

SMOKY VALLEY LIBRARY DISTRICT GOING CONCERN PLAN

Immediate Actions Taken:

- Requested and received a loan for \$300,000 from the town of Round Mountain
- Reduced our auxiliary staff
- Reduced our auxiliary staff hours
- Reduced Staff salaries by 5%
- Modified the full time staff hours, eliminating the need for overtime
- Cancelled our janitorial contract, saving us \$2500 a month, and our utilizing current staff members for cleaning.
- Our local Internet provider has graciously donated internet service for the library improving our connection speed and saving us \$11,433.12 a year
- Reduced our budgeted materials spending to reflect the reduction in revenues and limited all spending to an as needed only basis.
- Requested a .09 cent increase in our tax rate
- We will not replace any staff members who leave
- Have planned some fundraisers

Cost Saving Ideas Being Considered:

- Charging for services that are currently offered for free
- Reducing Full time staff
- Reducing the hours that the Library is open

Inter Fund Loan:

The loan agreement states that we will pay the loan back in six monthly payments of \$50,000 beginning in July of 2015. Our cash flow problem was created when we didn't receive the budget Net Proceeds in 2014, due to credits accumulated by Round Mountain Gold Corporation. It is our understanding that RMGC has used up their credits and we should receive the full estimated Net Proceeds in May. Depending on the size of the payment we may be able to pay the loan back in full at the end of the current FY 2014-2015. We are constantly adjusting our plan as we receive updated revenue projects and real numbers.

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State of Nevada
Department of Taxation

SMOKY VALLEY LIBRARY DISTRICT

REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIALS

YEAR ENDED JUNE 30, 2014

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DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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SMOKY VALLEY LIBRARY DISTRICT
REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL
YEAR ENDED JUNE 30, 2014

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STATE OF NEVADA
DEPARTMENT OF TAXATION

SMOKY VALLEY LIBRARY DISTRICT
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
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SMOKY VALLEY LIBRARY DISTRICT

ORGANIZATION

LIBRARY OFFICERS, at June 30, 2014

Chairperson:

Teressa Browning

Vice-Chairperson:

Tinker Evans

Secretary/Clerk:

Jessica Musselman

Members:

Tamara Jones

Jeremy Briggs

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
Smoky Valley Library District
Round Mountain, Nevada

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Smoky Valley Library District (the District), as of and for the year ended June 30, 2014, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, 2014, 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.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note D11 the District experienced a significant reduction in revenues from net proceeds of minerals tax. The volatility of the net proceeds of minerals tax, due to production costs and market values of minerals, has a significant impact on the revenues received by the District each year. The reduction in revenue for year ending June 30, 2014 causes the ending fund balance to be significantly less than anticipated to begin the subsequent year. These conditions raise substantial doubt about the District's ability to continue as a going concern. Management's plans regarding those matters are described in Note D11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 4-8 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My 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 my 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

I also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2013, which are not presented with the accompanying financial statements and I expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund financial statements and schedules, for the year ended June 30, 2013, 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 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 my opinion, the 2013 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.



Las Vegas, Nevada
December 23, 2014

**SMOKY VALLEY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the Smoky Valley 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.

Financial Highlights

The government-wide net position of the Smoky Valley Library District decreased during the fiscal year ending June 30, 2014, from \$1,948,507 to \$1,494,096. Total net position represents approximately \$1,284,481 in net capital assets, \$3,444 restricted for capital projects, and \$206,171 unrestricted.

At the end of fiscal year 2014, the District's General Fund had a fund balance of \$244,211, a decrease of \$480,143 when compared to the previous year.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the District's financial position.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is 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 result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financial requirements.

**SMOKY VALLEY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Overview of the Financial Statements (Continued)

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement is provided for each of the District's governmental funds to demonstrate compliance with the budget.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide other post-employment benefits to its employees.

The individual fund statements and schedules referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

Net position of the District as of June 30, 2014, is summarized as follows:

	Governmental Activities	
	2014	2013
Assets:		
Current and other assets	\$ 294,664	\$ 781,085
Capital assets, net of accumulated depreciation	1,284,481	1,244,045
Total assets	1,579,145	2,025,130
Liabilities:		
Current liabilities	65,230	45,401
Long-term liabilities	19,819	31,222
Total liabilities	85,049	76,623
Net Position:		
Investment in capital assets	1,284,481	1,244,045
Restricted	3,444	9,468
Unrestricted	206,171	694,994
Total net position	\$1,494,096	\$1,948,507

Net position may serve over time as a useful indicator of the District's financial position. Total net position as of June 30, 2014, was \$1,494,046. Using the net position as an indicator, the District's financial position has decreased by 23.32% or \$454,411 from 2013.

**SMOKY VALLEY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

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

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 9,633	\$ 9,751
Operating grants and contributions	28,350	26,159
Capital grants and contributions	50,000	-
General revenues:		
Property taxes	416,305	1,137,240
Consolidated taxes	24,497	26,141
Investment income	3,163	1,169
Miscellaneous	6,840	569
Total revenues	538,788	1,201,029
Expenses:		
Culture and recreation		
Salaries and wages	471,928	453,444
Employee benefits	189,135	176,631
Service and supplies	264,806	190,044
Depreciation	67,330	61,015
Total expenses	993,199	881,134
Change in net position	(454,411)	319,895
Net position - beginning	1,948,507	1,628,612
Net position - ending	\$ 1,494,096	\$ 1,948,507

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

General revenues consist mainly of taxes. The largest of these revenues was property taxes. Property taxes decreased due to a decrease in taxes received from mining operations within the District (Net Proceeds Tax). Net proceeds tax decreased by \$696,745, or 84.22%, from the previous year.

