

PAHRUMP LIBRARY DISTRICT

**REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021

**PAHRUMP LIBRARY DISTRICT
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
TABLE OF CONTENTS**

	<u>PAGE</u>
INTRODUCTORY SECTION	
Library Board	1
FINANCIAL SECTION	
Independent Auditor's Report	2-4
Management's Discussion and Analysis	5-11
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position	12
Statement of Activities	13
FUND FINANCIAL STATEMENTS:	
GOVERNMENTAL FUNDS:	
Balance Sheet	14
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - governmental funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund	18
Notes to the Basic Financial Statements	19-36
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of the District's Contributions to the Public Employees' Retirement System of the State of Nevada	37
Schedule of the District's Proportionate Share of the Net Pension Liability of the Public Employees' Retirement System of the State of Nevada	38
Notes to Required Supplementary Information	39
SUPPLEMENTARY INFORMATION:	
INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Major Governmental Funds:	
General Fund:	
Comparative Balance Sheets	40
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	41
Capital Projects Fund:	
Comparative Balance Sheets	42
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	43
Nonmajor Special Revenue Fund:	
Pahrump Friends of the Library Special Revenue Fund:	
Comparative Balance Sheets	44
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	45
COMPLIANCE:	
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 <i>Government Auditing Standards</i>	46-47
Auditor's Comments	48

**PAHRUMP LIBRARY DISTRICT
LIBRARY BOARD
JUNE 30, 2021**

CHAIRMAN:

John Shewalter

MEMBERS:

Brian Shoemake Vice-Chair

Vacant Secretary

Dave Ochenreider Trustee

Vacant 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, 2021, 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, 2021, 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 37 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 38 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, 2020 (not presented herein), and have issued our report thereon dated November 23, 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, 2020, 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 2020 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2020 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, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2022, 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.

A handwritten signature in black ink, appearing to read "Daniel M. Quinn". The signature is written in a cursive style with a large initial "D".

Las Vegas, Nevada
January 3, 2022

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the Pahrump Library District ("District"). The MD&A 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, Government-Wide Financial Analysis, Financial Analysis of the District's Governmental Funds, General Fund Budgetary Highlights, Capital Assets, Debt Administration, and Economic Factors and Next Year's Budget.

FINANCIAL HIGHLIGHTS

The following is an analysis of the financial activities of the District for fiscal year 2021 that had a significant effect on its financial position or operating results.

Government-Wide Statements. The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the 2021 fiscal year by \$4,968,081 (net position). Total net position represents approximately \$2,234,181 in net investment in capital assets, and \$1,369,898 restricted for capital projects. The remaining \$1,364,002 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, 2021, from \$4,716,148 to \$4,968,081.

Fund Financial Statements. At the close of the fiscal year 2021, the District's governmental funds reported combined fund balances of \$3,108,641.

The District's total governmental fund expenditures were \$800,875; an increase compared to the prior year of \$142,020. The increase is a result of higher expenditures for salaries, benefits, and services and supplies.

At the end of fiscal year 2021, the District's General Fund had a fund balance of \$1,738,743, an increase of \$361,613 when compared to the previous year. Approximately 7.22% of this amount, \$125,572, is unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to introduce the District's basic financial statements. The District's basic financial statements are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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: net investment in capital assets; 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.

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).

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued). 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 19-36 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, 2021**

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, 2021 and 2020.

	2021	2020
Assets:		
Current and other assets	\$ 3,210,586	\$ 2,863,552
Net capital assets	2,234,181	2,277,808
Total Assets	5,444,767	5,141,360
Deferred Outflows of Resources:		
Deferred pension charge	107,459	100,211
Liabilities:		
Current liabilities	100,641	45,769
Long-term liabilities	434,392	401,413
Total Liabilities	535,033	447,182
Deferred Inflows of Resources:		
Deferred pension charge	49,112	78,241
Net Position:		
Net invested in capital assets	2,234,181	2,277,808
Restricted	1,369,898	1,434,094
Unrestricted	1,364,002	1,004,246
Total Net Position	\$ 4,968,081	\$ 4,716,148

The District's assets exceeded liabilities by \$4,968,081 at the close of the current year and total net position increased by \$251,933 resulting in a 5.34% 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, 44.97%, 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 \$4,968,081 includes unrestricted net position totaling \$1,364,002. 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 \$1,369,898.

