

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Fiscal Year ended June 30, 2012
Henderson District Public Libraries
Henderson, Nevada*



Henderson
LIBRARIES

HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012



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, 2012

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Introductory Section





November 1, 2012

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, 2012. This report contains the financial statements and other financial information and statistical data that provide complete and full disclosure of all material aspects of the Henderson District Public Libraries (HDPL). The financial statements in this CAFR conform to generally accepted accounting principles (GAAP) as applicable to governmental entities.

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

Nevada Revised Statute 354.624 requires an annual audit by independent certified public accountants. The accounting firm of Kafoury, Armstrong & Co. was selected to perform the fiscal year 2012 audit and has issued an unqualified ("clean") opinion on the Henderson District Public Libraries' financial statements for the year ended June 30, 2012. The independent auditor's report is located in the front of the financial section of this report.

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

Profile of Henderson District Public Libraries

Background

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

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

Mission

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

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

Reporting Entity

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

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

Budget

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

Collection and Services

HDPL purchased and processed over 37,000 items worth \$689,747 in fiscal year 2012. In addition to purchased materials, HDPL continued to receive and process a large number of donated materials, including books, videos, music CDs and DVDs. The total cost of donations, if purchased, exceeded \$265,671. These donations were distributed to all of the HDPL libraries. These donations allowed HDPL to place an additional 10,583 items into the collection.

HDPL's total collection of over 500,000 volumes in books, recordings, documents, maps, videotapes, CDs, DVDs, CD-ROMs, audio books, and e-books is available to patrons in all six HDPL branches. HDPL makes an effort to collect the most current media available for the broadest scope of public access. The board has allocated an average of almost 10 percent of the annual operating budget for collection development over the last five years.

HDPL's usage has leveled out during fiscal year 2012. Circulation had a slight decrease of 1.92%, from 1,812,475 in fiscal year 2011 to 1,777,626 in fiscal year 2012. This decrease is attributable

to an entire year of reduced operating hours. New library cards issued during the fiscal year decreased from 33,386 in 2011 to 26,839 in 2012.

Major Initiatives

The District implemented the usage of CollectionHQ late this fiscal year. CollectionHQ is an automated service that analyzes the usage of the collection and produces recommendations for weeding, shifting of materials among library locations, and budgeting for new purchases. It will be used in the coming years to manage the collection for the most efficient use of funds to produce the greatest usage.

Economic Growth

Local Economy

Nevada, like the nation, continues to report mixed economic signals. Jobs are being created, but the unemployment rate remains high. More visitors are coming to Nevada, but they are spending less on gambling. Consumers are spending more on goods and services, but foreclosures and housing price declines still plague the state.

In light of this, HDPL has continued several cost saving approaches including a freeze on many vacant positions, reducing the hours and days the libraries are open, and reducing library programming.

Long-term Financial Planning

The District's largest funding source (property tax revenues) continues to be dramatically impacted by the dropping values for both commercial and residential properties. Property tax revenues decreased by another 8.5% in fiscal year 2012. Collections for the District's secondary funding source (consolidated sales tax) have started to show a slight uptick in fiscal year 2012. However, this increase does not nearly offset the decline in property tax revenues.

To accommodate lower tax revenues, HDPL continues to implement efficiencies throughout the organization from library material purchasing to library material check-in. The district is currently waiting for the results of the November 6, 2012 election. If the district's ballot initiative is successful, all branches will remain open. If the initiative fails, Malcolm and Galleria libraries will close. Either a win or loss in November will require substantial priority shifts in the strategic plan and most certainly reorganization within the library district.

Awards and Acknowledgements

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to HDPL for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the twelfth consecutive year that HDPL has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

Cordially,



Thomas F. Fay
Executive Director



Debra M. Englund
Chief Financial Officer

HENDERSON DISTRICT PUBLIC LIBRARIES

Library Officials

Board of Trustees

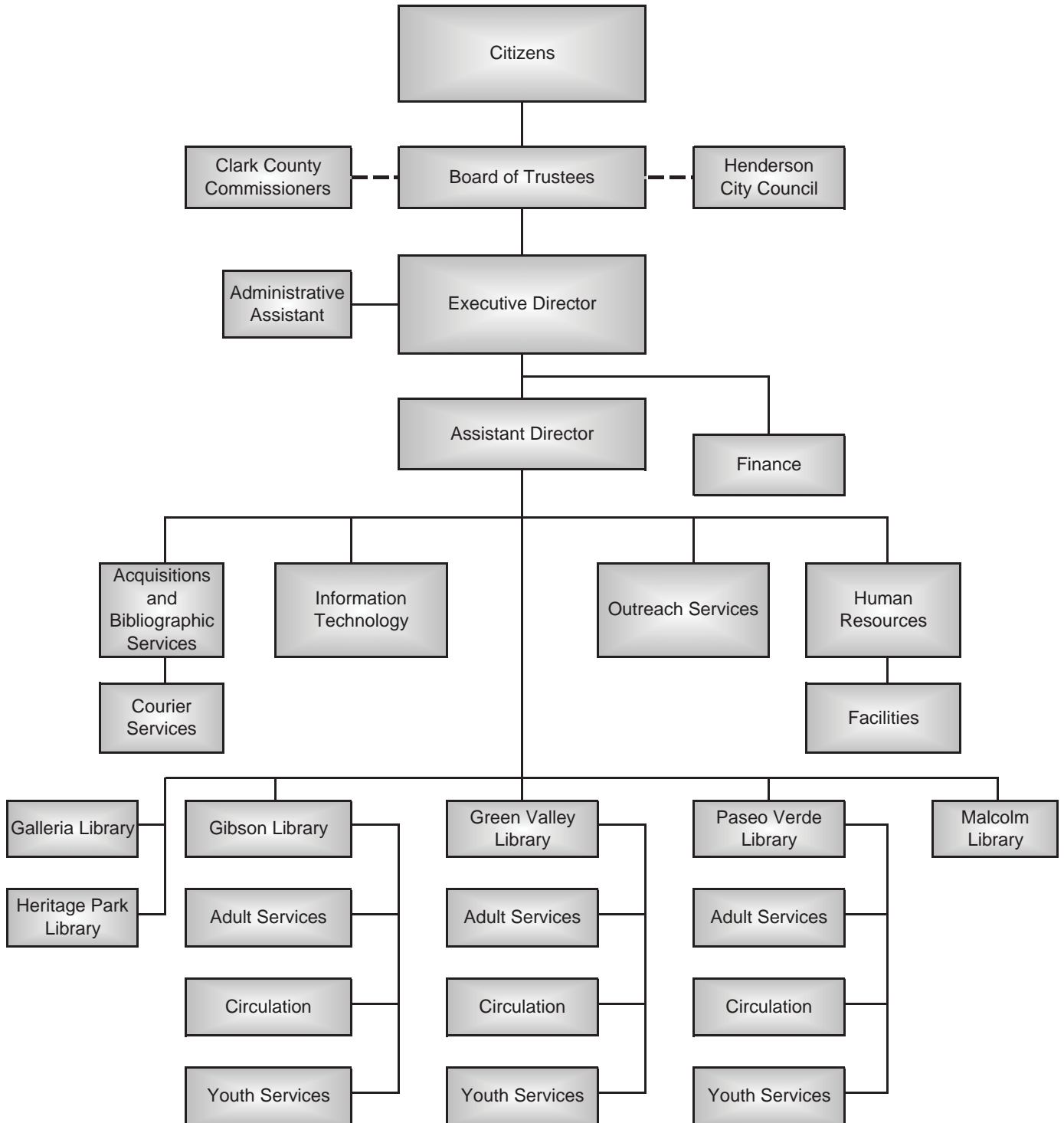
MJ Maynard	Chair
Sean Fellows	Vice-Chair
Cindy Herman	Secretary
Colleen Bell	Trustee
James Frey	Trustee
Donn Jersey	Trustee
John Simmons	Trustee

Administrative Staff

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

HENDERSON DISTRICT PUBLIC LIBRARIES

Organizational Chart As of June 30, 2012



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, 2011

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

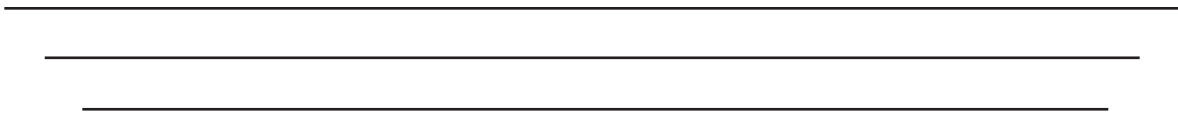


Linda C. Davidson

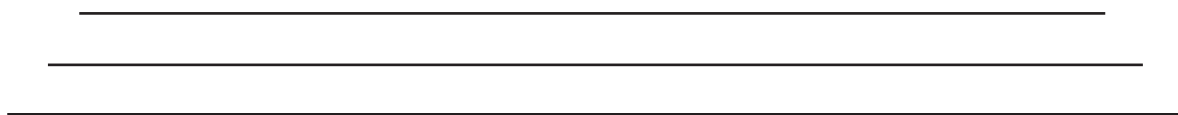
President

Jeffrey R. Emer

Executive Director



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Financial Section





Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2012, which collectively comprise Henderson District Public Libraries' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Henderson District Public Libraries. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Henderson District Public Libraries as of June 30, 2012, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2012 on our consideration of the Henderson District Public Libraries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Kafoory, Armstrong & Co.

Reno, Nevada
November 1, 2012

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

Financial Highlights

- The assets of HDPL exceeded its liabilities at June 30, 2012 by \$19,656,011 (net assets). Of this amount, \$1,472,735 (unrestricted net assets) may be used to meet HDPL's ongoing obligations to patrons and creditors.
- HDPL's total net assets decreased by \$970,149. See the section on Government-Wide Financial Analysis for details.
- At the end of fiscal year 2012, HDPL's governmental funds had combined fund balances of \$3,310,821, an increase of \$253,482 from the previous year. Approximately .6%, or \$18,924, of ending fund balances is nonspendable, 3.8%, or \$125,477, is restricted for a specific purpose by external sources, 22.4%, or \$740,580, is assigned by management for a specific purpose, and 73.2%, or \$2,425,840, is available for spending at HDPL's discretion.
- As of June 30, 2012 fund balance in the General Fund, excluding nonspendable fund balance, was \$2,551,646 or 39.6% of General Fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

The notes to the financial statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year. The notes can be found on pages 11-31 of this report.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of HDPL, assets exceed liabilities by \$19,656,011 at June 30, 2012.

