

**TOWN OF TONOPAH, NEVADA**  
**REPORT ON FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL MATERIAL**  
**YEAR ENDED JUNE 30, 2012**

**TOWN OF TONOPAH, NEVADA  
REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTAL MATERIAL  
FOR THE YEAR ENDED JUNE 30, 2012  
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# **TOWN OF TONOPAH, NEVADA**

## **ORGANIZATION**

### **TOWN OFFICERS at June 30, 2012**

Chairman	Jon Zane
Vice Chairman	Horace Carlyle
Clerk	Javier Gonzalez
Board Member	Duane Downing
Board Member	Vacant



# 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, 2012, 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, 2012, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Special Ad Valorem Capital Projects 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 May 1, 2013, 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 45 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 nonmajor combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The nonmajor combining and individual fund financial statements 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. I also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Town's basic financial statements for the year ended June 30, 2011, which are not presented with the accompanying financial statements. In my report dated February 14, 2012, I expressed unqualified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's 2011 financial statements as a whole. The combining and individual fund financial statements, related to the 2011 financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2011 combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

A handwritten signature in dark ink, appearing to read "Mark M. Gluck". The signature is fluid and cursive, with a large initial "M" and "G".

Las Vegas, Nevada  
May 1, 2013

**Town of Tonopah, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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 \$441,965, ad valorem taxes (property taxes) of \$188,705, and consolidated taxes (sales taxes) of \$300,267. These revenue sources comprised 41.30%, 17.63%, and 28.06% respectively, or 86.99% of total governmental activities revenues.

The Town's total expenses were \$2,019,700. The greatest governmental activities expenses were \$320,177 in general government and \$317,577 in the culture and recreation function. The business-type activities contributed \$1,174,598 to the Town's total expenses.

At the end of the fiscal year, the fund balance for the General Fund was \$1,737,626. This was an increase of \$149,705 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, 2012**

**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 and Special Ad Valorem Capital Projects Fund, which are 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, 2012**

**Government-wide Financial Analysis**

Net assets of the Town as of June 30, 2012, are summarized and analyzed below:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>						
Current and other assets	\$2,166,612	\$2,050,266	\$ 2,409,626	\$ 1,881,154	\$ 4,576,238	\$ 3,931,420
Net capital assets	<u>3,212,475</u>	<u>3,075,870</u>	<u>12,027,586</u>	<u>11,800,272</u>	<u>15,240,061</u>	<u>14,876,142</u>
Total Assets	<u>5,379,087</u>	<u>5,126,136</u>	<u>14,437,212</u>	<u>13,681,426</u>	<u>19,816,299</u>	<u>18,807,562</u>
<b>Liabilities:</b>						
Current liabilities	85,767	99,032	750,937	106,379	836,704	205,411
Long-term liabilities	<u>101,571</u>	<u>60,357</u>	<u>1,108,442</u>	<u>1,085,966</u>	<u>1,210,013</u>	<u>1,146,323</u>
Total Liabilities	<u>187,338</u>	<u>159,389</u>	<u>1,859,379</u>	<u>1,192,345</u>	<u>2,046,717</u>	<u>1,351,734</u>
<b>Net Assets:</b>						
Invested in capital assets						
net of related debt	3,212,475	3,075,870	10,474,293	10,770,723	13,686,768	13,846,593
Restricted	357,639	268,056	392,041	259,287	749,680	527,343
Unrestricted	<u>1,621,635</u>	<u>1,622,821</u>	<u>1,711,499</u>	<u>1,459,071</u>	<u>3,333,134</u>	<u>3,081,892</u>
Total Net Assets	<u>\$5,191,749</u>	<u>\$4,966,747</u>	<u>\$12,577,833</u>	<u>\$12,489,081</u>	<u>\$17,769,582</u>	<u>\$17,455,828</u>

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. Assets exceeded liabilities by \$17,769,582 as of June 30, 2012.

