

**CITY OF WEST WENDOVER, NEVADA**

**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**June 30, 2011**



**HANSEN, BARNETT & MAXWELL, P.C.**  
Certified Public Accountants

**CITY OF WEST WENDOVER, NEVADA  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

Independent Auditors' Report	1
Management's Discussion and Analysis	3
 <u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Governmental Fund Financial Statements:	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	12
Statement of Revenues, Expenditures and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Fund Financial Statements:	
Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Net Assets	17
Statement of Cash Flows	18
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Assets and Liabilities	20
Notes to the Financial Statements	21
 <u>Required Supplemental Information:</u>	
General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	41
Recreation Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	45
 <u>Supplemental Information – Combining Statements and Individual Fund Statements and Other Schedules:</u>	
Nonmajor Governmental Funds:	
Combining Balance Sheet	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	49
Governmental Funds:	
Court Administrative Assessments Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	52
Medical Clinic Facilities Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	53
Seizure Forfeiture Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	54
Grant Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	55

Welcome Center Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	56
Wendover Will Landmark Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	57
Capital Projects Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	58
Ad Valorem Capital Projects Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	59
Fiduciary Funds:	
Combining Statement of Changes in Assets and Liabilities – Agency Fund	61
<b>Compliance and Internal Control</b>	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63
Independent Auditors’ Report on Compliance with Requirements with Requirements that could have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	65
Schedule of Expenditures of Federal Awards	67
Notes to Schedule of Expenditures of Federal Awards	68
Schedule of Findings and Questioned Costs – OMB Circular A-133	69
Report of Independent Public Accountants on Compliance with Statutes and Administrative Code in Accordance with NRS 354.624	71
Schedule of Business License Fees Subject to the Provisions of NRS 354.5989	73
Schedule of Expenditures of the Special Ad Valorem Transportation Capital Projects Fund	74

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council  
City of West Wendover, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of West Wendover, Nevada (the "City") as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the budgetary comparison information listed in the table of contents, are not a required part of the basic financial statements but are supplementary information

required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The supplementary combining and individual statements and schedules listed in the table of contents and the accompanying Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The information is the responsibility of the City's management. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hansen, Barnett + Maxwell, P.C.*

**HANSEN, BARNETT & MAXWELL, P.C.**

Salt Lake City, Utah  
December 14, 2011

## **CITY OF WEST WENDOVER, NEVADA MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of West Wendover, State of Nevada, we offer readers of the City of West Wendover's financial statements this narrative overview and analysis of the financial activities of the City of West Wendover and Discretely Presented Component Unit for the fiscal year ended June 30, 2011.

### **A. FINANCIAL HIGHLIGHTS**

- The assets of the City of West Wendover and Discretely Presented Component Unit exceeded liabilities at June 30, 2010 by \$25,004,716. Of this, \$4,837,375 (unrestricted) may be used to meet ongoing obligations to citizens and creditors.
- Net assets of the City and its Component Unit increased by \$1,167,909.

### **B. OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements of the City of West Wendover are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements. Additionally, supplemental information to the financial statements is contained in this report.

#### *Government-wide Financial Statements*

The government-wide financial statements are presented to provide readers with a broad financial overview of the City of West Wendover.

The Statement of Net Assets presents information on all assets and liabilities for the City of West Wendover. The difference between the total assets and total liabilities is reported as "net assets". Over time increases and decreases in net assets may serve as an indicator of improvement or deterioration of financial condition.

The Statement of Changes in Net Assets reflects the changes that have occurred during the year. All changes in net assets are reported as soon as 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, such as uncollected taxes.

Governmental activities which are supported primarily by taxes and intergovernmental revenues are distinguished from government-wide and fund financial statements. The City of West Wendover's governmental activities include those associated with general government; judicial; public safety; public works; community development; health; culture and recreation; and community support. The business-type activities for the City of West Wendover include water operations, sewer operations, and garbage/compost facilities operations.

#### *Fund Financial Statements*

A fund is an accounting entity with self-balancing sets of accounts to record activity involving assets and liabilities. The City of West Wendover, as with other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City of West Wendover are divided into government, proprietary and fiduciary funds.

#### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental funds focus on the current inflows and outflows of resources. This information is useful in determining current financial requirements.

The City of West Wendover maintains ten separate funds that make up the governmental fund category. Information is presented separately in the governmental balance sheet and the governmental statement of revenues, expenditures

and changes in fund balance in the following funds—General Fund, Recreation Fund, Court Administrative Assessments Fund, Medical Clinic Fund, Seizure Forfeiture Fund, Grant Fund, Welcome Center Fund, Wendover Will Landmark Fund, Ad Valorem Capital Projects Fund, and Capital Projects Fund.

A separate budget is prepared annually for each fund reflecting anticipated resources and uses of the collected resources. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

#### *Proprietary Funds*

The City of West Wendover maintains enterprise and internal service funds under this category. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds consist of Water, Sewer, and Garbage/Compost Facility. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government. The City of West Wendover has one internal service fund—the Health Insurance Fund.

The discretely presented component units are separately recorded in the same manner as an enterprise fund but because of their unique nature they are not combined with other enterprise funds. A separate discussion on the nature and reason for the component units are presented in Note 1 in our Notes to Financial Statements.

#### *Fiduciary Funds*

Fiduciary funds are used to account for assets held on behalf of outside parties, or on behalf of other funds within the government. Expendable trust funds may use both principal and income to achieve the funds' objectives, while nonexpendable trust funds must keep the principal of the trust preserved and may only use those generated for the activities of the fund. The City of West Wendover uses one expendable trust fund to maintain a reserve for self-funded unemployment insurance liability. Unemployment claims are paid out of this fund.

#### *Notes to Financial Statements*

Notes to financial statements are included to provide information that is crucial to the full and complete understanding of the data provided in the financial statements.

#### **Other Information**

Combining and individual fund statements and schedules are presented immediately following the notes to financial statements section of this report.

#### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of West Wendover, assets exceeded liabilities by \$20,024,048 at the close of the most recent fiscal year.

The following table provides a summary of the City's net assets at June 30:

	Governmental Activities		Business-type Activities		Primary Government Totals		Amount Change	% Change
	2011	2010	2011	2010	2011	2010		
Current and other assets	\$ 1,942,943	\$ 2,149,775	\$ 8,682,308	\$ 7,223,738	\$ 10,625,251	\$ 9,373,513	\$ 1,251,738	13.4%
Capital assets	17,815,271	17,963,640	10,770,710	8,986,912	28,585,981	26,950,552	1,635,429	6.1%
Total assets	19,758,214	20,113,415	19,453,018	16,210,650	39,211,232	36,324,065	2,887,167	7.9%
Current liabilities	670,771	863,307	2,142,918	882,074	2,813,689	1,745,381	1,068,308	61.2%
Long-term liabilities	8,562,322	8,928,759	7,811,173	7,259,939	16,373,495	16,188,698	184,797	1.1%
Total liabilities	9,233,093	9,792,066	9,954,091	8,142,013	19,187,184	17,934,079	1,253,105	7.0%
Net assets:								
Invested in capital assets, net of related debt	9,406,028	9,186,059	7,343,276	4,931,292	16,749,304	14,117,351	2,631,953	18.6%
Restricted - Debt Services	155,926	57,689	547,789	865,107	703,715	922,796	(219,081)	-23.7%
Unrestricted	963,167	1,077,601	1,607,862	2,272,238	2,571,029	3,349,839	(778,810)	-23.2%
Total net assets	\$10,525,121	\$10,321,349	\$9,498,927	\$8,068,637	\$20,024,048	\$18,389,986	\$1,634,062	8.9%

The largest part of the City's total assets (72.9 %), reflects its capital assets (e.g. machinery and equipment). Related debt used to acquire those assets that are still outstanding is \$16,195,695. The percentage of net investment in capital assets to net assets is 61.9%. City of West Wendover uses capital assets to provide services; consequently, these assets are not available for future spending. City of West Wendover's unrestricted net assets of \$2,571,029 may be used to meet the City's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City of West Wendover is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

Comparative data is accumulated and presented to assist analysis of the changes in net assets. The following table provides a summary of the City's changes in net assets for the year ended June 30:

	Governmental Activities		Business-type Activities		Primary Government Totals		Amount Change	% Change
	2011	2010	2011	2010	2011	2010		
Revenues:								
Program revenues								
Charges for Services	\$ 1,148,929	\$ 1,057,470	\$ 3,101,806	\$ 3,115,982	\$ 4,250,735	\$ 4,173,452	\$ 77,283	1.9%
Operating Grants	165,172	380,327	-	-	165,172	380,327	(215,155)	-56.6%
Capital Grants	947,296	335,025	1,251,330	285,665	2,198,626	620,690	1,577,936	254.2%
General revenues								
Ad Valorem Taxes	1,161,890	1,154,604	-	-	1,161,890	1,154,604	7,286	0.6%
Consolidated Taxes	2,275,011	1,878,737	-	-	2,275,011	1,878,737	396,274	21.1%
Franchise Taxes	362,913	369,157	-	-	362,913	369,157	(6,244)	-1.7%
Motor Vehicle Taxes	125,319	126,032	-	-	125,319	126,032	(713)	-0.6%
Room Taxes	2,379,578	2,491,947	-	-	2,379,578	2,491,947	(112,369)	-4.5%
Unrestricted Interest	5,494	3,322	134,137	156,430	139,631	159,752	(20,121)	-12.6%
Miscellaneous	89,418	40,601	24,180	19,263	113,598	59,864	53,734	89.8%
Total revenues	\$ 8,661,020	\$ 7,837,222	\$ 4,511,453	\$ 3,577,340	\$ 13,172,473	\$ 11,414,562	\$ 1,757,911	15.4%
Expenses:								
General Government	\$ 1,651,392	\$ 1,533,045	\$ -	\$ -	\$ 1,651,392	\$ 1,533,045	\$ 118,347	7.7%
Judicial	309,179	301,998	-	-	309,179	301,998	7,181	2.4%
Public Safety	2,761,978	2,672,471	-	-	2,761,978	2,672,471	89,507	3.3%
Community Support	223,058	260,893	-	-	223,058	260,893	(37,835)	-14.5%
Health and Sanitation	136,440	127,847	-	-	136,440	127,847	8,593	6.7%
Culture and Recreation	2,412,761	2,719,975	-	-	2,412,761	2,719,975	(307,214)	-11.3%
Public Works	791,230	624,683	-	-	791,230	624,683	166,547	26.7%
Community Development	241,210	277,204	-	-	241,210	277,204	(35,994)	-13.0%
Water	-	-	1,145,820	1,077,021	1,145,820	1,077,021	68,799	6.4%
Sewer	-	-	872,876	821,741	872,876	821,741	51,135	6.2%
Garbage/Compost	-	-	918,353	877,165	918,353	877,165	41,188	4.7%
Total expenses	\$ 8,527,248	\$ 8,518,116	\$ 2,937,049	\$ 2,775,927	\$ 11,464,297	\$ 11,294,043	\$ 170,254	1.5%
Transfers	\$ 70,000	\$ 50,000	\$ (70,000)	\$ (50,000)	\$ -	\$ -	\$ -	0.0%
Change in Net Assets	203,772	(630,894)	1,504,404	751,413	1,708,176	120,519	1,587,657	1317.3%
Beginning Net Assets, as previously reported	10,321,349	10,952,243	8,068,637	7,317,224	18,389,986	18,269,467	120,519	0.7%
Prior Period Adjustment	-	-	(74,114)	-	(74,114)	-	(74,114)	100.0%
Beginning Net Assets, as restated	10,321,349	10,952,243	7,994,523	7,317,224	18,315,872	18,269,467	46,405	0.3%
Ending Net Assets	\$ 10,525,121	\$ 10,321,349	\$ 9,498,927	\$ 8,068,637	\$ 20,024,048	\$ 18,389,986	\$ 1,634,062	8.9%



## **Business Type Activities**

Business-type activities performed by the City of West Wendover increased net assets by \$1,504,404, which does not include a prior period adjustment of \$74,114 to reclassify revenues relating to 2009 and 2010 from the Water Fund to the Component Unit.

Operating revenues for the City's business type activities were \$3,101,806, which was \$14,176 less than the prior year's amount. Non-operating revenues of \$158,317 were below last year's amount by \$17,376 because of lower interest income and less miscellaneous revenues. As shown above, operating revenues decreased between years by 0.46% due to poor economic conditions during the fiscal year.

Actual operating expenditures for the current fiscal year of \$2,937,049 were more than the prior year's amount by \$161,122. Wage increases and benefit cost increases were a factor in the increase.

## **Government Type Activities**

Government activities increased net assets by \$203,772.

Operating revenues of the City of West Wendover were \$8,661,020, which was \$823,798 more than the prior year's amount of \$7,837,222 excluding the sale of capital assets. The increase in revenues was caused by grant funds and increases in consolidated tax revenues as the economic conditions improved.

Total expenditures for the current fiscal year of \$8,527,248 were \$9,132 more than the prior year's amount of \$8,518,116. This increase in expenditures can be attributed primarily to salary increases and related benefits which are effected by collective bargaining agreements.

## **C. BUDGETARY HIGHLIGHTS – FISCAL YEAR ENDED JUNE 30, 2010**

The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2011. The budget statements were prepared from the final and augmented budget as filed with the Nevada Department of Taxation.

