



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WEST WENDOVER, NEVADA

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FINANCIAL SECTION

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Independent Auditors' Report

The Honorable Mayor and City Council
West Wendover, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of West Wendover, Nevada as of and for the year ended June 30, 2017, 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, 2017, 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, the combining and individual non-major fund budgetary schedules and component unit supplementary 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 major fund budgetary comparison schedules, the combining and individual non-major fund budgetary schedules, and the component unit supplementary schedules 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 component unit supplementary schedules 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 13, 2017, 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 13, 2017

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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, 2017. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net position) by \$27.4 million at the close of the fiscal year.
- Total net position increased by \$2.78 million from the prior year.
- Governmental activities net position increased by \$3.09 million. Business-type net position decreased by \$313,214.
- Total revenues from all governmental sources were \$12.2 million and the total cost of all City programs were \$9.1 million
- The General Fund revenues exceeded expenditures, excluding transfers, and debt proceeds by \$889,255.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$886,438, or 16% 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 \$27.4 million as of June 30, 2017 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	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Assets						
Current and other assets	\$ 2,021,161	\$ 3,667,624	\$ 5,685,052	\$ 5,932,569	\$ 7,706,213	\$ 9,600,193
Net capital assets	22,724,786	19,137,694	19,997,534	20,761,502	42,722,320	39,899,196
Total assets	<u>24,745,947</u>	<u>22,805,318</u>	<u>25,682,586</u>	<u>26,694,071</u>	<u>50,428,533</u>	<u>49,499,389</u>
Deferred outflows	2,045,323	978,056	384,951	177,905	2,430,274	1,155,961
Liabilities						
Current liabilities	565,461	848,360	174,331	183,126	739,792	1,031,486
Long-term liabilities outstanding	14,358,957	13,845,859	9,414,813	9,831,391	23,773,770	23,677,250
Total liabilities	<u>14,924,418</u>	<u>14,694,219</u>	<u>9,589,144</u>	<u>10,014,517</u>	<u>24,513,562</u>	<u>24,708,736</u>
Deferred inflows	775,055	1,103,520	145,873	200,725	920,928	1,304,245
Net position:						
Net investment in capital assets	15,708,329	11,229,944	14,266,471	14,595,910	29,974,800	25,825,854
Restricted	205,587	146,442	878,379	790,195	1,083,966	936,637
Unrestricted	(4,822,119)	(3,390,751)	1,187,670	1,270,629	(3,634,449)	(2,120,122)
Total net position	<u>\$ 11,091,797</u>	<u>\$ 7,985,635</u>	<u>\$ 16,332,520</u>	<u>\$ 16,656,734</u>	<u>\$ 27,424,317</u>	<u>\$ 24,642,369</u>

Governmental Activities

The cost of all Governmental activities this year was \$9,181,700. As shown on the statement of Changes in Net Position on the following page, \$673,238 of this cost was paid for by those who directly benefited from the programs; \$3,929,819 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 \$4,603,057. General taxes, asset sales, and other general revenues totaled \$7,673,805.

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.

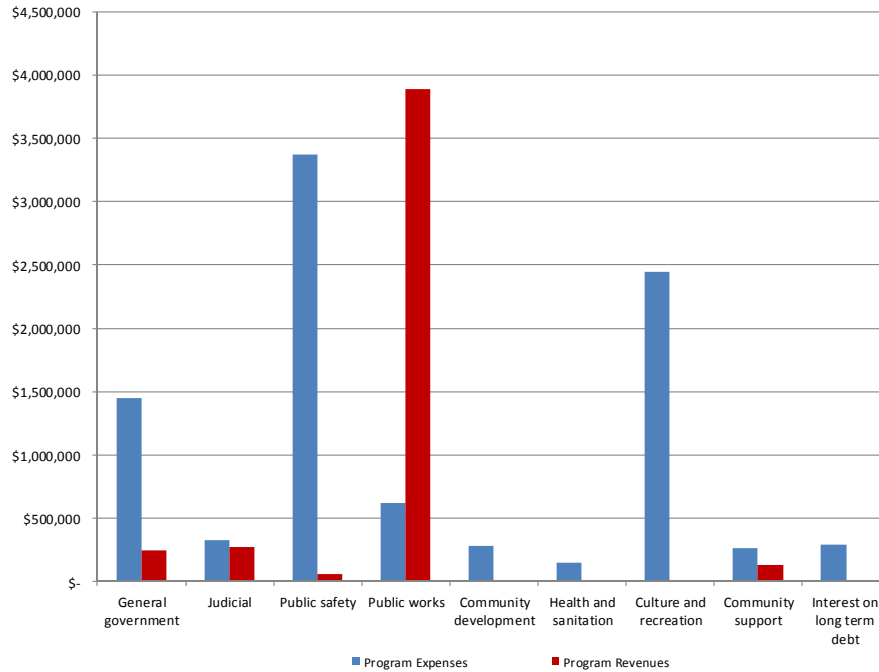
City of West Wendover, Nevada
Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Revenues:						
Program revenues:						
Charges for services	\$ 673,238	\$ 665,207	\$ 3,621,350	\$ 3,445,637	\$ 4,294,588	\$ 4,110,844
Operating grants	325,958	338,805	-	-	325,958	338,805
Capital grants	3,603,861	2,306,669	23,350	384,006	3,627,211	2,690,675
General revenues:						
Consolidated taxes	2,576,081	2,658,461	-	-	2,576,081	2,658,461
Room taxes	2,377,383	2,332,928	-	-	2,377,383	2,332,928
Ad valorem taxes	1,495,024	1,455,243	-	-	1,495,024	1,455,243
County gaming taxes	431,418	430,808	-	-	431,418	430,808
Franchise taxes	376,520	368,274	-	-	376,520	368,274
Right of way toll	281,227	253,897	-	-	281,227	253,897
Motor vehicle taxes	112,291	110,443	-	-	112,291	110,443
Investment earnings	6,837	3,267	120,403	125,022	127,240	128,289
Gain on sale of capital assets	-	3,850	-	-	-	3,850
Miscellaneous revenues	17,024	15,946	32,005	21,254	49,029	37,200
Total revenues	12,276,862	10,943,798	3,797,108	3,975,919	16,073,970	14,919,717
Expenses:						
General government	1,444,873	1,298,173	-	-	1,444,873	1,298,173
Judicial	323,764	322,844	-	-	323,764	322,844
Public safety	3,370,826	2,989,121	-	-	3,370,826	2,989,121
Public works	618,991	597,320	-	-	618,991	597,320
Community development	281,337	236,546	-	-	281,337	236,546
Health and sanitation	148,599	132,464	-	-	148,599	132,464
Culture and recreation	2,441,894	2,487,335	-	-	2,441,894	2,487,335
Community support	264,366	356,643	-	-	264,366	356,643
Interest on long term debt	287,050	317,367	-	-	287,050	317,367
Water	-	-	1,390,789	1,307,083	1,390,789	1,307,083
Sewer	-	-	1,609,624	1,493,470	1,609,624	1,493,470
Garbage/Compost	-	-	1,109,909	944,100	1,109,909	944,100
Total expenses	9,181,700	8,737,813	4,110,322	3,744,653	13,292,022	12,482,466
Increase in net position before transfers	3,095,162	2,205,985	(313,214)	231,266	2,781,948	2,437,251
Transfers	-	-	-	-	-	-
Increase in net position	3,095,162	2,205,985	(313,214)	231,266	2,781,948	2,437,251
Net position, beginning	7,985,635	5,779,650	16,656,734	16,425,468	24,642,369	22,205,118
Restatement adjustment	11,000	-	(11,000)	-	-	-
Net position, ending	\$ 11,091,797	\$ 7,985,635	\$ 16,332,520	\$ 16,656,734	\$ 27,424,317	\$ 24,642,369

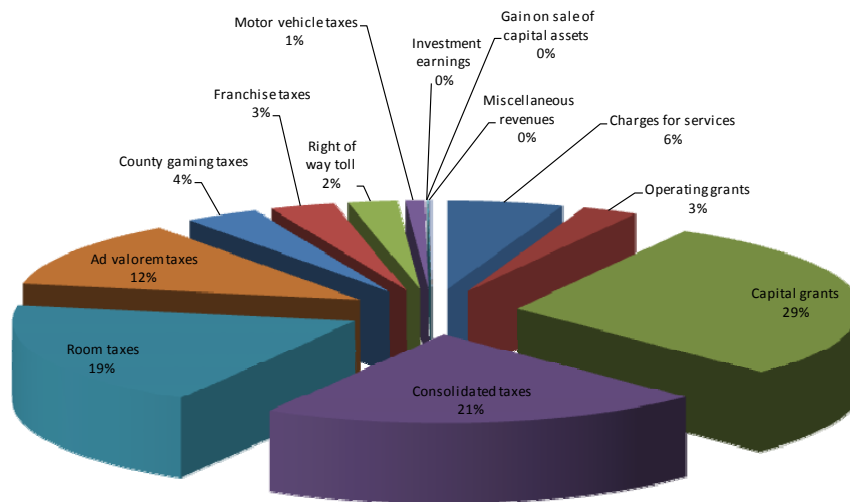
Total resources available during the year to finance governmental operations were \$20,262,497 consisting of Net position at July 1, 2015 of \$7.9 million, program revenues of \$4.6 million and General Revenue of \$7.6 million. Total Governmental Activities during the year were \$9.1 million; thus Governmental Net Position increased by \$3.1 million to \$11.1 million.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities. The charts below are derived from the Statement of Activities on page 15.

Expenses and Program Revenues - Governmental Activities

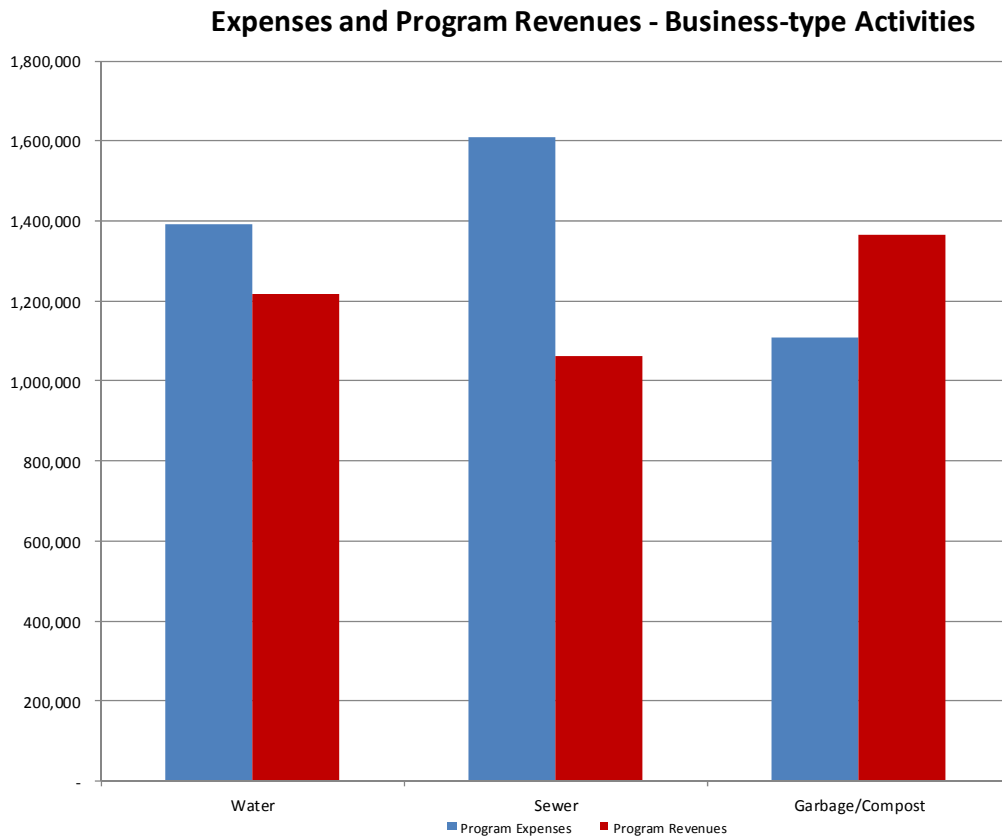


Revenues By Source - Governmental Activities



Business Type Activities

Net position of the Business Type activities at June 30, 2017, as reflected in the Statement of Net Position was \$16.3 million. The cost of providing all Proprietary (Business Type) activities this year was \$4.1 million. As shown in the Statement of Activities, the amounts paid by users of the system were \$3.6 million and \$23,350 was subsidized by capital grants and contributions. Unrestricted investment earnings totaled 120,403; other revenue totaled \$21,508, thus, net position decreased by \$313,214.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of West Wendover's governmental funds reported combined ending fund balances of \$1,448,177, a decrease of \$1,345,368 in comparison with the prior year. 61% of the total fund balance or \$885,846 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 \$886,438, and total fund balance is \$926,883. 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 16% of total general fund expenditures. During the year, the City of West Wendover's general fund balance was budgeted to decrease by \$837,000.