HDPL's Net Assets

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Assets:		
Current and other assets	\$ 3,703,028	\$ 3,625,960
Capital assets	20,050,976	20,973,442
Total assets	<u>23,754,004</u>	<u>24,599,402</u>
Liabilities:		
Current liabilities	345,565	532,991
Long-term liabilities	3,752,428	3,440,251
Total liabilities	<u>4,097,993</u>	<u>3,973,242</u>
Net assets:		
Invested in capital assets, net of related debt	18,183,276	18,958,442
Restricted by grants and donors	125,477	-
Unrestricted	1,347,258	1,667,718
Total net assets	<u>\$ 19,656,011</u>	<u>\$ 20,626,160</u>

The largest portion of HDPL's net assets (92.5%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Capital assets consist of land, buildings, equipment, computer equipment, furniture, land improvements, leasehold improvements, vehicles and library materials. These assets are used to provide services to the patrons of HDPL and are not available for future spending.

The remaining portions of HDPL's net assets reflects assets restricted by grants and donors (.6%) and unrestricted net assets (6.9%) that may be used to meet HDPL's ongoing obligations to patrons and creditors.

As of June 30, 2012, HDPL is able to report positive balances in both categories of net assets. The same held true for the previous fiscal year.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

There was a decrease of \$775,166 in net assets invested in capital assets net of related debt. This decrease was primarily due to depreciation of existing assets. See discussion on Capital Assets below for further explanations.

HDPL's Changes in Net Assets

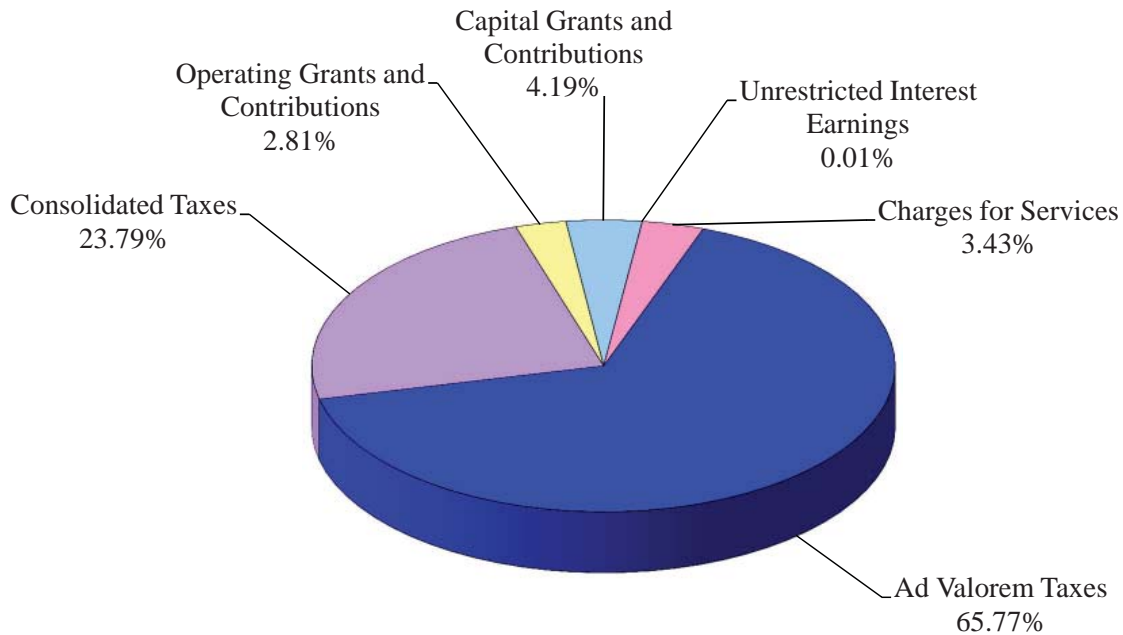
	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program Revenues		
Charges for services	\$ 259,648	\$ 263,212
Operating grants and contributions	212,403	416,669
Capital grants and contributions	316,981	231,452
General Revenues		
Ad valorem taxes	4,979,157	5,439,056
Consolidated taxes	1,800,833	1,712,657
Unrestricted investment earnings	482	5,961
Total revenues	<u>7,569,504</u>	<u>8,069,007</u>
Expenses:		
Culture and recreation	8,473,056	8,969,464
Interest	66,597	99,103
Total expenses	<u>8,539,653</u>	<u>9,068,567</u>
Increase/(decrease) in net assets	(970,149)	(999,560)
Net assets, beginning of year	<u>20,626,160</u>	<u>21,625,720</u>
Net assets, end of year	<u>\$ 19,656,011</u>	<u>\$ 20,626,160</u>

HDPL's net assets decreased by \$970,149 during the current fiscal year. Key elements of this decrease are as follows:

- Ad valorem taxes decreased by \$459,899, or 8.5%, due to the continued devaluation of the local housing market.
- Capital grants and contributions increased by \$85,529, or 37.0% and operating grants and contributions decreased by \$204,266, or 49.0%. This is due to normal variation in the types of grants received by HDPL.
- Culture and recreation expenses decreased by \$496,408, or 5.5%, over the last fiscal year. This decrease consists of a \$251,658 decrease in salaries and benefits, which is attributable to a freeze on all vacant positions and a decrease of \$208,738 in services and supplies, which is attributable to management and staff's efforts to reduce costs.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Revenues by Source - Governmental Activities



Fund Financial Analysis

As of the end of the current fiscal year, HDPL's governmental funds reported combined ending fund balances of \$3,310,821, an increase of \$253,482 from fiscal year 2011. Of the 2012 ending fund balances, \$2,425,840, or 73.2%, constitutes unassigned fund balance and is available for spending at HDPL's discretion; \$740,580, or 22.4%, is assigned by management for specific purposes; \$125,477, or 3.8%, is restricted by external sources; and \$18,924, or .6%, is nonspendable.

General Fund

The General Fund is the chief operating fund of HDPL. At the end of fiscal year 2012, the General Fund had an ending fund balance of \$2,570,570, of which \$2,425,840 was unassigned, \$125,806 is assigned for use in next year's operations, and \$18,924 is nonspendable.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The General Fund's fund balance increased by \$333,857 during the current fiscal year. The change in fund balance is primarily due to of decrease of \$258,697 in salaries and benefits due to a hiring freeze on all vacant positions; a decrease of \$17,137 in supplies and services due to the efforts of management and staff to reduce costs; and a decrease of \$56,464 in capital outlays due to management's decision to reduce library materials purchases due to budget constraints.

Debt Service Fund

The Debt Service Fund has a fund balance of \$361,511, all of which is reserved for the payment of debt service. The increase in fund balance during the current year was \$30,454, which is due to the interest savings generated from a refunding done during the fiscal year.

Non-major Funds

The aggregate non-major funds have a combined fund balance of \$378,740. The net decrease in fund balance during the current fiscal year in the aggregate non-major funds was \$110,829. The primary reason for this decrease was the roof replacement of the Green Valley Library.

General Fund Budgetary Highlights

The original fiscal year 2012 budget was approved May 19, 2011. State regulations require budget controls to be exercised at the function level. Although function-level control is what is required, HDPL management exercises control at the object level.

Pursuant to NRS 354.598005, HDPL may transfer appropriations between funds, if such a transfer does not increase the total appropriation for any fiscal year. HDPL did not do such an amendment in fiscal year 2012; therefore, the original budget is also the final budget.

The final budget projected ad valorem taxes and consolidated tax, which account for 96.6% of the District's total budgeted revenue, to be \$4,976,816 and \$1,694,515 respectively. Ad valorem tax revenue came in at \$4,979,157, a positive variance of \$2,341, or less than .01%. Consolidated tax revenues came in at \$1,800,833, a positive variance of \$106,318 or 6.3%.

Actual expenditures were 90.4% of appropriations, or \$683,668 lower than the final budget. The main areas of savings are summarized below:

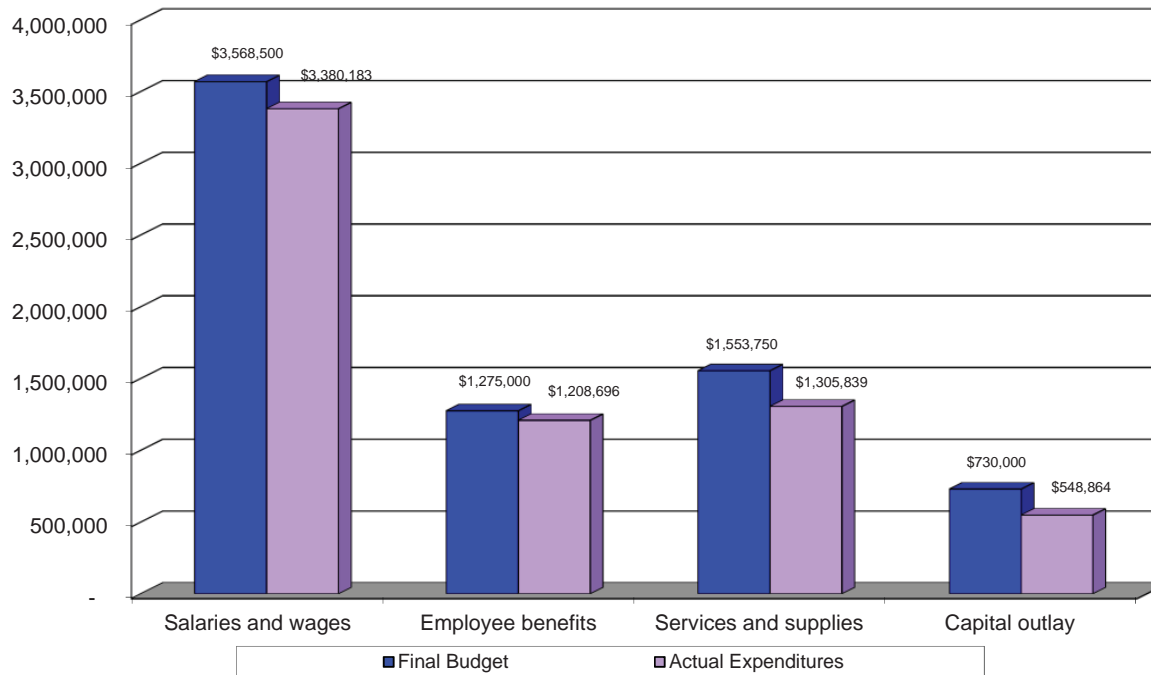
- Salaries and wages were \$188,317 below the final budget. This was due to a district-wide freeze in hiring.
- Employee benefits were \$66,304 below the final budget. This was also due to the hiring freeze.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

- Services and supplies were \$247,911 below the final budget. This savings was attributable to across-the-board reductions in all area of operations.
- Capital outlay was \$181,136 below the final budget. This was due to Management’s decision to reduce library materials purchases due to budget constraints.

