

**NYE COUNTY WATER DISTRICT**  
**REPORT ON FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL MATERIAL**  
**YEAR ENDED JUNE 30, 2018**

**NYE COUNTY WATER DISTRICT**

**June 30, 2018**

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**NYE COUNTY WATER DISTRICT  
ORGANIZATION**

DISTRICT OFFICERS at June 30, 2018

Chairperson:	Dave Hall	District Wide
Vice Chair	Dennis Gaddy	Pahrump Valley
Members:	Robert W. Carver	Currant Creek/Smoky Valley
	Joe Westerlund	Tonopah/Manhattan
	James Weeks	Beatty/Amargosa Valley
	Walt Kuver	Pahrump Valley
	William Knecht	Pahrump Valley

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 of Directors  
Nye County Water District  
Pahrump, Nevada

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Nye County Water District (the District), as of and for the year ended June 30, 2018, 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 and the major fund of the District, as of June 30, 2018, 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 – Correction of Errors***

As described in Note C-9 to the financial statements, certain errors occurred in the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues – An Amendment of GASB No. 67, No. 68, and No. 73*. Net position as of July 1, 2017, has been restated to reflect the correction of deferred outflows of resources. Our opinions are 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 on pages 4-8, Schedule of the District's Contributions to the Public Employees' Retirement System of the State of Nevada on pages 32, and Schedule of the District's Proportionate Share of the Net Pension Liability on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2019, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Las Vegas, Nevada  
February 5, 2019

**NYE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**FINANCIAL HIGHLIGHTS**

The assets of the District exceeded its liabilities at the close of the 2018 fiscal year by \$129,187 (net position).

The District's total net position increased \$52,283 over the prior year.

At the close of the fiscal year 2018, the District's governmental fund reported a fund balance of \$318,415, an increase of \$31,447.

The District's total government-wide expenses were \$250,808, a decrease over the prior year of \$89,957.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Government-Wide Financial Statements

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

The Statement of Net Position combines and consolidates all of the District's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This includes combining current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting. Net position is segregated into three components: invested in capital assets; 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).

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 real property parcel assessment fees.

**NYE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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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. The Nye County Water District fund is 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, which is considered to be a major fund.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential for 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 contributions and proportionate share of the net pension liability to the Public Employees' Retirement System.

**NYE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**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 analysis.

The following table illustrates the changes in net position in the years ending June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
<b>Assets:</b>		
Current and other assets	\$ 360,211	\$ 302,488
Net capital assets	<u>-</u>	<u>-</u>
Total Assets	<u>360,211</u>	<u>302,488</u>
<b>Deferred Outflows of Resources:</b>		
Deferred pension charge	<u>24,799</u>	<u>41,582</u>
<b>Liabilities:</b>		
Current liabilities	22,481	37,782
Long-term liabilities	<u>196,198</u>	<u>180,515</u>
Total Liabilities	<u>218,679</u>	<u>218,297</u>
<b>Deferred Inflows of Resources:</b>		
Deferred pension charge	<u>37,144</u>	<u>34,502</u>
<b>Net Position:</b>		
Invested in capital assets, net of related debt	-	-
Unrestricted	<u>129,187</u>	<u>91,271</u>
Total Net Position	<u>\$ 129,187</u>	<u>\$ 91,271</u>

The District's assets exceeded liabilities by \$129,187 at the close of the current year and total net position increased by \$37,916, resulting in a 41.54% increase in net position. The net position increase was due primarily to an decrease in expenditures.

The District's total net position of \$129,187 is unrestricted. This is used to meet the ongoing obligations of the District.

The following table compares activity for the years ending June 30, 2018 and 2017.



**NYE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

	Governmental Activities	
	2018	2017
Revenues:		
General revenues:		
Real property parcel assessment fees	\$ 304,877	\$ 286,807
Investment income	(1,786)	496
Miscellaneous	-	6,601
Total revenues	303,091	293,904
Expenses:		
General Government	250,808	340,765
Change in net position	52,283	(46,861)
Net position - beginning	91,271	138,132
Prior year restatement	(14,367)	-
Net position - beginning restated	76,904	138,132
Net position - ending	\$ 129,187	\$ 91,271

General revenues consist of parcel assessment fees and investment income.  
For governmental activities, the largest of these revenues was tax assessments.