The recreation fund has a fund balance of \$162,168, all of which is restricted for culture and recreation appropriation.

The capital projects fund has a total fund balance of \$271,844 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 \$16,332,520 at year end.

General Fund Budgetary Highlights

Actual expenditures for the General Fund at year-end were \$128,577 less than the final budget. The favorable budget to actual variance in appropriations was principally due to overall savings in services and supplies for all departments. Actual revenues were less than the final budget by \$111,959 mainly due to lower than expected consolidated tax and ad valorem 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 2017, net capital assets of the government activities totaled \$22.7 million and the net capital assets of the business-type activities totaled \$19.9 million. Depreciation on governmental-type capital assets is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

Long Term Liabilities

At year-end, the City had \$14.3 million in governmental type long term liabilities, and \$9.4 million in proprietary long term liabilities. The liabilities amounts to \$5,285 per capita (4,498 – 2013 population US Census Bureau Website 2013). The City's net decrease in total long term liabilities was \$96,103. (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 2017-2018, 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 2% increase for fiscal year 2017. For fiscal year 2018, there will be a 3% increase for both the police contract and the local agreement.

Projects that are a part of the City Budget for the fiscal year 2017-2018 are as follows:

- The City will continue with some Street Rehab and Storm Drainage Improvement Projects related to the recent funding.
- On the horizon for future years is development for the City Center/Downtown development. The City is starting a planning phase in fiscal year 2018, as well as working with BLM to acquire the land for that development.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Johnson Springs
Assets				
Cash and temporary investments	\$ 677,056	\$ 1,940,037	\$ 2,617,093	\$ 84,854
Accounts receivable, net	1,004,577	389,715	1,394,292	74,175
Due from component unit	-	2,403,804	2,403,804	-
Inventory	29,540	65,028	94,568	13,389
Prepaid items	63,973	8,089	72,062	-
Restricted cash	246,015	878,379	1,124,394	-
Capital assets not being depreciated:				
Land	2,056,481	111,000	2,167,481	18,000
Capital assets, net of accumulated depreciation:				
Buildings, net	8,504,019	3,639,349	12,143,368	2,890,014
Improvements other than buildings, net	11,483,166	2,983,911	14,467,077	292,064
Machinery and equipment, net	681,120	730,600	1,411,720	142,650
Utility systems	-	12,532,674	12,532,674	3,681,160
Total assets	<u>24,745,947</u>	<u>25,682,586</u>	<u>50,428,533</u>	<u>7,196,306</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	<u>2,045,323</u>	<u>384,951</u>	<u>2,430,274</u>	<u>48,301</u>
Liabilities				
Accounts payable	343,218	48,759	391,977	33,493
Accrued interest payable	43,089	120,404	163,493	-
Accrued expenses	132,128	-	132,128	1,687
Due to primary government	-	-	-	2,403,804
Unearned revenue	47,026	-	47,026	-
Deposits payable	-	5,168	5,168	-
Noncurrent liabilities				
Due within one year	791,038	772,657	1,563,695	10,950
Due in more than one year	13,567,919	8,642,156	22,210,075	166,774
Total liabilities	<u>14,924,418</u>	<u>9,589,144</u>	<u>24,513,562</u>	<u>2,616,708</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	<u>775,055</u>	<u>145,873</u>	<u>920,928</u>	<u>18,303</u>
Net Position				
Net investment in capital assets	15,708,329	14,266,471	29,974,800	4,620,084
Restricted for:				
Judicial	43,419	-	43,419	-
Culture and recreation	162,168	-	162,168	-
Debt service	-	878,379	878,379	-
Unrestricted	(4,822,119)	1,187,670	(3,634,449)	(10,488)
Total net position	<u>\$ 11,091,797</u>	<u>\$ 16,332,520</u>	<u>\$ 27,424,317</u>	<u>\$ 4,609,596</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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	Unit
Governmental:								
General government	\$ 1,444,873	\$ 247,750	\$ -	\$ -	\$ (1,197,123)	\$ -	\$ (1,197,123)	\$ -
Judicial	323,764	273,245	-	-	(50,519)	-	(50,519)	-
Public safety	3,370,826	19,704	41,343	-	(3,309,779)	-	(3,309,779)	-
Public works	618,991	125,647	155,000	3,603,761	3,265,417	-	3,265,417	-
Community development	281,337	-	-	-	(281,337)	-	(281,337)	-
Health and sanitation	148,599	2,889	-	-	(145,710)	-	(145,710)	-
Culture and recreation	2,441,894	-	-	-	(2,441,894)	-	(2,441,894)	-
Community support	264,366	4,003	129,615	100	(130,648)	-	(130,648)	-
Interest on long term debt	287,050	-	-	-	(287,050)	-	(287,050)	-
Total governmental activities	<u>9,181,700</u>	<u>673,238</u>	<u>325,958</u>	<u>3,603,861</u>	<u>(4,578,643)</u>	<u>-</u>	<u>(4,578,643)</u>	<u>-</u>
Business-type:								
Water	1,390,789	1,205,984	-	11,823	-	(172,982)	(172,982)	-
Sewer	1,609,624	1,050,208	-	11,527	-	(547,889)	(547,889)	-
Garbage/Compost	1,109,909	1,365,158	-	-	-	255,249	255,249	-
Total business-type activities	<u>4,110,322</u>	<u>3,621,350</u>	<u>-</u>	<u>23,350</u>	<u>-</u>	<u>(465,622)</u>	<u>(465,622)</u>	<u>-</u>
Total primary government	<u>\$ 13,292,022</u>	<u>\$ 4,294,588</u>	<u>\$ 325,958</u>	<u>\$ 3,627,211</u>				
Component Unit:								
Johnson Springs	<u>\$ 918,768</u>	<u>\$ 553,699</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(365,069)</u>
General Revenues:								
					2,576,081	-	2,576,081	-
					2,377,383	-	2,377,383	-
					1,495,024	-	1,495,024	-
					431,418	-	431,418	-
					376,520	-	376,520	-
					281,227	-	281,227	-
					112,291	-	112,291	-
					6,837	120,403	127,240	14,002
					17,024	32,005	49,029	-
					<u>7,673,805</u>	<u>152,408</u>	<u>7,777,184</u>	<u>14,002</u>
					3,095,162	(313,214)	2,781,948	(351,067)
					7,985,635	16,656,734	24,642,369	4,960,663
					11,000	(11,000)	-	-
					<u>\$ 11,091,797</u>	<u>\$ 16,332,520</u>	<u>\$ 27,424,317</u>	<u>\$ 4,609,596</u>

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

CITY OF WEST WENDOVER, NEVADA
Balance Sheet
Governmental Funds
June 30, 2017

	<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	\$ 353,806	\$ 150,416	\$ 40,487	\$ 91,213	\$ 635,922
Accounts receivable, net	236,821	229,016	-	-	465,837
Due from other funds	23,500	-	-	-	23,500
Due from other governments	492,135	-	100	35,625	527,860
Inventory	21,932	-	-	7,608	29,540
Prepaid and other items	18,073	-	-	-	18,073
Restricted cash	440	-	245,575	-	246,015
Total assets	<u>\$ 1,146,707</u>	<u>\$ 379,432</u>	<u>\$ 286,162</u>	<u>\$ 134,446</u>	<u>\$ 1,946,747</u>
Liabilities					
Accounts payable	\$ 40,670	\$ 217,264	\$ 14,318	\$ 23,664	\$ 295,916
Accrued liabilities	132,128	-	-	-	132,128
Due to other funds	-	-	-	23,500	23,500
Unearned revenue	47,026	-	-	-	47,026
Total liabilities	<u>219,824</u>	<u>217,264</u>	<u>14,318</u>	<u>47,164</u>	<u>498,570</u>
Fund Balances					
Nonspendable	40,005	-	-	7,608	47,613
Restricted	440	162,168	271,844	78,237	512,689
Committed	-	-	-	2,029	2,029
Unassigned	886,438	-	-	(592)	885,846
Total fund balances	<u>926,883</u>	<u>162,168</u>	<u>271,844</u>	<u>87,282</u>	<u>1,448,177</u>
Total liabilities and fund balances	<u>\$ 1,146,707</u>	<u>\$ 379,432</u>	<u>\$ 286,162</u>	<u>\$ 134,446</u>	<u>\$ 1,946,747</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, 2017

Total fund balances - governmental funds \$ 1,448,177

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	\$ 31,234,269	
Accumulated depreciation	<u>(8,509,483)</u>	22,724,786

Long-term receivables in the governmental activities are not reported in the funds.

10,880

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net pension liabilities	\$ (7,062,140)	
Bonds payable	(6,955,383)	
Capital leases payable	(61,074)	
Compensated absences	(280,360)	
Interest payable	<u>(43,089)</u>	(14,402,046)

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.