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

**General Fund
Budget and Actual Expenditures**



**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

At June 30, 2012, HDPL had \$20,050,976 invested in capital assets (net of accumulated depreciation). This investment in capital assets includes land, buildings, books, computer equipment, equipment, furniture, land improvements, leasehold improvements and vehicles. This amount represents a net decrease of \$922,466, or 4.4%, from last year. The following table reflects capital assets of HDPL at June 30, 2012 and 2011.

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Buildings	\$ 15,053,706	\$ 15,489,148
Books	2,429,447	2,754,585
Computer equipment	-	6,986
Construction in progress	-	7,930
Equipment	125,542	154,418
Furniture	48,534	64,586
Land	1,867,359	1,867,359
Land improvements	509,924	539,920
Leasehold improvements	6,328	6,710
Vehicles	10,136	81,800
Total capital assets, net of depreciation	<u>\$ 20,050,976</u>	<u>\$ 20,973,442</u>

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

- Buildings decreased by \$435,442. This net decrease is attributable to an increase of \$181,190 for the roof replacement and a decrease of \$616,632 due to continued depreciation on existing buildings.
- Construction in progress decreased by \$7,930 due to the completion of the roof replacement at the Green Valley Library.
- Vehicles decreased by \$71,664 due to the sale of the bookmobile and continued depreciation on existing vehicles.
- Books, computer equipment, equipment, furniture, land improvements, and leasehold improvements decreased by \$325,138, \$6,986, \$28,876, \$16,052, \$29,996, and \$382, respectively. This is due to continued depreciation on existing capital assets.

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Long-term Debt

At the end of the current fiscal year, HDPL had \$2,588,396 in outstanding debt, \$1,867,700 of which was issued to refund a medium term general obligation bond issued during fiscal year 2009, and \$720,696 of which was for compensated absences.

Per NRS 379.0225, the debt limitation for HDPL is equal to 10 percent of the total assessed value of all taxable property. The debt limitation currently applicable to June 30, 2012 is \$887,135,275. HDPL's net general obligation bonded debt subject to the legal debt margin of \$1,867,700 was well below this legal limit.

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

Economic Factors and Next Year's Budgets

- The unemployment rate for Clark County has decreased and is currently 12.2%, which is a down 1.6% from last year. The United States national average unemployment rate is 8.4% and the State's average unemployment rate is 11.6%.
- Businesses within Clark County reported taxable sales of \$2.85 billion, an 8.8% increase from the previous year.
- Property within HDPL's assessment district dropped in value to \$8,871,352,751, a decrease of \$1,031,945,253, or 10.4%.

These factors were considered in preparing HDPL's budget for fiscal year 2013.

Spendable fund balance in the General Fund increased by 16.9%, to \$2,551,646, from the prior year. HDPL assigned \$125,806 of this fund balance to eliminate a projected budgetary deficit in the fiscal year 2013 budget.

Requests for Information

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

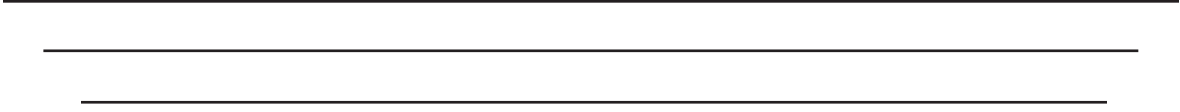
Henderson District Public Libraries
Finance Department
280 South Green Valley Parkway
Henderson, Nevada 89012

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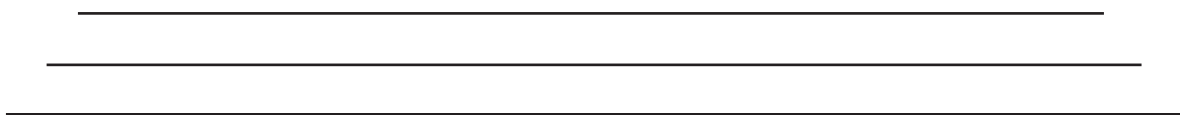


Basic Financial Statements





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HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental <u>Activities</u>
ASSETS	
Cash and investments	\$ 3,266,687
Accounts receivable	44,068
Interest receivable	1,678
Due from other governments	346,117
Prepays	18,924
Deferred charges	25,554
Capital assets (net of accumulated depreciation, where applicable):	
Land	1,867,359
Property and equipment	15,754,170
Library books and materials	2,429,447
TOTAL ASSETS	23,754,004
LIABILITIES	
Accounts payable	210,371
Accrued payroll	131,973
Accrued interest	3,221
Non-current liabilities:	
Portion due or payable within one year:	
General obligation bonds	172,300
Compensated absences	378,917
Portion due or payable after one year:	
General obligation bonds	1,695,400
Compensated absences	341,779
Obligation for postemployment benefits other than pensions	1,164,032
TOTAL LIABILITIES	4,097,993
NET ASSETS	
Invested in capital assets, net of related debt	18,183,276
Restricted by grants and donors	125,477
Unrestricted	1,347,258
TOTAL NET ASSETS	\$ 19,656,011

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Governmental activities:					
Culture and recreation	\$ 8,473,056	\$ 259,648	\$ 212,403	\$ 316,981	\$ (7,684,024)
Debt service:					
Interest on bonds	66,597	-	-	-	(66,597)
Total governmental activities	\$ 8,539,653	\$ 259,648	\$ 212,403	\$ 316,981	(7,750,621)
General revenues:					
Ad valorem taxes					4,979,157
Consolidated taxes					1,800,833
Unrestricted investment earnings					482
Total general revenues					6,780,472
CHANGE IN NET ASSETS					(970,149)
NET ASSETS, BEGINNING OF YEAR					20,626,160
NET ASSETS, END OF YEAR					\$ 19,656,011

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**BALANCE SHEET
JUNE 30, 2012**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 2,545,006	\$ 361,911	\$ 359,770	\$ 3,266,687
Accounts receivable	489	-	43,579	44,068
Interest receivable	1,678	-	-	1,678
Due from other governments	346,117	-	-	346,117
Prepays	18,924	-	-	18,924
TOTAL ASSETS	<u>\$ 2,912,214</u>	<u>\$ 361,911</u>	<u>\$ 403,349</u>	<u>\$ 3,677,474</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 189,856	\$ 400	\$ 20,115	\$ 210,371
Deferred revenue	19,815	-	4,494	24,309
Accrued payroll	131,973	-	-	131,973
Total liabilities	<u>341,644</u>	<u>400</u>	<u>24,609</u>	<u>366,653</u>
Fund balances:				
Nonspendable:				
Prepaid items	18,924	-	-	18,924
Restricted for:				
Green Valley Library	-	-	4,176	4,176
Heritage Library	-	-	334	334
Materials	-	-	84,333	84,333
Outreach	-	-	24,503	24,503
Paseo Verde Library	-	-	2,000	2,000
Programming	-	-	10,131	10,131
Assigned for:				
Capital projects	-	-	109,508	109,508
Debt service	-	361,511	-	361,511
Fund balance for next year operations	125,806	-	-	125,806
Materials	-	-	18,741	18,741
Programming and events	-	-	125,014	125,014
Unassigned:				
Unassigned	2,425,840	-	-	2,425,840
Total fund balances	<u>2,570,570</u>	<u>361,511</u>	<u>378,740</u>	<u>3,310,821</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,912,214</u>	<u>\$ 361,911</u>	<u>\$ 403,349</u>	<u>\$ 3,677,474</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Fund Balances - Governmental Funds		\$	3,310,821
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Governmental capital assets		\$	32,484,558
Less: Accumulated depreciation			<u>(12,433,582)</u>
			20,050,976
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Bond costs - deferred charges			26,178
Less: Current year amortization			<u>(624)</u>
			25,554
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.			
			24,309
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable			(1,867,700)
Compensated absences			(720,696)
Obligations for postemployment benefits other than pensions			<u>(1,164,032)</u>
			(3,752,428)
Interest payable			<u>(3,221)</u>
Net Assets - Governmental Activities		\$	<u><u>19,656,011</u></u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 4,979,157	\$ -	\$ -	\$ 4,979,157
Intergovernmental:				
Consolidated tax	1,800,833	-	-	1,800,833
Grants, federal and state	-	-	93,686	93,686
Miscellaneous:				
Fines and forfeits	156,290	-	-	156,290
Contributions from private sources	-	-	169,494	169,494
Investment income	385	-	97	482
Other	61,804	-	21,739	83,543
Total revenues	<u>6,998,469</u>	<u>-</u>	<u>285,016</u>	<u>7,283,485</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Salaries and wages	3,380,183	-	-	3,380,183
Employee benefits	1,208,696	-	-	1,208,696
Services and supplies	1,305,839	400	88,695	1,394,934
Capital outlay	548,864	-	329,150	878,014
Debt service:				
Principal	-	2,015,000	-	2,015,000
Interest on bonds	-	63,376	-	63,376
Total expenditures	<u>6,443,582</u>	<u>2,078,776</u>	<u>417,845</u>	<u>8,940,203</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>554,887</u>	<u>(2,078,776)</u>	<u>(132,829)</u>	<u>(1,656,718)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	241,530	-	241,530
Transfers out	(241,530)	-	-	(241,530)
Proceeds from refunding bonds	-	1,867,700	-	1,867,700
Proceeds from sales of capital assets	20,500	-	22,000	42,500
Total other financing sources (uses)	<u>(221,030)</u>	<u>2,109,230</u>	<u>22,000</u>	<u>1,910,200</u>
NET CHANGE IN FUND BALANCES	333,857	30,454	(110,829)	253,482
FUND BALANCES, BEGINNING OF YEAR	<u>2,236,713</u>	<u>331,057</u>	<u>489,569</u>	<u>3,057,339</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,570,570</u>	<u>\$ 361,511</u>	<u>\$ 378,740</u>	<u>\$ 3,310,821</u>

