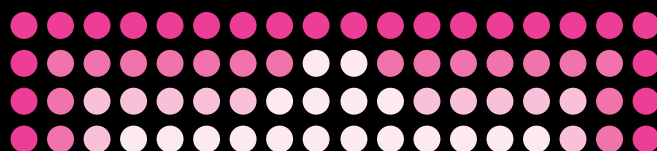




COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year ended June 30, 2014

Henderson District Public Libraries
Henderson, Nevada

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014



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

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

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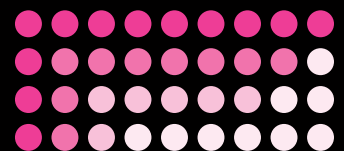
HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

Don't join the book burners. Don't think you're going to conceal faults by concealing evidence that they ever existed. Don't be afraid to go in your library and read every book...



-Dwight D. Eisenhower



October 22, 2014

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, 2014. 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 (the District). 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 (NRS) 354.624 requires an annual audit by independent certified public accountants. The accounting firm of HintonBurdick CPAs & Advisors was selected to perform the fiscal year 2014 audit and has issued an unmodified ("clean") opinion on the Henderson District Public Libraries' financial statements for the year ended June 30, 2014. 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. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of Henderson District Public Libraries

The District'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 property 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.

The District was established and operates as an independent governmental unit under authority of NRS 379. The District 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 the District.

The District 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. The District meets this mission through the operation of three full service libraries and one limited service library located throughout the city.

The District is required to adopt a final budget on or before June 1st of each year. This annual budget serves as the foundation for the District'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.

Local Economy

The Clark County economy evidenced positive signals during the current fiscal year. The unemployment rate, 7.9%, is down from the previous year of 10.1%. Total passengers at McCarran Airport were up 1.3% and gaming revenue was up 17.3% from a year earlier. Taxable sales for the year increased 8.0% over the previous year.

Economists from UNLV's Center for Business and Economic Research (CBER) believe the Clark County economy will continue to improve over the next couple of years. They are predicting positive growth in total wages earned, consumer spending, visitor volume, home prices, and building permits.

Long-term Financial Planning

In the past few years, the District's revenue sources have been dramatically effected by the Great Recession. The largest funding source (ad valorem property tax revenues) dropped 29% from its highest year in 2010. The second largest funding source (consolidated sales tax) dropped 28% from its highest year in 2007. As a result of this, the District has had to make major cuts in expenditures to be in line with its revenue projections. Cuts included closing two small libraries, the elimination of 35 positions, reduced expenditures on library materials and programming, and a reduction in service hours.

These efforts allowed the District to emphasize its core services while still maintaining 31.1% ratio of general fund ending fund balance to general fund expenditures. This is higher than the 5% - 10% ratio, which is considered a health financial cushion. The implementation of the above mentioned measures reflects the District's conservative and sound stewardship of resources during the past volatile economic period.

As projections for the ad valorem property tax revenues have begun to stabilize and projections for the consolidated tax revenues are increasing, the District is slowly reinstating services that were previously curtailed. The District will continue to closely monitor the local economy and reinstate services as funding is available.

Major Initiatives

The District recently performed a facilities repairs and improvement needs analysis. As resources become available, the District will make appropriations in subsequent budget years based on this analysis. Planned improvements will be replacements/repairs to the HVAC systems, flooring replacements, and vehicle replacements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the fourteenth consecutive year that the District 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.

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 the District, HintonBurdick CPAs & Advisors.

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,


Angela Thornton
Executive Director


Debra M. Englund
Chief Financial Officer

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HENDERSON DISTRICT PUBLIC LIBRARIES

Library Officials

Board of Trustees

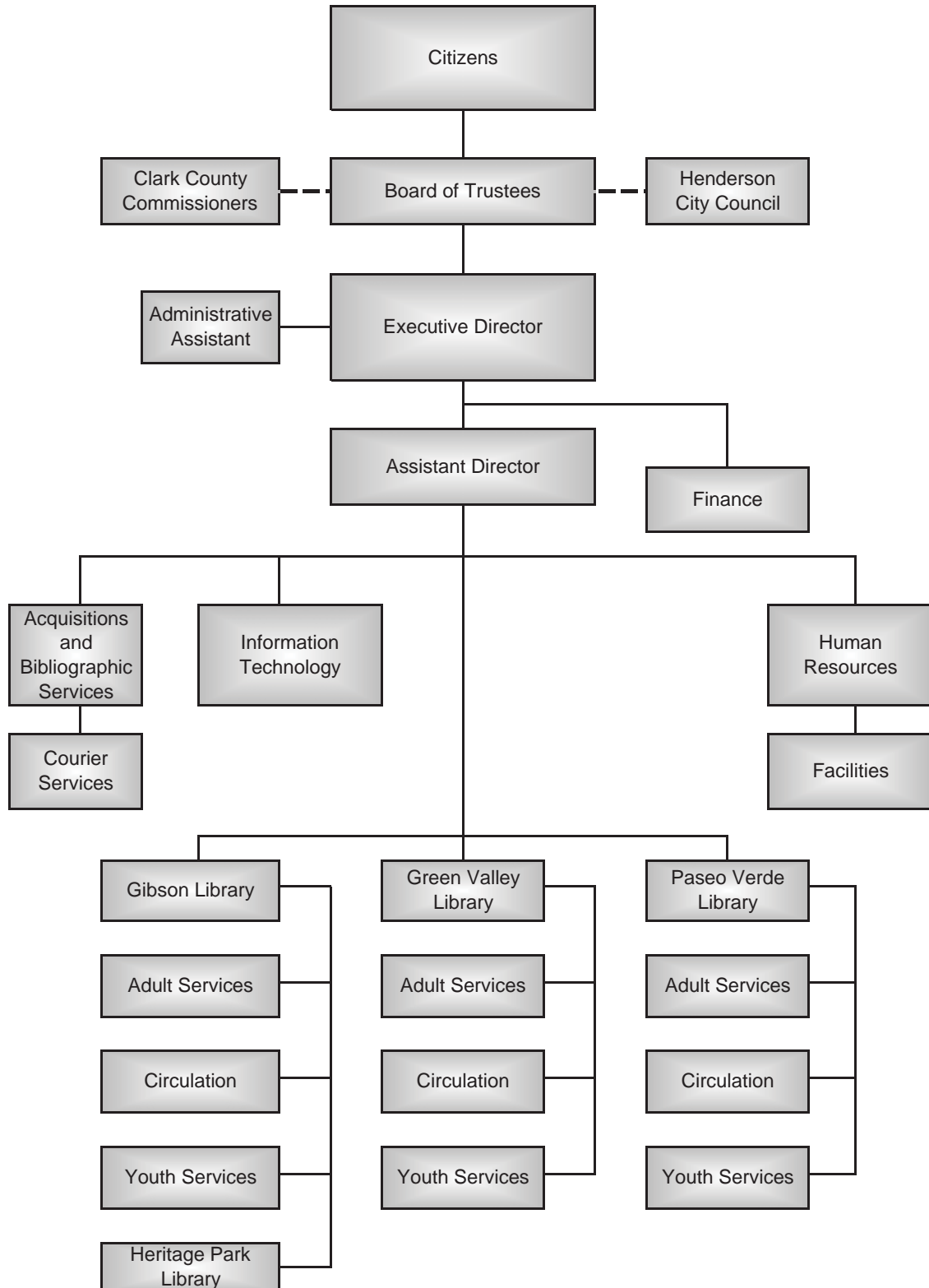
MJ Maynard	Chair
Donn Jersey	Vice-Chair
Robyn Campbell-Ouchida	Secretary
James Frey	Trustee
Cindy Herman	Trustee
Mark McGinty	Trustee
David Ortlipp	Trustee

Administrative Staff

Angela Thornton	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, 2014





Government Finance Officers Association

**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

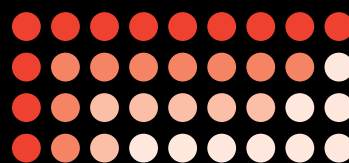
June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

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FINANCIAL SECTION



Libraries should be
open to all - except
the censor.

-John F. Kennedy

Independent Auditor's Report

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 of Henderson District Public Libraries, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress, as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Henderson District Public Libraries' basic financial statements. The introductory section, individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2014, on our consideration of Henderson District Public Libraries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henderson District Public Libraries' internal control over financial reporting and compliance.



HintonBurdick, PLLC
Mesquite, Nevada
October 22, 2014

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Henderson District Public Libraries' (the District) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activities, (c) identify changes in the District'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 the District exceeded its liabilities at June 30, 2014 by \$18,775,859 (net position). Of this amount, \$1,262,661 (unrestricted net position) may be used to meet the District's ongoing obligations to patrons and creditors.
- The District's total net position decreased by \$199,217. See the section on Government-Wide Financial Analysis for details.
- At the end of fiscal year 2014, the District's governmental funds had combined fund balances of \$4,000,286, an increase of \$245,289 from the previous year. Approximately 2.5%, or \$100,830, of ending fund balances is nonspendable, 5.8%, or \$233,711, is restricted for a specific purpose by external sources, 48.1%, or \$1,923,614, is assigned by management for a specific purpose, and 43.6%, or \$1,742,131, is available for spending at the District's discretion.
- As of June 30, 2014 fund balance in the General Fund, excluding nonspendable fund balance, was \$1,842,928 or 29.5% of General Fund expenditures.

Overview of the Financial Statements

The District'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 Position combines and consolidates all of the District'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 position that is segregated into three components: net investment in capital assets, restricted by grants and donors, and unrestricted net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position 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.

Both of the government-wide financial statements present the governmental activities of the District, which are principally supported by ad valorem property taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 22-23 of this report.

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. The District uses fund accounting to demonstrate legal compliance and to aid in financial management. The District 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.

The District 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 Debt Service Fund, and the Capital Construction Fund, all of which are considered major funds, and the Contributions and Grants Fund, which is considered a nonmajor fund.

The District adopts an annual appropriated budget for all its governmental funds. Budgetary comparisons for all funds have been provided as a component of the basic financial statements to demonstrate compliance with these budgets.

The fund financial statements can be found on pages 24-28 of this report.

HENDERSON DISTRICT PUBLIC LIBRARIES **MANAGEMENT'S DISCUSSION AND ANALYSIS** **FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 29-48 of this report.

Other Information

Required supplemental information and the individual fund schedules can be found on pages 49-53 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$18,775,859 at June 30, 2014.

