



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
WITH REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WEST WENDOVER, NEVADA

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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, 2016, 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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability and the schedule of contributions, 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 major fund budgetary comparison schedules and the combining and individual non-major fund budgetary schedules, as listed in the table of contents, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The major fund budgetary comparison schedules, the combining and individual non-major fund budgetary schedules, and the schedule of expenditures of federal awards as listed in the table of contents, 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 major fund budgetary comparison schedules, the combining and individual non-major fund budgetary schedules, and the schedule of expenditures of federal awards as listed in the table of contents, 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 31, 2016, 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 31, 2016

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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, 2016. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net position) by \$24.6 million at the close of the fiscal year.
- Total net position increased by \$2,437,251 from the prior year.
- Governmental activities net position increased by \$2,205,985. Business-type net position increased by \$231,266.
- Total revenues from all governmental sources were \$10.9 million and the total cost of all City programs were \$8.7 million
- The General Fund revenues exceeded expenditures, excluding transfers, and debt proceeds by \$1,200,782.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,780,220, or 33% 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 \$24.6 million as of June 30, 2016 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	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Assets						
Current and other assets	\$ 3,667,624	\$ 1,927,437	\$ 5,932,569	\$ 8,023,659	\$ 9,600,193	\$ 9,951,096
Net capital assets	19,137,694	17,460,900	20,761,502	19,829,917	39,899,196	37,290,817
Total assets	22,805,318	19,388,337	26,694,071	27,853,576	49,499,389	47,241,913
Deferred outflows	978,056	801,758	177,905	154,452	1,155,961	956,210
Liabilities						
Current liabilities	848,360	973,478	183,126	1,083,322	1,031,486	2,056,800
Long-term liabilities outstanding	13,845,859	12,037,709	9,831,391	10,229,682	23,677,250	22,267,391
Total liabilities	14,694,219	13,011,187	10,014,517	11,313,004	24,708,736	24,324,191
Deferred inflows	1,103,520	1,399,258	200,725	269,556	1,304,245	1,668,814
Net position:						
Net investment in capital assets	11,229,944	11,099,275	14,595,910	13,889,780	25,825,854	24,989,055
Restricted	146,442	195,559	790,195	745,042	936,637	940,601
Unrestricted	(3,390,751)	(5,515,184)	1,270,629	1,790,646	(2,120,122)	(3,724,538)
Total net position	\$ 7,985,635	\$ 5,779,650	\$ 16,656,734	\$ 16,425,468	\$ 24,642,369	\$ 22,205,118

Governmental Activities

The cost of all Governmental activities this year was \$8,737,813. As shown on the statement of Changes in Net Position on the following page, \$665,207 of this cost was paid for by those who directly benefited from the programs; \$2,645,474 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 \$3,310,681. General taxes, asset sales, and other general revenues totaled \$7,633,117.

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

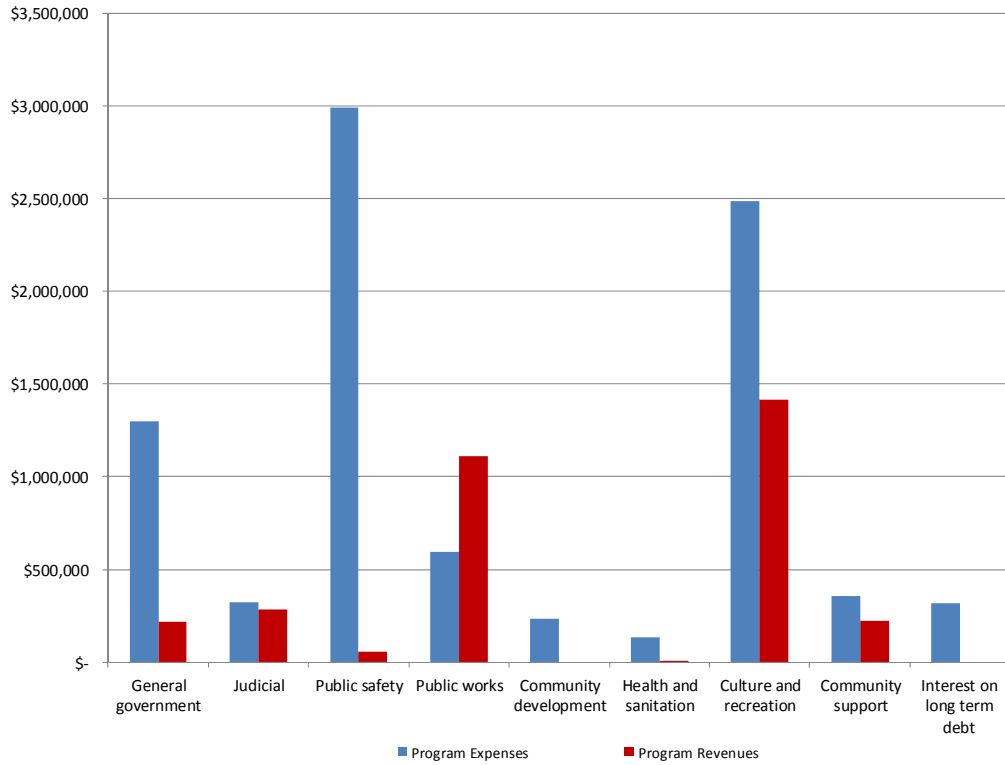
**City of West Wendover, Nevada
Changes in Net Position**

	Governmental activities		Business-type activities		Combined Total	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Revenues:						
Program revenues:						
Charges for services	\$ 665,207	\$ 783,766	\$ 3,445,637	\$ 3,362,362	\$ 4,110,844	\$ 4,146,128
Operating grants	338,805	191,758	-	-	338,805	191,758
Capital grants	2,306,669	7,040	384,006	604,239	2,690,675	611,279
General revenues:						
Consolidated taxes	2,658,461	2,490,960	-	-	2,658,461	2,490,960
Room taxes	2,332,928	2,253,470	-	-	2,332,928	2,253,470
Ad valorem taxes	1,455,243	1,220,284	-	-	1,455,243	1,220,284
County gaming taxes	430,808	432,041	-	-	430,808	432,041
Franchise taxes	368,274	350,174	-	-	368,274	350,174
Right of way toll	253,897	191,819	-	-	253,897	191,819
Motor vehicle taxes	110,443	108,010	-	-	110,443	108,010
Unrestricted investment earnings	3,267	3,769	125,022	140,485	128,289	144,254
Gain on sale of capital assets	3,850	17,577	-	-	3,850	17,577
Miscellaneous revenues	15,946	22,049	21,254	17,594	37,200	39,643
Total revenues	<u>10,943,798</u>	<u>8,072,717</u>	<u>3,975,919</u>	<u>4,124,680</u>	<u>14,919,717</u>	<u>12,197,397</u>
Expenses:						
General government	1,298,173	1,291,874	-	-	1,298,173	1,291,874
Judicial	322,844	339,045	-	-	322,844	339,045
Public safety	2,989,121	2,986,355	-	-	2,989,121	2,986,355
Public works	597,320	478,771	-	-	597,320	478,771
Community development	236,546	295,243	-	-	236,546	295,243
Health and sanitation	132,464	125,971	-	-	132,464	125,971
Culture and recreation	2,487,335	2,299,301	-	-	2,487,335	2,299,301
Community support	356,643	283,358	-	-	356,643	283,358
Interest on long term debt	317,367	300,143	-	-	317,367	300,143
Water	-	-	1,307,083	1,285,845	1,307,083	1,285,845
Sewer	-	-	1,493,470	1,410,076	1,493,470	1,410,076
Garbage/Compost	-	-	944,100	856,153	944,100	856,153
Total expenses	<u>8,737,813</u>	<u>8,400,061</u>	<u>3,744,653</u>	<u>3,552,074</u>	<u>12,482,466</u>	<u>11,952,135</u>
Increase in net position before transfers	2,205,985	(327,344)	231,266	572,606	2,437,251	245,262
Transfers	-	-	-	-	-	-
Increase in net position	2,205,985	(327,344)	231,266	572,606	2,437,251	245,262
Net position, beginning	5,779,650	12,163,953	16,425,468	17,019,690	22,205,118	29,183,643
Restatement adjustment	-	(6,056,959)	-	(1,166,828)	-	(7,223,787)
Net position, ending	<u>\$ 7,985,635</u>	<u>\$ 5,779,650</u>	<u>\$ 16,656,734</u>	<u>\$ 16,425,468</u>	<u>\$ 24,642,369</u>	<u>\$ 22,205,118</u>

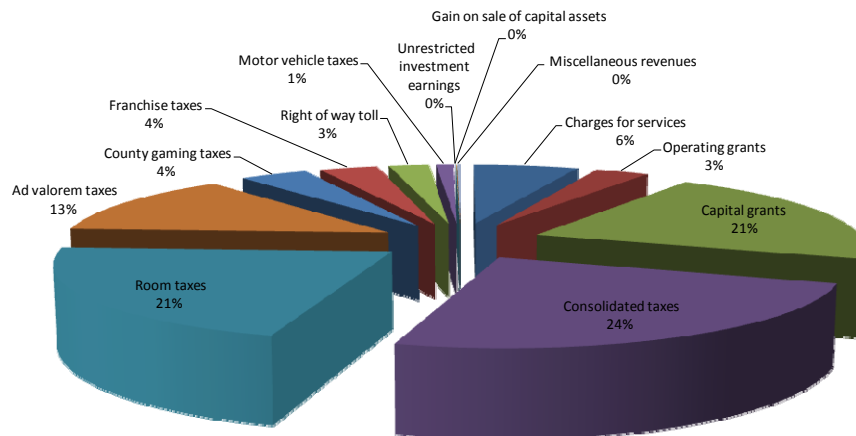
Total resources available during the year to finance governmental operations were \$16.7 million consisting of Net position at July 1, 2015 of \$5.8 million, program revenues of \$3.3 million and General Revenue of \$7.6 million. Total Governmental Activities during the year were \$8.7 million; thus Governmental Net Position increased by \$2.2 million to \$7.98 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

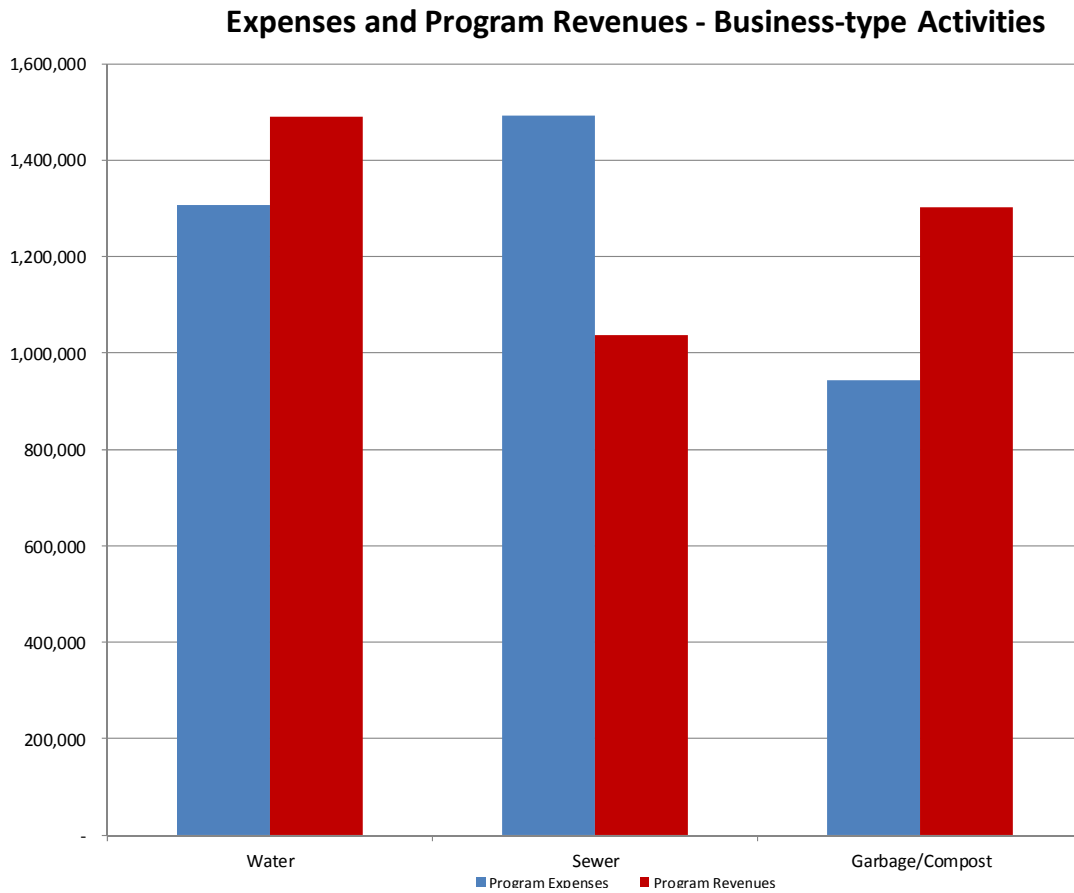


Revenues By Source - Governmental Activities



Business Type Activities

Net position of the Business Type activities at June 30, 2016, as reflected in the Statement of Net Position was \$16.6 million. The cost of providing all Proprietary (Business Type) activities this year was \$3.7 million. As shown in the Statement of Activities, the amounts paid by users of the system were \$3.4 million and \$384,006 was subsidized by capital grants and contributions. Unrestricted investment earnings totaled 125,022; other revenue totaled \$21,254, thus, net position increased by \$231,266.



