

**TOWN OF TONOPAH, NEVADA**  
**REPORT ON FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL MATERIAL**  
**YEAR ENDED JUNE 30, 2011**

**TOWN OF TONOPAH, NEVADA  
REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTAL MATERIAL  
FOR THE YEAR ENDED JUNE 30, 2011  
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# TOWN OF TONOPAH, NEVADA

## ORGANIZATION

**TOWN OFFICERS** at June 30, 2011

Chairman

Jon Zane

Vice Chairman

Horace Carlyle

Town Clerk

Javier Gonzalez

Board Member

Glenn Hatch

Board Member

Duane Downing

# DANIEL C. McARTHUR, LTD.

*Certified Public Accountant*

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

## INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Town Board  
Tonopah, Nevada

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tonopah, Nevada (the Town), as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my 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, each major fund and the aggregate remaining fund information of the Town of Tonopah, Nevada, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 14, 2012, on my consideration of the Town's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 7 through 13 and page 44 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Las Vegas, Nevada  
February 14, 2012

**Town of Tonopah, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2011**

The Management's Discussion and Analysis ("MD&A") introduces the financial reports for Town of Tonopah, Nevada. The MD&A is designed to give the reader an easy-to-understand overview of the Town's financial position and results of operations for the year.

**Financial Highlights**

The Town's primary revenue sources for governmental activities were room taxes of \$354,714, ad valorem taxes (property taxes) of \$156,277, and consolidated taxes (sales taxes) of \$298,085. These revenue sources comprised 37.63%, 16.58%, and 31.62% respectively, or 85.83% of total governmental activities revenues.

The Town's total expenses were \$1,904,434. The greatest expenses were \$288,290 in general government and \$339,719 in the culture and recreation function. The business-type activities contributed \$1,127,292 to the Town's total expenses.

At the end of the fiscal year, the fund balance for the General Fund was \$1,587,921. This was an increase of \$156,563 from the prior year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements which consist of government-wide financial statements, fund financial statements, and accompanying notes. This report also contains required supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, and culture and recreation.

**Town of Tonopah, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2011**

**Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the combining and individual fund statements and schedules.

The Town adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement is provided for each of the Town's governmental funds to demonstrate compliance with the budget.

**Proprietary Funds**

The Town maintains one type of proprietary fund.

The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the Enterprise Fund to account for its water and sewer utility activities.

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

It also includes a schedule of budgetary comparisons for both the original and final budgets of the General Fund and the various other Town funds.

The combining statements and individual fund schedules are presented immediately following the required supplementary information.



**Town of Tonopah, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2011**

**Government-wide Financial Analysis**

Net assets of the Town as of June 30, 2011, are summarized and analyzed below:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Assets:</b>						
Current and other assets	\$2,050,266	\$1,951,688	\$ 1,881,154	\$ 1,690,865	\$ 3,931,420	\$ 3,642,553
Net capital assets	<u>3,075,870</u>	<u>3,038,049</u>	<u>11,800,272</u>	<u>11,954,156</u>	<u>14,876,142</u>	<u>14,992,205</u>
Total Assets	<u>5,126,136</u>	<u>4,989,737</u>	<u>13,681,426</u>	<u>13,645,021</u>	<u>18,807,562</u>	<u>18,634,758</u>
<b>Liabilities:</b>						
Current liabilities	99,032	119,198	106,379	86,214	205,411	205,412
Long-term liabilities	<u>60,357</u>	<u>69,259</u>	<u>1,085,966</u>	<u>1,125,163</u>	<u>1,146,323</u>	<u>1,194,422</u>
Total Liabilities	<u>159,389</u>	<u>188,457</u>	<u>1,192,345</u>	<u>1,211,377</u>	<u>1,351,734</u>	<u>1,399,834</u>
<b>Net Assets:</b>						
Invested in capital assets						
net of related debt	3,075,870	3,038,049	10,770,723	10,911,478	13,846,593	13,949,527
Restricted	268,056	261,507	259,287	287,941	527,343	549,448
Unrestricted	<u>1,622,821</u>	<u>1,501,724</u>	<u>1,459,071</u>	<u>1,234,225</u>	<u>3,081,892</u>	<u>2,735,949</u>
Total Net Assets	<u>\$4,966,747</u>	<u>\$4,801,280</u>	<u>\$12,489,081</u>	<u>\$12,433,644</u>	<u>\$17,455,828</u>	<u>\$17,234,924</u>

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. Assets exceeded liabilities by \$17,455,828 as of June 30, 2011.

The largest portion of the Town's net assets, 79.33%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.), net of any related debt outstanding used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

The Town's restricted net assets represent resources that are subject to external restrictions on how they may be used.

The remaining portions of the Town's net assets are unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

**Town of Tonopah, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2011**

Changes in net assets of the Town are summarized as follows:

	Governmental Activities		Business Type Activities		Total Primary Governmental	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 92,700	\$ 87,701	\$ 995,907	\$ 982,523	\$ 1,088,607	\$ 1,070,224
General revenues:						
Ad valorem taxes	156,277	172,412	-	-	156,277	172,412
Room tax	354,714	298,263	-	-	354,714	298,263
Consolidated tax	298,085	264,673	-	-	298,085	264,673
Fuel taxes	6,185	5,414	-	-	6,185	5,414
Investment income	21,231	62,412	17,871	43,967	39,102	106,379
Miscellaneous	13,417	11,406	168,951	230,489	182,368	241,895
Total revenues	<u>942,609</u>	<u>902,281</u>	<u>1,182,729</u>	<u>1,256,979</u>	<u>2,125,338</u>	<u>2,159,260</u>
Expenses:						
General government	288,290	287,917	-	-	288,290	287,917
Public safety	63,764	61,257	-	-	63,764	61,257
Public works	85,369	163,392	-	-	85,369	163,392
Culture and recreation	339,719	351,444	-	-	339,719	351,444
Utility operations	-	-	1,127,292	1,174,951	1,127,292	1,174,951
Total expenses	<u>777,142</u>	<u>864,010</u>	<u>1,127,292</u>	<u>1,174,951</u>	<u>1,904,434</u>	<u>2,038,961</u>
Change in net assets	165,467	38,271	55,437	82,028	220,904	120,299
Net assets - beginning	<u>4,801,280</u>	<u>4,763,009</u>	<u>12,433,644</u>	<u>12,351,616</u>	<u>17,234,924</u>	<u>17,114,625</u>
Net assets - ending	<u>\$4,966,747</u>	<u>\$4,801,280</u>	<u>\$12,489,081</u>	<u>\$12,433,644</u>	<u>\$17,455,828</u>	<u>\$17,234,924</u>

Program revenues include charges for services including fines and forfeitures, and certain licenses and permits.

General revenues consist of taxes and interest. For governmental activities, the largest of these revenues was room taxes. The second largest revenue was consolidated tax. The business-type program revenue came from charges for services related to the Water and Sewer Utility.

**Town of Tonopah, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2011**

**Financial Analysis of the Town's Funds**

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,973,374. This is an increase over the prior year of \$154,514 or 8.50%.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the fund balance of the General Fund was \$1,587,921, an increase of \$156,563 or 10.94% over the prior year.

Key factors in the change in fund balance in the General Fund are as follows:

Revenues increased by \$60,408 or 7.30%. Tax revenues increased by \$49,477 or 12.03%, due to an increase in room taxes. Intergovernmental revenues increased by \$33,308, or 11.53%, due to a 12.62% increase in consolidated tax revenues. Miscellaneous revenues decreased \$28,470 or 48.43%, due to a decrease in investment income due to decreased market values and interest rates.

Expenditures decreased by \$36,795, or 4.79%, primarily due to a decrease in salaries and benefits expenditures for public works in the current year.

**Capital Assets and Debt Administration**

**Capital Assets**

The Town's investment in governmental type capital assets, net of accumulated depreciation at June 30, 2011, was \$3,075,870. Business type capital assets were \$11,800,272. Detail by type of activity and asset is summarized in the following table.

**Town of Tonopah, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2011**

**Governmental Activities**

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<b>Capital asset not being depreciated:</b>				
Land	\$ 2,215,563	\$ 0	\$ 0	\$ 2,215,563
Construction in progress	71,047	74,940	0	145,987
<b>Total capital assets not being depreciated</b>	<b>2,286,610</b>	<b>74,940</b>	<b>0</b>	<b>2,361,550</b>
<b>Capital assets being depreciated:</b>				
Building	1,024,313	8,972	0	1,033,285
Equipment	937,662	3,940	0	941,602
<b>Total capital assets being depreciated</b>	<b>1,961,975</b>	<b>12,912</b>	<b>0</b>	<b>1,974,887</b>
<b>Less accumulated depreciation for:</b>				
Building	492,200	20,666	0	512,866
Equipment	718,336	29,365	0	747,701
<b>Total accumulated depreciation</b>	<b>1,210,536</b>	<b>50,031</b>	<b>0</b>	<b>1,260,567</b>
<b>Total capital assets being depreciated, net</b>	<b>751,439</b>	<b>(37,119)</b>	<b>0</b>	<b>714,320</b>
<b>Governmental activities assets, net</b>	<b>\$ 3,038,049</b>	<b>\$ 37,821</b>	<b>\$ 0</b>	<b>\$ 3,075,870</b>

<b>Business-type Activities:</b>	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<b>Capital assets not being depreciated:</b>				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Construction in progress	133,586	301,961	0	435,547
<b>Total capital assets not being depreciated</b>	<b>188,586</b>	<b>301,961</b>	<b>0</b>	<b>490,547</b>
<b>Capital assets being depreciated:</b>				
Equipment	19,996,094	20,054	0	20,016,148
<b>Less accumulated depreciation for:</b>				
Equipment	8,230,524	475,899	0	8,706,423
<b>Total capital assets being depreciated, net</b>	<b>11,765,570</b>	<b>(455,845)</b>	<b>0</b>	<b>11,309,725</b>
<b>Business-type Activities assets, net</b>	<b>\$ 11,954,156</b>	<b>\$ (153,884)</b>	<b>\$ 0</b>	<b>\$ 11,800,272</b>

A summary of long term debt of the town is as follows.

