



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WEST WENDOVER, NEVADA

Table of Contents

	Page
FINANCIAL SECTION	
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of the Balance Sheets of Governmental Funds to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to the Financial Statements	23
Required Supplementary Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
General Fund (Detailed).....	56
Recreation Fund	59
Schedule of the Proportionate Share of the Net Pension Liability	60
Schedule of Contributions	61

CITY OF WEST WENDOVER, NEVADA

Table of Contents (Continued)

Supplementary Information

Combining and Individual Fund Statements and Schedules:
Combining Balance Sheet – Non-major Governmental Funds64

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Non-major Governmental Funds65

Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual

Seizure Forfeiture Fund66
Court Administrative Assessments Fund.....67
Welcome Center Fund68
Wendover Will Landmark Fund69
Grant Fund70
Capital Projects Fund.....71
Ad Valorem Capital Projects Fund72

Major Business-Type Funds:
Water fund:
Schedule of Revenues, Expenses – Budget and Actual74
Sewer fund:
Schedule of Revenues, Expenses – Budget and Actual75
Garbage / Compost Facility fund:
Schedule of Revenues, Expenses – Budget and Actual76

Component Unit Supplementary Schedules:
Statement of Net Position78
Schedule of Revenues, Expenses – Budget and Actual79
Statement of Cash Flows80

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS:

Report on Internal Control over Financial Reporting and Compliance83
Report on Compliance with State Fiscal Laws85
Schedule of Fees Imposed Subject to the Provision of NRS 354.598987

FINANCIAL SECTION

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HINTONBURDICK
CPAs & ADVISORS

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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City implemented the provisions of GASB Statement No. 82, *Pension Issues- an Amendment of GASB Statements No. 67, No. 68, and No. 73*. Our opinion is not modified with respect to this matter. The fiscal year 2017 financial statements do not reflect the effects of this statement as the required information was not available for that time period.

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 September 21, 2018, 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
September 21, 2018

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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, 2018. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net position) by \$26.1 million at the close of the fiscal year.
- Total net position decreased by \$1.3 million from the prior year.
- Governmental activities net position decreased by \$1 million. Business-type net position decreased by \$187,508.
- Total revenues from all governmental sources were \$9.2 million and the total cost of all City programs were \$9.7 million
- The General Fund revenues exceeded expenditures, excluding transfers, and debt proceeds by \$809,727.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$971,953, or 17% 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 \$26.1 million as of June 30, 2018 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	
	06/30/18	06/30/17	06/30/18	06/30/17	06/30/18	06/30/17
Assets						
Current and other assets	\$ 2,238,108	\$ 2,021,161	\$ 5,789,930	\$ 5,685,052	\$ 8,028,038	\$ 7,706,213
Net capital assets	21,295,126	22,724,786	19,288,460	19,997,534	40,583,586	42,722,320
Total assets	23,533,234	24,745,947	25,078,390	25,682,586	48,611,624	50,428,533
Deferred outflows	1,242,559	2,045,323	244,359	384,951	1,486,918	2,430,274
Liabilities						
Current liabilities	562,992	565,461	149,129	174,331	712,121	739,792
Long-term liabilities outstanding	13,421,798	14,358,957	8,872,437	9,414,813	22,294,235	23,773,770
Total liabilities	13,984,790	14,924,418	9,021,566	9,589,144	23,006,356	24,513,562
Deferred inflows	794,117	775,055	156,171	145,873	950,288	920,928
Net position:						
Net investment in capital assets	14,929,697	15,708,329	14,106,662	14,266,471	29,036,359	29,974,800
Restricted	207,131	205,587	964,944	878,379	1,172,075	1,083,966
Unrestricted	(5,139,942)	(4,822,119)	1,073,406	1,187,670	(4,066,536)	(3,634,449)
Total net position	\$ 9,996,886	\$ 11,091,797	\$ 16,145,012	\$ 16,332,520	\$ 26,141,898	\$ 27,424,317

Governmental Activities

The cost of all Governmental activities this year was \$9,234,284. As shown on the statement of Changes in Net Position on the following page, \$624,342 of this cost was paid for by those who directly benefited from the programs; \$530,132 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$1,154,474. General taxes, asset sales, and other general revenues totaled \$8,079,810.

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.

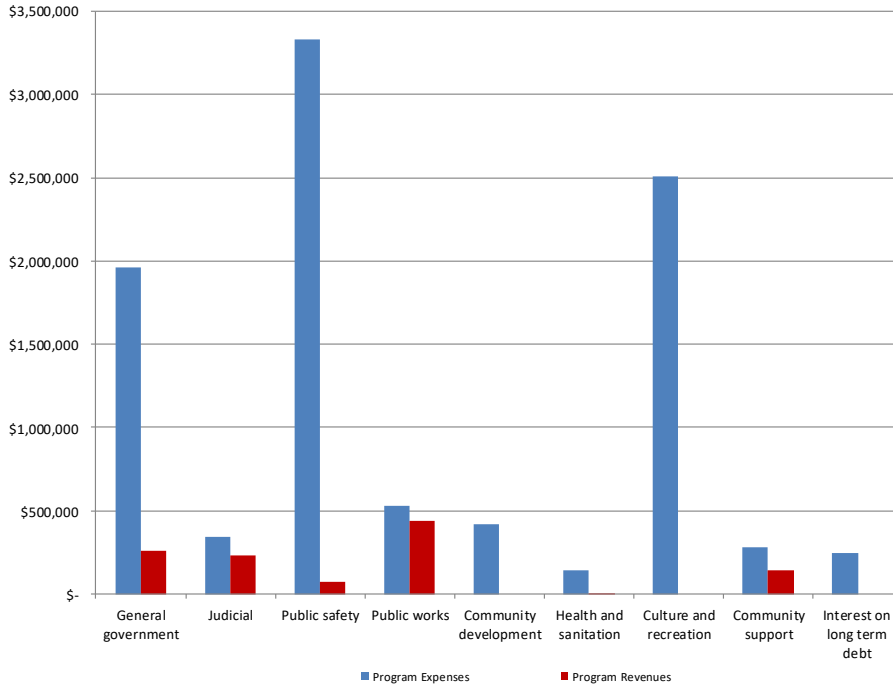
**City of West Wendover, Nevada
Changes in Net Position**

	Governmental activities		Business-type activities		Combined Total	
	06/30/18	06/30/17	06/30/18	06/30/17	06/30/18	06/30/17
Revenues:						
Program revenues:						
Charges for services	\$ 624,342	\$ 673,238	\$ 3,765,125	\$ 3,621,350	\$ 4,389,467	\$ 4,294,588
Operating grants	337,594	325,958	-	-	337,594	325,958
Capital grants	192,538	3,603,861	27,721	23,350	220,259	3,627,211
General revenues:						
Consolidated taxes	2,760,581	2,576,081	-	-	2,760,581	2,576,081
Room taxes	2,389,961	2,377,383	-	-	2,389,961	2,377,383
Ad valorem taxes	1,629,060	1,495,024	-	-	1,629,060	1,495,024
County gaming taxes	457,909	431,418	-	-	457,909	431,418
Franchise taxes	397,894	376,520	-	-	397,894	376,520
Right of way toll	290,142	281,227	-	-	290,142	281,227
Motor vehicle taxes	111,452	112,291	-	-	111,452	112,291
Other taxes	5,485	-	-	-	5,485	-
Investment earnings	7,317	6,837	124,294	120,403	131,611	127,240
Gain on sale of capital assets	-	-	-	-	-	-
Miscellaneous revenues	30,009	17,024	32,811	32,005	62,820	49,029
Total revenues	<u>9,234,284</u>	<u>12,276,862</u>	<u>3,949,951</u>	<u>3,797,108</u>	<u>13,184,235</u>	<u>16,073,970</u>
Expenses:						
General government	1,957,253	1,444,873	-	-	1,957,253	1,444,873
Judicial	339,053	323,764	-	-	339,053	323,764
Public safety	3,327,123	3,370,826	-	-	3,327,123	3,370,826
Public works	527,048	618,991	-	-	527,048	618,991
Community development	417,780	281,337	-	-	417,780	281,337
Health and sanitation	140,732	148,599	-	-	140,732	148,599
Culture and recreation	2,504,678	2,441,894	-	-	2,504,678	2,441,894
Community support	280,647	264,366	-	-	280,647	264,366
Interest on long term debt	248,774	287,050	-	-	248,774	287,050
Water	-	-	1,380,771	1,390,789	1,380,771	1,390,789
Sewer	-	-	1,592,175	1,609,624	1,592,175	1,609,624
Garbage/Compost	-	-	1,054,200	1,109,909	1,054,200	1,109,909
Total expenses	<u>9,743,088</u>	<u>9,181,700</u>	<u>4,027,146</u>	<u>4,110,322</u>	<u>13,770,234</u>	<u>13,292,022</u>
Increase in net position before transfers	(508,804)	3,095,162	(77,195)	(313,214)	(585,999)	2,781,948
Transfers	-	-	-	-	-	-
Increase in net position	(508,804)	3,095,162	(77,195)	(313,214)	(585,999)	2,781,948
Net position, beginning	11,091,797	7,985,635	16,332,520	16,656,734	27,424,317	24,642,369
Restatement adjustment	(586,107)	11,000	(110,313)	(11,000)	(696,420)	-
Net position, ending	<u>\$ 9,996,886</u>	<u>\$ 11,091,797</u>	<u>\$ 16,145,012</u>	<u>\$ 16,332,520</u>	<u>\$ 26,141,898</u>	<u>\$ 27,424,317</u>

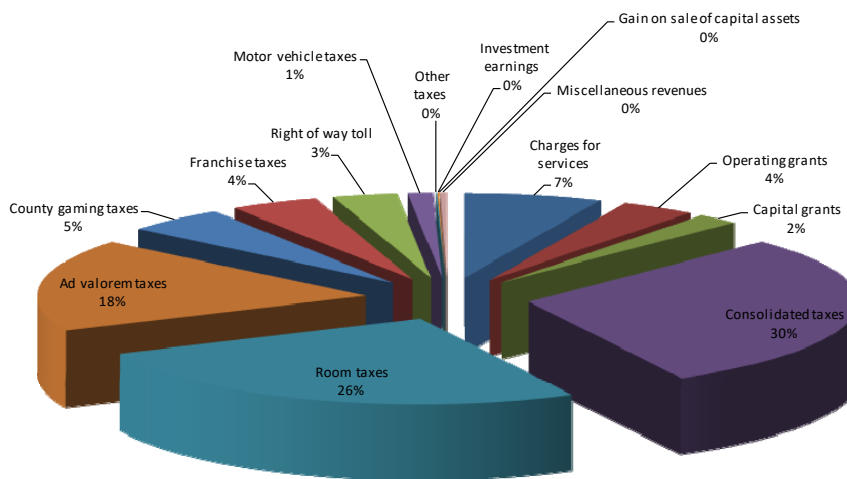
Total resources available during the year to finance governmental operations were \$19,739,974 consisting of Net Position at July 1, 2017 of \$10.5 million as restated, program revenues of \$1.1 million and General Revenue of \$8.1 million. Total Governmental Activities during the year were \$9.7 million; thus, Governmental Net Position decreased by \$508,804 to \$10 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

