



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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, 2020, 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, 2020, 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 November 2, 2020, 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

November 2, 2020

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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, 2020. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets plus deferred outflows exceed total liabilities plus deferred inflows (net position) by \$26.9 million at the close of the fiscal year.
- Total net position increased by \$65 thousand from the prior year.
- Governmental activities net position increased by \$307 thousand. Business-type net position decreased by \$242 thousand.
- Total revenues from all governmental sources were \$9.1 million and the total cost of all City programs were \$8.8 million.
- The General Fund revenues exceeded expenditures, excluding transfers, by \$1.4 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,479,837, or 42% 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 \$26.9 million as of June 30, 2020 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	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Assets						
Current and other assets	\$ 3,883,394	\$ 3,150,117	\$ 6,360,349	\$ 6,200,377	\$ 10,243,743	\$ 9,350,494
Net capital assets	19,423,684	20,271,396	17,817,362	18,290,392	37,241,046	38,561,788
Total assets	23,307,078	23,421,513	24,177,711	24,490,769	47,484,789	47,912,282
Deferred outflows	1,152,807	1,256,937	241,216	255,908	1,394,023	1,512,845
Liabilities						
Current liabilities	489,749	566,897	107,171	139,589	596,920	706,486
Long-term liabilities outstanding	11,987,315	13,014,448	7,973,746	8,151,132	19,961,061	21,165,580
Total liabilities	12,477,064	13,581,345	8,080,917	8,290,721	20,557,981	21,872,066
Deferred inflows	1,195,268	617,032	250,101	125,625	1,445,369	742,657
Net position:						
Net investment in capital assets	14,030,140	14,520,364	13,325,707	13,776,382	27,355,847	28,296,746
Restricted	182,444	187,326	607,722	952,807	790,166	1,140,133
Unrestricted	(3,425,031)	(4,227,617)	2,154,480	1,601,142	(1,270,551)	(2,626,475)
Total net position	\$ 10,787,553	\$ 10,480,073	\$ 16,087,909	\$ 16,330,331	\$ 26,875,462	\$ 26,810,404

Governmental Activities

The cost of all Governmental activities this year was \$8,766,124. As shown on the statement of Changes in Net Position on the following page, \$1,163,954 of this cost was paid for by those who directly benefited from the programs; \$513,732 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 \$1,677,686. General taxes, asset sales, and other general revenues totaled \$7,395,918.

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.

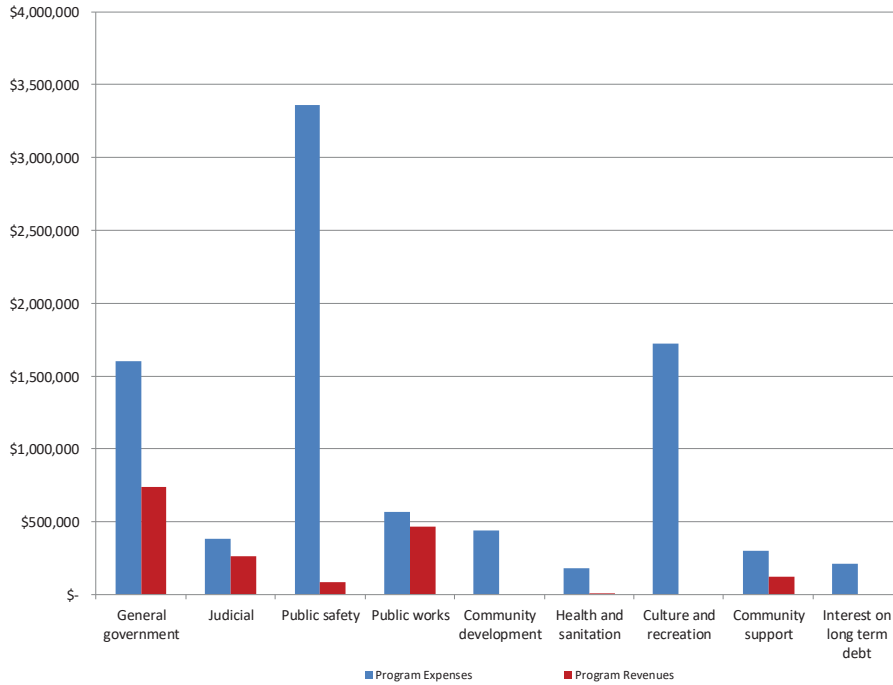
**City of West Wendover, Nevada
Changes in Net Position**

	Governmental activities		Business-type activities		Combined Total	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Revenues:						
Program revenues:						
Charges for services	\$ 1,163,954	\$ 635,428	\$ 3,752,329	\$ 3,961,674	\$ 4,916,283	\$ 4,597,102
Operating grants	320,332	442,032	-	-	320,332	442,032
Capital grants	193,400	188,289	15,664	118,910	209,064	307,199
General revenues:						
Consolidated taxes	3,011,445	2,844,516	-	-	3,011,445	2,844,516
Room taxes	1,599,360	2,242,802	-	-	1,599,360	2,242,802
Ad valorem taxes	1,606,885	1,657,933	-	-	1,606,885	1,657,933
County gaming taxes	385,985	429,278	-	-	385,985	429,278
Franchise taxes	372,852	397,860	-	-	372,852	397,860
Right of way toll	295,900	316,050	-	-	295,900	316,050
Motor vehicle taxes	104,460	107,775	-	-	104,460	107,775
Other taxes	5,411	-	-	-	5,411	-
Investment earnings	11,619	13,580	84,103	131,644	95,722	145,224
Gain on sale of capital assets	-	543,253	-	-	-	543,253
Miscellaneous revenues	2,001	6,684	31,493	25,375	33,494	32,059
Total revenues	<u>9,073,604</u>	<u>9,825,480</u>	<u>3,883,589</u>	<u>4,237,603</u>	<u>12,957,193</u>	<u>14,063,083</u>
Expenses:						
General government	1,599,406	1,708,015	-	-	1,599,406	1,708,015
Judicial	382,670	393,422	-	-	382,670	393,422
Public safety	3,361,832	3,192,139	-	-	3,361,832	3,192,139
Public works	564,862	555,232	-	-	564,862	555,232
Community development	438,666	404,510	-	-	438,666	404,510
Health and sanitation	180,751	142,372	-	-	180,751	142,372
Culture and recreation	1,724,156	2,384,928	-	-	1,724,156	2,384,928
Community support	303,713	332,535	-	-	303,713	332,535
Interest on long term debt	210,068	229,140	-	-	210,068	229,140
Water	-	-	1,544,529	1,414,509	1,544,529	1,414,509
Sewer	-	-	1,548,631	1,625,719	1,548,631	1,625,719
Garbage/Compost	-	-	1,032,851	1,012,056	1,032,851	1,012,056
Total expenses	<u>8,766,124</u>	<u>9,342,293</u>	<u>4,126,011</u>	<u>4,052,284</u>	<u>12,892,135</u>	<u>13,394,577</u>
Increase in net position before transfers	307,480	483,187	(242,422)	185,319	65,058	668,506
Transfers	-	-	-	-	-	-
Increase in net position	307,480	483,187	(242,422)	185,319	65,058	668,506
Net position, beginning	10,480,073	9,996,886	16,330,331	16,145,012	26,810,404	26,141,898
Restatement adjustment	-	-	-	-	-	-
Net position, ending	<u>\$ 10,787,553</u>	<u>\$ 10,480,073</u>	<u>\$ 16,087,909</u>	<u>\$ 16,330,331</u>	<u>\$ 26,875,462</u>	<u>\$ 26,810,404</u>

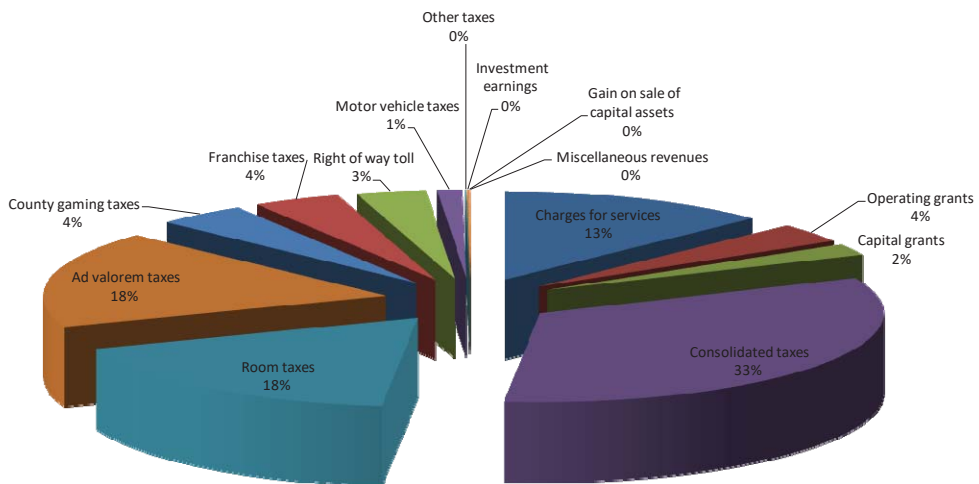
Total resources available during the year to finance governmental operations were \$19,553,677 consisting of Net Position at July 1, 2019 of \$10.5 million, program revenues of \$1.7 million and General Revenue of \$7.4 million. Total cost of Governmental Activities during the year were \$8.8 million; thus, Governmental Net Position increased by \$307,480 to \$10.8 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

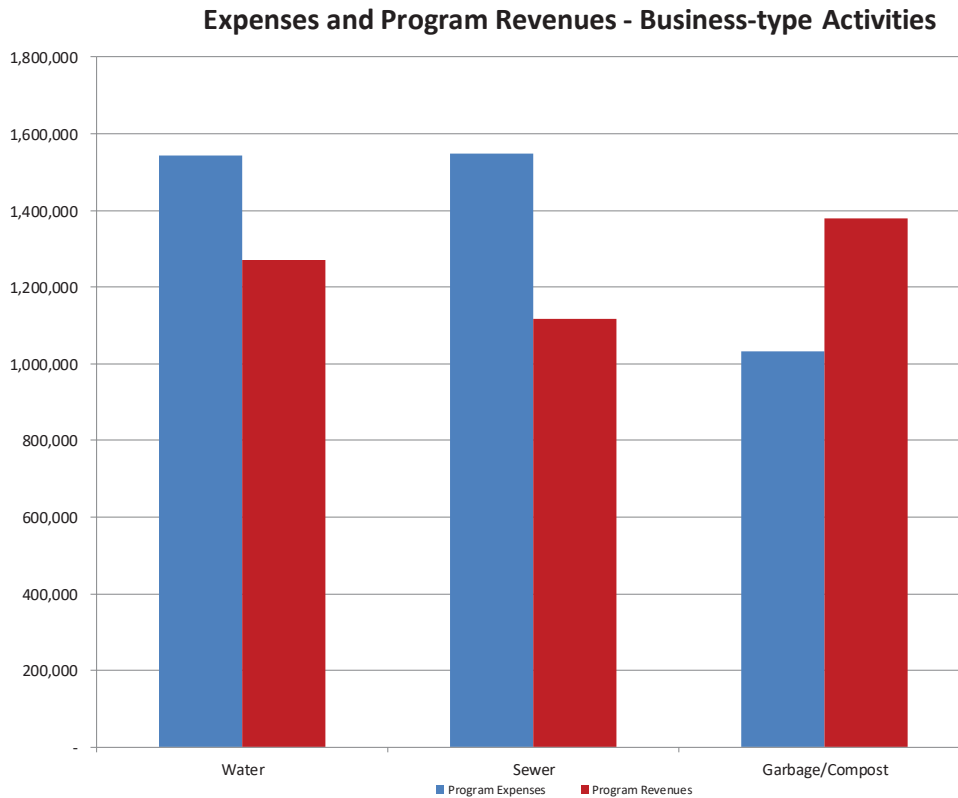


Revenues By Source - Governmental Activities



Business Type Activities

Net position of the Business Type activities at June 30, 2020, as reflected in the Statement of Net Position was \$16.1 million. The cost of providing all Proprietary (Business Type) activities this year was \$4.1 million. As shown in the Statement of Activities, the amounts paid by users of the system were \$3.8 million and \$15,664 was subsidized by capital grants and contributions. Unrestricted investment earnings totaled \$84,103; other revenue totaled \$31,493, thus, net position decreased by \$242,422.