The following table compares activity for the years ending June 30, 2021 and 2020.

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 13,476	\$ 19,362
Operating grants and contributions	22,753	9,313
General revenues:		
Property taxes	899,371	836,049
Consolidated taxes	160,306	148,357
Investment income (loss)	(11,470)	86,096
Miscellaneous	10,961	14,736
Total revenues	1,095,397	1,113,913
Expenses:		
Culture and recreation:		
Salaries and wages	375,348	328,728
Employee benefits	162,361	158,152
Service and supplies	208,974	170,787
Depreciation	96,781	100,662
Total expenses	843,464	758,329
Excess (deficiency) of revenues over expenditures	251,933	355,584
Net position - beginning	4,716,148	4,360,564
Net position - ending	\$ 4,968,081	\$ 4,716,148

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, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL 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 \$3,108,641. This is an increase over the prior year of \$297,417, or 10.58%. Fund balance components have been classified as nonspendable, restricted, assigned, and/or unassigned. Restricted fund balance is \$1,369,898, or 44.07%, 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 \$1,362,364 for capital projects and \$7,534 from Friends of the Library donations.

Major Governmental Funds:

General Fund: 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 \$1,738,743 an increase of \$361,613, or 26.26%.

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

Revenues increased by \$34,375, or 3.22%. Property tax revenue increased by \$67,261, or 8.06%. Intergovernmental revenues increased by \$27,528, or 17.70%. Miscellaneous revenues decreased compared to the prior year by \$54,528, or 92.31% due to a decrease in investment income (loss) from changes in market value.

Expenditures increased by \$90,371, or 13.87%. Salaries expenditures increased by \$46,620, or 14.18%. Employee benefits expenditures increased by \$10,720, or 7.02%. Service and supplies expenditures increased by \$33,031, or 19.44%.

Capital Projects Fund: At the end of the current fiscal year, the fund balance of the Capital Projects Fund was \$1,362,364, a decrease of \$64,170 or 4.50%. This was due to a decrease in investment income (loss) from changes in market value and the purchase of various equipment and building improvements.

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 (2020-2021 Final Budget) was approved May 21, 2020.

Total actual expenditures for the General Fund for the fiscal year 2021 were \$127,729 less than budgeted. Planned expenditures were less than anticipated in all categories.

The actual General Fund balance of \$1,738,743 was \$149,619 higher than anticipated to begin the 2021-2022 year, \$125,572 of this is reflected in unassigned fund balance.

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS

At June 30, 2021, the District's governmental type activity had \$2,234,181 (net) invested in capital assets, including land, building and improvements, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of \$43,627 from the previous year.

Capital assets, net of related debt, reflect 44.97% 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 table that follows, reflects additions and disposals to capital assets for the governmental type activities.

Governmental Activities:	Balance			Balance
	June 30, 2020	Additions	Deletions	June 30, 2021
Capital assets not being depreciated:				
Land	\$ 168,000	\$ 0	\$ 0	\$ 168,000
Capital assets being depreciated:				
Building and improvements	3,458,609	17,634	0	3,476,243
Equipment	309,193	35,520	0	344,713
Total capital assets being depreciated	<u>3,767,802</u>	<u>53,154</u>	<u>0</u>	<u>3,820,956</u>
Less accumulated depreciation for:				
Building and improvements	1,372,390	86,671	0	1,459,061
Equipment	285,604	10,110	0	295,714
Total accumulated depreciation	<u>1,657,994</u>	<u>96,781</u>	<u>0</u>	<u>1,754,775</u>
Total capital assets being depreciated, net	<u>2,109,808</u>	<u>(43,627)</u>	<u>0</u>	<u>2,066,181</u>
Governmental activities assets, net	<u>\$ 2,277,808</u>	<u>\$ (43,627)</u>	<u>\$ 0</u>	<u>\$ 2,234,181</u>

Additions included security and computer equipment. Capitalization limits on capital assets were \$500 for the year ended June 30, 2021.