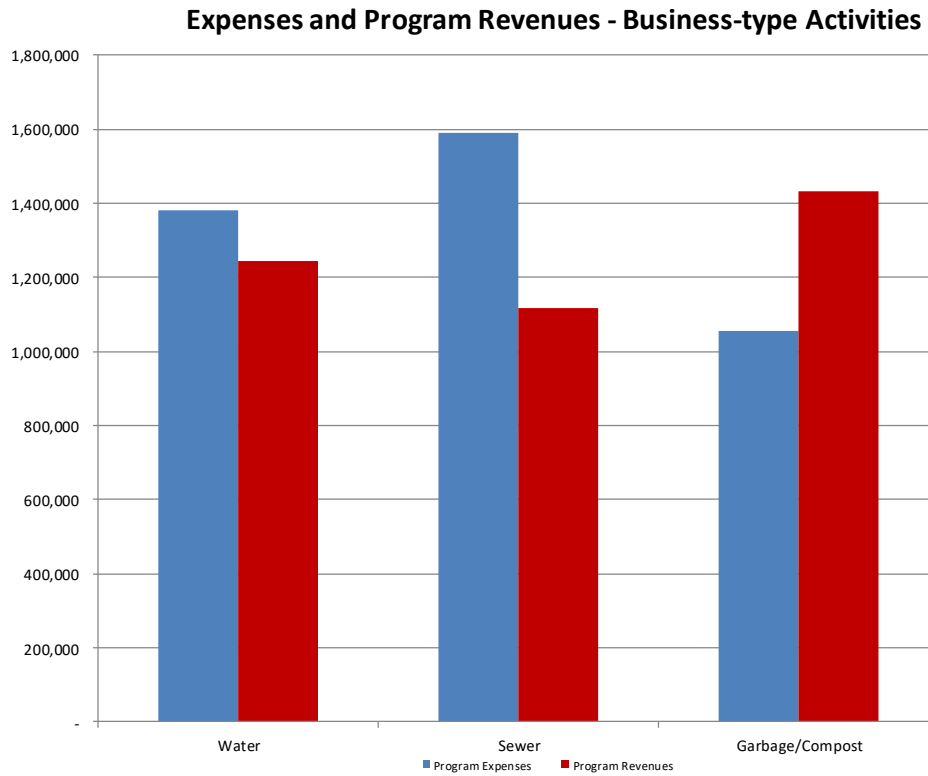


Revenues By Source - Governmental Activities



Business Type Activities

Net position of the Business Type activities at June 30, 2018, as reflected in the Statement of Net Position was \$16.1 million. The cost of providing all Proprietary (Business Type) activities this year was \$4.0 million. As shown in the Statement of Activities, the amounts paid by users of the system were \$3.7 million and \$27,721 was subsidized by capital grants and contributions. Unrestricted investment earnings totaled 124,294; other revenue totaled \$32,811, thus, net position decreased by \$77,195.



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 \$1,618,944, an increase of \$170,767 in comparison with the prior year. 60% of the total fund balance or \$971,361 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 \$971,953, and total fund balance is \$1,054,510. 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 17% of total general fund expenditures. During the year, the City of West Wendover's general fund balance was budgeted to decrease by \$268,100.

The recreation fund has a fund balance of \$157,617, all of which is restricted for culture and recreation appropriation.

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 \$16,145,012 at year end.

General Fund Budgetary Highlights

Actual expenditures for the General Fund at year-end were \$315,517 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 more than the final budget by \$87,785.

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 2018, net capital assets of the government activities totaled \$21.2 million and the net capital assets of the business-type activities totaled \$19.2 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 \$13.4 million in governmental type long term liabilities, and \$8.8 million in proprietary long term liabilities. The liabilities amounts to \$4,956 per capita (4,498 – 2013 population US Census Bureau Website 2013). The City's net decrease in total long term liabilities was \$1.4 million. (See note 7 and 18 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for fiscal year 2018-2019, the City Council and management remained cautious as to the growth of revenues and expenditures. The current labor contract with the Police Officer Association effective July 1, 2018 thru June 30, 2021 provides for no pay adjustment for fiscal 2019 but does provide some adjustments for fiscal 2020 and 2021. The current labor contract with Local 4041 effective July 1, 2018 thru June 30, 2019 does not include any pay adjustment.

Projects that are a part of the City Budget for the fiscal year 2018-2019 are as follows:

- The City will continue with some Street Rehab and Storm Drainage Improvement Projects related to the recent funding.
- On the immediate horizon is development for the City Center/Downtown development. The City started a planning phase in fiscal year 2018 and is working with BLM to acquire the land for that development. Infrastructure for the development will start as soon as funding is in place.
- In connection with the acquisition of the BLM land surrounding the City Hall, a new fire station will be built. Grants and a SDA loan have been approved for the 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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Johnson Springs
Assets				
Cash and temporary investments	\$ 859,268	\$ 2,020,827	\$ 2,880,095	\$ 115,024
Accounts receivable, net	950,544	389,597	1,340,141	57,634
Due from component unit	-	2,337,645	2,337,645	-
Inventory	27,569	65,667	93,236	13,389
Prepaid items	123,362	11,250	134,612	-
Restricted cash	277,365	964,944	1,242,309	-
Capital assets not being depreciated:				
Land	1,637,283	111,000	1,748,283	18,000
Capital assets, net of accumulated depreciation:				
Buildings, net	8,226,144	3,539,847	11,765,991	2,662,725
Improvements other than buildings, net	10,956,251	2,778,608	13,734,859	272,024
Machinery and equipment, net	475,448	847,051	1,322,499	130,532
Utility systems	-	12,011,954	12,011,954	3,548,316
Total assets	<u>23,533,234</u>	<u>25,078,390</u>	<u>48,611,624</u>	<u>6,817,644</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	<u>1,242,559</u>	<u>244,359</u>	<u>1,486,918</u>	<u>34,296</u>
Liabilities				
Accounts payable	324,481	23,937	348,418	29,600
Accrued interest payable	31,432	120,404	151,836	-
Accrued expenses	158,573	-	158,573	1,687
Due to primary government	-	-	-	2,337,645
Unearned revenue	48,506	-	48,506	-
Deposits payable	-	4,788	4,788	-
Noncurrent liabilities				
Due within one year	758,408	826,691	1,585,099	9,461
Due in more than one year	5,894,975	6,714,674	12,609,649	-
Net pension liability	6,768,415	1,331,072	8,099,487	186,819
Total liabilities	<u>13,984,790</u>	<u>9,021,566</u>	<u>23,006,356</u>	<u>2,565,212</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	<u>794,117</u>	<u>156,171</u>	<u>950,288</u>	<u>21,919</u>
Net Position				
Net investment in capital assets	14,929,697	14,106,662	29,036,359	4,293,952
Restricted for:				
Judicial	49,514	-	49,514	-
Culture and recreation	157,617	-	157,617	-
Debt service	-	964,944	964,944	-
Unrestricted	(5,139,942)	1,073,406	(4,066,536)	(29,143)
Total net position	<u>\$ 9,996,886</u>	<u>\$ 16,145,012</u>	<u>\$ 26,141,898</u>	<u>\$ 4,264,809</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Johnson Springs
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental:								
General government	\$ 1,957,253	\$ 256,546	\$ -	\$ -	\$ (1,700,707)	\$ -	\$ (1,700,707)	\$ -
Judicial	339,053	233,086	-	-	(105,967)	-	(105,967)	-
Public safety	3,327,123	33,200	42,490	469	(3,250,964)	-	(3,250,964)	-
Public works	527,048	93,321	155,000	191,679	(87,048)	-	(87,048)	-
Community development	417,780	-	-	-	(417,780)	-	(417,780)	-
Health and sanitation	140,732	3,387	-	-	(137,345)	-	(137,345)	-
Culture and recreation	2,504,678	-	-	-	(2,504,678)	-	(2,504,678)	-
Community support	280,647	4,802	140,104	390	(135,351)	-	(135,351)	-
Interest on long term debt	248,774	-	-	-	(248,774)	-	(248,774)	-
Total governmental activities	<u>9,743,088</u>	<u>624,342</u>	<u>337,594</u>	<u>192,538</u>	<u>(8,588,614)</u>	<u>-</u>	<u>(8,588,614)</u>	<u>-</u>
Business-type:								
Water	1,380,771	1,225,277	-	17,576	-	(137,918)	(137,918)	-
Sewer	1,592,175	1,107,240	-	10,145	-	(474,790)	(474,790)	-
Garbage/Compost	1,054,200	1,432,608	-	-	-	378,408	378,408	-
Total business-type activities	<u>4,027,146</u>	<u>3,765,125</u>	<u>-</u>	<u>27,721</u>	<u>-</u>	<u>(234,300)</u>	<u>(234,300)</u>	<u>-</u>
Total primary government	<u>\$ 13,770,234</u>	<u>\$ 4,389,467</u>	<u>\$ 337,594</u>	<u>\$ 220,259</u>				
Component Unit:								
Johnson Springs	<u>\$ 1,002,054</u>	<u>\$ 652,108</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(349,946)</u>
General Revenues:								
					2,760,581	-	2,760,581	-
					2,389,961	-	2,389,961	-
					1,629,060	-	1,629,060	-
					457,909	-	457,909	-
					397,894	-	397,894	-
					290,142	-	290,142	-
					111,452	-	111,452	-
					5,485	-	5,485	-
					7,317	124,294	131,611	19,001
					30,009	32,811	62,820	-
					<u>8,079,810</u>	<u>157,105</u>	<u>8,174,095</u>	<u>19,001</u>
					(508,804)	(77,195)	(585,999)	(330,945)
					11,091,797	16,332,520	27,424,317	4,609,596
					(586,107)	(110,313)	(696,420)	(13,842)
					<u>\$ 9,996,886</u>	<u>\$ 16,145,012</u>	<u>\$ 26,141,898</u>	<u>\$ 4,264,809</u>

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

CITY OF WEST WENDOVER, NEVADA
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and temporary investments	\$ 390,184	\$ 146,951	\$ 135,145	\$ 672,280
Accounts receivable, net	96,510	230,586	-	327,096
Due from other funds	160,000	-	-	160,000
Due from other governments	599,107	-	15,773	614,880
Inventory	26,072	-	1,497	27,569
Prepaid and other items	56,045	-	-	56,045
Restricted cash	440	-	276,925	277,365
Total assets	<u>1,328,358</u>	<u>377,537</u>	<u>\$ 429,340</u>	<u>\$ 2,135,235</u>
Liabilities				
Accounts payable	\$ 66,769	\$ 219,920	\$ 22,523	\$ 309,212
Accrued liabilities	158,573	-	-	158,573
Unearned revenue	48,506	-	-	48,506
Total liabilities	<u>273,848</u>	<u>219,920</u>	<u>22,523</u>	<u>516,291</u>
Fund Balances				
Nonspendable	82,117	-	1,497	83,614
Restricted	440	157,617	403,787	561,844
Committed	-	-	2,125	2,125
Unassigned	971,953	-	(592)	971,361
Total fund balances	<u>1,054,510</u>	<u>157,617</u>	<u>406,817</u>	<u>1,618,944</u>
Total liabilities and fund balances	<u>\$ 1,328,358</u>	<u>\$ 377,537</u>	<u>\$ 429,340</u>	<u>\$ 2,135,235</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, 2018

Total fund balances - governmental funds \$ 1,618,944

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	\$ 30,854,071	
Accumulated depreciation	<u>(9,558,945)</u>	21,295,126

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

8,568

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

Net pension liabilities	\$ (6,768,415)	
Bonds payable	(6,365,429)	
Compensated absences	(287,954)	
Interest payable	<u>(31,432)</u>	(13,453,230)

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.