**Debt Administration**

**Governmental Type Activities:**

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011
Compensated absences	\$ 31,075	\$ 11,835	\$ 0	\$ 42,910
OPEB obligations payable	38,184	9,886	0	48,070
Total	<u>\$ 69,259</u>	<u>\$ 21,721</u>	<u>\$ 0</u>	<u>\$ 90,980</u>

**Business Type Activities:**

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011
Compensated absences	\$ 50,740	\$ 1,110	\$ 0	\$ 51,850
OPEB obligations payable	31,745	8,766	0	40,511
Bonds payable	1,042,678	0	13,129	1,029,549
Total	<u>\$1,125,163</u>	<u>\$ 9,876</u>	<u>\$ 13,129</u>	<u>\$ 1,121,910</u>

**Town of Tonopah, Nevada  
Management's Discussion and Analysis  
June 30, 2011**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide its users with a general overview of the Town of Tonopah, Nevada's finances and to demonstrate the Town's accountability for the revenues it receives. Any comments, further questions, or requests for additional information should be addressed to:

Town Administration  
Town of Tonopah, Nevada  
PO Box 151  
Tonopah, Nevada 89049

**TOWN OF TONOPAH, NEVADA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	Governmental Activities 2011	Business-type Activities 2011	Total Primary Government 2011
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,932,595	\$ 1,253,748	\$ 3,186,343
Interest receivable	7,499	6,380	13,879
Taxes receivable	9,676	-	9,676
Room tax receivable	49,550	-	49,550
Prepaid expenses	-	7,186	7,186
Due from other governments	50,946	-	50,946
Accounts receivable net of allowance for uncollectibles	-	131,570	131,570
Inventory	-	77,496	77,496
Restricted assets - cash	-	404,774	404,774
Capital assets (net of accumulated depreciation)	<u>3,075,870</u>	<u>11,800,272</u>	<u>14,876,142</u>
 Total assets	 <u>5,126,136</u>	 <u>13,681,426</u>	 <u>18,807,562</u>
<b>Liabilities:</b>			
Accounts payable	42,269	36,308	78,577
Accrued payroll and benefits	26,140	12,240	38,380
Payable from restricted assets			
Customer deposits	-	21,887	21,887
Long term liabilities:			
Portion due or payable within one year:			
Accrued compensated absences	30,623	22,246	52,869
Bonds payable	-	13,698	13,698
Portion due or payable after one year:			
OPEB obligation payable	48,070	40,511	88,581
Accrued compensated absences	12,287	29,604	41,891
Bonds payable	<u>-</u>	<u>1,015,851</u>	<u>1,015,851</u>
 Total liabilities	 <u>159,389</u>	 <u>1,192,345</u>	 <u>1,351,734</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	3,075,870	10,770,723	13,846,593
Restricted for:			
Debt	-	86,102	86,102
Capital replacement	-	301,904	301,904
Capital projects	268,056	616	268,672
Unrestricted	<u>1,622,821</u>	<u>1,329,736</u>	<u>2,952,557</u>
Total net assets	<u>\$ 4,966,747</u>	<u>\$ 12,489,081</u>	<u>\$ 17,455,828</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, NEVADA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

		Program Revenues		Changes in Net Assets	
Functions/Programs	Expenses	Charges for Services	Governmental Activities	Business-type Activities	Total
Primary governments:					
General government	\$ (288,290)	\$ 65,689	\$ (222,601)	\$ -	\$ (222,601)
Public safety	(63,764)	859	(62,905)	-	(62,905)
Public works	(85,369)	-	(85,369)	-	(85,369)
Culture and recreation	(339,719)	26,152	(313,567)	-	(313,567)
Total governmental activities	(777,142)	92,700	(684,442)	-	(684,442)
Business-type activities:					
Water	(649,501)	572,640	-	(76,861)	(76,861)
Sewer	(477,791)	423,267	-	(54,524)	(54,524)
Total business-type activities	(1,127,292)	995,907	-	(131,385)	(131,385)
Total primary governments	\$ (1,904,434)	\$ 1,088,607	(684,442)	(131,385)	(815,827)
General Revenues:					
Property taxes			156,277	-	156,277
Room tax			354,714	-	354,714
Fuel tax			6,185	-	6,185
Consolidated taxes			298,085	-	298,085
Capital projects fees			-	9,928	9,928
Debt service			-	32,120	32,120
Contract services			-	7,006	7,006
Surcharge			-	108,199	108,199
Investment income			21,231	17,871	39,102
Miscellaneous			13,417	11,698	25,115
Total general revenues			849,909	186,822	1,036,731
Change in net assets			165,467	55,437	220,904
Net assets - beginning of year			4,801,280	12,433,644	17,234,924
Net assets - end of year			\$ 4,966,747	\$ 12,489,081	\$ 17,455,828

The notes to the financial statements are an integral part of this statement

**TOWN OF TONOPAH, NEVADA**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**

**June 30, 2011**

	Major Fund - General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Pooled cash and investments	\$ 1,551,241	\$ 381,354	\$ 1,932,595
Interest receivable	6,074	1,425	7,499
Taxes receivable	9,676	-	9,676
Room tax receivable	45,181	4,369	49,550
Due from other governments	50,946	-	50,946
 Total assets	 \$ 1,663,118	 \$ 387,148	 \$ 2,050,266
<b>Liabilities:</b>			
Accounts payable	\$ 40,574	\$ 1,695	\$ 42,269
Accrued payroll	26,140	-	26,140
Deferred taxes	8,483	-	8,483
 Total liabilities	 75,197	 1,695	 76,892
<b>Fund Equity:</b>			
Restricted for:			
Capital projects	-	268,056	268,056
Culture and recreation	-	117,397	117,397
Unassigned	1,587,921	-	1,587,921
Total fund equity	1,587,921	385,453	1,973,374
 Total liabilities and fund equity	 \$ 1,663,118	 \$ 387,148	 \$ 2,050,266

The notes to the financial statements are an integral part of this statement.



**TOWN OF TONOPAH, NEVADA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2011**

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<b>Total fund balance - governmental funds</b>	<b>\$ 1,973,374</b>
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets net of the related depreciation are not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the Statement of Net Assets	3,075,870
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	8,483
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Certain liabilities such as compensated absences, are not reported in the governmental funds financial statements because they are not due and payable, but they are presented as liabilities in the Statement of Net Assets	<u>(90,980)</u>
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<b>Total net assets - governmental activities</b>	<b><u>\$ 4,966,747</u></b>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, NEVADA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Major Fund- General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 460,874	\$ 26,482	\$ 487,356
Licenses and permits	17,774	-	17,774
Intergovernmental	322,098	28,782	350,880
Charges for services	26,252	759	27,011
Fines and forfeitures	30,087	-	30,087
Miscellaneous	30,315	4,333	34,648
Total revenues	<u>887,400</u>	<u>60,356</u>	<u>947,756</u>
<b>Expenditures:</b>			
Current:			
General government	300,729	-	300,729
Public safety	57,135	-	57,135
Public works	93,444	-	93,444
Culture and recreation	279,529	36,405	315,934
Capital projects	-	26,000	26,000
Total expenditures	<u>730,837</u>	<u>62,405</u>	<u>793,242</u>
Excess (deficiency) of revenues over expenditures	156,563	(2,049)	154,514
<b>Fund balance:</b>			
Beginning of year	<u>1,431,358</u>	<u>387,502</u>	<u>1,818,860</u>
End of year	<u>\$ 1,587,921</u>	<u>\$ 385,453</u>	<u>\$ 1,973,374</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, 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, 2011**

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<b>Net change in fund balance - governmental funds</b>	<b>\$ 154,514</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities. The is the amount by which depreciation exceeds capital outlay in the current period.	37,821
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Property taxes that are collected in the time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that related to prior periods that first become available in the current period should not be reported as revenue in the Statement of Activities.	(5,147)
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Generally, expenditures recognized in fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the Statement of Activities when incurred.	<u>(21,721)</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ 165,467</u></b>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 151,736	\$ 151,736	\$ 132,642	\$ (19,094)
Room taxes	220,000	220,000	328,232	108,232
Total taxes	<u>371,736</u>	<u>371,736</u>	<u>460,874</u>	<u>89,138</u>
 <b>Licenses and permits</b>	 <u>16,000</u>	 <u>16,000</u>	 <u>17,774</u>	 <u>1,774</u>
 <b>Intergovernmental:</b>				
County liquor license	1,800	1,800	1,560	(240)
County gaming license	17,000	17,000	16,268	(732)
Consolidated tax	210,000	210,000	298,085	88,085
Gas tax \$1.75	<u>6,210</u>	<u>6,210</u>	<u>6,185</u>	<u>(25)</u>
Total intergovernmental	<u>235,010</u>	<u>235,010</u>	<u>322,098</u>	<u>87,088</u>
 <b>Charges for services:</b>				
Rescue runs	600	600	100	(500)
Swimming pool fees	8,000	8,000	5,918	(2,082)
Convention Center rental	10,000	10,000	10,706	706
Sports complex fees	600	600	2,072	1,472
Mining park donations	3,500	3,500	6,619	3,119
Fairgrounds rental	<u>450</u>	<u>450</u>	<u>837</u>	<u>387</u>
Total charges for services	<u>23,150</u>	<u>23,150</u>	<u>26,252</u>	<u>3,102</u>
 <b>Fines and forfeitures</b>	 <u>22,500</u>	 <u>22,500</u>	 <u>30,087</u>	 <u>7,587</u>
 <b>Miscellaneous:</b>				
Investment income	12,000	12,000	16,898	4,898
Other	<u>2,219</u>	<u>2,219</u>	<u>13,417</u>	<u>11,198</u>
Total miscellaneous	<u>14,219</u>	<u>14,219</u>	<u>30,315</u>	<u>16,096</u>
 <b>Total revenues</b>	 <u>682,615</u>	 <u>682,615</u>	 <u>887,400</u>	 <u>204,785</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
<b>General government:</b>				
Salaries and wages	\$ 243,227	\$ 243,227	\$ 152,987	\$ 90,240
Employee benefits	134,448	134,448	61,921	72,527
Services and supplies	115,725	115,725	62,071	53,654
Capital outlay	-	-	23,750	(23,750)
Total general government	<u>493,400</u>	<u>493,400</u>	<u>300,729</u>	<u>192,671</u>
<b>Public safety:</b>				
<b>Fire:</b>				
Salaries and wages	27,000	15,500	15,000	500
Employee benefits	18,244	18,744	7,131	11,613
Services and supplies	37,375	48,375	28,733	19,642
Capital outlay	-	-	6,271	(6,271)
Total public safety	<u>82,619</u>	<u>82,619</u>	<u>57,135</u>	<u>25,484</u>
<b>Public works:</b>				
Salaries and wages	71,724	71,724	26,154	45,570
Employee benefits	53,578	53,578	14,477	39,101
Services and supplies	88,990	88,990	48,841	40,149
Capital outlay	-	-	3,972	(3,972)
Total public works	<u>214,292</u>	<u>214,292</u>	<u>93,444</u>	<u>120,848</u>
<b>Culture and recreation:</b>				
<b>Parks:</b>				
Services and supplies	<u>37,320</u>	<u>37,320</u>	<u>28,736</u>	<u>8,584</u>
<b>Mining parks:</b>				
Salaries and wages	72,614	72,614	63,856	8,758
Employee benefits	37,969	36,969	27,474	9,495
Services and supplies	<u>25,750</u>	<u>26,750</u>	<u>14,283</u>	<u>12,467</u>
Total mining parks	<u>136,333</u>	<u>136,333</u>	<u>105,613</u>	<u>30,720</u>
<b>Swimming pool:</b>				
Salaries and wages	17,000	16,350	10,971	5,379
Employee benefits	3,876	4,376	1,693	2,683
Services and supplies	24,025	24,175	13,363	10,812
Capital outlay	-	-	3,940	(3,940)
Total swimming pool	<u>44,901</u>	<u>44,901</u>	<u>29,967</u>	<u>14,934</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Culture and recreation (continued):</b>				
<b>Fair grounds:</b>				
Services and supplies	\$ 4,765	\$ 4,765	\$ 1,930	\$ 2,835
<b>Ball fields:</b>				
Services and supplies	31,260	31,260	16,863	14,397
<b>Convention Center:</b>				
Salaries and wages	33,954	35,954	34,081	1,873
Employee benefits	26,091	26,141	22,018	4,123
Services and supplies	55,225	53,175	38,655	14,520
Capital outlay	-	-	1,666	(1,666)
Total Convention Center	115,270	115,270	96,420	18,850
Total culture and recreation	369,849	369,849	279,529	90,320
<b>Contingency</b>	15,000	15,000	-	15,000
Total expenditures	1,175,160	1,175,160	730,837	444,323
Excess (deficiency) of revenues over expenditures	(492,545)	(492,545)	156,563	649,108
<b>Fund balance:</b>				
Beginning of year	1,051,235	1,051,235	1,431,358	380,123
End of year	\$ 558,690	\$ 558,690	\$ 1,587,921	\$ 1,029,231