See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Net Change in Fund Balances - Government Funds \$ 253,482

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

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

Expenditures for capital assets	\$ 878,014	
Loss on disposition of assets	(44,384)	
Less: Current year depreciation	<u>(2,021,767)</u>	
		(1,188,137)

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

Change in deferred revenue	20,348	
Donated capital assets	<u>265,671</u>	
		286,019

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	2,015,000	
Refunding bond issued	(1,867,700)	
Bond issuance costs	(5,491)	
Accrued interest	<u>(3,221)</u>	
		138,588

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

Amortization of bond issuance costs	(624)	
Change in long-term compensated absences	(20,390)	
Change in obligations for postemployment benefits other than pensions	<u>(439,087)</u>	
		(460,101)

Change in Net Assets - Governmental Activities	<u><u>\$ (970,149)</u></u>
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See notes to financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 4,976,816	\$ 4,976,816	\$ 4,979,157	\$ 2,341
Intergovernmental:				
Consolidated tax	1,694,515	1,694,515	1,800,833	106,318
Miscellaneous:				
Fines and forfeits	160,000	160,000	156,290	(3,710)
Investment income	5,000	5,000	385	(4,615)
Other	70,000	70,000	61,804	(8,196)
Total revenues	<u>6,906,331</u>	<u>6,906,331</u>	<u>6,998,469</u>	<u>92,138</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Salaries and wages	3,568,500	3,568,500	3,380,183	188,317
Employee benefits	1,275,000	1,275,000	1,208,696	66,304
Services and supplies	1,553,750	1,553,750	1,305,839	247,911
Capital outlay	730,000	730,000	548,864	181,136
Total expenditures	<u>7,127,250</u>	<u>7,127,250</u>	<u>6,443,582</u>	<u>683,668</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(220,919)</u>	<u>(220,919)</u>	<u>554,887</u>	<u>775,806</u>
OTHER FINANCING SOURCES:				
Transfers out	(241,530)	(241,530)	(241,530)	-
Proceeds from sale of capital assets	-	-	20,500	20,500
Total other financing sources (uses)	<u>(241,530)</u>	<u>(241,530)</u>	<u>(221,030)</u>	<u>20,500</u>
NET CHANGE IN FUND BALANCE	(462,449)	(462,449)	333,857	796,306
FUND BALANCE, BEGINNING OF YEAR	<u>1,938,306</u>	<u>1,938,306</u>	<u>2,236,713</u>	<u>298,407</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,475,857</u>	<u>\$ 1,475,857</u>	<u>\$ 2,570,570</u>	<u>\$ 1,094,713</u>

See notes to financial statements.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of HDPL. As a general rule, eliminations have been made to minimize the double-counting of internal activities. Exceptions to this general rule are charges for services between the governmental activities and business-type activities, of which the District does not perform.

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

The fund financial statements provide information about HDPL's funds. Funds are classified into three categories: governmental, proprietary and fiduciary. During fiscal year 2012, HDPL used only the governmental fund category. The emphasis of fund financial statements is on the major governmental funds, which are each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

HDPL reports two major governmental funds:

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

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

D. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 – Summary of Significant Accounting Policies (continued)

2. Property Taxes

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

3. Capital Assets

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 – Summary of Significant Accounting Policies (continued)

4. Compensated Absences

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

5. Other Postemployment Benefits Other Than Pensions (OPEB)

Effective July 1, 2009, HDPL implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of that statement, HDPL elected to apply its measurement and recognition requirement on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2010. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of HDPL 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, 2012 is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

6. Long-Term Debt

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

7. Equity Classifications

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

- a. Invested in Capital Assets, Net of Related Debt – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bond, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, net of unspent financing proceeds, if any.
- b. Restricted Net Assets – Consists of net assets with constraints placed on them by either an external party (such as grantors and contributors) or imposed by law through a constitutional provision or enabling legislation.
- c. Unrestricted Net Assets – Consists of net assets that do not meet the definition of “invested in capital assets, net of related debt”.

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

- a. 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 inventories and prepaid items.
- b. 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).

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 – Summary of Significant Accounting Policies (continued)

- c. 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. The District did not have any committed resources as of June 30, 2012.

- d. 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 delegates authority to assign fund balances to the District's Executive Director. Constraints imposed on the use of assigned amounts can be removed without formal action by the Board of Trustees.

- e. 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. Other governmental funds might report a negative unassigned fund as a result of overspending for specific purposes for which amount has been restricted, committed, or assigned.

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

NOTE 2 – Compliance and Accountability

A. Budgetary Information

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

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

2. Public hearings on the tentative budget are held during the third week in May.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 – Compliance and Accountability (continued)

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 Fund, and the Capital Projects Fund.

B. Compliance with Nevada Revised Statutes

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 – Cash and Investments

The following summarizes HDPL’s cash and investment balances at of June 30, 2012:

Cash and investments:	
Petty cash	\$ 3,792
Cash in financial institutions	1,194,161
Investments	2,068,734
Total cash and investments	\$ 3,266,687

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

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, 2012, the recorded amount of HDPL’s deposits was \$1,194,161 and the bank balances were \$1,257,331. Of the bank statement balances, 100% was covered by federal depository insurance.

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 – Cash and Investments (continued)

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

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

As of June 30, 2012, HDPL had the following investments and maturities:

	Interest Rates	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled Investments:					
BNY Mellon Money Market Fund	0.001%	\$ 1,568,734	\$ 1,568,734	\$ 1,568,734	--
US Treasury Note	0.6%	500,000	502,170	500,000	0.01
Total Pooled Investments			<u>\$ 2,070,904</u>	<u>\$ 2,068,734</u>	<u>0.01</u>

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 – Cash and Investments (continued)

Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality rating of investments. State statutes require governmental agencies to invest in instruments that inherently have low credit risk, as evidenced by the table on page 20. HDPL has no formal investment policy that further limits investments in a single issuer.

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

	<u>S & P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Investments			
BNY Mellon Money Market Fund	n/a	n/a	75.83%
US Treasury Note	AA+	Aaa	24.17%
Total investments			<u>100.00%</u>

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 – Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2012:

Governmental Activities:	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 7,930	\$ -	\$ (7,930)	\$ -
Land	1,867,359	-	-	1,867,359
Total capital assets, not being depreciated:	<u>1,875,289</u>	<u>-</u>	<u>(7,930)</u>	<u>1,867,359</u>
Capital assets, being depreciated:				
Buildings	18,317,770	181,190	-	18,498,960
Books	10,168,210	955,418	(663,732)	10,459,896
Computer equipment	253,303	-	(130,158)	123,145
Equipment	251,179	15,007	-	266,186
Furniture	516,289	-	-	516,289
Land improvements	599,912	-	-	599,912
Leasehold improvements	7,634	-	-	7,634
Vehicles	268,170	-	(122,993)	145,177
Total capital assets, being depreciated	<u>30,382,467</u>	<u>1,151,615</u>	<u>(916,883)</u>	<u>30,617,199</u>
Less accumulated depreciation for:				
Buildings	(2,828,622)	(616,632)	-	(3,445,254)
Books	(7,413,625)	(1,280,556)	663,732	(8,030,449)
Computer equipment	(246,317)	(4,625)	127,797	(123,145)
Equipment	(96,761)	(43,883)	-	(140,644)
Furniture	(451,703)	(16,052)	-	(467,755)
Land improvements	(59,992)	(29,996)	-	(89,988)
Leasehold improvements	(924)	(382)	-	(1,306)
Vehicles	(186,370)	(29,641)	80,970	(135,041)
Total accumulated depreciation	<u>(11,284,314)</u>	<u>(2,021,767)</u>	<u>872,499</u>	<u>(12,433,582)</u>
Total capital assets, being depreciated, net	<u>19,098,153</u>	<u>(870,152)</u>	<u>(44,384)</u>	<u>18,183,617</u>
Governmental activities capital assets, net	<u>\$ 20,973,442</u>	<u>\$ (870,152)</u>	<u>\$ (52,314)</u>	<u>\$ 20,050,976</u>
Depreciation expense was charged to functions/programs of the government as follows:				
Governmental Activities:				
Culture and recreation				<u>\$ 2,021,767</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 – Long-Term Debt

A. Changes to Long-Term Debt

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

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>	Due in <u>2012-2013</u>
General Obligation Bonds:					
Series 2009, Medium term bond - \$2,075,000, due in semi-annual installments beginning 2009 through December 1, 2018; interest at 3.50%.	\$ 2,015,000	\$ -	\$ (2,015,000)	\$ -	\$ -
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%	-	1,867,700	-	1,867,700	172,300
Compensated absences	<u>700,306</u>	<u>363,346</u>	<u>(342,956)</u>	<u>720,696</u>	<u>378,917</u>
Total Long-Term Debt	<u>\$ 2,715,306</u>	<u>\$ 2,231,046</u>	<u>\$ (2,357,956)</u>	<u>\$ 2,588,396</u>	<u>\$ 551,217</u>

B. Payment Requirements for Debt Service

The general obligation bonds typically have been liquidated by the Debt Service Fund. Compensated absences typically have been liquidated by the General Fund. The annual requirements to pay principal and interest on the bond outstanding at June 30, 2012 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2013	172,300	41,407	213,707
2014	177,500	36,201	213,701
2015	207,200	33,768	240,968
2016	364,100	29,578	393,678
2017	371,900	21,871	393,771
2018-2019	574,700	15,634	590,334
Totals	<u>\$ 1,867,700</u>	<u>\$ 178,459</u>	<u>\$ 2,046,159</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 – Long-Term Debt (continued)

C. Current Refundings

The District issued \$1,867,700 of general obligation bonds for a current refunding of \$1,842,500 of general obligation bonds. The refunding was undertaken to take advantage of lower interest rates. The transaction resulted in an economic loss of \$19,709 and a reduction of \$57,761 in future debt service payments.

