



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WEST WENDOVER, NEVADA

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CITY OF WEST WENDOVER, NEVADA

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FINANCIAL SECTION

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Independent Auditors' Report

The Honorable Mayor and City Council
West Wendover, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of West Wendover, Nevada as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Wendover, Nevada's basic financial statements. The major fund budgetary comparison schedules, the combining and individual non-major fund budgetary schedules and component unit supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major fund budgetary comparison schedules, the combining and individual non-major fund budgetary schedules, and the component unit supplementary schedules as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major fund budgetary comparison schedules, the combining and individual non-major fund budgetary schedules, and the component unit supplementary schedules as listed in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019, 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

HintonBurdick, PLLC
St. George, Utah
October 30, 2019

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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, 2019. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net position) by \$26.8 million at the close of the fiscal year.
- Total net position increased by \$660 thousand from the prior year.
- Governmental activities net position increased by \$475 thousand. Business-type net position increased by \$185 thousand.
- Total revenues from all governmental sources were \$9.8 million and the total cost of all City programs were \$9.3 million
- The General Fund revenues exceeded expenditures, excluding transfers, and debt proceeds by \$1.25 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,733,797, or 31% 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 \$26.8 million as of June 30, 2019 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	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Assets						
Current and other assets	\$ 3,150,117	\$ 2,238,108	\$ 6,200,377	\$ 5,789,930	\$ 9,350,494	\$ 8,028,038
Net capital assets	20,271,396	21,295,126	18,290,392	19,288,460	38,561,788	40,583,586
Total assets	23,421,513	23,533,234	24,490,769	25,078,390	47,912,282	48,611,624
Deferred outflows	1,256,937	1,242,559	255,908	244,359	1,512,845	1,486,918
Liabilities						
Current liabilities	566,897	562,992	139,589	149,129	706,486	712,121
Long-term liabilities outstanding	13,014,448	13,421,798	8,151,132	8,872,437	21,165,580	22,294,235
Total liabilities	13,581,345	13,984,790	8,290,721	9,021,566	21,872,066	23,006,356
Deferred inflows	617,032	794,117	125,625	156,171	742,657	950,288
Net position:						
Net investment in capital assets	14,520,364	14,929,697	13,776,382	14,106,662	28,296,746	29,036,359
Restricted	187,326	207,131	952,807	964,944	1,140,133	1,172,075
Unrestricted	(4,226,865)	(5,139,942)	1,601,142	1,073,406	(2,625,723)	(4,066,536)
Total net position	\$ 10,480,825	\$ 9,996,886	\$ 16,330,331	\$ 16,145,012	\$ 26,811,156	\$ 26,141,898

Governmental Activities

The cost of all Governmental activities this year was \$9,357,146. As shown on the statement of Changes in Net Position on the following page, \$635,428 of this cost was paid for by those who directly benefited from the programs; \$630,321 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 \$1,265,749. General taxes, asset sales, and other general revenues totaled \$8,566,673.

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.

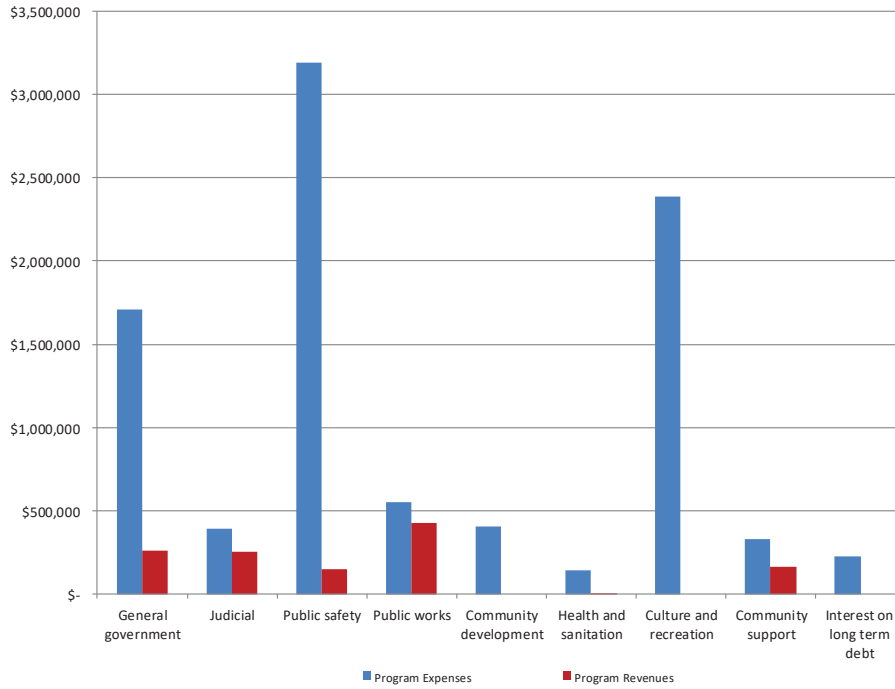
City of West Wendover, Nevada
Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Revenues:						
Program revenues:						
Charges for services	\$ 635,428	\$ 624,342	\$ 3,961,674	\$ 3,765,125	\$ 4,597,102	\$ 4,389,467
Operating grants	442,032	337,594	-	-	442,032	337,594
Capital grants	188,289	192,538	118,910	27,721	307,199	220,259
General revenues:						
Consolidated taxes	2,844,516	2,760,581	-	-	2,844,516	2,760,581
Room taxes	2,242,802	2,389,961	-	-	2,242,802	2,389,961
Ad valorem taxes	1,657,933	1,629,060	-	-	1,657,933	1,629,060
County gaming taxes	429,278	457,909	-	-	429,278	457,909
Franchise taxes	397,860	397,894	-	-	397,860	397,894
Right of way toll	316,050	290,142	-	-	316,050	290,142
Motor vehicle taxes	107,775	111,452	-	-	107,775	111,452
Other taxes	-	5,485	-	-	-	5,485
Investment earnings	13,580	7,317	131,644	124,294	145,224	131,611
Gain on sale of capital assets	543,253	-	-	-	543,253	-
Miscellaneous revenues	6,684	30,009	25,375	32,811	32,059	62,820
Total revenues	<u>9,825,480</u>	<u>9,234,284</u>	<u>4,237,603</u>	<u>3,949,951</u>	<u>14,063,083</u>	<u>13,184,235</u>
Expenses:						
General government	1,708,015	1,957,253	-	-	1,708,015	1,957,253
Judicial	393,422	339,053	-	-	393,422	339,053
Public safety	3,192,139	3,327,123	-	-	3,192,139	3,327,123
Public works	555,232	527,048	-	-	555,232	527,048
Community development	404,510	417,780	-	-	404,510	417,780
Health and sanitation	142,372	140,732	-	-	142,372	140,732
Culture and recreation	2,384,928	2,504,678	-	-	2,384,928	2,504,678
Community support	332,535	280,647	-	-	332,535	280,647
Interest on long term debt	229,140	248,774	-	-	229,140	248,774
Water	-	-	1,414,509	1,380,771	1,414,509	1,380,771
Sewer	-	-	1,625,719	1,592,175	1,625,719	1,592,175
Garbage/Compost	-	-	1,012,056	1,054,200	1,012,056	1,054,200
Total expenses	<u>9,342,293</u>	<u>9,743,088</u>	<u>4,052,284</u>	<u>4,027,146</u>	<u>13,394,577</u>	<u>13,770,234</u>
Increase in net position before transfers	483,187	(508,804)	185,319	(77,195)	668,506	(585,999)
Transfers	-	-	-	-	-	-
Increase in net position	483,187	(508,804)	185,319	(77,195)	668,506	(585,999)
Net position, beginning	9,996,886	11,091,797	16,145,012	16,332,520	26,141,898	27,424,317
Restatement adjustment	-	(586,107)	-	(110,313)	-	(696,420)
Net position, ending	<u>\$ 10,480,073</u>	<u>\$ 9,996,886</u>	<u>\$ 16,330,331</u>	<u>\$ 16,145,012</u>	<u>\$ 26,810,404</u>	<u>\$ 26,141,898</u>

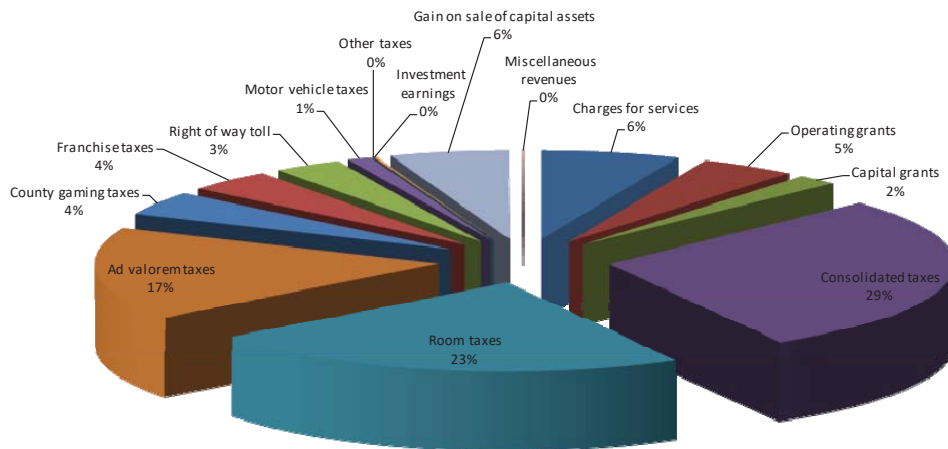
Total resources available during the year to finance governmental operations were \$19,829,308 consisting of Net Position at July 1, 2018 of \$10 million, program revenues of \$1.3 million and General Revenue of \$8.6 million. Total cost of Governmental Activities during the year were \$9.3 million; thus, Governmental Net Position increased by \$475,276 to \$10.4 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

