

HENDERSON LIBRARIES

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year Ended June 30, 2015

FREEZE FRAME

LOCATIONS



Henderson District Public Libraries, Henderson, Nevada

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015



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, 2015

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INTRODUCTORY *section*

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VOLUNTEERS





November 13, 2015

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, 2015. 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 2015 audit and has issued an unmodified ("clean") opinion on the Henderson District Public Libraries' financial statements for the year ended June 30, 2015. 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.

Factors Affecting Financial Conditions

Local Economy - The Clark County economy evidenced positive signals during the current fiscal year. Seasonally adjusted employment rose from March to April by 7,600 jobs and was up 3.2% year-over-year. Total passengers at McCarran Airport were up 1.8% from a year earlier and taxables sales for March were 2.0% above those of a year earlier.

Economists from UNLV's Center for Business and Economic Research (CBER) believe the Clark County economy will continue to improve in 2015 and 2016, with stronger gains each year. They are predicting positive growth in visitor volume, gross gaming revenue, house unit permits, employment, total personal income and populations.

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 it's 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 a 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 healthy 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 - In July 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.

The District recently performed a facilities repairs and improvement needs analysis. Based on this analysis, the District replaced a portion of the flooring at the Paseo Verde Library during fiscal year 2015. As resources become available, the District will continue to 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

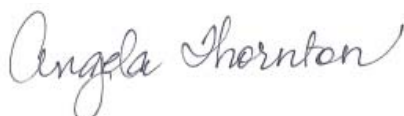
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the fifteenth consecutive year 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

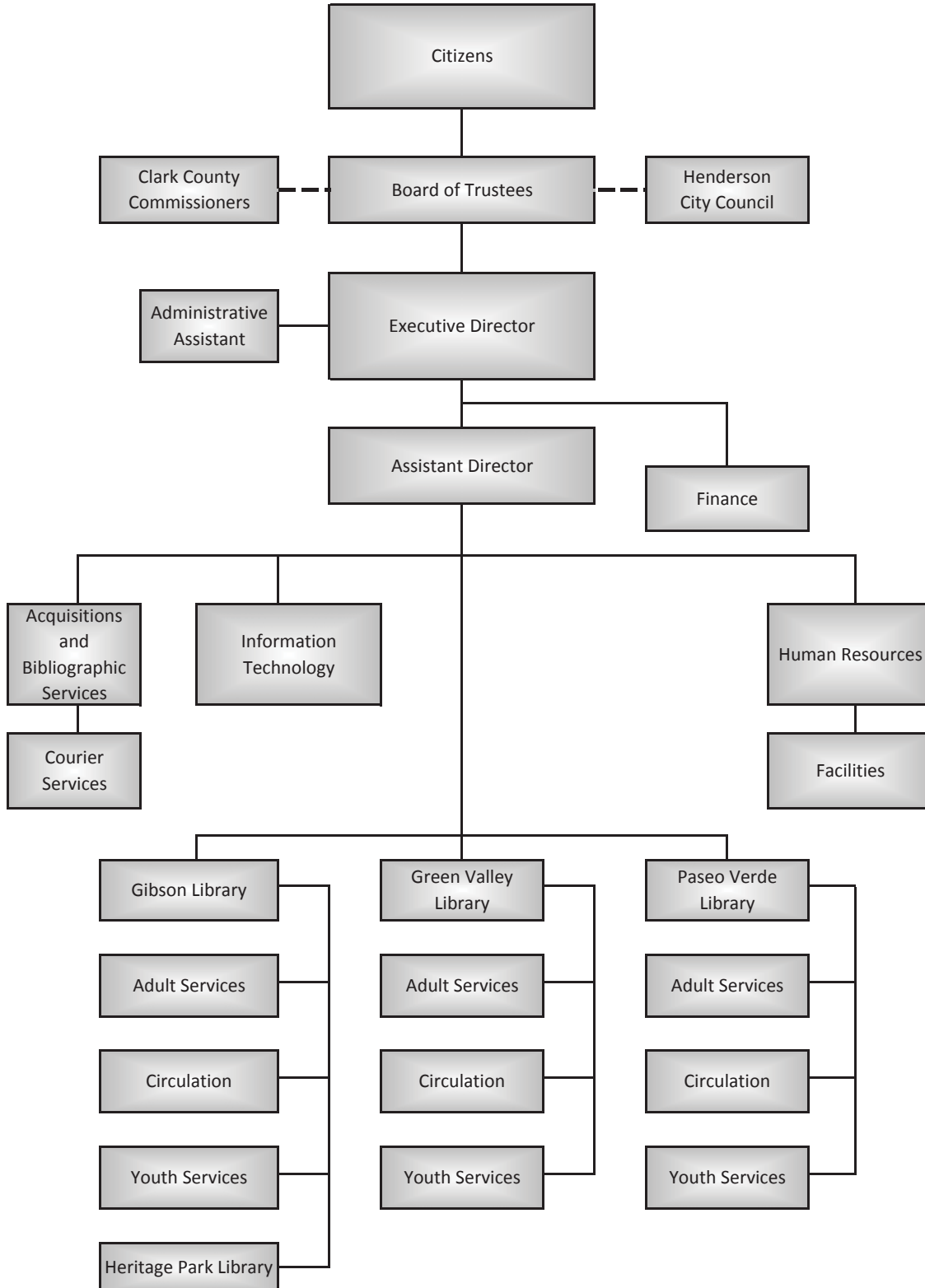
MJ Maynard	Chair
Donn Jersey	Vice-Chair
David Ortlipp	Secretary
James Frey	Trustee
Cindy Herman	Trustee
Mark McGinty	Trustee
Robyn Campbell-Ouchida	Trustee

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, 2015





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, 2014

A handwritten signature in black ink, reading "Jeffrey R. Enen". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

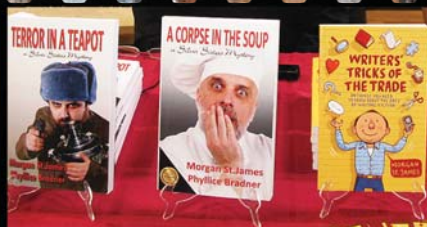
Executive Director/CEO

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FINANCIAL *section*

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LOCAL AUTHORS



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, 2015, 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, 2015, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Contributions and Grants 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 the schedules of funding progress, proportionate share of the net pension liability, contributions, and notes to required supplementary information, 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 November 13, 2015, 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
November 13, 2015

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015 by \$12,956,762 (net position).
- The District's total net position decreased by \$542,870. See the section on Government-Wide Financial Analysis for details.
- At the end of fiscal year 2015, the District's governmental funds had combined fund balances of \$2,863,032, a decrease of \$1,137,254 from the previous year. Approximately 1.6%, or \$44,906, of ending fund balances is nonspendable, 11.4%, or \$328,177, is restricted for a specific purpose by external sources, 11.3%, or \$323,455, is assigned by management for a specific purpose, and 75.7%, or \$2,166,494, is available for spending at the District's discretion.
- As of June 30, 2015 fund balance in the General Fund, excluding nonspendable fund balance, was \$2,259,494 or 34.2% 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, 2015**

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 Contributions and Grants Fund, all of which are considered major funds, and the Capital Construction 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The fund financial statements can be found on pages 24-29 of this report.

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 30-54 of this report.

Other Information

Required supplemental information and the individual fund schedules can be found on pages 55-58 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 \$12,956,762 at June 30, 2015.