39,732

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	\$ 2,045,323	
Deferred inflows	<u>(775,055)</u>	1,270,268

Total net position - governmental activities \$ 11,091,797

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, 2017

	<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	\$ 1,442,967	\$ 2,377,383	\$ -	\$ 52,057	\$ 3,872,407
Licenses and permits	1,002,702	-	-	-	1,002,702
Intergovernmental	3,508,833	-	589,048	115,523	4,213,404
Charges for services	39,254	-	-	13,466	52,720
Fines and forfeits	92,079	-	-	-	92,079
Miscellaneous revenues	195,306	-	11,701	4,566	211,573
Total revenues	<u>6,281,141</u>	<u>2,377,383</u>	<u>600,749</u>	<u>185,612</u>	<u>9,444,885</u>
Expenditures					
Current					
General government	928,180	-	-	-	928,180
Judicial	308,056	-	-	4,732	312,788
Public safety	3,153,403	-	-	-	3,153,403
Public works	434,896	-	-	-	434,896
Community development	279,476	-	-	-	279,476
Health	123,731	-	-	-	123,731
Culture and recreation	12,748	2,328,938	-	-	2,341,686
Community support	32,062	-	-	228,501	260,563
Capital outlay	-	-	1,743,996	-	1,743,996
Debt service	119,334	-	1,067,200	-	1,186,534
Total expenditures	<u>5,391,886</u>	<u>2,328,938</u>	<u>2,811,196</u>	<u>233,233</u>	<u>10,765,253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>889,255</u>	<u>48,445</u>	<u>(2,210,447)</u>	<u>(47,621)</u>	<u>(1,320,368)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	1,800,803	72,800	1,873,603
Transfers out	(1,783,603)	-	-	(90,000)	(1,873,603)
Total other financing sources and uses	<u>(1,783,603)</u>	<u>-</u>	<u>1,800,803</u>	<u>(17,200)</u>	<u>-</u>
Net change in fund balances	<u>(894,348)</u>	<u>48,445</u>	<u>(409,644)</u>	<u>(64,821)</u>	<u>(1,320,368)</u>
Fund balances, beginning of year	1,844,231	113,723	681,488	154,103	2,793,545
Prior period adjustment	(23,000)	-	-	(2,000)	(25,000)
Fund balances, end of year	<u>\$ 926,883</u>	<u>\$ 162,168</u>	<u>\$ 271,844</u>	<u>\$ 87,282</u>	<u>\$ 1,448,177</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, 2017

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

Net change in fund balances - total governmental funds		\$(1,320,368)
<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	\$ 4,567,096	
Depreciation expense	<u>(980,004)</u>	3,587,092
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.		(2,736)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		891,293
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		8,191
<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	\$ 922,961	
Pension expense	<u>(916,955)</u>	6,006
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.		(14,665)
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.		(59,651)
Change in net position of governmental activities		<u><u>\$ 3,095,162</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, 2017

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage/ Compost Fund</u>	<u>Total Proprietary Funds</u>	<u>Health Insurance Internal Service Fund</u>
Assets					
Current assets					
Cash and investments	\$ 1,615,228	\$ 121,919	\$ 202,890	\$ 1,940,037	\$ 41,134
Accounts receivable, net	129,008	128,482	132,225	389,715	-
Inventory	60,666	4,362	-	65,028	-
Prepaid expenses	1,976	5,105	1,008	8,089	45,900
Total current assets	<u>1,806,878</u>	<u>259,868</u>	<u>336,123</u>	<u>2,402,869</u>	<u>87,034</u>
Noncurrent assets					
Restricted cash	503,172	66,302	308,905	878,379	-
Due from component unit	2,403,804	-	-	2,403,804	-
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	76,600	5,133,451	6,176,272	-
Machinery and equipment	869,063	1,339,999	2,004,010	4,213,072	-
Utility system	2,195,453	15,820,916	-	18,016,369	-
Less accumulated depreciation	(2,023,014)	(5,632,943)	(4,843,216)	(12,499,173)	-
Total noncurrent assets	<u>6,303,348</u>	<u>12,837,761</u>	<u>4,138,608</u>	<u>23,279,717</u>	<u>-</u>
Total assets	<u>8,110,226</u>	<u>13,097,629</u>	<u>4,474,731</u>	<u>25,682,586</u>	<u>87,034</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	<u>113,493</u>	<u>137,312</u>	<u>134,146</u>	<u>384,951</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts payable	10,665	17,160	20,934	48,759	47,303
Accrued interest payable	83,989	11,033	25,382	120,404	-
Compensated absences	8,027	6,613	11,561	26,201	-
Customer deposits	5,168	-	-	5,168	-
Current portion of noncurrent liabilities	303,279	107,842	335,335	746,456	-
Total current liabilities	<u>411,128</u>	<u>142,648</u>	<u>393,212</u>	<u>946,988</u>	<u>47,303</u>
Noncurrent liabilities:					
Capital leases payable	-	-	41,920	41,920	-
Net pension liability	391,873	474,113	463,181	1,329,167	-
Bonds payable	3,608,670	2,832,910	829,489	7,271,069	-
Total noncurrent liabilities	<u>4,000,543</u>	<u>3,307,023</u>	<u>1,334,590</u>	<u>8,642,156</u>	<u>-</u>
Total liabilities	<u>4,411,671</u>	<u>3,449,671</u>	<u>1,727,802</u>	<u>9,589,144</u>	<u>47,303</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions	<u>43,007</u>	<u>52,033</u>	<u>50,833</u>	<u>145,873</u>	<u>-</u>
Net Position					
Net investment in capital assets	1,812,805	9,830,707	2,622,959	14,266,471	-
Restricted for debt service	503,172	66,302	308,905	878,379	-
Unrestricted	1,453,064	(163,772)	(101,622)	1,187,670	39,731
Total net position	<u>\$ 3,769,041</u>	<u>\$ 9,733,237</u>	<u>\$ 2,830,242</u>	<u>\$ 16,332,520</u>	<u>\$ 39,731</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, 2017

	Water Fund	Sewer Fund	Garbage/ Compost Fund	Total Proprietary Funds	Health Insurance Internal Service Fund
Operating revenues					
Charges for services	\$ 1,205,984	\$ 1,050,208	\$ 1,365,158	\$ 3,621,350	\$ 759,095
Operating expenses					
Water purchases	477,726	-	-	477,726	-
Salaries and wages	203,081	304,606	309,200	816,887	-
Employee benefits	100,293	160,556	175,790	436,639	818,745
Services and supplies	306,199	484,376	225,570	1,016,145	-
Capital outlay	768	18,008	27,097	45,873	-
Depreciation and amortization	140,852	560,964	325,495	1,027,311	-
Total operating expenses	<u>1,228,919</u>	<u>1,528,510</u>	<u>1,063,152</u>	<u>3,820,581</u>	<u>818,745</u>
Operating income (loss)	<u>(22,935)</u>	<u>(478,302)</u>	<u>302,006</u>	<u>(199,231)</u>	<u>(59,650)</u>
Nonoperating revenues (expenses)					
Interest income	119,376	597	430	120,403	-
Impact fees	11,823	11,527	-	23,350	-
Miscellaneous income	13,630	-	7,878	21,508	-
Contributions from component unit for debt payments	10,497	-	-	10,497	-
Interest expense	(161,870)	(81,114)	(46,757)	(289,741)	-
Total nonoperating revenues (expenses)	<u>(6,544)</u>	<u>(68,990)</u>	<u>(38,449)</u>	<u>(113,983)</u>	<u>-</u>
Income before contributions and transfers	<u>(29,479)</u>	<u>(547,292)</u>	<u>263,557</u>	<u>(313,214)</u>	<u>(59,650)</u>
Transfers					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>(29,479)</u>	<u>(547,292)</u>	<u>263,557</u>	<u>(313,214)</u>	<u>(59,650)</u>
Total net position, beginning	3,799,520	10,285,529	2,571,685	16,656,734	63,381
Prior period adjustment	(1,000)	(5,000)	(5,000)	(11,000)	36,000
Total net position, end of year	<u><u>\$ 3,769,041</u></u>	<u><u>\$ 9,733,237</u></u>	<u><u>\$ 2,830,242</u></u>	<u><u>\$ 16,332,520</u></u>	<u><u>\$ 39,731</u></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, 2017

	Water Fund	Sewer Fund	Garbage/ Compost Fund	Total Proprietary Funds	Health Insurance Internal Service Fund
Cash Flows From Operating Activities:					
Cash received from customers, service fees	\$ 1,164,199	\$ 1,044,364	\$ 1,355,285	\$ 3,563,848	\$ 737,340
Cash paid to suppliers	(759,329)	(447,497)	(207,290)	(1,414,116)	(803,839)
Cash paid to employees	(296,417)	(455,115)	(463,477)	(1,215,009)	-
Net cash flows from operating activities	<u>108,453</u>	<u>141,752</u>	<u>684,518</u>	<u>934,723</u>	<u>(66,499)</u>
Cash Flows From Noncapital Financing Activities:					
Net component unit receipts/(payments)	70,452	-	-	70,452	-
Cash received from miscellaneous sources	13,630	-	7,878	21,508	-
Net cash flows from noncapital financing activities	<u>84,082</u>	<u>-</u>	<u>7,878</u>	<u>91,960</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Impact fees	11,823	11,527	-	23,350	-
Principal paid on capital debt	(293,582)	(103,103)	(320,311)	(716,996)	-
Interest paid on capital debt	(168,111)	(81,304)	(56,057)	(305,472)	-
Acquisition and construction of capital assets	-	(49,564)	(213,778)	(263,342)	-
Net cash flows from capital and related financing activities	<u>(449,870)</u>	<u>(222,444)</u>	<u>(590,146)</u>	<u>(1,262,460)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest income	119,376	597	430	120,403	-
Net change in cash and cash equivalents	(137,959)	(80,095)	102,680	(115,374)	(66,499)
Cash and investments, including restricted cash, beginning of year as restated	<u>2,256,359</u>	<u>268,316</u>	<u>409,115</u>	<u>2,933,790</u>	<u>107,633</u>
Cash and Cash Equivalents, Including Restricted Cash , End of Year	<u>\$ 2,118,400</u>	<u>\$ 188,221</u>	<u>\$ 511,795</u>	<u>\$ 2,818,416</u>	<u>\$ 41,134</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ (22,935)	\$ (478,302)	\$ 302,006	\$ (199,231)	\$ (59,650)
Adjustments to reconcile net income (loss) to net cash from operating activities					
Depreciation/amortization	140,852	560,964	325,495	1,027,311	-
Pension expense	56,685	72,902	79,336	208,923	-
Employer pension contributions	(51,214)	(61,692)	(60,534)	(173,440)	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(42,509)	(5,844)	(9,873)	(58,226)	-
(Increase) decrease in inventory	(1,798)	2,452	-	654	-
(Increase) decrease in prepaid expenses	32,335	53,384	33,041	118,760	10,149
Increase (decrease) in accounts payable	(5,173)	(949)	12,336	6,214	4,757
Increase (decrease) in due from deposits	724	-	-	724	-
Increase (decrease) in unearned revenue	-	-	-	-	(21,755)
Increase (decrease) in compensated absences	1,486	(1,163)	2,711	3,034	-
Net cash flows from operating activities	<u>\$ 108,453</u>	<u>\$ 141,752</u>	<u>\$ 684,518</u>	<u>\$ 934,723</u>	<u>\$ (66,499)</u>

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

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, 2017

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:

Health Insurance 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, 2017

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, 2017

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). The City of West Wendover invests in the State of Nevada Local Government Investment Pool, which has regulatory oversight from the Board of Finance for the State of Nevada.

State statutes authorize the City to invest in obligations of the U.S. Treasury; certain farm loan bonds; certain securities issued by Nevada local governments and other state and local governments; certain repurchase agreements; certain bankers acceptances; certain commercial paper; and certain negotiable certificates of deposits and money market mutual funds, as well as the State of Nevada Local Government Investment Pool.

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.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies, Continued

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

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, 2017

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 two sources: advance payments for business licenses and advance payments for gaming licenses. 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, 2017

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, 2017

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, 2017

NOTE 1. Summary of Significant Accounting Policies, Continued

Comparative Data

Comparative data shown for the prior year has been extracted from the 2015-2016 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2015-2016. Such information can only be obtained by referring to the audited financial statements for that year.

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.

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.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 3. Stewardship, Compliance, and Accountability, Continued

- 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 approved 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.

