

PAHRUMP LIBRARY DISTRICT
REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020

**PAHRUMP LIBRARY DISTRICT
 REPORT ON FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020
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**PAHRUMP LIBRARY DISTRICT
ELECTED LIBRARY OFFICIALS
JUNE 30, 2020**

CHAIRMAN:

William Zimmerman

MEMBERS:

Joy Marshall Secretary/Treasurer

Janice Painter Trustee

Marie Long Trustee

William Newyear Trustee

DANIEL C. McARTHUR, LTD.

Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

INDEPENDENT AUDITOR'S REPORT

Honorable Board Members
Pahrump Library District
Pahrump, 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 the Pahrump Library District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position, and the respective budgetary comparisons 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 5 through 11, Schedule of the District's Contributions to the Public Employees' Retirement System of the State of Nevada on page 36 and Schedule of the District's Proportionate Share of the Net Pension Liability of the Public Employees' Retirement System of the State of Nevada on page 37 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 District's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Prior Year Comparative Information

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated February 11, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2019, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23 2020, on our consideration of the District's 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 solely 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 effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

Las Vegas, Nevada
November 23, 2020

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the Pahrump Library District ("District") and is designed to give the reader an easy-to-understand overview of the District's financial position and results of operations for the year. The MD&A is separated into Financial Highlights, an Overview of the Financial Statements, and a Government-Wide Financial Analysis.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which consist of government-wide financial statements, fund financial statements, and accompanying notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the 2020 fiscal year by \$4,716,148 (net position). Total net position represents approximately \$2,277,808 in capital assets, net of related debt, and \$1,434,094 restricted for capital projects. The remaining \$1,004,246 is unrestricted net position which may be used to meet the District's ongoing obligations to its citizens and creditors.

The government-wide net position of the District increased during the fiscal year ending June 30, 2020, from \$4,360,564 to \$4,716,148, due to an increase in revenues compared to the prior year.

At the close of the fiscal year 2020, the District's governmental funds reported combined fund balances of \$2,811,224.

The District's total governmental fund expenditures were \$658,855; a decrease compared to the prior year of \$56,086. The decrease is a result of lower capital outlay expenditures.

As of June 30, 2020, the unassigned fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$215,494.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the District's financial position, in a manner similar to a private-sector business.

The Statement of Net Position combines and consolidates all the District's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This includes combining current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting. Net position is segregated into three components: invested in capital assets, net of related debt; restricted; and unrestricted net position. Net position is an indicator of the overall financial position of the District and the change in net position from year to year is an indicator of the financial position improving or deteriorating.

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Government-Wide Financial Statements (Continued)

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The government-wide financial statements report one type of activity: governmental activities. The government-wide financial statements include functions of the District that are principally supported by taxes and intergovernmental revenues.

Fund Financial Statements

A fund is a grouping of accounts that is used to maintain control over resources that are designated for a specific purpose within the government. The District uses fund financial statements to provide detailed information about its most significant funds. All the Pahrump Library District funds are classified into one category.

Governmental Funds – Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements described above. 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.

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. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, each of which are considered to be major funds. Data from the other governmental fund is reported as a nonmajor governmental fund.

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement is provided for the General Fund as part of the basic financial statements. The Pahrump Friends of the Library and the Capital Projects fund are included in supplementary information.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-35 of this report.

Other Information

The individual fund statements and schedules are presented immediately following the notes to the financial statements.

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements are structured to report financial information on the District as a whole. Condensed financial information with comparative amounts from the prior year is presented along with accompanying analyses.

The following table illustrates the changes in net position in the years ending June 30, 2020 and 2019.

	2020	2019
Assets:		
Current and other assets	\$ 2,863,552	\$ 2,405,790
Net capital assets	2,277,808	2,371,809
Total Assets	5,141,360	4,777,599
Deferred Outflows of Resources:		
Deferred pension charge	100,211	88,443
Liabilities:		
Current liabilities	45,769	41,302
Long-term liabilities	401,413	378,128
Total Liabilities	447,182	419,430
Deferred Inflows of Resources:		
Deferred pension charge	78,241	86,048
Net Position:		
Invested in capital assets, net of related debt	2,277,808	2,371,809
Restricted	1,434,094	1,197,689
Unrestricted	1,004,246	791,066
Total Net Position	\$ 4,716,148	\$ 4,360,564

The District's assets exceeded liabilities by \$4,716,148 at the close of the current year and total net position increased by \$355,584 resulting in a 8.15% increase in net position. The net position increase was due an increase in property taxes and consolidated taxes.

The largest portion of the District's net position, 48.30%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.), less any related debt outstanding used to acquire those assets. The District uses capital assets to provide services to patrons of the library; consequently, these assets are not available for future spending.

The District's total net position of \$4,716,148 includes unrestricted net position totaling \$1,004,246. This is used to meet the ongoing obligations of the District. Portions of net position are subject to external restrictions as to how they may be used. In the current year, there were restricted assets of \$1,434,094.

The following table compares activity for the years ending June 30, 2020 and 2019.

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Changes in net position of the District are summarized as follows:

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 19,362	\$ 23,325
Operating grants and contributions	9,313	10,896
General revenues:		
Ad valorem taxes (Property tax)	836,049	748,754
Consolidated taxes	148,357	135,075
Investment income	86,096	76,031
Miscellaneous	14,736	22,877
Total revenues	1,113,913	1,016,958
Expenses:		
Culture and recreation:		
Salaries and wages	328,728	313,860
Employee benefits	158,152	131,733
Service and supplies	170,787	195,634
Depreciation	100,662	98,333
Total expenses	758,329	739,560
Excess (deficiency) of revenues over expenditures	355,584	277,398
Net position - beginning	4,360,564	4,083,166
Net position - ending	\$ 4,716,148	\$ 4,360,564

Program revenues include charges for services and operating grants and contributions.

General revenues consist mainly of property taxes and consolidated taxes. For governmental activities, the largest of these revenues was ad valorem taxes (Property tax).

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,811,224. This is an increase over the prior year of \$454,014, or 19.26%. Fund balance components have been classified as restricted, assigned, and/or unassigned. Restricted fund balance is \$1,434,094, or 51.01%, of total fund balance. Spending of these resources is constrained by externally imposed (statutory and bond covenant) limitations on their use. The restricted fund balances include \$1,426,534 for capital projects and \$7,560 from Friends of the Library donations.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund was \$1,377,130.