The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, NEVADA**  
**PROPRIETARY FUND**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
<b><u>ASSETS:</u></b>			
Current assets:			
Pooled cash and investments	\$ 475,041	\$ 778,707	\$ 1,253,748
Interest receivable	3,420	2,960	6,380
Accounts receivable, net of allowance for doubtful accounts	72,509	59,061	131,570
Inventory	70,075	7,421	77,496
Prepaid expense	1,398	5,788	7,186
Restricted assets - cash	380,384	24,390	404,774
Total current assets	1,002,827	878,327	1,881,154
Property, plant and equipment, net of accumulated depreciation	5,653,860	6,146,412	11,800,272
Total assets	6,656,687	7,024,739	13,681,426
<b><u>LIABILITIES:</u></b>			
Current liabilities, payable from unrestricted assets:			
Accounts payable	31,013	5,295	36,308
Accrued payroll	5,800	6,440	12,240
Accrued compensated absences	11,123	11,123	22,246
Current portion of bonds payable	6,779	6,919	13,698
Total current liabilities-unrestricted	54,715	29,777	84,492
Current liabilities, payable from restricted assets:			
Customer deposits	21,887	-	21,887
Total current liabilities	76,602	29,777	106,379
Non-current liabilities			
OPEB obligation payable	21,871	18,640	40,511
Accrued compensated absences	14,802	14,802	29,604
Bonds payable	447,180	568,671	1,015,851
Total non-current liabilities	483,853	602,113	1,085,966
Total liabilities	560,455	631,890	1,192,345
<b><u>NET ASSETS:</u></b>			
Invested in capital assets, net of related debt	5,199,901	5,570,822	10,770,723
Restricted for debt	62,328	23,774	86,102
Restricted for capital replacement	301,904	-	301,904
Restricted for construction	-	616	616
Unrestricted	532,099	797,637	1,329,736
Total net assets	\$ 6,096,232	\$ 6,392,849	\$ 12,489,081

The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, NEVADA**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2011**

	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
<b>Operating revenues:</b>			
Charges for services:			
Water fees	\$ 572,640	\$ -	\$ 572,640
Sewer fees	-	423,267	423,267
Total operating revenues	<u>572,640</u>	<u>423,267</u>	<u>995,907</u>
<b>Operating expenses:</b>			
<b>Water Department:</b>			
Administration	40,358	-	40,358
General operations	195,729	-	195,729
Water operations	140,055	-	140,055
Depreciation	<u>253,909</u>	<u>-</u>	<u>253,909</u>
Total water department	<u>630,051</u>	<u>-</u>	<u>630,051</u>
<b>Sewer Department:</b>			
Administration	-	111,812	111,812
General operations	-	107,223	107,223
Sewer operations	-	12,149	12,149
Depreciation	<u>-</u>	<u>221,990</u>	<u>221,990</u>
Total sewer department	<u>-</u>	<u>453,174</u>	<u>453,174</u>
Total operating expenses	<u>630,051</u>	<u>453,174</u>	<u>1,083,225</u>
Operating (loss)	<u>(57,411)</u>	<u>(29,907)</u>	<u>(87,318)</u>
<b>Nonoperating revenue (expense):</b>			
Investment income	9,960	7,911	17,871
Miscellaneous	11,698	-	11,698
Interest expense	(19,450)	(24,617)	(44,067)
Capital projects fees	-	9,928	9,928
Debt service	-	32,120	32,120
Contract services	7,006	-	7,006
Surcharge	<u>108,199</u>	<u>-</u>	<u>108,199</u>
Total nonoperating revenue	<u>117,413</u>	<u>25,342</u>	<u>142,755</u>
<b>Net income (loss)</b>	<b>60,002</b>	<b>(4,565)</b>	<b>55,437</b>
<b>Net Assets:</b>			
Beginning of year	<u>6,036,230</u>	<u>6,397,414</u>	<u>12,433,644</u>
End of year	<u>\$ 6,096,232</u>	<u>\$ 6,392,849</u>	<u>\$ 12,489,081</u>

The notes to the financial statements are an integral part of this statement.



**TOWN OF TONOPAH, NEVADA**  
**PROPRIETARY FUND**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2011**

	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 574,957	\$ 422,838	\$ 997,795
Cash paid for salaries, wages, and employee benefits	(200,621)	(185,084)	(385,705)
Cash paid for services and supplies	(185,723)	(58,061)	(243,784)
Net cash provided by operating activities	<u>188,613</u>	<u>179,693</u>	<u>368,306</u>
<b>Cash flows from noncapital financing activities:</b>			
Miscellaneous revenue	11,698	-	11,698
Contract services	7,006	-	7,006
Capital projects fees	-	9,928	9,928
Debt service	-	32,120	32,120
Surcharges	108,199	-	108,199
Net cash provided by noncapital financing activities	<u>126,903</u>	<u>42,048</u>	<u>168,951</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(303,468)	(18,547)	(322,015)
Principal paid	(6,498)	(6,631)	(13,129)
Interest paid	(19,450)	(24,617)	(44,067)
Net cash (used) by capital and related financing activities	<u>(329,416)</u>	<u>(49,795)</u>	<u>(379,211)</u>
<b>Cash flows from investing activities:</b>			
Investment income	10,650	7,910	18,560
Net increase in cash	(3,250)	179,856	176,606
<b>Cash:</b>			
Beginning of year	858,675	623,241	1,481,916
End of year	<u>\$ 855,425</u>	<u>\$ 803,097</u>	<u>\$ 1,658,522</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>			
Operating (loss)	\$ (57,411)	\$ (29,907)	\$ (87,318)
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>			
Depreciation	253,909	221,990	475,899
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(2,961)	(429)	(3,390)
(Increase) decrease in prepaid expenses	(1,398)	(5,788)	(7,186)
(Increase) decrease in inventory	(95)	(3,701)	(3,796)
Increase (decrease) in accounts payable	(7,321)	(317)	(7,638)
Increase (decrease) in accrued payroll	(1,388)	(2,155)	(3,543)
Increase (decrease) in customer deposits	5,278	-	5,278
Total adjustments	<u>246,024</u>	<u>209,600</u>	<u>455,624</u>
<b>Net cash provided by operating activities</b>	<u>\$ 188,613</u>	<u>\$ 179,693</u>	<u>\$ 368,306</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

**1. Reporting Entity**

The Town is governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present the Town's funds for which the Town is considered to be financially accountable. There were no component units of the Town at June 30, 2011. The Town is not included in any other governmental reporting entity as a component unit as defined by Governmental Accounting Standards Board pronouncements.

**2. Basic Financial Statements**

The Town's basic financial statements consist of government-wide statements and the fund financial statements. The government-wide statements include a Statement of Net Assets and a Statement of Activities, and the fund financial statements include financial information for the two fund types: governmental and proprietary. Reconciliations between the fund statements, the Statement of Net Assets, and the Statement of Activities are also included along with Statements of Revenues, Expenditures and Changes in Fund Balances for the Town's General Fund.

**3. Government-wide Financial Statements**

The government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities. These statements include the aggregated financial information of the Town as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Assets presents the consolidated financial position of the Town at year-end.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are specifically associated with a program or service and are, therefore, clearly identifiable to a particular function. Program revenues include operating grants and contributions and investment earnings legally restricted to support a specific program. Taxes and other revenues properly not included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue of specific programs and functions within the Town. Those functions with a net cost are generally dependent on general-purpose tax revenues, such as property tax, to remain operational.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Fund Financial Statements**

The financial accounts of the Town are organized on the basis of funds. Each is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Separate financial statements are provided for governmental funds and proprietary funds.

The presentation emphasis in the fund financial statements is on major funds for governmental funds. Major individual governmental funds are required to be reported in separate columns on the fund financial statements. Major funds are determined based on minimum criteria set forth in GASB Statement Number 34. The Town may also display other funds as major funds if it believes the presentation will provide useful information to the users of the financial statements.

**5. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. 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.

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. Gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are then recognized as revenue. The government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable and the payment seems certain. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences and claims and judgments, are recorded when payment is due.

The major revenue sources of the Town include room taxes, consolidated taxes (sales taxes), and ad valorem taxes (property taxes).

The Town reports the following major governmental fund:

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all resources and costs of operations traditionally associated with governments which are not required to be accounted for in other funds.

Additionally the Town reports the following major proprietary funds:

**Water Enterprise Fund** - The Tonopah Public Utility Water Enterprise Fund accounts for the Town's delivery of water services.

**Sewer Enterprise Fund** - The Tonopah Public Utility Sewer Enterprise Fund accounts for the Town's delivery of sewer services.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS(Continued)**  
**June 30, 2011**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow this subsequent private-sector guidance.

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 Tonopah Public Utility are customer charges. Expenses are those required to provide the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**6. Assets, Liabilities, and Equity**

**a. Pooled Cash and Investments**

The Town'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 are stated at fair value on the Statement of Net Assets. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of Town investments are part of investment income which is included in revenue from other sources on the Statement of Activities. (See Note D1)

Nevada Revised Statutes authorize the Town to invest in:

1. Obligations of the U.S. Treasury and U.S. Agencies in which the maturity dates do not exceed more than 10 years from the date of purchase.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$100,000 must be fully collateralized).
3. Negotiable notes or short-term negotiable bonds issued by local governments within Nevada.
4. Eligible bankers' acceptances that do not exceed 180 days maturity and do not exceed 20 percent of the portfolio.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**a. Pooled Cash and Investments (Continued)**

Nevada Revised Statutes authorize the Town to invest in:

5. Commercial paper with a rating of A-1 or P-1 that does not exceed 270 days maturity and does not exceed 20 percent of the portfolio.
6. The State of Nevada's Local Government Investment Pool.
7. Repurchase agreements that are collateralized at 102 percent of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
8. Money market mutual funds which are rated as "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities.