DEBT ADMINISTRATION

Changes in Long-term Debt: During the year ended June 30, 2021, the following changes occurred in long-term debt:

	Balance			Balance	Due within
	June 30, 2020	Additions	Deletions	June 30, 2021	one year
Governmental Activities:					
Compensated Absences	\$ 30,253	\$ 6,876	\$ 0	\$ 37,129	\$ 14,785
Net Pension Liability	383,585	28,463	0	412,048	0
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 413,838</u>	<u>\$ 35,339</u>	<u>\$ 0</u>	<u>\$ 449,177</u>	<u>\$ 14,785</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District approved the budget for the 2021-2022 year on May 17, 2021. The following factors were considered in the development of the budget.

- Property taxes and consolidated taxes, the largest revenue sources, are projected to increase.
- Assessed valuations are projected to increase and the property tax rate of the General Fund will decrease from 0.1003 to 0.1002.

**PAHRUMP LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021

Assets	<u>2021</u>
Pooled cash and investments	\$ 3,126,988
Interest receivable	6,489
Taxes receivable	20,477
Due from other governments	32,585
Prepaid items	24,047
Capital assets, net of accumulated depreciation	<u>2,234,181</u>
Total assets	<u>5,444,767</u>
 Deferred Outflows of Resources	
Deferred pension charge	<u>107,459</u>
 Liabilities	
Current Liabilities:	
Accounts payable	44,810
Accrued payroll	41,046
Accrued compensated absences	14,785
Long-Term Liabilities:	
Accrued compensated absences	22,344
Net pension liability	<u>412,048</u>
Total liabilities	<u>535,033</u>
 Deferred Inflows of Resources	
Deferred pension charge	<u>49,112</u>
 Net Position	
Net investment in capital assets	2,234,181
Restricted	1,369,898
Unrestricted	<u>1,364,002</u>
Total net position	<u>\$ 4,968,081</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, 2021**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Culture and Recreation	\$ (843,464)	\$ 13,476	\$ 22,753	(807,235)
General Revenues:				
				899,371
				160,306
				(11,470)
				10,961
				<u>1,059,168</u>
				251,933
				<u>4,716,148</u>
				<u>\$ 4,968,081</u>

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

**PAHRUMP LIBRARY DISTRICT
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Major Funds			Total Governmental Funds
	General	Capital Projects	Non-Major Fund	
Assets				
Pooled cash and investments	\$ 1,759,950	\$ 1,359,520	\$ 7,518	\$ 3,126,988
Interest receivable	3,629	2,844	16	6,489
Taxes receivable	20,477	-	-	20,477
Due from other governments	32,585	-	-	32,585
Prepaid items	24,047	-	-	24,047
Total assets	<u>\$ 1,840,688</u>	<u>\$ 1,362,364</u>	<u>\$ 7,534</u>	<u>\$ 3,210,586</u>
Liabilities				
Accounts payable	\$ 44,810	\$ -	\$ -	\$ 44,810
Accrued payroll	41,046	-	-	41,046
Total liabilities	<u>85,856</u>	<u>-</u>	<u>-</u>	<u>85,856</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	16,089	-	-	16,089
Fund Balance				
Nonspendable	24,047	-	-	24,047
Restricted	-	1,362,364	7,534	1,369,898
Assigned to subsequent year	1,589,124	-	-	1,589,124
Unassigned	125,572	-	-	125,572
Total fund balance	<u>1,738,743</u>	<u>1,362,364</u>	<u>7,534</u>	<u>3,108,641</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,840,688</u>	<u>\$ 1,362,364</u>	<u>\$ 7,534</u>	<u>\$ 3,210,586</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, 2021**

Total fund balance - governmental funds	\$ 3,108,641
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>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.</p>	2,234,181
<p>Other long-term assets that are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>	16,089
<p>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.</p>	(37,129)
<p>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:</p>	
<p>Deferred outflows from pension activity</p>	107,459
<p>Net pension liability</p>	(412,048)
<p>Deferred inflows from pension activity</p>	(49,112)
	(49,112)
Total net position - governmental activities	\$ <u>4,968,081</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, 2021