**SMOKY VALLEY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Financial Analysis of the District's Governmental Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$247,655, a decrease of \$486,167, or 66.25%, from the prior year. Fund balance components have been classified as restricted and assigned based primarily on the extent to which the District is bound to observe constraints imposed on the use of the resources of fund. Fund balance that is restricted for capital projects is \$3,444. Spending of these resources is constrained by externally imposed (statutory, bond covenant, or grantors) limitations on their use.

Assigned fund balance represents 98.61% of total fund balance. The entire fund balance in the General Fund has been assigned to the 2015 fiscal year.

Major Funds

General Fund: The General Fund is the chief operating fund of the District.

Revenues decreased by \$711,505, or 59.26%. Taxes decreased by \$720,207, or 63.35%, this was primarily due to a decrease in net proceeds tax revenue derived from mining operations.

Expenditures increased by \$137,311, or 16.81%. This increase is primarily due to an increase of service and supply expenditures and the purchase of a surveillance system and phone system in the current year.

Capital Assets

At June 30, 2014, the District had \$1,284,481 invested in capital assets.

Governmental Activities:	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 94,874	\$ 0	\$ 0	\$ 94,874
Capital assets being depreciated:				
Building and improvements	1,345,451	0	0	1,345,451
Equipment	417,028	107,766	0	524,794
Total capital assets being depreciated	<u>1,762,479</u>	<u>107,766</u>	<u>0</u>	<u>1,870,245</u>
Less accumulated depreciation for:				
Building and improvements	(360,315)	(39,663)	0	(399,978)
Equipment	(252,993)	(27,667)	0	(280,660)
Total accumulated depreciation	<u>(613,308)</u>	<u>(67,330)</u>	<u>0</u>	<u>(680,638)</u>
Total capital assets being depreciated, net	<u>1,149,171</u>	<u>40,436</u>	<u>0</u>	<u>1,189,607</u>
Governmental activities assets, net	<u>\$ 1,244,045</u>	<u>\$ 40,436</u>	<u>\$ 0</u>	<u>\$ 1,284,481</u>

Generally, fixed assets include items with a capitalization value of over \$500.

Major capital asset events during the current fiscal year included a new playground with equipment, office furniture, a surveillance system, phone system, and digital piano.

**SMOKY VALLEY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Debt Administration

Changes in long-term debt for the year ended June 30, 2014 were as follows:

	Balance July 1, 2013	Net Additions (Reductions)	Balance June 30, 2014
Compensated absences	\$ 23,240	\$ 6,668	\$ 29,908
OPEB obligation	7,982	1,655	9,637
Total long term debt	<u>\$ 31,222</u>	<u>\$ 8,323</u>	<u>\$ 39,545</u>

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was an amendment to the General Fund to account for higher than anticipated beginning fund balance.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Overall the revenues received were less than budgeted by 28.58% or \$195,731. The shortfall in revenue sources were for property taxes 9.78% and net proceeds of minerals 58.15%.

Total actual expenditures for the General Fund during fiscal year 2014 were approximately \$90,712 less than budgeted.

The General Fund had a fund balance of \$244,211 which was \$385,937 less than anticipated to begin the 2014-2015 year.

Request for Information

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

Smoky Valley Library District
73 Hadley Circle
Round Mountain, NV 89045

SMOKY VALLEY LIBRARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Pooled cash and investments	\$ 285,212
Taxes receivable	1,739
Interest receivable	615
Due from other governments	6,143
Due from others	955
Capital assets, net of accumulated depreciation	<u>1,284,481</u>
 Total assets	 <u>1,579,145</u>

LIABILITIES

Accounts payable	28,335
Accrued payroll	17,169
Accrued compensated absences - current	19,726
Long term liabilities:	
Portion due or payable after one year	
Compensated absences payable	10,182
OPEB obligation	<u>9,637</u>
 Total liabilities	 <u>85,049</u>

NET POSITION

Investment in capital assets	1,284,481
Restricted for capital projects	3,444
Unrestricted	<u>206,171</u>
 Total net position	 <u>\$ 1,494,096</u>

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

SMOKY VALLEY LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2014

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Culture and Recreation	<u>\$ (993,199)</u>	<u>\$ 9,633</u>	<u>\$ 28,350</u>	<u>\$ 50,000</u>	<u>(905,216)</u>

General Revenues:

Property taxes levied for general purposes	416,305
Consolidated taxes	24,497
Investment income	3,163
Miscellaneous	<u>6,840</u>
Total general revenues	<u>450,805</u>
Change in net position	(454,411)
Net position beginning	<u>1,948,507</u>
Net position ending	<u>\$ 1,494,096</u>

