



**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**WITH REPORT OF**  
**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

# CITY OF WEST WENDOVER, NEVADA

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**FINANCIAL SECTION**

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## Independent Auditors' Report

The Honorable Mayor and City Council  
West Wendover, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of West Wendover, Nevada as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of West Wendover, Nevada, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

### ***Emphasis of Matter***

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Wendover, Nevada's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2013, on our consideration of the City of West Wendover, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of West Wendover, Nevada's internal control over financial reporting and compliance.



HintonBurdick, PLLC  
St. George, Utah  
October 25, 2013



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

As management of the City of West Wendover (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. Please read it in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Total assets exceed total liabilities (net position) by \$29.5 million at the close of the fiscal year.
- Total net position increased by \$3.2 million from the prior year including a \$2.5 million current year change in net position and prior period adjustments of \$690 thousand.
- Governmental revenues exceeded governmental expenses by \$1 million.
- Total revenues from all sources were \$9.6 million and the total cost of all City programs was \$8.5 million
- The General Fund revenues exceeded expenditures, excluding transfers, by \$871,800.
- Actual resources received in the General Fund were less than the final budget by \$294,694. The primary reason for the shortfall in revenues was due to the City budgeting to receive two fiscal years' worth of right of way toll revenue, however, some of the right of way toll revenue was considered a prior period adjustment. See note 18. Actual expenditures were \$222,714 less than the final budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,047,903, or 22% of total General Fund expenditures, excluding transfers.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

**Reporting the City as a Whole**

**The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the City’s basic services are considered to be governmental activities, including general government, judicial, public safety, community development, health and sanitation, culture and recreation, community support, and interest on long-term debt. Consolidated tax, room tax, ad valorem tax, county gaming tax, franchise tax, right of way tolls, motor vehicle tax, and unrestricted investment earnings finance these activities.
- Proprietary activities/Business type activities – The City charges a fee to customers to cover all or most of the cost of the services provided. The City’s water, sewer, and garbage / compost systems are reported in this category.

## **Reporting the City’s Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and others are established by City resolution or by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City’s two kinds of funds, *governmental* and *proprietary*, use different accounting approaches as explained below.

- *Governmental funds* – Most of the City’s basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* accounting method, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation included with the Basic Financial Statements.
- *Proprietary funds* – The City 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. 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.

### **Notes to the Financial Statements**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$29.5 million as of June 30, 2013 as shown in the following condensed statement of net position. The City has chosen to account for its water, sewer, and garbage/compost operations in enterprise funds which are shown as Business Activities.

### City of West Wendover, Nevada Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
<b>Assets</b>						
Current and other assets	\$ 2,371,183	\$ 2,145,364	\$ 7,456,011	\$ 8,135,920	\$ 9,827,194	\$ 10,281,284
Net capital assets	18,584,939	17,467,153	17,955,847	16,583,242	36,540,786	34,050,395
Total assets	<u>20,956,122</u>	<u>19,612,517</u>	<u>25,411,858</u>	<u>24,719,162</u>	<u>46,367,980</u>	<u>44,331,679</u>
<b>Liabilities</b>						
Current liabilities	679,110	301,787	281,585	899,749	960,695	1,201,536
Long-term liabilities outstanding	7,525,847	8,024,541	8,314,339	8,751,506	15,840,186	16,776,047
Total liabilities	<u>8,204,957</u>	<u>8,326,328</u>	<u>8,595,924</u>	<u>9,651,255</u>	<u>16,800,881</u>	<u>17,977,583</u>
<b>Net position:</b>						
Net investment in capital assets	11,287,597	9,651,952	12,673,135	10,928,574	23,960,732	20,580,526
Restricted	204,732	57,915	830,268	560,776	1,035,000	618,691
Unrestricted	1,258,836	1,576,322	3,312,531	3,578,557	4,571,367	5,154,879
Total net position	<u>\$ 12,751,165</u>	<u>\$ 11,286,189</u>	<u>\$ 16,815,934</u>	<u>\$15,067,907</u>	<u>\$ 29,567,099</u>	<u>\$ 26,354,096</u>

### Governmental Activities

The cost of all Governmental activities this year was \$8,497,651. As shown on the statement of Changes in Net Position on the following page, \$595,590 of this cost was paid for by those who directly benefited from the programs; \$1,388,249 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$1,983,839. General taxes, asset sales, and other general revenues totaled \$7,566,554.

The City's programs include: general government, judicial, public safety, community development, health and sanitation, culture and recreation, community support, and interest on long-term debt. Each programs' total cost is presented below.

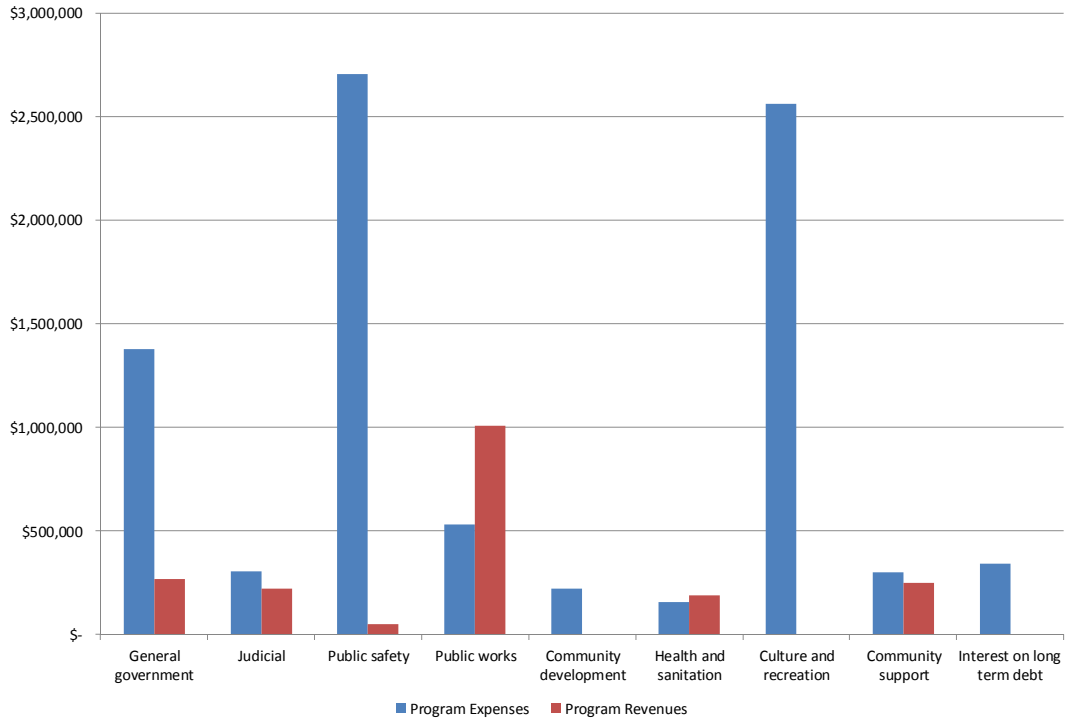
**City of West Wendover, Nevada**  
**Changes in Net Position**

	Governmental activities		Business-type activities		Combined Total	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Revenues:						
Program revenues:						
Charges for services	\$ 595,590	\$ 585,944	\$ 3,486,451	\$ 3,279,984	\$ 4,082,041	\$ 3,865,928
Operating grants	251,546	317,410	-	-	251,546	317,410
Capital grants	1,136,703	655,205	1,039,739	5,267,817	2,176,442	5,923,022
General revenues:						
Consolidated taxes	2,728,320	2,676,355	-	-	2,728,320	2,676,355
Room taxes	2,486,675	2,485,870	-	-	2,486,675	2,485,870
Ad valorem taxes	1,147,542	1,106,505	-	-	1,147,542	1,106,505
County gaming taxes	426,443	415,890	-	-	426,443	415,890
Franchise taxes	357,854	358,296	-	-	357,854	358,296
Right of way toll	219,939	210,474	-	-	219,939	210,474
Motor vehicle taxes	116,288	120,225	-	-	116,288	120,225
Unrestricted investment earnings	3,721	2,554	147,114	129,499	150,835	132,053
Gain on sale of capital assets	58,034	734	-	-	58,034	734
Miscellaneous revenues	21,738	73,204	60,372	25,341	82,110	98,545
Total revenues	<u>9,550,393</u>	<u>9,008,666</u>	<u>4,733,676</u>	<u>8,702,641</u>	<u>14,284,069</u>	<u>17,711,307</u>
Expenses:						
General government	1,375,926	1,477,348	-	-	1,375,926	1,477,348
Judicial	303,785	304,344	-	-	303,785	304,344
Public safety	2,704,663	2,673,246	-	-	2,704,663	2,673,246
Public works	532,926	623,671	-	-	532,926	623,671
Community development	222,145	244,228	-	-	222,145	244,228
Health and sanitation	155,563	136,734	-	-	155,563	136,734
Culture and recreation	2,562,942	2,491,260	-	-	2,562,942	2,491,260
Community support	299,234	241,361	-	-	299,234	241,361
Interest on long term debt	340,467	-	-	-	340,467	-
Water	-	-	1,264,311	1,335,677	1,264,311	1,335,677
Sewer	-	-	1,152,654	864,498	1,152,654	864,498
Garbage/Compost	-	-	846,649	933,483	846,649	933,483
Total expenses	<u>8,497,651</u>	<u>8,192,192</u>	<u>3,263,614</u>	<u>3,133,658</u>	<u>11,761,265</u>	<u>11,325,850</u>
Increase in net position before transfers	1,052,742	816,474	1,470,062	5,568,983	2,522,804	6,385,457
Transfers	-	-	-	-	-	-
Increase in net position	1,052,742	816,474	1,470,062	5,568,983	2,522,804	6,385,457
Net position, beginning, restated	11,698,423	10,469,715	15,345,872	9,498,924	27,044,295	19,968,639
Net position, ending	<u>\$ 12,751,165</u>	<u>\$ 11,286,189</u>	<u>\$ 16,815,934</u>	<u>\$ 15,067,907</u>	<u>\$ 29,567,099</u>	<u>\$ 26,354,096</u>

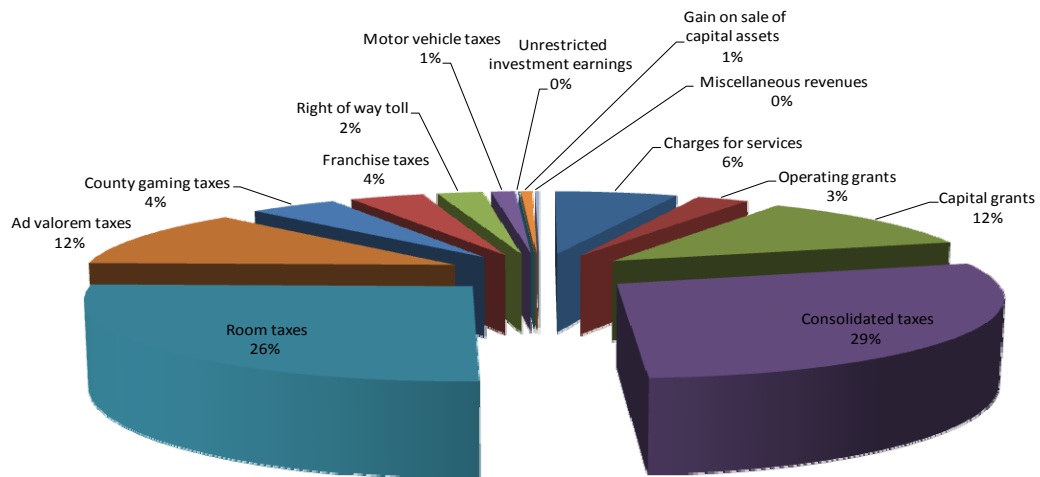
Total resources available during the year to finance governmental operations were \$21.1 million consisting of Net position at July 1, 2012 of \$11.7 million, program revenues of \$1.9 million and General Revenue of \$7.6 million. Total Governmental Activities during the year were \$8.5 million; thus Governmental Net Position increased by \$1 million to \$12.7 million.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

### Expenses and Program Revenues - Governmental Activities

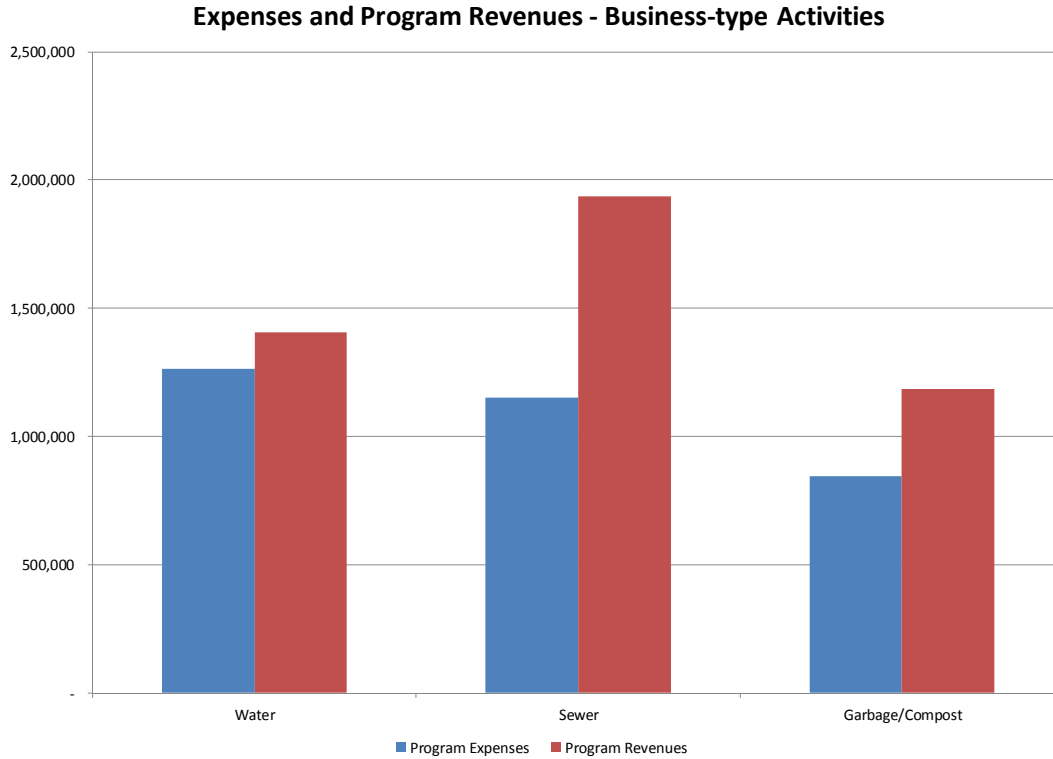


### Revenues By Source - Governmental Activities



## Business Type Activities

Net position of the Business Type activities at June 30, 2013, as reflected in the Statement of Net Position was \$16.8 million. The cost of providing all Proprietary (Business Type) activities this year was \$3.3 million. As shown in the Statement of Activities, the amounts paid by users of the system were \$3.5 million and \$1,039,739 was subsidized by capital grants and contributions. Unrestricted investment earnings totaled 147,114, other revenue totaled \$60,372, and prior period adjustments totaled \$277,695 (see note 18); thus, net position increased by \$1,748,027.