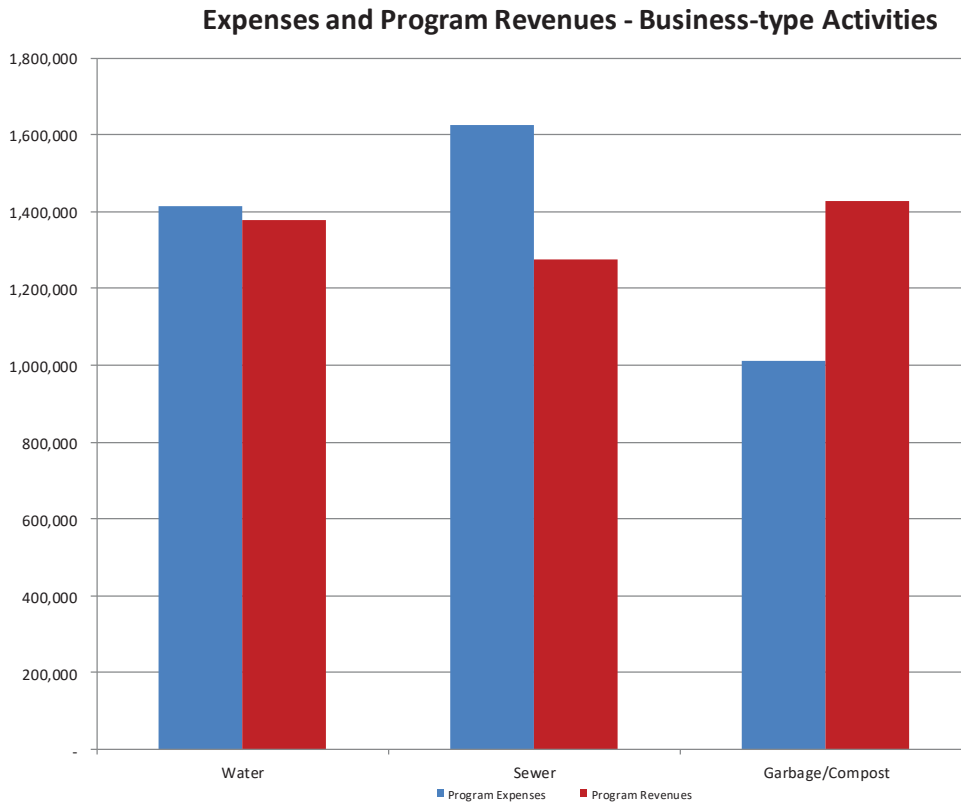


Revenues By Source - Governmental Activities



Business Type Activities

Net position of the Business Type activities at June 30, 2019, as reflected in the Statement of Net Position was \$16.3 million. The cost of providing all Proprietary (Business Type) activities this year was \$4.0 million. As shown in the Statement of Activities, the amounts paid by users of the system were \$3.9 million and \$118,910 was subsidized by capital grants and contributions. Unrestricted investment earnings totaled 131,644; other revenue totaled \$25,375, thus, net position increased by \$185,319.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of West Wendover's governmental funds reported combined ending fund balances of \$2,631,350, an increase of \$1,012,406 in comparison with the prior year. 67% of the total fund balance or \$1,733,797 constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is non-spendable, restricted, or committed because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted or committed purposes.

The general fund is the chief operating fund of the City of West Wendover. At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,733,797, and total fund balance is \$1,901,261. 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 31% of total general fund expenditures. During the year, the City of West Wendover's general fund balance was budgeted to decrease by \$31,690

The recreation fund has a fund balance of \$134,563, 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 \$16,330,331 at year end.

General Fund Budgetary Highlights

Actual expenditures for the General Fund at year-end were \$677,876 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 \$236,140.

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 2019, net capital assets of the government activities totaled \$20.3 million and the net capital assets of the business-type activities totaled \$18.3 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 million in governmental type long term liabilities, and \$8.2 million in proprietary long term liabilities. The liabilities amounts to \$4,713 per capita (4,498 – 2013 population US Census Bureau Website 2013). The City's net decrease in total long term liabilities was \$1.3 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 2019-2020, the City Council and management continue to remain cautious as to the growth of revenues and expenditures especially in the projection of new revenues from marijuana cultivation and production.

The City is in the second year of its Collective Bargaining Agreement with the Police Officers Association, effective July 1, 2018 thru June 30, 2021, which provides for an annual, fiscal-year Merit Bonus of up to two percent (2%) in wages, based on performance evaluations. A two year labor agreement was negotiated with Local 4041, effective July 1, 2019 thru June 30, 2021. It provides for an annual, fiscal-year increase in wages of two percent (2%) for all classifications, with the exception of dispatchers and the lead dispatcher. Dispatcher and lead dispatcher classifications shall have an annual fiscal-year increase of four percent (4%).

Projects that are reflected in the City Budget for the fiscal year 2019-2020 are as follows:

- The largest project reflected in the City Budget for fiscal year 2019-2020 continues to be the City Center/Downtown development with infrastructure costs estimated to be approximately \$3.4M. Additionally the acquisition of BLM land surrounding City Hall, to build a new fire station; project total cost for land and fire station facility estimated at \$8.9M.
- The City will continue ongoing Street Rehabilitation and Storm Drainage Improvement Projects

Debt Service

- The City paid off a 1998, \$1.280M, USDA Sewer/Compost Revenue Bond in August, 2018
- The City paid off a \$232,157 lease purchase agreement in December, 2018
- The City also refinanced the 1998, \$3.058M, Water Revenue Bond. The refinance gave the City a net present value cash flow savings of \$656,760.

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, 2019

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Johnson Springs
Assets				
Cash and temporary investments	\$ 1,686,814	\$ 2,493,062	\$ 4,179,876	\$ 167,071
Accounts receivable, net	1,021,895	412,374	1,434,269	59,314
Due from component unit	-	2,268,160	2,268,160	-
Inventory	37,644	63,242	100,886	13,389
Prepaid items	95,049	10,732	105,781	-
Restricted cash	308,715	952,807	1,261,522	-
Capital assets not being depreciated:				
Land	1,467,432	111,000	1,578,432	18,000
Construction in progress	64,815	-	64,815	-
Capital assets, net of accumulated depreciation:				
Buildings, net	7,948,429	3,440,348	11,388,777	2,445,013
Improvements other than buildings, net	10,429,336	2,572,513	13,001,849	252,297
Machinery and equipment, net	361,384	693,376	1,054,760	182,203
Utility systems	-	11,473,155	11,473,155	3,415,472
Total assets	<u>23,421,513</u>	<u>24,490,769</u>	<u>47,912,282</u>	<u>6,552,759</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	<u>1,256,937</u>	<u>255,908</u>	<u>1,512,845</u>	<u>30,417</u>
Liabilities				
Accounts payable	336,114	33,797	369,911	53,181
Accrued interest payable	23,810	101,700	125,510	-
Accrued expenses	158,549	-	158,549	1,687
Due to primary government	-	-	-	2,268,160
Unearned revenue	48,424	-	48,424	-
Deposits payable	-	4,092	4,092	-
Noncurrent liabilities				
Due within one year	501,507	533,211	1,034,718	11,155
Due in more than one year	5,572,781	6,204,928	11,777,709	-
Net pension liability	6,940,160	1,412,993	8,353,153	167,949
Total liabilities	<u>13,581,345</u>	<u>8,290,721</u>	<u>21,872,066</u>	<u>2,502,132</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	<u>617,032</u>	<u>125,625</u>	<u>742,657</u>	<u>14,932</u>
Net Position				
Net investment in capital assets	14,520,364	13,776,382	28,296,746	4,044,825
Restricted for:				
Judicial	52,763	-	52,763	-
Culture and recreation	134,563	-	134,563	-
Debt service	-	952,807	952,807	-
Unrestricted	(4,226,865)	1,601,142	(2,625,723)	21,287
Total net position	<u>\$ 10,480,825</u>	<u>\$ 16,330,331</u>	<u>\$ 26,811,156</u>	<u>\$ 4,066,112</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, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Johnson Springs
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	
Governmental:							
General government	\$ 1,708,015	\$ 263,406	\$ -	\$ -	\$ (1,444,609)	\$ -	\$ (1,444,609)
Judicial	393,422	256,871	-	-	(136,551)	-	(136,551)
Public safety	3,192,139	24,018	123,896	-	(3,044,225)	-	(3,044,225)
Public works	555,232	83,891	155,000	188,289	(128,052)	-	(128,052)
Community development	404,510	-	-	-	(404,510)	-	(404,510)
Health and sanitation	142,372	3,462	-	-	(138,910)	-	(138,910)
Culture and recreation	2,384,928	-	-	-	(2,384,928)	-	(2,384,928)
Community support	332,535	3,780	163,136	-	(165,619)	-	(165,619)
Interest on long term debt	229,140	-	-	-	(229,140)	-	(229,140)
Total governmental activities	<u>9,342,293</u>	<u>635,428</u>	<u>442,032</u>	<u>188,289</u>	<u>(8,076,544)</u>	<u>-</u>	<u>(8,076,544)</u>
Business-type:							
Water	1,414,509	1,311,566	-	66,586	-	(36,357)	(36,357)
Sewer	1,625,719	1,223,089	-	52,324	-	(350,306)	(350,306)
Garbage/Compost	1,012,056	1,427,019	-	-	-	414,963	414,963
Total business-type activities	<u>4,052,284</u>	<u>3,961,674</u>	<u>-</u>	<u>118,910</u>	<u>-</u>	<u>28,300</u>	<u>28,300</u>
Total primary government	<u>\$ 13,394,577</u>	<u>\$ 4,597,102</u>	<u>\$ 442,032</u>	<u>\$ 307,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit:							
Johnson Springs	\$ 929,964	\$ 687,579	\$ -	\$ -	\$ -	\$ -	(242,385)
General Revenues:							
Consolidated taxes					2,844,516	-	2,844,516
Room taxes					2,242,802	-	2,242,802
Ad valorem taxes					1,657,933	-	1,657,933
County gaming taxes					429,278	-	429,278
Franchise taxes					397,860	-	397,860
Right of way toll					316,050	-	316,050
Motor vehicle taxes					107,775	-	107,775
Investment earnings					13,580	131,644	145,224
Gain on sale of capital assets					543,253	-	543,253
Miscellaneous revenues					6,684	25,375	32,059
Total general revenues and transfers					<u>8,559,731</u>	<u>157,019</u>	<u>8,716,750</u>
Change in net position					483,187	185,319	668,506
Net position - beginning					9,996,886	16,145,012	26,141,898
Net position - ending					<u>\$ 10,480,073</u>	<u>\$ 16,330,331</u>	<u>\$ 26,810,404</u>

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

CITY OF WEST WENDOVER, NEVADA

**Balance Sheet
Governmental Funds
June 30, 2019**

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and temporary investments	\$ 1,193,589	\$ 124,672	\$ 243,700	\$ 1,561,961
Accounts receivable, net	17	180,683	-	180,700
Due from other funds	160,000	-	-	160,000
Due from other governments	751,319	-	69,174	820,493
Inventory	36,339	-	1,305	37,644
Prepaid and other items	29,547	-	-	29,547
Restricted cash	440	-	308,275	308,715
Total assets	<u><u>2,171,251</u></u>	<u><u>305,355</u></u>	<u><u>\$ 622,454</u></u>	<u><u>\$ 3,099,060</u></u>
Liabilities				
Accounts payable	\$ 63,017	\$ 170,792	\$ 26,928	\$ 260,737
Accrued liabilities	158,549	-	-	158,549
Unearned revenue	48,424	-	-	48,424
Total liabilities	<u><u>269,990</u></u>	<u><u>170,792</u></u>	<u><u>26,928</u></u>	<u><u>467,710</u></u>
Fund Balances				
Nonspendable	65,886	-	1,305	67,191
Restricted	440	134,563	584,699	719,702
Committed	101,138	-	9,522	110,660
Unassigned	1,733,797	-	-	1,733,797
Total fund balances	<u><u>1,901,261</u></u>	<u><u>134,563</u></u>	<u><u>595,526</u></u>	<u><u>2,631,350</u></u>
Total liabilities and fund balances	<u><u>\$ 2,171,251</u></u>	<u><u>\$ 305,355</u></u>	<u><u>\$ 622,454</u></u>	<u><u>\$ 3,099,060</u></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, 2019

Total fund balances - governmental funds \$ 2,631,350

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	\$ 30,850,026	
Accumulated depreciation	<u>(10,578,630)</u>	
		20,271,396

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

5,097

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

Net pension liabilities	\$ (6,940,160)	
Bonds payable	(5,751,031)	
Capital leases payable	-	
Compensated absences	(322,505)	
Interest payable	<u>(23,810)</u>	
		(13,037,506)

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.