Expenditures over Appropriations

The individual Schedules of Revenues, Expenditures, and changes in Fund Balances – Budget to Actual reports as listed in the table of contents show no funds incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2017.

Deficit Fund Balances

As of June 30, 2017, no funds have deficit fund balances:

Landfill Compliance

The City is not in compliance with NAC 444.68525, see footnote 15 for additional information.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

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	\$ 1,325	\$ -
Cash in bank	2,311,626	(1,426,059)
Investments:		
Nevada local government investment pool	<u>1,428,536</u>	<u>1,510,913</u>
 Total deposits and investments	 <u>\$ 3,741,487</u>	 <u>\$ 84,854</u>
 Cash and cash equivalents	 \$ 2,617,093	 \$ 84,854
Restricted cash	<u>1,124,394</u>	<u>-</u>
	<u>\$ 3,741,487</u>	<u>\$ 84,854</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, 2017, \$0 of the primary government and component unit's combined bank balance of \$920,415 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, 2017

NOTE 4. Cash and Investments, Continued

As of June 30, 2017 the government had the following investments:

Investment Type	Primary Government Fair Value	Component Unit Fair Value	Rating (1)	Weighted Average Maturity (2)
Nevada Local Government Pooled Investment Fund	\$ 1,428,536	\$ 1,510,913	N/A	310
Total Fair Value	<u><u>\$ 1,428,536</u></u>	<u><u>\$ 1,510,913</u></u>		

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

- Nevada Local Government's Investment Pool (LGIP):

	Primary Government	Component Unit
Level 1 inputs	\$ 145,996	\$ 154,415
Level 2 inputs	1,282,540	1,356,498
Total LGIP investment	<u><u>\$ 1,428,536</u></u>	<u><u>\$ 1,510,913</u></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, 2017

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, 2017:

Medium Term Sales Tax Revenue Bond Reserves	\$ 245,575
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	51,513
Waste Water Treatment Plant Revenue Bond Reserves	66,302
1998 Water Revenue Bond Reserves	173,712
Water Revenue Bonds, Series 2015 Bond Reserves	6,048
Water Rev Bonds Series 2015 - Asset Replacement	57,268
AB198 Capital Replacement Projects Fund	266,144
Unutilized Regional Transportation Commission Funds	440
Total restricted cash - primary government	<u><u>\$ 1,124,394</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, 2017 were as follows:

Water Fund	\$ -
Sewer Fund	-
Garbage/Compost Fund	316
Johnson Springs	-
	<u><u>\$ 316</u></u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 6. Capital Assets

Governmental capital asset activity for the year ended June 30, 2017 was as follows:

Governmental Activities:	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Capital assets, not being depreciated:				
Land	\$ 2,056,481	\$ -	\$ -	\$ 2,056,481
Construction in progress	811,376	1,698,346	(2,509,722)	-
Total capital assets, not being depreciated	<u>2,867,857</u>	<u>1,698,346</u>	<u>(2,509,722)</u>	<u>2,056,481</u>
Capital assets, being depreciated:				
Buildings	11,271,605	-	-	11,271,605
Other improvements	8,977,421	5,344,435	-	14,321,856
Machinery and equipment	3,550,290	34,037	-	3,584,327
Total capital assets, being depreciated	<u>23,799,316</u>	<u>5,378,472</u>	<u>-</u>	<u>29,177,788</u>
Less accumulated depreciation for:				
Buildings	(2,486,027)	(281,559)	-	(2,767,586)
Other improvements	(2,376,465)	(462,225)	-	(2,838,690)
Machinery and equipment	(2,666,987)	(236,220)	-	(2,903,207)
Total accumulated depreciation	<u>(7,529,479)</u>	<u>(980,004)</u>	<u>-</u>	<u>(8,509,483)</u>
Total capital assets, being depreciated, net	<u>16,269,837</u>	<u>4,398,468</u>	<u>-</u>	<u>20,668,305</u>
Governmental activities capital assets, net	<u>\$ 19,137,694</u>	<u>\$ 6,096,814</u>	<u>\$ (2,509,722)</u>	<u>\$ 22,724,786</u>

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

Governmental Activities:	
General government	\$ 494,680
Judicial	6,787
Public safety	198,435
Public works	587
Health and sanitation	23,703
Culture and recreation	95,825
Community support	1,194
Streets and highways	158,792
Total depreciation expense - governmental activities	<u>\$ 980,004</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 6. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2017 was as follows:

Business-Type Activities:	Balance 06/30/16	Additions	Deletions	Balance 6/30/2017
Capital assets not being depreciated:				
Land	\$ 111,000	\$ -	\$ -	\$ 111,000
Total capital assets, not being depreciated	<u>111,000</u>	<u>-</u>	<u>-</u>	<u>111,000</u>
Capital assets being depreciated:				
Buildings	3,979,994	-	-	3,979,994
Other improvements	6,126,707	49,565	-	6,176,272
Machinery and equipment	3,999,293	213,779	-	4,213,072
Utility systems	18,016,369	-	-	18,016,369
Total capital assets, being depreciated	<u>32,122,363</u>	<u>263,344</u>	<u>-</u>	<u>32,385,707</u>
Less accumulated depreciation for:				
Buildings	(241,146)	(99,499)	-	(340,645)
Other improvements	(2,972,439)	(219,922)	-	(3,192,361)
Machinery and equipment	(3,314,663)	(167,809)	-	(3,482,472)
Utility systems	(4,943,613)	(540,082)	-	(5,483,695)
Total accumulated depreciation	<u>(11,471,861)</u>	<u>(1,027,312)</u>	<u>-</u>	<u>(12,499,173)</u>
Total capital assets, being depreciated, net	<u>20,650,502</u>	<u>(763,968)</u>	<u>-</u>	<u>19,886,534</u>
Water fund activities capital assets, net	<u>\$ 20,761,502</u>	<u>\$ (763,968)</u>	<u>\$ -</u>	<u>\$ 19,997,534</u>

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

Business-Type Activities:	
Water Fund	\$ 140,853
Sewer Fund	560,964
Combined Garbage / Compost Facility Fund	<u>325,495</u>
Total depreciation expense - business-type activities	<u>\$ 1,027,312</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 6. Capital Assets, Continued

Component unit capital asset activity for the year ended June 30, 2017 was as follows:

Component Unit - Johnson Springs	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Capital assets not being depreciated:				
Land	\$ 18,000	\$ -	\$ -	\$ 18,000
Total capital assets, not being depreciated	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
Capital assets being depreciated:				
Buildings	6,836,936	-	-	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	<u>13,060,051</u>	<u>-</u>	<u>-</u>	<u>13,060,051</u>
Less accumulated depreciation for:				
Buildings	(3,719,633)	(227,289)	-	(3,946,922)
Other improvements	(99,529)	(20,039)	-	(119,568)
Machinery and equipment	(346,864)	(16,837)	-	(363,701)
Water utility system	(1,491,127)	(132,845)	-	(1,623,972)
Total accumulated depreciation	<u>(5,657,153)</u>	<u>(397,010)</u>	<u>-</u>	<u>(6,054,163)</u>
Total capital assets, being depreciated, net	<u>7,402,898</u>	<u>(397,010)</u>	<u>-</u>	<u>7,005,888</u>
Johnson Springs component unit fund activities capital assets, net	<u>\$ 7,420,898</u>	<u>\$ (397,010)</u>	<u>\$ -</u>	<u>\$ 7,023,888</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 7. Long-Term Liabilities

The following is a summary of long-term liabilities for the year ended June 30, 2017:

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2016	Transfers	Additions	Reductions	Balance 6/30/2017	Current Portion
Governmental Activities										
Bonds Payable:										
Tax-Exempt Medium Term Bonds, Series 2007A (80 Acres)	6/29/2007	4.32%	2017	1,410,000	\$ 265,000	\$ -	\$ -	\$ (265,000)	\$ -	\$ -
General Obligation Medium-Term Bonds, Series 2009	2/27/2009	4.46%	2019	2,200,000	773,000	-	-	(245,000)	528,000	258,000
Medium Term Sales Tax Revenue Bond, Series 2009 (City Hall)	8/18/2009	4.38%	2039	5,225,000	4,550,136	-	-	(116,753)	4,433,383	121,964
General Obligation Medium-Term Bonds, Series 2015	7/14/2015	2.26%	2025	2,200,000	2,200,000	-	-	(206,000)	1,994,000	210,000
Total Bonds Payable					<u>7,788,136</u>	<u>-</u>	<u>-</u>	<u>(832,753)</u>	<u>6,955,383</u>	<u>589,964</u>
Capital leases payable:										
September 2014 Police Vehicle Lease	9/1/2013	4.33%	2018	281,059	119,614	-	-	(58,540)	61,074	61,074
Total Capital Lease Payable					<u>119,614</u>	<u>-</u>	<u>-</u>	<u>(58,540)</u>	<u>61,074</u>	<u>61,074</u>
Other liabilities										
Net Pension Liabilities					5,672,414	-	2,312,687	(922,961)	7,062,140	-
Compensated absences					265,695	-	181,538	(166,873)	280,360	140,000
Governmental Activity Long-Term Liabilities					<u>\$ 13,845,859</u>	<u>\$ -</u>	<u>\$ 2,494,225</u>	<u>\$ (1,981,127)</u>	<u>\$ 14,358,957</u>	<u>\$ 791,038</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, 2017

NOTE 7. Long-Term Liabilities, continued

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2016	Transfers	Additions	Reductions	Balance 6/30/2017	Current Portion
Business-Type Activities										
Enterprise Funds:										
Water Fund										
Bonds Payable:										
1998 Water Revenue Bonds	11/17/1998	4.75%	2038	3,058,300	\$ 2,388,336	\$ -	\$ -	\$ (59,954)	\$ 2,328,382	\$ 63,114
General Obligation Medium-Term Bonds, Series 2008	9/4/2008	4.95%	2018	800,000	492,000	-	-	(160,000)	332,000	164,000
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	701,400	583,498	-	-	(63,165)	520,333	65,000
Water Revenue Bonds, Series 2015	10/8/2015	2.63%	2055	747,000	741,694	-	-	(10,876)	730,818	11,165
Total Bonds Payable					<u>4,205,528</u>	<u>-</u>	<u>-</u>	<u>(293,995)</u>	<u>3,911,533</u>	<u>303,279</u>
Other liabilities										
Net Pension Liabilities					309,081	-	134,006	(51,214)	391,873	-
Compensated absences					6,541	-	5,593	(4,107)	8,027	8,027
Total Water Fund Long Term Debt					<u>4,521,150</u>	<u>-</u>	<u>139,599</u>	<u>(349,316)</u>	<u>4,311,433</u>	<u>311,306</u>
Sewer Fund										
Bonds Payable:										
Waste Water Treatment Plant Revenue Bond	6/1/2012	2.75%	2052	2,637,000	2,462,102	-	-	(41,684)	2,420,418	42,842
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	699,300	581,751	-	-	(61,418)	520,333	65,000
Total Bonds Payable					<u>3,043,853</u>	<u>-</u>	<u>-</u>	<u>(103,102)</u>	<u>2,940,751</u>	<u>107,842</u>
Other liabilities										
Net Pension Liabilities					369,454	-	166,621	(61,962)	474,113	-
Compensated absences					7,776	-	3,720	(4,883)	6,613	6,613
Total Sewer Fund Long Term Debt					<u>\$ 3,421,083</u>	<u>\$ -</u>	<u>\$ 170,341</u>	<u>\$ (169,947)</u>	<u>\$ 3,421,477</u>	<u>\$ 114,455</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 7. Long-Term Liabilities, continued