79,036

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	\$ 1,242,559	
Deferred inflows	<u>(794,117)</u>	448,442

Total net position - governmental activities \$ 9,996,886

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, 2018

	General Fund	Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 1,503,680	\$ 2,389,961	\$ 50,279	\$ 3,943,920
Licenses and permits	1,012,930	-	-	1,012,930
Intergovernmental	3,785,566	-	131,300	3,916,866
Charges for services	50,732	-	9,794	60,526
Fines and forfeits	82,892	-	-	82,892
Miscellaneous revenues	187,085	-	242,377	429,462
Total revenues	6,622,885	2,389,961	433,750	9,446,596
Expenditures				
Current				
General government	1,212,339	-	-	1,212,339
Judicial	333,142	-	4,151	337,293
Public safety	3,214,162	-	-	3,214,162
Public works	525,019	-	-	525,019
Community development	261,910	-	-	261,910
Health	119,217	-	-	119,217
Culture and recreation	13,116	2,394,512	-	2,407,628
Community support	15,015	-	265,238	280,253
Capital outlay	-	-	6,550	6,550
Debt service	119,238	-	792,220	911,458
Total expenditures	5,813,158	2,394,512	1,068,159	9,275,829
Excess (deficiency) of revenues over (under) expenditures	809,727	(4,551)	(634,409)	170,767
Other Financing Sources (Uses)				
Transfers in	-	-	737,100	737,100
Transfers out	(682,100)	-	(55,000)	(737,100)
Total other financing sources and uses	(682,100)	-	682,100	-
Net change in fund balances	127,627	(4,551)	47,691	170,767
Fund balances, beginning of year	926,883	162,168	359,126	1,448,177
Fund balances, end of year	\$ 1,054,510	\$ 157,617	\$ 406,817	\$ 1,618,944

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, 2018

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

Net change in fund balances - total governmental funds		\$ 170,767
<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		\$ 39,000
Depreciation expense		<u>(1,049,462)</u>
		(1,010,462)
<p>Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain/(loss) on the sale of capital assets is reported net of its net book value.</p>		
		(419,198)
<p>Payments on long term receivables recorded as revenue in the governmental funds are reported as a reduction of receivables in the statement of net position.</p>		
		(2,312)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		651,028
<p>Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. The adjustment reflects the change in interest payable</p>		
		11,657
<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		\$ 473,469
Pension expense		<u>(415,465)</u>
		58,004
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the change in compensated absences payable.</p>		
		(7,594)
<p>The internal service fund is used by management to charge the cost of insurance to the various funds. The net revenue (loss) of the internal service fund is reported with governmental activities.</p>		
		39,306
Change in net position of governmental activities		<u><u>\$ (508,804)</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, 2018

	<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	\$ 1,427,221	\$ 64,164	\$ 529,442	\$ 2,020,827	\$ 186,988
Accounts receivable, net	133,597	123,803	132,197	389,597	-
Inventory	61,405	4,262	-	65,667	-
Prepaid expenses	1,976	8,250	1,024	11,250	67,317
Total current assets	<u>1,624,199</u>	<u>200,479</u>	<u>662,663</u>	<u>2,487,341</u>	<u>254,305</u>
Noncurrent assets					
Restricted cash	570,653	77,198	317,093	964,944	-
Due from component unit	2,337,645	-	-	2,337,645	-
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	5,148,529	6,191,350	-
Machinery and equipment	869,063	1,379,199	2,190,753	4,439,015	-
Utility system	2,214,669	15,820,916	-	18,035,585	-
Less accumulated depreciation	(2,162,969)	(6,181,158)	(5,124,357)	(13,468,484)	-
Total noncurrent assets	<u>6,183,931</u>	<u>12,339,642</u>	<u>4,067,476</u>	<u>22,591,049</u>	<u>-</u>
Total assets	<u>7,808,130</u>	<u>12,540,121</u>	<u>4,730,139</u>	<u>25,078,390</u>	<u>254,305</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	<u>69,533</u>	<u>89,047</u>	<u>85,779</u>	<u>244,359</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts payable	5,064	13,824	5,049	23,937	15,269
Accrued interest payable	83,989	11,033	25,382	120,404	-
Due to primary government	-	-	-	-	160,000
Compensated absences	9,347	8,149	13,689	31,185	-
Customer deposits	4,788	-	-	4,788	-
Current portion of noncurrent liabilities	312,703	111,003	371,800	795,506	-
Total current liabilities	<u>415,891</u>	<u>144,009</u>	<u>415,920</u>	<u>975,820</u>	<u>175,269</u>
Noncurrent liabilities:					
Capital leases payable	-	-	169,179	169,179	-
Net pension liability	378,760	485,057	467,255	1,331,072	-
Bonds payable	3,295,536	2,721,917	528,042	6,545,495	-
Total noncurrent liabilities	<u>3,674,296</u>	<u>3,206,974</u>	<u>1,164,476</u>	<u>8,045,746</u>	<u>-</u>
Total liabilities	<u>4,090,187</u>	<u>3,350,983</u>	<u>1,580,396</u>	<u>9,021,566</u>	<u>175,269</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions	<u>44,439</u>	<u>56,910</u>	<u>54,822</u>	<u>156,171</u>	<u>-</u>
Net Position					
Net investment in capital assets	1,995,776	9,429,524	2,681,362	14,106,662	-
Restricted for debt service	570,653	77,198	317,093	964,944	-
Unrestricted	1,176,608	(285,447)	182,245	1,073,406	79,036
Total net position	<u>\$ 3,743,037</u>	<u>\$ 9,221,275</u>	<u>\$ 3,180,700</u>	<u>\$ 16,145,012</u>	<u>\$ 79,036</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, 2018

	<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>
Operating revenues					
Charges for services	\$ 1,225,277	\$ 1,107,240	\$ 1,432,608	\$ 3,765,125	\$ 1,003,234
Operating expenses					
Water purchases	518,296	-	-	518,296	-
Salaries and wages	53,383	358,093	349,029	760,505	-
Employee benefits	197,361	131,608	126,961	455,930	963,929
Services and supplies	312,598	456,498	219,145	988,241	-
Capital outlay	168	12,673	-	12,841	-
Depreciation and amortization	139,954	548,215	326,137	1,014,306	-
Total operating expenses	<u>1,221,760</u>	<u>1,507,087</u>	<u>1,021,272</u>	<u>3,750,119</u>	<u>963,929</u>
Operating income (loss)	<u>3,517</u>	<u>(399,847)</u>	<u>411,336</u>	<u>15,006</u>	<u>39,305</u>
Nonoperating revenues (expenses)					
Interest income	119,948	1,470	2,876	124,294	-
Impact fees	16,556	9,805	-	26,361	-
Grant revenue	1,020	340	-	1,360	-
Miscellaneous income	13,905	706	7,616	22,227	-
Contributions from component unit for debt payments	10,584	-	-	10,584	-
Interest expense	(159,011)	(85,088)	(32,928)	(277,027)	-
Total nonoperating revenues (expenses)	<u>3,002</u>	<u>(72,767)</u>	<u>(22,436)</u>	<u>(92,201)</u>	<u>-</u>
Income before contributions and transfers	6,519	(472,614)	388,900	(77,195)	39,305
Change in net position	6,519	(472,614)	388,900	(77,195)	39,305
Total net position, beginning	3,769,041	9,733,237	2,830,242	16,332,520	39,731
Restatement adjustment	(32,523)	(39,348)	(38,442)	(110,313)	-
Total net position, end of year	<u>\$ 3,743,037</u>	<u>\$ 9,221,275</u>	<u>\$ 3,180,700</u>	<u>\$ 16,145,012</u>	<u>\$ 79,036</u>

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

	<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>
Cash Flows From Operating Activities:					
Cash received from customers, service fees	\$ 1,220,308	\$ 1,111,919	\$ 1,432,636	\$ 3,764,863	\$ 1,003,234
Cash paid to suppliers	(837,402)	(475,553)	(235,047)	(1,548,002)	(1,017,380)
Cash paid to employees	(249,668)	(463,428)	(455,873)	(1,168,969)	-
Net cash flows from operating activities	<u>133,238</u>	<u>172,938</u>	<u>741,716</u>	<u>1,047,892</u>	<u>(14,146)</u>
Cash Flows From Noncapital Financing Activities:					
Net interfund receipts/(payments)	-	-	-	-	160,000
Net component unit receipts/(payments)	76,743	-	-	76,743	-
Cash received from miscellaneous sources	13,905	706	7,616	22,227	-
Net cash flows from noncapital financing activities	<u>90,648</u>	<u>706</u>	<u>7,616</u>	<u>98,970</u>	<u>160,000</u>
Cash Flows From Capital and Related Financing Activities:					
Impact fees	16,556	9,805	-	26,361	-
Grant revenue	1,020	340	-	1,360	-
Principal paid on capital debt	(303,294)	(107,831)	(369,460)	(780,585)	-
Interest paid on capital debt	(159,011)	(85,088)	(32,928)	(277,027)	-
Acquisition and construction of capital assets	(19,631)	(39,199)	(15,080)	(73,910)	-
Net cash flows from capital and related financing activities	<u>(464,360)</u>	<u>(221,973)</u>	<u>(417,468)</u>	<u>(1,103,801)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest income	119,948	1,470	2,876	124,294	-
Net change in cash and cash equivalents	(120,526)	(46,859)	334,740	167,355	145,854
Cash and investments, including restricted cash, beginning of year as restated	<u>2,118,400</u>	<u>188,221</u>	<u>511,795</u>	<u>2,818,416</u>	<u>41,134</u>
Cash and Cash Equivalents, Including Restricted Cash, End of Year	<u>\$ 1,997,874</u>	<u>\$ 141,362</u>	<u>\$ 846,535</u>	<u>\$ 2,985,771</u>	<u>\$ 186,988</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 3,517	\$ (399,847)	\$ 411,336	\$ 15,006	\$ 39,305
Adjustments to reconcile net income (loss) to net cash from operating activities					
Depreciation/amortization	139,954	548,215	326,137	1,014,306	-
Pension expense	26,251	58,668	50,674	135,593	-
Employer pension contributions	(26,495)	(33,931)	(32,685)	(93,111)	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(4,589)	4,679	28	118	-
(Increase) decrease in inventory	(739)	100	-	(639)	-
(Increase) decrease in prepaid expenses	-	(3,145)	(16)	(3,161)	(21,417)
Increase (decrease) in accounts payable	(5,601)	(3,337)	(15,886)	(24,824)	(32,034)
Increase (decrease) in due from deposits	(380)	-	-	(380)	-
Increase (decrease) in compensated absences	1,320	1,536	2,128	4,984	-
Net cash flows from operating activities	<u>\$ 133,238</u>	<u>\$ 172,938</u>	<u>\$ 741,716</u>	<u>\$ 1,047,892</u>	<u>\$ (14,146)</u>
Supplemental Schedule of Non-cash Financing and Investing Activities					
Acquisition of capital assets through debt	\$ -	\$ -	\$ 231,697	\$ 231,697	\$ -

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

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, 2018

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 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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

NOTE 1. Summary of Significant Accounting Policies, Continued

Comparative Data

Comparative data shown for the prior year has been extracted from the 2016-2017 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2016-2017. Such information can only be obtained by referring to the audited financial statements for that year.

New pronouncements

For the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 82, *Pension Issues- an Amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB Statement No. 82 improves consistency in the application of pension accounting and financial reporting requirements by addressing certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this new Statement resulted in a restatement of beginning net position in the City's government-wide and proprietary fund financial statements (see Note 18).