HDPL's Net Position

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
		(Restated)
Assets:		
Current and other assets	\$ 4,692,687	\$ 4,071,291
Capital assets	18,797,387	19,112,100
Total assets	<u>23,490,074</u>	<u>23,183,391</u>
Liabilities:		
Current liabilities	617,378	289,978
Long-term liabilities	4,096,837	3,918,337
Total liabilities	<u>4,714,215</u>	<u>4,208,315</u>
Net position:		
Net investment in capital assets	17,279,487	17,416,700
Restricted by grants and donors	233,711	177,901
Unrestricted	1,262,661	1,380,475
Total net position	<u>\$ 18,775,859</u>	<u>\$ 18,975,076</u>

The largest portion of the District's net position (92.0%) 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, furniture, land improvements, library materials, and vehicles. These assets are used to provide services to the patrons of the District and are not available for future spending.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

An additional portion of the District's net position (1.3%) reflects resources that are subject to external restrictions on how they may be used. The remaining portion of the District's net position (6.7%) reflects unrestricted net position that may be used to meet the District's ongoing obligations to patrons and creditors.

As of June 30, 2014, the District is able to report positive balances in all categories of net position. The same held true for the previous fiscal year.

There was a decrease of \$137,213 in net investments in capital assets. This decrease was primarily due to depreciation of existing assets. See discussion on Capital Assets below for further explanations.

Governmental Activities

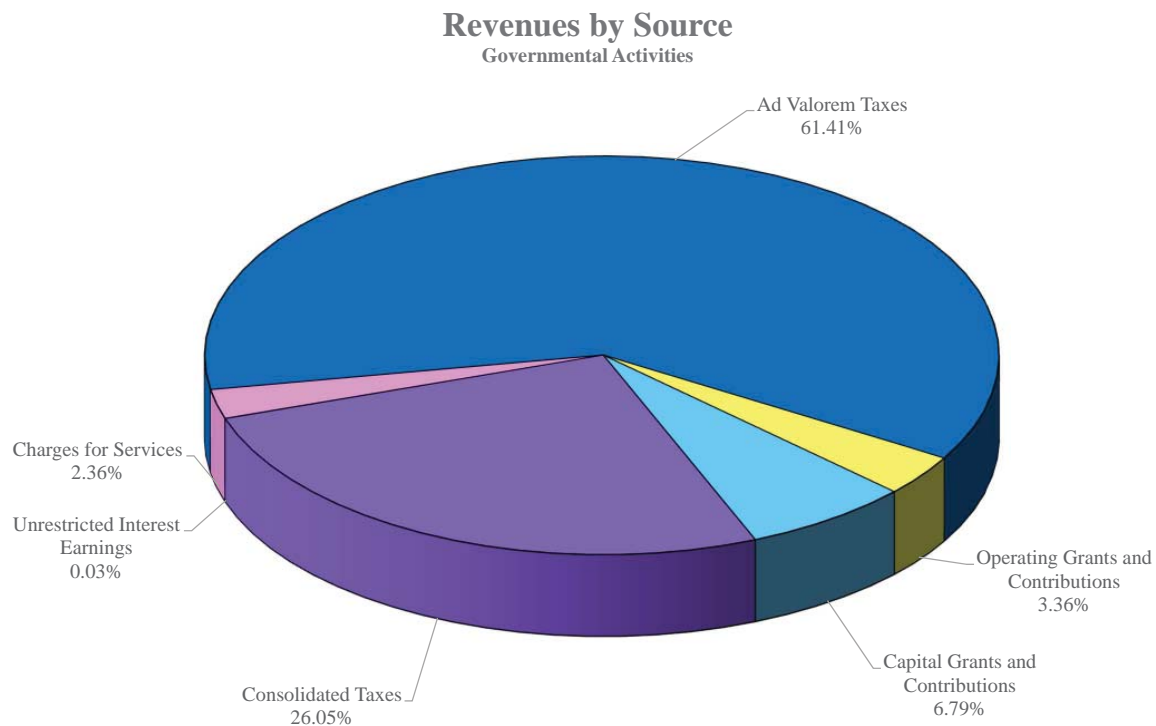
Governmental activities decreased the District's net position by \$199,217, or 1.1%, during the current fiscal year. Key elements of this decrease are as follows:

HDPL's Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program Revenues		
Charges for services	\$ 181,480	\$ 221,201
Operating grants and contributions	257,682	202,180
Capital grants and contributions	521,035	282,844
General Revenues		
Ad valorem taxes	4,714,283	4,750,001
Consolidated taxes	1,999,330	1,889,946
Unrestricted investment earnings	2,086	1,886
Total revenues	<u>7,675,896</u>	<u>7,348,058</u>
Expenses:		
Culture and recreation	7,839,070	7,966,369
Interest	36,043	40,810
Total expenses	<u>7,875,113</u>	<u>8,007,179</u>
Increase/(decrease) in net position	(199,217)	(659,121)
Net position, beginning of year,		
as previously report	18,996,890	19,656,011
Adjustment	(21,814)	-
Net position, beginning of year, as adjusted	<u>18,975,076</u>	<u>19,656,011</u>
Net position, end of year	<u>\$ 18,775,859</u>	<u>\$ 18,996,890</u>

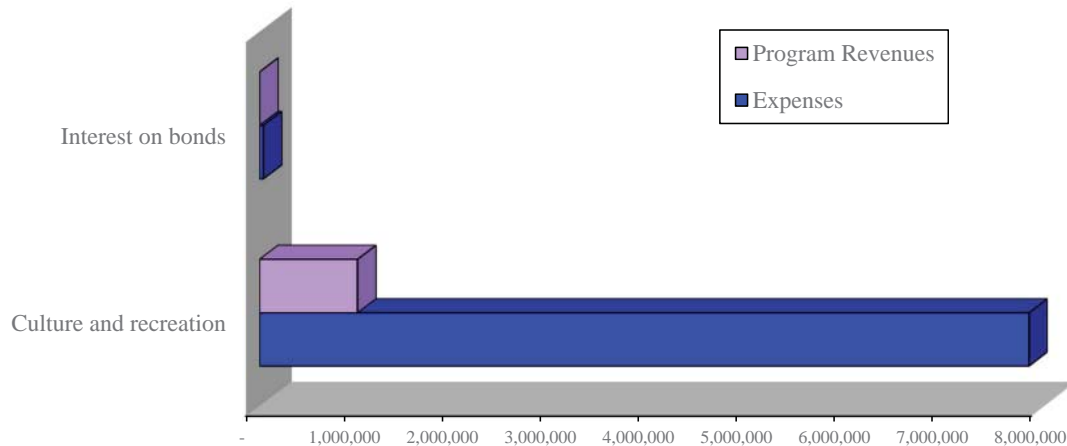
**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

- Capital grants and contributions increased by \$238,191, or 84.2%, while operating grants and contributions increased by \$55,502, or 27.5%. The capital grants and contributions increase is due to a \$279,972 renewable energy grant awarded by NV Energy for the installation of a photovoltaic array solar system at the Paseo Verde Library. The increase in operating grants and contributions is due to normal variation in the types of grants received by the District.
- Ad valorem property taxes decreased by \$35,718, or .8%, while consolidated taxes increased by \$109,384, or 5.8%. The decrease in ad valorem property taxes is due to the continued devaluation of the local housing market. The increase in consolidated taxes is due to increased consumer spending (tourist and local).
- Culture and recreation expenses decreased by \$127,299, or 1.6%, over the last fiscal year. This change can be primarily attributed to a decrease of \$175,918 in depreciation expenses.



**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Expenses and Program Revenues
Governmental Activities



Fund Financial Analysis

As noted earlier, the District uses fund accounting to better ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at fiscal year end.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,000,286, an increase of \$245,289 from fiscal year 2013. Of the 2014 ending fund balances, \$1,742,131, or 43.6%, constitutes unassigned fund balance and is available for spending at the District's discretion; \$1,923,614, or 48.1%, is assigned by management for specific purposes; \$233,711, or 5.8%, is restricted by external sources; and \$100,830, or 2.5%, is nonspendable.

General Fund

The General Fund is the chief operating fund of the District. At the end of fiscal year 2014, the General Fund had an ending fund balance of \$1,943,758, of which \$1,742,131 was unassigned, \$100,797 is assigned for use in next year's operations, and \$100,830 is nonspendable.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The General Fund's fund balance decreased by \$979,191 during the current fiscal year. The change in fund balance is primarily due to a \$1,355,095 increase in transfers to other funds.

Debt Service Fund

The Debt Service Fund has a fund balance of \$1,517,900, all of which is assigned for the payment of debt service. The increase in fund balance during the current fiscal year in the Debt Service Fund was \$1,156,389. This is due to an increased transfer from the General Fund.

Capital Projects Construction Fund

The Capital Projects Construction Fund has a fund balance of \$106,235. This is a decrease of \$3,331 from the previous fiscal year end.

Non-major Funds

The remaining non-major fund, the Contributions and Grants Fund, has a fund balance of \$432,393. The increase in fund balance during the current fiscal year in the non-major fund was \$71,422. The primary reason for this increase was a reduction in services and supplies expenditures.

General Fund Budgetary Highlights

The original fiscal year 2014 budget was approved May 16, 2013. State regulations require budget controls to be exercised at the function level. Although function-level control is what is required, the District management exercises control at the object level.

During the year, there was a \$98,712 increase in appropriations between the original and final amended budget. This is due to an increase of the same amount in the transfer to the Capital Projects Construction Fund. The increase was possible because of a larger than expected beginning fund balance.

The final amended budget projected ad valorem property taxes and consolidated tax, which account for 97.0% of the General Fund's total revenue, to be \$4,590,000 and \$1,916,453 respectively. Ad valorem property tax revenue came in at \$4,636,794, a positive variance of \$46,794, or less than .10%. Consolidated tax revenues came in at \$1,999,330, a positive variance of \$82,877 or 4.3%.

