	1,008,155	933,151	-	-	21,905	9,807	116,340	31,623	2,120,981
1995-1996	816,977	922,582	-	-	18,396	3,152	381	26,389	1,787,877

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

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

Table 5

HENDERSON DISTRICT PUBLIC LIBRARIES

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

FISCAL YEAR	NET SECURED ROLL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT TAXES AS PERCENT OF CURRENT LEVY
2004-2005	\$ 1,449,654,109	\$ 1,439,911,686	99.33%	\$ *	\$ 1,439,911,686	99.33%	\$ 9,742,423	0.67%
2003-2004	1,262,775,465	1,251,864,740	99.14%	9,461,617	1,251,864,740	99.14%	10,910,725	0.86%
2002-2003	1,133,480,442	1,118,892,620	98.71%	12,238,477	1,131,131,097	99.79%	2,349,345	0.21%
2001-2002	964,978,170	949,315,930	98.38%	15,091,892	964,407,822	99.94%	570,348	0.06%
2000-2001	869,451,803	854,836,513	98.32%	14,522,183	869,358,696	99.99%	93,107	0.01%
1999-2000	772,860,319	761,900,282	98.58%	10,904,098	772,804,380	99.99%	55,939	0.01%
1998-1999	649,424,268	642,770,695	98.98%	6,612,633	649,383,328	99.99%	40,940	0.01%
1997-1998	576,799,918	567,575,022	98.40%	9,190,006	576,765,028	99.99%	34,890	0.01%
1996-1997	503,842,509	497,694,024	98.78%	6,125,663	503,819,687	99.99%	22,822	0.01%
1995-1996	452,233,132	444,346,304	98.26%	7,872,260	452,218,564	99.99%	14,568	0.01%

* Still in the process of being collected
Source: Clark County Treasurer

Table 6

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed To Estimated Actual Value
	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
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%
2003-2004	5,650,278,349	16,143,652,426	526,698,452	1,504,852,720	6,176,976,801	17,648,505,146	35%
2002-2003	4,913,407,352	14,038,306,720	559,208,170	1,597,737,629	5,472,615,522	15,636,044,349	35%
2001-2002	4,115,403,345	11,758,295,271	521,985,090	1,491,385,971	4,637,388,435	13,249,681,243	35%
2000-2001	3,330,800,880	9,516,573,943	392,340,610	1,120,973,171	3,723,141,490	10,637,547,114	35%
1999-2000	2,964,174,450	8,469,069,857	333,963,140	954,180,400	3,298,137,590	9,423,250,257	35%
1998-1999	3,089,688,469	8,827,681,340	401,393,092	1,146,837,406	3,491,081,561	9,974,518,746	35%
1997-1998	1,930,339,020	5,515,254,343	333,550,820	953,002,343	2,263,889,840	6,468,256,686	35%
1996-1997	1,632,159,250	4,663,312,143	229,078,030	654,508,657	1,861,237,280	5,317,820,800	35%
1995-1996	1,353,516,874	3,867,191,069	203,376,918	581,076,909	1,556,893,792	4,448,267,977	35%
1994-1995	1,158,404,606	3,309,727,446	155,572,056	444,491,589	1,313,976,662	3,754,219,034	35%

