

COMPREHENSIVE ANNUAL FINANCIAL REPORT

13



FISCAL YEAR ENDED JUNE 30, 2013
HENDERSON DISTRICT PUBLIC LIBRARIES
HENDERSON, NEVADA

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13



HENDERSON DISTRICT PUBLIC LIBRARIES, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013



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, 2013

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INTRODUCTORY SECTION

HENDERSON DISTRICT PUBLIC LIBRARIES



Grounded in Glitz

Photographer: Natalie Burt

Henderson Libraries

2013 Summer Reading Photography Contest

Theme: Breaking New Ground; Division: Adult

“The world-famous Las Vegas Strip normally needs no amplification, but a July lightning storm sure amped up the brightness. In fact, one could argue Mother Nature was “breaking new ground” in the Las Vegas Strip’s intensity department. For those of us lucky enough to witness the show, we will not soon forget the spectacles captured and uncaptured “on film.”



November 13, 2013

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, 2013. 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 (NRS) 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 2013 audit and has issued an unmodified ("clean") opinion on the Henderson District Public Libraries' financial statements for the year ended June 30, 2013. 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 three full service libraries and one limited service library located throughout the city. In addition, HDPL offers home delivery for homebound patrons.

Reporting Entity

HDPL was established and operates as an independent governmental unit under authority of 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.

HDPL is not considered a component unit of any other governmental unit under criteria established by Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34*.

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 33,000 items worth over \$700,000 in fiscal year 2013. 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 \$262,000. These donations were distributed to all of the HDPL libraries. These donations allowed HDPL to place an additional 9,969 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 four HDPL branches. HDPL makes an effort to collect the most current media available for the broadest scope of public access. The board has allocated an average of 9% of the annual operating budget for collection development over the last five years.

HDPL's usage has leveled out during fiscal year 2013. Circulation had only a slight decrease of .04%, from 1,777,626 in fiscal year 2012 to 1,701,858 in fiscal year 2013, even though services at two small libraries were discontinued in November 2012. In addition, 23,392 new library cards were issued in 2013.

Economic Growth

Local Economy

Nevada continues to report mixed economic signals. The unemployment rate is down from the previous year but it is still much higher than the national average. More visitors are coming to Nevada, but they are spending less on gambling. Consumers are spending more on goods and services and housing prices are increasing, however, foreclosures still plague the state.

Long-term Financial Planning and Major Initiatives

HDPL's largest funding source (property tax revenues) continues to be impacted by the dropping values for both commercial and residential properties. Property tax revenues decreased by 4.6% in fiscal year 2013. HDPL's second largest funding source (consolidated sales tax) has shown an uptick for the third year in a row. However, this increase does not nearly offset the decline in property tax revenues.

Due to the declining revenues in the past four fiscal years, HDPL decided to put a 2 cent initiative on the election ballot in November 2012. The voters turned down the initiative, therefore, HDPL needed to restructure the organization during the current fiscal year. Emphasis was placed on core services and operations were reduced by the closure of two small libraries and the elimination of the outreach department. Staffing for these locations/department were relocated to vacant positions, if possible, or laid off. With the restructuring of the organization, HDPL is now able to emphasize the core services while maintaining financial sustainability.

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, 2012. This was the thirteenth 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.

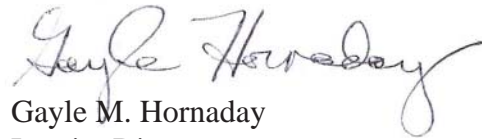
A Certificate of Achievement is valid for one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



Gayle M. Hornaday
Interim Director



Debra M. Englund
Chief Financial Officer

HENDERSON DISTRICT PUBLIC LIBRARIES

Library Officials

Board of Trustees

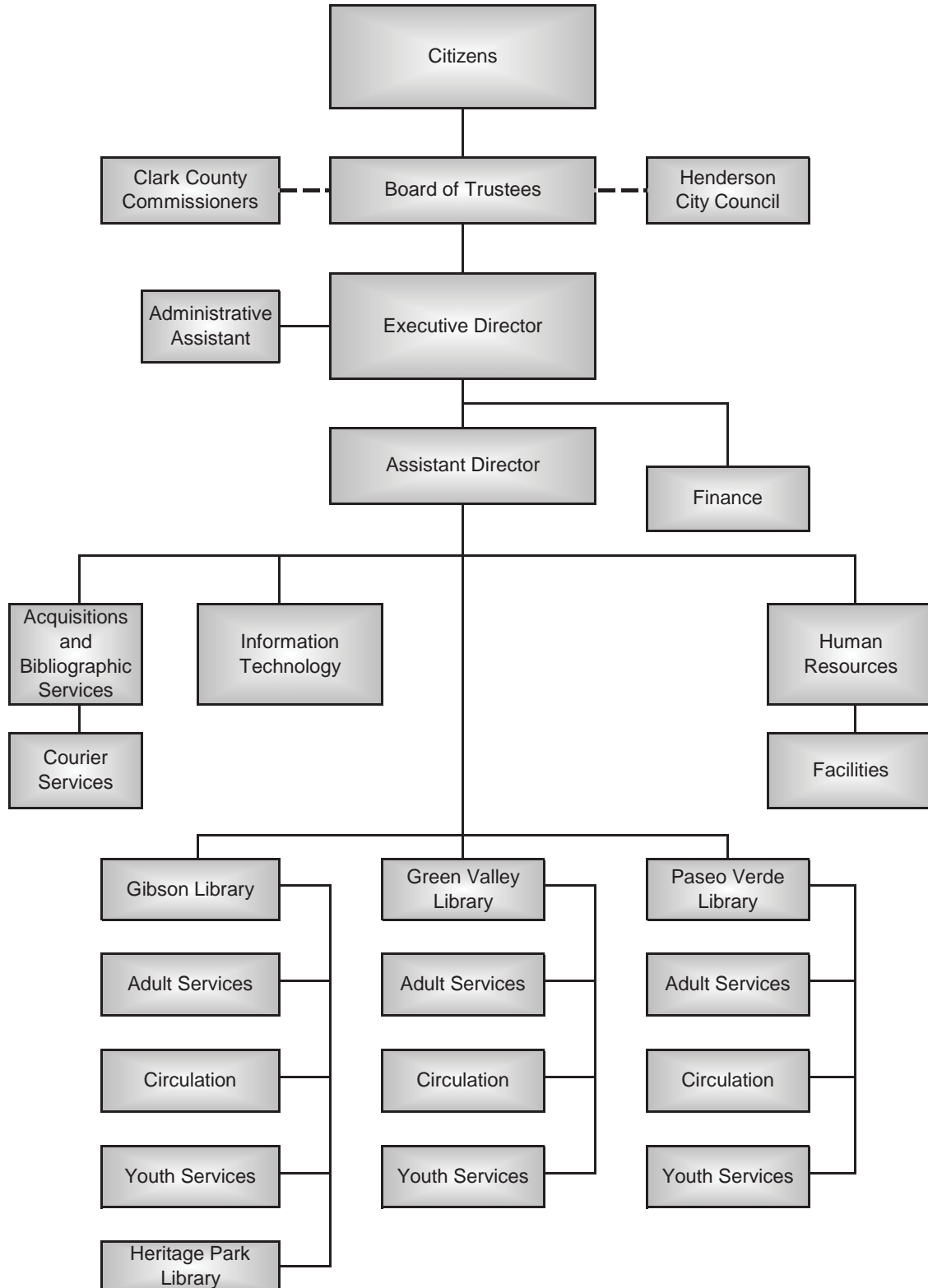
MJ Maynard	Chair
Donn Jersey	Vice-Chair
Robyn Campbell-Ouchida	Secretary
Colleen Bell	Trustee
James Frey	Trustee
Cindy Herman	Trustee
Mark McGinty	Trustee

Administrative Staff

Gayle M. Hornaday	Interim 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, 2013





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

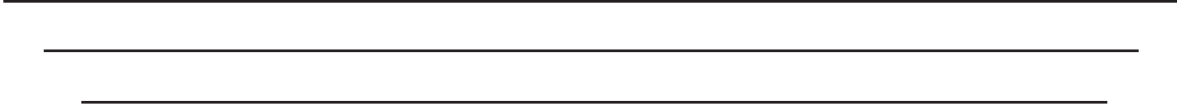
Presented to

**Henderson District
Public Libraries, Nevada**

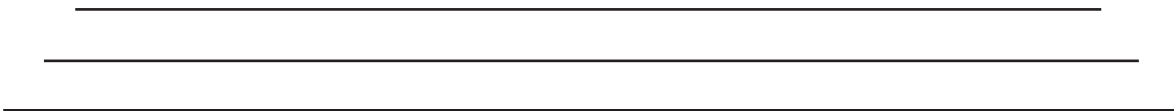
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

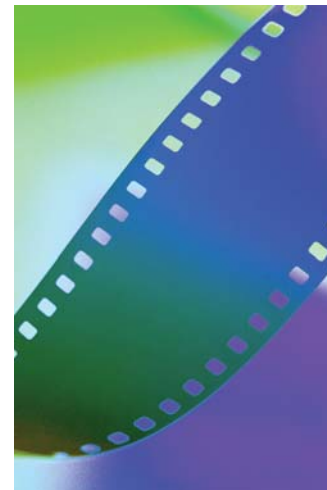


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FINANCIAL SECTION

HENDERSON DISTRICT PUBLIC LIBRARIES



Fly to New Heights

Photographer: Emma Hoffman

Henderson Libraries

2013 Summer Reading Photography Contest

Theme: Breaking New Ground; Division: Child

“ The bee in my photo is flying to new heights so he can get the nectar from the flower and in order to do that he has to go out of his comfort zone and break new ground.”



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Henderson District Public Libraries' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4A through 4I, and the Schedule of Funding Progress on page 33, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 2013 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* in considering Henderson District Public Libraries' internal control over financial reporting and compliance.

Kafoory, Armstrong & Co.

Reno, Nevada
November 13, 2013

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013 by \$18,996,890 (net position). Of this amount, \$1,402,289 (unrestricted net position) may be used to meet HDPL's ongoing obligations to patrons and creditors.
- HDPL's total net position decreased by \$659,121. See the section on Government-Wide Financial Analysis for details.
- At the end of fiscal year 2013, HDPL's governmental funds had combined fund balances of \$3,754,997, an increase of \$444,176 from the previous year. Approximately 2.0%, or \$73,308, of ending fund balances is nonspendable, 4.7%, or \$177,901, is restricted for a specific purpose by external sources, 20.3%, or \$760,407, is assigned by management for a specific purpose, and 73.0%, or \$2,743,381, is available for spending at HDPL's discretion.
- As of June 30, 2013 fund balance in the General Fund, excluding nonspendable fund balance, was \$2,852,828 or 45.4% 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 Position 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 position that is segregated into three components: net investment in capital assets, restricted by grants and donors, and unrestricted net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of HDPL is improving or deteriorating.