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/2016	Transfers	Additions	Reductions	Balance 6/30/2017	Current Portion
Combined Garbage / Compost Facility Fund										
Bonds Payable:										
1998 Sewer/Compost Revenue Bonds	11/17/1998	4.75%	2018	1,280,000	\$ 269,373	\$ -	\$ -	\$ (87,726)	\$ 181,647	\$ 91,929
Sewer/Compost Revenue Bonds Series 1999B	8/18/1999	4.50%	2019	1,500,000	407,477	-	-	(96,983)	310,494	101,348
Sewer/Compost Revenue Bonds Series 1999A	8/18/1999	4.50%	2019	540,000	146,692	-	-	(34,915)	111,777	36,485
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	699,300	581,751	-	-	(61,418)	520,333	65,000
Total Bonds Payable					<u>1,405,293</u>	<u>-</u>	<u>-</u>	<u>(281,042)</u>	<u>1,124,251</u>	<u>294,762</u>
Capital leases payable:										
Garbage Truck - Compost/Garbage Lease	9/26/2012	3.32%	2018	232,157	121,761	-	-	(39,269)	82,492	40,573
Total Capital Lease Payable					<u>121,761</u>	<u>-</u>	<u>-</u>	<u>(39,269)</u>	<u>82,492</u>	<u>40,573</u>
Other liabilities										
Net Pension Liabilities					353,253	-	170,462	(60,534)	463,181	-
Compensated absences					8,850	-	8,268	(5,557)	11,561	11,561
Total Combined Garbage / Compost Facility Fund					<u>1,889,157</u>	<u>-</u>	<u>178,730</u>	<u>(386,402)</u>	<u>1,681,485</u>	<u>346,896</u>
Business-Type Activity Long-Term Liabilities					<u>\$ 9,831,390</u>	<u>\$ -</u>	<u>\$ 488,670</u>	<u>\$ (905,665)</u>	<u>\$ 9,414,395</u>	<u>\$ 772,657</u>
Component Unit										
Johnson Springs										
Other liabilities										
Net Pension Liabilities					150,497	-	38,073	(21,796)	166,774	-
Compensated absences					12,871	-	6,161	(8,082)	10,950	10,950
Componet Unit Long-Term Liabilities					<u>\$ 163,368</u>	<u>\$ -</u>	<u>\$ 44,234</u>	<u>\$ (29,878)</u>	<u>\$ 177,724</u>	<u>\$ 10,950</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

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, 2017:

Period Ending June 30	Governmental Activities			Business Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
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	478,346	222,480	700,826
2021	372,037	202,159	574,196	351,805	206,124	557,929
2022	386,243	190,597	576,840	366,815	195,717	562,532
2023-2027	1,697,450	776,109	2,473,559	1,252,705	825,668	2,078,373
2028-2032	1,031,859	535,641	1,567,500	916,940	647,176	1,564,116
2033-2037	1,283,659	283,841	1,567,500	1,113,684	450,363	1,564,047
2038-2042	621,667	29,826	651,493	797,105	233,753	1,030,858
2043-2047	-	-	-	555,331	139,993	695,324
2048-2052	-	-	-	613,830	59,140	672,970
2053-2057	-	-	-	100,156	5,074	105,230
	<u>\$ 6,955,383</u>	<u>\$ 2,725,225</u>	<u>\$ 9,680,608</u>	<u>\$ 7,976,535</u>	<u>\$ 3,504,441</u>	<u>\$ 11,480,976</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 7. Long-Term Liabilities, Continued

Period Ending June 30	Total Bonded Debt & Notes		
	Principal	Interest	Total
2018	\$ 1,294,251	\$ 531,595	\$ 1,825,846
2019	1,339,939	481,134	1,821,073
2020	836,442	435,756	1,272,198
2021	723,842	408,283	1,132,125
2022	753,058	386,314	1,139,372
2023-2027	2,950,155	1,601,777	4,551,932
2028-2032	1,948,799	1,182,817	3,131,616
2033-2037	2,397,343	734,204	3,131,547
2038-2042	1,418,772	263,579	1,682,351
2043-2047	555,331	139,993	695,324
2048-2052	613,830	59,140	672,970
2053-2057	100,156	5,074	105,230
	<u>\$ 14,931,918</u>	<u>\$ 6,229,666</u>	<u>\$ 21,161,584</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
2018	\$ 63,718	\$ 43,312
2019	-	43,311
2020	-	-
Total remaining minimum lease payments	63,718	86,623
Less amount representing interest	(2,644)	(4,131)
Present value of net remaining minimum lease payments	<u>\$ 61,074</u>	<u>\$ 82,492</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

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 and also in the supplementary information. Segment information for the other proprietary funds is disclosed in the basic financial statements.

	6/30/2017
Operating revenues	\$ 553,699
Depreciation and amortization	(397,010)
Operating expenses	(397,312)
Operating income/(loss)	(240,623)
Nonoperating revenues and (expenses)	(110,444)
Change in net position	(351,067)
Beginning net position	4,960,663
Ending net position	4,609,596
Net working capital	(2,277,516)
Total assets	7,196,306
Total deferred outflows	48,301
Current liabilities	46,130
Due to primary government	2,403,804
Bonds and other long term debt obligations	166,774
Total deferred inflows	18,303
Net Position	
Net investment in capital assets	4,620,084
Unrestricted	(10,488)
Total Net Position	\$ 4,609,596

Condensed Statement of Cash Flows

Net cash flows from:	
Operating activities	\$ 146,483
Noncapital financing activities	(70,452)
Capital and related financing activities	(113,949)
Investing activities	14,002
Net Increase (decrease)	\$ (23,916)
Beginning cash and cash equivalents	108,770
Ending cash and cash equivalents	\$ 84,854

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 10. Interfund Receivables, Payables, and Transfers

As of June 30, 2017 interfund receivables and payables that resulted from various interfund transactions for the primary government were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 23,500	\$ -
Nonmajor funds:		
Welcome Center Fund	-	23,500
Total	\$ 23,500	\$ 23,500

As of June 30, 2017, 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	2,328,382	-
Component Unit		
Interest payable	-	75,422
Debt repayment payable	-	2,328,382
Total	\$ 2,403,804	\$ 2,403,804

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, 2017 are as follows:

	Transfers out:		
Transfer in:	General	Non-major Ad Valorem Capital Projects	Total Transfers in
Nonmajor Governmental Funds			
Welcome Center Fund	\$ 54,000	\$ -	\$ 54,000
Wendover Will Landmark Fund	17,000	-	17,000
Seizure Forfeiture Fund	1,800	-	1,800
Capital Projects Fund	1,710,803	90,000	1,800,803
Total transfers out	\$ 1,783,603	\$ 90,000	\$ 1,873,603

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

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

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.

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, 2017 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.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

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, 2017, the general obligation debt limit and available borrowing capacity of the City of West Wendover was \$41,705,267.

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 accepts 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 \$569,159 as of June 30, 2017. The City had two cells in operation during fiscal year 2017. 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 2017. The City maintained an insurance policy with a face amount of \$517,646 at June 30, 2017. 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 2017, 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 \$51,513 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 2018 to address the shortfall in coverage.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

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.

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, 2017. 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
2017	\$ -	\$ 530,207	\$ 530,207	\$ -
2016	\$ -	\$ 428,050	\$ 428,050	\$ -
2015	\$ -	\$ 390,339	\$ 390,339	\$ -

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.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 17. Retirement and Pension Plans, Continued

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.

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 the 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.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 17. Retirement and Pension Plans, Continued

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. 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.

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 year ended June 30, 2015, the Statutory Employer/employee matching rate was 13.25% for Regular and 20.75% for Police/Fire. For fiscal years ended June 30, 2016 and 2017, the Statutory Employer/employee matching rate was 14.50% for Regular and 20.75% for Police/Fire.

For the fiscal year ended June 30, 2015 the Employer-Pay Contribution (EPC) rate was 25.75% for Regular and 40.50% for Police/Fire. For fiscal years ended June 30, 2016 and 2017, 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
2015	\$ 358,869	\$ 564,435
2016	440,800	637,586
2017	457,184	661,284

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 17. Retirement and Pension Plans, Continued

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, 2016:

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, 2016, PERS' long-term inflation assumption was 3.50%.

Pension liability

Net pension liability

At June 30, 2017, the City reported a liability of \$8,558,081 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016. The City's proportion measured as of June 30, 2016, was 0.06360 percent, which was an increase of 0.00378 percent from its proportion measured as of June 30, 2015.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2017, 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	\$ 12,544,475	\$ 8,558,081	\$ 5,241,450

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 17. Retirement and Pension Plans, Continued

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 www.nvpers.org.

Actuarial assumptions

The City's net pension liability was measured as of June 30, 2016, 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, 2016 funding actuarial valuation

Actuarial assumptions used in the June 30, 2016 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, 2016 and June 30, 2015. 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, 2016, 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, 2016 and June 30, 2015.

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

For the year ended June 30, 2017, the City recognized pension expense for PERS of \$1,130,892. At June 30, 2017, 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, 2017

NOTE 17. Retirement and Pension Plans, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 573,071
Net difference between projected and actual earnings on pension plan investments	795,580	-
Subtotal	795,580	573,071
Changes in proportion and differences between contributions and proportional share of contributions	564,527	366,161
Contributions subsequent to the measurement date	1,118,467	-
Total	\$ 2,478,574	\$ 939,232
Governmental activities	\$ 2,045,323	\$ 775,055
Business-type activities	433,251	164,177
	\$ 2,478,574	\$ 939,232

Average expected remaining service lives 6.48 years

The \$1,118,467 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:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2018	\$ (65,950)
2019	(65,950)
2020	282,081
2021	136,438
2022	(52,529)
2023	(11,580)
Thereafter	-

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2017

NOTE 18. Prior Period Adjustment

An employer contribution in the Health Insurance Internal Service Fund had been double recorded in the prior year financial statements and affected a few of the primary governments other funds. Although the transaction was immaterial for most of the City's funds it was material for the Internal Service Fund. Therefore, a prior period adjustment was necessary in the amount of \$36,000 increasing the beginning fund balance in the Internal Service Fund and decreasing the beginning fund balance in the General Fund, Welcome Center Fund, Water Fund, Sewer Fund, and Garbage/Compost Fund.