NOTE 6 – Interfund Activity

Interfund transfers for the year ended June 30, 2012 consisted of the following: Transfers are made to move unrestricted revenues in the General Fund to cover debt service requirements in accordance with budgetary authorization.

	Transfers in Debt Service Fund
Transfers out:	
General Fund	\$ 241,530
Total	\$ 241,530

NOTE 7 – Fund Balance

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 7 – Fund Balance (continued)

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

A. General Fund

The General Fund has Unassigned Fund Balance of \$2,425,840 at June 30, 2012. Fund balance of \$125,806 was assigned to eliminate a projected budgetary deficit in the fiscal year 2013 budget. Prepaid items of \$18,924 are considered Nonspendable Fund Balance.

B. Other Major Fund

The Debt Service Fund has Assigned Fund Balance of \$361,511 at June 30, 2012. Assignments are designated by the Executive Director for use in future debt service payments.

C. Non Major Funds

The Contributions and Grants Fund has Restricted Fund Balance of \$125,477 at June 30, 2012, consisting of unspent donations for specific purposes. The remaining fund balance of \$143,755 is Assigned Fund Balance. Assignments are designated by the Executive Director for use in programs and events and for the purchasing of library materials.

The Capital Construction Fund has Assigned Fund Balance of \$109,508 at June 30, 2012. Assignments are designated by the Executive Director for use in future capital projects.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 8 – Defined Benefit Pension Plan

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

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

Fiscal Year	Non-Contributory Plan		Contributory Plan		Total Contribution
	Regular Member	Contribution	Regular Member	Contribution	
2011-12	23.75%	\$ 604,350	12.25%	\$ 43,221	\$ 647,571
2010-11	21.50%	568,329	11.25%	52,177	620,506
2009-10	21.50%	645,594	11.25%	67,454	713,048

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 9– Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

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

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

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

HDPL pays 100% of the monthly premiums for active employees, ranging between \$382-\$457, or 82% of the monthly premiums for active employees and their dependents, ranging between \$574-\$979. Retirees in the CCSF and HPN programs receive no direct subsidy from HDPL. Retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claim cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for HDPL. HDPL currently pays for postemployment healthcare benefits on a pay-as-you-go basis. There are currently four retirees participating in either CCSF or HPN.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

HDPL is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who enroll in this plan. The subsidy is paid on a pay-as-you-go basis and is set, and may only be amended, by the Nevada State Legislature. In fiscal year 2012, this subsidy ranged from \$17-\$404 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 HDPL’s annual OPEB cost for the year, the amount contributed to the plan, and the changes in HDPL’s net OPEB obligations.

	CCSF and <u>HPN</u>	<u>PEBP</u>	Balance <u>Total</u>
Annual required contribution (ARC)	\$ 451,515	\$ 31,852	\$ 483,367
Interest on net OPEB obligation	26,458	2,540	28,998
Adjustment to the ARC	<u>(38,251)</u>	<u>(3,673)</u>	<u>(41,924)</u>
Annual OPEB cost (expense)	439,722	30,719	470,441
Contributions made	<u>(20,219)</u>	<u>(11,135)</u>	<u>(31,354)</u>
Increase in net OPEB obligations	419,503	19,584	439,087
Net OPEB obligation - beginning of year	<u>696,101</u>	<u>28,844</u>	<u>724,945</u>
Net OPEB obligation - end of year	<u>\$ 1,115,604</u>	<u>\$ 48,428</u>	<u>\$ 1,164,032</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, 2012 and the two preceding years are as follows:

Plan	Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation
CCSF and HPN	June 30, 2010	\$ 266,327	\$ -	0.00%	\$ 266,327
CCSF and HPN	June 30, 2011	446,952	17,178	3.84%	696,101
CCSF and HPN	June 30, 2012	439,722	20,219	4.60%	1,115,604
PEBP	June 30, 2010	31,188	17,041	54.64%	14,147
PEBP	June 30, 2011	31,414	16,717	53.22%	28,844
PEBP	June 30, 2012	30,719	11,135	36.25%	48,428

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Funded Status and Funding Progress: Using the most recent actuarial valuation as of June 30, 2010, the following is the funded status of the OPEB Plan:

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

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

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

NOTE 10 – Risk Management

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 11 – Contracts

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

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

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

HENDERSON DISTRICT PUBLIC LIBRARIES

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2012**

Other Postemployment Benefits Plan – Schedule of Funding Progress

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

Notes to Required Supplementary Information

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



Governmental Funds

MAJOR DEBT SERVICE FUND

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

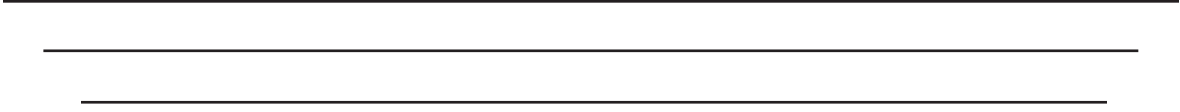
NONMAJOR CONTRIBUTIONS AND GRANTS FUND

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

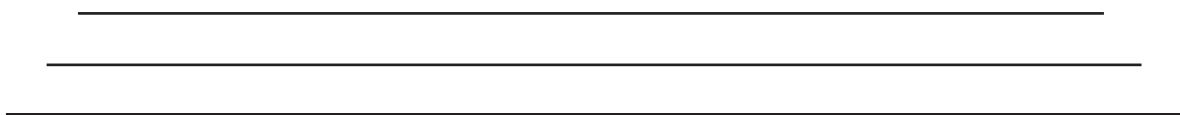
NONMAJOR CAPITAL PROJECTS FUND

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





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HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	Special Revenue Fund - Contributions and Grants <u>Fund</u>	Capital Projects Fund - Capital Construction <u>Fund</u>	Total Nonmajor <u>Funds</u>
ASSETS			
Cash and investments	\$ 250,262	\$ 109,508	\$ 359,770
Accounts receivable	43,579	-	43,579
TOTAL ASSETS	\$ 293,841	\$ 109,508	\$ 403,349
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 20,115	\$ -	\$ 20,115
Deferred revenues	4,494	-	4,494
Total liabilities	24,609	-	24,609
Fund balances			
Restricted for:			
Green Valley Library	4,176	-	4,176
Heritage Library	334	-	334
Materials	84,333	-	84,333
Outreach	24,503	-	24,503
Paseo Verde Library	2,000	-	2,000
Programming	10,131	-	10,131
Assigned for:			
Capital projects	-	109,508	109,508
Materials	18,741	-	18,741
Programming and events	125,014	-	125,014
Total fund balances	269,232	109,508	378,740
TOTAL LIABILITIES AND FUND BALANCES	\$ 293,841	\$ 109,508	\$ 403,349

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Fund - Contributions and Grants <u>Fund</u>	Capital Projects Fund - Capital Construction <u>Fund</u>	Total Nonmajor Funds
REVENUES:			
Intergovernmental:			
Grants, federal and state	\$ 93,686	\$ -	\$ 93,686
Miscellaneous:			
Contributions from private sources	169,494	-	169,494
Investment income	24	73	97
Other	21,739	-	21,739
Total revenues	<u>284,943</u>	<u>73</u>	<u>285,016</u>
EXPENDITURES:			
Current:			
Culture and recreation:			
Services and supplies	88,253	442	88,695
Capital outlay	155,890	173,260	329,150
Total expenditures	<u>244,143</u>	<u>173,702</u>	<u>417,845</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>40,800</u>	<u>(173,629)</u>	<u>(132,829)</u>
OTHER FINANCING SOURCES:			
Proceeds from sale of capital assets	<u>22,000</u>	<u>-</u>	<u>22,000</u>
NET CHANGE IN FUND BALANCES	62,800	(173,629)	(110,829)
FUND BALANCES, BEGINNING OF YEAR	<u>206,432</u>	<u>283,137</u>	<u>489,569</u>
FUND BALANCES, END OF YEAR	<u>\$ 269,232</u>	<u>\$ 109,508</u>	<u>\$ 378,740</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original/Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES:			
Debt Service:			
Principal	\$ 172,500	\$ 2,015,000	\$ (1,842,500)
Interest on bonds	69,030	63,376	5,654
Fiscal agent charges	-	400	(400)
Total expenditures	241,530	2,078,776	(1,837,246)
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(241,530)	(2,078,776)	(1,837,246)
OTHER FINANCING SOURCES:			
Transfers in	241,530	241,530	-
Proceeds from refunding bonds	-	1,867,700	1,867,700
Total other financing sources	241,530	2,109,230	1,867,700
NET CHANGE IN FUND BALANCE	-	30,454	30,454
FUND BALANCE, BEGINNING OF YEAR	330,984	331,057	73
FUND BALANCE, END OF YEAR	\$ 330,984	\$ 361,511	\$ 30,527

HENDERSON DISTRICT PUBLIC LIBRARIES

NON-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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental:				
Grants, federal and state	\$ 87,620	\$ 94,990	\$ 93,686	\$ (1,304)
Miscellaneous:				
Contributions from private sources	141,800	145,800	169,494	23,694
Investment income	300	300	24	(276)
Other	24,000	24,000	21,739	(2,261)
Total revenues	<u>253,720</u>	<u>265,090</u>	<u>284,943</u>	<u>19,853</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Services and supplies	89,198	96,298	88,253	8,045
Capital outlay	207,753	212,023	155,890	56,133
Total expenditures	<u>296,951</u>	<u>308,321</u>	<u>244,143</u>	<u>64,178</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(43,231)</u>	<u>(43,231)</u>	<u>40,800</u>	<u>84,031</u>
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>22,000</u>
NET CHANGE IN FUND BALANCE	(43,231)	(43,231)	62,800	106,031
FUND BALANCE, BEGINNING OF YEAR	<u>170,016</u>	<u>170,016</u>	<u>206,432</u>	<u>36,416</u>
FUND BALANCE, END OF YEAR	<u>\$ 126,785</u>	<u>\$ 126,785</u>	<u>\$ 269,232</u>	<u>\$ 142,447</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

NON-MAJOR - CAPITAL PROJECTS FUND - CAPITAL CONSTRUCTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:				
Miscellaneous:				
Investment income	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 73</u>	<u>\$ (627)</u>
EXPENDITURES:				
Current:				
Culture and recreation:				
Services and supplies	-	500	442	58
Capital outlay	<u>-</u>	<u>192,750</u>	<u>173,260</u>	<u>19,490</u>
Total expenditures	<u>-</u>	<u>193,250</u>	<u>173,702</u>	<u>19,548</u>
NET CHANGE IN FUND BALANCE	700	(192,550)	(173,629)	18,921
FUND BALANCE, BEGINNING OF YEAR	<u>42,105</u>	<u>283,000</u>	<u>283,137</u>	<u>137</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 42,805</u></u>	<u><u>\$ 90,450</u></u>	<u><u>\$ 109,508</u></u>	<u><u>\$ 19,058</u></u>



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.