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 12-32 of this report.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of HDPL, assets exceed liabilities by \$18,996,890 at June 30, 2013.

HDPL's Net Position

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Assets:		
Current and other assets	\$ 4,093,105	\$ 3,703,028
Capital assets	19,112,100	20,050,976
Total assets	23,205,205	23,754,004
Liabilities:		
Current liabilities	289,978	345,565
Long-term liabilities	3,918,337	3,752,428
Total liabilities	4,208,315	4,097,993
Net position:		
Net investment in capital assets	17,416,700	18,183,276
Restricted by grants and donors	177,901	125,477
Unrestricted	1,402,289	1,347,258
Total net position	\$ 18,996,890	\$ 19,656,011

The largest portion of HDPL's net position (91.7%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Capital assets consist of land, buildings, equipment, furniture, land improvements, leasehold improvements, library materials, and vehicles. These assets are used to provide services to the patrons of HDPL and are not available for future spending.

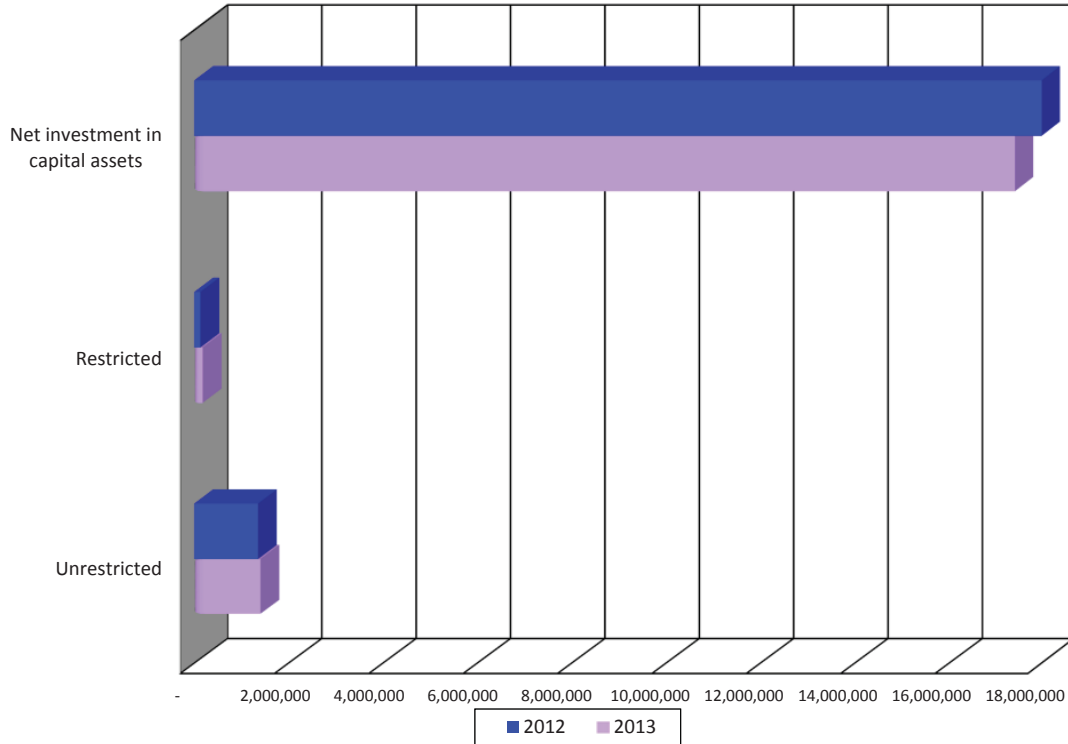
An additional portion of HDPL's net position (.9%) reflects resources that are subject to external restrictions on how they may be used. The remaining portion of HDPL's net position (7.4%) reflects unrestricted net position that may be used to meet HDPL's ongoing obligations to patrons and creditors.

As of June 30, 2013, HDPL is able to report positive balances in all categories of net position. The same held true for the previous fiscal year.

There was a decrease of \$766,576 in net investments in capital assets. This decrease was primarily due to depreciation of existing assets. See discussion on Capital Assets below for further explanations.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**HDPL Net Position
June 30, 2012 and 2013**



HDPL's Changes in Net Position

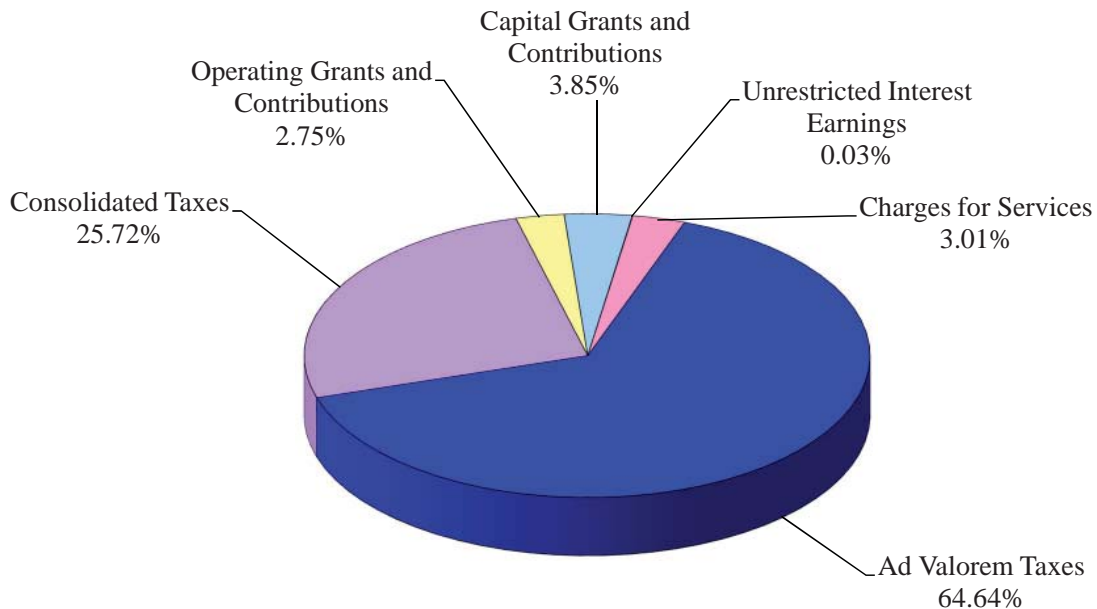
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program Revenues		
Charges for services	\$ 221,201	\$ 259,648
Operating grants and contributions	202,180	212,403
Capital grants and contributions	282,844	316,981
General Revenues		
Ad valorem taxes	4,750,001	4,979,157
Consolidated taxes	1,889,946	1,800,833
Unrestricted investment earnings	1,886	482
Total revenues	<u>7,348,058</u>	<u>7,569,504</u>
Expenses:		
Culture and recreation	7,966,369	8,473,056
Interest	40,810	66,597
Total expenses	<u>8,007,179</u>	<u>8,539,653</u>
Increase/(decrease) in net position	(659,121)	(970,149)
Net position, beginning of year	19,656,011	20,626,160
Net position, end of year	<u><u>\$ 18,996,890</u></u>	<u><u>\$ 19,656,011</u></u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

HDPL's overall net position decreased by \$659,121 during the current fiscal year. Key elements of this decrease are as follows:

- Ad valorem taxes decreased by \$229,156, or 4.6%, due to the continued devaluation of the local housing market.
- Capital grants and contributions decreased by \$34,137, or 10.8% and operating grants and contributions decreased by \$10,223, or 4.8%. This is due to normal variation in the types of grants received by HDPL.
- Charges for services decreased by \$38,447, or 14.8%, due to the permanent closure of two small libraries.
- Culture and recreation expenses decreased by \$506,687, or 5.9%, over the last fiscal year. This decrease consists mainly of a \$352,042 decrease in salaries and benefits, which is attributable to the laying off of staff at the closed libraries and a decrease of \$72,832 in services and supplies, which is attributable to management and staff's efforts to reduce costs and operational savings generated by the closures.

Revenues by Source - Governmental Activities



**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Fund Financial Analysis

As of the end of the current fiscal year, HDPL's governmental funds reported combined ending fund balances of \$3,754,997, an increase of \$444,176 from fiscal year 2012. Of the 2013 ending fund balances, \$2,743,381, or 73.1%, constitutes unassigned fund balance and is available for spending at HDPL's discretion; \$760,407, or 20.3%, is assigned by management for specific purposes; \$177,901, or 4.7%, is restricted by external sources; and \$73,308, or 2.0%, is nonspendable.

General Fund

The General Fund is the chief operating fund of HDPL. At the end of fiscal year 2013, the General Fund had an ending fund balance of \$2,922,949, of which \$2,743,381 was unassigned, \$109,447 is assigned for use in next year's operations, and \$70,121 is nonspendable.

The General Fund's fund balance increased by \$352,379 during the current fiscal year. Key factors for this net increase are as follows:

- Ad valorem taxes decreased by \$229,156, or 4.6%, as assessed valuations and collections decreased.
- Consolidated taxes increased by \$89,113, or 5.0%, as the local economy began to rebound from the recent downturn.
- Salaries and benefits decreased by \$230,774, or 5.0%, due to the laying off of staff at the two closed libraries.
- Services and supplies decreased by \$17,800, or 1.4%, due to operation savings generated by the closed libraries.
- Capital outlays increased by \$86,233, or 15.7%, due to an upgrade in HDPL's UPS and server systems and an increase in library materials purchases.

Debt Service Fund

The Debt Service Fund has a fund balance of \$361,511, all of which is assigned for the payment of debt service. There was no change in fund balance during the current year.

Non-major Funds

The aggregate non-major funds have a combined fund balance of \$470,537. The net increase in fund balance during the current fiscal year in the aggregate non-major funds was \$91,797. The primary reason for this increase was a reduction in library material purchases.

General Fund Budgetary Highlights

The original fiscal year 2013 budget was approved May 17, 2012. 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013; therefore, the original budget is also the final budget.