Key factors of the change in the fund balance of the General Fund are as follows:

Revenues increased by \$88,960, or 9.08%. Property tax revenue increased by \$88,954, or 11.92%. Intergovernmental revenues increased by \$9,946, or 6.83%. Miscellaneous revenues decreased compared to the prior year by \$5,977, or 9.19%.

Expenditures decreased by \$721, or 0.11%, from the prior year. Salaries and benefits expenditures increased by \$23,920, however these increases were offset by a drop in services and supplies expenditures of \$24,641.

GENERAL FUND BUDGETARY HIGHLIGHTS

Nevada Statutes require that the District legally adopt budgets for all funds. Budgets are prepared in accordance with generally accepted accounting principles. The final appropriated budget is prepared by fund, function, and object. All appropriations lapse at year-end.

The original budget (2019-2020 Final Budget) was approved May 21, 2019.

Total actual expenditures for the General Fund for the fiscal year 2020 were \$161,081 less than budgeted. Planned expenses were less than anticipated in all categories.

The actual General Fund balance of \$1,377,130 was \$215,494 higher than anticipated to begin the 2020-2021 year.

CAPITAL ASSETS

At June 30, 2020, the District's governmental type activity had \$2,277,808 (net) invested in capital assets, including land, building and improvements, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of \$94,001 from the previous year.

Capital assets, net of related debt, reflect 48.30% of net position of the District. The District uses capital assets to provide services to the patrons of the Pahrump Library District and consequently these assets are not available for future spending.

The District has no significant commitments for the purchase or construction of capital assets.

The table that follows, reflects additions and disposals to capital assets for the governmental type activities.

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSETS (Continued)

Governmental Activities:	Balance			Balance
	June 30, 2019	Additions	Deletions	June 30, 2020
Capital assets not being depreciated:				
Land	\$ 168,000	\$ 0	\$ 0	\$ 168,000
Capital assets being depreciated:				
Building and improvements	3,458,609	0	0	3,458,609
Equipment	302,532	6,661	0	309,193
Total capital assets being depreciated	3,761,141	6,661	0	3,767,802
Less accumulated depreciation for:				
Building and improvements	1,286,423	85,967	0	1,372,390
Equipment	270,909	14,695	0	285,604
Total accumulated depreciation	1,557,332	100,662	0	1,657,994
Total capital assets being depreciated, net	2,203,809	(94,001)	0	2,109,808
Governmental activities assets, net	\$ 2,371,809	\$ (94,001)	\$ 0	\$ 2,277,808

Additions included security and computer equipment. Capitalization limits on capital assets were \$500 for the year ended June 30, 2020.

DEBT ADMINISTRATION

Changes in Long-term Debt: During the year ended June 30, 2020, the following changes occurred in long-term debt:

	Balance			Balance	Due within
	June 30, 2019	Additions	Deletions	June 30, 2020	one year
Governmental Activities:					
Compensated Absences	\$ 25,847	\$ 4,406	\$ 0	\$ 30,253	\$ 12,425
Net Pension Obligation	362,943	20,642	0	383,585	0
Total Governmental Activities					
Long-Term Liabilities	\$ 388,790	\$ 25,048	\$ 0	\$ 413,838	\$ 12,425

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District approved the budget for the 2020-2021 year on May 21, 2020. The following factors were considered in the development of the budget.

- Property taxes and consolidated taxes, the largest revenue sources, are projected to increase.
- The property tax rate of the general fund will increase approximately 10% from .0908 to .1003.
- The District, in planning for the budget year ending June 30, 2021, considered the financial impact of the Coronavirus (COVID-19) on District operations. The impact on the District's future operations as a result of the Coronavirus is difficult to predict due to uncertainties relating to duration and severity, as well as additional actions that may be taken by authorities to contain the virus.

REQUESTS FOR INFORMATION

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

Pahrump Library District
701 East Street
Pahrump, Nevada 89048

**PAHRUMP LIBRARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

<u>ASSETS</u>	<u>2020</u>
Pooled cash and investments	\$ 2,778,266
Interest receivable	5,553
Taxes receivable	24,668
Prepaid expenses	22,696
Due from other governments	32,369
Capital assets, net of accumulated depreciation	<u>2,277,808</u>
Total assets	<u>5,141,360</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred pension charge	<u>100,211</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	10,270
Accrued payroll	23,074
Accrued compensated absences	12,425
Long-Term Liabilities:	
Accrued compensated absences	17,828
Net pension liability	<u>383,585</u>
Total liabilities	<u>447,182</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred pension charge	<u>78,241</u>
 <u>NET POSITION</u>	
Invested in capital assets, net of related debt	2,277,808
Restricted	1,434,094
Unrestricted	<u>1,004,246</u>
Total net position	<u>\$ 4,716,148</u>

The notes to the financial statements are an integral part of this statement.

**PAHRUMP LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Culture and Recreation	\$ (758,329)	\$ 19,362	\$ 9,313	(729,654)
General Revenues:				
				836,049
				148,357
				86,096
				14,736
				<u>1,085,238</u>
				355,584
				<u>4,360,564</u>
				<u>\$ 4,716,148</u>

The notes to the financial statements are an integral part of this statement.

**PAHRUMP LIBRARY DISTRICT
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Major Funds			Total Governmental Funds
	General	Capital Projects	Non-Major Fund	
<u>Assets:</u>				
Pooled cash and investments	\$ 1,346,631	\$ 1,424,090	\$ 7,545	\$ 2,778,266
Interest receivable	2,686	2,852	15	5,553
Taxes receivable	24,668	-	-	24,668
Prepaid expenses	22,696	-	-	22,696
Due from other governments	32,369	-	-	32,369
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,429,050</u>	<u>\$ 1,426,942</u>	<u>\$ 7,560</u>	<u>\$ 2,863,552</u>
<u>Liabilities:</u>				
Accounts payable	\$ 9,862	\$ 408	\$ -	\$ 10,270
Accrued payroll	23,074	-	-	23,074
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>32,936</u>	<u>408</u>	<u>-</u>	<u>33,344</u>
<u>Deferred Inflows of Resources:</u>				
Unavailable revenue - property taxes	18,984	-	-	18,984
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Fund Balance:</u>				
Nonspendable	22,696	-	-	22,696
Restricted	-	1,426,534	7,560	1,434,094
Assigned to subsequent year	1,138,940	-	-	1,138,940
Unassigned	215,494	-	-	215,494
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>1,377,130</u>	<u>1,426,534</u>	<u>7,560</u>	<u>2,811,224</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,429,050</u>	<u>\$ 1,426,942</u>	<u>\$ 7,560</u>	<u>\$ 2,863,552</u>

The notes to the financial statements are an integral part of this statement.

