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Certified Public Accountants

CITY OF WEST WENDOVER, NEVADA

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

June 30, 2012

**CITY OF WEST WENDOVER, NEVADA
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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, 2012, 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, 2012, 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 13, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by

the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Wendover, Nevada's financial statements as a whole. 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 management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hansen, Barnett + Maxwell, P.C.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
December 13, 2012

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, 2012.

A. FINANCIAL HIGHLIGHTS

- The assets of the City of West Wendover and Discretely Presented Component Unit exceeded liabilities at June 30, 2012 by \$30,723,674. Of this, \$7,046,318 (unrestricted) may be used to meet ongoing obligations to citizens and creditors.
- Net assets increased in the City by \$5,774,367. This increase is after purchases of capital assets of \$8,230,718 and depreciation expense of \$1,284,448 for the year.

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 \$26,354,096 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 |
|---|-------------------------|--------------|--------------------------|--------------|---------------------------|---------------|---------------|----------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | | |
| Current and other assets | \$ 2,145,364 | \$ 1,942,943 | \$ 8,135,920 | \$ 8,682,308 | \$ 10,281,284 | \$ 10,625,251 | \$ (343,967) | -3.2% |
| Capital assets | 17,467,153 | 17,815,271 | 16,583,242 | 10,770,710 | 34,050,395 | 28,585,981 | 5,464,414 | 19.1% |
| Total assets | 19,612,517 | 19,758,214 | 24,719,162 | 19,453,018 | 44,331,679 | 39,211,232 | 5,120,447 | 13.1% |
| Current liabilities | 301,787 | 670,771 | 899,749 | 2,142,918 | 1,201,536 | 2,813,689 | (1,612,153) | -57.3% |
| Long-term liabilities | 8,024,541 | 8,562,322 | 8,751,506 | 7,811,173 | 16,776,047 | 16,373,495 | 402,552 | 2.5% |
| Total liabilities | 8,326,328 | 9,233,093 | 9,651,255 | 9,954,091 | 17,977,583 | 19,187,184 | (1,209,601) | -6.3% |
| Net assets: | | | | | | | | |
| Invested in capital assets, net of related debt | 9,651,952 | 9,406,028 | 10,928,574 | 7,343,276 | 20,580,526 | 16,749,304 | 3,831,222 | 22.9% |
| Restricted - Debt Services | 57,915 | 155,926 | 560,776 | 547,789 | 618,691 | 703,715 | (85,024) | -12.1% |
| Unrestricted | 1,576,322 | 963,167 | 3,578,557 | 1,607,862 | 5,154,879 | 2,571,029 | 2,583,850 | 100.5% |
| Total net assets | \$11,286,189 | \$10,525,121 | \$15,067,907 | \$9,498,927 | \$26,354,096 | \$20,024,048 | \$6,330,048 | 31.6% |

The largest part of the City of West Wendover's total assets (76.81%), reflects its capital assets (e.g. machinery and equipment). Related debt used to acquire those assets that are still outstanding is \$16,544,031. The percentage of investment in capital assets to net assets is 78.1%. 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 \$5,154,879 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 |
|--|-------------------------|---------------|--------------------------|--------------|---------------------------|---------------|---------------|----------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | | |
| Revenues: | | | | | | | | |
| Program revenues | | | | | | | | |
| Charges for Services | \$ 1,001,834 | \$ 1,148,929 | \$ 3,279,984 | \$ 3,101,806 | \$ 4,281,818 | \$ 4,250,735 | \$ 31,083 | 0.7% |
| Operating Grants | 317,410 | 165,172 | - | - | 317,410 | 165,172 | 152,238 | 92.2% |
| Capital Grants | 655,205 | 947,296 | 5,267,817 | 1,251,330 | 5,923,022 | 2,198,626 | 3,724,396 | 169.4% |
| General revenues | | | | | | | | |
| Ad Valorem Taxes | 1,106,505 | 1,161,890 | - | - | 1,106,505 | 1,161,890 | (55,385) | -4.8% |
| Consolidated Taxes | 2,676,355 | 2,275,011 | - | - | 2,676,355 | 2,275,011 | 401,344 | 17.6% |
| Franchise Taxes | 358,296 | 362,913 | - | - | 358,296 | 362,913 | (4,617) | -1.3% |
| Right-of-way Toll | 210,474 | - | - | - | 210,474 | - | 210,474 | 0.0% |
| Motor Vehicle Taxes | 120,225 | 125,319 | - | - | 120,225 | 125,319 | (5,094) | -4.1% |
| Road Taxes | 2,485,870 | 2,379,578 | - | - | 2,485,870 | 2,379,578 | 106,292 | 4.5% |
| Sale of Capital Assets | 734 | - | - | - | 734 | - | 734 | 0.0% |
| Unrestricted Interest | 2,554 | 5,494 | 129,499 | 134,137 | 132,053 | 139,631 | (7,578) | -5.4% |
| Miscellaneous | 73,204 | 89,418 | 25,341 | 24,180 | 98,545 | 113,598 | (15,053) | -13.3% |
| Total revenues | \$ 9,008,666 | \$ 8,661,020 | \$ 8,702,641 | \$ 4,511,453 | \$ 17,711,307 | \$ 13,172,473 | \$ 4,538,834 | 34.5% |
| Expenses: | | | | | | | | |
| General Government | \$ 1,477,348 | \$ 1,651,392 | \$ - | \$ - | \$ 1,477,348 | \$ 1,651,392 | \$ (174,044) | -10.5% |
| Judicial | 304,344 | 309,179 | - | - | 304,344 | 309,179 | (4,835) | -1.6% |
| Public Safety | 2,673,246 | 2,761,978 | - | - | 2,673,246 | 2,761,978 | (88,732) | -3.2% |
| Community Support | 241,361 | 223,058 | - | - | 241,361 | 223,058 | 18,303 | 8.2% |
| Health and Sanitation | 136,734 | 136,440 | - | - | 136,734 | 136,440 | 294 | 0.2% |
| Culture and Recreation | 2,491,260 | 2,412,761 | - | - | 2,491,260 | 2,412,761 | 78,499 | 3.3% |
| Public Works | 623,671 | 791,230 | - | - | 623,671 | 791,230 | (167,559) | -21.2% |
| Community Development | 244,228 | 241,210 | - | - | 244,228 | 241,210 | 3,018 | 1.3% |
| Water | - | - | 1,335,677 | 1,145,820 | 1,335,677 | 1,145,820 | 189,857 | 16.6% |
| Sewer | - | - | 864,498 | 872,876 | 864,498 | 872,876 | (8,378) | -1.0% |
| Garbage/Compost | - | - | 933,483 | 918,353 | 933,483 | 918,353 | 15,130 | 1.6% |
| Total expenses | \$ 8,192,192 | \$ 8,527,248 | \$ 3,133,658 | \$ 2,937,049 | \$ 11,325,850 | \$ 11,464,297 | \$ (138,447) | -1.2% |
| Transfers | \$ - | \$ 70,000 | \$ - | \$ (70,000) | \$ - | \$ - | \$ - | \$ - |
| Change in Net Assets | 816,474 | 203,772 | 5,568,983 | 1,504,404 | 6,385,457 | 1,708,176 | 4,677,281 | 273.8% |
| Beginning Net Assets, as previously reported | 10,525,121 | 10,321,349 | 9,498,924 | 8,068,637 | 20,024,045 | 18,389,986 | 1,634,059 | 8.9% |
| Prior Period Adjustment | (55,406) | - | - | (74,114) | (55,406) | (74,114) | 18,708 | -25.2% |
| Beginning Net Assets, as restated | 10,469,715 | 10,321,349 | 9,498,924 | 7,994,523 | 19,968,639 | 18,315,872 | 1,652,767 | 9.0% |
| Ending Net Assets | \$ 11,286,189 | \$ 10,525,121 | \$ 15,067,907 | \$ 9,498,927 | \$ 26,354,096 | \$ 20,024,048 | \$ 6,330,048 | 31.6% |

Business Type Activities

Business-type activities performed by the City of West Wendover increased net assets by \$5,568,980.

Operating revenues for the City of West Wendover were \$3,279,984, which was \$178,178 more than the prior year's amount. Non-operating revenues of \$154,840 were below last year's amount by \$3,477 because of lower interest income. As shown above, operating revenues increased between years by 5.7% due to rate increases for water, sewer and garbage services as well as increased usage by bulk rate customers for the construction projects just outside of town.

Actual operating expenditures for the current fiscal year of \$3,133,658 were more than the prior year's amount by \$196,609 which was due to increased costs associated with utilities.

Government Type Activities

Government activities increased net assets by \$761,068.

Operating revenues of the City of West Wendover were \$9,008,666, which was \$347,646 more than the prior year's amount of \$8,661,020 excluding the sale of capital assets. The increase in revenues was caused by more consolidated tax revenues than first budgeted by the state which was brought about by better economic conditions.

Total expenditures for the current fiscal year of \$8,192,192 were \$335,056 less than the prior year's amount of \$8,527,248. This decrease in expenditures can be attributed primarily to the salary cuts and expenditure cuts that were put in place in preparation of the decreased budgeted amounts for the state consolidated tax allocation.

C. BUDGETARY HIGHLIGHTS – FISCAL YEAR ENDED JUNE 30, 2012

The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2012. 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 \$5,616 less than the budgeted amount of \$3,285,600, operating expenses were \$462 above the budgeted amount of \$2,790,000, resulting in a budgeted operating loss of \$6,078. Government-type operating revenues were \$714,382 more than budgeted amount of \$8,484,310 and expenditures were \$288,169 less than the budgeted amount of \$8,938,900. This resulted in a budgeted operating gain of \$1,002,551. Additional budget information can be found on pages 39 through 43 and 50 through 57 of this report.

D. CAPITAL ASSETS

The City of West Wendover's investment, including its related component unit, in capital assets as of June 30, 2012, amounts to \$41,295,857 (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:

- Waste Water Treatment Plant Phase II
- Medical Clinic Remodel
- Solar System Phase II
- Wendover Blvd improvements

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 new Public Works building is still in design and is planned to be completed by the end of the 2013 fiscal year. Public Works will also purchase a new garbage truck.

Work will continue on Wendover Blvd improvements, including sidewalks, pedestrian way enhancements, and storm/drainage condition improvements.

Also, the City has been awarded funding from the State Revolving Fund combined with a USDA loan for the rehabilitation of a water tank and water lines which should be completed by the end of the year.

Public park additions are being considered as well as Networking and Interoperability Services for the City, Dispatch and Emergency Services for this next fiscal year.