HDPL's Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
		(Restated)
Assets:		
Current and other assets	\$ 3,374,636	\$ 4,692,687
Capital assets	18,173,212	18,797,387
Total assets	<u>21,547,848</u>	<u>23,490,074</u>
Deferred outflow of resources	<u>753,786</u>	<u>651,932</u>
Liabilities:		
Current liabilities	446,158	617,378
Long-term liabilities	7,687,014	10,024,996
Total liabilities	<u>8,133,172</u>	<u>10,642,374</u>
Deferred inflow of resources	<u>1,211,700</u>	<u>-</u>
Net position:		
Net investment in capital assets	18,173,212	17,279,487
Restricted by grants and donors	328,177	233,711
Unrestricted	(5,544,627)	(4,013,566)
Total net position	<u>\$ 12,956,762</u>	<u>\$ 13,499,632</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The largest portion of the District's net position 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. The net investment in capital assets amount exceeds total net position due to a negative unrestricted net position amount unrelated to capital assets.

An additional portion of the District's net position reflects resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$5,544,627 is unrestricted net position.

There was an increase of \$893,725 in net investments in capital assets. This increase was due to the retirement of the outstanding debt used to purchase capital assets. See discussion on Capital Assets below for further explanations.

Governmental Activities

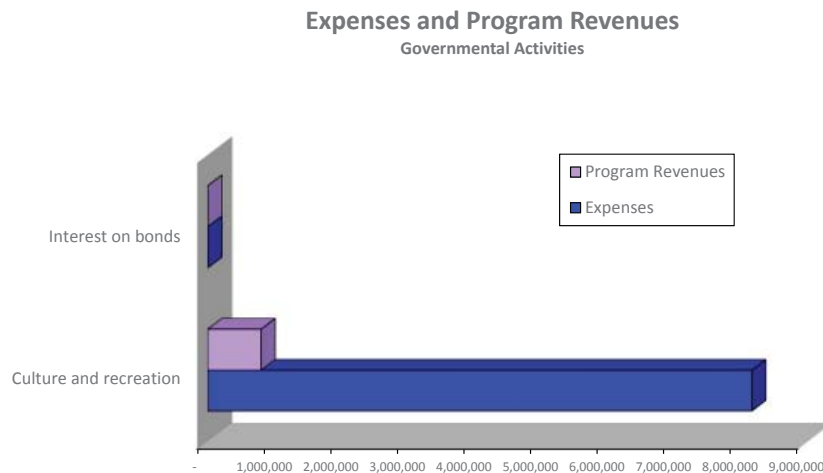
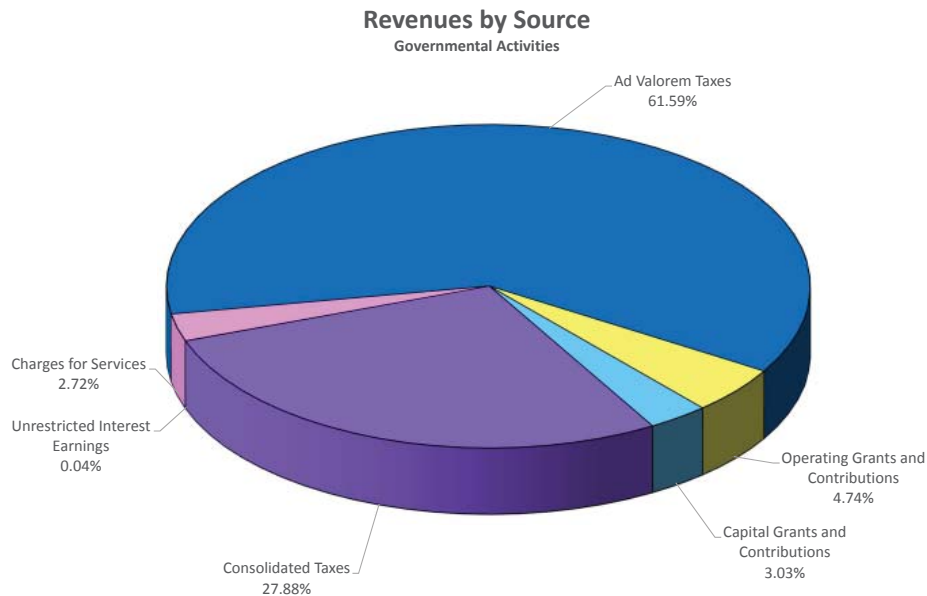
Governmental activities decreased the District's net position by \$542,870, or 4.0%, during the current fiscal year. Key elements of this decrease are as follows:

HDPL's Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Revenues:		
Program Revenues		
Charges for services	\$ 206,464	\$ 181,480
Operating grants and contributions	360,226	257,682
Capital grants and contributions	230,594	521,035
General Revenues		
Ad valorem taxes	4,680,208	4,714,283
Consolidated taxes	2,118,460	1,999,330
Unrestricted investment earnings	2,675	2,086
Total revenues	<u>7,598,627</u>	<u>7,675,896</u>
Expenses:		
Culture and recreation	8,139,743	7,839,070
Interest	1,754	36,043
Total expenses	<u>8,141,497</u>	<u>7,875,113</u>
Increase/(decrease) in net position	(542,870)	(199,217)
Net position, beginning of year,		
as previously report	18,775,859	18,996,890
Adjustment	(5,276,227)	(21,814)
Net position, beginning of year, as adjusted	<u>13,499,632</u>	<u>18,975,076</u>
Net position, end of year	<u>\$ 12,956,762</u>	<u>\$ 18,775,859</u>

HENDERSON DISTRICT PUBLIC LIBRARIES MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

- Capital grants and contributions decreased by \$290,441, or 55.7%, while operating grants and contributions increased by \$102,544, or 39.8%. These changes are due to normal variations in the types of grants received by the District.
- Ad valorem property taxes decreased by \$34,075, or 0.7%, while consolidated taxes increased by \$119,130, or 5.9%. 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 increased by \$300,673, or 3.8%, over the last fiscal year. This change can be primarily attributed to an increase in salaries and benefits.



**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 \$2,863,032, a decrease of \$1,137,254 from fiscal year 2014. Of the 2015 ending fund balances, \$2,166,494 or 75.7%, constitutes unassigned fund balance and is available for spending at the District's discretion; \$323,455, or 11.3%, is assigned by management for specific purposes; \$328,177, or 11.4%, is restricted by external sources; and \$44,906, or 1.6%, is nonspendable.

General Fund

The General Fund is the chief operating fund of the District. At the end of fiscal year 2015, the General Fund had an ending fund balance of \$2,304,400, of which \$2,166,494 was unassigned, \$93,000 is assigned for use in next year's operations, and \$44,906 is nonspendable.

The General Fund's fund balance increased by \$360,642 during the current fiscal year. This increase in fund balance is primarily due to an increase in ad valorem tax and consolidated tax of \$174,587 and the discontinuation of the transfer to the Debt Service Fund due to the early retirement of the debt. This transfer has historically been around \$200,000.

Debt Service Fund

Early in fiscal year 2015, the District used the existing funds in the Debt Service Fund for the early retirement of the outstanding medium term obligation. This left the Debt Service Fund without a fund balance but resulted in an economic gain of \$96,632.

Contributions and Grants Fund

The Contributions and Grants Fund has a fund balance of \$443,255. This is an increase of \$10,862 from the previous fiscal year end.

Non-major Funds

The remaining non-major fund, the Capital Projects Construction Fund, has a fund balance of \$115,377. The increase in fund balance during the current fiscal year in the non-major fund was \$9,142.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

General Fund Budgetary Highlights

The original fiscal year 2015 budget was approved May 15, 2014. 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.

Pursuant to NRS 354.598005, the District may transfer appropriations between funds, if such a transfer does not increase the total appropriations for any fiscal year. The District did not do such an amendment to the General Fund in fiscal year 2015; therefore, the original budget is also the final budget for the General Fund.