**PAHRUMP LIBRARY DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total fund balance - governmental funds	\$ 2,811,224
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of the related depreciation are not reported in the Governmental Funds financial statements because they are not current financial resources, but they are reported in the Statement of Net Position	2,277,808
Other long-term assets that are not available to pay for current period expenditures and, therefore, are deferred in the funds	18,984
Certain liabilities (such as compensated absences) are not reported in the Governmental Funds financial statement because they are not due and payable, but they are presented as liabilities in the Statement of Net Position	(30,253)
 The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:	
Deferred outflows from pension activity	100,211
Net pension liability	(383,585)
Deferred inflows from pension activity	(78,241)
 Total net position - governmental activities	 \$ <u>4,716,148</u>

The notes to the financial statements are an integral part of this statement.

PAHRUMP LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major Funds			Total Governmental Funds
	General	Capital Projects	Non-Major Fund	
Revenues:				
Taxes:				
Property taxes	\$ 835,005	\$ -	\$ -	\$ 835,005
Intergovernmental:				
Consolidated tax	148,357	-	-	148,357
Grants	7,174	-	-	7,174
Total intergovernmental	155,531	-	-	155,531
Charges for Services:				
Copies	13,753	-	-	13,753
Fines and Forfeitures:				
	5,609	-	-	5,609
Miscellaneous:				
Book sales	11,471	-	-	11,471
Rent	215	-	-	215
Investment income (loss)	43,993	41,860	243	86,096
Donations	339	-	1,800	2,139
Other	3,050	-	-	3,050
Total miscellaneous	59,068	41,860	2,043	102,971
Total revenues	1,068,966	41,860	2,043	1,112,869
Expenditures:				
Current:				
Culture and Recreation:				
Library:				
Salaries and wages	328,728	-	-	328,728
Employee benefits	152,679	-	-	152,679
Service and supplies	169,950	-	837	170,787
Total culture and recreation	651,357	-	837	652,194
Capital projects	-	6,661	-	6,661
Total expenditures	651,357	6,661	837	658,855
Excess (deficiency) of revenues over expenditures	417,609	35,199	1,206	454,014
Other financing sources (uses):				
Operating transfers in	-	200,000	-	200,000
Operating transfers out	(200,000)	-	-	(200,000)
Total other financing sources	(200,000)	200,000	-	-
Net change in fund balance	217,609	235,199	1,206	454,014
Fund Balance:				
Beginning of year	1,159,521	1,191,335	6,354	2,357,210
End of year	<u>\$ 1,377,130</u>	<u>\$ 1,426,534</u>	<u>\$ 7,560</u>	<u>\$ 2,811,224</u>

The notes to the financial statements are an integral part of this statement.

PAHRUMP LIBRARY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balance - Governmental Funds	\$ 454,014
 Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities	(94,001)
Property taxes that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that related to prior periods that first become available in the current period should not be reported as revenue in the Statement of Activities	1,044
Generally expenditures recognized in fund financial statements are limited to only those that use current financial resources but expenses are recognized in the Statement of Activities when incurred	(4,406)
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities	
Pension contributions made after measurement date (2019 contributions)	38,316
Net pension expense	(39,383)
Change in net position of governmental activities	<u>\$ 355,584</u>

The notes to the financial statements are an integral part of this statement.

**PAHRUMP LIBRARY DISTRICT
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 810,884	\$ 810,884	\$ 835,005	\$ 24,121
Intergovernmental:				
Consolidated tax	138,973	138,973	148,357	9,384
Grants	-	-	7,174	7,174
Total intergovernmental	138,973	138,973	155,531	16,558
Charges for Services:				
Copies	12,000	12,000	13,753	1,753
Fines and Forfeitures:	8,000	8,000	5,609	(2,391)
Miscellaneous:				
Book sales	12,000	12,000	11,471	(529)
Rent	-	-	215	215
Investment income (loss)	-	-	43,993	43,993
Donations	-	-	339	339
Other	10,000	10,000	3,050	(6,950)
Total miscellaneous	22,000	22,000	59,068	37,068
Total revenues	991,857	991,857	1,068,966	77,109
Culture and Recreation:				
Salaries and wages	336,138	336,138	328,728	7,410
Employee benefits	201,300	201,300	152,679	48,621
Service and supplies	275,000	275,000	169,950	105,050
Total culture and recreation	812,438	812,438	651,357	161,081
Excess (deficiency) of revenues over expenditures	179,419	179,419	417,609	238,190
Other financing sources (uses):				
Operating transfers out	(200,000)	(200,000)	(200,000)	-
Net change in fund balance	(20,581)	(20,581)	217,609	238,190
Fund Balance:				
Beginning of year	972,849	972,849	1,159,521	186,672
End of year	\$ 952,268	\$ 952,268	\$ 1,377,130	\$ 424,862

The notes to the financial statements are an integral part of this statement.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Pahrump Library District (“District”). The District is governed by an elected five-member board. The Board is legally separate and fiscally independent from other governing bodies; therefore, the District is a primary government, and the District is not reported as a component unit by any other governmental unit. The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

2. Basic Financial Statements

The District’s basic financial statements consist of government-wide statements and the fund financial statements. The government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities. These statements include the aggregated financial information of the District as a whole. Governmental activities normally are supported by taxes and intergovernmental revenues. The fund financial statements include financial information for the one fund type: governmental. Reconciliations between the fund statements, the Statement of Net Position, and the Statement of Activities are included.

3. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position presents the consolidated financial position of the District at year-end for governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are specifically associated with a program or service and are, therefore, clearly identifiable to a particular function. Program revenues include charges for services, operating grants and contributions. Taxes and other revenues properly not included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue for the specific function of the District. This function with a net cost is generally dependent on general-purpose tax revenues, such as property tax, to remain operational.

PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Basis of Presentation - Fund Financial Statements

The financial accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, deferred outflows and inflows, fund equity, revenues, and expenditures. Separate financial statements are provided for each fund.

The fund financial statements provide information about the District's funds. All of the funds of the District are governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The District's governmental funds include the following major funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all resources and cost of operations traditionally associated with governments which are not required to be accounted for in other funds.

Capital Projects Fund - The Capital Projects Fund is used to account for general acquisition and construction projects of the District, as well as the purchase of equipment.

5. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition 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 a liability is 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 in the hands of intermediary collecting governments and are then recognized as revenue. The government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable, and the payment seems certain. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences and claims and judgments, are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The major revenue sources of the District include ad valorem taxes (property taxes) and consolidated taxes (generally sales taxes).

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus and Basis of Accounting (Continued)

Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

6. Budgetary Information

Nevada Revised Statutes require that local governments legally adopt budgets for all funds. The budgets are filed as a matter of public record with the County Clerk and the Nevada Department of Taxation. District staff uses the following procedures to establish, modify, and control the budgetary data reflected in the financial statements:

1. The statutes provide for the following timetable in adoption of budgets:
 - a) Before April 15, the District submits to the Nevada Department of Taxation a tentative budget for the upcoming year. The tentative budget includes proposed expenditures and the means to finance them.
 - b) A public hearing must be held by the Board of Trustees no sooner than the third Monday in May and no later than the last day in May. Notice of the public hearing must be published in the local newspaper not more than 14 nor less than 7 days before the hearing.
 - c) After all changes have been noted and hearings closed, the Board of Trustees adopts the budget on or before June 1.
2. Nevada Revised Statutes Chapter 354.598005 (1) - provides that the District Board may augment the budget of any fund that receives ad valorem tax at any time by a majority vote of the Board providing the board publish notice of its intention to act in a newspaper of general circulation in the county at least three days before the date set for adoption of the resolution. If it is desired to augment a fund that does not receive ad valorem tax or an enterprise or internal service fund, the Board may do so by adopting a resolution by majority vote authorizing the augmentation.
3. Nevada Revised Statute 354.598005(5) allows appropriations to be transferred between functions, funds or contingency accounts if such a transfer does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions. The Library Director may transfer appropriations within any function within a fund. The District Board may authorize the transfer of appropriations between funds or from the contingency account if the District Board announces the transfer of appropriations at a regularly scheduled meeting sets forth the exact amounts to be transferred and the accounts, and funds affected. The District Board must also set forth reasons for the transfer, and the action must be recorded in the official minutes of the meeting.
4. Statutory regulations require budget control to be exercised at the function level within the funds.
5. Generally, budgets for all funds are adopted in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year.
6. There were no funds were augmented during the year.
7. All budget appropriations lapse at the end of the fiscal year.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

a. Pooled Cash and Investments

Cash includes cash in the hands of District officers, cash in the custody of the Nye County Treasurer, and cash deposited in interest-bearing accounts at banks by the Nye County Treasurer. The majority of cash and investment transactions of the District are handled by the Nye County Treasurer's office. Cash balances are combined and invested as permitted by law in combination with Nye County funds in the Nye County Treasurer's Investment Pool. Investments are stated at fair value on the balance sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of District investments are part of investment income that is included in revenue from other sources on the Statement of Activities. (See Note D1)

The District's cash and cash equivalents in the governmental fund types are considered to be cash on hand, cash in custody of the Nye County Treasurer, demand deposits, non-negotiable certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

The majority of the District's cash and cash equivalents are in the custody of the Nye County Treasurer as required by Nevada Revised Statutes.

Nevada Revised Statutes authorize the District to invest in:

1. Obligations of the U.S. Treasury and U.S. Agencies in which the maturity dates do not exceed more than 10 years from the date of purchase.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$250,000 must be fully collateralized).
3. Negotiable notes or short-term negotiable bonds issued by local governments within Nevada.
4. Eligible bankers' acceptances that do not exceed 180 days maturity and do not exceed 20 percent of the portfolio.
5. Commercial paper with a rating of A-1 or P-1 that does not exceed 270 days maturity and does not exceed 20 percent of the portfolio.
6. The State of Nevada's Local Government Investment Pool.
7. Repurchase agreements that are collateralized at 102 percent of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
8. Money market mutual funds which are rated as "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities.
9. Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development or obligations publicly issued in the United States by a foreign financial entity registered with the Securities and Exchange Commission, denominated in dollars with a maturity of 5 years or less with a rating of "AA" or better.

The District has not established an investment policy further limiting its investments.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

b. Property Taxes Receivable

Taxes on real property are levied in July of each year and are due in July. They can be paid in quarterly installments in August, 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 at the rate of 10 percent per year 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 a deed, the County Treasurer may sell the property to satisfy the tax lien.

Article X, Section 2 of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any County (i.e., the County, the County School District, the State, and any other City, District, or special District) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed. The Nevada Legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation. (See Note D2 and D5)

c. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. The District has no material inventories on June 30, 2020.

Payments to vendors that will benefit periods beyond June 30, 2020, are recorded as prepaid expenditures in the fund financial statements. They are recorded as prepaid expenses in the government-wide financial statements. The District had prepaid items on June 30, 2020 for insurance.

d. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$500 or more and an estimated useful life in excess of one year. If purchased or constructed, capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Land is not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Equipment	5-20
Buildings and Improvements	25-50

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

e. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows include the District's pension related contributions subsequent to the measurement date but before the end of the fiscal year and changes in proportion of the District's contributions to the District's proportionate contributions.

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

The statement of net position reports deferred inflows of resources which represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The difference between projected and actual experience and investment earnings are related to the deferred inflows of pensions and the calculation of net pension liability reported on the statement of net position.