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 \$3,280,468, an increase of \$649,118 in comparison with the prior year. 76% of the total fund balance or \$2,479,837 constitutes unassigned fund balance, which is available for new spending at the government's discretion.

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 \$2,479,837, and total fund balance is \$2,707,192. 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 42% of total general fund expenditures. During the year, the City of West Wendover's general fund balance was budgeted to increase by \$451,090. The total fund balance increased by \$805,931 due primarily to increases in consolidated tax revenue and marijuana related revenues.

The recreation fund has a fund balance of \$118,114, all of which is restricted for culture and recreation appropriation. Change in fund balance for the year was (\$16,449). Revenues were down in this fund due to the effect of the COVID 19 pandemic on room taxes.

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.

At June 30, 2020, unrestricted net position amounted to \$1,118,900 for the water fund. The change in net position for fiscal year 2020 was (\$179,568) and the change in net position for fiscal year 2019 was \$107,184. The decrease in the change in net position was due to a slight decrease in operating revenues and an increase in operating expenses.

At June 30, 2020, unrestricted net position amounted to (\$233,953) for the sewer fund. The change in net position for fiscal year 2020 was (\$426,630) and the change in net position for fiscal year 2019 was (\$345,895). The decrease in the change in net position was due to a slight decrease in operating revenues and a decrease in impact fee revenues as compared with the previous year.

At June 30, 2020, unrestricted net position amounted to \$1,269,533 for the garbage/compost fund. The change in net position for fiscal year 2020 was \$363,776 and the change in net position for fiscal year 2019 was \$424,030. The decrease in the change in net position was due to a slight decrease in operating revenues and an increase in operating expenses.

General Fund Budgetary Highlights

Actual expenditures for the General Fund at year-end were \$543,302 less than the final budget. The favorable budget to actual variance in appropriations was principally due to overall savings in services and supplies for all departments. Actual revenues were less than the final budget by \$182,027.

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 2020, net capital assets of the government activities totaled \$19.4 million and the net capital assets of the business-type activities totaled \$17.8 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 \$12 million in governmental type long term liabilities, and \$8 million in proprietary long term liabilities. The liabilities amounts to \$4,438 per capita (4,498 – 2013 population US Census Bureau Website 2013). The City's net decrease in total long term liabilities was \$1.2 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 2020-2021, the City Council and management continue to remain cautious as to the growth of revenues and expenditures especially room tax revenue which has been impacted the most by COVID-19.

The City is in the third 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%). Renegotiations will begin in early 2021 for fiscal years beginning July 1, 2021.

Projects that are reflected in the City Budget for the fiscal year 2020-2021 are as follows:

- As a carry-over from last year, the City of West Wendover anticipates the issuance of new debt during the 2020-2021 fiscal year. This new debt will be issued in the form of two interim construction loans, to start the downtown development and to build a new Fire Station facility. When construction is complete, the construction loans will be retired with Rural Development loans from USDA which have been obligated by USDA-RD.
- The acquisition of BLM land for the downtown development is estimated to cost \$840K while Phase I of the City Downtown Development Area infrastructure is estimated to cost \$3.415M. The fire station facility is estimated to cost \$7.206M.
- The City is refurbishing a fire truck budgeted at \$250K.
- The City will continue ongoing Street Rehabilitation and Storm Drainage Improvement Projects

Debt Service

- The City paid off a 1999, \$1.5M, USDA Compost Revenue Bond in August, 2019
- The City paid off a 1999, \$540K, USDA Compost Revenue Bond in August, 2019
- 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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Johnson Springs
Assets				
Cash and temporary investments	\$ 2,562,139	\$ 3,083,294	\$ 5,645,433	\$ 109,213
Accounts receivable, net	895,702	458,712	1,354,414	64,273
Due from component unit	-	2,158,147	2,158,147	-
Inventory	24,565	43,155	67,720	11,291
Prepaid items	87,048	9,319	96,367	-
Restricted cash	313,940	607,722	921,662	-
Capital assets not being depreciated:				
Land	1,467,431	111,000	1,578,431	18,000
Construction in progress	187,320	-	187,320	-
Capital assets, net of accumulated depreciation:				
Buildings, net	7,636,435	3,340,849	10,977,284	2,227,481
Improvements other than buildings, net	9,902,405	2,359,273	12,261,678	232,884
Machinery and equipment, net	230,093	1,060,864	1,290,957	159,590
Utility systems	-	10,945,376	10,945,376	3,293,508
Total assets	<u>23,307,078</u>	<u>24,177,711</u>	<u>47,484,789</u>	<u>6,116,240</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	<u>1,152,807</u>	<u>241,216</u>	<u>1,394,023</u>	<u>23,700</u>
Liabilities				
Accounts payable	240,085	55,341	295,426	19,910
Accrued interest payable	20,745	46,954	67,699	-
Accrued expenses	187,609	-	187,609	1,687
Due to primary government	-	-	-	2,158,147
Unearned revenue	41,310	-	41,310	-
Deposits payable	-	4,876	4,876	-
Noncurrent liabilities				
Due within one year	529,918	528,397	1,058,315	5,718
Due in more than one year	5,180,106	6,131,873	11,311,979	-
Net pension liability	6,277,291	1,313,476	7,590,767	129,051
Total liabilities	<u>12,477,064</u>	<u>8,080,917</u>	<u>20,557,981</u>	<u>2,314,513</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	<u>1,195,268</u>	<u>250,101</u>	<u>1,445,369</u>	<u>24,573</u>
Net Position				
Net investment in capital assets	14,030,140	13,325,707	27,355,847	3,773,316
Restricted for:				
Judicial	64,330	-	64,330	-
Culture and recreation	118,114	-	118,114	-
Debt service	-	607,722	607,722	-
Unrestricted	(3,425,031)	2,154,480	(1,270,551)	27,538
Total net position	<u>\$ 10,787,553</u>	<u>\$ 16,087,909</u>	<u>\$ 26,875,462</u>	<u>\$ 3,800,854</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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	Unit
Governmental:								
General government	\$ 1,599,406	\$ 740,468	\$ -	\$ -	\$ (858,938)	\$ -	\$ (858,938)	\$ -
Judicial	382,670	261,223	-	-	(121,447)	-	(121,447)	-
Public safety	3,361,832	36,147	48,482	-	(3,277,203)	-	(3,277,203)	-
Public works	564,862	119,416	155,000	193,400	(97,046)	-	(97,046)	-
Community development	438,666	-	-	-	(438,666)	-	(438,666)	-
Health and sanitation	180,751	3,329	-	-	(177,422)	-	(177,422)	-
Culture and recreation	1,724,156	-	-	-	(1,724,156)	-	(1,724,156)	-
Community support	303,713	3,371	116,850	-	(183,492)	-	(183,492)	-
Interest on long term debt	210,068	-	-	-	(210,068)	-	(210,068)	-
Total governmental activities	8,766,124	1,163,954	320,332	193,400	(7,088,438)	-	(7,088,438)	-
Business-type:								
Water	1,544,529	1,262,586	-	8,973	-	(272,970)	(272,970)	-
Sewer	1,548,631	1,111,355	-	6,691	-	(430,585)	(430,585)	-
Garbage/Compost	1,032,851	1,378,388	-	-	-	345,537	345,537	-
Total business-type activities	4,126,011	3,752,329	-	15,664	-	(358,018)	(358,018)	-
Total primary government	\$ 12,892,135	\$ 4,916,283	\$ 320,332	\$ 209,064				
Component Unit:								
Johnson Springs	\$ 885,981	\$ 580,555	\$ -	\$ -				(305,426)
General Revenues:								
					3,011,445	-	3,011,445	-
					1,599,360	-	1,599,360	-
					1,606,885	-	1,606,885	-
					385,985	-	385,985	-
					372,852	-	372,852	-
					295,900	-	295,900	-
					104,460	-	104,460	-
					5,411	-	5,411	-
					11,619	84,103	95,722	25,241
					2,001	31,493	33,494	14,927
					7,395,918	115,596	7,478,020	40,168
					307,480	(242,422)	65,058	(265,258)
					10,480,073	16,330,331	26,810,404	4,066,112
					\$ 10,787,553	\$ 16,087,909	\$ 26,875,462	\$ 3,800,854

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

CITY OF WEST WENDOVER, NEVADA

**Balance Sheet
Governmental Funds
June 30, 2020**

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and temporary investments	\$ 2,115,512	\$ 114,645	\$ 154,028	\$ 2,384,185
Accounts receivable, net	61,906	108,422	-	170,328
Due from other funds	114,440	-	-	114,440
Due from other governments	681,515	-	43,660	725,175
Inventory	23,780	-	785	24,565
Prepaid and other items	21,404	-	-	21,404
Restricted cash	440	-	313,500	313,940
Total assets	<u>3,018,997</u>	<u>223,067</u>	<u>\$ 511,973</u>	<u>\$ 3,754,037</u>
Liabilities				
Accounts payable	\$ 82,886	\$ 104,953	\$ 22,371	\$ 210,210
Accrued liabilities	187,609	-	-	187,609
Due to other funds	-	-	34,440	34,440
Unearned revenue	41,310	-	-	41,310
Total liabilities	<u>311,805</u>	<u>104,953</u>	<u>56,811</u>	<u>473,569</u>
Fund Balances				
Nonspendable	45,184	-	785	45,969
Restricted	440	118,114	442,348	560,902
Committed	181,731	-	12,029	193,760
Unassigned	2,479,837	-	-	2,479,837
Total fund balances	<u>2,707,192</u>	<u>118,114</u>	<u>455,162</u>	<u>3,280,468</u>
Total liabilities and fund balances	<u>\$ 3,018,997</u>	<u>\$ 223,067</u>	<u>\$ 511,973</u>	<u>\$ 3,754,037</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, 2020

Total fund balances - governmental funds \$ 3,280,468

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	\$ 30,123,276	
Accumulated depreciation	<u>(10,699,592)</u>	19,423,684

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

199

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

Net pension liabilities	\$ (6,277,291)	
Bonds payable	(5,393,544)	
Compensated absences	(316,480)	
Interest payable	<u>(20,745)</u>	(12,008,060)

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.