**b. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Taxes on real property are levied in July of each year and are due in July. They can be paid in quarterly installments in August, October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10 percent per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

Article X, Section 2 of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any County (i.e., the County, the County School District, the State, and any other City, Town or special District) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed. The Nevada Legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation. (See Note D2)

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**c. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**d. Restricted Assets**

Certain cash assets of the Enterprise Fund are from revenue for specific use by the Enterprise Fund and are classified as restricted assets because their use is restricted by agreement. (See Note D5)

**e. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. If purchased or constructed, capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Buildings and Improvements	25-50
Vehicles	8
Various Other Equipment	5-20
Infrastructure	25-50

GASB No. 34 requires the Town to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2008. The Town is required to capitalize and report its major general infrastructure assets acquired in fiscal years ending after June 30, 1980. In addition, infrastructure assets acquired before June 30, 1980 that received significant reconstruction must be capitalized. Tonopah Town has no infrastructure assets that were acquired or reconstructed that must be capitalized.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**f. Compensated Absences**

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements. Vacation leave and sick leave included in accrued liabilities and recorded as expenditures in governmental fund types is the amount normally liquidated from "available spendable resources" (See Note D6).

In proprietary funds, compensated absences are recorded when the liabilities are incurred. In governmental funds, the current portion is recorded as a payroll expenditure. The estimated long-term liability for compensated absences is accounted for in the government-wide financial statements.

**g. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Deferred losses related to the refunding of debt are reported as a deferred charge component of bonds payable and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**h. Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

- (i) **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- (ii) **Restricted** – Amounts that can be spent only for a specific purpose because of the Town ordinance, state or federal laws, or externally imposed conditions by grantors or creditors.
- (iii) **Committed** – Amounts that can be used only for specific purposes determined by a formal action of the board.
- (iv) **Assigned** – Amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.
- (v) **Unassigned** – All amounts not included in other spendable classifications.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**i. Net Assets**

In the government-wide statements, net assets on the Statement of Net Assets includes the following:

**(i) Invested in Capital Assets, net of Related Debt**

This is the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

**(ii) Restricted Assets**

This is the component of net assets that reports the constraints placed on the use of assets by either external parties and/or enabling legislation. Designations of fund balance represent tentative management plans that are subject to change.

**(iii) Unrestricted**

This is the component of net assets that is the difference between the assets and liabilities not reported in Invested in Capital Assets, Net of Related Debt and Restricted Assets.

**j. Use of Restricted Resources**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

**k. Comparative Data/Reclassifications**

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Governmental Accounting Standards Board Statement 54 was implemented during the year requiring the Town to comply with new fund balance classifications. The 2010 information has been restated to provide comparative information. Fund balance classifications have been restated to the following: nonspendable, restricted, committed, assigned, and unassigned.

The beginning fund balance of the general fund and governmental fund net assets have been restated. Property tax revenues of \$43,818 were overstated in the prior year.

**l. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.



**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Assets**

The governmental funds Balance Sheet includes a reconciliation between fund balances - total governmental funds and net assets - governmental activities as reported in the government-wide Statement of Net Assets. One element of the reconciliation explains that "certain liabilities (such as bonds payable and capital lease payable) are not reported in this fund financial statement because they are not due and payable." The detail of this difference is as follows:

OPEB obligation payable	\$ ( 48,070)
Compensated absences	<u>( 42,910)</u>
	<u>\$ ( 90,980)</u>

**2. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities." The detail of this difference is as follows:

Capital outlay	\$ 87,852
Depreciation expense	<u>(50,031)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 37,821</u>

Another element of that reconciliation states that "Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when incurred." The details of this difference are as follows:

Deferred Taxes	<u>\$ ( 5,147)</u>
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**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**1. Budgetary Information**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital projects, and enterprise funds. All appropriations lapse at fiscal year end.

The Town uses the following procedures to establish, modify, and control the budgetary data presented in the financial statements:

- a. Prior to April 15, the Town submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The budget, as submitted, contains the proposed expenditures and means of financing them.
- b. The Nevada State Department of Taxation notifies the Town of its acceptance of the budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all changes have been noted and hearings closed, the Town Board adopts the budget on or before June 1.
- e. Whenever such an action does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions, the Town may transfer appropriations within any function or program or between functions or programs within a fund, if:
  1. The governing body is advised of the action at the next regular meeting, and;
  2. The action is recorded in the official minutes of the meeting.
- f. Increases to a fund's budget (augmentations) other than by transfer must be approved by the Town Board.
- g. Statutory regulations require budget control to be exercised at the function level within the General Fund or at the fund level for other funds.
- h. There were no budget augmentations during the year.
- i. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
June 30, 2011

**D. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**1. Deposits and Investments**

The Town's cash and investments are held under the custody of the County Treasurer of Nye County, Nevada. This is required by Nevada Revised Statutes. Detailed information concerning collateral pledged to cover deposits is contained in the annual financial report of Nye County.

Pursuant to policy established by the Nye County Treasurer in accordance with Nevada Revised Statutes Chapter 355.168, the Town has elected to be part of the Nye County Treasurer's Investment Pool. Any local government within Nye County whose money is held under the custody of the Nye County Treasurer may invest its money with the investment pool. The County Treasurer may invest the money of the investment pool in investments which have been authorized as investments by Nevada Revised Statutes. (See Note A6a)

Interest is apportioned to the Town monthly based on the average balance invested for the month.

The fair value of the Town's investment in the Nye County Treasurer's Investment Pool was determined by multiplying the pool's fair value per share factor times the Town's pool balance as of June 30, 2011.

A reconciliation of cash and investments as shown on the Statement of Net Assets for the Town follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Cash in the hands of officers	\$ 9,545	\$ 98,127	\$ 107,672
Carrying amount of deposits with County Treasurer	<u>1,923,050</u>	<u>1,560,395</u>	<u>3,483,445</u>
Total	<u>\$ 1,932,595</u>	<u>\$ 1,658,522</u>	<u>\$ 3,591,117</u>
Cash and cash equivalents	\$ 1,932,595	\$ 1,253,748	\$ 3,186,343
Restricted assets – cash	<u>0</u>	<u>404,774</u>	<u>404,774</u>
Total	<u>\$ 1,932,595</u>	<u>\$ 1,658,522</u>	<u>\$ 3,591,117</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**D. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**2. Receivables**

Receivables as of year-end, net of the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Other Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 9,676	\$ 0	\$ 0	\$ 9,676
Interest receivable	6,074	1,425	6,380	13,879
Net accounts receivable	0	0	131,570	131,570
Due from other governments	50,946	0	0	50,946
Room tax receivable	<u>45,181</u>	<u>4,369</u>	<u>0</u>	<u>49,550</u>
Net total receivables	<u>\$111,877</u>	<u>\$ 5,794</u>	<u>\$ 137,950</u>	<u>\$ 255,621</u>

**3. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2011 follows:

**Governmental Activities**

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>Capital asset not being depreciated:</b>				
Land	\$ 2,215,563	\$ 0	\$ 0	\$ 2,215,563
Construction in progress	<u>71,047</u>	<u>74,940</u>	<u>0</u>	<u>145,987</u>
<b>Total capital assets not being depreciated</b>	<u>2,286,610</u>	<u>74,940</u>	<u>0</u>	<u>2,361,550</u>
<b>Capital assets being depreciated:</b>				
Building	1,024,313	8,972	0	1,033,285
Equipment	<u>937,662</u>	<u>3,940</u>	<u>0</u>	<u>941,602</u>
<b>Total capital assets being depreciated</b>	<u>1,961,975</u>	<u>12,912</u>	<u>0</u>	<u>1,974,887</u>
<b>Less accumulated depreciation for:</b>				
Building	492,200	20,666	0	512,866
Equipment	<u>718,336</u>	<u>29,365</u>	<u>0</u>	<u>747,701</u>
<b>Total accumulated depreciation</b>	<u>1,210,536</u>	<u>50,031</u>	<u>0</u>	<u>1,260,567</u>
<b>Total capital assets being depreciated, net</b>	<u>751,439</u>	<u>(37,119)</u>	<u>0</u>	<u>714,320</u>
<b>Governmental activities assets, net</b>	<u>\$ 3,038,049</u>	<u>\$ 37,821</u>	<u>\$ 0</u>	<u>\$ 3,075,870</u>

**Business-type Activities:**

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Construction in progress	<u>133,586</u>	<u>301,961</u>	<u>0</u>	<u>435,547</u>
<b>Total capital assets not being depreciated</b>	<u>188,586</u>	<u>301,961</u>	<u>0</u>	<u>490,547</u>
<b>Capital assets being depreciated:</b>				
Equipment	19,996,094	20,054	0	20,016,148
<b>Less accumulated depreciation for:</b>				
Equipment	<u>8,230,524</u>	<u>475,899</u>	<u>0</u>	<u>8,706,423</u>
<b>Total capital assets being depreciated, net</b>	<u>11,765,570</u>	<u>(455,845)</u>	<u>0</u>	<u>11,309,725</u>
<b>Business-type Activities assets, net</b>	<u>\$ 11,954,156</u>	<u>\$ (153,884)</u>	<u>\$ 0</u>	<u>\$ 11,800,272</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**D. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**3. Capital Assets (Continued)**

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

**Governmental activities:**

General government	\$ 1,851
Public safety	12,899
Public works	1,960
Culture and recreation	<u>33,321</u>
	<u>\$ 50,031</u>

**Business activities:**

Water and sewer	<u>\$ 475,899</u>
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**4. Deferred Revenue**

Delinquent taxes receivable not collected within sixty days after year end are recorded as deferred revenue as they are not available to pay liabilities of the current period. Deferred taxes in the General Fund were \$8,483.