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, 2012

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|----------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | Johnson Springs |
| ASSETS | | | | |
| Cash and temporary investments | \$ 1,032,523 | \$ 3,652,173 | \$ 4,684,696 | \$ 1,809,195 |
| Accounts receivable, net | 287,079 | 512,211 | 799,290 | 58,937 |
| Due from other governments | 668,306 | - | 668,306 | - |
| Due from component unit/primary government | 1,833 | 3,313,061 | 3,314,894 | 279,860 |
| Inventory | 31,344 | 46,457 | 77,801 | 15,469 |
| Prepaid items | 2,743 | 750 | 3,493 | - |
| Bond issuance costs, net | 63,621 | 50,492 | 114,113 | 19,298 |
| Restricted cash | 57,915 | 560,776 | 618,691 | 27,031 |
| Capital Assets: | | | | |
| Land and construction in progress | 2,726,876 | 8,556,233 | 11,283,109 | 18,000 |
| Buildings, net | 9,435,876 | 337,053 | 9,772,929 | 3,139,867 |
| Improvements other than buildings, net | 4,481,488 | 6,643,401 | 11,124,889 | 3,933,835 |
| Machinery and equipment, net | 822,913 | 1,046,555 | 1,869,468 | 153,760 |
| Total capital assets | <u>17,467,153</u> | <u>16,583,242</u> | <u>34,050,395</u> | <u>7,245,462</u> |
| Total assets | <u>19,612,517</u> | <u>24,719,162</u> | <u>44,331,679</u> | <u>9,455,252</u> |
| LIABILITIES | | | | |
| Accounts payable | 277,653 | 143,310 | 420,963 | 41,247 |
| Internal balances | (277,613) | 277,613 | - | - |
| Accrued interest payable | 41,575 | 195,118 | 236,693 | - |
| Accrued expenses | 190,961 | - | 190,961 | - |
| Due to component unit/primary government | - | 279,860 | 279,860 | 3,314,894 |
| Deferred revenue | 69,211 | - | 69,211 | - |
| Deposits | - | 3,848 | 3,848 | - |
| Long-term liabilities | | | | |
| Portion due or payable within one year: | | | | |
| Bonds and notes payable | 518,040 | 646,253 | 1,164,293 | 18,372 |
| Compensated absences | 209,340 | 22,676 | 232,016 | 9,341 |
| Portion due or payable after one year: | | | | |
| Bonds and notes payable | 7,297,161 | 8,082,577 | 15,379,738 | 1,701,820 |
| Total liabilities | <u>8,326,328</u> | <u>9,651,255</u> | <u>17,977,583</u> | <u>5,085,674</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 9,651,952 | 10,928,574 | 20,580,526 | 2,451,108 |
| Restricted for: | | | | |
| Debt service | 57,915 | 560,776 | 618,691 | 27,031 |
| Unrestricted | 1,576,322 | 3,578,557 | 5,154,879 | 1,891,439 |
| Total net assets | <u>\$ 11,286,189</u> | <u>\$ 15,067,907</u> | <u>\$ 26,354,096</u> | <u>\$ 4,369,578</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, 2012**

| 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 | |
| Governmental: | | | | | | | | |
| General government | \$ 1,477,348 | \$ 708,589 | \$ - | \$ - | \$ (768,759) | \$ - | \$ (768,759) | \$ - |
| Judicial | 304,344 | 241,240 | - | - | (63,104) | - | (63,104) | - |
| Public safety | 2,673,246 | 18,984 | 44,408 | - | (2,609,854) | - | (2,609,854) | - |
| Community support | 241,361 | 30,217 | 150,000 | 8,985 | (52,159) | - | (52,159) | - |
| Health and sanitation | 136,734 | 2,699 | 123,002 | - | (11,033) | - | (11,033) | - |
| Culture and recreation | 2,491,260 | - | - | - | (2,491,260) | - | (2,491,260) | - |
| Public works | 623,671 | 105 | - | - | (623,566) | - | (623,566) | - |
| Community development | 244,228 | - | - | 646,220 | 401,992 | - | 401,992 | - |
| Total governmental activities | <u>8,192,192</u> | <u>1,001,834</u> | <u>317,410</u> | <u>655,205</u> | <u>(6,217,743)</u> | <u>-</u> | <u>(6,217,743)</u> | <u>-</u> |
| Business-type: | | | | | | | | |
| Water | 1,335,677 | 1,244,876 | - | - | - | (90,801) | (90,801) | - |
| Sewer | 864,498 | 900,779 | - | 5,267,817 | - | 5,304,098 | 5,304,098 | - |
| Garbage/Compost | 933,483 | 1,134,329 | - | - | - | 200,846 | 200,846 | - |
| Total business-type activities | <u>3,133,658</u> | <u>3,279,984</u> | <u>-</u> | <u>5,267,817</u> | <u>-</u> | <u>5,414,143</u> | <u>5,414,143</u> | <u>-</u> |
| Total primary government | <u>\$ 11,325,850</u> | <u>\$ 4,281,818</u> | <u>\$ 317,410</u> | <u>\$ 5,923,022</u> | <u>(6,217,743)</u> | <u>5,414,143</u> | <u>(803,600)</u> | <u>-</u> |
| Component Unit: | | | | | | | | |
| Johnson Springs | <u>\$ 1,235,170</u> | <u>\$ 621,262</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(613,908)</u> |
| General Revenues: | | | | | | | | |
| | | | | | 1,106,505 | - | 1,106,505 | - |
| | | | | | 2,676,355 | - | 2,676,355 | - |
| | | | | | 358,296 | - | 358,296 | - |
| | | | | | 210,474 | - | 210,474 | - |
| | | | | | 120,225 | - | 120,225 | - |
| | | | | | 2,485,870 | - | 2,485,870 | - |
| | | | | | 734 | - | 734 | - |
| | | | | | 2,554 | 129,499 | 132,053 | 2,818 |
| | | | | | 73,204 | 25,341 | 98,545 | - |
| Transfers | | | | | - | - | - | - |
| Total General Revenues and Transfers | | | | | <u>7,034,217</u> | <u>154,840</u> | <u>7,189,057</u> | <u>2,818</u> |
| Change in Net Assets | | | | | 816,474 | 5,568,983 | 6,385,457 | (611,090) |
| Net Assets - Beginning, as previously stated | | | | | <u>10,525,121</u> | <u>9,498,924</u> | <u>20,024,045</u> | <u>4,980,668</u> |
| Prior period adjustment | | | | | <u>(55,406)</u> | <u>-</u> | <u>(55,406)</u> | <u>-</u> |
| Net Assets - Beginning, as restated | | | | | <u>10,469,715</u> | <u>9,498,924</u> | <u>19,968,639</u> | <u>4,980,668</u> |
| Net Assets - Ending | | | | | <u>\$ 11,286,189</u> | <u>\$ 15,067,907</u> | <u>\$ 26,354,096</u> | <u>\$ 4,369,578</u> |

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

CITY OF WEST WENDOVER, NEVADA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2012

| | <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> |
|-------------------------------------|-------------------------|----------------------------|-----------------------|----------------------------------|---|---------------------|
| ASSETS | | | | | | |
| Cash and temporary investments | \$ 671,746 | \$ 48,315 | \$ 434,983 | \$ 128,699 | \$ 50,163 | \$ 1,333,906 |
| Accounts receivable, net | 81,167 | 245,703 | - | - | - | 326,870 |
| Interfund balances | 1,742,661 | 21,227 | 1,248,546 | 76,721 | 26,249 | 3,115,404 |
| Due from other governments | 568,306 | - | - | - | 100,000 | 668,306 |
| Inventory | 30,711 | - | - | - | 633 | 31,344 |
| Prepaid items | 2,743 | - | - | - | - | 2,743 |
| Total assets | <u>\$ 3,097,334</u> | <u>\$ 315,245</u> | <u>\$ 1,683,529</u> | <u>\$ 205,420</u> | <u>\$ 177,045</u> | <u>\$ 5,478,573</u> |
| LIABILITIES | | | | | | |
| Due to general fund pooled cash | \$ - | \$ - | \$ - | \$ 185,120 | \$ - | \$ 185,120 |
| Accounts payable | 38,154 | 230,346 | 8,574 | - | 578 | 277,652 |
| Accrued liabilities | 189,891 | - | - | - | - | 189,891 |
| Interfund balances | 1,495,202 | 11,808 | 1,397,269 | - | 73,523 | 2,977,802 |
| Deferred revenue | 70,281 | - | - | - | - | 70,281 |
| Total liabilities | <u>1,793,528</u> | <u>242,154</u> | <u>1,405,843</u> | <u>185,120</u> | <u>74,101</u> | <u>3,700,746</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | \$ 33,454 | \$ - | \$ - | \$ - | \$ 633 | \$ 34,087 |
| Restricted | 440 | 73,091 | - | 57,475 | 30,385 | 161,391 |
| Committed | - | - | 277,686 | - | 68,772 | 346,458 |
| Unassigned | 1,269,912 | - | - | (37,175) | 3,154 | 1,235,891 |
| Total fund balances | <u>1,303,806</u> | <u>73,091</u> | <u>277,686</u> | <u>20,300</u> | <u>102,944</u> | <u>1,777,827</u> |
| Total liabilities and fund balances | <u>\$ 3,097,334</u> | <u>\$ 315,245</u> | <u>\$ 1,683,529</u> | <u>\$ 205,420</u> | <u>\$ 177,045</u> | <u>\$ 5,478,573</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, 2012**

| | |
|---|----------------------|
| Total fund balance - governmental funds | \$ 1,777,827 |
| <p>Amounts reported for governmental activities in the statement of net assets are different because:</p> | |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p> | |
| Capital assets-net | 17,467,153 |
| <p>Bonds issuance costs in governmental activities are not financial resources and, therefore, are not reported in the funds.</p> | |
| Bond issuance costs, net | 63,621 |
| <p>Long-term receivables in governmental activities are not reported in the funds</p> | |
| | 22,194 |
| <p>Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p> | |
| Bonds and notes payable | (7,815,201) |
| Accrued interest | (41,575) |
| Compensated absences | (209,340) |
| <p>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.</p> | |
| | 21,510 |
| Net assets - governmental activities | \$ 11,286,189 |

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, 2012

| | <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> |
|---|-------------------------|----------------------------|-----------------------|----------------------------------|---|---------------------|
| Revenues | | | | | | |
| Taxes | \$ 1,069,841 | \$ 2,485,870 | \$ - | \$ - | \$ 36,664 | \$ 3,592,375 |
| Licenses and permits | 845,131 | - | - | - | - | 845,131 |
| Intergovernmental | 3,377,663 | - | 646,220 | - | 399,282 | 4,423,165 |
| Charges for services | 34,703 | - | - | - | 15,730 | 50,433 |
| Fines and forfeits | 119,032 | - | - | - | - | 119,032 |
| Miscellaneous revenues | 62,988 | - | - | 192,650 | 12,918 | 268,556 |
| Total revenues | <u>5,509,358</u> | <u>2,485,870</u> | <u>646,220</u> | <u>192,650</u> | <u>464,594</u> | <u>9,298,692</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | 810,347 | - | - | - | - | 810,347 |
| Judicial | 293,551 | - | - | - | 7,326 | 300,877 |
| Public safety | 2,576,340 | - | - | - | - | 2,576,340 |
| Public works | 357,500 | - | 425,088 | - | - | 782,588 |
| Community development | 219,506 | - | - | - | - | 219,506 |
| Health | 83,939 | - | - | - | 37,976 | 121,915 |
| Culture and recreation | 11,511 | 2,479,278 | - | - | - | 2,490,789 |
| Community support | 8,789 | - | - | - | 240,385 | 249,174 |
| Capital outlay | 14,716 | - | - | 2,915 | 117,962 | 135,593 |
| Debt service | 3,831 | - | - | 959,771 | - | 963,602 |
| Total expenditures | <u>4,380,030</u> | <u>2,479,278</u> | <u>425,088</u> | <u>962,686</u> | <u>403,649</u> | <u>8,650,731</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | <u>1,129,328</u> | <u>6,592</u> | <u>221,132</u> | <u>(770,036)</u> | <u>60,945</u> | <u>647,961</u> |
| Other financing sources (uses) | | | | | | |
| Transfer - in (out) | (845,000) | - | - | 805,000 | 40,000 | - |
| Bonds issued | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>(845,000)</u> | <u>-</u> | <u>-</u> | <u>805,000</u> | <u>40,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 284,328 | 6,592 | 221,132 | 34,964 | 100,945 | 647,961 |
| Fund balance, July 1, as previously report | <u>1,074,884</u> | <u>66,499</u> | <u>56,554</u> | <u>(14,664)</u> | <u>1,999</u> | <u>1,185,272</u> |
| Prior period adjustment | (55,406) | - | - | - | - | (55,406) |
| Fund balance, July 1, as restated | <u>1,019,478</u> | <u>66,499</u> | <u>56,554</u> | <u>(14,664)</u> | <u>1,999</u> | <u>1,129,866</u> |
| Fund balance, June 30 | <u>\$ 1,303,806</u> | <u>\$ 73,091</u> | <u>\$ 277,686</u> | <u>\$ 20,300</u> | <u>\$ 102,944</u> | <u>\$ 1,777,827</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, 2012**