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.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

NOTE 3. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

No funds incurred deficit fund balances for fiscal year 2018. The individual Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual report on page 79 shows that the component unit Johnson Springs Fund incurred an excess of expenses over appropriations for the year ended June 30, 2018 by (\$40,642).

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

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	2,672,187	(1,214,890)
Investments:		
Nevada local government investment pool	1,448,892	1,329,914
Total deposits and investments	\$ 4,122,404	\$ 115,024
Cash and cash equivalents	\$ 2,880,095	\$ 115,024
Restricted cash	1,242,309	-
	\$ 4,122,404	\$ 115,024

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, 2018, \$0 of the primary government and component unit's combined bank balance of \$1,462,520 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, 2018

NOTE 4. Cash and Investments, Continued

As of June 30, 2018 the government had the following investments:

<u>Investment Type</u>	<u>Primary Government Fair Value</u>	<u>Component Unit Fair Value</u>	<u>Rating (1)</u>	<u>Weighted Average Maturity (2)</u>
Nevada Local Government Pooled Investment Fund	\$ 1,448,892	\$ 1,329,914	N/A	142
Total Fair Value	<u>\$ 1,448,892</u>	<u>\$ 1,329,914</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, 2018:

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

	Primary Government	Component Unit
Level 1 inputs	\$ 398,735	\$ 365,992
Level 2 inputs	1,050,157	963,922
Total LGIP investment	<u>\$ 1,448,892</u>	<u>\$ 1,329,914</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, 2018

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, 2018:

Medium Term Sales Tax Revenue Bond Reserves	\$ 276,925
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	59,701
Waste Water Treatment Plant Revenue Bond Reserves	77,198
1998 Water Revenue Bond Reserves	173,712
Water Revenue Bonds, Series 2015 Bond Reserves	9,072
Water Rev Bonds Series 2015 - Asset Replacement	85,902
AB198 Capital Replacement Projects Fund	301,967
Unutilized Regional Transportation Commission Funds	440
Total restricted cash - primary government	\$ 1,242,309

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, 2018 were as follows:

Water Fund	\$ -
Sewer Fund	-
Garbage/Compost Fund	71
Johnson Springs	-
	\$ 71

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

NOTE 6. Capital Assets

Governmental capital asset activity for the year ended June 30, 2018 was as follows:

Governmental Activities:	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Capital assets, not being depreciated:				
Land	\$ 2,056,481	\$ -	\$ (419,198)	\$ 1,637,283
Total capital assets, not being depreciated	<u>2,056,481</u>	<u>-</u>	<u>(419,198)</u>	<u>1,637,283</u>
Capital assets, being depreciated:				
Buildings	11,271,605	-	-	11,271,605
Other improvements	14,321,856	-	-	14,321,856
Machinery and equipment	3,584,327	39,000	-	3,623,327
Total capital assets, being depreciated	<u>29,177,788</u>	<u>39,000</u>	<u>-</u>	<u>29,216,788</u>
Less accumulated depreciation for:				
Buildings	(2,767,586)	(277,874)	-	(3,045,460)
Other improvements	(2,838,690)	(526,915)	-	(3,365,605)
Machinery and equipment	(2,903,207)	(244,672)	-	(3,147,879)
Total accumulated depreciation	<u>(8,509,483)</u>	<u>(1,049,461)</u>	<u>-</u>	<u>(9,558,944)</u>
Total capital assets, being depreciated, net	<u>20,668,305</u>	<u>(1,010,461)</u>	<u>-</u>	<u>19,657,844</u>
Governmental activities capital assets, net	<u>\$ 22,724,786</u>	<u>\$ (1,010,461)</u>	<u>\$ (419,198)</u>	<u>\$ 21,295,127</u>

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

Governmental Activities:	
General government	\$ 561,622
Judicial	6,787
Public safety	202,958
Public works	283
Health and sanitation	22,963
Culture and recreation	94,862
Community support	1,194
Streets and highways	158,792
Total depreciation expense - governmental activities	<u>\$ 1,049,461</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

NOTE 6. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2018 was as follows:

Business-Type Activities:	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
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	6,176,272	15,078	-	6,191,350
Machinery and equipment	4,213,072	270,938	(44,995)	4,439,015
Utility systems	18,016,369	19,216	-	18,035,585
Total capital assets, being depreciated	<u>32,385,707</u>	<u>305,232</u>	<u>(44,995)</u>	<u>32,645,944</u>
Less accumulated depreciation for:				
Buildings	(340,645)	(99,502)	-	(440,147)
Other improvements	(3,192,361)	(220,381)	-	(3,412,742)
Machinery and equipment	(3,482,472)	(154,487)	44,995	(3,591,964)
Utility systems	(5,483,695)	(539,936)	-	(6,023,631)
Total accumulated depreciation	<u>(12,499,173)</u>	<u>(1,014,306)</u>	<u>44,995</u>	<u>(13,468,484)</u>
Total capital assets, being depreciated, net	<u>19,886,534</u>	<u>(709,074)</u>	<u>-</u>	<u>19,177,460</u>
Business-type activities capital asset, net	<u>\$ 19,997,534</u>	<u>\$ (709,074)</u>	<u>\$ -</u>	<u>\$ 19,288,460</u>

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

Business-Type Activities:	
Water Fund	\$ 139,954
Sewer Fund	548,216
Combined Garbage / Compost Facility Fund	326,136
Total depreciation expense - business-type activities	<u>\$ 1,014,306</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

NOTE 6. Capital Assets, Continued

Component unit capital asset activity for the year ended June 30, 2018 was as follows:

Component Unit - Johnson Springs	Balance 06/30/17	Additions	Deletions	Balance 06/30/18
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	(3,946,922)	(227,289)	-	(4,174,211)
Other improvements	(119,568)	(20,040)	-	(139,608)
Machinery and equipment	(363,701)	(12,118)	-	(375,819)
Water utility system	(1,623,971)	(132,845)	-	(1,756,816)
Total accumulated depreciation	<u>(6,054,162)</u>	<u>(392,292)</u>	<u>-</u>	<u>(6,446,454)</u>
Total capital assets, being depreciated, net	<u>7,005,889</u>	<u>(392,292)</u>	<u>-</u>	<u>6,613,597</u>
Johnson Springs component unit fund activities capital assets, net	<u>\$ 7,023,889</u>	<u>\$ (392,292)</u>	<u>\$ -</u>	<u>\$ 6,631,597</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

NOTE 7. Long-Term Liabilities

The following is a summary of long-term liabilities for the year ended June 30, 2018:

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/17	Additions	Reductions	Balance 6/30/2018	Current Portion
Governmental Activities									
Bonds Payable:									
General Obligation Medium-Term Bonds, Series 2009	2/27/2009	4.46%	2019	2,200,000	\$ 528,000	\$ -	\$ (258,000)	\$ 270,000	\$ 270,000
Medium Term Sales Tax Revenue Bond, Series 2009 (City Hall)	8/18/2009	4.38%	2039	5,225,000	4,433,383	-	(121,954)	4,311,429	127,408
General Obligation Medium-Term Bonds, Series 2015	7/14/2015	2.26%	2025	2,200,000	1,994,000	-	(210,000)	1,784,000	217,000
Total Bonds Payable					<u>6,955,383</u>	<u>-</u>	<u>(589,954)</u>	<u>6,365,429</u>	<u>614,408</u>
Capital leases payable:									
September 2014 Police Vehicle Lease	9/1/2013	4.33%	2018	281,059	61,074	-	(61,074)	-	-
Total Capital Lease Payable					<u>61,074</u>	<u>-</u>	<u>(61,074)</u>	<u>-</u>	<u>-</u>
Other liabilities									
Net Pension Liabilities					7,062,140	179,739	(473,463)	6,768,416	-
Compensated absences					280,360	181,710	(174,116)	287,954	144,000
Governmental Activity Long-Term Liabilities					<u>\$ 14,358,957</u>	<u>\$ 361,449</u>	<u>\$ (1,298,607)</u>	<u>\$ 13,421,799</u>	<u>\$ 758,408</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, 2018

NOTE 7. Long-Term Liabilities, continued

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/17	Additions	Reductions	Balance 6/30/2018	Current Portion
Business-Type Activities									
Enterprise Funds:									
<u>Water Fund</u>									
Bonds Payable:									
1998 Water Revenue Bonds	11/17/1998	4.75%	2038	3,058,300	\$ 2,328,382	\$ -	\$ (63,129)	\$ 2,265,253	\$ 65,575
General Obligation Medium-Term Bonds, Series 2008	9/4/2008	4.95%	2018	800,000	332,000	-	(164,000)	168,000	168,000
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	701,400	520,333	-	(64,999)	455,334	67,667
Water Revenue Bonds, Series 2015	10/8/2015	2.63%	2055	747,000	730,818	-	(11,166)	719,652	11,461
Total Bonds Payable					<u>3,911,533</u>	<u>-</u>	<u>(303,294)</u>	<u>3,608,239</u>	<u>312,703</u>
Other liabilities									
Net Pension Liabilities					391,873	13,382	(26,495)	378,760	-
Compensated absences					8,027	6,305	(4,985)	9,347	9,347
Total Water Fund Long Term Debt					<u>4,311,433</u>	<u>19,687</u>	<u>(334,774)</u>	<u>3,996,346</u>	<u>322,050</u>
<u>Sewer Fund</u>									
Bonds Payable:									
Waste Water Treatment Plant Revenue Bond	6/1/2012	2.75%	2052	2,637,000	2,420,418	-	(42,832)	2,377,586	43,336
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	699,300	520,333	-	(64,999)	455,334	67,667
Total Bonds Payable					<u>2,940,751</u>	<u>-</u>	<u>(107,831)</u>	<u>2,832,920</u>	<u>111,003</u>
Other liabilities									
Net Pension Liabilities					474,113	44,875	(33,931)	485,057	-
Compensated absences					6,613	5,643	(4,107)	8,149	8,149
Total Sewer Fund Long Term Debt					<u>\$ 3,421,477</u>	<u>\$ 50,518</u>	<u>\$ (145,869)</u>	<u>\$ 3,326,126</u>	<u>\$ 119,152</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

NOTE 7. Long-Term Liabilities, continued

	Date of Issue	Interest Rate	Year of Final Payment	Original Amount of Issue	Balance 6/30/17	Additions	Reductions	Balance 6/30/2018	Current Portion
Combined Garbage / Compost Facility Fund									
Bonds Payable:									
1998 Sewer/Compost Revenue Bonds	11/17/1998	4.75%	2018	1,280,000	\$ 181,647.00	\$ -	\$ (91,930)	\$ 89,717	\$ 89,718
Sewer/Compost Revenue Bonds Series 1999B	8/18/1999	4.50%	2019	1,500,000	310,494	-	(101,368)	209,126	105,908
Sewer/Compost Revenue Bonds Series 1999A	8/18/1999	4.50%	2019	540,000	111,777	-	(36,492)	75,285	38,127
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2014	2.43%	2024	699,300	520,333	-	(65,000)	455,333	67,666
Total Bonds Payable					<u>1,124,251</u>	<u>-</u>	<u>(294,790)</u>	<u>829,461</u>	<u>301,419</u>
Capital leases payable:									
Garbage Truck - Compost/Garbage Lease	9/26/2012	3.32%	2018	232,157	82,492	-	(40,573)	41,919	41,919
2018 Caterpillar Wheel Loader Compost Lease	1/18/2018	4.20%	2023	231,738	-	231,738	(34,097)	197,641	28,462
Total Capital Lease Payable					<u>82,492</u>	<u>231,738</u>	<u>(74,670)</u>	<u>239,560</u>	<u>70,381</u>
Other liabilities									
Net Pension Liabilities					463,181	36,759	(32,685)	467,255	-
Compensated absences					11,561	9,307	(7,179)	13,689	13,689
Total Combined Garbage / Compost Facility Fund					<u>1,681,485</u>	<u>277,804</u>	<u>(409,324)</u>	<u>1,549,965</u>	<u>385,489</u>
Business-Type Activity Long-Term Liabilities					<u>\$ 9,414,395</u>	<u>\$ 348,009</u>	<u>\$ (889,967)</u>	<u>\$ 8,872,437</u>	<u>\$ 826,691</u>
Component Unit									
Johnson Springs									
Other liabilities									
Net Pension Liabilities					\$ 166,774	\$ 33,113	\$ (13,068)	\$ 186,819	\$ -
Compensated absences					10,950	5,310	(6,799)	9,461	9,461
Component Unit Long-Term Liabilities					<u>\$ 177,724</u>	<u>\$ 38,423</u>	<u>\$ (19,867)</u>	<u>\$ 196,280</u>	<u>\$ 9,461</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

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.