Source: Clark County Assessor's Office

Table 7

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
County Wide:										
County Funds	0.6705	0.6635	0.6635	0.6503	0.6429	0.6377	0.6202	0.6202	0.6502	0.6502
School District	1.1935	1.1935	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034
State of Nevada	0.1650	0.1650	0.1650	0.1650	0.1650	0.1650	0.1650	0.1650	0.1700	0.1850
Cities:										
Boulder City	0.1861	0.1951	0.2007	0.2012	0.2022	0.2022	0.2038	0.2038	0.2038	0.2038
Henderson	0.7124	0.7124	0.7035	0.7081	0.7040	0.7108	0.7108	0.7108	0.7108	0.7108
Las Vegas	0.7512	0.7465	0.6771	0.6741	0.6875	0.6873	0.7817	0.7809	0.7796	0.7792
Mesquite	0.1120	0.1120	0.1120	0.1120	0.1520	0.3020	0.3020	0.3020	0.3020	0.5520
North Las Vegas	0.9625	0.9625	1.1611	1.1649	1.1649	1.1734	1.1987	1.1987	1.1987	1.1987
Unincorporated:										
Bunkerville	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Enterprise	-	-	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Glendale	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	-	-	-
Indian Springs	0.0200	0.0200	0.0200	0.0200	0.0250	0.0200	0.0200	0.0200	0.0200	0.0200
Laughlin	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416
Moapa	0.1526	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344
Moapa Valley	0.0250	0.0250	0.0250	0.0250	0.0250	0.0200	0.0200	0.0200	0.0200	0.0200
Mt. Charleston	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Paradise	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Searchlight	0.1199	0.1142	0.1158	0.1242	0.1177	0.1165	0.1232	0.1224	0.1153	0.1172
Spring Valley	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Summerlin	-	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Sunrise Manor	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Whitney (East Las Vegas)	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Winchester	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Other Governments:										
Boulder City Library	0.0702	0.0736	0.0766	0.0766	0.1766	0.1832	0.1820	0.1655	0.1655	0.164
Clark County Fire Service Area	0.1631	0.1862	0.1899	0.2031	0.2105	0.2157	0.2157	0.2197	0.2197	0.2197
Colorado Ground Water Basin	0.0008	-	-	-	-	-	-	-	-	-
Coyote Spring Valley Groundwater Basin	-	-	-	-	0.1457	0.2981	0.0711	0.0287	0.0402	0.0575
Emergency 911 District	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
Henderson District Public Libraries	0.0500	0.0500	0.0500	0.0500	0.0500	0.0502	0.0507	0.0531	0.0535	0.0533
Kyle Canyon Water District	0.1052	0.1036	0.0820	0.0798	0.0752	0.0487	0.0487	0.0456	0.0417	0.0414
Las Vegas Artesian Basin	0.0058	0.0052	0.0034	0.0031	0.0026	0.0024	0.0022	0.0020	0.0018	0.0016
Las Vegas-Clark County Library	0.1271	0.1156	0.0994	0.1027	0.0969	0.0952	0.0971	0.0949	0.0977	0.0958
Las Vegas Metro Police-Manpower-City	0.0990	0.0933	0.1100	0.1593	0.2058	0.2721	0.2800	0.2800	0.2800	0.2800
Las Vegas Metro Police-Manpower-County	0.0703	0.0726	0.1100	0.1593	0.2058	0.2721	0.2800	0.2800	0.2800	0.2800
Mt. Charleston Fire District	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813
Muddy River Springs Area Groundwater Basin	-	-	-	-	0.1929	0.1657	0.1563	0.0970	0.0937	0.0899
North Las Vegas Library	0.0582	0.0582	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632

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

Source: Clark County Treasurer

HENDERSON DISTRICT PUBLIC LIBRARIES

**Computation of Legal Debt Margin
June 30, 2005**

Assessed value of all taxable property in the Henderson District Public Libraries	<u>\$ 6,990,602,056</u>
Debt limit applicable to the Henderson District Public Libraries (10% of assessed value)	\$ 699,060,206
Amount of debt applicable to debt limit	<u>\$ 2,378,500</u>
Legal Debt Margin	<u>\$ 696,681,706</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	City of Henderson Population (1)	Clark County Household Income (2)	Clark County School Enrollment (3)	Clark County Unemployment Rate (4)
2004-2005	225,449 (5)	N/A	280,834	4.00%
2003-2004	229,984	\$ 30,743	268,357	4.40%
2002-2003	217,448	44,307	255,328	5.30%
2001-2002	209,486	45,607	244,684	6.20%
2000-2001	196,780	43,787	231,125	4.40%
1999-2000	198,691	41,657	217,139	3.90%
1998-1999	177,030	41,875	203,777	4.40%
1997-1998	159,380	40,958	190,822	4.20%
1996-1997	147,870	40,514	178,896	4.00%
1995-1996	130,380	38,389	166,788	5.30%

(1) Nevada State Demographer's Office

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

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

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

(5) City of Henderson Demographics and Zoning Department

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Assessed Valuation	Percent Growth
2004-2005	\$ 6,990,602,056	27.74%
2003-2004	6,176,976,801	33.20%
2002-2003	5,472,615,522	18.01%
2001-2002	4,637,388,435	24.56%
2000-2001	3,723,141,490	12.89%
1999-2000	3,298,137,590	-5.53%
1998-1999	3,491,081,561	54.21%
1997-1998	2,263,889,840	21.63%
1996-1997	1,861,237,280	19.55%
1995-1996	1,556,893,792	18.49%
5 Year Average Growth		23.28%
10 Year Average Growth		22.47%