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

f. Compensated Absences

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Estimated amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements.

g. Accrued Salaries and Benefits

District salaries earned but not paid by June 30, 2020, have been accrued as liabilities and shown as expenditures for the year ending June 30, 2020.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

h. Interfund Activity

During the course of operations, the District may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, balances between the funds included in the governmental activities are eliminated.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as operating transfers in or out. While reported in fund financial statements, transfers between the funds included in governmental activities are eliminated in the governmental activities column.

i. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts as well as deferred losses and gains, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures during the current period. Deferred charges related to the refunding of debt are reported as a deferred outflow of resources. They are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an “other financing source.” Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

j. Governmental Fund Balances

In the governmental fund financial statements, fund balances may be classified as follows:

- (1) **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact, such as inventories and prepaids.
- (2) **Restricted** –Amounts that can be spent only for a specific purpose because of state or federal laws, or externally imposed conditions by grantors or creditors.
- (3) **Committed** – These amounts can only be used for specific purposes as set forth by the District Board. The Board must take formal action (vote approval by majority) in order to establish an ending fund balance commitment for any specific purpose. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest-level action to remove or change the constraint.
- (4) **Assigned** –Assignments are neither restrictions nor commitments and represent the District’s intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the District’s ending fund balance. Intent can be expressed by the District Board or Library Director.
- (5) **Unassigned** – All amounts not included in other spendable classifications for the General Fund.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

k. Fund Balance Flow Assumptions

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

l. Net Position Policies

In the government-wide statements, net position on the Statement of Net Position includes the following:

(1) Invested in Capital Assets, net of Related Debt

This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

(2) Restricted Assets

This is the component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation. Nevada Revised Statutes 354.6113 restricts the use of assets in the amount of \$1,426,534 for capital outlay. Donor restrictions placed on contributions restricts the use of assets in the amount of \$7,560.

(3) Unrestricted

This is the component of net position that is the difference between the assets and liabilities not reported as Invested in Capital Assets, Net of Related Debt, and Restricted Assets.

m. Net Position Flow Assumption

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

n. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements to provide an understanding of the changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

o. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**PAHRUMP LIBRARY DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities.” The detail of this difference is as follows:

Capital outlay	\$ 6,661
Depreciation expense	<u>(100,662)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (94,001)</u>

Another element of that reconciliation states that “Generally, expenditures recognized in fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the Statement of Activities when incurred.” The details of this difference are as follows:

Compensated absences	<u>\$ (4,406)</u>
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NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance and Accountability

The District conformed to significant statutory requirements regarding financial administration during the year. The District had no expenditures that exceeded appropriations.

NOTE D - DETAILED NOTES ON ALL FUNDS

1. Pooled Cash and Investments

Through the Nye County Treasurer, the District maintains a cash and investment pool that is available for use by all funds. The majority of all cash and investments of the District are included in the investment pool of the Nye County Treasurer. At June 30, 2020, this pool is displayed by the statement of net position and on the governmental funds balance sheet as “Pooled Cash and Investments.”

A reconciliation of cash and investments as shown on the Statement of Net Position for the District follows:

	<u>Governmental Activities</u>
Cash in the hands of officers	\$ 15,039
Pooled Cash and investments - Nye County Treasurer	<u>2,763,227</u>
Total	<u>\$ 2,778,266</u>
 Pooled cash and investments-Statement of Net Positon	 <u>\$ 2,778,266</u>

PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

The cash and investment pool is available for use by all funds of the District. Cash and investments under the custody of the County Treasurer are invested as a pool. The County Treasurer may invest the money of the investment pool in investments which have been authorized as investments by Nevada Revised Statutes. (See Note A7a) The District has not adopted a formal investment policy that would further limit its investment choices.

Investment gain or loss is apportioned to the District funds monthly based on the average balance invested for the month. The fair value of the District's investment in the Nye County Treasurer's Investment Pool was determined by multiplying the pool's fair value per share factor times the District's portion of pool balance as of June 30, 2020.

Interest Rate Risk: Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. To limit exposure to interest rate risk, the Nevada Revised Statutes limits bankers' acceptances to 180 days of maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. The approximate weighted average maturity of investments in the Nye County Treasurer's investment pool was 2.09 years. Detailed information concerning the investment pool is in the annual financial report of Nye County, Nevada. As of June 30, 2020, District investments held in the Nye County Treasurer's investment pool are categorized as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	> 10
Corporate Commercial Paper	2.91%	100.00%	0.00%	0.00%	0.00%
Negotiable Certificates of Deposit	38.92%	41.87%	58.13%	0.00%	0.00%
NV Local Government Investment Pool	0.78%	100.00%	0.00%	0.00%	0.00%
U.S. Agencies	44.29%	14.47%	85.53%	0.00%	0.00%
Money Market Mutual Funds	13.10%	100.00%	0.00%	0.00%	0.00%
	<u>100.00%</u>				

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 ratings of its investments. The Nye County Treasurer investment pool includes instruments which have been authorized by Nevada Revised Statutes. (See Note A7a) At June 30, 2020, the Nye County Treasurer's investment pool ratings were as follows:

Investment Type	Quality Ratings by Moody's							
	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	N/A
Corporate Commercial Paper	0%	100%	0%	0%	0%	0%	0%	0%
Negotiable Certificates of Deposit	0%	0%	0%	0%	0%	0%	0%	100%
NV Local Government Investment Pool	0%	0%	0%	0%	0%	0%	0%	100%
U.S. Agencies	100%	0%	0%	0%	0%	0%	0%	0%
Money Market Mutual Funds	0%	0%	0%	0%	0%	0%	0%	100%

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank or brokerage failure, the District's deposits may not be returned. The District's bank deposits are covered by FDIC insurance. Deposits in excess of FDIC insurance coverage in the Nye County Treasurer cash and investment pool are collateralized by securities held by the Office of the State Treasurer/Nevada Collateral Pool.