The following schedules reflect debt service requirements to maturity of the City's debt as of June 30, 2018:

Period Ending June 30	Governmental Activities			Business Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 614,408	\$ 236,000	\$ 850,408	\$ 725,124	\$ 245,134	\$ 970,258
2020	358,096	213,276	571,372	478,319	222,480	700,799
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	401,726	178,566	580,292	383,031	184,861	567,892
2024-2028	1,484,476	722,291	2,206,767	1,039,161	784,150	1,823,311
2029-2033	1,077,919	489,581	1,567,500	953,156	610,948	1,564,104
2034-2038	1,340,959	226,541	1,567,500	1,158,128	405,903	1,564,031
2039-2043	329,565	8,438	338,003	651,554	205,048	856,602
2044-2048	-	-	-	570,602	124,703	695,305
2049-2053	-	-	-	520,653	42,837	563,490
2054-2058	-	-	-	72,272	2,714	74,986
	<u>\$ 6,365,429</u>	<u>\$ 2,467,449</u>	<u>\$ 8,832,878</u>	<u>\$ 7,270,620</u>	<u>\$ 3,230,619</u>	<u>\$ 10,501,239</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

NOTE 7. Long-Term Liabilities, Continued

Period Ending June 30	Total Bonded Debt & Notes		
	Principal	Interest	Total
2019	\$ 1,339,532	\$ 481,134	\$ 1,820,666
2020	836,415	435,756	1,272,171
2021	723,842	408,283	1,132,125
2022	753,058	386,314	1,139,372
2023	784,757	363,427	1,148,184
2024-2028	2,523,637	1,506,441	4,030,078
2029-2033	2,031,075	1,100,529	3,131,604
2034-2038	2,499,087	632,444	3,131,531
2039-2043	981,119	213,486	1,194,605
2044-2048	570,602	124,703	695,305
2049-2053	520,653	42,837	563,490
2054-2058	72,272	2,714	74,986
	<u>\$ 13,636,049</u>	<u>\$ 5,698,068</u>	<u>\$ 19,334,117</u>

NOTE 8. Capital Leases Payable

The government has entered into two lease agreements, which are considered capital leases in accordance with Financial Accounting Standard Board ASC 840-30-25. The two leases are shown in the combined garbage/compost fund. The total amount of equipment capitalized under the leases is \$463,545 for the business-type activities. 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 4.2% under the capital leases, together with the present value of the net minimum lease payments:

Year Ending June 30	Governmental Activities	Business-type Activities
2019	\$ -	\$ 79,967
2020	-	43,654
2021	-	42,408
2022	-	41,111
2023	-	62,313
Total remaining minimum lease payments	-	269,453
Less amount representing interest	-	(29,893)
Present value of net remaining minimum lease payments	<u>\$ -</u>	<u>\$ 239,560</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

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.

	06/30/18
Operating revenues	\$ 652,108
Depreciation and amortization	(392,292)
Operating expenses	(490,050)
Operating income/(loss)	(230,234)
Nonoperating revenues and (expenses)	(100,711)
Change in net position	(330,945)
Beginning net position	4,595,754
Ending net position	4,264,809
Capital asset additions, including capitalized interest	-
Net working capital	(2,192,346)
Total assets	6,817,644
Total deferred outflows	34,296
Current liabilities	40,748
Due to primary government	2,337,645
Bonds and other long term debt obligations	186,819
Total deferred inflows	21,919
Net Position	
Net investment in capital assets	4,293,952
Unrestricted	(29,143)
Total Net Position	\$ 4,264,809

Condensed Statement of Cash Flows

Net cash flows from:	
Operating activities	\$ 197,040
Noncapital financing activities	(76,743)
Capital and related financing activities	(109,128)
Investing activities	19,001
Net Increase (decrease)	\$ 30,170
Beginning cash and cash equivalents	84,854
Ending cash and cash equivalents	\$ 115,024

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

NOTE 10. Interfund Receivables, Payables, and Transfers

As of June 30, 2018 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	\$ 160,000	\$ -
Health Insurance Internal Service Fund	-	160,000
Total	\$ 160,000	\$ 160,000

As of June 30, 2018, 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	\$ 72,392	\$ -
Debt repayment receivable	2,265,253	-
Component Unit		
Interest payable	-	72,392
Debt repayment payable	-	2,265,253
Total	\$ 2,337,645	\$ 2,337,645

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, 2018 are as follows:

	Transfers out:		
Transfer in:	General	Non-major Ad Valorem Capital Projects	Total Transfers in
Nonmajor Governmental Funds			
Welcome Center Fund	\$ 111,700	\$ -	\$ 111,700
Wendover Will Landmark Fund	17,100	-	17,100
Capital Projects Fund	553,300	55,000	608,300
Total transfers out	\$ 682,100	\$ 55,000	\$ 737,100

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

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, 2018 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, 2018

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, 2018, the general obligation debt limit and available borrowing capacity of the City of West Wendover was \$42,243,779.

NOTE 15. Closure and Post-Closure Care Cost

State and Federal laws and regulations require that the City place a final cover on its landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill sites, an expense provision and related liability should be recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfills no longer accept waste. GASB Statement 18 requires the recognition of these landfill closure and post-closure care costs based on the amount of the landfill used during the year. The City does not report a liability for the estimated closure and post-closure care costs because it has passed a resolution that authorizes participation in the landfill assurance program established through the Nevada Public Agency Insurance Pool as a mechanism to demonstrate financial responsibility for the closure and post-closure care costs. Because the City has, in effect, transferred its responsibility for closure and post-closure care costs to another entity through the purchase of the insurance policy, the liabilities are not reported on the City's financial statements as per GASB 18.

The estimated liability for landfill closure and post-closure care costs under GASB Statement 18 requirements is \$580,280 as of June 30, 2018. The City had two cells in operation during fiscal year 2018. 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 2018. The City maintained an insurance policy with a face amount of \$520,579 at June 30, 2018. 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 2018, 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 \$59,701 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, 2018

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, 2018. 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
2018	\$ -	\$ 651,673	\$ 651,673	\$ -
2017	\$ -	\$ 530,207	\$ 530,207	\$ -
2016	\$ -	\$ 428,050	\$ 428,050	\$ -

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, 2018

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, 2018

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 fiscal years ended June 30, 2016, 2017, and 2018, the Statutory Employer/employee matching rate was 14.50% for Regular and 20.75% for Police/Fire.

For the fiscal year ended June 30, 2016, 2017, and 2018 the Employer-Pay Contribution (EPC) rate 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
2016	\$ 220,400	\$ 318,793
2017	228,592	330,642
2018	236,938	342,714

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

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, 2017:

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, 2017, PERS' long-term inflation assumption was 2.75%.

Pension liability

Net pension liability

At June 30, 2018, the City reported a liability of \$8,286,307 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017. The City's proportion measured as of June 30, 2017, was 0.06230 percent, which was an decrease of 0.00130 percent from its proportion measured as of June 30, 2016.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2018, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of Net pension (asset) / liability	\$ 12,526,583	\$ 8,286,307	\$ 4,764,692

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

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, 2017, 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	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017 and 8.00% as of June 30, 2016. 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, 2017, 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, 2017 and June 30, 2016.

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

For the year ended June 30, 2018, the City recognized pension expense for PERS of \$587,952. At June 30, 2018, 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, 2018

NOTE 17. Retirement and Pension Plans, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 543,749
Net difference between projected and actual earnings on pension plan investments	53,801	-
Subtotal	603,519	543,749
Changes in proportion and differences between contributions and proportional share of contributions	338,045	428,457
Contributions subsequent to the measurement date	579,650	-
Total	\$ 1,521,214	\$ 972,206
 Governmental activities	 \$ 1,242,559	 \$ 794,117
Business-type activities	278,655	178,089
	\$ 1,521,214	\$ 972,206

Average expected remaining service lives 6.39 years

The \$579,650 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
2019	\$ (148,600)
2020	192,364
2021	49,679
2022	(135,451)
2023	70,039
2024	31,740
Thereafter	-

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2018

NOTE 18. Restatement Adjustment

As mentioned in Note 1 to the financial statements, the City implemented the provisions of GASB Statement No. 82, *Pension Issues- an Amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB Statement No. 82 improves consistency in the application of pension accounting and financial reporting requirements by addressing certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This resulted in a restatement of beginning net position as follows:

	Governmental Activities	Business Activities	Component Unit	Total
Restatement adjustment - implementation of GASB 82:				
Total restatement adjustment	\$ (586,107)	\$ (110,313)	\$ (13,842)	\$ (710,262)