**NYE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL ANALYSIS OF THE DISTRICT**

Governmental Fund

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 General Fund reported an ending fund balance of \$ 318,415. This is an increase over the prior year of \$31,447, or 10.96%. Of fund balance \$292,691 has been classified as assigned for subsequent year, the remaining balance of \$25,724 is unassigned.

Key factors of the change in the fund balance of the General Fund include total revenues decreased by \$3,678, or 1.27%. Assessment fees increased by \$5,205, or 1.85%. Miscellaneous revenues decreased by \$6,601, or 100%. Expenditures decreased by \$70,341, or 21.74%, from the prior year due to a decrease in service and supplies.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Nevada Statutes require that the District legally adopts 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.

Total revenues were \$3,032 more than budgeted. Total actual expenditures for the General Fund for the fiscal year 2018 were \$359,265 less than budgeted.

The actual General Fund balance of \$318,415 was \$25,724 more than anticipated to begin the 2018-2019 year.

**DEBT ADMINISTRATION**

During the year ended June 30, 2018, the following changes occurred:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due within one year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 30,395	\$ 3,938	\$ 0	\$ 34,333	\$ 3,938
Net Pension Obligation	177,576	0	11,773	165,803	0
Total Long-term Liabilities	<u>\$ 207,971</u>	<u>\$ 3,938</u>	<u>\$ 11,773</u>	<u>\$ 200,136</u>	<u>\$ 3,938</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District approved the budget for the 2018-2019 year on May 21, 2018. The following factors were considered in the development of the budget.

- Revenues are anticipated to remain unchanged. The primary revenue source of the District is a fee charge on parcels of real property within the District.
- Expenditures are anticipated to increase with the primary increase related to services and supplies; including contract services. Employee compensation and related benefits are expected to remain unchanged.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide its users with a general overview of the Nye County Water 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:

Nye County Water District  
2101 E. Calvada Blvd. Ste., 100  
Pahrump, Nevada 89048

**NYE COUNTY WATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

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**ASSETS**

Pooled cash and investments	\$ 334,848
Interest receivable	507
Assessments receivable	<u>24,856</u>
Total assets	<u>360,211</u>

**Deferred outflows of resources:**

Deferred pension charge	<u>24,799</u>
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**LIABILITIES**

Current Liabilities:

Accounts payable	11,777
Accrued payroll	6,766
Accrued compensated absences	3,938

Long-Term Liabilities:

Accrued compensated absences	30,395
Net pension liability	<u>165,803</u>
Total liabilities	<u>218,679</u>

**Deferred inflows of resources:**

Deferred pension charge	<u>37,144</u>
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**NET POSITION**

Invested in capital assets, net of related debt	-
Unrestricted	<u>129,187</u>
Total net position	<u>\$ 129,187</u>

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

**NYE COUNTY WATER DISTRICT  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2018**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>General Government:</b>				
Salaries and wages	\$ (91,029)	\$ -	\$ -	\$ (91,029)
Employee benefits	(36,211)	-	-	(36,211)
Service and supplies	<u>(123,568)</u>	<u>-</u>	<u>-</u>	<u>(123,568)</u>
 Total Governmental Activities	 <u>\$ (250,808)</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>(250,808)</u>
 General Revenues:				
				304,877
				<u>(1,786)</u>
				<u>303,091</u>
 Changes in net position				 52,283
 Net position - beginning restated				 <u>76,904</u>
 Net position - ending				 <u>\$ 129,187</u>