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

SMOKY VALLEY LIBRARY DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	Major Fund	Nonmajor	Total
	General Fund	Capital Projects Fund	Governmental Funds
<u>Assets</u>			
Pooled cash and investments	\$ 281,768	\$ 3,444	\$ 285,212
Taxes receivable	1,739	-	1,739
Interest receivable	615	-	615
Due from other governments	6,143	-	6,143
Due from others	955	-	955
Total assets	<u>\$ 291,220</u>	<u>\$ 3,444</u>	<u>\$ 294,664</u>
<u>Liabilities</u>			
Accounts payable	\$ 28,335	\$ -	\$ 28,335
Accrued payroll	17,169	-	17,169
Total liabilities	<u>45,504</u>	<u>-</u>	<u>45,504</u>
<u>Deferred inflows of resources</u>			
Unavailable revenues - property taxes	<u>1,505</u>	<u>-</u>	<u>1,505</u>
<u>Fund Balance</u>			
Restricted for capital projects	-	3,444	3,444
Assigned for subsequent year	<u>244,211</u>	<u>-</u>	<u>244,211</u>
Total fund balance	<u>244,211</u>	<u>3,444</u>	<u>247,655</u>
Total liabilities, deferred inflows of resources, and fund equity	<u>\$ 291,220</u>	<u>\$ 3,444</u>	<u>\$ 294,664</u>

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

SMOKY VALLEY LIBRARY DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balance - governmental funds	\$ 247,655
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of the related depreciation are not reported in the Governmental Funds financial statements because they are not current financial resources, but they are reported in the statement of net position	1,284,481
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Other long-term assets that are not available to pay for current period expenditures and, therefore, are deferred in the funds	1,505
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Certain liabilities (such as compensated absences) are not reported in the Governmental Funds financial statement because they are due and payable, but they are presented as liabilities in the statement of net position	<u>(39,545)</u>
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Total net position - governmental activities	<u>\$ 1,494,096</u>
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The notes to the financial statements are an integral part of this statement.

SMOKY VALLEY LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Major Fund	Nonmajor	Total
	General Fund	Capital Projects Fund	Governmental Funds
Revenues:			
Taxes:			
Property taxes	\$ 286,097	\$ -	\$ 286,097
Net proceeds	130,565	-	130,565
Total taxes	416,662	-	416,662
Intergovernmental:			
Grants	3,966	-	3,966
School district reimbursement	19,631	-	19,631
Consolidated tax	24,497	-	24,497
Total intergovernmental	48,094	-	48,094
Charges for services:			
Copies	1,728	-	1,728
Fax	2,795	-	2,795
Total charges for services	4,523	-	4,523
Fines and forfeitures:			
Book fines	5,110	-	5,110
Miscellaneous:			
Investment income	3,163	-	3,163
Donations	4,753	50,000	54,753
Other	6,840	-	6,840
Total miscellaneous	14,756	50,000	64,756
Total revenues	489,145	50,000	539,145
Expenditures:			
Culture and recreation:			
Salaries and wages	471,928	-	471,928
Employee benefits	180,812	-	180,812
Services and supplies	264,806	-	264,806
Capital outlay	36,742	-	36,742
Capital projects	-	71,024	71,024
Total expenditures	954,288	71,024	1,025,312
Excess (deficiency) of revenues over expenditures	(465,143)	(21,024)	(486,167)
Other financing sources (uses):			
Operating transfers in (out)	(15,000)	15,000	-
Net change in fund balance	(480,143)	(6,024)	(486,167)
Fund balance:			
Beginning of year	724,354	9,468	733,822
End of year	\$ 244,211	\$ 3,444	\$ 247,655

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

SMOKY VALLEY LIBRARY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net Change in Fund Balance - Governmental Funds	\$ (486,167)
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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	40,436
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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	(357)
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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	<u>(8,323)</u>
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Change in net position of governmental activities	<u>\$ (454,411)</u>
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The notes to the financial statements are an integral part of this statement.

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For the year ended June 30, 2014

SMOKY VALLEY LIBRARY DISTRICT
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance With
	Original	Final	Actual	Final Budget
	Budget	Budget		Positive
				(Negative)
Revenues:				
Taxes:				
Property taxes	\$ 317,097	\$ 317,097	\$ 286,097	\$ (31,000)
Net proceeds	312,006	312,006	130,565	(181,441)
Total taxes	<u>629,103</u>	<u>629,103</u>	<u>416,662</u>	<u>(212,441)</u>
Intergovernmental:				
Grants	-	-	3,966	3,966
School district reimbursements	20,000	20,000	19,631	(369)
Consolidated taxes	<u>25,473</u>	<u>25,473</u>	<u>24,497</u>	<u>(976)</u>
Total intergovernmental	<u>45,473</u>	<u>45,473</u>	<u>48,094</u>	<u>2,621</u>
Charges for services:				
Copies	2,000	2,000	1,728	(272)
Fax	<u>3,000</u>	<u>3,000</u>	<u>2,795</u>	<u>(205)</u>
Total charges for services	<u>5,000</u>	<u>5,000</u>	<u>4,523</u>	<u>(477)</u>
Fines and forfeitures:				
Book fines	<u>4,000</u>	<u>4,000</u>	<u>5,110</u>	<u>1,110</u>
Miscellaneous:				
Investment income	-	-	3,163	3,163
Donations	300	300	4,753	4,453
Other	<u>1,000</u>	<u>1,000</u>	<u>6,840</u>	<u>5,840</u>
Total miscellaneous	<u>1,300</u>	<u>1,300</u>	<u>14,756</u>	<u>13,456</u>
Total revenues	<u>684,876</u>	<u>684,876</u>	<u>489,145</u>	<u>(195,731)</u>
Expenditures:				
Culture and Recreation:				
Salaries and wages	500,000	520,000	471,928	48,072
Employee benefits	200,000	206,000	180,812	25,188
Services and supplies	225,000	289,000	264,806	24,194
Capital outlay	<u>20,000</u>	<u>30,000</u>	<u>36,742</u>	<u>(6,742)</u>
Total expenditures	<u>945,000</u>	<u>1,045,000</u>	<u>954,288</u>	<u>90,712</u>
Excess (deficiency) of revenues over expenditures	(260,124)	(360,124)	(465,143)	(105,019)
Other financing sources (uses):				
Operating transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	-
Net change in fund balance	<u>(275,124)</u>	<u>(375,124)</u>	<u>(480,143)</u>	<u>(105,019)</u>
Beginning of year	<u>323,802</u>	<u>724,354</u>	<u>724,354</u>	-
End of year	<u>\$ 48,678</u>	<u>\$ 349,230</u>	<u>\$ 244,211</u>	<u>\$ (105,019)</u>