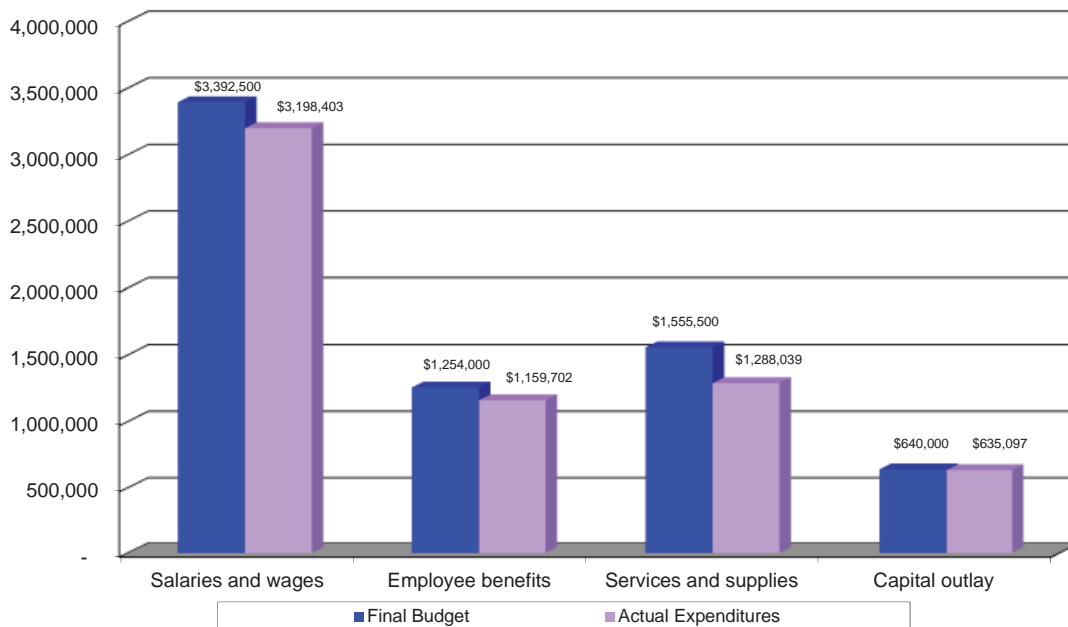
The final budget projected ad valorem taxes and consolidated tax, which account for 96.7% of the General Fund’s total revenue, to be \$4,672,194 and \$1,823,000 respectively. Ad valorem tax revenue came in at \$4,750,001, a positive variance of \$77,807, or less than 1.7%. Consolidated tax revenues came in at \$1,889,946, a positive variance of \$66,946 or 3.7%.

Actual expenditures were 91.8% of appropriations, or \$560,759 lower than the final budget. The main areas of savings are summarized below:

- Salaries and wages were \$194,097 below the final budget. This was due to the laying off of staff at the two closed libraries.
- Employee benefits were \$94,298 below the final budget. This was also due to the laying off of staff.
- Services and supplies were \$267,461 below the final budget. A portion of this savings was attributable to operational reductions for the two closed libraries. The remaining portion was attributable to across-the-board reductions in all area of operations.
- Capital outlay was \$4,903 below the final budget. This was due to normal variations in library material purchasing.

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

**General Fund
Budget and Actual Expenditures**



**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Capital Assets

At June 30, 2013, HDPL had \$19,112,100 invested in capital assets (net of accumulated depreciation). This investment in capital assets includes buildings, equipment, furniture, land, land improvements, leasehold improvements, library materials, and vehicles. This amount represents a net decrease of \$938,876, or 4.7%, from last year. The following table reflects capital assets of HDPL at June 30, 2013 and 2012.

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Buildings	\$ 14,437,074	\$ 15,053,706
Equipment	120,303	125,542
Furniture	34,235	48,534
Land	1,867,359	1,867,359
Land improvements	479,928	509,924
Leasehold improvements	-	6,328
Library materials	2,171,676	2,429,447
Vehicles	1,525	10,136
Total capital assets, net of depreciation	<u>\$ 19,112,100</u>	<u>\$ 20,050,976</u>

Only one major capital asset event occurred during the current fiscal year. In November, HDPL closed the Galleria Library located in the Galleria Mall and cancelled the lease agreement for the space. The leasehold improvement associated with this space was removed, resulting in a reduction of \$6,169 in capital assets.

The remaining reduction in investment in capital assets is due to continued depreciation on existing capital assets.

Additional information on HDPL's capital assets can be found in Note 3B to the financial statements.

Long-term Debt

At the end of the current fiscal year, HDPL had \$2,354,104 in outstanding debt, \$1,695,400 of which was for a medium term general obligation refunding bond issued during fiscal year 2012, and \$658,704 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, 2013 is \$820,706,967. HDPL's net general obligation bonded debt subject to the legal debt margin of \$1,695,400 was well below this legal limit.

**HENDERSON DISTRICT PUBLIC LIBRARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Additional information on HDPL's long-term debt can be found in Note 3C to the financial statements.

Economic Factors and Next Year's Budgets

- The unemployment rate for Clark County has decreased and is currently 10.1%, which is a down 2.1% from last year. The United States national average unemployment rate is 7.8% and the State's average unemployment rate is 9.9%.
- Businesses within Clark County reported taxable sales of \$2.84 billion, a .4% decrease from the previous year.
- Property within HDPL's assessment district dropped in value to \$8,207,069,673, a decrease of \$664,283,078, or 7.5%.

These factors were considered in preparing HDPL's budget for fiscal year 2014.

Spendable fund balance in the General Fund increased by 11.8%, to \$2,852,828, from the prior year. HDPL assigned \$109,447 of this fund balance to eliminate a projected budgetary deficit in the fiscal year 2014 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

HENDERSON DISTRICT PUBLIC LIBRARIES



A New Beginning

Photographer: Tina Kirchner

Henderson Libraries

2013 Summer Reading Photography Contest

Theme: Breaking New Ground; Division: Adult

“Breaking new ground is the start of something new – an idea, a building, or a seedling. The bean plant seedling broke ground to begin its life.”

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HENDERSON DISTRICT PUBLIC LIBRARIES

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities
ASSETS	
Cash and investments	\$ 3,651,072
Accounts receivable	14,640
Interest receivable	104
Due from other governments	332,167
Prepays	73,308
Deferred charges	21,814
Capital assets (net of accumulated depreciation, where applicable):	
Land	1,867,359
Property and equipment	15,073,065
Library books and materials	2,171,676
Total Assets	<u>23,205,205</u>
LIABILITIES	
Accounts payable	215,754
Accrued payroll	71,600
Accrued interest	2,624
Non-current liabilities:	
Portion due or payable within one year:	
General obligation bonds	177,500
Compensated absences	519,848
Portion due or payable after one year:	
General obligation bonds	1,517,900
Compensated absences	138,856
Obligation for postemployment benefits other than pensions	1,564,233
Total Liabilities	<u>4,208,315</u>
NET POSITION	
Net investment in capital assets	17,416,700
Restricted by grants and donors	177,901
Unrestricted	1,402,289
Total Net Position	<u>\$ 18,996,890</u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Governmental activities:					
Culture and recreation	\$ 7,966,369	\$ 221,201	\$ 202,180	\$ 282,844	\$ (7,260,144)
Debt service:					
Interest on bonds	40,810	-	-	-	(40,810)
Total governmental activities	\$ 8,007,179	\$ 221,201	\$ 202,180	\$ 282,844	(7,300,954)
General revenues:					
Ad valorem taxes				4,750,001	
Consolidated taxes				1,889,946	
Unrestricted investment earnings				1,886	
Total general revenues				6,641,833	
Change in net position				(659,121)	
Net position, beginning of year				19,656,011	
Net position, end of year				\$ 18,996,890	

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**BALANCE SHEET
JUNE 30, 2013**

	General Fund	Debt Service Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 2,817,287	\$ 361,911	\$ 471,874	\$ 3,651,072
Accounts receivable	307	-	14,333	14,640
Interest receivable	104	-	-	104
Due from other governments	332,167	-	-	332,167
Prepays	70,121	-	3,187	73,308
Total assets	\$ 3,219,986	\$ 361,911	\$ 489,394	\$ 4,071,291
LIABILITIES				
Accounts payable	\$ 198,088	\$ 400	\$ 17,266	\$ 215,754
Deferred revenue	27,349	-	1,591	28,940
Accrued payroll	71,600	-	-	71,600
Total liabilities	297,037	400	18,857	316,294
FUND BALANCES				
Nonspendable:				
Prepaid items	70,121	-	3,187	73,308
Restricted for:				
Green Valley Library	-	-	2,683	2,683
Heritage Library	-	-	334	334
Materials	-	-	130,270	130,270
Outreach	-	-	24,503	24,503
Paseo Verde Library	-	-	4,000	4,000
Programming	-	-	16,111	16,111
Assigned for:				
Capital projects	-	-	109,566	109,566
Debt service	-	361,511	-	361,511
Fund balance for next year operations	109,447	-	-	109,447
Materials	-	-	7,691	7,691
Programming and events	-	-	172,192	172,192
Unassigned	2,743,381	-	-	2,743,381
Total fund balances	2,922,949	361,511	470,537	3,754,997
Total liabilities and fund balances	\$ 3,219,986	\$ 361,911	\$ 489,394	\$ 4,071,291

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013**

Amounts reported for governmental activities in the Statement of Net Position (page 5) are different because:

Total fund balances - governmental funds (page 7)		\$ 3,754,997
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 32,475,198	
Less: Accumulated depreciation	<u>(13,363,098)</u>	19,112,100
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Bond costs - deferred charges	25,554	
Less: Current year amortization	<u>(3,740)</u>	21,814
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		28,940
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(1,695,400)	
Compensated absences	(658,704)	
Obligations for postemployment benefits other than pensions	<u>(1,564,233)</u>	(3,918,337)
Other liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.		
Interest payable		<u>(2,624)</u>
Net position of governmental activities		<u><u>\$ 18,996,890</u></u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General Fund	Debt Service Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Ad valorem	\$ 4,750,001	\$ -	\$ -	\$ 4,750,001
Intergovernmental:				
Consolidated tax	1,889,946	-	-	1,889,946
Grants, federal and state	-	-	35,472	35,472
Miscellaneous:				
Fines and forfeits	155,588	-	-	155,588
Contributions from private sources	-	-	189,890	189,890
Investment income	1,632	-	254	1,886
Other	50,560	-	7,519	58,079
Total revenues	6,847,727	-	233,135	7,080,862
EXPENDITURES				
Current:				
Culture and recreation:				
Salaries and wages	3,198,403	-	-	3,198,403
Employee benefits	1,159,702	-	-	1,159,702
Services and supplies	1,288,039	400	36,038	1,324,477
Capital outlay	635,097	-	105,300	740,397
Debt service:				
Principal	-	172,300	-	172,300
Interest on bonds	-	41,407	-	41,407
Total expenditures	6,281,241	214,107	141,338	6,636,686
Excess (deficiency) of revenue over (under) expenditures	566,486	(214,107)	91,797	444,176
OTHER FINANCING SOURCES (USES)				
Transfers in	-	214,107	-	214,107
Transfers out	(214,107)	-	-	(214,107)
Total other financing sources (uses)	(214,107)	214,107	-	-
Net change in fund balances	352,379	-	91,797	444,176
Fund balances, beginning of year	2,570,570	361,511	378,740	3,310,821
Fund balances, end of year	\$ 2,922,949	\$ 361,511	\$ 470,537	\$ 3,754,997