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
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Revenues					
Property taxes					
Ad valorem	\$ 1,269,800	\$ 1,269,800	\$ 1,249,718	\$ (20,082)	\$ 1,219,745
Personal property	188,600	188,600	229,294	40,694	199,595
Central assessments	24,200	24,200	24,668	468	23,627
Total property taxes	<u>1,482,600</u>	<u>1,482,600</u>	<u>1,503,680</u>	<u>21,080</u>	<u>1,442,967</u>
Licenses and permits					
Liquor licenses	1,200	1,200	480	(720)	1,220
City gaming licenses	216,700	216,700	221,136	4,436	215,595
Animal licenses	1,000	1,000	1,175	175	1,348
Business licenses	19,000	21,500	16,885	(4,615)	15,615
Right of way toll	283,900	295,900	290,142	(5,758)	281,227
Building permits	50,000	80,000	79,901	(99)	109,538
Special permits and fees	3,000	28,000	5,220	(22,780)	1,540
Franchise fees	368,300	368,300	397,894	29,594	376,520
Carlines taxes	100	100	97	(3)	99
Total licenses and permits	<u>943,200</u>	<u>1,012,700</u>	<u>1,012,930</u>	<u>230</u>	<u>1,002,702</u>
Intergovernmental revenue					
State consolidated revenue	2,667,200	2,667,200	2,760,581	93,381	2,576,081
1.75 cent gas tax	36,900	36,900	36,503	(397)	37,463
2.35 cent gas tax	49,500	49,500	48,942	(558)	49,476
County road tax	26,100	26,100	26,007	(93)	25,352
County transportation funds	190,000	190,000	184,179	(5,821)	180,000
County gaming tax	442,700	442,700	457,909	15,209	431,418
Federal/state grants	34,400	94,400	50,459	(43,941)	41,343
Infrastructure tax	75,000	75,000	75,101	101	-
Marijuana revenue disbursement	-	5,500	5,485	(15)	-
Reimbursement from Elko County	140,400	140,400	140,400	-	167,700
Total intergovernmental revenue	<u>3,662,200</u>	<u>3,727,700</u>	<u>3,785,566</u>	<u>57,866</u>	<u>3,508,833</u>
Charges for services					
Special police services	2,000	2,000	4,710	2,710	1,675
Work cards	6,500	6,500	4,070	(2,430)	3,940
Special fire protection services	10,000	10,000	17,968	7,968	8,793
Dispatch fees	5,200	5,200	5,616	416	5,184
Animal shelter fees	3,000	3,000	2,212	(788)	1,541
Pipeline administrative services	1,900	1,900	1,900	-	1,900
Miscellaneous	15,500	15,500	14,256	(1,244)	16,221
Total general	<u>44,100</u>	<u>44,100</u>	<u>50,732</u>	<u>6,632</u>	<u>39,254</u>
Fines and forfeitures					
Fines and fees	85,600	85,600	82,892	(2,708)	92,079
Total fines and forfeitures	<u>85,600</u>	<u>85,600</u>	<u>82,892</u>	<u>(2,708)</u>	<u>92,079</u>
Miscellaneous					
Interest	1,000	4,500	5,725	1,225	5,512
Donations	163,000	163,000	163,804	804	169,115
Rents and royalties	8,900	8,900	10,955	2,055	11,884
Miscellaneous	15,000	6,000	6,601	601	8,795
Total miscellaneous	<u>187,900</u>	<u>182,400</u>	<u>187,085</u>	<u>4,685</u>	<u>195,306</u>
Total revenues	<u>6,405,600</u>	<u>6,535,100</u>	<u>6,622,885</u>	<u>87,785</u>	<u>6,281,141</u>

(continued)

CITY OF WEST WENDOVER, NEVADA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017), Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Expenditures					
General government					
Administration and finance					
Salaries and wages	486,905	486,905	503,993	(17,088)	392,892
Employee benefits	132,895	256,095	246,238	9,857	166,100
Services and supplies	375,300	475,100	462,108	12,992	367,867
Total administration and finance	<u>995,100</u>	<u>1,218,100</u>	<u>1,212,339</u>	<u>5,761</u>	<u>926,859</u>
Elections					
Services and supplies	-	-	-	-	1,321
Total general government	<u>995,100</u>	<u>1,218,100</u>	<u>1,212,339</u>	<u>5,761</u>	<u>928,180</u>
Judicial					
Municipal court					
Salaries and wages	219,588	219,588	209,857	9,731	178,201
Employee benefits	83,312	83,312	75,342	7,970	82,664
Services and supplies	51,100	51,100	47,943	3,157	47,191
Total judicial	<u>354,000</u>	<u>354,000</u>	<u>333,142</u>	<u>20,858</u>	<u>308,056</u>
Public safety					
Police					
Salaries and wages	1,343,161	1,343,161	1,346,406	(3,245)	1,111,417
Employee benefits	436,939	436,939	431,104	5,835	611,645
Services and supplies	235,200	262,000	199,860	62,140	228,302
Capital outlay	40,000	97,000	39,230	57,770	13,507
Total police department	<u>2,055,300</u>	<u>2,139,100</u>	<u>2,016,600</u>	<u>122,500</u>	<u>1,964,871</u>
Fire					
Salaries and wages	510,883	510,883	509,107	1,776	411,721
Employee benefits	157,617	157,617	150,363	7,254	216,989
Services and supplies	96,300	96,300	88,981	7,319	80,710
Total fire department	<u>764,800</u>	<u>764,800</u>	<u>748,451</u>	<u>16,349</u>	<u>709,420</u>
Dispatch center					
Salaries and wages	343,160	343,160	309,225	33,935	291,277
Employee benefits	110,140	110,140	99,703	10,437	145,550
Services and supplies	57,700	57,700	40,183	17,517	42,285
Total dispatch center	<u>511,000</u>	<u>511,000</u>	<u>449,111</u>	<u>61,889</u>	<u>479,112</u>
Total public safety	<u>3,331,100</u>	<u>3,414,900</u>	<u>3,214,162</u>	<u>200,738</u>	<u>3,153,403</u>
Public works					
Paved streets					
Salaries and wages	43,353	43,353	23,978	19,375	29,690
Employee benefits	16,347	16,347	7,881	8,466	12,326
Services and supplies	139,800	145,500	136,616	8,884	114,460
Total paved streets	<u>199,500</u>	<u>205,200</u>	<u>168,475</u>	<u>36,725</u>	<u>156,476</u>

(continued)

CITY OF WEST WENDOVER, NEVADA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017), Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
General					
Salaries and wages	249,338	249,338	247,158	2,180	190,761
Employee benefits	71,462	71,462	85,070	(13,608)	61,590
Services and supplies	32,200	30,900	24,316	6,584	26,069
Total general	<u>353,000</u>	<u>351,700</u>	<u>356,544</u>	<u>(4,844)</u>	<u>278,420</u>
Total public works	<u>552,500</u>	<u>556,900</u>	<u>525,019</u>	<u>31,881</u>	<u>434,896</u>
Community development					
Salaries and wages	150,379	150,379	149,921	458	131,309
Employee benefits	36,321	36,321	35,944	377	51,943
Services and supplies	153,200	123,200	76,045	47,155	96,224
Total community development	<u>339,900</u>	<u>309,900</u>	<u>261,910</u>	<u>47,990</u>	<u>279,476</u>
Health					
Public health services					
Services and supplies	3,000	7,500	8,825	(1,325)	14,637
Animal control					
Salaries and wages	68,390	68,390	68,053	337	57,937
Employee benefits	24,610	24,610	19,282	5,328	25,641
Services and supplies	19,500	26,000	23,057	2,943	25,516
Total animal control	<u>112,500</u>	<u>119,000</u>	<u>110,392</u>	<u>7,283</u>	<u>109,094</u>
Total health	<u>115,500</u>	<u>126,500</u>	<u>119,217</u>	<u>5,958</u>	<u>123,731</u>
Culture and recreation					
Library service					
Services and supplies	17,600	17,600	13,116	4,484	12,748
Total culture and recreation	<u>17,600</u>	<u>17,600</u>	<u>13,116</u>	<u>4,484</u>	<u>12,748</u>
Community support					
Miscellaneous					
Services and supplies	12,800	12,800	15,015	(2,215)	32,062
Total community support	<u>12,800</u>	<u>12,800</u>	<u>15,015</u>	<u>(2,215)</u>	<u>32,062</u>
Debt services	<u>119,300</u>	<u>119,300</u>	<u>119,238</u>	<u>62</u>	<u>119,334</u>
Total expenditures	<u>5,837,800</u>	<u>6,130,000</u>	<u>5,813,158</u>	<u>315,517</u>	<u>5,391,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>567,800</u>	<u>405,100</u>	<u>809,727</u>	<u>(404,627)</u>	<u>889,255</u>
Other financing sources (uses)					
Transfers in	-	1,800	-	(1,800)	-
Transfers out	(953,000)	(675,000)	(682,100)	(7,100)	(1,783,603)
Total other financing sources and uses	<u>(953,000)</u>	<u>(673,200)</u>	<u>(682,100)</u>	<u>(8,900)</u>	<u>(1,783,603)</u>
Net change in fund balance	<u>(385,200)</u>	<u>(268,100)</u>	<u>127,627</u>	<u>395,727</u>	<u>(894,348)</u>
Fund balance, beginning of year	926,883	926,883	926,883	-	1,844,231
Restatement adjustment	-	-	-	-	(23,000)
Fund balance, end of year	<u>\$ 541,683</u>	<u>\$ 658,783</u>	<u>\$ 1,054,510</u>	<u>\$ 395,727</u>	<u>\$ 926,883</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, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Revenues					
Taxes					
Room taxes	\$ 2,501,700	\$ 2,419,500	\$ 2,389,961	\$ (29,539)	\$ 2,377,383
Total revenues	<u>2,501,700</u>	<u>2,419,500</u>	<u>2,389,961</u>	<u>(29,539)</u>	<u>2,377,383</u>
Expenditures					
Culture and recreation					
Room tax distribution	2,518,800	2,454,600	2,394,512	60,088	2,328,938
Total culture and recreation	<u>2,518,800</u>	<u>2,454,600</u>	<u>2,394,512</u>	<u>60,088</u>	<u>2,328,938</u>
Total expenditures	<u>2,518,800</u>	<u>2,454,600</u>	<u>2,394,512</u>	<u>60,088</u>	<u>2,328,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,100)</u>	<u>(35,100)</u>	<u>(4,551)</u>	<u>30,549</u>	<u>48,445</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(17,100)	(35,100)	(4,551)	30,549	48,445
Fund balance, beginning of year	162,168	162,168	162,168	-	113,723
Fund balance, end of year	<u>\$ 145,068</u>	<u>\$ 127,068</u>	<u>\$ 157,617</u>	<u>\$ 30,549</u>	<u>\$ 162,168</u>

CITY OF WEST WENDOVER, NEVADA
Schedule of the Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
June 30, 2018
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.062300%	0.063600%	0.059820%	0.068384%
Proportionate share of the net pension liability (asset)	\$ 8,286,307	\$ 8,558,081	\$ 6,854,700	\$ 6,653,165
Covered payroll	\$ 3,429,997	\$ 3,355,482	\$ 2,961,477	\$ 3,113,721
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	241.58%	255.05%	231.46%	213.67%
Plan fiduciary net position as a percentage of the total pension liability	74.4%	72.2%	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, 2018
Last 10 Fiscal Years

	Reporting Fiscal Year			
	2018	2017	2016	2015
Contractually required contribution	579,653 *	\$ 559,234 *	\$ 539,193 *	\$ 461,652 *
Contributions in relation to the contractually required contribution	\$ (579,653)	\$ (559,234)	\$ (539,193)	\$ (461,652)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,327,353	\$ 3,429,997	\$ 3,355,482	\$ 2,961,477
Contributions as a percentage of covered-employee payroll	17.42%	16.30%	16.07%	15.59%

Note: The entity implemented GASB 68 in fiscal year 2015. Prior year information is not available.