**5. Restricted Assets Accounts**

The balances of the Town's restricted assets accounts are as follows:

782	Cash — Water customer deposits	\$ 16,152
783	Cash — Water/sewer privilege	519
784	Cash — Water surcharge	7,513
786	Cash — Water revenue bond reserve	23,623
787	Cash — Water dent service	14,940
788	Cash — Water capital replacement	218,033
789	Cash — Water capital projects	75,839
799	Cash — Water arsenic debt service	<u>23,765</u>
	Total restricted assets	<u>\$ 380,384</u>
777	Cash — Sewer debt reserve	13,550
778	Cash — Sewer debt service	10,224
779	Cash — Sewer construction	<u>616</u>
	Total restricted assets	<u>\$ 24,390</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**D. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**6. Long-term Debt**

**a. Revenue Bonds Payable**

1. The Town issued bonds that were funded by the United State Department of Agriculture (USDA) in 2009 for \$600,000. The bonds were for the construction of a new sewer system for the Town of Tonopah. The bonds are being repaid over 40 years requiring monthly payments of \$2,604 including interest at 4.25%. The outstanding balance at June 30, 2011 was \$575,590. The bond agreement requires the Town to establish a Sewer Revenue Bond Reserve Fund in which the Town must deposit on a monthly basis an amount equal to one hundred twentieth of the average annual loan installment until the average annual loan installment has been accumulated. The monthly deposit is \$260 and the average annual loan installment is \$31,248. The required reserve at June 30, 2011 was \$12,239. The balance in reserve account at June 30, 2011 was \$13,550.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,919	\$ 24,329
2013	7,219	24,029
2014	7,531	23,717
2015	7,858	23,390
2016	8,198	23,050
2017-2021	46,639	109,600
2022-2026	57,660	98,580
2027-2031	71,286	84,954
2032-2036	88,131	68,109
2037-2041	108,956	47,284
2042-2046	134,703	21,537
2047	30,490	706
	<u>\$ 575,590</u>	<u>\$ 549,285</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**D. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**6. Long-term Debt (Continued)**

**a. Revenue Bonds Payable (Continued)**

2. The Town issued bonds that were funded by the Farmer's Home Administration (FMHA) in 2004. The bonds were for the construction of a new water system for the Town of Tonopah. The bonds are being repaid over 40 years requiring monthly payments of \$2,162 including interest at 4.25%. The outstanding balance at June 30, 2011 was \$453,959. The bond agreement requires the Town to establish a Water Revenue Bond Reserve Fund in which the Town must deposit on a monthly basis an amount equal to one hundred twentieth of the average annual loan installment until the average annual loan installment has been accumulated. The monthly deposit is \$216 and the average annual loan installment is \$25,948. The required reserve at June 30, 2011 was \$20,318. The balance in reserve account at June 30, 2011 was \$23,623.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,779	\$ 19,169
2013	7,073	18,875
2014	7,380	18,568
2015	7,700	18,248
2016	8,033	17,915
2017-2021	45,700	84,040
2022-2026	56,500	73,240
2027-2031	69,851	59,890
2032-2036	86,356	43,384
2037-2041	106,762	22,978
2042-2044	51,825	2,443
	<u>\$ 453,959</u>	<u>\$ 378,750</u>

**Changes in general long-term liabilities.**

During the year ended June 30, 2011, the following changes occurred:

**Governmental Type Activities:**

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2011</u>
Compensated absences	\$ 31,075	\$ 11,835	\$ 0	\$ 42,910
OPEB obligations payable	38,184	9,886	0	48,070
Total	<u>\$ 69,259</u>	<u>\$ 21,721</u>	<u>\$ 0</u>	<u>\$ 90,980</u>

**Business Type Activities:**

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2011</u>
Compensated absences	\$ 50,740	\$ 1,110	\$ 0	\$ 51,850
OPEB obligations payable	31,745	8,766	0	40,511
Bonds payable	1,042,678	0	13,129	1,029,549
Total	<u>\$1,125,163</u>	<u>\$ 9,876</u>	<u>\$ 13,129</u>	<u>\$ 1,121,910</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**E. OTHER INFORMATION**

**1. Risk Management**

The Town 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. The Town joined together with other local governments in the Nevada Public Agency Insurance Pool (NPAIP), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Town pays an annual premium to NPAIP for its property, casualty, crimes, and machinery insurance coverage. NPAIP is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$200,000 property/crime/equipment breakdown; casualty \$500,000 each and every insured event. As a participatory member the maintenance deductible is \$5,000 for each insured event.

The Town participates in the Public Agency Compensation Trust (PACT). The PACT covers workers' compensation claims. Premiums are paid on a quarterly basis based on a percentage of the employees' wages.

The Town is self-insured for unemployment claims.

The Town purchases health care benefits for its employees through a commercial carrier.

**2. Contingent Liabilities**

**Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those 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 Town expects such amounts, if any, to be immaterial.

**Litigation**

Counsel for the Town has indicated there are no pending actions against the Town.

**3. Pension Plan**

**Plan Description:** The Town of Tonopah is a public employer contributing to the Public Employee Retirement System of the State of Nevada (PERS), a cost sharing multi-employer defined benefit pension plan. The plan is administered by the State of Nevada Retirement System.

As required by Nevada Revised Statutes, benefits are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the Plan include pension benefits, disability benefits, and death benefits.



**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**E. OTHER INFORMATION (Continued)**

**3. Pension Plan (Continued)**

Monthly benefit allowances for members are computed at 2.5% for each accredited year of service prior to July 1, 2001 and 2.67% thereafter, to a maximum of 30 years, times average compensation. PERS 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/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with 5 years of service or age 60 with 10 years of service or any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police and fire service or age 55 with 10 years of service or at age 50 with 20 years of accredited police and fire service. Benefits fully vest with 5 years of service.

PERS issues a publicly available financial statement. That report may be obtained from PERS by calling (775) 687-4200 or writing to:

Public Employees' Retirement System of Nevada  
693 W. Nye Lane  
Carson City, NV 89703-1599

**Funding Policy:** Contribution rates are established by NRS 286.410. The Town's contributions are based on the actuarially determined statutory rate. The Town is obligated to contribute all amounts due under the Plan. The contribution rate for regular employees was 21.50% for the 2010-2011 year. The contribution rate for police and firemen was 37.00%. The contribution requirement for the year ended June 30, 2011 was \$105,625. The contributions were equal to the required contributions for the year. The Town's contributions to PERS for the years ended June 30, 2010 and 2009 were \$115,563 and \$110,316 respectively, equal to the required contribution each year at the determined rate.

The Town has no liability for unfunded obligations of the system as provided by Nevada Revised Statutes Chapter 286.110.

**4. Postemployment Health Care Plan**

**Plan Description** The Town administers a single-employer defined benefit healthcare plan. The plan provides medical, dental, prescription, and life insurance benefits to eligible retired Town employees.

Benefit provisions for the plan are established pursuant to NRS 287.023 and amended through negotiations between the Town and its employees. NRS 288.150 assigns the authority to establish benefit provisions to the Town Board. The plan provides healthcare insurance for eligible retirees through the Town's group health insurance plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. The plan does not issue a publicly available financial report.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
June 30, 2011

**E. OTHER INFORMATION (Continued)**

**4. Postemployment Health Care Plan (Continued)**

**Funding Policy** Contribution requirements of the plan members and the Town are established and may be amended through negotiations between the Town and employees. The Town pays 100% of the costs of current-year premiums for eligible retired plan members. For fiscal year 2011 the Town contributed \$69,894 to the plan. The Town did not prefund any future benefits.

**Annual OPEB Cost and Net OPEB Obligation** The Town's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For fiscal year 2011 the Town's annual OPEB cost (expense) was \$88,546. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and 2010 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (Pay as You Go)</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 88,546	79%	\$ 88,581
6/30/2010	\$ 108,016	35%	\$ 69,929

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Annual Required Contribution	\$ 87,500	\$ 108,016
Interest on net OPEB obligation	6,278	0
Adjustment to annual required contribution	(5,232)	0
Annual OPEB cost (expense)	88,546	108,016
Contributions made	69,894	38,087
Increase in net OPEB obligation	18,652	69,929
Net OPEB obligation - beginning of the year	69,929	0
Net OPEB obligation - end of year	<u>\$ 88,581</u>	<u>\$ 69,929</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011**

**E. OTHER INFORMATION (Continued)**

**4. Postemployment Health Care Plan (Continued)**

**Funded Status and Funding Progress** The Town's most recent actuarial valuation was as of July 1, 2010 and as of the end of the fiscal year the Town has not prefunded any portion of the plan. The actuarial accrued liability (AAL) for benefits was \$1,184,950 and having not funded the obligation the Town currently has no associated assets to offset this liability. Because of this the unfunded actuarial accrued liability (URAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was \$528,878 and the ratio of the UAAL to the covered payroll was 224.05%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions** Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial study, the pay as you go actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return. An annual healthcare cost trend rate of 8 percent is used initially, reduced by decrements to an ultimate rate of 5 percent after seven years. A standard 3.5 percent inflation rate was used throughout.

The URAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 is 27 years.

**TOWN OF TONOPAH, NEVADA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**JUNE 30, 2011**

Valuation Date	Value of Assets (a)	Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 1,184,950	\$ 1,184,950	0.00%	\$ 528,878	224.05%
7/1/2008	\$ -	\$ 574,254	\$ 574,254	0.00%	\$ 593,810	96.71%

## **MAJOR GENERAL FUND**

**General fund is used to account for resources and costs of operation traditionally associated with governments which are not required to be accounted for in other funds.**

**TOWN OF TONOPAH, NEVADA**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2011 and 2010**

	2011	2010
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 1,551,241	\$ 1,420,549
Interest receivable	6,074	7,182
Taxes receivable	9,676	14,927
Room tax receivable	45,181	27,312
Prepaid expenses	-	67
Due from other governments	<u>50,946</u>	<u>46,442</u>
 Total assets	 <u>\$ 1,663,118</u>	 <u>\$ 1,516,479</u>
 <b><u>LIABILITIES</u></b>		
Accounts payable	\$ 40,574	\$ 29,603
Accrued payroll	26,140	41,888
Deferred taxes	<u>8,483</u>	<u>13,630</u>
 Total liabilities	 75,197	 85,121
 <b><u>FUND BALANCE</u></b>		
Unassigned	<u>1,587,921</u>	<u>1,431,358</u>
 Total liabilities and fund balance	 <u>\$ 1,663,118</u>	 <u>\$ 1,516,479</u>

**TOWN OF TONOPAH, NEVADA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
Taxes	\$ 371,736	\$ 460,874	\$ 89,138	\$ 411,397
Licenses and permits	16,000	17,774	1,774	16,741
Intergovernmental	235,010	322,098	87,088	288,790
Charges for services	23,150	26,252	3,102	30,435
Fines and forfeitures	22,500	30,087	7,587	20,844
Miscellaneous	14,219	30,315	16,096	58,785
Total revenues	<u>682,615</u>	<u>887,400</u>	<u>204,785</u>	<u>826,992</u>
<b>Expenditures:</b>				
General government	493,400	300,729	192,671	265,375
Public safety	82,619	57,135	25,484	53,155
Public works	214,292	93,444	120,848	154,832
Culture and recreation	369,849	279,529	90,320	294,270
Contingency	15,000	-	15,000	-
Total expenditures	<u>1,175,160</u>	<u>730,837</u>	<u>444,323</u>	<u>767,632</u>
Excess (deficiency) of revenues over expenditures	(492,545)	156,563	649,108	59,360
<b>Fund balance:</b>				
Beginning of year	<u>1,051,235</u>	<u>1,431,358</u>	<u>380,123</u>	<u>1,371,998</u>
End of year	<u>\$ 558,690</u>	<u>\$ 1,587,921</u>	<u>\$ 1,029,231</u>	<u>\$ 1,431,358</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES COMPARED TO BUDGET**  
**For the Year Ended June 30, 2011**

