



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2011
Henderson District Public Libraries
Henderson, Nevada

LITERACY
EDUCATION
TECHNOLOGY
INFORMATION
OUTREACH
INNOVATION
RECREATION
ACCESS



HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011



Report Prepared By:
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Henderson District Public Libraries
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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

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Introductory Section



November 15, 2011

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, 2011. This report contains the financial statements and other financial information and statistical data that provide complete and full disclosure of all material aspects of the Henderson District Public Libraries (HDPL). The financial statements in this CAFR conform to generally accepted accounting principles (GAAP) as applicable to governmental entities.

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

Nevada Revised Statute 354.624 requires an annual audit by independent certified public accountants. The accounting firm of Kafoury, Armstrong & Co. was selected to perform the fiscal year 2011 audit and has issued an unqualified ("clean") opinion on the Henderson District Public Libraries' financial statements for the year ended June 30, 2011. The independent auditor's report is located in the front of the financial section of this report.

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

Profile of Henderson District Public Libraries

Background

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

boundaries have been adjusted three times. The latest adjustment, in April 2005, made the library district boundaries contiguous with the City of Henderson boundaries.

Mission

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

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

Reporting Entity

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

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

Budget

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

Collection and Services

HDPL purchased and processed over 32,000 items worth \$746,575 in fiscal year 2011. In addition to purchased materials, HDPL continued to receive and process a large number of donated materials, including books, videos, music CDs and DVDs. The total cost of donations, if purchased, exceeded \$192,370. These donations were distributed to all of the HDPL libraries. These donations allowed HDPL to place an additional 10,039 items into the collection.

HDPL's total collection of over 423,000 volumes in books, recordings, documents, maps, videotapes, CDs, DVDs, CD-ROMs, audio books, and e-books is available to patrons in all six HDPL branches. HDPL makes an effort to collect the most current media available for the broadest scope of public access. The board has allocated an average of over 10 percent of the annual operating budget for collection development over the last five years.

HDPL's usage has leveled out during fiscal year 2011. Circulation had a slight decrease of 1.6%, from 1,842,395 in fiscal year 2010 to 1,812,475 in fiscal year 2011. This decrease could be contributed

to the District reducing its operating hours by approximately 7%. New library cards issued during the fiscal year increased from 33,300 in 2010 to 33,386 in 2011.

Major Initiatives

The Paseo Verde Library was remodeled during fiscal year 2011 to allow implementation of the “one desk” concept. Under this concept, all departments operate out of one centralized desk, thus providing better customer service while allowing more flexibility for staffing. With the completion of the Paseo Verde Library remodel, all of the larger libraries within the District are now utilizing the “one desk” concept.

In fiscal year 2011, the District implemented several cost saving and time saving measures involving notifications. One such savings was the discontinuation of mailing late notices to patrons. In lieu of paper notices, patrons are now able to receive electronic notices. They are also able to receive email reminders of due dates. Another measure was the outsourcing of hold notices and overdue notices. By outsourcing these notifications, the District was able to save on paper, postage, and staff time.

The District migrated its digital collection to a new content management system that allowed for better searching and navigation, and better back-end administrative flexibility. This allowed for the completion of several digital collection projects during fiscal year 2011. This includes the digitalization of 60+ years of the local newspaper, *Henderson Home News*; over 1,100 photographs of BMI and Basic townsites dating between 1942 and 1944; Henderson Memories, a collection documenting Henderson’s history in photographs and oral histories; the WomensCare Magazine collection, a collaboration with St. Rose Dominican Hospital allowing the District to create a historical archive of the WomensCare Magazine; and the HDPL Documents collection, a restricted collection of over 3,000 documents for administrative use, including board meeting meetings, contracts, budget info, etc.

The Future

HDPL continues to partner with the City of Henderson to provide library services to all areas of the City. However, continued strain on revenue, due to poor national and local economic conditions, places greater priority on efficiency and program evaluation. It is anticipated that Henderson’s population will remain static over the next two to three years. To accommodate lower tax revenues, HDPL continues to implement efficiencies throughout the organization from library material purchasing to library material check-in.

HDPL has completed its expansion phase. However, HDPL still seeks land in the east side of the city for a library branch that can bring “full” library services to the area when revenue improves. HDPL is seeking opportunities with both the City of Henderson and private parties to locate a site.

In upcoming years, HDPL seeks a transition to Radio Frequency Identification (RFID) and Automated Material Handling (AMH). These technologies will allow automated check in of library materials district wide. This automation will ultimately save the district numerous staff hours and allow more productive use of staff time. Further, these technologies will provide a stronger security model and better inventory control.

Economic Growth

Local Economy

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

Although there have been signs that the national economy is slowly turning around, the local economy is much slower at recovering. Tourism, gaming and taxable sales have improved slightly in 2011 but the gains have not been enough to offset the high unemployment. Nor has the local housing market emerged from its slump, despite low interest rates and prebubble prices. HDPL is prepared for this slow recovery. Management has already prepared additional cost savings to be implemented in 2012 if the local economy does not improve.

Long-term Financial Planning

During the last couple of years, the District’s largest funding source (property tax revenues) has been dramatically impacted by the dropping values for both commercial and residential properties. Property tax revenues decrease by 16.7% in fiscal year 2011. Collections for the District’s secondary funding source (consolidated sales tax) have fallen over 24.8% since fiscal year 2007. With dropping revenue projections, the District realized it could no longer sustain the level of operation experienced during the previous years. To provide the District with sustainable operations, cuts were made to the District’s operations. These cuts included the freezing of all vacant positions, resulting in 16.9% reduction in staffing; a 10% reduction in existing staff hours and wages; a reduction in open hours at the larger libraries from 66 to 57 hours per week; a reduction in the level of expenditures for library materials to less than 10% of overall expenditures; a reduction in programming for the public; and a reduction in service and supply expenditures. To avoid further drastic cuts and to improve operations in coming years, the District has determined that additional revenue will need to be generated. It is for this reason that the District has decided to place a voter tax initiative on the November 2012 election ballot. The increase being requested is tentatively planned at \$.02 per \$100 of assessed value. If approved, the revenues generated will be restricted for purchase of library materials and operating costs. If not approved, the District has identified other possible cost saving scenarios, including possible extended closures and further programming reductions.

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, 2010. This was the eleventh consecutive year that HDPL has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

Cordially,



Thomas F. Fay
Executive Director



Debra M. Englund
Chief Financial Officer

HENDERSON DISTRICT PUBLIC LIBRARIES

Library Officials

Board of Trustees

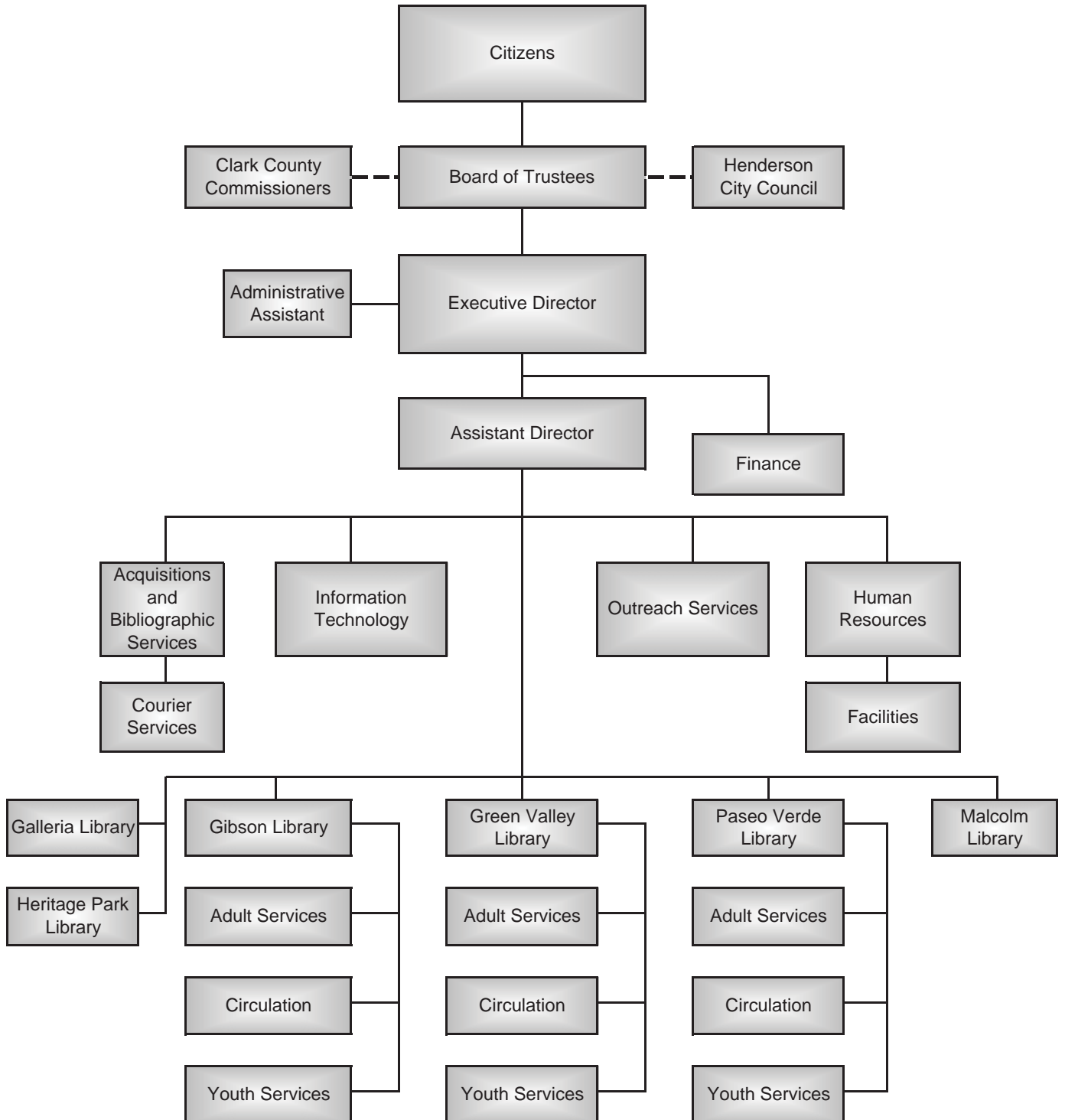
Colleen Bell	Chair
John Simmons	Vice-Chair
MJ Maynard	Secretary
Sean Fellows	Trustee
Todd Hauge	Trustee
Cindy Herman	Trustee
Herb Hunter	Trustee

Administrative Staff

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

HENDERSON DISTRICT PUBLIC LIBRARIES

Organizational Chart
As of June 30, 2011



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, 2010

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



President

Executive Director

Financial Section



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2011, which collectively comprise Henderson District Public Libraries' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Henderson District Public Libraries. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Henderson District Public Libraries as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Contributions and Grants Special Revenue Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2011 on our consideration of the Henderson District Public Libraries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3A through 3I, and the Schedule of Funding Progress on page 32, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Henderson District Public Libraries' financial statements as a whole. The introductory section, individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

Kafoury, Armstrong & Co.