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 \$2,793,545, an increase of \$1,981,777 in comparison with the prior year. \$1,080,700 of that amount is assigned to the capital improvement projects that are currently underway. 25% of the total fund balance or \$699,520 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 \$699,520, and total fund balance is \$1,844,231. 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 13% of total general fund expenditures. During the year, the City of West Wendover's general fund balance was budgeted to increase by \$29,100. There was a significant variance from budget to actual due to less transfers being needed.

The recreation fund has a fund balance of \$113,723, all of which is restricted for culture and recreation appropriation.

The capital projects fund has a total fund balance of \$681,488 restricted for various capital projects for the City needs.

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 \$16,656,734 at year end.

General Fund Budgetary Highlights

Actual expenditures for the General Fund at year-end were \$298,823 less than the final budget. The favorable budget to actual variance in appropriations was principally due to less salaries, wages, and benefits than anticipated in Public Safety plus overall savings in services and supplies for all departments. Actual revenues were more than the final budget by \$15,368 mainly due to higher than expected consolidated tax revenues.

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 2016, net capital assets of the government activities totaled \$19.1 million and the net capital assets of the business-type activities totaled \$20.7 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 \$13.8 million in governmental type debt, and \$9.8 million in proprietary debt. The debt is a liability of the government and amounts to \$5,214 per capita (4,498 – 2013 population US Census Bureau Website 2013). The City's net increase in total debt was \$1.4 million. (See note 7 and 18 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for fiscal year 2016-2017, the City Council and management remained cautious as to the growth of revenues and expenditures. The current labor contracts, effective July 1, 2015 thru June 30, 2018, provide for annual pay adjustments. The police contract and local agreement both included a 1% increase for fiscal year 2016. For fiscal year 2017, there will be a 2% increase for both the police contract and the local agreement.

Projects that are a part of the City Budget for the fiscal year 2016-2017 are as follows:

- In conjunction with the addition of a new public elementary school funded by the Elko County School District, the City was part of the completion of Florence Way Blvd Phase 3. Preliminary work was started in fiscal year 2016 and will proceed for Florence Way Blvd Phase 2 and other street improvements, to be completed in fiscal year 2017.
- The City has experienced some severe flooding during the last two spring seasons. Additional storm drainage improvements are now required. In addition to a workable plan for designed improvements to affected areas, the City will undertake completion of a storm water master plan.

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
For the Year Ended June 30, 2016

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Johnson
				Springs
Assets				
Cash and temporary investments	\$ 1,919,401	\$ 2,154,595	\$ 4,073,996	\$ 108,770
Accounts receivable, net	1,412,367	331,489	1,743,856	65,112
Due from component unit	-	2,463,759	2,463,759	-
Inventory	17,310	65,682	82,992	13,389
Prepaid items	103,881	126,849	230,730	27,487
Restricted cash	214,665	790,195	1,004,860	-
Capital assets not being depreciated:				
Land	2,056,481	111,000	2,167,481	18,000
Construction in progress	811,376	-	811,376	-
Capital assets, net of accumulated depreciation:				
Buildings, net	8,785,578	3,738,848	12,524,426	3,117,303
Improvements other than buildings, net	6,600,956	3,154,268	9,755,224	312,104
Machinery and equipment, net	883,303	684,630	1,567,933	159,487
Utility systems	-	13,072,756	13,072,756	3,814,005
Total assets	<u>22,805,318</u>	<u>26,694,071</u>	<u>49,499,389</u>	<u>7,635,657</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	<u>978,056</u>	<u>177,905</u>	<u>1,155,961</u>	<u>25,949</u>
Liabilities				
Accounts payable	637,661	42,547	680,208	42,851
Accrued interest payable	51,280	136,135	187,415	-
Accrued expenses	72,386	-	72,386	1,687
Due to primary government	-	-	-	2,463,759
Unearned revenue	87,033	-	87,033	-
Deposits payable	-	4,444	4,444	-
Noncurrent liabilities				
Due within one year	1,024,293	740,575	1,764,868	12,871
Due in more than one year	12,821,566	9,090,816	21,912,382	150,497
Total liabilities	<u>14,694,219</u>	<u>10,014,517</u>	<u>24,708,736</u>	<u>2,671,665</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	<u>1,103,520</u>	<u>200,725</u>	<u>1,304,245</u>	<u>29,278</u>
Net Position				
Net investment in capital assets	11,229,944	14,595,910	25,825,854	4,957,140
Restricted for:				
Judicial	32,719	-	32,719	-
Culture and recreation	113,723	-	113,723	-
Debt service	-	790,195	790,195	-
Unrestricted	(3,390,751)	1,270,629	(2,120,122)	3,523
Total net position	<u>\$ 7,985,635</u>	<u>\$ 16,656,734</u>	<u>\$ 24,642,369</u>	<u>\$ 4,960,663</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental:								
General government	\$ 1,298,173	\$ 218,314	\$ -	\$ -	\$ (1,079,859)	\$ -	\$ (1,079,859)	\$ -
Judicial	322,844	282,558	-	-	(40,286)	-	(40,286)	-
Public safety	2,989,121	22,224	34,805	-	(2,932,092)	-	(2,932,092)	-
Public works	597,320	66,419	155,000	891,589	515,688	-	515,688	-
Community development	236,546	-	-	-	(236,546)	-	(236,546)	-
Health and sanitation	132,464	3,807	-	-	(128,657)	-	(128,657)	-
Culture and recreation	2,487,335	-	-	1,414,600	(1,072,735)	-	(1,072,735)	-
Community support	356,643	71,885	149,000	480	(135,278)	-	(135,278)	-
Interest on long term debt	317,367	-	-	-	(317,367)	-	(317,367)	-
Total governmental activities	<u>8,737,813</u>	<u>665,207</u>	<u>338,805</u>	<u>2,306,669</u>	<u>(5,427,132)</u>	<u>-</u>	<u>(5,427,132)</u>	<u>-</u>
Business-type:								
Water	1,307,083	1,117,520	-	371,936	-	182,373	182,373	-
Sewer	1,493,470	1,025,854	-	12,070	-	(455,546)	(455,546)	-
Garbage/Compost	944,100	1,302,263	-	-	-	358,163	358,163	-
Total business-type activities	<u>3,744,653</u>	<u>3,445,637</u>	<u>-</u>	<u>384,006</u>	<u>-</u>	<u>84,990</u>	<u>84,990</u>	<u>-</u>
Total primary government	<u>\$ 12,482,466</u>	<u>\$ 4,110,844</u>	<u>\$ 338,805</u>	<u>\$ 2,690,675</u>				
Component Unit:								
Johnson Springs	<u>\$ 1,030,152</u>	<u>\$ 2,748,545</u>	<u>\$ -</u>	<u>\$ -</u>				<u>1,718,393</u>
General Revenues:								
					2,658,461	-	2,658,461	-
					2,332,928	-	2,332,928	-
					1,455,243	-	1,455,243	-
					430,808	-	430,808	-
					368,274	-	368,274	-
					253,897	-	253,897	-
					110,443	-	110,443	-
					3,267	125,022	128,289	8,492
					3,850	-	3,850	-
					15,946	21,254	37,200	-
					-	-	-	-
					<u>7,633,117</u>	<u>146,276</u>	<u>7,738,343</u>	<u>8,492</u>
					2,205,985	231,266	2,437,251	1,726,885
					<u>5,779,650</u>	<u>16,425,468</u>	<u>22,205,118</u>	<u>3,233,778</u>
					<u>\$ 7,985,635</u>	<u>\$ 16,656,734</u>	<u>\$ 24,642,369</u>	<u>\$ 4,960,663</u>

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

CITY OF WEST WENDOVER, NEVADA
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and temporary investments	\$ 1,227,464	\$ 115,112	\$ 370,497	\$ 134,695	\$ 1,847,768
Accounts receivable, net	237,598	217,777	-	-	455,375
Due from other governments	553,376	-	350,000	40,000	943,376
Inventory	15,739	-	-	1,571	17,310
Prepaid and other items	47,832	-	-	-	47,832
Restricted cash	440	-	214,225	-	214,665
Total assets	<u>\$ 2,082,449</u>	<u>\$ 332,889</u>	<u>\$ 934,722</u>	<u>\$ 176,266</u>	<u>\$ 3,526,326</u>
Liabilities					
Accounts payable	\$ 100,553	\$ 219,166	\$ 253,234	\$ 22,163	\$ 595,116
Accrued liabilities	72,386	-	-	-	72,386
Unearned revenue	65,279	-	-	-	65,279
Total liabilities	<u>238,218</u>	<u>219,166</u>	<u>253,234</u>	<u>22,163</u>	<u>732,781</u>
Fund Balances					
Nonspendable	63,571	-	-	1,571	65,142
Restricted	440	113,723	681,488	150,803	946,454
Committed	-	-	-	1,729	1,729
Assigned	1,080,700	-	-	-	1,080,700
Unassigned	699,520	-	-	-	699,520
Total fund balances	<u>1,844,231</u>	<u>113,723</u>	<u>681,488</u>	<u>154,103</u>	<u>2,793,545</u>
Total liabilities and fund balances	<u>\$ 2,082,449</u>	<u>\$ 332,889</u>	<u>\$ 934,722</u>	<u>\$ 176,266</u>	<u>\$ 3,526,326</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
For the Year Ended June 30, 2016

Total fund balances - governmental funds	\$	2,793,545
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	\$	26,667,173
Accumulated depreciation		<u>(7,529,479)</u>
		19,137,694
Long-term receivables in the governmental activities are not reported in the funds.		
		13,616
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liabilities	\$	(5,672,414)
Bonds payable		(7,788,136)
Capital leases payable		(119,614)
Compensated absences		(265,695)
Interest payable		<u>(51,280)</u>
		(13,897,139)
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.		
		63,383
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows	\$	978,056
Deferred inflows		<u>(1,103,520)</u>
		(125,464)
Total net position - governmental activities	<u>\$</u>	<u>7,985,635</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, 2016