133,723

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	\$ 1,152,807	
Deferred inflows	<u>(1,195,268)</u>	(42,461)

Total net position - governmental activities	\$ 10,787,553
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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, 2020

	General Fund	Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 1,484,154	\$ 1,599,360	\$ 48,160	\$ 3,131,674
Licenses and permits	1,478,158	-	-	1,478,158
Intergovernmental	3,968,585	-	141,290	4,109,875
Charges for services	58,880	-	9,679	68,559
Fines and forfeits	72,274	-	-	72,274
Miscellaneous revenues	208,458	-	9,504	217,962
Total revenues	7,270,509	1,599,360	208,633	9,078,502
Expenditures				
Current				
General government	1,085,707	-	-	1,085,707
Judicial	381,099	-	7,409	388,508
Public safety	3,255,998	-	34,440	3,290,438
Public works	586,244	-	-	586,244
Community development	286,076	-	-	286,076
Health	160,560	-	-	160,560
Culture and recreation	14,755	1,615,809	-	1,630,564
Community support	48,890	-	259,520	308,410
Capital outlay	-	-	121,505	121,505
Debt service	56,249	-	515,123	571,372
Total expenditures	5,875,578	1,615,809	937,997	8,429,384
Excess (deficiency) of revenues over (under) expenditures	1,394,931	(16,449)	(729,364)	649,118
Other Financing Sources (Uses)				
Transfers in	-	-	638,575	638,575
Transfers out	(589,000)	-	(49,575)	(638,575)
Total other financing sources and uses	(589,000)	-	589,000	-
Net change in fund balances	805,931	(16,449)	(140,364)	649,118
Fund balances, beginning of year	1,901,261	134,563	595,526	2,631,350
Fund balances, end of year	\$ 2,707,192	\$ 118,114	\$ 455,162	\$ 3,280,468

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, 2020

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

Net change in fund balances - total governmental funds	\$	649,118
<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	\$	195,779
Depreciation expense	<u>(1,005,711)</u>	(809,932)
<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>		
		(37,780)
<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>		
		(4,898)
<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>		
		358,239
<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>		
		3,065
<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	\$	496,825
Pension expense	<u>(516,322)</u>	(19,497)
<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>		
		6,025
<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>		
		163,140
Change in net position of governmental activities	<u>\$</u>	<u>307,480</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, 2020

	<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	\$ 1,314,682	\$ 160,106	\$ 1,608,506	\$ 3,083,294	\$ 177,954
Accounts receivable, net	175,836	147,351	135,525	458,712	-
Inventory	38,962	4,193	-	43,155	-
Prepaid expenses	1,976	6,105	1,238	9,319	65,644
Total current assets	<u>1,531,456</u>	<u>317,755</u>	<u>1,745,269</u>	<u>3,594,480</u>	<u>243,598</u>
Noncurrent assets					
Restricted cash	508,731	98,991	-	607,722	-
Due from component unit	2,158,147	-	-	2,158,147	-
Capital assets:					
Land	111,000	-	-	111,000	-
Buildings	1,277,649	1,166,887	1,535,458	3,979,994	-
Improvements other than buildings	974,603	76,600	5,164,633	6,215,836	-
Machinery and equipment	910,503	1,323,852	2,402,111	4,636,466	-
Utility system	2,225,345	15,820,916	-	18,046,261	-
Less accumulated depreciation	<u>(2,443,654)</u>	<u>(7,199,355)</u>	<u>(5,529,186)</u>	<u>(15,172,195)</u>	<u>-</u>
Total noncurrent assets	<u>5,722,324</u>	<u>11,287,891</u>	<u>3,573,016</u>	<u>20,583,231</u>	<u>-</u>
Total assets	<u>7,253,780</u>	<u>11,605,646</u>	<u>5,318,285</u>	<u>24,177,711</u>	<u>243,598</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	<u>70,137</u>	<u>89,291</u>	<u>81,788</u>	<u>241,216</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts payable	10,073	40,311	4,957	55,341	29,875
Accrued interest payable	24,806	10,518	11,630	46,954	-
Due to other funds	-	-	-	-	80,000
Compensated absences	10,721	11,384	10,781	32,886	-
Customer deposits	4,876	-	-	4,876	-
Current portion of noncurrent liabilities	<u>180,483</u>	<u>120,497</u>	<u>194,531</u>	<u>495,511</u>	<u>-</u>
Total current liabilities	<u>230,959</u>	<u>182,710</u>	<u>221,899</u>	<u>635,568</u>	<u>109,875</u>
Noncurrent liabilities:					
Capital leases payable	-	-	436,847	436,847	-
Net pension liability	381,914	486,207	445,355	1,313,476	-
Bonds payable	<u>2,967,670</u>	<u>2,484,691</u>	<u>242,665</u>	<u>5,695,026</u>	<u>-</u>
Total noncurrent liabilities	<u>3,349,584</u>	<u>2,970,898</u>	<u>1,124,867</u>	<u>7,445,349</u>	<u>-</u>
Total liabilities	<u>3,580,543</u>	<u>3,153,608</u>	<u>1,346,766</u>	<u>8,080,917</u>	<u>109,875</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions	<u>72,721</u>	<u>92,579</u>	<u>84,801</u>	<u>250,101</u>	<u>-</u>
Net Position					
Net investment in capital assets	2,043,022	8,583,712	2,698,973	13,325,707	-
Restricted for debt service	508,731	98,991	-	607,722	-
Unrestricted	<u>1,118,900</u>	<u>(233,953)</u>	<u>1,269,533</u>	<u>2,154,480</u>	<u>133,723</u>
Total net position	<u>\$ 3,670,653</u>	<u>\$ 8,448,750</u>	<u>\$ 3,968,506</u>	<u>\$ 16,087,909</u>	<u>\$ 133,723</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, 2020

	Water Fund	Sewer Fund	Garbage/ Compost Fund	Total Proprietary Funds	Health Insurance Internal Service Fund
Operating revenues					
Charges for services	\$ 1,262,586	\$ 1,111,355	\$ 1,378,388	\$ 3,752,329	\$ 926,009
Operating expenses					
Water purchases	508,677	-	-	508,677	-
Salaries and wages	137,238	285,967	253,578	676,783	-
Employee benefits	274,927	160,130	142,435	577,492	762,869
Services and supplies	399,073	465,622	213,201	1,077,896	-
Capital outlay	(17)	12,142	9,632	21,757	-
Depreciation and amortization	142,684	550,495	381,259	1,074,438	-
Total operating expenses	1,462,582	1,474,356	1,000,105	3,937,043	762,869
Operating income (loss)	(199,996)	(363,001)	378,283	(184,714)	163,140
Nonoperating revenues (expenses)					
Interest income	75,950	1,338	6,815	84,103	-
Impact fees	8,973	6,691	-	15,664	-
Miscellaneous income	6,868	2,617	11,424	20,909	-
Contributions from component unit for debt payments	10,584	-	-	10,584	-
Interest expense	(81,947)	(74,275)	(32,746)	(188,968)	-
Total nonoperating revenues (expenses)	20,428	(63,629)	(14,507)	(57,708)	-
Income before contributions and transfers	(179,568)	(426,630)	363,776	(242,422)	163,140
Change in net position	(179,568)	(426,630)	363,776	(242,422)	163,140
Total net position, beginning	3,850,221	8,875,380	3,604,730	16,330,331	(29,417)
Total net position, end of year	\$ 3,670,653	\$ 8,448,750	\$ 3,968,506	\$ 16,087,909	\$ 133,723

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

CITY OF WEST WENDOVER, NEVADA
Statement of Cash Flows
Proprietary Funds
June 30, 2020

	Water Fund	Sewer Fund	Garbage/ Compost Fund	Total Proprietary Funds	Health Insurance Internal Service Fund
Cash Flows From Operating Activities:					
Cash received from customers, service fees	\$ 1,225,403	\$ 1,093,245	\$ 1,388,127	\$ 3,706,775	\$ 941,614
Cash paid to suppliers	(883,995)	(443,270)	(238,024)	(1,565,289)	(808,513)
Cash paid to employees	(394,207)	(430,968)	(381,875)	(1,207,050)	-
Net cash flows from operating activities	<u>(52,799)</u>	<u>219,007</u>	<u>768,228</u>	<u>934,436</u>	<u>133,101</u>
Cash Flows From Noncapital Financing Activities:					
Net interfund receipts/(payments)	-	-	-	-	(80,000)
Net component unit receipts/(payments)	120,597	-	-	120,597	-
Cash received from miscellaneous sources	6,868	2,856	11,774	21,498	-
Net cash flows from noncapital financing activities	<u>127,465</u>	<u>2,856</u>	<u>11,774</u>	<u>142,095</u>	<u>(80,000)</u>
Cash Flows From Capital and Related Financing Activities:					
Impact fees	8,973	6,691	-	15,664	-
Proceeds from long term debt	2,173,729	-	464,990	2,638,719	-
Principal paid on capital debt	(2,320,251)	(116,735)	(287,175)	(2,724,161)	-
Interest paid on capital debt	(133,035)	(74,481)	(36,197)	(243,713)	-
Acquisition and construction of capital assets	(60,498)	(17,994)	(523,504)	(601,996)	-
Net cash flows from capital and related financing activities	<u>(331,082)</u>	<u>(202,519)</u>	<u>(381,886)</u>	<u>(915,487)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest income	75,950	1,338	6,815	84,103	-
Net change in cash and cash equivalents	(180,466)	20,682	404,931	245,147	53,101
Cash and investments, including restricted cash, beginning of year as restated	<u>2,003,879</u>	<u>238,415</u>	<u>1,203,575</u>	<u>3,445,869</u>	<u>124,853</u>
Cash and Cash Equivalents, Including Restricted Cash, End of Year	<u><u>\$ 1,823,413</u></u>	<u><u>\$ 259,097</u></u>	<u><u>\$ 1,608,506</u></u>	<u><u>\$ 3,691,016</u></u>	<u><u>\$ 177,954</u></u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ (199,996)	\$ (363,001)	\$ 378,283	\$ (184,714)	\$ 163,140
Adjustments to reconcile net income (loss) to net cash from operating activities					
Depreciation/amortization	142,684	550,495	381,259	1,074,438	-
Pension expense	45,316	52,725	45,567	143,608	-
Employer pension contributions	(30,227)	(38,482)	(35,248)	(103,957)	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(37,967)	(18,110)	9,739	(46,338)	15,605
(Increase) decrease in inventory	20,159	(72)	-	20,087	-
(Increase) decrease in prepaid expenses	-	1,600	(187)	1,413	(141)
Increase (decrease) in accounts payable	3,579	32,966	(15,004)	21,541	(45,503)
Increase (decrease) in due from deposits	784	-	-	784	-
Increase (decrease) in compensated absences	2,869	886	3,819	7,574	-
Net cash flows from operating activities	<u><u>\$ (52,799)</u></u>	<u><u>\$ 219,007</u></u>	<u><u>\$ 768,228</u></u>	<u><u>\$ 934,436</u></u>	<u><u>\$ 133,101</u></u>

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

NOTE 1. Summary of Significant Accounting Policies, Continued

Comparative Data

Comparative data shown for the prior year has been extracted from the 2018-2019 financial statements and reclassified where necessary. It has been provided to add comparability but is not considered full disclosure of transactions for 2018-2019. 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, 2020

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.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

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	5,054,608	(1,277,630)
Investments:		
Nevada local government investment pool	1,510,913	1,386,843
Total deposits and investments	\$ 6,567,095	\$ 109,213
Cash and cash equivalents	\$ 5,645,433	\$ 109,213
Restricted cash	921,662	-
	\$ 6,567,095	\$ 109,213

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, 2020, \$0 of the primary government and component unit's combined bank balance of \$3,796,753 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, 2020

NOTE 4. Cash and Investments, Continued

As of June 30, 2020 the government had the following investments:

Investment Type	Primary Government Fair Value	Component Unit Fair Value	Rating (1)	Weighted Average Maturity (2)
Nevada Local Government Pooled Investment Fund	\$ 1,510,913	\$ 1,386,843	N/A	130
Total Fair Value	<u>\$ 1,510,913</u>	<u>\$ 1,386,843</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, 2020:

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

	Primary Government	Component Unit
Level 1 inputs	\$ 376,368	\$ 345,463
Level 2 inputs	1,134,545	1,041,380
Total LGIP investment	<u>\$ 1,510,913</u>	<u>\$ 1,386,843</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, 2020

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, 2020:

Restricted cash footnote

Medium Term Sales Tax Revenue Bond Reserves	\$ 313,500
Waste Water Treatment Plant Revenue Bond Reserves	98,991
Water Revenue Bonds, Series 2015 Bond Reserves	15,120
Water Rev Bonds Series 2015 - Asset Replacement	114,536
AB198 Capital Replacement Projects Fund	379,075
Unutilized Regional Transportation Commission Funds	440
Total restricted cash - primary government	\$ 921,662

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, 2020 were as follows:

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 6. Capital Assets

Governmental capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities:	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
Capital assets, not being depreciated:				
Land	\$ 1,467,431	\$ -	\$ -	\$ 1,467,431
Construction in progress	64,815	122,505	-	187,320
Total capital assets, not being depreciated	<u>1,532,246</u>	<u>122,505</u>	<u>-</u>	<u>1,654,751</u>
Capital assets, being depreciated:				
Buildings	11,271,605	-	(112,035)	11,159,570
Other improvements	14,321,856	-	(6,500)	14,315,356
Machinery and equipment	3,724,319	73,274	(803,994)	2,993,599
Total capital assets, being depreciated	<u>29,317,780</u>	<u>73,274</u>	<u>(922,529)</u>	<u>28,468,525</u>
Less accumulated depreciation for:				
Buildings	(3,323,177)	(274,808)	74,850	(3,523,135)
Other improvements	(3,892,518)	(526,915)	6,482	(4,412,951)
Machinery and equipment	(3,362,935)	(203,988)	803,417	(2,763,506)
Total accumulated depreciation	<u>(10,578,630)</u>	<u>(1,005,711)</u>	<u>884,749</u>	<u>(10,699,592)</u>
Total capital assets, being depreciated, net	<u>18,739,150</u>	<u>(932,437)</u>	<u>(37,780)</u>	<u>17,768,933</u>
Governmental activities capital assets, net	<u>\$ 20,271,396</u>	<u>\$ (809,932)</u>	<u>\$ (37,780)</u>	<u>\$ 19,423,684</u>

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

Governmental Activities:	
General government	\$ 561,622
Judicial	6,690
Public safety	159,285
Public works	1,581
Health and sanitation	22,803
Culture and recreation	94,862
Community support	1,194
Streets and highways	157,674
Total depreciation expense - governmental activities	<u>\$ 1,005,711</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 6. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2020 was as follows:

Business-Type Activities:	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
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	6,207,454	8,382	-	6,215,836
Machinery and equipment	4,453,176	582,938	(399,648)	4,636,466
Utility systems	18,035,585	10,676	-	18,046,261
Total capital assets, being depreciated	<u>32,676,209</u>	<u>601,996</u>	<u>(399,648)</u>	<u>32,878,557</u>
Less accumulated depreciation for:				
Buildings	(539,646)	(99,499)	-	(639,145)
Other improvements	(3,634,941)	(221,622)	-	(3,856,563)
Machinery and equipment	(3,759,800)	(214,862)	399,060	(3,575,602)
Utility systems	(6,562,430)	(538,455)	-	(7,100,885)
Total accumulated depreciation	<u>(14,496,817)</u>	<u>(1,074,438)</u>	<u>399,060</u>	<u>(15,172,195)</u>
Total capital assets, being depreciated, net	<u>18,179,392</u>	<u>(472,442)</u>	<u>(588)</u>	<u>17,706,362</u>
Business-type activities capital asset, net	<u>\$ 18,290,392</u>	<u>\$ (472,442)</u>	<u>\$ (588)</u>	<u>\$ 17,817,362</u>

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

Business-Type Activities:	
Water Fund	\$ 142,684
Sewer Fund	550,495
Combined Garbage / Compost Facility Fund	381,259
Total depreciation expense - business-type activities	<u>\$ 1,074,438</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 6. Capital Assets, Continued

Component unit capital asset activity for the year ended June 30, 2020 was as follows:

Component Unit - Johnson Springs	Balance 06/30/19	Additions	Deletions	Balance 06/30/20
Capital assets not being depreciated:				
Land	\$ 18,000	\$ -	\$ -	\$ 18,000
Total capital assets, not being depreciated	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
Capital assets being depreciated:				
Buildings	6,836,936	-	-	6,836,936
Other improvements	411,632	-	-	411,632
Machinery and equipment	571,254	-	-	571,254
Utility system	5,305,132	11,065	-	5,316,197
Total capital assets, being depreciated	<u>13,124,954</u>	<u>11,065</u>	<u>-</u>	<u>13,136,019</u>
Less accumulated depreciation for:				
Buildings	(4,391,923)	(217,532)	-	(4,609,455)
Other improvements	(159,335)	(19,413)	-	(178,748)
Machinery and equipment	(389,051)	(22,613)	-	(411,664)
Water utility system	(1,889,660)	(133,029)	-	(2,022,689)
Total accumulated depreciation	<u>(6,829,969)</u>	<u>(392,587)</u>	<u>-</u>	<u>(7,222,556)</u>
Total capital assets, being depreciated, net	<u>6,294,985</u>	<u>(381,522)</u>	<u>-</u>	<u>5,913,463</u>
Johnson Springs component unit fund activities capital assets, net	<u>\$ 6,312,985</u>	<u>\$ (381,522)</u>	<u>\$ -</u>	<u>\$ 5,931,463</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 7. Long-Term Liabilities

The following is a summary of long-term liabilities for the year ended June 30, 2020:

Long-Term Debt	Date of Issue	Interest Rate	Original Amount of Issue	June 30, 2019	Additions	Retirements	June 30, 2020	Current Portion
Governmental Activities								
<i>Direct Placement Bonds Payable:</i>								
Medium Term Sales Tax Revenue Bond, Series 2009 (City Hall)	8/18/2009	4.38%	5,225,000	\$ 4,184,783	\$ -	\$ (133,239)	\$ 4,051,544	\$ 138,918
General Obligation Medium-Term Bonds, Series 2015	7/14/2015	2.26%	2,200,000	1,567,000	-	(225,000)	1,342,000	233,000
Total direct placement bonds payable				<u>5,751,783</u>	<u>-</u>	<u>(358,239)</u>	<u>5,393,544</u>	<u>371,918</u>
Total Bonds Payable				<u>5,751,783</u>	<u>-</u>	<u>(358,239)</u>	<u>5,393,544</u>	<u>371,918</u>
Other Liabilities								
Compensated absences				322,505	208,694	(214,719)	316,480	158,000
Net pension liability				6,940,160	-	(662,869)	6,277,291	-
Total governmental long-term liabilities				<u>\$ 13,014,448</u>	<u>\$ 208,694</u>	<u>\$ (1,235,827)</u>	<u>\$ 11,987,315</u>	<u>\$ 529,918</u>

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

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 7. Long-Term Liabilities, continued

Long-Term Debt	Date of Issue	Interest Rate	Original Amount of Issue	June 30, 2019	Additions	Retirements	June 30, 2020	Current Portion
Business-Type Activities								
Public Offerings Bonds:								
Sewer/Compost Revenue Bonds Series 1999B	8/18/1999	4.50%	1,500,000	\$ 102,764	\$ -	\$ (102,764)	\$ -	\$ -
Sewer/Compost Revenue Bonds Series 1999A	8/18/1999	4.50%	540,000	36,995	-	(36,995)	-	-
Waste Water Treatment Plant Revenue Bond	6/1/2012	2.75%	2,637,000	2,334,256	-	(45,735)	2,288,521	46,497
Total business-type public offering bonds payable				<u>2,474,015</u>	<u>-</u>	<u>(185,494)</u>	<u>2,288,521</u>	<u>46,497</u>
Direct Placement Bonds Payable:								
1998 Water Revenue Bonds	11/17/1998	4.75%	3,058,300	2,198,814	-	(2,198,814)	-	-
General Obligation Limited Tax Water Bonds, Series 2019	8/15/2019	2.16%	2,173,729	-	2,173,729	(38,000)	2,135,729	95,069
General Obligation Limited Tax Medium-Term, Series 2014	6/17/2017	2.43%	2,100,000	1,163,000	-	(213,000)	950,000	222,000
Water Revenue Bonds, Series 2015	10/8/2015	2.63%	747,000	708,192	-	(12,437)	695,755	11,413
Total business-type direct placement bonds payable				<u>4,070,006</u>	<u>2,173,729</u>	<u>(2,462,251)</u>	<u>3,781,484</u>	<u>328,482</u>
Total business-type long-term debt				<u>6,544,021</u>	<u>2,173,729</u>	<u>(2,647,745)</u>	<u>6,070,005</u>	<u>374,979</u>
Capital leases payable:								
2019 Hook Lift - Compost/Garbage Lease	9/19/2019	2.36%	464,990	-	464,990	(44,574)	420,416	89,628
2018 Caterpillar Wheel Loader Compost Lease	1/18/2018	4.20%	231,738	168,806	-	(31,843)	136,963	30,904
Total Capital Lease Payable				<u>168,806</u>	<u>464,990</u>	<u>(76,417)</u>	<u>557,379</u>	<u>120,532</u>
Other Liabilities								
Net pension liability				1,412,993	-	(99,517)	1,313,476	-
Compensated absences				25,313	24,424	(16,851)	32,886	32,886
Total business-type long-term liabilities				<u>\$ 8,151,133</u>	<u>\$ 2,663,143</u>	<u>\$ (2,840,530)</u>	<u>\$ 7,973,746</u>	<u>\$ 528,397</u>
Component Unit								
Johnson Springs								
Other Liabilities								
Net pension liability				167,949	-	(38,898)	129,051	-
Compensated absences				11,155	1,988	(7,425)	5,718	5,718
Total Component Unit long-term liabilities				<u>\$ 179,104</u>	<u>\$ 1,988</u>	<u>\$ (46,323)</u>	<u>\$ 134,769</u>	<u>\$ 5,718</u>

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 7. Long-Term Liabilities, Continued

Revenue Bonds

The City has pledged future net revenues from the City’s Municipal Water System to repay \$2,173,729 and \$747,000 in water revenue bonds issued in November 1998 and 2019, respectively, with interest rates of 2.16% 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 2039 and 2056.