While business-type operating revenues were \$53,794 less than the budgeted amount of \$3,155,600, operating expenses were \$1,387,341 below the budgeted amount of \$4,324,390, resulting in a budgeted operating gain of \$1,333,547. Government-type operating revenues were \$389,320 more than the budgeted amount of \$5,077,000 and expenditures were \$180,078 below the budgeted amount of \$4,684,100. This resulted in a budgeted operating gain of \$569,398.

## **D. CAPITAL ASSETS**

The City of West Wendover's investment, including its related component unit, in capital assets as of June 30, 2011, amounts to \$36,131,381 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements other than buildings, machinery and equipment, vehicles and construction in progress.

Major capital asset events during the fiscal year included the following:

- Clinic Digital X-ray, completed
- Phase I, Waste Water, completed
- N. Gene L. Jones Sidewalk Project, completed
- City Hall Solar Array Project, Phase I, underway
- Waste Water Phase Upgrade Phase II, undererway

Additional information on the City of West Wendover's capital assets can be found in Note 5 of this report.

### **Next Year's Budgets and Rates**

The \$10.5 million Waste Water Facility Upgrade Phase II will be completed in the next fiscal year. Phase II is being funded by a 75% grant from the U.S. Army Corps of Engineers and a 25% USDA loan.

The new Public Works Building will be reviewed for construction the end of 2012 fiscal year. Funds are in place for construction of this facility.

The City Hall Solar Array Project, Phase I, and Phase II both funded by a grant through U.S. Department of Energy and Nevada Office of Energy will be completed the end of fiscal 2012, providing a 100kW solar array for power production at City Hall. This will reduce the purchase of commercial electricity for the City Hall by at least 50%.

The HRSA grant for remodeling of the West Wendover Clinic will be completed by the end of fiscal 2012.

The City has been awarded a grant from the Nevada Department of Transportation and the Nevada Commission on Economic Development for the Wendover Boulevard Phase 1 Enhancement Project. The project will be under construction by the end of fiscal 2012, with completion in fiscal 2013.

### **Requests for information**

This financial report is designed to provide a general overview of the City of West Wendover's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of West Wendover, Chief Financial Officer, PO Box 2825, West Wendover, NV 89883.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WEST WENDOVER, NEVADA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Johnson Springs
<b>ASSETS</b>				
Cash and temporary investments	\$ 786,549	\$ 4,238,585	\$ 5,025,134	\$ 2,311,331
Accounts receivable, net	296,773	368,844	665,617	29,871
Due from other governments	681,410	-	681,410	-
Due from component unit/primary government	1,833	3,429,835	3,431,668	279,860
Inventory	47,505	43,821	91,326	15,885
Bond issuance costs, net	71,838	53,434	125,272	19,816
Restricted cash	57,035	547,789	604,824	16,696
Capital Assets:				
Land and construction in progress	4,089,003	2,125,243	6,214,246	18,000
Buildings, net	9,710,615	349,036	10,059,651	3,329,261
Improvements other than buildings, net	3,062,044	7,010,551	10,072,595	4,019,979
Machinery and equipment, net	953,609	1,285,880	2,239,489	178,160
Total capital assets	<u>17,815,271</u>	<u>10,770,710</u>	<u>28,585,981</u>	<u>7,545,400</u>
Total assets	<u>19,758,214</u>	<u>19,453,018</u>	<u>39,211,232</u>	<u>10,218,859</u>
<b>LIABILITIES</b>				
Accounts payable	664,731	1,347,336	2,012,067	60,046
Internal balances	(248,766)	248,766	-	-
Accrued interest payable	78,660	238,131	316,791	-
Accrued expenses	120,584	25,613	146,197	2,002
Due to component unit/primary government	-	279,860	279,860	3,431,668
Deferred revenue	55,562	-	55,562	-
Deposits	-	3,212	3,212	-
Long-term liabilities				
Portion due or payable within one year:				
Bonds and notes payable	594,041	1,698,401	2,292,442	17,565
Compensated absences	153,079	24,721	177,800	6,719
Portion due or payable after one year:				
Bonds and notes payable	7,815,202	6,088,051	13,903,253	1,720,191
Total liabilities	<u>9,233,093</u>	<u>9,954,091</u>	<u>19,187,184</u>	<u>5,238,191</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	9,406,028	7,343,276	16,749,304	2,677,626
Restricted for:				
Debt service	155,926	547,789	703,715	16,696
Unrestricted	963,167	1,607,862	2,571,029	2,286,346
Total net assets	<u>\$ 10,525,121</u>	<u>\$ 9,498,927</u>	<u>\$ 20,024,048</u>	<u>\$ 4,980,668</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities:	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			Component Unit Johnson Springs
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Governmental:</b>								
General government	\$ 1,651,392	\$ 798,837	\$ -	\$ -	\$ (852,555)	\$ -	\$ (852,555)	\$ -
Judicial	309,179	303,092	-	-	(6,087)	-	(6,087)	-
Public safety	2,761,978	23,496	38,920	323,340	(2,376,222)	-	(2,376,222)	-
Community support	223,058	15,614	126,252	980	(80,212)	-	(80,212)	-
Health and sanitation	136,440	7,470	-	-	(128,970)	-	(128,970)	-
Culture and recreation	2,412,761	-	-	-	(2,412,761)	-	(2,412,761)	-
Public works	791,230	420	-	-	(790,810)	-	(790,810)	-
Community development	241,210	-	-	622,976	381,766	-	381,766	-
Total governmental activities	<u>8,527,248</u>	<u>1,148,929</u>	<u>165,172</u>	<u>947,296</u>	<u>(6,265,851)</u>	<u>-</u>	<u>(6,265,851)</u>	<u>-</u>
<b>Business-type:</b>								
Water	1,145,820	1,121,239	-	-	-	(24,581)	(24,581)	-
Sewer	872,876	893,721	-	1,201,330	-	1,222,175	1,222,175	-
Garbage/Compost	918,353	1,086,846	-	50,000	-	218,493	218,493	-
Total business-type activities	<u>2,937,049</u>	<u>3,101,806</u>	<u>-</u>	<u>1,251,330</u>	<u>-</u>	<u>1,416,087</u>	<u>1,416,087</u>	<u>-</u>
Total primary government	<u>\$ 11,464,297</u>	<u>\$ 4,250,735</u>	<u>\$ 165,172</u>	<u>\$ 2,198,626</u>	<u>(6,265,851)</u>	<u>1,416,087</u>	<u>(4,849,764)</u>	<u>-</u>
<b>Component Unit:</b>								
Johnson Springs	<u>\$ 1,020,340</u>	<u>\$ 475,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(544,826)</u>
General Revenues:								
					1,161,890	-	1,161,890	-
					2,275,011	-	2,275,011	-
					362,913	-	362,913	-
					125,319	-	125,319	-
					2,379,578	-	2,379,578	-
					5,494	134,137	139,631	4,559
					89,418	24,180	113,598	-
					70,000	(70,000)	-	-
					<u>6,469,623</u>	<u>88,317</u>	<u>6,557,940</u>	<u>4,559</u>
<b>Change in Net Assets</b>					203,772	1,504,404	1,708,176	(540,267)
<b>Net Assets - Beginning, as previously stated</b>					<u>10,321,349</u>	<u>8,068,637</u>	<u>18,389,986</u>	<u>5,446,821</u>
<b>Restatement</b>					-	(74,114)	(74,114)	74,114
<b>Net Assets - Beginning, as restated</b>					<u>10,321,349</u>	<u>7,994,523</u>	<u>18,315,872</u>	<u>5,520,935</u>
<b>Net Assets - Ending</b>					<u>\$ 10,525,121</u>	<u>\$ 9,498,927</u>	<u>\$ 20,024,048</u>	<u>\$ 4,980,668</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Grant Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and temporary investments	\$ 349,525	\$ 57,061	\$ 512,646	\$ 97,299	\$ 77,651	\$ 1,094,182
Accounts receivable, net	90,842	240,319	-	-	-	331,161
Interfund balances	1,713,814	21,227	1,248,546	76,721	26,249	3,086,557
Due from other governments	581,410	-	-	-	-	581,410
Inventory	46,232	-	-	-	1,273	47,505
Total assets	<u>\$ 2,781,823</u>	<u>\$ 318,607</u>	<u>\$ 1,761,192</u>	<u>\$ 174,020</u>	<u>\$ 105,173</u>	<u>\$ 5,140,815</u>
<b>LIABILITIES</b>						
Due to general fund pooled cash	\$ -	\$ -	\$ -	\$ 188,684	\$ -	\$ 188,684
Accounts payable	91,850	240,300	307,371	-	25,212	664,733
Accrued liabilities	116,835	-	-	-	3,750	120,585
Interfund balances	1,442,691	11,808	1,397,269	-	74,214	2,925,982
Deferred revenue	55,562	-	-	-	-	55,562
Total liabilities	<u>1,706,938</u>	<u>252,108</u>	<u>1,704,640</u>	<u>188,684</u>	<u>103,176</u>	<u>3,955,546</u>
<b>FUND BALANCES</b>						
Nonspendable	\$ 46,232	\$ -	\$ -	\$ -	\$ 1,273	\$ 47,505
Restricted	-	66,499	-	57,475	31,952	155,926
Committed	-	-	56,552	-	68,772	125,324
Unassigned	1,028,653	-	-	(72,139)	(100,000)	856,514
Total fund balances	<u>1,074,885</u>	<u>66,499</u>	<u>56,552</u>	<u>(14,664)</u>	<u>1,997</u>	<u>1,185,269</u>
Total liabilities and fund balances	<u>\$ 2,781,823</u>	<u>\$ 318,607</u>	<u>\$ 1,761,192</u>	<u>\$ 174,020</u>	<u>\$ 105,173</u>	<u>\$ 5,140,815</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

<b>Total fund balance - governmental funds</b>	<b>\$ 1,185,269</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets-net	17,815,271
Bonds issuance costs in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Bond issuance costs, net	71,838
Long-term receivables in governmental activities are not reported in the funds	
	124,029
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and notes payable	(8,409,243)
Accrued interest	(78,660)
Compensated absences	(153,079)
The internal service fund is used by management to allocate the cost of insurance. The assets and liabilities of the internal service fund that benefit primarily governmental activities that are included with governmental activities in the statement of net assets.	
	<u>(30,304)</u>
<b>Net assets - governmental activities</b>	<b><u><u>\$ 10,525,121</u></u></b>

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Grant Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>						
Taxes	\$ 1,137,625	\$ 2,379,578	\$ -	\$ -	\$ 24,265	\$ 3,541,468
Licenses and permits	678,164	-	-	-	-	678,164
Intergovernmental	3,375,081	-	622,976	-	38,069	4,036,126
Charges for services	30,999	-	-	-	16,546	47,545
Fines and forfeits	163,740	-	-	-	-	163,740
Miscellaneous revenues	80,712	-	-	8,661	12,353	101,726
Total revenues	<u>5,466,321</u>	<u>2,379,578</u>	<u>622,976</u>	<u>8,661</u>	<u>91,233</u>	<u>8,568,769</u>
<b>Expenditures</b>						
Current						
General government	928,306	-	-	-	-	928,306
Judicial	292,268	-	-	-	-	292,268
Public safety	2,629,029	-	-	-	505	2,629,534
Public works	327,431	-	731,911	-	-	1,059,342
Community development	210,126	-	-	-	-	210,126
Health	80,479	-	-	-	36,864	117,343
Culture and recreation	12,770	2,399,522	-	-	-	2,412,292
Community support	11,842	-	-	-	219,150	230,992
Capital outlay	6,689	-	-	38,301	-	44,990
Debt service	5,083	-	-	751,945	-	757,028
Total expenditures	<u>4,504,023</u>	<u>2,399,522</u>	<u>731,911</u>	<u>790,246</u>	<u>256,519</u>	<u>8,682,221</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>						
	<u>962,298</u>	<u>(19,944)</u>	<u>(108,935)</u>	<u>(781,585)</u>	<u>(165,286)</u>	<u>(113,452)</u>
<b>Other financing sources (uses)</b>						
Transfer - in (out)	(727,100)	-	46,000	763,600	(12,500)	70,000
Interest income	-	-	-	-	-	-
Total other financing sources (uses)	<u>(727,100)</u>	<u>-</u>	<u>46,000</u>	<u>763,600</u>	<u>(12,500)</u>	<u>70,000</u>
<b>NET CHANGE IN FUND BALANCES</b>						
	235,198	(19,944)	(62,935)	(17,985)	(177,786)	(43,452)
<b>Fund balance, July 1</b>	<u>839,687</u>	<u>86,443</u>	<u>119,487</u>	<u>3,321</u>	<u>179,783</u>	<u>1,228,721</u>
<b>Fund balance, June 30</b>	<u>\$ 1,074,885</u>	<u>\$ 66,499</u>	<u>\$ 56,552</u>	<u>\$ (14,664)</u>	<u>\$ 1,997</u>	<u>\$ 1,185,269</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF WEST WENDOVER, NEVADA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

**Net change in fund balances - total governmental funds** \$ (43,452)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases	523,185
Depreciation expense	(639,271)

The internal service fund is used by management to charge the cost of insurance to various funds. The net revenue (loss) of the internal service fund is reported with governmental activities net of amount allocated to business-type activities	(66,738)
--	----------

Some revenues in the statement of activities do not require the use of current financial resources; therefore, are not reported as revenues in the governmental funds Community support operating grant	100,000
--	---------

Some expenditures in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds Accrual of interest Change in compensated absences payable Payments on notes and bonds Amortization of bond issuance costs	(27,992) (1,901) 368,158 (8,217)
--	---