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

** All contributions shown reflect employer-paid contributions only. Member contributions are excluded. All values are restated due to GASB No. 82, which classifies contributions as member contributions for the purposes of GASB No. 68 if they are made by an employer to satisfy what are actually deemed to be member contribution requirements.*

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SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

CITY OF WEST WENDOVER, NEVADA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	<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>Capital Projects Fund</u>	<u>Ad Valorem Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
Assets								
Cash and investments	\$ 25,176	\$ 45,727	\$ 6,544	\$ 2,309	\$ -	\$ 41,065	\$ 14,324	\$ 135,145
Due from other governments	-	-	-	-	-	-	15,773	15,773
Inventory	-	-	1,497	-	-	-	-	1,497
Restricted cash	-	-	-	-	-	276,925	-	276,925
Total assets	<u>\$ 25,176</u>	<u>\$ 45,727</u>	<u>\$ 8,041</u>	<u>\$ 2,309</u>	<u>\$ -</u>	<u>\$ 317,990</u>	<u>\$ 30,097</u>	<u>\$ 429,340</u>
Liabilities								
Accounts payable	\$ 21,389	\$ -	\$ 950	\$ 184	\$ -	\$ -	\$ -	\$ 22,523
Total liabilities	<u>21,389</u>	<u>-</u>	<u>950</u>	<u>184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,523</u>
Fund Balances								
Nonspendable	-	-	1,497	-	-	-	-	1,497
Restricted	3,787	45,727	6,186	-	-	317,990	30,097	403,787
Committed	-	-	-	2,125	-	-	-	2,125
Unassigned	-	-	(592)	-	-	-	-	(592)
Total fund balances	<u>3,787</u>	<u>45,727</u>	<u>7,091</u>	<u>2,125</u>	<u>-</u>	<u>317,990</u>	<u>30,097</u>	<u>406,817</u>
Total liabilities and fund balances	<u>\$ 25,176</u>	<u>\$ 45,727</u>	<u>\$ 8,041</u>	<u>\$ 2,309</u>	<u>\$ -</u>	<u>\$ 317,990</u>	<u>\$ 30,097</u>	<u>\$ 429,340</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, 2018

	Seizure Forfeiture Fund	Court Administrative Assessment Fund	Welcome Center Fund	Wendover Will Landmark Fund	Grant Fund	Capital Projects Fund	Ad Valorem Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,279	\$ 50,279
Intergovernmental	-	-	131,300	-	-	-	-	131,300
Charges for services	-	9,794	-	-	-	-	-	9,794
Miscellaneous	166	286	4,802	507	-	236,616	-	242,377
Total revenues	166	10,080	136,102	507	-	236,616	50,279	433,750
Expenditures								
Judicial	-	4,151	-	-	-	-	-	4,151
Community support	-	-	247,727	17,511	-	-	-	265,238
Capital outlay	-	-	-	-	-	6,550	-	6,550
Debt service	-	-	-	-	-	792,220	-	792,220
Total expenditures	-	4,151	247,727	17,511	-	798,770	-	1,068,159
Excess (deficiency) of revenues over (under) expenditures	166	5,929	(111,625)	(17,004)	-	(562,154)	50,279	(634,409)
Other financing sources (uses)								
Transfers in	-	-	111,700	17,100	-	608,300	-	737,100
Transfers out	-	-	-	-	-	-	(55,000)	(55,000)
Total other financing sources (uses)	-	-	111,700	17,100	-	608,300	(55,000)	682,100
Net change in fund balances	166	5,929	75	96	-	46,146	(4,721)	47,691
Fund balances, beginning of year	3,621	39,798	7,016	2,029	-	271,844	34,818	359,126
Fund balances, end of year	<u>\$ 3,787</u>	<u>\$ 45,727</u>	<u>\$ 7,091</u>	<u>\$ 2,125</u>	<u>\$ -</u>	<u>\$ 317,990</u>	<u>\$ 30,097</u>	<u>\$ 406,817</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, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Revenues					
Miscellaneous					
Interest income	\$ 100	\$ 100	\$ 166	\$ 66	\$ 65
Total revenues	<u>100</u>	<u>100</u>	<u>166</u>	<u>66</u>	<u>65</u>
Expenditures					
Public Safety					
Services and supplies	200	200	-	200	2,608
Total expenditures	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>2,608</u>
Excess of revenues over (under) expenditures	(100)	(100)	166	266	(2,543)
Other financing sources					
Transfers in	-	-	-	-	1,800
Transfers out	<u>-</u>	<u>(1,800)</u>	<u>-</u>	<u>1,800</u>	<u>-</u>
Net change in fund balance	(100)	(1,900)	166	2,066	(743)
Fund balance, beginning of year	<u>3,621</u>	<u>3,621</u>	<u>3,621</u>	<u>-</u>	<u>4,364</u>
Fund balance, end of year	<u>\$ 3,521</u>	<u>\$ 1,721</u>	<u>\$ 3,787</u>	<u>\$ 2,066</u>	<u>\$ 3,621</u>

CITY OF WEST WENDOVER, NEVADA
Court Administrative Assessments Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Revenues					
Charges for services					
Court assessments	\$ 8,000	\$ 12,500	\$ 9,794	\$ (2,706)	\$ 13,466
Miscellaneous					
Interest	100	100	286	186	101
Total revenues	<u>8,100</u>	<u>12,600</u>	<u>10,080</u>	<u>(2,520)</u>	<u>13,567</u>
Expenditures					
Judicial					
Services and supplies	-	1,000	1,373	(373)	2,124
Capital outlay	8,000	8,000	2,778	5,222	-
Total expenditures	<u>8,000</u>	<u>9,000</u>	<u>4,151</u>	<u>4,849</u>	<u>2,124</u>
Excess of revenue and other sources over (under) expenditures	100	3,600	5,929	(7,369)	11,443
Other financing sources					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net change in fund balance	100	3,600	5,929	(7,369)	11,443
Fund balance, beginning of year	<u>39,798</u>	<u>39,798</u>	<u>39,798</u>	<u>-</u>	<u>28,355</u>
Fund balance, end of year	<u>\$ 39,898</u>	<u>\$ 43,398</u>	<u>\$ 45,727</u>	<u>\$ 2,329</u>	<u>\$ 39,798</u>

CITY OF WEST WENDOVER, NEVADA
Welcome Center Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Revenues					
Intergovernmental					
Operating grants	\$ 55,000	\$ 120,100	\$ 43,300	\$ (76,800)	\$ 23,523
Elko county recreation board	88,000	88,000	88,000	-	92,000
Total intergovernmental	<u>143,000</u>	<u>208,100</u>	<u>131,300</u>	<u>(76,800)</u>	<u>115,523</u>
Miscellaneous					
Merchandise sales	8,000	8,000	4,802	(3,198)	4,003
Total miscellaneous	<u>8,000</u>	<u>8,000</u>	<u>4,802</u>	<u>(3,198)</u>	<u>4,003</u>
Total revenues	<u>151,000</u>	<u>216,100</u>	<u>136,102</u>	<u>(79,998)</u>	<u>119,526</u>
Expenditures					
Community support					
Salaries and wages	107,640	107,640	104,738	2,902	90,346
Employee benefits	36,360	36,360	34,018	2,342	44,895
Services and supplies	50,600	51,600	44,687	6,913	33,820
Capital outlay	70,000	80,000	64,284	15,716	42,343
Total expenditures	<u>264,600</u>	<u>275,600</u>	<u>247,727</u>	<u>27,873</u>	<u>211,404</u>
Excess of revenues over (under) expenditures	<u>(113,600)</u>	<u>(59,500)</u>	<u>(111,625)</u>	<u>(52,125)</u>	<u>(91,878)</u>
Other financing sources					
Transfers in	108,000	65,000	111,700	46,700	54,000
Transfers out	-	-	-	-	-
Net change in fund balance	(5,600)	5,500	75	(5,425)	(37,878)
Fund balance, beginning of year	7,016	7,016	7,016	-	46,894
Prior period adjustment	-	-	-	-	(2,000)
Fund balance, end of year	<u>\$ 1,416</u>	<u>\$ 12,516</u>	<u>\$ 7,091</u>	<u>\$ (5,425)</u>	<u>\$ 7,016</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, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Revenues					
Miscellaneous					
Donations from private sources	\$ 1,000	\$ 1,000	\$ 390	\$ (610)	\$ 100
Merchandise sales	3,000	3,000	-	(3,000)	-
Interest revenue	200	200	117	(83)	297
Total revenues	<u>4,200</u>	<u>4,200</u>	<u>507</u>	<u>(3,693)</u>	<u>397</u>
Expenditures					
Community Support					
Services and supplies	<u>29,000</u>	<u>25,000</u>	<u>17,511</u>	<u>7,489</u>	<u>17,097</u>
Total expenditures	<u>29,000</u>	<u>25,000</u>	<u>17,511</u>	<u>7,489</u>	<u>17,097</u>
Excess of revenues over (under) expenditures	<u>(24,800)</u>	<u>(20,800)</u>	<u>(17,004)</u>	<u>3,796</u>	<u>(16,700)</u>
Other financing sources					
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>17,100</u>	<u>(7,900)</u>	<u>17,000</u>
Net change in fund balance	200	4,200	96	(4,104)	300
Fund balance, beginning of year	<u>2,029</u>	<u>2,029</u>	<u>2,029</u>	<u>-</u>	<u>1,729</u>
Fund balance, end of year	<u>\$ 2,229</u>	<u>\$ 6,229</u>	<u>\$ 2,125</u>	<u>\$ (4,104)</u>	<u>\$ 2,029</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, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Revenues					
Intergovernmental					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 589,048
Total intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>589,048</u>
Miscellaneous					
Interest income	-	-	1,140	1,140	1,159
Miscellaneous	2,500	2,500	2,312	(188)	10,542
Sale of capital assets	136,000	282,200	233,164	(49,036)	-
Total miscellaneous	<u>138,500</u>	<u>284,700</u>	<u>236,616</u>	<u>(48,084)</u>	<u>11,701</u>
Total revenues	<u>138,500</u>	<u>284,700</u>	<u>236,616</u>	<u>(48,084)</u>	<u>600,749</u>
Expenditures					
General government					
Capital outlay	200,000	50,000	6,550	43,450	1,743,996
Total general government	<u>200,000</u>	<u>50,000</u>	<u>6,550</u>	<u>43,450</u>	<u>1,743,996</u>
Debt service					
Debt service - principal	541,000	541,000	540,964	36	803,713
Debt service - interest	251,300	251,300	251,256	44	263,487
Total debt service	<u>792,300</u>	<u>792,300</u>	<u>792,220</u>	<u>80</u>	<u>1,067,200</u>
Total expenditures	<u>992,300</u>	<u>842,300</u>	<u>798,770</u>	<u>43,530</u>	<u>2,811,196</u>
Excess of revenues over (under) expenditures	<u>(853,800)</u>	<u>(557,600)</u>	<u>(562,154)</u>	<u>(4,554)</u>	<u>(2,210,447)</u>
Other financing sources (uses)					
Transfers in	860,000	640,000	608,300	(31,700)	1,800,803
Transfers out	-	-	-	-	-
Total other financing sources	<u>860,000</u>	<u>640,000</u>	<u>608,300</u>	<u>(31,700)</u>	<u>1,800,803</u>
Net change in fund balance	6,200	82,400	46,146	(36,254)	(409,644)
Fund balance, beginning of year	<u>271,844</u>	<u>271,844</u>	<u>271,844</u>	<u>-</u>	<u>681,488</u>
Fund balance, end of year	<u>\$ 278,044</u>	<u>\$ 354,244</u>	<u>\$ 317,990</u>	<u>\$ (36,254)</u>	<u>\$ 271,844</u>

CITY OF WEST WENDOVER, NEVADA
Ad Valorem Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Revenues					
Other taxes					
Ad valorem tax	\$ 40,000	\$ 50,000	\$ 50,279	\$ 279	\$ 52,057
Total revenues	40,000	50,000	50,279	279	52,057
Expenditures					
Total expenditures	-	-	-	-	-
Excess of revenues over (under) expenditures	40,000	50,000	50,279	279	52,057
Other financing sources (uses)					
Transfers out	(30,000)	(55,000)	(55,000)	-	(90,000)
Net change in fund balance	10,000	(5,000)	(4,721)	279	(37,943)
Fund balance, beginning of year	34,818	34,818	34,818	-	72,761
Fund balance, end of year	\$ 44,818	\$ 29,818	\$ 30,097	\$ 279	\$ 34,818