(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 151,736	\$ 132,642	\$ (19,094)	\$ 135,275
Room taxes	220,000	328,232	108,232	276,122
Total taxes	<u>371,736</u>	<u>460,874</u>	<u>89,138</u>	<u>411,397</u>
<b>Licenses and permits</b>	<u>16,000</u>	<u>17,774</u>	<u>1,774</u>	<u>16,741</u>
<b>Intergovernmental:</b>				
County liquor license	1,800	1,560	(240)	1,760
County gaming license	17,000	16,268	(732)	16,943
Consolidated tax	210,000	298,085	88,085	264,673
Gas tax \$1.75	<u>6,210</u>	<u>6,185</u>	<u>(25)</u>	<u>5,414</u>
Total intergovernmental	<u>235,010</u>	<u>322,098</u>	<u>87,088</u>	<u>288,790</u>
<b>Charges for services:</b>				
Rescue runs	600	100	(500)	245
Swimming pool fees	8,000	5,918	(2,082)	6,914
Convention Center rental	10,000	10,706	706	14,569
Sports complex fees	600	2,072	1,472	2,489
Mining park donations	3,500	6,619	3,119	6,038
Fairgrounds rental	<u>450</u>	<u>837</u>	<u>387</u>	<u>180</u>
Total charges for services	<u>23,150</u>	<u>26,252</u>	<u>3,102</u>	<u>30,435</u>
<b>Fines and forfeitures</b>	<u>22,500</u>	<u>30,087</u>	<u>7,587</u>	<u>20,844</u>
<b>Miscellaneous:</b>				
Investment income	12,000	16,898	4,898	47,379
Other	<u>2,219</u>	<u>13,417</u>	<u>11,198</u>	<u>11,406</u>
Total miscellaneous	<u>14,219</u>	<u>30,315</u>	<u>16,096</u>	<u>58,785</u>
<b>Total revenues</b>	<u>\$ 682,615</u>	<u>\$ 887,400</u>	<u>\$ 204,785</u>	<u>\$ 826,992</u>



**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET**  
**For the Year Ended June 30, 2011**

(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actual
<b>Expenditures:</b>				
<b>General government:</b>				
Salaries and wages	\$ 243,227	\$ 152,987	\$ 90,240	\$ 140,717
Employee benefits	134,448	61,921	72,527	57,363
Services and supplies	115,725	62,071	53,654	66,253
Capital outlay	-	23,750	(23,750)	1,042
Total general government	<u>493,400</u>	<u>300,729</u>	<u>192,671</u>	<u>265,375</u>
<b>Public safety:</b>				
<b>Fire:</b>				
Salaries and wages	15,500	15,000	500	15,800
Employee benefits	18,744	7,131	11,613	9,136
Services and supplies	48,375	28,733	19,642	22,172
Capital outlay	-	6,271	(6,271)	6,047
Total public safety	<u>82,619</u>	<u>57,135</u>	<u>25,484</u>	<u>53,155</u>
<b>Public works:</b>				
Salaries and wages	71,724	26,154	45,570	69,124
Employee benefits	53,578	14,477	39,101	32,437
Services and supplies	88,990	48,841	40,149	53,271
Capital outlay	-	3,972	(3,972)	-
Total public works	<u>214,292</u>	<u>93,444</u>	<u>120,848</u>	<u>154,832</u>
<b>Culture and recreation:</b>				
<b>Parks:</b>				
Services and supplies	<u>37,320</u>	<u>28,736</u>	<u>8,584</u>	<u>29,241</u>
<b>Mining parks:</b>				
Salaries and wages	72,614	63,856	8,758	62,955
Employee benefits	36,969	27,474	9,495	30,476
Services and supplies	<u>26,750</u>	<u>14,283</u>	<u>12,467</u>	<u>13,874</u>
Total mining parks	<u>136,333</u>	<u>105,613</u>	<u>30,720</u>	<u>107,305</u>
<b>Swimming pool:</b>				
Salaries and wages	16,350	10,971	5,379	16,149
Employee benefits	4,376	1,693	2,683	5,244
Services and supplies	24,175	13,363	10,812	9,228
Capital outlay	-	3,940	(3,940)	-
Total swimming pool	<u>44,901</u>	<u>29,967</u>	<u>14,934</u>	<u>30,621</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actual
<b>Culture and recreation (continued):</b>				
<b>Fair:</b>				
Services and supplies	\$ 4,765	\$ 1,930	\$ 2,835	\$ 1,589
<b>Ball fields:</b>				
Services and supplies	31,260	16,863	14,397	22,824
<b>Convention Center:</b>				
Salaries and wages	35,954	34,081	1,873	33,984
Employee benefits	26,141	22,018	4,123	21,441
Services and supplies	53,175	38,655	14,520	44,489
Capital outlay	-	1,666	(1,666)	2,776
Total Convention Center	115,270	96,420	18,850	102,690
Total culture and recreation	369,849	279,529	90,320	294,270
<b>Contingency</b>	15,000	-	15,000	-
Total expenditures	\$ 1,175,160	\$ 730,837	\$ 444,323	\$ 767,632

## **MAJOR ENTERPRISE FUNDS**

**The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the Town’s management is that the costs of providing goods and services be financed or recovered primarily through user charges.**

**Tonopah Public Utility Water fund is used to account for revenues and expenses of water services provided for residents of the unincorporated Town of Tonopah, Nevada.**

**Tonopah Public Utility Sewer fund is used to account for revenues and expenses of sewer services provided for residents of the unincorporated Town of Tonopah, Nevada.**

**TOWN OF TONOPAH, NEVADA**  
**TONOPAH PUBLIC UTILITIES WATER FUND**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**June 30, 2011 and 2010**

	2011	2010
<b><u>ASSETS:</u></b>		
Current assets:		
Pooled cash and investments	\$ 475,041	\$ 568,050
Interest receivable	3,420	4,110
Due from other governments		
Accounts receivable, net of allowance for doubtful accounts	72,509	69,548
Inventory	70,075	69,980
Prepaid expense	1,398	-
Restricted assets - cash	380,384	290,625
Total current assets	1,002,827	1,002,313
Property, plant and equipment, net of accumulated depreciation	5,653,860	5,604,301
Total assets	6,656,687	6,606,614
<b><u>LIABILITIES:</u></b>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	31,013	38,334
Accrued payroll	5,800	12,408
Accrued compensated absences	11,123	6,790
Current portion of bonds payable	6,779	6,498
Total current liabilities-unrestricted	54,715	64,030
Current liabilities, payable from restricted assets:		
Customer deposits	21,887	16,609
Total current liabilities	76,602	80,639
Non-current liabilities:		
OPEB obligation payable	21,871	17,206
Accrued compensated absences	14,802	18,580
Bonds payable	447,180	453,959
Total non-current liabilities	483,853	489,745
Total liabilities	560,455	570,384
<b><u>NET ASSETS:</u></b>		
Invested in capital assets, net of related debt	5,199,901	5,143,844
Restricted for debt	62,328	16,864
Restricted for capital replacement	301,904	252,913
Unrestricted	532,099	622,609
Total net assets	\$ 6,096,232	\$ 6,036,230

**TOWN OF TONOPAH, NEVADA**  
**TONOPAH PUBLIC UTILITIES WATER FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(with Comparative Amounts for the Year Ended June 30, 2010)**

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actuals
<b>Operating revenues:</b>				
Charges for services:				
Water fees	\$ 520,000	\$ 572,640	\$ 52,640	\$ 552,383
<b>Operating expenses:</b>				
<b>Water department:</b>				
Administration	53,199	40,358	12,841	46,622
General operations	260,106	195,729	64,377	209,558
Water operations	195,600	140,055	55,545	150,592
Depreciation	220,000	253,909	(33,909)	254,245
 Total operating expenses	 728,905	 630,051	 98,854	 661,017
 Operating (loss)	 (208,905)	 (57,411)	 151,494	 (108,634)
<b>Nonoperating revenue (expense):</b>				
Investment income	23,000	9,960	(13,040)	25,578
Miscellaneous	10,000	11,698	1,698	14,230
Interest expense	(19,427)	(19,450)	(23)	(20,455)
Contract services	-	7,006	7,006	98,147
Water surcharge	79,500	108,199	28,699	75,011
 Total nonoperating revenue	 93,073	 117,413	 24,340	 192,511
 Net income (loss)	 \$ (115,832)	 60,002	 \$ 175,834	 83,877
<b>Net Assets:</b>				
Beginning of year		6,036,230		5,952,353
 End of year		 \$ 6,096,232		 \$ 6,036,230

**TOWN OF TONOPAH, NEVADA**  
**TONOPAH PUBLIC UTILITIES WATER FUND**  
**SCHEDULE OF CASH FLOWS**

**For the Year Ended June 30, 2011**

**(With comparative Amounts for the Year Ended June 30, 2010)**

	2011	2010
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 574,957	\$ 549,696
Cash paid for salaries, wages and employee benefits	(200,621)	(201,989)
Cash paid for services and supplies	(185,723)	(189,991)
Net cash provided by operating activities	<u>188,613</u>	<u>157,716</u>
<b>Cash flows from noncapital financing activities:</b>		
Miscellaneous revenue	11,698	14,230
Contract services	7,006	98,147
Surcharges	108,199	75,011
Net cash provided by noncapital financing activities	<u>126,903</u>	<u>187,388</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(303,468)	(150,838)
Principal paid	(6,498)	(6,376)
Interest paid	(19,450)	(20,455)
Net cash (used) by capital and related financing activities	<u>(329,416)</u>	<u>(177,669)</u>
<b>Cash flows from investing activities:</b>		
Investment income	10,650	26,667
Net increase in cash	(3,250)	194,102
<b>Cash:</b>		
Beginning of year	858,675	664,573
End of year	<u>\$ 855,425</u>	<u>\$ 858,675</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>		
Operating (loss)	\$ (57,411)	\$ (108,634)
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>		
Depreciation	253,909	254,245
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,961)	43
(Increase) decrease in prepaid expenses	(1,398)	-
(Increase) decrease in inventory	(95)	(6,333)
Increase (decrease) in accounts payable	(7,321)	(35)
Increase (decrease) in payroll liabilities	(1,388)	21,160
Increase (decrease) in customer deposits	5,278	(2,730)
Total adjustments	<u>246,024</u>	<u>266,350</u>
<b>Net cash provided by operating activities</b>	<u>\$ 188,613</u>	<u>\$ 157,716</u>

**TOWN OF TONOPAH, NEVADA**  
**TONOPAH PUBLIC UTILITIES SEWER FUND**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**June 30, 2011 and 2010**

	2011	2010
<b><u>ASSETS:</u></b>		
Current assets:		
Pooled cash and investments	\$ 778,707	\$ 605,077
Interest receivable	2,960	2,959
Accounts receivable, net of allowance for doubtful accounts	59,061	58,632
Inventory	7,421	3,720
Prepaid expense	5,788	-
Restricted assets - cash	24,390	18,164
Total current assets	878,327	688,552
Property, plant and equipment, net of accumulated depreciation	6,146,412	6,349,855
Total assets	7,024,739	7,038,407
<b><u>LIABILITIES:</u></b>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	5,295	5,612
Accrued payroll	6,440	13,251
Accrued compensated absences	11,123	6,790
Current portion of bonds payable	6,919	6,631
Total current liabilities - unrestricted	29,777	32,284
Non-current liabilities:		
OPEB obligation payable	18,640	14,539
Accrued compensated absences	14,802	18,580
Bonds payable	568,671	575,590
Total non-current liabilities	602,113	608,709
Total liabilities	631,890	640,993
<b><u>NET ASSETS:</u></b>		
Invested in capital assets, net of related debt	5,570,822	5,767,634
Restricted for debt	23,774	17,556
Restricted for construction	616	608
Unrestricted	797,637	611,616
Total net assets	\$ 6,392,849	\$ 6,397,414