<b>Change in net assets of governmental activities</b>	<u><u>\$ 203,772</u></u>
--	--------------------------

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Garbage/ Compost Facility</b>	<b>Totals</b>	
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 2,039,325	\$ 1,317,279	\$ 881,981	\$ 4,238,585	\$ -
Accounts receivable, net	184,457	98,035	86,352	368,844	-
Other receivable, current	125,932	-	-	125,932	-
Due from other funds	382,835	679,186	43,540	1,105,561	60,878
Inventory	33,272	10,549	-	43,821	-
Total current assets	<u>2,765,821</u>	<u>2,105,049</u>	<u>1,011,873</u>	<u>5,882,743</u>	<u>60,878</u>
Noncurrent assets					
Capital assets - net	<u>1,482,213</u>	<u>5,962,754</u>	<u>3,325,743</u>	<u>10,770,710</u>	<u>-</u>
Other assets					
Due from component unit	3,303,903	-	-	3,303,903	1,833
Bond issuance costs, net of amortization	11,724	41,710	-	53,434	-
Restricted cash	203,603	23,392	320,794	547,789	-
Total other assets	<u>3,519,230</u>	<u>65,102</u>	<u>320,794</u>	<u>3,905,126</u>	<u>1,833</u>
Total assets	<u>7,767,264</u>	<u>8,132,905</u>	<u>4,658,410</u>	<u>20,558,579</u>	<u>62,711</u>
<b>LIABILITIES</b>					
Current liabilities					
Due to general pooled cash	-	-	-	-	120,332
Accounts payable	18,542	1,325,432	3,362	1,347,336	-
Accrued interest payable	141,659	25,855	70,617	238,131	-
Accrued liabilities	9,241	7,019	9,353	25,613	-
Due to other funds	2,173	22,287	1,304,810	1,329,270	-
Due to component unit	185,392	94,468	-	279,860	-
Compensated absences	12,162	6,663	5,896	24,721	-
Customer deposits	3,212	-	-	3,212	-
Current maturities of capital leases, notes and bonds payable	195,854	1,207,395	295,152	1,698,401	-
Total current liabilities	<u>568,235</u>	<u>2,689,119</u>	<u>1,689,190</u>	<u>4,946,544</u>	<u>120,332</u>
Noncurrent liabilities					
Notes payable	1,089,000	-	196,345	1,285,345	-
Bonds payable	3,074,164	115,678	1,612,864	4,802,706	-
Total noncurrent liabilities	<u>4,163,164</u>	<u>115,678</u>	<u>1,809,209</u>	<u>6,088,051</u>	<u>-</u>
Total liabilities	<u>4,731,399</u>	<u>2,804,797</u>	<u>3,498,399</u>	<u>11,034,595</u>	<u>120,332</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS – CONTINUED**  
**JUNE 30, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Garbage/ Compost Facility</u>	<u>Totals</u>	<u>Internal Service Fund</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 1,482,213	\$ 4,639,681	\$ 1,221,382	\$ 7,343,276	\$ -
Restricted for debt service	203,603	23,392	320,794	547,789	-
Unrestricted	1,350,049	665,035	(382,165)	1,632,919	(57,621)
Total net assets	<u>\$ 3,035,865</u>	<u>\$ 5,328,108</u>	<u>\$ 1,160,011</u>	<u>9,523,984</u>	<u>\$ (57,621)</u>
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	
				(25,057)	
				<u>\$ 9,498,927</u>	
				Net Assets of Business-Type Activities	

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Garbage/ Compost Facility</b>	<b>Totals</b>	
<b>Operating revenues</b>					
Charges for services	\$ 1,121,239	\$ 893,721	\$ 1,086,846	\$ 3,101,806	\$ 486,099
<b>Operating expenses</b>					
Salaries and wages	147,682	202,757	182,509	532,948	-
Employee benefits	62,652	81,612	79,709	223,973	-
Services and supplies	645,200	319,502	237,812	1,202,514	581,798
Depreciation and amortization	111,533	209,163	319,406	640,102	-
Total operating expenses	<u>967,067</u>	<u>813,034</u>	<u>819,436</u>	<u>2,599,537</u>	<u>581,798</u>
Operating income (loss)	<u>154,172</u>	<u>80,687</u>	<u>267,410</u>	<u>502,269</u>	<u>(95,699)</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	132,816	495	826	134,137	-
Grant revenue	-	1,204,127	50,000	1,254,127	-
Miscellaneous income	21,380	-	-	21,380	-
Interest expense	<u>(176,305)</u>	<u>(46,478)</u>	<u>(93,981)</u>	<u>(316,764)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(22,109)</u>	<u>1,158,144</u>	<u>(43,155)</u>	<u>1,092,880</u>	<u>-</u>
Income (loss) before transfers	<u>132,063</u>	<u>1,238,831</u>	<u>224,255</u>	<u>1,595,149</u>	<u>(95,699)</u>
Transfers out	<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>
Change in net assets	62,063	1,238,831	224,255	1,525,149	(95,699)
Total net assets, Beginning, as previously stated	3,047,916	4,089,277	935,756	8,072,949	38,078
Prior period adjustment	<u>(74,114)</u>	<u>-</u>	<u>-</u>	<u>(74,114)</u>	<u>-</u>
Total net assets, Beginning, as restated	2,973,802	4,089,277	935,756	7,998,835	38,078
Total net assets, end of year	<u>\$ 3,035,865</u>	<u>\$ 5,328,108</u>	<u>\$ 1,160,011</u>	<u>\$ 9,523,984</u>	<u>\$ (57,621)</u>
	Adjustment to reflect the consolidation of internal service fund activities to enterprise funds				
				(29,369)	
				<u>4,312</u>	
				<u>\$ 9,498,927</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>				<b>Internal Service Fund</b>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage/ Compost Facility</u>	<u>Totals</u>	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 1,030,984	\$ 1,146,465	\$ 1,104,473	\$ 3,281,922	\$ 486,099
Payments to suppliers	(629,339)	(432,199)	(233,554)	(1,295,092)	(581,798)
Payments to employees	(206,004)	(284,455)	(271,548)	(762,007)	-
Net Cash Provided (Used) by Operating Activities	<u>195,641</u>	<u>429,811</u>	<u>599,371</u>	<u>1,224,823</u>	<u>(95,699)</u>
<b>Cash Flows from Non Capital and Related Financing Activities</b>					
Miscellaneous income	21,380	-	-	21,380	-
Due to general pooled cash	-	(158,000)	-	(158,000)	-
Internal activities - payments from (to) other funds	<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>97,532</u>
Net Cash Provided (Used) by Capital Financing and Related Activities	<u>(48,620)</u>	<u>(158,000)</u>	<u>-</u>	<u>(206,620)</u>	<u>97,532</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of capital assets	(5,578)	(886,631)	(236,918)	(1,129,127)	-
Interest paid	(142,550)	(29,584)	(97,708)	(269,842)	-
Cash paid for bond issuance costs	-	(41,710)	-	(41,710)	-
Principal paid on bonds/notes	(190,342)	(199,152)	(287,034)	(676,528)	-
Grant income	-	1,204,127	50,000	1,254,127	-
Proceeds from issuance of bonds/notes payable	-	1,000,000	224,000	1,224,000	-
Net collections from (advances to) component unit	<u>(57,723)</u>	<u>-</u>	<u>-</u>	<u>(57,723)</u>	<u>(1,833)</u>
Net Cash Provided (Used) by Non Capital Financing and Related Activities	<u>(396,193)</u>	<u>1,047,050</u>	<u>(347,660)</u>	<u>303,197</u>	<u>(1,833)</u>
<b>Cash Flows from Investing Activities</b>					
Interest income	<u>132,816</u>	<u>495</u>	<u>826</u>	<u>134,137</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>132,816</u>	<u>495</u>	<u>826</u>	<u>134,137</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(116,356)	1,319,356	252,537	1,455,537	-
Cash and Cash Equivalents, July 1	<u>2,359,284</u>	<u>21,315</u>	<u>950,238</u>	<u>3,330,837</u>	<u>-</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,242,928</u>	<u>\$ 1,340,671</u>	<u>\$ 1,202,775</u>	<u>\$ 4,786,374</u>	<u>\$ -</u>
<b>Cash, Cash Equivalents, and Investments consist of:</b>					
Restricted cash and cash equivalents	\$ 203,603	\$ 23,392	\$ 320,794	\$ 547,789	\$ -
Unrestricted cash and cash equivalents	<u>2,039,325</u>	<u>1,317,279</u>	<u>881,981</u>	<u>4,238,585</u>	<u>-</u>
Total Cash and Investments	<u>\$ 2,242,928</u>	<u>\$ 1,340,671</u>	<u>\$ 1,202,775</u>	<u>\$ 4,786,374</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS – CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage/ Compost Facility</u>	<u>Totals</u>	
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 154,172	\$ 80,687	\$ 267,410	\$ 502,269	\$ (95,699)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	111,533	209,163	319,406	640,102	-
(Increase) decrease in:					
Accounts receivable	(41,014)	25,371	7,483	(8,160)	-
Due from other funds	-	10,790	-	10,790	-
Inventory	13,722	638	-	14,360	-
Prepaid expenses/Other receivable	(39,111)	210,255	-	171,144	-
Increase (decrease) in:					
Accounts payable	(7,618)	(113,335)	(4,258)	(125,211)	-
Accrued liabilities	3,266	1,514	5,053	9,833	-
Deposits	(2,545)	-	-	(2,545)	-
Due to other funds	2,173	3,128	3,179	8,480	-
Compensated absences	1,063	1,600	1,098	3,761	-
Net Cash Provided by Operating Activities	<u>\$ 195,641</u>	<u>\$ 429,811</u>	<u>\$ 599,371</u>	<u>\$ 1,224,823</u>	<u>\$ (95,699)</u>
Noncash transactions affecting financial position:					
Acquisition of note payable for purchase of capital assets	\$ -	\$ -	\$ 1,755,887	\$ -	\$ -
Acquisition of capital assets through accounts payable	-	1,291,830	-	-	-

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2011**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,865
Total assets	<u>3,865</u>
<b>LIABILITIES</b>	
Due to other governments	<u>-</u>
Total liabilities	<u>-</u>
<b>NET ASSETS</b>	<u>\$ 3,865</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WEST WENDOVER, NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of West Wendover, Nevada (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments.

**Reporting Entity** – The City of West Wendover, Nevada is a municipal corporation governed by an elected mayor and five members of the City Council. As required by GAAP, these financial statements present the activities of the City and its component unit, for which the government is considered to be financially accountable. The discretely presented component unit is reported in separate columns in the government-wide financial statements to emphasize it is legally separate from the government. The discretely presented component unit has a June 30 year end.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decisions to include a potential component unit in the reporting entity are the governing body's ability to exercise significant influence. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential activity benefits the government and/or its citizens, or whether the activity is conducted within the geographical boundaries of the government is able to exercise oversight responsibilities. Based on these criteria, the Johnson Springs Water System Enterprise Fund was identified as a component unit.

**Discretely Presented Component Unit** – The Johnson Springs Water System Enterprise Fund (Johnson Springs) was formed by a settlement agreement between the City of West Wendover, Nevada and the City of Wendover, Utah to replace Administrative Authority upon its dissolution (dissolved on December 31, 2008). Johnson Springs has no board. The net assets of the Administrative Authority were transferred to Johnson Springs on January 1, 2009, including the debt of the Administrative Authority that is in the name of the City. It is a separate enterprise fund and is considered a component unit due to the City's responsibility to perform all management, maintenance and accounting duties for the fund.

**Government-wide and Fund Financial Statements** – The government-wide financial statements (i.e. – the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.



Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Measurement Focus, Basic of Accounting, and Financial Statement Presentation*** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues 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. Grant and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City applies all applicable Financial Accounting Standards Board (“FASB”) Pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements issued after November 30, 1989.

Governmental fund financial statements are reported using the current financial resources measurements focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments is due.

Property taxes, special assessments, sales taxes, consolidated tax revenue (sales taxes, cigarette taxes, motor vehicle privilege taxes, liquor taxes), gaming taxes, gasoline taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the correct fiscal period. Licenses and permits, franchise fees, charges for services, and fines and forfeits are not susceptible to accrual because generally they are not measurable until received in cash.

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

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

The City reports the following major governmental funds:

***General Fund*** – The general fund is the City’s general operating fund and is used to account for all financial resources except those required to be accounted for in other funds.

**Recreation Fund** – The recreation fund is used to account for the City’s share of room tax proceeds and the distribution of those funds to the recreation district.

**Grant Fund** – The grant fund is used to account for various grants receipts and expenditures as outlined in Resolution 1996-14.

**Capital Projects Fund** – The capital projects fund is used to account for accumulation of resources to provide for the purchase of capital assets.

The City reports the following major enterprise funds:

**Water Fund** – The water fund is used to account for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to operation, maintenance, financing and debt service, and billing and collection.

**Sewer Fund** –The sewer fund is used to account for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to operation, maintenance, financing and debt service, and billing and collection.

**Garbage/Compost Facility Fund** – The garbage/compost facility fund is used to account for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to operation, maintenance, financing and debt service, and billing and collection.

Additionally, the City reports the following fund types:

**Internal Service Fund** – Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Fiduciary Funds**

**Trust Funds** – Trust funds are used to account for assets held by the City of West Wendover in a trustee capacity. These included Expendable Trust Funds, which are similar in nature to Special Revenue Funds except that the principal and interest of these funds may only be expended in the course of their designated operations.