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, 2020:

Year Ending June 30,	Governmental Activities		Business-Type Activities			
	Direct Placement Bonds		Public Offering Bonds		Direct Placement Bonds	
	Principle	Interest	Principle	Interest	Principle	Interest
2021	\$ 371,918	\$ 202,278	\$ 46,497	\$ 62,467	\$ 328,482	\$ 86,792
2022	386,119	190,721	47,789	61,175	341,527	79,014
2023	401,597	178,695	49,117	59,847	354,960	70,942
2024	356,938	167,280	50,323	58,641	367,403	62,596
2025	371,414	155,228	51,880	57,084	116,992	53,858
2026-2030	1,157,270	625,637	281,689	263,131	625,112	229,140
2031-2034	1,153,723	387,561	323,075	221,746	697,803	156,451
2035-2040	1,194,565	110,953	370,458	174,362	565,765	77,571
2041-2045	-	-	425,004	121,039	107,389	43,811
2046-2050	-	-	487,450	57,370	122,406	28,794
2051-2055	-	-	155,239	3,693	139,522	11,678
2056-2060	-	-	-	-	14,123	136
Total Principal	<u>\$ 5,393,544</u>	<u>\$ 2,018,353</u>	<u>\$ 2,288,521</u>	<u>\$ 1,140,555</u>	<u>\$ 3,781,484</u>	<u>\$ 900,783</u>

The City’s outstanding bonds from direct placements of \$9,175,028 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, 2020.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

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 \$696,378 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 2.36% to 4.2% under the capital leases, together with the present value of the net minimum lease payments:

Year Ending June 30	Business-type Activities
2021	\$ 141,432
2022	140,135
2023	192,776
2024	99,024
2025	22,512
Total remaining minimum lease payments	595,879
Less amount representing interest	(38,500)
Present value of net remaining minimum lease payments	\$ 557,379

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

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.

	06/30/20
Operating revenues	\$ 580,555
Depreciation and amortization	(392,587)
Operating expenses	(416,204)
Operating income/(loss)	(228,236)
Nonoperating revenues and (expenses)	(37,022)
Change in net position	(265,258)
Beginning net position	4,066,112
Ending net position	3,800,854
Net working capital	(2,000,685)
Total assets	6,116,240
Total deferred outflows	23,700
Current liabilities	27,315
Due to primary government	2,158,147
Bonds and other long term debt obligations	129,051
Total deferred inflows	24,573
Net Position	
Net investment in capital assets	3,773,316
Unrestricted	27,538
Total Net Position	\$ 3,800,854
<u>Condensed Statement of Cash Flows</u>	
Net cash flows from:	
Operating activities	\$ 100,242
Noncapital financing activities	(105,670)
Capital and related financing activities	(77,671)
Investing activities	25,241
Net Increase (decrease)	\$ (57,858)
Beginning cash and cash equivalents	167,071
Ending cash and cash equivalents	\$ 109,213

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 10. Interfund Receivables, Payables, and Transfers

As of June 30, 2020 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	\$ 114,440	\$ -
Health Insurance Internal Service Fund	-	80,000
Nonmajor funds:		
Grant Fund	-	34,440
Total	\$ 114,440	\$ 114,440

As of June 30, 2020, 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	\$ 22,418	\$ -
Debt repayment receivable	2,135,729	-
Component Unit		
Interest payable	-	22,418
Debt repayment payable	-	2,135,729
Total	\$ 2,158,147	\$ 2,158,147

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, 2020 are as follows:

	Transfers out:		
Transfer in:	General	Non-major Ad Valorem Capital Projects	Total Transfers in
Nonmajor Governmental Funds			
Court Admin Assessment Fund	\$ 9,000	\$ -	\$ 9,000
Welcome Center Fund	110,000	-	110,000
Wendover Will Landmark Fund	20,000	-	20,000
Capital Projects Fund	450,000	49,575	499,575
Total transfers out	\$ 589,000	\$ 49,575	\$ 638,575

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

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, 2020 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, 2020

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, 2020, the general obligation debt limit and available borrowing capacity of the City of West Wendover was \$43,546,411.

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 \$602,089 as of June 30, 2020. The City had two cells in operation during fiscal year 2020. 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 2020. The City maintained an insurance policy with a face amount of \$814,511 at June 30, 2020.

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

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, 2020. 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
2020	\$ -	\$ 418,723	\$ 418,723	\$ -
2019	\$ -	\$ 626,197	\$ 626,197	\$ -
2018	\$ -	\$ 651,673	\$ 651,673	\$ -

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, 2020

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, 2020

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. In one plan, contributions are shared equally by employer and employee. In the other plan, employees can take a reduced salary and have contributions made by the employer (EPC).

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 results in a relatively level long-term contributions requirement as a percentage of salary.

For fiscal years ended June 30, 2019, and 2020, the Statutory Employer/employee matching rate was 14.50% and 15.25% for Regular and 20.75% and 22.00% for Police/Fire.

For the fiscal year ended June 30, 2019, and 2020, the Employer-Pay Contribution (EPC) rate was 28.00% and 29.25% for Regular and 40.50% and 42.50% 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
2018	\$ 236,938	\$ 342,714
2019	222,775	322,229
2020	249,082	361,914

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

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, 2020:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return*
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Private markets	12%	6.65%

*As of June 30, 2019, PERS' long-term inflation assumption was 2.75%.

Pension liability

Net pension liability

At June 30, 2020, the City reported a liability of \$7,719,816 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019. The City's proportion measured as of June 30, 2019, was 0.05661 percent, which was a decrease of 0.00587 percent from its proportion measured as of June 30, 2018.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2020, 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	\$ 11,953,201	\$ 7,719,816	\$ 4,200,799

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

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, 2019, 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%
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
Other assumptions	Same as those used in the June 30, 2019 funding actuarial valuation

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience study for the period July 1, 2012 through June 30, 2016.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. 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, 2019.

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

For the year ended June 30, 2020, the City recognized pension expense for PERS of \$647,664. At June 30, 2020, 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, 2020

NOTE 17. Retirement and Pension Plans, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 289,487	\$ 222,670
Changes in assumptions	314,167	-
Net difference between projected and actual earnings on pension plan investments	-	384,036
Subtotal	603,654	606,706
Changes in proportion and differences between contributions and proportional share of contributions	203,073	863,235
Contributions subsequent to the measurement date	610,996	-
Total	\$ 1,417,723	\$ 1,469,941
Governmental activities	\$ 1,152,807	\$ 1,195,268
Business-type activities	241,216	250,101
Component unit	23,700	24,573
	\$ 1,417,723	\$ 1,469,941

Average expected remaining service lives 6.18 years

The \$610,996 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
2021	\$ 21,737
2022	(146,454)
2023	40,235
2024	49,841
2025	28,325
2026	3,264
Thereafter	-

CITY OF WEST WENDOVER, NEVADA
Notes to the Financial Statements
June 30, 2020

NOTE 18. Bond Refunding

In August 2019, the City issued \$2,173,729 of General Obligation (Limited Tax) Water Revenue Bonds Series 2019. The proceeds were used to refund \$2,198,816 of outstanding Water Revenue Bonds Series 1998 which had an interest rate of 4.75%. As a result, the Water Revenue Bonds Series 1998 are considered defeased and the liabilities for those bonds have been removed from the statement of net position. The District refunded Water Revenue Bonds Series 1998 to reduce its future debt service payments by \$844,399 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$679,532.

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

The **Recreation Fund** is used to account for the City's share of room tax proceeds and the distribution of those funds to the recreation district.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA SCHEDULES

