

CITY OF WEST WENDOVER, NEVADA
SINGLE AUDIT ACT REPORT
FOR THE YEAR ENDED JUNE 30, 2023

CITY OF WEST WENDOVER, NEVADA

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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
City of 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 unit, each major fund, and the aggregate remaining fund information of the City of West Wendover, Nevada, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of West Wendover, Nevada's basic financial statements and have issued our report thereon dated November 10, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City of West Wendover, Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of West Wendover, Nevada's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 10, 2023



HINTONBURDICK
CPAs & ADVISORS

**Independent Auditor's Report on
Compliance for Each Major Federal Program and
Report on Internal Control over Compliance
in Accordance with the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of West Wendover, Nevada's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of West Wendover, Nevada's major federal programs for the year ended June 30, 2023. The City of West Wendover, Nevada's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of West Wendover, Nevada complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of West Wendover, Nevada and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of West Wendover, Nevada's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of West Wendover, Nevada's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of West Wendover, Nevada's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of West Wendover, Nevada's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of West Wendover, Nevada's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of West Wendover, Nevada's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of West Wendover, Nevada's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance

requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of West Wendover, Nevada as of and for the year ended June 30, 2023, and have issued our report thereon dated November 10, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

HintonBurdick, PLLC

HintonBurdick, PLLC

St. George, Utah

November 10, 2023

CITY OF WEST WENDOVER, NEVADA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

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

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs.

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 10.766 | Community Facilities Loans and Grants |

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

Auditee qualified as low-risk auditee? x yes _____ no

CITY OF WEST WENDOVER, NEVADA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II - Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses:

None noted

Significant Deficiencies:

None noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

None noted

Other Matters:

None noted

CITY OF WEST WENDOVER, NEVADA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section III - Federal Award Findings and Questioned Costs

None noted

Section IV – Summary Schedule of Prior Audit Findings

None noted

CITY OF WEST WENDOVER, NEVADA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Pass-Through to Subrecipients | Expenditures |
|--|---------------------------|--|----------------------------------|--------------|
| US Department of Agriculture | | | | |
| Community Facilities Loans and Grants | 10.766 | | - | \$ 1,943,946 |
| US Department of Housing and Urban Development | | | | |
| CDBG Grant - Downtown Development | 14.228 | | - | 208,901 |
| US Department of Transportation | | | | |
| Passed through the Nevada Department of Public Safety Joining Forces - Traffic Safety | 20.600 | Not available | - | 10,607 |
| US Department of Justice | | | | |
| Passed through the Nevada Office of Criminal Justice COPS JUST GRANT | 16.710 | Not available | - | 105,175 |
| | | | - | 105,175 |
| US Department of Treasury | | | | |
| SLFRF Recovery Grant | 21.027 | | - | 569,800 |
| US Department of Homeland Security | | | | |
| Passed through the Nevada Department of Public Safety Emergency Management Performance Grant (EMPG) | 97.042 | 21 R-1 & R-2 | - | 26,056 |
| | | | - | 26,056 |
| Total expenditure of federal awards | | | \$ - | \$ 2,864,485 |

The accompanying notes are an integral part of this schedule.

CITY OF WEST WENDOVER, NEVADA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Reporting Entity:

The accompanying schedule of expenditures of federal awards (schedule) presents all activity or expenditure or all federal award programs of the City of West Wendover, Nevada (City) for the year ended June 30, 2023. The City's reporting entity is defined in note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Basis of Accounting:

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

Relationship to the Basic Financial Statements:

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

| | |
|-------------------------------|----------------------------|
| Governmental-Type Activities: | |
| Major Funds: | |
| General Fund | \$ 711,638 |
| Recreation Fund | |
| Capital Projects Fund | <u>2,152,847</u> |
| | <u>2,864,485</u> |
| Non-major funds: | |
| | <u><u>\$ 2,864,485</u></u> |

Indirect Cost Rate:

The City did not elect to use the 10% de minimis indirect cost rate for fiscal year 2023.

Federal Loans and Loan Guarantee Programs Outstanding:

The City is planning to receive funding in a future fiscal year from the United States Department of Agriculture under CFDA #10.766 Community and Facilities Loans and Grants program. In fiscal year 2022, the City issued Consolidated Tax Revenue Interim Debenture Series 2022 (West Wendover Fire Station Project) to begin the federally funded project and received loan proceeds of \$855,253. The City received additional loan proceeds for \$160,445 in fiscal year 2023. The total loan balance as of June 30, 2023 was \$1,015,698. This interim debenture will be replaced with a USDA loan in the future.

CITY OF WEST WENDOVER, NEVADA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

The City is planning to receive funding in a future fiscal year from the United States Department of Agriculture under CFDA #10.766 Community and Facilities Loans and Grants program. In fiscal year 2023, the City issued Consolidated Tax Revenue Interim Debenture Series 2022 (Downtown Development Phase 1 Project) to begin the federally funded project and received loan proceeds of \$956,310. The total loan balance as of June 30, 2023 was \$956,310. This interim debenture will be replaced with a USDA loan in the future.

Subrecipients:

The City did not have any subrecipients for the fiscal year 2023.