| | |
|---|-------------------|
| Net change in fund balances - total governmental funds | \$ 647,961 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | |
| <p>Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p> | |
| Capital asset purchases | 499,791 |
| Depreciation expense | (657,882) |
| Governmental funds report proceeds from the sale of capital assets as revenue. | (191,862) |
| <p>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</p> | |
| | 51,819 |
| <p>Some revenues are accrued in the statement of activities that are not recognized as revenues in the fund statements until the following year.</p> | |
| | (100,000) |
| <p>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</p> | |
| Accrual of interest | 37,085 |
| Change in compensated absences payable | (56,261) |
| Payments on notes and bonds | 594,040 |
| Amortization of bond issuance costs | (8,217) |
| Change in net assets of governmental activities | \$ 816,474 |

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

CITY OF WEST WENDOVER, NEVADA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012

| | Business-Type Activities - Enterprise Funds | | | | Internal Service Fund |
|--|--|-------------------|--|-------------------|--------------------------------------|
| | Water | Sewer | Garbage/ Compost Facility | Totals | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and investments | \$ 2,056,087 | \$ 476,962 | \$ 1,119,124 | \$ 3,652,173 | \$ - |
| Accounts receivable, net | 196,773 | 217,307 | 98,131 | 512,211 | - |
| Other receivable, current | 85,392 | - | - | 85,392 | - |
| Due from other funds | 382,835 | 679,186 | 3,903 | 1,065,924 | 156,577 |
| Inventory | 35,735 | 10,722 | - | 46,457 | - |
| Prepaid expenses | - | - | 750 | 750 | - |
| Total current assets | <u>2,756,822</u> | <u>1,384,177</u> | <u>1,221,908</u> | <u>5,362,907</u> | <u>156,577</u> |
| Noncurrent assets | | | | | |
| Capital assets - net | <u>1,380,773</u> | <u>12,186,294</u> | <u>3,016,175</u> | <u>16,583,242</u> | <u>-</u> |
| Other assets | | | | | |
| Due from component unit | 3,227,669 | - | - | 3,227,669 | 1,833 |
| Bond issuance costs, net of amortization | 8,782 | 41,710 | - | 50,492 | - |
| Restricted cash | 203,603 | 28,228 | 328,945 | 560,776 | - |
| Total other assets | <u>3,440,054</u> | <u>69,938</u> | <u>328,945</u> | <u>3,838,937</u> | <u>1,833</u> |
| Total assets | <u>7,577,649</u> | <u>13,640,409</u> | <u>4,567,028</u> | <u>25,785,086</u> | <u>158,410</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Due to general pooled cash | - | - | - | - | 102,258 |
| Accounts payable | 13,332 | 118,656 | 11,322 | 143,310 | - |
| Accrued interest payable | 101,206 | 21,613 | 72,299 | 195,118 | - |
| Accrued liabilities | - | - | - | - | - |
| Due to other funds | 5,660 | 24,677 | 1,309,525 | 1,339,862 | - |
| Due to component unit | 185,392 | 94,468 | - | 279,860 | - |
| Compensated absences | 12,660 | 6,051 | 3,965 | 22,676 | - |
| Customer deposits | 3,848 | - | - | 3,848 | - |
| Current maturities of capital leases, notes and bonds payable | 201,486 | 152,550 | 292,217 | 646,253 | - |
| Total current liabilities | <u>523,584</u> | <u>418,015</u> | <u>1,689,328</u> | <u>2,630,927</u> | <u>102,258</u> |
| Noncurrent liabilities | | | | | |
| Notes payable | 946,000 | - | 91,137 | 1,037,137 | - |
| Bonds payable | 3,015,676 | 2,600,185 | 1,429,579 | 7,045,440 | - |
| Total noncurrent liabilities | <u>3,961,676</u> | <u>2,600,185</u> | <u>1,520,716</u> | <u>8,082,577</u> | <u>-</u> |
| Total liabilities | <u>4,485,260</u> | <u>3,018,200</u> | <u>3,210,044</u> | <u>10,713,504</u> | <u>102,258</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, 2012**

| | <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> | |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | \$ 1,380,773 | \$ 9,433,559 | \$ 1,203,242 | \$ 12,017,574 | \$ - |
| Restricted for debt service | 203,603 | 28,228 | 328,945 | 560,776 | - |
| Unrestricted | <u>1,508,013</u> | <u>1,160,422</u> | <u>(175,203)</u> | <u>2,493,232</u> | <u>56,152</u> |
| Total net assets | <u>\$ 3,092,389</u> | <u>\$ 10,622,209</u> | <u>\$ 1,356,984</u> | <u>15,071,582</u> | <u>\$ 56,152</u> |
| | | | | <u>(3,675)</u> | |
| | | | | <u>\$ 15,067,907</u> | |

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

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, 2012**

| | <u>Business-Type Activities - Enterprise Funds</u> | | | | Internal Service Fund |
|---|--|----------------------|--|----------------------|--------------------------------------|
| | <u>Water</u> | <u>Sewer</u> | <u>Garbage/ Compost Facility</u> | <u>Totals</u> | |
| Operating revenues | | | | | |
| Charges for services | \$ 1,244,876 | \$ 900,779 | \$ 1,134,329 | \$ 3,279,984 | \$ 645,153 |
| Operating expenses | | | | | |
| Salaries and wages | 143,401 | 169,631 | 154,906 | 467,938 | - |
| Employee benefits | 76,594 | 97,026 | 89,260 | 262,880 | - |
| Services and supplies | 783,606 | 357,061 | 289,466 | 1,430,133 | 627,079 |
| Depreciation and amortization | 104,382 | 215,560 | 309,569 | 629,511 | - |
| Total operating expenses | <u>1,107,983</u> | <u>839,278</u> | <u>843,201</u> | <u>2,790,462</u> | <u>627,079</u> |
| Operating income (loss) | <u>136,893</u> | <u>61,501</u> | <u>291,128</u> | <u>489,522</u> | <u>18,074</u> |
| Nonoperating revenues (expenses) | | | | | |
| Interest income | 128,545 | 115 | 839 | 129,499 | - |
| Grant revenue | - | 5,270,888 | - | 5,270,888 | - |
| Miscellaneous income | 22,270 | - | - | 22,270 | - |
| Interest expense | <u>(231,181)</u> | <u>(38,400)</u> | <u>(94,997)</u> | <u>(364,578)</u> | <u>-</u> |
| Total nonoperating revenues (expenses) | <u>(80,366)</u> | <u>5,232,603</u> | <u>(94,158)</u> | <u>5,058,079</u> | <u>-</u> |
| Income (loss) before transfers | <u>56,527</u> | <u>5,294,104</u> | <u>196,970</u> | <u>5,547,601</u> | <u>18,074</u> |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net assets | 56,527 | 5,294,104 | 196,970 | 5,547,601 | 18,074 |
| Total net assets, Beginning, as previously stated | 3,035,862 | 5,328,105 | 1,160,014 | 9,523,981 | 38,078 |
| Prior period adjustment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total net assets, Beginning, as restated | 3,035,862 | 5,328,105 | 1,160,014 | 9,523,981 | |
| Total net assets, end of year | <u>\$ 3,092,389</u> | <u>\$ 10,622,209</u> | <u>\$ 1,356,984</u> | <u>\$ 15,071,582</u> | <u>\$ 56,152</u> |
| | | | | <u>(3,675)</u> | |
| | | | | <u>\$ 15,067,907</u> | |

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds

Change in 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 CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2012**

| | <u>Business-Type Activities - Enterprise Funds</u> | | | | Internal Service Fund |
|---|--|--------------------|--|---------------------|--------------------------------------|
| | <u>Water</u> | <u>Sewer</u> | <u>Garbage/ Compost Facility</u> | <u>Totals</u> | |
| Cash Flows from Operating Activities | | | | | |
| Receipts from customers | \$ 1,283,838 | \$ 775,702 | \$ 1,154,044 | \$ 3,213,584 | \$ 645,153 |
| Payments to suppliers | (801,385) | (1,568,999) | (296,679) | (2,667,063) | (627,079) |
| Payments to employees | (225,251) | (261,108) | (228,167) | (714,526) | - |
| Internal activities - payments from (to) other funds | - | - | - | - | (18,074) |
| Net Cash Provided (Used) by Operating Activities | <u>257,202</u> | <u>(1,054,405)</u> | <u>629,198</u> | <u>(168,005)</u> | <u>-</u> |
| Cash Flows from Non Capital and Related Financing Activities | | | | | |
| Miscellaneous income | <u>22,270</u> | - | - | <u>22,270</u> | - |
| Net Cash Provided (Used) by Capital Financing and Related Activities | <u>22,270</u> | - | - | <u>22,270</u> | - |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Acquisition of capital assets | - | (6,439,099) | - | (6,439,099) | - |
| Interest paid | (271,633) | (42,642) | (93,315) | (407,590) | - |
| Principal paid on bonds/notes | (195,856) | (2,707,338) | (291,428) | (3,194,622) | - |
| Grant income | - | 5,270,888 | - | 5,270,888 | - |
| Proceeds from issuance of bonds | - | 4,137,000 | - | 4,137,000 | - |
| Net collections from (advances to) component unit | <u>76,234</u> | - | - | <u>76,234</u> | - |
| Net Cash Provided (Used) by Non Capital Financing and Related Activities | <u>(391,255)</u> | <u>218,809</u> | <u>(384,743)</u> | <u>(557,189)</u> | - |
| Cash Flows from Investing Activities | | | | | |
| Interest income | <u>128,545</u> | <u>115</u> | <u>839</u> | <u>129,499</u> | - |
| Net Cash Provided (Used) by Investing Activities | <u>128,545</u> | <u>115</u> | <u>839</u> | <u>129,499</u> | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 16,762 | (835,481) | 245,294 | (573,425) | - |
| Cash and Cash Equivalents, July 1 | <u>2,242,928</u> | <u>1,340,671</u> | <u>1,202,775</u> | <u>4,786,374</u> | - |
| Cash and Cash Equivalents, June 30 | <u>\$ 2,259,690</u> | <u>\$ 505,190</u> | <u>\$ 1,448,069</u> | <u>\$ 4,212,949</u> | <u>\$ -</u> |
| Cash, Cash Equivalents, and Investments consist of: | | | | | |
| Restricted cash and cash equivalents | \$ 203,603 | \$ 28,228 | \$ 1,119,124 | \$ 1,350,955 | \$ - |
| Unrestricted cash and cash equivalents | <u>2,056,087</u> | <u>476,962</u> | <u>328,945</u> | <u>2,861,994</u> | - |
| Total Cash and Investments | <u>\$ 2,259,690</u> | <u>\$ 505,190</u> | <u>\$ 1,448,069</u> | <u>\$ 4,212,949</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, 2012**