CITY OF WEST WENDOVER, NEVADA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Property taxes					
Ad valorem	\$ 1,327,000	\$ 1,327,000	\$ 1,280,236	\$ (46,764)	\$ 1,288,164
Personal property	237,700	237,700	183,309	(54,391)	222,668
Central assessments	19,800	19,800	20,609	809	23,536
Total property taxes	<u>1,584,500</u>	<u>1,584,500</u>	<u>1,484,154</u>	<u>(100,346)</u>	<u>1,534,368</u>
Licenses and permits					
Liquor licenses	1,200	1,200	120	(1,080)	-
City gaming licenses	191,316	191,316	206,232	14,916	216,084
Animal licenses	1,000	1,000	1,344	344	1,574
Business licenses	16,000	16,000	16,825	825	17,005
Right of way toll	270,000	270,000	295,900	25,900	316,050
Building permits	97,000	97,000	100,569	3,569	72,297
Special permits and fees	377,950	377,950	484,215	106,265	2,190
Franchise fees	398,000	398,000	372,852	(25,148)	397,860
Carlines taxes	100	100	101	1	95
Total licenses and permits	<u>1,352,566</u>	<u>1,352,566</u>	<u>1,478,158</u>	<u>125,592</u>	<u>1,023,155</u>
Intergovernmental revenue					
State consolidated revenue	3,006,500	3,006,500	3,011,445	4,945	2,844,516
1.75 cent gas tax	36,200	36,200	33,895	(2,305)	34,084
2.35 cent gas tax	49,500	49,500	46,835	(2,665)	49,476
County road tax	25,400	25,400	23,729	(1,671)	24,215
County transportation funds	193,400	193,400	193,400	-	188,289
County gaming tax	405,000	405,000	385,985	(19,015)	429,278
Federal/state grants	374,000	204,000	14,043	(189,957)	123,892
Infrastructure tax	75,000	75,000	74,572	(428)	75,101
Marijuana revenue disbursement	6,000	6,000	5,411	(589)	-
Reimbursement from Elko County	178,670	179,270	179,270	-	180,300
Total intergovernmental revenue	<u>4,349,670</u>	<u>4,180,270</u>	<u>3,968,585</u>	<u>(211,685)</u>	<u>3,949,151</u>
Charges for services					
Special police services	2,000	2,000	1,795	(205)	1,800
Work cards	6,500	6,500	20,301	13,801	6,070
Special fire protection services	10,000	10,000	7,804	(2,196)	9,717
Dispatch fees	10,000	10,000	5,852	(4,148)	5,716
Animal shelter fees	3,000	3,000	1,985	(1,015)	1,888
Pipeline administrative services	1,900	1,900	1,900	-	1,900
Miscellaneous	15,500	15,500	19,243	3,743	12,309
Total general	<u>48,900</u>	<u>48,900</u>	<u>58,880</u>	<u>9,980</u>	<u>39,400</u>
Fines and forfeitures					
Fines and fees	70,600	70,600	72,274	1,674	67,938
Total fines and forfeitures	<u>70,600</u>	<u>70,600</u>	<u>72,274</u>	<u>1,674</u>	<u>67,938</u>
Miscellaneous					
Interest	10,500	10,500	10,461	(39)	11,595
Donations	168,000	168,000	165,000	(3,000)	173,136
Rents and royalties	31,200	31,200	31,197	(3)	26,232
Miscellaneous	6,000	6,000	1,800	(4,200)	6,225
Total miscellaneous	<u>215,700</u>	<u>215,700</u>	<u>208,458</u>	<u>(7,242)</u>	<u>217,188</u>
Total revenues	<u>7,621,936</u>	<u>7,452,536</u>	<u>7,270,509</u>	<u>(182,027)</u>	<u>6,831,200</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019), Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Expenditures					
General government					
Administration and finance					
Salaries and wages	470,429	470,429	472,631	(2,202)	424,317
Employee benefits	218,595	218,595	214,318	4,277	184,186
Services and supplies	457,900	436,700	398,758	37,942	496,895
Total administration and finance	<u>1,146,924</u>	<u>1,125,724</u>	<u>1,085,707</u>	<u>40,017</u>	<u>1,105,398</u>
Elections					
Services and supplies	-	-	-	-	1,316
Total general government	<u>1,146,924</u>	<u>1,125,724</u>	<u>1,085,707</u>	<u>40,017</u>	<u>1,106,714</u>
Judicial					
Municipal court					
Salaries and wages	218,805	218,805	218,465	340	202,798
Employee benefits	127,535	127,535	122,193	5,342	114,968
Services and supplies	52,120	52,120	40,441	11,679	52,884
Total judicial	<u>398,460</u>	<u>398,460</u>	<u>381,099</u>	<u>17,361</u>	<u>370,650</u>
Public safety					
Police					
Salaries and wages	1,275,750	1,280,450	1,139,237	141,213	1,038,308
Employee benefits	699,934	701,634	660,288	41,346	563,232
Services and supplies	256,800	252,800	239,197	13,603	286,286
Capital outlay	21,700	25,700	25,017	683	78,595
Total police department	<u>2,254,184</u>	<u>2,260,584</u>	<u>2,063,739</u>	<u>196,845</u>	<u>1,966,421</u>
Fire					
Salaries and wages	402,670	408,670	386,878	21,792	391,512
Employee benefits	237,625	240,125	221,513	18,612	202,542
Services and supplies	99,800	99,800	89,133	10,667	86,315
Total fire department	<u>740,095</u>	<u>748,595</u>	<u>697,524</u>	<u>51,071</u>	<u>680,369</u>
Dispatch center					
Salaries and wages	314,690	314,690	295,807	18,883	246,102
Employee benefits	170,525	170,525	165,527	4,998	135,415
Services and supplies	39,600	39,600	33,401	6,199	46,063
Total dispatch center	<u>524,815</u>	<u>524,815</u>	<u>494,735</u>	<u>30,080</u>	<u>427,580</u>
Total public safety	<u>3,519,094</u>	<u>3,533,994</u>	<u>3,255,998</u>	<u>277,996</u>	<u>3,074,370</u>
Public works					
Paved streets					
Salaries and wages	65,310	65,310	17,575	47,735	23,853
Employee benefits	11,260	11,260	8,778	2,482	11,176
Services and supplies	150,600	150,600	138,425	12,175	147,754
Total paved streets	<u>227,170</u>	<u>227,170</u>	<u>164,778</u>	<u>62,392</u>	<u>182,783</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019), Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
General					
Salaries and wages	240,145	240,145	249,262	(9,117)	216,950
Employee benefits	139,245	139,245	134,924	4,321	111,622
Services and supplies	32,600	32,600	37,280	(4,680)	34,080
Total general	<u>411,990</u>	<u>411,990</u>	<u>421,466</u>	<u>(9,476)</u>	<u>362,652</u>
Total public works	<u>639,160</u>	<u>639,160</u>	<u>586,244</u>	<u>52,916</u>	<u>545,435</u>
Community development					
Salaries and wages	154,990	172,890	137,500	35,390	134,319
Employee benefits	65,860	76,760	60,390	16,370	56,126
Services and supplies	160,486	160,486	88,186	72,300	72,717
Total community development	<u>381,336</u>	<u>410,136</u>	<u>286,076</u>	<u>124,060</u>	<u>263,162</u>
Health					
Public health services					
Services and supplies	<u>12,500</u>	<u>12,500</u>	<u>6,066</u>	<u>6,434</u>	<u>6,025</u>
Animal control					
Salaries and wages	63,883	63,883	61,981	1,902	60,699
Employee benefits	31,030	31,030	30,387	643	28,278
Services and supplies	22,100	20,500	16,574	3,926	22,472
Capital outlay	50,000	50,000	45,552	4,448	-
Total animal control	<u>167,013</u>	<u>165,413</u>	<u>154,494</u>	<u>17,353</u>	<u>111,449</u>
Total health	<u>179,513</u>	<u>177,913</u>	<u>160,560</u>	<u>23,787</u>	<u>117,474</u>
Culture and recreation					
Library service					
Services and supplies	<u>18,310</u>	<u>18,310</u>	<u>14,755</u>	<u>3,555</u>	<u>14,474</u>
Total culture and recreation	<u>18,310</u>	<u>18,310</u>	<u>14,755</u>	<u>3,555</u>	<u>14,474</u>
Community support					
Miscellaneous					
Services and supplies	<u>52,500</u>	<u>52,500</u>	<u>48,890</u>	<u>3,610</u>	<u>35,269</u>
Total community support	<u>52,500</u>	<u>52,500</u>	<u>48,890</u>	<u>3,610</u>	<u>35,269</u>
Debt services	<u>56,249</u>	<u>56,249</u>	<u>56,249</u>	<u>-</u>	<u>55,401</u>
Total expenditures	<u>6,391,546</u>	<u>6,412,446</u>	<u>5,875,578</u>	<u>543,302</u>	<u>5,582,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,230,390</u>	<u>1,040,090</u>	<u>1,394,931</u>	<u>(354,841)</u>	<u>1,248,251</u>
Other financing sources (uses)					
Transfers out	<u>(584,000)</u>	<u>(589,000)</u>	<u>(589,000)</u>	<u>-</u>	<u>(401,500)</u>
Total other financing sources and uses	<u>(584,000)</u>	<u>(589,000)</u>	<u>(589,000)</u>	<u>-</u>	<u>(401,500)</u>
Net change in fund balance	<u>646,390</u>	<u>451,090</u>	<u>805,931</u>	<u>354,841</u>	<u>846,751</u>
Fund balance, beginning of year	<u>1,901,261</u>	<u>1,901,261</u>	<u>1,901,261</u>	<u>-</u>	<u>1,054,510</u>
Fund balance, end of year	<u>\$ 2,547,651</u>	<u>\$ 2,352,351</u>	<u>\$ 2,707,192</u>	<u>\$ 354,841</u>	<u>\$ 1,901,261</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Taxes					
Room taxes	\$ 1,674,000	\$ 1,674,000	\$ 1,599,360	\$ (74,640)	\$ 2,242,802
Total revenues	<u>1,674,000</u>	<u>1,674,000</u>	<u>1,599,360</u>	<u>(74,640)</u>	<u>2,242,802</u>
Expenditures					
Culture and recreation					
Room tax distribution	1,697,273	1,697,273	1,615,809	81,464	2,265,856
Total culture and recreation	<u>1,697,273</u>	<u>1,697,273</u>	<u>1,615,809</u>	<u>81,464</u>	<u>2,265,856</u>
Total expenditures	<u>1,697,273</u>	<u>1,697,273</u>	<u>1,615,809</u>	<u>81,464</u>	<u>2,265,856</u>
Net change in fund balance	(23,273)	(23,273)	(16,449)	6,824	(23,054)
Fund balance, beginning of year	134,563	134,563	134,563	-	157,617
Fund balance, end of year	<u>\$ 111,290</u>	<u>\$ 111,290</u>	<u>\$ 118,114</u>	<u>\$ 6,824</u>	<u>\$ 134,563</u>

CITY OF WEST WENDOVER, NEVADA
Schedule of the Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
June 30, 2020
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)					
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.056610%	0.062480%	0.062300%	0.063600%	0.059820%	0.068384%
Proportionate share of the net pension liability (asset)	\$ 7,719,816	\$ 8,521,101	\$ 8,286,307	\$ 8,558,081	\$ 6,854,700	\$ 6,653,165
Covered payroll	\$ 3,394,178	\$ 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	227.44%	256.09%	241.58%	255.05%	231.46%	213.67%
Plan fiduciary net position as a percentage of the total pension liability	76.5%	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, 2020
Last 10 Fiscal Years

	Reporting Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 610,996	\$ 545,004	\$ 579,653	\$ 559,234	\$ 539,193	\$ 461,652	\$ 483,635
Contributions in relation to the contractually required contribution	\$ (610,996)	\$ (545,004)	\$ (579,653)	\$ (559,234)	\$ (539,193)	\$ (461,652)	\$ (483,635)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,604,289	\$ 3,394,178	\$ 3,327,353	\$ 3,429,997	\$ 3,355,482	\$ 2,961,477	\$ 3,113,721
Contributions as a percentage of covered-employee payroll	16.95%	16.06%	17.42%	16.30%	16.07%	15.59%	15.53%

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

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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, 2020

	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	\$ 22,960	\$ 60,543	\$ 37,903	\$ 12,201	\$ -	\$ 2,495	\$ 17,926	\$ 154,028
Due from other governments	-	-	-	-	34,440	-	9,220	43,660
Inventory	-	-	785	-	-	-	-	785
Restricted cash	-	-	-	-	-	313,500	-	313,500
Total assets	<u>\$ 22,960</u>	<u>\$ 60,543</u>	<u>\$ 38,688</u>	<u>\$ 12,201</u>	<u>\$ 34,440</u>	<u>\$ 315,995</u>	<u>\$ 27,146</u>	<u>\$ 511,973</u>
Liabilities								
Accounts payable	\$ 19,173	\$ -	\$ 1,812	\$ 172	\$ -	\$ 1,214	\$ -	\$ 22,371
Due to other funds	-	-	-	-	34,440	-	-	34,440
Total liabilities	<u>19,173</u>	<u>-</u>	<u>1,812</u>	<u>172</u>	<u>34,440</u>	<u>1,214</u>	<u>-</u>	<u>56,811</u>
Fund Balances								
Nonspendable	-	-	785	-	-	-	-	785
Restricted	3,787	60,543	36,091	-	-	314,781	27,146	442,348
Committed	-	-	-	12,029	-	-	-	12,029
Total fund balances	<u>3,787</u>	<u>60,543</u>	<u>36,876</u>	<u>12,029</u>	<u>-</u>	<u>314,781</u>	<u>27,146</u>	<u>455,162</u>
Total liabilities and fund balances	<u>\$ 22,960</u>	<u>\$ 60,543</u>	<u>\$ 38,688</u>	<u>\$ 12,201</u>	<u>\$ 34,440</u>	<u>\$ 315,995</u>	<u>\$ 27,146</u>	<u>\$ 511,973</u>

CITY OF WEST WENDOVER, NEVADA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue					Capital Project		Total Nonmajor Governmental Funds
	Seizure Forfeiture Fund	Court Administrative Assessment Fund	Welcome Center Fund	Wendover Will Landmark Fund	Grant Fund	Capital Projects Fund	Ad Valorem Capital Projects Fund	
Revenues								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,160	\$ 48,160
Intergovernmental	-	-	106,850	-	34,440	-	-	141,290
Charges for services	-	9,679	-	-	-	-	-	9,679
Miscellaneous	-	297	3,050	398	-	5,759	-	9,504
Total revenues	-	9,976	109,900	398	34,440	5,759	48,160	208,633
Expenditures								
Judicial	-	7,409	-	-	-	-	-	7,409
Public safety	-	-	-	-	34,440	-	-	34,440
Community support	-	-	241,629	17,891	-	-	-	259,520
Capital outlay	-	-	-	-	-	121,505	-	121,505
Debt service	-	-	-	-	-	515,123	-	515,123
Total expenditures	-	7,409	241,629	17,891	34,440	636,628	-	937,997
Excess (deficiency) of revenues over (under) expenditures	-	2,567	(131,729)	(17,493)	-	(630,869)	48,160	(729,364)
Other financing sources (uses)								
Transfers in	-	9,000	110,000	20,000	-	499,575	-	638,575
Transfers out	-	-	-	-	-	-	(49,575)	(49,575)
Total other financing sources (uses)	-	9,000	110,000	20,000	-	499,575	(49,575)	589,000
Net change in fund balances	-	11,567	(21,729)	2,507	-	(131,294)	(1,415)	(140,364)
Fund balances, beginning of year	3,787	48,976	58,605	9,522	-	446,075	28,561	595,526
Fund balances, end of year	\$ 3,787	\$ 60,543	\$ 36,876	\$ 12,029	\$ -	\$ 314,781	\$ 27,146	\$ 455,162