Reno, Nevada
November 15, 2011

HENDERSON DISTRICT PUBLIC LIBRARIES MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

Financial Highlights

- The assets of HDPL exceeded its liabilities at June 30, 2011 by \$20,626,160 (net assets). Of this amount, \$1,667,718 (unrestricted net assets) may be used to meet HDPL's ongoing obligations to patrons and creditors.
- HDPL's total net assets decreased by \$999,560. See the section on Government-Wide Financial Analysis for details.
- At the end of fiscal year 2011, HDPL's governmental funds had combined fund balances of \$3,057,339, a decrease of \$396,826 from the previous year. Approximately 1.7%, or \$53,572, of ending fund balances is nonspendable, 3.9%, or \$117,806, is restricted for a specific purpose by external sources, 38.1%, or \$1,165,269, is assigned by management for a specific purpose, and 56.3%, or \$1,720,692, is available for spending at HDPL's discretion.
- As of June 30, 2011 fund balance in the General Fund, excluding nonspendable fund balance, was \$2,183,141 or 32.2% of General Fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Activities presents information showing how HDPL's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 four individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, the Contributions and Grants Fund, and the Debt Service Fund, all of which are considered major funds, and the Capital Construction Fund, which is considered a nonmajor fund.

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

Notes to the Financial Statements

The notes to the financial statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year. The notes can be found on pages 12-31 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of HDPL, assets exceed liabilities by \$20,626,160 at June 30, 2011.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

HDPL's Net Assets

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Assets:		
Current and other assets	\$ 3,625,960	\$ 4,838,674
Capital assets	<u>20,973,442</u>	<u>22,036,966</u>
Total assets	<u>24,599,402</u>	<u>26,875,640</u>
Liabilities:		
Current liabilities	532,991	1,338,307
Long-term liabilities	<u>3,440,251</u>	<u>3,911,613</u>
Total liabilities	<u>3,973,242</u>	<u>5,249,920</u>
Net assets:		
Invested in capital assets, net of related debt	18,958,442	19,098,166
Unrestricted	<u>1,667,718</u>	<u>2,527,554</u>
Total net assets	<u>\$ 20,626,160</u>	<u>\$ 21,625,720</u>

The largest portion of HDPL's net assets (91.9%) 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, construction in progress, furniture, land improvements, leasehold improvements, vehicles and library materials. These assets are used to provide services to the patrons of HDPL and are not available for future spending.

The remaining portion of HDPL's net assets (8.1%) reflects unrestricted net assets that may be used to meet HDPL's ongoing obligations to patrons and creditors.

As of June 30, 2011, HDPL is able to report positive balances in both categories of net assets. The same held true for the previous fiscal year.

There was a decrease of \$139,724 in net assets invested in capital assets net of related debt. This decrease was primarily due to depreciation of existing assets. See discussion on Capital Assets below for further explanations.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

HDPL's Changes in Net Assets

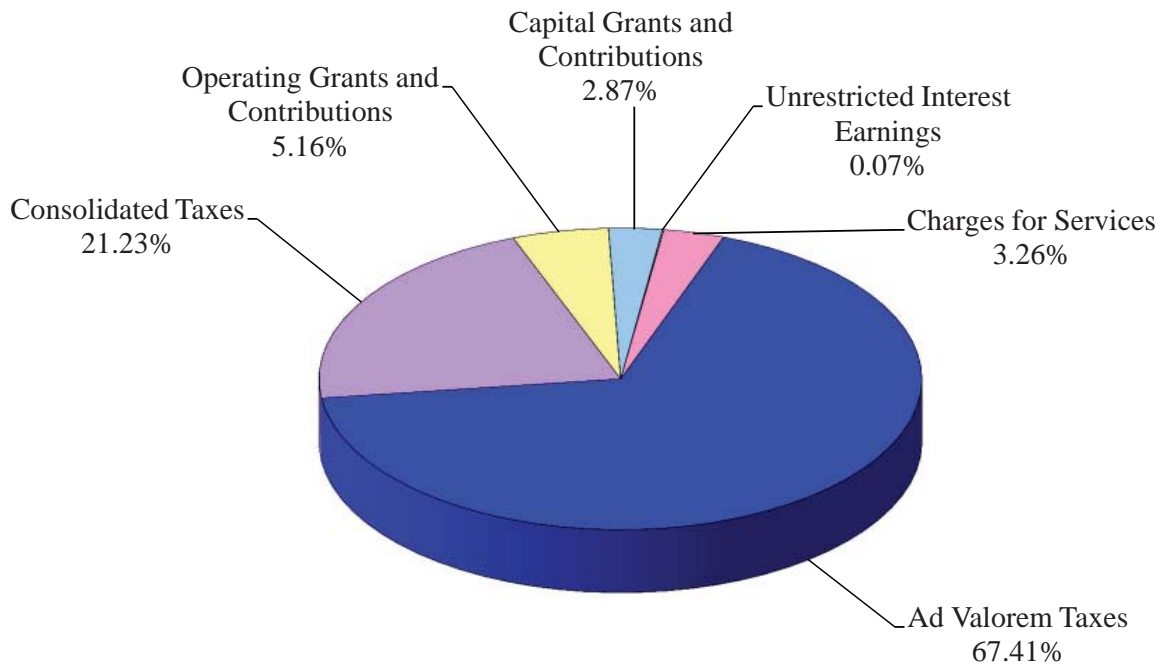
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program Revenues		
Charges for services	\$ 263,212	\$ 292,907
Operating grants and contributions	416,669	128,735
Capital grants and contributions	231,452	350,133
General Revenues		
Ad valorem taxes	5,439,056	6,527,652
Consolidated taxes	1,712,657	1,643,082
Gain on sale of assets	-	1,315,504
Unrestricted investment earnings	5,961	22,785
Total revenues	<u>8,069,007</u>	<u>10,280,798</u>
Expenses:		
Culture and recreation	8,969,464	9,848,591
Interest	<u>99,103</u>	<u>125,923</u>
Total expenses	<u>9,068,567</u>	<u>9,974,514</u>
Increase/(decrease) in net assets before extraordinary item	(999,560)	306,284
Extraordinary Item		
Proceeds from early termination of lease	<u>-</u>	<u>2,000,000</u>
Increase/(decrease) in net assets	(999,560)	2,306,284
Net assets, beginning of year	<u>21,625,720</u>	<u>19,319,436</u>
Net assets, end of year	<u><u>\$ 20,626,160</u></u>	<u><u>\$ 21,625,720</u></u>

HDPL's net assets decreased by \$999,560 during the current fiscal year. Key elements of this decrease are as follows:

- Ad valorem taxes decreased by \$1,088,596, or 16.7%, due to the significant devaluation of the local housing market.
- Consolidated taxes increased by \$69,575, or 4.2%, due to the slight recovery of the local economy.
- Interest income decreased by \$16,824, or 73.8%, due to a lower yield on investments.
- Capital grants and contributions decreased by \$118,681, or 33.9% and operating grants and contributions increased by \$287,934, or 223.7%. This is due primarily to large grant received during the fiscal year.
- Culture and recreation expenses decreased by \$879,127, or 8.9%, over the last fiscal year. This decrease consists of a \$707,693 decrease in salaries, which is attributable to a 10% decrease in salaries and a freeze on all vacant positions; a net increase of \$52,147 in benefits, which consists of savings generated by the freeze on vacant positions and the salary reductions but an increase in the cost of postemployment benefits; a decrease of \$277,451 in services and supplies, which is attributable to management and staff's efforts to reduce costs, and an increase of \$51,838 due to increased depreciation of assets.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues by Source - Governmental Activities



Fund Financial Analysis

As of the end of the current fiscal year, HDPL's governmental funds reported combined ending fund balances of \$3,057,339, a decrease of \$396,826 from fiscal year 2010. Of the 2011 ending fund balances, \$1,720,692, or 56.3%, constitutes unassigned fund balance and is available for spending at HDPL's discretion; \$1,165,269, or 38.1%, is assigned by management for specific purposes; \$117,806, or 3.9%, is restricted by external sources; and \$53,572, or 1.7%, is nonspendable.

General Fund

The General Fund is the chief operating fund of HDPL. At the end of fiscal year 2011, the General Fund had an ending fund balance of \$2,236,713, of which \$1,720,692 was unassigned, \$462,449 is assigned for use in next year's operations, and \$53,572 is nonspendable.

The General Fund's fund balance increased by \$795,907 during the current fiscal year. Key factors for this increase are as follows:

- Ad valorem taxes decreased by \$1,088,596, or 16.7%, due to the significant devaluation of the local housing market.
- Consolidated taxes increased by \$69,575, or 4.2%, due to the slight recovery of the local economy.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

- Expenditures decreased by a net of \$782,333, or 10.4%. This consists of decrease of \$776,412 in staffing costs due to a 10% reduction in pay for all staff and a hiring freeze on all vacant positions; an increase of \$116,242 in supplies and services due to the consolidation of the technology expenditures, previously tracked in a separate fund, into the General Fund; and a decrease of \$122,163 in capital assets due to management's decision to reduce library materials purchases due to budget constraints.
- Transfers to other funds decreased by \$799,494. This decrease is due to the Debt Service transfer, in the amount of \$457,431 being done out of the Capital Construction Fund instead of the General Fund and the annual transfer to the Capital Technology Fund not being done due to the closing out of that fund last fiscal year. In addition to the reduction in transfers, the General Fund received a transfer from the Capital Construction Fund in the amount of \$173,300, due to excess available funds in the Capital Construction Fund after the completion of all outstanding capital projects.

Contributions and Grants Fund

The Contributions and Grants Fund has a fund balance of \$206,432 at the end of fiscal year 2011. This increase of \$60,911 is primarily due to two \$25,000 donations and one \$100,000 donation received during the fiscal year. One \$25,000 donation was restricted for constructing a teen lounge in the Green Valley Library. The other \$25,000 donation and the \$100,000 donation were restricted for library materials. All three donations were partially expended in the current fiscal year, with the remaining amounts to be expended in fiscal year 2012.

Debt Service Fund

The Debt Service Fund has a fund balance of \$331,057 at the end of fiscal year 2011, an increase of \$11,228 from the previous fiscal year. During fiscal year 2011, management opted to transfer additional funds, in the amount of \$567,700, from the Capital Construction Fund into the Debt Service Fund. The majority of these funds were used to early retire the Series 2004 medium term note. The remaining amount was used to increase fund balance.

General Fund Budgetary Highlights

The original fiscal year 2011 budget was approved May 20, 2010. State regulations require budget controls to be exercised at the function level. Although function-level control is what is required, HDPL management exercises control at the object level.