| | <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> | |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | | | |
| Operating income (loss) | \$ 136,893 | \$ 61,501 | \$ 291,128 | \$ 489,522 | \$ 18,074 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 104,382 | 215,559 | 309,568 | 629,509 | - |
| (Increase) decrease in: | | | | | |
| Accounts receivable | (12,316) | (119,272) | (11,779) | (143,367) | - |
| Due from other funds | - | - | 39,637 | 39,637 | (95,699) |
| Inventory | (2,463) | (173) | (750) | (3,386) | - |
| Prepaid expenses/Other receivable | 40,540 | - | - | 40,540 | - |
| Increase (decrease) in: | | | | | |
| Accounts payable | (5,214) | (1,206,776) | 7,963 | (1,204,027) | - |
| Accrued liabilities | (9,241) | (7,019) | (9,353) | (25,613) | - |
| Deposits | 636 | - | - | 636 | - |
| Due to other funds | 3,487 | 2,390 | 4,715 | 10,592 | 77,625 |
| Compensated absences | 498 | (615) | (1,931) | (2,048) | - |
| Net Cash Provided by Operating Activities | <u>\$ 257,202</u> | <u>\$ (1,054,405)</u> | <u>\$ 629,198</u> | <u>\$ (168,005)</u> | <u>\$ -</u> |

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, 2012**

| | Agency Funds |
|----------------------------|---------------------|
| ASSETS | |
| Cash and investments | \$ - |
| Total assets | - |
| LIABILITIES | |
| Due to general pooled cash | \$ 487 |
| Due to other governments | 3,089 |
| Total liabilities | 3,576 |
| NET ASSETS | \$ (3,576) |

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

CITY OF WEST WENDOVER, NEVADA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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 are 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.

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 Manager, Mayor CFO, etc., is authorized to assign a fund balance for a specific purpose.

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.

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 therefore.
- 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 | \$ 197,345 | \$ 217,633 | \$ 98,588 |
| Allowance for doubtful accounts | (572) | (326) | (457) |
| Accounts receivable, net of allowance | <u>\$ 196,773</u> | <u>\$ 217,307</u> | <u>\$ 98,131</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 with in 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, 2012, 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/fund balance in the general fund have been restated to reflect the correction of an error related to incorrect accrual of gaming tax during the year ended June 30, 2011. The gaming taxes were accrued, despite not meeting the criteria of availability. The effect of the correction was the removal of previously recognized revenue of \$55,406 in the City’s general fund. 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, 2012, 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:

| <u>Funds</u> | <u>Function</u> | <u>Amount of Over Expenditure (Final Budget)</u> |
|--------------------------------|------------------------|--|
| General Fund | General Operations | \$ 46,300 |
| Recreation Board Fund | Culture and Recreation | 29,740 |
| Medical Clinic Facilities Fund | Medical facilities | 98313 |
| Welcome Center Fund | Community Support | 37,417 |
| Wendover Will Landmark Fund | Landmark Maintenance | 3,153 |
| Capital Projects Fund | Water Utilities | 2,686 |
| Water Fund | Sewer Utilities | 49,377 |

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, 2012, 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 | 1,513,263 | 650,041 | 2,163,304 |
| <u>Investment Type</u> | | | |
| Investment in State Treasurer's Investment Pool | <u>3,139,458</u> | <u>-</u> | <u>3,139,458</u> |
| Total Primary Government | <u>4,653,346</u> | <u>650,041</u> | <u>5,303,387</u> |
| Component Unit | | | |
| <u>Deposit Type</u> | | | |
| Cash-checking accounts-NB&T | (470,526) | 27,031 | (443,495) |
| <u>Investment Type</u> | | | |
| Investment in State Treasurer's Investment Pool | <u>2,279,721</u> | <u>-</u> | <u>2,279,721</u> |
| Total Component Unit | <u>1,809,195</u> | <u>27,031</u> | <u>1,836,226</u> |
| Total Cash | <u>\$ 6,462,541</u> | <u>\$ 677,072</u> | <u>\$ 7,139,613</u> |

Cash and cash equivalents are carried at cost and investments at fair value. For the year ended June 30, 2012, 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, 2012, 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, 2012, the City's deposit balances were exposed to custodial credit risk as follows:

| | Bank Balance |
|---|-----------------------------|
| | <u> </u> |
| City of West Wendover | |
| Insured (FDIC) | \$ 250,000 |
| Uninsured and collateral held by pledging financial institution | 1,913,304 |
| Uninsured and collateral held by state pooled collateral program | 3,139,458 |
| Uninsured petty cash | 625 |
| | <u>\$ 5,303,387</u> |
| Component Unit | |
| Insured (FDIC) | \$ - |
| Uninsured and collateral held by pledging financial institution | (443,495) |
| Uninsured and collateral held by state pooled collateral program | 2,279,721 |
| | <u>\$ 1,836,226</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, 2012 is summarized as follows:

| | Balance June 30, 2011 | Additions | Deletions | Transfers | Balance June 30, 2012 |
|---|--------------------------|---------------------|-----------------------|--------------------|--------------------------|
| Governmental activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,891,422 | | \$ - | \$ - | \$ 1,891,422 |
| Construction in Progress | 2,148,097 | 485,076 | - | (1,797,719) | 835,454 |
| | <u>4,039,519</u> | <u>485,076</u> | <u>-</u> | <u>(1,797,719)</u> | <u>2,726,876</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 10,991,900 | - | - | - | 10,991,900 |
| Other Improvements | 3,709,743 | - | - | 1,797,719 | 5,507,462 |
| Machinery & Equipment | 3,244,856 | 14,715 | - | - | 3,259,571 |
| | <u>17,946,499</u> | <u>14,715</u> | <u>-</u> | <u>1,797,719</u> | <u>19,758,933</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (1,281,285) | (274,739) | - | - | (1,556,024) |
| Other Improvements | (788,242) | (237,732) | - | - | (1,025,974) |
| Machinery & Equipment | (2,291,247) | (145,411) | - | - | (2,436,658) |
| | <u>(4,360,774)</u> | <u>(657,882)</u> | <u>-</u> | <u>-</u> | <u>(5,018,656)</u> |
| Governmental activities capital assets - net | <u>\$ 17,625,244</u> | <u>\$ (158,091)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,467,153</u> |
| Business-type activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 111,000 | \$ - | \$ - | \$ - | \$ 111,000 |
| Construction in Progress | 2,014,244 | 7,722,819 | (1,291,830) | - | 8,445,233 |
| | <u>2,125,244</u> | <u>7,722,819</u> | <u>(1,291,830)</u> | <u>-</u> | <u>8,556,233</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 479,334 | - | - | - | 479,334 |
| Other Improvements | 4,805,363 | - | - | - | 4,805,363 |
| Machinery & Equipment | 3,865,314 | 8,108 | - | - | 3,873,422 |
| Utility Systems | 7,155,007 | - | - | - | 7,155,007 |
| | <u>16,305,018</u> | <u>8,108</u> | <u>-</u> | <u>-</u> | <u>16,313,126</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (130,298) | (11,983) | - | - | (142,281) |
| Other Improvements | (2,025,447) | (182,845) | - | - | (2,208,292) |
| Machinery & Equipment | (2,579,434) | (247,433) | - | - | (2,826,867) |
| Utility Systems | (2,924,372) | (184,305) | - | - | (3,108,677) |
| | <u>(7,659,551)</u> | <u>(626,566)</u> | <u>-</u> | <u>-</u> | <u>(8,286,117)</u> |
| Business-type activities capital assets - net | <u>\$ 10,770,711</u> | <u>\$ 7,104,361</u> | <u>\$ (1,291,830)</u> | <u>\$ -</u> | <u>\$ 16,583,242</u> |

| Component Unit | Balance June 30, 2011 | Additions | Deletions | Transfers | Balance June 30, 2012 |
|---------------------------------------|--------------------------|---------------------|-------------|-------------|--------------------------|
| Johnson Springs | | | | | |
| Capital assets not being 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 | 436,754 | - | - | - | 436,754 |
| Utility System | 4,859,247 | 38,941 | - | - | 4,898,188 |
| | <u>11,420,406</u> | <u>38,941</u> | <u>-</u> | <u>-</u> | <u>11,459,347</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (2,749,778) | (189,394) | - | - | (2,939,172) |
| Other Improvements | (15,982) | (3,387) | - | - | (19,369) |
| Machinery & Equipment | (258,594) | (24,400) | - | - | (282,994) |
| Water Utility | (868,653) | (121,697) | - | - | (990,350) |
| | <u>(3,893,007)</u> | <u>(338,878)</u> | <u>-</u> | <u>-</u> | <u>(4,231,885)</u> |
| Johnson Springs Capital assets - net | <u>\$ 7,545,399</u> | <u>\$ (299,937)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,245,462</u> |

Depreciation expense related to governmental activities was charged to functions as follows:

General Government:

| | |
|-----------------------|-------------------|
| Animal control | \$ 6,483 |
| Community Development | 2,410 |
| Dispatch | 1,326 |
| Fire | 14,154 |
| General | 30,331 |
| Library | 470 |
| Streets | 118,848 |
| Public Works | 1,882 |
| Police | 49,968 |
| Court | 8,800 |
| Medical Clinic | 9,915 |
| Welcome Center | 3,559 |
| Wendover Will | 13,502 |
| Capital Projects | 395,874 |
| Ad Valorem | 360 |
| | <u>360</u> |
| | <u>\$ 657,882</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, 2012.