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 1,402,986	\$ 2,332,928	\$ -	\$ 52,257	\$ 3,788,171
Licenses and permits	887,776	-	-	-	887,776
Intergovernmental	3,968,525	-	350,000	195,001	4,513,526
Charges for services	37,822	-	-	8,390	46,212
Fines and forfeits	79,239	-	-	-	79,239
Miscellaneous revenues	206,620	-	4,536	5,710	216,866
Total revenues	<u>6,582,968</u>	<u>2,332,928</u>	<u>354,536</u>	<u>261,358</u>	<u>9,531,790</u>
Expenditures					
Current					
General government	876,141	-	-	-	876,141
Judicial	308,856	-	-	10,208	319,064
Public safety	3,262,208	-	-	-	3,262,208
Public works	444,991	-	-	-	444,991
Community development	243,138	-	-	-	243,138
Health	111,063	-	-	-	111,063
Culture and recreation	15,053	2,380,341	-	-	2,395,394
Community support	53,233	-	-	298,397	351,630
Capital outlay	-	-	792,854	-	792,854
Debt service	67,503	-	886,027	-	953,530
Total expenditures	<u>5,382,186</u>	<u>2,380,341</u>	<u>1,678,881</u>	<u>308,605</u>	<u>9,750,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,200,782</u>	<u>(47,413)</u>	<u>(1,324,345)</u>	<u>(47,247)</u>	<u>(218,223)</u>
Other Financing Sources (Uses)					
Debt proceeds	361,000	-	1,839,000	-	2,200,000
Transfers in	-	-	-	135,000	135,000
Transfers out	(135,000)	-	-	-	(135,000)
Total other financing sources and uses	<u>226,000</u>	<u>-</u>	<u>1,839,000</u>	<u>135,000</u>	<u>2,200,000</u>
Net change in fund balances	1,426,782	(47,413)	514,655	87,753	1,981,777
Fund balances, beginning of year	417,449	161,136	166,833	66,350	811,768
Fund balances, end of year	<u>\$ 1,844,231</u>	<u>\$ 113,723</u>	<u>\$ 681,488</u>	<u>\$ 154,103</u>	<u>\$ 2,793,545</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, 2016

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

Net change in fund balances - total governmental funds		\$ 1,981,777
<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		2,567,191
Depreciation expense		<u>(890,397)</u>
		1,676,794
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.		(2,592)
The issuance of long-term debt (e.g., bond, leases) provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position.		(2,200,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		653,875
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		(17,712)
<p>Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities.</p>		
Pension contributions		\$ 892,388
Pension expense		<u>(667,110)</u>
		225,278
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.		(15,267)
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.		(96,168)
Change in net position of governmental activities		<u><u>\$ 2,205,985</u></u>

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

CITY OF WEST WENDOVER, NEVADA
Statement of Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Fund</u>
Assets					
Current assets					
Cash and investments	\$ 1,819,961	\$ 217,911	\$ 116,723	\$ 2,154,595	\$ 71,633
Accounts receivable, net	86,499	122,638	122,352	331,489	-
Inventory	58,868	6,814	-	65,682	-
Prepaid expenses	34,311	58,489	34,049	126,849	56,049
Total current assets	<u>1,999,639</u>	<u>405,852</u>	<u>273,124</u>	<u>2,678,615</u>	<u>127,682</u>
Noncurrent assets					
Restricted cash	437,398	55,405	297,392	790,195	-
Due from component unit	2,463,759	-	-	2,463,759	-
Capital assets:					
Land	111,000	-	-	111,000	-
Buildings	1,277,649	1,166,887	1,535,458	3,979,994	-
Improvements other than buildings	966,221	27,035	5,133,451	6,126,707	-
Machinery and equipment	869,063	1,339,999	1,790,231	3,999,293	-
Utility system	2,195,453	15,820,916	-	18,016,369	-
Less accumulated depreciation	<u>(1,882,161)</u>	<u>(5,071,979)</u>	<u>(4,517,721)</u>	<u>(11,471,861)</u>	<u>-</u>
Total noncurrent assets	<u>6,438,382</u>	<u>13,338,263</u>	<u>4,238,811</u>	<u>24,015,456</u>	<u>-</u>
Total assets	<u>8,438,021</u>	<u>13,744,115</u>	<u>4,511,935</u>	<u>26,694,071</u>	<u>127,682</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	<u>53,293</u>	<u>63,703</u>	<u>60,909</u>	<u>177,905</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts payable	15,840	18,109	8,598	42,547	42,546
Accrued interest payable	90,230	11,223	34,682	136,135	-
Compensated absences	6,541	7,776	8,850	23,167	-
Customer deposits	4,444	-	-	4,444	-
Unearned revenue	-	-	-	-	21,755
Current portion of noncurrent liabilities	<u>292,955</u>	<u>103,622</u>	<u>320,831</u>	<u>717,408</u>	<u>-</u>
Total current liabilities	<u>410,010</u>	<u>140,730</u>	<u>372,961</u>	<u>923,701</u>	<u>64,301</u>
Noncurrent liabilities:					
Capital leases payable	-	-	82,492	82,492	-
Net pension liability	309,081	369,454	353,253	1,031,788	-
Bonds payable	<u>3,912,574</u>	<u>2,940,231</u>	<u>1,123,731</u>	<u>7,976,536</u>	<u>-</u>
Total noncurrent liabilities	<u>4,221,655</u>	<u>3,309,685</u>	<u>1,559,476</u>	<u>9,090,816</u>	<u>-</u>
Total liabilities	<u>4,631,665</u>	<u>3,450,415</u>	<u>1,932,437</u>	<u>10,014,517</u>	<u>64,301</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions	<u>60,129</u>	<u>71,874</u>	<u>68,722</u>	<u>200,725</u>	<u>-</u>
Net Position					
Net investment in capital assets	1,942,540	10,239,005	2,414,365	14,595,910	-
Restricted for debt service	437,398	55,405	297,392	790,195	-
Unrestricted	<u>1,419,582</u>	<u>(8,881)</u>	<u>(140,072)</u>	<u>1,270,629</u>	<u>63,381</u>
Total net position	<u>\$ 3,799,520</u>	<u>\$ 10,285,529</u>	<u>\$ 2,571,685</u>	<u>\$ 16,656,734</u>	<u>\$ 63,381</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, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Fund</u>
Operating revenues					
Charges for services	\$ 1,117,520	\$ 1,025,854	\$ 1,302,263	\$ 3,445,637	\$ 600,925
Operating expenses					
Water purchases	501,568	-	-	501,568	-
Salaries and wages	178,049	264,955	247,289	690,293	-
Employee benefits	45,470	74,104	89,269	208,843	697,095
Services and supplies	280,239	490,722	217,316	988,277	-
Capital outlay	1,848	28,709	43,445	74,002	-
Depreciation and amortization	125,648	551,381	292,805	969,834	-
Total operating expenses	<u>1,132,822</u>	<u>1,409,871</u>	<u>890,124</u>	<u>3,432,817</u>	<u>697,095</u>
Operating income (loss)	<u>(15,302)</u>	<u>(384,017)</u>	<u>412,139</u>	<u>12,820</u>	<u>(96,170)</u>
Nonoperating revenues (expenses)					
Interest income	121,446	1,992	1,584	125,022	-
Impact fees	20,514	12,070	-	32,584	-
Grant revenue	351,422	-	-	351,422	-
Miscellaneous income	17,194	120	3,940	21,254	-
Interest expense	<u>(174,261)</u>	<u>(83,599)</u>	<u>(53,976)</u>	<u>(311,836)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>336,315</u>	<u>(69,417)</u>	<u>(48,452)</u>	<u>218,446</u>	<u>-</u>
Income before contributions and transfers	321,013	(453,434)	363,687	231,266	(96,170)
Transfers					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	321,013	(453,434)	363,687	231,266	(96,170)
Total net position, beginning	3,478,507	10,738,963	2,207,998	16,425,468	159,551
Total net position, end of year	<u>\$ 3,799,520</u>	<u>\$ 10,285,529</u>	<u>\$ 2,571,685</u>	<u>\$ 16,656,734</u>	<u>\$ 63,381</u>

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

CITY OF WEST WENDOVER, NEVADA
Statement of Cash Flows
Proprietary Funds
June 30, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Fund</u>
Cash Flows From Operating Activities:					
Cash received from customers, service fees	\$ 1,129,480	\$ 1,006,073	\$ 1,308,633	\$ 3,444,186	\$ 622,680
Cash paid to suppliers	(825,827)	(572,490)	(324,068)	(1,722,385)	(670,584)
Cash paid to employees	(259,245)	(382,462)	(360,000)	(1,001,707)	-
Net cash flows from operating activities	<u>44,408</u>	<u>51,121</u>	<u>624,565</u>	<u>720,094</u>	<u>(47,904)</u>
Cash Flows From Noncapital Financing Activities:					
Net interfund receipts/(payments)	1,104,909	(525,861)	(525,861)	53,187	-
Net component unit receipts/(payments)	506,234	-	-	506,234	-
Cash received from miscellaneous sources	17,194	120	3,940	21,254	-
Net cash flows from noncapital financing activities	<u>1,628,337</u>	<u>(525,741)</u>	<u>(521,921)</u>	<u>580,675</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Impact fees	20,514	12,070	-	32,584	-
Grant revenue	351,422	-	-	351,422	-
Proceeds from long term debt	747,000	-	-	747,000	-
Principal paid on capital debt	(722,724)	(99,831)	(312,449)	(1,135,004)	-
Interest paid on capital debt	(177,570)	(83,878)	(62,999)	(324,447)	-
Acquisition and construction of capital assets	(2,121,271)	-	(623,735)	(2,745,006)	-
Net cash flows from capital and related financing activities	<u>(1,902,629)</u>	<u>(171,639)</u>	<u>(999,183)</u>	<u>(3,073,451)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest income	121,446	1,992	1,584	125,022	-
Net change in cash and cash equivalents	(108,438)	(644,267)	(894,955)	(1,647,660)	(47,904)
Cash and investments, including restricted cash, beginning of year	<u>2,365,797</u>	<u>917,583</u>	<u>1,309,070</u>	<u>4,592,450</u>	<u>119,537</u>
Cash and Cash Equivalents, Including Restricted Cash , End of Year	<u>\$ 2,257,359</u>	<u>\$ 273,316</u>	<u>\$ 414,115</u>	<u>\$ 2,944,790</u>	<u>\$ 71,633</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ (15,302)	\$ (384,017)	\$ 412,139	\$ 12,820	\$ (96,170)
Adjustments to reconcile net income (loss) to net cash from operating activities					
Depreciation/amortization	125,648	551,381	292,805	969,834	-
Pension expense	12,976	12,538	31,100	56,614	-
Employer pension contributions	(48,625)	(58,123)	(55,574)	(162,322)	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	11,272	(19,781)	6,370	(2,139)	-
(Increase) decrease in inventory	(2,306)	2,901	-	595	-
(Increase) decrease in prepaid expenses	(32,335)	(48,828)	(33,284)	(114,447)	1,239
Increase (decrease) in accounts payable	(7,531)	(7,132)	(30,023)	(44,686)	25,272
Increase (decrease) in due from deposits	688	-	-	688	-
Increase (decrease) in unearned revenue	-	-	-	-	21,755
Increase (decrease) in compensated absences	(77)	2,182	1,032	3,137	-
Net cash flows from operating activities	<u>\$ 44,408</u>	<u>\$ 51,121</u>	<u>\$ 624,565</u>	<u>\$ 720,094</u>	<u>\$ (47,904)</u>

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

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, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

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 **Capital Projects Fund** is used to account for the acquisition or construction of capital facilities as outlined in Resolution 1997-14.

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, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

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, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

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 yearend). 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 yearend). 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, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

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 acquisition 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 one type of item that qualifies for reporting for reporting in this category which is pension related items reported on the government-wide financial statements. See footnote 17 for more information.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

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 one type of item that qualifies for reporting in this category which is pension related items reported on the government-wide financial statements. See footnote 17 for more information. The governmental funds report unearned revenues from three sources: advance payments for business licenses, advance payments for health benefits, and regional transportation commission funds received from the County for a future project. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are earned.

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, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

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, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

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.

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.

Pensions

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

Comparative Data

Comparative data shown for the prior year has been extracted from the 2014-2015 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2014-2015. Such information can only be obtained by referring to the audited financial statements for that year.