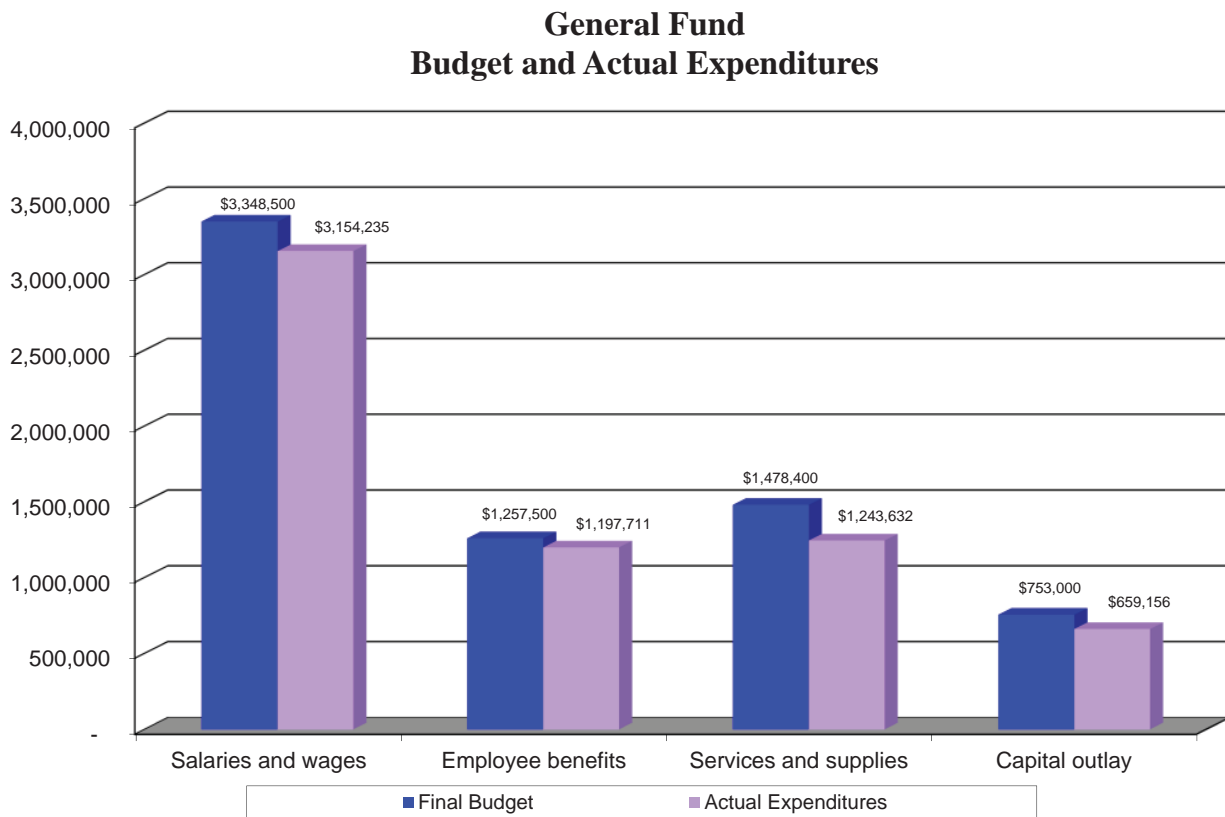
Actual expenditures were 91.5% of appropriations, or \$582,666 lower than the final budget. The main areas of savings are summarized below:

- Salaries and wages were \$194,265 below the final budget. This was due to savings associated with vacant positions.

HENDERSON DISTRICT PUBLIC LIBRARIES MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

- Employee benefits were \$59,789 below the final budget. This was also due to vacancy savings.
- Services and supplies were \$234,768 below the final budget. This was due to operational reductions.
- Capital outlay was \$93,844 below the final budget. This was due to normal variations in library material purchasing.

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



Additional information on the District's general fund budget can be found on pages 28, and 37-38 of this report.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Capital Assets

At June 30, 2014, the District had \$18,797,387 invested in capital assets (net of accumulated depreciation). This investment in capital assets includes buildings, equipment, furniture, land, land improvements, library materials, and vehicles. This amount represents a net decrease of \$314,713, or 1.7%, from last year. The following table reflects capital assets of the District at June 30, 2014 and 2013.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Buildings	\$ 13,929,161	\$ 14,437,074
Equipment	429,187	120,303
Furniture	21,189	34,235
Land	1,867,359	1,867,359
Land improvements	449,932	479,928
Library materials	2,083,824	2,171,676
Vehicles	16,735	1,525
Total capital assets, net of depreciation	<u>\$ 18,797,387</u>	<u>\$ 19,112,100</u>

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

- The installation of a photovoltaic array solar system at the Paseo Verde Library was capitalized at a cost of \$346,368.
- Partial replacement of the Paseo Verde roof was capitalized at a cost of \$108,719.
- The District capitalized library materials at a cost of \$966,594, included donated materials totaling \$221,248.
- The District purchased a replacement vehicle at a cost of \$18,945.
- Depreciation expense for the fiscal year was \$1,759,058

Additional information on the District's capital assets can be found on pages 33 and 41 of this report.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Long-term Debt

At the end of the current fiscal year, the District had \$2,132,457 in outstanding debt, \$1,517,900 of which was for a medium term general obligation refunding bond issued during fiscal year 2012, and \$614,557 of which was for compensated absences.

Per NRS 379.0225, the debt limitation for the District is equal to 10 percent of the total assessed value of all taxable property. The debt limitation currently applicable to June 30, 2014 is \$846,482,027. The District's net general obligation bonded debt subject to the legal debt margin of \$1,517,900 is well below this legal limit.

Additional information on the District's long-term debt can be found on pages 34 and 42 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Clark County has decreased and is currently 7.9%, which is a down 2.2% from last year. The United States national average unemployment rate is 6.3% and the State's average unemployment rate is 7.8%.
- Businesses within Clark County reported taxable sales of \$3.08 billion, a 8.0% increase from the previous year.
- Property within the District's assessment district raised in value to \$8,464,820,271, an increase of \$257,750,598, or 3.1%.

These factors were considered in preparing the District's budget for fiscal year 2015.

Spendable fund balance in the General Fund decreased by 35.4%, to \$1,842,928, from the prior year. This amount is \$699,458 higher than the final budgeted ending fund balance for the 2014 fiscal year. The District assigned \$100,797 of this fund balance to eliminate a projected budgetary deficit in the fiscal year 2015 budget.

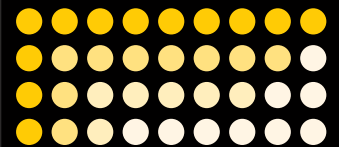
Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

In a good bookroom you feel in some mysterious way that you are absorbing the wisdom contained in all the books through your skin, without even opening them.



-Mark Twain

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HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental <u>Activities</u>
ASSETS	
Cash and investments	\$ 4,069,836
Accounts receivable	15,480
Interest receivable	74
Due from other governments	506,467
Prepays	100,830
Capital assets (net of accumulated depreciation, where applicable):	
Land	1,867,359
Property and equipment	14,846,204
Library books and materials	2,083,824
Total Assets	<u>23,490,074</u>
LIABILITIES	
Accounts payable	472,916
Accrued payroll	92,177
Accrued interest	2,466
Contract retainage	16,111
Unearned revenue	33,708
Non-current liabilities:	
Portion due or payable within one year:	
General obligation bonds	207,200
Compensated absences	339,421
Portion due or payable after one year:	
General obligation bonds	1,310,700
Compensated absences	275,136
Obligation for postemployment benefits other than pensions	1,964,380
Total Liabilities	<u>4,714,215</u>
NET POSITION	
Net investment in capital assets	17,279,487
Restricted by grants and donors	233,711
Unrestricted	1,262,661
Total Net Position	<u>\$ 18,775,859</u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

			Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
	Expenses			Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Culture and recreation	\$ 7,839,070	\$ 181,480	\$ 257,682	\$ 521,035	\$ (6,878,873)
Debt service:					
Interest on bonds	36,043	-	-	-	(36,043)
Total governmental activities	<u>\$ 7,875,113</u>	<u>\$ 181,480</u>	<u>\$ 257,682</u>	<u>\$ 521,035</u>	<u>(6,914,916)</u>
General revenues:					
Ad valorem taxes					4,714,283
Consolidated taxes					1,999,330
Unrestricted investment earnings					2,086
Total general revenues					<u>6,715,699</u>
Change in net position					(199,217)
Net position, beginning of year, as previously reported					18,996,890
Adjustment					<u>(21,814)</u>
Net position, beginning of year, as adjusted					18,975,076
Net position, end of year					<u>\$ 18,775,859</u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**BALANCE SHEET
JUNE 30, 2014**

	General Fund	Debt Service Fund	Capital Construction Fund	Nonmajor Contributions and Grants Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,823,004	\$ 1,517,900	\$ 286,417	\$ 442,515	\$ 4,069,836
Accounts receivable	94	-	-	15,386	15,480
Interest receivable	74	-	-	-	74
Due from other governments	506,467	-	-	-	506,467
Prepays	100,830	-	-	-	100,830
Total assets	<u>\$ 2,430,469</u>	<u>\$ 1,517,900</u>	<u>\$ 286,417</u>	<u>\$ 457,901</u>	<u>\$ 4,692,687</u>
LIABILITIES					
Accounts payable	\$ 283,615	\$ -	\$ 164,071	\$ 25,230	\$ 472,916
Contract retention payable	-	-	16,111	-	16,111
Unearned revenue	33,430	-	-	278	33,708
Accrued payroll	92,177	-	-	-	92,177
Total liabilities	<u>409,222</u>	<u>-</u>	<u>180,182</u>	<u>25,508</u>	<u>614,912</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-ad valorem property taxes	<u>77,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,489</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	100,830	-	-	-	100,830
Restricted for:					
Green Valley Library	-	-	-	263	263
Heritage Library	-	-	-	334	334
Materials	-	-	-	187,556	187,556
Outreach	-	-	-	23,883	23,883
Paseo Verde Library	-	-	-	300	300
Programming	-	-	-	21,375	21,375
Assigned for:					
Capital projects	-	-	106,235	-	106,235
Debt service	-	1,517,900	-	-	1,517,900
Fund balance for next year operations	100,797	-	-	-	100,797
Programming and events	-	-	-	198,682	198,682
Unassigned	<u>1,742,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,742,131</u>
Total fund balances	<u>1,943,758</u>	<u>1,517,900</u>	<u>106,235</u>	<u>432,393</u>	<u>4,000,286</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,430,469</u>	<u>\$ 1,517,900</u>	<u>\$ 286,417</u>	<u>\$ 457,901</u>	<u>\$ 4,692,687</u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2014

Amounts reported for governmental activities in the Statement of Net Position (page 22) are different because:

Total fund balances - governmental funds (page 24)		\$ 4,000,286
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 32,695,942	
Less: Accumulated depreciation	<u>(13,898,555)</u>	
		18,797,387
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(1,517,900)	
Compensated absences	(614,557)	
Obligations for postemployment benefits other than pensions	<u>(1,964,380)</u>	
		(4,096,837)
Other liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.		
Interest payable		(2,466)
Deferred inflows of resources represent amounts that were not available to to fund current expenditures; and therefore, are not reported.		
Unavailable revenue, property taxes		<u>77,489</u>
Net position of governmental activities		<u><u>\$ 18,775,859</u></u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Construction Fund</u>	<u>Nonmajor Contributions and Grants Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Ad valorem	\$ 4,636,794	\$ -	\$ -	\$ -	\$ 4,636,794
Intergovernmental:					
Consolidated tax	1,999,330	-	-	-	1,999,330
Grants, federal and state	-	-	-	46,912	46,912
Miscellaneous:					
Fines and forfeits	157,630	-	-	-	157,630
Contributions from private sources	-	-	289,972	222,176	512,148
Investment income	1,740	-	122	224	2,086
Other	48,251	-	-	2,948	51,199
Total revenues	<u>6,843,745</u>	<u>-</u>	<u>290,094</u>	<u>272,260</u>	<u>7,406,099</u>
EXPENDITURES					
Current:					
Culture and recreation:					
Salaries and wages	3,154,235	-	-	-	3,154,235
Employee benefits	1,197,711	-	-	-	1,197,711
Services and supplies	1,243,632	400	37,050	75,703	1,356,785
Capital outlay	659,156	-	455,087	125,135	1,239,378
Debt service:					
Principal	-	177,500	-	-	177,500
Interest on bonds	-	36,201	-	-	36,201
Total expenditures	<u>6,254,734</u>	<u>214,101</u>	<u>492,137</u>	<u>200,838</u>	<u>7,161,810</u>
Excess (deficiency) of revenue over (under) expenditures	<u>589,011</u>	<u>(214,101)</u>	<u>(202,043)</u>	<u>71,422</u>	<u>244,289</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,370,490	198,712	-	1,569,202
Transfers out	(1,569,202)	-	-	-	(1,569,202)
Proceeds from sales of capital assets	1,000	-	-	-	1,000
Total other financing sources (uses)	<u>(1,568,202)</u>	<u>1,370,490</u>	<u>198,712</u>	<u>-</u>	<u>1,000</u>
Net change in fund balances	(979,191)	1,156,389	(3,331)	71,422	245,289
Fund balances, beginning of year	<u>2,922,949</u>	<u>361,511</u>	<u>109,566</u>	<u>360,971</u>	<u>3,754,997</u>
Fund balances, end of year	<u>\$ 1,943,758</u>	<u>\$ 1,517,900</u>	<u>\$ 106,235</u>	<u>\$ 432,393</u>	<u>\$ 4,000,286</u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Amounts reported for governmental activities in the Statement of Activities (page 23)
are different because:

Net Change in Fund Balances - total governmental funds (page 26) \$ 245,289

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 estimated useful lives and only the gain or loss is recorded when assets are sold.

Expenditures for capital assets	\$ 1,239,378	
Loss on disposition of assets	(16,281)	
Less: Current year depreciation	<u>(1,759,058)</u>	(535,961)

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

Change in unearned revenue	(28,940)	
Change in unavailable property tax	77,489	
Donated capital assets	<u>221,248</u>	269,797

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	177,500	
Accrued interest	<u>158</u>	177,658

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

Change in long-term compensated absences	44,147	
Change in obligations for postemployment benefits other than pensions	<u>(400,147)</u>	(356,000)

Change in net position of governmental activities		<u>\$ (199,217)</u>
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See notes to the 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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes:				
Ad valorem	\$ 4,590,000	\$ 4,590,000	\$ 4,636,794	\$ 46,794
Intergovernmental:				
Consolidated tax	1,916,453	1,916,453	1,999,330	82,877
Miscellaneous:				
Fines and forfeits	140,000	140,000	157,630	17,630
Investment income	1,000	1,000	1,740	740
Other	60,000	60,000	48,251	(11,749)
Total revenues	<u>6,707,453</u>	<u>6,707,453</u>	<u>6,843,745</u>	<u>136,292</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Salaries and wages	3,348,500	3,348,500	3,154,235	194,265
Employee benefits	1,257,500	1,257,500	1,197,711	59,789
Services and supplies	1,478,400	1,478,400	1,243,632	234,768
Capital outlay	753,000	753,000	659,156	93,844
Total expenditures	<u>6,837,400</u>	<u>6,837,400</u>	<u>6,254,734</u>	<u>582,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(129,947)</u>	<u>(129,947)</u>	<u>589,011</u>	<u>718,958</u>
OTHER FINANCING USES				
Transfers out	(1,470,490)	(1,569,202)	(1,569,202)	-
Proceeds from sale of capital assets	20,500	20,500	1,000	(19,500)
Total other financing uses	<u>(1,449,990)</u>	<u>(1,548,702)</u>	<u>(1,568,202)</u>	<u>(19,500)</u>
Net change in fund balance*	(1,579,937)	(1,678,649)	(979,191)	699,458
Fund balance, beginning of year	<u>2,824,237</u>	<u>2,922,949</u>	<u>2,922,949</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,244,300</u>	<u>\$ 1,244,300</u>	<u>\$ 1,943,758</u>	<u>\$ 699,458</u>

* The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance.

See notes to the financial statements.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies

Reporting Entity

The Henderson District Public Libraries (the District) 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 the District maintained within the District's boundaries. The District currently operates four libraries – the Heritage Park Senior Facility Library, the James I. Gibson Library, the Green Valley Library, and the Paseo Verde Library.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government. The District is not considered a component unit of any other governmental unit under this criteria.

The Friends of the Henderson Libraries, formed in 2000, and the Henderson Libraries Foundation, formed in 2010, are Nevada Non-Profit Corporations. Both entities were formed for the exclusive purpose of providing aid, support, and assistance in the promotion, growth and improvement of the District. Although the District expects to receive a future financial benefit from both entities, the District is not required to provide financial support to them, does not appoint a voting majority of the members of either Board or have the ability to otherwise control or impose its will on them, does not have immediate access to their resources, and their resources are not significant to the District. Therefore, neither entity is considered to be and is not reported as a component unit of the District. Furthermore, no other entities were determined to be component units of the District.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the District. 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, of which the District does not perform. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function. Program revenues include 1) fees, fines, and charges paid by recipients of goods or services offered by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the District's funds. Funds are classified into three categories: governmental, proprietary and fiduciary. During fiscal year 2014, the District 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. The remaining governmental fund is reported as a nonmajor fund.

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. Ad valorem 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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, the District 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).

Ad valorem 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.

Ad valorem 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).

The District reports unearned revenue in the fund financial statements balance sheets. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned 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 unearned revenue is removed from the balance sheet and revenues are recognized.

The District classifies and reports the following as major governmental funds:

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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.

The **Capital Construction Fund** is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the improvement, acquisition or construction of capital facilities and other capital assets.

Additionally, the District reports the following nonmajor governmental fund types:

The **Contributions and Grants Special Revenue 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 District has no nongovernmental fund types.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash, Cash Equivalents and Investments

The District maintains two checking accounts and invests resources with the State of Nevada Local Government Investment Pool (LGIP). The District pools cash resources of its various funds in order to facilitate the management of cash and maximize investment earning potential. Cash applicable to a particular fund is readily identifiable.

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

As more fully described in Note 3, state statutes authorize the District 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, Local Government Investment Pool, and money market mutual funds. All investments are stated at fair value.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Ad Valorem Property Taxes

Ad valorem 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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Capital Assets

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

<u>Asset Class</u>	<u>Years</u>
Buildings	30
Computer equipment	3
Equipment	5-20
Furniture	7
Land improvements	20
Library materials	5
Vehicles	5

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

It is the District'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.

Other Postemployment Benefits Other Than Pensions (OPEB)

Effective July 1, 2009, the District 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, the District 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 the District plus or minus ARC adjustments and interest. The ARC is 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, 2014 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.

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts 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 should be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Debt issuance costs are recognized as an expense in the period incurred.

For governmental fund types, bond discounts and 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 and payments to advance refunding agents are recorded as other financing uses. Issuance costs, even if withheld from the proceeds received and payments to current refunding agents, are reported as debt service expenditures.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expense) until then. The District does not have any item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue-ad valorem property taxes, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Equity Classifications

In the government-wide financial statements, net position is displayed in three components:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) by law through constitutional provisions or enabling legislation.

Unrestricted net position - Consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Net Position Flow Assumption

Sometimes, the District will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied, but reserves the right to selectively deplete unrestricted – net position first to defer the use of restricted – net position.

Fund Balance Flow Assumption

Sometimes, the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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 deplete unassigned fund balances first to defer the use of these other classified fund balances.

Fund Balance Policies

Governmental fund balances are classified as follows:

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This classification includes prepaid items.

Restricted Fund Balance - Includes constraints placed on the use of these resources that are either externally imposed by creditors (such as debt covenants), grantors, contributors or other governments; or are imposed by laws (through constitutional provisions or enabling legislation).

Committed Fund Balance - Includes amounts that can be used only for a specific purpose because of a formal action (resolution) by the Board of Trustees, which is the District's highest level of decision-making authority. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assigned Fund Balance – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The Board of Trustees, has by formal board action, adopted the District’s fund balance policy delegating authority to assign fund balances to the District’s Executive Director. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget. Constraints imposed on the use of assigned amounts can be removed without formal action by the Board of Trustees.

Unassigned Fund Balance – This is the residual classification of fund balance in the General Fund, which has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds might report a negative unassigned fund balance as a result of overspending for specific purposes for which amounts have been restricted, committed, or assigned.

NOTE 2 – Stewardship, Compliance and Accountability

Budgetary Information

The District 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 – Stewardship, Compliance and Accountability (continued)

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.

Compliance with Nevada Revised Statutes

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

Cumulative Effect of Change in Accounting Principal

Effective July 1, 2013, the District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this statement requires retroactive adjustment to amounts previously reported as deferred charges associated with bond issuance costs. The cumulative effect of this change in accounting principle is reported in the current year as an adjustment to beginning net position.

New Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. Management has not yet completed its assessment of this statement.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 – Detailed Notes – All Funds

Cash, Cash Equivalents and Investments

The following summarizes the District's cash and investment balances as of June 30, 2014:

Cash on hand	\$	3,112
Cash in financial institutes		3,065,151
Investments		<u>1,001,573</u>
Total cash, cash equivalents, and investments	\$	<u><u>4,069,836</u></u>

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

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2014, the recorded amount of the District's deposits was \$3,065,152 and the bank balances were \$3,135,040. Of the bank statement balances, \$250,000 was covered by federal depository insurance and the remainder was subject to collateralization by the office of the State Treasurer/Nevada Collateral Pool.

The District 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, the District'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. 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. The District 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 the District by NRS 355.170:

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 – Detailed Notes – All Funds (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Ratings	
				S & P	Moody's
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 Association	10 years	None	None	n/a	n/a
Local Government Investment Pool	None	None	None	n/a	n/a

As of June 30, 2014, the District had the following investments and maturities:

	<u>Maturities</u>	<u>Fair Value</u>
Pooled Investments:		
State of Nevada Local Government Investment Pool (LGIP)	80 days*	\$ 1,001,573
Total Pooled Investments		<u><u>\$ 1,001,573</u></u>

*Represents average weighted maturity

The District is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The District's investment in the LGIP is reported at fair value. The District's investment in the LGIP is equal to its original investment plus monthly allocations of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 – Detailed Notes – All Funds (continued)

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. The District 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.

Generally, 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. The LGIP is an unrated external investment pool and as noted above, the District has no formal investment policy that specifies minimum acceptable credit ratings.

Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2014:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,867,359	\$ -	\$ -	\$ 1,867,359
Total capital assets, not being depreciated:	<u>1,867,359</u>	<u>-</u>	<u>-</u>	<u>1,867,359</u>
Capital assets, being depreciated:				
Buildings	18,498,960	108,719	-	18,607,679
Computer equipment	59,083	-	(21,696)	37,387
Equipment	303,380	366,368	(48,237)	621,511
Furniture	514,758	-	-	514,758
Land improvements	599,912	-	-	599,912
Library materials	10,486,569	966,594	(1,148,570)	10,304,593
Vehicles	145,177	18,945	(21,379)	142,743
Total capital assets, being depreciated	<u>30,607,839</u>	<u>1,460,626</u>	<u>(1,239,882)</u>	<u>30,828,583</u>
Less accumulated depreciation for:				
Buildings	(4,061,886)	(616,632)	-	(4,678,518)
Computer equipment	(59,083)	-	21,696	(37,387)
Equipment	(183,077)	(41,203)	31,956	(192,324)
Furniture	(480,523)	(13,046)	-	(493,569)
Land improvements	(119,984)	(29,996)	-	(149,980)
Library materials	(8,314,893)	(1,054,446)	1,148,570	(8,220,769)
Vehicles	(143,652)	(3,735)	21,379	(126,008)
Total accumulated depreciation	<u>(13,363,098)</u>	<u>(1,759,058)</u>	<u>1,223,601</u>	<u>(13,898,555)</u>
Total capital assets, being depreciated, net	<u>17,244,741</u>	<u>(298,432)</u>	<u>(16,281)</u>	<u>16,930,028</u>
Governmental activities capital assets, net	<u>\$ 19,112,100</u>	<u>\$ (298,432)</u>	<u>\$ (16,281)</u>	<u>\$ 18,797,387</u>

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

Governmental Activities:

Culture and recreation	<u>\$ 1,759,058</u>
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**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 – Detailed Notes – All Funds (continued)

Long-Term Debt

Changes to Long-Term Debt

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

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>	Due in <u>2014-2015</u>
General Obligation Bonds:					
Series 2012, Medium term refunding bond - \$1,867,700, due in semi-annual installments beginning 2012 through December 1, 2018; interest varies between 1.11% and 2.80%	1,695,400	-	(177,500)	1,517,900	207,200
Compensated absences	<u>658,704</u>	<u>334,425</u>	<u>(378,572)</u>	<u>614,557</u>	<u>339,421</u>
Total Long-Term Debt	<u>\$ 2,354,104</u>	<u>\$ 334,425</u>	<u>\$ (556,072)</u>	<u>\$ 2,132,457</u>	<u>\$ 546,621</u>

Payment Requirements for Debt Service

The general obligation bonds typically have been liquidated by the Debt Service Fund. Compensated absences typically have been liquidated by the General Fund. The annual requirements to pay principal and interest on the bond outstanding at June 30, 2014 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2015	207,200	33,768	240,968
2016	364,100	29,578	393,678
2017	371,900	21,871	393,771
2018	380,800	12,919	393,719
2019	<u>193,900</u>	<u>2,715</u>	<u>196,615</u>
Totals	<u>\$ 1,517,900</u>	<u>\$ 100,851</u>	<u>\$ 1,618,751</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 – Detailed Notes – All Funds (continued)

Interfund Activity

Interfund transfers for the year ended June 30, 2014 consisted of the following:

	Transfers in		
	Debt Service Fund	Capital Construction Fund	Total
Transfers out:			
General Fund	\$ 1,370,490	\$ 198,712	\$ 1,569,202

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

In the year ended June 30, 2014, the District made a transfer to the Debt Service Fund equivalent to the principal outstanding on the Series 2012 Medium term refunding bond. This transfer was done in preparation of the early payoff of the outstanding debt.

Defined Benefit Pension Plan

Plan Description: All the District 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. The District 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, 2014**

NOTE 3 – Detailed Notes – All Funds (continued)

Funding Policy: Plan members electing the non-contributory plan are funded under a plan whereby the District is required to contribute all amounts due under the plan. Plan members electing the contributory plan are funded under a plan whereby the District 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. The District'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	
2013-14	25.75%	\$ 621,229	13.25%	\$ 30,965	\$ 652,194
2012-13	23.75%	585,087	12.25%	32,457	617,544
2011-12	23.75%	604,350	12.25%	43,221	647,574

Postemployment Benefits Other Than Pensions (OPEB)

Plan Description: Retirees of the District 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 benefit 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.

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 – Detailed Notes – All Funds (continued)

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 the District 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 the District are established and may be amended through negotiations between the District and Clark County.

The District pays 100% of the monthly premiums for active employees, ranging between \$420-\$474, or 82% of the monthly premiums for active employees and their dependents, ranging between \$645-\$1,026. Retirees in the CCSF and HPN programs receive no direct subsidy from the District. 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 the District. The District currently pays for postemployment healthcare benefits on a pay-as-you-go basis. There are currently four retirees participating in either CCSF or HPN.

The District 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 2014, this subsidy ranged from \$18-\$440 per retiree, per month for eight 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 the District's annual OPEB cost for the year, the amount contributed to the plan, and the changes in the District's net OPEB obligations.

	CCSF and <u>HPN</u>	<u>PEBP</u>	Balance <u>Total</u>
Annual required contribution (ARC)	\$ 449,438	\$ 16,387	\$ 465,825
Interest on net OPEB obligation	44,923	1,638	46,561
Adjustment to the ARC	(64,948)	(2,368)	(67,316)
Annual OPEB cost (expense)	429,413	15,657	445,070
Contributions made	(33,759)	(11,164)	(44,923)
Increase in net OPEB obligations	395,654	4,493	400,147
Net OPEB obligation - beginning of year	1,511,258	52,975	1,564,233
Net OPEB obligation - end of year	<u>\$ 1,906,912</u>	<u>\$ 57,468</u>	<u>\$ 1,964,380</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 – Detailed Notes – All Funds (continued)

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, 2014 and the two preceding years are as follows:

Plan	Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation
CCSF and HPN	June 30, 2012	\$ 439,722	\$ 20,219	4.60%	\$ 1,115,604
CCSF and HPN	June 30, 2013	429,413	33,759	7.86%	1,511,258
CCSF and HPN	June 30, 2014	429,413	33,759	7.86%	1,906,912
PEBP	June 30, 2012	30,719	11,135	36.25%	48,428
PEBP	June 30, 2013	15,657	11,110	70.96%	52,975
PEBP	June 30, 2014	15,657	11,164	71.30%	57,468
Combined	June 30, 2012	470,441	31,354	6.66%	1,164,032
Combined	June 30, 2013	445,070	44,869	10.08%	1,564,233
Combined	June 30, 2014	445,070	44,923	10.09%	1,964,380

Funded Status and Funding Progress: Using the most recent actuarial valuation as of July 1, 2012, the following is the funded status of the OPEB plan:

	CCSF and HPN	PEBP
Actuarial accrued liability (AAL)	\$ 3,432,845	\$ 294,702
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 3,432,845</u>	<u>\$ 294,702</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll	\$ 2,828,172	N/A*
UAAL as percentage of covered payroll	121%	N/A*

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

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 – Detailed Notes – All Funds (continued)

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 the District 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, 2012
Actuarial cost method	Entry age normal, level dollar amount
Amortization method	30 years, open, level dollar amount
Remaining amortization period	30 years remaining as of July 1, 2012
Asset valuation	N/A, no assets in trust
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	N/A; unfunded actuarial accrued liability amortized as a level dollar amount
Cost of living adjustments	N/A
General inflation rate	N/A
Healthcare inflation rates:	
PPO Medical and Drug	8.5% in 2013/2014, grading down .5% per year until reaching ultimate rate of 5.0%
HMO	8.5% in 2013/2014, 10% in 2014/2015, 8% in 2015/2016 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, 2014**

NOTE 3 – Detailed Notes – All Funds (continued)

Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions. The District participates in Clark County, Nevada's insurance program to provide health insurance coverage for its employees. The District 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.

Contracts

The District continued the interlocal agreement with the City of Henderson (the City) whereby the City provides for assistance in updating or revising the the District master plan and allows the District to provide library services at facilities owned or operated by the City. 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. This agreement was renegotiated for another six years effective July 1, 2007 and again on July 1, 2013. The current agreement will terminate on June 30, 2019 unless renewed for an additional six years by mutual agreement of both parties.

The District 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 the District 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 the District.

Subsequent Events

On July 15, 2014, the District exercised its option to prepay the outstanding medium term refunding bond using the reserves in the Debt Service Fund. Early retirement of this debt was undertaken to remove debt service payments that would have been made over the next 5 years, and resulted in an economic gain of \$96,632.

HENDERSON DISTRICT PUBLIC LIBRARIES

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) JUNE 30, 2014

Other Postemployment Benefits Plan – Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a percentage of Covered 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%
7/1/2012	\$ -	\$ 3,432,845	\$ 3,432,845	0%	\$ 2,828,172	121%
<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*
7/1/2012	\$ -	\$ 294,702	\$ 294,702	0%	N/A*	N/A*

* The Public Employee Benefit Plan is a closed plan and, therefore, there are no covered employees.

Notes to Required Supplementary Information

1. This information is intended to help users assess the District'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. The decrease in AAL and UAAL for the PEBP plan is due to declining participation in the plan.

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GOVERNMENTAL FUNDS

MAJOR DEBT SERVICE FUND

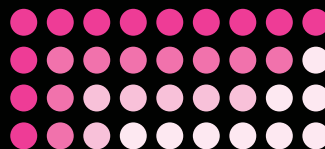
To account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

NONMAJOR CONTRIBUTIONS AND GRANTS FUND

To account for and report donations and grants that are restricted, committed, or assigned to expenditure for specific purpose generally dictated by the donor or the grant award.

MAJOR CAPITAL PROJECTS FUND

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



Libraries store the energy that fuels the imagination. They open up windows to the world and inspire us to explore and achieve, and contribute to improving our quality of life. Libraries change lives for the better.