	Major Funds			Total Governmental Funds
	General	Capital Projects	Non-Major Fund	
Revenues				
Taxes:				
Property taxes	\$ 902,266	\$ -	\$ -	\$ 902,266
Intergovernmental:				
Consolidated taxes	160,306	-	-	160,306
Grants	22,753	-	-	22,753
Total intergovernmental	183,059	-	-	183,059
Charges for Services:				
Copies	9,609	-	-	9,609
Fines and Forfeitures:				
	3,867	-	-	3,867
Miscellaneous:				
Book sales	8,811	-	-	8,811
Investment income (loss)	(6,421)	(5,023)	(26)	(11,470)
Other	2,150	-	-	2,150
Total miscellaneous	4,540	(5,023)	(26)	(509)
Total revenues	1,103,341	(5,023)	(26)	1,098,292
Expenditures				
Current:				
Culture and Recreation:				
Library:				
Salaries and wages	375,348	-	-	375,348
Employee benefits	163,399	-	-	163,399
Service and supplies	202,981	-	-	202,981
Total culture and recreation	741,728	-	-	741,728
Capital projects	-	59,147	-	59,147
Total expenditures	741,728	59,147	-	800,875
Excess (deficiency) of revenues over expenditures	361,613	(64,170)	(26)	297,417
Fund Balance				
Beginning of year	1,377,130	1,426,534	7,560	2,811,224
End of year	\$ 1,738,743	\$ 1,362,364	\$ 7,534	\$ 3,108,641

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 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balance - Governmental Funds	\$ 297,417
 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.	(43,627)
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.	(2,895)
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 such as compensated absences.	(6,876)
 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 (2021 contributions)	44,143
Net pension expense	(36,229)
Change in net position of governmental activities	<u>\$ 251,933</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, 2021**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 891,058	\$ 891,058	\$ 902,266	\$ 11,208
Intergovernmental:				
Consolidated taxes	150,393	150,393	160,306	9,913
Grants	-	-	22,753	22,753
Total intergovernmental	150,393	150,393	183,059	32,666
Charges for Services:				
Copies	12,000	12,000	9,609	(2,391)
Fines and Forfeitures:	6,000	6,000	3,867	(2,133)
Miscellaneous:				
Book sales	12,000	12,000	8,811	(3,189)
Investment income (loss)	-	-	(6,421)	(6,421)
Other	10,000	10,000	2,150	(7,850)
Total miscellaneous	22,000	22,000	4,540	(17,460)
 Total revenues	 1,081,451	 1,081,451	 1,103,341	 21,890
Expenditures				
Culture and Recreation:				
Salaries and wages	381,857	381,857	375,348	6,509
Employee benefits	210,000	210,000	163,399	46,601
Service and supplies	277,600	277,600	202,981	74,619
Total culture and recreation	869,457	869,457	741,728	127,729
 Excess (deficiency) of revenues over expenditures	 211,994	 211,994	 361,613	 149,619
Fund Balance				
Beginning of year	1,138,940	1,138,940	1,377,130	238,190
 End of year	 \$ 1,350,934	 \$ 1,350,934	 \$ 1,738,743	 \$ 387,809

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, 2021**

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 appointed five-member board. The board members are appointed by the Nye County Nevada County Commission. 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.

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.

PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Basis of Presentation - Fund Financial Statements (Continued)

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).

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).

PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2021**

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, 2021**

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. The Nevada legislature passed a property tax abatement law in 2005 that generally caps increases in property tax on owner-occupied residential property to 3% and 8% per year for all other property (**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, 2021.

Payments to vendors that will benefit periods beyond June 30, 2021, are recorded as prepaid items in the fund financial statements and the government-wide financial statements. The District had prepaid items on June 30, 2021 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 valued at cost where historical records are available and, if no historical records exist, at estimated cost. Capital assets are 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, 2021**

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 Net 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 relate to the District's pension activity.

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 District's deferred inflow relates to pension activity.

f. Pension

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.

g. 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.

h. Accrued Salaries and Benefits

District salaries earned but not paid by June 30, 2021, have been accrued as liabilities and shown as expenditures for the year ending June 30, 2021.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

i. 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.

j. 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.

k. 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, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

l. 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.

m. Net Position Policies

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

1. **Net Investment in Capital Assets** - 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 \$1,362,364 for capital outlay. Donor restrictions placed on contributions restrict the use of assets in the amount of \$7,534.
3. **Unrestricted** - This is the component of net position that is the difference between the assets and liabilities not reported as Net Investment in Capital Assets and Restricted Assets.

n. 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.

o. 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.

p. 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, 2021**

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	\$ 53,154
Depreciation expense	<u>(96,781)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (43,627)</u>

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance and Accountability

The District conformed to significant statutory requirements regarding financial administration during the year. Per NRS 354.626, the District is required to report expenditures that exceeded budgeted appropriations at the function level for the General Fund, Special Revenue Fund and Capital Project Fund. 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, 2021, 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	\$ 6,880
Pooled Cash and investments - Nye County Treasurer	<u>3,120,108</u>
Total	<u>\$ 3,126,988</u>
 Pooled cash and investments - Statement of Net Position	 <u>\$ 3,126,988</u>

PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021.