During fiscal year 2016 the City combined the Medical Clinic Facilities Fund with the General Fund since it no longer met the requirements to be a special revenue fund. As such, the activity of the Medical Clinic Facilities Fund is reported within the General Fund activity for 2016.

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

The governmental fund balance sheet includes 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.

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CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 3. Stewardship, Compliance, and Accountability

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.

The individual Schedules of Revenues, Expenditures, and changes in Fund Balances – Budget to Actual reports as listed in the table of contents show that the Recreation Board Fund incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2016.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

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	\$ 925	\$ -
Cash in bank	2,761,840	(2,188,141)
Investments:		
Nevada local government investment pool	<u>2,316,091</u>	<u>2,296,911</u>
 Total deposits and investments	 <u>\$ 5,078,856</u>	 <u>\$ 108,770</u>
 Cash and cash equivalents	 \$ 4,073,996	 \$ 108,770
Restricted cash	<u>1,004,860</u>	<u>-</u>
	 <u>\$ 5,078,856</u>	 <u>\$ 108,770</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, 2016, \$0 of the primary government and component unit's combined bank balance of \$1,144,866 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 Investment Pool (LGIP). The LGIP is an external investment pool operated by the Nevada Public Treasurer.

The LGIP is not registered with the SEC as an investment company. Deposits in the LGIP 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, 2016

NOTE 4. Cash and Investments, Continued

As of June 30, 2016 the government had the following investments:

<u>Investment Type</u>	Primary Government <u>Fair Value</u>	Component Unit <u>Fair Value</u>	<u>Rating (1)</u>	Weighted Average <u>Maturity (2)</u>
Nevada Local Government Pooled Investment Fund	\$ 2,316,091	\$ 2,296,911	N/A	142
Total Fair Value	<u>\$ 2,316,091</u>	<u>\$ 2,296,911</u>		

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 Investment Pool and to comply with State Law (NRS 355.170). The Nevada Local Government Investment Pool 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, 2016

NOTE 4. Cash and Investments, Continued

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, 2016:

Medium Term Sales Tax Revenue Bond Reserves	\$ 214,225
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
Closure / post closure trust funds	40,000
Waste Water Treatment Plant Revenue Bond Reserves	55,406
1998 Water Revenue Bond Reserves	173,712
Water Revenue Bonds, Series 2015 Bond Reserves	3,024
Water Rev Bonds Series 2015 - Asset Replacement	28,634
AB198 Capital Replacement Projects Fund	232,027
Unutilized Regional Transportation Commission Funds	440
Total restricted cash - primary government	<u><u>\$ 1,004,860</u></u>

NOTE 5. Receivables / Due from other Governments

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. The allowance for doubtful accounts is estimated based on professional judgement and historical information. The allowances for doubtful accounts at June 30, 2016 were as follows:

Water Fund	\$ -
Sewer Fund	-
Garbage/Compost Fund	-
Johnson Springs	-
	<u><u>-</u></u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets

Governmental capital asset activity for the year ended June 30, 2016 was as follows:

Governmental Activities:	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Capital assets, not being depreciated:				
Land	\$ 2,056,481	\$ -	\$ -	\$ 2,056,481
Construction in progress	18,521	792,855	-	811,376
Total capital assets, not being depreciated	<u>2,075,002</u>	<u>792,855</u>	<u>-</u>	<u>2,867,857</u>
Capital assets, being depreciated:				
Buildings	10,651,605	620,000	-	11,271,605
Other improvements	8,182,821	794,600	-	8,977,421
Machinery and equipment	3,190,554	359,736	-	3,550,290
Total capital assets, being depreciated	<u>22,024,980</u>	<u>1,774,336</u>	<u>-</u>	<u>23,799,316</u>
Less accumulated depreciation for:				
Buildings	(2,208,364)	(277,663)	-	(2,486,027)
Other improvements	(1,991,109)	(385,356)	-	(2,376,465)
Machinery and equipment	(2,439,609)	(227,378)	-	(2,666,987)
Total accumulated depreciation	<u>(6,639,082)</u>	<u>(890,397)</u>	<u>-</u>	<u>(7,529,479)</u>
Total capital assets, being depreciated, net	<u>15,385,898</u>	<u>883,939</u>	<u>-</u>	<u>16,269,837</u>
Governmental activities capital assets, net	<u>\$ 17,460,900</u>	<u>\$ 1,676,794</u>	<u>\$ -</u>	<u>\$ 19,137,694</u>

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

Governmental Activities:	
General government	\$ 422,048
Judicial	6,787
Public safety	189,476
Public works	1,024
Health and sanitation	23,703
Culture and recreation	87,372
Community support	1,194
Streets and highways	158,793
Total depreciation expense - governmental activities	<u>\$ 890,397</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2016 was as follows:

Business-Type Activities:	Balance 06/30/15	Additions	Deletions	Balance 6/30/2016
Capital assets not being depreciated:				
Land	\$ 111,000	\$ -	\$ -	\$ 111,000
Construction in progress	3,024,154	1,266,504	(4,290,658)	-
Total capital assets, not being depreciated	<u>3,135,154</u>	<u>1,266,504</u>	<u>(4,290,658)</u>	<u>111,000</u>
Capital assets being depreciated:				
Buildings	479,334	3,500,660	-	3,979,994
Other improvements	5,527,622	599,085	-	6,126,707
Machinery and equipment	3,897,837	101,456	-	3,999,293
Utility systems	17,291,997	724,372	-	18,016,369
Total capital assets, being depreciated	<u>27,196,790</u>	<u>4,925,573</u>	<u>-</u>	<u>32,122,363</u>
Less accumulated depreciation for:				
Buildings	(178,231)	(62,915)	-	(241,146)
Other improvements	(2,754,282)	(218,157)	-	(2,972,439)
Machinery and equipment	(3,159,915)	(154,748)	-	(3,314,663)
Utility systems	(4,409,599)	(534,014)	-	(4,943,613)
Total accumulated depreciation	<u>(10,502,027)</u>	<u>(969,834)</u>	<u>-</u>	<u>(11,471,861)</u>
Total capital assets, being depreciated, net	<u>16,694,763</u>	<u>3,955,739</u>	<u>-</u>	<u>20,650,502</u>
Water fund activities capital assets, net	<u>\$ 19,829,917</u>	<u>\$ 5,222,243</u>	<u>\$ (4,290,658)</u>	<u>\$ 20,761,502</u>

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

Business-Type Activities:	
Water Fund	\$ 125,647
Sewer Fund	551,382
Combined Garbage / Compost Facility Fund	292,805
Total depreciation expense - business-type activities	<u>\$ 969,834</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets, Continued

Component unit capital asset activity for the year ended June 30, 2016 was as follows:

Component Unit - Johnson Springs	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Capital assets not being depreciated:				
Land	18,000	\$ -	\$ -	\$ 18,000
Construction in progress	110,485	647,412	(757,897)	-
Total capital assets, not being depreciated	128,485	647,412	(757,897)	18,000
Capital assets being depreciated:				
Buildings	6,079,039	757,897	-	6,836,936
Other improvements	411,632	-	-	411,632
Machinery and equipment	506,351	-	-	506,351
Utility system	5,305,132	-	-	5,305,132
Total capital assets, being depreciated	12,302,154	757,897	-	13,060,051
Less accumulated depreciation for:				
Buildings	(3,507,357)	(212,276)	-	(3,719,633)
Other improvements	(79,489)	(20,040)	-	(99,529)
Machinery and equipment	(329,487)	(17,377)	-	(346,864)
Water utility system	(1,355,443)	(135,684)	-	(1,491,127)
Total accumulated depreciation	(5,271,776)	(385,377)	-	(5,657,153)
Total capital assets, being depreciated, net	7,030,378	372,520	-	7,402,898
Johnson Springs component unit fund activities capital assets, net	\$ 7,158,863	\$ 1,019,932	\$ (757,897)	\$ 7,420,898

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-Term Liabilities

The following is a summary of long-term liabilities for the year ended June 30, 2016:

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2015	Transfers	Additions	Reductions	Balance 6/30/2016	Current Portion
Governmental Activities										
Bonds Payable:										
Tax-Exempt Medium Term Bonds, Series 2007A (80 Acres)	6/29/2007	4.32%	2017	1,410,000	\$ 517,000	\$ -	\$ -	\$ (252,000)	\$ 265,000	\$ 265,000
General Obligation Medium-Term Bonds, Series 2009	2/27/2009	4.46%	2019	2,200,000	1,007,000	-	-	(234,000)	773,000	245,000
Medium Term Sales Tax Revenue Bond, Series 2009 (City Hall)	8/18/2009	4.38%	2039	5,225,000	4,661,900	-	-	(111,764)	4,550,136	116,753
General Obligation Medium-Term Bonds, Series 2015	7/14/2015	2.26%	2025	2,200,000	-	-	2,200,000	-	2,200,000	206,000
Total Bonds Payable					<u>6,185,900</u>	<u>-</u>	<u>2,200,000</u>	<u>(597,764)</u>	<u>7,788,136</u>	<u>832,753</u>
Capital leases payable:										
September 2014 Police Vehicle Lease	9/1/2013	4.33%	2018	281,059	175,725	-	-	(56,111)	119,614	58,540
Total Capital Lease Payable					<u>175,725</u>	<u>-</u>	<u>-</u>	<u>(56,111)</u>	<u>119,614</u>	<u>58,540</u>
Other liabilities										
Net Pension Liabilities					5,425,656	-	1,139,146	(892,388)	5,672,414	-
Compensated absences					250,428	-	161,135	(145,868)	265,695	133,000
Governmental Activity Long-Term Liabilities					<u>\$ 12,037,709</u>	<u>\$ -</u>	<u>\$ 3,500,281</u>	<u>\$ (1,692,131)</u>	<u>\$ 13,845,859</u>	<u>\$ 1,024,293</u>

For governmental activities, compensated absences and net position liabilities are generally liquidated through the General Fund.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-Term Liabilities, continued

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2015	Transfers	Additions	Reductions	Balance 6/30/2016	Current Portion
Business-Type Activities										
Enterprise Funds:										
Water Fund										
Bonds Payable:										
1998 Water Revenue Bonds	11/17/1998	4.75%	2038	3,058,300	\$ 2,450,407	\$ -	\$ -	\$ (62,071)	\$ 2,388,336	\$ 59,913
Water Revenue Bonds, Series 2000	6/27/2000	4.50%	2040	550,000	439,853	-	-	(439,853)	-	-
General Obligation Medium-Term Bonds, Series 2008	9/4/2008	4.95%	2018	800,000	648,042	-	-	(156,042)	492,000	160,000
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	701,400	1,925,000	(1,282,050)	-	(59,452)	583,498	62,124
Water Revenue Bonds, Series 2015	10/8/2015	2.63%	2055	747,000	-	-	747,000	(5,306)	741,694	10,876
Total Bonds Payable					<u>5,463,302</u>	<u>(1,282,050)</u>	<u>747,000</u>	<u>(722,724)</u>	<u>4,205,528</u>	<u>292,913</u>
Other liabilities										
Net Pension Liabilities					316,691	-	41,015	(48,625)	309,081	-
Compensated absences					<u>6,618</u>	<u>-</u>	<u>3,777</u>	<u>(3,854)</u>	<u>6,541</u>	<u>6,541</u>
Total Water Fund Long Term Debt					<u>5,786,611</u>	<u>(1,282,050)</u>	<u>791,792</u>	<u>(775,203)</u>	<u>4,521,150</u>	<u>299,454</u>
Sewer Fund										
Bonds Payable:										
Waste Water Treatment Plant Revenue Bond	6/1/2012	2.75%	2052	2,637,000	2,502,659	-	-	(40,557)	2,462,102	41,684
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	699,300	-	641,025	-	(59,274)	581,751	61,938
Total Bonds Payable					<u>2,502,659</u>	<u>641,025</u>	<u>-</u>	<u>(99,831)</u>	<u>3,043,853</u>	<u>103,622</u>
Other liabilities										
Net Pension Liabilities					381,226	-	46,351	(58,123)	369,454	-
Compensated absences					<u>5,594</u>	<u>-</u>	<u>5,440</u>	<u>(3,258)</u>	<u>7,776</u>	<u>7,776</u>
Total Sewer Fund Long Term Debt					<u>\$ 2,889,479</u>	<u>\$ 641,025</u>	<u>\$ 51,791</u>	<u>\$ (161,212)</u>	<u>\$ 3,421,083</u>	<u>\$ 111,398</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-Term Liabilities, continued