(29,417)

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	\$ 1,256,937	
Deferred inflows	<u>(617,032)</u>	
		639,905

Total net position - governmental activities \$ 10,480,825

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, 2019

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 1,534,368	\$ 2,242,802	\$ 48,464	\$ 3,825,634
Licenses and permits	1,023,155	-	-	1,023,155
Intergovernmental	3,949,151	-	145,000	4,094,151
Charges for services	39,400	-	8,633	48,033
Fines and forfeits	67,938	-	-	67,938
Miscellaneous revenues	217,188	-	722,703	939,891
	<u>6,831,200</u>	<u>2,242,802</u>	<u>924,800</u>	<u>9,998,802</u>
Expenditures				
Current				
General government	1,106,714	-	-	1,106,714
Judicial	370,650	-	5,837	376,487
Public safety	3,074,370	-	-	3,074,370
Public works	545,435	-	-	545,435
Community development	263,162	-	-	263,162
Health	117,474	-	-	117,474
Culture and recreation	14,474	2,265,856	-	2,280,330
Community support	35,269	-	291,732	327,001
Capital outlay	-	-	45,015	45,015
Debt service	55,401	-	795,007	850,408
	<u>5,582,949</u>	<u>2,265,856</u>	<u>1,137,591</u>	<u>8,986,396</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,248,251</u>	<u>(23,054)</u>	<u>(212,791)</u>	<u>1,012,406</u>
Other Financing Sources (Uses)				
Transfers in	-	-	451,500	451,500
Transfers out	(401,500)	-	(50,000)	(451,500)
	<u>(401,500)</u>	<u>-</u>	<u>401,500</u>	<u>-</u>
Net change in fund balances	846,751	(23,054)	188,709	1,012,406
Fund balances, beginning of year	<u>1,054,510</u>	<u>157,617</u>	<u>406,817</u>	<u>1,618,944</u>
Fund balances, end of year	<u><u>\$ 1,901,261</u></u>	<u><u>\$ 134,563</u></u>	<u><u>\$ 595,526</u></u>	<u><u>\$ 2,631,350</u></u>

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

CITY OF WEST WENDOVER, NEVADA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds		\$ 1,012,406
<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	\$ 165,807	
Depreciation expense	<u>(1,019,686)</u>	(853,879)
<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>		
		(169,852)
<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>		
		(3,471)
<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>		
		613,646
<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>		
		7,622
<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	\$ 443,888	
Pension expense	<u>(424,169)</u>	19,719
<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>		
		(34,551)
<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>		
		(108,453)
Change in net position of governmental activities		<u><u>\$ 483,187</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, 2019

	<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	\$ 1,363,955	\$ 150,320	\$ 978,787	\$ 2,493,062	\$ 124,853
Accounts receivable, net	137,869	129,241	145,264	412,374	15,605
Inventory	59,121	4,121	-	63,242	-
Prepaid expenses	1,976	7,705	1,051	10,732	65,502
Total current assets	<u>1,562,921</u>	<u>291,387</u>	<u>1,125,102</u>	<u>2,979,410</u>	<u>205,960</u>
Noncurrent assets					
Restricted cash	639,924	88,095	224,788	952,807	-
Due from component unit	2,268,160	-	-	2,268,160	-
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	5,164,633	6,207,454	-
Machinery and equipment	869,063	1,393,360	2,190,753	4,453,176	-
Utility system	2,214,669	15,820,916	-	18,035,585	-
Less accumulated depreciation	(2,300,969)	(6,736,123)	(5,459,725)	(14,496,817)	-
Total noncurrent assets	<u>6,045,717</u>	<u>11,809,735</u>	<u>3,655,907</u>	<u>21,511,359</u>	<u>-</u>
Total assets	<u>7,608,638</u>	<u>12,101,122</u>	<u>4,781,009</u>	<u>24,490,769</u>	<u>205,960</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	<u>73,699</u>	<u>94,815</u>	<u>87,394</u>	<u>255,908</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts payable	6,494	7,345	19,958	33,797	75,377
Accrued interest payable	75,894	10,725	15,081	101,700	-
Due to other funds	-	-	-	-	160,000
Compensated absences	7,853	10,498	6,962	25,313	-
Customer deposits	4,092	-	-	4,092	-
Current portion of noncurrent liabilities	151,405	116,077	240,416	507,898	-
Total current liabilities	<u>245,738</u>	<u>144,645</u>	<u>282,417</u>	<u>672,800</u>	<u>235,377</u>
Noncurrent liabilities:					
Capital leases payable	-	-	139,148	139,148	-
Net pension liability	406,929	523,522	482,542	1,412,993	-
Bonds payable	3,143,270	2,605,845	316,665	6,065,780	-
Total noncurrent liabilities	<u>3,550,199</u>	<u>3,129,367</u>	<u>938,355</u>	<u>7,617,921</u>	<u>-</u>
Total liabilities	<u>3,795,937</u>	<u>3,274,012</u>	<u>1,220,772</u>	<u>8,290,721</u>	<u>235,377</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions	<u>36,179</u>	<u>46,545</u>	<u>42,901</u>	<u>125,625</u>	<u>-</u>
Net Position					
Net investment in capital assets	2,041,774	8,999,718	2,734,890	13,776,382	-
Restricted for debt service	639,924	88,095	224,788	952,807	-
Unrestricted	1,168,523	(212,433)	645,052	1,601,142	(29,417)
Total net position	<u>\$ 3,850,221</u>	<u>\$ 8,875,380</u>	<u>\$ 3,604,730</u>	<u>\$ 16,330,331</u>	<u>\$ (29,417)</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, 2019

	<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	\$ 1,311,566	\$ 1,223,089	\$ 1,427,019	\$ 3,961,674	\$ 841,673
Operating expenses					
Water purchases	528,129	-	-	528,129	-
Salaries and wages	114,733	335,705	277,179	727,617	-
Employee benefits	213,542	183,735	143,187	540,464	950,126
Services and supplies	287,440	475,062	223,840	986,342	-
Capital outlay	124	-	6,240	6,364	-
Depreciation and amortization	138,001	554,965	335,366	1,028,332	-
Total operating expenses	<u>1,281,969</u>	<u>1,549,467</u>	<u>985,812</u>	<u>3,817,248</u>	<u>950,126</u>
Operating income (loss)	<u>29,597</u>	<u>(326,378)</u>	<u>441,207</u>	<u>144,426</u>	<u>(108,453)</u>
Nonoperating revenues (expenses)					
Interest income	123,037	2,062	6,545	131,644	-
Impact fees	66,586	52,324	-	118,910	-
Miscellaneous income	9,920	2,349	2,522	14,791	-
Contributions from component unit for debt payments	10,584	-	-	10,584	-
Interest expense	<u>(132,540)</u>	<u>(76,252)</u>	<u>(26,244)</u>	<u>(235,036)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>77,587</u>	<u>(19,517)</u>	<u>(17,177)</u>	<u>40,893</u>	<u>-</u>
Income before contributions and transfers	<u>107,184</u>	<u>(345,895)</u>	<u>424,030</u>	<u>185,319</u>	<u>(108,453)</u>
Change in net position	<u>107,184</u>	<u>(345,895)</u>	<u>424,030</u>	<u>185,319</u>	<u>(108,453)</u>
Total net position, beginning	3,743,037	9,221,275	3,180,700	16,145,012	79,036
Total net position, end of year	<u>\$ 3,850,221</u>	<u>\$ 8,875,380</u>	<u>\$ 3,604,730</u>	<u>\$ 16,330,331</u>	<u>\$ (29,417)</u>

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

CITY OF WEST WENDOVER, NEVADA
Statement of Cash Flows
Proprietary Funds
June 30, 2019

	<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	\$ 1,306,598	\$ 1,217,651	\$ 1,413,952	\$ 3,938,201	\$ 826,068
Cash paid to suppliers	(811,979)	(480,855)	(215,194)	(1,508,028)	(888,203)
Cash paid to employees	(314,027)	(494,759)	(425,342)	(1,234,128)	-
Net cash flows from operating activities	<u>180,592</u>	<u>242,037</u>	<u>773,416</u>	<u>1,196,045</u>	<u>(62,135)</u>
Cash Flows From Noncapital Financing Activities:					
Net component unit receipts/(payments)	80,069	-	-	80,069	-
Cash received from miscellaneous sources	9,920	2,349	2,522	14,791	-
Net cash flows from noncapital financing activities	<u>89,989</u>	<u>2,349</u>	<u>2,522</u>	<u>94,860</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Impact fees	66,586	52,324	-	118,910	-
Principal paid on capital debt	(313,564)	(110,999)	(372,793)	(797,356)	-
Interest paid on capital debt	(140,635)	(76,559)	(36,546)	(253,740)	-
Acquisition and construction of capital assets	-	(14,161)	(16,104)	(30,265)	-
Net cash flows from capital and related financing activities	<u>(387,613)</u>	<u>(149,395)</u>	<u>(425,443)</u>	<u>(962,451)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest income	123,037	2,062	6,545	131,644	-
Net change in cash and cash equivalents	6,005	97,053	357,040	460,098	(62,135)
Cash and investments, including restricted cash, beginning of year as restated	<u>1,997,874</u>	<u>141,362</u>	<u>846,535</u>	<u>2,985,771</u>	<u>186,988</u>
Cash and Cash Equivalents, Including Restricted Cash , End of Year	<u>\$ 2,003,879</u>	<u>\$ 238,415</u>	<u>\$ 1,203,575</u>	<u>\$ 3,445,869</u>	<u>\$ 124,853</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 29,597	\$ (326,378)	\$ 441,207	\$ 144,426	\$ (108,453)
Adjustments to reconcile net income (loss) to net cash from operating activities					
Depreciation/amortization	138,001	554,965	335,366	1,028,332	-
Pension expense	41,769	55,816	32,616	130,201	-
Employer pension contributions	(26,027)	(33,484)	(30,865)	(90,376)	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(4,272)	(5,438)	(13,067)	(22,777)	(15,605)
(Increase) decrease in inventory	2,284	141	-	2,425	-
(Increase) decrease in prepaid expenses	-	545	(27)	518	1,815
Increase (decrease) in accounts payable	1,430	(6,479)	14,913	9,864	60,108
Increase (decrease) in due from deposits	(696)	-	-	(696)	-
Increase (decrease) in compensated absences	(1,494)	2,349	(6,727)	(5,872)	-
Net cash flows from operating activities	<u>\$ 180,592</u>	<u>\$ 242,037</u>	<u>\$ 773,416</u>	<u>\$ 1,196,045</u>	<u>\$ (62,135)</u>

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

NOTE 1. Summary of Significant Accounting Policies, Continued

Comparative Data

Comparative data shown for the prior year has been extracted from the 2017-2018 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2017-2018. Such information can only be obtained by referring to the audited financial statements for that year.