**TOWN OF TONOPAH, NEVADA**  
**TONOPAH PUBLIC UTILITIES SEWER FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(with Comparative Amounts for the Year Ended June 30, 2010)**

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actuals
<b>Operating revenues:</b>				
Charges for services:				
Sewer fees	\$ 417,000	\$ 423,267	\$ 6,267	\$ 430,140
<b>Operating expenses:</b>				
<b>Sewer department:</b>				
Administration	144,230	111,812	32,418	109,401
General operations	190,032	107,223	82,809	122,975
Sewer operations	35,500	12,149	23,351	21,164
Depreciation	200,000	221,990	(21,990)	215,940
 Total operating expenses	 569,762	 453,174	 116,588	 469,480
 Operating (loss)	 (152,762)	 (29,907)	 122,855	 (39,340)
<b>Nonoperating revenue (expense):</b>				
Investment income	2,000	7,911	5,911	18,389
Interest expense	(24,616)	(24,617)	(1)	(23,999)
Capital projects fees	30,000	9,928	(20,072)	12,075
Debt service	34,000	32,120	(1,880)	31,026
 Total nonoperating revenue	 41,384	 25,342	 (16,042)	 37,491
 Net income (loss)	 \$ (111,378)	 (4,565)	 \$ 106,813	 (1,849)
<b>Net Assets:</b>				
Beginning of year		6,397,414		6,399,263
 End of year		 \$ 6,392,849		 \$ 6,397,414



**TOWN OF TONOPAH, NEVADA**  
**TONOPAH PUBLIC UTILITIES SEWER FUND**  
**SCHEDULE OF CASH FLOWS**  
**For the Year Ended June 30, 2011**  
**(With comparative Amounts for the Year Ended June 30, 2010)**

	2011	2010
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 422,838	\$ 411,251
Cash paid for salaries, wages and employee benefits	(185,084)	(178,805)
Cash paid for services and supplies	(58,061)	(50,386)
Net cash provided by operating activities	<u>179,693</u>	<u>182,060</u>
<b>Cash flows from noncapital financing activities:</b>		
Capital projects fees	9,928	12,075
Debt service	32,120	31,026
Net cash provided by noncapital financing activities	<u>42,048</u>	<u>43,101</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(18,547)	(1,475)
Principal paid	(6,631)	(6,366)
Interest paid	(24,617)	(23,999)
Net cash (used) by capital and related financing activities	<u>(49,795)</u>	<u>(31,840)</u>
<b>Cash flows from investing activities:</b>		
Investment income	7,910	18,636
Net increase in cash	179,856	211,957
<b>Cash:</b>		
Beginning of year	623,241	411,284
End of year	<u>\$ 803,097</u>	<u>\$ 623,241</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>		
Operating (loss)	\$ (29,907)	\$ (39,340)
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>		
Depreciation	221,990	215,940
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(429)	(18,889)
(Increase) decrease in prepaid expenses	(5,788)	-
(Increase) decrease in inventory	(3,701)	20
Increase (decrease) in accounts payable	(317)	1,907
Increase (decrease) in accrued payroll	(2,155)	22,422
Total adjustments	<u>209,600</u>	<u>221,400</u>
<b>Net cash provided by operating activities</b>	<u>\$ 179,693</u>	<u>\$ 182,060</u>

## **NON MAJOR GOVERNMENTAL FUNDS**

**Combining statements of all nonmajor  
governmental activity.**

**TOWN OF TONOPAH, NEVADA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**June 30, 2011**

**(With Comparative Totals for June 30, 2010)**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2011 Totals	2010 Totals
<b>Assets:</b>				
Pooled cash and investments	\$ 114,280	\$ 267,074	\$ 381,354	\$ 430,861
Interest receivable	443	982	1,425	2,214
Room tax receivable	<u>4,369</u>	<u>-</u>	<u>4,369</u>	<u>2,134</u>
Total assets	<u>\$ 119,092</u>	<u>\$ 268,056</u>	<u>\$ 387,148</u>	<u>\$ 435,209</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 1,695</u>	<u>\$ -</u>	<u>\$ 1,695</u>	<u>\$ 47,707</u>
<b>Fund Balance:</b>				
Restricted for capital projects	-	268,056	268,056	261,507
Restricted for culture & recreation	<u>117,397</u>	<u>-</u>	<u>117,397</u>	<u>125,995</u>
Total fund balance	<u>117,397</u>	<u>268,056</u>	<u>385,453</u>	<u>387,502</u>
Total liabilities and fund balance	<u>\$ 119,092</u>	<u>\$ 268,056</u>	<u>\$ 387,148</u>	<u>\$ 435,209</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**

**For the Year Ended June 30, 2011**

**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2011 Totals	2010 Totals
<b>Revenues:</b>				
Taxes	\$ 26,482	\$ -	\$ 26,482	\$ 22,141
Intergovernmental	-	28,782	28,782	31,831
Charges for services	-	759	759	978
Miscellaneous	<u>1,325</u>	<u>3,008</u>	<u>4,333</u>	<u>15,033</u>
 Total revenues	 <u>27,807</u>	 <u>32,549</u>	 <u>60,356</u>	 <u>69,983</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	36,405	-	36,405	12,843
Capital projects	<u>-</u>	<u>26,000</u>	<u>26,000</u>	<u>74,925</u>
 Total expenditures	 <u>36,405</u>	 <u>26,000</u>	 <u>62,405</u>	 <u>87,768</u>
 Excess (deficiency) of revenues over expenditures	 (8,598)	 6,549	 (2,049)	 (17,785)
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance	 (8,598)	 6,549	 (2,049)	 (17,785)
<b>Fund balance:</b>				
Beginning of year	<u>125,995</u>	<u>261,507</u>	<u>387,502</u>	<u>405,287</u>
 End of year	 <u>\$ 117,397</u>	 <u>\$ 268,056</u>	 <u>\$ 385,453</u>	 <u>\$ 387,502</u>

## **NONMAJOR SPECIAL REVENUE FUND**

**Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.**

**The State Room Tax fund is used to account for room tax revenues and expenditures.**

**The Mural fund is used to account for donations revenues and expenditures for the Mural.**

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**  
**(With Comparative Totals for June 30, 2010)**

	State Room Tax	Mural Fund	Totals 2011	2010
<b><u>ASSETS:</u></b>				
Pooled cash and investments	\$ 95,919	\$ 18,361	\$ 114,280	\$ 123,236
Interest receivable	369	74	443	625
Room tax receivable	<u>4,369</u>	<u>-</u>	<u>4,369</u>	<u>2,134</u>
Total assets	<u>\$ 100,657</u>	<u>\$ 18,435</u>	<u>\$ 119,092</u>	<u>\$ 125,995</u>
<b><u>LIABILITIES:</u></b>				
Accounts payable	\$ 1,695	\$ -	\$ 1,695	\$ -
<b><u>FUND BALANCE:</u></b>				
Restricted for culture and recreation	<u>98,962</u>	<u>18,435</u>	<u>117,397</u>	<u>125,995</u>
Total liabilities and fund balance	<u>\$ 100,657</u>	<u>\$ 18,435</u>	<u>\$ 119,092</u>	<u>\$ 125,995</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUNDS-SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**

**For the Year Ended June 30, 2011**

**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	State Room Tax	Mural Fund	Totals 2011	2010
<b>Revenues:</b>				
Taxes	\$ 26,482	\$ -	\$ 26,482	\$ 22,141
Miscellaneous	<u>1,113</u>	<u>212</u>	<u>1,325</u>	<u>4,172</u>
Total revenues	27,595	212	27,807	26,313
<b>Expenditures:</b>				
Culture and recreation	<u>36,405</u>	<u>-</u>	<u>36,405</u>	<u>12,843</u>
Excess (deficiency) of revenues over expenditures	(8,810)	212	(8,598)	13,470
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(8,810)	212	(8,598)	-
<b>Fund balance:</b>				
Beginning of year	<u>107,772</u>	<u>18,223</u>	<u>125,995</u>	<u>112,525</u>
End of year	<u>\$ 98,962</u>	<u>\$ 18,435</u>	<u>\$ 117,397</u>	<u>\$ 125,995</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-STATE ROOM TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2011 and 2010**

	2011	2010
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 95,919	\$ 105,106
Interest receivable	369	532
Room tax receivable	<u>4,369</u>	<u>2,134</u>
Total assets	<u>\$ 100,657</u>	<u>\$ 107,772</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 1,695	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for culture and recreation	<u>98,962</u>	<u>107,772</u>
Total liabilities and fund balance	<u>\$ 100,657</u>	<u>\$ 107,772</u>



**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-STATE ROOM TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Room tax	\$ 20,000	\$ 26,482	\$ 6,482	\$ 22,141
<b>Miscellaneous:</b>				
Investment income	-	1,113	1,113	3,551
Total revenues	<u>20,000</u>	<u>27,595</u>	<u>7,595</u>	<u>25,692</u>
<b>Expenditures:</b>				
<b>Culture and recreation:</b>				
Services and supplies	119,923	14,152	105,771	12,843
Capital Outlay	-	22,253	(22,253)	-
Total expenditures	<u>119,923</u>	<u>36,405</u>	<u>83,518</u>	<u>12,843</u>
Excess (deficiency) of revenues over expenditures	(99,923)	(8,810)	91,113	12,849
<b>Fund balance:</b>				
Beginning of year	<u>99,923</u>	<u>107,772</u>	<u>7,849</u>	<u>94,923</u>
End of year	<u>\$ -</u>	<u>\$ 98,962</u>	<u>\$ 98,962</u>	<u>\$ 107,772</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-MURAL SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2011 and 2010**

	2011	2010
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 18,361	\$ 18,130
Interest receivable	<u>74</u>	<u>93</u>
Total assets	<u>\$ 18,435</u>	<u>\$ 18,223</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for culture and recreation	<u>18,435</u>	<u>18,223</u>
Total liabilities and fund balance	<u>\$ 18,435</u>	<u>\$ 18,223</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-MURAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Investment income	\$ 500	\$ 212	\$ (288)	\$ 621
<b>Expenditures:</b>				
<b>Culture and recreation:</b>				
Capital outlay	<u>18,602</u>	<u>-</u>	<u>18,602</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(18,102)	212	18,314	621
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(18,102)	212	18,314	621
<b>Fund balance:</b>				
Beginning of year	<u>18,102</u>	<u>18,223</u>	<u>121</u>	<u>17,602</u>
End of year	<u>\$ -</u>	<u>\$ 18,435</u>	<u>\$ 18,435</u>	<u>\$ 18,223</u>

## **NONMAJOR CAPITAL PROJECTS FUNDS**

**Capital Projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.**

**Capital Projects Fund is used to account for general acquisitions of the Town as well as purchase of public safety equipment.**