Pursuant to NRS 354.598005, HDPL may transfer appropriations between funds, if such a transfer does not increase the total appropriation for any fiscal year. HDPL did not do such an amendment in fiscal year 2011; therefore, the original budget is also the final budget.

HENDERSON DISTRICT PUBLIC LIBRARIES MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

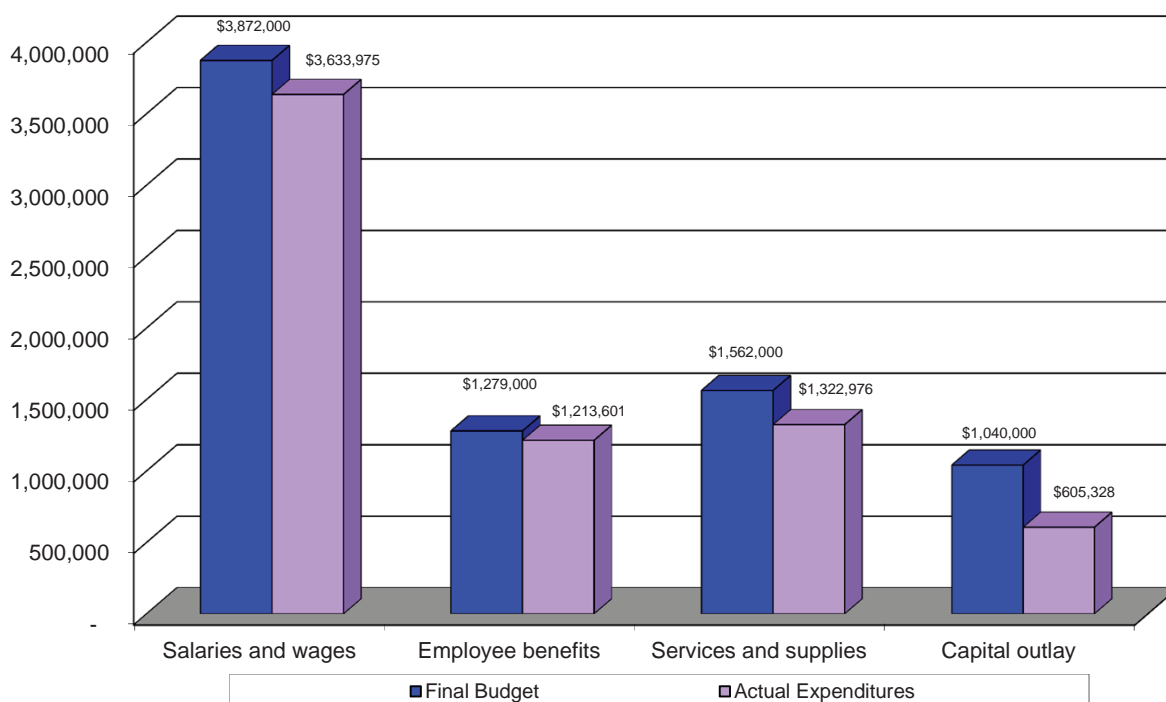
The final budget projected ad valorem taxes and consolidated tax, which account for 97.1% of the District's total revenue, to be \$5,367,015 and \$1,582,006 respectively. Ad valorem tax revenue came in at \$5,439,056, a positive variance of \$72,041 or 1.3%. Consolidated tax revenues came in at \$1,712,657, a positive variance of \$130,651 or 8.3%.

Actual expenditures were 87.4% of appropriations, or \$977,120 lower than the final budget. The main areas of savings are summarized below:

- Salaries and wages were \$238,025 below the final budget. This was due to a district-wide freeze in hiring and a 10% reduction in the number of hours all employees work each week. Salaried staff received a 10% pay reduction to coincide with the reduction in hours. Library operation hours were reduced to accommodate the reduced work week.
- Employee benefits were \$65,399 below the final budget. This was also due to the hiring freeze and the reduced salaries.
- Services and supplies were \$239,024 below the final budget. This savings was attributable to across-the-board reductions in all area of operations.
- Capital outlay was \$434,672 below the final budget. This was due to management's decision to reduce library materials purchases due to budget constraints.

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

**General Fund
Budget and Actual Expenditures**



**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Capital Assets

At June 30, 2011, HDPL had \$20,973,442 invested in capital assets (net of accumulated depreciation). This investment in capital assets includes land, buildings, books, computer equipment, construction in progress, equipment, furniture, land improvements, leasehold improvements and vehicles. This amount represents a net decrease of \$1,063,524, or 4.8%, from last year. The following table reflects capital assets of HDPL at June 30, 2011 and 2010.

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Buildings	\$ 15,489,148	\$ 16,070,335
Books	2,754,585	3,110,637
Computer equipment	6,986	33,092
Construction in progress	7,930	-
Equipment	154,418	176,487
Furniture	64,586	83,189
Land	1,867,359	1,867,359
Land improvements	539,920	569,916
Leasehold improvements	6,710	7,092
Vehicles	81,800	118,859
Total capital assets, net of depreciation	<u>\$ 20,973,442</u>	<u>\$ 22,036,966</u>

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

- Construction in progress increased by \$7,930 due to roof replacement being done on the Green Valley Library. Work is expected to be completed in fiscal year 2012 with a cost not to exceed \$192,750.
- Buildings, books, computer equipment, equipment, furniture, land improvements, leasehold improvements, and vehicles decreased by \$581,187, \$356,052, \$26,106, \$22,069, \$18,603, \$29,996, \$382, and \$37,059, respectively. This is due to continued depreciation on existing capital assets.

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Long-term Debt

At the end of the current fiscal year, HDPL had \$2,715,306 in outstanding debt, \$2,015,000 of which was for a medium term general obligation bond issued during fiscal year 2009 and \$700,306 of which was for compensated absences. Per NRS 379.0225, the debt limitation for HDPL is equal to 10 percent of the total assessed value of all taxable property. The debt limitation currently applicable to June 30, 2011 is \$893,820,074. HDPL's net general obligation bonded debt subject to the legal debt margin of \$2,015,000 was well below this legal limit.

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

Economic Factors and Next Year's Budgets

- The unemployment rate for Clark County has slightly decreased and is currently 13.8%, which is a down .08% from last year. The United States national average unemployment rate is 9.2% and the State's average unemployment rate is 12.4%.
- Businesses within Clark County reported taxable sales of \$2.62 billion, an 7.8% increase from the previous year.
- Property within HDPL's assessment district dropped in value to \$8,938,200,742, a decrease of \$4,575,959,019, or 33.9% .

These factors were considered in preparing HDPL's budget for fiscal year 2012.

Spendable fund balance in the General Fund increased by 63.0%, to \$2,183,141, from the prior year. HDPL assigned \$462,449 of this fund balance to eliminate a projected budgetary deficit in the fiscal year 2012 budget.

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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Basic Financial Statements

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HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental <u>Activities</u>
ASSETS	
Cash and investments	\$ 3,027,714
Accounts receivable	188,031
Interest receivable	213
Due from other governments	324,761
Prepays	53,572
Deferred charges	31,669
Capital assets (net of accumulated depreciation, where applicable):	
Land and construction in progress	1,875,289
Property and equipment	16,343,568
Library books and materials	2,754,585
TOTAL ASSETS	24,599,402
LIABILITIES	
Accounts payable	393,479
Accrued payroll	139,512
Non-current liabilities:	
Portion due or payable within one year:	
General obligation bonds	172,500
Compensated absences	357,041
Portion due or payable after one year:	
General obligation bonds	1,842,500
Compensated absences	343,265
Obligation for postemployment benefits other than pensions	724,945
TOTAL LIABILITIES	3,973,242
NET ASSETS	
Invested in capital assets, net of related debt	18,958,442
Unrestricted	1,667,718
TOTAL NET ASSETS	\$ 20,626,160

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
FUNCTIONS/PROGRAMS					
Governmental activities:					
Culture and recreation	\$ 8,969,464	\$ 263,212	\$ 416,669	\$ 231,452	\$ (8,058,131)
Debt service:					
Interest on bonds	99,103	-	-	-	(99,103)
Total governmental activities	<u>\$ 9,068,567</u>	<u>\$ 263,212</u>	<u>\$ 416,669</u>	<u>\$ 231,452</u>	<u>(8,157,234)</u>
General revenues:					
Ad valorem taxes					5,439,056
Consolidated taxes					1,712,657
Unrestricted investment earnings					5,961
Total general revenues					<u>7,157,674</u>
CHANGE IN NET ASSETS					(999,560)
NET ASSETS, BEGINNING OF YEAR					21,625,720
NET ASSETS, END OF YEAR					<u>\$ 20,626,160</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**BALANCE SHEET
JUNE 30, 2011**

	General Fund	Contributions and Grants Fund	Debt Service Fund	Non-major Capital Construction Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,205,552	\$ 201,428	\$ 331,057	\$ 289,677	\$ 3,027,714
Accounts receivable	3,891	184,140	-	-	188,031
Interest receivable	213	-	-	-	213
Due from other governments	324,761	-	-	-	324,761
Prepays	53,572	-	-	-	53,572
TOTAL ASSETS	\$ 2,587,989	\$ 385,568	\$ 331,057	\$ 289,677	\$ 3,594,291
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 211,764	\$ 175,175	\$ -	\$ 6,540	\$ 393,479
Deferred revenue	-	3,961	-	-	3,961
Accrued payroll	139,512	-	-	-	139,512
Total liabilities	351,276	179,136	-	6,540	536,952
Fund balances:					
Nonspendable:					
Prepaid expenses	53,572	-	-	-	53,572
Restricted for:					
Green Valley Library	-	22,762	-	-	22,762
Heritage Library	-	2,328	-	-	2,328
Materials	-	56,435	-	-	56,435
Outreach	-	24,514	-	-	24,514
Programming	-	11,767	-	-	11,767
Assigned for:					
Capital projects	-	-	-	283,137	283,137
Debt service	-	-	331,057	-	331,057
Fund balance for next year operations	462,449	-	-	-	462,449
Programming and events	-	88,626	-	-	88,626
Unassigned:					
Unassigned	1,720,692	-	-	-	1,720,692
Total fund balances	2,236,713	206,432	331,057	283,137	3,057,339
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,587,989	\$ 385,568	\$ 331,057	\$ 289,677	\$ 3,594,291

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2011

Fund Balances - Governmental Funds	\$	3,057,339
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$	32,257,756	
Less: Accumulated depreciation		<u>(11,284,314)</u>	
			20,973,442

Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Bond costs - deferred charges		35,755	
Less: Current year amortization		<u>(4,086)</u>	
			31,669

Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.			3,961
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds payable	(2,015,000)	
Compensated absences	(700,306)	
Obligations for postemployment benefits other than pensions	<u>(724,945)</u>	
		(3,440,251)