Concentrations of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments with a single issuer within the Nye County Treasurer cash and investment pool that represent five percent or more of total investments as of June 30, 2020, are as follows:

Federal Farm Credit Bank	14.81%
Federal Home Loan Bank (FHLB)	21.15%
Freddie Mac	14.65%

Fair Value Measurement and Application categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>N/A</u>
Corporate Commercial Paper	2.91%	0.00%	100.00%	0.00%	0.00%
Negotiable Certificates of Deposit	38.92%	0.00%	0.00%	0.00%	100.00%
NV Local Government Investment Pool	0.78%	24.91%	75.09%	0.00%	0.00%
U.S. Agencies	44.29%	100.00%	0.00%	0.00%	0.00%
Money Market Mutual Funds	13.10%	0.00%	0.00%	0.00%	100.00%
	<u>100.00%</u>				

2. Receivables

Below is the detail of receivables for each major fund:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:				
Property Taxes	\$ 24,668	\$ -	\$ -	\$ 24,668
Interest	2,686	2,852	15	5,553
Due from Other Governments				
Consolidated Taxes	<u>32,369</u>	<u>-</u>	<u>-</u>	<u>32,369</u>
Total	<u>\$ 59,723</u>	<u>\$ 2,852</u>	<u>\$ 15</u>	<u>\$ 62,590</u>

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

Governmental Activities:	Balance			Balance
	June 30, 2019	Additions	Deletions	June 30, 2020
Capital assets not being depreciated:				
Land	\$ 168,000	\$ 0	\$ 0	\$ 168,000
Capital assets being depreciated:				
Building and improvements	3,458,609	0	0	3,458,609
Equipment	<u>302,532</u>	<u>6,661</u>	<u>0</u>	<u>309,193</u>
Total capital assets being depreciated	<u>3,761,141</u>	<u>6,661</u>	<u>0</u>	<u>3,767,802</u>
Less accumulated depreciation for:				
Building and improvements	1,286,423	85,967	0	1,372,390
Equipment	<u>270,909</u>	<u>14,695</u>	<u>0</u>	<u>285,604</u>
Total accumulated depreciation	<u>1,557,332</u>	<u>100,662</u>	<u>0</u>	<u>1,657,994</u>
Total capital assets being depreciated, net	<u>2,203,809</u>	<u>(94,001)</u>	<u>0</u>	<u>2,109,808</u>
Governmental activities assets, net	<u>\$ 2,371,809</u>	<u>\$ (94,001)</u>	<u>\$ 0</u>	<u>\$ 2,277,808</u>

Depreciation expense was charged to the Culture and Recreation function in the amount of \$100,662.

The District had no active construction projects as of June 30, 2020.

4. Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and also in connection with the resources that have been received but not yet earned. The District had no unearned revenues at June 30, 2020.

5. Unavailable Revenue

Delinquent taxes receivable not collected within sixty days after year-end are recorded as deferred inflows of resources as they are not available to pay liabilities of the current period. Unavailable tax revenue in the General Fund was \$18,984 as of June 30, 2020.

6. Long-term Debt

Changes in General Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred:

	Balance			Balance	Due within
	June 30, 2019	Additions	Deletions	June 30, 2020	one year
Governmental Activities:					
Compensated Absences	\$ 25,847	\$ 4,406	\$ 0	\$ 30,253	\$ 12,425
Net Pension Obligation	<u>362,943</u>	<u>20,642</u>	<u>0</u>	<u>383,585</u>	<u>0</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 388,790</u>	<u>\$ 25,048</u>	<u>\$ 0</u>	<u>\$ 413,838</u>	<u>\$ 12,425</u>

Governmental Type compensated absence liabilities will be liquidated primarily by the General Fund.

**PAHRUMP LIBRARY DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

7. Interfund Transfers

Interfund operating transfers are made from one fund to another fund to support expenditures in accordance with the authority established for the individual funds. Transfers between fund types during the year ended June 30, 2020, were:

	Transfer In	Transfer out	General Fund
Capital Projects Fund	\$ 200,000	\$ 200,000	

The transfer from the General fund to the Capital projects fund is for funding of capital projects.

8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other local governments throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to NPAIP for its property, casualty, crimes, and machinery insurance coverage. NPAIP is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 annual aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown, and money and securities. As a participatory member, the maintenance deductible is \$500 for each insured event. The District purchases workers' compensation benefits for its employees through a commercial carrier. The District is self-insured for unemployment claims. The District purchases health care benefits for its employees through a commercial carrier.

9. Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the granting agencies. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds if disallowed.

Litigation

Management and Counsel for the District have indicated that there are no pending actions against the District.

Coronavirus (COVID-19)

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic. The President of the United States declared the outbreak of coronavirus a national emergency on March 13, 2020. The related health crisis has adversely affected the global economy, including disruptions to domestic and international travel and the hospitality industry in the State of Nevada.

In response to the Coronavirus pandemic, the Governor of Nevada issued several declarations of emergency to mitigate the health impact of the pandemic. Directives included the closure of gaming establishments, non-essential businesses and onsite dining at restaurants and food establishments.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and the State to Nevada to address it will continue to impact national and local economies. The impact on the District's future operations as a result of the Coronavirus is difficult to predict due to uncertainties relating to its duration and severity, as well as additional actions that may be taken by governmental and other health care authorities to contain or mitigate the effects of the virus. The possible reemergence of the virus later in the year could have an adverse financial effect on the District. The District is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations. Given the level of uncertainty, management cannot reasonably estimate the actual impact on the District's future financial position at this time.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

10. Pension Plan

Plan Description. Half time and greater District employees are provided pension benefits through the Public Employees’ Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer, defined benefit plan administered by the Public Employees’ Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. NRS Chapter 286 establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees’ Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS that can be obtained at www.nvpers.org under Quick Links — Publications.