## Financial Analysis of the Government's Funds

As noted earlier, the City of West Wendover uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of the City of West Wendover's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of West Wendover's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of West Wendover's governmental funds reported combined ending fund balances of \$1.6 million, a decrease of \$339,945 in comparison with the prior year. Approximately, 67% of this total amount or \$1 million constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is non-spendable, restricted, or committed because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted or committed purposes.

The general fund is the chief operating fund of the City of West Wendover. At the end of the current fiscal year, unassigned fund balance in the general fund was \$1 million, and total fund balance is \$1.3 million. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 22% of total general fund expenditures. During the year, the City of West Wendover's general fund balance decreased by \$180,667. Key factors in this decrease are as follows:

- Transfer of RTC funds to the Grant Fund of \$135,467 for completion of Wendover Boulevard Enhancement Project.
- Slight increases in general government, public safety, and public works expenses.

The recreation fund has a fund balance of \$80,082, all of which is restricted for culture and recreation appropriation.

The grant fund has a total fund balance of \$0 at year end as expected. Transfers of regional transportation commission funds were made to this fund during fiscal year 2013 to complete the funding for grant related projects.

**Proprietary funds:** The City of West Wendover's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the proprietary funds was \$16,815,934 at year end.

## General Fund Budgetary Highlights

Actual expenditures for the General Fund at year-end were \$222,714 less than the final budget. The favorable budget to actual variance in appropriations was principally due to under budget delivery of goods and services by General Government and Public Safety. Actual revenues were less than the final budget by \$294,694 primarily because of right of way toll revenues budgeted for multiple years in 2013, but a portion of the revenues were considered a prior period adjustment. See note 18.



## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2013, net capital assets of the government activities totaled \$18.5 million and the net capital assets of the business-type activities totaled \$17.9 million. Depreciation on governmental-type capital assets is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

### **Debt**

At year-end, the City had \$7.5 million in governmental type debt, and \$8.3 million in proprietary debt. The debt is a liability of the government and amounts to \$3,513 per capita (4,508 – 2012 population US Census Bureau Website 2012). The City's total debt net decrease was \$869,100. (See note 7 to the financial statements for detailed descriptions.)

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

In considering the City Budget for fiscal year 2013-2014, the City Council and management remained cautious as to the growth of revenues and expenditures.

The current labor contracts, effective July 1, 2012 and expire June 30, 2015 provide for annual pay adjustments. The police contract includes a 2% increase and the local agreement includes a 1% increase for fiscal year 2014.

Projects that are a part of the City Budget for fiscal year 2013-2014 are as follows:

- In conjunction with the addition of a new public elementary school funded by the Elko County School District, the City will be part of the completion of Florence Way Blvd Phase 3. Preliminary work will also proceed for Florence Way Blvd Phase 2, to be completed in fiscal year 2015.
- The new Public Works building is still in design and is planned to be completed by the end of the 2014 fiscal year.
- 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.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City's Chief Financial Officer at the City of West Wendover, 1111 N. Gene L. Jones Way, West Wendover, Nevada 89883 or visit us online at <http://www.westwendovercity.com>

**BASIC FINANCIAL STATEMENTS**

**CITY OF WEST WENDOVER, NEVADA**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Johnson Springs</b>
<b>Assets</b>				
Cash and temporary investments	\$ 907,815	\$ 3,036,253	\$ 3,944,068	\$ 1,792,180
Accounts receivable, net	1,081,841	400,414	1,482,255	58,928
Due from component unit	-	3,098,812	3,098,812	-
Inventory	46,173	89,514	135,687	15,053
Prepaid items	215,179	750	215,929	-
Restricted cash	120,175	830,268	950,443	35,776
Capital assets not being depreciated:				
Land	1,924,012	111,000	2,035,012	18,000
Construction in progress	1,374,126	124,608	1,498,734	-
Capital assets, net of accumulated depreciation:				
Buildings, net	9,161,223	325,069	9,486,292	2,950,471
Improvements other than buildings, net	5,398,497	2,414,225	7,812,722	372,223
Machinery and equipment, net	727,081	1,050,160	1,777,241	132,988
Utility systems	-	13,930,785	13,930,785	3,747,200
Total assets	<u>\$ 20,956,122</u>	<u>\$ 25,411,858</u>	<u>\$ 46,367,980</u>	<u>\$ 9,122,819</u>
<b>Liabilities</b>				
Accounts payable	\$ 349,760	\$ 108,742	\$ 458,502	\$ 22,771
Accrued interest payable	37,132	170,593	207,725	1,276
Accrued expenses	222,251	-	222,251	-
Due to primary government	-	-	-	3,098,812
Unearned revenue	69,967	-	69,967	-
Deposits payable	-	2,250	2,250	-
Noncurrent liabilities				
Due within one year	662,416	533,041	1,195,457	28,586
Due in more than one year	6,863,431	7,781,298	14,644,729	1,682,586
Total liabilities	<u>8,204,957</u>	<u>8,595,924</u>	<u>16,800,881</u>	<u>4,834,031</u>
<b>Net Position</b>				
Net investment in capital assets	11,287,597	12,673,135	23,960,732	2,420,268
Restricted for:				
Judicial	40,079	-	40,079	-
Culture and recreation	80,082	-	80,082	-
Debt service	84,571	830,268	914,839	35,776
Unrestricted	1,258,836	3,312,531	4,571,367	1,832,744
Total net position	<u>\$ 12,751,165</u>	<u>\$ 16,815,934</u>	<u>\$ 29,567,099</u>	<u>\$ 4,288,788</u>

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

**CITY OF WEST WENDOVER, NEVADA**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Component Unit</b>
		<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>Governmental:</b>								
General government	\$ 1,375,926	\$ 269,421	\$ -	\$ -	\$ (1,106,505)	\$ -	\$ (1,106,505)	\$ -
Judicial	303,785	218,918	-	-	(84,867)	-	(84,867)	-
Public safety	2,704,663	23,167	28,519	-	(2,652,977)	-	(2,652,977)	-
Public works	532,926	56,405	-	952,325	475,804	-	475,804	-
Community development	222,145	-	-	-	(222,145)	-	(222,145)	-
Health and sanitation	155,563	4,100	-	183,898	32,435	-	32,435	-
Culture and recreation	2,562,942	-	-	-	(2,562,942)	-	(2,562,942)	-
Community support	299,234	23,579	223,027	480	(52,148)	-	(52,148)	-
Interest on long term debt	340,467	-	-	-	(340,467)	-	(340,467)	-
Total governmental activities	<u>8,497,651</u>	<u>595,590</u>	<u>251,546</u>	<u>1,136,703</u>	<u>(6,513,812)</u>	<u>-</u>	<u>(6,513,812)</u>	<u>-</u>
<b>Business-type:</b>								
Water	1,264,311	1,400,903	-	3,571	-	140,163	140,163	-
Sewer	1,152,654	899,680	-	1,036,168	-	783,194	783,194	-
Garbage/Compost	846,649	1,185,868	-	-	-	339,219	339,219	-
Total business-type activities	<u>3,263,614</u>	<u>3,486,451</u>	<u>-</u>	<u>1,039,739</u>	<u>-</u>	<u>1,262,576</u>	<u>1,262,576</u>	<u>-</u>
Total primary government	<u>\$ 11,761,265</u>	<u>\$ 4,082,041</u>	<u>\$ 251,546</u>	<u>\$ 2,176,442</u>				
<b>Component Unit:</b>								
Johnson Springs	<u>\$ 1,085,250</u>	<u>\$ 700,885</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(384,365)</u>
		<b>General Revenues:</b>						
					2,728,320	-	2,728,320	-
					2,486,675	-	2,486,675	-
					1,147,542	-	1,147,542	-
					426,443	-	426,443	-
					357,854	-	357,854	-
					219,939	-	219,939	-
					116,288	-	116,288	-
					3,721	147,114	150,835	3,732
					58,034	-	58,034	-
					21,738	60,372	82,110	-
					-	-	-	-
					<u>7,566,554</u>	<u>207,486</u>	<u>7,633,896</u>	<u>3,732</u>
					1,052,742	1,470,062	2,522,804	(380,633)
					11,698,423	15,345,872	27,044,295	4,669,421
					<u>\$ 12,751,165</u>	<u>\$ 16,815,934</u>	<u>\$ 29,567,099</u>	<u>\$ 4,288,788</u>

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

**CITY OF WEST WENDOVER, NEVADA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and temporary investments	\$ 592,317	\$ 69,037	\$ -	\$ 109,847	\$ 771,201
Accounts receivable, net	83,301	217,450	-	-	300,751
Interfund balances	195,205	-	-	-	195,205
Due from other governments	517,333	-	77,620	165,742	760,695
Inventory	45,470	-	-	703	46,173
Prepaid items	215,179	-	-	-	215,179
Restricted cash	-	-	-	120,175	120,175
Total assets	<u>\$ 1,648,805</u>	<u>\$ 286,487</u>	<u>\$ 77,620</u>	<u>\$ 396,467</u>	<u>\$ 2,409,379</u>
<b>Liabilities</b>					
Accounts payable	\$ 48,035	\$ 206,405	\$ 71,208	\$ 24,112	\$ 349,760
Accrued liabilities	222,251	-	-	-	222,251
Interfund balances	-	-	6,412	188,793	195,205
Unearned revenue	69,967	-	-	-	69,967
Total liabilities	<u>340,253</u>	<u>206,405</u>	<u>77,620</u>	<u>212,905</u>	<u>837,183</u>
<b>Fund Balance</b>					
Nonspendable	260,649	-	-	703	261,352
Restricted	-	80,082	-	124,650	204,732
Committed	-	-	-	58,209	58,209
Assigned	-	-	-	-	-
Unassigned	1,047,903	-	-	-	1,047,903
Total fund balances	<u>1,308,552</u>	<u>80,082</u>	<u>-</u>	<u>183,562</u>	<u>1,572,196</u>
Total liabilities and fund balance	<u>\$ 1,648,805</u>	<u>\$ 286,487</u>	<u>\$ 77,620</u>	<u>\$ 396,467</u>	<u>\$ 2,409,379</u>

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

**CITY OF WEST WENDOVER, NEVADA**  
**Reconciliation of the Balance Sheets of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2013**

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Total fund balances - governmental funds	\$	1,572,196
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	\$	24,319,908
Accumulated depreciation		<u>(5,734,969)</u>
		18,584,939
Long-term receivables in the governmental activities are not reported in the funds.		
		20,395
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$	(7,297,342)
Compensated absences		(228,505)
Interest payable		<u>(37,132)</u>
		(7,562,979)
The internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		
		136,614
Total net position - governmental activities		<u><u>\$ 12,751,165</u></u>

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

**CITY OF WEST WENDOVER, NEVADA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 1,111,658	\$ 2,486,675	\$ -	\$ 35,884	\$ 3,634,217
Licenses and permits	864,314	-	-	-	864,314
Intergovernmental	3,419,567	-	952,325	365,642	4,737,534
Charges for services	38,790	-	-	8,845	47,635
Fines and forfeits	85,881	-	-	-	85,881
Miscellaneous revenues	59,976	-	-	139,619	199,595
	<u>5,580,186</u>	<u>2,486,675</u>	<u>952,325</u>	<u>549,990</u>	<u>9,569,176</u>
Total revenues					
<b>Expenditures</b>					
Current					
General government	988,757	-	-	-	988,757
Judicial	293,314	-	-	7,119	300,433
Public safety	2,643,835	-	-	-	2,643,835
Public works	441,387	-	-	-	441,387
Community development	223,928	-	-	-	223,928
Health	89,245	-	-	5,088	94,333
Culture and recreation	15,699	2,479,684	-	-	2,495,383
Community support	8,426	-	-	355,408	363,834
Capital outlay	-	-	1,314,379	180,083	1,494,462
Debt service	3,795	-	-	858,974	862,769
	<u>4,708,386</u>	<u>2,479,684</u>	<u>1,314,379</u>	<u>1,406,672</u>	<u>9,909,121</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>871,800</u>	<u>6,991</u>	<u>(362,054)</u>	<u>(856,682)</u>	<u>(339,945)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	135,467	957,000	1,092,467
Transfers out	<u>(1,052,467)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(1,092,467)</u>
Total other financing sources and uses	<u>(1,052,467)</u>	<u>-</u>	<u>135,467</u>	<u>917,000</u>	<u>-</u>
Net change in fund balances	(180,667)	6,991	(226,587)	60,318	(339,945)
Fund balances, beginning of year, as restated	<u>1,489,219</u>	<u>73,091</u>	<u>226,587</u>	<u>123,244</u>	<u>1,912,141</u>
<b>Fund balances, end of year</b>	<u>\$ 1,308,552</u>	<u>\$ 80,082</u>	<u>\$ -</u>	<u>\$ 183,562</u>	<u>\$ 1,572,196</u>