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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Miscellaneous					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures					
Public Safety					
Services and supplies	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-	-
Other financing sources					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net change in fund balance	-	-	-	-	-
Fund balance, beginning of year	3,787	3,787	3,787	-	3,787
Fund balance, end of year	<u>\$ 3,787</u>	<u>\$ 3,787</u>	<u>\$ 3,787</u>	<u>\$ -</u>	<u>\$ 3,787</u>

CITY OF WEST WENDOVER, NEVADA
Court Administrative Assessments Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Charges for services					
Court assessments	\$ 9,400	\$ 9,400	\$ 9,679	\$ 279	\$ 8,633
Miscellaneous					
Interest	400	400	297	(103)	453
Total revenues	<u>9,800</u>	<u>9,800</u>	<u>9,976</u>	<u>176</u>	<u>9,086</u>
Expenditures					
Judicial					
Services and supplies	600	600	570	30	3,184
Capital outlay	6,850	6,850	6,839	11	2,653
Total expenditures	<u>7,450</u>	<u>7,450</u>	<u>7,409</u>	<u>41</u>	<u>5,837</u>
Excess of revenue and other sources over (under) expenditures	2,350	2,350	2,567	135	3,249
Other financing sources					
Transfers in	9,000	9,000	9,000	-	-
Net change in fund balance	11,350	11,350	11,567	135	3,249
Fund balance, beginning of year	48,976	48,976	48,976	-	45,727
Fund balance, end of year	<u>\$ 60,326</u>	<u>\$ 60,326</u>	<u>\$ 60,543</u>	<u>\$ 217</u>	<u>\$ 48,976</u>

CITY OF WEST WENDOVER, NEVADA
Welcome Center Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Intergovernmental					
Operating grants	\$ 31,200	\$ 31,200	\$ 31,150	\$ (50)	\$ 57,000
Elko county recreation board	75,700	75,700	75,700	-	88,000
Total intergovernmental	<u>106,900</u>	<u>106,900</u>	<u>106,850</u>	<u>(50)</u>	<u>145,000</u>
Miscellaneous					
Merchandise sales	2,600	2,600	3,050	450	2,835
Total miscellaneous	<u>2,600</u>	<u>2,600</u>	<u>3,050</u>	<u>450</u>	<u>2,835</u>
Total revenues	<u>109,500</u>	<u>109,500</u>	<u>109,900</u>	<u>400</u>	<u>147,835</u>
Expenditures					
Community support					
Salaries and wages	102,550	102,550	102,286	264	97,135
Employee benefits	57,109	57,109	54,876	2,233	45,877
Services and supplies	46,310	46,310	29,506	16,804	48,618
Capital outlay	58,500	58,500	54,961	3,539	81,691
Total expenditures	<u>264,469</u>	<u>264,469</u>	<u>241,629</u>	<u>22,840</u>	<u>273,321</u>
Excess of revenues over (under) expenditures	<u>(154,969)</u>	<u>(154,969)</u>	<u>(131,729)</u>	<u>23,240</u>	<u>(125,486)</u>
Other financing sources					
Transfers in	110,000	110,000	110,000	-	177,000
Net change in fund balance	(44,969)	(44,969)	(21,729)	23,240	51,514
Fund balance, beginning of year	58,605	58,605	58,605	-	7,091
Fund balance, end of year	<u>\$ 13,636</u>	<u>\$ 13,636</u>	<u>\$ 36,876</u>	<u>\$ 23,240</u>	<u>\$ 58,605</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Miscellaneous					
Donations from private sources	\$ -	\$ -	\$ -	\$ -	\$ -
Merchandise sales	500	500	321	(179)	945
Interest revenue	100	100	77	(23)	363
Total revenues	<u>600</u>	<u>600</u>	<u>398</u>	<u>(202)</u>	<u>1,308</u>
Expenditures					
Community Support					
Services and supplies	<u>20,300</u>	<u>22,300</u>	<u>17,891</u>	<u>4,409</u>	<u>18,411</u>
Total expenditures	<u>20,300</u>	<u>22,300</u>	<u>17,891</u>	<u>4,409</u>	<u>18,411</u>
Excess of revenues over (under) expenditures	<u>(19,700)</u>	<u>(21,700)</u>	<u>(17,493)</u>	<u>4,207</u>	<u>(17,103)</u>
Other financing sources					
Transfers in	<u>15,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>24,500</u>
Net change in fund balance	(4,700)	(1,700)	2,507	4,207	7,397
Fund balance, beginning of year	<u>9,522</u>	<u>9,522</u>	<u>9,522</u>	<u>-</u>	<u>2,125</u>
Fund balance, end of year	<u><u>\$ 4,822</u></u>	<u><u>\$ 7,822</u></u>	<u><u>\$ 12,029</u></u>	<u><u>\$ 4,207</u></u>	<u><u>\$ 9,522</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Intergovernmental					
Grant revenue	\$ -	\$ 34,440	\$ 34,440	\$ -	\$ -
Total intergovernmental	-	34,440	34,440	-	-
Total revenues	-	34,440	34,440	-	-
Expenditures					
Public safety					
Salaries and wages	-	25,889	25,889	-	-
Employee benefits	-	8,551	8,551	-	-
Total public safety	-	34,440	34,440	-	-
Total expenditures	-	34,440	34,440	-	-
Net change in fund balance	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Intergovernmental					
Federal grants	\$ 525,000	\$ 525,000	\$ -	\$ (525,000)	\$ -
Total intergovernmental	<u>525,000</u>	<u>525,000</u>	<u>-</u>	<u>(525,000)</u>	<u>-</u>
Miscellaneous					
Interest income	900	900	861	(39)	1,532
Miscellaneous	5,000	5,000	4,898	(102)	3,471
Sale of capital assets	-	-	-	-	713,104
Total miscellaneous	<u>5,900</u>	<u>5,900</u>	<u>5,759</u>	<u>(141)</u>	<u>718,107</u>
 Total revenues	 <u>530,900</u>	 <u>530,900</u>	 <u>5,759</u>	 <u>(525,141)</u>	 <u>718,107</u>
Expenditures					
General government					
Capital outlay	12,482,800	12,502,800	121,505	12,381,295	45,015
Total general government	<u>12,482,800</u>	<u>12,502,800</u>	<u>121,505</u>	<u>12,381,295</u>	<u>45,015</u>
Debt service					
Debt service - principal	305,507	305,507	305,507	-	562,583
Debt service - interest	209,656	209,656	209,616	40	232,424
Total debt service	<u>515,163</u>	<u>515,163</u>	<u>515,123</u>	<u>40</u>	<u>795,007</u>
 Total expenditures	 <u>12,997,963</u>	 <u>13,017,963</u>	 <u>636,628</u>	 <u>12,381,335</u>	 <u>840,022</u>
Excess of revenues over (under) expenditures	<u>(12,467,063)</u>	<u>(12,487,063)</u>	<u>(630,869)</u>	<u>11,856,194</u>	<u>(121,915)</u>
Other financing sources (uses)					
Transfers in	499,575	499,575	499,575	-	250,000
Total other financing sources	<u>12,346,375</u>	<u>12,346,375</u>	<u>499,575</u>	<u>(11,846,800)</u>	<u>250,000</u>
Net change in fund balance	(120,688)	(140,688)	(131,294)	9,394	128,085
Fund balance, beginning of year	<u>446,075</u>	<u>446,075</u>	<u>446,075</u>	<u>-</u>	<u>317,990</u>
Fund balance, end of year	<u>\$ 325,387</u>	<u>\$ 305,387</u>	<u>\$ 314,781</u>	<u>\$ 9,394</u>	<u>\$ 446,075</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Revenues					
Other taxes					
Ad valorem tax	\$ 51,113	\$ 51,113	\$ 48,160	\$ (2,953)	\$ 48,464
Total revenues	<u>51,113</u>	<u>51,113</u>	<u>48,160</u>	<u>(2,953)</u>	<u>48,464</u>
Expenditures					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>51,113</u>	<u>51,113</u>	<u>48,160</u>	<u>(2,953)</u>	<u>48,464</u>
Other financing sources (uses)					
Transfers out	<u>(51,113)</u>	<u>(49,575)</u>	<u>(49,575)</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balance	-	1,538	(1,415)	(2,953)	(1,536)
Fund balance, beginning of year	<u>28,561</u>	<u>28,561</u>	<u>28,561</u>	<u>-</u>	<u>30,097</u>
Fund balance, end of year	<u>\$ 28,561</u>	<u>\$ 30,099</u>	<u>\$ 27,146</u>	<u>\$ (2,953)</u>	<u>\$ 28,561</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Operating revenues					
Charges for services	\$ 1,262,500	\$ 1,262,500	\$ 1,262,586	\$ 86	\$ 1,311,566
Total operating revenues	<u>1,262,500</u>	<u>1,262,500</u>	<u>1,262,586</u>	<u>86</u>	<u>1,311,566</u>
Operating expenses					
Water purchases	530,000	530,000	508,677	21,323	528,129
Salaries and wages	272,054	272,054	274,927	(2,873)	213,542
Employee benefits	129,720	129,720	137,238	(7,518)	114,733
Services and supplies	403,210	403,210	399,073	4,137	287,440
Depreciation and amortization	138,001	138,001	142,684	(4,683)	138,001
Total operating expenses	<u>1,472,985</u>	<u>1,472,985</u>	<u>1,462,599</u>	<u>10,386</u>	<u>1,281,845</u>
Operating income	<u>(210,485)</u>	<u>(210,485)</u>	<u>(200,013)</u>	<u>10,472</u>	<u>29,721</u>
Nonoperating revenues (expenses)					
Interest income	53,000	53,000	75,950	22,950	123,037
Impact fees	10,000	10,000	8,973	(1,027)	66,586
Miscellaneous income	7,000	7,000	6,868	(132)	9,920
Contributions from component unit for debt payments	10,584	10,584	10,584	-	10,584
Capital outlay	(1,600)	(1,600)	17	1,617	(124)
Interest expense	(110,088)	(110,088)	(81,947)	28,141	(132,540)
Total nonoperating revenues (expenses)	<u>(31,104)</u>	<u>(31,104)</u>	<u>20,445</u>	<u>51,549</u>	<u>77,463</u>
Change in net position	<u>(241,589)</u>	<u>(241,589)</u>	<u>(179,568)</u>	<u>62,021</u>	<u>107,184</u>
Total net position, beginning of year	3,850,221	3,850,221	3,850,221	-	3,743,037
Total net position, end of year	<u><u>\$ 3,608,632</u></u>	<u><u>\$ 3,608,632</u></u>	<u><u>\$ 3,670,653</u></u>	<u><u>\$ 62,021</u></u>	<u><u>\$ 3,850,221</u></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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Operating revenues					
Charges for services:					
Charges for services	\$ 1,073,710	\$ 1,073,710	\$ 1,111,355	\$ 37,645	\$ 1,223,089
Total operating revenues	<u>1,073,710</u>	<u>1,073,710</u>	<u>1,111,355</u>	<u>37,645</u>	<u>1,223,089</u>
Operating expenses					
Salaries and wages	341,330	341,330	285,967	55,363	335,705
Employee benefits	192,582	192,582	160,130	32,452	183,735
Services and supplies	497,500	497,500	465,622	31,878	475,062
Capital outlay	23,000	23,000	12,142	10,858	-
Depreciation and amortization	555,500	555,500	550,495	5,005	554,965
Total operating expenses	<u>1,609,912</u>	<u>1,609,912</u>	<u>1,474,356</u>	<u>135,556</u>	<u>1,549,467</u>
Operating loss	<u>(536,202)</u>	<u>(536,202)</u>	<u>(363,001)</u>	<u>173,201</u>	<u>(326,378)</u>
Nonoperating revenues (expenses)					
Interest income	1,300	1,300	1,338	38	2,062
Impact fees	7,000	(7,000)	6,691	13,691	52,324
Miscellaneous income	3,600	3,600	2,617	(983)	2,349
Interest expense	(73,303)	(73,303)	(74,275)	(972)	(76,252)
Total nonoperating revenues	<u>(61,403)</u>	<u>(75,403)</u>	<u>(63,629)</u>	<u>11,774</u>	<u>(19,517)</u>
Change in net position	(597,605)	(611,605)	(426,630)	184,975	(345,895)
Total net position, beginning of year	8,875,380	8,875,380	8,875,380	-	9,221,275
Total net position, end of year	<u>\$ 8,875,380</u>	<u>\$ 8,875,380</u>	<u>\$ 8,448,750</u>	<u>\$ (426,630)</u>	<u>\$ 8,875,380</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Operating revenues					
Charges for services	\$ 1,312,492	\$ 1,312,492	\$ 1,378,388	\$ 65,896	\$ 1,427,019
Total operating revenues	<u>1,312,492</u>	<u>1,312,492</u>	<u>1,378,388</u>	<u>65,896</u>	<u>1,427,019</u>
Operating expenses					
Salaries and wages	355,659	355,659	253,578	102,081	277,179
Employee benefits	200,578	200,578	142,435	58,143	143,187
Services and supplies	316,400	316,400	213,201	103,199	223,840
Capital outlay	20,000	20,000	9,632	10,368	6,240
Depreciation and amortization	344,000	344,000	381,259	(37,259)	335,366
Total operating expenses	<u>1,236,637</u>	<u>1,236,637</u>	<u>1,000,105</u>	<u>236,532</u>	<u>985,812</u>
Operating income	<u>75,855</u>	<u>75,855</u>	<u>378,283</u>	<u>302,428</u>	<u>441,207</u>
Nonoperating revenues (expenses)					
Interest income	7,000	7,000	6,815	(185)	6,545
Miscellaneous income	11,000	11,000	11,424	424	2,522
Interest expense	(29,067)	(29,067)	(32,746)	(3,679)	(26,244)
Total nonoperating expenses	<u>(11,067)</u>	<u>(11,067)</u>	<u>(14,507)</u>	<u>(3,440)</u>	<u>(17,177)</u>
Change in net position	64,788	64,788	363,776	298,988	424,030
Total net position, beginning of year	3,604,730	3,604,730	3,604,730	-	3,180,700
Total net position, end of year	<u><u>\$ 3,669,518</u></u>	<u><u>\$ 3,669,518</u></u>	<u><u>\$ 3,968,506</u></u>	<u><u>\$ 298,988</u></u>	<u><u>\$ 3,604,730</u></u>