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 4.51 years. Detailed information concerning the investment pool is in the annual financial report of Nye County, Nevada. As of June 30, 2021, District investments held in the Nye County Treasurer's investment pool are categorized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>> 10</u>
Negotiable Certificates of Deposit	22.10%	33.50%	54.63%	11.87%	0.00%
NV Local Government Investment Pool	0.68%	100.00%	0.00%	0.00%	0.00%
U.S. Agencies	71.60%	8.27%	35.79%	55.94%	0.00%
Money Market Mutual Funds	5.62%	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, 2021, the Nye County Treasurer's investment pool ratings were as follows:

<u>Investment Type</u>	<u>Quality Ratings by Moody's</u>							
	<u>Aaa</u>	<u>Aa1</u>	<u>Aa2</u>	<u>Aa3</u>	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>N/A</u>
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, 2021**

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, 2021, are as follows:

Federal Farm Credit Bank	27.14%
Federal Home Loan Bank (FHLB)	19.19%
Freddie Mac	20.29%

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, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>N/A</u>
Negotiable Certificates of Deposit	22.10%	0.00%	100.00%	0.00%	0.00%
NV Local Government Investment Pool	0.68%	32.68%	67.32%	0.00%	0.00%
U.S. Agencies	71.60%	0.00%	100.00%	0.00%	0.00%
Money Market Mutual Funds	5.62%	100.00%	0.00%	0.00%	0.00%
	<u>100.00%</u>				

2. Receivables

Below is the detail of receivables for governmental funds:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 3,629	\$ 2,844	\$ 16	\$ 6,489
Property Taxes	20,477	-	-	20,477
Due from Other Governments				
Consolidated Taxes	32,585	-	-	32,585
Total	<u>\$ 56,691</u>	<u>\$ 2,844</u>	<u>\$ 16</u>	<u>\$ 59,551</u>

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Capital assets activity for the year ended June 30, 2021, was as follows:

Governmental Activities:	Balance			Balance
	June 30, 2020	Additions	Deletions	June 30, 2021
Capital assets not being depreciated:				
Land	\$ 168,000	\$ 0	\$ 0	\$ 168,000
Capital assets being depreciated:				
Building and improvements	3,458,609	17,634	0	3,476,243
Equipment	309,193	35,520	0	344,713
Total capital assets being depreciated	3,767,802	53,154	0	3,820,956
Less accumulated depreciation for:				
Building and improvements	1,372,390	86,671	0	1,459,061
Equipment	285,604	10,110	0	295,714
Total accumulated depreciation	1,657,994	96,781	0	1,754,775
Total capital assets being depreciated, net	2,109,808	(43,627)	0	2,066,181
Governmental activities assets, net	\$ 2,277,808	\$ (43,627)	\$ 0	\$ 2,234,181

Depreciation expense was charged to the Culture and Recreation function in the amount of \$96,781.

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, 2021.

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 \$16,089 as of June 30, 2021.

6. Long-term Debt

Changes in General Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred:

	Balance			Balance	Due within
	June 30, 2020	Additions	Deletions	June 30, 2021	one year
Governmental Activities:					
Compensated Absences	\$ 30,253	\$ 6,876	\$ 0	\$ 37,129	\$ 14,785
Net Pension Liability	383,585	28,463	0	412,048	0
Total Governmental Activities					
Long-Term Liabilities	\$ 413,838	\$ 35,339	\$ 0	\$ 449,177	\$ 14,785

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, 2021**

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. There were no transfers between fund types during the year ended June 30, 2021.

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 also has lines of coverage and limits of liability for site pollution incidents up to \$2,000,000 each incident and a \$10,000,000 policy aggregate. As a participatory member, the maintenance deductible is \$25,000 for each insured event. Cyber security events are covered up to \$3,000,000 per event with an annual aggregate of \$3,000,000. As a participatory member, there is no maintenance deductible 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

In the ordinary course of its operations, claims may be filed against the District. It is the opinion of management that claims, if any, will not have any material adverse effect on the District's financial position, results of operation, or cash flows. The District does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when services are rendered.