Benefits Provided. Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member’s highest average compensation in any 36 consecutive months. Vested members are entitled to a life-time monthly retirement benefit equal to the service time multiplier (STM) percentages listed below times the member’s years of service to a maximum of 30 years. The schedule of Eligibility for Monthly Unreduced Retirement Benefits for regular members and police/fire members are as follows:

Eligibility for Regular Members:

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 01/01/10-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	65	2.50%	65	2.67%	65	2.50%	65	2.25%
10 years	60	2.50%	60	2.67%	62	2.50%	62	2.25%
30 years	Any	2.50%	Any	2.67%	Any	2.50%	55	2.25%
33 1/3 years							Any	2.25%

Eligibility for Police and Fire Members:

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 01/01/10-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	65	2.50%	65	2.67%	65	2.50%	65	2.50%
10 years	55	2.50%	55	2.67%	60	2.50%	60	2.50%
20 years	50	2.50%	50	2.67%	50	2.50%	50	2.50%
25 years	Any	2.50%	Any	2.67%				
30 years					Any	2.50%	Any	2.50%

* Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

10. Pension Plan (Continued)

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions: Benefits for plan members are funded under the employer pay contribution plan. The District is required to contribute all amounts due under the plan. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The District’s required contribution rate for the year ending June 30, 2020, was 29.25%. The District has fully funded the amounts due for the year ending June 30, 2020. For purposes of GASB No. 82, the District recognized only the employer portion as a deferred outflow.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

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

At June 30, 2020, the District reported a liability of \$383,585 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer’s proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2019. The District’s proportionate share of the net pension liability increased from 0.00266 percent at June 30, 2018 to 0.00281 percent at June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$39,383. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,302	\$ 14,078
Net difference between projected and actual earnings on pension plan investments	0	24,280
Changes of assumptions	19,863	0
Changes in proportion	23,730	39,883
District contributions subsequent to measurement date	38,316	0
Total	\$ 100,211	\$ 78,241

**PAHRUMP LIBRARY DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

10. Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$38,316 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (8,953)
2022	(20,742)
2023	(744)
2024	7,382
2025	5,893
2026	818
	<u>\$ (16,346)</u>

Actuarial Assumptions: The System's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll Growth	Regular: 5.50% Police/Fire: 6.50%
Investment Rate of Return	7.50%, including inflation
Productivity pay increase	0.50%
Projected Salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases Same as those used in the June 30, 2019 funding actuarial valuation
Other assumptions	valuation

Mortality rates were based on the following:

Healthy:	Headcount-Weighted RP-2014 Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries.
Disabled:	Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years.
Pre-Retirement	Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of the experience study for the period of July 1, 2012 through June 30, 2016. The System's policies which determine the investment portfolio target asset allocation are established by the Public Employees' Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

10. Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The following was the Board-adopted policy target asset allocation as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
U.S. Stock	42%	5.50%
International Stock	18%	5.50%
U.S. Bonds	28%	0.75%
Private Markets	12%	6.65%

*As of June 30, 2019, PERS' long-term inflation assumption was 2.75%

Discount Rate. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2019, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the District's proportionate share of the net pension liability to change in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent higher or lower than the current rate.

	<u>1.0% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1.0% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 593,930	\$ 383,585	\$ 208,729

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

Pension contributions payable. At June 30, 2020, the District reported payables to the defined benefit pension plan of \$8,163 for legally required employer contributions which had not yet been remitted to PERS.

11. Postemployment Health Care Plan

The retiree is required to pay the full amount of their coverage. The District does not contribute to the cost of coverage for retired employees of the District. Retirees' may request health insurance coverage upon retirement by continuing to pay the cost of coverage by the employee. As of June 30, 2020, there were no retirees using the plan.

Because the District does not contribute to the cost of coverage for retired employees, and because no retirees are using the plan, District liabilities for postemployment health care benefits are estimated to be zero as of June 30, 2020.

**PAHRUMP LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
LAST 10 YEARS*
JUNE 30, 2020**

Year Ended June 30	Contractually Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2013	\$ 41,451	\$ 41,451	-	\$ 174,530	23.75%
2014	50,827	50,827	-	197,386	25.75%
2015	47,907	47,907	-	186,047	25.75%
2016	54,893	54,893	-	196,046	28.00%
2017	66,956	66,956	-	239,129	28.00%
2018	34,245	34,245	-	244,607	14.00%
2019	34,512	34,512	-	246,514	14.00%
2020	38,316	38,316	-	261,900	14.63%

**Information previous to 2013 is not available.*

Beginning with the year-ended 2018, all contributions shown reflect employer-paid contributions only, and employer-paid member contributions are excluded. Actuarially determined contributions above are based on actuarially determined contribution rates (employer portion only) from the most recent rate-setting year prior to the year shown, applied to covered payroll for year shown.

**PAHRUMP LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
LAST 10 YEARS*
JUNE 30, 2020**

Reporting Year Ended June 30:	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered- employee payroll	District's proportionate share of the net pension liability as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.00337%	350,271	197,386	177.45%	76.31%
2016	0.00310%	355,289	186,047	190.97%	75.10%
2017	0.00275%	369,633	196,046	188.54%	72.20%
2018	0.00251%	333,784	239,129	139.58%	74.40%
2019	0.00266%	362,943	244,607	148.38%	75.20%
2020	0.00281%	383,585	246,514	155.60%	76.50%

**Fiscal year 2015 was the first year of implementation. Therefore, only six years are shown.*

The District's proportionate share of the net pension liability is based upon the measurement taken on June 30th, of the prior year.

PAHRUMP LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

Note 1 – Net Pension Liability

Changes in benefit terms. There have been no changes in benefit terms since the last valuation.

Changes in assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

**PAHRUMP LIBRARY DISTRICT
MAJOR FUND-GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

	2020	2019
<u>Assets</u>		
Pooled cash and investments	\$ 1,346,631	\$ 1,156,256
Interest receivable	2,686	2,049
Taxes receivable	24,668	21,553
Prepaid expenses	22,696	-
Due from other governments	<u>32,369</u>	<u>25,693</u>
 Total assets	 <u>\$ 1,429,050</u>	 <u>\$ 1,205,551</u>
<u>Liabilities</u>		
Accounts payable	\$ 9,862	\$ 7,035
Accrued payroll	<u>23,074</u>	<u>21,055</u>
 Total liabilities	 <u>32,936</u>	 <u>28,090</u>
<u>Deferred inflows of resources</u>		
Unavailable revenue - property taxes	<u>18,984</u>	<u>17,940</u>
<u>Fund Balance</u>		
Nonspendable	22,696	-
Assigned to subsequent year	1,138,940	972,849
Unassigned	<u>215,494</u>	<u>186,672</u>
 Total fund balance	 <u>1,377,130</u>	 <u>1,159,521</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 1,429,050</u>	 <u>\$ 1,205,551</u>

**PAHRUMP LIBRARY DISTRICT
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Amounts for the Year ended June 30, 2019)**