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, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Operating revenues					
Charges for services	\$ 1,288,800	\$ 1,343,200	\$ 1,225,277	\$ (117,923)	\$ 1,205,984
Total operating revenues	<u>1,288,800</u>	<u>1,343,200</u>	<u>1,225,277</u>	<u>(117,923)</u>	<u>1,205,984</u>
Operating expenses					
Water purchases	587,700	602,200	518,296	83,904	477,726
Salaries and wages	186,253	186,253	197,361	(11,108)	203,081
Employee benefits	53,647	53,647	53,383	264	100,293
Services and supplies	326,000	332,300	312,598	19,702	306,199
Depreciation and amortization	125,000	140,000	139,954	46	140,852
Total operating expenses	<u>1,278,600</u>	<u>1,314,400</u>	<u>1,221,592</u>	<u>92,808</u>	<u>1,228,151</u>
Operating income	<u>10,200</u>	<u>28,800</u>	<u>3,685</u>	<u>(25,115)</u>	<u>(22,167)</u>
Nonoperating revenues (expenses)					
Interest income	116,100	121,100	119,948	(1,152)	119,376
Impact fees	20,000	20,000	16,556	(3,444)	11,823
Grant revenue	-	1,000	1,020	20	-
Miscellaneous income	20,000	20,000	13,905	(6,095)	13,630
Contributions from component unit for debt payments	-	9,000	10,584	1,584	10,497
Capital outlay	(1,000)	(1,000)	(168)	832	(768)
Interest expense	(154,700)	(154,700)	(159,011)	(4,311)	(161,870)
Total nonoperating revenues (expenses)	<u>400</u>	<u>15,400</u>	<u>2,834</u>	<u>(12,566)</u>	<u>(7,312)</u>
Income (loss) before transfers	<u>10,600</u>	<u>44,200</u>	<u>6,519</u>	<u>(37,681)</u>	<u>(29,479)</u>
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>10,600</u>	<u>44,200</u>	<u>6,519</u>	<u>(37,681)</u>	<u>(29,479)</u>
Total net position, beginning of year	3,769,041	3,769,041	3,769,041	-	3,799,520
Restatement adjustment	-	-	(32,523)	(32,523)	(1,000)
Total net position, end of year	<u>\$ 3,779,641</u>	<u>\$ 3,813,241</u>	<u>\$ 3,743,037</u>	<u>\$ (70,204)</u>	<u>\$ 3,769,041</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, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Operating revenues					
Charges for services:					
Charges for services	\$ 1,088,900	\$ 1,131,100	\$ 1,107,240	\$ (23,860)	\$ 1,050,208
Total operating revenues	<u>1,088,900</u>	<u>1,131,100</u>	<u>1,107,240</u>	<u>(23,860)</u>	<u>1,050,208</u>
Operating expenses					
Salaries and wages	341,422	341,422	358,093	(16,671)	304,606
Employee benefits	96,678	96,678	131,608	(34,930)	160,556
Services and supplies	506,100	514,900	456,498	58,402	484,376
Capital outlay	32,000	32,000	12,673	19,327	18,008
Depreciation and amortization	560,000	548,300	548,215	85	560,964
Total operating expenses	<u>1,536,200</u>	<u>1,533,300</u>	<u>1,507,087</u>	<u>26,213</u>	<u>1,528,510</u>
Operating loss	<u>(447,300)</u>	<u>(402,200)</u>	<u>(399,847)</u>	<u>2,353</u>	<u>(478,302)</u>
Nonoperating revenues (expenses)					
Interest income	-	-	1,470	1,470	597
Impact fees	20,000	(20,000)	9,805	29,805	11,527
Grant revenue	-	300	340	40	-
Miscellaneous income	1,500	1,500	706	(794)	-
Interest expense	(78,900)	(78,900)	(85,088)	(6,188)	(81,114)
Total nonoperating revenues	<u>(57,400)</u>	<u>(97,100)</u>	<u>(72,767)</u>	<u>24,333</u>	<u>(68,990)</u>
Income (loss) before transfers	<u>(504,700)</u>	<u>(499,300)</u>	<u>(472,614)</u>	<u>26,686</u>	<u>(547,292)</u>
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>(504,700)</u>	<u>(499,300)</u>	<u>(472,614)</u>	<u>26,686</u>	<u>(547,292)</u>
Total net position, beginning of year	9,733,237	9,733,237	9,733,237	-	10,285,529
Restatement adjustment	-	-	(39,348)	(39,348)	(5,000)
Total net position, end of year	<u>\$ 9,733,237</u>	<u>\$ 9,733,237</u>	<u>\$ 9,221,275</u>	<u>\$ (511,962)</u>	<u>\$ 9,733,237</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, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Operating revenues					
Charges for services	\$ 1,398,100	\$ 1,424,200	\$ 1,432,608	\$ 8,408	\$ 1,365,158
Total operating revenues	1,398,100	1,424,200	1,432,608	8,408	1,365,158
Operating expenses					
Salaries and wages	383,517	383,517	349,029	34,488	309,200
Employee benefits	119,383	119,383	126,961	(7,578)	175,790
Services and supplies	255,600	278,400	219,145	59,255	225,570
Capital outlay	20,000	20,000	-	20,000	27,097
Depreciation and amortization	261,800	317,200	326,137	(8,937)	325,495
Total operating expenses	1,040,300	1,118,500	1,021,272	97,228	1,063,152
Operating income	357,800	305,700	411,336	105,636	302,006
Nonoperating revenues (expenses)					
Interest income	500	500	2,876	2,376	430
Miscellaneous income	-	-	7,616	7,616	7,878
Interest expense	(43,100)	(43,100)	(32,928)	10,172	(46,757)
Total nonoperating expenses	(42,600)	(42,600)	(22,436)	20,164	(38,449)
Income before transfers	315,200	263,100	388,900	125,800	263,557
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	315,200	263,100	388,900	125,800	263,557
Total net position, beginning of year	2,830,242	2,830,242	2,830,242	-	2,571,685
Restatement adjustment	-	-	(38,442)	(38,442)	(5,000)
Total net position, end of year	<u>\$ 3,145,442</u>	<u>\$ 3,093,342</u>	<u>\$ 3,180,700</u>	<u>\$ 87,358</u>	<u>\$ 2,830,242</u>

COMPONENT UNIT SUPPLEMENTARY SCHEDULES

CITY OF WEST WENDOVER, NEVADA
Component Unit – Johnson Springs
Statement of Net Position
For the Year Ended June 30, 2018

	<u>Component Unit Johnson Springs</u>
Assets	
Current assets	
Cash and investments	\$ 115,024
Accounts receivable, net	57,634
Inventory	13,389
Total current assets	<u>186,047</u>
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	<u>(6,446,454)</u>
Total noncurrent assets	<u>6,631,597</u>
Total assets	<u>6,817,644</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>34,296</u>
Liabilities	
Current liabilities	
Accounts payable	29,600
Accrued liabilities	1,687
Due to primary government	2,337,645
Compensated absences	9,461
Total current liabilities	<u>2,378,393</u>
Noncurrent liabilities:	
Net pension liability	<u>186,819</u>
Total noncurrent liabilities	<u>186,819</u>
Total liabilities	<u>2,565,212</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	<u>21,919</u>
Net Position	
Net investment in capital assets	4,293,952
Unrestricted	<u>(29,143)</u>
Total net position	<u>\$ 4,264,809</u>

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, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2017
Operating revenues					
Charges for services	\$ 670,700	\$ 700,700	\$ 652,108	\$ (48,592)	\$ 553,699
Total operating revenues	<u>670,700</u>	<u>700,700</u>	<u>652,108</u>	<u>(48,592)</u>	<u>553,699</u>
Operating expenses					
Water purchases	115,000	115,000	111,405	3,595	113,990
Salaries and wages	48,254	48,254	72,955	(24,701)	37,302
Employee benefits	8,746	8,746	43,015	(34,269)	(885)
Services and supplies	254,400	277,400	262,675	14,725	246,905
Depreciation and amortization	380,000	392,300	392,292	8	397,010
Total operating expenses	<u>806,400</u>	<u>841,700</u>	<u>882,342</u>	<u>(40,642)</u>	<u>794,322</u>
Operating loss	<u>(135,700)</u>	<u>(141,000)</u>	<u>(230,234)</u>	<u>(89,234)</u>	<u>(240,623)</u>
Nonoperating revenues (expenses)					
Interest income	4,000	4,000	19,001	15,001	14,002
Miscellaneous income	12,000	12,000	-	(12,000)	-
Debt paid through primary government	-	-	(10,584)	(10,584)	(10,497)
Interest expense	(111,100)	(111,100)	(109,128)	1,972	(113,949)
Total nonoperating revenues (expenses)	<u>(95,100)</u>	<u>(95,100)</u>	<u>(100,711)</u>	<u>(5,611)</u>	<u>(110,444)</u>
Loss before transfers	(230,800)	(236,100)	(330,945)	(94,845)	(351,067)
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	(230,800)	(236,100)	(330,945)	(94,845)	(351,067)
Total net position, beginning of year	4,609,596	4,609,596	4,609,596	-	4,960,663
Restatement adjustment	-	-	(13,842)	(13,842)	-
Total net position, end of year	<u>\$ 4,378,796</u>	<u>\$ 4,373,496</u>	<u>\$ 4,264,809</u>	<u>\$ (108,687)</u>	<u>\$ 4,609,596</u>

CITY OF WEST WENDOVER, NEVADA
Component Unit – Johnson Springs
Statement of Cash Flows
June 30, 2018

	Component Unit
	Johnson Springs
Cash Flows From Operating Activities:	
Cash received from customers, service fees	\$ 668,649
Cash paid to suppliers	(377,975)
Cash paid to employees	(93,634)
Net cash flows from operating activities	197,040
Cash Flows From Noncapital Financing Activities:	
Net component unit receipts/(payments)	(76,743)
Net cash flows from noncapital financing activities	(76,743)
Cash Flows From Capital and Related Financing Activities:	
Interest paid on capital debt	(109,128)
Net cash flows from capital and related financing activities	(109,128)
Cash Flows From Investing Activities:	
Interest income	19,001
Net change in cash and cash equivalents	30,170
Cash and investments, including restricted cash, beginning of year	84,854
Cash and Cash Equivalents, Including Restricted Cash , End of Year	\$ 115,024
Reconciliation of operating income to net cash flows from operating activities:	
Operating income (loss)	\$ (230,234)
Adjustments to reconcile net income (loss) to net cash from operating activities	
Depreciation/amortization	392,292
Pension expense	36,893
Employer pension contributions	(13,068)
Changes in operating assets and liabilities:	
(Increase) decrease in receivables	16,541
Increase (decrease) in accounts payable	(3,895)
Increase (decrease) in compensated absences	(1,489)
Net cash flows from operating activities	\$ 197,040

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, 2018, 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 September 21, 2018.

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
September 21, 2018



**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, 2018, and have issued our report thereon dated September 21, 2018. 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 had one prior year compliance finding that was resolved during fiscal year 2018.

We noted one new instance of noncompliance during fiscal year 2018. See note 3 on page 32.

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, 2018.

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 note 3 of the financial statements. 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
September 21, 2018

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, 2018

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2017		20,720
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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	2.9%	2.90%

Increase in base		601
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Adjusted base at June 30, 2018		21,321
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Actual revenue		16,885
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Amount over (under) allowable amount		\$ (4,436)
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