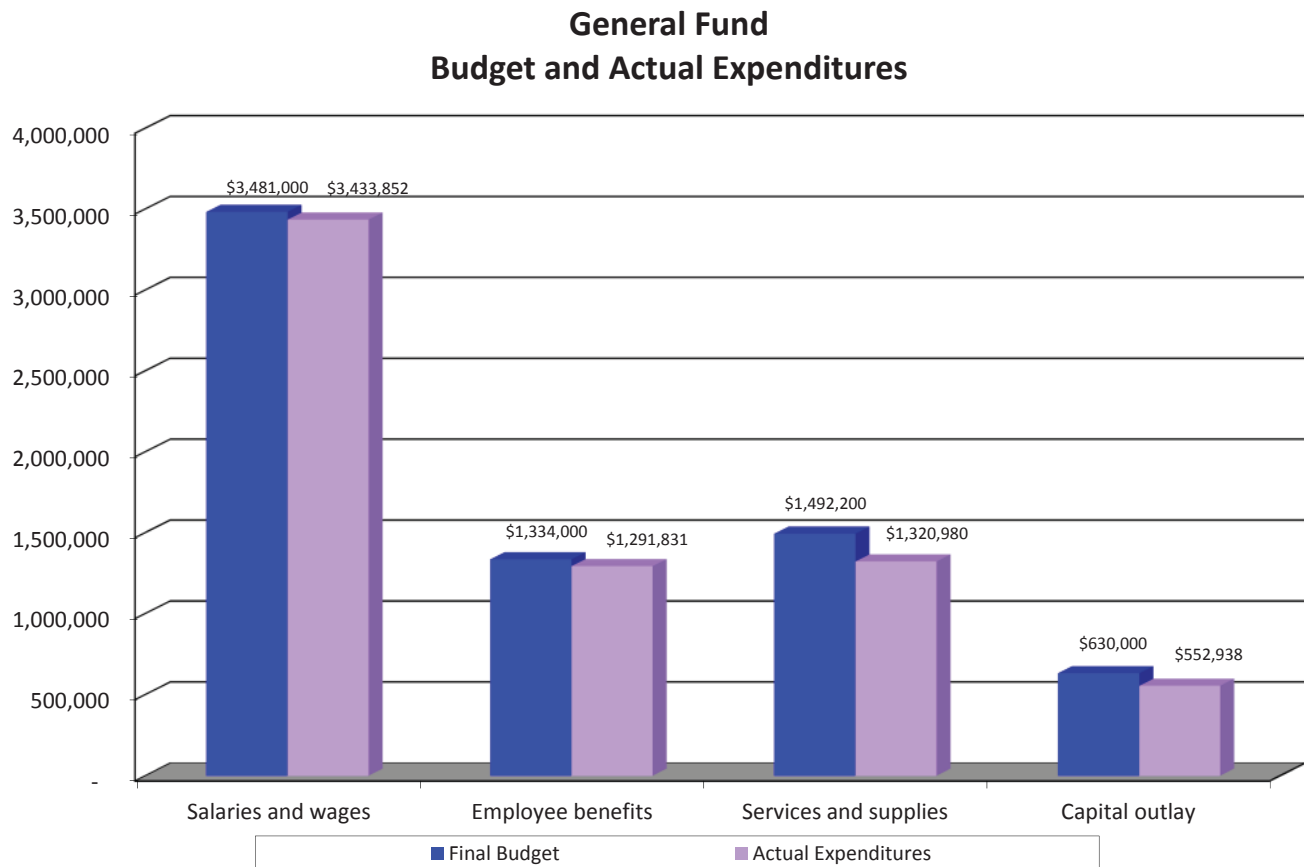
The final budget projected ad valorem property taxes and consolidated tax, which account for 97.1% of the General Fund's total revenue, to be \$4,664,104 and \$2,025,519 respectively. Ad valorem property tax revenue came in at \$4,692,251, a positive variance of \$28,147, or less than 0.6%. Consolidated tax revenues came in at \$2,118,460, a positive variance of \$92,941 or 4.6%.

Actual expenditures were 95.1% of appropriations, or \$337,599 lower than the final budget. The main areas of savings are summarized below:

- Salaries and wages were \$47,148 below the final budget. This was due to savings associated with vacant positions.
- Employee benefits were \$42,169 below the final budget. This was also due to vacancy savings.
- Services and supplies were \$171,220 below the final budget. This was due to conservative spending practices.
- Capital outlay was \$77,062 below the final budget. This was due to normal variations in library material purchasing.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 39 of this report.

Capital Assets

At June 30, 2015, the District had \$18,173,212 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 \$624,175, or 3.3%, from last year. The following table reflects capital assets of the District at June 30, 2015 and 2014.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Buildings	\$ 13,348,528	\$ 13,929,161
Equipment	391,869	429,187
Furniture	9,012	21,189
Land	1,867,359	1,867,359
Land improvements	419,936	449,932
Library materials	2,123,562	2,083,824
Vehicles	12,946	16,735
Total capital assets, net of depreciation	<u>\$ 18,173,212</u>	<u>\$ 18,797,387</u>

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

- The installation of a new SAN array and a new firewall at the Paseo Verde Library was capitalized at a cost of \$17,456.
- Partial replacement of the Paseo Verde flooring was capitalized at a cost of \$40,989.
- The District capitalized library materials at a cost of \$1,016,608, including donated materials totaling \$229,158.
- Depreciation expense for the fiscal year was \$1,698,916

Additional information on the District's capital assets can be found on pages 34 and 43 of this report.

Long-term Debt

At the end of the current fiscal year, the District had \$612,405 all 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, 2015 is \$977,462,767. The District currently does not have any general obligation bonded debt subject to this legal debt margin.

Additional information on the District's long-term debt can be found on pages 36 and 44 of this report.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Economic Factors and Next Year's Budgets

- The unemployment rate for Clark County has decreased and is currently 7.0%, which is a down .9% from last year. The United States national average unemployment rate is 5.5% and the State's average unemployment rate is 6.9%.
- Businesses within Clark County reported taxable sales of \$3.27 billion, a 6.3% increase from the previous year.
- Property within the District's assessment district raised in value to \$9,774,627,673, an increase of \$1,309,807,402 or 15.5%.

These factors were considered in preparing the District's budget for fiscal year 2016.

Spendable fund balance in the General Fund increased by 22.6%, to \$2,259,494, from the prior year. This amount is \$627,400 higher than the final budgeted ending fund balance for the 2015 fiscal year.

The District assigned \$93,000 of this fund balance to eliminate a projected budgetary deficit in the fiscal year 2016 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

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BASIC *financial statements*

FREEZE FRAME VEGAS VALLEY BOOK FESTIVAL



HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and investments	\$ 2,861,541
Accounts receivable	16,363
Interest receivable	168
Due from other governments	451,658
Prepays	44,906
Capital assets (net of accumulated depreciation, where applicable):	
Land	1,867,359
Property and equipment	14,182,291
Library books and materials	2,123,562
Total Assets	<u>21,547,848</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>753,786</u>
 LIABILITIES	
Accounts payable	290,425
Accrued payroll	117,625
Unearned revenue	38,108
Non-current liabilities:	
Portion due or payable within one year:	
Compensated absences	368,689
Portion due or payable after one year:	
Compensated absences	243,716
Obligation for postemployment benefits other than pensions	2,376,210
Net pension liability	4,698,399
Total Liabilities	<u>8,133,172</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>1,211,700</u>
 NET POSITION	
Net investment in capital assets	18,173,212
Restricted by grants and donors	328,177
Unrestricted (deficit)	(5,544,627)
Total Net Position	<u>\$ 12,956,762</u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Culture and recreation	\$ 8,139,743	\$ 206,464	\$ 360,226	\$ 230,594	\$ (7,342,459)
Debt service:					
Interest on bonds	1,754	-	-	-	(1,754)
Total governmental activities	<u>\$ 8,141,497</u>	<u>\$ 206,464</u>	<u>\$ 360,226</u>	<u>\$ 230,594</u>	<u>(7,344,213)</u>
General revenues:					
Ad valorem taxes					4,680,208
Consolidated taxes					2,118,460
Unrestricted investment earnings					2,675
Total general revenues					<u>6,801,343</u>
Change in net position					(542,870)
Net position, beginning of year, as previously reported					18,775,859
Restatement adjustment					<u>(5,276,227)</u>
Net position, beginning of year, as adjusted					13,499,632
Net position, end of year					<u>\$ 12,956,762</u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