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2015	Transfers	Additions	Reductions	Balance 6/30/2016	Current Portion
Combined Garbage / Compost Facility Fund										
Bonds Payable:										
1998 Sewer/Compost Revenue Bonds	11/17/1998	4.75%	2018	1,280,000	\$ 358,323	\$ -	\$ -	\$ (88,950)	\$ 269,373	\$ 87,726
Sewer/Compost Revenue Bonds Series 1999B	8/18/1999	4.50%	2019	1,500,000	500,284	-	-	(92,807)	407,477	96,983
Sewer/Compost Revenue Bonds Series 1999A	8/18/1999	4.50%	2019	540,000	180,103	-	-	(33,411)	146,692	34,914
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	699,300	-	641,025	-	(59,274)	581,751	61,938
Total Bonds Payable					<u>1,038,710</u>	<u>641,025</u>	<u>-</u>	<u>(274,442)</u>	<u>1,405,293</u>	<u>281,561</u>
Capital leases payable:										
Garbage Truck - Compost/Garbage Lease	9/26/2012	3.32%	2018	232,157	159,768	-	-	(38,007)	121,761	39,269
Total Capital Lease Payable					<u>159,768</u>	<u>-</u>	<u>-</u>	<u>(38,007)</u>	<u>121,761</u>	<u>39,269</u>
Other liabilities										
Net Pension Liabilities					347,296	-	61,531	(55,574)	353,253	-
Compensated absences					<u>7,818</u>	<u>-</u>	<u>5,585</u>	<u>(4,553)</u>	<u>8,850</u>	<u>8,850</u>
Total Combined Garbage / Compost Facility Fund					<u>1,553,592</u>	<u>641,025</u>	<u>67,116</u>	<u>(372,576)</u>	<u>1,889,157</u>	<u>329,680</u>
Business-Type Activity Long-Term Liabilities					<u>\$ 10,229,682</u>	<u>\$ -</u>	<u>\$ 910,699</u>	<u>\$ (1,308,991)</u>	<u>\$ 9,831,390</u>	<u>\$ 740,532</u>
Component Unit										
Johnson Springs										
Bonds Payable:										
Water Revenue Bond, Series 2009	9/24/2009	4.50%	2049	1,766,730	\$ 1,662,488	\$ -	\$ -	\$ (1,662,488)	\$ -	\$ -
Other liabilities										
Net Pension Liabilities					182,297	-	-	(31,800)	150,497	-
Compensated absences					<u>11,156</u>	<u>-</u>	<u>8,212</u>	<u>(6,497)</u>	<u>12,871</u>	<u>12,871</u>
Component Unit Long-Term Liabilities					<u>\$ 1,855,941</u>	<u>\$ -</u>	<u>\$ 8,212</u>	<u>\$ (1,700,785)</u>	<u>\$ 163,368</u>	<u>\$ 12,871</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

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 \$747,000 in water revenue bonds issued in November 1998 and 2016, respectively, with interest rates of 4.75% and 2.63%, 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 2055.

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.

As noted in the transfer columns above, the City reassigned a portion of the General Obligation Limited Tax Medium-Term, Series 2014 bonds from the water fund to the sewer and combined garbage/compost facility funds.

The following schedules reflect debt service requirements to maturity of the City's debt as of June 30, 2016:

Period Ending June 30	Governmental Activities			Business Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 832,753	\$ 290,063	\$ 1,122,816	\$ 678,096	\$ 300,492	\$ 978,588
2018	589,964	257,776	847,740	704,287	273,819	978,106
2019	614,408	236,000	850,408	725,531	245,134	970,665
2020	358,096	213,276	571,372	478,347	222,480	700,827
2021	372,037	202,159	574,196	351,805	206,124	557,929
2022-2026	1,903,007	833,892	2,736,899	1,456,382	871,694	2,328,076
2027-2031	987,767	579,733	1,567,500	882,256	681,871	1,564,127
2032-2036	1,228,807	338,693	1,567,500	1,071,002	493,060	1,564,062
2037-2041	901,297	63,696	964,993	935,344	269,283	1,204,627
2042-2046	-	-	-	540,455	154,888	695,343
2047-2051	-	-	-	619,052	76,192	695,244
2052-2056	-	-	-	212,117	9,897	222,014
	<u>\$ 7,788,136</u>	<u>\$ 3,015,288</u>	<u>\$ 10,803,424</u>	<u>\$ 8,654,674</u>	<u>\$ 3,804,934</u>	<u>\$ 12,459,608</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-Term Liabilities, Continued

Period Ending June 30	Total Bonded Debt & Notes		
	Principal	Interest	Total
2017	\$ 1,510,849	\$ 590,555	\$ 2,101,404
2018	1,294,251	531,595	1,825,846
2019	1,339,939	481,134	1,821,073
2020	836,443	435,756	1,272,199
2021	723,842	408,283	1,132,125
2022-2026	3,359,389	1,705,586	5,064,975
2027-2031	1,870,023	1,261,604	3,131,627
2032-2036	2,299,809	831,753	3,131,562
2037-2041	1,836,641	332,979	2,169,620
2042-2046	540,455	154,888	695,343
2047-2051	619,052	76,192	695,244
2052-2056	212,117	9,897	222,014
	<u>\$ 16,442,810</u>	<u>\$ 6,820,222</u>	<u>\$ 23,263,032</u>

NOTE 8. Capital Leases Payable

The government has entered into three lease agreements, which are considered capital leases in accordance with Financial Accounting Standard Board ASC 840-30-25. Two of the leases are shown in the combined garbage and compost fund and one in the general fund. The total amount of equipment capitalized under the leases is \$456,157 and \$281,059 for the business-type activities and the governmental activities respectively. 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 4.32 % under the capital leases, together with the present value of the net minimum lease payments:

Year Ending June 30	Governmental Activities	Business-type Activities
2017	63,718	43,311
2018	63,718	43,312
2019	-	43,311
2020	-	-
Total remaining minimum lease payments	127,436	129,934
Less amount representing interest	(7,822)	(8,173)
Present value of net remaining minimum lease payments	<u>\$ 119,614</u>	<u>\$ 121,761</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

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.

	6/30/2016
Operating revenues	\$ 2,748,545
Depreciation and amortization	(385,378)
Operating expenses	(484,291)
Operating income/(loss)	1,878,876
Nonoperating revenues and (expenses)	(151,991)
Change in net position	1,726,885
Beginning net position	3,233,778
Ending net position	4,960,663
Capital asset additions, including capitalized interest	757,897
Net working capital	(2,306,410)
Total assets	7,635,656
Total deferred outflows	25,949
Current liabilities	57,408
Due to primary government	2,463,759
Bonds and other long term debt obligations	150,497
Total deferred inflows	29,278
Net Position	
Net investment in capital assets	4,957,140
Unrestricted	3,523
Total Net Position	\$ 4,960,663

Condensed Statement of Cash Flows

Net cash flows from:	
Operating activities	\$ 2,068,223
Noncapital financing activities	(506,234)
Capital and related financing activities	(2,470,381)
Investing activities	8,492
Net Increase (decrease)	\$ (899,900)
Beginning cash and cash equivalents	1,008,670
Ending cash and cash equivalents	\$ 108,770

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 10. Interfund Receivables, Payables, and Transfers

As of June 30, 2016 there were no receivables and payables within the primary government.

As of June 30, 2016, 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	\$ 75,422	\$ -
Debt repayment receivable	2,388,337	-
Component Unit		
Interest payable	-	75,422
Debt repayment payable	-	2,388,337
Total	\$ 2,463,759	\$ 2,463,759

In 1998, 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, 2016 are as follows:

	Transfers out:			
	General	Non-major		Total Transfers in
		Welcome Center	Wendover Will Landmark	
General Fund	\$ -	\$ -	\$ -	\$ -
Nonmajor Governmental Funds				
Welcome Center Fund	120,000	-	-	120,000
Wendover Will Landmark Fund	15,000	-	-	15,000
Total transfers out	\$ 135,000	\$ -	\$ -	\$ 135,000

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, 2016

NOTE 11. Deferred Compensation Plan

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

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

NOTE 12. 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, 2016 this amount was held as restricted in the Recreation Fund.

NOTE 13. Commitments and Contingent Liabilities

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

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

NOTE 14. Available Borrowing Capacity

The lawful general obligation debt limit for city governments is established by State statute not to exceed thirty percent of the total last assessed valuation of the taxable property of the City. At June 30, 2016, the general obligation debt limit and available borrowing capacity of the City of West Wendover was not yet available. As of June 30, 2015 the available borrowing capacity of the City of West Wendover was \$37,854,451.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 15. Closure and Post-Closure Care Cost

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 \$558,235 as of June 30, 2016. The City had two cells in operation during fiscal year 2016. The Class I cell has used 100% of available capacity and a new Class I cell was constructed in fiscal year 2016 according to the 2014 Volumetric Survey. The City is now in the process of creating new cells for operation. 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 the cell in operation during 2016 was acquired as of June 30, 2016. The City maintained an insurance policy with a face amount of \$515,896 at June 30, 2016. 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 2016, the shortfall is deemed to be covered by cash and investments on hand in the garbage/compost fund at year end. The City has set aside \$40,000 in restricted cash to potentially fund a trust account as listed in note 4. The City plans to work with the Nevada Department of Environmental Protection to officially select and implement an allowable mechanism found at NAC 444.68525 during fiscal year 2017 to address the shortfall in coverage.

NOTE 16. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 16. 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, 2016. 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
2016	\$ -	\$ 428,050	\$ 428,050	\$ -
2015	-	390,339	390,339	-
2014	-	300,984	300,984	-

NOTE 17. Retirement and Pension Plans

Public Employees' Retirement System of Nevada (PERS)

Plan description

PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 17. Retirement and Pension Plans, Continued

The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by stature. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 17. Retirement and Pension Plans, Continued

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2014, and 2015, the Statutory Employer/employee matching rate was 13.25% for Regular and 20.75% for Police/Fire. For June 30, 2016 the Statutory Employer/employee matching rate was 14.50% for Regular and 20.75% for Police/Fire.

For the fiscal years ended June 30, 2014, and 2015 the Employer-Pay Contribution (EPC) rate was 25.75% for Regular and 40.50% for Police/Fire. For 2016 the EPC was 28% for Regular and 40.50% for Police/Fire.

The City's contributions for the current and two preceding fiscal years, all of which were equal to the required contributions, were as follows:

Year Ended June 30,	Regular Fund	Police/Fire Fund
2014	\$ 375,958	\$ 591,312
2015	358,869	564,435
2016	440,800	637,586

Investment policy

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Board adopted policy target asset allocation as of June 30, 2015:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

*As of June 30, 2015, PERS' long-term inflation assumption was 3.50%.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 17. Retirement and Pension Plans, Continued

Pension liability

Net pension liability

At June 30, 2016, the City reported a liability of \$6,854,700 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2015. The City's proportion measured as of June 30, 2015, was 0.059820 percent, which was an decrease of 0.008564 percent from its proportion measured as of June 30, 2014.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of Net pension (asset) / liability	\$ 10,445,190	\$ 6,854,700	\$ 3,868,957

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 17. Retirement and Pension Plans, Continued

Actuarial assumptions

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2015 funding actuarial valuation

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015 and June 30, 2014. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2015, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015 and June 30, 2014.