**Fund Balance** – The City follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 requires fund balance reporting in the following classifications: nonspendable, restricted, committed, assigned, unassigned.

The City classifies inventory and prepaid expenses as nonspendable. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of a government’s highest decision-making authority are classified as committed fund balances. An ordinance or a board resolution as passed by the City of West Wendover are the City’s highest decision-making authorities. A vote of the highest decision-making authority is required to establish, modify, and rescind committed fund balances of the City.

Amounts that are constrained by a government’s intent to be used for specific purposes, but are neither restricted nor committed, are classified as assigned fund balances. For fund balance assignments, the City

Council are authorized to assign a fund balance for a specific purpose, with recommendations with the City Manager and Chief Executive Officer.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the City's policy is for the City Manager to use restricted funds and then unrestricted funds. When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts are available, the City's policy is to use funds in the following order: committed, assigned and then unassigned funds, as available.

**Restricted fund balance and restricted net assets** – As of June 30, 2011, the City had fund balances restricted for the following:

**Governmental Activities:**

Capital Projects Fund - restricted for debt service	\$ 57,475
Recreation Fund - property taxes collected restricted for the use of tourism promotion	66,499
Other Governmental funds - court fees collected restricted by NRS 176.059	31,952
	<hr/>
	155,926

**Business-type Activities:**

Restricted for debt service	547,789
-----------------------------	---------

**Component Unit:**

Restricted for debt service	<hr/> 16,696
-----------------------------	--------------

**Total Restricted Net Assets** \$ 720,411

**Budget and Budgetary Accounting** – The City adheres to the Local Government Budget Act incorporated in Section 354 of the Nevada Revised Statutes. The provision of the Act included the following major procedures to establish the budgetary data which is reflected in these financial statements.

- a. On or before April 15, the City Council files a tentative budget with the Nevada Department of Taxation for all funds.
- b. Public budget hearings on the tentative budget are held on the third Tuesday of May.
- c. On or before June 1, at a public hearing, the City Council indicates changes, if any, to be made to the tentative budget must then be forwarded to the Nevada Department of Taxation for the final review and approval.
- d. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
- e. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end.
- f. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the budget officer and/or City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may only be made with prior approval of the City Council, following a scheduled and noticed public hearing for those funds which have ad valorem taxes allocated as a source of revenue. For

all other funds, the City Council must approve the budget augmentation with a majority vote and adopt a resolution providing therefor.

- g. The above dates may be adjusted as necessary during legislative years.
- h. The budget amounts reflected in the financial statements have been amended from the original amounts in accordance with the approve procedures.
- i. In accordance with state statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt services functions) in the General Fund and total expenditures in other governmental funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments and long-term contracts expressly authorized by law. For Proprietary Funds, the sum of operating and non-operating expenses may exceed total appropriations, unless it creates a deficit equity balance in the fund, and the budget was not adjusted in accordance with state statute.

**Accounts Receivable** – Receivables, as stated in the balance sheet for the governmental funds, are considered collectible by management: accordingly, an allowance for uncollectible accounts is not deemed necessary.

Receivables for the enterprise funds are reported net of an allowance for doubtful accounts as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/Compost Facility Fund</u>
Accounts receivable	\$ 195,131	\$ 103,350	\$ 92,350
Allowance for doubtful accounts	(10,674)	(5,315)	(5,998)
Accounts receivable, net of allowance	<u>\$ 184,457</u>	<u>\$ 98,035</u>	<u>\$ 86,352</u>

**Property Taxes** – All real property within the City of West Wendover is assigned a parcel number by the Elko County Assessor in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The property and its improvements are assessed at 35% of “taxable value” as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at \$5 per \$100 of assessed valuation; however, as a result of legislative action, the tax rate was further limited to \$3.64 per \$100 as assessed valuation, except in cases of severe financial emergency as defined by NRS 354.705. Taxes on real property are a lien on the property and attach on July 1 of the year for which the taxes are levied.

Taxes may be paid in four installments, the first installment is due on the third Monday of August and the remaining three installments are payable on the first Monday in October, January and March to the Treasurer of Elko County in which the City of West Wendover is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if the taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner or such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually by the County and the tax is computed using percentages of taxable values established by the Department of Taxation and the tax rates described above.

**Taxes Receivable, Delinquent** – Secured roll property taxes receivable reflected only those taxes receivable from the delinquent roll years. Delinquent taxes from all roll years prior to 2003-2004 have been written off. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances. Amounts not collected within 60 days after year end have been recorded as deferred revenue in the funds statements. Personal property taxes receivable reflect only those taxes collected within 60 days of year end.

**Cash, Cash Equivalents and Investments** – The City’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash balances from all funds are combined and, to the extent practicable, invested by the City administration as permitted by law. Investments are recorded at fair value. The City invests with the State of Nevada, in which the fair value of the City’s position in the pool is the same as the value of the pool shares. All interest earned on these investments is recognized in the individual funds comprising the combined investment pool.

Cash equivalents include short term highly liquid instruments (3 months or less) that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risks in changes of value because of changes in interest rates and proprietary funds’ equity in investments, as their balances are available on demand.

**Inventories** – Inventories for the General and Proprietary Funds are valued at cost on the first-in, first-out basis; Inventories consist of miscellaneous office supplies, pipe, fittings and miscellaneous automobile parts.

For all other funds, the City of West Wendover charges consumable supplies against appropriations at the time of purchase. Any inventories of such supplies at June 30 are not material to the individual funds and are not recognized in the financial statements.

**Due From and Due To Other Funds** – During the course of its operations, the City has numerous transactions between funds to finance operations, provided goods or services rendered, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2011, balances of inter-fund amounts receivable or payable have been recorded.

**Capital Assets** – Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those with an initial cost of \$5,000 or more and an estimated useful life or more than one year. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their fair market value on the date donated.

Capital assets are recorded at cost (including capitalized interest for business-type activities incurred during the construction phase of debt financed projects). Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

Buildings	35-50 years
Other improvements	20-30 years
Machinery and equipment	5-10 years
Vehicles	3-10 years

The City has elected not to record infrastructure assets prior to conversion to GASB 34, but has recorded infrastructure from July 1, 2003 forward, as allowed by GASB 34 for phase 3 governments.

**Amortization** – Bond issuance costs are amortized over the repayment period of the bond issue using the straight-line method.

**Deferred Revenue** – Deferred revenue in the funds of the City is comprised of delinquent property taxes, delinquent room taxes, gaming taxes, and self-insurance.

**Compensated Absences** – The liability for compensated absences is calculated under the provisions of the Governmental Accounting Standards Board.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and report reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Interest** – Interest is charged to expense as incurred except for interest related to borrowings used for construction projects which is capitalized net of interest earned on construction funds borrowed in the proprietary funds. Interest capitalization ceases when the construction project is substantially complete.

**NOTE 2 – RESTATEMENT OF BEGINNING NET ASSETS**

The City’s beginning net assets have been restated to reflect the correction of an error in the fund classification of revenue related to charges for water services for fiscal years 2009 through 2010. The effect of the correction was the removal of previously recognized revenue of \$74,114 in the City’s water fund and the addition of \$74,114 in revenue in the City’s Johnson Springs Component Unit. The adjustment is reflected in the beginning balance of net assets in each fund respectively and in each statement in which these funds are a part.

**NOTE 3 – COMPLIANCE WITH NEVADA STATUTES AND ADMINISTRATIVE CODE**

The independent audit of the records of the City of West Wendover for the year ended June 30, 2011, included a review of financial activity for compliance with applicable statutes and code.

The City incurred violations of NRS 354.626, whereby actual expenditures exceeded budget appropriations in the following funds:

Funds	Function	Amount of Over Expenditure (Final Budget)
Recreation Board Fund	Culture and Recreation	\$ 52,821
Capital Projects Fund	Capital Outlay	201
Welcome Center Fund	Community Support	6,122

#### NOTE 4 – CASH AND TEMPORARY INVESTMENTS

The City maintains a cash and investment pool that is available for use by all governmental and business type activities/funds. Each activities portion of this pool is shown on the statement of net assets as cash and temporary investments. A summary schedule of cash for the City of West Wendover at June 30, 2011, is as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Investment Balances Held By			
<u>Deposit Type</u>			
Cash on Hand	\$ 625	\$ -	\$ 625
Cash-checking accounts	1,699,610	605,264	2,304,874
<u>Investment Type</u>			
Investment in State Treasurer's Investment Pool	<u>3,324,459</u>	<u>-</u>	<u>3,324,459</u>
Total Primary Government	<u>5,024,694</u>	<u>605,264</u>	<u>5,629,958</u>
Component Unit			
<u>Deposit Type</u>			
Cash-checking accounts-NB&T	34,428	16,696	51,124
<u>Investment Type</u>			
Investment in State Treasurer's Investment Pool	<u>2,276,903</u>	<u>-</u>	<u>2,276,903</u>
Total Component Unit	<u>2,311,331</u>	<u>16,696</u>	<u>2,328,027</u>
Total Cash	<u>\$ 7,336,025</u>	<u>\$ 621,960</u>	<u>\$ 7,957,985</u>

Cash and cash equivalents are carried at cost and investments at fair value. For the year ended June 30, 2011, the only investments held by the City were with the State of Nevada Treasurer's Local Government Investment Pool.

State statutes authorize the City to invest in the State Treasurer's investment pool, bonds, and debentures of the United States, obligations of Federal Land Banks, bills and notes of the U. S. Treasury, obligations of the U. S. Postal Service, obligations of the Federal National Mortgage Association, short-term bonds of local governments and banker's acceptances.

The City is subject to provisions of GASB 31 which requires that investments be valued at their fair value on the balance sheet date. At June 30, 2011, the investments with the Nevada State Treasurer had a carrying value and market value of \$5,601,362 with \$3,324,459 and \$2,276,903 allocated to the City and Johnson Springs, respectively. The State Treasurer is required to have collateral pledged for amounts deposited in the pool not covered by Federal Depository Insurance.

**Custodial Credit Risk-Deposits:** Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2011, the City's deposit balances were exposed to custodial credit risk as follows:

City of West Wendover	
Insured (FDIC)	\$ 250,000
Uninsured and collateral held by pledging financial institution	2,054,874
Uninsured and collateral held by state pooled collateral program	3,324,459
Uninsured petty cash	625
	<u>\$ 5,629,958</u>
Component Unit	
Insured (FDIC)	\$ -
Uninsured and collateral held by pledging financial institution	51,124
Uninsured and collateral held by state pooled collateral program	2,276,903
	<u>\$ 2,328,027</u>

**Credit Risk-Investment:** All of the City's and component unit's investments are in the State Treasurer's investment pool. The State Treasurer's investment pool is unrated. The City and component unit in practice have limited their investments to the State Treasurer's investment pool, but do not have a formal investment policy.

**Interest Rate Risk-Investments:** The City and component unit in practice have limited their investments to the State Treasurer's investment pool which allows withdrawal on request, but the City does not have a formal investment policy.



## NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 is summarized as follows:

	Balance June 30, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,973,916	\$ -	\$ (33,010)	\$ -	\$ 1,940,906
Construction in Progress	1,692,939	517,222	-	(62,064)	2,148,097
	<u>3,666,855</u>	<u>517,222</u>	<u>(33,010)</u>	<u>(62,064)</u>	<u>4,089,003</u>
Capital assets being depreciated:					
Buildings	10,991,900	-	-	-	10,991,900
Other Improvements	3,850,286	-	-	-	3,850,286
Machinery & Equipment	3,176,102	6,690	-	62,064	3,244,856
	<u>18,018,288</u>	<u>6,690</u>	<u>-</u>	<u>62,064</u>	<u>18,087,042</u>
Less accumulated depreciation for:					
Buildings	(1,006,545)	(274,740)	-	-	(1,281,285)
Other Improvements	(595,111)	(193,131)	-	-	(788,242)
Machinery & Equipment	(2,119,847)	(171,400)	-	-	(2,291,247)
	<u>(3,721,503)</u>	<u>(639,271)</u>	<u>-</u>	<u>-</u>	<u>(4,360,774)</u>
Governmental activities capital assets - net	<u>\$ 25,406,646</u>	<u>\$ 1,163,183</u>	<u>\$ (33,010)</u>	<u>\$ -</u>	<u>\$ 26,536,819</u>
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 111,000	\$ -	\$ -	\$ -	\$ 111,000
Construction in Progress	520,405	2,169,214	-	(675,376)	2,014,243
	<u>631,405</u>	<u>2,169,214</u>	<u>-</u>	<u>(675,376)</u>	<u>2,125,243</u>
Capital assets being depreciated:					
Buildings	479,334	-	-	-	479,334
Other Improvements	4,805,363	-	-	-	4,805,363
Machinery & Equipment	3,613,571	251,743	-	-	3,865,314
Utility Systems	6,479,631	-	-	675,376	7,155,007
	<u>15,377,899</u>	<u>251,743</u>	<u>-</u>	<u>675,376</u>	<u>16,305,018</u>
Less accumulated depreciation for:					
Buildings	(118,315)	(11,983)	-	-	(130,298)
Other Improvements	(1,831,487)	(193,960)	-	-	(2,025,447)
Machinery & Equipment	(2,318,323)	(261,111)	-	-	(2,579,434)
Utility Systems	(2,754,267)	(170,105)	-	-	(2,924,372)
	<u>(7,022,392)</u>	<u>(637,159)</u>	<u>-</u>	<u>-</u>	<u>(7,659,551)</u>
Business-type activities capital assets - net	<u>\$ 23,031,696</u>	<u>\$ 3,058,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,089,812</u>