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Amounts reported for governmental activities in the Statement of Activities (page 6) are different because:

Net Change in Fund Balances - total governmental funds (page 9)	\$	444,176
<p>Governmental funds report capital outlays as expenditures and the proceeds from the sale of assets as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when assets are sold.</p>		
Expenditures for capital assets	\$	740,397
Loss on disposition of assets		(6,862)
Less: Current year depreciation		<u>(1,934,976)</u>
		(1,201,441)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
Change in deferred revenue		4,631
Donated capital assets		<u>262,565</u>
		267,196
<p>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.</p>		
Repayment of bond principal		172,300
Accrued interest		<u>597</u>
		172,897
<p>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.</p>		
Amortization of bond issuance costs		(3,740)
Change in long-term compensated absences		61,992
Change in obligations for postemployment benefits other than pensions		<u>(400,201)</u>
		(341,949)
Change in net position of governmental activities	\$	<u><u>(659,121)</u></u>

See notes to the financial statements.

HENDERSON DISTRICT PUBLIC LIBRARIES

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes:			
Ad valorem	\$ 4,672,194	\$ 4,750,001	\$ 77,807
Intergovernmental:			
Consolidated tax	1,823,000	1,889,946	66,946
Miscellaneous:			
Fines and forfeits	150,000	155,588	5,588
Investment income	1,000	1,632	632
Other	70,000	50,560	(19,440)
Total revenues	6,716,194	6,847,727	131,533
EXPENDITURES			
Current:			
Culture and recreation:			
Salaries and wages	3,392,500	3,198,403	194,097
Employee benefits	1,254,000	1,159,702	94,298
Services and supplies	1,555,500	1,288,039	267,461
Capital outlay	640,000	635,097	4,903
Total expenditures	6,842,000	6,281,241	560,759
Excess (deficiency) of revenues over (under) expenditures	(125,806)	566,486	692,292
OTHER FINANCING USES			
Transfers out	(214,107)	(214,107)	-
Net change in fund balance*	(339,913)	352,379	692,292
Fund balance, beginning of year	2,494,000	2,570,570	76,570
Fund balance, end of year	\$ 2,154,087	\$ 2,922,949	\$ 768,862

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

See notes to the financial statements.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The Henderson District Public Libraries (HDPL) was established and operates as an independent governmental unit under authority of Nevada Revised Statutes (NRS) Chapter 379. It is governed by a seven member Board of Trustees. Five of the Board members are appointed to four-year terms by the Board of County Commissioners of Clark County, Nevada. The other two Board members are appointed to three-year terms by the City of Henderson Council. The Board of Trustees is responsible for establishing policy and overall operations of HDPL maintained within the District's boundaries. HDPL currently operates four libraries – the Heritage Park Senior Facility Library, the James I. Gibson Library, the Green Valley 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. 61, *The Financial Reporting Entity; Omnibus - An Amendment of GASB Statements No. 14 and No. 34* 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 HDPL does not perform. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – Summary of Significant Accounting Policies (continued)

The fund financial statements provide information about HDPL's funds. Funds are classified into three categories: governmental, proprietary and fiduciary. During fiscal year 2013, 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.

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

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

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

HDPL reports two major governmental funds:

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

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 Net Position/Fund Balance

1. Cash and Investments

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

2. Property Taxes

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

3. Prepaid Items

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

4. Capital Assets

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – Summary of Significant Accounting Policies (continued)

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	30 years
Computer equipment	3 years
Equipment	5 years
Furniture	7 years
Land Improvements	20 years
Leasehold Improvements	20 years
Library Materials	5 years
Vehicles	5 years

5. 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.

6. 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, 2013 is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – Summary of Significant Accounting Policies (continued)

7. Long-Term Debt

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

8. Equity Classifications

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

- a. Net Investment in Capital Assets – 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 – Consists of net position with constraints place 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 – Consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”.

9. Net Position Flow Assumption

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – Summary of Significant Accounting Policies (continued)

10. Fund Balance Flow Assumption

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

11. Fund Balance Policies

In fund financial statements, governmental fund equity is classified into a hierarchy that is based primarily on the extent to which HDPL 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 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).
- 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 HDPL's highest level of decision-making authority. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

NOTE 2 – Compliance and Accountability

A. Budgetary Information

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

1. On or before April 15, the Library Board of Trustees files a tentative budget with the Nevada Department of Taxation.
2. Public hearings on the tentative budget are held during the third week in May.
3. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board.
4. Formal budgetary integration in the financial records is employed to enhance management control during the year.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) and appropriations lapse at year end.

**HENDERSON DISTRICT PUBLIC LIBRARIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 – Compliance and Accountability (continued)

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

B. Compliance with Nevada Revised Statutes

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

C. New Pronouncements

HDPL implemented GASB Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in the current year which redefined net assets as net position and invested in capital assets, net of related debt as net investment in capital assets.

NOTE 3 – Detailed Notes – All Funds

A. Cash and Investments

The following summarizes HDPL’s cash and investment balances as of June 30, 2013:

Cash and investments:	
Petty cash	\$ 3,052
Cash in financial institutions	2,647,461
Investments	1,000,559
Total cash and investments	\$ 3,651,072

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

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, 2013, the recorded amount of HDPL’s deposits was \$2,647,461 and the bank balances were \$2,739,137. Of the bank statement balances, \$250,000 was covered by federal depository insurance and the remainder was subject to collateralization by the office of the State Treasurer/Nevada Collateral Pool.

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

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

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Ratings</u>	
				<u>S & P</u>	<u>Moody</u>
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, 2013, HDPL had the following investments and maturities:

	<u>Maturities</u>	<u>Fair Value</u>
Pooled Investments:		
State of Nevada Local Government Investment Pool (LGIP)	97 days*	\$ 1,000,559
Total Pooled Investments		<u>\$ 1,000,559</u>

*Represents average weighted maturity

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

Interest Rate Risk: 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, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

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

B. Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2013:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,867,359	\$ -	\$ -	\$ 1,867,359
Total capital assets, not being depreciated:	<u>1,867,359</u>	<u>-</u>	<u>-</u>	<u>1,867,359</u>
Capital assets, being depreciated:				
Buildings	18,498,960	-	-	18,498,960
Books	10,459,896	965,768	(939,095)	10,486,569
Computer equipment	123,145	-	(64,062)	59,083
Equipment	266,186	37,194	-	303,380
Furniture	516,289	-	(1,531)	514,758
Land improvements	599,912	-	-	599,912
Leasehold improvements	7,634	-	(7,634)	-
Vehicles	145,177	-	-	145,177
Total capital assets, being depreciated	<u>30,617,199</u>	<u>1,002,962</u>	<u>(1,012,322)</u>	<u>30,607,839</u>
Less accumulated depreciation for:				
Buildings	(3,445,254)	(616,632)	-	(4,061,886)
Books	(8,030,449)	(1,223,539)	939,095	(8,314,893)
Computer equipment	(123,145)	-	64,062	(59,083)
Equipment	(140,644)	(42,433)	-	(183,077)
Furniture	(467,755)	(13,606)	838	(480,523)
Land improvements	(89,988)	(29,996)	-	(119,984)
Leasehold improvements	(1,306)	(159)	1,465	-
Vehicles	(135,041)	(8,611)	-	(143,652)
Total accumulated depreciation	<u>(12,433,582)</u>	<u>(1,934,976)</u>	<u>1,005,460</u>	<u>(13,363,098)</u>
Total capital assets, being depreciated, net	<u>18,183,617</u>	<u>(932,014)</u>	<u>(6,862)</u>	<u>17,244,741</u>
Governmental activities capital assets, net	<u>\$ 20,050,976</u>	<u>\$ (932,014)</u>	<u>\$ (6,862)</u>	<u>\$ 19,112,100</u>

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

Governmental Activities:	
Culture and recreation	<u>\$ 1,934,976</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

C. Long-Term Debt

1. Changes to Long-Term Debt

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

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>	<u>Due in 2013-2014</u>
General Obligation Bonds:					
Series 2012, Medium term refunding bond - \$1,867,700, due in semi-annual installments beginning 2012 through December 1, 2018; interest varies between 1.11% and 2.80%	1,867,700	-	(172,300)	1,695,400	177,500
Compensated absences	<u>720,696</u>	<u>360,247</u>	<u>(422,239)</u>	<u>658,704</u>	<u>519,848</u>
Total Long-Term Debt	<u>\$ 2,588,396</u>	<u>\$ 360,247</u>	<u>\$ (594,539)</u>	<u>\$ 2,354,104</u>	<u>\$ 697,348</u>

2. 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, 2013 are as follows:

Fiscal Year			
Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	380,800	12,919	393,719
2019	<u>193,900</u>	<u>2,715</u>	<u>196,615</u>
Totals	<u>\$ 1,695,400</u>	<u>\$ 137,052</u>	<u>\$ 1,832,452</u>

**HENDERSON DISTRICT PUBLIC LIBRARIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

D. Interfund Activity

Interfund transfers for the year ended June 30, 2013 consisted of the following:

	Transfers in
	Debt Service Fund
Transfers out:	
General Fund	\$ 214,107
Total	\$ 214,107

Transfers are made to move unrestricted revenues in the General Fund to cover debt service requirements in accordance with budgetary authorization.

E. Fund Balance

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

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 7.

1. General Fund

The General Fund has Unassigned Fund Balance of \$2,743,381 at June 30, 2013. Fund balance of \$109,447 was Assigned to eliminate a projected budgetary deficit in the fiscal year 2014 budget. Prepaid items of \$70,121 are considered Nonspendable Fund Balance.