Pension expense and deferred outflows/inflows of resources related to pensions

For the year ended June 30, 2016, the City recognized pension expense for PERS of \$698,856. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2016

NOTE 17. Retirement and Pension Plans, Continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 515,592
Net difference between projected and actual earnings on pension plan investments	-	371,296
Subtotal	-	886,888
Changes in proportion and differences between contributions and proportional share of contributions	103,524	446,636
Contributions subsequent to the measurement date	1,078,386	-
Total	<u>\$ 1,181,910</u>	<u>\$ 1,333,524</u>
Governmental activities	\$ 978,056	\$ 1,103,520
Business-type activities	203,854	230,004
	<u>\$ 1,181,910</u>	<u>\$ 1,333,524</u>

Average expected remaining service lives 6.70 years

The \$1,078,386 reported as deferred outflows of resources related to PERS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pensions, excluding the changes in proportion and differences between actual contributions and proportionate share of contributions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2017	\$ 275,578
2018	275,578
2019	275,578
2020	(51,777)
2021	85,214
2022	26,717
Thereafter	-

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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.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA SCHEDULES

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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Revenues					
Property taxes					
Ad valorem	\$ 1,131,800	\$ 1,192,000	\$ 1,186,128	\$ (5,872)	\$ 1,003,625
Personal property	270,500	192,000	193,056	1,056	164,515
Central assessments	21,400	55,000	23,802	(31,198)	6,002
Total property taxes	<u>1,423,700</u>	<u>1,439,000</u>	<u>1,402,986</u>	<u>(36,014)</u>	<u>1,174,142</u>
Licenses and permits					
Liquor licenses	1,200	1,200	1,190	(10)	360
City gaming licenses	222,400	186,500	185,966	(534)	247,692
Animal licenses	1,000	1,000	870	(130)	935
Business licenses	19,000	19,000	20,083	1,083	19,762
Right of way toll	271,200	268,300	253,897	(14,403)	191,819
Building permits	15,000	60,000	55,358	(4,642)	159,738
Special permits and fees	5,000	5,000	2,020	(2,980)	2,525
Franchise fees	352,800	352,800	368,274	15,474	350,174
Carlins taxes	100	100	118	18	23
Total licenses and permits	<u>887,700</u>	<u>893,900</u>	<u>887,776</u>	<u>(6,124)</u>	<u>973,028</u>
Intergovernmental revenue					
State consolidated revenue	2,564,000	2,605,600	2,658,461	52,861	2,490,960
1.75 cent gas tax	35,100	35,100	36,403	1,303	34,373
2.35 cent gas tax	49,500	49,500	48,203	(1,297)	48,379
County road tax	25,000	25,900	25,836	(64)	25,257
County transportation funds	190,000	541,600	541,589	(11)	-
County gaming tax	438,600	424,000	430,808	6,808	432,041
Federal/state grants	48,300	48,300	34,805	(13,495)	58,572
Reimbursement from Elko County	194,300	194,300	192,420	(1,880)	161,600
Total intergovernmental revenue	<u>3,544,800</u>	<u>3,924,300</u>	<u>3,968,525</u>	<u>44,225</u>	<u>3,251,182</u>
Charges for services					
Special police services	2,000	2,000	1,399	(601)	2,081
Work cards	6,500	6,500	7,110	610	6,375
Special fire protection services	15,000	15,000	9,095	(5,905)	6,775
Dispatch fees	3,400	3,400	4,320	920	4,752
Animal shelter fees	3,000	3,000	2,937	(63)	3,137
Pipeline administrative services	1,900	1,900	1,900	-	1,900
Miscellaneous	15,500	15,500	11,061	(4,439)	19,751
Total general	<u>47,300</u>	<u>47,300</u>	<u>37,822</u>	<u>(9,478)</u>	<u>44,771</u>
Fines and forfeitures					
Fines and fees	103,500	78,000	79,239	1,239	92,786
Total fines and forfeitures	<u>103,500</u>	<u>78,000</u>	<u>79,239</u>	<u>1,239</u>	<u>92,786</u>
Miscellaneous					
Interest	1,000	1,000	1,209	209	794
Donations	156,000	156,000	176,000	20,000	20,186
Rents and royalties	8,900	8,900	7,455	(1,445)	16,822
Miscellaneous	15,000	19,200	21,956	2,756	20,683
Total miscellaneous	<u>180,900</u>	<u>185,100</u>	<u>206,620</u>	<u>21,520</u>	<u>58,485</u>
Total revenues	<u>6,187,900</u>	<u>6,567,600</u>	<u>6,582,968</u>	<u>15,368</u>	<u>5,594,394</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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Expenditures					
General government					
Administration and finance					
Salaries and wages	374,000	374,000	366,139	7,861	371,159
Employee benefits	162,900	164,900	157,814	7,086	157,508
Services and supplies	308,200	368,600	352,188	16,412	325,341
Capital outlay	17,000	5,000	-	5,000	-
Total administration and finance	<u>862,100</u>	<u>912,500</u>	<u>876,141</u>	<u>36,359</u>	<u>854,008</u>
Elections					
Services and supplies	-	-	-	-	706
Total general government	<u>862,100</u>	<u>912,500</u>	<u>876,141</u>	<u>36,359</u>	<u>854,714</u>
Judicial					
Municipal court					
Salaries and wages	181,500	182,700	176,159	6,541	177,080
Employee benefits	46,700	91,000	88,166	2,834	83,874
Services and supplies	101,700	56,200	44,531	11,669	56,923
Total judicial	<u>329,900</u>	<u>329,900</u>	<u>308,856</u>	<u>21,044</u>	<u>317,877</u>
Public safety					
Police					
Salaries and wages	1,064,300	1,047,500	987,908	59,592	956,846
Employee benefits	603,100	589,600	529,906	59,694	535,878
Services and supplies	191,000	204,000	191,616	12,384	189,320
Capital outlay	360,000	364,000	363,660	340	38,059
Total police department	<u>2,218,400</u>	<u>2,205,100</u>	<u>2,073,090</u>	<u>132,010</u>	<u>1,720,103</u>
Fire					
Salaries and wages	415,700	398,000	391,645	6,355	401,010
Employee benefits	218,800	222,800	211,412	11,388	214,213
Services and supplies	93,200	95,900	87,078	8,822	74,932
Capital outlay	-	500	-	500	-
Total fire department	<u>727,700</u>	<u>717,200</u>	<u>690,135</u>	<u>26,565</u>	<u>690,155</u>
Dispatch center					
Salaries and wages	271,200	305,500	300,416	5,084	256,783
Employee benefits	135,400	163,900	162,541	1,359	126,037
Services and supplies	41,900	43,400	36,026	7,374	78,425
Total dispatch center	<u>448,500</u>	<u>512,800</u>	<u>498,983</u>	<u>13,817</u>	<u>461,245</u>
Total public safety	<u>3,394,600</u>	<u>3,435,100</u>	<u>3,262,208</u>	<u>172,392</u>	<u>2,871,503</u>
Public works					
Paved streets					
Salaries and wages	14,500	14,500	10,675	3,825	16,428
Employee benefits	6,800	6,800	4,329	2,471	6,769
Services and supplies	126,100	140,100	131,592	8,508	65,365
Total paved streets	<u>147,400</u>	<u>161,400</u>	<u>146,596</u>	<u>14,804</u>	<u>88,562</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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
General					
Salaries and wages	154,100	157,100	155,822	1,278	168,233
Employee benefits	71,300	71,300	61,362	9,938	87,576
Services and supplies	43,900	86,200	81,211	4,989	35,041
Total general	<u>269,300</u>	<u>314,600</u>	<u>298,395</u>	<u>16,205</u>	<u>290,850</u>
Total public works	<u>416,700</u>	<u>476,000</u>	<u>444,991</u>	<u>31,009</u>	<u>379,412</u>
Community development					
Salaries and wages	126,100	126,100	123,851	2,249	120,703
Employee benefits	51,400	54,400	48,250	6,150	48,188
Services and supplies	116,200	92,200	71,037	21,163	126,527
Total community development	<u>293,700</u>	<u>272,700</u>	<u>243,138</u>	<u>29,562</u>	<u>295,418</u>
Health					
Public health services					
Services and supplies	<u>1,500</u>	<u>10,100</u>	<u>9,591</u>	<u>509</u>	<u>2,370</u>
Animal control					
Salaries and wages	55,800	57,800	57,171	629	55,932
Employee benefits	30,500	28,500	24,112	4,388	24,967
Services and supplies	22,400	27,300	20,189	7,111	19,021
Total animal control	<u>108,700</u>	<u>113,600</u>	<u>101,472</u>	<u>12,637</u>	<u>99,920</u>
Total health	<u>110,200</u>	<u>123,700</u>	<u>111,063</u>	<u>13,146</u>	<u>102,290</u>
Culture and recreation					
Library service					
Services and supplies	<u>19,200</u>	<u>17,900</u>	<u>15,053</u>	<u>2,847</u>	<u>12,111</u>
Total culture and recreation	<u>19,200</u>	<u>17,900</u>	<u>15,053</u>	<u>2,847</u>	<u>12,111</u>
Community support					
Miscellaneous					
Services and supplies	<u>37,500</u>	<u>53,300</u>	<u>53,233</u>	<u>67</u>	<u>45,552</u>
Total community support	<u>37,500</u>	<u>53,300</u>	<u>53,233</u>	<u>67</u>	<u>45,552</u>
Debt services	<u>67,700</u>	<u>59,900</u>	<u>67,503</u>	<u>(7,603)</u>	<u>66,931</u>
Total expenditures	<u>5,531,600</u>	<u>5,681,000</u>	<u>5,382,186</u>	<u>298,823</u>	<u>4,945,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>656,300</u>	<u>886,600</u>	<u>1,200,782</u>	<u>(314,182)</u>	<u>648,586</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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Other financing sources (uses)					
Debt proceeds	360,000	360,000	361,000	1,000	-
Transfers in	-	-	-	-	-
Transfers out	<u>(1,313,900)</u>	<u>(1,217,500)</u>	<u>(135,000)</u>	<u>1,082,500</u>	<u>(699,561)</u>
Total other financing sources and uses	<u>(953,900)</u>	<u>(857,500)</u>	<u>226,000</u>	<u>1,083,500</u>	<u>(699,561)</u>
Net change in fund balance	<u>(297,600)</u>	<u>29,100</u>	<u>1,426,782</u>	<u>1,397,682</u>	<u>(50,975)</u>
Fund balance, beginning of year	417,449	417,449	417,449	-	468,424
Fund balance, end of year	<u>\$ 119,849</u>	<u>\$ 446,549</u>	<u>\$ 1,844,231</u>	<u>\$ 1,397,682</u>	<u>\$ 417,449</u>

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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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Revenues					
Taxes					
Room taxes	\$ 2,175,800	\$ 2,296,600	\$ 2,332,928	\$ 36,328	\$ 2,253,470
Total revenues	<u>2,175,800</u>	<u>2,296,600</u>	<u>2,332,928</u>	<u>36,328</u>	<u>2,253,470</u>
Expenditures					
Culture and recreation					
Room tax distribution	2,177,700	2,359,400	2,380,341	(20,941)	2,222,326
Total culture and recreation	<u>2,177,700</u>	<u>2,359,400</u>	<u>2,380,341</u>	<u>(20,941)</u>	<u>2,222,326</u>
Total expenditures	<u>2,177,700</u>	<u>2,359,400</u>	<u>2,380,341</u>	<u>(20,941)</u>	<u>2,222,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,900)</u>	<u>(62,800)</u>	<u>(47,413)</u>	<u>15,387</u>	<u>31,144</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,900)	(62,800)	(47,413)	15,387	31,144
Fund balance, beginning of year	161,136	161,136	161,136	-	129,992
Fund balance, end of year	<u>\$ 159,236</u>	<u>\$ 98,336</u>	<u>\$ 113,723</u>	<u>\$ 15,387</u>	<u>\$ 161,136</u>

CITY OF WEST WENDOVER, NEVADA
Schedule of the Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
June 30, 2016
Last 10 Fiscal Years

	Reporting Fiscal Year	
	(Measurement Date)	
	2016	2015
	(2015)	(2014)
Proportion of the net pension liability (asset)	0.059820%	0.068384%
Proportionate share of the net pension liability (asset)	\$ 6,854,700	\$ 6,653,165
Covered employee payroll	\$ 2,961,477	\$ 3,113,721
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	231.46%	213.67%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	76.3%

The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

CITY OF WEST WENDOVER, NEVADA
Schedule of Contributions
Public Employees' Retirement System of Nevada
June 30, 2016
Last 10 Fiscal Years

	Reporting Fiscal Year	
	(Measurement Date)	
	2016	2015
	(2015)	(2014)
Contractually required contribution	\$ 923,304	\$ 967,270
Contributions in relation to the contractually required contribution	\$ (923,304)	\$ (967,270)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,961,477	\$ 3,113,721
Contributions as a percentage of covered-employee payroll	31.18%	31.06%

The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUND

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 account for the acquisition or construction of capital facilities as outlined in Resolution 1997-14.