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

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

1. Reporting Entity

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Smoky Valley Library District ("District"). The District is governed by an appointed five member board of trustees. 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.

2. Description of Government-Wide 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 incorporate 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. 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.

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Presentation - Fund Financial Statements

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

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

The District's reports the following major fund:

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.

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).

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus and Basis of Accounting (Continued)

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

6. Budgetary Information

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

1. The statutes provide for the following timetable in adoption of budgets:
 - a) Before April 15, the District submits to the Nevada Department of Taxation a tentative budget for the upcoming year. The tentative budget includes proposed expenditures and the means to finance them.
 - b) Before the public hearing conducted on the third Thursday in May, a minimum of seven days' notice of the public hearing on the final budget must be published in a local newspaper.
 - c) On or Before June 1, the District Board must adopt a final budget.
2. NRS 354.598005(1) provides that the District Board may augment the budget at any time by a majority vote of the Board providing the Board publishes notice of its intention to act in a newspaper of general circulation within its county at least three days before the date set for adoption of the resolution.
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. The following funds were augmented during the year: General Fund and Capital Projects Fund.
7. All budget appropriations lapse at the end of the fiscal year.

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

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 in combination with Nye County funds in the custody of the Nye County Treasurer. 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. (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.

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

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

b. Property Taxes Receivable

Taxes on real property are levied in July of each year and are due in July. They can be paid in quarterly installments in August, October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10 percent per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

Article X, Section 2 of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any County (i.e., the County, the County School District, the State, and any other City, District, or special District) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed.

The Nevada Legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation. (See Note D2 and D5)

Taxes for the net proceeds of minerals are paid on an annual and quarterly basis. Payments for net proceeds received on estimated business from January 1, 2014 through December 31, 2014 are reflected in the financial statements. In addition, the financial statements reflect quarterly payments related to actual production in excess of the original projections for the period of January 1, 2013 through December 31, 2013. Additional amounts due, based on actual business for the period ending December 31, 2014 are determined subsequent to December 31, 2014. Credits for overpayments of estimated tax received for the production year ending December 31, 2014 are applied to future tax payments in accordance with NRS 362.130. The impact to the District of future additional amounts due or future credits is not determinable at June 30, 2014, and is not reflected in the financial statement.

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 at June 30, 2014.

Payments to vendors that will benefit periods beyond June 30, 2014, are recorded as prepaid expenditures in the fund financial statements. They are recorded as prepaid expenses in the government-wide financial statements.

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

d. Capital Assets

Capital assets, which include building, improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$500 or more and an estimated useful life in excess of one year.

If purchased or constructed, capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Land is not depreciated. The building, improvements, 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>
Buildings and Improvements	30-50
Equipment	5-20

e. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only 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.

f. Compensated Absences

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

g. Accrued Salaries and Benefits

District salaries earned but not paid by June 30, 2014, have been accrued as liabilities and shown as expenditures for the year ending June 30, 2014.

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

h. Interfund Activity

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

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

i. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

j. Governmental Fund Balances

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

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

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

k. Fund Balance Flow Assumptions

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

l. Net Position Policies

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

(1) Investment in Capital Assets

This is the component of net position that reports the difference between capital assets less the accumulated depreciation.

(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.

(3) Unrestricted

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

m. Net Position Flow Assumption

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

n. Comparative Data/Reclassifications

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

o. Use of Estimates

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

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

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

1. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental funds balance sheet includes reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of the reconciliation explains that "Certain liabilities (such as compensated absences) are not reported in the Governmental Funds financial statement because they are due and payable, but they are presented as liabilities in the statement of net position." The details of this difference are as follows:

Compensated absences	\$ (29,908)
OPEB obligation	<u>(9,637)</u>
	<u>\$ (39,545)</u>

2. 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 funds statement of revenues, expenditures, and changes in fund balances includes 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 expenses in the statement of activities." The details of this difference are as follows:

Capital outlay	\$ 107,766
Depreciation expense	<u>(67,330)</u>
	<u>\$ 40,436</u>

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

Change in compensated absences	\$ (6,668)
Change in OPEB obligation	<u>(1,655)</u>
	<u>\$ (8,323)</u>

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance and Accountability

NRS 354.626 requires that the District report expenditures that exceed budgeted appropriations at the function level for governmental funds. For the year ended June 30, 2014, no expenditures were over appropriations.