<u>Component Unit - Johnson Springs</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets not being depreciated:					
depreciated:					
Land	\$ 18,000	\$ -	\$ -	\$ -	\$ 18,000
	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
Capital assets being depreciated:					
Buildings	6,079,039	-	-	-	6,079,039
Other Improvements	45,366	-	-	-	45,366
Machinery & Equipment	427,100	9,654	-	-	436,754
Utility System	4,859,248	-	-	-	4,859,248
	<u>11,410,753</u>	<u>9,654</u>	<u>-</u>	<u>-</u>	<u>11,420,407</u>
Less accumulated depreciation for:					
Buildings	(2,559,809)	(189,969)	-	-	(2,749,778)
Other Improvements	(13,867)	(2,115)	-	-	(15,982)
Machinery & Equipment	(229,424)	(29,170)	-	-	(258,594)
Utility System	(746,956)	(121,697)	-	-	(868,653)
	<u>(3,550,056)</u>	<u>(342,951)</u>	<u>-</u>	<u>-</u>	<u>(3,893,007)</u>
Component Unit - Johnson Springs capital assets - net	<u>\$ 7,878,697</u>	<u>\$ (333,297)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,545,400</u>

Depreciation expense was charged to functions as follows:

**General Government:**

Animal control	\$ 6,483
Community Development	2,352
Dispatch	1,326
Fire	14,668
General	29,917
Library	470
Streets	119,689
Public Works	86,283
Police	74,467
Court	10,030
Medical Clinic	11,035
Welcome Center	3,559
Wendover Will	13,502
Capital Projects	265,130
Ad Valorem	360
	<u>\$ 639,271</u>

**NOTE 6 — LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

State and Federal laws and regulations require that the City place a final cover on its landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill sites, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfills no longer accept waste. GASB Statement 18 requires the recognition of these landfill closure and post-closure care costs based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs under GASB Statement 18 requirements is \$261,400 for Class I cell and \$243,900 for Class III cell. The cells are expected to be filled to capacity in the years 2029 and 2018 for the Class I and Class III cell, respectively. The estimated total current cost is based on the amount that would be paid if all equipment,

facilities, and services required to close, monitor, and maintain landfill modules currently in use for both cells were acquired as of June 30, 2011.

The City is required by State and Federal laws and regulations to maintain insurance in the event that the City is not able to pay for the estimated closure and post-closure costs. The City maintained an insurance policy with a face amount of \$505,828 at June 30, 2011. Under the terms of its insurance policy, the City has effectively transferred the liability to its insurer as contemplated by GASB 18. Accordingly, the City has not recorded a liability for the landfill closure and post-closure costs.

## NOTE 7 – LONG-TERM DEBT

Long-term debt as of June 30, 2011 is as follows:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Original Bond/Note Issue</u>	<u>Principal Outstanding at June 30, 2010</u>	<u>Issued During Period</u>	<u>Principal Maturing During Period</u>	<u>Principal Outstanding at June 30, 2011</u>	<u>Due Within One Year</u>	<u>Required Reserve</u>
<b>Governmental Activities</b>										
Tax-Exempt Medium Term Bonds, Series 2007A (81 Acres)	June 29, 2007	4.32%	June 1, 2017	\$ 1,410,000	\$ 1,410,000	\$ -	\$ -	\$ 1,410,000	\$ 207,000	\$ -
Note Payable (18 Residential Lots/NRH)	June 4, 2007	6.00%	June 10, 2012	450,000	196,508	-	(95,318)	101,190	101,190	-
General Obligation Medium-Term Bonds, Series 2009	February 27, 2009	4.46%	February 1, 2019	2,200,000	2,018,000	-	(183,000)	1,835,000	192,000	-
Medium Term Sales tax Revenue Bond, Series 2009 (City Hall)	August 18, 2009	4.38%	August 18, 2039	5,225,000	5,153,073	-	(90,020)	5,063,053	93,851	57,475
			Total Governmental Activities Debt		8,777,581	-	(368,338)	8,409,243	594,041	57,475
<b>Business Type Activities</b>										
<u>Sewer Fund</u>										
Sewer System Bond (1992 Waste Water Reclamation)	October 27, 1992	4.00%	July 1, 2012	2,500,000	444,699	-	(172,860)	271,839	179,843	23,392
Stateline Hookup/Connection	April 23, 2003	4.50%	April 23, 2013	235,000	77,526	-	(26,292)	51,234	27,552	-
Wastewater Treatment Plant Interim Debenture	July 8, 2010	3.55%	June 1, 2012	4,000,000	-	1,000,000	-	1,000,000	1,000,000	-
			Total Sewer Fund Debt		522,225	1,000,000	(199,152)	1,323,073	1,207,395	23,392
<u>Water Fund</u>										
1998 Water Revenue Bonds	November 17, 1998	4.75%	November 1, 2038	3,058,300	2,699,172	-	(45,238)	2,653,934	47,387	173,710
Water Revenue Bonds, Series 2000	June 27, 2000	4.50%	June 1, 2040	550,000	484,188	-	(8,104)	476,084	8,467	29,893
General Obligation Medium-Term Bonds, Series 2008	September 4, 2008	4.15%	September 1, 2013	700,000	566,000	-	(137,000)	429,000	140,000	-
General Obligation Medium-Term Bonds, Series 2008	September 4, 2008	4.95%	September 1, 2018	800,000	800,000	-	-	800,000	-	-
			Total Water Fund Debt		4,549,360	-	(190,342)	4,359,018	195,854	203,603
<u>Combined Garbage/Compost Facility Fund</u>										
1998 Sewer/Compost Revenue Bonds	November 17, 1998	4.75%	November 1, 2018	1,280,000	722,506	-	(66,238)	656,268	69,384	100,567
Sewer/Compost Revenue Bonds Series 1999A	August 18, 1999	4.50%	August 1, 2019	540,000	326,659	-	(26,810)	299,849	29,278	41,520
Sewer/Compost Revenue Bonds Series 1999B	August 18, 1999	4.50%	August 1, 2019	1,500,000	907,821	-	(74,473)	833,348	77,939	115,320
Landfill-Bulldozer	October 18, 2003	4.25%	May 8, 2013	250,000	81,994	-	(27,809)	54,185	29,009	24,608
Garbage Equipment Loan	April 9, 2003	4.50%	April 9, 2013	389,500	128,415	-	(43,591)	84,824	45,587	38,779
Garbage Truck Loan	August 4, 2010	1.88%	August 4, 2015	224,000	-	224,000	(48,113)	175,887	43,955	-
			Total Garbage/Compost Facility Fund Debt		2,167,395	224,000	(287,034)	2,104,361	295,152	320,794
			Total Business Type Activities Debt		7,238,980	1,224,000	(676,528)	7,786,452	1,698,401	547,789
			Total Debt		\$ 16,016,561	\$ 1,224,000	\$ (1,044,866)	\$ 16,195,695	\$ 2,292,442	\$ 605,264
<b>Component Unit</b>										
<u>Johns on Springs</u>										
Water Revenue Bonds, Series 2009	September 24, 2009	4.50%	September 24, 2049	\$ 1,766,730	\$ 1,754,459	\$ -	\$ (16,703)	\$ 1,737,756	\$ 17,565	\$ 16,696

Revenue Bonds

The City has pledged future net revenues from the City’s Municipal Water System to repay \$3,058,300 and \$550,000 in water revenue bonds issued in November 1998 and June 2000, respectively, with interest rates of 4.75% and 4.5%, respectively. Proceeds from the bonds provided financing to pay for the cost to acquire, improve, construct, equip, operate, and maintain a water project for the City. The bonds are payable solely from net revenues from the Municipal Water System and are payable through 2038 and 2040, respectively.

The City has pledged future net revenues from the City’s Compost Facility to repay \$1,280,000 and \$2,040,000 in sewer/compost revenue bonds issued in November 1998 and August 1999 with interest rates of 4.75% and 4.5%, respectively. Proceeds from the bonds provided financing for the development and construction of a compost facility. The bonds are payable solely from future net revenues from the Compost Facility and are payable through 2018 and 2019, respectively.

The following schedule reflects debt service requirements to maturity of the City’s debt as of June 30, 2011:

Year Ended June 30,	Governmental Activities		Business Type Activities		Total Bonded Debt & Notes		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 594,041	\$ 365,732	\$ 1,698,401	\$ 290,617	\$ 2,292,442	\$ 656,349	\$ 17,565	\$ 77,839
2013	518,040	340,708	608,821	263,859	1,126,861	604,567	18,372	77,032
2014	542,416	317,905	442,912	243,969	985,328	561,874	19,216	76,188
2015	568,988	294,027	460,679	226,849	1,029,667	520,876	20,098	75,305
2016	578,796	235,700	432,905	204,200	1,011,701	439,900	21,022	74,382
2017-2021	1,671,629	1,015,386	1,707,156	741,488	3,378,785	1,756,874	120,512	356,505
2022-2026	788,250	779,250	486,340	531,679	1,274,590	1,310,929	150,857	326,161
2027-2031	980,603	586,897	612,276	405,745	1,592,879	992,642	188,842	288,175
2032-2036	1,219,895	347,605	770,834	247,186	1,990,729	594,791	236,392	240,626
2037-2041	946,585	70,517	566,128	56,375	1,512,713	126,892	295,914	181,103
2042-2046	-	-	-	-	-	-	370,422	106,591
2047-2051	-	-	-	-	-	-	278,544	20,640
	<u>\$ 8,409,243</u>	<u>\$ 4,353,727</u>	<u>\$ 7,786,452</u>	<u>\$ 3,211,967</u>	<u>\$ 16,195,695</u>	<u>\$ 7,565,694</u>	<u>\$ 1,737,756</u>	<u>\$ 1,900,547</u>

## NOTE 8 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three Enterprise Funds and one Component Unit (Johnson Springs) which provide water, sewer and compost/garbage services. Segment information for the year ended June 30, 2011, was as follows:

	Enterprise Funds			Component Unit	Total
	Water	Sewer	Compost	Johnson Springs	
Operating Revenues	\$ 1,121,239	\$ 893,721	\$ 1,086,846	\$ 475,514	\$ 3,577,320
Depreciation and Amortization	111,533	209,163	319,406	343,469	983,571
Operating Income (Loss)	154,172	80,687	267,410	(544,826)	(42,557)
Nonoperating Revenues and (Expenses)	(22,109)	1,158,144	(43,155)	4,559	1,097,439
Change in Net Assets	62,063	1,238,831	224,255	(540,267)	984,882
Capital Assets Additions	5,578	2,178,461	236,918	9,654	2,430,611
Net Working Capital (Deficit)	2,197,586	(584,070)	(677,317)	2,272,380	3,208,579
Total Assets	7,767,264	8,132,905	4,658,410	10,218,859	30,777,438
Bonds and Other Outstanding Long-Term Obligations Payable from Operating Revenues	4,163,164	115,678	1,809,209	1,744,475	7,832,526
Total Net Assets	3,035,865	5,328,108	1,160,011	4,980,668	14,504,652

## NOTE 9 – INTERFUND ACCOUNT BALANCES

Interfund receivable and payable balances (Due To/From Other Funds) as of June 30, 2011, are as follows:

	Due From Other Funds	Due to Other Funds
<b>Governmental Activities</b>		
General Fund	\$ 1,713,814	\$ 1,511,078
Recreation Fund	21,227	11,808
Court Admin Assessment Fund	6,845	-
Grant Fund	1,248,546	1,397,269
Welcome Center Fund	1,605	70,561
Capital Projects Fund	76,721	-
Other Governmental Funds	174,376	3,652
	<u>3,243,134</u>	<u>2,994,368</u>
<b>Business-type Activities</b>		
Water Fund	382,835	6,776
Sewer Fund	679,186	36,728
Combined Garbage/Compost Facility Fund	43,540	1,310,823
	<u>1,105,561</u>	<u>1,354,327</u>
	<u>\$ 4,348,695</u>	<u>\$ 4,348,695</u>

***Due To/From Component Units and Primary Government***

Due from Component Units and Due to Primary Government, on a fund basis, as of June 30, 2011 is as follows:

	<b>Due From Component Unit/Primary Government</b>	<b>Due To Primary Government/ Component Unit</b>
Primary Government		
Governmental Activities		
Supplies/Payroll	\$ 1,833	\$ -
	<u>1,833</u>	<u>-</u>
Business-type Activities		
Charges for services	-	185,392
AB-198	136,934	-
Repayment of debt attributable to Johnson Springs	3,292,901	94,468
	<u>3,429,835</u>	<u>279,860</u>
Component Unit - Johnson Springs		
Repayment of AB198 reimbursement	-	8,468
Charges for services	279,860	-
AB-198	-	167,250
Repayment of debt attributable to Administrative Authority	-	3,255,950
	<u>279,860</u>	<u>3,431,668</u>
	<u>\$ 3,711,528</u>	<u>\$ 3,711,528</u>

***Operating Transfers***

Operating transfers are shown as other financing sources or uses in all governmental funds. Transfers between funds during the year ended June 30, 2011 are as follows:

	<b>Operating Transfer-In</b>	<b>Operating Transfers-Out</b>
Governmental Activities		
General Fund	\$ 20,000	\$ 747,100
Capital Projects Fund	763,600	-
Other Governmental Funds	74,500	41,000
	<u>\$ 858,100</u>	<u>\$ 788,100</u>
Total Governmental Activities		
Proprietary Funds		
Water Fund	\$ -	70,000
	<u>-</u>	<u>70,000</u>
Fiduciary Fund		
	<u>\$ -</u>	<u>\$ -</u>

**NOTE 10 – RISK MANAGEMENT**

The City 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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The City has chosen to establish a risk financing fund for risks associated with the employee’s health insurance plan. The risk financing fund is accounted for as an internal service fund where assets are set aside for claim settlement. A premium is charged to each function which accounts for full-time employees.