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

**NYE COUNTY WATER DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018**

	<u>Major Fund</u>
	<u>General</u>
	<u>Fund</u>
<b><u>Assets</u></b>	
Pooled cash and investments	\$ 334,848
Interest receivable	507
Assessment receivable	<u>24,856</u>
 Total assets	 <u>\$ 360,211</u>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 11,777
Accrued payroll	<u>6,766</u>
 Total liabilities	 <u>18,543</u>
<b><u>Deferred Inflows of Resources</u></b>	
Unavailable revenue	<u>23,253</u>
<b><u>Fund Balance</u></b>	
Assigned to subsequent year	292,691
Unassigned	<u>25,724</u>
Total fund balance	<u>318,415</u>
 Total liabilities and fund equity	 <u>\$ 360,211</u>

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

**NYE COUNTY WATER DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2018**

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<b>Total fund balance - governmental funds</b>	<b>\$</b>	<b>318,415</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Parcel assessment fees that are not available to pay for current period expenditures and, therefore are deferred in the funds		23,253
Compensated absences are not reported in the Governmental Funds financial statements because they are not due and payable, but they are presented as liabilities in the statement of net position		(34,333)
The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows from pension activity.		24,799
Net pension liability.		(165,803)
Deferred inflows from pension activity.		<u>(37,144)</u>
<b>Total net position - governmental activities</b>	<b>\$</b>	<b><u>129,187</u></b>

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

**NYE COUNTY WATER DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2018**

	<u>Major Fund</u> General Fund
<b>Revenues:</b>	
<b>Assessments:</b>	
Real property parcel assessment fees	\$ 286,818
<b>Miscellaneous:</b>	
Investment income	<u>(1,786)</u>
Total revenue	<u>285,032</u>
 <b>Expenditures:</b>	
<b>Current:</b>	
<b>General government:</b>	
Salaries and wages	91,029
Employee benefits	38,988
Services and supplies	<u>123,568</u>
Total expenditures	<u>253,585</u>
Excess (deficiency) of revenues over expenditures	31,447
 <b>Fund Balance:</b>	
Beginning of year	<u>286,968</u>
End of year	<u><u>\$ 318,415</u></u>

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

**NYE COUNTY WATER DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

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<b>Net Change in Fund Balance - Governmental Funds</b>	<b>\$</b>	<b>31,447</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Parcel assessment fees that are collected in the 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		18,059
Compensated absence 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		(3,938)
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 (2017 contributions).		12,948
Net pension expense.		<u>(6,233)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>52,283</u></b>

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



**NYE COUNTY WATER DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
For the year ended June 30, 2018**

	<u>Budget Amounts</u>		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
<b>Taxes:</b>				
Real property parcel assessment fee	\$ 275,000	\$ 275,000	\$ 286,818	\$ 11,818
<b>Miscellaneous:</b>				
Investment income	<u>7,000</u>	<u>7,000</u>	<u>(1,786)</u>	<u>(8,786)</u>
Total revenue	<u>282,000</u>	<u>282,000</u>	<u>285,032</u>	<u>3,032</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Salaries and wages	50,000	50,000	91,029	(41,029)
Employee benefits	20,000	20,000	38,988	(18,988)
Services and supplies	525,000	525,000	123,568	401,432
Contingency	<u>17,850</u>	<u>17,850</u>	<u>-</u>	<u>17,850</u>
Total expenditures	<u>612,850</u>	<u>612,850</u>	<u>253,585</u>	<u>359,265</u>
Excess (deficiency) of revenues over expenditures	(330,850)	(330,850)	31,447	362,297
<b>Fund Balance:</b>				
Beginning of year	<u>350,074</u>	<u>350,074</u>	<u>286,968</u>	<u>(63,106)</u>
End of year	<u>\$ 19,224</u>	<u>\$ 19,224</u>	<u>\$ 318,415</u>	<u>\$ 299,191</u>

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

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**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 Nye County Water District (“District”). The District is governed by an appointed seven member board. The Nye County Commission appoints members to serve on the board. The District is reported as a component by Nye County Nevada. 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 real property parcel assessment fee 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. Real property parcel assessment fees 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 real property parcel assessment fee revenues to remain operational.

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**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. A fund is considered to be a separate accounting entity. The operations of the General 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 the General Fund.