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D - DETAILED NOTES ON ALL FUNDS

1. Pooled Cash and Investments

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, 2014, 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:

	Governmental Activities
Cash in the hands of officers	\$ 3,778
Carrying amount of cash and investments – Nye County Treasurer	281,434
Total	<u>\$ 285,212</u>
Pooled cash and investments	<u>\$ 285,212</u>

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 Town 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, 2014.

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. The Nevada Revised Statutes limits bankers' acceptances to 180 days of maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. The approximate weighted average maturity of investments in the Nye County Treasurer's investment pool was 2.54 years. Detailed information concerning the investment pool is in the annual financial report of Nye County, Nevada.

As of June 30, 2014, District investments held in the Nye County Treasurer's investment pool are categorized as follows:

Investment Type	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	>10
U.S. Treasuries	30.59%	0.00%	100.00%	0.00%	0.00%
U.S. Agencies	43.88%	32.90%	66.20%	0.90%	0.00%
Money Market Funds	8.88%	100.00%	0.00%	0.00%	0.00%
Corporate Obligations	3.32%	27.20%	72.80%	0.00%	0.00%
NV Local Government Investment Pool	.90%	100.00%	0.00%	0.00%	0.00%
Asset Backed Securities	3.07%	0.00%	67.30%	8.00%	24.70%
Collateralized Mortgage Obligation	1.62%	0.00%	27.50%	0.00%	72.50%
Negotiable Certificates of Deposit	7.74%	0.00%	100.00%	0.00%	0.00%
	<u>100.00%</u>				

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality 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, 2014, the Nye County Treasurer's investment pool ratings were as follows:

Investment Type	Moody's Credit Ratings						N/A
	Aaa	Aa1	Aa2	A1	A2	A3	
U.S. Treasuries	100%	0%	0%	0%	0%	0%	0%
U.S. Agencies	91%	0%	0%	0%	0%	0%	9%
Money Market Funds	100%	0%	0%	0%	0%	0%	0%
Corporate Obligations	0%	4%	13%	27%	33%	23%	0%
NV Local Government Investment Pool	0%	0%	0%	0%	0%	0%	100%
Asset Backed Securities	67%	0%	0%	0%	0%	0%	33%*
Collateralized Mortgage Obligation	49%	0%	0%	0%	0%	0%	51%*
Negotiable Certificates of Deposit	0%	0%	0%	0%	0%	0%	100%

*Securities rated AAA by Standard and Poor's

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.

Credit Concentration 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 the total investments as of June 30, 2014, are as follows:

At June 30, 2014, the following investments exceeded five percent of the investment pool:

Federal Home Loan Banks (FHLB)	7.19%
Federal Home Loan Mortgage Corporation (FHLMC)	10.63%
Federal National Mortgage Association (FNMA)	24.42%
US Treasury Notes	29.66%

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

2. Receivables

As of June 30, 2014 only the General Fund had receivable balances. The details of these receivable balances are as follows:

	<u>General Fund</u>
Receivables:	
Taxes	\$ 1,739
Interest	615
Due from other governments:	
Consolidated taxes	6,143
Due from others	<u>955</u>
Total receivables	<u>\$ 9,452</u>

3. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2014, are as follows:

Governmental Activities:	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 94,874	\$ 0	\$ 0	\$ 94,874
Capital assets being depreciated:				
Building and improvements	1,345,451	0	0	1,345,451
Equipment	417,028	107,766	0	524,794
Total capital assets being depreciated	<u>1,762,479</u>	<u>107,766</u>	<u>0</u>	<u>1,870,245</u>
Less accumulated depreciation for:				
Building and improvements	(360,315)	(39,663)	0	(399,978)
Equipment	(252,993)	(27,667)	0	(280,660)
Total accumulated depreciation	<u>(613,308)</u>	<u>(67,330)</u>	<u>0</u>	<u>(680,638)</u>
Total capital assets being depreciated, net	<u>1,149,171</u>	<u>40,436</u>	<u>0</u>	<u>1,189,607</u>
Governmental activities assets, net	<u>\$ 1,244,045</u>	<u>\$ 40,436</u>	<u>\$ 0</u>	<u>\$ 1,284,481</u>

Depreciation:

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

Governmental activities:	
Culture and Recreation	<u>\$ 67,330</u>

Construction commitments:

The District has no active construction projects as of June 30, 2014.

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

4. Interfund Activity

Interfund operating transfers are made from one fund to another fund to support expenditures in accordance with the authority established for the individual funds. During the year the General Fund transferred \$15,000 to the Capital Projects Fund. This budgeted transfer was made to help cover costs of the funds.

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 \$1,505 as of June 30, 2014.

6. Long-term Debt

Changes in Long-term Debt: During the year ended June 30, 2014, the following changes occurred in long-term debt:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due within one year
Governmental Activities:					
Compensated Absences	\$ 23,240	\$ 6,668	\$ 0	\$ 29,908	\$ 19,726
OPEB Obligation	7,982	1,655	0	9,637	0
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 31,222</u>	<u>\$ 8,323</u>	<u>\$ 0</u>	<u>\$ 39,545</u>	<u>\$ 19,726</u>

The compensated absence liability and OPEB obligation will be liquidated by the General Fund.

7. Risk Management

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

The District purchases workers' compensation insurance from a commercial carrier to cover claims. Premiums are paid on an annual basis based on a percentage of the employees' wages.

The District is self-insured for unemployment claims.

The District purchases health care benefits for its employees through a commercial carrier.