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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Revenues					
Property taxes					
Ad valorem	\$ 1,281,100	\$ 1,281,100	\$ 1,219,745	\$ (61,355)	\$ 1,186,128
Personal property	173,600	197,100	199,595	2,495	193,056
Central assessments	22,500	22,500	23,627	1,127	23,802
Total property taxes	<u>1,477,200</u>	<u>1,500,700</u>	<u>1,442,967</u>	<u>(57,733)</u>	<u>1,402,986</u>
Licenses and permits					
Liquor licenses	1,200	1,200	1,220	20	1,190
City gaming licenses	216,700	216,700	215,595	(1,105)	185,966
Animal licenses	1,000	1,000	1,348	348	870
Business licenses	19,000	14,900	15,615	715	20,083
Right of way toll	276,300	276,300	281,227	4,927	253,897
Building permits	60,000	110,000	109,538	(462)	55,358
Special permits and fees	5,000	3,000	1,540	(1,460)	2,020
Franchise fees	352,800	375,000	376,520	1,520	368,274
Carlines taxes	100	100	99	(1)	118
Total licenses and permits	<u>932,100</u>	<u>998,200</u>	<u>1,002,702</u>	<u>4,502</u>	<u>887,776</u>
Intergovernmental revenue					
State consolidated revenue	2,750,000	2,650,000	2,576,081	(73,919)	2,658,461
1.75 cent gas tax	37,900	37,900	37,463	(437)	36,403
2.35 cent gas tax	49,500	49,500	49,476	(24)	48,203
County road tax	25,700	25,700	25,352	(348)	25,836
County transportation funds	175,000	180,000	180,000	-	541,589
County gaming tax	447,300	430,800	431,418	618	430,808
Federal/state grants	34,400	37,400	41,343	3,943	34,805
Reimbursement from Elko County	167,700	167,700	167,700	-	192,420
Total intergovernmental revenue	<u>3,687,500</u>	<u>3,579,000</u>	<u>3,508,833</u>	<u>(70,167)</u>	<u>3,968,525</u>
Charges for services					
Special police services	2,000	2,000	1,675	(325)	1,399
Work cards	6,500	6,500	3,940	(2,560)	7,110
Special fire protection services	20,000	10,000	8,793	(1,207)	9,095
Dispatch fees	3,400	5,200	5,184	(16)	4,320
Animal shelter fees	3,000	3,000	1,541	(1,459)	2,937
Pipeline administrative services	1,900	1,900	1,900	-	1,900
Miscellaneous	15,500	15,500	16,221	721	11,061
Total general	<u>52,300</u>	<u>44,100</u>	<u>39,254</u>	<u>(4,846)</u>	<u>37,822</u>
Fines and forfeitures					
Fines and fees	89,200	83,200	92,079	8,879	79,239
Total fines and forfeitures	<u>89,200</u>	<u>83,200</u>	<u>92,079</u>	<u>8,879</u>	<u>79,239</u>
Miscellaneous					
Interest	1,000	1,000	5,512	4,512	1,209
Donations	163,000	163,000	169,115	6,115	176,000
Rents and royalties	8,900	8,900	11,884	2,984	7,455
Miscellaneous	15,000	15,000	8,795	(6,205)	21,956
Total miscellaneous	<u>187,900</u>	<u>187,900</u>	<u>195,306</u>	<u>7,406</u>	<u>206,620</u>
Total revenues	<u>6,426,200</u>	<u>6,393,100</u>	<u>6,281,141</u>	<u>(111,959)</u>	<u>6,582,968</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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Expenditures					
General government					
Administration and finance					
Salaries and wages	442,600	410,200	392,892	17,308	366,139
Employee benefits	190,900	169,100	166,100	3,000	157,814
Services and supplies	289,200	381,100	367,867	13,233	352,188
Capital outlay	5,000	1,000	-	1,000	-
Total administration and finance	<u>927,700</u>	<u>961,400</u>	<u>926,859</u>	<u>34,541</u>	<u>876,141</u>
Elections					
Services and supplies	800	1,400	1,321	79	-
Total general government	<u>928,500</u>	<u>962,800</u>	<u>928,180</u>	<u>34,620</u>	<u>876,141</u>
Judicial					
Municipal court					
Salaries and wages	187,300	187,300	178,201	9,099	176,159
Employee benefits	91,300	91,300	82,664	8,636	88,166
Services and supplies	55,700	53,900	47,191	6,709	44,531
Total judicial	<u>334,300</u>	<u>332,500</u>	<u>308,056</u>	<u>24,444</u>	<u>308,856</u>
Public safety					
Police					
Salaries and wages	1,081,300	1,092,300	1,111,417	(19,117)	987,908
Employee benefits	594,400	599,400	611,645	(12,245)	529,906
Services and supplies	215,500	239,800	228,302	11,498	191,616
Capital outlay	16,500	14,000	13,507	493	363,660
Total police department	<u>1,907,700</u>	<u>1,945,500</u>	<u>1,964,871</u>	<u>(19,371)</u>	<u>2,073,090</u>
Fire					
Salaries and wages	424,000	405,000	411,721	(6,721)	391,645
Employee benefits	226,600	217,600	216,989	611	211,412
Services and supplies	102,600	106,700	80,710	25,990	87,078
Capital outlay	500	500	-	500	-
Total fire department	<u>753,700</u>	<u>729,800</u>	<u>709,420</u>	<u>19,880</u>	<u>690,135</u>
Dispatch center					
Salaries and wages	278,600	286,900	291,277	(4,377)	300,416
Employee benefits	137,900	144,600	145,550	(950)	162,541
Services and supplies	44,500	47,300	42,285	5,015	36,026
Total dispatch center	<u>461,000</u>	<u>478,800</u>	<u>479,112</u>	<u>(312)</u>	<u>498,983</u>
Total public safety	<u>3,122,400</u>	<u>3,154,100</u>	<u>3,153,403</u>	<u>197</u>	<u>3,262,208</u>
Public works					
Paved streets					
Salaries and wages	31,200	31,200	29,690	1,510	10,675
Employee benefits	13,500	13,500	12,326	1,174	4,329
Services and supplies	96,500	123,000	114,460	8,540	131,592
Total paved streets	<u>141,200</u>	<u>167,700</u>	<u>156,476</u>	<u>11,224</u>	<u>146,596</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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
General					
Salaries and wages	185,800	185,800	190,761	(4,961)	155,822
Employee benefits	80,600	80,600	61,590	19,010	61,362
Services and supplies	46,600	35,500	26,069	9,431	81,211
Total general	<u>313,000</u>	<u>301,900</u>	<u>278,420</u>	<u>23,480</u>	<u>298,395</u>
Total public works	<u>454,200</u>	<u>469,600</u>	<u>434,896</u>	<u>34,704</u>	<u>444,991</u>
Community development					
Salaries and wages	128,800	128,800	131,309	(2,509)	123,851
Employee benefits	52,200	52,200	51,943	257	48,250
Services and supplies	116,200	111,700	96,224	15,476	71,037
Total community development	<u>297,200</u>	<u>292,700</u>	<u>279,476</u>	<u>13,224</u>	<u>243,138</u>
Health					
Public health services					
Services and supplies	-	17,300	14,637	2,663	9,591
Animal control					
Salaries and wages	58,200	58,200	57,937	263	57,171
Employee benefits	30,900	30,900	25,641	5,259	24,112
Services and supplies	21,900	27,200	25,516	1,684	20,189
Total animal control	<u>111,000</u>	<u>116,300</u>	<u>109,094</u>	<u>9,869</u>	<u>101,472</u>
Total health	<u>111,000</u>	<u>133,600</u>	<u>123,731</u>	<u>12,532</u>	<u>111,063</u>
Culture and recreation					
Library service					
Services and supplies	17,600	16,600	12,748	3,852	15,053
Total culture and recreation	<u>17,600</u>	<u>16,600</u>	<u>12,748</u>	<u>3,852</u>	<u>15,053</u>
Community support					
Miscellaneous					
Services and supplies	37,000	37,000	32,062	4,938	53,233
Total community support	<u>37,000</u>	<u>37,000</u>	<u>32,062</u>	<u>4,938</u>	<u>53,233</u>
Debt services	119,400	119,400	119,334	66	67,503
Total expenditures	<u>5,421,600</u>	<u>5,518,300</u>	<u>5,391,886</u>	<u>128,577</u>	<u>5,382,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,004,600</u>	<u>874,800</u>	<u>889,255</u>	<u>(14,455)</u>	<u>1,200,782</u>
Other financing sources (uses)					
Debt proceeds	-	-	-	-	361,000
Transfers in	-	-	-	-	-
Transfers out	(1,086,000)	(1,711,800)	(1,783,603)	(71,803)	(135,000)
Total other financing sources and uses	<u>(1,086,000)</u>	<u>(1,711,800)</u>	<u>(1,783,603)</u>	<u>(71,803)</u>	<u>226,000</u>
Net change in fund balance	<u>(81,400)</u>	<u>(837,000)</u>	<u>(894,348)</u>	<u>(57,348)</u>	<u>1,426,782</u>
Fund balance, beginning of year	1,844,231	1,844,231	1,844,231	-	417,449
Prior period adjustment	-	-	(23,000)	(23,000)	-
Fund balance, end of year	<u>\$ 1,762,831</u>	<u>\$ 1,007,231</u>	<u>\$ 926,883</u>	<u>\$ (80,348)</u>	<u>\$ 1,844,231</u>

CITY OF WEST WENDOVER, NEVADA
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Revenues					
Taxes					
Room taxes	\$ 2,365,500	\$ 2,415,700	\$ 2,377,383	\$ (38,317)	\$ 2,332,928
Total revenues	<u>2,365,500</u>	<u>2,415,700</u>	<u>2,377,383</u>	<u>(38,317)</u>	<u>2,332,928</u>
Expenditures					
Culture and recreation					
Room tax distribution	2,366,000	2,404,100	2,328,938	75,162	2,380,341
Total culture and recreation	<u>2,366,000</u>	<u>2,404,100</u>	<u>2,328,938</u>	<u>75,162</u>	<u>2,380,341</u>
 Total expenditures	 <u>2,366,000</u>	 <u>2,404,100</u>	 <u>2,328,938</u>	 <u>75,162</u>	 <u>2,380,341</u>
 Excess (deficiency) of revenues over (under) expenditures	 (500)	 11,600	 48,445	 36,845	 (47,413)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources and uses	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net change in fund balance	 (500)	 11,600	 48,445	 36,845	 (47,413)
Fund balance, beginning of year	113,723	113,723	113,723	-	161,136
Fund balance, end of year	<u>\$ 113,223</u>	<u>\$ 125,323</u>	<u>\$ 162,168</u>	<u>\$ 36,845</u>	<u>\$ 113,723</u>

CITY OF WEST WENDOVER, NEVADA
Schedule of the Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
June 30, 2017
Last 10 Fiscal Years

	Reporting Fiscal Year		
	(Measurement Date)		
	2017	2016	2015
	(2016)	(2015)	(2014)
Proportion of the net pension liability (asset)	0.063600%	0.059820%	0.068384%
Proportionate share of the net pension liability (asset)	\$ 8,558,081	\$ 6,854,700	\$ 6,653,165
Covered employee payroll	\$ 3,355,482	\$ 2,961,477	\$ 3,113,721
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	255.05%	231.46%	213.67%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	75.1%	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, 2017
Last 10 Fiscal Years

	Reporting Fiscal Year		
	(Measurement Date)		
	2017	2016	2015
	(2016)	(2015)	(2014)
Contractually required contribution	\$ 1,078,386	\$ 923,304	\$ 967,270
Contributions in relation to the contractually required contribution	\$ (1,078,386)	\$ (923,304)	\$ (967,270)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,355,482	\$ 2,961,477	\$ 3,113,721
Contributions as a percentage of covered-employee payroll	32.14%	31.18%	31.06%