Construction Commitments

The District had no active construction commitments at June 30, 2021.

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

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	2.25%
10 years	55	2.50%	55	2.67%	60	2.50%	60	2.25%
20 years	50	2.50%	50	2.67%	50	2.50%	50	2.25%
25 years	Any	2.50%	Any	2.67%				
30 years					Any	2.50%	Any	2.25%

* 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, 2021**

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, 2021, was 29.25%. The District has fully funded the amounts due for the year ending June 30, 2021. 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, 2021, the District reported a liability of \$412,048 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020. The District’s proportionate share of the net pension liability increased from 0.00281 percent at June 30, 2019 to 0.00296 percent at June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$36,229. At June 30, 2021, 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	\$ 15,826	\$ 6,577
Net difference between projected and actual earnings on pension plan investments	0	19,242
Changes of assumptions	14,307	0
Changes in proportion	33,183	23,293
District contributions subsequent to measurement date	44,143	0
Total	\$ 107,459	\$ 49,112

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

10. Pension Plan (Continued)

\$44,143 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, 2022. 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:	
2022	\$ (16,274)
2023	3,724
2024	11,850
2025	10,360
2026	4,110
2027	434
	\$ 14,204

Actuarial Assumptions: The System's net pension liability was measured as of June 30, 2020, 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
Other assumptions	Same as those used in the June 30, 2020 funding actuarial 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.

For ages less than 50, mortality rates are based on the headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality rate at age 50 from the Employee mortality tables listed above. The mortality rates are then projected to 2020 with Scale MP-2016.

Disabled: Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years.
The RP-2014 Healthy Annuitant Mortality Tables have rates only for ages 50 and later.

Pre-Retirement Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

10. Pension Plan (Continued)

The RP-2014 Headcount-Weighted Mortality Tables, set forward one year for spouses and beneficiaries, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of 6 years is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2020 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.

The following was the Board-adopted policy target asset allocation as of June 30, 2020:

<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, 2020, 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, 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employer and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on that assumption, the pension plan's fiduciary net position 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, 2020.

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	\$ 642,638	\$ 412,048	\$ 220,332

**PAHRUMP LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

10. Pension Plan (Continued)

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, 2021, the District reported payables to the defined benefit pension plan of \$5,376 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, 2021, 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, 2021.

**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*
FOR THE YEAR ENDED JUNE 30, 2021**

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%
2021	44,143	44,143	-	301,046	14.66%

**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
 OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
 LAST 10 YEARS*
 FOR THE YEAR ENDED JUNE 30, 2021**

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%
2021	0.00296%	412,048	261,900	157.33%	77.00%

**Fiscal year 2015 was the first year of implementation. Therefore, only seven 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, 2021

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, 2021 AND 2020**

	2021	2020
Assets		
Pooled cash and investments	\$ 1,759,950	\$ 1,346,631
Interest receivable	3,629	2,686
Taxes receivable	20,477	24,668
Due from other governments	32,585	32,369
Prepaid items	<u>24,047</u>	<u>22,696</u>
 Total assets	 <u>\$ 1,840,688</u>	 <u>\$ 1,429,050</u>
Liabilities		
Accounts payable	\$ 44,810	\$ 9,862
Accrued payroll	<u>41,046</u>	<u>23,074</u>
 Total liabilities	 <u>85,856</u>	 <u>32,936</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	<u>16,089</u>	<u>18,984</u>
Fund Balance		
Nonspendable	24,047	22,696
Assigned to subsequent year	1,589,124	1,138,940
Unassigned	<u>125,572</u>	<u>215,494</u>
 Total fund balance	 <u>1,738,743</u>	 <u>1,377,130</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 1,840,688</u>	 <u>\$ 1,429,050</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, 2021
(With Comparative Amounts for the Year ended June 30, 2020)**