The fund financial statements provide information about the District's General Fund. The fund of the District is a governmental fund. Separate statements for the 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 fund is a 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. Parcel assessment fees 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 District considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Anticipated refunds of parcel fees 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 are parcel assessment fees charged to owners of real property within Nye County, Nevada.

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Measurement Focus and Basis of Accounting (Continued)**

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

**6. Budgetary Information**

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

1. The statutes provide for the following timetable in adoption of budgets:
  - a) Before April 15, the District submits to the Nevada Department of Taxation a tentative budget for the upcoming year. The tentative budget includes proposed expenditures and the means to finance them.
  - b) A public hearing must be held by the Board of Trustees no sooner than the third Monday in May and no later than the last day in May. Notice of the public hearing must be published in the local newspaper not more than 14 or 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. 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 District 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 budget augmentations during the year.
7. All budget appropriations lapse at the end of the fiscal year.

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**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 C1)

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.

**b. Parcel Assessment Fees**

Parcel assessment fees are billed in July of each year and are due in July. The fees are billed and collected by the Nye County Treasurer.

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**c. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. The District had no material inventories at June 30, 2018.

Payments to vendors that will benefit periods beyond June 30, 2018, are recorded as prepaid expenditures in the fund financial statements. They are recorded as prepaid expenses in the government-wide financial statements. The District had no prepaid items at June 30, 2018.

**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 \$3,000 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. The District presently has no capital assets that meet the capitalization threshold of \$3,000.

**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 include the District's pension related contributions subsequent to the measurement date but before the end of the fiscal year and changes in proportion of the District's contributions to the District's proportionate contributions.

In addition to liabilities, the statement of net 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 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, Real property parcel assessment fees. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available in the governmental financial statements.

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

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**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 (Continued)**

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

**f. Compensated Absences**

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

**g. Accrued Salaries and Benefits**

District salaries earned but not paid by June 30, 2018, have been accrued as liabilities and shown as expenditures for the year ending June 30, 2018.

**h. 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 manager.
- (5) **Unassigned** – All amounts not included in other spendable classifications for the General Fund.

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**i. 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.

**j. Net Position Policies**

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

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

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

**(2) Restricted Assets**

This is the component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation. Nevada Revised Statutes 354.6113 restricts the use of assets.

**(3) Unrestricted**

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

**k. 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.

**l. 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.

**NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**1. Compliance and Accountability**

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



**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE C - 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, 2018, this pool is displayed on 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	\$ 0
Pooled cash and investments - Nye County Treasurer	334,848
Total	\$ 334,848
Pooled cash and investments - Statement of Net Position	\$ 334,848

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, 2018.

**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 1.82 years. Detailed information concerning the investment pool is in the annual financial report of Nye County, Nevada. As of June 30, 2018, District investments held in the Nye County Treasurer's investment pool are categorized as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	> 10
U.S. Agencies	29.87%	7.53%	92.27%	0.20%	0.00%
Money Market Mutual Funds	19.94%	100.00%	0.00%	0.00%	0.00%
Negotiable Certificates of Deposit	48.95%	12.60%	87.40%	0.00%	0.00%
NV Local Government Investment Pool	0.86%	100.00%	0.00%	0.00%	0.00%
Asset Backed Securities	0.38%	70.51%	29.49%	0.00%	0.00%
	100.00%				

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE C - 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, 2018, 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>
U.S. Agencies	100%	0%	0%	0%	0%	0%	0%	0%
Money Market Mutual Funds	0%	0%	0%	0%	0%	0%	0%	100%
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%
Asset Backed Securities	0%	0%	0%	0%	0%	0%	0%	100% *

\* Securities rated AAA by Standard & 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.

**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, 2018, are as follows:

Federal Farm Credit Bank	11.83%
Fannie Mae	6.66%
Federal Home Loan Bank	5.80%

The District implemented GASB Statement No. 72, Fair Value Measurement and Application, in 2017 to categorize its 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.