2. Other Major Funds

The Debt Service Fund has Assigned Fund Balance of \$361,511 at June 30, 2013. Assignments are designated by the Executive Director for use in future debt service payments.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

3. Non Major Funds

The Contributions and Grants Fund has Restricted Fund Balance of \$177,901 at June 30, 2013, consisting of unspent donations for specific purposes. An Assigned Fund Balance of \$179,883 is designated by the Executive Director for use in programs and events and for the purchasing of library materials. Prepaid items of \$3,187 are considered Nonspendable Fund Balance.

The Capital Construction Fund has Assigned Fund Balance of \$109,566 at June 30, 2013. Assignments are designated by the Executive Director for use in future capital projects.

F. Defined Benefit Pension Plan

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

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

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

<u>Fiscal Year</u>	<u>Non-Contributory Plan</u>		<u>Contributory Plan</u>		<u>Total Contribution</u>
	<u>Regular Member</u>	<u>Contribution</u>	<u>Regular Member</u>	<u>Contribution</u>	
2012-13	23.75%	\$ 585,087	12.25%	\$ 32,457	\$ 617,544
2011-12	23.75%	604,350	12.25%	43,221	647,571
2010-11	21.50%	568,329	11.25%	52,177	620,506

G. 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

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

Each plan provides medical, dental, and vision benefits to eligible active and retired employees and beneficiaries. CCSF and HPN benefit provisions are established and amended through negotiations between 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 \$401-\$457, or 82% of the monthly premiums for active employees and their dependents, ranging between \$603-\$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.

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 2013, this subsidy ranged from \$17-\$456 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.

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

	CCSF and <u>HPN</u>	<u>PEBP</u>	Balance <u>Total</u>
Annual required contribution (ARC)	\$ 449,438	\$ 16,387	\$ 465,825
Interest on net OPEB obligation	44,923	1,638	46,561
Adjustment to the ARC	<u>(64,948)</u>	<u>(2,368)</u>	<u>(67,316)</u>
Annual OPEB cost (expense)	429,413	15,657	445,070
Contributions made	<u>(33,759)</u>	<u>(11,110)</u>	<u>(44,869)</u>
Increase in net OPEB obligations	395,654	4,547	400,201
Net OPEB obligation - beginning of year	<u>1,115,604</u>	<u>48,428</u>	<u>1,164,032</u>
Net OPEB obligation - end of year	<u>\$ 1,511,258</u>	<u>\$ 52,975</u>	<u>\$ 1,564,233</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, 2013 and the two preceding years are as follows:

<u>Plan</u>	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Obligation</u>
CCSF and HPN	June 30, 2011	\$ 446,952	\$ 17,178	3.84%	\$ 696,101
CCSF and HPN	June 30, 2012	439,722	20,219	4.60%	1,115,604
CCSF and HPN	June 30, 2013	429,413	33,759	7.86%	1,511,258
PEBP	June 30, 2011	31,414	16,717	53.22%	28,844
PEBP	June 30, 2012	30,719	11,135	36.25%	48,428
PEBP	June 30, 2013	15,657	11,110	70.96%	52,975
Combined	June 30, 2011	478,366	33,895	7.09%	724,945
Combined	June 30, 2012	470,441	31,354	6.66%	1,164,032
Combined	June 30, 2013	445,070	44,869	10.08%	1,564,233

**HENDERSON DISTRICT PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

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

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

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

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

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, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

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

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

H. 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, 2013**

NOTE 3 – Detailed Notes – All Funds (continued)

I. 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 and allows HDPL to provide library services at facilities owned or operated by the City. In addition, this agreement provides for the appointment of two members of the Board of Trustees by the Henderson City Council. The original term of the interlocal agreement was six years, ending on June 30, 2007. This agreement was renegotiated for another six years effective July 1, 2007 and again on July 1, 2013. The current agreement will terminate on June 30, 2019 unless renewed for an additional six years by mutual agreement of both parties.

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.

HENDERSON DISTRICT PUBLIC LIBRARIES

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2013**

Other Postemployment Benefits Plan – Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL)</u>	<u>Unfunded Actuarial Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a percentage of Covered Payroll</u>
<u>CCSF and HPN</u>						
7/1/2009	\$ -	\$ 1,511,392	\$ 1,511,392	0%	\$ 3,708,512	41%
7/1/2010	\$ -	\$ 2,628,135	\$ 2,628,135	0%	\$ 3,150,126	83%
7/1/2012	\$ -	\$ 3,432,845	\$ 3,432,845	0%	\$ 2,828,172	121%
<u>PEBP</u>						
7/1/2009	\$ -	\$ 539,295	\$ 539,295	0%	N/A*	N/A*
7/1/2010	\$ -	\$ 550,786	\$ 550,786	0%	N/A*	N/A*
7/1/2012	\$ -	\$ 294,702	\$ 294,702	0%	N/A*	N/A*

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

Notes to Required Supplementary Information

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

Governmental Funds

HENDERSON DISTRICT PUBLIC LIBRARIES

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

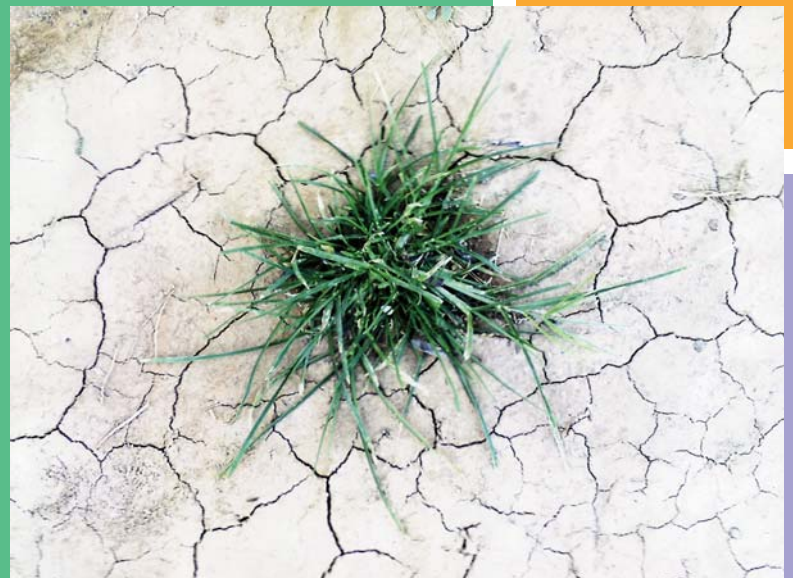
To account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Sun-baked Earth

Photographer: Kylea Tapia

Henderson Libraries
2013 Summer Reading Photography Contest
Theme: Breaking New Ground; Division: Child

“My entry fits the theme “Breaking New Ground” because the ground in my photo is literally breaking. The cracks in the ground creep outward as the sun bakes the earth, contagiously spreading across the ground, getting deeper and wider. But in the center lays a burst of color...green: a plant breaking through new soil, earlier unexplored by life.”



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HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

**COMBINING BALANCE SHEET
JUNE 30, 2013**

	Special Revenue Fund - Contributions and Grants <u>Fund</u>	Capital Projects Fund - Capital Construction <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS			
Cash and investments	\$ 362,308	\$ 109,566	\$ 471,874
Accounts receivable	14,333	-	14,333
Prepays	3,187	-	3,187
Total assets	<u>\$ 379,828</u>	<u>\$ 109,566</u>	<u>\$ 489,394</u>
LIABILITIES			
Accounts payable	\$ 17,266	\$ -	\$ 17,266
Deferred revenues	1,591	-	1,591
Total liabilities	<u>18,857</u>	<u>-</u>	<u>18,857</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	3,187	-	3,187
Restricted for:			
Green Valley Library	2,683	-	2,683
Heritage Library	334	-	334
Materials	130,270	-	130,270
Outreach	24,503	-	24,503
Paseo Verde Library	4,000	-	4,000
Programming	16,111	-	16,111
Assigned for:			
Capital projects	-	109,566	109,566
Materials	7,691	-	7,691
Programming and events	172,192	-	172,192
Total fund balances	<u>360,971</u>	<u>109,566</u>	<u>470,537</u>
Total liabilities and fund balances	<u>\$ 379,828</u>	<u>\$ 109,566</u>	<u>\$ 489,394</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Special Revenue Fund - Contributions and Grants <u>Fund</u>	Capital Projects Fund - Capital Construction <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES			
Intergovernmental:			
Grants, federal and state	\$ 35,472	\$ -	\$ 35,472
Miscellaneous:			
Contributions from private sources	189,890	-	189,890
Investment income	196	58	254
Other	7,519	-	7,519
Total revenues	<u>233,077</u>	<u>58</u>	<u>233,135</u>
EXPENDITURES			
Current:			
Culture and recreation:			
Services and supplies	36,038	-	36,038
Capital outlay	105,300	-	105,300
Total expenditures	<u>141,338</u>	<u>-</u>	<u>141,338</u>
Net change in fund balances	91,739	58	91,797
Fund balances, beginning of year	269,232	109,508	378,740
Fund balances, end of year	<u>\$ 360,971</u>	<u>\$ 109,566</u>	<u>\$ 470,537</u>

HENDERSON DISTRICT PUBLIC LIBRARIES

MAJOR - DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original and Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with <u>Final Budget</u>
EXPENDITURES			
Debt Service:			
Principal	\$ 172,300	\$ 172,300	\$ -
Interest on bonds	41,407	41,407	-
Fiscal agent charges	400	400	-
Total expenditures	214,107	214,107	-
 (Deficiency) of revenues (under) expenditures	 (214,107)	 (214,107)	 -
OTHER FINANCING SOURCES			
Transfers in	214,107	214,107	-
 Net change in fund balance	 -	 -	 -
Fund balance, beginning of year	336,709	361,511	24,802
Fund balance, end of year	\$ 336,709	\$ 361,511	\$ 24,802

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR - SPECIAL REVENUE FUND - CONTRIBUTIONS AND GRANTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original and Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget
REVENUES			
Intergovernmental:			
Grants, federal and state	\$ 36,500	\$ 35,472	\$ (1,028)
Miscellaneous:			
Contributions from private sources	133,500	189,890	56,390
Investment income	300	196	(104)
Other	7,000	7,519	519
Total revenues	<u>177,300</u>	<u>233,077</u>	<u>55,777</u>
EXPENDITURES			
Current:			
Culture and recreation:			
Services and supplies	50,427	36,038	14,389
Capital outlay	<u>199,025</u>	<u>105,300</u>	<u>93,725</u>
Total expenditures	<u>249,452</u>	<u>141,338</u>	<u>108,114</u>
Net change in fund balance*	(72,152)	91,739	163,891
Fund balance, beginning of year	<u>180,998</u>	<u>269,232</u>	<u>88,234</u>
Fund balance, end of year	<u>\$ 108,846</u>	<u>\$ 360,971</u>	<u>\$ 252,125</u>