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

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

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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 2019. The individual Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual report on page 68 shows that the Court Administration Assessments Fund incurred an excess of expenditures over appropriations for the year ended June 30, 2019 by (\$687).

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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	\$ 1,575	\$ -
Cash in bank	3,956,409	(1,194,530)
Investments:		
Nevada local government investment pool	1,483,414	1,361,602
Total deposits and investments	\$ 5,441,398	\$ 167,071
Cash and cash equivalents	\$ 4,179,875	\$ 167,071
Restricted cash	1,261,522	-
	\$ 5,441,398	\$ 167,071

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 \$2,800,497 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, 2019

NOTE 4. Cash and Investments, Continued

As of June 30, 2019 the government had the following investments:

<u>Investment Type</u>	Primary Government <u>Fair Value</u>	Component Unit <u>Fair Value</u>	<u>Rating (1)</u>	Weighted Average <u>Maturity (2)</u>
Nevada Local Government Pooled Investment Fund	\$ 1,483,414	\$ 1,361,602	N/A	116
Total Fair Value	<u>\$ 1,483,414</u>	<u>\$ 1,361,602</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, 2019:

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

	Primary Government	Component Unit
Level 1 inputs	\$ 273,393	\$ 250,943
Level 2 inputs	1,210,021	1,110,658
Total LGIP investment	<u>\$ 1,483,414</u>	<u>\$ 1,361,602</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, 2019

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, 2019:

Restricted cash footnote

Medium Term Sales Tax Revenue Bond Reserves	\$ 308,275
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	67,952
Waste Water Treatment Plant Revenue Bond Reserves	88,095
1998 Water Revenue Bond Reserves	173,712
Water Revenue Bonds, Series 2015 Bond Reserves	12,096
Water Rev Bonds Series 2015 - Asset Replacement	114,536
AB198 Capital Replacement Projects Fund	339,581
Unutilized Regional Transportation Commission Funds	440
Total restricted cash - primary government	\$ 1,261,522

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, 2019 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, 2019

NOTE 6. Capital Assets

Governmental capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities:	Balance 6/30/18	Additions	Deletions	Balance 6/30/19
Capital assets, not being depreciated:				
Land	\$ 1,637,283	\$ -	\$ (169,852)	\$ 1,467,431
Construction in progress	-	64,815	-	64,815
Total capital assets, not being depreciated	<u>1,637,283</u>	<u>64,815</u>	<u>(169,852)</u>	<u>1,532,246</u>
Capital assets, being depreciated:				
Buildings	11,271,605	-	-	11,271,605
Other improvements	14,321,856	-	-	14,321,856
Machinery and equipment	3,623,327	100,992	-	3,724,319
Total capital assets, being depreciated	<u>29,216,788</u>	<u>100,992</u>	<u>-</u>	<u>29,317,780</u>
Less accumulated depreciation for:				
Buildings	(3,045,460)	(277,715)	-	(3,323,175)
Other improvements	(3,365,605)	(526,915)	-	(3,892,520)
Machinery and equipment	(3,147,879)	(215,056)	-	(3,362,935)
Total accumulated depreciation	<u>(9,558,944)</u>	<u>(1,019,686)</u>	<u>-</u>	<u>(10,578,630)</u>
Total capital assets, being depreciated, net	<u>19,657,844</u>	<u>(918,694)</u>	<u>-</u>	<u>18,739,150</u>
Governmental activities capital assets, net	<u>\$ 21,295,127</u>	<u>\$ (853,879)</u>	<u>\$ (169,852)</u>	<u>\$ 20,271,396</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	174,202
Public works	283
Health and sanitation	22,803
Culture and recreation	94,862
Community support	1,194
Streets and highways	157,933
Total depreciation expense - governmental activities	<u>\$ 1,019,686</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

NOTE 6. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2019 was as follows:

Business-Type Activities:	Balance 6/30/18	Additions	Deletions	Balance 6/30/19
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	6,191,350	16,104	-	6,207,454
Machinery and equipment	4,439,015	14,161	-	4,453,176
Utility systems	18,035,585	-	-	18,035,585
Total capital assets, being depreciated	<u>32,645,944</u>	<u>30,265</u>	<u>-</u>	<u>32,676,209</u>
Less accumulated depreciation for:				
Buildings	(440,147)	(99,499)	-	(539,646)
Other improvements	(3,412,742)	(222,198)	-	(3,634,940)
Machinery and equipment	(3,591,964)	(167,836)	-	(3,759,800)
Utility systems	(6,023,631)	(538,799)	-	(6,562,430)
Total accumulated depreciation	<u>(13,468,484)</u>	<u>(1,028,332)</u>	<u>-</u>	<u>(14,496,816)</u>
Total capital assets, being depreciated, net	<u>19,177,460</u>	<u>(998,067)</u>	<u>-</u>	<u>18,179,393</u>
Business-type activities capital asset, net	<u>\$ 19,288,460</u>	<u>\$ (998,067)</u>	<u>\$ -</u>	<u>\$ 18,290,393</u>

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

Business-Type Activities:	
Water Fund	\$ 138,002
Sewer Fund	554,964
Combined Garbage / Compost Facility Fund	335,366
Total depreciation expense - business-type activities	<u>\$ 1,028,332</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

NOTE 6. Capital Assets, Continued

Component unit capital asset activity for the year ended June 30, 2019 was as follows:

Component Unit - Johnson Springs	Balance 06/30/18	Additions	Deletions	Balance 06/30/19
Capital assets not being depreciated:				
Land	\$ 18,000	\$ -	\$ -	\$ 18,000
Total capital assets, not being depreciated	18,000	-	-	18,000
Capital assets being depreciated:				
Buildings	6,836,936	-	-	6,836,936
Other improvements	411,632	-	-	411,632
Machinery and equipment	506,351	64,903	-	571,254
Utility system	5,305,132	-	-	5,305,132
Total capital assets, being depreciated	13,060,051	64,903	-	13,124,954
Less accumulated depreciation for:				
Buildings	(4,174,211)	(217,712)	-	(4,391,923)
Other improvements	(139,608)	(19,727)	-	(159,335)
Machinery and equipment	(375,819)	(13,232)	-	(389,051)
Water utility system	(1,756,816)	(132,844)	-	(1,889,660)
Total accumulated depreciation	(6,446,454)	(383,515)	-	(6,829,969)
Total capital assets, being depreciated, net	6,613,597	(318,612)	-	6,294,985
Johnson Springs component unit fund activities capital assets, net	\$ 6,631,597	\$ (318,612)	\$ -	\$ 6,312,985

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

NOTE 7. Long-Term Liabilities

The following is a summary of long-term liabilities for the year ended June 30, 2019:

Long-Term Debt	Date of Issue	Interest Rate	Original Amount of Issue	June 30, 2018	Additions	Retirements	June 30, 2019	Current Portion
Governmental Activities								
<i>Public Offering Bonds Payable:</i>								
General Obligation Medium-Term Bonds, Series 2009	2/27/2009	4.46%	2,200,000	\$ 270,000	\$ -	\$ (270,000)	\$ -	\$ -
Total public offering bonds payable				270,000	-	(270,000)	-	-
<i>Direct Placement Bonds Payable:</i>								
Medium Term Sales Tax Revenue Bond, Series 2009 (City Hall)	8/18/2009	4.38%	5,225,000	4,311,429	-	(126,646)	4,184,783	132,507
General Obligation Medium-Term Bonds, Series 2015	7/14/2015	2.26%	2,200,000	1,784,000	-	(217,000)	1,567,000	225,000
Total direct placement bonds payable				6,095,429	-	(343,646)	5,751,783	357,507
Total Bonds Payable				6,365,429	-	(613,646)	5,751,783	357,507
Other Liabilities								
Compensated absences				287,954	218,250	(183,699)	322,505	144,000
Net pension liability				6,768,416	605,632	(433,888)	6,940,160	-
Total governmental long-term liabilities				\$ 13,421,799	\$ 823,882	\$ (1,231,233)	\$ 13,014,448	\$ 501,507

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, 2019

NOTE 7. Long-Term Liabilities, continued

Long-Term Debt	Date of Issue	Interest Rate	Original Amount of Issue	June 30, 2018	June 30, 2019	Current Portion
Business-Type Activities						
Public Offerings Bonds:						
General Obligation Medium-Term Bonds, Series 2008	9/4/2008	4.95%	800,000	\$ 168,000	\$ -	\$ -
1998 Sewer/Compost Revenue Bonds	11/17/1998	4.75%	1,280,000	89,717	-	-
Sewer/Compost Revenue Bonds Series 1999B	8/18/1999	4.50%	1,500,000	209,126	102,764	102,764
Sewer/Compost Revenue Bonds Series 1999A	8/18/1999	4.50%	540,000	75,285	36,995	36,995
Waste Water Treatment Plant Revenue Bond	6/1/2012	2.75%	2,637,000	2,377,586	2,334,256	45,077
Total business-type public offering bonds payable				2,919,714	2,474,015	184,836
Direct Placement Bonds Payable:						
1998 Water Revenue Bonds	11/17/1998	4.75%	3,058,300	2,265,253	2,198,814	68,689
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2017	2.43%	2,100,000	1,366,000	1,163,000	213,000
Water Revenue Bonds, Series 2015	10/8/2015	2.63%	747,000	719,652	708,192	11,716
Total business-type direct placement bonds payable				4,350,905	4,070,006	293,405
Total business-type long-term debt				7,270,619	6,544,021	478,241
Capital leases payable:						
Garbage Truck - Compost/Garbage Lease	9/26/2012	3.32%	232,157	41,919	-	-
2018 Caterpillar Wheel Loader Compost Lease	1/18/2018	4.20%	231,738	197,641	168,806	29,658
Total Capital Lease Payable				239,560	168,806	29,658
Other Liabilities						
Net pension liability				1,331,072	1,412,993	-
Compensated absences				31,186	25,313	25,313
Total business-type long-term liabilities				\$ 8,872,437	\$ 8,151,133	\$ 533,212
Component Unit						
Johnson Springs				186,819	167,949	-
Other Liabilities				9,461	11,155	11,155
Net pension liability				-	(18,870)	-
Compensated absences				7,728	(6,034)	11,155
Total Component Unit long-term liabilities				\$ 196,280	\$ 24,904	\$ 11,155

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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 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, 2019:

Year Ending June 30,	Governmental Activities		Business-Type Activities			
	Direct Placement Bonds		Public Offering Bonds		Direct Placement Bonds	
	Principle	Interest	Principle	Interest	Principle	Interest
2020	\$ 357,507	\$ 213,865	\$ 184,836	\$ 75,282	\$ 293,405	\$ 151,806
2021	371,918	202,278	46,497	62,467	306,028	143,009
2022	386,119	190,721	47,789	61,175	319,767	133,875
2023	401,597	178,695	49,117	59,847	334,675	124,329
2024	356,938	167,280	50,323	58,641	348,716	114,383
2025-2029	1,322,921	673,128	274,074	270,746	546,935	472,820
2030-2033	1,124,502	442,907	314,341	230,480	681,200	338,558
2034-2039	1,378,169	163,206	360,523	184,297	835,962	170,425
2040-2044	52,112	138	413,435	131,385	104,589	46,611
2045-2049	-	-	474,272	71,771	119,244	31,956
2050-2054	-	-	258,808	9,746	135,919	15,281
2055-2059	-	-	-	-	43,566	991
Total Principal	<u>\$ 5,751,783</u>	<u>\$ 2,232,218</u>	<u>\$ 2,474,015</u>	<u>\$ 1,215,837</u>	<u>\$ 4,070,006</u>	<u>\$ 1,744,044</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

NOTE 7. Long-Term Liabilities, Continued

The City's outstanding bonds from direct placements of \$9,821,791 are secured with pledged revenues. The outstanding issues from direct placement contain provisions that in an event of default, the bonds become taxable and the interest rate on the bonds increases.