Net Assets - Governmental Activities	\$	<u><u>20,626,160</u></u>
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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, 2011**

	<u>General Fund</u>	<u>Contributions and Grants Fund</u>	<u>Debt Service Fund</u>	<u>Non-major Capital Construction Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes:					
Ad valorem	\$ 5,439,056	\$ -	\$ -	\$ -	\$ 5,439,056
Intergovernmental:					
Consolidated tax	1,712,657	-	-	-	1,712,657
Grants, federal and state	-	252,764	-	-	252,764
Grants, local	-	5,000	-	-	5,000
Miscellaneous:					
Fines and forfeits	167,812	-	-	-	167,812
Contributions from private sources	-	204,473	-	-	204,473
Investment income	4,594	496	-	871	5,961
Other	74,368	21,032	-	-	95,400
Total revenues	<u>7,398,487</u>	<u>483,765</u>	<u>-</u>	<u>871</u>	<u>7,883,123</u>
EXPENDITURES:					
Current:					
Culture and recreation:					
Salaries and wages	3,633,975	-	-	-	3,633,975
Employee benefits	1,213,601	-	-	-	1,213,601
Services and supplies	1,322,976	261,748	-	20,977	1,605,701
Capital outlay	605,328	161,106	-	37,335	803,769
Debt service:					
Principal	-	-	923,800	-	923,800
Interest on bonds	-	-	99,103	-	99,103
Total expenditures	<u>6,775,880</u>	<u>422,854</u>	<u>1,022,903</u>	<u>58,312</u>	<u>8,279,949</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>622,607</u>	<u>60,911</u>	<u>(1,022,903)</u>	<u>(57,441)</u>	<u>(396,826)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	173,300	-	1,034,131	-	1,207,431
Transfers out	-	-	-	(1,207,431)	(1,207,431)
Total other financing sources (uses)	<u>173,300</u>	<u>-</u>	<u>1,034,131</u>	<u>(1,207,431)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	795,907	60,911	11,228	(1,264,872)	(396,826)
FUND BALANCES, BEGINNING OF YEAR	<u>1,440,806</u>	<u>145,521</u>	<u>319,829</u>	<u>1,548,009</u>	<u>3,454,165</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,236,713</u>	<u>\$ 206,432</u>	<u>\$ 331,057</u>	<u>\$ 283,137</u>	<u>\$ 3,057,339</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, 2011

Net Change in Fund Balances - Government Funds \$ (396,826)

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	\$ 803,769	
Loss on disposition of assets	(2,032)	
Less: Current year depreciation	<u>(2,057,631)</u>	
		(1,255,894)

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	(6,486)	
Donated capital assets	<u>192,370</u>	
		185,884

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

Repayment of bond principal	<u>923,800</u>	
		923,800

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

Amortization of bond issuance costs	(4,086)	
Change in long-term compensated absences	(7,967)	
Change in obligations for postemployment benefits other than pensions	<u>(444,471)</u>	
		(456,524)

Change in Net Assets - Governmental Activities \$ (999,560)

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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 5,367,015	\$ 5,367,015	\$ 5,439,056	\$ 72,041
Intergovernmental:				
Consolidated tax	1,582,006	1,582,006	1,712,657	130,651
Miscellaneous:				
Fines and forfeits	150,000	150,000	167,812	17,812
Investment income	10,000	10,000	4,594	(5,406)
Other	50,000	50,000	74,368	24,368
Total revenues	<u>7,159,021</u>	<u>7,159,021</u>	<u>7,398,487</u>	<u>239,466</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Salaries and wages	3,872,000	3,872,000	3,633,975	238,025
Employee benefits	1,279,000	1,279,000	1,213,601	65,399
Services and supplies	1,562,000	1,562,000	1,322,976	239,024
Capital outlay	1,040,000	1,040,000	605,328	434,672
Total expenditures	<u>7,753,000</u>	<u>7,753,000</u>	<u>6,775,880</u>	<u>977,120</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(593,979)</u>	<u>(593,979)</u>	<u>622,607</u>	<u>1,216,586</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>750,000</u>	<u>750,000</u>	<u>173,300</u>	<u>(576,700)</u>
NET CHANGE IN FUND BALANCE	156,021	156,021	795,907	639,886
FUND BALANCE, BEGINNING OF YEAR	<u>1,411,092</u>	<u>1,411,092</u>	<u>1,440,806</u>	<u>29,714</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,567,113</u>	<u>\$ 1,567,113</u>	<u>\$ 2,236,713</u>	<u>\$ 669,600</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

SPECIAL REVENUE FUND - CONTRIBUTIONS AND GRANTS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental:				
Grants, federal and state	\$ 55,000	\$ 241,589	\$ 252,764	\$ 11,175
Grants, local	-	-	5,000	5,000
Miscellaneous:				
Contributions from private sources	87,800	167,800	204,473	36,673
Investment income	300	300	496	196
Other	57,000	57,000	21,032	(35,968)
Total revenues	<u>200,100</u>	<u>466,689</u>	<u>483,765</u>	<u>17,076</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Services and supplies	71,520	269,580	261,748	7,832
Capital outlay	132,869	188,369	161,106	27,263
Total expenditures	<u>204,389</u>	<u>457,949</u>	<u>422,854</u>	<u>35,095</u>
NET CHANGE IN FUND BALANCE	(4,289)	8,740	60,911	52,171
FUND BALANCE, BEGINNING OF YEAR	<u>126,291</u>	<u>126,291</u>	<u>145,521</u>	<u>19,230</u>
FUND BALANCE, END OF YEAR	<u>\$ 122,002</u>	<u>\$ 135,031</u>	<u>\$ 206,432</u>	<u>\$ 71,401</u>

See notes to financial statements.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of HDPL. As a general rule, eliminations have been made to minimize the double-counting of internal activities. Exceptions to this general rule are charges for services between the governmental activities and business-type activities. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The District made no such eliminations during this fiscal year.

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies (continued)

The fund financial statements provide information about HDPL's funds. Funds are classified into three categories: governmental, proprietary and fiduciary. During fiscal year 2011, 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. At June 30, 2011, the only nonmajor fund was the Capital Construction Fund.

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

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

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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).

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

HDPL reports three major governmental funds:

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

The **Contributions and Grants Fund** is used to account for and report donations and grants that are restricted, committed, or assigned to expenditure for specific purposes generally dictated by the donor or the grant award.

The **Debt Service Fund** is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

D. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

2. Property Taxes

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

3. Capital Assets

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

4. Compensated Absences

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

5. Other Postemployment Benefits Other Than Pensions (OPEB)

Effective July 1, 2009, HDPL implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of that statement, HDPL elected to apply its measurement and recognition requirement on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2010. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of HDPL, calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation at June 30, 2011 is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies (continued)

6. Long-Term Debt

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

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

7. Equity Classifications

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

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

In fund financial statements, governmental fund equity is classified into a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on specific purposes for which amount in the respective governmental funds can be spent. The classifications used in fund financial statements are as follows:

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies (continued)

- a. Nonspendable Fund Balance includes amounts that are not in spendable forms, such as inventories and prepaid items, or are required to be maintained intact, such as the principal of an endowment fund. The District has classified prepaid items as nonspendable.
- b. Restricted Fund Balance includes amounts that can be spent only for the specific purpose stipulated by external resources providers, such as grant providers. The District has classified unspent donations provided for specific purposes by the donors in this category.
- c. Committed Fund Balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees. Commitments may be changed or lifted only by the Board of Trustees taking the same formal action that imposed the constraint originally. The District did not have any committed resources as of June 30, 2011.
- d. Assigned Fund Balance comprises amounts intended to be used by HDPL for specific purposes. Intent can be expressed by the Board of Trustees or by the executive director, as per the Board's delegation. This classification includes the remaining positive fund balance for all governmental funds except the General Fund and a portion of the General Fund balance to eliminate a projected deficit in the next year's budget.
- e. Unassigned Fund Balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The District would typically use Restricted Fund Balances first, followed by Committed Fund Balances, and then Assigned Fund Balances, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned Fund Balances first to defer the use of these other classified funds.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 – Compliance and Accountability (continued)

B. Compliance with Nevada Revised Statutes

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

C. New Pronouncements

The GASB has issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which expands the use of the alternative measurement method to an agent employer government that has an individual-employer OPEB plan with fewer than 100 total plan members. The Statement also provides guidance about the frequency and timing of measurements by governments that participate in agent multiple-employer other postemployment benefit plans and how those measurements must be coordinated with the reporting needs of the agent multiple-employer OPEB plan itself. The provisions of this Statement related to the use and reporting of the alternative measurement method were effective immediately upon the Statement's issuance in December of 2009. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Management has completed its assessment of this statement and determined that it will not have a material effect on HDPL's overall financial presentation.

NOTE 3 – Cash and Investments

The following summarizes HDPL's cash and investment balances at of June 30, 2011:

Cash and investments:	
Petty cash	\$ 3,792
Cash in financial institutions	207,325
Investments	<u>2,816,597</u>
Total cash and investments	<u>\$ 3,027,714</u>

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 – Cash and Investments (continued)

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, the recorded amount of HDPL's deposits was \$207,325 and the bank balances were \$229,280. Of the bank statement balances, 100% was covered by federal depository insurance.

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

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

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 – Cash and Investments (continued)

As of June 30, 2011, HDPL had the following investments and maturities:

	Interest Rates	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled Investments:					
BNY Mellon Money Market Fund	0.00%	\$ 16,143	\$ 16,143	\$ 16,143	--
Federal Home Loan Mortgage Corp Disc	0.30%	750,000	748,193	749,989	0.08
Federal National Mortgage Assn Disc	0.30%	400,000	398,830	399,976	0.19
Forward US Government Money Fund	0.01%	344,912	344,912	344,912	--
US Treasury Note	.60-1.00%	1,300,000	1,306,813	1,305,577	0.79
Total Pooled Investments			<u>\$ 2,814,891</u>	<u>\$ 2,816,597</u>	<u>0.27</u>

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

Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality rating of investments. State statutes require governmental agencies to invest in instruments that inherently have low credit risk, as evidenced by the table on page 21. HDPL has no formal investment policy that further limits investments in a single issuer.