The largest portion of the Town's net assets, 77.02%, 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, 2012**

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

	Governmental Activities		Business Type Activities		Total Primary Governmental	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 106,607	\$ 92,700	\$ 1,030,168	\$ 995,907	\$ 1,136,775	\$ 1,088,607
Capital grant	-	-	2,000	-	2,000	-
General revenues:						
Ad valorem taxes	188,705	156,277	-	-	188,705	156,277
Room tax	441,965	354,714	-	-	441,965	354,714
Consolidated tax	300,267	298,085	-	-	300,267	298,085
Fuel taxes	9,002	6,185	-	-	9,002	6,185
Investment income	9,517	21,231	8,481	17,871	17,998	39,102
Miscellaneous	14,041	13,417	222,701	168,951	236,742	182,368
Total revenues	<u>1,070,104</u>	<u>942,609</u>	<u>1,263,350</u>	<u>1,182,729</u>	<u>2,333,454</u>	<u>2,125,338</u>
Expenses:						
General government	320,177	288,290	-	-	320,177	288,290
Public safety	70,361	63,764	-	-	70,361	63,764
Public works	136,987	85,369	-	-	136,987	85,369
Culture and recreation	317,577	339,719	-	-	317,577	339,719
Utility operations	-	-	1,174,598	1,127,292	1,174,598	1,127,292
Total expenses	<u>845,102</u>	<u>777,142</u>	<u>1,174,598</u>	<u>1,127,292</u>	<u>2,019,700</u>	<u>1,904,434</u>
Change in net assets	225,002	165,467	88,752	55,437	313,754	220,904
Net assets - beginning	<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>
Net assets - ending	<u>\$5,191,749</u>	<u>\$4,966,747</u>	<u>\$12,577,833</u>	<u>\$12,489,081</u>	<u>\$17,769,582</u>	<u>\$17,455,828</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 tax. 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, 2012**

**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 \$2,095,265. This is an increase over the prior year of \$121,891 or 6.18%.

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 \$1,737,626, an increase of \$149,705 or 9.42% over the prior year.

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

Revenues increased by \$119,884 or 13.50%. Tax revenues increased by \$109,426 or 23.74%, due mostly to an increase in room taxes. Intergovernmental revenues increased by \$7,306, or 2.27%, due to increases in liquor and gaming licenses, consolidated taxes, and gasoline tax revenues. Miscellaneous revenues decreased by \$8,239 or 27.17%, due to a decrease in investment income due to decreased market values and interest rates.

Expenditures increased by \$28,442, or 3.89%, primarily due to an increase in salaries, benefits, and services and supplies 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, 2012, was \$3,212,475. Business type capital assets were \$12,027,586. Detail by type of activity and asset is summarized in the following table.

**Town of Tonopah, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**Governmental Activities**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>Capital asset not being depreciated:</b>				
Land	\$ 2,215,563	\$ 0	\$ 0	\$ 2,215,563
Construction in progress	145,987	166,288	34,571	277,704
<b>Total capital assets not being depreciated</b>	<u>2,361,550</u>	<u>166,288</u>	<u>34,571</u>	<u>2,493,267</u>
<b>Capital assets being depreciated:</b>				
Building	1,033,285	34,571	0	1,067,856
Equipment	941,602	18,467	0	960,069
<b>Total capital assets being depreciated</b>	<u>1,974,887</u>	<u>53,038</u>	<u>0</u>	<u>2,027,925</u>
<b>Less accumulated depreciation for:</b>				
Building	512,866	20,666	0	533,532
Equipment	747,701	27,484	0	775,185
<b>Total accumulated depreciation</b>	<u>1,260,567</u>	<u>48,150</u>	<u>0</u>	<u>1,308,717</u>
<b>Total capital assets being depreciated, net</b>	<u>714,320</u>	<u>4,888</u>	<u>0</u>	<u>719,208</u>
<b>Governmental activities assets, net</b>	<u>\$ 3,075,870</u>	<u>\$ 171,176</u>	<u>\$ 34,571</u>	<u>\$ 3,212,475</u>

**Business-type Activities:**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>Capital assets not being depreciated:</b>				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Construction in progress	435,547	570,723	133,586	872,684
<b>Total capital assets not being depreciated</b>	<u>490,547</u>	<u>570,723</u>	<u>133,586</u>	<u>927,684</u>
<b>Capital assets being depreciated:</b>				
Equipment	20,016,148	241,926	0	20,258,074
<b>Less accumulated depreciation for:</b>				
Equipment	8,706,423	453,961	2,212	9,158,172
<b>Total capital assets being depreciated, net</b>	<u>11,309,725</u>	<u>(212,035)</u>	<u>2,212</u>	<u>11,099,902</u>
<b>Business-type Activities assets, net</b>	<u>\$ 11,800,272</u>	<u>\$ 358,688</u>	<u>\$ 131,374</u>	<u>\$ 12,027,586</u>