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 **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.

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

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

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
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Revenues					
Intergovernmental					
Federal grants	\$ 947,000	\$ -	\$ 350,000	\$ 350,000	\$ -
Total intergovernmental	<u>947,000</u>	<u>-</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Miscellaneous					
Interest income	-	-	1,944	1,944	48
Sale of capital assets	82,000	30,000	2,592	(27,408)	228,447
Total miscellaneous	<u>82,000</u>	<u>30,000</u>	<u>4,536</u>	<u>(25,464)</u>	<u>228,495</u>
Total revenues	<u>1,029,000</u>	<u>30,000</u>	<u>354,536</u>	<u>324,536</u>	<u>228,495</u>
Expenditures					
General government					
Capital outlay	3,115,700	2,168,000	792,854	1,375,146	18,521
Total general government	<u>3,115,700</u>	<u>2,168,000</u>	<u>792,854</u>	<u>1,375,146</u>	<u>18,521</u>
Debt service					
Debt service - principal	597,750	597,800	597,764	36	568,988
Debt service - interest	269,100	288,300	288,263	37	294,028
Total debt service	<u>866,850</u>	<u>886,100</u>	<u>886,027</u>	<u>73</u>	<u>863,016</u>
Total expenditures	<u>3,982,550</u>	<u>3,054,100</u>	<u>1,678,881</u>	<u>1,375,219</u>	<u>881,537</u>
Excess of revenues over (under) expenditures	<u>(2,953,550)</u>	<u>(3,024,100)</u>	<u>(1,324,345)</u>	<u>1,699,755</u>	<u>(653,042)</u>
Other financing sources					
Debt proceeds	1,805,000	1,805,000	1,839,000	(34,000)	-
Transfers in	1,204,800	1,255,000	-	(1,255,000)	668,350
Transfers out	-	-	-	-	-
Total other financing sources	<u>3,009,800</u>	<u>3,060,000</u>	<u>1,839,000</u>	<u>(1,289,000)</u>	<u>668,350</u>
Net change in fund balance	56,250	35,900	514,655	410,755	15,308
Fund balance, beginning of year	<u>166,833</u>	<u>166,833</u>	<u>166,833</u>	<u>-</u>	<u>151,525</u>
Fund balance, end of year	<u>\$ 223,083</u>	<u>\$ 202,733</u>	<u>\$ 681,488</u>	<u>\$ 478,755</u>	<u>\$ 166,833</u>

CITY OF WEST WENDOVER, NEVADA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>Special Revenue</u>				<u>Capital Project</u>	<u>Total</u>	
	<u>Seizure Forfeiture Fund</u>	<u>Court Administrative Assessment Fund</u>	<u>Welcome Center Fund</u>	<u>Wendover Will Landmark Fund</u>	<u>Grant Fund</u>	<u>Ad Valorem Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
Assets							
Cash and investments	\$ 24,578	\$ 28,355	\$ 6,117	\$ 2,884	\$ -	\$ 72,761	\$ 134,695
Due from other governments	-	-	40,000	-	-	-	40,000
Inventory	-	-	1,571	-	-	-	1,571
Total assets	<u>\$ 24,578</u>	<u>\$ 28,355</u>	<u>\$ 47,688</u>	<u>\$ 2,884</u>	<u>\$ -</u>	<u>\$ 72,761</u>	<u>\$ 176,266</u>
Liabilities							
Accounts payable	\$ 20,214	-	794	1,155	-	-	22,163
Total liabilities	<u>20,214</u>	<u>-</u>	<u>794</u>	<u>1,155</u>	<u>-</u>	<u>-</u>	<u>22,163</u>
Fund Balances							
Nonspendable	-	-	1,571	-	-	-	1,571
Restricted	4,364	28,355	45,323	-	-	72,761	150,803
Committed	-	-	-	1,729	-	-	1,729
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>4,364</u>	<u>28,355</u>	<u>46,894</u>	<u>1,729</u>	<u>-</u>	<u>72,761</u>	<u>154,103</u>
Total liabilities and fund balances	<u>\$ 24,578</u>	<u>\$ 28,355</u>	<u>\$ 47,688</u>	<u>\$ 2,884</u>	<u>\$ -</u>	<u>\$ 72,761</u>	<u>\$ 176,266</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, 2016

	<u>Special Revenue</u>					<u>Capital Project</u>	
	<u>Seizure Forfeiture Fund</u>	<u>Court Administrative Assessment Fund</u>	<u>Welcome Center Fund</u>	<u>Wendover Will Landmark Fund</u>	<u>Grant Fund</u>	<u>Ad Valorem Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues							
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,257	\$ 52,257
Intergovernmental	-	-	195,001	-	-	-	195,001
Charges for services	-	8,390	-	-	-	-	8,390
Miscellaneous	51	63	4,885	711	-	-	5,710
Total revenues	<u>51</u>	<u>8,453</u>	<u>199,886</u>	<u>711</u>	<u>-</u>	<u>52,257</u>	<u>261,358</u>
Expenditures							
Judicial	-	10,208	-	-	-	-	10,208
Community support	-	-	275,279	23,118	-	-	298,397
Total expenditures	<u>-</u>	<u>10,208</u>	<u>275,279</u>	<u>23,118</u>	<u>-</u>	<u>-</u>	<u>308,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51</u>	<u>(1,755)</u>	<u>(75,393)</u>	<u>(22,407)</u>	<u>-</u>	<u>52,257</u>	<u>(47,247)</u>
Other financing sources							
Transfers in	-	-	120,000	15,000	-	-	135,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>135,000</u>
Net change in fund balances	<u>51</u>	<u>(1,755)</u>	<u>44,607</u>	<u>(7,407)</u>	<u>-</u>	<u>52,257</u>	<u>87,753</u>
Fund balances, beginning of year	<u>4,313</u>	<u>30,110</u>	<u>2,287</u>	<u>9,136</u>	<u>-</u>	<u>20,504</u>	<u>66,350</u>
Fund balances, end of year	<u>\$ 4,364</u>	<u>\$ 28,355</u>	<u>\$ 46,894</u>	<u>\$ 1,729</u>	<u>\$ -</u>	<u>\$ 72,761</u>	<u>\$ 154,103</u>

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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Revenues					
Miscellaneous					
Interest income	\$ 10	\$ 10	\$ 51	\$ 41	\$ 2,898
Total revenues	<u>10</u>	<u>10</u>	<u>51</u>	<u>41</u>	<u>2,898</u>
Expenditures					
Public Safety					
Services and supplies	500	500	-	500	6,539
Total expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>	<u>6,539</u>
Excess of revenues over (under) expenditures	(490)	(490)	51	541	(3,641)
Fund balance, beginning of year	<u>4,313</u>	<u>4,313</u>	<u>4,313</u>	<u>-</u>	<u>7,954</u>
Fund balance, end of year	<u><u>\$ 3,823</u></u>	<u><u>\$ 3,823</u></u>	<u><u>\$ 4,364</u></u>	<u><u>\$ 541</u></u>	<u><u>\$ 4,313</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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Revenues					
Charges for services					
Court assessments	\$ 12,700	\$ 7,000	\$ 8,390	\$ 1,390	\$ 9,024
Miscellaneous					
Interest	100	100	63	(37)	29
Total revenues	<u>12,800</u>	<u>7,100</u>	<u>8,453</u>	<u>1,353</u>	<u>9,053</u>
Expenditures					
Judicial					
Services and supplies	10,000	3,000	2,530	470	7,035
Capital outlay	5,400	8,400	7,678	722	-
Total expenditures	<u>15,400</u>	<u>11,400</u>	<u>10,208</u>	<u>1,192</u>	<u>7,035</u>
Excess of revenue and other sources over (under) expenditures	(2,600)	(4,300)	(1,755)	161	2,018
Other financing sources					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net change in fund balance	(2,600)	(4,300)	(1,755)	161	2,018
Fund balance, beginning of year	<u>30,110</u>	<u>30,110</u>	<u>30,110</u>	<u>-</u>	<u>28,092</u>
Fund balance, end of year	<u><u>\$ 27,510</u></u>	<u><u>\$ 25,810</u></u>	<u><u>\$ 28,355</u></u>	<u><u>\$ 2,545</u></u>	<u><u>\$ 30,110</u></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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Revenues					
Intergovernmental					
Operating grants	\$ 70,000	\$ 117,100	\$ 107,001	\$ (10,099)	\$ 39,219
Elko county recreation board	88,000	88,000	88,000	-	93,000
Total intergovernmental	<u>158,000</u>	<u>205,100</u>	<u>195,001</u>	<u>(10,099)</u>	<u>132,219</u>
Miscellaneous					
Merchandise sales	8,000	8,000	4,885	(3,115)	5,174
Total miscellaneous	<u>8,000</u>	<u>8,000</u>	<u>4,885</u>	<u>(3,115)</u>	<u>5,174</u>
Total revenues	<u>166,000</u>	<u>213,100</u>	<u>199,886</u>	<u>(13,214)</u>	<u>137,393</u>
Expenditures					
Community support					
Salaries and wages	85,200	89,900	86,588	3,312	95,026
Employee benefits	40,400	45,400	41,302	4,098	48,802
Services and supplies	56,900	65,700	54,043	11,657	36,714
Capital outlay	80,000	100,000	93,346	6,654	35,922
Total expenditures	<u>262,500</u>	<u>301,000</u>	<u>275,279</u>	<u>25,721</u>	<u>216,464</u>
Excess of revenues over (under) expenditures	<u>(96,500)</u>	<u>(87,900)</u>	<u>(75,393)</u>	<u>12,507</u>	<u>(79,071)</u>
Other financing sources					
Transfers in	100,000	90,000	120,000	30,000	69,711
Transfers out	-	-	-	-	-
Net change in fund balance	3,500	2,100	44,607	42,507	(9,360)
Fund balance, beginning of year	<u>2,287</u>	<u>2,287</u>	<u>2,287</u>	<u>-</u>	<u>11,647</u>
Fund balance, end of year	<u>\$ 5,787</u>	<u>\$ 4,387</u>	<u>\$ 46,894</u>	<u>\$ 42,507</u>	<u>\$ 2,287</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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Revenues					
Miscellaneous					
Donations from private sources	\$ 1,200	\$ 1,200	\$ 711	\$ (489)	\$ 11,234
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>711</u>	<u>(489)</u>	<u>11,234</u>
Expenditures					
Community Support					
Services and supplies	21,500	23,300	23,118	182	18,608
Total expenditures	<u>21,500</u>	<u>23,300</u>	<u>23,118</u>	<u>182</u>	<u>18,608</u>
Excess of revenues over (under) expenditures	<u>(20,300)</u>	<u>(22,100)</u>	<u>(22,407)</u>	<u>(307)</u>	<u>(7,374)</u>
Other financing sources					
Transfers in	18,000	16,000	15,000	(1,000)	7,500
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,300)	(6,100)	(7,407)	(1,307)	126
Fund balance, beginning of year	<u>9,136</u>	<u>9,136</u>	<u>9,136</u>	<u>-</u>	<u>9,010</u>
Fund balance, end of year	<u><u>\$ 6,836</u></u>	<u><u>\$ 3,036</u></u>	<u><u>\$ 1,729</u></u>	<u><u>\$ (1,307)</u></u>	<u><u>\$ 9,136</u></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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Revenues					
Intergovernmental					
CDBG grants	\$ 75,900	\$ -	\$ -	\$ -	\$ -
Other grant revenue	-	-	-	-	-
Total intergovernmental	<u>75,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>75,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Public works					
Capital outlay	97,000	-	-	-	-
Total public works	<u>97,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>97,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>(21,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	21,100	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>21,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Revenues					
Other taxes					
Ad valorem tax	\$ 30,000	\$ 30,000	\$ 52,257	\$ 22,257	\$ 46,143
Expenditures					
Total expenditures	-	-	-	-	-
Excess of revenues over (under) expenditures	30,000	30,000	52,257	22,257	46,143
Other financing sources					
Transfers in	-	-	-	-	-
Transfers out	(30,000)	(30,000)	-	30,000	(46,000)
Net change in fund balance	-	-	52,257	52,257	143
Fund balance, beginning of year	20,504	20,504	20,504	-	20,361
Fund balance, end of year	\$ 20,504	\$ 20,504	\$ 72,761	\$ 52,257	\$ 20,504