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

	<u>S & P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Investments			
BNY Mellon Money Market Fund	n/a	n/a	.57%
Federal Home Loan Mortgage Corp Disc	n/a	n/a	26.63%
Federal National Mortgage Assn Disc	n/a	n/a	14.20%
Forward US Government Money Fund	n/a	n/a	12.25%
US Treasury Note	AAA	Aaa	46.35%
Total investments			<u>100.00%</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 – Cash and Investments (continued)

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

NOTE 4 – Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 7,930	\$ -	\$ 7,930
Land	1,867,359	-	-	1,867,359
Total capital assets, not being depreciated:	1,867,359	7,930	-	1,875,289
Capital assets, being depreciated:				
Buildings	18,288,365	29,405	-	18,317,770
Books	9,952,594	938,945	(723,329)	10,168,210
Computer equipment	443,074	-	(189,771)	253,303
Equipment	231,320	19,859	-	251,179
Furniture	516,289	-	-	516,289
Land improvements	599,912	-	-	599,912
Leasehold improvements	7,634	-	-	7,634
Vehicles	268,170	-	-	268,170
Total capital assets, being depreciated	30,307,358	988,209	(913,100)	30,382,467
Less accumulated depreciation for:				
Buildings	(2,218,030)	(610,592)	-	(2,828,622)
Books	(6,841,957)	(1,294,997)	723,329	(7,413,625)
Computer equipment	(409,982)	(24,074)	187,739	(246,317)
Equipment	(54,833)	(41,928)	-	(96,761)
Furniture	(433,100)	(18,603)	-	(451,703)
Land improvements	(29,996)	(29,996)	-	(59,992)
Leasehold improvements	(542)	(382)	-	(924)
Vehicles	(149,311)	(37,059)	-	(186,370)
Total accumulated depreciation	(10,137,751)	(2,057,631)	911,068	(11,284,314)
Total capital assets, being depreciated, net	20,169,607	(1,069,422)	(2,032)	19,098,153
Governmental activities capital assets, net	\$ 22,036,966	\$ (1,061,492)	\$ (2,032)	\$ 20,973,442

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

Governmental Activities:	
Culture and recreation	\$ 2,057,631

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 5 – Long-Term Debt

A. Changes to Long-Term Debt

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>	<u>Due in 2011-2012</u>
General Obligation Bonds:					
Series 2003, Medium term refunding bond - \$1,431,000, due in annual installments beginning 2004 through July 1, 2011; interest at 3.05%.	\$ 197,000	\$ -	\$ (197,000)	\$ -	\$ -
Series 2009, Medium term bond - \$2,075,000, due in semi-annual installments beginning 2009 through December 1, 2018; interest at 3.50%.	2,045,000	-	(30,000)	2,015,000	172,500
General Obligation Note: 2004, Medium term note - \$1,274,500, due in annual installments beginning 2005 through November 1, 2014; interest at 3.75%.	696,800	-	(696,800)	-	
Compensated absences	<u>692,339</u>	<u>386,884</u>	<u>(378,917)</u>	<u>700,306</u>	<u>357,041</u>
Total Long-Term Debt	<u>\$ 3,631,139</u>	<u>\$ 386,884</u>	<u>\$ (1,302,717)</u>	<u>\$ 2,715,306</u>	<u>\$ 529,541</u>

B. Payment Requirements for Debt Service

The liability of the general obligation bond will be liquidated by the Debt Service Fund and the liability of compensated absences will be liquidated by the General Fund. The annual requirements to pay principal and interest on the bond outstanding at June 30, 2011 are as follows:

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 5 – Long-Term Debt (continued)

Fiscal Year			
Ending	Principal	Interest	Total
2012	\$ 172,500	\$ 69,029	\$ 241,529
2013	178,400	62,941	241,341
2014	184,800	56,641	241,441
2015	191,300	50,117	241,417
2016	352,200	42,025	394,225
2017-2019	935,800	49,698	985,498
Totals	<u>\$ 2,015,000</u>	<u>\$ 330,449</u>	<u>\$ 2,345,449</u>

NOTE 6 – Interfund Activity

Interfund transfers for the year ended June 30, 2011 consisted of the following:

	Transfers in		
	General	Debt	
	Fund	Service	
	Fund	Fund	Total
Transfers out:			
Nonmajor Governmental Fund	<u>\$ 173,300</u>	<u>\$ 1,034,131</u>	<u>\$ 1,207,431</u>

Transfers are used to move excess revenues remaining in the Capital Construction Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

NOTE 7 – Fund Balance

Beginning with fiscal year 2011, HDPL implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent.

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 6.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 7 – Fund Balance (continued)

A. General Fund

The General Fund has Unassigned Fund Balance of \$1,720,692 at June 30, 2011. Fund balance of \$462,449 was assigned to eliminate a projected budgetary deficit in the fiscal year 2012 budget. Prepaid items of \$53,572 are considered Nonspendable Fund Balance.

B. Other Major Funds

The Contributions and Grants Fund has Restricted Fund Balance of \$117,806 at June 30, 2011, consisting of unspent donations for specific purposes. The remaining fund balance of \$88,626 is Assigned Fund Balance. Assignments are designated by management for use in programs and events.

The Debt Service Fund has Assigned Fund Balance of \$331,057 at June 30, 2011. Assignments are designated by management for future debt service payments.

C. Non-Major Fund

The Capital Construction Fund has Assigned Fund Balance of \$283,137 at June 30, 2011. Assignments are designated by management for use in future capital projects.

NOTE 8 – Defined Benefit Pension Plan

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 8 – Defined Benefit Pension Plan (continued)

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

Fiscal Year	Non-Contributory Plan		Contributory Plan		Total Contribution
	Regular Member	Contribution	Regular Member	Contribution	
2010-11	21.50%	\$568,329	11.25%	\$52,177	\$620,506
2009-10	21.50%	645,594	11.25%	67,454	713,048
2008-09	20.50%	558,501	10.50%	40,188	598,689

NOTE 9– Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 9– Postemployment Benefits Other Than Pensions (OPEB) (continued)

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

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

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

HDPL pays 100% of the monthly premiums for active employees, ranging between \$383-\$439, or 82% of the monthly premiums for active employees and their dependents, ranging between \$575-\$941. Retirees in the CCSF and HPN programs receive no direct subsidy from HDPL. Retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claim cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for HDPL. HDPL currently pays for postemployment healthcare benefits on a pay-as-you-go basis. There are currently four retirees participating in either CCSF or HPN.

HDPL is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who enroll in this plan. The subsidy is paid on a pay-as-you-go basis and is set, and may only be amended, by the Nevada State Legislature. In fiscal year 2011, this subsidy ranged from \$38-\$396 per retiree, per month for nine retirees.

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 9– Postemployment Benefits Other Than Pensions (OPEB) (continued)

	CCSF and <u>HPN</u>	<u>PEBP</u>	Balance <u>Total</u>
Annual required contribution (ARC)	\$ 451,515	\$ 31,852	\$ 483,367
Interest on net OPEB obligation	10,236	983	11,219
Adjustment to the ARC	<u>(14,799)</u>	<u>(1,421)</u>	<u>(16,220)</u>
Annual OPEB cost (expense)	446,952	31,414	478,366
Contributions made	<u>(17,178)</u>	<u>(16,717)</u>	<u>(33,895)</u>
Increase in net OPEB obligations	429,774	14,697	444,471
Net OPEB obligation - beginning of year	<u>266,327</u>	<u>14,147</u>	<u>280,474</u>
Net OPEB obligation - end of year	<u><u>\$ 696,101</u></u>	<u><u>\$ 28,844</u></u>	<u><u>\$ 724,945</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for fiscal years ended June 30, 2010 and 2011 are as follows:

Plan	Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation
CCSF and HPN	June 30, 2010	\$ 266,327	\$ -	0.00%	\$ 266,327
CCSF and HPN	June 30, 2011	446,952	17,178	3.84%	696,101
PEBP	June 30, 2010	31,188	17,041	54.64%	14,147
PEBP	June 30, 2011	31,414	16,717	53.22%	28,844

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2011 was as follows:

	CCSF and HPN	PEBP
Actuarial accrued liability (AAL)	\$ 2,628,135	\$ 550,786
Actuarial value of plan assets	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 2,628,135</u></u>	<u><u>\$ 550,786</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll	\$ 3,150,126	N/A*
UAAL as percentage of covered payroll	83%	N/A*

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 9– Postemployment Benefits Other Than Pensions (OPEB) (continued)

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

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

	CCSF, HPN and PEBP
Actuarial valuation date	July 1, 2010
Actuarial cost method	Entry age normal, level dollar amount
Amortization method	30 years, open, level dollar
Remaining amortization period	30 years remaining as of July 1, 2010
Asset valuation	N/A, no assets in trust
Actuarial assumptions:	
Investment rate of return	4%
Projected salary increases	N/A
Cost of living adjustments	N/A
Healthcare inflation rates:	
PPO Medical and Drug	9.5% in 2011/2012, grading down .5% per year until reaching ultimate rate of 5.0%
HMO	10.0% in 2011/2012, grading down .5% per year until reaching ultimate rate of 5.0%
Dental	5.0% per year
Operating expenses	5.0% per year
Retiree contributions	Same trend for corresponding medical plan

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 – Risk Management

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

NOTE 11 – Contracts

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

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

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

HENDERSON DISTRICT PUBLIC LIBRARIES

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2011

Other Postemployment Benefits Plan – Schedule of Funding Progress

Valuation Date	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability (AAL)</u>	Unfunded Actuarial Accrued <u>Liability (UAAL)</u>	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>	UAAL as a percentage of Covered <u>Payroll</u>
<u>CCSF and HPN</u>						
7/1/2009	\$ -	\$ 1,511,392	\$ 1,511,392	0%	\$ 3,708,512	41%
7/1/2010	\$ -	\$ 2,628,135	\$ 2,628,135	0%	\$ 3,150,126	83%
<u>PEBP</u>						
7/1/2009	\$ -	\$ 539,295	\$ 539,295	0%	N/A*	N/A*
7/1/2010	\$ -	\$ 550,786	\$ 550,786	0%	N/A*	N/A*

Notes to Required Supplementary Information

1. This information is intended to help users assess HDPL's OPEB Plan's status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.
2. Multi-year trend information is only available for two valuations under GASB No. 45. In the future, information from the three most recent valuations will be presented.