Liabilities of funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There were no liabilities that met this criteria at June 30, 2011. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past three fiscal years are as follows:

	<b>Unpaid Claims Beginning of Fiscal Year</b>	<b>Incurred Claims</b>	<b>Claim Payments</b>	<b>Unpaid Claims End of Fiscal Year</b>
Self-Insurance Health:				
2008-2009	\$ -	\$ 571,973	\$ 571,973	\$ -
2009-2010	-	561,826	561,826	-
2010-2011	-	581,798	581,798	-

**NOTE 11 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The City of West Wendover contributes to the Public Employee’s Retirement System of Nevada (PERS), a cost sharing multiple-employer defined benefit plan administered by the Public Employee’s Retirement System of Nevada. PERS provides retirement, disability, and death benefits to long-term public employees. The authority to establish and amend benefit provisions is retained by the Nevada State Legislature with day to day operations governed by a seven member board authorized by Title 23, Chapter 386 of the Nevada Revised Statutes. The Public Employee’s Retirement System issues a publicly available financial report that includes financial statement and required supplementary information for PERS. That report may be obtained by writing to Public Employee’s Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling 1-775-687-4200.

**Funding Policy** – Member contribution rates are established by the Nevada State Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. Each employer has elected one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. The City has elected to participate in the Employer-Pay Contribution plan.



Statutory rates effective for 2010-2011 fiscal years are as follows:

	<b>Contribution Rate</b>	
	<b>Regular Members</b>	<b>Police and Fire</b>
Employer-Pay Plan	21.50%	37.00%

The City of West Wendover contributions to PERS for the years ending June 30, 2011, 2010, 2009, were \$870,881, \$772,381, and \$680,469, respectively, equal to the required contributions for the year.

**NOTE 12 – DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees at their option, permits participants until termination, retirement, death, or unforeseeable emergency.

Plan assets are held and administered by The Hartford. The plan does not meet the definition of a fiduciary fund as defined in GASB 32, and therefore, is not reported in this financial statement.

**NOTE 13 – ROOM TAXES**

On October 16, 2001, Ordinance 01-20 was passed, increasing room taxes from 10% to 16%. Of this rate, 14% is allocated to the West Wendover Recreation District. Additionally, the Ordinance allows for 1% to be paid to a non-profit entity to promote tourism and recreation throughout the City of West Wendover. At June 30, 2011 this amount was restricted in the Recreation Fund.

**NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES**

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

The City is party to legal proceedings which normally occur in governmental operations. City officials believe these legal proceedings are not likely to have a material adverse impact on the financial position of the City.

**NOTE 15 – AVAILABLE BORROWING CAPACITY**

The lawful general obligation debt limit for city governments is established by State statute not to exceed thirty percent of the total last assessed valuation of the taxable property of the City. At June 30, 2011, the general obligation debt limit and available borrowing capacity of the City of West Wendover was \$36,950,082 and \$32,092,946, respectively.

**REQUIRED SUPPLEMENTAL INFORMATION**

## **GOVERNMENTAL FUNDS**

### **GENERAL FUND**

The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in other funds.

### **SPECIAL REVENUE FUNDS**

**Recreation Fund** – The recreation fund is used to account for the City’s share of room tax proceeds and the distribution of those funds to the recreation district, Elko County, and the State of Nevada.

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	Adopted Budget	Final Budget	Actual 2011	Variance Favorable (Unfavorable)	Actual 2010
<b>Revenues</b>					
Property taxes					
Ad valorem	\$ 984,300	\$ 984,300	\$ 937,167	\$ (47,133)	\$ 914,521
Personal property	232,200	232,200	200,458	(31,742)	217,172
	<u>1,216,500</u>	<u>1,216,500</u>	<u>1,137,625</u>	<u>(78,875)</u>	<u>1,131,693</u>
Licenses and permits					
Liquor licenses	1,200	1,200	1,260	60	1,190
City gaming licenses	255,000	206,000	206,952	952	200,304
Animal licenses	1,000	1,000	920	(80)	880
Business licenses	22,000	22,000	20,209	(1,791)	21,327
Building permits	25,000	65,700	77,000	11,300	32,307
Special permits and fees	8,500	8,500	8,820	320	9,180
Franchise fees	356,000	356,000	362,913	6,913	369,157
Carlines taxes	100	100	90	(10)	102
	<u>668,800</u>	<u>660,500</u>	<u>678,164</u>	<u>17,664</u>	<u>634,447</u>
Intergovernmental revenues					
Central assessments	16,800	16,800	22,767	5,967	16,636
State consolidated revenue	1,847,500	1,847,500	2,275,011	427,511	1,878,737
1.75 cent gas tax	46,800	46,800	48,133	1,333	50,057
2.35 cent gas tax	52,500	52,500	48,130	(4,370)	47,662
County road tax	28,300	28,300	29,056	756	28,313
County transportation funds	-	323,300	323,340	40	-
County gaming tax	415,000	415,000	466,919	51,919	414,547
Federal/state grants	84,100	84,100	38,920	(45,180)	251,727
Reimbursement from Elko County	123,000	123,000	122,805	(195)	122,801
	<u>2,614,000</u>	<u>2,937,300</u>	<u>3,375,081</u>	<u>437,781</u>	<u>2,810,480</u>
Charges for services					
General					
Special police services	4,500	4,500	4,349	(151)	3,780
Work cards	6,500	6,500	6,470	(30)	6,480
Special fire protection services	9,600	9,600	3,985	(5,615)	14,044
Dispatch fees	2,600	2,600	2,592	(8)	2,592
Animal shelter fees	4,000	4,000	2,548	(1,452)	3,067
Pipeline administrative services	-	-	-	-	-
Miscellaneous	4,500	4,500	11,055	6,555	17,525
	<u>31,700</u>	<u>31,700</u>	<u>30,999</u>	<u>(701)</u>	<u>47,488</u>
Fines and forfeits					
Fines and fees	120,000	160,000	163,740	3,740	133,507
Miscellaneous					
Interest	2,500	2,500	1,932	(568)	1,431
Donations	7,000	7,000	10,086	3,086	17,175
Rents and royalties	16,000	40,000	42,359	2,359	13,850
Miscellaneous	210,000	21,500	26,335	4,835	9,576
	<u>235,500</u>	<u>71,000</u>	<u>80,712</u>	<u>9,712</u>	<u>42,032</u>
Total Revenues	<u>\$ 4,886,500</u>	<u>\$ 5,077,000</u>	<u>\$ 5,466,321</u>	<u>\$ 389,321</u>	<u>\$ 4,799,647</u>

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	Adopted Budget	Final Budget	Actual 2011	Variance Favorable (Unfavorable)	Actual 2010
<b>Expenditures</b>					
General government					
Administration and finance					
Salaries and wages	\$ 431,500	\$ 431,500	\$ 408,817	\$ 22,683	\$ 407,708
Employee benefits	157,200	157,200	191,648	(34,448)	162,847
Services and supplies	315,900	297,900	327,143	(29,243)	337,431
	<u>904,600</u>	<u>886,600</u>	<u>927,608</u>	<u>(41,008)</u>	<u>907,986</u>
Elections					
Services and supplies	400	700	698	2	-
Total general government	<u>905,000</u>	<u>887,300</u>	<u>928,306</u>	<u>(41,006)</u>	<u>907,986</u>
Judicial					
Municipal court					
Salaries and wages	153,000	169,900	163,235	6,665	144,901
Employee benefits	67,900	74,400	74,723	(323)	72,406
Services and supplies	20,100	46,900	54,310	(7,410)	76,805
Total judicial	<u>241,000</u>	<u>291,200</u>	<u>292,268</u>	<u>(1,068)</u>	<u>294,112</u>
Public safety					
Police					
Salaries and wages	1,154,200	1,154,200	1,037,955	116,245	958,129
Employee benefits	533,800	533,800	558,669	(24,869)	530,209
Services and supplies	152,800	151,000	131,805	19,195	168,573
Capital outlay	-	-	6,689	(6,689)	86,698
	<u>1,840,800</u>	<u>1,839,000</u>	<u>1,735,118</u>	<u>103,882</u>	<u>1,743,609</u>
Fire					
Salaries and wages	384,600	384,600	355,719	28,881	360,399
Employee benefits	162,700	162,700	178,640	(15,940)	178,763
Services and supplies	74,500	74,500	56,722	17,778	79,035
	<u>621,800</u>	<u>621,800</u>	<u>591,081</u>	<u>30,719</u>	<u>618,197</u>
Dispatch center					
Salaries and wages	198,600	198,600	201,331	(2,731)	193,878
Employee benefits	81,300	81,300	92,836	(11,536)	94,674
Services and supplies	23,100	23,100	15,352	7,748	8,574
	<u>303,000</u>	<u>303,000</u>	<u>309,519</u>	<u>(6,519)</u>	<u>297,126</u>
Total public safety	<u>2,765,600</u>	<u>2,763,800</u>	<u>2,635,718</u>	<u>128,082</u>	<u>2,658,932</u>
Public works					
Paved streets					
Salaries and wages	76,000	76,000	21,054	54,946	30,812
Employee benefits	29,200	29,200	8,694	20,506	14,687
Services and supplies	66,600	64,900	39,238	25,662	54,355
Capital outlay	-	-	-	-	-
	<u>\$ 171,800</u>	<u>\$ 170,100</u>	<u>\$ 68,986</u>	<u>\$ 101,114</u>	<u>\$ 99,854</u>

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Expenditures - continued</b>					
Building Inspector					
Services and supplies	\$ 2,200	\$ 2,200	\$ 271	\$ 1,929	\$ -
General					
Salaries and wages	156,800	156,800	159,865	(3,065)	169,324
Employee benefits	55,800	55,800	69,330	(13,530)	75,139
Services and supplies	36,700	39,300	28,979	10,321	32,416
	<u>249,300</u>	<u>251,900</u>	<u>258,174</u>	<u>(6,274)</u>	<u>276,879</u>
Total public works	<u>423,300</u>	<u>424,200</u>	<u>327,431</u>	<u>96,769</u>	<u>376,733</u>
Community development					
Salaries and wages	111,000	111,000	114,484	(3,484)	112,958
Employee benefits	37,300	37,300	38,841	(1,541)	39,782
Services and supplies	74,800	60,300	56,801	3,499	97,469
	<u>223,100</u>	<u>208,600</u>	<u>210,126</u>	<u>(1,526)</u>	<u>250,209</u>
Health					
Public health services					
Services and supplies	2,000	-	-	-	2,000
Animal control					
Salaries and wages	48,700	48,700	45,064	3,636	39,838
Employee benefits	21,500	21,500	22,745	(1,245)	21,547
Services and supplies	16,100	16,100	12,670	3,430	14,041
Capital outlay	-	-	-	-	-
	<u>86,300</u>	<u>86,300</u>	<u>80,479</u>	<u>5,821</u>	<u>75,426</u>
Total Health	<u>88,300</u>	<u>86,300</u>	<u>80,479</u>	<u>5,821</u>	<u>77,426</u>
Culture and recreation					
Library service					
Services and supplies	10,200	10,800	12,770	(1,970)	12,061
Community support					
Miscellaneous					
Services and supplies	15,500	7,600	11,842	(4,242)	27,988
Debt services	4,300	4,300	5,083	(783)	12,527
Total expenditures	<u>4,676,300</u>	<u>4,684,100</u>	<u>4,504,023</u>	<u>180,077</u>	<u>4,617,974</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 210,200</u>	<u>\$ 392,900</u>	<u>\$ 962,298</u>	<u>\$ 569,398</u>	<u>\$ 181,673</u>

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -
Operating transfers out	(747,100)	(747,100)	(747,100)	-	(1,201,300)
Total other financing sources (uses)	<u>(727,100)</u>	<u>(727,100)</u>	<u>(727,100)</u>	-	<u>(1,201,300)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	(516,900)	(334,200)	235,198	569,398	(1,019,627)
<b>Fund balance, July 1</b>	<u>1,236,164</u>	<u>839,687</u>	<u>839,687</u>	-	<u>1,859,314</u>
<b>Fund balance, June 30</b>	<u>\$ 719,264</u>	<u>\$ 505,487</u>	<u>\$ 1,074,885</u>	<u>\$ 569,398</u>	<u>\$ 839,687</u>

**RECREATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Revenues</b>					
Taxes					
Room taxes	\$ 2,346,700	\$ 2,346,700	\$ 2,379,578	\$ 32,878	\$ 2,491,947
Miscellaneous					
Interest	200	-	-	-	131
Total Revenues	<u>2,346,900</u>	<u>2,346,700</u>	<u>2,379,578</u>	<u>32,878</u>	<u>2,492,078</u>
<b>Expenditures</b>					
Culture and Recreation					
Room tax distribution	2,346,700	2,346,700	2,399,522	(52,822)	2,707,444
Total expenditures	<u>2,346,700</u>	<u>2,346,700</u>	<u>2,399,522</u>	<u>(52,822)</u>	<u>2,707,444</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>200</u>	<u>-</u>	<u>(19,944)</u>	<u>(19,944)</u>	<u>(215,366)</u>
<b>Fund balance, July 1</b>	<u>123,080</u>	<u>302,008</u>	<u>86,443</u>	<u>(215,565)</u>	<u>301,808</u>
<b>Fund balance, June 30</b>	<u>\$ 123,280</u>	<u>\$ 302,008</u>	<u>\$ 66,499</u>	<u>\$ (235,509)</u>	<u>\$ 86,442</u>



**SUPPLEMENTAL INFORMATION**

**COMBINING NONMAJOR GOVERNMENTAL  
FUND STATEMENTS**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	Special Revenue Funds					Capital Projects	Total Nonmajor Governmental Funds
	Court Administrative Assessments Fund	Medical Clinic Facilities Fund	Seizure Forfeiture Fund	Welcome Center Fund	Wendover Will Landmark Fund	Ad Valorem Capital Projects Fund	
<b>ASSETS</b>							
Cash and investments	\$ 25,107	\$ 12,147	\$ 7,957	\$ (20,327)	\$ 34,177	\$ 18,590	\$ 77,651
Due from other funds	6,845	-	-	1,605	-	17,799	26,249
Inventory	-	-	-	1,273	-	-	1,273
Total assets	<u>\$ 31,952</u>	<u>\$ 12,147</u>	<u>\$ 7,957</u>	<u>\$ (17,449)</u>	<u>\$ 34,177</u>	<u>\$ 36,389</u>	<u>\$ 105,173</u>
<b>LIABILITIES</b>							
Accounts payable	-	340	-	1,075	23,797	-	25,212
Accrued liabilities	-	-	-	3,750	-	-	3,750
Interfund balances	-	-	-	70,561	-	3,653	74,214
Total liabilities	<u>-</u>	<u>340</u>	<u>-</u>	<u>75,386</u>	<u>23,797</u>	<u>3,653</u>	<u>103,176</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	1,273	-	-	1,273
Restricted	31,952	-	-	-	-	-	31,952
Committed	-	11,807	7,957	5,892	10,380	32,736	68,772
Unassigned	-	-	-	(100,000)	-	-	(100,000)
Total fund balances	<u>31,952</u>	<u>11,807</u>	<u>7,957</u>	<u>(92,835)</u>	<u>10,380</u>	<u>32,736</u>	<u>1,997</u>
Total liabilities and fund balances	<u>\$ 31,952</u>	<u>\$ 12,147</u>	<u>\$ 7,957</u>	<u>\$ (17,449)</u>	<u>\$ 34,177</u>	<u>\$ 36,389</u>	<u>\$ 105,173</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds					Capital Projects	Total Nonmajor Governmental Funds
	Court Administrative Assessments Fund	Medical Clinic Facilities Fund	Seizure Forfeiture Fund	Welcome Center Fund	Wendover Will Landmark Fund	Ad Valorem Capital Projects Fund	
<b>Revenues</b>							
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,265	\$ 24,265
Intergovernmental	-	-	-	38,069	-	-	38,069
Charges for services	16,546	-	-	-	-	-	16,546
Miscellaneous	50	4,929	2,401	3,907	1,023	43	12,353
Total revenues	<u>16,596</u>	<u>4,929</u>	<u>2,401</u>	<u>41,976</u>	<u>1,023</u>	<u>24,308</u>	<u>91,233</u>
<b>Expenditures</b>							
Public safety	-	-	505	-	-	-	505
Health	-	36,864	-	-	-	-	36,864
Community support	-	-	-	206,322	12,828	-	219,150
Total expenditures	<u>-</u>	<u>36,864</u>	<u>505</u>	<u>206,322</u>	<u>12,828</u>	<u>-</u>	<u>256,519</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>16,596</u>	<u>(31,935)</u>	<u>1,896</u>	<u>(164,346)</u>	<u>(11,805)</u>	<u>24,308</u>	<u>(165,286)</u>
<b>Other Financing Sources (Uses)</b>							
Operating transfer in	-	28,500	-	-	-	-	28,500
Operating transfer out	(16,000)	-	-	-	-	(25,000)	(41,000)
Total other financing sources (uses)	<u>(16,000)</u>	<u>28,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(12,500)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)</b>	596	(3,435)	1,896	(164,346)	(11,805)	(692)	(177,786)
<b>Fund balance - July 1</b>	<u>31,356</u>	<u>15,242</u>	<u>6,061</u>	<u>71,511</u>	<u>22,185</u>	<u>33,428</u>	<u>179,783</u>
<b>Fund balance - June 30</b>	<u>\$ 31,952</u>	<u>\$ 11,807</u>	<u>\$ 7,957</u>	<u>\$ (92,835)</u>	<u>\$ 10,380</u>	<u>\$ 32,736</u>	<u>\$ 1,997</u>

**INDIVIDUAL MAJOR AND NONMAJOR  
FUND STATEMENTS AND SCHEDULES**

## **SPECIAL REVENUE FUNDS**

**Court Administered Assessment Fund** – To account for fees collected by the court as required by NRS 176.059.

**Medical Clinic Facilities Fund** – To account for receipts and expenditures associated with the clinic under City Resolution 1998-02.

**Seizure Forfeiture Fund** – To account for forfeitures and interest received by the City under Resolution 1992-09.

**Grant Fund** – To account for various grants receipts and expenditures as outlined in Resolution 1996-14.

**Welcome Center Fund** – To account for merchandise sales and operations of the Welcome Center as established under Resolution 2001-04.

**Wendover Will Landmark Fund** – To account for the construction, maintenance and related revenues and costs associated with the Wendover Will Landmark as established under City Resolution 2005-01.

## **CAPITAL PROJECT FUNDS**

**Capital Projects Fund** – To account for accumulation of resources to provide for the purchase of capital assets as established by Resolution 1993-23.

**Ad Valorem Capital Projects** – To account for accumulation of resources to provide for the purchase of capital assets as established under NRS 268.045.

**COURT ADMINISTRATIVE ASSESSMENTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Revenues</b>					
Charges for services					
Court assessments	\$ 12,000	\$ 17,000	\$ 16,546	\$ (454)	\$ 15,466
Miscellaneous					
Interest	100	100	50	(50)	55
Total Revenues	<u>12,100</u>	<u>17,100</u>	<u>16,596</u>	<u>(504)</u>	<u>15,521</u>
<b>Expenditures</b>					
Judicial					
Capital outlay	-	-	-	-	39,501
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,501</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	12,100	17,100	16,596	(504)	(23,980)
<b>Other Financing Sources</b>					
Operating transfers out	<u>(16,000)</u>	<u>(16,000)</u>	<u>(16,000)</u>	<u>-</u>	<u>(16,000)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURE</b>	(3,900)	1,100	596	(504)	(39,980)
<b>Fund balance, July 1</b>	<u>80,201</u>	<u>30,236</u>	<u>31,356</u>	<u>1,120</u>	<u>71,336</u>
<b>Fund balance, June 30</b>	<u>\$ 76,301</u>	<u>\$ 31,336</u>	<u>\$ 31,952</u>	<u>\$ 616</u>	<u>\$ 31,356</u>

**MEDICAL CLINIC FACILITIES FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Revenues</b>					
Miscellaneous					
Interest income	\$ -	\$ -	\$ 7	\$ 7	\$ 10
Other income	3,400	3,400	4,922	1,522	15,000
Total Revenues	<u>3,400</u>	<u>3,400</u>	<u>4,929</u>	<u>1,529</u>	<u>15,010</u>
<b>Expenditures</b>					
Health					
Services and supplies	30,400	37,100	35,015	2,085	27,609
Capital outlay	311,500	311,500	1,849	309,651	4,391
Total expenditures	<u>341,900</u>	<u>348,600</u>	<u>36,864</u>	<u>311,736</u>	<u>32,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(338,500)</u>	<u>(345,200)</u>	<u>(31,935)</u>	<u>313,265</u>	<u>(16,990)</u>
<b>Other Financing Sources</b>					
Operating transfers in	28,500	28,500	28,500	-	31,100
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURE:</b>	<u>(310,000)</u>	<u>(316,700)</u>	<u>(3,435)</u>	<u>313,265</u>	<u>14,110</u>
<b>Fund balance, July 1</b>	<u>29,901</u>	<u>14,234</u>	<u>15,242</u>	<u>1,208</u>	<u>1,332</u>
<b>Fund balance, June 30</b>	<u>\$ (280,099)</u>	<u>\$ (302,466)</u>	<u>\$ 11,807</u>	<u>\$ 314,473</u>	<u>\$ 15,442</u>



**SEIZURE FORFEITURE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Revenues</b>					
Miscellaneous					
Charges for Services	\$ 1,500	\$ -	\$ 2,401	\$ 2,401	\$ 970
Interest income	-	10	-	(10)	9
Total Revenues	<u>1,500</u>	<u>10</u>	<u>2,401</u>	<u>2,391</u>	<u>979</u>
<b>Expenditures</b>					
Public safety					
Services and supplies	1,500	1,500	505	995	-
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>505</u>	<u>995</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(1,490)	1,896	3,386	979
<b>Fund balance, July 1</b>	<u>2,330</u>	<u>5,082</u>	<u>6,061</u>	<u>979</u>	<u>5,082</u>
<b>Fund balance, June 30</b>	<u>\$ 2,330</u>	<u>\$ 3,592</u>	<u>\$ 7,957</u>	<u>\$ 4,365</u>	<u>\$ 6,061</u>

**GRANT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Revenues</b>					
Intergovernmental					
CDBG grants	\$ 450,000	\$ 450,000	\$ 598,600	\$ (148,600)	\$ 268,115
Other grant revenue	120,000	104,000	24,376	79,624	65,000
Total intergovernmental	<u>570,000</u>	<u>554,000</u>	<u>622,976</u>	<u>(68,976)</u>	<u>333,115</u>
Total revenues	<u>570,000</u>	<u>554,000</u>	<u>622,976</u>	<u>(68,976)</u>	<u>333,115</u>
<b>Expenditures</b>					
Public Works					
Capital outlay	616,000	815,300	731,911	83,389	534,231
Total public works	<u>616,000</u>	<u>815,300</u>	<u>731,911</u>	<u>83,389</u>	<u>534,231</u>
Total expenditures	<u>616,000</u>	<u>815,300</u>	<u>731,911</u>	<u>83,389</u>	<u>534,231</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(46,000)</u>	<u>(261,300)</u>	<u>(108,935)</u>	<u>14,413</u>	<u>(201,116)</u>
<b>Other Financing Sources</b>					
Operating transfers in	46,000	46,000	46,000	-	231,300
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	-	(215,300)	(62,935)	14,413	30,184
<b>Fund balance, July 1</b>	<u>47</u>	<u>619,301</u>	<u>119,487</u>	<u>(499,814)</u>	<u>89,303</u>
<b>Fund balance, June 30</b>	<u>\$ 47</u>	<u>\$ 404,001</u>	<u>\$ 56,552</u>	<u>\$ (485,401)</u>	<u>\$ 119,487</u>

**WELCOME CENTER FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Revenues</b>					
Intergovernmental	\$ 34,400	\$ 43,100	\$ 38,069	\$ 5,031	\$ 44,998
Elko County Recreation Board	100,000	100,000	-	(100,000)	100,000
Total intergovernmental	<u>134,400</u>	<u>143,100</u>	<u>38,069</u>	<u>(94,969)</u>	<u>144,998</u>
Miscellaneous					
Merchandise Sales	7,000	7,000	3,797	3,203	8,367
Interest	200	200	110	90	207
Other	-	-	-	-	1,000
Total miscellaneous	<u>7,200</u>	<u>7,200</u>	<u>3,907</u>	<u>3,293</u>	<u>9,574</u>
Total revenues	<u>141,600</u>	<u>150,300</u>	<u>41,976</u>	<u>(91,676)</u>	<u>154,572</u>
<b>Expenditures</b>					
Community support					
Salaries and wages	92,800	77,400	86,928	(9,528)	91,335
Employee benefits	37,300	30,800	39,511	(8,711)	41,038
Services and supplies	73,600	92,000	79,883	12,117	98,101
Total expenditures	<u>203,700</u>	<u>200,200</u>	<u>206,322</u>	<u>(6,122)</u>	<u>230,474</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(62,100)</u>	<u>(49,900)</u>	<u>(164,346)</u>	<u>(97,798)</u>	<u>75,902</u>
<b>Other Financing Sources</b>					
Operating transfers in	-	-	-	-	55,000
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	<u>(62,100)</u>	<u>(49,900)</u>	<u>(164,346)</u>	<u>(97,798)</u>	<u>(20,902)</u>
<b>Fund balance, July 1</b>	<u>89,682</u>	<u>96,336</u>	<u>71,511</u>	<u>(24,825)</u>	<u>92,413</u>
<b>Fund balance, June 30</b>	<u>\$ 27,582</u>	<u>\$ 46,436</u>	<u>\$ (92,835)</u>	<u>\$ (122,623)</u>	<u>\$ 71,511</u>