The accompanying notes are an integral part of the 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, 2013**

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

Net change in fund balances - total governmental funds		\$ (339,945)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital outlay	1,565,694	
Depreciation expense	<u>(716,313)</u>	849,381
<p>Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain on the sale of capital assets is reported net of its net book value.</p>		
		(16,984)
<p>Payments on long term receivables recorded as revenue in the governmental funds are reported as a reduction of receivables in the statement of net position.</p>		
		(1,799)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		517,859
<p>Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. The adjustment reflects the change in interest payable</p>		
		4,443
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the change in compensated absences payable.</p>		
		(19,165)
<p>The internal service fund is used by management to charge the cost of insurance to the various funds. The net revenue (loss) of the internal service fund is reported with governmental activities.</p>		
		58,952
Change in net position of governmental activities		<u><u>\$ 1,052,742</u></u>

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



**CITY OF WEST WENDOVER, NEVADA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Fund</u>
<b>Assets</b>					
Current assets					
Cash and investments	\$ 2,250,492	\$ 540,153	\$ 245,608	\$ 3,036,253	\$ 136,614
Accounts receivable, net	184,987	115,982	99,445	400,414	-
Other receivable, current	-	-	-	-	-
Inventory	79,768	9,746	-	89,514	-
Prepaid expenses	-	-	750	750	-
Total current assets	<u>2,515,247</u>	<u>665,881</u>	<u>345,803</u>	<u>3,526,931</u>	<u>136,614</u>
Noncurrent assets					
Restricted cash	561,980	10,896	257,392	830,268	-
Due from component unit	3,098,812	-	-	3,098,812	-
Capital assets:					
Land	111,000	-	-	111,000	-
Construction in progress	124,608	-	-	124,608	-
Buildings	110,762	-	368,572	479,334	-
Improvements other than buildings	260,496	27,035	4,517,832	4,805,363	-
Machinery and equipment	950,261	1,408,678	1,763,541	4,122,480	-
Utility system	1,537,368	15,842,579	-	17,379,947	-
Less accumulated depreciation	<u>(1,795,127)</u>	<u>(3,555,743)</u>	<u>(3,716,015)</u>	<u>(9,066,885)</u>	<u>-</u>
Total noncurrent assets	<u>4,960,160</u>	<u>13,733,445</u>	<u>3,191,322</u>	<u>21,884,927</u>	<u>-</u>
Total assets	<u>\$ 7,475,407</u>	<u>\$ 14,399,326</u>	<u>\$ 3,537,125</u>	<u>\$ 25,411,858</u>	<u>\$ 136,614</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 62,415	\$ 35,717	\$ 10,610	\$ 108,742	\$ -
Accrued interest payable	98,489	9,012	63,092	170,593	-
Compensated absences	5,971	4,144	5,837	15,952	-
Customer deposits	2,250	-	-	2,250	-
Current portion of noncurrent liabilities	<u>207,244</u>	<u>37,787</u>	<u>272,058</u>	<u>517,089</u>	<u>-</u>
Total current liabilities	<u>376,369</u>	<u>86,660</u>	<u>351,597</u>	<u>814,626</u>	<u>-</u>
Noncurrent liabilities:					
Capital leases payable	-	-	242,950	242,950	-
Bonds payable	<u>3,754,431</u>	<u>2,544,676</u>	<u>1,239,241</u>	<u>7,538,348</u>	<u>-</u>
Total noncurrent liabilities	<u>3,754,431</u>	<u>2,544,676</u>	<u>1,482,191</u>	<u>7,781,298</u>	<u>-</u>
Total liabilities	<u>4,130,800</u>	<u>2,631,336</u>	<u>1,833,788</u>	<u>8,595,924</u>	<u>-</u>
<b>Net Position</b>					
Net investment in capital assets	353,368	11,140,086	1,179,681	12,673,135	-
Restricted for debt service	561,980	10,896	257,392	830,268	-
Unrestricted	2,429,259	617,008	266,264	3,312,531	136,614
Total net position	<u>\$ 3,344,607</u>	<u>\$ 11,767,990</u>	<u>\$ 1,703,337</u>	<u>\$ 16,815,934</u>	<u>\$ 136,614</u>

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

**CITY OF WEST WENDOVER, NEVADA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Fund</u>
<b>Operating revenues</b>					
Charges for services	\$ 1,400,903	\$ 899,680	\$ 1,185,868	\$ 3,486,451	\$ 567,354
<b>Operating expenses</b>					
Water purchases	495,137	-	-	495,137	-
Salaries and wages	142,361	197,675	165,335	505,371	-
Employee benefits	67,892	86,389	78,003	232,284	486,892
Services and supplies	269,896	438,408	217,858	926,162	-
Depreciation and amortization	97,999	368,366	314,401	780,766	-
Total operating expenses	<u>1,073,285</u>	<u>1,090,838</u>	<u>775,597</u>	<u>2,939,720</u>	<u>486,892</u>
Operating income (loss)	<u>327,618</u>	<u>(191,158)</u>	<u>410,271</u>	<u>546,731</u>	<u>80,462</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	146,079	105	930	147,114	-
Impact fees	3,571	7,401	-	10,972	-
Grant revenue	-	1,028,767	-	1,028,767	-
Miscellaneous income	47,964	6,204	6,204	60,372	-
Interest expense	<u>(191,026)</u>	<u>(61,816)</u>	<u>(71,052)</u>	<u>(323,894)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>6,588</u>	<u>980,661</u>	<u>(63,918)</u>	<u>923,331</u>	<u>-</u>
Income before contributions and transfers	334,206	789,503	346,353	1,470,062	80,462
<b>Transfers</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Change in net position</b>	334,206	789,503	346,353	1,470,062	80,462
Total net position, beginning, as restated	<u>3,010,401</u>	<u>10,978,487</u>	<u>1,356,984</u>	<u>15,345,872</u>	<u>56,152</u>
<b>Total net position, end of year</b>	<u>\$ 3,344,607</u>	<u>\$ 11,767,990</u>	<u>\$ 1,703,337</u>	<u>\$ 16,815,934</u>	<u>\$ 136,614</u>

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

**CITY OF WEST WENDOVER, NEVADA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Fund</u>
<b>Cash Flows From Operating Activities:</b>					
Cash received from customers, service fees	\$ 1,411,091	\$ 1,001,004	\$ 1,184,554	\$ 3,596,649	\$ 567,354
Cash paid to suppliers	(722,253)	(520,371)	(218,570)	(1,461,194)	(486,892)
Cash paid to employees	(216,942)	(285,971)	(241,466)	(744,379)	
Net cash flows from operating activities	<u>471,896</u>	<u>194,662</u>	<u>724,518</u>	<u>1,391,076</u>	<u>80,462</u>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Net interfund receipts/(payments)	266,239	576,456	(1,309,526)	(466,831)	54,319
Net component unit receipts/(payments)	28,857	(94,468)	3,903	(61,708)	1,833
Cash received from miscellaneous sources	47,964	6,204	6,204	60,372	
Net cash flows from noncapital financing activities	<u>343,060</u>	<u>488,192</u>	<u>(1,299,419)</u>	<u>(468,167)</u>	<u>56,152</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Impact fees	3,571	7,401	-	10,972	-
Grant revenue	-	1,504,809	-	1,504,809	-
Proceeds from long term debt	-	-	232,157	232,157	-
Principal paid on capital debt	(201,487)	(170,272)	(290,842)	(662,601)	-
Interest paid on capital debt	(193,742)	(74,416)	(80,256)	(348,414)	-
Acquisition and construction of capital assets	(16,594)	(1,904,622)	(232,157)	(2,153,373)	-
Net cash flows from capital and related financing activities	<u>(408,252)</u>	<u>(637,100)</u>	<u>(371,098)</u>	<u>(1,416,450)</u>	<u>-</u>
<b>Cash Flows From Investing Activities:</b>					
Interest income	146,079	105	930	147,114	-
Net change in cash and cash equivalents	552,783	45,859	(945,069)	(346,427)	136,614
Cash and investments, including restricted cash, beginning of year	<u>2,259,690</u>	<u>505,190</u>	<u>1,448,069</u>	<u>4,212,949</u>	<u>-</u>
<b>Cash and Cash Equivalents, Including Restricted Cash, End of Year</b>	<u>\$ 2,812,473</u>	<u>\$ 551,049</u>	<u>\$ 503,000</u>	<u>\$ 3,866,522</u>	<u>\$ 136,614</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 327,618	\$ (191,158)	\$ 410,271	\$ 546,731	\$ 80,462
Adjustments to reconcile net income (loss) to net cash provided by operating activities					
Depreciation/amortization	97,999	368,366	314,401	780,766	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	11,786	101,324	(1,314)	111,796	-
(Increase) decrease in inventory	(6,303)	976	-	(5,327)	-
(Increase) decrease in prepaid expenses	-	-	-	-	-
Increase (decrease) in accounts payable	49,083	(82,939)	(712)	(34,568)	-
Increase (decrease) in due from deposits	(1,598)	-	-	(1,598)	-
Increase (decrease) in compensated absences	(6,689)	(1,907)	1,872	(6,724)	-
Net cash flows from operating activities	<u>\$ 471,896</u>	<u>\$ 194,662</u>	<u>\$ 724,518</u>	<u>\$ 1,391,076</u>	<u>\$ 80,462</u>

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

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies**

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**Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Reporting Entity**

The City of West Wendover (government) is a municipal corporation governed by an elected mayor and five-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely presented component units** - 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.

**Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the city has one discretely presented component units, Johnson Springs, which is considered a major component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Basis of presentation – fund financial statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units if any. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another 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.

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

The government reports the following major enterprise funds:

The **Water Fund** accounts 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, administration, operation, maintenance, financing and related debt service and billing and collection.

The **Sewer Fund** accounts 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, administration, operation, maintenance, financing and related debt service and billing and collection.

The **Garbage/Compost Fund** is used to account for the provision of sanitation services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related 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.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

**Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

***Cash and cash equivalents***

The government'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.

***Investments***

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

***Inventories and prepaid items***

Inventories for the general and proprietary funds are valued at cost using the first-in/first-out (FIFO) method and consist of expendable office supplies, pipe, fittings and miscellaneous automobile parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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*Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

The City has elected not to record infrastructure assets prior to July 1, 2003 as allowed by Governmental Accounting Statement number 34 for phase 3 governments.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Building	35 to 50 years
Improvements other than buildings	20 to 30 years
Machinery, equipment, and vehicles	3 to 10 years
Utility systems	10 to 50 years

*Deferred outflows/inflows of resources*

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



**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has no items that qualify for reporting in this category. The governmental funds report unearned revenues from one source: advance payments for business licenses. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Net position flow assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Fund balance flow assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund balance policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The city council (council) has by resolution authorized the Mayor, City Manager, and Chief Financial Officer to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and Expenditures/Expenses**

*Program revenues*

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*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.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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*Compensated absences*

Vacation and Sick-leave

The city's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Per City Policy and Collective Bargaining Agreements, employees earn (accrue) sick leave benefits which they are eligible to receive upon separation of service at a determined percentage based upon total years of service and based upon the required notice of separation.

*Proprietary funds operating and non-operating revenues and expenses*

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, and garbage/compost facility fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**New Pronouncements**

The Governmental Accounting Standards Board (GASB) issued statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*. Beginning with fiscal year 2013, the City implemented the provisions of these statements.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Comparative Data**

Comparative data shown for the prior year has been extracted from the 2011-2012 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2011-2012. Such information can only be obtained by referring to the audited financial statements for that year, which were audited by other auditors. Some prior-year balances have been reclassified to conform to the current-year presentation.

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**NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements**

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The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on as listed in the table of contents.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation as listed in the table of contents.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 3. Stewardship, Compliance, and Accountability**

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**Budgets 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.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 4. Cash and Investments**

A reconciliation of cash deposits and investments to the government-wide statement of net position as follows:

	Primary Government	Component Unit
Deposits:		
Cash on hand	\$ 625	\$ -
Cash in bank	1,843,276	(455,497)
Investments:		
Nevada local government investment pool	<u>3,050,610</u>	<u>2,283,453</u>
 Total deposits and investments	 <u>\$ 4,894,511</u>	 <u>\$ 1,827,956</u>
 Cash and cash equivalents	 \$ 3,944,068	 \$ 1,792,180
Restricted cash	<u>950,443</u>	<u>35,776</u>
	 <u>\$ 4,894,511</u>	 <u>\$ 1,827,956</u>

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned. The City does not have a formal policy for custodial credit risk. As of June 30, 2013, \$0 of the primary government and component unit's combined bank balance of \$1,558,010 was exposed to custodial credit risk because it was either fully insured by FDIC insurance or collateralized by a pledging financial institution.

**Investments**

The Nevada State Treasurer's Office operates the Local Government Pooled Investment Fund (LGPIF). The LGPIF is available for investment of funds administered by any Nevada Public Treasurer.

The LGPIF is not registered with the SEC as an investment company. Deposits in the LGPIF are not insured or otherwise guaranteed by the State of Nevada, and participants share proportionally in any realized gain or losses on investments.

The provisions of State Law (NRS 355.170) govern the investment of public funds as noted in Footnote 1.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 4. Cash and Investments, Continued**

As of June 30, 2013 the government had the following investments:

<u>Investment Type</u>	<u>Primary Government Fair Value</u>	<u>Component Unit Fair Value</u>	<u>Rating (1)</u>	<u>Weighted Average Maturity (2)</u>
Nevada Local Government Pooled Investment Fund	\$ 3,050,610	\$ 2,283,453	N/A	97
Total Fair Value	<u>\$ 3,050,610</u>	<u>\$ 2,283,453</u>		

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (NRS 355.170).