	General Fund	Contributions and Grants Funds	Debt Service Fund	Nonmajor Capital Construction Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,284,378	\$ 461,786	\$ -	\$ 115,377	\$ 2,861,541
Accounts receivable	503	15,860	-	-	16,363
Interest receivable	168	-	-	-	168
Due from other governments	451,658	-	-	-	451,658
Prepays	44,906	-	-	-	44,906
Total assets	<u>\$ 2,781,613</u>	<u>\$ 477,646</u>	<u>\$ -</u>	<u>\$ 115,377</u>	<u>\$ 3,374,636</u>
LIABILITIES					
Accounts payable	\$ 256,034	\$ 34,391	\$ -	\$ -	\$ 290,425
Unearned revenue	38,108	-	-	-	38,108
Accrued payroll	117,625	-	-	-	117,625
Total liabilities	<u>411,767</u>	<u>34,391</u>	<u>-</u>	<u>-</u>	<u>446,158</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-ad valorem property taxes	<u>65,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,446</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	44,906	-	-	-	44,906
Restricted for:					
Green Valley Library	-	172	-	-	172
Materials	-	237,699	-	-	237,699
Outreach	-	22,501	-	-	22,501
Programming	-	67,805	-	-	67,805
Assigned for:					
Capital projects	-	-	-	115,377	115,377
Fund balance for next year operations	93,000	-	-	-	93,000
Programming and events	-	115,078	-	-	115,078
Unassigned	<u>2,166,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,166,494</u>
Total fund balances	<u>2,304,400</u>	<u>443,255</u>	<u>-</u>	<u>115,377</u>	<u>2,863,032</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,781,613</u>	<u>\$ 477,646</u>	<u>\$ -</u>	<u>\$ 115,377</u>	<u>\$ 3,374,636</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, 2015

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

Total fund balances - governmental funds (page 24)		\$ 2,863,032
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 32,455,348	
Less: Accumulated depreciation	<u>(14,282,136)</u>	18,173,212
Deferred outflows of resources benefit future periods; and therefore, are not reported in governmental funds.		
Resources related to pensions	<u>753,786</u>	753,786
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences	(612,405)	
Net pension liability	(4,698,399)	
Obligations for postemployment benefits other than pensions	<u>(2,376,210)</u>	(7,687,014)
Deferred inflows of resources represent amounts that were not available to to fund current expenditures; and therefore, are not reported.		
Resources related to pensions		(1,211,700)
Unavailable revenue, property taxes		<u>65,446</u>
Net position of governmental activities		<u>\$ 12,956,762</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, 2015

	General <u>Fund</u>	Contributions and Grants <u>Funds</u>	Debt Service <u>Fund</u>	Nonmajor Capital Construction <u>Fund</u>	Total Governmental <u>Funds</u>
REVENUES					
Taxes:					
Ad valorem	\$ 4,692,251	\$ -	\$ -	\$ -	\$ 4,692,251
Intergovernmental:					
Consolidated tax	2,118,460	-	-	-	2,118,460
Grants, federal and state	-	96,374	-	-	96,374
Miscellaneous:					
Fines and forfeits	149,798	-	-	-	149,798
Contributions from private sources	-	265,288	-	-	265,288
Investment income	2,072	472	-	131	2,675
Other	51,882	4,784	-	-	56,666
Total revenues	<u>7,014,463</u>	<u>366,918</u>	<u>-</u>	<u>131</u>	<u>7,381,512</u>
EXPENDITURES					
Current:					
Culture and recreation:					
Salaries and wages	3,433,852	-	-	-	3,433,852
Employee benefits	1,291,831	-	-	-	1,291,831
Services and supplies	1,320,980	104,088	-	-	1,425,068
Capital outlay	552,938	251,968	-	40,989	845,895
Debt service:					
Principal	-	-	1,517,900	-	1,517,900
Interest on bonds	-	-	4,220	-	4,220
Total expenditures	<u>6,599,601</u>	<u>356,056</u>	<u>1,522,120</u>	<u>40,989</u>	<u>8,518,766</u>
Excess (deficiency) of revenue over (under) expenditures	<u>414,862</u>	<u>10,862</u>	<u>(1,522,120)</u>	<u>(40,858)</u>	<u>(1,137,254)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	4,220	50,000	54,220
Transfers out	(54,220)	-	-	-	(54,220)
Total other financing sources (uses)	<u>(54,220)</u>	<u>-</u>	<u>4,220</u>	<u>50,000</u>	<u>-</u>
Net change in fund balances	360,642	10,862	(1,517,900)	9,142	(1,137,254)
Fund balances, beginning of year	<u>1,943,758</u>	<u>432,393</u>	<u>1,517,900</u>	<u>106,235</u>	<u>4,000,286</u>
Fund balances, end of year	<u>\$ 2,304,400</u>	<u>\$ 443,255</u>	<u>\$ -</u>	<u>\$ 115,377</u>	<u>\$ 2,863,032</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, 2015**

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) \$ (1,137,254)

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	\$ 845,895	
Loss on disposition of assets	(312)	
Less: Current year depreciation	<u>(1,698,916)</u>	
		(853,333)

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

Change in unavailable property tax	(12,043)	
Donated capital assets	<u>229,158</u>	
		217,115

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	1,517,900	
Accrued interest	<u>2,466</u>	
		1,520,366

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	2,152	
Change in pension obligations	119,914	
Change in obligations for postemployment benefits other than pensions	<u>(411,830)</u>	
		(289,764)

Change in net position of governmental activities		<u><u>\$ (542,870)</u></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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Taxes:			
Ad valorem	\$ 4,664,104	\$ 4,692,251	\$ 28,147
Intergovernmental:			
Consolidated tax	2,025,519	2,118,460	92,941
Miscellaneous:			
Fines and forfeits	140,000	149,798	9,798
Investment income	1,000	2,072	1,072
Other	60,000	51,882	(8,118)
Total revenues	<u>6,890,623</u>	<u>7,014,463</u>	<u>123,840</u>
EXPENDITURES			
Current:			
Culture and recreation:			
Salaries and wages	3,481,000	3,433,852	47,148
Employee benefits	1,334,000	1,291,831	42,169
Services and supplies	1,492,200	1,320,980	171,220
Capital outlay	630,000	552,938	77,062
Total expenditures	<u>6,937,200</u>	<u>6,599,601</u>	<u>337,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,577)</u>	<u>414,862</u>	<u>461,439</u>
OTHER FINANCING USES			
Transfers out	<u>(54,220)</u>	<u>(54,220)</u>	<u>-</u>
Net change in fund balance*	(100,797)	360,642	461,439
Fund balance, beginning of year	<u>1,777,797</u>	<u>1,943,758</u>	<u>165,961</u>
Fund balance, end of year	<u>\$ 1,677,000</u>	<u>\$ 2,304,400</u>	<u>\$ 627,400</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

MAJOR - 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental:				
Grants, federal and state	\$ 92,770	\$ 103,541	\$ 96,374	\$ (7,167)
Miscellaneous:				
Contributions from private sources	122,500	155,575	265,288	109,713
Investment income	250	250	472	222
Other	1,500	1,500	4,784	3,284
Total revenues	<u>217,020</u>	<u>260,866</u>	<u>366,918</u>	<u>106,052</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Services and supplies	113,485	130,831	104,088	26,743
Capital outlay	<u>289,883</u>	<u>289,883</u>	<u>251,968</u>	<u>37,915</u>
Total expenditures	<u>403,368</u>	<u>420,714</u>	<u>356,056</u>	<u>64,658</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,348)</u>	<u>(159,848)</u>	<u>10,862</u>	<u>170,710</u>
Net change in fund balance*	(186,348)	(159,848)	10,862	170,710
Fund balance, beginning of year	<u>382,270</u>	<u>382,270</u>	<u>432,393</u>	<u>50,123</u>
Fund balance, end of year	<u>\$ 195,922</u>	<u>\$ 222,422</u>	<u>\$ 443,255</u>	<u>\$ 220,833</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, 2015**

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, 2015**

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 2015, 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, 2015**

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, 2015**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

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.