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

8. Contingent Liabilities

Grants

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

Litigation

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

9. Defined Benefit Pension Plan

Plan Description. The District contributes to 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 report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy. Benefits for plan members are funded under the employer pay contribution plan. The District is required to contribute all amounts under the plan. Per Chapter 286 of the Nevada Revised Statutes, the District's contribution was based on the actuarially determined statutory rates for regular members as a percentage of gross compensation. These benefit provisions may only be amended through legislation. The District's contributions to PERS for the years ended June 30, 2014, 2013, and 2012, were equal to the required contributions for each year, at the actuarially determined statutory rates.

The District's contribution rates and amounts contributed for the current and preceding two years are as follows:

Fiscal Year	Contribution Rates	Total Contribution
2013-2014	25.75%	\$ 105,540
2012-2013	23.75%	\$ 100,738
2011-2012	23.75%	\$ 89,973

10. Post-Employment Health Care Plan

Plan Description The District administers a single-employer defined benefit healthcare plan. The plan provides medical, dental, prescription, and life insurance benefits to eligible retired District employees.

Benefit provisions for the plan are established pursuant to NRS 287.023 and amended through negotiations between the District and its employees. NRS 288.150 assigns the authority to establish benefit provisions to the District Board of Trustees. The plan provides healthcare insurance for eligible retirees through the District's group health insurance plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. The plan does not issue a publicly available financial report.

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

10. Post-Employment Health Care Plan (Continued)

Funding Policy Contribution requirements of the plan members and the District are established and may be amended through negotiations between the District and employees. The Districts pays 100% of the costs of current-year premiums for eligible retired plan members. For fiscal year 2014 the District contributed \$10,331 to the plan. Employees hired before August 1, 2000 who vest in the State of Nevada Public Retirement System (PERS) by or through their employment with the District, and who have worked not less than eight (8) continuous years for the District immediately preceding retirement, and who, when they leave District employment collect PERS retirement, will have the same percentage of their post-retirement health insurance premiums paid by the District as the District pays for its employees, as that percentage may from time to time change. Employees hired on or after August 1, 2000, who vest in PERS by or through their employment with the District, and who have worked not less than twenty (20) continuous years for the District, and who, when they leave District employment collect PERS retirement, will have fifty percent (50%) of their post-retirement health insurance premiums paid by the District. Employees who retire from the District who do not meet these qualifications, may choose to participate in the plan and would be required to fully pay their costs of health insurance coverage.

Annual OPEB Cost and Net OPEB Obligation The District's annual other post-employment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans of fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB costs for the year, the amount actually contributed to the plan and the changes in the District's net OPEB obligation.

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2012</u>
Annual Required Contribution	\$ 11,525	\$ 9,313	\$ 10,481
Interest on net OPEB obligation	461	373	419
Adjustment to annual required contribution	<u>0</u>	<u>0</u>	<u>0</u>
Annual OPEB cost (expense)	11,986	9,686	10,900
Contributions made	<u>10,331</u>	<u>9,600</u>	<u>10,126</u>
Increase in net OPEB obligation	1,655	86	774
Net OPEB obligation – beginning of the year	<u>7,982</u>	<u>7,896</u>	<u>7,122</u>
Net OPEB obligation - end of the year	<u>\$ 9,637</u>	<u>\$ 7,982</u>	<u>\$ 7,896</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost Contributed</u>	<u>Employer Contributions</u>	<u>% of Annual OPEB Expense Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	10,900	10,126	93%	7,896
6/30/2013	9,686	9,600	99%	7,982
6/30/2014	11,986	10,331	86%	9,637

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

10. Post-Employment Health Care Plan (Continued)

Funded Status and Funding Progress As of June, 30, 2014, the actuarial accrued liability (AAL) for benefits was \$207,270, all of which was unfunded. Because of this, the unfunded actuarial accrued liability (UAAL) is equal to the AAL. There are no active employees of the district that are deemed eligible to receive post-employment health benefits, due to the twenty year service requirement, and one active employee that the district that are deemed eligible to receive post-employment health benefits under the hired prior to 2001 eight-year service requirement. The one eligible employee is not expected to participate in the post-employment health benefits offered by the District. Therefore, the covered payroll (annual payroll of active employees covered by the plan) is \$0 and the ratio of the UAAL to the covered payroll was 0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees- Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Mortality- Life expectancies were based on mortality tables from the Period Life Table published by the Social Security Administration.

Turnover- There is expected to be little to no turnover as this is a rural community with few job opportunities.

Healthcare cost trend rate- The expected rate of increase in health care insurance premiums was calculated at a rate of 8 percent initially, reduced to an ultimate rate of 5 percent after seven years.

Health insurance premiums- The insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate- The expected long-term inflation assumption of 3.5 percent was used.

Based on the historical and expected returns of the District's investment portfolio, a discount rate of 4 percent was used.

The unfunded actuarial accrued liability arising from District subsidies is being amortized over an open 30 year period with level dollar payments, as of June 30, 2014 there were sixteen years remaining.

SMOKY VALLEY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

11. **Going Concern**

The financial statements of the District have been prepared on a going concern basis, which assumes that the District will be able to meet its ongoing operational obligations.