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government and component unit's policy for reducing its exposure to credit risk is to limit its investments to the Nevada Local Government Pooled Investment Fund and to comply with State Law (NRS 355.170). The Nevada Local Government Pooled Investment Fund is unrated.

**Concentration of Credit Risk**

The Primary Government and the Component Unit place no limit on the amount the Primary Government or the Component Unit may invest in any one issue.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 4. Cash and Investments, Continued**

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**Cash Restricted for Special Uses**

The primary government and the component unit maintain restricted cash to comply with various legal and contractual requirements. Amounts restricted are as follows at June 30, 2013:

Medium Term Sales Tax Revenue Bond Reserves	\$ 120,175
1998 Sewer/Compost Revenue Bond Reserves	100,557
Sewer/Compost Revenue Bond Series 1999B Bond Reserves	115,320
Sewer/Compost Revenue Bond Series 1999A Bond Reserves	41,515
Waste Water Treatment Plant Revenue Bond Reserves	10,896
1998 Water Revenue Bond Reserves	173,712
Water Revenue Bonds, Series 2000 Bond Reserves	29,893
AB198 Capital Replacement Projects Fund	<u>358,375</u>
Total restricted cash - primary government	<u><u>\$ 950,443</u></u>

Water Revenue Bond, Series 2009 Bond Reserves	\$ 35,776
Total restricted cash - component unit	<u><u>\$ 35,776</u></u>

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**NOTE 5. Receivables / Due from other Governments**

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Receivables in the governmental funds consist principally of room and franchise taxes due various businesses. Amounts due from other governments consist primarily of taxes due from the State of Nevada and grant revenues due from various granting agencies. All receivables and amounts due from other governments are considered by management to be fully collectible and therefore, no allowance for doubtful accounts is necessary.

Receivables in the proprietary funds represent service billings to customers and are shown net of an allowance for doubtful accounts.



**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 6. Capital Assets**

Governmental capital asset activity for the year ended June 30, 2013 was as follows:

<b>Governmental Activities:</b>	<b>Balance 06/30/12</b>	<b>Additions</b>	<b>Deletions</b>	<b>Prior Period Adjustments</b>	<b>Balance 06/30/13</b>
Capital assets, not being depreciated:					
Land	\$ 1,891,422	\$ -	\$ (16,984)	\$ 49,574	\$ 1,924,012
Construction in progress	835,454	1,452,780	(1,009,379)	95,271	1,374,126
Total capital assets, not being depreciated	<u>2,726,876</u>	<u>1,452,780</u>	<u>(1,026,363)</u>	<u>144,845</u>	<u>3,298,138</u>
Capital assets, being depreciated:					
Buildings	10,991,900	-	-	-	10,991,900
Other improvements	5,507,462	1,088,878	-	140,544	6,736,884
Machinery and equipment	3,259,571	33,415	-	-	3,292,986
Total capital assets, being depreciated	<u>19,758,933</u>	<u>1,122,293</u>	<u>-</u>	<u>140,544</u>	<u>21,021,770</u>
Less accumulated depreciation for:					
Buildings	(1,556,024)	(274,653)	-	-	(1,830,677)
Other improvements	(1,025,974)	(312,413)	-	-	(1,338,387)
Machinery and equipment	(2,436,658)	(129,247)	-	-	(2,565,905)
Total accumulated depreciation	<u>(5,018,656)</u>	<u>(716,313)</u>	<u>-</u>	<u>-</u>	<u>(5,734,969)</u>
Total capital assets, being depreciated, net	<u>14,740,277</u>	<u>405,980</u>	<u>-</u>	<u>140,544</u>	<u>15,286,801</u>
Governmental activities capital assets, net	<u>\$ 17,467,153</u>	<u>\$ 1,858,760</u>	<u>\$ (1,026,363)</u>	<u>\$ 285,389</u>	<u>\$ 18,584,939</u>

Depreciation expense was charged to the functions/programs of the City as follows:

<b>Governmental Activities:</b>	
General government	\$ 406,649
Judicial	8,140
Public safety	89,565
Public works	1,858
Health and sanitation	13,094
Culture and recreation	61,235
Community support	1,326
Streets and highways	134,446
Total depreciation expense - governmental activities	<u>\$ 716,313</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 6. Capital Assets, Continued**

Business-type capital asset activity for the year ended June 30, 2013 was as follows:

<b>Business-Type Activities:</b>	<b>Balance 06/30/12</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance 6/30/2013</b>
Capital assets not being depreciated:					
Land	\$ 111,000	\$ -	\$ -	\$ -	\$ 111,000
Construction in progress	8,445,233	1,887,722	(10,208,347)	-	124,608
Total capital assets, not being depreciated	<u>8,556,233</u>	<u>1,887,722</u>	<u>(10,208,347)</u>	<u>-</u>	<u>235,608</u>
Capital assets being depreciated:					
Buildings	479,334	-	-	-	479,334
Other improvements	4,805,363	-	-	-	4,805,363
Machinery and equipment	3,873,422	249,058	-	-	4,122,480
Utility systems	7,155,007	10,224,940	-	-	17,379,947
Total capital assets, being depreciated	<u>16,313,126</u>	<u>10,473,998</u>	<u>-</u>	<u>-</u>	<u>26,787,124</u>
Less accumulated depreciation for:					
Buildings	(142,281)	(11,984)	-	-	(154,265)
Other improvements	(2,208,292)	(182,846)	-	-	(2,391,138)
Machinery and equipment	(2,826,867)	(245,453)	-	-	(3,072,320)
Utility systems	(3,108,677)	(340,485)	-	-	(3,449,162)
Total accumulated depreciation	<u>(8,286,117)</u>	<u>(780,768)</u>	<u>-</u>	<u>-</u>	<u>(9,066,885)</u>
Total capital assets, being depreciated, net	<u>8,027,009</u>	<u>9,693,230</u>	<u>-</u>	<u>-</u>	<u>17,720,239</u>
Water fund activities capital assets, net	<u>\$ 16,583,242</u>	<u>\$ 11,580,952</u>	<u>\$ (10,208,347)</u>	<u>\$ -</u>	<u>\$ 17,955,847</u>

Depreciation expense was charged to the functions/programs of the City as follows:

<b>Business-Type Activities:</b>	
Water Fund	\$ 97,999
Sewer Fund	368,367
Combined Garbage / Compost Facility Fund	314,402
Total depreciation expense - business-type activities	<u>\$ 780,768</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 7. Capital Assets, Continued**

Component unit capital asset activity for the year ended June 30, 2013 was as follows:

<b>Component Unit - Johnson Springs</b>	<b>Balance 06/30/12</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance 06/30/13</b>
Capital assets not being depreciated:					
Land	\$ 18,000	\$ -	\$ -	\$ -	\$ 18,000
Total capital assets, not being depreciated	<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	45,365	327,326	-	38,941	411,632
Machinery and equipment	436,754	-	-	-	436,754
Utility system	4,898,189	-	-	(38,941)	4,859,248
Total capital assets, being depreciated	<u>11,459,347</u>	<u>327,326</u>	<u>-</u>	<u>-</u>	<u>11,786,673</u>
Less accumulated depreciation for:					
Buildings	(2,939,172)	(189,396)	-	-	(3,128,568)
Other improvements	(19,369)	(20,041)	-	-	(39,410)
Machinery and equipment	(282,994)	(20,772)	-	-	(303,766)
Water utility system	(990,350)	(121,698)	-	-	(1,112,048)
Total accumulated depreciation	<u>(4,231,885)</u>	<u>(351,907)</u>	<u>-</u>	<u>-</u>	<u>(4,583,792)</u>
Total capital assets, being depreciated, net	<u>7,227,462</u>	<u>(24,581)</u>	<u>-</u>	<u>-</u>	<u>7,202,881</u>
Johnson Springs component unit fund activities capital assets, net	<u>\$ 7,245,462</u>	<u>\$ (24,581)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,220,881</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 7. Long-Term Liabilities**

The following is a summary of long-term liabilities for the year ended June 30, 2013:

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2012	Additions	Reductions	Balance 6/30/2013	Current Portion
<b>Governmental Activities</b>									
<b>Bonds Payable:</b>									
Tax-Exempt Medium Term Bonds, Series 2007A (80 Acres)	6/29/2007	4.32%	2017	1,410,000	\$ 1,203,000	\$ -	\$ (218,000)	\$ 985,000	\$ 228,000
General Obligation Medium-Term Bonds, Series 2009	2/27/2009	4.46%	2019	2,200,000	1,643,000	-	(202,000)	1,441,000	212,000
Medium Term Sales Tax Revenue Bond, Series 2009 (City Ha	8/18/2009	4.38%	2039	5,225,000	4,969,201	-	(97,859)	4,871,342	102,416
					7,815,201	-	(517,859)	7,297,342	542,416
<b>Compensated absences</b>					209,340	136,932	(117,767)	228,505	120,000
Governmental Activity Long-Term Liabilities					<u>\$ 8,024,541</u>	<u>\$ 136,932</u>	<u>\$ (635,626)</u>	<u>\$ 7,525,847</u>	<u>\$ 662,416</u>
<b>Business-Type Activities</b>									
<b>Enterprise Funds:</b>									
<b><u>Water Fund</u></b>									
<b>Bonds Payable:</b>									
1998 Water Revenue Bonds	11/17/1998	4.75%	2038	3,058,300	\$ 2,606,547	\$ -	\$ (49,638)	\$ 2,556,909	\$ 51,995
Water Revenue Bonds, Series 2000	6/27/2000	4.50%	2040	550,000	467,615	-	(8,850)	458,766	9,249
General Obligation Medium-Term Bonds, Series 2008	9/4/2008	4.15%	2013	700,000	289,000	-	(143,000)	146,000	146,000
General Obligation Medium-Term Bonds, Series 2008	9/4/2008	4.95%	2018	800,000	800,000	-	-	800,000	-
Total Bonds Payable					<u>4,163,162</u>	<u>-</u>	<u>(201,488)</u>	<u>3,961,675</u>	<u>207,244</u>
<b>Compensated absences</b>					12,660	433	(7,122)	5,971	5,971
Total Water Fund Long Term Debt					<u>\$ 4,175,822</u>	<u>\$ 433</u>	<u>\$ (208,610)</u>	<u>\$ 3,967,646</u>	<u>\$ 213,215</u>
<b><u>Sewer Fund</u></b>									
<b>Bonds Payable:</b>									
Sewer System Bond	10/27/1992	4.00%	2012	2,500,000	91,996	-	(91,996)	-	-
Waste Water Treatment Plant Revenue Bond	6/1/2012	2.75%	2052	2,637,000	2,637,000	-	(54,537)	2,582,463	37,787
Total Bonds Payable					<u>2,728,996</u>	<u>-</u>	<u>(146,533)</u>	<u>2,582,463</u>	<u>37,787</u>
<b>Notes payable:</b>									
Stateline Hookup / Connection	4/23/2003	4.50%	2013	235,000	23,739	-	(23,739)	-	-
<b>Compensated absences</b>					6,051	1,498	(3,405)	4,144	4,144
Total Sewer Fund Long Term Debt					<u>\$ 2,758,786</u>	<u>\$ 1,498</u>	<u>\$ (173,677)</u>	<u>\$ 2,586,607</u>	<u>\$ 41,931</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 7. Long-Term Liabilities, continued**

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2012	Additions	Reductions	Balance 6/30/2013	Current Portion
<b>Combined Garbage / Compost Facility Fund</b>									
<b>Bonds Payable:</b>									
1998 Sewer/Compost Revenue Bonds	11/17/1998	4.75%	2018	1,280,000	\$ 586,884	\$ -	\$ (72,680)	\$ 514,204	\$ 76,132
Sewer/Compost Revenue Bonds Series 1999B	8/18/1999	4.50%	2019	1,500,000	755,523	-	(81,442)	674,081	84,986
Sewer/Compost Revenue Bonds Series 1999A	8/18/1999	4.50%	2019	540,000	271,832	-	(29,163)	242,669	30,595
Total Bonds Payable					<u>1,614,239</u>	<u>-</u>	<u>(183,285)</u>	<u>1,430,954</u>	<u>191,713</u>
<b>Notes payable:</b>									
Landfill Bulldozer	10/18/2003	4.25%	2013	250,000	25,176	-	(25,176)	-	-
Garbage Equipment Loan	10/9/2003	4.50%	2013	389,500	41,587	-	(41,587)	-	-
Total Notes Payable					<u>66,763</u>	<u>-</u>	<u>(66,763)</u>	<u>-</u>	<u>-</u>
<b>Capital leases payable:</b>									
Garbage Truck Lease	8/4/2010	1.88%	2014	224,000	131,931	-	(40,794)	91,137	44,741
Garbage Truck - Compost/Garbage Lease	9/26/2012	3.32%	2018	232,157	-	232,157	-	232,157	35,604
Total Capital Lease Payable					<u>131,931</u>	<u>232,157</u>	<u>(40,794)</u>	<u>323,294</u>	<u>80,345</u>
<b>Compensated absences</b>					<u>3,965</u>	<u>4,103</u>	<u>(2,231)</u>	<u>5,837</u>	<u>5,837</u>
Total Combined Garbage / Compost Facility Fund					<u>\$ 1,750,135</u>	<u>\$ 236,260</u>	<u>\$ (226,310)</u>	<u>\$ 1,760,085</u>	<u>\$ 277,895</u>
Business-Type Activity Long-Term Liabilities					<u>\$ 8,684,743</u>	<u>\$ 238,191</u>	<u>\$ (608,597)</u>	<u>\$ 8,314,338</u>	<u>\$ 533,041</u>
<b>Component Unit</b>									
<b>Johnson Springs</b>									
<b>Bonds Payable:</b>									
Water Revenue Bond, Series 2009	9/24/2009	4.50%	2049	\$ 1,766,730	\$ 1,720,192	\$ -	\$ (18,390)	\$ 1,701,802	\$ 19,216
<b>Compensated absences</b>					<u>9,341</u>	<u>5,284</u>	<u>(5,255)</u>	<u>9,370</u>	<u>9,370</u>
Componet Unit Long-Term Liabilities					<u>\$ 1,729,533</u>	<u>\$ 5,284</u>	<u>\$ (23,645)</u>	<u>\$ 1,711,172</u>	<u>\$ 28,586</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 7. Long-Term Liabilities, Continued**