Source: Clark County Assessor's Office

HENDERSON DISTRICT PUBLIC LIBRARIES

Ten Largest Taxpayers 2004-2005 (1)

Taxpayer	Type of Business	2004-2005 Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation (2)
Pulte Homes	Real Estate/Construction	\$ 132,692,356	1.90%
Greenspun Companies	Real Estate/Construction	114,377,962	1.64%
Lake at Las Vegas Ventures	Hotel/Casino	100,543,769	1.44%
Station Casinos Incorporated	Hotel/Casino	89,319,490	1.28%
Green Valley Ranch Station	Hotel/Casino	67,715,725	0.97%
Harsch Investments	Real Estate/Construction	31,415,543	0.45%
Sentinel Realty Partners III Limited Partnership	Real Estate/Construction	31,129,497	0.45%
Sierra-Nevada Multifamily Investments	Real Estate/Construction	30,689,859	0.44%
Ranch Center Associates	Real Estate/Construction	27,377,233	0.39%
Basic Environmental Company	Real Estate/Construction	26,962,512	0.39%
TOTALS		<u>\$ 652,223,946</u>	<u>9.35%</u>

(1) Source: Clark County Assessor's Office

(2) Based on 2004-05 total assessed valuation for Henderson District Public Libraries of \$6,990,602,056

HENDERSON DISTRICT PUBLIC LIBRARIES

**Circulation Summary
Last Ten Fiscal Years**

Fiscal Year	Circulation	% Increase	New Patrons
2004-2005	908,027	6.11%	19,804
2003-2004	855,713	24.86%	16,419
2002-2003	685,356	28.46%	20,830
2001-2002	533,516	3.97%	14,232
2000-2001	513,131	13.44%	9,531
1999-2000	452,322	10.10%	4,726
1998-1999	410,841	5.31%	4,603
1997-1998	390,130	12.84%	4,853
1996-1997	345,748	24.12%	4,664
1995-1996	278,569	27.44%	4,192

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>
Total General Fund Expenditures	\$ 2,788,421	\$ 3,362,853	\$ 4,263,748	\$ 4,722,017	\$ 4,957,007
Less Capital Outlay Other Than Books	(97,924)	(54,435)	(94,924)	(100,025)	(6,472)
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	<u>\$ 2,651,799</u>	<u>\$ 3,126,903</u>	<u>\$ 4,071,854</u>	<u>\$ 4,570,558</u>	<u>\$ 4,948,326</u>
Total Library Books and Materials	\$ 557,373	\$ 748,503	\$ 630,956	\$ 750,429	\$ 787,602
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	<u>\$ 519,838</u>	<u>\$ 579,614</u>	<u>\$ 610,905</u>	<u>\$ 718,080</u>	<u>\$ 787,183</u>
Percentage of Total General Fund Operating Expenditures	19.60%	18.54%	15.00%	15.71%	15.91%

HENDERSON DISTRICT PUBLIC LIBRARIES

Miscellaneous Statistics
June 30, 2005

Date of Inception	January 22, 1944
Form of Government	Special District of the State of Nevada
Number of employees (full-time equivalent)	
Administration	11.0
Information Technology	4.5
Reference	10.5
Circulation	24.5
Children's	12.5
Technical Services	6.0
Total	<u>69.0</u>
Number of Libraries	4
Collection Size	
Gibson Library	141,401
Malcolm Library	23,449
Paseo Verde Library	140,904
Pittman Library	9,797
E-books	4,004
Total	<u>319,555</u>

INDEPENDANT ACCOUNTANT'S REPORT





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

Independent Accountant's Report

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

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

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2005 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2005 (except as previously noted in Note 2 to the financial statements),
- The net assets and fund balances of the funds are as noted in the financial statements.

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

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
October 21, 2005

AUDITOR'S COMMENTS



**HENDERSON DISTRICT PUBLIC LIBRARIES
AUDITOR'S COMMENTS
JUNE 30, 2005**

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, 2004.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2004.

CURRENT YEAR RECOMMENDATIONS

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