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)**

**1. Pooled Cash and Investments (Continued)**

The District has the following recurring fair value measurements as of June 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>N/A</u>
U.S. Agencies	29.87%	100.00%	0.00%	0.00%	0.00%
Money Market Mutual Funds	19.94%	0.00%	0.00%	0.00%	100.00%
Negotiable Certificates of Deposit	48.95%	0.00%	0.00%	0.00%	100.00%
NV Local Government Investment Pool	0.86%	27.52%	72.48%	0.00%	0.00%
Asset Backed Securities	0.38%	0.00%	100.00%	0.00%	0.00%
	<u>100.00%</u>				

**2. Receivables**

Below is the detail of receivables for each major fund:

	<u>General Fund</u>
Receivables:	
Assessment fees	\$ 24,856
Interest	507
	<u>\$ 25,363</u>

**3. Unavailable Revenue**

Parcel assessment fees 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 revenue in the General Fund was \$ 23,253 as of June 30, 2018.

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)**

**4. Long-term Debt**

**Changes in General Long-Term Liabilities**

During the year ended June 30, 2018, the following changes occurred:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due within one year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 30,395	\$ 3,938	\$ 0	\$ 34,333	\$ 3,938
Net Pension Obligation	177,576	0	11,773	165,803	0
Total Long-term Liabilities	<u>\$ 207,971</u>	<u>\$ 3,938</u>	<u>\$ 11,773</u>	<u>\$ 200,136</u>	<u>\$ 3,938</u>

Liabilities will be liquidated by the General Fund.

**5. Risk Management**

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

The District purchases workers' compensation benefits for its employees through a commercial carrier.

The District is self-insured for unemployment claims.

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

**6. Contingent Liabilities**

**Litigation**

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

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)**

**7. 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](http://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 12/31/09-07/01/15		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 12/31/09-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	66	2.50%	66	2.67%	65	2.50%	65	2.50%
10 years	55	2.50%	55	2.67%	60	2.50%	60	2.50%
20 years	50	2.50%	50	2.67%	50	2.50%	50	2.50%
25 years	Any	2.50%	Any	2.67%				
30 years					Any	2.50%		

\* 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.

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.

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)**

**7. Pension Plan (Continued)**

**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, 2018, was 28.00% shared equally by employer and employee. The District has fully funded the amounts due for the year ending June 30, 2018.

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/Inflows of Resources Related to Pensions**

At June 30, 2018, the District reported a liability of \$165,803 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017. At June 30, 2017, the District’s proportion was 0.00125 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$6,233. At June 30, 2018, 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 results	\$ 0	\$ 10,677
Net difference between projected and actual earnings on pension plan investments	1,056	0
Changes in proportion and differences between District contributions and proportionate share of contributions	0	26,467
Changes of assumptions	10,795	
District contributions subsequent to measurement date	12,948	0
Total	\$ 24,799	\$ 37,144

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)**

**7. Pension Plan (Continued)**

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

\$12,948 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, 2019. 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:	
2019	\$ 4,738
2020	4,738
2021	4,737
2022	8,791
2023	2,218
2024	71
	<u>\$ 25,293</u>

**Actuarial Assumptions:** The System's net pension liability was measured as of June 30, 2017, 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	5.00%, including inflation
Investment Rate of Return	7.50%
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
Consumer Price Index	2.75%

Changes of assumptions and other inputs reflect a change in the discount rate from 8.00% as of June 30, 2016, to 7.50% as of June 30, 2017.

Mortality rates were based on the RP-2000 Combined Healthy Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of the experience review completed in 2013. 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.

**NYE COUNTY WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)**

**7. Pension Plan (Continued)**

The following was the Board-adopted policy target asset allocation as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed	30%	0.25%
Private Markets	10%	6.80%

\*As of June 30, 2017, 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, 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2017, 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, 2017.

**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 (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1.0% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$ 250,646	\$ 165,803	\$ 95,337

**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, 2018, the District reported payables to the defined benefit pension plan of \$1,021 for legally required employer contributions which had not yet been remitted to PERS.

**8. 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, 2018, 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, 2018.