**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 schedules reflect debt service requirements to maturity of the City's debt as of June 30, 2013:

Period Ending June 30	Governmental Activities			Business Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 542,416	\$ 317,905	\$ 860,321	\$ 436,744	\$ 320,494	\$ 757,238
2015	568,988	294,027	863,015	455,771	300,944	756,715
2016	597,764	268,982	866,746	472,863	279,988	752,851
2017	626,753	242,671	869,424	490,647	258,237	748,884
2018	379,964	215,085	595,049	509,150	235,676	744,826
2019-2023	966,510	883,032	1,849,542	1,200,624	935,616	2,136,240
2024-2028	866,476	701,024	1,567,500	795,965	766,460	1,562,425
2029-2033	1,077,919	489,581	1,567,500	972,638	589,729	1,562,367
2034-2038	1,340,959	226,541	1,567,500	1,190,747	371,546	1,562,293
2039-2043	329,593	8,438	338,031	602,061	158,690	760,751
2044-2048	-	-	-	454,473	89,632	544,105
2049-2052	-	-	-	393,409	24,028	417,437
	<u>\$ 7,297,342</u>	<u>\$ 3,647,286</u>	<u>\$ 10,944,628</u>	<u>\$ 7,975,092</u>	<u>\$ 4,331,040</u>	<u>\$ 12,306,132</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 7. Long-Term Liabilities, Continued**

Period Ending June 30	Total Bonded Debt & Notes			Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 979,160	\$ 638,399	\$ 1,617,559	\$ 19,216	\$ 76,188	\$ 95,404
2015	1,024,759	594,971	1,619,730	20,098	75,305	95,403
2016	1,070,627	548,970	1,619,597	21,022	74,382	95,404
2017	1,117,400	500,908	1,618,308	21,987	73,416	95,403
2018	889,114	450,761	1,339,875	22,997	72,406	95,403
2019-2023	2,167,134	1,818,648	3,985,782	131,840	345,179	477,019
2024-2028	1,662,441	1,467,484	3,129,925	165,037	311,983	477,020
2029-2033	2,050,557	1,079,310	3,129,867	206,591	270,426	477,017
2034-2038	2,531,706	598,087	3,129,793	258,610	218,407	477,017
2039-2043	931,654	167,128	1,098,782	323,727	153,290	477,017
2044-2048	454,473	89,632	544,105	405,241	71,777	477,018
2049-2052	393,409	24,028	417,437	105,436	2,918	108,354
	<u>\$ 15,272,434</u>	<u>\$ 7,978,326</u>	<u>\$ 23,250,760</u>	<u>\$ 1,701,802</u>	<u>\$ 1,745,677</u>	<u>\$ 3,447,479</u>

**NOTE 8. Capital Leases Payable**

The government has entered into two lease agreements, which are considered capital leases in accordance with Financial Accounting Standard Board ASC 840-30-25. The leases are shown in the sewer fund. The total amount of equipment capitalized under the leases is \$456,157. Amortization on capital leases is included in depreciation expense.

The following is an annual schedule of future minimum lease payments with interest rates ranging from 1.88% to 3.32 % under the capital leases, together with the present value of the net minimum lease payments:

Year Ending June 30	
2014	\$ 91,425
2015	91,425
2016	43,311
2017	43,311
2018	43,312
2019	43,310
Total remaining minimum lease payments	<u>356,094</u>
Less amount representing interest	<u>(32,800)</u>
Present value of net remaining minimum lease payments	<u>\$ 323,294</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 9. Segment Information**

In previous years, the component unit, Johnson Springs, issued separate revenue bonds to finance its operations. Segment information for Johnson Springs is disclosed below. Segment information for the other proprietary funds is disclosed in the basic financial statements.

Segment information for Johnson Springs	<u>6/30/2013</u>
Operating revenues	\$ 700,885
Depreciation and amortization	351,903
Operating income/(loss)	(162,042)
Nonoperating revenues and (expenses)	(218,591)
Net income /(loss)	(380,633)
Capital asset additions, including capitalized interest	327,326
Net working capital	(1,285,284)
Total assets	9,122,819
Bonds and other long term debt obligations	1,682,586
Total net position	\$ 4,288,788

**NOTE 10. Interfund Receivables, Payables, and Transfers**

As of June 30, 2013, interfund receivables and payables that resulted from various interfund transactions for the primary government were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 195,205	
Grant Fund	-	6,412
Nonmajor funds:		
Welcome Center Fund	-	153,189
Capital Projects Fund	-	35,604
Total Nonmajor funds	<u>-</u>	<u>188,793</u>
Total	<u>\$ 195,205</u>	<u>\$ 195,205</u>

Interfund balances resulted from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.



**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 10. Interfund Receivables, Payables, and Transfers, continued**

As of June 30, 2013, interfund receivables and payables that resulted from transactions between the primary government and the component unit were as follows:

	Due from Component Unit	Due to Primary Government
Water Fund:		
Interest receivable	\$ 83,145	\$ -
Debt repayment receivable	3,015,667	-
Component Unit		
Interest payable	-	83,145
Debt repayment payable	-	3,015,667
<b>Total</b>	<b>\$ 3,098,812</b>	<b>\$ 3,098,812</b>

In 1998 and 2000, the City of West Wendover issued long term debt obligations to complete a water project in behalf of its constituents. The component unit, which benefited from the project, is assisting with the repayment of the revenues bonds issued in the water fund. Hence, there is an interfund balance between the water fund and the component unit, Johnson Springs as shown above.

Interfund transfers for the fiscal year ended June 30, 2013 are as follows:

	Transfers out:						Total Transfers in
	General	Grant Fund	Welcome Center	Wendover Will Landmark	Non-major Capital Projects	Ad Valorem Capital Projects	
<b>Transfer in:</b>							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Fund	135,467	-	-	-	-	-	135,467
Nonmajor Governmental Funds							
Welcome Center Fund	91,000	-	-	-	-	-	91,000
Wendover Will Landmark Fund	21,000	-	-	-	-	-	21,000
Capital Projects Fund	805,000	-	-	-	40,000	-	845,000
Ad Valorem Capital Projects Fund	-	-	-	-	-	-	-
<b>Total transfers out</b>	<b>\$ 1,052,467</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,000</b>	<b>\$ 1,092,467</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 11. Defined Benefit Pension Plan**

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The City of West Wendover is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer program, defined benefit plan administered by PERS. All full-time employees are covered under the system. In addition, those part-time employees working at least 20 hours per week are covered. The City has no liability for unfunded obligations of the system as provided by Nevada Revised Statute (NRS) 286.110.

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the Plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for regular members are computed at 2.67 percent of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75 percent of the average compensation. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows retired employees to accept a reduced service retirement allowance payable monthly during their lives and various optional monthly payments to a named beneficiary after their deaths.

Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service, or any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police or fire service, at age 55 with 10 years of accredited police or fire service, at age 50 with 20 years of accredited police or fire service, or at any age with at least 30 years of accredited service. Members who retired on or after July 1, 1977, or are active members whose effective date of membership is before July 1, 1985, and who have 36 years of service are entitled to a benefit of up to 90 percent of their average compensations. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75 percent to a maximum of 90 percent of average compensation. Regular members and members of the Police and Fireman's Retirement Fund become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates are established by NRS 286.450, which requires adjustments on each odd numbered year based on the actuarially determined contribution rate indicated in the biennial actuarial valuation.

The funding contributions are determined by one of the following two methods: Under the employer pay contribution plan, the City is required to contribute all amounts due under the plan. Under the employee/employer pay contribution plan, the employees are required to contribute a percentage of their compensation to the plan, while the City is required to match that contribution. The contribution requirements of plan members and the City are established by Chapter 286 of the Nevada Revised Statutes.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 11. Defined Benefit Pension Plan, Continued**

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The City's contribution rates and amounts contributed for the last three years are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Regular Members</u>	<u>Police/Fire</u>	<u>Total Contributions</u>
2013	23.75%	39.75%	\$ 872,918
2012	23.75%	39.75%	\$ 669,940
2011	21.50%	37.00%	\$ 870,881

PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. A copy of that report may be obtained by writing to the Public Employee's Retirement System of Nevada, 693 W. Nye Lane, Carson City, NV 89703-1599, or by calling (775) 687-4200.

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**NOTE 12. Deferred Compensation Plan**

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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.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 13. Closure and Post-Closure Care Cost**

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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 should be 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 City does not report a liability for the estimated closure and post-closure care costs because it has passed a resolution that authorizes participation in the landfill assurance program established through the Nevada Public Agency Insurance Pool as a mechanism to demonstrate financial responsibility for the closure and post-closure care costs. Because the City has, in effect, transferred its responsibility for closure and post-closure care costs to another entity through the purchase of the insurance policy, the liabilities are not reported on the City's financial statements as per GASB 18.

The estimated liability for landfill closure and post-closure care costs under GASB Statement 18 requirements is \$539,584 as of June 30, 2013. The cells are expected to be filled to capacity in the years 2023 and 2015 for the Class I and Class III cell, respectively, as projected in the fiscal year 2009 Volumetric Survey. The estimated closure and post-closure costs are 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, 2013. The City maintained an insurance policy with a face amount of \$512,638 at June 30, 2013. Subsequent to year end, the City was informed by the Nevada Department of Environmental Protection that a cap had been placed on the City's insurance coverage for the landfill. The financial assurance shortfall between the insurance policy face amount and the estimated closure and post-closure care costs will need to be covered by the City using one of the allowable mechanisms found at NAC 444.68525. For fiscal year 2013, the shortfall is deemed to be covered by cash and investments on hand in the garbage/compost fund at year end. The City plans to officially select an allowable mechanism found at NAC 444.68525 during fiscal year 2014 to address the anticipated shortfall for future years.

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**NOTE 14. Risk Management**

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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.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 14. Risk Management, Continued**

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 these criteria at June 30, 2013. 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:

Fiscal Year Ended June 30	Unpaid Claims Beginning of Fiscal Year	Incurred Claims	Claim Payments	Unpaid Claims End of Fiscal Year
2013	\$ -	\$ 270,175	\$ 270,175	\$ -
2012	\$ -	\$ 399,176	\$ 399,176	\$ -
2011	\$ -	\$ 357,600	\$ 357,600	\$ -

**NOTE 15. 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, 2013 this amount was held as restricted in the Recreation Fund.

**NOTE 16. 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.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**NOTE 17. Available Borrowing Capacity**

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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, 2013, the general obligation debt limit and available borrowing capacity of the City of West Wendover was \$33,768,532.

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**NOTE 18. Restatements**

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As mentioned in Note 1 to the financial statements, the City implemented GASB statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of this statement require that bond issuance costs be expensed in the year they are incurred. Previously bond issuance costs had been treated as an asset and amortized over the life of the related debt. In order to implement GASB statement No. 65, bond issuance costs previously reported as assets had to be removed from the financial statements, resulting in a restatement of beginning net position as shown in the schedule on the following page.

**CITY OF WEST WENDOVER, NEVADA**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 18. Prior Period Adjustments**

Several prior period adjustments were recorded to restate beginning fund balance or beginning net position in the financial statements. The schedule below provides the details for these adjustments.

	<u>Government-wide</u>		<u>Component Unit</u>	<u>General Fund</u>	<u>Grant Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Johnson Springs</u>				
Net position / fund balance, as originally stated - July 1, 2012	\$ 11,286,189	\$ 15,067,907	\$ 4,369,578	\$ 1,303,806	\$ 277,686	\$ 3,092,389	\$ 10,622,209
Restate bond issuance costs as expense when incurred per GASB Statements No. 63 and 65	(63,621)	(50,492)	(19,299)			(8,782)	(41,710)
Prior period adjustment for a capital asset that was incorrectly expensed in the prior year.			319,142				
Prior period adjustment to record right of way toll attributable to the prior fiscal year.	188,991	(188,991)		188,991		(110,937)	(78,054)
Prior period adjustment to record grant revenues attributable to the prior fiscal year.		476,042					476,042
Prior period adjustment to close a trust fund that was incorrectly classified as an expendable trust fund.	(3,578)			(3,578)			
Prior period adjustment to record inventory adjustments attributable to the prior year.		37,731				37,731	
Prior period adjustment to record grant expenditures attributable to the prior year.	(51,099)				(51,099)		
Record prior period adjustment to correct capital asset balances to agree with audited schedules.	285,389						
Prior period adjustment to include the internal service fund in governmental activities.	56,152	3,675					
Net position / fund balance, as restated - July 1, 2012	<u>\$ 11,698,423</u>	<u>\$ 15,345,872</u>	<u>\$ 4,669,421</u>	<u>\$ 1,489,219</u>	<u>\$ 226,587</u>	<u>\$ 3,010,401</u>	<u>\$ 10,978,487</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **BUDGETARY COMPARISON SCHEDULES FOR THE FOLLOWING MAJOR FUNDS:**

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another 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.