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

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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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Revenues					
Intergovernmental					
Federal grants	\$ 947,000	\$ 588,500	\$ 589,048	\$ 548	\$ 350,000
Total intergovernmental	<u>947,000</u>	<u>588,500</u>	<u>589,048</u>	<u>548</u>	<u>350,000</u>
Miscellaneous					
Interest income	-	-	1,159	1,159	1,944
Sale of capital assets	55,000	55,000	10,542	(44,458)	2,592
Total miscellaneous	<u>55,000</u>	<u>55,000</u>	<u>11,701</u>	<u>(43,299)</u>	<u>4,536</u>
Total revenues	<u>1,002,000</u>	<u>643,500</u>	<u>600,749</u>	<u>(42,751)</u>	<u>354,536</u>
Expenditures					
General government					
Capital outlay	947,700	1,755,000	1,743,996	11,004	792,854
Total general government	<u>947,700</u>	<u>1,755,000</u>	<u>1,743,996</u>	<u>11,004</u>	<u>792,854</u>
Debt service					
Debt service - principal	784,800	784,800	803,713	(18,913)	597,764
Debt service - interest	282,500	282,500	263,487	19,013	288,263
Total debt service	<u>1,067,300</u>	<u>1,067,300</u>	<u>1,067,200</u>	<u>100</u>	<u>886,027</u>
Total expenditures	<u>2,015,000</u>	<u>2,822,300</u>	<u>2,811,196</u>	<u>11,104</u>	<u>1,678,881</u>
Excess of revenues over (under) expenditures	<u>(1,013,000)</u>	<u>(2,178,800)</u>	<u>(2,210,447)</u>	<u>(31,647)</u>	<u>(1,324,345)</u>
Other financing sources (uses)					
Debt proceeds	-	-	-	-	1,839,000
Transfers in	980,000	1,710,000	1,800,803	90,803	-
Transfers out	-	-	-	-	-
Total other financing sources	<u>980,000</u>	<u>1,710,000</u>	<u>1,800,803</u>	<u>90,803</u>	<u>1,839,000</u>
Net change in fund balance	(33,000)	(468,800)	(409,644)	59,156	514,655
Fund balance, beginning of year	<u>681,488</u>	<u>681,488</u>	<u>681,488</u>	<u>-</u>	<u>166,833</u>
Fund balance, end of year	<u>\$ 648,488</u>	<u>\$ 212,688</u>	<u>\$ 271,844</u>	<u>\$ 59,156</u>	<u>\$ 681,488</u>

CITY OF WEST WENDOVER, NEVADA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	<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	\$ 24,098	\$ 40,930	\$ 171	\$ 3,321	\$ -	\$ 22,693	\$ 91,213
Due from other governments	-	-	23,500	-	-	12,125	35,625
Inventory	-	-	7,608	-	-	-	7,608
Total assets	<u>\$ 24,098</u>	<u>\$ 40,930</u>	<u>\$ 31,279</u>	<u>\$ 3,321</u>	<u>\$ -</u>	<u>\$ 34,818</u>	<u>\$ 134,446</u>
Liabilities							
Accounts payable	\$ 20,477	\$ 1,132	\$ 763	\$ 1,292	\$ -	\$ -	\$ 23,664
Due to other funds	-	-	23,500	-	-	-	23,500
Total liabilities	<u>20,477</u>	<u>1,132</u>	<u>24,263</u>	<u>1,292</u>	<u>-</u>	<u>-</u>	<u>47,164</u>
Fund Balances							
Nonspendable	-	-	7,608	-	-	-	7,608
Restricted	3,621	39,798	-	-	-	34,818	78,237
Committed	-	-	-	2,029	-	-	2,029
Unassigned	-	-	(592)	-	-	-	(592)
Total fund balances	<u>3,621</u>	<u>39,798</u>	<u>7,016</u>	<u>2,029</u>	<u>-</u>	<u>34,818</u>	<u>87,282</u>
Total liabilities and fund balances	<u>\$ 24,098</u>	<u>\$ 40,930</u>	<u>\$ 31,279</u>	<u>\$ 3,321</u>	<u>\$ -</u>	<u>\$ 34,818</u>	<u>\$ 134,446</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, 2017

	<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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,057	\$ 52,057
Intergovernmental	-	-	115,523	-	-	-	115,523
Charges for services	-	13,466	-	-	-	-	13,466
Miscellaneous	65	101	4,003	397	-	-	4,566
Total revenues	<u>65</u>	<u>13,567</u>	<u>119,526</u>	<u>397</u>	<u>-</u>	<u>52,057</u>	<u>185,612</u>
Expenditures							
Judicial	2,608	2,124	-	-	-	-	4,732
Community support	-	-	211,404	17,097	-	-	228,501
Total expenditures	<u>2,608</u>	<u>2,124</u>	<u>211,404</u>	<u>17,097</u>	<u>-</u>	<u>-</u>	<u>233,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,543)</u>	<u>11,443</u>	<u>(91,878)</u>	<u>(16,700)</u>	<u>-</u>	<u>52,057</u>	<u>(47,621)</u>
Other financing sources (uses)							
Transfers in	1,800	-	54,000	17,000	-	-	72,800
Transfers out	-	-	-	-	-	(90,000)	(90,000)
Total other financing sources (uses)	<u>1,800</u>	<u>-</u>	<u>54,000</u>	<u>17,000</u>	<u>-</u>	<u>(90,000)</u>	<u>(17,200)</u>
Net change in fund balances	(743)	11,443	(37,878)	300	-	(37,943)	(64,821)
Fund balances, beginning of year	4,364	28,355	46,894	1,729	-	72,761	154,103
Prior period adjustment	-	-	(2,000)	-	-	-	(2,000)
Fund balances, end of year	<u>\$ 3,621</u>	<u>\$ 39,798</u>	<u>\$ 7,016</u>	<u>\$ 2,029</u>	<u>\$ -</u>	<u>\$ 34,818</u>	<u>\$ 87,282</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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Revenues					
Miscellaneous					
Interest income	\$ 100	\$ 100	\$ 65	\$ (35)	\$ 52
Total revenues	100	100	65	(35)	52
Expenditures					
Public Safety					
Services and supplies	500	2,700	2,608	92	-
Total expenditures	500	2,700	2,608	92	-
Excess of revenues over (under) expenditures	(400)	(2,600)	(2,543)	57	52
Other financing sources					
Transfers in	-	1,800	1,800	-	-
Net change in fund balance	(400)	(800)	(743)	57	52
Fund balance, beginning of year	4,364	4,364	4,364	-	4,312
Fund balance, end of year	\$ 3,964	\$ 3,564	\$ 3,621	\$ 57	\$ 4,364

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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Revenues					
Charges for services					
Court assessments	\$ 8,000	\$ 8,000	\$ 13,466	\$ 5,466	\$ 8,390
Miscellaneous					
Interest	100	100	101	1	63
Total revenues	8,100	8,100	13,567	5,467	8,453
Expenditures					
Judicial					
Services and supplies	-	2,200	2,124	76	2,530
Capital outlay	-	-	-	-	7,678
Total expenditures	-	2,200	2,124	76	10,208
Excess of revenue and other sources over (under) expenditures	8,100	5,900	11,443	5,391	(1,755)
Other financing sources					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net change in fund balance	8,100	5,900	11,443	5,391	(1,755)
Fund balance, beginning of year	28,355	28,355	28,355	-	30,110
Fund balance, end of year	\$ 36,455	\$ 34,255	\$ 39,798	\$ 5,543	\$ 28,355

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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Revenues					
Intergovernmental					
Operating grants	\$ 55,000	\$ 25,000	\$ 23,523	\$ (1,477)	\$ 107,001
Elko county recreation board	88,000	92,000	92,000	-	88,000
Total intergovernmental	<u>143,000</u>	<u>117,000</u>	<u>115,523</u>	<u>(1,477)</u>	<u>195,001</u>
Miscellaneous					
Merchandise sales	8,000	8,000	4,003	(3,997)	4,885
Total miscellaneous	<u>8,000</u>	<u>8,000</u>	<u>4,003</u>	<u>(3,997)</u>	<u>4,885</u>
Total revenues	<u>151,000</u>	<u>125,000</u>	<u>119,526</u>	<u>(5,474)</u>	<u>199,886</u>
Expenditures					
Community support					
Salaries and wages	89,900	90,800	90,346	454	86,588
Employee benefits	45,400	45,400	44,895	505	41,302
Services and supplies	53,900	51,100	33,820	17,280	54,043
Capital outlay	70,000	50,000	42,343	7,657	93,346
Total expenditures	<u>259,200</u>	<u>237,300</u>	<u>211,404</u>	<u>25,896</u>	<u>275,279</u>
Excess of revenues over (under) expenditures	<u>(108,200)</u>	<u>(112,300)</u>	<u>(91,878)</u>	<u>20,422</u>	<u>(75,393)</u>
Other financing sources					
Transfers in	<u>108,000</u>	<u>70,000</u>	<u>54,000</u>	<u>(16,000)</u>	<u>120,000</u>
Net change in fund balance	(200)	(42,300)	(37,878)	4,422	44,607
Fund balance, beginning of year	46,894	46,894	46,894	-	2,287
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Fund balance, end of year	<u>\$ 46,694</u>	<u>\$ 4,594</u>	<u>\$ 7,016</u>	<u>\$ 2,422</u>	<u>\$ 46,894</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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Revenues					
Miscellaneous					
Donations from private sources	\$ 1,000	\$ 1,200	\$ 397	\$ (803)	\$ 711
Merchandise sales	3,000	-	-	-	-
Interest revenue	200	-	-	-	-
Total revenues	<u>4,200</u>	<u>1,200</u>	<u>397</u>	<u>(803)</u>	<u>711</u>
Expenditures					
Community Support					
Services and supplies	<u>23,500</u>	<u>21,000</u>	<u>17,097</u>	<u>3,903</u>	<u>23,118</u>
Total expenditures	<u>23,500</u>	<u>21,000</u>	<u>17,097</u>	<u>3,903</u>	<u>23,118</u>
Excess of revenues over (under) expenditures	<u>(19,300)</u>	<u>(19,800)</u>	<u>(16,700)</u>	<u>3,100</u>	<u>(22,407)</u>
Other financing sources					
Transfers in	<u>18,000</u>	<u>20,000</u>	<u>17,000</u>	<u>(3,000)</u>	<u>15,000</u>
Net change in fund balance	(1,300)	200	300	100	(7,407)
Fund balance, beginning of year	<u>1,729</u>	<u>1,729</u>	<u>1,729</u>	<u>-</u>	<u>9,136</u>
Fund balance, end of year	<u><u>\$ 429</u></u>	<u><u>\$ 1,929</u></u>	<u><u>\$ 2,029</u></u>	<u><u>\$ 100</u></u>	<u><u>\$ 1,729</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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Revenues					
Intergovernmental					
CDBG grants	\$ -	\$ -	\$ -	\$ -	\$ -
Other grant revenue	-	-	-	-	-
Total intergovernmental	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures					
Public works					
Capital outlay	-	-	-	-	-
Total public works	-	-	-	-	-
Total expenditures	-	-	-	-	-
Deficiency of revenues under expenditures	-	-	-	-	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balance	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Revenues					
Other taxes					
Ad valorem tax	\$ 30,000	\$ 40,000	\$ 52,057	\$ 12,057	\$ 52,257
Expenditures					
Total expenditures	-	-	-	-	-
Excess of revenues over (under) expenditures	30,000	40,000	52,057	12,057	52,257
Other financing sources (uses)					
Transfers out	(30,000)	(90,000)	(90,000)	-	-
Net change in fund balance	-	(50,000)	(37,943)	12,057	52,257
Fund balance, beginning of year	72,761	72,761	72,761	-	20,504
Fund balance, end of year	\$ 72,761	\$ 22,761	\$ 34,818	\$ 12,057	\$ 72,761