**NYE COUNTY WATER DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)**

**9. Correction of Errors**

Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues – An Amendment of GASB No. 67, No. 68, and No. 73*, was effective for periods beginning after June 15, 2016. GASB 82 addresses some issues raised with previous GASB statements including No. 68. More specifically, GASB No. 82 addressed the following issues: (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Certain errors occurred in the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An Amendment of GASB No. 67, No. 68, and No. 73* resulting in the overstatement of amounts previously reported for deferred outflows of resources, net pension liability-related amounts for the year ended June 30, 2017. Corrections of the amounts for deferred outflows of resources have resulted in a restatement of net position as of July 1, 2017.

Because PERS is a state-wide multi-employer plan that covers substantially all employees of the State, its agencies, and its political subdivisions, including the employees of the District, it is the responsibility of the State Controller’s office to perform the GASB calculations according to the applicable pension related statements and disseminate that information to the applicable agencies and political subdivisions for inclusion in their audited financial statements. The eventual dissemination of the GASB No. 82 information occurred after most of the State’s political subdivisions had already issued and filed their audited financial statements.

The District did not receive the GASB No. 82 information in time to include it in its fiscal year 2017 audited financial statements; accordingly the District implemented GASB No. 82 in fiscal year 2018. As result of the implementation of this standard beginning net position has been restated as follows:

Net position previously reported, July 1, 2017	\$ 91,271
Deferred outflows of resources for contributions made subsequent to the measurement date (GASB 82-Pension)	(10,994)
Deferred outflows of resources for differences between employer contributions and proportionate share of contributions (GASB 82-Pension)	( 3,373)
Net position as restated	<u>\$ 76,904</u>

**NYE COUNTY WATER DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA  
JUNE 30, 2018**

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
2014	30,267	30,267	-	117,542	25.75%
2015	35,538	35,538	-	138,012	25.75%
2016	36,057	36,057	-	128,775	28.00%
2017	21,988	21,988	-	78,529	28.00%
2018	12,948	12,948	-	92,486	14.00%

*Information previous to 2014 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.

**NYE COUNTY WATER DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA  
JUNE 30, 2018**

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
2016	0.00146%	167,362	138,012	121.27%	75.10%
2017	0.00132%	177,576	128,775	137.90%	72.20%
2018	0.00125%	165,803	78,529	211.14%	74.40%

*Information prior to 2016 is unavailable*

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

**NYE COUNTY WATER DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 1 – Net Pension Liability**

*Changes in benefit terms.* Legislation passed in the 2015 Legislative session made changes to a number of plan provisions. These changes were effective July 1, 2015, and apply only to members whose effective date of membership is on or after July 1, 2015. Changes to certain survivor benefit provisions were made effective for survivors of members killed in the line of duty or in the course of employment on or after July 1, 2013, for payments on or after July 1, 2015. The July 1, 2015, sunset on the critical labor shortage exception to the reemployment restriction was repealed. There have been no changes in benefit terms since the last valuation.

*Changes in assumptions.* Based on the June 30, 2016 Actuarial Experience Study, the following assumptions were changed. Previously, these assumptions were as follows:

<i>Net Investment Return:</i>	8.00% (including 3.50% for inflation).
<i>Consumer Price Index:</i>	Increase of 3.50% per year.
<i>Salary Increases:</i>	<i>Inflation:</i> 3.50% Plus
	<i>Productive pay increases:</i> 0.75% Plus

**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  
Nye County Water 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, the major fund, and the aggregate remaining fund information of Nye County Water District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 5, 2019.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "D. M. [unclear]", written in a cursive style.

Las Vegas, Nevada  
February 5, 2019

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 COMMENTS

Honorable Board Members  
Nye County Water District  
Pahrump, Nevada

In connection with our audit of the financial statements of Nye County Water District (the District) as of and for the year ended June 30, 2018, 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 Nye County Water District conformed to all significant statutory constraints on its financial administration during the year as identified in Note B1 of the accompanying financial statements.

#### PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE


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

#### PRIOR YEAR RECOMMENDATIONS

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

#### CURRENT YEAR RECOMMENDATIONS

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



Las Vegas, Nevada  
February 5, 2019