Governmental Funds

MAJOR DEBT SERVICE FUND

To account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

NONMAJOR CAPITAL PROJECTS FUND

To account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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, 2011**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES:			
Debt Service:			
Principal	\$ 923,800	\$ 923,800	\$ -
Interest on bonds	110,031	99,103	10,928
Fiscal agent charges	300	-	300
Total expenditures	<u>1,034,131</u>	<u>1,022,903</u>	<u>11,228</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>1,034,131</u>	<u>1,034,131</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	11,228	11,228
FUND BALANCE, BEGINNING OF YEAR	<u>319,766</u>	<u>319,829</u>	<u>63</u>
FUND BALANCE, END OF YEAR	<u>\$ 319,766</u>	<u>\$ 331,057</u>	<u>\$ 11,291</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

NON-MAJOR - 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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Miscellaneous:				
Investment income	\$ 2,000	\$ 2,000	\$ 871	\$ (1,129)
EXPENDITURES:				
Current:				
Culture and recreation:				
Services and supplies	25,000	25,000	20,977	4,023
Capital outlay	100,000	275,000	37,335	237,665
Total expenditures	125,000	300,000	58,312	241,688
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(123,000)	(298,000)	(57,441)	240,559
OTHER FINANCING SOURCES:				
Transfers out	(1,207,431)	(1,207,431)	(1,207,431)	-
NET CHANGE IN FUND BALANCE	(1,330,431)	(1,505,431)	(1,264,872)	240,559
FUND BALANCE, BEGINNING OF YEAR	1,536,847	1,536,847	1,548,009	11,162
FUND BALANCE, END OF YEAR	\$ 206,416	\$ 31,416	\$ 283,137	\$ 251,721

Statistical Section

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

<u>CONTENTS</u>	<u>PAGE</u>
FINANCIAL TRENDS	35 - 38
These schedules contain trend information to help the reader understand how HDPL's financial performance and well-being have changed over time.	
REVENUE CAPACITY	39 - 42
These schedules contain information to help the reader assess the factors affecting HDPL's ability to generate its property taxes.	
DEBT CAPACITY	43 - 45
These schedules contain information to help the reader assess the affordability of HDPL's current levels of outstanding debt and HDPL's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	46 - 47
These schedules offer demographic and economic indicators to help the reader understand the environments within which HDPL's financial activities take place and to help make comparisons over time and with other governments.	
OPERATING INFORMATION	48 - 52
These schedules contain information about HDPL's operations and resources to help the reader understand how HDPL's financial information relates to the services HDPL provides and the activities it performs.	

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

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Governmental activities

Fiscal Year	Invested in capital assets, net of related debt	Unrestricted	Total
2003	\$ 7,864,247	\$ 558,230	\$ 8,422,477
2004	8,054,047	535,057	8,589,104
2005	8,220,245	784,908	9,005,153
2006	8,574,248	1,394,646	9,968,894
2007	9,319,993	1,861,563	11,181,556
2008	10,565,647	1,954,882	12,520,529
2009 ¹	17,263,269	2,056,167	19,319,436
2010	19,098,166	2,527,554	21,625,720
2011	18,958,442	1,667,718	20,626,160

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

¹ Restated

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
Culture and recreation	\$ 4,885,988	\$ 5,110,324	\$ 5,655,168	\$ 6,453,879	\$ 7,170,483	\$ 7,840,936	\$ 8,313,183	\$ 9,848,591	\$ 8,969,464
Debt service:									
Interest on long-term debt	70,778	50,314	62,632	79,471	70,127	60,570	50,572	125,923	99,103
Administrative and other costs	17,924	-	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 4,974,690	\$ 5,160,638	\$ 5,717,800	\$ 6,533,350	\$ 7,240,610	\$ 7,901,506	\$ 8,363,755	\$ 9,974,514	\$ 9,068,567
Program Revenues									
Governmental activities:									
Charges for services	\$ 85,603	\$ 107,585	\$ 198,628	\$ 236,238	\$ 287,630	\$ 276,533	\$ 228,371	\$ 292,907	\$ 263,212
Operating grants and contributions	227,558	136,963	96,118	108,809	128,155	330,608	308,851	128,735	416,669
Capital grants and contributions	-	111,642	137,017	171,110	276,323	336,513	8,175,815 ²	350,133	231,452
Total governmental activities program revenues	\$ 313,161	\$ 356,190	\$ 431,763	\$ 516,157	\$ 692,108	\$ 943,654	\$ 8,713,037	\$ 771,775	\$ 911,333
Net (Expense)/Revenue, governmental activities	\$ (4,661,529)	\$ (4,804,448)	\$ (5,286,037)	\$ (6,017,193)	\$ (6,548,502)	\$ (6,957,852)	\$ 349,282	\$ (9,202,739)	\$ (8,157,234)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 2,905,118	\$ 3,293,633	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240	\$ 6,527,652	\$ 5,439,056
Consolidated taxes	1,464,332	1,670,242	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780	1,643,082	1,712,657
Gain on sale of asset	-	-	-	-	-	-	-	1,315,504 ³	-
Investment earnings	16,805	7,200	36,740	77,819	144,842	172,362	146,825	22,785	5,961
Extraordinary item	-	-	-	-	-	-	-	-	-
Proceeds from early termination of lease	-	-	-	-	-	-	-	2,000,000 ³	-
Total governmental activities	\$ 4,386,255	\$ 4,971,075	\$ 5,702,086	\$ 6,980,934	\$ 7,761,164	\$ 8,296,825	\$ 8,518,845	\$ 11,509,023	\$ 7,157,674
Changes in Net Assets, governmental activities	\$ (275,274)	\$ 166,627	\$ 416,049	\$ 963,741	\$ 1,212,662	\$ 1,338,973	\$ 8,868,127	\$ 2,306,284	\$ (999,560)

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

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

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

Table 3

HENDERSON DISTRICT PUBLIC LIBRARIES

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

General Fund	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ⁵
Reserved	\$ 29,447	\$ 15,519	23,288	\$ 13,615	\$ 13,234	\$ 5,214	\$ 24,599	\$ 6,383	\$ 101,652	\$ -
Unreserved	526,523	761,825	669,046	943,578	1,396,830	1,290,496	848,007 ²	1,350,848	1,339,154	-
Nonspendable	-	-	-	-	-	-	-	-	-	53,572
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	462,449
Unassigned	-	-	-	-	-	-	-	-	-	1,720,692
Total General Fund	555,970	777,344	692,334	957,193	1,410,064	1,295,710	872,606	1,357,231	1,440,806	2,236,713
All Other Governmental Funds										
Reserved	\$ 11,508	\$ 20,891	\$ -	\$ 4,357	\$ 7,711	\$ 440	\$ 46,551	\$ 11,380	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds			30,420	55,388	152,349	159,947	321,093	446,868	145,521	-
Capital Projects Funds	1,136,219 ¹	45,838	163,063	184,575	302,938	944,180	1,322,748 ²	520,764 ³	1,548,009 ⁴	-
Debt Service Funds	(161,550)	-	-	-	-	-	-	319,748	319,829	-
Restricted	-	-	-	-	-	-	-	-	-	117,806
Assigned	-	-	-	-	-	-	-	-	-	702,820
Total All Other Governmental Funds	986,177	66,729	193,483	244,320	462,998	1,104,567	1,690,392	1,298,760	2,013,359	820,626
Total All Governmental Funds	\$ 1,542,147	\$ 844,073	\$ 885,817	\$ 1,201,513	\$ 1,873,062	\$ 2,400,277	\$ 2,562,998	\$ 2,655,991	\$ 3,454,165	\$ 3,057,339

Notes:

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

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

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

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

⁵ Fund Balances for fiscal year 2011 have been reclassified per GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

Table 4

HENDERSON DISTRICT PUBLIC LIBRARIES

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)
(unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Property Taxes	\$ 2,345,304	\$ 2,905,118	\$ 3,293,633	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240	\$ 6,527,652	\$ 5,439,056
Consolidated Taxes	1,364,450	1,464,332	1,670,242	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780	1,643,082	1,712,657
Grants	199,876	129,358	134,474	129,726	110,334	123,059	252,217	109,216	140,666	257,764
Fines and forfeits	25,156	52,796	67,152	79,991	88,690	109,767	112,860	128,247	162,321	167,812
Contributions	1,120	58,575	13,549	44,248	72,930	67,311	215,183	216,341	53,786	204,473
Investment income	156,817	16,805	7,200	36,740	77,819	144,842	172,362	146,825	22,785	5,961
Other income	15,439	32,807	40,433	116,277	149,908	177,863	163,673	100,124	130,586	95,400
Total revenues	4,108,162	4,659,791	5,226,683	6,072,328	7,402,796	8,239,164	9,040,758	9,072,773	8,680,878	7,883,123
Expenditures										
Culture and recreation:										
Salaries and wages	1,456,951	2,048,297	2,333,571	2,548,833	2,845,551	3,259,515	3,505,082	3,629,098	4,298,537	3,633,975
Employee benefits	404,396	574,551	707,463	771,980	825,509	928,484	1,044,001	1,083,832	1,325,451	1,213,601
Services and supplies	890,137	1,148,956	955,340	1,167,490	1,697,349	1,974,483	2,202,216	2,216,359	1,882,852	1,605,701
Capital outlay	6,734,234	1,551,359	977,251	2,313,597	1,006,067	1,191,940	1,768,468	3,767,819	3,903,241	803,769
Debt Service:										
Interest	71,746	35,389	50,314	62,632	79,471	70,127	60,570	50,572	125,923	99,103
Principal	1,623,000	-	161,000	166,000	277,000	287,100	297,400	306,800	346,400	923,800
Administrative and other costs	-	17,924	-	300	300	300	300	300	300	-
Total expenditures	11,180,464	5,376,476	5,184,939	7,030,832	6,731,247	7,711,949	8,878,037	11,054,780	11,882,704	8,279,949
Excess (deficiency) of revenues over (under) expenditures	(7,072,302)	(716,685)	41,744	(958,504)	671,549	527,215	162,721	(1,982,007)	(3,201,826)	(396,826)
Other Financing Sources (Uses)										
Proceeds from borrowing	1,500,000	-	-	1,274,500	-	-	-	2,075,000	-	-
Proceeds from refunding	-	1,431,000	-	-	-	-	-	-	-	-
Proceeds from sales of capital assets	-	-	-	-	-	-	-	-	2,000,000	-
Payment to escrow agent	-	(1,412,389)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,500,000	18,611	-	1,274,500	-	-	-	2,075,000	2,000,000	-
Extraordinary Item										
Proceeds from early termination of lease	-	-	-	-	-	-	-	-	2,000,000	-
Net change in fund balances	\$ (5,572,302)	\$ (698,074)	\$ 41,744	\$ 315,996	\$ 671,549	\$ 527,215	\$ 162,721	\$ 92,993	\$ 798,174	\$ (396,826)
Debt Service as a percentage of noncapital expenditures	38.1%	1.4%	5.0%	4.9%	6.2%	5.5%	5.0%	4.9%	5.9%	13.7%

Table 5

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Real Property		Personal Property		Total		Percentage of Taxable		Total Direct Tax Rate
	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value to Estimated Actual Taxable Value		
2001-2002	4,115,403,345	11,758,295,271	521,985,090	1,491,385,971	4,637,388,435	13,249,681,243	35%	0.0507	
2002-2003	4,913,407,352	14,038,306,720	559,208,170	1,597,737,629	5,472,615,522	15,636,044,349	35%	0.0531	
2003-2004	5,650,278,349	16,143,652,426	526,698,452	1,504,852,720	6,176,976,801	17,648,505,146	35%	0.0533	
2004-2005	6,551,394,060	18,718,268,743	567,766,392	1,622,189,691	7,119,160,452	20,340,458,434	35%	0.0533	
2005-2006	9,866,711,823	28,190,605,209	617,491,635	1,764,261,814	10,484,203,458	29,954,867,023	35%	0.0533	
2006-2007	14,049,539,660	40,141,541,886	730,579,401	2,087,369,717	14,780,119,061	42,228,911,603	35%	0.0533	
2007-2008	15,920,800,412	45,488,001,177	699,346,954	1,998,134,154	16,620,147,366	47,486,135,331	35%	0.0582	
2008-2009	16,071,037,727	45,917,250,649	584,783,077	1,670,808,791	16,655,820,804	47,588,059,440	35%	0.0590	
2009-2010	13,031,450,318	37,232,715,194	482,709,443	1,379,169,837	13,514,159,761	38,611,885,031	35%	0.0581	
2010-2011	8,532,382,809	24,378,236,597	405,817,933	1,159,479,809	8,938,200,742	25,537,716,406	35%	0.0577	