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, 2012. 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, 2012 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, 2011</u> | <u>Issued During Period</u> | <u>Principal Maturing During Period</u> | <u>Principal Outstanding at June 30, 2012</u> | <u>Due Within One Year</u> |
|---|----------------------|----------------------|----------------------------|-------------------------------------|---|-----------------------------|---|---|----------------------------|
| <u>Governmental Activities</u> | | | | | | | | | |
| Tax-Exempt Medium Term Bonds, Series 2007A (81 Acres) | June 29, 2007 | 4.32% | June 1, 2017 | 1,410,000 | 1,410,000 | - | (207,000) | 1,203,000 | 218,000 |
| Note Payable (18 Residential Lots/NRH) | June 4, 2007 | 6.00% | June 10, 2012 | 450,000 | 101,190 | - | (101,190) | - | - |
| General Obligation Medium-Term Bonds, Series 2009 | February 27, 2009 | 4.46% | February 1, 2019 | 2,200,000 | 1,835,000 | - | (192,000) | 1,643,000 | 202,000 |
| Medium Term Sales tax Revenue Bond, Series 2009 (City Hall) | August 18, 2009 | 4.38% | August 18, 2039 | 5,225,000 | 5,063,052 | - | (93,851) | 4,969,201 | 98,040 |
| | | | | Total Governmental Activities Debt | 8,409,242 | - | (594,041) | 7,815,201 | \$ 518,040 |
| <u>Business Type Activities</u> | | | | | | | | | |
| <u>Sewer Fund</u> | | | | | | | | | |
| Sewer System Bond (1992 Waste Water Reclamation) | October 27, 1992 | 4.00% | July 1, 2012 | 2,500,000 | 271,839 | - | (179,843) | 91,996 | 91,996 |
| Stateline Hookup/Connection | April 23, 2003 | 4.50% | April 23, 2013 | 235,000 | 51,234 | - | (27,495) | 23,739 | 23,719 |
| Waste Water Treatment Plant Interim Debenture | July 8, 2010 | 3.59% | June 1, 2012 | 4,000,000 | 1,000,000 | 1,500,000 | (2,500,000) | - | - |
| Waste Water Treatment Plant Revenue Bond | June 1, 2012 | 2.75% | June 1, 2052 | 2,637,000 | - | 2,637,000 | - | 2,637,000 | 36,835 |
| | | | | | 1,323,073 | 4,137,000 | (2,707,338) | 2,752,735 | 152,550 |
| <u>Water Fund</u> | | | | | | | | | |
| 1998 Water Revenue Bonds | November 17, 1998 | 4.75% | November 1, 2038 | 3,058,300 | 2,653,934 | - | (47,387) | 2,606,547 | 49,636 |
| Water Revenue Bonds, Series 2000 | June 27, 2000 | 4.50% | June 1, 2040 | 550,000 | 476,084 | - | (8,469) | 467,615 | 8,850 |
| General Obligation Medium-Term Bonds, Series 2008 | September 4, 2008 | 4.15% | September 1, 2013 | 700,000 | 429,000 | - | (140,000) | 289,000 | 143,000 |
| General Obligation Medium-Term Bonds, Series 2008 | September 4, 2008 | 4.95% | September 1, 2018 | 800,000 | 800,000 | - | - | 800,000 | - |
| | | | | | 4,359,018 | - | (195,856) | 4,163,162 | 201,486 |
| <u>Combined Garbage/Compost Facility Fund</u> | | | | | | | | | |
| 1998 Sewer/Compost Revenue Bonds | November 17, 1998 | 4.75% | November 1, 2018 | 1,280,000 | 656,268 | - | (69,384) | 586,884 | 72,680 |
| Sewer/Compost Revenue Bonds Series 1999A | August 18, 1999 | 4.50% | August 1, 2019 | 540,000 | 299,849 | - | (28,017) | 271,832 | 29,278 |
| Sewer/Compost Revenue Bonds Series 1999B | August 18, 1999 | 4.50% | August 1, 2019 | 1,500,000 | 833,348 | - | (77,825) | 755,523 | 81,327 |
| Landfill-Bulldozer | October 18, 2003 | 4.25% | May 8, 2013 | 250,000 | 54,185 | - | (29,009) | 25,176 | 25,739 |
| Garbage Equipment Loan | April 9, 2003 | 4.50% | April 9, 2013 | 389,500 | 84,824 | - | (43,237) | 41,587 | 39,237 |
| Garbage Truck Loan | August 4, 2010 | 1.88% | August 4, 2015 | 224,000 | 175,887 | - | (43,956) | 131,931 | 43,956 |
| | | | | | 2,104,361 | - | (291,428) | 1,812,933 | 292,217 |
| | | | | Total Business Type Activities Debt | 7,786,452 | 4,137,000 | (3,194,622) | 8,728,830 | 646,253 |
| | | | | Total Debt | \$ 16,195,694 | \$ 4,137,000 | \$ (3,788,663) | \$ 16,544,031 | \$ 1,164,293 |
| <u>Component Unit</u> | | | | | | | | | |
| <u>Johnson Springs</u> | | | | | | | | | |
| Water Revenue Bonds, Series 2009 | September 24, 2009 | 4.50% | September 24, 2049 | \$ 1,766,730 | \$ 1,737,666 | \$ - | \$ (17,474) | \$ 1,720,192 | \$ 18,372 |

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.

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.

The City has pledged future net revenues from the City's Sewer Facility to repay \$2,637,000 in sewer revenue bonds issued in June 2012 with an interest rate of 2.75%. Proceeds from the bonds provided financing for the construction of a new sewer facility. The bonds are payable solely from future net revenues from the Sewer Facility and are payable through 2052.

The following schedule reflects debt service requirements to maturity of the City's debt as of June 30, 2012:

| Year Ended June 30, | Governmental Activities | | Business Type Activities | | Total Bonded Debt & Notes | | Component Unit | |
|---------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2013 | 518,040 | \$ 340,707 | \$ 645,634 | \$ 325,417 | \$ 1,163,674 | \$ 666,124 | \$ 18,372 | \$ 77,032 |
| 2014 | 542,416 | 317,904 | 480,751 | 306,214 | 1,023,167 | 624,118 | 19,216 | 76,188 |
| 2015 | 568,988 | 294,028 | 499,568 | 290,430 | 1,068,556 | 584,458 | 20,098 | 75,305 |
| 2016 | 597,764 | 268,983 | 472,875 | 269,123 | 1,070,639 | 538,106 | 21,022 | 74,382 |
| 2017 | 626,753 | 242,671 | 490,807 | 251,330 | 1,117,560 | 494,001 | 21,987 | 73,416 |
| 2018-2022 | 1,194,748 | 936,343 | 1,568,956 | 1,003,529 | 2,763,704 | 1,939,872 | 126,049 | 350,969 |
| 2023-2027 | 829,452 | 738,049 | 765,007 | 797,832 | 1,594,459 | 1,535,881 | 157,787 | 319,230 |
| 2028-2032 | 1,031,859 | 535,641 | 934,325 | 628,515 | 1,966,184 | 1,164,156 | 197,517 | 279,500 |
| 2033-2037 | 1,283,658 | 283,842 | 1,143,597 | 419,242 | 2,427,255 | 703,084 | 247,251 | 229,766 |
| 2038-2042 | 621,523 | 29,827 | 776,606 | 188,372 | 1,398,129 | 218,199 | 309,508 | 167,509 |
| 2043-2047 | - | - | 442,549 | 102,271 | 442,549 | 102,271 | 387,441 | 89,576 |
| 2048-2052 | - | - | 508,155 | 37,250 | 508,155 | 37,250 | 193,944 | 9,835 |
| | <u>\$ 7,815,201</u> | <u>\$ 3,987,995</u> | <u>\$ 8,728,830</u> | <u>\$ 4,619,525</u> | <u>\$ 16,544,031</u> | <u>\$ 8,607,520</u> | <u>\$ 1,720,192</u> | <u>\$ 1,822,708</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, 2012, was as follows:

| | Enterprise Funds | | | Component Unit | Total |
|---|------------------|------------|--------------|-----------------|--------------|
| | Water | Sewer | Compost | Johnson Springs | |
| Operating Revenues | \$ 1,244,876 | \$ 900,779 | \$ 1,134,329 | \$ 621,262 | \$ 3,901,246 |
| Depreciation and Amortization | 104,382 | 215,560 | 309,569 | 338,879 | 968,390 |
| Operating Income (Loss) | 136,893 | 61,501 | 291,128 | (613,908) | (124,386) |
| Nonoperating Revenues and (Expenses) | (80,366) | 5,232,603 | (94,158) | 2,818 | 5,060,897 |
| Net Income (Loss) | 56,257 | 5,294,104 | 196,970 | (611,090) | 4,936,241 |
| Capital Assets Additions, including interest capitalized | - | 6,439,099 | - | 38,941 | 6,478,040 |
| Net Working Capital | 2,233,238 | 966,162 | 467,420 | (1,191,754) | 2,475,066 |
| Total Assets | 7,577,649 | 13,640,409 | 4,567,028 | 9,455,252 | 35,240,338 |
| Bonds and Other Outstanding Long-Term Obligations Payable from Operating Revenues | 4,163,162 | 2,752,735 | 1,812,933 | 1,720,192 | 10,449,022 |
| Total Fund Equity | 3,092,389 | 10,622,209 | 1,356,984 | 4,369,578 | 19,441,160 |

NOTE 9 – INTERFUND ACCOUNT BALANCES

Interfund receivable and payable balances (Due To/From Other Funds) as of June 30, 2012, are as follows:

| | Due From Other Funds | Due to Other Funds |
|--|----------------------|---------------------|
| Governmental Activities | | |
| General Fund | \$ 1,742,661 | \$ 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>3,271,981</u> | <u>2,994,368</u> |
| Business-type Activities | | |
| Water Fund | 382,835 | 6,776 |
| Sewer Fund | 679,186 | 25,938 |
| Combined Garbage/Compost Facility Fund | 3,903 | 1,310,823 |
| | <u>1,065,924</u> | <u>1,343,537</u> |
| | <u>\$ 4,337,905</u> | <u>\$ 4,337,905</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, 2012 is as follows:

| | Due From Component Unit/Primary Government | Due To Primary Government/ Component Unit |
|---|---|--|
| Primary Government | | |
| Governmental Activities | | |
| Supplies/Payroll | \$ 1,833 | \$ - |
| | <u>1,833</u> | <u>-</u> |
| Business-type Activities | | |
| Charges for services | - | 185,392 |
| AB-198 | 85,392 | - |
| Repayment of debt attributable to Johnson Springs | 3,227,669 | 94,468 |
| | <u>3,313,061</u> | <u>279,860</u> |
| Component Unit - Johnson Springs | | |
| Repayment of AB198 reimbursement | - | 146,872 |
| Charges for services | 271,392 | - |
| AB-198 | - | 85,392 |
| Repayment of debt attributable to Administrative Authority | - | 3,074,162 |
| | <u>271,392</u> | <u>3,306,426</u> |
| | <u>\$ 3,586,286</u> | <u>\$ 3,586,286</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, 2012 are as follows:

| | Operating Transfer-In | Operating Transfers-Out |
|--------------------------|----------------------------------|------------------------------------|
| Governmental Activities | | |
| General Fund | \$ - | \$ 845,000 |
| Capital Projects Fund | 805,000 | - |
| Other Governmental Funds | 85,000 | 45,000 |
| | <u>\$ 890,000</u> | <u>\$ 890,000</u> |
| Proprietary Funds | | |
| Water Fund | \$ - | \$ - |
| | <u>-</u> | <u>-</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, 2012. 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:

| | Unpaid Claims Beginning of Fiscal Year | Incurred Claims | Claim Payments | Unpaid Claims End of Fiscal Year |
|------------------------|---|----------------------------|---------------------------|---|
| Self-Insurance Health: | | | | |
| 2009-2010 | - | 561,826 | 561,826 | - |
| 2010-2011 | - | 581,798 | 581,798 | - |
| 2011-2012 | - | 627,047 | 627,047 | - |

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 2011-2012 fiscal years are as follows:

| | Contribution Rate | |
|-------------------|----------------------------|----------------------------|
| | Regular Members | Police and Fire |
| Employer-Pay Plan | 21.50% | 37.00% |

The City of West Wendover contributions to PERS for the years ending June 30, 2012, 2011, 2010, were \$669,940, \$870,881 and \$772,381, 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, 2012 this amount was held as 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, 2012, the general obligation debt limit and available borrowing capacity of the City of West Wendover was \$20,406,051.

REQUIRED SUPPLEMENTAL INFORMATION

GOVERNMENT 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.