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



**CITY OF WEST WENDOVER, NEVADA**  
**General Fund**  
**Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
<b>Property taxes</b>					
Ad valorem	\$ 957,400	\$ 957,400	\$ 914,022	\$ (43,378)	\$ 897,849
Personal property	176,800	176,800	178,115	1,315	171,992
Central assessments	18,500	18,500	19,521	1,021	20,038
Total property taxes	<u>1,152,700</u>	<u>1,152,700</u>	<u>1,111,658</u>	<u>(41,042)</u>	<u>1,089,879</u>
<b>Licenses and permits</b>					
Liquor licenses	1,200	1,200	-	(1,200)	-
City gaming licenses	206,000	215,000	214,776	(224)	209,568
Animal licenses	1,000	1,000	1,057	57	1,090
Business licenses	22,000	22,000	21,435	(565)	23,008
Right of way toll	215,600	410,600	219,939	(190,661)	210,474
Building permits	30,000	30,000	42,224	12,224	37,241
Special permits and fees	5,000	5,500	6,940	1,440	5,360
Franchise fees	316,300	346,000	357,854	11,854	358,296
Carlines taxes	100	100	89	(11)	94
Total licenses and permits	<u>797,200</u>	<u>1,031,400</u>	<u>864,314</u>	<u>(167,086)</u>	<u>845,131</u>
<b>Intergovernmental revenue</b>					
State consolidated revenue	2,695,800	2,750,000	2,728,320	(21,680)	2,676,356
1.75 cent gas tax	42,200	42,200	40,898	(1,302)	43,040
2.35 cent gas tax	49,500	49,500	48,186	(1,314)	48,301
County road tax	28,600	28,600	27,204	(1,396)	28,884
County transportation funds	-	30,000	-	(30,000)	-
County gaming tax	415,000	417,000	426,443	9,443	415,890
Federal/state grants	57,200	57,200	28,519	(28,681)	44,408
Reimbursement from Elko County	123,480	123,480	119,997	(3,483)	100,747
Total intergovernmental revenue	<u>3,411,780</u>	<u>3,497,980</u>	<u>3,419,567</u>	<u>(78,413)</u>	<u>3,357,626</u>
<b>Charges for services</b>					
Special police services	4,500	4,500	1,554	(2,946)	905
Work cards	6,500	6,500	4,125	(2,375)	4,320
Special fire protection services	9,600	20,000	9,600	(10,400)	6,675
Dispatch fees	3,400	3,400	3,888	488	3,384
Animal shelter fees	3,000	3,000	3,043	43	2,699
Pipeline administrative services	1,900	1,900	1,900	-	1,900
Miscellaneous	13,500	13,500	14,680	1,180	14,819
Total general	<u>42,400</u>	<u>52,800</u>	<u>38,790</u>	<u>(14,010)</u>	<u>34,702</u>
<b>Fines and forfeitures</b>					
Fines and fees	140,000	92,500	85,881	(6,619)	119,032
Total fines and forfeitures	<u>140,000</u>	<u>92,500</u>	<u>85,881</u>	<u>(6,619)</u>	<u>119,032</u>
<b>Miscellaneous</b>					
Interest	2,500	2,500	2,236	(264)	668
Donations	7,000	7,000	15,527	8,527	11,672
Rents and royalties	16,000	26,000	27,984	1,984	30,391
Miscellaneous	-	12,000	14,229	2,229	20,257
Total miscellaneous	<u>25,500</u>	<u>47,500</u>	<u>59,976</u>	<u>12,476</u>	<u>62,988</u>
Total revenues	<u>5,569,580</u>	<u>5,874,880</u>	<u>5,580,186</u>	<u>(294,694)</u>	<u>5,509,358</u>

**CITY OF WEST WENDOVER, NEVADA**  
**General Fund**  
**Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Expenditures</b>					
<b>General government</b>					
Administration and finance					
Salaries and wages	425,000	428,000	424,459	3,541	337,565
Employee benefits	174,000	174,000	175,715	(1,715)	117,840
Services and supplies	372,300	413,800	382,554	31,246	354,942
Capital outlay	44,000	9,000	5,700	3,300	-
Total administration and finance	<u>1,015,300</u>	<u>1,024,800</u>	<u>988,428</u>	<u>36,372</u>	<u>810,347</u>
Elections					
Services and supplies	700	700	329	371	-
Total general government	<u>1,016,000</u>	<u>1,025,500</u>	<u>988,757</u>	<u>36,743</u>	<u>810,347</u>
<b>Judicial</b>					
Municipal court					
Salaries and wages	173,100	171,200	159,258	11,942	155,279
Employee benefits	84,100	84,100	76,875	7,225	92,357
Services and supplies	53,400	56,400	53,740	2,660	45,915
Capital outlay	10,000	-	3,441	(3,441)	-
Total judicial	<u>320,600</u>	<u>311,700</u>	<u>293,314</u>	<u>18,386</u>	<u>293,551</u>
<b>Public safety</b>					
Police					
Salaries and wages	1,092,000	1,025,000	1,020,684	4,316	935,615
Employee benefits	603,800	603,800	578,418	25,382	625,825
Services and supplies	159,050	157,850	130,069	27,781	141,469
Capital outlay	-	2,800	901	1,899	14,716
Total police department	<u>1,854,850</u>	<u>1,789,450</u>	<u>1,730,072</u>	<u>59,378</u>	<u>1,717,625</u>
Fire					
Salaries and wages	372,400	361,400	351,457	9,943	335,378
Employee benefits	197,400	200,900	196,485	4,415	191,761
Services and supplies	67,600	131,800	69,018	62,782	52,252
Capital outlay	-	500	-	500	-
Total fire department	<u>637,400</u>	<u>694,600</u>	<u>616,960</u>	<u>77,140</u>	<u>579,391</u>
Dispatch center					
Salaries and wages	193,600	193,600	187,509	6,091	174,751
Employee benefits	96,000	96,000	87,604	8,396	98,366
Services and supplies	24,700	25,000	21,690	3,310	20,923
Total dispatch center	<u>314,300</u>	<u>314,600</u>	<u>296,803</u>	<u>17,797</u>	<u>294,040</u>
Total public safety	<u>2,806,550</u>	<u>2,798,650</u>	<u>2,643,835</u>	<u>154,315</u>	<u>2,591,056</u>
<b>Public works</b>					
Paved streets					
Salaries and wages	23,000	16,500	14,940	1,560	18,625
Employee benefits	18,700	7,500	6,998	502	10,312
Services and supplies	96,500	111,350	108,500	2,850	79,451
Capital outlay	-	24,200	24,180	20	-
Total paved streets	<u>138,200</u>	<u>159,550</u>	<u>154,618</u>	<u>4,932</u>	<u>108,388</u>

**CITY OF WEST WENDOVER, NEVADA**  
**General Fund**  
**Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
Building inspector					
Services and supplies	-	-	-	-	-
General					
Salaries and wages	153,700	165,000	169,361	(4,361)	138,883
Employee benefits	76,000	78,100	84,426	(6,326)	79,251
Services and supplies	35,700	35,500	32,982	2,518	30,978
Capital outlay	-	-	-	-	-
Total general	<u>265,400</u>	<u>278,600</u>	<u>286,769</u>	<u>(8,169)</u>	<u>249,112</u>
Total public works	<u>403,600</u>	<u>438,150</u>	<u>441,387</u>	<u>(3,237)</u>	<u>357,500</u>
<b>Community development</b>					
Salaries and wages	113,500	113,500	113,186	314	104,208
Employee benefits	44,100	44,100	44,368	(268)	45,093
Services and supplies	71,300	75,000	66,374	8,626	70,205
Capital outlay	2,000	-	-	-	-
Total community development	<u>230,900</u>	<u>232,600</u>	<u>223,928</u>	<u>8,672</u>	<u>219,506</u>
<b>Health</b>					
Public health services					
Services and supplies	-	-	-	-	-
Animal control					
Salaries and wages	47,900	47,900	47,173	727	42,763
Employee benefits	26,300	26,300	27,129	(829)	27,229
Services and supplies	15,400	17,700	14,943	2,757	13,947
Capital outlay	-	-	-	-	-
Total animal control	<u>89,600</u>	<u>91,900</u>	<u>89,245</u>	<u>2,655</u>	<u>83,939</u>
Total health	<u>89,600</u>	<u>91,900</u>	<u>89,245</u>	<u>2,655</u>	<u>83,939</u>
<b>Culture and recreation</b>					
Library service					
Services and supplies	12,000	16,500	15,699	801	11,511
Total culture and recreation	<u>12,000</u>	<u>16,500</u>	<u>15,699</u>	<u>801</u>	<u>11,511</u>
<b>Community support</b>					
Miscellaneous					
Services and supplies	12,300	12,700	8,426	4,274	8,789
Total community support	<u>12,300</u>	<u>12,700</u>	<u>8,426</u>	<u>4,274</u>	<u>8,789</u>
<b>Debt services</b>	<u>3,600</u>	<u>3,900</u>	<u>3,795</u>	<u>105</u>	<u>3,831</u>
Total expenditures	<u>4,895,150</u>	<u>4,931,600</u>	<u>4,708,386</u>	<u>222,714</u>	<u>4,380,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>674,430</u>	<u>943,280</u>	<u>871,800</u>	<u>71,480</u>	<u>1,129,328</u>

**CITY OF WEST WENDOVER, NEVADA**  
**General Fund**  
**Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013 (Continued)**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2012</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>(775,000)</u>	<u>(1,085,000)</u>	<u>(1,052,467)</u>	<u>32,533</u>	<u>(845,000)</u>
Total other financing sources and uses	<u>(775,000)</u>	<u>(1,085,000)</u>	<u>(1,052,467)</u>	<u>32,533</u>	<u>(845,000)</u>
Net change in fund balance	<u>(100,570)</u>	<u>(141,720)</u>	<u>(180,667)</u>	<u>(38,947)</u>	<u>284,328</u>
Fund balance, beginning of year	<u>1,489,219</u>	<u>1,489,219</u>	<u>1,489,219</u>	<u>-</u>	<u>1,019,478</u>
<b>Fund balance, end of year</b>	<u>\$ 1,388,649</u>	<u>\$ 1,347,499</u>	<u>\$ 1,308,552</u>	<u>\$ (38,947)</u>	<u>\$ 1,303,806</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Recreation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
<b>Taxes</b>					
Room taxes	\$ 2,498,600	\$ 2,498,600	\$ 2,486,675	\$ (11,925)	\$ 2,485,870
Total taxes	<u>2,498,600</u>	<u>2,498,600</u>	<u>2,486,675</u>	<u>(11,925)</u>	<u>2,485,870</u>
<b>Miscellaneous</b>					
Interest	-	-	-	-	-
Total miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,498,600</u>	<u>2,498,600</u>	<u>2,486,675</u>	<u>(11,925)</u>	<u>2,485,870</u>
<b>Expenditures</b>					
<b>Culture and recreation</b>					
Room tax distribution	2,500,500	2,500,500	2,479,684	20,816	2,479,278
Total culture and recreation	<u>2,500,500</u>	<u>2,500,500</u>	<u>2,479,684</u>	<u>20,816</u>	<u>2,479,278</u>
Total expenditures	<u>2,500,500</u>	<u>2,500,500</u>	<u>2,479,684</u>	<u>20,816</u>	<u>2,479,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,900)</u>	<u>(1,900)</u>	<u>6,991</u>	<u>8,891</u>	<u>6,592</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(1,900)</u>	<u>(1,900)</u>	<u>6,991</u>	<u>8,891</u>	<u>6,592</u>
Fund balance, beginning of year	73,091	73,091	73,091	-	66,499
<b>Fund balance, end of year</b>	<u>\$ 71,191</u>	<u>\$ 71,191</u>	<u>\$ 80,082</u>	<u>\$ 8,891</u>	<u>\$ 73,091</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
Intergovernmental					
CDBG grants	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ 382,800
Other grant revenue	1,036,344	1,007,200	937,325	(69,875)	263,420
Total intergovernmental	<u>1,051,344</u>	<u>1,022,200</u>	<u>952,325</u>	<u>(69,875)</u>	<u>646,220</u>
Total revenues	<u>1,051,344</u>	<u>1,022,200</u>	<u>952,325</u>	<u>(69,875)</u>	<u>646,220</u>
<b>Expenditures</b>					
Public works					
Capital outlay	1,221,400	1,447,000	1,314,379	132,621	425,088
Total public works	<u>1,221,400</u>	<u>1,447,000</u>	<u>1,314,379</u>	<u>132,621</u>	<u>425,088</u>
Total expenditures	<u>1,221,400</u>	<u>1,447,000</u>	<u>1,314,379</u>	<u>132,621</u>	<u>425,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(170,056)</u>	<u>(424,800)</u>	<u>(362,054)</u>	<u>62,746</u>	<u>221,132</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	200,000	135,467	(64,533)	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>200,000</u>	<u>135,467</u>	<u>(64,533)</u>	<u>-</u>
Net change in fund balance	<u>(170,056)</u>	<u>(224,800)</u>	<u>(226,587)</u>	<u>(1,787)</u>	<u>221,132</u>
Fund balance, beginning of year, as restated	226,587	226,587	226,587	-	56,554
<b>Fund balance, end of year</b>	<u>\$ 56,531</u>	<u>\$ 1,787</u>	<u>\$ -</u>	<u>\$ (1,787)</u>	<u>\$ 277,686</u>

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**SUPPLEMENTARY INFORMATION  
NONMAJOR GOVERNMENTAL FUNDS**

**Special revenue funds** are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The **Seizure and Forfeiture Fund** is used to account for seizures and forfeitures received by the City under City Resolution 1992-09, as provided for in NRS 179.1187

The **Court Administrative Assessment Fund** is used to account for fees collected by the court as required by Nevada Revised Statutes Section 176.059, which are used to improve the operations of the court.

The **Medical Clinic Facilities Fund** is used to account for activity associated with the medical clinic under City Resolution 1998-02.

The **Welcome Center Fund** is used to account for the merchandise sales and operations of the Welcome Center as established under City Resolution 2001-04.

The **Wendover Will Landmark Fund** is used to account for the construction, maintenance, and related revenues and expenditures associated with the Wendover Will Landmark as established by City Resolution 2005-01.

**Capital project funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The **Capital Projects Fund** is used to establish a debt service fund for the accumulation of resources for, and the retirement of, general long term debt principle and interest as established by City Resolution 1997-14.

The **Ad Valorem Capital Projects Fund** is used to account for revenue received from a special ad valorem tax that must be recorded in a capital projects fund and dedicated to capital project needs within the City, as established under NRS 268.045.