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, 2015**

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, 2015**

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Public Employees Retirement System of Nevada (PERS) and additions to/deductions from the PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2015 is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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.

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/expenditure) until then. The District only has one item that qualifies for reporting in the category, which is the deferred outflow of resources related to pensions. Additional information on this item may be found in Note 3.

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 two such items that qualify for reporting in this category; deferred inflow of resources related to pensions (see Note 3) and unavailable revenue-ad valorem property taxes. The later item, which arises only under a modified accrual basis of accounting, 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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.

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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.

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.
6. Statutory regulations require budget controls to be exercised at the function level. Management is authorized to transfer budget amounts between functions or funds if amounts do not exceed total appropriations and the Board of Trustees is notified at the next regular meeting.
7. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Trustees following a public hearing. Such augmentations become effective upon receipt of resolution by the Nevada Department of Taxation. Various supplemental appropriations were approved during the year to reflect necessary changes in spending and the corresponding additional resources available.
8. In accordance with Statute, actual expenditures may not exceed appropriations in the various functions of the General Fund, Special Revenue Funds, and the Capital Projects Funds.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 – Stewardship, Compliance and Accountability (continued)

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

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In additions, GASB Statement No. 68 requires disclosure of information related to pension benefits. Implementation of these new Statements resulted in a restatement of beginnning net position in the Distict's government-wide financial statements. (See Note 4.)

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, 2015:

Cash on hand	\$	2,242
Cash in financial institutes		1,865,617
Investments		<u>1,002,682</u>
Total cash, cash equivalents, and investments	\$	<u><u>2,861,541</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, 2015, the recorded amount of the District's deposits was \$1,856,617 and the bank balances were \$1,911,321. 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

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:

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

As of June 30, 2015, 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)	108 days*	\$ 1,002,682
Total Pooled Investments		<u><u>\$ 1,002,682</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.

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
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	18,607,679	40,989	-	18,648,668
Computer equipment	37,387	-	(6,476)	30,911
Equipment	621,511	17,456	(2,082)	636,885
Furniture	514,758	-	(3,161)	511,597
Land improvements	599,912	-	-	599,912
Library materials	10,304,593	1,016,608	(1,303,928)	10,017,273
Vehicles	142,743	-	-	142,743
Total capital assets, being depreciated	<u>30,828,583</u>	<u>1,075,053</u>	<u>(1,315,647)</u>	<u>30,587,989</u>
Less accumulated depreciation for:				
Buildings	(4,678,518)	(621,622)	-	(5,300,140)
Computer equipment	(37,387)	-	6,476	(30,911)
Equipment	(192,324)	(54,462)	1,770	(245,016)
Furniture	(493,569)	(12,177)	3,161	(502,585)
Land improvements	(149,980)	(29,996)	-	(179,976)
Library materials	(8,220,769)	(976,870)	1,303,928	(7,893,711)
Vehicles	(126,008)	(3,789)	-	(129,797)
Total accumulated depreciation	<u>(13,898,555)</u>	<u>(1,698,916)</u>	<u>1,315,335</u>	<u>(14,282,136)</u>
Total capital assets, being depreciated, net	<u>16,930,028</u>	<u>(623,863)</u>	<u>(312)</u>	<u>16,305,853</u>
Governmental activities capital assets, net	<u>\$ 18,797,387</u>	<u>\$ (623,863)</u>	<u>\$ (312)</u>	<u>\$ 18,173,212</u>

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

Governmental Activities:	
Culture and recreation	<u>\$ 1,698,916</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Due in 2015-2016</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%	1,517,900	-	(1,517,900)	-	-
Compensated absences	614,557	371,445	(373,597)	612,405	368,689
Total Long-Term Debt	<u>\$ 2,132,457</u>	<u>\$ 371,445</u>	<u>\$ (1,891,497)</u>	<u>\$ 612,405</u>	<u>\$ 368,689</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 District paid off the outstanding general obligation bond during fiscal year 2015.

Interfund Activity

Interfund transfers for the year ended June 30, 2015 consisted of the following:

	<u>Debt Service Fund</u>	<u>Transfers in Capital Construction Fund</u>	<u>Total</u>
Transfers out:			
General Fund	<u>\$ 4,220</u>	<u>\$ 50,000</u>	<u>\$ 54,220</u>

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

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 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.

Benefits Provided: Benefits, as required by the Nevada Revised Statutes, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Post-retirement increases are provided by authority of NRS 286.575 - .579. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting: Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

Contributions: 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	
2014-15	25.75%	\$ 720,484	13.25%	\$ 17,537	\$ 738,021
2013-14	25.75%	620,947	13.25%	30,985	651,932
2012-13	23.75%	585,087	12.25%	32,457	617,544

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

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

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

Contributions: 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 2015, this subsidy ranged from \$18-\$446 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

	CCSF and <u>HPN</u>	<u>PEBP</u>	Balance <u>Total</u>
Annual required contribution (ARC)	\$ 431,686	\$ 17,834	\$ 449,520
Interest on net OPEB obligation	76,098	3,144	79,242
Adjustment to the ARC	<u>(94,068)</u>	<u>(3,832)</u>	<u>(97,900)</u>
Annual OPEB cost (expense)	413,716	17,146	430,862
Contributions made	<u>(7,768)</u>	<u>(11,264)</u>	<u>(19,032)</u>
Increase in net OPEB obligations	405,948	5,882	411,830
Net OPEB obligation - beginning of year	<u>1,906,912</u>	<u>57,468</u>	<u>1,964,380</u>
Net OPEB obligation - end of year	<u><u>\$ 2,312,860</u></u>	<u><u>\$ 63,350</u></u>	<u><u>\$ 2,376,210</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for fiscal years ended June 30, 2015 and the two preceding years are as follows:

<u>Plan</u>	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Obligation</u>
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
CCSF and HPN	June 30, 2015	413,716	7,768	1.88%	2,312,860
PEBP	June 30, 2013	15,657	11,110	70.96%	52,975
PEBP	June 30, 2014	15,657	11,164	71.30%	57,468
PEBP	June 30, 2015	17,146	11,264	65.69%	63,350
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
Combined	June 30, 2015	430,862	19,032	4.42%	2,376,210

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

Funded Status and Funding Progress: Using the most recent actuarial valuation as of July 1, 2014, the following is the funded status of the OPEB plan:

	CCSF and HPN	PEBP
Actuarial accrued liability (AAL)	\$ 3,415,236	\$ 320,716
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 3,415,236</u>	<u>\$ 320,716</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll	\$ 2,961,332	N/A*
UAAL as percentage of covered payroll	115%	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.

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:

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

	CCSF, HPN and PEBP
Actuarial valuation date	July 1, 2014
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, 2014
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	7% in 2015/2016, grading down .25% per year until reaching ultimate rate of 5.0%
HMO	7% in 2015/2016, grading down .25% per year until reaching ultimate rate of 5.0%
Dental	4.0% per year
Operating expenses	2.5% 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$4,698,399 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. At June 30, 2014, the District's proportion was 0.04508%, which as an increase of 0.00126% from its proportion measured as of June 30, 2013.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$618,107. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	224,844
Net difference between projected and actual earnings on pension plan investments	-	986,856
Changes in proportion and difference between District contributions and proportionate share of contributions	15,765	-
District contributions subsequent to the measurement date	738,021	-
Total	<u>\$ 753,786</u>	<u>\$ 1,211,700</u>

\$738,021 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Reporting period ending June 30:	
2016	\$ (282,437)
2017	(282,437)
2018	(282,437)
2019	(282,437)
2020	(38,933)
Thereafter	(27,254)

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

Actuarial Assumptions: The District's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	8.00%
Productivity Pay Increase	.075%
Projected Salary Increases	4.60% to 9.75%, depending on service, including inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2014 funding actuarial valuation

Actuarial assumptions used in the June 30, 2014 valuation were based on results of the experience review completed in 2013.