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

**Debt Administration**

**Governmental Type Activities:**

	Balance at July 1, 2011	Additions	Reductions	Balance at June 30, 2012
Compensated absences	\$ 42,910	\$ 0	\$ 14,204	\$ 28,706
OPEB obligations payable	48,070	47,635	0	95,705
<b>Total</b>	<u>\$ 90,980</u>	<u>\$ 47,635</u>	<u>\$ 14,204</u>	<u>\$ 124,411</u>

**Business Type Activities:**

	Balance at July 1, 2011	Additions	Reductions	Balance at June 30, 2012
Compensated absences	\$ 51,850	\$ 122	\$ 0	\$ 51,972
OPEB obligations payable	40,511	38,175	0	78,686
Bonds payable	1,029,549	0	13,698	1,015,851
Notes Payable	0	420,104	0	420,104
<b>Total</b>	<u>\$ 1,121,910</u>	<u>\$ 458,401</u>	<u>\$ 13,698</u>	<u>\$ 1,566,613</u>



**Town of Tonopah, Nevada  
Management's Discussion and Analysis  
June 30, 2012**

**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, 2012**

	Governmental Activities 2012	Business-type Activities 2012	Total Primary Government 2012
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,040,615	\$ 1,665,839	\$ 3,706,454
Interest receivable	6,291	6,304	12,595
Taxes receivable	9,415	-	9,415
Room tax receivable	53,608	-	53,608
Due from other governments	56,683	2,000	58,683
Accounts receivable net of allowance for uncollectibles	-	143,162	143,162
Inventory	-	78,096	78,096
Restricted assets - cash	-	514,225	514,225
Capital assets (net of accumulated depreciation)	<u>3,212,475</u>	<u>12,027,586</u>	<u>15,240,061</u>
 Total assets	 <u>5,379,087</u>	 <u>14,437,212</u>	 <u>19,816,299</u>
<b>Liabilities:</b>			
Accounts payable	45,215	259,072	304,287
Accrued payroll and benefits	17,712	12,794	30,506
Accrued compensated absences	22,840	23,776	46,616
Bonds payable	-	14,291	14,291
Notes Payable	-	420,104	420,104
Payable from restricted assets			
Customer deposits	-	20,900	20,900
Long term liabilities:			
OPEB obligation payable	95,705	78,686	174,391
Accrued compensated absences	5,866	28,196	34,062
Bonds payable	<u>-</u>	<u>1,001,560</u>	<u>1,001,560</u>
 Total liabilities	 <u>187,338</u>	 <u>1,859,379</u>	 <u>2,046,717</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	3,212,475	10,591,631	13,804,106
Restricted for:			
Debt	-	70,717	70,717
Capital replacement	-	320,690	320,690
Capital projects	230,294	634	230,928
Culture and recreation	127,345	-	127,345
Unrestricted	<u>1,621,635</u>	<u>1,594,161</u>	<u>3,215,796</u>
Total net assets	<u>\$ 5,191,749</u>	<u>\$ 12,577,833</u>	<u>\$ 17,769,582</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, 2012**