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

HENDERSON DISTRICT PUBLIC LIBRARIES

NONMAJOR - CAPITAL PROJECTS FUND - CAPITAL CONSTRUCTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original and Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with <u>Final Budget</u>
REVENUES			
Miscellaneous:			
Investment income	\$ 264	\$ 58	\$ (206)
EXPENDITURES			
Current:			
Culture and recreation:			
Services and supplies	60,000	-	60,000
Total expenditures	60,000	-	60,000
Net change in fund balance*	(59,736)	58	59,794
Fund balance, beginning of year	110,936	109,508	(1,428)
Fund balance, end of year	\$ 51,200	\$ 109,566	\$ 58,366

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

Statistical Section

HENDERSON DISTRICT PUBLIC LIBRARIES

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

CONTENTS	PAGE
FINANCIAL TRENDS	39 - 42
These schedules contain trend information to help the reader understand how HDPL's financial performance and well-being have changed over time.	
REVENUE CAPACITY	43 - 46
These schedules contain information to help the reader assess the factors affecting HDPL's most significant local revenue source, the property tax.	
DEBT CAPACITY	47 - 49
These schedules contain information to help the reader assess the affordability of HDPL's current levels of outstanding debt and HDPL's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	50 - 51
These schedules offer demographic and economic indicators to help the reader understand the environments within which HDPL's financial activities take place and to help make comparisons over time and with other governments.	
OPERATING INFORMATION	52 - 56
These schedules contain information about HDPL's operations and resources to help the reader understand how HDPL's financial information relates to the services HDPL provides and the activities it performs.	

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Governmental activities

<u>Fiscal Year</u>	Net investment in capital assets	Restricted by grants and donors	<u>Unrestricted</u>	<u>Total</u>
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	125,477	1,347,258	19,656,011
2013	17,416,700	177,901	1,402,289	18,996,890

¹ Restated

Table 2

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Culture and recreation	\$ 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	\$ 7,966,369
Debt service:										
Interest on long-term debt	50,314	62,632	79,471	70,127	60,570	50,572	125,923	99,103	66,597	40,810
Administrative and other costs	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 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	\$ 8,007,179
Program Revenues										
Governmental activities:										
Charges for services	\$ 107,585	\$ 198,628	\$ 236,238	\$ 287,630	\$ 276,533	\$ 228,371	\$ 292,907	\$ 263,212	\$ 259,648	\$ 221,201
Operating grants and contributions	136,963	96,118	108,809	128,155	330,608	308,851	128,735	416,669	212,403	202,180
Capital grants and contributions	111,642	137,017	171,110	276,323	336,513	8,175,815	350,133	231,452	316,981	282,844
Total governmental activities program revenues	\$ 356,190	\$ 431,763	\$ 516,157	\$ 692,108	\$ 943,654	\$ 8,713,037	\$ 771,775	\$ 911,333	\$ 789,032	\$ 706,225
Net (Expense)/Revenue, governmental activities	\$ (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)	\$ (7,300,954)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 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	\$ 4,750,001
Consolidated taxes	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	1,889,946
Gain on sale of asset	-	-	-	-	-	-	1,315,504 ²	-	-	-
Investment earnings	7,200	36,740	77,819	144,842	172,362	146,825	22,785	5,961	482	1,886
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Proceeds from early termination of lease	-	-	-	-	-	-	2,000,000 ²	-	-	-
Total governmental activities	\$ 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	\$ 6,641,833
Changes in Net Position, governmental activities	\$ 166,627	\$ 416,049	\$ 963,741	\$ 1,212,662	\$ 1,338,973	\$ 8,868,127	\$ 2,306,284	\$ (999,560)	\$ (970,149)	\$ (659,121)

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

² Increase due to the sale of the James I. Gibson Library building to the City of Henderson and the early termination of the 99-year land lease on which the building was located.

Table 3

HENDERSON DISTRICT PUBLIC LIBRARIES

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

General Fund	2004	2005	2006	2007	2008	2009	2010	2011 ⁴	2012	2013
Reserved	23,288	\$ 13,615	\$ 13,234	\$ 5,214	\$ 24,599	\$ 6,383	\$ 101,652	\$ -	\$ -	\$ -
Unreserved	669,046	943,578	1,396,830	1,290,496	848,007 ¹	1,350,848	1,339,154	-	-	-
Nonspendable	-	-	-	-	-	-	-	53,572	18,924	70,121
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	462,449	339,913	109,447
Unassigned	-	-	-	-	-	-	-	1,720,692	2,211,733	2,743,381
Total General Fund	692,334	957,193	1,410,064	1,295,710	872,606	1,357,231	1,440,806	2,236,713	2,570,570	2,922,949
All Other Governmental Funds										
Reserved	\$ -	\$ 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	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	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	3,187
Restricted	-	-	-	-	-	-	-	117,806	125,477	177,901
Assigned	-	-	-	-	-	-	-	702,820	614,774	650,960
Total All Other Governmental Funds	193,483	244,320	462,998	1,104,567	1,690,392	1,298,760	2,013,359	820,626	740,251	832,048
Total All Governmental Funds	\$ 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	\$ 3,754,997

Notes:

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

² The substantial decrease in unreserved fund balance for the Capital Project Funds was due to multiple construction projects undertaken during the fiscal year.

³ The substantial increase in unreserved fund balance for the Capital Project Funds was due to the sale of the existing James I. Gibson Library building to the City of Henderson. Part of the proceeds were used to construct the new James I. Gibson Library building.

⁴ In fiscal year 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement redefined the classifications of fund balance.

Table 4

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Ad valorem taxes	\$ 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	\$ 4,750,001
Consolidated taxes	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	1,889,946
Grants	134,474	129,726	110,334	123,059	252,217	109,216	140,666	257,764	93,686	35,472
Fines and forfeits	67,152	79,991	88,690	109,767	112,860	128,247	162,321	167,812	156,290	155,588
Contributions	13,549	44,248	72,930	67,311	215,183	216,341	53,786	204,473	169,494	189,890
Investment income	7,200	36,740	77,819	144,842	172,362	146,825	22,785	5,961	482	1,886
Other income	40,433	116,277	149,908	177,863	163,673	100,124	130,586	95,400	83,543	58,079
Total revenues	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	7,080,862
Expenditures										
Culture and recreation:										
Salaries and wages	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	3,198,403
Employee benefits	707,463	771,980	825,509	928,484	1,044,001	1,083,832	1,325,451	1,213,601	1,208,696	1,159,702
Services and supplies	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	1,324,077
Capital outlay	977,251	2,313,597	1,006,067	1,191,940	1,768,468	3,767,819	3,903,241	803,769	878,014	740,397
Debt Service:										
Interest	50,314	62,632	79,471	70,127	60,570	50,572	125,923	99,103	63,376	41,407
Principal	161,000	166,000	277,000	287,100	297,400	306,800	346,400	923,800	2,015,000	172,300
Administrative and other costs	-	300	300	300	300	300	300	-	400	400
Total expenditures	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	6,636,686
Excess (deficiency) of revenues over (under) expenditures	41,744	(958,504)	671,549	527,215	162,721	(1,982,007)	(3,201,826)	(396,826)	(1,656,718)	444,176
Other Financing Sources										
Proceeds from borrowing	-	1,274,500	-	-	-	2,075,000	-	-	-	-
Proceeds from refunding	-	-	-	-	-	-	-	-	1,867,700	-
Proceeds from sales of capital assets	-	-	-	-	-	-	2,000,000	-	42,500	-
Total other financing sources	-	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 balance	\$ 41,744	\$ 315,996	\$ 671,549	\$ 527,215	\$ 162,721	\$ 92,993	\$ 798,174	\$ (396,826)	\$ 253,482	\$ 444,176
Debt Service as a percentage of noncapital expenditures	5.0%	4.9%	6.2%	5.5%	5.0%	4.9%	5.9%	13.7%	25.8%	3.6%

Table 5

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Real Property		Personal Property		Total		Percentage of Taxable Assessed Value to Estimated Actual Taxable Value		Total Direct Tax Rate
	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2003-2004	\$ 5,650,278,349	\$ 16,143,652,426	\$ 526,698,452	\$ 1,504,852,720	\$ 6,176,976,801	\$ 17,648,505,146	35%	\$ 0.0533	
2004-2005	6,551,394,060	18,718,268,743	567,766,392	1,622,189,691	7,119,160,452	20,340,458,434	35%	0.0533	
2005-2006	9,866,711,823	28,190,605,209	617,491,635	1,764,261,814	10,484,203,458	29,954,867,023	35%	0.0533	
2006-2007	14,049,539,660	40,141,541,886	730,579,401	2,087,369,717	14,780,119,061	42,228,911,603	35%	0.0533	
2007-2008	15,920,800,412	45,488,001,177	699,346,954	1,998,134,154	16,620,147,366	47,486,135,331	35%	0.0582	
2008-2009	16,071,037,727	45,917,250,649	584,783,077	1,670,808,791	16,655,820,804	47,588,059,440	35%	0.0590	
2009-2010	13,031,450,318	37,232,715,194	482,709,443	1,379,169,837	13,514,159,761	38,611,885,031	35%	0.0581	
2010-2011	9,497,480,071	27,135,657,346	405,817,933	1,159,479,809	9,903,298,004	28,295,137,155	35%	0.0577	
2011-2012	8,532,382,809	24,378,236,597	338,969,942	968,485,549	8,871,352,751	25,346,722,146	35%	0.0575	
2012-2013	7,808,141,879	22,308,976,797	398,927,794	1,139,793,697	8,207,069,673	23,448,770,494	35%	0.0586	

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 Overlapping¹ Governments
Last Ten Fiscal Years**
(unaudited)

Fiscal Year	Henderson District Public Libraries				Overlapping Rates						Total Direct & Overlapping Rates
	Operating	Debt Service	Total Direct Rate	State of Nevada	School District	County	City	Other Special District	Total Overlapping Rates		
2003-2004	0.0535	-	0.0535	0.1700	1.3034	0.6502	0.7108	-	2.8344	2.8879	
2004-2005	0.0533	-	0.0533	0.1700	1.3034	0.6652	0.7108	-	2.8494	2.9027	
2005-2006	0.0533	-	0.0533	0.1700	1.3034	0.6575	0.7108	0.0123 ²	2.8540	2.9073	
2006-2007	0.0533	-	0.0533	0.1700	1.3034	0.6566	0.7108	0.0123	2.8531	2.9064	
2007-2008	0.0582	-	0.0582	0.1700	1.3034	0.6541	0.7108	0.0123	2.8506	2.9088	
2008-2009	0.0590	-	0.0590	0.1700	1.3034	0.6541	0.7108	0.0086	2.8469	2.9059	
2009-2010	0.0581	-	0.0581	0.1700	1.3034	0.6541	0.7108	0.0100	2.8483	2.9064	
2010-2011	0.0577	-	0.0577	0.1700	1.3034	0.6541	0.7108	0.0070 ³	2.8453	2.9030	
2011-2012	0.0575	-	0.0575	0.1700	1.3034	0.6541	0.7108	-	2.8383	2.8958	
2012-2013	0.0586	-	0.0586	0.1700	1.3034	0.6541	0.7108	-	2.8383	2.8969	