Investment Policy: PERS policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2014:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	.25%
Private Markets	10%	6.80%
Total	100%	

*As of June 30, 2014, PERS' long-term inflation assumption was 3.5%

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

Discount Rate: The discounted rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 and June 30, 2013.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District as of June 30, 2014, calculated using the discount rate of 8.00%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	\$7,306,259	\$4,698,399	\$2,530,291

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – Detailed Notes – All Funds (continued)

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.

NOTE 4 – Restatement Adjustment

As mentioned in Note 2 to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. This resulted in a restatement of beginnning net position as follows:

	Governmental Activities
Restatement adjustment-implementation of GASB 68:	
Net pension liability	\$(5,928,159)
Deferred outflows - contributions made during fiscal year 2014	651,932
Total Restatement Adjustment	<u><u>\$(5,276,227)</u></u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
REQUIRED SUPPLEMENTARY INFORMATION**

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

<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>						
7/1/2010	\$ -	\$ 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%
7/1/2014	\$ -	\$ 3,415,236	\$ 3,415,236	0%	\$ 2,961,332	115%
<u>PEBP</u>						
7/1/2010	\$ -	\$ 550,786	\$ 550,786	0%	N/A*	N/A*
7/1/2012	\$ -	\$ 294,702	\$ 294,702	0%	N/A*	N/A*
7/1/2014	\$ -	\$ 320,716	\$ 320,716	0%	N/A*	N/A*

*The Public Employees Benefit Plan is a closed plan and, therefore, there are not covered employees.

**HENDERSON DISTRICT PUBLIC LIBRARIES
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Public Employees' Retirement System of Nevada**

Last 10 Fiscal Years*

		Reporting Fiscal Year (Measurement Date) 2015 (2014)
District's proportion of the net pension liability (asset)		0.04508%
District's proportionate share of the net pension liability (asset)	\$	4,698,399
District's covered payroll	\$	2,961,332
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		158.66%
Plan fiduciary net position as a percentage of the total pension liability		76.31%

*The amounts presented for each fiscal year were determined as of 6/30.

Note: The District implemented GASB 68 in fiscal year 2015. Information prior to 2014 is not available.

**HENDERSON DISTRICT PUBLIC LIBRARIES
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF DISTRICT CONTRIBUTIONS
Public Employees' Retirement System of Nevada**

Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Contractually required contribution	\$ 651,932
Contributions in relation to the	
contractually required contribution	\$ 651,932
Contributions deficiency (excess)	\$ -
District's covered-employee payroll	\$ 2,961,332
Contributions as a percentage of	
covered-employee payroll	22.01%

Note: The District implemented GASB 68 in fiscal year 2015. Information prior to 2014 is not available.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – Other Post Employee Benefits

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.

The decrease in AAL and UAAL for the PEBP plan is due to declining participation in the plan.

GOVERNMENTAL *funds*

MAJOR DEBT SERVICE FUND

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

NONMAJOR CAPITAL PROJECTS FUND

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

FREEZE FRAME

STEAM PROGRAMS



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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
EXPENDITURES			
Debt Service:			
Principal	\$ 1,517,900	\$ 1,517,900	\$ -
Interest on bonds	4,220	4,220	-
Total expenditures	<u>1,522,120</u>	<u>1,522,120</u>	<u>-</u>
(Deficiency) of revenues (under) expenditures	<u>(1,522,120)</u>	<u>(1,522,120)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers in	<u>4,220</u>	<u>4,220</u>	<u>-</u>
Net change in fund balance*	(1,517,900)	(1,517,900)	-
Fund balance, beginning of year	<u>1,517,900</u>	<u>1,517,900</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

NONMAJOR - 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, 2015

	<u>Original Budget</u>	<u>Final Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Miscellaneous:				
Investment income	\$ 42	\$ 42	\$ 131	\$ 89
EXPENDITURES				
Current:				
Culture and recreation:				
Services and supplies	130,000	89,000	-	89,000
Capital outlay	-	41,000	40,989	11
Total expenditures	130,000	130,000	40,989	89,011
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(129,958)	(129,958)	(40,858)	89,100
OTHER FINANCING SOURCES:				
Transfers in	50,000	50,000	50,000	-
Net change in fund balance*	(79,958)	(79,958)	9,142	89,100
Fund balance, beginning of year	91,918	91,918	106,235	14,317
Fund balance, end of year	\$ 11,960	\$ 11,960	\$ 115,377	\$ 103,417

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

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	61 - 64
These schedules contain trend information to help the reader understand how HDPL's financial performance and well-being have changed over time.	
REVENUE CAPACITY	65 - 68
These schedules contain information to help the reader assess the factors affecting HDPL's most significant local revenue source, the property tax.	
DEBT CAPACITY	69 - 71
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	72 - 73
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	74 - 78
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 otherwised noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Table 1

HENDERSON DISTRICT PUBLIC LIBRARIES

Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

Governmental activities

Fiscal Year	Net investment in capital assets	Restricted by grants and donors	Unrestricted	Total
2006	\$ 8,574,248	\$ -	\$ 1,394,646	\$ 9,968,894
2007	9,319,993	-	1,861,563	11,181,556
2008	10,565,647	-	1,954,882	12,520,529
2009 ¹	17,263,269	-	2,056,167	19,319,436
2010	19,098,166	-	2,527,554	21,625,720
2011	18,958,442	-	1,667,718	20,626,160
2012	18,183,276	125,477	1,347,258	19,656,011
2013 ¹	17,416,700	177,901	1,380,475	18,975,076
2014 ¹	17,279,487	233,711	(4,013,566)	13,499,632
2015	18,173,212	328,177	(5,544,627)	12,956,762

¹ Restated

Table 2

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Culture and recreation	\$ 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	\$ 8,139,743
Debt service:										
Interest on long-term debt	79,471	70,127	60,570	50,572	125,923	99,103	66,597	40,810	36,043	1,754
Total governmental activities expenses	<u>\$ 6,533,350</u>	<u>\$ 7,240,610</u>	<u>\$ 7,901,506</u>	<u>\$ 8,363,755</u>	<u>\$ 9,974,514</u>	<u>\$ 9,068,567</u>	<u>\$ 8,539,653</u>	<u>\$ 8,007,179</u>	<u>\$ 7,875,113</u>	<u>\$ 8,141,497</u>
Program Revenues										
Governmental activities:										
Charges for services	\$ 236,238	\$ 287,630	\$ 276,533	\$ 228,371	\$ 292,907	\$ 263,212	\$ 259,648	\$ 221,201	\$ 181,480	\$ 206,464
Operating grants and contributions	108,809	128,155	330,608	308,851	128,735	416,669	212,403	202,180	257,682	360,226
Capital grants and contributions	171,110	276,323	336,513	8,175,815 ¹	350,133	231,452	316,981	282,844	521,035	230,594
Total governmental activities program revenues	<u>\$ 516,157</u>	<u>\$ 692,108</u>	<u>\$ 943,654</u>	<u>\$ 8,713,037</u>	<u>\$ 771,775</u>	<u>\$ 911,333</u>	<u>\$ 789,032</u>	<u>\$ 706,225</u>	<u>\$ 960,197</u>	<u>\$ 797,284</u>
Net (Expense)/Revenue, governmental activities	<u>\$ (6,017,193)</u>	<u>\$ (6,548,502)</u>	<u>\$ (6,957,852)</u>	<u>\$ 349,282</u>	<u>\$ (9,202,739)</u>	<u>\$ (8,157,234)</u>	<u>\$ (7,750,621)</u>	<u>\$ (7,300,954)</u>	<u>\$ (6,914,916)</u>	<u>\$ (7,344,213)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 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	\$ 4,680,208
Consolidated taxes	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	2,118,460
Gain on sale of asset	-	-	-	-	1,315,504 ²	-	-	-	-	-
Investment earnings	77,819	144,842	172,362	146,825	22,785	5,961	482	1,886	2,086	2,675
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Proceeds from early termination of lease	-	-	-	-	2,000,000 ²	-	-	-	-	-
Total governmental activities	<u>\$ 6,980,934</u>	<u>\$ 7,761,164</u>	<u>\$ 8,296,825</u>	<u>\$ 8,518,845</u>	<u>\$ 11,509,023</u>	<u>\$ 7,157,674</u>	<u>\$ 6,780,472</u>	<u>\$ 6,641,833</u>	<u>\$ 6,715,699</u>	<u>\$ 6,801,343</u>
Changes in Net Position, governmental activities	<u>\$ 963,741</u>	<u>\$ 1,212,662</u>	<u>\$ 1,338,973</u>	<u>\$ 8,868,127</u>	<u>\$ 2,306,284</u>	<u>\$ (999,560)</u>	<u>\$ (970,149)</u>	<u>\$ (659,121)</u>	<u>\$ (199,217)</u>	<u>\$ (542,870)</u>