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

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|----------------------------------|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Property taxes | | | | | |
| Ad valorem | \$ 933,100 | \$ 886,900 | \$ 897,849 | \$ 10,949 | \$ 937,167 |
| Personal property | 194,400 | 189,700 | 171,992 | (17,708) | 200,458 |
| | <u>1,127,500</u> | <u>1,076,600</u> | <u>1,069,841</u> | <u>(6,759)</u> | <u>1,137,625</u> |
| Licenses and permits | | | | | |
| Liquor licenses | 1,200 | 500 | - | (500) | 1,260 |
| City gaming licenses | 206,000 | 209,600 | 209,568 | (32) | 206,952 |
| Animal licenses | 1,000 | 1,200 | 1,090 | (110) | 920 |
| Business licenses | 22,000 | 19,000 | 23,008 | 4,008 | 20,209 |
| Right of way toll | 215,600 | 200,500 | 210,474 | 9,974 | - |
| Building permits | 30,000 | 27,500 | 37,241 | 9,741 | 77,000 |
| Special permits and fees | 2,500 | 5,000 | 5,360 | 360 | 8,820 |
| Franchise fees | 356,000 | 354,100 | 358,296 | 4,196 | 362,913 |
| Carlines taxes | 100 | 100 | 94 | (6) | 90 |
| | <u>834,400</u> | <u>817,500</u> | <u>845,131</u> | <u>27,631</u> | <u>678,164</u> |
| Intergovernmental revenues | | | | | |
| Central assessments | 17,900 | 20,100 | 20,038 | (62) | 22,767 |
| State consolidated revenue | 2,149,100 | 2,603,000 | 2,676,355 | 73,355 | 2,275,011 |
| 1.75 cent gas tax | 47,900 | 45,600 | 43,040 | (2,560) | 48,133 |
| 2.35 cent gas tax | 49,500 | 45,600 | 48,301 | 2,701 | 48,130 |
| County road tax | 28,900 | 27,500 | 28,884 | 1,384 | 29,056 |
| County transportaion funds | 180,000 | (323,340) | - | 323,340 | 323,340 |
| County gaming tax | 415,000 | 415,000 | 415,890 | 890 | 466,919 |
| Federal/state grants | 84,100 | 65,800 | 44,408 | (21,392) | 38,920 |
| Reimbursement from Elko County | - | 100,700 | 100,747 | 47 | 122,805 |
| | <u>2,972,400</u> | <u>2,999,960</u> | <u>3,377,663</u> | <u>377,703</u> | <u>3,375,081</u> |
| Charges for services | | | | | |
| General | | | | | |
| Special police services | 4,500 | 1,000 | 905 | (95) | 4,349 |
| Work cards | 6,500 | 4,000 | 4,320 | 320 | 6,470 |
| Special fire protection services | 9,600 | 8,000 | 6,675 | (1,325) | 3,985 |
| Dispatch fees | 3,400 | 3,400 | 3,384 | (16) | 2,592 |
| Animal shelter fees | 3,000 | 2,300 | 2,699 | 399 | 2,548 |
| Pipeline administrative services | 1,900 | - | - | - | - |
| Miscellaneous | 1,500 | 13,300 | 16,720 | 3,420 | 11,055 |
| | <u>30,400</u> | <u>32,000</u> | <u>34,703</u> | <u>2,703</u> | <u>30,999</u> |
| Fines and forfeits | | | | | |
| Fines and fees | <u>160,000</u> | <u>116,500</u> | <u>119,032</u> | <u>2,532</u> | <u>163,740</u> |
| Miscellaneous | | | | | |
| Interest | 2,500 | 2,500 | 668 | (1,832) | 1,932 |
| Donations | 7,000 | 7,000 | 11,672 | 4,672 | 10,086 |
| Rents and royalties | 40,000 | 29,100 | 30,391 | 1,291 | 42,359 |
| Miscellaneous | 7,500 | 24,445 | 20,257 | (4,188) | 26,335 |
| | <u>57,000</u> | <u>63,045</u> | <u>62,988</u> | <u>(57)</u> | <u>80,712</u> |
| Total Revenues | <u>\$ 5,181,700</u> | <u>\$ 5,105,605</u> | <u>\$ 5,509,358</u> | <u>\$ 403,753</u> | <u>\$ 5,466,321</u> |

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|----------------------------|---------------------------|-------------------------|------------------------|---|------------------------|
| Expenditures | | | | | |
| General government | | | | | |
| Administration and finance | | | | | |
| Salaries and wages | \$ 374,000 | \$ 340,430 | \$ 337,565 | \$ 2,865 | \$ 408,817 |
| Employee benefits | 144,200 | 185,400 | 117,840 | 67,560 | 191,648 |
| Services and supplies | 256,200 | 346,100 | 354,942 | (8,842) | 327,143 |
| Capital outlay | 10,000 | - | - | - | - |
| | <u>784,400</u> | <u>871,930</u> | <u>810,347</u> | <u>61,583</u> | <u>927,608</u> |
| Elections | | | | | |
| Services and supplies | - | - | - | - | 698 |
| Total general government | <u>784,400</u> | <u>871,930</u> | <u>810,347</u> | <u>61,583</u> | <u>928,306</u> |
| Judicial | | | | | |
| Municipal court | | | | | |
| Salaries and wages | 148,000 | 158,100 | 155,279 | 2,821 | 163,235 |
| Employee benefits | 72,200 | 79,700 | 92,356 | (12,656) | 74,723 |
| Services and supplies | 43,800 | 53,300 | 45,916 | 7,384 | 54,310 |
| Total judicial | <u>264,000</u> | <u>291,100</u> | <u>293,551</u> | <u>(2,451)</u> | <u>292,268</u> |
| Public safety | | | | | |
| Police | | | | | |
| Salaries and wages | 973,700 | 968,300 | 935,615 | 32,685 | 1,037,955 |
| Employee benefits | 513,600 | 524,100 | 625,825 | (101,725) | 558,669 |
| Services and supplies | 186,200 | 156,300 | 141,469 | 14,831 | 131,805 |
| Capital outlay | - | - | 14,716 | (14,716) | 6,689 |
| | <u>1,673,500</u> | <u>1,648,700</u> | <u>1,717,625</u> | <u>(68,925)</u> | <u>1,735,118</u> |
| Fire | | | | | |
| Salaries and wages | 307,000 | 331,800 | 335,378 | (3,578) | 355,719 |
| Employee benefits | 160,400 | 165,200 | 191,761 | (26,561) | 178,640 |
| Services and supplies | 64,100 | 64,900 | 52,252 | 12,648 | 56,722 |
| | <u>531,500</u> | <u>561,900</u> | <u>579,391</u> | <u>(17,491)</u> | <u>591,081</u> |
| Dispatch center | | | | | |
| Salaries and wages | 166,300 | 177,800 | 174,751 | 3,049 | 201,331 |
| Employee benefits | 82,000 | 79,000 | 98,366 | (19,366) | 92,836 |
| Services and supplies | 25,300 | 24,800 | 20,923 | 3,877 | 15,352 |
| | <u>273,600</u> | <u>281,600</u> | <u>294,040</u> | <u>(12,440)</u> | <u>309,519</u> |
| Total public safety | <u>2,478,600</u> | <u>2,492,200</u> | <u>2,591,056</u> | <u>(98,856)</u> | <u>2,635,718</u> |
| Public works | | | | | |
| Paved streets | | | | | |
| Salaries and wages | 55,200 | 20,000 | 18,625 | 1,375 | 21,054 |
| Employee benefits | 23,800 | 9,600 | 10,312 | (712) | 8,694 |
| Services and supplies | 62,800 | 91,700 | 79,451 | 12,249 | 39,238 |
| Capital outlay | - | - | - | - | - |
| | <u>\$ 141,800</u> | <u>\$ 121,300</u> | <u>\$ 108,388</u> | <u>\$ 12,912</u> | <u>\$ 68,986</u> |

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|--|---------------------------|-------------------------|------------------------|---|------------------------|
| Expenditures - continued | | | | | |
| Building Inspector | | | | | |
| Services and supplies | \$ - | \$ - | \$ - | \$ - | \$ 271 |
| General | | | | | |
| Salaries and wages | 131,500 | 134,000 | 138,883 | (4,883) | 159,865 |
| Employee benefits | 63,600 | 64,900 | 79,251 | (14,351) | 69,330 |
| Services and supplies | 35,000 | 33,800 | 30,978 | 2,822 | 28,979 |
| | <u>230,100</u> | <u>232,700</u> | <u>249,112</u> | <u>(16,412)</u> | <u>258,174</u> |
| Total public works | <u>371,900</u> | <u>354,000</u> | <u>357,500</u> | <u>(3,500)</u> | <u>327,431</u> |
| Community development | | | | | |
| Salaries and wages | 101,400 | 105,000 | 104,208 | 792 | 114,484 |
| Employee benefits | 71,800 | 39,000 | 45,093 | (6,093) | 38,841 |
| Services and supplies | 28,200 | 75,550 | 70,205 | 5,345 | 56,801 |
| | <u>201,400</u> | <u>219,550</u> | <u>219,506</u> | <u>44</u> | <u>210,126</u> |
| Health | | | | | |
| Public health services | | | | | |
| Services and supplies | - | - | - | - | - |
| Animal control | | | | | |
| Salaries and wages | 45,000 | 40,200 | 42,763 | (2,563) | 45,064 |
| Employee benefits | 18,600 | 21,000 | 27,228 | (6,228) | 22,745 |
| Services and supplies | 15,200 | 16,100 | 13,948 | 2,152 | 12,670 |
| Capital outlay | - | - | - | - | - |
| | <u>78,800</u> | <u>77,300</u> | <u>83,939</u> | <u>(6,639)</u> | <u>80,479</u> |
| Total Health | <u>78,800</u> | <u>77,300</u> | <u>83,939</u> | <u>(6,639)</u> | <u>80,479</u> |
| Culture and recreation | | | | | |
| Library service | | | | | |
| Services and supplies | 10,000 | 11,900 | 11,511 | 389 | 12,770 |
| Community support | | | | | |
| Miscellaneous | | | | | |
| Services and supplies | 5,500 | 11,450 | 8,789 | 2,661 | 11,842 |
| Debt services | - | 4,300 | 3,831 | 469 | 5,083 |
| Total expenditures | <u>4,194,600</u> | <u>4,333,730</u> | <u>4,380,030</u> | <u>(46,300)</u> | <u>4,504,023</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 981,100</u> | <u>\$ 771,875</u> | <u>\$ 1,129,328</u> | <u>\$ 357,453</u> | <u>\$ 962,298</u> |

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|---|---------------------------|-------------------------|------------------------|---|------------------------|
| Other Financing Sources (Uses) | | | | | |
| Operating transfers in | \$ 200,000 | \$ - | \$ - | \$ - | \$ 20,000 |
| Operating transfers out | (1,309,300) | (1,069,500) | (845,000) | 224,500 | (747,100) |
| Total other financing sources (uses) | <u>(1,109,300)</u> | <u>(1,069,500)</u> | <u>(845,000)</u> | <u>224,500</u> | <u>(727,100)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (122,200) | (297,625) | 284,328 | 581,953 | 235,198 |
| Fund balance, July 1, as previously reported | <u>505,487</u> | <u>1,074,884</u> | <u>1,074,884</u> | <u>-</u> | <u>839,686</u> |
| Prior period adjustment | - | - | (55,406) | - | - |
| Fund balance, July 1, as restated | <u>505,487</u> | <u>1,074,884</u> | <u>1,019,478</u> | <u>-</u> | <u>839,686</u> |
| Fund balance, June 30 | <u>\$ 383,287</u> | <u>\$ 777,259</u> | <u>\$ 1,303,806</u> | <u>\$ 581,953</u> | <u>\$ 1,074,884</u> |

RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|--|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Taxes | | | | | |
| Room taxes | \$ 2,346,700 | \$ 2,447,639 | \$ 2,485,870 | \$ 38,231 | \$ 2,379,578 |
| Miscellaneous | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Total Revenues | <u>2,346,700</u> | <u>2,447,639</u> | <u>2,485,870</u> | <u>38,231</u> | <u>2,379,578</u> |
| Expenditures | | | | | |
| Culture and Recreation | | | | | |
| Room tax distribution | 2,348,600 | 2,449,539 | 2,479,278 | (29,739) | 2,399,522 |
| Total expenditures | <u>2,348,600</u> | <u>2,449,539</u> | <u>2,479,278</u> | <u>(29,739)</u> | <u>2,399,522</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(1,900)</u> | <u>(1,900)</u> | <u>6,592</u> | <u>8,492</u> | <u>(19,944)</u> |
| Fund balance, July 1 | <u>86,442</u> | <u>66,499</u> | <u>66,499</u> | <u>-</u> | <u>86,443</u> |
| Fund balance, June 30 | <u>\$ 84,542</u> | <u>\$ 64,599</u> | <u>\$ 73,091</u> | <u>\$ 8,492</u> | <u>\$ 66,499</u> |

GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|--|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Intergovernmental | | | | | |
| CDBG grants | \$ - | \$ - | 382,800 | \$ 382,800 | \$ 598,600 |
| Other grant revenue | 783,000 | 636,252 | 263,420 | (372,832) | 24,376 |
| Total intergovernmental | <u>783,000</u> | <u>636,252</u> | <u>646,220</u> | <u>9,968</u> | <u>622,976</u> |
| | | | | | |
| Total revenues | <u>783,000</u> | <u>636,252</u> | <u>646,220</u> | <u>9,968</u> | <u>622,976</u> |
| Expenditures | | | | | |
| Public Works | | | | | |
| Capital outlay | 1,223,000 | 431,583 | 425,088 | (6,495) | 731,909 |
| Total public works | <u>1,223,000</u> | <u>431,583</u> | <u>425,088</u> | <u>(6,495)</u> | <u>731,909</u> |
| | | | | | |
| Total expenditures | <u>1,223,000</u> | <u>431,583</u> | <u>425,088</u> | <u>(6,495)</u> | <u>731,909</u> |
| | | | | | |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | <u>(440,000)</u> | <u>204,669</u> | <u>221,132</u> | <u>3,473</u> | <u>(108,933)</u> |
| | | | | | |
| Other Financing Sources | | | | | |
| Operating transfers in | 440,000 | - | - | - | - |
| Operating transfers out | <u>(50,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>46,000</u> |
| | | | | | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES | <u>(50,000)</u> | <u>204,669</u> | <u>221,132</u> | <u>3,473</u> | <u>(62,933)</u> |
| | | | | | |
| Fund balance, July 1 | <u>69,787</u> | <u>56,554</u> | <u>56,554</u> | <u>-</u> | <u>119,487</u> |
| | | | | | |
| Fund balance, June 30 | <u>\$ 19,787</u> | <u>\$ 261,223</u> | <u>\$ 277,686</u> | <u>\$ 3,473</u> | <u>\$ 56,554</u> |

SUPPLEMENTAL INFORMATION

**COMBINING NONMAJOR GOVERNMENTAL
FUND STATEMENTS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

| | 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 | |
| ASSETS | | | | | | | |
| Cash and investments | \$ 23,540 | \$ 8,946 | \$ 7,924 | \$ (19,369) | \$ 8,868 | \$ 20,254 | \$ 50,163 |
| Due from other funds | 6,845 | - | - | 1,605 | - | 17,799 | 26,249 |
| Due from other governments | - | - | - | 100,000 | - | - | 100,000 |
| Inventory | - | - | - | 633 | - | - | 633 |
| Total assets | <u>\$ 30,385</u> | <u>\$ 8,946</u> | <u>\$ 7,924</u> | <u>\$ 82,869</u> | <u>\$ 8,868</u> | <u>\$ 38,053</u> | <u>\$ 177,045</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ - | \$ 75 | \$ - | \$ 327 | \$ 176 | \$ - | \$ 578 |
| Accrued liabilities | - | - | - | - | - | - | - |
| Interfund balances | - | - | - | 69,870 | - | 3,653 | 73,523 |
| Total liabilities | <u>-</u> | <u>75</u> | <u>-</u> | <u>70,197</u> | <u>176</u> | <u>3,653</u> | <u>74,101</u> |
| FUND BALANCES | | | | | | | |
| Nonspendable | - | - | - | 633 | - | - | 633 |
| Restricted | 30,385 | - | - | - | - | - | 30,385 |
| Committed | - | 11,807 | 7,957 | 5,892 | 10,380 | 32,736 | 68,772 |
| Unassigned | - | (2,936) | (33) | 6,147 | (1,688) | 1,664 | 3,154 |
| Total fund balances | <u>30,385</u> | <u>8,871</u> | <u>7,924</u> | <u>12,672</u> | <u>8,692</u> | <u>34,400</u> | <u>102,944</u> |
| Total liabilities and fund balances | <u>\$ 30,385</u> | <u>\$ 8,946</u> | <u>\$ 7,924</u> | <u>\$ 82,869</u> | <u>\$ 8,868</u> | <u>\$ 38,053</u> | <u>\$ 177,045</u> |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

| | 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 | |
| Revenues | | | | | | | |
| Other taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,664 | \$ 36,664 |
| Intergovernmental | - | 123,002 | - | 276,280 | - | - | 399,282 |
| Charges for services | 15,730 | - | - | - | - | - | 15,730 |
| Miscellaneous | 29 | - | (33) | 3,937 | 8,985 | - | 12,918 |
| Total revenues | <u>15,759</u> | <u>123,002</u> | <u>(33)</u> | <u>280,217</u> | <u>8,985</u> | <u>36,664</u> | <u>464,594</u> |
| Expenditures | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Judicial | 7,326 | - | - | - | - | - | 7,326 |
| Public safety | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - |
| Health | - | 37,976 | - | - | - | - | 37,976 |
| Culture and recreation | - | - | - | - | - | - | - |
| Community support | - | - | - | 229,712 | 10,673 | - | 240,385 |
| Capital outlay | - | 117,962 | - | - | - | - | 117,962 |
| Total expenditures | <u>7,326</u> | <u>155,938</u> | <u>-</u> | <u>229,712</u> | <u>10,673</u> | <u>-</u> | <u>403,649</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | <u>8,433</u> | <u>(32,936)</u> | <u>(33)</u> | <u>50,505</u> | <u>(1,688)</u> | <u>36,664</u> | <u>60,945</u> |
| Other Financing Sources (Uses) | | | | | | | |
| Operating transfer in | - | 30,000 | - | 55,000 | - | - | 85,000 |
| Operating transfer out | (10,000) | - | - | - | - | (35,000) | (45,000) |
| Total other financing sources (uses) | <u>(10,000)</u> | <u>30,000</u> | <u>-</u> | <u>55,000</u> | <u>-</u> | <u>(35,000)</u> | <u>40,000</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES) | <u>(1,567)</u> | <u>(2,936)</u> | <u>(33)</u> | <u>105,505</u> | <u>(1,688)</u> | <u>1,664</u> | <u>100,945</u> |
| Fund balance - July 1, as restated | <u>31,952</u> | <u>11,807</u> | <u>7,957</u> | <u>(92,833)</u> | <u>10,380</u> | <u>32,736</u> | <u>1,999</u> |
| Fund balance - June 30 | <u>\$ 30,385</u> | <u>\$ 8,871</u> | <u>\$ 7,924</u> | <u>\$ 12,672</u> | <u>\$ 8,692</u> | <u>\$ 34,400</u> | <u>\$ 102,944</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.

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, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|---|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Charges for services | | | | | |
| Court assessments | \$ 20,000 | \$ 16,693 | \$ 15,730 | \$ (963) | \$ 16,546 |
| Miscellaneous | | | | | |
| Interest | 100 | 27 | 29 | 2 | 50 |
| Total Revenues | <u>20,100</u> | <u>16,720</u> | <u>15,759</u> | <u>(961)</u> | <u>16,596</u> |
| Expenditures | | | | | |
| Judicial | | | | | |
| Services and supplies | 7,500 | 6,650 | 7,326 | (676) | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>7,500</u> | <u>6,650</u> | <u>7,326</u> | <u>(676)</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 12,600 | 10,070 | 8,433 | (1,637) | 16,596 |
| Other Financing Sources | | | | | |
| Operating transfers out | (16,000) | (16,000) | (10,000) | 6,000 | (16,000) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURE | (3,400) | (5,930) | (1,567) | 4,363 | 596 |
| Fund balance, July 1 | <u>32,456</u> | <u>31,952</u> | <u>31,952</u> | <u>-</u> | <u>31,356</u> |
| Fund balance, June 30 | <u>\$ 29,056</u> | <u>\$ 26,022</u> | <u>\$ 30,385</u> | <u>\$ 4,363</u> | <u>\$ 31,952</u> |

MEDICAL CLINIC FACILITIES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | Adopted Budget | Final Budget | Actual 2012 | Variance Favorable (Unfavorable) | Actual 2011 |
|---|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Miscellaneous | | | | | |
| Interest income | \$ - | \$ - | \$ - | \$ - | \$ 7 |
| Other income | - | - | - | - | 4,922 |
| Grant income | - | 20,000 | 123,002 | 103,002 | - |
| Total Revenues | - | 20,000 | 123,002 | 103,002 | 4,929 |
| Expenditures | | | | | |
| Health | | | | | |
| Services and supplies | 44,000 | 37,625 | 36,872 | 753 | 35,015 |
| Capital outlay | - | 20,000 | 119,066 | (99,066) | 1,849 |
| Total expenditures | 44,000 | 57,625 | 155,938 | (98,313) | 36,864 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (44,000) | (37,625) | (32,936) | 4,689 | (31,935) |
| Other Financing Sources | | | | | |
| Operating transfers in | 40,500 | 40,500 | 30,000 | (10,500) | 28,500 |
| Operating transfers out | - | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURE | (3,500) | 2,875 | (2,936) | (5,811) | (3,435) |
| Fund balance, July 1 | 8,542 | 11,807 | 11,807 | - | 15,242 |
| Fund balance, June 30 | \$ 5,042 | \$ 14,682 | \$ 8,871 | \$ (5,811) | \$ 11,807 |

SEIZURE FORFEITURE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|--|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Miscellaneous | | | | | |
| Charges for Services | \$ - | \$ - | \$ (46) | \$ (46) | \$ 2,401 |
| Interest income | 10 | 10 | 13 | 3 | - |
| Total Revenues | <u>10</u> | <u>10</u> | <u>(33)</u> | <u>(43)</u> | <u>2,401</u> |
| Expenditures | | | | | |
| Public safety | | | | | |
| Services and supplies | 1,500 | 1,500 | - | 1,500 | 505 |
| Total expenditures | <u>1,500</u> | <u>1,500</u> | <u>-</u> | <u>1,500</u> | <u>505</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,490) | (1,490) | (33) | 1,457 | 1,896 |
| Fund balance, July 1 | <u>4,571</u> | <u>7,957</u> | <u>7,957</u> | <u>-</u> | <u>6,061</u> |
| Fund balance, June 30 | <u>\$ 3,081</u> | <u>\$ 6,467</u> | <u>\$ 7,924</u> | <u>\$ 1,457</u> | <u>\$ 7,957</u> |