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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Operating revenues					
Charges for services	\$ 1,248,500	\$ 1,248,500	\$ 1,205,984	\$ (42,516)	\$ 1,117,520
Total operating revenues	1,248,500	1,248,500	1,205,984	(42,516)	1,117,520
Operating expenses					
Water purchases	555,000	555,000	477,726	77,274	501,568
Salaries and wages	221,900	221,900	203,081	18,819	178,049
Employee benefits	98,800	98,800	100,293	(1,493)	45,470
Services and supplies	348,000	341,200	306,199	35,001	280,239
Depreciation and amortization	130,000	125,000	140,852	(15,852)	125,648
Total operating expenses	1,353,700	1,341,900	1,228,151	113,749	1,130,974
Operating income	(105,200)	(93,400)	(22,167)	71,233	(13,454)
Nonoperating revenues (expenses)					
Interest income	119,000	119,000	119,376	376	121,446
Impact fees	25,000	12,000	11,823	(177)	20,514
Grant revenue	-	-	-	-	351,422
Miscellaneous income	25,000	20,000	13,630	(6,370)	17,194
Contributions from component unit for debt payments	-	-	10,497	10,497	-
Capital outlay	(1,000)	(1,000)	(768)	232	(1,848)
Interest expense	(167,900)	(168,800)	(161,870)	6,930	(174,261)
Total nonoperating revenues (expenses)	100	(18,800)	(7,312)	11,488	334,467
Income (loss) before transfers	(105,100)	(112,200)	(29,479)	82,721	321,013
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	(105,100)	(112,200)	(29,479)	82,721	321,013
Total net position, beginning of year	3,799,520	3,799,520	3,799,520	-	3,478,507
Prior period adjustment	-	-	(1,000)	(1,000)	-
Total net position, end of year	<u>\$ 3,694,420</u>	<u>\$ 3,687,320</u>	<u>\$ 3,769,041</u>	<u>\$ 81,721</u>	<u>\$ 3,799,520</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, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Operating revenues					
Charges for services:					
Charges for services	\$ 1,105,700	\$ 1,054,700	\$ 1,050,208	\$ (4,492)	\$ 1,025,854
Total operating revenues	<u>1,105,700</u>	<u>1,054,700</u>	<u>1,050,208</u>	<u>(4,492)</u>	<u>1,025,854</u>
Operating expenses					
Salaries and wages	322,800	322,800	304,606	18,194	264,955
Employee benefits	144,400	144,400	160,556	(16,156)	74,104
Services and supplies	562,200	526,500	484,376	42,124	490,722
Capital outlay	27,000	27,000	18,008	8,992	28,709
Depreciation and amortization	560,000	560,000	560,964	(964)	551,381
Total operating expenses	<u>1,616,400</u>	<u>1,580,700</u>	<u>1,528,510</u>	<u>52,190</u>	<u>1,409,871</u>
Operating loss	<u>(510,700)</u>	<u>(526,000)</u>	<u>(478,302)</u>	<u>47,698</u>	<u>(384,017)</u>
Nonoperating revenues (expenses)					
Interest income	-	-	597	597	1,992
Impact fees	20,000	12,000	11,527	(473)	12,070
Miscellaneous income	1,500	1,500	-	(1,500)	120
Interest expense	(81,500)	(81,500)	(81,114)	386	(83,599)
Total nonoperating revenues	<u>(60,000)</u>	<u>(68,000)</u>	<u>(68,990)</u>	<u>(990)</u>	<u>(69,417)</u>
Income (loss) before transfers	<u>(570,700)</u>	<u>(594,000)</u>	<u>(547,292)</u>	<u>46,708</u>	<u>(453,434)</u>
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>(570,700)</u>	<u>(594,000)</u>	<u>(547,292)</u>	<u>46,708</u>	<u>(453,434)</u>
Total net position, beginning of year	10,285,529	10,285,529	10,285,529	-	10,738,963
Prior period adjustment	-	-	(5,000)	(5,000)	
Total net position, end of year	<u>\$ 10,285,529</u>	<u>\$ 10,285,529</u>	<u>\$ 9,733,237</u>	<u>\$ (552,292)</u>	<u>\$ 10,285,529</u>

CITY OF WEST WENDOVER, NEVADA
Garbage / Compost Facility Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Operating revenues					
Charges for services	\$ 1,394,500	\$ 1,348,900	\$ 1,365,158	\$ 16,258	\$ 1,302,263
Total operating revenues	<u>1,394,500</u>	<u>1,348,900</u>	<u>1,365,158</u>	<u>16,258</u>	<u>1,302,263</u>
Operating expenses					
Salaries and wages	292,700	332,400	309,200	23,200	247,289
Employee benefits	134,600	153,300	175,790	(22,490)	89,269
Services and supplies	297,400	303,300	225,570	77,730	217,316
Capital outlay	195,500	195,500	27,097	168,403	43,445
Depreciation and amortization	261,800	261,800	325,495	(63,695)	292,805
Total operating expenses	<u>1,182,000</u>	<u>1,246,300</u>	<u>1,063,152</u>	<u>183,148</u>	<u>890,124</u>
Operating income	<u>212,500</u>	<u>102,600</u>	<u>302,006</u>	<u>199,406</u>	<u>412,139</u>
Nonoperating revenues (expenses)					
Interest income	500	500	430	(70)	1,584
Miscellaneous income	-	-	7,878	7,878	3,940
Interest expense	(56,200)	(56,000)	(46,757)	9,243	(53,976)
Total nonoperating expenses	<u>(55,700)</u>	<u>(55,500)</u>	<u>(38,449)</u>	<u>17,051</u>	<u>(48,452)</u>
Income before transfers	156,800	47,100	263,557	216,457	363,687
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	156,800	47,100	263,557	216,457	363,687
Total net position, beginning of year	2,571,685	2,571,685	2,571,685	-	2,207,998
Prior period adjustment	-	-	(5,000)	(5,000)	-
Total net position, end of year	<u>\$ 2,728,485</u>	<u>\$ 2,618,785</u>	<u>\$ 2,830,242</u>	<u>\$ 211,457</u>	<u>\$ 2,571,685</u>

COMPONENT UNIT SUPPLEMENTARY SCHEDULES

CITY OF WEST WENDOVER, NEVADA
Component Unit – Johnson Springs
Statement of Net Position
For the Year Ended June 30, 2017

	Component Unit
	Johnson Springs
Assets	
Current assets	
Cash and investments	\$ 84,854
Accounts receivable, net	74,175
Inventory	13,389
Total current assets	172,418
Noncurrent assets	
Land	18,000
Buildings	6,836,936
Improvements other than buildings	411,632
Machinery and equipment	506,351
Utility system	5,305,132
Less accumulated depreciation	(6,054,163)
Total noncurrent assets	7,023,888
Total assets	7,196,306
Deferred Outflows of Resources	
Deferred outflows related to pensions	48,301
Liabilities	
Current liabilities	
Accounts payable	33,493
Accrued liabilities	1,687
Due to primary government	2,403,804
Compensated absences	10,950
Total current liabilities	2,449,934
Noncurrent liabilities:	
Net pension liability	166,774
Total liabilities	2,616,708
Deferred Inflows of Resources	
Deferred inflows related to pensions	18,303
Net Position	
Net investment in capital assets	4,620,084
Unrestricted	(10,488)
Total net position	\$ 4,609,596

CITY OF WEST WENDOVER, NEVADA
Component Unit – Johnson Springs
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016
Operating revenues					
Charges for services	\$ 670,000	\$ 615,000	\$ 553,699	\$ (61,301)	\$ 571,545
Total operating revenues	<u>670,000</u>	<u>615,000</u>	<u>553,699</u>	<u>(61,301)</u>	<u>571,545</u>
Operating expenses					
Water purchases	115,000	115,000	113,990	1,010	112,416
Salaries and wages	77,100	37,400	37,302	98	94,663
Employee benefits	35,900	17,200	(885)	18,085	(10,257)
Services and supplies	277,500	253,900	246,905	6,995	287,469
Depreciation and amortization	373,600	384,000	397,010	(13,010)	385,378
Total operating expenses	<u>879,100</u>	<u>807,500</u>	<u>794,322</u>	<u>13,178</u>	<u>869,669</u>
Operating loss	<u>(209,100)</u>	<u>(192,500)</u>	<u>(240,623)</u>	<u>(48,123)</u>	<u>(298,124)</u>
Nonoperating revenues (expenses)					
Interest income	4,000	4,000	14,002	10,002	8,492
Miscellaneous income	12,000	12,000	-	(12,000)	2,177,000
Debt paid through primary government	-	-	(10,497)	(10,497)	-
Interest expense	(114,000)	(114,000)	(113,949)	51	(160,483)
Total nonoperating revenues (expenses)	<u>(98,000)</u>	<u>(98,000)</u>	<u>(110,444)</u>	<u>(12,444)</u>	<u>2,025,009</u>
Loss before transfers	(307,100)	(290,500)	(351,067)	(60,567)	1,726,885
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	(307,100)	(290,500)	(351,067)	(60,567)	1,726,885
Total net position, beginning of year	4,960,663	4,960,663	4,960,663	-	3,233,778
Total net position, end of year	<u>\$ 4,653,563</u>	<u>\$ 4,670,163</u>	<u>\$ 4,609,596</u>	<u>\$ (60,567)</u>	<u>\$ 4,960,663</u>

CITY OF WEST WENDOVER, NEVADA
Component Unit – Johnson Springs
Statement of Cash Flows
June 30, 2017

	Component Unit
	Johnson Springs
Cash Flows From Operating Activities:	
Cash received from customers, service fees	\$ 544,636
Cash paid to suppliers	(342,765)
Cash paid to employees	(55,388)
Net cash flows from operating activities	146,483
Cash Flows From Noncapital Financing Activities:	
Net component unit receipts/(payments)	(70,452)
Net cash flows from noncapital financing activities	(70,452)
Cash Flows From Capital and Related Financing Activities:	
Interest paid on capital debt	(113,949)
Net cash flows from capital and related financing activities	(113,949)
Cash Flows From Investing Activities:	
Interest income	14,002
Net change in cash and cash equivalents	(23,916)
Cash and investments, including restricted cash, beginning of year	108,770
Cash and Cash Equivalents, Including Restricted Cash , End of Year	\$ 84,854
Reconciliation of operating income to net cash flows from operating activities:	
Operating income (loss)	\$ (240,623)
Adjustments to reconcile net income (loss) to net cash from operating activities	
Depreciation/amortization	397,010
Pension expense	4,746
Employer pension contributions	(21,796)
Changes in operating assets and liabilities:	
(Increase) decrease in receivables	(9,063)
(Increase) decrease in prepaid expenses	27,486
Increase (decrease) in accounts payable	(9,356)
Increase (decrease) in compensated absences	(1,921)
Net cash flows from operating activities	\$ 146,483

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, 2017, 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 13, 2017.

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 13, 2017

**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, 2017, and have issued our report thereon dated October 13, 2017. 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 footnote 15.

We noted no new instance of noncompliance during fiscal year 2017.

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
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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with NRS 354.624 and 354.6241. Our finding is described in a separate schedule of findings and recommendations, as item 2014-002. Our opinion on compliance is not modified with respect to these matters.

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 13, 2017

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, 2017

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2016		20,394
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Adjustment to Base:

1. Percentage change in population of the local government	0.0%	
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	1.6%	1.60%

Increase in base		326
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Adjusted base at June 30, 2017		20,720
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Actual revenue		15,615
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Amount over (under) allowable amount		\$ (5,105)
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