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	2006	2007	2008	2009	2010	2011 ⁴	2012	2013	2014	2015
Reserved	\$ 13,234	\$ 5,214	\$ 24,599	\$ 6,383	\$ 101,652	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,396,830	1,290,496	848,007 ¹	1,350,848	1,339,154	-	-	-	-	-
Nonspendable	-	-	-	-	-	53,572	18,924	70,121	100,830	44,906
Assigned	-	-	-	-	-	462,449	339,913	109,447	100,797	93,000
Unassigned	-	-	-	-	-	1,720,692	2,211,733	2,743,381	1,742,131 ⁵	2,166,494
Total General Fund	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	2,304,400
All Other Governmental Funds										
Reserved	\$ 7,711	\$ 440	\$ 46,551	\$ 11,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	152,349	159,947	321,093	446,868	145,521	-	-	-	-	-
Capital Projects Funds	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	328,177
Assigned	-	-	-	-	-	702,820	614,774	650,960	1,822,817 ⁵	230,455 ⁶
Total All Other Governmental Funds	462,998	1,104,567	1,690,392	1,298,760	2,013,359	820,626	740,251	832,048	2,056,528	558,632
Total All Governmental Funds	\$ 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	\$ 2,863,032

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.
- ⁶ The decrease in the assigned fund balance of the Debt Service Fund was due to the payoff of the outstanding debt done in July 2014.

Table 4

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Ad valorem taxes	\$ 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	\$ 4,692,251
Consolidated taxes	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	2,118,460
Grants	110,334	123,059	252,217	109,216	140,666	257,764	93,686	35,472	46,912	96,374
Fines and forfeits	88,690	109,767	112,860	128,247	162,321	167,812	156,290	155,588	157,630	149,798
Contributions	72,930	67,311	215,183	216,341	53,786	204,473	169,494	189,890	512,148	265,288
Investment income	77,819	144,842	172,362	146,825	22,785	5,961	482	1,886	2,086	2,675
Other income	149,908	177,863	163,673	100,124	130,586	95,400	83,543	58,079	51,199	56,666
Total revenues	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	7,381,512
Expenditures										
Culture and recreation:										
Salaries and wages	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	3,433,852
Employee benefits	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	1,291,831
Services and supplies	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	1,425,068
Capital outlay	1,006,067	1,191,940	1,768,468	3,767,819	3,903,241	803,769	878,014	740,397	1,239,378	845,895
Debt Service:										
Interest	79,471	70,127	60,570	50,572	125,923	99,103	63,376	41,407	36,201	4,220
Principal	277,000	287,100	297,400	306,800	346,400	923,800	2,015,000	172,300	177,500	1,517,900
Administrative and other costs	300	300	300	300	300	-	400	400	400	-
Total expenditures	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	8,518,766
Excess (deficiency) of revenues over (under) expenditures	671,549	527,215	162,721	(1,982,007)	(3,201,826)	(396,826)	(1,656,718)	444,176	244,289	(1,137,254)
Other Financing Sources										
Proceeds from borrowing	-	-	-	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	-	-	-	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	\$ 671,549	\$ 527,215	\$ 162,721	\$ 92,993	\$ 798,174	\$ (396,826)	\$ 253,482	\$ 444,176	\$ 245,289	\$ (1,137,254)
Debt Service as a percentage of noncapital expenditures	6.2%	5.5%	5.0%	4.9%	5.9%	13.7%	25.8%	3.6%	3.6%	19.8%

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			
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
2014-2015	9,299,031,454	26,568,661,297	475,596,219	1,358,846,340	9,774,627,673	27,927,507,637	35%		0.0594

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.

Table 6

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Henderson District Public Libraries				Overlapping Rates				Total Direct & Overlapping Rates
	Operating	Debt Service	Total Direct Rate	State of Nevada	School District	County	City	Other Special District	Total Overlapping Rates
2005-2006	0.0533	-	0.0533	0.1700	1.3034	0.6575	0.7108	0.0123	2.8540
2006-2007	0.0533	-	0.0533	0.1700	1.3034	0.6566	0.7108	0.0123	2.8531
2007-2008	0.0582	-	0.0582	0.1700	1.3034	0.6541	0.7108	0.0123	2.8506
2008-2009	0.0590	-	0.0590	0.1700	1.3034	0.6541	0.7108	0.0086	2.8469
2009-2010	0.0581	-	0.0581	0.1700	1.3034	0.6541	0.7108	0.0100	2.8483
2010-2011	0.0577	-	0.0577	0.1700	1.3034	0.6541	0.7108	0.0070 ²	2.8453
2011-2012	0.0575	-	0.0575	0.1700	1.3034	0.6541	0.7108	-	2.8383
2012-2013	0.0586	-	0.0586	0.1700	1.3034	0.6541	0.7108	-	2.8383
2013-2014	0.0585	-	0.0585	0.1700	1.3034	0.6541	0.7108	-	2.8383
2014-2015	0.0594	-	0.0594	0.1700	1.3034	0.6541	0.7108	-	2.8383

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 Tax rate expired in fiscal year 2011.

Table 7

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Taxpayer	Fiscal Year 2015			Fiscal Year 2006		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Station Casinos Incorporated	\$ 98,307,287	1	1.01%	\$ 98,686,851	4	0.94%
Green Valley Ranch Gaming LLC	87,111,499	2	0.89%	67,284,819	6	0.64%
W.L. Nevada Incorporated	70,305,188	3	0.72%	----		----
M Resort	67,453,520	4	0.69%	----		----
Greenspun Companies	55,292,480	5	0.57%	95,087,050	5	0.91%
Basic Management Incorporated	42,884,627	6	0.44%	----		----
Harsch Investment Properties	42,859,252	7	0.44%	33,887,918	10	0.32%
Picerne Real Estate Group	34,622,033	8	0.35%	----		----
Ranch Center Associates Limited Partnership	29,161,270	9	0.30%	----		----
Camden Property Trust	23,032,765	10	0.24%	----		----
Pulte Homes	----		----	248,260,628	1	2.37%
Focus Property Group	----		----	195,174,245	2	1.86%
Lake at Las Vegas Joint Ventures	----		----	138,141,784	3	1.32%
D.R. Horton Incorporated	----		----	45,871,270	7	0.44%
KB Home Nevada Incorporated	----		----	38,047,889	8	0.36%
Basic Environmental Company, LLC	----		----	36,599,549	9	0.35%
	<u>\$ 551,029,921</u>		<u>5.65%</u>	<u>\$ 997,042,003</u>		<u>9.51%</u>
Total Assessed Valuation	\$ 9,774,627,673			\$ 10,484,203,458		