The City has no unused lines of credit at June 30, 2019.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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
2020	\$ -	\$ 43,654
2021	-	42,408
2022	-	41,111
2023	-	61,940
2024	-	-
Total remaining minimum lease payments	-	189,113
Less amount representing interest	-	(20,307)
Present value of net remaining minimum lease payments	<u>\$ -</u>	<u>\$ 168,806</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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.

	06/30/19
Operating revenues	\$ 687,579
Depreciation and amortization	(383,516)
Operating expenses	(428,279)
Operating income/(loss)	(124,216)
Nonoperating revenues and (expenses)	(74,481)
Change in net position	(198,697)
Beginning net position	4,264,809
Ending net position	4,066,112
Capital asset additions, including capitalized interest	-
Net working capital	(2,094,409)
Total assets	6,552,759
Total deferred outflows	30,417
Current liabilities	66,023
Due to primary government	2,268,160
Bonds and other long term debt obligations	167,949
Total deferred inflows	14,932
Net Position	
Net investment in capital assets	4,044,825
Unrestricted	21,287
Total Net Position	\$ 4,066,112
<u>Condensed Statement of Cash Flows</u>	
Net cash flows from:	
Operating activities	\$ 260,916
Noncapital financing activities	(68,068)
Capital and related financing activities	(172,488)
Investing activities	31,687
Net Increase (decrease)	\$ 52,047
Beginning cash and cash equivalents	115,024
Ending cash and cash equivalents	\$ 167,071

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

NOTE 10. Interfund Receivables, Payables, and Transfers

As of June 30, 2019 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, 2019, 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	\$ 69,343	\$ -
Debt repayment receivable	2,198,817	-
Component Unit		
Interest payable	-	69,343
Debt repayment payable	-	2,198,817
Total	\$ 2,268,160	\$ 2,268,160

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, 2019 are as follows:

	Transfers out:		
	General	Non-major Ad Valorem Capital Projects	Total Transfers in
Nonmajor Governmental Funds			
Welcome Center Fund	\$ 177,000	\$ -	\$ 177,000
Wendover Will Landmark Fund	24,500	-	24,500
Capital Projects Fund	200,000	50,000	250,000
Total transfers out	\$ 401,500	\$ 50,000	\$ 451,500

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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, 2019 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, 2019

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, 2019, the general obligation debt limit and available borrowing capacity of the City of West Wendover was \$42,243,869.

NOTE 15. Closure and Post-Closure Care Cost

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

The estimated liability for landfill closure and post-closure care costs under GASB Statement 18 requirements is \$591,519 as of June 30, 2019. The City had two cells in operation during fiscal year 2019. 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 constructed new cells for operation since 2016, which includes Class III cell, Cell C, Cell B (once fully excavated), and Cell E to be sufficient for an additional 149 months of 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 all cells in operation during 2019. The City maintained an insurance policy with a face amount of \$520,579 at June 30, 2019. 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 2019, 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 \$67,953 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 2020 to address the shortfall in coverage.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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, 2019. 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
2019	\$ -	\$ 626,197	\$ 626,197	\$ -
2018	\$ -	\$ 651,673	\$ 651,673	\$ -
2017	\$ -	\$ 530,207	\$ 530,207	\$ -

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. The report is available on the website at <https://www.nvpers.org/>.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. 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 entering the System prior to January 1, 2010, 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. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

Police/Fire members entering the System prior to January 1, 2010, 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 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, 2019

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, 2018, and 2019, the Statutory Employer/employee matching rate was 14.50% for Regular and 20.75% for Police/Fire.

For the fiscal year ended June 30, 2018, and 2019, 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
2017	\$ 228,592	\$ 330,642
2018	236,938	342,714
2019	222,775	322,229

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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, 2018:

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, 2018, PERS' long-term inflation assumption was 2.75%.

Pension liability

Net pension liability

At June 30, 2019, the City reported a liability of \$8,521,101 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018. The City's proportion measured as of June 30, 2018, was 0.06248 percent, which was an decrease of 0.00018 percent from its proportion measured as of June 30, 2017.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2019, 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	\$ 12,994,334	\$ 8,521,102	\$ 4,804,105

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

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, 2018, 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, 2018 funding actuarial valuation

Actuarial assumptions used in the June 30, 2018 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, 2018 and 7.5% as of June 30, 2017. 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, 2018, 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, 2018.

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

For the year ended June 30, 2019, the City recognized pension expense for PERS of \$543,124. At June 30, 2019, 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, 2019

NOTE 17. Retirement and Pension Plans, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 266,942	\$ 395,525
Changes in assumptions	449,008	-
Net difference between projected and actual earnings on pension plan investments	-	40,568
Subtotal	715,950	436,093
Changes in proportion and differences between contributions and proportional share of contributions	282,308	321,494
Contributions subsequent to the measurement date	545,001	-
Total	\$ 1,543,259	\$ 757,587
Governmental activities	\$ 1,256,937	\$ 617,032
Business-type activities	286,322	140,555
	\$ 1,543,259	\$ 757,587

Average expected remaining service lives 6.22 years

The \$545,001 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
2020	\$ 195,040
2021	51,946
2022	(133,713)
2023	72,365
2024	82,969
2025	11,250
Thereafter	-

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2019

NOTE 18. Subsequent Events

The City refunded the 1998 USDA Water Bond in August 2019, with a General Obligation Water Refunding Bond Series 2019 for \$2,173,729.