**WENDOVER WILL LANDMARK FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Revenues</b>					
Miscellaneous					
Interest income	\$ -	\$ -	\$ 43	\$ 43	\$ 38
Donations from private sources	1,000	1,000	980	(20)	1,910
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,023</u>	<u>23</u>	<u>1,948</u>
<b>Expenditures</b>					
Community support					
Services and supplies	12,900	13,500	12,828	672	10,531
Total expenditures	<u>12,900</u>	<u>13,500</u>	<u>12,828</u>	<u>672</u>	<u>10,531</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(11,900)	(12,500)	(11,805)	695	(8,583)
<b>Other Financing Sources</b>					
Operating transfers in	-	-	-	-	10,000
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	(11,900)	(12,500)	(11,805)	695	1,417
<b>Fund balance, July 1</b>	<u>15,826</u>	<u>17,788</u>	<u>22,185</u>	<u>4,397</u>	<u>20,768</u>
<b>Fund balance, June 30</b>	<u>\$ 3,926</u>	<u>\$ 5,288</u>	<u>\$ 10,380</u>	<u>\$ 5,092</u>	<u>\$ 22,185</u>

**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Revenues</b>					
Miscellaneous					
Interest income	\$ 1,000	\$ 1,000	\$ 832	\$ (168)	\$ 1,412
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>832</u>	<u>(168)</u>	<u>1,412</u>
<b>Expenditures</b>					
General government					
Capital outlay	42,300	38,100	38,301	(201)	424,239
Total general government	<u>42,300</u>	<u>38,100</u>	<u>38,301</u>	<u>(201)</u>	<u>424,239</u>
Debt service					
Principal	368,200	368,200	368,338	(138)	5,753,708
Interest	383,800	383,800	383,607	193	294,330
Total debt service	<u>752,000</u>	<u>752,000</u>	<u>751,945</u>	<u>55</u>	<u>6,048,038</u>
Total expenditures	<u>794,300</u>	<u>790,100</u>	<u>790,246</u>	<u>(146)</u>	<u>6,472,277</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(793,300)	(789,100)	(789,414)	(314)	(6,470,865)
<b>Other Financing Sources</b>					
Gain on sale of fixed assets	30,000	30,000	7,829	(22,171)	-
Operating transfers in	763,600	763,600	763,600	-	964,900
	<u>793,600</u>	<u>793,600</u>	<u>771,429</u>	<u>(22,171)</u>	<u>964,900</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	300	4,500	(17,985)	(22,485)	(5,505,965)
<b>Fund balance, July 1</b>	<u>1,110,530</u>	<u>284,286</u>	<u>284,286</u>	<u>-</u>	<u>284,286</u>
<b>Fund balance, June 30</b>	<u>\$ 1,110,830</u>	<u>\$ 288,786</u>	<u>\$ 266,301</u>	<u>\$ (22,485)</u>	<u>\$ (5,221,679)</u>

**AD VALOREM CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With comparative totals for the year ended June 30, 2010)**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual 2011</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2010</u>
<b>Revenues</b>					
Property Taxes					
Ad valorem tax	\$ 25,000	\$ 25,000	\$ 24,265	\$ (735)	\$ 22,911
Miscellaneous					
Interest income	100	100	43	(57)	29
Total revenues	<u>25,100</u>	<u>25,100</u>	<u>24,308</u>	<u>(792)</u>	<u>22,940</u>
<b>Expenditures</b>					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>					
	25,100	25,100	24,308	(792)	22,940
<b>Other Financing Sources</b>					
Operating transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>					
	100	100	(692)	(792)	(2,060)
<b>Fund balance, July 1</b>	<u>32,924</u>	<u>36,487</u>	<u>33,428</u>	<u>(3,059)</u>	<u>35,487</u>
<b>Fund balance, June 30</b>	<u>\$ 33,024</u>	<u>\$ 36,587</u>	<u>\$ 32,736</u>	<u>\$ (3,851)</u>	<u>\$ 33,427</u>

## **FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held on behalf of outside parties, or on behalf of other funds within the government. Expendable trust funds may use both principal and income to achieve the funds' objectives, while nonexpendable trust funds must keep the principal of the trust preserved and may only use those generated for the activities of the fund.

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
<u>Unemployment Insurance Liability Reserve Fund</u>				
Assets				
Cash and investments	\$ 3,858	\$ 7	\$ -	\$ 3,865
Total assets	<u>3,858</u>	<u>7</u>	<u>-</u>	<u>3,865</u>
Liabilities				
Accounts payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance	<u>3,858</u>	<u>7</u>	<u>-</u>	<u>3,865</u>
Total liabilities and fund balance	<u>\$ 3,858</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 3,865</u>



**COMPLIANCE AND INTERNAL CONTROL**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council  
City of West Wendover, Nevada

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of West Wendover, Nevada (the City) as of and for the year ended June 30, 2011, and have issued our report thereon, dated December 14, 2011. 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.

**Internal Control Over Financial Reporting**

Management of the City of West Wendover, Nevada is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the City in our Report Of Independent Public Accountants On Compliance With Statutes and Administrative Code In Accordance with NRS 354.624 on page 71.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Mayor, City Council, and others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hansen, Barnett + Maxwell, P.C.*

**HANSEN, BARNETT & MAXWELL, P.C.**

Salt Lake City, Utah  
December 14, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Honorable Mayor and City Council  
City of West Wendover, Nevada

**Compliance**

We have audited the compliance of the City of West Wendover (the City) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### **Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of the City, Mayor, City Council, and others within the City, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hansen, Barnett + Maxwell, P.C.*

**HANSEN, BARNETT & MAXWELL, P.C.**

Salt Lake City, Utah  
December 14, 2011

**CITY OF WEST WENDOVER, NEVADA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Identification	Program or Award Amount	Federal Disbursements/ Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Passed through State Department of Community Development Community Development Block Grant - States	14.228	CDBG 09/PS037	\$ 100,000	\$ 98,600
				<u>98,600</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through from State of Nevada Department of Transportation Wendover Boulevard Phase 1 Enhancement Project	20.205	PR261-10-063	\$ 650,000	\$ 30,485
Small Community Air Service Development Program	20.93	-	40,000	34,443
				<u>64,928</u>
<b>U.S. ARMY CORPS OF ENGINEERS</b>				
Environmental Infrastructure - Waste Water Phase 2 - ARRA Funds	12.121	323923	\$ 3,452,500	\$ 1,218,935 *
Waste Water Phase 2 Non-ARRA	12.121	323923	4,355,300	-
				<u>1,218,935</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Waste Water Disposal Systems for Rural Communities - Phase 2 - ARRA	10.781	NV-92-20	\$ 2,637,000	\$ 406,312 *
Garbage Truck Acquisition	-	33-005-883585104	50,000	48,113
Office Machine Acquisition	-	33-005-883585104	3,981	3,981
				<u>458,406</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
Passed through State of Nevada Department of Conservation and Natural Resources Clean Water State Revolving Funds - ARRA	66.458	CS32-0965S	\$ 604,302	\$ 413,169 *
				<u>413,169</u>
<b>U.S. DEPARTMENT OF ENERGY</b>				
Passed through Nevada State Office of Energy Energy Efficiency and Conservation Block Grant - ARRA	81.128	EE03271007	\$ 500,000	\$ 176,496
				<u>176,496</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through State of Nevada Fire Program - EMPG	97.042	-	\$ 24,417	\$ 24,417
				<u>24,417</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Justice Assistant Grant, Employment Sustain	16.804	2010-SB-B9-0026	\$ 11,172	\$ 11,172
				<u>11,172</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Health Resources and Services Administration: Health Care and Other Facilities	93.887	C76HF19547-01-01	\$ 306,900	\$ 287
				<u>287</u>
<b>Total Expenditures of Federal Awards</b>				<u><u>\$ 2,466,410</u></u>

\* denotes major program

**CITY OF WEST WENDOVER, NEVADA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2011**

**NOTE 1—SIGNIFICANT ACCOUNTING POLICIES**

The following information regarding the schedule of expenditures of federal awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of the federal awards.

***Basis of Accounting*** — The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of West Wendover, Nevada and is prepared on the accrual basis of accounting. Receivables are recorded when appropriate program expenditures are made and the Organization has a claim for reimbursement.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from their presentation in the financial statements.

**CITY OF WEST WENDOVER, NEVADA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of the City of West Wendover, Nevada.
2. A material weakness was reported with regard to internal control over financial reporting, as reported as item 2011-01 below.
3. No instances of noncompliance material to the financial statements of the City of West Wendover were disclosed as a result of the audit.
4. No significant deficiencies with regard to internal control over major federal award programs are reported.
5. The independent auditors' report on compliance for the major federal award programs of the City of West Wendover, Nevada expresses an unqualified opinion.
6. There were no audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 disclosed during the audit.

7. The programs tested as major programs include:

Environmental Infrastructure Grant	12.121
Waste and Disposal Systems for Rural Communities	10.781
Clean Water State Revolving Loan Funds	66.458

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of West Wendover, Nevada qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

*2011-01 – Year-End Close Process*

**Criteria:** Management is responsible for establishing and maintaining effective internal controls over financial reporting, including proper year end-close procedures.

**Condition:** As a result of our audit test work, we proposed and management recorded a significant number of journal entries to adjust ending balances including year-end accruals (revenue/receivables, accounts payable, wages, compensated absences, interest payable) and adjust bad debt expense.

**Cause:** The weakness is due to the open Chief Financial Officer position at year end and subsequent to year end as well as the lack of accounting procedures in place to compensate for the vacancy.

**Effect:** In the absence of a financial statement audit, this weakness could allow the financial statements to be materially misstated.



**Recommendation:** We recommend that the City implement adequate accounting policies and procedures for year-end closing of the accounting records.

**Corrective Action Plan:** In April of 2011, the City's Chief Financial Officer (CFO) resigned. This resignation was given with only two weeks of notice and resulted in the departure of the CFO taking place two months prior to year-end during which time several related year-end closing procedures would have taken place as part of the normal duties/responsibilities of the CFO. Additionally, a final augmentation was conducted during this same time period. This augmentation was done without having year end closing procedures completed as a result of the CFO vacancy. These factors lent to errors in the financial documentation including the significant number of journal entries that were required after year-end.

On November 28, 2011, after several months of recruiting, the City Council selected and hired a new CFO. This individual will begin performing CFO duties the first week in January 2012. With the CFO vacancy now filled, management will make additional provisions for training to provide appropriate succession scenarios and related procedures in the absence of a CFO during year-end processes thus ensuring continuity of the necessary financial procedures.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

No findings to report.

**D. PRIOR YEAR FINDINGS**

No findings were reported.

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON  
COMPLIANCE WITH STATUTES AND ADMINISTRATIVE CODE  
IN ACCORDANCE WITH NRS 354**

To the Honorable Mayor and City Council  
City of West Wendover, Nevada

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of West Wendover, Nevada for the year ended June 30, 2011 and have issued our report thereon dated December 14, 2011, made in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the comptroller General of the United States, and accordingly, included such tests of the accounting records and such auditing procedures as we considered necessary in the circumstances.

The management of the City of West Wendover, Nevada is responsible for the City's compliance with the Nevada Revised Statutes (NRS) and Regulation (Nevada Administrative Code). In connection with our audit, nothing came to our attention that caused us to believe that the City had not complied with NRS 354, including:

- a. Use of funds established,
- b. Use of generally accepted accounting principles,
- c. Limitations of reserve amounts,
- d. Recording sources of revenue and retaining earnings amounts
- e. Ending fund balance and retained earnings amounts,

In addition, nothing came to our attention that causes us to believe that the City had not complied with the Nevada Revised Statutes and Regulations, insofar as they related to accounting matters. However, our audit was not directed toward obtaining knowledge of such noncompliance.

Our testing was more limited than would be necessary to express an opinion on whether the City of West Wendover, Nevada, administered its programs in compliance, in all material respects, with statutes and administrative code; however, with respect to the transactions that were tested by us, nothing came to our attention to indicate that the City of West Wendover, Nevada had violated statutes and administrative code, other than those items listed below.

Expenditures in excess of adopted budget were incurred in the following funds (NRS 354.626):

Recreation Board Fund, Capital Projects Fund and Welcome Center Fund

a. Recreation Board – Culture and Recreation Function	\$	52,821
b. Capital Projects Fund – Capital Outlay		201
c. Welcome Center Fund – Community Support		6,122

This report is intended solely for the use of the City of West Wendover, Nevada, the State of Nevada and other audit agencies and should not be used for any other purpose.

*Hansen, Barnett + Maxwell, P.C.*

**HANSEN, BARNETT & MAXWELL, P.C.**

December 14, 2011  
Salt Lake City, Utah

**CITY OF WEST WENDOVER, NEVADA  
SCHEDULE OF BUSINESS LICENSE FEES SUBJECT TO  
THE PROVISIONS OF NRS 354.5989**

Business license revenue for the year ended June 30, 2010 (Base Year)		21,327
Adjustment to Base:		
1. Percentage increase in population of the local government	2.93%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next proceeding the year for which the limit is being calculated	1.60%	
	4.53%	966
Adjusted Base at June 30, 2011		22,293
Actual Revenue		20,209
Amount Under Allowable Amount		\$ (2,084)

**CITY OF WEST WENDOVER, NEVADA**  
**SCHEDULE OF EXPENDITURES OF THE SPECIAL AD VALOREM**  
**TRANSPORTATION CAPITAL PROJECTS FUND**  
**JUNE 30, 2011**

The Special Ad Valorem Transportation Capital Project Fund expended the following amounts during the year ended June 30, 2011:

Operating Transfer Out to General Fund	
Wendover Boulevard project	<u>\$ 25,000</u>
 Total Expenditures	 <u><u>\$ 25,000</u></u>