**CITY OF WEST WENDOVER, NEVADA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2013**

	<u>Special Revenue</u>				<u>Capital Project</u>		<u>Total</u>	
	<u>Seizure Forfeiture Fund</u>	<u>Court Administrative Assessment Fund</u>	<u>Medical Clinic Facilities Fund</u>	<u>Welcome Center Fund</u>	<u>Wendover Will Landmark Fund</u>	<u>Capital Projects Fund</u>	<u>Ad Valorem Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
<b>Assets</b>								
Cash and investments	\$ 29,944	\$ 32,146	\$ 7,598	\$ -	\$ 9,861	\$ -	\$ 30,298	\$ 109,847
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	165,742	-	-	-	165,742
Inventory	-	-	-	703	-	-	-	703
Restricted cash	-	-	-	-	-	120,175	-	120,175
Total assets	<u>\$ 29,944</u>	<u>\$ 32,146</u>	<u>\$ 7,598</u>	<u>\$ 166,445</u>	<u>\$ 9,861</u>	<u>\$ 120,175</u>	<u>\$ 30,298</u>	<u>\$ 396,467</u>
<b>Liabilities</b>								
Accounts payable	\$ 22,011	\$ -	\$ -	\$ 1,608	\$ 493	\$ -	\$ -	\$ 24,112
Accrued liabilities	-	-	-	-	-	-	-	-
Interfund balances	-	-	-	153,189	-	35,604	-	188,793
Total liabilities	<u>22,011</u>	<u>-</u>	<u>-</u>	<u>154,797</u>	<u>493</u>	<u>35,604</u>	<u>-</u>	<u>212,905</u>
<b>Fund Balances</b>								
Nonspendable	-	-	-	703	-	-	-	703
Restricted	7,933	32,146	-	-	-	84,571	-	124,650
Committed	-	-	7,598	10,945	9,368	-	30,298	58,209
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>7,933</u>	<u>32,146</u>	<u>7,598</u>	<u>11,648</u>	<u>9,368</u>	<u>84,571</u>	<u>30,298</u>	<u>183,562</u>
Total liabilities and fund balances	<u>\$ 29,944</u>	<u>\$ 32,146</u>	<u>\$ 7,598</u>	<u>\$ 166,445</u>	<u>\$ 9,861</u>	<u>\$ 120,175</u>	<u>\$ 30,298</u>	<u>\$ 396,467</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

	Special Revenue					Capital Project		Total Nonmajor Governmental Funds
	Seizure Forfeiture Fund	Court Administrative Assessment Fund	Medical Clinic Facilities Fund	Welcome Center Fund	Wendover Will Landmark Fund	Capital Projects Fund	Ad Valorem Capital Projects Fund	
<b>Revenues</b>								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,884	\$ 35,884
Intergovernmental	-	-	183,898	181,744	-	-	-	365,642
Charges for services	-	8,845	-	-	-	-	-	8,845
Miscellaneous	9	35	-	4,336	56,980	78,245	14	139,619
Total revenues	9	8,880	183,898	186,080	56,980	78,245	35,898	549,990
<b>Expenditures</b>								
Judicial	-	7,119	-	-	-	-	-	7,119
Health	-	-	5,088	-	-	-	-	5,088
Community support	-	-	-	278,104	77,304	-	-	355,408
Capital outlay	-	-	180,083	-	-	-	-	180,083
Debt service	-	-	-	-	-	858,974	-	858,974
Total expenditures	-	7,119	185,171	278,104	77,304	858,974	-	1,406,672
Excess (deficiency) of revenues over (under) expenditures	9	1,761	(1,273)	(92,024)	(20,324)	(780,729)	35,898	(856,682)
<b>Other financing sources</b>								
Transfers in	-	-	-	91,000	21,000	845,000	-	957,000
Transfers out	-	-	-	-	-	-	(40,000)	(40,000)
Total other financing sources (uses)	-	-	-	91,000	21,000	845,000	(40,000)	917,000
Net change in fund balances	9	1,761	(1,273)	(1,024)	676	64,271	(4,102)	60,318
Fund balances, beginning of year	7,924	30,385	8,871	12,672	8,692	20,300	34,400	123,244
Fund balances, end of year	\$ 7,933	\$ 32,146	\$ 7,598	\$ 11,648	\$ 9,368	\$ 84,571	\$ 30,298	\$ 183,562

**CITY OF WEST WENDOVER, NEVADA**  
**Seizure Forfeiture Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
<b>Miscellaneous</b>					
Interest income	\$ 10	\$ 10	\$ 9	\$ (1)	\$ (33)
Total revenues	<u>10</u>	<u>10</u>	<u>9</u>	<u>(1)</u>	<u>(33)</u>
<b>Expenditures</b>					
<b>Public Safety</b>					
Services and supplies	1,500	500	-	500	-
Total expenditures	<u>1,500</u>	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
Excess of revenues over (under) expenditures	(1,490)	(490)	9	499	(33)
Fund balance, beginning of year	<u>7,924</u>	<u>7,924</u>	<u>7,924</u>	<u>-</u>	<u>7,957</u>
<b>Fund balance, end of year</b>	<u><u>\$ 6,434</u></u>	<u><u>\$ 7,434</u></u>	<u><u>\$ 7,933</u></u>	<u><u>\$ 499</u></u>	<u><u>\$ 7,924</u></u>

**CITY OF WEST WENDOVER, NEVADA**  
**Court Administrative Assessments Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
<b>Charges for services</b>					
Court assessments	\$ 15,300	\$ 8,500	\$ 8,845	\$ 345	\$ 15,730
<b>Miscellaneous</b>					
Interest	100	100	35	(65)	29
Total revenues	15,400	8,600	8,880	280	15,759
<b>Expenditures</b>					
<b>Judicial</b>					
Services and supplies	-	2,000	1,769	231	7,326
Capital outlay	-	5,400	5,350	50	-
Total expenditures	-	7,400	7,119	281	7,326
Excess of revenue and other sources over (under) expenditures	15,400	1,200	1,761	(1)	8,433
<b>Other financing sources</b>					
Transfers in	-	-	-	-	-
Transfers out	(15,000)	(5,000)	-	5,000	(10,000)
Net change in fund balance	400	(3,800)	1,761	4,999	(1,567)
Fund balance, beginning of year	30,385	30,385	30,385	-	31,952
<b>Fund balance, end of year</b>	<b>\$ 30,785</b>	<b>\$ 26,585</b>	<b>\$ 32,146</b>	<b>\$ 5,561</b>	<b>\$ 30,385</b>

**CITY OF WEST WENDOVER, NEVADA**  
**Medical Clinic Facilities Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
<b>Intergovernmental</b>					
Grant income	\$ 286,900	\$ 184,000	\$ 183,898	\$ (102)	\$ 123,002
Total revenue	<u>286,900</u>	<u>184,000</u>	<u>183,898</u>	<u>(102)</u>	<u>123,002</u>
<b>Expenditures</b>					
<b>Health</b>					
Services and supplies	500	5,500	5,088	412	37,956
Capital outlay	286,900	189,000	180,083	8,917	117,982
Total expenditures	<u>287,400</u>	<u>194,500</u>	<u>185,171</u>	<u>9,329</u>	<u>155,938</u>
Excess of revenues over (under) expenditures	(500)	(10,500)	(1,273)	9,227	(32,936)
<b>Other financing sources</b>					
Transfers in	-	10,000	-	(10,000)	30,000
Transfers out	-	-	-	-	-
Net change in fund balance	(500)	(500)	(1,273)	(773)	(2,936)
Fund balance, beginning of year	<u>8,871</u>	<u>8,871</u>	<u>8,871</u>	<u>-</u>	<u>11,807</u>
<b>Fund balance, end of year</b>	<u>\$ 8,371</u>	<u>\$ 8,371</u>	<u>\$ 7,598</u>	<u>\$ (773)</u>	<u>\$ 8,871</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Welcome Center Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
<b>Intergovernmental</b>					
Operating grants	\$ 49,800	\$ 87,300	\$ 86,744	\$ (556)	\$ 76,280
Elko county recreation board	100,000	95,000	95,000	-	200,000
Total intergovernmental	<u>149,800</u>	<u>182,300</u>	<u>181,744</u>	<u>(556)</u>	<u>276,280</u>
<b>Miscellaneous</b>					
Merchandise sales	7,000	5,000	4,336	(664)	3,937
Interest	-	-	-	-	-
Total miscellaneous	<u>7,000</u>	<u>5,000</u>	<u>4,336</u>	<u>(664)</u>	<u>3,937</u>
Total revenues	<u>156,800</u>	<u>187,300</u>	<u>186,080</u>	<u>(1,220)</u>	<u>280,217</u>
<b>Expenditures</b>					
<b>Community support</b>					
Salaries and wages	80,800	95,000	96,875	(1,875)	80,634
Employee benefits	40,700	43,900	43,090	810	44,319
Services and supplies	69,200	34,500	31,591	2,909	39,736
Capital outlay	-	135,000	106,548	28,452	65,023
Total expenditures	<u>190,700</u>	<u>308,400</u>	<u>278,104</u>	<u>30,296</u>	<u>229,712</u>
Excess of revenues over (under) expenditures	<u>(33,900)</u>	<u>(121,100)</u>	<u>(92,024)</u>	<u>29,076</u>	<u>50,505</u>
<b>Other financing sources</b>					
Transfers in	35,000	115,000	91,000	(24,000)	55,000
Transfers out	-	-	-	-	-
Net change in fund balance	1,100	(6,100)	(1,024)	5,076	105,505
Fund balance, beginning of year	<u>12,672</u>	<u>12,672</u>	<u>12,672</u>	<u>-</u>	<u>(92,833)</u>
<b>Fund balance, end of year</b>	<u>\$ 13,772</u>	<u>\$ 6,572</u>	<u>\$ 11,648</u>	<u>\$ 5,076</u>	<u>\$ 12,672</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Wendover Will Landmark Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
<b>Miscellaneous</b>					
Donations from private sources	\$ 1,000	\$ 57,500	\$ 56,980	\$ (520)	\$ 8,985
Total revenues	1,000	57,500	56,980	(520)	8,985
<b>Expenditures</b>					
<b>Community Support</b>					
Services and supplies	12,800	81,500	77,304	4,196	10,673
Total expenditures	12,800	81,500	77,304	4,196	10,673
Excess of revenues over (under) expenditures	(11,800)	(24,000)	(20,324)	3,676	(1,688)
<b>Other financing sources</b>					
Transfers in	15,000	25,000	21,000	(4,000)	-
Transfers out	-	-	-	-	-
Net change in fund balance	3,200	1,000	676	(324)	(1,688)
Fund balance, beginning of year	8,692	8,692	8,692	-	10,380
<b>Fund balance, end of year</b>	<b>\$ 11,892</b>	<b>\$ 9,692</b>	<b>\$ 9,368</b>	<b>\$ (324)</b>	<b>\$ 8,692</b>

**CITY OF WEST WENDOVER, NEVADA**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
<b>Miscellaneous</b>					
Interest income	\$ -	\$ 2,000	\$ 3,227	\$ 1,227	\$ 1,890
Sale of capital assets	-	75,000	75,018	18	190,760
Total revenues	-	77,000	78,245	1,245	192,650
<b>Expenditures</b>					
<b>General government</b>					
Capital outlay	-	-	-	-	2,915
Total general government	-	-	-	-	2,915
<b>Debt service</b>					
Debt service - principal	518,050	518,050	517,690	360	594,040
Debt service - interest	340,700	340,700	341,284	(584)	365,731
Total debt service	858,750	858,750	858,974	(224)	959,771
Total expenditures	858,750	858,750	858,974	(224)	962,686
Excess of revenues over (under) expenditures	(858,750)	(781,750)	(780,729)	1,021	(770,036)
<b>Other financing sources</b>					
Transfers in	865,000	775,000	845,000	70,000	805,000
Transfers out	-	-	-	-	-
Total other financing sources	865,000	775,000	845,000	70,000	805,000
Net change in fund balance	6,250	(6,750)	64,271	71,021	34,964
Fund balance, beginning of year	20,300	20,300	20,300	-	(14,664)
<b>Fund balance, end of year</b>	<b>\$ 26,550</b>	<b>\$ 13,550</b>	<b>\$ 84,571</b>	<b>\$ 71,021</b>	<b>\$ 20,300</b>



**CITY OF WEST WENDOVER, NEVADA**  
**Ad Valorem Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Revenues</b>					
<b>Other taxes</b>					
Ad valorem tax	\$ 25,000	\$ 36,000	\$ 35,884	\$ (116)	\$ 36,664
<b>Miscellaneous</b>					
Interest income	-	-	14	14	-
Total revenues	<u>25,000</u>	<u>36,000</u>	<u>35,898</u>	<u>(102)</u>	<u>36,664</u>
<b>Expenditures</b>					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>25,000</u>	<u>36,000</u>	<u>35,898</u>	<u>(102)</u>	<u>36,664</u>
<b>Other financing sources</b>					
Transfers in	-	-	-	-	-
Transfers out	(25,000)	(50,000)	(40,000)	10,000	(35,000)
Net change in fund balance	-	(14,000)	(4,102)	9,898	1,664
Fund balance, beginning of year	<u>34,400</u>	<u>34,400</u>	<u>34,400</u>	<u>-</u>	<u>32,736</u>
<b>Fund balance, end of year</b>	<u>\$ 34,400</u>	<u>\$ 20,400</u>	<u>\$ 30,298</u>	<u>\$ 9,898</u>	<u>\$ 34,400</u>