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		Amount	Percentage of the Current Levy ¹
2006	\$ 67,174,503	\$ 62,408,721	92.91%	\$ 4,762,741	\$ 67,171,462	100.00%
2007	84,005,186	78,138,203	93.02%	5,863,666	84,001,869	100.00%
2008	94,690,276	87,304,802	92.20%	7,347,161	94,651,963	99.96%
2009	101,021,146	92,160,401	91.23%	8,697,192	100,857,593	99.84%
2010	97,786,757	89,058,480	91.07%	8,579,791	97,638,271	99.85%
2011	76,105,424	69,557,584	91.40%	6,513,358	76,070,942	99.95%
2012	68,067,035	62,318,519	91.55%	5,718,304	68,036,823	99.96%
2013	62,538,702	62,001,607	99.14%	491,065	62,492,672	99.93%
2014	63,175,926	62,745,339	99.32%	333,551	63,078,890	99.85%
2015	66,789,547	62,085,894	92.96%	-	62,085,894	92.96%

Notes:

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

Source: Clark County Treasurer'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		
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%
2015	-	286,273	-	8,355,722,814	0.00%	27,927,507,637	0.00%

*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, 2015
(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	\$ -	\$ -	\$ -	100.00%	\$ -
Overlapping Debt					
Clark County ¹	374,812,851	146,676,397	228,136,454	15.87%	36,205,255
Clark County School District ²	2,548,890,000	26,838,865	2,522,051,135	15.87%	400,249,515
City of Henderson ³	123,879,000	7,331,071	116,547,929	100.00%	116,547,929
Total Overlapping Debt	3,047,581,851	180,846,333	2,866,735,518		553,002,699
Total Direct and Overlapping Debt	<u>\$ 3,047,581,851</u>	<u>\$ 180,846,333</u>	<u>\$ 2,866,735,518</u>		<u>\$ 553,002,699</u>

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)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Assessed valuation	\$ 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	\$ 9,774,627,673
Debt limit - 10% of assessed value	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	977,462,767
Debt outstanding	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	-
applicable to the limit										
Legal debt margin	\$ 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	\$ 977,462,767
Legal debt margin as a percentage of debt limit	99.80%	99.88%	99.91%	99.80%	99.78%	99.80%	99.79%	99.79%	99.82%	100.00%

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
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
2014-2015	286,273	8,355,722,814	29,188	7.00%	318,040

*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 2015				Fiscal Year 2006			
	Employees	Rank	Percentage of Total City Employment		Employees ¹	Rank	Percentage of Total City Employment	
City of Henderson	2,924	1	2.16%		3170	1	2.75%	
St. Rose Dominican Hospital - Siena	1,500-1,999	2	1.11%-1.48%					
Green Valley Ranch Gaming LLC	1,500-1,999	2	1.11%-1.48%		1,500-1,999	4	1.30%-1.73%	
Sunset Station Hotel & Casino	1,000-1,499	2	.74%-1.11%		1,500-1,999	3	1.30%-1.73%	
M Resort Spa & Casino	1,000-1,499	2	.74%-1.11%					
St. Rose Dominican Hospital	700-799	2	.52%-.59%		2,000-2,499	2	1.73%-2.17%	
Fiesta Henderson Casino Hotel	600-699	2	.44%-.52%		800-899	5	.69%-.78%	
Barclays Services, LLC	600-699	2	.44%-.52%					
Titanium Metals Corp of America	500-599	2	.37%-.44%		500-599	8	.43%-.52%	
Wal-Mart Supercenter	400-499	2	.37%-.44%		600-699	7	.52%-.61%	
Medco Health LLC					600-699	6	.52%-.61%	
Ritz-Carlton Hotel Company LLC					500-599	9	.43%-.52%	
Bravo Underground, Inc					500-599	10	.43%-.52%	
Total	10,724-13,215		7.93%-9.78%		8,500-10,591		10.10%-11.94%	

Sources:

¹City of Henderson Finance Department

²Applied Analysis, Las Vegas, Nevada

Table 14

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	Full-time Equivalent Employees as of June 30									
	2006 ¹	2007	2008	2009 ²	2010	2011	2012	2013 ³	2014	2015
Library Services										
Adult Services	11.0	11.5	11.5	18.0	17.5	13.5	13.5	13.5	15.0	15.5
Circulation	26.0	24.0	24.0	34.5	30.0	29.0	25.0	24.0	25.5	24.5
Outreach	3.0	4.5	4.5	4.5	4.0	4.0	4.0	----	----	----
Youth Services	11.0	13.0	12.5	19.0	19.0	17.5	16.0	14.0	14.5	14.5
Acquisitions & Bibliographic Services	6.5	7.0	8.0	9.0	9.0	7.0	7.0	6.5	6.5	6.5
Administration	12.5	11.0	8.5	10.5	10.5	9.5	9.5	8.5	8.0	8.0
Information Technology	4.5	5.5	5.5	5.5	5.0	6.0	6.0	5.0	6.0	6.0
Total	<u>74.5</u>	<u>76.5</u>	<u>74.5</u>	<u>101.0</u>	<u>95.0</u>	<u>86.5</u>	<u>81.0</u>	<u>71.5</u>	<u>75.5</u>	<u>75.0</u>

Notes:

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

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

³ HDPL 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
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
2014-2015	474,508	10,304,593	1,016,608	(1,303,928)	2,123,562	1,723,783	3.63

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.

Table 16

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
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	5,590 ⁵	360,198 ⁶	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 ⁷	827,457	----	79,509	1,701,858
2013-2014	----	300,809	10,129	395,951	----	835,318	----	154,246	1,696,453
2014-2015	----	285,222	7,368	370,030	----	840,173	----	220,990	1,723,783

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.

HENDERSON DISTRICT PUBLIC LIBRARIES

Service Location Information Last Ten Fiscal Years (unaudited)

	Current Status	Current Address	Square Footage as of Fiscal Year-End									
			2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
LIBRARIES												
Galleria Library	Leased	1300 W. Sunset Rd, Ste 1121 Henderson, NV 89014	----	----	----	1,342	1,342	1,342	1,342	----	----	----
Green Valley Library	Owned	2797 N Green Valley Pkwy Henderson, NV 89014	----	----	----	21,410	21,410	21,410	21,410	21,410	21,410	21,410
Heritage Park Senior Facility Library	Occupied	300 S Racetrack Road Henderson, NV 89015	----	----	----	----	1,829 ⁴	1,829	1,829	1,829	1,829	1,829
James I Gibson Library	Sold	280 S Water St Henderson, NV 89015	16,850	16,850	16,850	16,850	----	5	----	----	----	----
Lydia Malcolm Library	Owned	100 W Lake Mead Parkway Henderson, NV 89015	----	----	----	----	19,900 ⁵	19,900	19,900	19,900	19,900	19,900
Paseo Verde Library	Owned	2960 Sunridge Heights Pkwy Henderson, NV 89074	4,030	4,030	6,030 ²	6,030	6,030	6,030	6,030	6,030 ⁷	6,030	6,030
Pittman Library	Leased	280 S Green Valley Pkwy Henderson, NV 89012	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	1,200	1,200	1,200 ³	----	----	----	----	----	----	----

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 Malcolm 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 Malcolm 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	Total Operating Expenditures	Total Library Books and Materials Expenditures	Percentage of Total Operating Expenditures
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%
2014-2015	6,599,601	(17,456)	6,582,145	535,482	8.14%

COMPLIANCE *section*

FREEZE FRAME BANNED BOOKS WEEK



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

STEVEN D PALMER, 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 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, 2015, 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 November 13, 2015.

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 cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
Mesquite, Nevada
November 13, 2015

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, 2015, and have issued our report thereon dated November 13, 2015. 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	Board resolution, NRS 354.6113
Debt Service Fund	Board resolution
Contributions and Grant Fund	Board resolution

The District had no statutory compliance findings from fiscal year 2014. 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, 2015.

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 cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
Mesquite, Nevada
November 13, 2015