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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Operating revenues					
Charges for services	\$ 1,295,000	\$ 1,295,000	\$ 1,117,520	\$ (177,480)	\$ 1,083,837
Total operating revenues	<u>1,295,000</u>	<u>1,295,000</u>	<u>1,117,520</u>	<u>(177,480)</u>	<u>1,083,837</u>
Operating expenses					
Water purchases	488,500	488,500	501,568	(13,068)	474,181
Salaries and wages	182,600	182,600	178,049	4,551	185,083
Employee benefits	85,800	85,800	45,470	40,330	82,508
Services and supplies	352,900	352,900	280,239	72,661	258,281
Depreciation and amortization	130,000	130,000	125,648	4,352	64,635
Total operating expenses	<u>1,239,800</u>	<u>1,239,800</u>	<u>1,130,974</u>	<u>108,826</u>	<u>1,064,688</u>
Operating income	<u>55,200</u>	<u>55,200</u>	<u>(13,454)</u>	<u>(68,654)</u>	<u>19,149</u>
Nonoperating revenues (expenses)					
Interest income	141,500	141,500	121,446	(20,054)	138,697
Impact fees	25,000	25,000	20,514	(4,486)	217,732
Grant revenue	-	-	351,422	351,422	329,905
Miscellaneous income	25,000	25,000	17,194	(7,806)	14,795
Capital outlay	(10,000)	(10,000)	(1,848)	8,152	-
Interest expense	(202,700)	(202,700)	(174,261)	28,439	(221,157)
Total nonoperating revenues (expenses)	<u>(21,200)</u>	<u>(21,200)</u>	<u>334,467</u>	<u>355,667</u>	<u>479,972</u>
Income (loss) before transfers	34,000	34,000	321,013	287,013	499,121
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	34,000	34,000	321,013	287,013	499,121
Total net position, beginning of year	3,478,507	3,478,507	3,478,507	-	3,332,925
Restatement adjustment	-	-	-	-	(353,539)
Total net position, end of year	<u>\$ 3,512,507</u>	<u>\$ 3,512,507</u>	<u>\$ 3,799,520</u>	<u>\$ 287,013</u>	<u>\$ 3,478,507</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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Operating revenues					
Charges for services:					
Charges for services	\$ 982,500	\$ 982,500	\$ 1,025,854	\$ 43,354	\$ 937,635
Total operating revenues	982,500	982,500	1,025,854	43,354	937,635
Operating expenses					
Salaries and wages	273,300	273,300	264,955	8,345	253,003
Employee benefits	126,800	126,800	74,104	52,696	105,620
Services and supplies	558,600	558,600	490,722	67,878	438,069
Capital outlay	81,000	81,000	28,709	52,291	6,625
Depreciation and amortization	562,500	562,500	551,381	11,119	536,848
Total operating expenses	1,602,200	1,602,200	1,409,871	192,329	1,340,165
Operating loss	(619,700)	(619,700)	(384,017)	235,683	(402,530)
Nonoperating revenues (expenses)					
Interest income	-	-	1,992	1,992	907
Impact fees	20,000	20,000	12,070	(7,930)	56,602
Miscellaneous income	2,500	2,500	120	(2,380)	2,799
Interest expense	(84,000)	(84,000)	(83,599)	401	(69,911)
Total nonoperating revenues	(61,500)	(61,500)	(69,417)	(7,917)	(9,603)
Income (loss) before transfers	(681,200)	(681,200)	(453,434)	227,766	(412,133)
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	(681,200)	(681,200)	(453,434)	227,766	(412,133)
Total net position, beginning of year	10,738,963	10,738,963	10,738,963	-	11,576,680
Restatement adjustment	-	-	-	-	(425,584)
Total net position, end of year	\$ 10,738,963	\$ 10,738,963	\$ 10,285,529	\$ (453,434)	\$ 10,738,963

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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2015
Operating revenues					
Charges for services	\$ 1,313,800	\$ 1,313,800	\$ 1,302,263	\$ (11,537)	\$ 1,340,890
Total operating revenues	<u>1,313,800</u>	<u>1,313,800</u>	<u>1,302,263</u>	<u>(11,537)</u>	<u>1,340,890</u>
Operating expenses					
Salaries and wages	249,700	249,700	247,289	2,411	203,384
Employee benefits	122,400	122,400	89,269	33,131	96,583
Services and supplies	277,200	277,200	217,316	59,884	239,287
Capital outlay	82,800	82,800	43,445	39,355	-
Depreciation and amortization	261,800	261,800	292,805	(31,005)	261,847
Total operating expenses	<u>993,900</u>	<u>993,900</u>	<u>890,124</u>	<u>103,776</u>	<u>801,101</u>
Operating income	<u>319,900</u>	<u>319,900</u>	<u>412,139</u>	<u>92,239</u>	<u>539,789</u>
Nonoperating revenues (expenses)					
Interest income	500	500	1,584	1,084	881
Miscellaneous income	-	-	3,940	3,940	-
Interest expense	(68,500)	(68,500)	(53,976)	14,524	(55,054)
Total nonoperating expenses	<u>(68,000)</u>	<u>(68,000)</u>	<u>(48,452)</u>	<u>19,548</u>	<u>(54,173)</u>
Income before transfers	251,900	251,900	363,687	111,787	485,616
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	251,900	251,900	363,687	111,787	485,616
Total net position, beginning of year	2,207,998	2,207,998	2,207,998	-	2,110,087
Restatement adjustment	-	-	-	-	(387,705)
Total net position, end of year	<u>\$ 2,459,898</u>	<u>\$ 2,459,898</u>	<u>\$ 2,571,685</u>	<u>\$ 111,787</u>	<u>\$ 2,207,998</u>

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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**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, 2016, 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 31, 2016.

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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 31, 2016

**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, 2016, and have issued our report thereon dated October 31, 2016. 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 is still working to resolve a compliance finding issued in the prior year audit report. See finding 2014-002 on page 90.

We noted one new instance of noncompliance during fiscal year 2016; see 2016-001 on page 90.

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 (combined with the General Fund for reporting)
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, 2016.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Nevada Revised Statutes (NRS) and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC
St. George, Utah
October 31, 2016

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, 2016

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2015		<u>20,579</u>
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Adjustment to Base:

1. Percentage decrease in population of the local government	-1.9%		
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	1.0%	-0.90%	

Increase in base		<u>(185)</u>
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Adjusted base at June 30, 2016		<u>20,394</u>
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Actual revenue		<u>20,083</u>
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Amount over (under) allowable amount		<u>\$ (311)</u>
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**Independent Auditors' Report on Compliance
For Each Major Program and on Internal Control
Over Compliance Required by Uniform Guidance**

The Honorable Mayor and City Council
West Wendover, Nevada

Report on Compliance for Each Major Federal Program

We have audited the City of West Wendover, Nevada's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of West Wendover, Nevada's major federal programs for the year ended June 30, 2016. The 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City 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 the City of West Wendover, Nevada's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2016.

Report on Internal Control Over Compliance

Management of the 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 the 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC
St. George, Utah
October 31, 2016

CITY OF WEST WENDOVER, NEVADA
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

<u>Grantor Agency</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>			
Water and Waste Disposal Systems for Rural Communities	10.760	91-23	* \$ 747,000
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through the State of Nevada - Commission on Economic Development:			
Community Development Block Grants	14.228	15/PF/11	350,000
<u>Environmental Protection Agency</u>			
Passed through Department of Conservation & Natural Resources			
ARRA-Drinking Water State Revolving Loan Fund	66.468	DW1207	351,422
<u>U.S. Department of Homeland Security:</u>			
Passed through State of Nevada Department of FEMA			
Emergency Management Performance Grants	97.042	9704216	<u>24,417</u>
Total expenditure of federal awards:			<u><u>\$ 1,472,839</u></u>

* Major program

CITY OF WEST WENDOVER, NEVADA
Notes to the Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

Reporting Entity:

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of the City of West Wendover, Nevada (the City) for the year ended June 30, 2016. The City's reporting entity is defined in Note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Basis of Accounting:

This accompanying schedule of expenditures of federal awards has been prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Relationship to Basic Financial Statements:

Expenditures of federal awards have been reported in the following funds:

Governmental-Type Activities:	
General fund	\$ 24,417
Capital projects fund	350,000
	<u>374,417</u>
Business-Type Activities:	
Water fund	874,322
Component Unit - Johnson Springs	224,100
	<u>1,098,422</u>
	<u>\$ 1,472,839</u>

Indirect Cost Rate:

The City did not elect to use the 10% de minimis indirect cost rate for fiscal year 2016.

Federal Loans and Loan Guarantee Programs Outstanding:

The City had the following federal loan outstanding at June 30, 2016 for which federal compliance requirements applied during the fiscal year:

10.760 - USDA Water Line Replacement 91-23 - \$741,794

Subrecipients:

- There are no subrecipients

CITY OF WEST WENDOVER, NEVADA
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

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

- Material weakness (es) identified? ___ yes X no
- Significant deficiency (ies) identified that are not
 Considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal Control over major programs:

- Material weakness (es) identified? ___ yes X no
- Significant deficiency (ies) identified that are not
 Considered to be material weaknesses? ___ yes X 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 2 CFR 200.516(a)? ___ yes X no

Identification of major programs.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type
A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ___ yes X no

CITY OF WEST WENDOVER, NEVADA
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2016

Section II – Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING:

No items noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

2014-002 Closure and Post Closure Financial Assurance

As discussed in note 13 to the financial statements, the City has not completely met the requirements of NAC 444.685 pertaining to closure and post closure financial assurance for the municipal landfill. Since the insurance coverage for the landfill is inadequate to cover the closure and post closure costs as currently projected, the City needs to work with the Nevada Department of Environmental Protection to establish other allowable mechanisms and provide the required financial assurance. It is our understanding that the City has set aside cash reserves to potentially set up a trust fund and meet those requirements.

Recommendation

We recommend that the City work closely with the Nevada Department of Environmental Protection to completely meet the requirements of NAC 444.685 during fiscal year 2017.

2016-001 Expenditures in Excess of Appropriations

During fiscal year 2016 it was noted that the City had expended more money in the Recreation Board Fund than had been appropriated. Per NRS 354.626 the local government or its officers may not, during the fiscal year, expend or contract to expend any money in excess of the amounts appropriated for that function. The City did not correctly estimate the financial needs of the Recreation Board fund expenditures. Thus, the Recreation Board Fund is not in compliance with State law as the fund expended approximately \$21,000 more than was budgeted.

Recommendation

We recommend that the City budget expenditures to be in compliance with NRS 354.626 during fiscal year 2017.

CITY OF WEST WENDOVER, NEVADA
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2016

Section III – Federal Award Findings and Questioned Costs

No items noted.

Section IV - Summary Schedule of Prior Audit Findings

No prior year audit findings noted.