<i>CONTENTS</i>	<i>PAGE</i>
<i>FINANCIAL TRENDS</i> These schedules contain trend information to help the reader understand how HDPL's financial performance and well-being have changed over time.	<i>38 - 41</i>
<i>REVENUE CAPACITY</i> These schedules contain information to help the reader assess the factors affecting HDPL's ability to generate its property taxes.	<i>42 - 45</i>
<i>DEBT CAPACITY</i> 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.	<i>46 - 48</i>
<i>DEMOGRAPHIC AND ECONOMIC INFORMATION</i> 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.	<i>49 - 50</i>
<i>OPERATING INFORMATION</i> 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.	<i>51 - 55</i>
<i>SOURCES:</i> Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.	



HENDERSON DISTRICT PUBLIC LIBRARIES

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

Governmental activities

<u>Fiscal Year</u>	Invested in capital assets, net of related debt	<u>Unrestricted</u>	<u>Total</u>
2003	\$ 7,864,247	\$ 558,230	\$ 8,422,477
2004	8,054,047	535,057	8,589,104
2005	8,220,245	784,908	9,005,153
2006	8,574,248	1,394,646	9,968,894
2007	9,319,993	1,861,563	11,181,556
2008	10,565,647	1,954,882	12,520,529
2009 ¹	17,263,269	2,056,167	19,319,436
2010	19,098,166	2,527,554	21,625,720
2011	18,958,442	1,667,718	20,626,160
2012	18,183,276	1,472,735	19,656,011

¹ Restated

Table 2

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
Culture and recreation	\$ 4,885,988	\$ 5,110,324	\$ 5,655,168	\$ 6,453,879	\$ 7,170,483	\$ 7,840,936	\$ 8,313,183	\$ 9,848,591	\$ 8,969,464	\$ 8,473,056
Debt service:										
Interest on long-term debt	70,778	50,314	62,632	79,471	70,127	60,570	50,572	125,923	99,103	66,597
Administrative and other costs	17,924	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 4,974,690	\$ 5,160,638	\$ 5,717,800	\$ 6,533,350	\$ 7,240,610	\$ 7,901,506	\$ 8,363,755	\$ 9,974,514	\$ 9,068,567	\$ 8,539,653
Program Revenues										
Governmental activities:										
Charges for services	\$ 85,603	\$ 107,585	\$ 198,628	\$ 236,238	\$ 287,630	\$ 276,533	\$ 228,371	\$ 292,907	\$ 263,212	\$ 259,648
Operating grants and contributions	227,558	136,963	96,118	108,809	128,155	330,608	308,851	128,735	416,669	212,403
Capital grants and contributions	-	111,642	137,017	171,110	276,323	336,513	8,175,815	350,133	231,452	316,981
Total governmental activities program revenues	\$ 313,161	\$ 356,190	\$ 431,763	\$ 516,157	\$ 692,108	\$ 943,654	\$ 8,713,037	\$ 771,775	\$ 911,333	\$ 789,032
Net (Expense)/Revenue, governmental activities	\$ (4,661,529)	\$ (4,804,448)	\$ (5,286,037)	\$ (6,017,193)	\$ (6,548,502)	\$ (6,957,852)	\$ 349,282	\$ (9,202,739)	\$ (8,157,234)	\$ (7,750,621)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 2,905,118	\$ 3,293,633	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240	\$ 6,527,652	\$ 5,439,056	\$ 4,979,157
Consolidated taxes	1,464,332	1,670,242	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780	1,643,082	1,712,657	1,800,833
Gain on sale of asset	-	-	-	-	-	-	-	1,315,504	-	-
Investment earnings	16,805	7,200	36,740	77,819	144,842	172,362	146,825	22,785	5,961	482
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Proceeds from early termination of lease	-	-	-	-	-	-	-	2,000,000	-	-
Total governmental activities	\$ 4,386,255	\$ 4,971,075	\$ 5,702,086	\$ 6,980,934	\$ 7,761,164	\$ 8,296,825	\$ 8,518,845	\$ 11,509,023	\$ 7,157,674	\$ 6,780,472
Changes in Net Assets, governmental activities	\$ (275,274)	\$ 166,627	\$ 416,049	\$ 963,741	\$ 1,212,662	\$ 1,338,973	\$ 8,868,127	\$ 2,306,284	\$ (999,560)	\$ (970,149)

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.

HENDERSON DISTRICT PUBLIC LIBRARIES

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

General Fund	2003	2004	2005	2006	2007	2008	2009	2010	2011 ⁴	2012
Reserved	\$ 15,519	23,288	\$ 13,615	\$ 13,234	\$ 5,214	\$ 24,599	\$ 6,383	\$ 101,652	\$ -	\$ -
Unreserved	761,825	669,046	943,578	1,396,830	1,290,496	848,007 ²	1,350,848	1,339,154	-	-
Nonspendable	-	-	-	-	-	-	-	-	53,572	18,924
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	462,449	339,913
Unassigned	-	-	-	-	-	-	-	-	1,720,692	2,211,733
Total General Fund	777,344	692,334	957,193	1,410,064	1,295,710	872,606	1,357,231	1,440,806	2,236,713	2,570,570
All Other Governmental Funds										
Reserved	\$ 20,891	\$ -	\$ 4,357	\$ 7,711	\$ 440	\$ 46,551	\$ 11,380	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds		30,420	55,388	152,349	159,947	321,093	446,868	145,521	-	-
Capital Projects Funds	45,838	163,063	184,575	302,938	944,180	1,322,748 ¹	520,764 ²	1,548,009 ³	-	-
Debt Service Funds	-	-	-	-	-	-	319,748	319,829	-	-
Restricted	-	-	-	-	-	-	-	-	117,806	125,477
Assigned	-	-	-	-	-	-	-	-	702,820	614,774
Total All Other Governmental Funds:	66,729	193,483	244,320	462,998	1,104,567	1,690,392	1,298,760	2,013,359	820,626	740,251
Total All Governmental Funds	\$ 844,073	\$ 885,817	\$ 1,201,513	\$ 1,873,062	\$ 2,400,277	\$ 2,562,998	\$ 2,655,991	\$ 3,454,165	\$ 3,057,339	\$ 3,310,821

Notes:

- ¹ The decrease in the unreserved fund balance of the General Fund and the increase in the Capital Project Fund's unreserved fund balance was due to a transfer between the funds which was used to purchase the Green Valley Library opening day collection.
- 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.

Table 4

HENDERSON DISTRICT PUBLIC LIBRARIES

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)
(unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property Taxes	\$ 2,905,118	\$ 3,293,633	\$ 3,771,189	\$ 4,655,583	\$ 5,336,280	\$ 5,972,802	\$ 6,525,240	\$ 6,527,652	\$ 5,439,056	\$ 4,979,157
Consolidated Taxes	1,464,332	1,670,242	1,894,157	2,247,532	2,280,042	2,151,661	1,846,780	1,643,082	1,712,657	1,800,833
Grants	129,358	134,474	129,726	110,334	123,059	252,217	109,216	140,666	257,764	93,686
Fines and forfeits	52,796	67,152	79,991	88,690	109,767	112,860	128,247	162,321	167,812	156,290
Contributions	58,575	13,549	44,248	72,930	67,311	215,183	216,341	53,786	204,473	169,494
Investment income	16,805	7,200	36,740	77,819	144,842	172,362	146,825	22,785	5,961	482
Other income	32,807	40,433	116,277	149,908	177,863	163,673	100,124	130,586	95,400	83,543
Total revenues	4,659,791	5,226,683	6,072,328	7,402,796	8,239,164	9,040,758	9,072,773	8,680,878	7,883,123	7,283,485
Expenditures										
Culture and recreation:										
Salaries and wages	2,048,297	2,333,571	2,548,833	2,845,551	3,259,515	3,505,082	3,629,098	4,298,537	3,633,975	3,380,183
Employee benefits	574,551	707,463	771,980	825,509	928,484	1,044,001	1,083,832	1,325,451	1,213,601	1,208,696
Services and supplies	1,148,956	955,340	1,167,490	1,697,349	1,974,483	2,202,216	2,216,359	1,882,852	1,605,701	1,394,534
Capital outlay	1,551,359	977,251	2,313,597	1,006,067	1,191,940	1,768,468	3,767,819	3,903,241	803,769	878,014
Debt Service:										
Interest	35,389	50,314	62,632	79,471	70,127	60,570	50,572	125,923	99,103	63,376
Principal	-	161,000	166,000	277,000	287,100	297,400	306,800	346,400	923,800	2,015,000
Administrative and other costs	17,924	-	300	300	300	300	300	300	-	400
Total expenditures	5,376,476	5,184,939	7,030,832	6,731,247	7,711,949	8,878,037	11,054,780	11,882,704	8,279,949	8,940,203
Excess (deficiency) of revenues over (under) expenditures	(716,685)	41,744	(958,504)	671,549	527,215	162,721	(1,982,007)	(3,201,826)	(396,826)	(1,656,718)
Other Financing Sources (Uses)										
Proceeds from borrowing	-	-	1,274,500	-	-	-	2,075,000	-	-	-
Proceeds from refunding	1,431,000	-	-	-	-	-	-	-	-	1,867,700
Proceeds from sales of capital assets	-	-	-	-	-	-	-	2,000,000	-	42,500
Payment to escrow agent	(1,412,389)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	18,611	-	1,274,500	-	-	-	2,075,000	2,000,000	-	1,910,200
Extraordinary Item										
Proceeds from early termination of lease	-	-	-	-	-	-	-	2,000,000	-	-
Net change in fund balances	\$ (698,074)	\$ 41,744	\$ 315,996	\$ 671,549	\$ 527,215	\$ 162,721	\$ 92,993	\$ 798,174	\$ (396,826)	\$ 253,482
Debt Service as a percentage of noncapital expenditures	1.4%	5.0%	4.9%	6.2%	5.5%	5.0%	4.9%	5.9%	13.7%	25.8%