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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Property taxes					
Ad valorem	\$ 1,308,500	\$ 1,308,500	\$ 1,288,164	\$ (20,336)	\$ 1,249,718
Personal property	182,600	182,600	222,668	40,068	229,294
Central assessments	24,700	24,700	23,536	(1,164)	24,668
Total property taxes	<u>1,515,800</u>	<u>1,515,800</u>	<u>1,534,368</u>	<u>18,568</u>	<u>1,503,680</u>
Licenses and permits					
Liquor licenses	1,200	-	-	-	480
City gaming licenses	220,700	230,000	216,084	(13,916)	221,136
Animal licenses	1,000	1,500	1,574	74	1,175
Business licenses	22,000	16,000	17,005	1,005	16,885
Right of way toll	292,400	292,400	316,050	23,650	290,142
Building permits	50,000	85,000	72,297	(12,703)	79,901
Special permits and fees	53,000	3,000	2,190	(810)	5,220
Franchise fees	384,000	384,000	397,860	13,860	397,894
Carlines taxes	100	100	95	(5)	97
Total licenses and permits	<u>1,024,400</u>	<u>1,012,000</u>	<u>1,023,155</u>	<u>11,155</u>	<u>1,012,930</u>
Intergovernmental revenue					
State consolidated revenue	2,721,800	2,721,800	2,844,516	122,716	2,760,581
1.75 cent gas tax	35,400	35,400	34,084	(1,316)	36,503
2.35 cent gas tax	49,500	49,500	49,476	(24)	48,942
County road tax	24,800	24,800	24,215	(585)	26,007
County transportation funds	190,000	188,300	188,289	(11)	184,179
County gaming tax	430,500	370,000	429,278	59,278	457,909
Federal/state grants	209,400	128,100	123,892	(4,208)	50,459
Infrastructure tax	75,000	75,000	75,101	101	75,101
Marijuana revenue disbursement	8,000	6,000	-	(6,000)	5,485
Reimbursement from Elko County	176,700	140,400	180,300	39,900	140,400
Total intergovernmental revenue	<u>3,921,100</u>	<u>3,739,300</u>	<u>3,949,151</u>	<u>209,851</u>	<u>3,785,566</u>
Charges for services					
Special police services	2,000	2,000	1,800	(200)	4,710
Work cards	6,500	6,500	6,070	(430)	4,070
Special fire protection services	10,000	10,000	9,717	(283)	17,968
Dispatch fees	10,000	5,600	5,716	116	5,616
Animal shelter fees	3,000	1,800	1,888	88	2,212
Pipeline administrative services	1,900	1,900	1,900	-	1,900
Miscellaneous	15,500	15,600	12,309	(3,291)	14,256
Total general	<u>48,900</u>	<u>43,400</u>	<u>39,400</u>	<u>(4,000)</u>	<u>50,732</u>
Fines and forfeitures					
Fines and fees	88,000	65,160	67,938	2,778	82,892
Total fines and forfeitures	<u>88,000</u>	<u>65,160</u>	<u>67,938</u>	<u>2,778</u>	<u>82,892</u>
Miscellaneous					
Interest	4,500	11,000	11,595	595	5,725
Donations	163,000	173,500	173,136	(364)	163,804
Rents and royalties	8,900	27,900	26,232	(1,668)	10,955
Miscellaneous	6,000	7,000	6,225	(775)	6,601
Total miscellaneous	<u>182,400</u>	<u>219,400</u>	<u>217,188</u>	<u>(2,212)</u>	<u>187,085</u>
Total revenues	<u>6,780,600</u>	<u>6,595,060</u>	<u>6,831,200</u>	<u>236,140</u>	<u>6,622,885</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018), Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Expenditures					
General government					
Administration and finance					
Salaries and wages	416,800	416,800	424,317	(7,517)	503,993
Employee benefits	191,100	191,100	184,186	6,914	246,238
Services and supplies	385,500	545,600	496,895	48,705	462,105
Total administration and finance	<u>993,400</u>	<u>1,153,500</u>	<u>1,105,398</u>	<u>48,102</u>	<u>1,212,336</u>
Elections					
Services and supplies	1,400	1,400	1,316	84	-
Total general government	<u>994,800</u>	<u>1,154,900</u>	<u>1,106,714</u>	<u>48,186</u>	<u>1,212,336</u>
Judicial					
Municipal court					
Salaries and wages	207,500	207,500	202,798	4,702	209,857
Employee benefits	117,900	117,900	114,968	2,932	75,342
Services and supplies	54,700	56,300	52,884	3,416	47,943
Total judicial	<u>380,100</u>	<u>381,700</u>	<u>370,650</u>	<u>11,050</u>	<u>333,142</u>
Public safety					
Police					
Salaries and wages	1,285,900	1,190,600	1,038,308	152,292	1,346,406
Employee benefits	728,400	660,100	563,232	96,868	431,104
Services and supplies	257,800	355,350	286,286	69,064	199,860
Capital outlay	85,000	84,000	78,595	5,405	39,230
Total police department	<u>2,357,100</u>	<u>2,290,050</u>	<u>1,966,421</u>	<u>323,629</u>	<u>2,016,600</u>
Fire					
Salaries and wages	443,000	399,000	391,512	7,488	509,107
Employee benefits	242,300	224,800	202,542	22,258	150,363
Services and supplies	96,300	110,300	86,315	23,985	88,981
Total fire department	<u>781,600</u>	<u>734,100</u>	<u>680,369</u>	<u>53,731</u>	<u>748,451</u>
Dispatch center					
Salaries and wages	316,300	316,300	246,102	70,198	309,225
Employee benefits	161,800	167,300	135,415	31,885	99,703
Services and supplies	59,700	49,700	46,063	3,637	40,183
Total dispatch center	<u>537,800</u>	<u>533,300</u>	<u>427,580</u>	<u>105,720</u>	<u>449,111</u>
Total public safety	<u>3,676,500</u>	<u>3,557,450</u>	<u>3,074,370</u>	<u>483,080</u>	<u>3,214,162</u>
Public works					
Paved streets					
Salaries and wages	63,700	30,000	23,853	6,147	23,978
Employee benefits	31,900	19,400	11,176	8,224	7,881
Services and supplies	140,100	141,400	147,754	(6,354)	136,616
Total paved streets	<u>235,700</u>	<u>190,800</u>	<u>182,783</u>	<u>8,017</u>	<u>168,475</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018), Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
General					
Salaries and wages	229,400	267,400	216,950	50,450	247,158
Employee benefits	114,600	131,600	111,622	19,978	85,070
Services and supplies	30,300	31,300	34,080	(2,780)	24,316
Total general	<u>374,300</u>	<u>430,300</u>	<u>362,652</u>	<u>67,648</u>	<u>356,544</u>
Total public works	<u>610,000</u>	<u>621,100</u>	<u>545,435</u>	<u>75,665</u>	<u>525,019</u>
Community development					
Salaries and wages	152,500	140,000	134,319	5,681	149,921
Employee benefits	68,000	69,900	56,126	13,774	35,944
Services and supplies	153,200	94,000	72,717	21,283	76,045
Total community development	<u>373,700</u>	<u>303,900</u>	<u>263,162</u>	<u>40,738</u>	<u>261,910</u>
Health					
Public health services					
Services and supplies	<u>22,400</u>	<u>10,500</u>	<u>6,025</u>	<u>4,475</u>	<u>8,826</u>
Animal control					
Salaries and wages	60,600	60,600	60,699	(99)	68,053
Employee benefits	33,600	33,600	28,278	5,322	19,282
Services and supplies	23,700	25,300	22,472	2,828	23,057
Total animal control	<u>117,900</u>	<u>119,500</u>	<u>111,449</u>	<u>12,526</u>	<u>110,392</u>
Total health	<u>140,300</u>	<u>130,000</u>	<u>117,474</u>	<u>17,001</u>	<u>119,218</u>
Culture and recreation					
Library service					
Services and supplies	<u>17,600</u>	<u>15,900</u>	<u>14,474</u>	<u>1,426</u>	<u>13,116</u>
Total culture and recreation	<u>17,600</u>	<u>15,900</u>	<u>14,474</u>	<u>1,426</u>	<u>13,116</u>
Community support					
Miscellaneous					
Services and supplies	<u>30,000</u>	<u>36,000</u>	<u>35,269</u>	<u>731</u>	<u>15,015</u>
Total community support	<u>30,000</u>	<u>36,000</u>	<u>35,269</u>	<u>731</u>	<u>15,015</u>
Debt services	<u>55,400</u>	<u>55,400</u>	<u>55,401</u>	<u>(1)</u>	<u>119,238</u>
Total expenditures	<u>6,278,400</u>	<u>6,256,350</u>	<u>5,582,949</u>	<u>677,876</u>	<u>5,813,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>502,200</u>	<u>338,710</u>	<u>1,248,251</u>	<u>(909,541)</u>	<u>809,729</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	<u>(730,000)</u>	<u>(370,400)</u>	<u>(401,500)</u>	<u>(31,100)</u>	<u>(682,100)</u>
Total other financing sources and uses	<u>(730,000)</u>	<u>(370,400)</u>	<u>(401,500)</u>	<u>(31,100)</u>	<u>(682,100)</u>
Net change in fund balance	<u>(227,800)</u>	<u>(31,690)</u>	<u>846,751</u>	<u>878,441</u>	<u>127,629</u>
Fund balance, beginning of year	1,054,510	1,054,510	1,054,510	-	926,883
Fund balance, end of year	<u>\$ 826,710</u>	<u>\$ 1,022,820</u>	<u>\$ 1,901,261</u>	<u>\$ 878,441</u>	<u>\$ 1,054,510</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Taxes					
Room taxes	\$ 2,462,400	\$ 2,337,007	\$ 2,242,802	\$ (94,205)	\$ 2,389,961
Total revenues	<u>2,462,400</u>	<u>2,337,007</u>	<u>2,242,802</u>	<u>(94,205)</u>	<u>2,389,961</u>
Expenditures					
Culture and recreation					
Room tax distribution	2,491,300	2,383,000	2,265,856	117,144	2,394,512
Total culture and recreation	<u>2,491,300</u>	<u>2,383,000</u>	<u>2,265,856</u>	<u>117,144</u>	<u>2,394,512</u>
Total expenditures	<u>2,491,300</u>	<u>2,383,000</u>	<u>2,265,856</u>	<u>117,144</u>	<u>2,394,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,900)</u>	<u>(45,993)</u>	<u>(23,054)</u>	<u>22,939</u>	<u>(4,551)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(28,900)	(45,993)	(23,054)	22,939	(4,551)
Fund balance, beginning of year	157,617	157,617	157,617	-	162,168
Fund balance, end of year	<u>\$ 128,717</u>	<u>\$ 111,624</u>	<u>\$ 134,563</u>	<u>\$ 22,939</u>	<u>\$ 157,617</u>

CITY OF WEST WENDOVER, NEVADA
Schedule of the Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
June 30, 2019
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.062480%	0.062300%	0.063600%	0.059820%	0.068384%
Proportionate share of the net pension liability (asset)	\$ 8,521,101	\$ 8,286,307	\$ 8,558,081	\$ 6,854,700	\$ 6,653,165
Covered payroll	\$ 3,327,353	\$ 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	256.09%	241.58%	255.05%	231.46%	213.67%
Plan fiduciary net position as a percentage of the total pension liability	75.2%	74.4%	72.2%	75.1%	76.30%

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, 2019
Last 10 Fiscal Years

	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 545,004	\$ 579,653	\$ 559,234	\$ 539,193	\$ 461,652
Contributions in relation to the contractually required contribution	\$ (545,004)	\$ (579,653)	\$ (559,234)	\$ (539,193)	\$ (461,652)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,394,178	\$ 3,327,353	\$ 3,429,997	\$ 3,355,482	\$ 2,961,477
Contributions as a percentage of covered-employee payroll	16.06%	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, 2019

	Special Revenue					Capital Project			Total
	Seizure Forfeiture Fund	Court Administrative Assessment Fund	Welcome Center Fund	Wendover Will Landmark Fund	Grant Fund	Capital Projects Fund	Ad Valorem Capital Projects Fund	Nonmajor Governmental Funds	
Assets									
Cash and investments	\$ 25,226	\$ 48,976	\$ 843	\$ 9,705	\$ -	\$ 142,563	\$ 16,387	\$ 243,700	
Due from other funds	-	-	-	-	-	-	-	-	
Due from other governments	-	-	57,000	-	-	-	12,174	69,174	
Inventory	-	-	1,305	-	-	-	-	1,305	
Restricted cash	-	-	-	-	-	308,275	-	308,275	
Total assets	\$ 25,226	\$ 48,976	\$ 59,148	\$ 9,705	\$ -	\$ 450,838	\$ 28,561	\$ 622,454	
Liabilities									
Accounts payable	\$ 21,439	\$ -	\$ 543	\$ 183	\$ -	\$ 4,763	\$ -	\$ 26,928	
Accrued liabilities	-	-	-	-	-	-	-	-	
Due to other funds	-	-	-	-	-	-	-	-	
Total liabilities	21,439	-	543	183	-	4,763	-	26,928	
Fund Balances									
Nonspendable	-	-	1,305	-	-	-	-	1,305	
Restricted	3,787	48,976	57,300	-	-	446,075	28,561	584,699	
Committed	-	-	-	9,522	-	-	-	9,522	
Unassigned	-	-	-	-	-	-	-	-	
Total fund balances	3,787	48,976	58,605	9,522	-	446,075	28,561	595,526	
Total liabilities and fund balances	\$ 25,226	\$ 48,976	\$ 59,148	\$ 9,705	\$ -	\$ 450,838	\$ 28,561	\$ 622,454	

CITY OF WEST WENDOVER, NEVADA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,464	\$ 48,464
Intergovernmental	-	-	145,000	-	-	-	-	145,000
Charges for services	-	8,633	-	-	-	-	-	8,633
Miscellaneous	-	453	2,835	1,308	-	718,107	-	722,703
Total revenues	-	9,086	147,835	1,308	-	718,107	48,464	924,800
Expenditures								
Judicial	-	5,837	-	-	-	-	-	5,837
Community support	-	-	273,321	18,411	-	-	-	291,732
Capital outlay	-	-	-	-	-	45,015	-	45,015
Debt service	-	-	-	-	-	795,007	-	795,007
Total expenditures	-	5,837	273,321	18,411	-	840,022	-	1,137,591
Excess (deficiency) of revenues over (under) expenditures	-	3,249	(125,486)	(17,103)	-	(121,915)	48,464	(212,791)
Other financing sources (uses)								
Transfers in	-	-	177,000	24,500	-	250,000	-	451,500
Transfers out	-	-	-	-	-	-	(50,000)	(50,000)
Total other financing sources (uses)	-	-	177,000	24,500	-	250,000	(50,000)	401,500
Net change in fund balances	-	3,249	51,514	7,397	-	128,085	(1,536)	188,709
Fund balances, beginning of year	3,787	45,727	7,091	2,125	-	317,990	30,097	406,817
Fund balances, end of year	\$ 3,787	\$ 48,976	\$ 58,605	\$ 9,522	\$ -	\$ 446,075	\$ 28,561	\$ 595,526

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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Miscellaneous					
Interest income	\$ 100	\$ -	\$ -	\$ -	\$ 166
Total revenues	100	-	-	-	166
Expenditures					
Public Safety					
Services and supplies	200	-	-	-	-
Total expenditures	200	-	-	-	-
Excess of revenues over (under) expenditures	(100)	-	-	-	166
Other financing sources					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net change in fund balance	(100)	-	-	-	166
Fund balance, beginning of year	3,787	3,787	3,787	-	3,621
Fund balance, end of year	\$ 3,687	\$ 3,787	\$ 3,787	\$ -	\$ 3,787