The District serves the citizens of the mining community of Smoky Valley, Nevada. The District has received a substantial portion of its revenue from net proceeds of minerals tax for the past several years. Revenues received from the net proceeds of minerals depend on costs of production/operations and the value of the minerals. For the years ending June 30, 2011 through 2013 net proceeds of minerals tax has represented 63.6% (\$469,236), 66.8% (\$640,696), and 68.9% (\$827,310) of the total revenues of the District. During this time period the fund balance of the General Fund of the District grew from \$177,979 as of June 30, 2011 to \$724,354 as of June 30, 2013. The growth of the fund balance was due to the receipt of net proceeds of minerals tax. For the year ending June 30, 2014 the net proceeds of minerals tax represented 26.7% of total revenue for the year. Total revenue for the district dropped compared to the preceding year by \$711,505, which was primarily caused by the drop in net proceeds of minerals tax. The fund balance of the General fund decreased by \$480,143, to an ending balance of \$244,211.

For the year ending June 30, 2015 net proceeds of minerals tax is budgeted at \$148,933 or 27.5% of total revenues. For the years ending June 30, 2011 through 2013 the actual net proceeds tax revenue received exceeded budgeted expectations between 15% and 127%. For the year ending June 30, 2014, net proceeds tax received was 58% (\$181,441) less than anticipated. The volatility of the net proceeds of minerals tax, due to production costs and market values of minerals, has a significant impact on the revenues received by the District each year. The District is limited in its ability to enhance existing revenue sources or to create new ones. The major sources of revenue for the District are property taxes and net proceeds of minerals tax. Increases in property taxes are limited by statute and net proceeds of minerals are volatile as noted.

The budgeted beginning fund balance for the year ending June 30, 2015 is \$630,148. Actual beginning fund balance is \$244,211. This is \$385,937 less than anticipated. Assuming that activity for the year ending June 30, 2015 follows the approved budget and adjusting the budget for the lower than anticipated beginning fund balance, the District ending fund balance would be a deficit of \$310,792. During the past three years the District expenditures, on average, have been 7.5 percent less than budgeted. Assuming a similar outcome for the year ending June 30 2015, expenditures would be \$82,000 less than budgeted. The average expenditures for the General Fund for the past three years have been \$850,747. This is \$244,253 less than the approved budget for 2015. With the drop in anticipated net proceeds tax and the lower than anticipated beginning fund balance, it is uncertain whether the District will be able to meet its budgeted operating obligation for the year ending June 30, 2015. The effects of the revenue short fall will cause services to be reduced and/or eliminated. Management understands the volatility of the net proceeds tax and grew the general fund balance in anticipation of falling net proceeds revenue.

Management believes that the District will be able to obtain a grant/gift from private or local governmental sources or a short-term loan from a local government to sustain operations through June 30, 2015. Net proceeds of minerals tax is generally received during the last quarter of each budget year. If net proceeds of minerals tax received in the last quarter of the 2015 budget year continues to be less than prior years, management will implement plans to reduce the services of the Library District. Management does not foresee a discontinuance of operations.

The District assets exceed its liabilities by \$1,494,096 at June 30, 2014. The largest assets of the Library District are its capital assets consisting of building and equipment which represent 85 percent of total assets of the District at year end. The Capital assets of the District are unencumbered.

**SMOKY VALLEY LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	\$ -	\$ 207,270	\$ 207,270	0.00%	\$ -	0.00%
7/1/2012	\$ -	\$ 167,475	\$ 167,475	0.00%	\$ -	0.00%
7/1/2011	\$ -	\$ 188,483	\$ 188,483	0.00%	\$ -	0.00%

*There is only one active employee eligible to receive post-retirement health benefits. The employee is not expected to take advantage of these benefits. Therefore, the covered payroll (annual payroll of active employees covered by the plan) is \$0 and the ratio of the UAAL to the covered payroll was 0%.

SMOKY VALLEY LIBRARY DISTRICT
MAJOR FUND - GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2014 and 2013

	2014	2013
<u>Assets</u>		
Pooled cash and investments	\$ 281,768	\$ 763,688
Taxes receivable	1,739	2,099
Interest receivable	615	1,146
Due from other governments	6,143	4,684
Due from others	955	-
	<u> </u>	<u> </u>
Total assets	\$ 291,220	\$ 771,617
	<u> </u>	<u> </u>
<u>Liabilities</u>		
Accounts payable	\$ 28,335	\$ 18,865
Accrued payroll	17,169	26,536
	<u> </u>	<u> </u>
Total liabilities	45,504	45,401
	<u> </u>	<u> </u>
<u>Deferred inflows of resources</u>		
Unavailable revenues - property taxes	1,505	1,862
	<u> </u>	<u> </u>
<u>Fund Balance</u>		
Assigned for subsequent year	244,211	323,802
Unassigned	-	400,552
	<u> </u>	<u> </u>
Total fund balance	244,211	724,354
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund equity	\$ 291,220	\$ 771,617
	<u> </u>	<u> </u>