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	Assessed Value	Estimated Actual Value	
2002-2003	\$ 4,913,407,352	\$ 14,038,306,720	\$ 559,208,170	\$ 1,597,737,629	\$ 5,472,615,522	\$ 15,636,044,349	35%	35%	\$ 0.0531
2003-2004	5,650,278,349	16,143,652,426	526,698,452	1,504,852,720	6,176,976,801	17,648,505,146	35%	35%	0.0533
2004-2005	6,551,394,060	18,718,268,743	567,766,392	1,622,189,691	7,119,160,452	20,340,458,434	35%	35%	0.0533
2005-2006	9,866,711,823	28,190,605,209	617,491,635	1,764,261,814	10,484,203,458	29,954,867,023	35%	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%	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%	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%	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%	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%	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%	35%	0.0575

Source: Clark County Assessor's Office

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

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Direct										
Henderson District Public Libraries	0.0531	0.0535	0.0533	0.0533	0.0533	0.0582	0.0590	0.0581	0.0577	0.0575
Overlapping Governments										
State Wide:										
State of Nevada	0.1500	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
County Wide:										
County Funds	0.6352	0.6502	0.6652	0.6575	0.6566	0.6541	0.6541	0.6541	0.6541	0.6541
School District	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034
Cities:										
Henderson	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108
Other Governments:										
Las Vegas-Clark County Library - Debt				0.0123 ²	0.0123	0.0123	0.0086	0.0100	0.0070 ³	
Total Overlapping Rates	2.7994	2.8344	2.8494	2.8540	2.8531	2.8506	2.8469	2.8483	2.8453	2.8383
Total Direct and Overlapping Rates	2.8525	2.8879	2.9027	2.9073	2.9064	2.9088	2.9059	2.9064	2.9030	2.8958

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

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

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

³ Tax rate expired in fiscal year 2011.

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Taxpayer	Type of Business	Fiscal Year 2012		Fiscal Year 2003	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Station Casinos Incorporated	Hotel/Casino	\$ 89,509,204	1.01%	94,400,900	1.72%
Green Valley Ranch Gaming LLC	Hotel/Casino	78,609,908	0.89%	55,031,530	1.01%
Greenspun Companies	Real Estate	73,579,471	0.83%	76,034,530	1.39%
Basic Management Incorporated	Real Estate	58,673,113	0.66%	----	----
W.L. Nevada Incorporated	Real Estate	54,070,100	0.61%	----	----
M Resort	Hotel/Casino	46,889,933	0.53%	----	----
Ranch Center Associates Limited Partnership	Real Estate	29,039,760	0.33%	25,546,020	0.47%
Harsch Investment Properties	Real Estate	27,044,754	0.30%	----	----
Focus Property Group	Real Estate	26,609,630	0.30%	----	----
Federal National Mortgage Association	Real Estate	25,077,730	0.28%	----	----
Pulte Homes	Real Estate	----	----	115,469,850	2.11%
Lake at Las Vegas Ventures	Real Estate	----	----	89,315,220	1.63%
Foothills Partnership	Real Estate	----	----	42,744,490	0.78%
Sentinel Realty Partners III Limited Partnership	Real Estate	----	----	30,573,860	0.56%
Sierra-Nevada Multifamily Investments	Real Estate	----	----	30,459,840	0.56%
Pacific Industrial Park LLC	Real Estate	----	----	26,708,490	0.49%
Levi Strauss & Company	Warehousing	----	----	20,364,550	0.37%
Community Cable Television	Communications	----	----	18,164,200	0.33%
Total Top Ten Principal Taxpayers		\$ 509,103,603	5.74%	\$ 624,813,480	11.42%
Total Assessed Valuation		\$ 8,871,352,751	100.00%	\$ 5,472,615,522	100.00%

Source: Clark County Assessor's Office

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Levy		Collected within the Levy Year		Collections in Subsequent Years		Total Collections to Date		Percentage of the Current Levy ¹
	Amount	Percentage of the Levy	Amount	Percentage of the Levy	Years	Amount	Amount		
2003	\$ 42,300,099	98.77%	\$ 41,781,856	98.77%	\$ 518,243	\$ 42,300,099	\$ 42,300,099	100.00%	
2004	47,178,698	99.44%	46,916,703	99.44%	261,995	47,178,698	47,178,698	100.00%	
2005	54,280,325	99.60%	54,065,416	99.60%	214,840	54,280,256	54,280,256	100.00%	
2006 ²	67,174,503	92.91%	62,408,721	92.91%	4,762,725	67,171,446	67,171,446	100.00%	
2007 ²	84,005,186	93.02%	78,138,203	93.02%	5,863,621	84,001,824	84,001,824	100.00%	
2008 ²	94,690,673	92.20%	87,304,802	92.20%	7,343,794	94,648,596	94,648,596	99.96%	
2009 ²	101,021,377	91.23%	92,160,401	91.23%	8,606,597	100,766,998	100,766,998	99.75%	
2010 ²	97,788,079	91.07%	89,058,480	91.07%	8,231,819	97,290,299	97,290,299	99.49%	
2011 ²	76,109,270	91.39%	69,557,584	91.39%	6,047,853	75,605,437	75,605,437	99.34%	
2012 ²	68,084,688	98.35%	66,963,952	98.35%	-	66,963,952	66,963,952	98.35%	

Notes:

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

² Includes tax levy and collections for Henderson Redevelopment Agency and Henderson District Public Libraries.

Source: Clark County Comptroller's Office

Table 9

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	General Obligation Bonds	Population ¹	Debt per Capita	Personal Income ²	Debt as a Percentage of Personal Income	Estimated Actual Value of Taxable Property ³	Debt as a Percentage of Estimated Actual Value of Taxable Property
2003	\$ 1,431,000	223,070	\$ 6.42	*	*	\$ 15,636,044,349	0.01%
2004	1,270,000	235,292	5.40	*	*	17,648,505,146	0.01%
2005	2,378,500	243,897	9.75	*	*	20,340,458,434	0.01%
2006	2,101,500	257,838	8.15	8,836,009,011	0.02%	29,954,867,023	0.01%
2007	1,814,400	265,589	6.83	9,331,499,855	0.02%	42,228,911,603	0.00%
2008	1,517,000	269,245	5.63	9,606,345,252	0.02%	47,486,135,331	0.00%
2009	3,285,200	273,804	12.00	9,653,025,150	0.03%	47,588,059,440	0.01%
2010	2,938,800	276,065	10.65	10,003,816,464	0.03%	38,611,885,031	0.01%
2011	2,015,000	277,502	7.26	8,841,491,222	0.02%	28,295,137,154	0.01%
2012	1,867,700	268,301	6.96	8,846,208,756	0.02%	25,346,722,146	0.01%

*Information not readily available

Sources:

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

HENDERSON DISTRICT PUBLIC LIBRARIES

Direct and Overlapping Governmental Activities Debt

As of June 30, 2012

(unaudited)

	Governmental Activities Debt	Percentage Applicable to Henderson District Public Libraries*	Amount Applicable to Henderson District Public Libraries
	<u>Debt</u>		<u>Public Libraries</u>
Direct Debt			
Henderson District Public Libraries	\$ 1,867,700	100.00%	\$ 1,867,700
Overlapping Debt			
Clark County ¹	545,390,000	15.60%	85,080,840
Clark County School District ²	3,554,575,000	15.60%	554,513,700
City of Henderson ³	306,943,388	100.00%	306,943,388
Total Overlapping Debt	<u>4,406,908,388</u>		<u>946,537,928</u>
Total Direct and Overlapping Debt	<u>\$ 4,408,776,088</u>		<u>\$ 948,405,628</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 Henderson District Public Libraries. 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 Henderson District Public Libraries are contiguous with the City of Henderson, therefore the residents and businesses Henderson District Public Libraries are responsible for the entire debt of the City of Henderson.

Table 11

HENDERSON DISTRICT PUBLIC LIBRARIES

Debt Limit Information
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Assessed valuation	\$ 5,472,615,522	\$ 6,176,976,801	\$ 7,119,160,452	\$ 10,484,203,458	\$ 14,780,119,061	\$ 16,620,147,366	\$ 16,655,820,804	\$ 13,514,159,761	\$ 9,903,298,004	\$ 8,871,352,751
Debt limit - 10% of assessed value	547,261,552	617,697,680	711,916,045	1,048,420,346	1,478,011,906	1,662,014,737	1,665,582,080	1,351,415,976	990,329,800	887,135,275
Debt outstanding applicable to the limit	1,431,000	1,270,000	2,378,500	2,101,500	1,814,400	1,517,000	3,285,200	2,938,800	2,015,000	1,867,700
Legal debt margin	\$ 545,830,552	\$ 616,427,680	\$ 709,537,545	\$ 1,046,318,846	\$ 1,476,197,506	\$ 1,660,497,737	\$ 1,662,296,880	\$ 1,348,477,176	\$ 988,314,800	\$ 885,267,575
Legal debt margin as a percentage of debt limit	99.74%	99.79%	99.67%	99.80%	99.88%	99.91%	99.80%	99.78%	99.80%	99.79%

 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
2002-2003	223,070	\$ *	\$ *	5.60%	255,328
2003-2004	235,292	*	*	4.40%	268,357
2004-2005	243,897	*	*	4.00%	280,834
2005-2006	257,838	8,836,009,011	34,270	4.30%	291,510
2006-2007	265,589	9,331,499,855	35,135	4.70%	302,763
2007-2008	269,245	9,606,345,252	35,679	6.50%	308,783
2008-2009	273,804	9,653,025,150	35,255	12.30%	311,240
2009-2010	276,065	10,003,816,464	36,237	14.60%	309,476
2010-2011	277,502	8,841,491,222	31,861	13.80%	309,893
2011-2012	268,301	8,846,208,756	32,971	12.20%	308,447

*Information not readily available

Sources:

¹City of Henderson Community Development Department

²Applied Analysis, Las Vegas, NV

³Nevada Department of Employment Security

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

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	Fiscal Year 2012			Fiscal Year 2003		
	Employees ¹	Rank	Percentage of Total City Employment	Employees ²	Rank	Percentage of Total City Employment
City of Henderson	2,500-2,999	1	2.00%-2.40%	2,000+	1	*
St. Rose Dominican - Siena	1,500-1,999	2	1.20%-1.60%			----
Green Valley Ranch Gaming LLC	1,500-1,999	3	1.20%-1.60%	1,000+	2	*
The M Resort, LLC	1,000-1,499	4	.80%-1.20%			----
Sunset Station Hotel & Casino	1,000-1,499	5	.80%-1.20%	1,000+	4	*
St. Rose Dominican Hospital	700-799	6	.56%-.64%	1,000+	3	*
Fiesta Lake Mead Station	600-699	7	.48%-.56%	500-749	5	*
Medco Health LLC	600-699	8	.48%-.56%			----
Zappos CLT Inc	500-599	9	.40%-.48%			----
Wal-Mart Supercenter	500-599	10	.40%-.48%			----
Good Humor - Breyers			----	400-499	7	*
Ford Credit			----	500-749	6	*
Hyatt Regency Lake Las Vegas			----	400-499	8	*
Ritz-Carlton			----	400-499	9	*
Timet			----	400-499	10	*
Total	10,400-13,390		8.32%-10.72%	7,600+		*
Total City Employment¹	125,155			*		

* Information not readily available

Sources:

¹ Applied Analysis, Las Vegas, Nevada

² City of Henderson Finance Department

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	Full-time Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009 ²	2010	2011	2012
Library Services										
Adult Services	9.0	10.0	10.5	11.0	11.5	11.5	18.0	17.5	13.5	13.5
Circulation	22.5	23.0	24.5	26.0	24.0	24.0	34.5	30.0	29.0	25.0
Outreach ¹	----	----	----	3.0	4.5	4.5	4.5	4.0	4.0	4.0
Youth Services	10.5	11.5	12.5	11.0	13.0	12.5	19.0	19.0	17.5	16.0
Acquisitions & Bibliographic Services	5.0	6.0	6.0	6.5	7.0	8.0	9.0	9.0	7.0	7.0
Administration	10.5	10.5	11.0	12.5	11.0	8.5	10.5	10.5	9.5	9.5
Information Technology	4.0	4.0	4.5	4.5	5.5	5.5	5.5	5.0	6.0	6.0
Total	<u>61.5</u>	<u>65.0</u>	<u>69.0</u>	<u>74.5</u>	<u>76.5</u>	<u>74.5</u>	<u>101.0</u>	<u>95.0</u>	<u>86.5</u>	<u>81.0</u>

Notes:

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

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

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
2002-2003	261,191	\$ 4,334,785	\$ 724,960	\$ (175,624)	1,691,100	685,356	2.62
2003-2004	288,983	4,884,121	849,746	(227,272)	2,092,249	855,713	2.96
2004-2005	306,332	5,506,595	866,858	(89,186)	2,452,070	907,082	2.96
2005-2006	333,482	6,284,267	1,011,146	(902,713)	2,850,647	956,974	2.87
2006-2007	361,158	6,392,700	1,241,004	(427,117)	3,548,006	1,068,511	2.96
2007-2008	400,698	7,206,587	1,810,734	(333,803)	4,762,793	1,186,113	2.96
2008-2009	456,718	8,683,518	1,354,475	(319,097)	3,309,855 ³	1,422,692	3.12
2009-2010	489,104	9,718,896	1,057,625	(823,927)	3,110,637	1,842,395	3.77
2010-2011	497,151	9,952,594	938,945	(723,329)	2,754,585	1,812,475	3.65
2011-2012	509,313	10,168,210	955,418	(663,732)	2,429,447	1,777,626	3.49

Notes:

¹Net book value represents total acquisition cost of circulating materials less depreciation to date.

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

³Restated.

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Galleria Library		Green Valley Library		Heritage Park Senior Facility Library		James I. Gibson Library		Lydia Malcolim Library		Paseo Verde Library		Pittman Library		Remote Services ¹		Total
2002-2003	----	----	----	----	----	----	314,636	49,753	315,597	5,379	----	----	685,365				
2003-2004	----	----	----	----	----	334,824	39,589	475,171	6,129	----	----	855,713					
2004-2005	----	----	----	----	----	353,951	40,285	501,877	9,763	1,206	1,769	907,082					
2005-2006	----	----	----	----	----	330,610	80,003	536,341	8,251	8,748	10,875 ⁵	956,974					
2006-2007	----	----	----	----	----	340,764	104,532	606,145	8,322	12,365	7,268	1,068,511					
2007-2008	----	----	----	----	----	370,250	116,684	680,128	6,686	4,982 ⁴	21,486	1,186,113					
2008-2009	4,490 ²	76,242 ³	403,138	133,343	789,622	403,138	145,863	874,057	4,982 ⁴	10,875 ⁵	7,268	1,422,692					
2009-2010	15,688	433,731	5,590 ⁶	360,198 ⁷	145,863	430,597	129,785	813,516	----	----	63,227	1,842,395					
2010-2011	17,423	388,131	11,537	431,238	128,926	431,238	128,926	785,748	----	----	----	1,812,475					
2011-2012	15,570	341,536	11,381	431,238	128,926	431,238	128,926	785,748	----	----	----	1,777,626					

Notes:

¹Remote Services includes e-books, remote deposit collections, downloadable materials, and the bookmobile. E-books became available in fiscal year 2005; the remote deposit collections began operations during fiscal year 2006; the bookmobile operated between the end of fiscal year 2006 and the beginning of 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. During the remodeling process, a temporary library was set up, beginning in February 2009, to provide limited circulation to local patrons. The library reopened in April 2009.

⁴The Pittman Library closed in February 2009.

⁵The bookmobile discontinued service in May 2009.

⁶The Heritage Park Senior Facility Library opened in January 2010.

⁷The James I. Gibson Library was closed for six weeks while the library was relocated to the new building.

HENDERSON DISTRICT PUBLIC LIBRARIES

	Current Address	Current Status	Service Location Information Last Ten Fiscal Years (unaudited)							2011-12			
			2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09		2009-10	2010-11	
<u>LIBRARIES</u>													
Galleria Library	1300 W. Sunset Rd, Ste 1121 Henderson, NV 89014	Leased	----	----	----	----	----	----	1,342	1,342	1,342	1,342	1,342
Green Valley Library	2797 N Green Valley Pkwy Henderson, NV 89014	Owned	----	----	----	----	21,410	21,410	21,410	21,410	21,410	21,410	21,410
Heritage Park Senior Facility Library	300 S Racetrack Road Henderson, NV 89015	Occupied	----	----	----	----	----	1,829 ³	1,829	1,829	1,829	1,829	1,829
James I Gibson Library	280 S Water St Henderson, NV 89015	Sold	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850
Lydia Malcolm Library	100 W Lake Mead Parkway Henderson, NV 89015	Owned	----	----	----	----	----	19,900 ⁴	19,900	19,900	19,900	19,900	19,900
Paseo Verde Library	2960 Sunridge Heights Pkwy Henderson, NV 89074	Owned	----	4,030 ¹	4,030	4,030	4,030	4,030	4,030	4,030	4,030	4,030	4,030
Pittman Library	1680 Moser Henderson, NV 89015	Leased	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200

Notes:

¹The District purchased a 6,030 square foot building in which the Malcolm Library was relocated. Of the 6,030 square feet was allocated to the 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.

³The 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.

⁴The 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.

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2002-2003	2003-2004	2004-2005 ¹	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Total General Fund Expenditures	\$ 4,263,748	\$ 4,722,017	\$ 4,957,007	\$ 5,861,872	\$ 6,644,108	\$ 6,943,668	\$ 6,902,969	\$ 7,558,213	\$ 6,775,880	\$ 6,443,582
Less Capital Outlay Other Than Books	(94,924)	(100,025)	(6,472)	(45,565)	(69,479)	(2,956)	(3,500)	(34,246)	(19,859)	(15,070)
Less Other Grant Expenditures:										
Library Books and Materials	(10,920)	(10,932)	-	-	-	-	-	-	-	-
Other Noncapital Expenditures	(15,132)	-	-	-	-	-	-	-	-	-
Less State Grant Expenditures:										
Library Books and Materials	-	(1,060)	-	-	-	-	-	-	-	-
Other Noncapital Expenditures	-	(4,979)	-	-	-	-	-	-	-	-
Less Federal Grant Expenditures:										
Library Books and Materials	(9,131)	(20,357)	(419)	-	-	-	-	-	-	-
Other Noncapital Expenditures	(61,787)	(14,106)	(1,790)	-	-	-	-	-	-	-
Total General Fund Operating Expenditures	\$ 4,071,854	\$ 4,570,558	\$ 4,948,326	\$ 5,816,307	\$ 6,574,629	\$ 6,940,712	\$ 6,899,469	\$ 7,523,967	\$ 6,756,021	\$ 6,428,512
Total Library Books and Materials	\$ 630,956	\$ 750,429	\$ 787,602	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093	\$ 693,245	\$ 585,469	\$ 533,857
Less Other Grant Book Expenditures	(10,920)	(10,932)	-	-	-	-	-	-	-	-
Less State Grant Book Expenditures	-	(1,060)	-	-	-	-	-	-	-	-
Less Federal Grant Book Expenditures	(9,131)	(20,357)	(419)	-	-	-	-	-	-	-
Total Operating Library Books and Materials	\$ 610,905	\$ 718,080	\$ 787,183	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093	\$ 693,245	\$ 585,469	\$ 533,857
Percentage of Total General Fund Operating Expenditures	15.00%	15.71%	15.91%	14.29%	13.99%	11.77%	10.06%	9.21%	8.67%	8.30%

Notes:

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



Compliance Section





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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2012, which collectively comprise Henderson District Public Libraries’ basic financial statements, and have issued our report thereon dated November 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 1, 2012



Auditor's Comments



**HENDERSON DISTRICT PUBLIC LIBRARIES
AUDITOR'S COMMENTS
JUNE 30, 2012**

STATUTE COMPLIANCE

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

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

HDPL conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2011.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2011.

CURRENT YEAR RECOMMENDATIONS

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