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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Charges for services					
Court assessments	\$ 12,500	\$ 8,100	\$ 8,633	\$ 533	\$ 9,794
Miscellaneous					
Interest	100	450	453	3	286
Total revenues	12,600	8,550	9,086	536	10,080
Expenditures					
Judicial					
Services and supplies	1,000	2,450	3,184	(734)	1,373
Capital outlay	-	2,700	2,653	47	2,778
Total expenditures	1,000	5,150	5,837	(687)	4,151
Excess of revenue and other sources over (under) expenditures	11,600	3,400	3,249	1,223	5,929
Other financing sources					
Transfers in	-	5,900	-	(5,900)	-
Net change in fund balance	11,600	9,300	3,249	(4,677)	5,929
Fund balance, beginning of year	45,727	45,727	45,727	-	39,798
Fund balance, end of year	\$ 57,327	\$ 55,027	\$ 48,976	\$ (6,051)	\$ 45,727

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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Intergovernmental					
Operating grants	\$ 70,000	\$ 57,000	\$ 57,000	\$ -	\$ 43,300
Elko county recreation board	88,000	88,000	88,000	-	88,000
Total intergovernmental	<u>158,000</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>	<u>131,300</u>
Miscellaneous					
Merchandise sales	8,000	4,000	2,835	(1,165)	4,802
Total miscellaneous	<u>8,000</u>	<u>4,000</u>	<u>2,835</u>	<u>(1,165)</u>	<u>4,802</u>
Total revenues	<u>166,000</u>	<u>149,000</u>	<u>147,835</u>	<u>(1,165)</u>	<u>136,102</u>
Expenditures					
Community support					
Salaries and wages	97,600	97,600	97,135	465	104,738
Employee benefits	51,700	51,700	45,877	5,823	34,018
Services and supplies	51,600	53,400	48,618	4,782	44,687
Capital outlay	80,000	80,000	81,691	(1,691)	64,284
Total expenditures	<u>280,900</u>	<u>282,700</u>	<u>273,321</u>	<u>9,379</u>	<u>247,727</u>
Excess of revenues over (under) expenditures	<u>(114,900)</u>	<u>(133,700)</u>	<u>(125,486)</u>	<u>8,214</u>	<u>(111,625)</u>
Other financing sources					
Transfers in	<u>110,000</u>	<u>140,000</u>	<u>177,000</u>	<u>37,000</u>	<u>111,700</u>
Net change in fund balance	(4,900)	6,300	51,514	45,214	75
Fund balance, beginning of year	<u>7,091</u>	<u>7,091</u>	<u>7,091</u>	<u>-</u>	<u>7,016</u>
Fund balance, end of year	<u>\$ 2,191</u>	<u>\$ 13,391</u>	<u>\$ 58,605</u>	<u>\$ 45,214</u>	<u>\$ 7,091</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Miscellaneous					
Donations from private sources	\$ 1,000	\$ -	\$ -	\$ -	\$ 390
Merchandise sales	3,000	1,000	945	(55)	-
Interest revenue	200	400	363	(37)	117
Total revenues	<u>4,200</u>	<u>1,400</u>	<u>1,308</u>	<u>(92)</u>	<u>507</u>
Expenditures					
Community Support					
Services and supplies	25,000	19,800	18,411	1,389	17,511
Total expenditures	<u>25,000</u>	<u>19,800</u>	<u>18,411</u>	<u>1,389</u>	<u>17,511</u>
Excess of revenues over (under) expenditures	<u>(20,800)</u>	<u>(18,400)</u>	<u>(17,103)</u>	<u>1,297</u>	<u>(17,004)</u>
Other financing sources					
Transfers in	20,000	24,500	24,500	-	17,100
Net change in fund balance	(800)	6,100	7,397	1,297	96
Fund balance, beginning of year	<u>2,125</u>	<u>2,125</u>	<u>2,125</u>	<u>-</u>	<u>2,029</u>
Fund balance, end of year	<u><u>\$ 1,325</u></u>	<u><u>\$ 8,225</u></u>	<u><u>\$ 9,522</u></u>	<u><u>\$ 1,297</u></u>	<u><u>\$ 2,125</u></u>

CITY OF WEST WENDOVER, NEVADA
Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Intergovernmental					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
Total intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous					
Interest income	-	1,400	1,532	132	1,140
Miscellaneous	2,500	3,500	3,471	(29)	2,312
Sale of capital assets	200,000	713,100	713,104	4	233,164
Total miscellaneous	<u>202,500</u>	<u>718,000</u>	<u>718,107</u>	<u>107</u>	<u>236,616</u>
Total revenues	<u>202,500</u>	<u>718,000</u>	<u>718,107</u>	<u>107</u>	<u>236,616</u>
Expenditures					
General government					
Capital outlay	100,000	163,000	45,015	117,985	6,550
Total general government	<u>100,000</u>	<u>163,000</u>	<u>45,015</u>	<u>117,985</u>	<u>6,550</u>
Debt service					
Debt service - principal	564,400	564,400	562,583	1,817	540,964
Debt service - interest	230,600	230,600	232,424	(1,824)	251,256
Total debt service	<u>795,000</u>	<u>795,000</u>	<u>795,007</u>	<u>(7)</u>	<u>792,220</u>
Total expenditures	<u>895,000</u>	<u>958,000</u>	<u>840,022</u>	<u>117,978</u>	<u>798,770</u>
Excess of revenues over (under) expenditures	<u>(692,500)</u>	<u>(240,000)</u>	<u>(121,915)</u>	<u>118,085</u>	<u>(562,154)</u>
Other financing sources (uses)					
Transfers in	650,000	250,000	250,000	-	608,300
Transfers out	-	-	-	-	-
Total other financing sources	<u>650,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>608,300</u>
Net change in fund balance	(42,500)	10,000	128,085	118,085	46,146
Fund balance, beginning of year	<u>317,990</u>	<u>317,990</u>	<u>317,990</u>	<u>-</u>	<u>271,844</u>
Fund balance, end of year	<u>\$ 275,490</u>	<u>\$ 327,990</u>	<u>\$ 446,075</u>	<u>\$ 118,085</u>	<u>\$ 317,990</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Revenues					
Other taxes					
Ad valorem tax	\$ 50,000	\$ 50,000	\$ 48,464	\$ (1,536)	\$ 50,279
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>48,464</u>	<u>(1,536)</u>	<u>50,279</u>
Expenditures					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>50,000</u>	<u>50,000</u>	<u>48,464</u>	<u>(1,536)</u>	<u>50,279</u>
Other financing sources (uses)					
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(55,000)</u>
Net change in fund balance	-	-	(1,536)	(1,536)	(4,721)
Fund balance, beginning of year	<u>30,097</u>	<u>30,097</u>	<u>30,097</u>	<u>-</u>	<u>34,818</u>
Fund balance, end of year	<u>\$ 30,097</u>	<u>\$ 30,097</u>	<u>\$ 28,561</u>	<u>\$ (1,536)</u>	<u>\$ 30,097</u>

MAJOR BUSINESS-TYPE FUNDS

CITY OF WEST WENDOVER, NEVADA
Water Fund
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Operating revenues					
Charges for services	\$ 1,327,300	\$ 1,325,700	\$ 1,311,566	\$ (14,134)	\$ 1,225,277
Total operating revenues	<u>1,327,300</u>	<u>1,325,700</u>	<u>1,311,566</u>	<u>(14,134)</u>	<u>1,225,277</u>
Operating expenses					
Water purchases	595,000	603,000	528,129	74,871	518,296
Salaries and wages	181,600	223,077	213,542	9,535	197,361
Employee benefits	87,200	100,500	114,733	(14,233)	53,383
Services and supplies	327,300	330,000	287,440	42,560	312,598
Depreciation and amortization	137,100	137,100	138,001	(901)	139,954
Total operating expenses	<u>1,328,200</u>	<u>1,393,677</u>	<u>1,281,845</u>	<u>111,832</u>	<u>1,221,592</u>
Operating income	<u>(900)</u>	<u>(67,977)</u>	<u>29,721</u>	<u>97,698</u>	<u>3,685</u>
Nonoperating revenues (expenses)					
Interest income	113,200	121,200	123,037	1,837	119,948
Impact fees	20,000	67,000	66,586	(414)	16,556
Grant revenue	-	-	-	-	1,020
Miscellaneous income	20,000	12,500	9,920	(2,580)	13,905
Contributions from component unit for debt payments	9,000	9,000	10,584	1,584	10,584
Capital outlay	(1,000)	(1,000)	(124)	876	(168)
Interest expense	(141,600)	(141,600)	(132,540)	9,060	(159,011)
Total nonoperating revenues (expenses)	<u>19,600</u>	<u>67,100</u>	<u>77,463</u>	<u>10,363</u>	<u>2,834</u>
Income (loss) before transfers	18,700	(877)	107,184	108,061	6,519
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	18,700	(877)	107,184	108,061	6,519
Total net position, beginning of year	3,743,037	3,743,037	3,743,037	-	3,769,041
Restatement adjustment	-	-	-	-	(32,523)
Total net position, end of year	<u>\$ 3,761,737</u>	<u>\$ 3,742,160</u>	<u>\$ 3,850,221</u>	<u>\$ 108,061</u>	<u>\$ 3,743,037</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Operating revenues					
Charges for services:					
Charges for services	\$ 1,121,500	\$ 1,224,700	\$ 1,223,089	\$ (1,611)	\$ 1,107,240
Total operating revenues	<u>1,121,500</u>	<u>1,224,700</u>	<u>1,223,089</u>	<u>(1,611)</u>	<u>1,107,240</u>
Operating expenses					
Salaries and wages	329,000	329,000	335,705	(6,705)	358,093
Employee benefits	156,200	180,900	183,735	(2,835)	131,608
Services and supplies	505,700	508,600	475,062	33,538	456,498
Capital outlay	23,000	23,000	-	23,000	12,673
Depreciation and amortization	544,400	546,600	554,965	(8,365)	548,215
Total operating expenses	<u>1,558,300</u>	<u>1,588,100</u>	<u>1,549,467</u>	<u>38,633</u>	<u>1,507,087</u>
Operating loss	<u>(436,800)</u>	<u>(363,400)</u>	<u>(326,378)</u>	<u>37,022</u>	<u>(399,847)</u>
Nonoperating revenues (expenses)					
Interest income	-	2,000	2,062	62	1,470
Impact fees	20,000	(52,400)	52,324	104,724	9,805
Grant revenue	-	-	-	-	340
Miscellaneous income	1,500	1,750	2,349	599	706
Interest expense	(76,000)	(76,000)	(76,252)	(252)	(85,088)
Total nonoperating revenues	<u>(54,500)</u>	<u>(124,650)</u>	<u>(19,517)</u>	<u>105,133</u>	<u>(72,767)</u>
Income (loss) before transfers	<u>(491,300)</u>	<u>(488,050)</u>	<u>(345,895)</u>	<u>142,155</u>	<u>(472,614)</u>
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>(491,300)</u>	<u>(488,050)</u>	<u>(345,895)</u>	<u>142,155</u>	<u>(472,614)</u>
Total net position, beginning of year	9,221,275	9,221,275	9,221,275	-	9,733,237
Restatement adjustment	-	-	-	-	(39,348)
Total net position, end of year	<u>\$ 9,221,275</u>	<u>\$ 9,221,275</u>	<u>\$ 8,875,380</u>	<u>\$ (345,895)</u>	<u>\$ 9,221,275</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Operating revenues					
Charges for services	\$ 1,453,900	\$ 1,438,700	\$ 1,427,019	\$ (11,681)	\$ 1,432,608
Total operating revenues	<u>1,453,900</u>	<u>1,438,700</u>	<u>1,427,019</u>	<u>(11,681)</u>	<u>1,432,608</u>
Operating expenses					
Salaries and wages	361,000	361,000	277,179	83,821	349,029
Employee benefits	174,800	192,800	143,187	49,613	126,961
Services and supplies	272,400	284,600	223,840	60,760	219,195
Capital outlay	20,000	23,000	6,240	16,760	-
Depreciation and amortization	310,100	317,200	335,366	(18,166)	326,087
Total operating expenses	<u>1,138,300</u>	<u>1,178,600</u>	<u>985,812</u>	<u>192,788</u>	<u>1,021,272</u>
Operating income	<u>315,600</u>	<u>260,100</u>	<u>441,207</u>	<u>181,107</u>	<u>411,336</u>
Nonoperating revenues (expenses)					
Interest income	500	500	6,545	6,045	2,876
Miscellaneous income	-	3,000	2,522	(478)	7,616
Interest expense	(37,700)	(43,100)	(26,244)	16,856	(32,928)
Total nonoperating expenses	<u>(37,200)</u>	<u>(39,600)</u>	<u>(17,177)</u>	<u>22,423</u>	<u>(22,436)</u>
Income before transfers	278,400	220,500	424,030	203,530	388,900
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	278,400	220,500	424,030	203,530	388,900
Total net position, beginning of year	3,180,700	3,180,700	3,180,700	-	2,830,242
Restatement adjustment	-	-	-	-	(38,442)
Total net position, end of year	<u>\$ 3,459,100</u>	<u>\$ 3,401,200</u>	<u>\$ 3,604,730</u>	<u>\$ 203,530</u>	<u>\$ 3,180,700</u>