SMOKY VALLEY LIBRARY DISTRICT
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	
	Budget	Actual	Positive (Negative)	2013 Actual
Revenues:				
Taxes:				
Property taxes	\$ 317,097	\$ 286,097	\$ (31,000)	\$ 309,559
Net proceeds	312,006	130,565	(181,441)	827,310
Total taxes	<u>629,103</u>	<u>416,662</u>	<u>(212,441)</u>	<u>1,136,869</u>
Intergovernmental:				
Grants	-	3,966	3,966	3,343
Nye County School District	20,000	19,631	(369)	19,028
Consolidated taxes	<u>25,473</u>	<u>24,497</u>	<u>(976)</u>	<u>26,141</u>
Total intergovernmental	<u>45,473</u>	<u>48,094</u>	<u>2,621</u>	<u>48,512</u>
Charges for services:				
Copies	2,000	1,728	(272)	1,231
Fax	<u>3,000</u>	<u>2,795</u>	<u>(205)</u>	<u>2,354</u>
Total charges for services	<u>5,000</u>	<u>4,523</u>	<u>(477)</u>	<u>3,585</u>
Fines and forfeitures:				
Book fines	<u>4,000</u>	<u>5,110</u>	<u>1,110</u>	<u>6,166</u>
Miscellaneous:				
Investment income	-	3,163	3,163	1,161
Donations	300	4,753	4,453	569
Other	<u>1,000</u>	<u>6,840</u>	<u>5,840</u>	<u>3,788</u>
Total miscellaneous	<u>1,300</u>	<u>14,756</u>	<u>13,456</u>	<u>5,518</u>
Total revenues	<u>684,876</u>	<u>489,145</u>	<u>(195,731)</u>	<u>1,200,650</u>
Expenditures:				
Culture and Recreation:				
Salaries and wages	520,000	471,928	48,072	448,674
Employee benefits	206,000	180,812	25,188	176,631
Services and supplies	289,000	264,806	24,194	182,948
Capital outlay	<u>30,000</u>	<u>36,742</u>	<u>(6,742)</u>	<u>8,724</u>
Total expenditures	<u>1,045,000</u>	<u>954,288</u>	<u>90,712</u>	<u>816,977</u>
Excess (deficiency) of revenues over expenditures	(360,124)	(465,143)	(105,019)	383,673
Other financing sources (uses):				
Operating transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>
Net change in fund balance	(375,124)	(480,143)	(105,019)	368,673
Fund balance:				
Beginning of year	<u>724,354</u>	<u>724,354</u>	<u>-</u>	<u>355,681</u>
End of year	<u>\$ 349,230</u>	<u>\$ 244,211</u>	<u>\$ (105,019)</u>	<u>\$ 724,354</u>

**SMOKY VALLEY LIBRARY DISTRICT
NONMAJOR FUND - CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013**

	2014	2013
<u>Assets</u>		
Pooled cash and investments	\$ <u>3,444</u>	\$ <u>9,468</u>
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
<u>Fund Balance</u>		
Restricted for capital projects	<u>3,444</u>	<u>9,468</u>
Total liabilities and fund equity	\$ <u>3,444</u>	\$ <u>9,468</u>

SMOKY VALLEY LIBRARY DISTRICT
NONMAJOR FUND - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Actual Amounts for Year Ended June 30, 2013)

	2014		Variance -	2013
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Investment income	\$ -	\$ -	\$ -	\$ 8
Donation	50,000	50,000	-	-
Total revenues	50,000	50,000	-	8
Expenditures:				
Capital projects:				
Service and supplies	-	-	-	7,096
Capital Outlay	74,000	71,024	2,976	-
Total expenditures	74,000	71,024	2,976	7,096
Excess (deficiency) of revenues over expenditures	(24,000)	(21,024)	2,976	(7,088)
Other financing sources (uses):				
Operating transfers in	15,000	15,000	-	15,000
Net change in fund balance	(9,000)	(6,024)	2,976	7,912
Fund balance:				
Beginning of year	9,460	9,468	8	1,556
End of year	\$ 460	\$ 3,444	\$ 2,984	\$ 9,468

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For the year ended June 30, 2014

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 COMPLIANCE

Honorable Board Members
Smoky Valley Library District
Round Mountain, Nevada

I have audited in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities and each major fund of Smoky Library District (the District) as of and for the year ended June 30, 2014, and the notes to the financial statement which collectively comprise the District's basic financial statements and have issued my report thereon dated December 23, 2014.

In connection with my audit, nothing came to my attention that caused me to believe that the funds established by the District as listed in Nevada Revised Statutes (NRS) 354.624 Sec 5 (a)(1) through (5)(II), and NRS 354.6113 failed to comply with the express purposes required by NRS 354.6241 Sec 1 (a), (b),(c), (d), (e), and (f), and NRS 354.6113 Sec 4 (a), (b),(c), and (d), respectively. Nothing came to my attention that caused me to believe there were instances of noncompliance that are required to be reported under Nevada Revised Statutes (NRS) 354.624 Sec 4.

As required by NRS 354.6113 Sec 4, a schedule of capital projects activity is included in Appendix A.

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



Las Vegas, Nevada
December 23, 2014

SMOKY VALLEY LIBRARY DISTRICT
APPENDIX A
CAPITAL PROJECTS ACTIVITY
JUNE 30, 2014

NRS 354.6113.4 requires that the audit specifically identify the fund and:

- a. Indicate in detail capital projects that have been constructed with money from the fund.

Response

New playground	\$ <u>71,024</u>
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- b. Specify the amount of money that will be deposited in the fund for the next fiscal year.

Response

There are no plans to transfer money into the fund in the 2014-2015 year.

- c. Specify any proposed capital projects that will be constructed with money from the fund during the next fiscal year.

Response

There are no plans to purchase anything.

- d. Identify any planned accumulation of the money in the fund.

Response

There are plans to accumulate money for future use.

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For the year ended June 30, 2014