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues				
Taxes:				
Property taxes	\$ 891,058	\$ 902,266	\$ 11,208	\$ 835,005
Intergovernmental:				
Consolidated taxes	150,393	160,306	9,913	148,357
Grants	-	22,753	22,753	7,174
Total intergovernmental	150,393	183,059	32,666	155,531
Charges for Services:				
Copies	12,000	9,609	(2,391)	13,753
Fines and Forfeitures:				
	6,000	3,867	(2,133)	5,609
Miscellaneous:				
Book sales	12,000	8,811	(3,189)	11,471
Rent	-	-	-	215
Investment income (loss)	-	(6,421)	(6,421)	43,993
Donations	-	-	-	339
Other	10,000	2,150	(7,850)	3,050
Total miscellaneous	22,000	4,540	(17,460)	59,068
Total revenues	1,081,451	1,103,341	21,890	1,068,966
Expenditures				
Culture and Recreation:				
Salaries and wages	381,857	375,348	6,509	328,728
Employee benefits	210,000	163,399	46,601	152,679
Service and supplies	277,600	202,981	74,619	169,950
Total culture and recreation	869,457	741,728	127,729	651,357
Excess (deficiency) of revenues over expenditures	211,994	361,613	149,619	417,609
Other financing sources (uses):				
Operating transfers out	-	-	-	(200,000)
Net change in fund balance	211,994	361,613	149,619	217,609
Fund Balance				
Beginning of year	1,138,940	1,377,130	238,190	1,159,521
End of year	\$ 1,350,934	\$ 1,738,743	\$ 387,809	\$ 1,377,130

**PAHRUMP LIBRARY DISTRICT
MAJOR FUND-CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2021 AND 2020**

	2021	2020
Assets		
Pooled cash and investments	\$ 1,359,520	\$ 1,424,090
Interest receivable	<u>2,844</u>	<u>2,852</u>
Total assets	<u>\$ 1,362,364</u>	<u>\$ 1,426,942</u>
Liabilities		
Accounts payable	\$ -	\$ 408
Fund Balance		
Restricted	<u>1,362,364</u>	<u>1,426,534</u>
Total liabilities and fund balance	<u>\$ 1,362,364</u>	<u>\$ 1,426,942</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, 2021
(With Comparative Amounts for the Year ended June 30, 2020)

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues				
Miscellaneous:				
Investment income (loss)	\$ -	\$ (5,023)	\$ (5,023)	\$ 41,860
Expenditures				
Capital projects:	<u>100,000</u>	<u>59,147</u>	<u>40,853</u>	<u>6,661</u>
Excess (deficiency) of revenues over expenditures	(100,000)	(64,170)	35,830	35,199
Other financing sources (uses):				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	(100,000)	(64,170)	35,830	235,199
Fund Balance				
Beginning of year	<u>1,141,355</u>	<u>1,426,534</u>	<u>285,179</u>	<u>1,191,335</u>
End of year	<u>\$ 1,041,355</u>	<u>\$ 1,362,364</u>	<u>\$ 321,009</u>	<u>\$ 1,426,534</u>

**PAHRUMP LIBRARY DISTRICT
NONMAJOR FUND-PAHRUMP FRIENDS OF THE LIBRARY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2021 AND 2020**

	2021	2020
Assets		
Pooled cash and investments	\$ 7,518	\$ 7,545
Interest receivable	<u>16</u>	<u>15</u>
Total assets	<u>\$ 7,534</u>	<u>\$ 7,560</u>
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balance		
Restricted	<u>7,534</u>	<u>7,560</u>
Total liabilities and fund balance	<u>\$ 7,534</u>	<u>\$ 7,560</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, 2021
(With Comparative Amounts for the Year ended June 30, 2020)

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues				
Miscellaneous:				
Investment income (loss)	\$ -	\$ (26)	\$ (26)	\$ 243
Donation	-	-	-	1,800
Total miscellaneous	-	(26)	(26)	2,043
Expenditures				
Culture and Recreation:				
Services and supplies	1,000	-	1,000	837
Excess (deficiency) of revenues over expenditures	(1,000)	(26)	974	1,206
Fund Balance				
Beginning of year	5,354	7,560	2,206	6,354
End of year	<u>\$ 4,354</u>	<u>\$ 7,534</u>	<u>\$ 3,180</u>	<u>\$ 7,560</u>

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 3, 2022.

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
January 3, 2022

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

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, 2021, 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.

CURRENT YEAR RECOMMENDATIONS

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

PRIOR 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 \$59,147 for HVAC system upgrades, equipment. Activity of the fund is reported on page 43.

The District has planned to transfer revenue of \$100,000 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
January 3, 2022