COMPONENT UNIT SUPPLEMENTARY SCHEDULES

CITY OF WEST WENDOVER, NEVADA
Component Unit – Johnson Springs
Statement of Net Position
For the Year Ended June 30, 2019

	<u>Component Unit Johnson Springs</u>
Assets	
Current assets	
Cash and investments	\$ 167,071
Accounts receivable, net	59,314
Inventory	13,389
Total current assets	<u>239,774</u>
Noncurrent assets	
Land	18,000
Buildings	6,836,936
Improvements other than buildings	411,632
Machinery and equipment	571,254
Utility system	5,305,132
Less accumulated depreciation	<u>(6,829,969)</u>
Total noncurrent assets	<u>6,312,985</u>
Total assets	<u>6,552,759</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>30,417</u>
Liabilities	
Current liabilities	
Accounts payable	53,181
Accrued liabilities	1,687
Due to primary government	2,268,160
Compensated absences	11,155
Total current liabilities	<u>2,334,183</u>
Noncurrent liabilities:	
Net pension liability	<u>167,949</u>
Total noncurrent liabilities	<u>167,949</u>
Total liabilities	<u>2,502,132</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	<u>14,932</u>
Net Position	
Net investment in capital assets	4,044,825
Unrestricted	21,287
Total net position	<u>\$ 4,066,112</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018
Operating revenues					
Charges for services	\$ 706,900	\$ 676,000	\$ 687,579	\$ 11,579	\$ 652,108
Total operating revenues	<u>706,900</u>	<u>676,000</u>	<u>687,579</u>	<u>11,579</u>	<u>652,108</u>
Operating expenses					
Water purchases	115,000	115,000	136,817	(21,817)	111,405
Salaries and wages	44,200	44,200	32,018	12,182	72,955
Employee benefits	20,200	40,200	(8,108)	48,308	43,015
Services and supplies	289,500	347,600	267,552	80,048	262,675
Depreciation and amortization	381,400	392,300	383,516	8,784	392,292
Total operating expenses	<u>850,300</u>	<u>939,300</u>	<u>811,795</u>	<u>127,505</u>	<u>882,342</u>
Operating loss	<u>(143,400)</u>	<u>(263,300)</u>	<u>(124,216)</u>	<u>139,084</u>	<u>(230,234)</u>
Nonoperating revenues (expenses)					
Interest income	4,000	34,600	31,687	(2,913)	19,001
Miscellaneous income	12,000	12,000	12,001	1	-
Debt paid through primary government	(9,000)	(9,000)	(10,584)	(1,584)	(10,584)
Interest expense	(108,200)	(108,200)	(107,585)	615	(109,128)
Total nonoperating revenues (expenses)	<u>(101,200)</u>	<u>(70,600)</u>	<u>(74,481)</u>	<u>(3,881)</u>	<u>(100,711)</u>
Loss before transfers	<u>(244,600)</u>	<u>(333,900)</u>	<u>(198,697)</u>	<u>135,203</u>	<u>(330,945)</u>
Transfers:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>(244,600)</u>	<u>(333,900)</u>	<u>(198,697)</u>	<u>135,203</u>	<u>(330,945)</u>
Total net position, beginning of year	4,264,809	4,264,809	4,264,809	-	4,609,596
Total net position, end of year	<u>\$ 4,020,209</u>	<u>\$ 3,930,909</u>	<u>\$ 4,066,112</u>	<u>\$ 135,203</u>	<u>\$ 4,264,809</u>

CITY OF WEST WENDOVER, NEVADA
Component Unit – Johnson Springs
Statement of Cash Flows
June 30, 2019

	Component Unit
	Johnson Springs
Cash Flows From Operating Activities:	
Cash received from customers, service fees	\$ 685,899
Cash paid to suppliers	(380,789)
Cash paid to employees	(44,194)
Net cash flows from operating activities	260,916
Cash Flows From Noncapital Financing Activities:	
Net interfund receipts/(payments)	-
Net component unit receipts/(payments)	(80,069)
Cash received from miscellaneous sources	12,001
Transfers from other funds	-
Net cash flows from noncapital financing activities	(68,068)
Cash Flows From Capital and Related Financing Activities:	
Interest paid on capital debt	(107,585)
Acquisition and construction of capital assets	(64,903)
Net cash flows from capital and related financing activities	(172,488)
Cash Flows From Investing Activities:	
Interest income	31,687
Net change in cash and cash equivalents	52,047
Cash and investments, including restricted cash, beginning of year	115,024
Cash and Cash Equivalents, Including Restricted Cash , End of Year	\$ 167,071
Reconciliation of operating income to net cash flows from operating activities:	
Operating income (loss)	\$ (124,216)
Adjustments to reconcile net income (loss) to net cash from operating activities	
Depreciation/amortization	383,516
Pension expense	(11,236)
Employer pension contributions	(10,742)
Changes in operating assets and liabilities:	
(Increase) decrease in receivables	(1,680)
(Increase) decrease in inventory	-
(Increase) decrease in prepaid expenses	-
Increase (decrease) in accounts payable	23,580
Increase (decrease) in due from deposits	-
Increase (decrease) in compensated absences	1,694
Net cash flows from operating activities	\$ 260,916

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, 2019, and the related notes to the financial statements, which collectively comprise City of West Wendover, Nevada's basic financial statements and have issued our report thereon dated October 30, 2019.

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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying letter of *Findings and Recommendations* that we consider to be a significant deficiency.

2019-001 Segregation of Duties

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

HintonBurdick, PLLC
St. George, Utah
October 30, 2019



HINTONBURDICK
CPAs & ADVISORS

**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, 2019, and have issued our report thereon dated October 30, 2019. 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 2019. We noted one new instance of noncompliance during fiscal year 2019. 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with NRS 354.624 and 354.6241. Our finding is described in a separate schedule of findings and recommendations, as item 2018-001. Our opinion on compliance is not modified with respect to this matter.

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

HintonBurdick, PLLC
 St. George, Utah
 October 30, 2019

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, 2019

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2018		21,321
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Adjustment to Base:

1. Percentage change in population of the local government	0.0%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	1.9%	1.9%

Increase in base		405
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Adjusted base at June 30, 2019		21,726
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Actual revenue		17,005
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Amount over (under) allowable amount		\$ (4,721)
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**Findings and Recommendations
For the Fiscal Year Ended June 30, 2019**

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

Professional standards require that we communicate, in writing; deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. Nevada Revised Statutes (NRS) require us to report instances of noncompliance with laws and regulations. During our audit of the City of West Wendover, Nevada for the fiscal year ended June 30, 2019, we noted several improvements in the City's accounting and budgeting system and we wish to commend the City for their achievements. We also observed a few areas needing corrective action in order for the City to be in compliance with laws and regulations as well as a few areas that, if improved, would strengthen the City's accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weakness:

No items noted

Significant Deficiencies:

2019-001 Segregation of Duties

Criteria: An effective internal control structure, including adequate segregation of duties, should be implemented in order to properly safeguard City assets.

Condition: When certain staff are unavailable and while the City was hiring a new chief financial officer, the same individual would prepare the deposits for the bank, take the deposit to the bank, record journal entries in the accounting system and reconcile the bank statements. The City did have a secondary individual review the bank reconciliations and prepare the deposit each day to mitigate this weaknesses such that it is not deemed to be a material weakness.

Cause: The City did not follow established controls to properly segregate crucial accounting functions during fiscal year 2019.

Effect: A material misstatement, due to fraud or error, may not be prevented or detected in a timely manner. We choose to mention proper segregation in order to remind management of its importance until the City can fully segregate custody of assets and recording functions.

Recommendations: We recommend that the City not allow the same individual to have custody of assets, recording functions in the accounting system, and perform the bank reconciliations. We recommend having another person prepare and take the bank deposit other than the staff preparing the bank reconciliation and posting journal entries.

COMPLIANCE AND OTHER MATTERS:

Compliance:

2018-001 Budgetary Compliance

Criteria: NRS 354.626 states, “No governing body or member thereof, officer, office, department or agency may, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function,”

Condition: Expenditures in the Court Administrative Assessments Fund exceeded final budget appropriations for fiscal year 2019 by \$687.

Cause: The City did not follow established controls to ensure compliance with NRS 354.626.

Effect: The City did not comply with Nevada Revised Statute (NRS) 354.626 for fiscal year 2019.

Recommendation: We recommend the City follow the established controls to ensure compliance with NRS 354.626.

Other Matters:

2019-001 Sewer Fund USDA Debt Covenants

Criteria: The USDA Series 2012 Sewer Bond covenants require certain ratios and metrics be maintained per the bond agreement.

Condition: We noted that the Sewer Fund is out of compliance with USDA debt covenants and required ratios.

Cause: The Sewer Fund did not have enough income from operations to cover the next year’s debt service requirement. It appears the City did not follow and update established controls to ensure compliance with the criteria above.

Effect: The City is not in compliance with the bond covenants required by the USDA.

Recommendation: We recommend the City look at ways to increase revenues and reserves or decrease operating expenses in order to become compliant with the USDA debt covenants of the Sewer Bond and to update controls to ensure compliance with the debt covenants.

Responses

Please respond to the above Findings and Recommendations in letter form.

This report is intended solely for the information and use of the City Council, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the City this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,

HintonBurdick, PLLC

HintonBurdick, PLLC
October 30, 2019