	2020		Variance	2019 Actual
	Budget	Actual	Positive (Negative)	
Revenues:				
Taxes:				
Property taxes	\$ 810,884	\$ 835,005	\$ 24,121	\$ 746,051
Intergovernmental:				
Consolidated tax	138,973	148,357	9,384	135,075
Grants	-	7,174	7,174	10,510
Total intergovernmental	138,973	155,531	16,558	145,585
Charges for Services:				
Copies	12,000	13,753	1,753	15,649
Fines and Forfeitures:				
	8,000	5,609	(2,391)	7,676
Miscellaneous:				
Book sales	12,000	11,471	(529)	19,086
Rent	-	215	215	225
Investment income	-	43,993	43,993	41,782
Donations	-	339	339	386
Other	10,000	3,050	(6,950)	3,566
Total miscellaneous	22,000	59,068	37,068	65,045
Total revenues	991,857	1,068,966	77,109	980,006
Expenditures:				
Culture and Recreation:				
Salaries and wages	336,138	328,728	7,410	313,860
Employee benefits	201,300	152,679	48,621	143,627
Service and supplies	275,000	169,950	105,050	194,591
Total culture and recreation	812,438	651,357	161,081	652,078
Excess (deficiency) of revenues over expenditures	179,419	417,609	238,190	327,928
Other financing sources (uses):				
Operating transfers out	(200,000)	(200,000)	-	(200,000)
Net change in fund balance	(20,581)	217,609	238,190	127,928
Fund Balance:				
Beginning of year	972,849	1,159,521	186,672	1,031,593
End of year	\$ 952,268	\$ 1,377,130	\$ 424,862	\$ 1,159,521

**PAHRUMP LIBRARY DISTRICT
MAJOR FUND-CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

	2020	2019
<u>Assets</u>		
Pooled cash and investments	\$ 1,424,090	\$ 1,191,766
Interest receivable	<u>2,852</u>	<u>2,119</u>
 Total assets	 <u>\$ 1,426,942</u>	 <u>\$ 1,193,885</u>
<u>Liabilities</u>		
Accounts payable	\$ 408	\$ 2,550
<u>Fund Balance</u>		
Restricted	<u>1,426,534</u>	<u>1,191,335</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 1,426,942</u>	 <u>\$ 1,193,885</u>

PAHRUMP LIBRARY DISTRICT
MAJOR FUND - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Amounts for the Year ended June 30, 2019)

	2020		Variance Positive (Negative)	2019 Actual
	Budget	Actual		
Revenues:				
Miscellaneous:				
Investment income	\$ -	\$ 41,860	\$ 41,860	\$ 34,191
Expenditures:				
Capital projects:	<u>250,000</u>	<u>6,661</u>	<u>243,339</u>	<u>62,863</u>
Excess (deficiency) of revenues over expenditures	(250,000)	35,199	285,199	(28,672)
Other financing sources (uses):				
Operating transfers in	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	(50,000)	235,199	285,199	171,328
Fund Balance:				
Beginning of year	<u>970,007</u>	<u>1,191,335</u>	<u>221,328</u>	<u>1,020,007</u>
End of year	<u>\$ 920,007</u>	<u>\$ 1,426,534</u>	<u>\$ 506,527</u>	<u>\$ 1,191,335</u>

**PAHRUMP LIBRARY DISTRICT
NONMAJOR FUND-PAHRUMP FRIENDS OF THE LIBRARY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

	2020	2019
<u>Assets</u>		
Pooled cash and investments	\$ 7,545	\$ 6,342
Interest receivable	<u>15</u>	<u>12</u>
Total assets	<u>\$ 7,560</u>	<u>\$ 6,354</u>
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
<u>Fund Balance</u>		
Restricted	<u>7,560</u>	<u>6,354</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,560</u>	<u>\$ 6,354</u>

PAHRUMP LIBRARY DISTRICT
NONMAJOR FUND-PAHRUMP FRIENDS OF THE LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Amounts for the Year ended June 30, 2019)

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Investment income	\$ -	\$ 243	\$ 243	58
Donation	-	1,800	1,800	-
Total miscellaneous	-	2,043	2,043	58
Expenditures:				
Culture and Recreation:				
Services and supplies	1,000	837	163	-
Excess (deficiency) of revenues over expenditures	(1,000)	1,206	2,206	58
Fund Balance:				
Beginning of year	5,296	6,354	1,058	6,296
End of year	\$ 4,296	\$ 7,560	\$ 3,264	\$ 6,354

DANIEL C. McARTHUR, LTD.

Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

**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***

Honorable Board Members
Pahrump Library District
Pahrump, 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 Pahrump Library District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 a 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 District's 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 financial statements. 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.

Las Vegas, Nevada
November 23, 2020

DANIEL C. McARTHUR, LTD.

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AUDITOR'S COMMENTS

Honorable Board Members
Pahrump Library District
Pahrump, Nevada

In connection with our audit of the financial statements of Pahrump Library District (the District) as of and for the year ended June 30, 2020, nothing came to our attention that caused us to believe that the District failed to comply with the requirements of the Nevada Revised Statutes noted below. However, our audit was not directed primarily toward obtaining knowledge of such compliance. Accordingly, had we performed additional procedures; other matters may have come to our attention regarding the District's noncompliance with the Nevada Revised Statutes referenced below, insofar as they relate to accounting matters.

CURRENT YEAR STATUTE COMPLIANCE

The Pahrump Library District conformed to all significant statutory constraints on its financial administration during the year as identified in Note C1 of the accompanying financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The District did not have compliance findings in the prior year.

PRIOR YEAR RECOMMENDATIONS

We noted no material weakness and no significant deficiency in internal controls.

CURRENT YEAR RECOMMENDATIONS

We noted no material weakness and no significant deficiency in internal controls.

NEVADA REVISED STATUTE 354.6113

The District established the Capital Projects Fund in accordance with Nevada Revised Statutes 354.6113. Compliance with Nevada Revised Statutes is contained in Note C1 to the financial statements.

The District expended \$6,661 for cameras and computer equipment. Activity of the fund is reported on page 42.

The District does not have any planned revenue during the next fiscal year.

Expenditures are planned for the next fiscal year of \$100,000 for improvements and equipment.

The District plans to accumulate money in the capital projects fund for future projects and equipment purchases.

Las Vegas, Nevada
November 23, 2020