-Sidney Sbeldon

HENDERSON DISTRICT PUBLIC LIBRARIES

MAJOR - DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original and Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget
EXPENDITURES			
Debt Service:			
Principal	\$ 177,500	\$ 177,500	\$ -
Interest on bonds	36,201	36,201	-
Fiscal agent charges	400	400	-
Total expenditures	<u>214,101</u>	<u>214,101</u>	<u>-</u>
 (Deficiency) of revenues (under) expenditures	 <u>(214,101)</u>	 <u>(214,101)</u>	 <u>-</u>
OTHER FINANCING SOURCES			
Transfers in	<u>1,370,490</u>	<u>1,370,490</u>	<u>-</u>
 Net change in fund balance	 1,156,389	 1,156,389	 -
Fund balance, beginning of year	<u>361,511</u>	<u>361,511</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,517,900</u></u>	<u><u>\$ 1,517,900</u></u>	<u><u>\$ -</u></u>

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR - SPECIAL REVENUE FUND - CONTRIBUTIONS AND GRANTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental:				
Grants, federal and state	\$ 41,500	\$ 44,700	\$ 46,912	\$ 2,212
Miscellaneous:				
Contributions from private sources	150,900	170,277	222,176	51,899
Investment income	250	250	224	(26)
Other	7,000	7,000	2,948	(4,052)
Total revenues	<u>199,650</u>	<u>222,227</u>	<u>272,260</u>	<u>50,033</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Services and supplies	80,868	86,068	75,703	10,365
Capital outlay	163,983	181,360	125,135	56,225
Total expenditures	<u>244,851</u>	<u>267,428</u>	<u>200,838</u>	<u>66,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,201)</u>	<u>(45,201)</u>	<u>71,422</u>	<u>116,623</u>
Net change in fund balance*	(45,201)	(45,201)	71,422	116,623
Fund balance, beginning of year	<u>282,901</u>	<u>282,901</u>	<u>360,971</u>	<u>78,070</u>
Fund balance, end of year	<u>\$ 237,700</u>	<u>\$ 237,700</u>	<u>\$ 432,393</u>	<u>\$ 194,693</u>

* The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance.

HENDERSON DISTRICT PUBLIC LIBRARIES

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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Miscellaneous:				
Contributions from private sources	\$ -	\$ 289,972	\$ 289,972	\$ -
Investment income	42	42	122	80
Total revenues	<u>42</u>	<u>290,014</u>	<u>290,094</u>	<u>80</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Services and supplies	160,000	83,597	37,050	46,547
Capital outlay	-	465,087	455,087	10,000
Total expenditures	<u>160,000</u>	<u>548,684</u>	<u>492,137</u>	<u>56,547</u>
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(159,958)</u>	<u>(258,670)</u>	<u>(202,043)</u>	<u>56,627</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>100,000</u>	<u>198,712</u>	<u>198,712</u>	<u>-</u>
Net change in fund balance*	(59,958)	(59,958)	(3,331)	56,627
Fund balance, beginning of year	<u>109,558</u>	<u>109,558</u>	<u>109,566</u>	<u>8</u>
Fund balance, end of year	<u>\$ 49,600</u>	<u>\$ 49,600</u>	<u>\$ 106,235</u>	<u>\$ 56,635</u>

* The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance.

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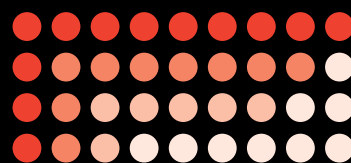
STATISTICAL SECTION

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

CONTENTS	PAGE
FINANCIAL TRENDS	55 - 58
These schedules contain trend information to help the reader understand how HDPL's financial performance and well-being have changed over time.	
REVENUE CAPACITY	59 - 62
These schedules contain information to help the reader assess the factors affecting HDPL's most significant local revenue source, the property tax.	
DEBT CAPACITY	63 - 65
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	66 - 67
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	68 - 72
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.

A library outranks
any other one thing a
community can do to
benefit its people. It
is a never failing
spring in the desert.



-Andrew Carnegie

Table 1

HENDERSON DISTRICT PUBLIC LIBRARIES

HDPL's Net Position

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
		(Restated)
Assets:		
Current and other assets	\$ 4,692,687	\$ 4,071,291
Capital assets	18,797,387	19,112,100
Total assets	<u>23,490,074</u>	<u>23,183,391</u>
Liabilities:		
Current liabilities	617,378	289,978
Long-term liabilities	4,096,837	3,918,337
Total liabilities	<u>4,714,215</u>	<u>4,208,315</u>
Net position:		
Net investment in capital assets	17,279,487	17,416,700
Restricted by grants and donors	233,711	177,901
Unrestricted	1,262,661	1,380,475
Total net position	<u>\$ 18,775,859</u>	<u>\$ 18,975,076</u>

Table 2

HENDERSON DISTRICT PUBLIC LIBRARIES

Changes in Net Position, Last Ten Fiscal Years (*accrual basis of accounting*) (unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
Culture and recreation	\$ 5,655,168	\$ 6,453,879	\$ 7,170,483	\$ 7,840,936	\$ 8,313,183	\$ 9,848,591	\$ 8,969,464	\$ 8,473,056	\$ 7,966,369	\$ 7,839,070
Debt service:										
Interest on long-term debt	62,632	79,471	70,127	60,570	50,572	125,923	99,103	66,597	40,810	36,043
Administrative and other costs	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 5,717,800	\$ 6,533,350	\$ 7,240,610	\$ 7,901,506	\$ 8,363,755	\$ 9,974,514	\$ 9,068,567	\$ 8,539,653	\$ 8,007,179	\$ 7,875,113
Program Revenues										
Governmental activities:										
Charges for services	\$ 198,628	\$ 236,238	\$ 287,630	\$ 276,533	\$ 228,371	\$ 292,907	\$ 263,212	\$ 259,648	\$ 221,201	\$ 181,480
Operating grants and contributions	96,118	108,809	128,155	330,608	308,851	128,735	416,669	212,403	202,180	257,682
Capital grants and contributions	137,017	171,110	276,323	336,513	8,175,815	350,133	231,452	316,981	282,844	521,035
Total governmental activities program revenues	\$ 431,763	\$ 516,157	\$ 692,108	\$ 943,654	\$ 8,713,037	\$ 771,775	\$ 911,333	\$ 789,032	\$ 706,225	\$ 960,197
Net (Expense)/Revenue, governmental activities	\$ (5,286,037)	\$ (6,017,193)	\$ (6,548,502)	\$ (6,957,852)	\$ 349,282	\$ (9,202,739)	\$ (8,157,234)	\$ (7,750,621)	\$ (7,300,954)	\$ (6,914,916)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240	\$ 6,527,652	\$ 5,439,056	\$ 4,979,157	\$ 4,750,001	\$ 4,714,283
Consolidated taxes	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780	1,643,082	1,712,657	1,800,833	1,889,946	1,999,330
Gain on sale of asset	-	-	-	-	-	1,315,504 ²	-	-	-	-
Investment earnings	36,740	77,819	144,842	172,362	146,825	22,785	5,961	482	1,886	2,086
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Proceeds from early termination of lease	-	-	-	-	-	2,000,000 ²	-	-	-	-
Total governmental activities	\$ 5,702,086	\$ 6,980,934	\$ 7,761,164	\$ 8,296,825	\$ 8,518,845	\$ 11,509,023	\$ 7,157,674	\$ 6,780,472	\$ 6,641,833	\$ 6,715,699
Changes in Net Position, governmental activities	\$ 416,049	\$ 963,741	\$ 1,212,662	\$ 1,338,973	\$ 8,868,127	\$ 2,306,284	\$ (999,560)	\$ (970,149)	\$ (659,121)	\$ (199,217)

¹ Increase due to the transfer of ownership of the Green Valley Library from the Las Vegas-Clark County Library District to HDPL.

² 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	2005	2006	2007	2008	2009	2010	2011 ⁴	2012	2013	2014
Reserved	\$ 13,615	\$ 13,234	\$ 5,214	\$ 24,599	\$ 6,383	\$ 101,652	\$ -	\$ -	\$ -	\$ -
Unreserved	943,578	1,396,830	1,290,496	848,007 ¹	1,350,848	1,339,154	-	-	-	-
Nonspendable	-	-	-	-	-	-	53,572	18,924	70,121	100,830
Assigned	-	-	-	-	-	-	462,449	339,913	109,447	100,797
Unassigned	-	-	-	-	-	-	1,720,692	2,211,733	2,743,381	1,742,131 ⁵
Total General Fund	957,193	1,410,064	1,295,710	872,606	1,357,231	1,440,806	2,236,713	2,570,570	2,922,949	1,943,758
All Other Governmental Funds										
Reserved	\$ 4,357	\$ 7,711	\$ 440	\$ 46,551	\$ 11,380	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	55,388	152,349	159,947	321,093	446,868	145,521	-	-	-	-
Capital Projects Funds	184,575	302,938	944,180	1,322,748 ¹	520,764 ²	1,548,009 ³	-	-	-	-
Debt Service Funds	-	-	-	-	319,748	319,829	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	3,187	-
Restricted	-	-	-	-	-	-	117,806	125,477	177,901	233,711
Assigned	-	-	-	-	-	-	702,820	614,774	650,960	1,822,817 ⁵
Total All Other Governmental Funds	244,320	462,998	1,104,567	1,690,392	1,298,760	2,013,359	820,626	740,251	832,048	2,056,528
Total All Governmental Funds	\$ 1,201,513	\$ 1,873,062	\$ 2,400,277	\$ 2,562,998	\$ 2,655,991	\$ 3,454,165	\$ 3,057,339	\$ 3,310,821	\$ 3,754,997	\$ 4,000,286

Notes:

- ¹ The decrease in the unreserved fund balance of the General Fund and the increase in the unreserved fund balance of the Capital Project Fund was due to a transfer between the funds which was used to purchase the Green Valley Library opening day collection.
- ² The substantial decrease in unreserved fund balance for the Capital Project Funds was due to multiple construction projects undertaken during the fiscal year.
- ³ 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.
- ⁴ In fiscal year 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement redefined the classifications of fund balance.
- ⁵ The decrease in the unassigned fund balance of the General Fund and the increase in the assigned fund balance of the Debt Service Fund was due to a transfer between the funds. The transfer was done in anticipation of the early payoff of the outstanding debt done in July 2014.