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 2013			Fiscal Year 2004		
		Assessed Valuation	Percentage of Total		Assessed Valuation	Percentage of Total	
			Valuation	Assessed Valuation		Assessed Valuation	Assessed Valuation
Green Valley Ranch Gaming LLC	Hotel/Casino	\$ 81,718,131	1.00%	\$ 70,867,722	1.15%		
Station Casinos Incorporated	Hotel/Casino	75,160,836	0.92%	86,473,419	1.40%		
Basic Management Incorporated	Real Estate	60,567,268	0.74%	----	----		
Greenspun Companies	Real Estate	54,182,515	0.66%	71,725,080	1.16%		
W.L. Nevada Incorporated	Real Estate	48,401,640	0.59%	----	----		
M Resort	Hotel/Casino	35,952,773	0.44%	----	----		
Picrme Real Estate Group	Real Estate	33,435,109	0.41%	----	----		
Ranch Center Associates Limited Partnership	Real Estate	29,560,541	0.36%	27,418,393	0.44%		
Harsch Investment Properties	Real Estate	26,069,009	0.32%	27,456,534	0.44%		
Camden Property Trust	Real Estate	22,122,830	0.27%	----	----		
KB Homes	Real Estate	21,810,000	0.27%	----	----		
Olen Properties	Real Estate	15,016,844	0.18%	----	----		
Pulte Homes	Real Estate	----	----	108,639,137	1.76%		
Lake at Las Vegas Ventures	Real Estate	----	----	88,726,091	1.44%		
Foothills Partnership	Real Estate	----	----	31,543,781	0.51%		
Sentinel Realty Partners III Limited Partnership	Real Estate	----	----	30,910,250	0.50%		
Sierra-Nevada Multifamily Investments	Real Estate	----	----	30,534,465	0.49%		
Lake Mead Horizon LLC	Real Estate	----	----	30,402,430	0.49%		
NGVP LLC	Real Estate	----	----	19,638,275	0.32%		
		\$ 503,997,496	6.16%	\$ 624,335,577	10.10%		
Total Assessed Valuation		\$ 8,207,069,673	100.00%	\$ 6,176,976,801	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	Years	Amount	Amount		
2004	\$ 47,178,698		\$ 46,916,703	99.44%	\$ 261,995	\$ 47,178,698		100.00%	
2005	54,280,325		54,065,416	99.60%	214,840	54,280,256		100.00%	
2006 ²	67,174,503		62,408,721	92.91%	4,762,742	67,171,463		100.00%	
2007 ²	84,005,186		78,138,203	93.02%	5,863,665	84,001,868		100.00%	
2008 ²	94,690,276		87,304,802	92.20%	7,345,600	94,650,402		99.96%	
2009 ²	101,020,997		92,160,401	91.23%	8,670,796	100,831,197		99.81%	
2010 ²	97,786,720		89,058,480	91.07%	8,489,546	97,548,026		99.76%	
2011 ²	76,106,760		69,557,584	91.39%	6,393,874	75,951,458		99.80%	
2012 ²	68,072,570		62,318,519	91.55%	5,532,463	67,850,982		99.67%	
2013 ²	62,542,387		62,001,607	99.14%	-	62,001,607		99.14%	

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
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%	28,295,137,155	0.01%
2012	1,867,700	268,301	6.96	8,846,208,756	0.02%	25,346,722,146	0.01%
2013	1,695,400	269,916	6.28	8,690,214,958	0.02%	23,448,770,494	0.01%

*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, 2013
(unaudited)

	Governmental Activities Debt	Percentage Applicable to Henderson District Public Libraries*	Amount Applicable to Henderson District Public Libraries
Direct Debt			
Henderson District Public Libraries	\$ 1,695,400	100.00%	\$ 1,695,400
Overlapping Debt			
Clark County ¹	488,620,000	15.66%	76,517,892
Clark County School District ²	3,223,895,000	15.66%	504,861,957
City of Henderson ³	288,380,224	100.00%	288,380,224
Total Overlapping Debt	4,000,895,224		869,760,073
Total Direct and Overlapping Debt	\$ 4,002,590,624		\$ 871,455,473

Sources:

¹ Clark County Assessor's Office² Clark County School District Finance Department³ 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									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Assessed valuation	\$ 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	\$ 8,207,069,673
Debt limit - 10% of assessed value	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	820,706,967
Debt outstanding applicable to the limit	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	1,695,400
Legal debt margin	\$ 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	\$ 819,011,567
Legal debt margin as a percentage of debt limit	99.79%	99.67%	99.80%	99.88%	99.91%	99.80%	99.78%	99.80%	99.79%	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
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
2012-2013	269,916	8,690,214,958	32,196	10.10%	311,429

*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)

Employer	Fiscal Year 2013			Fiscal Year 2004		
	Employees ¹	Rank	Percentage of Total City Employment	Employees ²	Rank	Percentage of Total City Employment
City of Henderson	3,000-3,499	1	2.31%-2.69%	2,800+	1	*
St. Rose Dominican - Siena	1,500-1,999	2	1.16%-1.54%			
Green Valley Ranch Gaming LLC	1,500-1,999	3	1.16%-1.54%	1,000+	4	*
The M Resort, LLC	1,000-1,499	4	.77%-1.15%			
Sunset Station Hotel & Casino	1,000-1,499	5	.77%-1.15%	1,000+	3	*
St. Rose Dominican Hospital	700-799	6	.54%-.62%	1,000+	2	*
Fiesta Lake Mead Station	600-699	7	.46%-.54%	500-999	5	*
Zappos CLT Inc	600-699	8	.46%-.54%			
Medco Health LLC	500-599	9	.39%-.46%			
Titanium Metals Corp of America	500-599	10	.39%-.46%			
Wal-Mart Supercenter	400-499	11	.31%-.38%	500-999	7	*
Unilever Manufacturing Inc	400-499	12	.31%-.38%			
Ford Credit				500-999	6	*
Camden Development Inc				250-499	8	*
Casino Monte Lago				250-499	9	*
Costco				250-499	10	*
El Dorado Casino				250-499	11	*
Hyatt Regency Lake Las Vegas				400-499	12	*
Total	11,700-14,888		9.03%-11.45%	8,500+		*
Total City Employment¹	129,859			*		

*Information not readily available

Sources:

¹Applied Analysis, Las Vegas, Nevada

²City of Henderson Finance Department

HENDERSON DISTRICT PUBLIC LIBRARIES

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

	Full-time Equivalent Employees as of June 30									
	2004	2005	2006 ¹	2007	2008	2009 ²	2010	2011	2012	2013 ³
Library Services										
Adult Services	10.0	10.5	11.0	11.5	11.5	18.0	17.5	13.5	13.5	13.5
Circulation	23.0	24.5	26.0	24.0	24.0	34.5	30.0	29.0	25.0	24.0
Outreach	----	----	3.0	4.5	4.5	4.5	4.0	4.0	4.0	----
Youth Services	11.5	12.5	11.0	13.0	12.5	19.0	19.0	17.5	16.0	14.0
Acquisitions & Bibliographic Services	6.0	6.0	6.5	7.0	8.0	9.0	9.0	7.0	7.0	6.5
Administration	10.5	11.0	12.5	11.0	8.5	10.5	10.5	9.5	9.5	8.5
Information Technology	4.0	4.5	4.5	5.5	5.5	5.5	5.0	6.0	6.0	5.0
Total	<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>	<u>71.5</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.

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

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Items	Cost of		Cost of Disposed Items	Net Book Value of Collections ¹	Number of Items Circulated	Turnover Rate ²
	Owned	Total Collection	New Acquisitions				
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
2012-2013	502,930	10,459,896	965,768	(939,095)	2,171,676	1,701,858	3.38

Notes:

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

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

³Restated.

HENDERSON DISTRICT PUBLIC LIBRARIES

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

Fiscal Year	Galleria Library	Green Valley Library	Heritage Park Senior Facility Library	James I. Gibson Library	Lydia Malcolm Library	Paseo Verde Library	Pittman Library	Remote Services ¹	Total
2003-2004	----	----	----	334,824	39,589	475,171	6,129	----	855,713
2004-2005	----	----	----	353,951	40,285	501,877	9,763	1,206	907,082
2005-2006	----	----	----	330,610	80,003	536,341	8,251	1,769	956,974
2006-2007	----	----	----	340,764	104,532	606,145	8,322	8,748	1,068,511
2007-2008	----	----	----	370,250	116,684	680,128	6,686	12,365	1,186,113
2008-2009	4,490 ²	76,242 ³	----	403,138	133,343	789,622	4,982 ⁴	10,875	1,422,692
2009-2010	15,688	433,731	5,590 ⁵	360,198 ⁶	145,863	874,057	----	7,268	1,842,395
2010-2011	17,423	388,131	11,537	430,597	129,785	813,516	----	21,486	1,812,475
2011-2012	15,570	341,536	11,381	431,238	128,926	785,748	----	63,227	1,777,626
2012-2013	6,267 ⁷	308,647	10,166	417,838	51,974 ⁷	827,457	----	79,509	1,701,858

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 were available between fiscal year 2006 and fiscal year 2013; the bookmobile operated between fiscal year 2006 and fiscal year 2011; and the District expanded its available downloadable books and music during fiscal year 2011.

²The Galleria Library opened in February 2009.

³Ownership of the Green Valley Library was transferred to HDPL on January 1, 2009. The building was closed for remodeling. 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 Heritage Park Senior Facility Library opened in January 2010.