**Special Ad Valorem Fund is used to account for a special tax levy to be used for capital improvement.**

**Mining Parks Capital Projects Fund is used to account for grants received for improvements to the park**

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**

**June 30, 2011**

**(With Comparative Totals for June 30, 2010)**

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2011	Totals 2010
<b><u>ASSETS:</u></b>					
Pooled cash and investments	\$ 11,573	\$ 223,552	\$ 31,949	\$ 267,074	\$ 307,625
Interest receivable	<u>47</u>	<u>806</u>	<u>129</u>	<u>982</u>	<u>1,589</u>
Total assets	<u>\$ 11,620</u>	<u>\$ 224,358</u>	<u>\$ 32,078</u>	<u>\$ 268,056</u>	<u>\$ 309,214</u>
<b><u>LIABILITIES:</u></b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 47,707
<b><u>FUND BALANCE:</u></b>					
Restricted for capital projects	<u>11,620</u>	<u>224,358</u>	<u>32,078</u>	<u>268,056</u>	<u>261,507</u>
Total liabilities and fund balance	<u>\$ 11,620</u>	<u>\$ 224,358</u>	<u>\$ 32,078</u>	<u>\$ 268,056</u>	<u>\$ 309,214</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUNDS-CAPITAL PROJECTS FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**

**For the Year Ended June 30, 2011**

**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2011	Totals 2010
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ 28,782	\$ -	\$ 28,782	\$ 31,831
Charges for services	759	-	-	759	978
Miscellaneous	<u>127</u>	<u>2,483</u>	<u>398</u>	<u>3,008</u>	<u>10,861</u>
Total revenues	886	31,265	398	32,549	43,670
<b>Expenditures:</b>					
Capital projects	<u>-</u>	<u>21,000</u>	<u>5,000</u>	<u>26,000</u>	<u>74,925</u>
Excess (deficiency) of revenues over expenditures	886	10,265	(4,602)	6,549	(31,255)
<b>Fund balance:</b>					
Beginning of year	<u>10,734</u>	<u>214,093</u>	<u>36,680</u>	<u>261,507</u>	<u>292,762</u>
End of year	<u>\$ 11,620</u>	<u>\$ 224,358</u>	<u>\$ 32,078</u>	<u>\$ 268,056</u>	<u>\$ 261,507</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2011 and 2010**

	2011	2010
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 11,573	\$ 10,680
Interest receivable	<u>47</u>	<u>54</u>
Total assets	<u>\$ 11,620</u>	<u>\$ 10,734</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for capital projects	<u>11,620</u>	<u>10,734</u>
Total liabilities and fund balance	<u>\$ 11,620</u>	<u>\$ 10,734</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Charges for services:</b>				
Rescue runs	\$ 4,000	\$ 759	\$ (3,241)	\$ 978
<b>Miscellaneous:</b>				
Investment income	<u>700</u>	<u>127</u>	<u>(573)</u>	<u>400</u>
Total revenues	4,700	886	(3,814)	1,378
<b>Expenditures:</b>				
Capital projects	<u>16,756</u>	<u>-</u>	<u>16,756</u>	<u>9,925</u>
Excess (deficiency) of revenues over expenditures	(12,056)	886	12,942	(8,547)
<b>Fund balance:</b>				
Beginning of year	<u>12,056</u>	<u>10,734</u>	<u>(1,322)</u>	<u>19,281</u>
End of year	<u>\$ -</u>	<u>\$ 11,620</u>	<u>\$ 11,620</u>	<u>\$ 10,734</u>



**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-SPECIAL AD VALOREM CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2011 and 2010**

	2011	2010
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 223,552	\$ 260,452
Interest receivable	<u>806</u>	<u>1,348</u>
Total assets	<u>\$ 224,358</u>	<u>\$ 261,800</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ 47,707
<b><u>FUND BALANCE:</u></b>		
Restricted for capital projects	<u>224,358</u>	<u>214,093</u>
Total liabilities and fund balance	<u>\$ 224,358</u>	<u>\$ 261,800</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-SPECIAL AD VALOREM CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
Intergovernmental:	\$ 24,000	\$ 28,782	\$ 4,782	\$ 31,831
Miscellaneous:				
Investment income	<u>-</u>	<u>2,483</u>	<u>2,483</u>	<u>9,213</u>
Total revenues	24,000	31,265	7,265	41,044
<b>Expenditures:</b>				
Capital projects	<u>237,049</u>	<u>21,000</u>	<u>216,049</u>	<u>65,000</u>
Excess (deficiency) of revenues over expenditures	(213,049)	10,265	223,314	(23,956)
<b>Fund balance:</b>				
Beginning of year	<u>213,049</u>	<u>214,093</u>	<u>1,044</u>	<u>238,049</u>
End of year	<u>\$ -</u>	<u>\$ 224,358</u>	<u>\$ 224,358</u>	<u>\$ 214,093</u>

TOWN OF TONOPAH, NEVADA  
NONMAJOR FUND-MINING CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	2011	2010
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 31,949	\$ 36,493
Interest receivable	<u>129</u>	<u>187</u>
Total assets	<u>\$ 32,078</u>	<u>\$ 36,680</u>
<b><u>FUND BALANCE:</u></b>		
Restricted for capital projects	<u>\$ 32,078</u>	<u>\$ 36,680</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-MINING CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Amounts for the Year Ended June 30, 2010)**

	2011		Variance-	2010
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Investment income	\$ -	\$ 398	\$ 398	\$ 1,248
<b>Expenditures:</b>				
Capital projects	<u>36,182</u>	<u>5,000</u>	<u>31,182</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(36,182)	(4,602)	31,580	1,248
<b>Fund balance:</b>				
Beginning of year	<u>36,182</u>	<u>36,680</u>	<u>498</u>	<u>35,432</u>
End of year	<u>\$ -</u>	<u>\$ 32,078</u>	<u>\$ 32,078</u>	<u>\$ 36,680</u>

DANIEL C. McARTHUR, LTD.

*Certified Public Accountant*

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**INDEPENDENT AUDITOR'S 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***

Honorable Members of the Town Board  
Town of Tonopah, Nevada

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tonopah, Nevada (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued my report thereon dated February 14, 2012. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

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 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. I consider the deficiency described in the accompanying schedule of findings to be a material weakness. See finding 2011-01.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Tonopah, Nevada's response to the finding identified in my audit is described in the accompanying schedule of findings. I did not audit the Town of Tonopah, Nevada's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Members of the Board, management, others within the Town, and officials of applicable state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Las Vegas, Nevada  
February 14, 2012

**TOWN OF TONOPAH, NEVADA  
SCHEDULE OF FINDINGS**

**Financial Statement Findings**

**2011-01      Lack of ability to independently prepare financial statements and related footnote disclosures**

Condition: As is common for small companies across the country, the Town does not possess the ability to independently prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP).

Criteria: Inherent in an adequate internal control structure is the ability to independently prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles.

Effect: The lack of this ability may result in the remote likelihood that a misstatement of the financial statement will not be prevented or detected by the Town's internal control.

Recommendation: It is suggested the Town arrange for sufficient training of accounting personnel in order to provide them with the expertise necessary to prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles.

Town Response: The Town believes that the benefit would be outweighed by the cost of training their accounting personnel to prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles. They have requested that the auditors assist in drafting the financial statements and related footnote disclosure during the course of the audit. They have reviewed, approved and accepted responsibility for those financial statements prior to their issuance.

DANIEL C. McARTHUR, LTD.

*Certified Public Accountant*

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**

Honorable Members of the Town Board  
Town of Tonopah, Nevada

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tonopah, Nevada (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued my report thereon dated February 14, 2012. I conducted my 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.

In connection with my audit, nothing came to my attention that caused me to believe that the funds established by the Town as listed in Nevada Revised Statutes (NRS) 354.624 Sec 5 (a) (1) through (5) (II), and NRS 354.6113 failed to comply with the express purposes required by NRS 354.6241 Sec 1 (a) , (b) , (c) , (d) , (e) , and (f) and NRS 354.6113 Sec 4 (a) , (b) , (c), and (d); respectively. Nothing came to my attention that caused me to believe there were instances of noncompliance that are required to be reported under Nevada Revised Statutes (NRS) 354.624 Sec 4.

As required by NRS 354.624 Sec 4(a), a schedule of all fees imposed by the Town which were subject to the provisions of NRS 354.5989 is included in Appendix A. As required by NRS 354.6113 Sec 4, a schedule of capital projects activity is included in Appendix B.

This report is intended for the information of the Town Board, management, others within the Town, and the Nevada Department of Taxation. However, this report is a matter of public record and its distribution is not limited.



Las Vegas, Nevada  
February 14, 2012



**TOWN OF TONOPAH, NEVADA**  
**SCHEDULE OF BUSINESS LICENSE FEES**  
**APPENDIX A**  
**JUNE 30, 2011**

Nevada Revised Statutes 354.624.4(a) requires a schedule of all fees imposed by the Town which are subject to the provisions of NRS 354.5989. The Town charges a business license fee that is subject to NRS 354.5989. During the year ended June 30, 2011, the Town did not raise fees on business licenses subject to the limitations of NRS 354.5989.

Business license fees are calculated on a point system, at \$0.0125 per point. Business classes are as follows:

Class A	Professional	1,000 Points
Class B	Wholesaler	800
Class C	Retailer	500
Class D	Service	300

Additional points are assessed for the calculation of the license based on number of employees, hours of operation and number of locations. The points for each category have not changed during the year ended June 30, 2011.

**TOWN OF TONOPAH, NEVADA**  
**SCHEDULE OF CAPITAL PROJECTS ACTIVITY**  
**APPENDIX B**  
**JUNE 30, 2011**

The following are responses to requirements of NRS 354.6113:

NRS 354.6113.4 requires that the audit specifically identify the fund and;

1. Indicate in detail the capital projects that have been constructed with money from the fund.

Response

The following capital projects were purchased, constructed, or are under construction:

Special Capital Projects Fund:	
Convention Center Building	\$ 21,000
Mining Capital Project Fund:	
Underground mining displays	\$ 5,000

2. Specify the amount of money that will be deposited in the fund for the next fiscal year.

Response

Special Capital Projects Fund:	
Taxes	\$ 35,000
Capital Projects Fund	
Rescue Runs	\$ 1,000
Reader Board fees	\$ 100
Interest	\$ 300
Transfer in General Fund	\$ 725,000
Mining Park Capital Projects Fund	\$ 500

3. Specify the proposed capital projects that will be constructed with money from the fund during the next fiscal year.

Response

The following costs are planned to be expended during the next fiscal year:

Special Capital Projects Fund:	
Renovation of Town buildings	\$ 249,093
Capital Projects Fund:	
Tonopah Convention Center	\$ 725,000
Miscellaneous	\$ 16,134
Mining Park Capital Projects Fund:	
Underground mining displays	\$ 32,180

4. Identify any planned accumulation of the money in the fund.

Response

The Town plans no accumulation of fund balance for future capital needs.