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Ad valorem taxes	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240	\$ 6,527,652	\$ 5,439,056	\$ 4,979,157	\$ 4,750,001	\$ 4,636,794
Consolidated taxes	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780	1,643,082	1,712,657	1,800,833	1,889,946	1,999,330
Grants	129,726	110,334	123,059	252,217	109,216	140,666	257,764	93,686	35,472	46,912
Fines and forfeits	79,991	88,690	109,767	112,860	128,247	162,321	167,812	156,290	155,588	157,630
Contributions	44,248	72,930	67,311	215,183	216,341	53,786	204,473	169,494	189,890	512,148
Investment income	36,740	77,819	144,842	172,362	146,825	22,785	5,961	482	1,886	2,086
Other income	116,277	149,908	177,863	163,673	100,124	130,586	95,400	83,543	58,079	51,199
Total revenues	6,072,328	7,402,796	8,239,164	9,040,758	9,072,773	8,680,878	7,883,123	7,283,485	7,080,862	7,406,099
Expenditures										
Culture and recreation:										
Salaries and wages	2,548,833	2,845,551	3,259,515	3,505,082	3,629,098	4,298,537	3,633,975	3,380,183	3,198,403	3,154,235
Employee benefits	771,980	825,509	928,484	1,044,001	1,083,832	1,325,451	1,213,601	1,208,696	1,159,702	1,197,711
Services and supplies	1,167,490	1,697,349	1,974,483	2,202,216	2,216,359	1,882,852	1,605,701	1,394,534	1,324,077	1,356,385
Capital outlay	2,313,597	1,006,067	1,191,940	1,768,468	3,767,819	3,903,241	803,769	878,014	740,397	1,239,378
Debt Service:										
Interest	62,632	79,471	70,127	60,570	50,572	125,923	99,103	63,376	41,407	36,201
Principal	166,000	277,000	287,100	297,400	306,800	346,400	923,800	2,015,000	172,300	177,500
Administrative and other costs	300	300	300	300	300	300	-	400	400	400
Total expenditures	7,030,832	6,731,247	7,711,949	8,878,037	11,054,780	11,882,704	8,279,949	8,940,203	6,636,686	7,161,810
Excess (deficiency) of revenues over (under) expenditures	(958,504)	671,549	527,215	162,721	(1,982,007)	(3,201,826)	(396,826)	(1,656,718)	444,176	244,289
Other Financing Sources										
Proceeds from borrowing	1,274,500	-	-	-	2,075,000	-	-	-	-	-
Proceeds from refunding	-	-	-	-	-	-	-	1,867,700	-	-
Proceeds from sales of capital assets	-	-	-	-	-	2,000,000	-	42,500	-	1,000
Total other financing sources	1,274,500	-	-	-	2,075,000	2,000,000	-	1,910,200	-	1,000
Extraordinary Item										
Proceeds from early termination of lease	-	-	-	-	-	2,000,000	-	-	-	-
Net change in fund balance	\$ 315,996	\$ 671,549	\$ 527,215	\$ 162,721	\$ 92,993	\$ 798,174	\$ (396,826)	\$ 253,482	\$ 444,176	\$ 245,289
Debt Service as a percentage of noncapital expenditures	4.9%	6.2%	5.5%	5.0%	4.9%	5.9%	13.7%	25.8%	3.6%	3.6%

Table 5

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Real Property		Personal Property		Total		Percentage of Taxable Assessed Value to Estimated Actual Taxable Value		Total Direct Tax Rate
	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
2004-2005	\$ 6,551,394,060	\$ 18,718,268,743	\$ 567,766,392	\$ 1,622,189,691	\$ 7,119,160,452	\$ 20,340,458,434	35%	\$	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	9,497,480,071	27,135,657,346	405,817,933	1,159,479,809	9,903,298,004	28,295,137,155	35%		0.0577
2011-2012	8,532,382,809	24,378,236,597	338,969,942	968,485,549	8,871,352,751	25,346,722,146	35%		0.0575
2012-2013	7,808,141,879	22,308,976,797	398,927,794	1,139,793,697	8,207,069,673	23,448,770,494	35%		0.0586
2013-2014	8,020,000,967	22,914,288,477	444,819,304	1,270,912,297	8,464,820,271	24,185,200,774	35%		0.0585

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

**Ad Valorem Property Tax Rates - Direct and Overlapping¹ Governments
Last Ten Fiscal Years
(unaudited)**

Henderson District Public Libraries				Overlapping Rates									
Fiscal Year	Operating	Debt		Total		State of Nevada	School District		County	City	Other Special District	Total Overlapping Rates	Total Direct & Overlapping Rates
		Service	Rate	Rate	District		District						
2004-2005	0.0533	-	0.0533	0.0533	0.1700	1.3034	0.6652	0.7108	-	2.8494	2.9027		
2005-2006	0.0533	-	0.0533	0.0533	0.1700	1.3034	0.6575	0.7108	0.0123 ²	2.8540	2.9073		
2006-2007	0.0533	-	0.0533	0.0533	0.1700	1.3034	0.6566	0.7108	0.0123	2.8531	2.9064		
2007-2008	0.0582	-	0.0582	0.0582	0.1700	1.3034	0.6541	0.7108	0.0123	2.8506	2.9088		
2008-2009	0.0590	-	0.0590	0.0590	0.1700	1.3034	0.6541	0.7108	0.0086	2.8469	2.9059		
2009-2010	0.0581	-	0.0581	0.0581	0.1700	1.3034	0.6541	0.7108	0.0100	2.8483	2.9064		
2010-2011	0.0577	-	0.0577	0.0577	0.1700	1.3034	0.6541	0.7108	0.0070 ³	2.8453	2.9030		
2011-2012	0.0575	-	0.0575	0.0575	0.1700	1.3034	0.6541	0.7108	-	2.8383	2.8958		
2012-2013	0.0586	-	0.0586	0.0586	0.1700	1.3034	0.6541	0.7108	-	2.8383	2.8969		
2013-2014	0.0585	-	0.0585	0.0585	0.1700	1.3034	0.6541	0.7108	-	2.8383	2.8968		

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.

³ Tax rate expired in fiscal year 2011.

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Taxpayer	Fiscal Year 2014			Fiscal Year 2005		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Green Valley Ranch Gaming LLC	\$ 92,985,073	1	1.10%	\$ 67,715,725	5	0.95%
Station Casinos Incorporated	90,676,461	2	1.07%	89,319,490	4	1.25%
Basic Management Incorporated	60,312,094	3	0.71%	----		----
W.L. Nevada Incorporated	48,401,640	4	0.57%	----		----
Greenspun Companies	43,735,991	5	0.52%	114,377,962	2	1.61%
M Resort	42,007,197	6	0.50%	----		----
Picerne Real Estate Group	33,544,366	7	0.40%	----		----
Harsch Investment Properties	30,742,381	8	0.36%	31,415,543	6	0.44%
Ranch Center Associates Limited Partnership	29,949,663	9	0.35%	27,377,233	9	0.38%
KB Homes	26,503,140	10	0.31%	----		----
Pulte Homes	----		----	132,692,356	1	1.86%
Lake at Las Vegas Joint Ventures	----		----	100,543,769	3	1.41%
Sentinel Realty Partners III Limited Partnership	----		----	31,129,497	7	0.44%
Sierra-Nevada Multifamily Investments	----		----	30,689,859	8	0.43%
Basic Environmental Company, LLC	----		----	26,962,512	10	0.38%
	<u>\$ 498,858,006</u>		<u>5.89%</u>	<u>\$ 652,223,946</u>		<u>9.15%</u>
Total Assessed Valuation	\$ 8,464,820,271		100.00%	\$ 7,119,160,452		100.00%

Source: Clark County Assessor's Office

Table 8

HENDERSON DISTRICT PUBLIC LIBRARIES

**Ad Valorem 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
2005	\$ 54,280,325	\$ 54,065,416	99.60%	\$ 214,840	\$ 54,280,256	100.00%
2006 ²	67,174,503	62,408,721	92.91%	4,762,741	67,171,462	100.00%
2007 ²	84,005,186	78,138,203	93.02%	5,863,666	84,001,869	100.00%
2008 ²	94,690,276	87,304,802	92.20%	7,347,161	94,651,963	99.96%
2009 ²	101,020,997	92,160,401	91.23%	8,689,378	100,849,779	99.83%
2010 ²	97,786,720	89,058,480	91.07%	8,560,278	97,618,758	99.83%
2011 ²	76,106,760	69,557,584	91.39%	6,500,511	76,058,095	99.94%
2012 ²	68,072,570	62,318,519	91.55%	5,688,651	68,007,170	99.90%
2013 ²	62,542,387	62,001,607	99.14%	401,494	62,403,101	99.78%
2014 ²	63,183,243	62,745,339	99.31%	-	62,745,339	99.31%

Notes:

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

² 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		
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%	28,295,137,155	0.01%
2012	1,867,700	268,301	6.96	8,846,208,756	0.02%	25,346,722,146	0.01%
2013	1,695,400	269,916	6.28	8,690,214,958	0.02%	23,448,770,494	0.01%
2014	1,517,900	279,226	5.44	9,039,623,004	0.02%	24,185,200,774	0.01%

*Information not readily available

Sources:

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

HENDERSON DISTRICT PUBLIC LIBRARIES

Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
(unaudited)

	Governmental Activities Debt	Less Debt Service Fund Balance	Net Governmental Activities Debt	Percentage Applicable*	Applicable Net Governmental Activities Debt
Direct Debt					
Henderson District Public Libraries	\$ 1,517,900	\$ 1,517,900	\$ -	100.00%	\$ -
Overlapping Debt					
Clark County ¹	429,376,848	146,537,869	282,838,979	15.56%	44,009,745
Clark County School District ²	2,894,125,000	78,420,424	2,815,704,576	15.56%	438,123,632
City of Henderson ³	130,612,000	4,107,409	126,504,591	100.00%	126,504,591
Total Overlapping Debt	3,454,113,848	229,065,702	3,225,048,146		608,637,968
Total Direct and Overlapping Debt	\$ 3,455,631,748	\$ 230,583,602	\$ 3,225,048,146		\$ 608,637,968

Sources:

¹ Clark County Assessor's Office

² Clark County School District Finance Department

³ City of Henderson Finance Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the library district. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying debt, of each overlapping government.

*The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value. The exception to this is the City of Henderson. The boundaries of the District are contiguous with the City of Henderson, therefore the residents and businesses of the District are responsible for the entire debt of the City of Henderson.