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

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

Table 17

HENDERSON DISTRICT PUBLIC LIBRARIES

Service Location Information Last Ten Fiscal Years (unaudited)

	Current Address	Current Status	Square Footage as of Fiscal Year-End																			
			2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13										
LIBRARIES																						
Galleria Library	1300 W. Sunset Rd, Ste 1121 Henderson, NV 89014	Leased	----	----	----	----	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	6	
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	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	1,829	1,829	1,829	1,829	1,829	1,829	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	16,850	16,850	16,850	16,850	16,850	16,850	16,850	5	
Lydia Malcolm Library	100 W Lake Mead Parkway Henderson, NV 89015	Owned	----	----	----	----	----	----	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900		
	80 N Pecos, Suite H Henderson, NV 89074	Leased	4,669	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----		
	2960 Sunridge Heights Pkwy Henderson, NV 89074	Owned	----	4,030	4,030	4,030	4,030	6,030	6,030	6,030	6,030	6,030	6,030	6,030	6,030	6,030	6,030	6,030	6,030	6,030	7	
Paseo Verde Library	280 S Green Valley Pkwy Henderson, NV 89012	Owned	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	43,313	
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	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.

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

⁴The Heritage Park Senior Facility Library is located in the Heritage Senior Facility as a joint partnership with the City of Henderson. The City owns the facility, while HDPL operates a small library in a portion of the facility.

⁵The original James I. Gibson Library building was sold to the City of Henderson at the end of fiscal year 2010. Operations were moved to new building and opened to the public on June 30, 2010.

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

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

Table 18

HENDERSON DISTRICT PUBLIC LIBRARIES

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

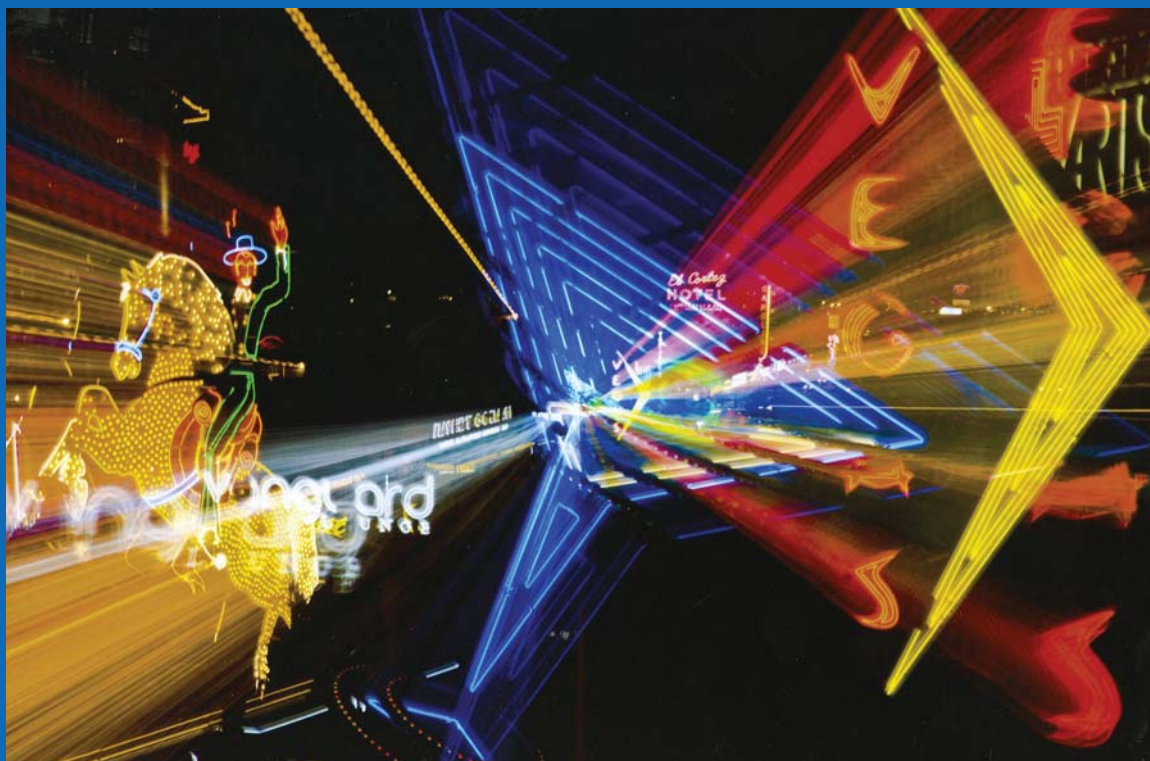
	2003-2004	2004-2005 ¹	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Total General Fund expenditures	\$ 4,722,017	\$ 4,957,007	\$ 5,861,872	\$ 6,644,108	\$ 6,943,668	\$ 6,902,969	\$ 7,558,213	\$ 6,775,880	\$ 6,443,582	\$ 6,281,241
Less capital outlay other than books	(100,025)	(6,472)	(45,565)	(69,479)	(2,956)	(3,500)	(34,246)	(19,859)	(15,070)	(37,194)
Less other grant expenditures:										
Library books and materials	(10,932)	-	-	-	-	-	-	-	-	-
Other noncapital expenditures	-	-	-	-	-	-	-	-	-	-
Less state grant expenditures:										
Library books and materials	(1,060)	-	-	-	-	-	-	-	-	-
Other noncapital expenditures	(4,979)	-	-	-	-	-	-	-	-	-
Less federal grant expenditures:										
Library books and materials	(20,357)	(419)	-	-	-	-	-	-	-	-
Other noncapital expenditures	(14,106)	(1,790)	-	-	-	-	-	-	-	-
Total General Fund operating expenditures	\$ 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	\$ 6,244,047
Total library books and materials	\$ 750,429	\$ 787,602	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093	\$ 693,245	\$ 585,469	\$ 533,857	\$ 597,903
Less other grant book expenditures	(10,932)	-	-	-	-	-	-	-	-	-
Less state grant book expenditures	(1,060)	-	-	-	-	-	-	-	-	-
Less federal grant book expenditures	(20,357)	(419)	-	-	-	-	-	-	-	-
Total operating library books and materials	\$ 718,080	\$ 787,183	\$ 831,321	\$ 920,038	\$ 817,072	\$ 694,093	\$ 693,245	\$ 585,469	\$ 533,857	\$ 597,903
Percentage of total General Fund Operating expenditures	15.71%	15.91%	14.29%	13.99%	11.77%	10.06%	9.21%	8.67%	8.30%	9.58%

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

HENDERSON DISTRICT PUBLIC LIBRARIES



Bright Vegas Nights!

Photographer: Andrea Briones

Henderson Libraries
2012 Summer Reading Photography Contest
Theme: Vegas After Dark; Division: Adult

“ My entry displays nightlife Vegas neon downtown.”



**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson District Public Libraries as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Henderson District Public Libraries' basic financial statements, and have issued our report thereon dated November 13, 2013.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

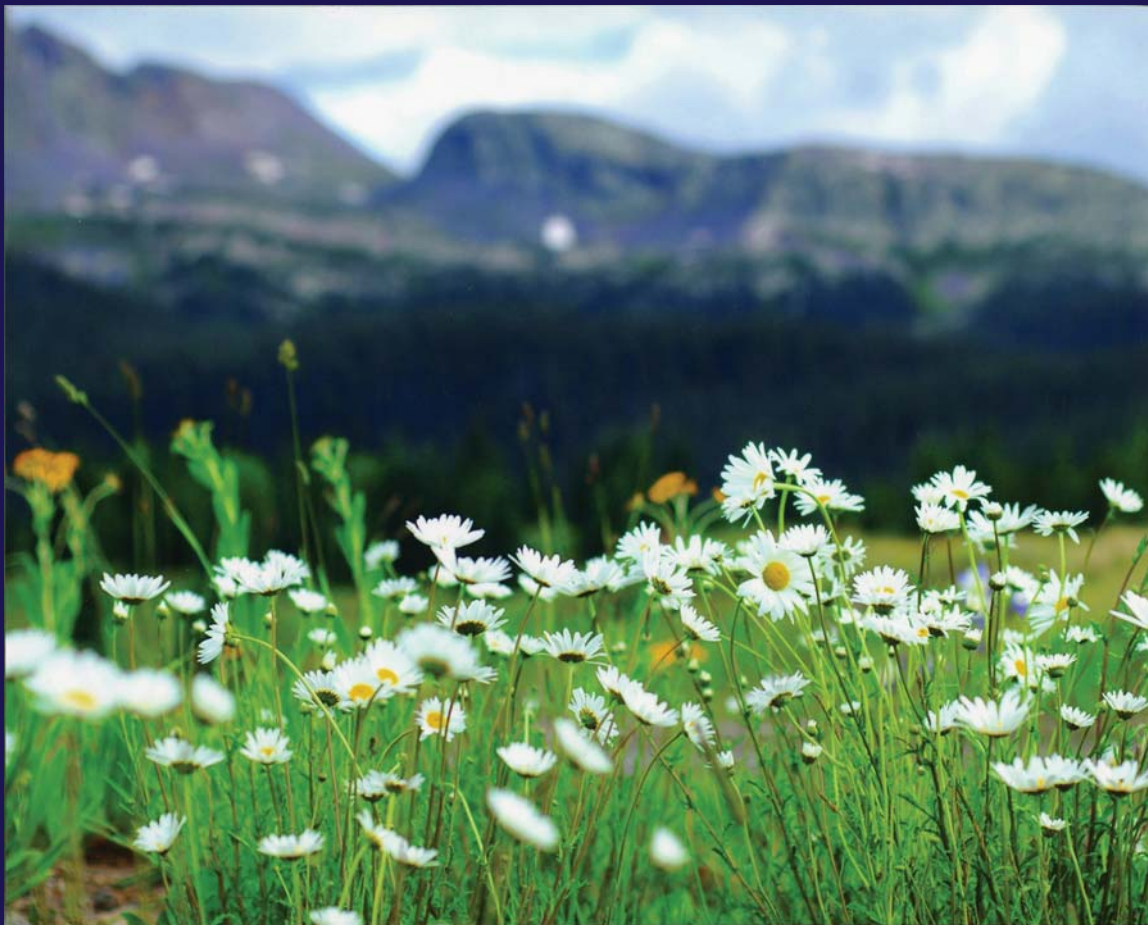
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

Kafoury, Armstrong & Co.

Reno, Nevada
November 13, 2013

Auditor's Comments

HENDERSON DISTRICT PUBLIC LIBRARIES



Colorado Daisies
Photographer: Abby Miller

Henderson Libraries
2011 Summer Reading Photography Contest
Theme: Novel Destinations; Division: Adult

**HENDERSON DISTRICT PUBLIC LIBRARIES
AUDITOR'S COMMENTS
JUNE 30, 2013**

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, 2012.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2012.

CURRENT YEAR RECOMMENDATIONS

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