COMPONENT UNIT SUPPLEMENTARY SCHEDULES

CITY OF WEST WENDOVER, NEVADA
Component Unit – Johnson Springs
Statement of Net Position
For the Year Ended June 30, 2020

	<u>Component Unit Johnson Springs</u>
Assets	
Current assets	
Cash and investments	\$ 109,213
Accounts receivable, net	64,273
Inventory	11,291
Total current assets	<u>184,777</u>
Noncurrent assets	
Land	18,000
Buildings	6,836,936
Improvements other than buildings	411,632
Machinery and equipment	571,254
Utility system	5,316,197
Less accumulated depreciation	<u>(7,222,556)</u>
Total noncurrent assets	<u>5,931,463</u>
Total assets	<u>6,116,240</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>23,700</u>
Liabilities	
Current liabilities	
Accounts payable	19,910
Accrued liabilities	1,687
Due to primary government	2,158,147
Compensated absences	5,718
Total current liabilities	<u>2,185,462</u>
Noncurrent liabilities:	
Net pension liability	<u>129,051</u>
Total noncurrent liabilities	<u>129,051</u>
Total liabilities	<u>2,314,513</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	<u>24,573</u>
Net Position	
Net investment in capital assets	3,773,316
Unrestricted	27,538
Total net position	<u>\$ 3,800,854</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019
Operating revenues					
Charges for services	\$ 568,433	\$ 568,433	\$ 580,555	\$ 12,122	\$ 687,579
Total operating revenues	<u>568,433</u>	<u>568,433</u>	<u>580,555</u>	<u>12,122</u>	<u>687,579</u>
Operating expenses					
Water purchases	112,000	112,000	112,211	(211)	136,817
Salaries and wages	44,750	44,750	47,186	(2,436)	32,018
Employee benefits	41,500	41,500	(198)	41,698	(8,108)
Services and supplies	273,800	273,800	257,005	16,795	267,552
Depreciation and amortization	392,300	392,300	392,587	(287)	383,516
Total operating expenses	<u>864,350</u>	<u>864,350</u>	<u>808,791</u>	<u>55,559</u>	<u>811,795</u>
Operating loss	<u>(295,917)</u>	<u>(295,917)</u>	<u>(228,236)</u>	<u>67,681</u>	<u>(124,216)</u>
Nonoperating revenues (expenses)					
Interest income	25,241	25,241	25,241	-	31,687
Miscellaneous income	12,000	12,000	14,927	2,927	12,001
Debt paid through primary government	(10,584)	(10,584)	(10,584)	-	(10,584)
Interest expense	(105,382)	(105,382)	(66,606)	38,776	(107,585)
Total nonoperating revenues (expenses)	<u>(78,725)</u>	<u>(78,725)</u>	<u>(37,022)</u>	<u>41,703</u>	<u>(74,481)</u>
Change in net position	<u>(374,642)</u>	<u>(374,642)</u>	<u>(265,258)</u>	<u>109,384</u>	<u>(198,697)</u>
Total net position, beginning of year	4,066,112	4,066,112	4,066,112	-	4,264,809
Total net position, end of year	<u>\$ 3,691,470</u>	<u>\$ 3,691,470</u>	<u>\$ 3,800,854</u>	<u>\$ 109,384</u>	<u>\$ 4,066,112</u>

CITY OF WEST WENDOVER, NEVADA
Component Unit – Johnson Springs
Statement of Cash Flows
June 30, 2020

	Component Unit
	Johnson Springs
Cash Flows From Operating Activities:	
Cash received from customers, service fees	\$ 575,596
Cash paid to suppliers	(400,389)
Cash paid to employees	(74,965)
Net cash flows from operating activities	100,242
Cash Flows From Noncapital Financing Activities:	
Net component unit receipts/(payments)	(120,597)
Cash received from miscellaneous sources	14,927
Net cash flows from noncapital financing activities	(105,670)
Cash Flows From Capital and Related Financing Activities:	
Interest paid on capital debt	(66,606)
Acquisition and construction of capital assets	(11,065)
Net cash flows from capital and related financing activities	(77,671)
Cash Flows From Investing Activities:	
Interest income	25,241
Net change in cash and cash equivalents	(57,858)
Cash and investments, including restricted cash, beginning of year	167,071
Cash and Cash Equivalents, Including Restricted Cash , End of Year	\$ 109,213
Reconciliation of operating income to net cash flows from operating activities:	
Operating income (loss)	\$ (228,236)
Adjustments to reconcile net income (loss) to net cash from operating activities	
Depreciation/amortization	392,587
Pension expense	(12,326)
Employer pension contributions	(10,214)
Changes in operating assets and liabilities:	
(Increase) decrease in receivables	(4,959)
(Increase) decrease in inventory	2,098
Increase (decrease) in accounts payable	(33,271)
Increase (decrease) in compensated absences	(5,437)
Net cash flows from operating activities	\$ 100,242

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, 2020, 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 November 2, 2020.

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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of West Wendover, Nevada's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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
November 2, 2020



**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, 2020, and have issued our report thereon dated November 2, 2020. 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 2020. We noted one new instance of noncompliance during fiscal year 2020. See the accompanying schedule of findings and recommendations.

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, 2020.

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 2020-001. 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
St. George, Utah
November 2, 2020

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, 2020

Flat Fixed Fees:

Business license revenue adjusted base at June 30, 2019	<u>\$ 21,726</u>
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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	<u>0.6%</u>	<u>0.6%</u>

Increase in base	<u>130</u>
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Adjusted base at June 30, 2020	<u>21,856</u>
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Actual revenue	<u>16,825</u>
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Amount over (under) allowable amount	<u><u>\$ (5,031)</u></u>
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HINTONBURDICK
CPAs & ADVISORS

**Findings and Recommendations
For the Fiscal Year Ended June 30, 2020**

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, 2020, 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:

No items noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

2020-001 Tentative Budget

Criteria: NRS 354.596 requires that the City submit the tentative budget and notice of hearing to the County Clerk and the Department of Taxation on or before April 15.

Condition: The tentative budget and notice were not submitted until after April 15.

Cause: The City has not designed and implemented controls to ensure compliance with NRS 354.596.

Effect: The City did not comply with NRS 354.596.

Recommendation: We recommend that the City consider procedures to ensure the tentative budget and notice are submitted to the County Clerk and Department of Taxation on or before April 15.

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
November 2, 2020



CITY OF WEST WENDOVER

P.O. Box 2825 • 1111 N. Gene L. Jones Way • West Wendover, NV 89883
Office (775) 664-3081 Fax (775) 664-3720

November 30, 2020

State of Nevada
Department of Taxation
1550 College Parkway, Suite 115
Attn: Keri Gransbery
Carson City NV 89706-7937

RE: Annual Audit Report – Fiscal Year 2020 - Corrective Action Plan

Dear Keri,

As requested by the State of Nevada - Department of Taxation, and in an effort to correct Compliance and Other Matters, per pages 89-90 of the City of West Wendover Financial Statements, the City submits the following:

On December 15, 2020, the audit firm of Hinton Burdick will present the annual audit for fiscal year 2020, and make the Council aware of two findings. As required, staff will present a corrective action plan for each finding to the Council for its approval at that same meeting. Each finding and the plan of corrective action for each finding are outlined below.

Finding number one, 2020-001, addresses a 'Tentative Budget' compliance issue in violation of NRS 354.596 which requires that the tentative budget and notice of hearing be submitted to the County Clerk office on or before April 15. For FY19-20, the tentative budget was not submitted by April 15. This occurred because the City was without a CFO for approximately 6 months before a new CFO was hired. The new CFO worked to catch up on deadlines of numerous outstanding items while also working on the budget. The FY19-20 budget was submitted two days after the deadline. Conversely, in the following year, the FY20-21 budget was submitted on time.

Corrective Action Plan - Staff will work diligently to continue submitting the tentative budget by April 15 each year.

Finding number two, 2019-001, addresses non-compliance on USDA Debt Covenants, specifically the Series 2012 Sewer Bond. The sewer fund is required to have enough income from operations to cover the next year's debt service. On April 7, 2009, the city Council voted to increase sewer fees by 6%, effective July 1, 2009, and by 3% at the beginning of each fiscal year thereafter, until such time the Council felt the automatic increases were no longer necessary. Staff was monitoring the fund but when COVID-19 hit, it had a negative impact on the fund's revenues and net income.

Corrective Action Plan - Staff will continue monitoring the fund and if necessary consider another review of the sewer fees to try and meet the debt service coverage ratio and the current ratio as required in the bond covenants.

Thank you,

Debbie Sanchez
Chief Financial Officer