WELCOME CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|--|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Intergovernmental | \$ 19,800 | \$ 19,800 | \$ 76,280 | \$ 56,480 | \$ 38,069 |
| Elko County Recreation Board | 100,000 | 200,000 | 200,000 | - | - |
| Total intergovernmental | <u>119,800</u> | <u>219,800</u> | <u>276,280</u> | <u>56,480</u> | <u>38,069</u> |
| Miscellaneous | | | | | |
| Merchandise Sales | 7,000 | 3,842 | 3,937 | 95 | 3,797 |
| Interest | - | - | - | - | 110 |
| Other | - | - | - | - | - |
| Total miscellaneous | <u>7,000</u> | <u>3,842</u> | <u>3,937</u> | <u>95</u> | <u>3,907</u> |
| Total revenues | <u>126,800</u> | <u>223,642</u> | <u>280,217</u> | <u>56,575</u> | <u>41,976</u> |
| Expenditures | | | | | |
| Community support | | | | | |
| Salaries and wages | 71,700 | 75,411 | 82,024 | (6,613) | 86,928 |
| Employee benefits | 34,500 | 34,685 | 42,929 | (8,244) | 39,511 |
| Services and supplies | 35,800 | 82,196 | 104,759 | (22,563) | 79,881 |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>142,000</u> | <u>192,292</u> | <u>229,712</u> | <u>(37,420)</u> | <u>206,320</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | <u>(15,200)</u> | <u>31,350</u> | <u>50,505</u> | <u>19,155</u> | <u>(164,344)</u> |
| Other Financing Sources | | | | | |
| Operating transfers in | <u>-</u> | <u>75,000</u> | <u>55,000</u> | <u>(20,000)</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES | <u>(15,200)</u> | <u>106,350</u> | <u>105,505</u> | <u>(845)</u> | <u>(164,344)</u> |
| Fund balance, July 1 | <u>31,611</u> | <u>(92,833)</u> | <u>(92,833)</u> | <u>-</u> | <u>71,511</u> |
| Fund balance, June 30 | <u>\$ 16,411</u> | <u>\$ 13,517</u> | <u>\$ 12,672</u> | <u>\$ (845)</u> | <u>\$ (92,833)</u> |

WENDOVER WILL LANDMARK FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|--|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Miscellaneous | | | | | |
| Interest income | \$ - | \$ - | \$ - | \$ - | \$ 43 |
| Donations from private sources | 1,000 | 8,605 | 8,985 | 380 | 980 |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>1,000</u> | <u>8,605</u> | <u>8,985</u> | <u>380</u> | <u>1,023</u> |
| Expenditures | | | | | |
| Community support | | | | | |
| Services and supplies | 12,000 | 7,520 | 10,673 | (3,153) | 12,828 |
| Total expenditures | <u>12,000</u> | <u>7,520</u> | <u>10,673</u> | <u>(3,153)</u> | <u>12,828</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | (11,000) | 1,085 | (1,688) | (2,773) | (11,805) |
| Other Financing Sources | | | | | |
| Operating transfers in | 6,400 | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES | (4,600) | 1,085 | (1,688) | (2,773) | (11,805) |
| Fund balance, July 1 | <u>9,685</u> | <u>10,380</u> | <u>10,380</u> | <u>-</u> | <u>22,185</u> |
| Fund balance, June 30 | <u>\$ 5,085</u> | <u>\$ 11,465</u> | <u>\$ 8,692</u> | <u>\$ (2,773)</u> | <u>\$ 10,380</u> |

CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|--|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Miscellaneous | | | | | |
| Interest income | \$ - | \$ - | \$ 1,890 | \$ 1,890 | \$ - |
| Miscellaneous | - | - | 190,760 | 190,760 | 8,661 |
| Total revenues | - | - | 192,650 | 192,650 | 8,661 |
| Expenditures | | | | | |
| General government | | | | | |
| Capital outlay | 5,700 | - | 2,915 | (2,915) | 38,301 |
| Total general government | 5,700 | - | 2,915 | (2,915) | 38,301 |
| Debt service | | | | | |
| Principal | 594,100 | 594,100 | 365,731 | 228,369 | 368,338 |
| Interest | 365,900 | 365,900 | 594,040 | (228,140) | 383,607 |
| Total debt service | 960,000 | 960,000 | 959,771 | 229 | 751,945 |
| Total expenditures | 965,700 | 960,000 | 962,686 | (2,686) | 790,246 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | (965,700) | (960,000) | (770,036) | 189,964 | (781,585) |
| Other Financing Sources | | | | | |
| Gain on sale of fixed assets | - | - | - | - | - |
| Operating transfers in | 963,400 | 995,000 | 805,000 | (190,000) | 763,600 |
| | 963,400 | 995,000 | 805,000 | (190,000) | 763,600 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES | (2,300) | 35,000 | 34,964 | (36) | (17,985) |
| Fund balance, July 1 | 7,321 | (14,664) | (14,664) | - | 3,321 |
| Fund balance, June 30 | \$ 5,021 | \$ 20,336 | \$ 20,300 | \$ (36) | \$ (14,664) |

AD VALOREM CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

| | <u>Adopted Budget</u> | <u>Final Budget</u> | <u>Actual 2012</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Actual 2011</u> |
|--|---------------------------|-------------------------|------------------------|---|------------------------|
| Revenues | | | | | |
| Property Taxes | | | | | |
| Ad valorem tax | \$ 25,000 | \$ 24,797 | \$ 36,664 | \$ 11,867 | \$ 24,265 |
| Miscellaneous | | | | | |
| Interest income | - | - | - | - | 43 |
| Total revenues | 25,000 | 24,797 | 36,664 | 11,867 | 24,308 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | 25,000 | 24,797 | 36,664 | 11,867 | 24,308 |
| Other Financing Sources | | | | | |
| Operating transfers out | (25,000) | (25,000) | (35,000) | (10,000) | (25,000) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES | - | (203) | 1,664 | 1,867 | (692) |
| Fund balance, July 1 | 33,528 | 32,736 | 32,736 | - | 33,428 |
| Fund balance, June 30 | \$ 33,528 | \$ 32,533 | \$ 34,400 | \$ 1,867 | \$ 32,736 |

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, 2012**

| | <u>Balance July 1, 2011</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2012</u> |
|--|---------------------------------|------------------|-------------------|----------------------------------|
| <u>Unemployment Insurance Liability Reserve Fund</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 3,865 | \$ - | \$ 4,352 | \$ (487) |
| Total assets | <u>\$ 3,865</u> | <u>\$ -</u> | <u>\$ 4,352</u> | <u>\$ (487)</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 3,089 | \$ - | \$ 3,089 |
| Total liabilities | <u>-</u> | <u>3,089</u> | <u>-</u> | <u>3,089</u> |
| Fund Balance | <u>3,865</u> | <u>(3,089)</u> | <u>4,352</u> | <u>(3,576)</u> |
| Total liabilities and fund balance | <u>\$ 3,865</u> | <u>\$ -</u> | <u>\$ 4,352</u> | <u>\$ (487)</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, 2012, and have issued our report thereon, dated December 13, 2012. 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

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 Independent Auditors' Comments on page 64.

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 13, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO 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 are applicable to its major federal program for the year ended June 30, 2012. 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 program 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 requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2012.

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 13, 2012

**CITY OF WEST WENDOVER, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Identification</u> | <u>Program or Award Amount</u> | <u>Federal Disbursements/ Expenditures</u> |
|--|------------------------------------|--|--|--|
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | |
| Pass through from State of Nevada Department of Transportation Wendover Boulevard Phase 1 Enhancement Project | 20.205 | PR261-10-063 | 650,000 | <u>\$ 60,847</u> |
| <u>U.S. ARMY CORPS OF ENGINEERS</u> | | | | |
| Waste Water Phase 2 ARRA | 12.121 | 323923 | 4,355,300 | <u>5,792,115</u> |
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| Waste Water Phase 2 ARRA | 10.781 | NV-92-20 | 2,637,000 | <u>1,930,705</u> |
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | | |
| Passed through Nevada State Office of Energy Energy Efficiency and Conservation Block Grant - ARRA | 81.128 | EE03271007 | 882,800 | <u>664,101</u> |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | | |
| Passed through State of Nevada Fire Program - EMPG | 97.042 | - | 24,417 | <u>24,417</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | |
| Small Community Air Service Development Program | 20.93 | - | 40,000 | <u>7,508</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| Health Resources and Services Administration: Health Care and Other Facilities | 93.887 | C76HF19547-01-01 | 306,900 | <u>117,962</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 8,597,655</u> |

CITY OF WEST WENDOVER, NEVADA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

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. Outstanding loan balances at June 30, 2012 are included as expenditures for loans from current and prior years on federal loans from USDA that have continuing reserve requirements

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, 2012**

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. No significant deficiencies with regard to internal control over financial reporting.
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:

| | |
|---|--------|
| Waste Water Phase 2 ARRA | 12.121 |
| Waste Water Phase 2 ARRA | 10.781 |
| Energy Efficiency and Conservation Block Grant – ARRA | 81.128 |
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

No findings to report.

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

No findings to report.

D. PRIOR YEAR FINDINGS

No findings were reported.

**CITY OF WEST WENDOVER, NEVADA
INDEPENDENT AUDITORS' COMMENTS
JUNE 30, 2012**

CURRENT YEAR STATUTE COMPLIANCE

The required disclosures on compliance with Nevada Revised Statutes and Administrative Code are contained in Note 3 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

In the prior year, apparent violations of NRS 354.626 occurred in various funds. The City monitored expenditures during the current year in order to prevent overexpenditures; however, as reported in Note 3 to the financial statements, there were instances of overexpenditures at June 30, 2012.

DISPOSITION OF PRIOR YEAR RECOMMENDATIONS

The prior year finding related to the close process was not a finding in the current year.

CURRENT YEAR RECOMMENDATIONS

We recommend the City monitor expenditures to avoid overexpenditures for the year ended June 30, 2012.

We also recommend the City monitor revenue from business licenses to avoid collecting more than the maximum allowable revenue.

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

As required by Nevada Revised Statutes (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354-5989. A local government may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum. Total revenues for the year ended June 30, 2012, from business license fees exceeded the allowable maximum revenue.

| | | |
|---|---------|------------------------|
| Business license revenue for the year ended June 30, 2011 (Base Year) | | \$ 20,209 |
| Adjustment to Base: | | |
| 1. Percentage increase in population of the local government | -10.58% | |
| 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 | 2.70% | |
| | -7.88% | (1,592) |
| Adjusted Base at June 30, 2012 | | 18,617 |
| Actual Revenue | | <u>23,008</u> |
| Amount Over Allowable Amount | | <u><u>\$ 4,391</u></u> |

**CITY OF WEST WENDOVER, NEVADA
SCHEDULE OF EXPENDITURES OF THE SPECIAL AD VALOREM
TRANSPORTATION CAPITAL PROJECTS FUND
JUNE 30, 2012**

The Special Ad Valorem Transportation Capital Project Fund did not have any expenditures during the year ended June 30, 2012.