Table 11

HENDERSON DISTRICT PUBLIC LIBRARIES

Debt Limit Information Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Assessed valuation	\$ 7,119,160,452	\$ 10,484,203,458	\$ 14,780,119,061	\$ 16,620,147,366	\$ 16,655,820,804	\$ 13,514,159,761	\$ 9,903,298,004	\$ 8,871,352,751	\$ 8,207,069,673	\$ 8,464,820,271
Debt limit - 10% of assessed value	711,916,045	1,048,420,346	1,478,011,906	1,662,014,737	1,665,582,080	1,351,415,976	990,329,800	887,135,275	820,706,967	846,482,027
Debt outstanding										
applicable to the limit	2,378,500	2,101,500	1,814,400	1,517,000	3,285,200	2,938,800	2,015,000	1,867,700	1,695,400	1,517,900
Legal debt margin	\$ 709,537,545	\$ 1,046,318,846	\$ 1,476,197,506	\$ 1,660,497,737	\$ 1,662,296,880	\$ 1,348,477,176	\$ 988,314,800	\$ 885,267,575	\$ 819,011,567	\$ 844,964,127
Legal debt margin as a percentage of debt limit	99.67%	99.80%	99.88%	99.91%	99.80%	99.78%	99.80%	99.79%	99.79%	99.82%

Table 12

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
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
2011-2012	268,301	8,846,208,756	32,971	12.20%	308,447
2012-2013	269,916	8,690,214,958	32,196	10.10%	311,429
2013-2014	279,226	9,039,623,004	32,374	7.90%	314,643

*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

Table 13

HENDERSON DISTRICT PUBLIC LIBRARIES

Principal Employers
Current Year and Nine Years Ago
(unaudited)

	Fiscal Year 2014			Fiscal Year 2005		
	Employees	Rank	Percentage of Total City Employment	Employees ¹	Rank	Percentage of Total City Employment
City of Henderson	3,193	1	2.40%	2,583	1	*
Green Valley Ranch Gaming LLC	1,500-1,999	2	1.13%-1.50%	1,000-1,499	4	*
St. Rose Dominican Hospital - Siena	1,500-1,999	2	1.13%-1.50%			
M Resort Spa & Casino	1,000-1,499	2	.75%-1.13%			
Sunset Station Hotel & Casino	1,000-1,499	2	.75%-1.13%	1,500-1,999	3	*
St. Rose Dominican Hospital	700-799	2	.53%-.60%	2,000-2,499	2	*
Fiesta Henderson Casino Hotel	600-699	2	.45%-.53%	500-999	5	*
Titanium Metals Corp of America	500-599	2	.38%-.45%			
Wal-Mart Supercenter	400-499	2	.30%-.38%	500-999	8	*
Unilever Manufacturing Inc	400-499	2	.30%-.38%			
Medco Health LLC				500-999	6	*
Ford Motor Credit Co				500-999	7	*
Ritz-Carlton Hotel Company LLC				250-499	9	*
Hyatt Regency Lake Las Vegas				250-499	10	*
Total	10,793-13,284		8.12%-10.00%	9,583-13,574		*
Total City Employment ¹	133,050			*		

*Information not readily available

Sources:

¹City of Henderson Finance Department

²Applied Analysis, Las Vegas, Nevada

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Full-time Equivalent Employees as of June 30										
	2005	2006 ¹	2007	2008	2009 ²	2010	2011	2012	2013 ³	2014
Library Services										
Adult Services	10.5	11.0	11.5	11.5	18.0	17.5	13.5	13.5	13.5	15.0
Circulation	24.5	26.0	24.0	24.0	34.5	30.0	29.0	25.0	24.0	25.5
Outreach	----	3.0	4.5	4.5	4.5	4.0	4.0	4.0	----	----
Youth Services	12.5	11.0	13.0	12.5	19.0	19.0	17.5	16.0	14.0	14.5
Acquisitions & Bibliographic Services	6.0	6.5	7.0	8.0	9.0	9.0	7.0	7.0	6.5	6.5
Administration	11.0	12.5	11.0	8.5	10.5	10.5	9.5	9.5	8.5	8.0
Information Technology	4.5	4.5	5.5	5.5	5.5	5.0	6.0	6.0	5.0	6.0
Total	69.0	74.5	76.5	74.5	101.0	95.0	86.5	81.0	71.5	75.5

Notes:

¹The Outreach Department was established in fiscal year 2006 with the purchase of a bookmobile.

²The Green Valley Library transferred ownership to HDPL on January 1, 2009. The library was remodeled and reopened to the public in April 2009.

³HDPL closed two smaller libraries and discontinued outreach services during fiscal year 2013. Staff from those locations/department were relocated into vacant positions at remaining locations or laid off.

Table 15

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
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
2011-2012	509,313	10,168,210	955,418	(663,732)	2,429,447	1,777,626	3.49
2012-2013	502,930	10,459,896	965,768	(939,095)	2,171,676	1,701,858	3.38
2013-2014	486,129	10,486,569	966,594	(1,148,570)	2,083,824	1,696,453	3.49

Notes:

¹Net 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
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	² 76,242	³ ----	403,138	133,343	789,622	4,982	⁴ 10,875	1,422,692
2009-2010	15,688	433,731	⁵ 5,590	⁶ 360,198	145,863	874,057	----	7,268	1,842,395
2010-2011	17,423	388,131	11,537	430,597	129,785	813,516	----	21,486	1,812,475
2011-2012	15,570	341,536	11,381	431,238	128,926	785,748	----	63,227	1,777,626
2012-2013	6,267	⁷ 308,647	10,166	417,838	51,974	827,457	----	79,509	1,701,858
2013-2014	----	300,809	10,129	395,951	----	835,318	----	154,246	1,696,453

Notes:

¹Remote Services includes e-books, remote deposit collections, downloadable materials, and the bookmobile. The remote deposit collections were available between fiscal year 2006 and fiscal year 2013; the bookmobile operated between fiscal year 2006 and fiscal year 2011; and the District expanded its available downloadable books and music during fiscal year 2011.

²The Galleria Library opened in February 2009.

³Ownership of the Green Valley Library was transferred to HDPL on January 1, 2009. The building was closed for remodeling through April 2009.

⁴The Pittman Library closed in February 2009.

⁵The Heritage Park Senior Facility Library opened in January 2010.

⁶The James I. Gibson Library was closed for six weeks while the library was relocated to a new building.

⁷The Galleria Library and the Lydia Malcolm Library were closed in November 2012 due to lack of funding.

Table 17

HENDERSON DISTRICT PUBLIC LIBRARIES

	Current Address	Current Status	Service Location Information Last Ten Fiscal Years (unaudited)									
			2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<u>LIBRARIES</u>												
Galleria Library	1300 W. Sunset Rd, Ste 1121 Henderson, NV 89014	Leased	----	----	----	----	1,342	1,342	1,342	1,342	----	----
Green Valley Library	2797 N Green Valley Pkwy Henderson, NV 89014	Owned	----	----	----	----	21,410	21,410	21,410	21,410	21,410	21,410
Heritage Park Senior Facility Library	300 S Racetrack Road Henderson, NV 89015	Occupied	----	----	----	----	----	1,829 ⁴	1,829	1,829	1,829	1,829
James I Gibson Library	280 S Water St Henderson, NV 89015	Sold	16,850	16,850	16,850	16,850	16,850	----	----	----	----	----
Lydia Malcolml Library	100 W Lake Mead Parkway Henderson, NV 89015	Owned	----	----	----	----	----	19,900 ⁵	19,900	19,900	19,900	19,900
Paseo Verde Library	2960 Sunridge Heights Pkwy Henderson, NV 89074	Owned	4,030 ¹	4,030	4,030	6,030	6,030	6,030	6,030	6,030	6,030 ⁷	6,030
Pittman Library	280 S Green Valley Pkwy Henderson, NV 89012	Owned	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313
	1680 Moser Henderson, NV 89015	Leased	1,200	1,200	1,200	1,200	----	----	----	----	----	----

Notes:

¹2,000 square feet of this 6,030 square foot building was provided to the State of Nevada Talking Books program, leaving the indicated square footage for library services.

²The Talking Books program moved out of the Malcolml Library at the beginning of fiscal year 2008 thereby increasing the square footage used for library services to 6,030 square feet.

³Library services at the Pittman Library were discontinued in February 2009 and the lease was terminated.

⁴The 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.

⁵The 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.

⁶Library services at the Galleria Library were discontinued in November 2012 and the lease was terminated.

⁷Library services at the Lydia Malcolml Library were discontinued in November 2012. HDPL maintains ownership of the building and is currently using it as a warehouse and training facility.

Table 18

HENDERSON DISTRICT PUBLIC LIBRARIES

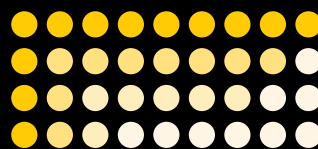
General Fund
Percentage of Operating Expenditures Spent on Library Books and Materials
Last Ten Fiscal Years
(unaudited)

	Total Expenditures	Less Capital Outlay Other than Books	Less Grant Expenditures ¹	Total Operating Expenditures	Total Library Books and Materials Expenditures	Percentage of Total Operating Expenditures
2004-2005	4,957,007	(6,472)	(2,209)	4,948,326	787,183	15.91%
2005-2006	5,861,872	(45,565)	-	5,816,307	831,321	14.29%
2006-2007	6,644,108	(69,479)	-	6,574,629	920,038	13.99%
2007-2008	6,943,668	(2,956)	-	6,940,712	817,072	11.77%
2008-2009	6,902,969	(3,500)	-	6,899,469	694,093	10.06%
2009-2010	7,558,213	(34,246)	-	7,523,967	693,245	9.21%
2010-2011	6,775,880	(19,859)	-	6,756,021	585,469	8.67%
2011-2012	6,443,582	(15,070)	-	6,428,512	533,857	8.30%
2012-2013	6,281,241	(37,194)	-	6,244,047	597,903	9.58%
2013-2014	6,254,734	(38,945)	-	6,215,789	620,211	9.98%

Notes:

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

COMPLIANCE SECTION



To ask why we need libraries at all, when there is so much information available elsewhere, is about as sensible as asking if roadmaps are necessary now that there are so very many roads.

-Jon Bing

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**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
Henderson District Public Libraries
Henderson, Nevada

We have audited, in accordance with the 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, 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, 2014, and the related notes to the financial statements, which collectively comprise Henderson District Public Libraries' basic financial statements and have issued our report thereon dated October 22, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Henderson District Public Libraries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Henderson District Public Libraries' internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Henderson District Public Libraries' 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hinton Burdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC
Mesquite, Nevada
October 22, 2014



MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
DEAN R. BURDICK, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA

MORRIS J. PEACOCK, CPA
PHILLIP S. PEINE, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

**Independent Auditor's Report on
State Legal Compliance**

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

We have audited the basic financial statements of Henderson District Public Libraries, for the year ended June 30, 2014, and have issued our report thereon dated October 22, 2014. Our audit also included test work on Henderson District Public Libraries' compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of Henderson District Public Libraries is responsible for the District's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

The District has established a number of funds in accordance with NRS 354.624 as follows:

Funds whose balance is required to be used only for a specific purpose or carried forward to the succeeding fiscal year in any designated amount:

Capital project fund:

Capital Construction Fund

Debt Service Fund

Special revenue fund:

Contributions and Grants Fund

The District appears to be using the funds expressly for the purposes for which they were created and in accordance with NRS 354.624. The funds are being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the funds. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

The statutory and regulatory requirements of the funds are as follows:

Capital Construction Fund

Debt Service Fund

Contributions and Grant Fund

Board resolution, NRS 354.6113

Board resolution

Board resolution

The District had no statutory compliance findings from fiscal year 2013. We noted no new instances of noncompliance during the fiscal year.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Henderson District Public Libraries' complied, in all material respects, with the requirements identified above for the year ended June 30, 2014.

The District has no funds to be reported pursuant to NRS 354.5989.

The purpose of this report is solely to describe the scope of testing of the applicable compliance requirements identified in the Nevada Revised Statutes (NRS) and the results of that testing based on state requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hinton Burdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC
Mesquite, Nevada
October 22, 2014