Source: Clark County Assessor's Office

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

HENDERSON DISTRICT PUBLIC LIBRARIES

Property Tax Rates ¹ - Direct and Overlapping Governments

Last Ten Fiscal Years

(unaudited)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Direct										
Henderson District Public Libraries	0.0507	0.0531	0.0535	0.0533	0.0533	0.0533	0.0582	0.0590	0.0581	0.0577
Overlapping Governments										
State Wide:										
State of Nevada	0.1500	0.1500	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
County Wide:										
County Funds	0.6352	0.6352	0.6502	0.6652	0.6575	0.6566	0.6541	0.6541	0.6541	0.6541
School District	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034
Cities:										
Henderson	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108
Other Governments:										
Las Vegas Artesian Basin	0.0022	0.0020	0.0018	0.0016	0.0013	0.0009	0.0008	0.0008	0.0011	0.0015
Las Vegas-Clark County Library - Debt					0.0123 ²	0.0123	0.0123	0.0086	0.0100	0.0070
Total Overlapping Rates	2.8016	2.8014	2.8362	2.8510	2.8553	2.8540	2.8514	2.8477	2.8494	2.8468
Total Direct and Overlapping Rates	2.8523	2.8545	2.8897	2.9043	2.9086	2.9073	2.9096	2.9067	2.9075	2.9045

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

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

² Property boundaries were realigned to make the District boundaries contiguous with the City of Henderson.

HENDERSON DISTRICT PUBLIC LIBRARIES

**Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)**

		Fiscal Year 2011		Fiscal Year 2002	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Taxpayer	Type of Business				
Basic Management Incorporated	Real Estate	\$ 186,432,844	2.09%	----	----
Greenspun Companies	Real Estate	135,721,423	1.52%	----	----
Station Casinos Incorporated	Hotel/Casino	98,714,706	1.10%	90,070,400	1.94%
Green Valley Ranch Gaming LLC	Hotel/Casino	89,791,490	1.00%	17,018,730	0.37%
Lake at Las Vegas Ventures	Real Estate	76,093,407	0.85%	89,015,020	1.92%
Marnell Corrao Associates	Hotel/Casino	66,158,451	0.74%	----	----
W.L. Nevada Incorporated	Real Estate	51,122,530	0.57%	----	----
Focus Property Group	Real Estate	43,429,062	0.49%	----	----
Harsch Investment Properties	Real Estate	34,174,547	0.38%	----	----
Ranch Center Associates Limited Partnership	Real Estate	33,438,926	0.37%	26,083,210	0.56%
Del Webb Communities Incorporated	Real Estate	----	----	89,102,330	1.92%
Silver Springs Incorporated	Real Estate	----	----	68,182,300	1.47%
Foothills Partnership	Real Estate	----	----	36,626,200	0.79%
Sierra-Nevada Multifamily Investments	Real Estate	----	----	29,566,670	0.64%
Sentinel Realty Partners III Limited Partnership	Real Estate	----	----	29,495,120	0.64%
Levi Strauss & Company	Warehousing	----	----	21,165,160	0.46%
Olen Residential Realty Corporation	Real Estate	----	----	16,479,740	0.36%
Stephanie Street Limited Liability Company	Real Estate	----	----	13,245,390	0.29%
Total Top Ten Principal Taxpayers		\$ 815,077,386	9.11%	\$ 526,050,270	11.36%
Total Assessed Valuation		\$ 8,938,200,742	100.00%	\$ 4,637,388,435	100.00%

Source: Clark County Assessor's Office

Table 8

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Collected within the Levy Year		Collections in Subsequent Years		Total Collections to Date	
	Levy	Amount	Percentage of the Levy	Years	Amount	Percentage of the Current Levy ¹
2002	\$ 34,106,224	\$ 33,664,830	98.71%	\$ 441,394	\$ 34,106,224	100.00%
2003 ²	42,300,099	41,781,856	98.77%	518,243	42,300,099	100.00%
2004 ²	47,178,698	46,916,703	99.44%	261,995	47,178,698	100.00%
2005 ²	54,280,325	54,065,416	99.60%	214,840	54,280,256	100.00%
2006 ³	67,174,503	66,848,690	99.51%	322,756	67,171,446	100.00%
2007 ³	84,005,186	83,261,571	99.11%	739,701	84,001,272	100.00%
2008 ³	94,690,673	93,022,209	98.24%	1,580,590	94,602,799	99.91%
2009 ³	101,024,218	98,382,740	97.39%	2,181,642	100,564,382	99.54%
2010 ³	97,790,649	95,198,449	97.35%	1,713,115	96,911,564	99.10%
2011 ³	76,117,399	74,611,519	98.02%	-	74,611,519	98.02%

Notes:

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

² Includes tax levy and collections for Henderson Redevelopment Agency.

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

Source: Clark County Comptroller's Office

Table 9

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	General Obligation Bonds	Population ¹	Debt per Capita	Debt as a		Estimated Actual Value of Taxable Property ³	Debt as a Percentage of Estimated Actual Value of Taxable Property
				Personal Income ²	Percentage of Personal Income		
2002	\$ 1,377,000	210,850	\$ 6.53	\$ *	*	\$ 13,249,681,243	0.01%
2003	1,431,000	223,070	6.42	*	*	15,636,044,349	0.01%
2004	1,270,000	235,292	5.40	*	*	17,648,505,146	0.01%
2005	2,378,500	243,897	9.75	*	*	20,340,458,434	0.01%
2006	2,101,500	257,838	8.15	8,836,009,011	0.02%	29,954,867,023	0.01%
2007	1,814,400	265,589	6.83	9,331,499,855	0.02%	42,228,911,603	0.00%
2008	1,517,000	269,245	5.63	9,606,345,252	0.02%	47,486,135,331	0.00%
2009	3,285,200	273,804	12.00	9,653,025,150	0.03%	47,588,059,440	0.01%
2010	2,938,800	276,065	10.65	10,003,816,464	0.03%	38,611,885,031	0.01%
2011	2,015,000	277,502	7.26	8,841,491,222	0.02%	25,537,716,406	0.01%

*Information not readily available

Sources:

¹City of Henderson Community Development Department

²Applied Analysis, Las Vegas, NV

³Clark County Assessor's Office

Table 10

HENDERSON DISTRICT PUBLIC LIBRARIES

Direct and Overlapping Governmental Activities Debt
As of June 30, 2011
(unaudited)

	Governmental Activities Debt	Percentage Applicable to Henderson District Public Libraries*	Amount Applicable to Henderson District Public Libraries
Direct Debt			
Henderson District Public Libraries	\$ 2,015,000	100.00%	\$ 2,015,000
Overlapping Debt			
Clark County ¹	602,315,000	13.84%	83,360,396
Clark County School District ²	3,860,905,000	13.84%	534,349,252
City of Henderson ³	321,015,107	100.00%	321,015,107
Total Overlapping Debt	4,784,235,107		938,724,755
Total Direct and Overlapping Debt	\$ 4,786,250,107		\$ 940,739,755

*Based on assessed valuation

Sources:

¹ Clark County Assessor's Office

² Clark County School District Finance Department

³ City of Henderson Finance Department

Table 11

HENDERSON DISTRICT PUBLIC LIBRARIES

Debt Limit Information Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Assessed valuation	\$ 4,637,388,435	\$ 5,472,615,522	\$ 6,176,976,801	\$ 7,119,160,452	\$ 10,484,203,458	\$ 14,780,119,061	\$ 16,620,147,366	\$ 16,655,820,804	\$ 13,514,159,761	\$ 8,938,200,742
Debt limit - 10% of assessed value	463,738,844	547,261,552	617,697,680	711,916,045	1,048,420,346	1,478,011,906	1,662,014,737	1,665,582,080	1,351,415,976	893,820,074
Debt outstanding applicable to the limit	1,377,000	1,431,000	1,270,000	2,378,500	2,101,500	1,814,400	1,517,000	3,285,200	2,938,800	2,015,000
Legal debt margin	\$ 462,361,844	\$ 545,830,552	\$ 616,427,680	\$ 709,537,545	\$ 1,046,318,846	\$ 1,476,197,506	\$ 1,660,497,737	\$ 1,662,296,880	\$ 1,348,477,176	\$ 891,805,074
Legal debt margin as a percentage of debt limit	99.70%	99.74%	99.79%	99.67%	99.80%	99.88%	99.91%	99.80%	99.78%	99.77%

HENDERSON DISTRICT PUBLIC LIBRARIES

Demographic and Economic Information
Last Ten Fiscal Years
(unaudited)

Fiscal Year	City of Henderson Population ¹	Personal Income ²	Per Capita Personal Income	Clark County Unemployment Rate ³	Clark County School Enrollment ⁴
2001-2002	210,850	\$ *	\$ *	6.60%	244,684
2002-2003	223,070	*	*	5.60%	255,328
2003-2004	235,292	*	*	4.40%	268,357
2004-2005	243,897	*	*	4.00%	280,834
2005-2006	257,838	8,836,009,011	34,270	4.30%	291,510
2006-2007	265,589	9,331,499,855	35,135	4.70%	302,763
2007-2008	269,245	9,606,345,252	35,679	6.50%	308,783
2008-2009	273,804	9,653,025,150	35,255	12.30%	311,240
2009-2010	276,065	10,003,816,464	36,237	14.60%	309,476
2010-2011	277,502	8,841,491,222	31,861	13.80%	309,893

*Information not readily available

Sources:

¹City of Henderson Community Development Department

²Applied Analysis, Las Vegas, NV

³Nevada Department of Employment Security

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

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	Fiscal Year 2011			Fiscal Year 2002		
	Employees ¹	Rank	Percentage of Total City Employment	Employees ²	Rank	Percentage of Total City Employment
City of Henderson	2,500-2,999	1	2.05%-2.45%	2,000-2,100	1	*
St. Rose Dominican - Siena	1,500-1,999	2	1.23%-1.64%			----
The M Resort, LLC	1,000-1,499	3	.82%-1.23%			----
Sunset Station Hotel & Casino	1,000-1,499	4	.82%-1.23%	1,700-1,800	2	*
Green Valley Ranch Gaming LLC	1,000-1,499	5	.82%-1.23%			----
Medco Health LLC	700-799	6	.57%-.65%			----
St. Rose Dominican Hospital	700-799	7	.57%-.65%	1,600-1,700	3	*
Fiesta Lake Mead Station	500-599	8	.41%-.49%	800-900	4	*
Good Humor - Breyers	400-499	9	.33%-.41%			----
Poly-West Inc	400-499	10	.33%-.41%			----
Providian National Bancorp			----	700-800	5	*
Del Webb of Nevada Inc			----	600-700	6	*
Wal-Mart Stores, Inc			----	500-600	7	*
Conopco, Inc			----	400-500	8	*
Hyatt Regency Lake Las Vegas			----	400-500	9	*
RQM Inc			----	300-400	10	*
Total	10,700-13,691		7.95%-10.39%	9,000-10,000		*
Total City Employment ¹	122,212			*		

* Information not readily available

Sources:

¹Applied Analysis, Las Vegas, Nevada

²City of Henderson Finance Department

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	Full-time Equivalent Employees as of June 30									
	2002	2003 ¹	2004	2005	2006	2007	2008	2009 ³	2010	2011
Library Services										
Adult Services	6.0	9.0	10.0	10.5	11.0	11.5	11.5	18.0	17.5	13.5
Circulation	14.5	22.5	23.0	24.5	26.0	24.0	24.0	34.5	30.0	29.0
Outreach ²	----	----	----	----	3.0	4.5	4.5	4.5	4.0	4.0
Youth Services	6.5	10.5	11.5	12.5	11.0	13.0	12.5	19.0	19.0	17.5
Acquisitions & Bibliographic Services	6.0	5.0	6.0	6.0	6.5	7.0	8.0	9.0	9.0	7.0
Administration	7.5	10.5	10.5	11.0	12.5	11.0	8.5	10.5	10.5	9.5
Information Technology	4.0	4.0	4.0	4.5	4.5	5.5	5.5	5.5	5.0	6.0
Total	<u>44.5</u>	<u>61.5</u>	<u>65.0</u>	<u>69.0</u>	<u>74.5</u>	<u>76.5</u>	<u>74.5</u>	<u>101.0</u>	<u>95.0</u>	<u>86.5</u>

Notes:

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

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

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

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Items Owned	Cost of Total Collection	Cost of New Acquisitions	Cost of Disposed Items	Net Book Value of Collections ¹	Number of Items Circulated	Turnover Rate ²
2001-2002	235,407	\$ 3,674,474	\$ 748,504	\$ (88,193)	\$ *	533,516	2.27
2002-2003	261,191	4,334,785	724,960	(175,624)	1,691,100	685,356	2.62
2003-2004	288,983	4,884,121	849,746	(227,272)	2,092,249	855,713	2.96
2004-2005	306,332	5,506,595	866,858	(89,186)	2,452,070	907,082	2.96
2005-2006	333,482	6,284,267	1,011,146	(902,713)	2,850,647	956,974	2.87
2006-2007	361,158	6,392,700	1,241,004	(427,117)	3,548,006	1,068,511	2.96
2007-2008	400,698	7,206,587	1,810,734	(333,803)	4,762,793	1,186,113	2.96
2008-2009	456,718	8,683,518	1,354,475	(319,097)	3,309,855 ³	1,422,692	3.12
2009-2010	489,104	9,718,896	1,057,625	(823,927)	3,110,637	1,842,395	3.77
2010-2011	497,151	9,952,594	938,945	(723,329)	2,754,585	1,812,475	3.65

* Information not readily available

Notes:

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

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

³Restated.

HENDERSON DISTRICT PUBLIC LIBRARIES

Circulation by Location Last Ten Fiscal Years (unaudited)

Fiscal Year	Galleria Library	Green Valley Library	Heritage Park Senior Facility Library	James I. Gibson Library	Lydia Malcolm Library	Paseo Verde Library	Pittman Library	Remote Services ¹	Total
2001-2002	---	---	---	372,104	155,648	---	5,764	---	533,516
2002-2003	---	---	---	314,636	49,753	315,597 ²	5,379	---	685,367
2003-2004	---	---	---	334,824	39,589	475,171	6,129	---	855,713
2004-2005	---	---	---	353,951	40,285	501,877	9,763	1,206	907,082
2005-2006	---	---	---	330,610	80,003	536,341	8,251	1,769	956,974
2006-2007	---	---	---	340,764	104,532	606,145	8,322	8,748	1,068,511
2007-2008	---	---	---	370,250	116,684	680,128	6,686	12,365	1,186,113
2008-2009	4,490 ³	76,242 ⁴	---	403,138	133,343	789,622	4,982 ⁵	10,875 ⁶	1,422,692
2009-2010	15,688	433,731	5,590 ⁷	360,198 ⁸	145,863	874,057	---	7,268	1,842,395
2010-2011	17,423	388,131	11,537 ⁷	430,597 ⁸	129,785	813,516	---	21,486	1,812,475

Notes:

¹Remote Services includes e-books, remote deposit collections, downloadable materials, and the bookmobile. E-books became available in fiscal year 2005, the remote deposit collections and the bookmobile operated between the end of fiscal year 2006 and the beginning of fiscal year 2011, and downloadable materials became available in fiscal year 2007.

²The Paseo Verde Library opened in August 2002.

³The Galleria Library opened in February 2009.

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

⁵The Pittman Library closed in February 2009.

⁶The bookmobile discontinued service in May 2009.

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

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

Table 17

HENDERSON DISTRICT PUBLIC LIBRARIES

	Current Address	Current Status	Service Location Information Last Ten Fiscal Years (unaudited)									
			2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
LIBRARIES												
Galleria Library	1300 W. Sunset Rd, Ste 1121 Henderson, NV 89014	Leased								1,342	1,342	1,342
Green Valley Library	2797 N Green Valley Pkwy Henderson, NV 89014	Owned								21,410	21,410	21,410
Heritage Park Senior Facility Library	300 S Racetrack Road Henderson, NV 89015	Occupied									1,829 ⁷	1,829
James I Gibson Library	280 S Water St Henderson, NV 89015	Sold	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	----	----
	100 W Lake Mead Parkway Henderson, NV 89015	Owned									19,900 ⁸	19,900
Lydia Malcolm Library	80 N Pecos, Suite H Henderson, NV 89074	Leased	4,669 ¹	4,669	4,669	----	----	----	----	----	----	----
	2960 Sunrise Heights Pkwy Henderson, NV 89074	Owned	----	----	----	4,030 ²	4,030	4,030	6,030 ³	6,030	6,030	6,030
Paseo Verde Library	280 S Green Valley Pkwy Henderson, NV 89012	Owned	----	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313
Pitman Library	1680 Moser Henderson, NV 89015	Leased	1,200	1,200	1,200	1,200	1,200	1,200	1,200	----	----	----
SUPPORT SERVICES												
Administrative/Acquisitions & Bibliographic Services	115 S Water Street Henderson, NV 89015	Leased	1,500 ⁴	----	----	----	----	----	----	----	----	----
	280 S Green Valley Pkwy Henderson, NV 89012	Owned	----	6	6	6	6	6	6	6	6	6
Information Technology Services	280 S Green Valley Pkwy Henderson, NV 89012	Owned	⁵	6	6	6	6	6	6	6	6	6

Notes:

¹The reduction in square footage is due to a portion of the facility being subleased to the State of Nevada's Talking Books Program. The remaining square footage was retained for library use.²The District purchased a 6,030 square foot building in which the Malcolm Library was relocated. Of the 6,030 square feet, 2,000 square feet was allocated to the Talking Books program, leaving the indicated square footage for library services.³The Talking Books program moved out of the Malcolm Library at the beginning of fiscal year 2008 thereby increasing the square footage used for library services to 6,030 square feet.⁴The District temporarily leased a location for the Administrative Services and Acquisitions & Bibliographic Services.⁵Square footage for this location is included in the James I. Gibson Library, 280 S Water St.⁶Square footage for this location is included in the Paseo Verde Library.⁷The Heritage Park Senior Facility Library is located in the Heritage Senior Facility as a joint partnership with the City of Henderson. The City owns the facility, while HDPL operates a small library in a portion of the facility.⁸The original James I. Gibson Library building was sold to the City of Henderson at the end of fiscal year 2010. Operations were moved to new building and opened to the public on June 30, 2010.

Table 18

HENDERSON DISTRICT PUBLIC LIBRARIES

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

(unaudited)

	2001-2002	2002-2003	2003-2004	2004-2005 ¹	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Total General Fund Expenditures	\$ 3,362,853	\$ 4,263,748	\$ 4,722,017	\$ 4,957,007	\$ 5,861,872	\$ 6,644,108	\$ 6,943,668	\$ 6,902,969	\$ 7,558,213	\$ 6,775,880
Less Capital Outlay Other Than Books	(54,435)	(94,924)	(100,025)	(6,472)	(45,565)	(69,479)	(2,956)	(3,500)	(34,246)	(19,859)
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	(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	(12,626)	(61,787)	(14,106)	(1,790)	-	-	-	-	-	-
Total General Fund Operating Expenditures	\$ 3,126,903	\$ 4,071,854	\$ 4,570,558	\$ 4,948,326	\$ 5,816,307	\$ 6,574,629	\$ 6,940,712	\$ 6,899,469	\$ 7,523,967	\$ 6,756,021
Total Library Books and Materials	\$ 748,503	\$ 630,956	\$ 750,429	\$ 787,602	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093	\$ 693,245	\$ 585,469
Less Other Grant Book Expenditures	-	(10,920)	(10,932)	-	-	-	-	-	-	-
Less State Grant Book Expenditures	(75,943)	-	(1,060)	-	-	-	-	-	-	-
Less Federal Grant Book Expenditures	(92,946)	(9,131)	(20,357)	(419)	-	-	-	-	-	-
Total Operating Library Books and Materials	\$ 579,614	\$ 610,905	\$ 718,080	\$ 787,183	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093	\$ 693,245	\$ 585,469
Percentage of Total General Fund Operating Expenditures	18.54%	15.00%	15.71%	15.91%	14.29%	13.99%	11.77%	10.06%	9.21%	8.67%

Notes:

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

Compliance Section



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2011, which collectively comprise Henderson District Public Libraries' basic financial statements, and have issued our report thereon dated November 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 15, 2011

Auditor's Comments

**HENDERSON DISTRICT PUBLIC LIBRARIES
AUDITOR'S COMMENTS
JUNE 30, 2011**

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, 2010.

PRIOR YEAR RECOMMENDATIONS

HDPL implemented procedures that corrected the findings included in the prior year report for the year ended June 30, 2010.

CURRENT YEAR RECOMMENDATIONS

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



Independent Accountant's Report on
Nevada Revised Statute 354.6241

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

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

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The fund balances in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2011 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conformed to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2011,
- The net assets and balances of the funds are as noted in the financial statements.

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

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 15, 2011