**MAJOR BUSINESS-TYPE FUNDS**

**CITY OF WEST WENDOVER, NEVADA**  
**Water Fund**  
**Schedule of Revenues, Expenditures, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Operating revenues</b>					
Charges for services	\$ 1,308,000	\$ 1,308,000	\$ 1,400,903	\$ 92,903	\$ 1,241,245
Total operating revenues	<u>1,308,000</u>	<u>1,308,000</u>	<u>1,400,903</u>	<u>92,903</u>	<u>1,241,245</u>
<b>Operating expenses</b>					
Water purchases	500,000	500,000	495,137	4,863	485,878
Salaries and wages	178,500	178,500	142,361	36,139	143,401
Employee benefits	80,400	80,400	67,892	12,508	76,594
Services and supplies	250,400	250,400	269,896	(19,496)	297,728
Depreciation and amortization	108,600	108,600	97,999	10,601	104,382
Total operating expenses	<u>1,117,900</u>	<u>1,117,900</u>	<u>1,073,285</u>	<u>44,615</u>	<u>1,107,983</u>
Operating income (loss)	<u>190,100</u>	<u>190,100</u>	<u>327,618</u>	<u>137,518</u>	<u>133,262</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	150,125	150,125	146,079	(4,046)	128,545
Impact fees	10,000	10,000	3,571	(6,429)	3,631
Grant revenue	520,435	520,435	-	(520,435)	-
Long term debt proceeds	520,435	520,435	-	(520,435)	-
Miscellaneous income	20,000	20,000	47,964	27,964	22,270
Capital outlay	(1,040,870)	(1,040,870)	-	(1,040,870)	-
Interest expense	(193,750)	(193,750)	(191,026)	2,724	(231,181)
Total nonoperating revenues (expenses)	<u>(13,625)</u>	<u>(13,625)</u>	<u>6,588</u>	<u>20,213</u>	<u>(76,735)</u>
Income (loss) before transfers	176,475	176,475	334,206	157,731	56,527
<b>Transfers:</b>					
Transfers in	-	-	-	-	-
Transfers out	(100,000)	(100,000)	-	100,000	-
<b>Change in net position</b>	76,475	76,475	334,206	257,731	56,527
Total net position, beginning of year, as restated	3,010,401	3,010,401	3,010,401	-	3,035,862
<b>Total net position, end of year</b>	<u>\$ 3,086,876</u>	<u>\$ 3,086,876</u>	<u>\$ 3,344,607</u>	<u>\$ 257,731</u>	<u>\$ 3,092,389</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Sewer Fund**  
**Schedule of Revenues, Expenditures, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Operating revenues</b>					
Charges for services:					
Charges for services	\$ 918,500	\$ 918,500	\$ 899,680	\$ (18,820)	\$ 896,983
Total operating revenues	918,500	918,500	899,680	(18,820)	896,983
<b>Operating expenses</b>					
Salaries and wages	198,100	198,100	197,675	425	169,631
Employee benefits	88,350	88,350	86,389	1,961	97,026
Services and supplies	500,600	500,600	438,408	62,192	357,061
Capital outlay	350,000	350,000	-	350,000	-
Depreciation and amortization	199,400	199,400	368,366	(168,966)	215,560
Total operating expenses	1,336,450	1,336,450	1,090,838	245,612	839,278
Operating income (loss)	(417,950)	(417,950)	(191,158)	226,792	57,705
<b>Nonoperating revenues (expenses)</b>					
Interest income	800	800	105	(695)	115
Impact fees	5,000	5,000	7,401	2,401	3,796
Grant revenue	247,500	247,500	1,028,767	781,267	5,270,888
Miscellaneous income	-	-	6,204	6,204	-
Interest expense	(74,500)	(74,500)	(61,816)	12,684	(38,400)
Long term debt proceeds	82,500	82,500	-	(82,500)	-
Total nonoperating revenues (expenses)	261,300	261,300	980,661	719,361	5,236,399
Income (loss) before transfers	(156,650)	(156,650)	789,503	946,153	5,294,104
<b>Transfers:</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Change in net position</b>	(156,650)	(156,650)	789,503	946,153	5,294,104
Total net position, beginning of year, as restated	10,978,487	10,978,487	10,978,487	-	5,328,105
<b>Total net position, end of year</b>	<u>\$ 10,978,487</u>	<u>\$ 10,978,487</u>	<u>\$ 11,767,990</u>	<u>\$ 789,503</u>	<u>\$ 10,622,209</u>

**CITY OF WEST WENDOVER, NEVADA**  
**Garbage / Compost Facility Fund**  
**Schedule of Revenues, Expenditures, and Changes in Net Position**  
**Budget and Actual**  
**For the Year Ended June 30, 2013**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget	2012
<b>Operating revenues</b>					
Charges for services	\$ 1,207,100	\$ 1,207,100	\$ 1,185,868	\$ (21,232)	\$ 1,134,329
Total operating revenues	<u>1,207,100</u>	<u>1,207,100</u>	<u>1,185,868</u>	<u>(21,232)</u>	<u>1,134,329</u>
<b>Operating expenses</b>					
Salaries and wages	165,000	165,000	165,335	(335)	154,906
Employee benefits	68,700	68,700	78,003	(9,303)	89,260
Services and supplies	359,300	359,300	217,858	141,442	289,466
Depreciation and amortization	319,400	319,400	314,401	4,999	309,569
Total operating expenses	<u>912,400</u>	<u>912,400</u>	<u>775,597</u>	<u>136,803</u>	<u>843,201</u>
Operating income (loss)	<u>294,700</u>	<u>294,700</u>	<u>410,271</u>	<u>115,571</u>	<u>291,128</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	500	500	930	430	839
Miscellaneous income	-	-	6,204	6,204	-
Interest expense	(80,400)	(80,400)	(71,052)	9,348	(94,997)
Total nonoperating revenues (expenses)	<u>(79,900)</u>	<u>(79,900)</u>	<u>(63,918)</u>	<u>15,982</u>	<u>(94,158)</u>
Income (loss) before transfers	214,800	214,800	346,353	131,553	196,970
<b>Transfers:</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Change in net position</b>	214,800	214,800	346,353	131,553	196,970
Total net position, beginning of year	1,356,984	1,356,984	1,356,984	-	1,160,014
<b>Total net position, end of year</b>	<u>\$ 1,571,784</u>	<u>\$ 1,571,784</u>	<u>\$ 1,703,337</u>	<u>\$ 131,553</u>	<u>\$ 1,356,984</u>

**OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS**

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MEMBERS:

CHAD B. ATKINSON, CPA  
KRIS J. BRAUNBERGER, CPA  
DEAN R. BURDICK, CPA  
ROBERT S. COX, CPA  
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MICHAEL K. SPILKER, CPA  
KEVIN L. STEPHENS, CPA  
MARK E. TICHENOR, CPA

**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***

The Honorable Mayor and  
City Council  
West Wendover, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of West Wendover, Nevada, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of West Wendover, Nevada's basic financial statements and have issued our report thereon dated October 25, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of West Wendover, Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of West Wendover, Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of City of West Wendover, Nevada's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be material weaknesses.

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. We consider the following deficiency described in the schedule of findings and questioned costs to be a material weakness:

13-1 Timing of Revenue and Expense Recognition

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of West Wendover, Nevada's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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



HintonBurdick, PLLC  
St. George, Utah  
October 25, 2013

**Independent Auditor's Report on Compliance  
With Statutes and Administrative Code in Accordance  
With NRS 354.624(4) and 354.6241**

The Honorable Mayor and City Council  
West Wendover, NV

We have audited the basic financial statements of the City of West Wendover, Nevada for the year ended June 30, 2013, and have issued our report thereon dated October 25, 2013. Our audit also included test work on the City of West Wendover's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of the City of West Wendover is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

The City of West Wendover did not have any prior year audit findings which needed to be resolved.

We noted no new instances of noncompliance during fiscal year 2013.

The City of West Wendover has established several funds in accordance with NRS 354.624 as follows:

Enterprise Funds:

Water Fund  
Sewer Fund  
Garbage / Compost Facility Fund

Funds whose balance is required to be used only for a specific purpose or carried forward to the succeeding fiscal year in any designated amount:

Special Revenue Funds:

Seizure Forfeiture Fund  
Recreation Fund  
Court Administrative Assessment Fund  
Medical Clinic Facilities Fund  
Grants Fund  
Welcome Center Fund  
Wendover Will Landmark Fund

Capital Projects Funds:

Capital Projects Fund  
Ad Valorem Capital Projects Fund

The City of West Wendover appears to be using the above listed funds expressly for the purposes for which they were created and in accordance with NRS 354.624. The funds are being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the funds. Sources of revenues available and fund balances and net position are reflected in the individual fund financial statements.

The statutory and regulatory requirements of the funds are as follows:

Water Fund:	NRS 354.517
Sewer Fund :	NRS 354.517
Garbage / Compost Facility Fund:	NRS 354.517
Seizure Forfeiture Fund:	Resolution 1992-09
Recreation Fund:	NRS 268.798
Court Administrative Assessment Fund:	NRS 176.059
Grant Fund:	Resolution 1996-14
Medical Clinic Facilities:	Resolution 1998-02
Welcome Center Fund:	Resolution 2001-04
Wendover Will Landmark Fund	Resolution 2005-01
Capital Projects Fund	Resolution 1997-14
Ad Valorem Capital Projects Fund	NRS 268.045

NRS 354.624 requires that a schedule of all fees imposed by the City which were subject to the provisions of NRS 354.5989 be provided. The City has not increased any fees subject to the limitations provided by NRS 354.5989; however the schedule for these fees immediately follows this report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of West Wendover, Nevada complied, in all material respects, with the requirements identified above for the year ended June 30, 2013.



HintonBurdick, PLLC  
St. George, Utah  
October 25, 2013

**CITY OF WEST WENDOVER, NEVADA**  
**Schedule of Fees Imposed Subject to the Provision of NRS 354.5989**  
**Limitation on Fees for Business Licenses**  
**For the Year ended June 30, 2013**

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Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2012	\$ 18,617
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Adjustment to Base:

1. Percentage increase in population of the local government	2.5%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	<u>1.7%</u>	<u>4.20%</u>
Increase in base		<u>782</u>
Adjusted base at June 30, 2013		<u>19,399</u>
Actual revenue		<u>21,435</u>
Amount over (under) allowable amount		<u><u>\$ 2,036</u></u>

**CITY OF WEST WENDOVER, NEVADA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2013**

<u>Grantor Agency</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<b><u>U.S. Department of Agriculture:</u></b>			
ARRA - Water and Waste Disposal Systems for Rural Communities	10.781	NV-92-20	\$ 359,480 *
<b><u>U.S. Department of Defense / US Army Corps of Engineers:</u></b>			
Environmental Infrastructure	12.121	323923	1,025,124 *
<b><u>U.S. Department of Transportation:</u></b>			
Passed through the Nevada Department of Transportation Highway Planning and Construction	20.205	PR261-10-063	509,799 *
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
Passed through the State of Nevada - Commission on Economic Development:			
Community Development Block Grants	14.228	11/PF/28	204,014
Community Development Block Grants	14.228	12/PF/24	62,620
Community Development Block Grants	14.228	12/PCB/25	15,000
<b><u>U.S. Department of Health and Human Services:</u></b>			
Passed through Health and Resources and Services Administration Health Care and Other Facilities	93.887	C76HF19547-01-01	183,898
<b><u>U.S. Department of Homeland Security:</u></b>			
Passed through State of Nevada Department of FEMA Emergency Management Performance Grants	97.042		<u>24,417</u>
Total expenditure of federal awards:			<u><u>\$ 2,384,352</u></u>

\* Major program

Note A - This schedule has been prepared on the modified accrual basis of accounting.

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**Independent Auditors' Report on Compliance  
For Each Major Program and on Internal Control  
Over Compliance Required by OMB Circular A-133**

The Honorable Mayor and City Council  
City of West Wendover, Nevada

**Report on Compliance for Each Major Federal Program**

We have audited City of West Wendover, Nevada's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of West Wendover, Nevada's major federal programs for the year ended June 30, 2013. City of West Wendover, Nevada's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of West Wendover, Nevada's major federal programs based on our audit of the types of compliance requirements referred to above. 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 City of West Wendover, Nevada'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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of West Wendover, Nevada's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of West Wendover, Nevada, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of City of West Wendover, Nevada, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of West Wendover, Nevada's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City of West Wendover, Nevada'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC  
St. George, Utah  
October 25, 2013

**CITY OF WEST WENDOVER, NEVADA**  
**Schedule of Findings and Questioned Costs**  
**For the Year ended June 30, 2013**

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**Section I - Summary of Auditors' Results**

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Financial Statements

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:

- Material weakness (es) identified?  yes  no
- Significant deficiency (ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal Control over major programs:

- Material weakness (es) identified?  yes  no
- Significant deficiency (ies) identified?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

Identification of major programs.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.781	ARRA – Water and Waste Disposal Systems for Rural Communities
12.121	Environmental Infrastructure
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  no



**CITY OF WEST WENDOVER, NEVADA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2013**

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**Section II - Financial Statement Findings**

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**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

**Material Weakness:**

13-1 Timing of Revenue and Expense Recognition

During our audit, we noted revenue and expense recognition issues in which some revenues and expenses were not recorded in the correct fiscal period. For example, some revenues were not properly accrued in the period that they were earned even though the revenues were measurable and available for accrual. See audit adjustments 3, 4, 5, 14, and 25. Likewise, some expenses were not recorded in the proper accounting period. See audit adjustments 13, 18, and 27. The recording of revenues and expenses in the incorrect period resulted in the need for several prior period adjustments in the current fiscal period. It also resulted in the understatement of revenues and understatement of expenses in the current fiscal period. The effect of these adjustments was material to financial reporting.

Recommendation

We recommend that the City carefully review its controls over revenue and expense recognition. Revenues should be recorded when they are earned as long as they are measurable and available within the current fiscal period or soon enough thereafter to be used to pay liabilities in the current fiscal period. Expenses should be recorded when they are incurred. Grant revenues and expenses should be recorded in the same fiscal period using the principles discussed in this paragraph so that a proper matching of revenues and expenses can occur.

**COMPLIANCE AND OTHER MATTERS:**

**Compliance:**

No items noted

**CITY OF WEST WENDOVER, NEVADA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2013**

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**Section III – Federal Award Findings and Questioned Costs**

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No items noted

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**Section IV - Summary Schedule of Prior Audit Findings**

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No prior year audit findings noted.