Functions/Programs	Expenses	Program Revenues		Changes in Net Assets		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary governments:						
General government	\$ (320,177)	\$ 75,302	\$ -	\$ (244,875)	\$ -	\$ (244,875)
Public safety	(70,361)	1,163	-	(69,198)	-	(69,198)
Public works	(136,987)	-	-	(136,987)	-	(136,987)
Culture and recreation	(317,577)	30,142	-	(287,435)	-	(287,435)
Total governmental activities	(845,102)	106,607	-	(738,495)	-	(738,495)
Business-type activities:						
Water	(655,352)	611,242	-	-	(44,110)	(44,110)
Sewer	(519,246)	418,926	2,000	-	(98,320)	(98,320)
Total business-type activities	(1,174,598)	1,030,168	2,000	-	(142,430)	(142,430)
Total primary governments	<u>\$ (2,019,700)</u>	<u>\$ 1,136,775</u>	<u>\$ 2,000</u>	<u>(738,495)</u>	<u>(142,430)</u>	<u>(880,925)</u>
General Revenues:						
Property taxes				188,705	-	188,705
Room tax				441,965	-	441,965
Fuel tax				9,002	-	9,002
Consolidated taxes				300,267	-	300,267
Capital projects fees				-	14,475	14,475
Debt service				-	33,801	33,801
Surcharge				-	147,327	147,327
Investment income				9,517	8,481	17,998
Miscellaneous				14,041	27,098	41,139
Total general revenues				963,497	231,182	1,194,679
Change in net assets				225,002	88,752	313,754
Net assets - beginning of year				4,966,747	12,489,081	17,455,828
Net assets - end of year				<u>\$ 5,191,749</u>	<u>\$ 12,577,833</u>	<u>\$ 17,769,582</u>

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

**TOWN OF TONOPAH, NEVADA**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**June 30, 2012**

	MAJOR FUNDS			
	General Fund	Special Ad Valorem Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Pooled cash and investments	\$ 1,687,381	\$ 87,054	\$ 266,180	\$ 2,040,615
Interest receivable	5,649	-	642	6,291
Taxes receivable	9,415	-	-	9,415
Room tax receivable	49,723	-	3,885	53,608
Due from other governments	<u>56,683</u>	<u>-</u>	<u>-</u>	<u>56,683</u>
 Total assets	 <u>\$ 1,808,851</u>	 <u>\$ 87,054</u>	 <u>\$ 270,707</u>	 <u>\$ 2,166,612</u>
 <b>Liabilities:</b>				
Accounts payable	\$ 45,093	\$ -	\$ 122	\$ 45,215
Accrued payroll	17,712	-	-	17,712
Deferred taxes	<u>8,420</u>	<u>-</u>	<u>-</u>	<u>8,420</u>
 Total liabilities	 <u>71,225</u>	 <u>-</u>	 <u>122</u>	 <u>71,347</u>
 <b>Fund Balance:</b>				
Restricted for:				
Capital projects	-	87,054	143,240	230,294
Culture and recreation	-	-	127,345	127,345
Unassigned	<u>1,737,626</u>	<u>-</u>	<u>-</u>	<u>1,737,626</u>
Total fund equity	<u>1,737,626</u>	<u>87,054</u>	<u>270,585</u>	<u>2,095,265</u>
 Total liabilities and fund equity	 <u>\$ 1,808,851</u>	 <u>\$ 87,054</u>	 <u>\$ 270,707</u>	 <u>\$ 2,166,612</u>

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, 2012**

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<b>Total fund balance - governmental funds</b>	<b>\$ 2,095,265</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	3,212,475
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	8,420
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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>(124,411)</u>
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<b>Total net assets - governmental activities</b>	<b><u>\$ 5,191,749</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, 2012**

	MAJOR FUNDS			Total
	General Fund	Special Ad Valorem Capital Projects	Other Governmental Funds	Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 570,300	\$ -	\$ 32,095	\$ 602,395
Licenses and permits	20,811	-	-	20,811
Intergovernmental	329,404	28,338	-	357,742
Charges for services	30,337	-	968	31,305
Fines and forfeitures	34,356	-	-	34,356
Miscellaneous	22,076	617	865	23,558
Total revenues	1,007,284	28,955	33,928	1,070,167
<b>Expenditures:</b>				
Current:				
General government	299,324	-	-	299,324
Public safety	53,283	-	-	53,283
Public works	134,421	-	-	134,421
Culture and recreation	272,251	-	22,738	294,989
Capital projects	-	166,259	-	166,259
Total expenditures	759,279	166,259	22,738	948,276
Excess (deficiency) of revenues over expenditures	248,005	(137,304)	11,190	121,891
<b>Other financing sources (uses):</b>				
Operating transfers in	(98,300)	-	-	(98,300)
Operating transfers out	-	-	98,300	98,300
Total other financing sources (uses)	(98,300)	-	98,300	-
Net change in fund balance	149,705	(137,304)	109,490	121,891
<b>Fund balance:</b>				
Beginning of year	1,587,921	224,358	161,095	1,973,374
End of year	\$ 1,737,626	\$ 87,054	\$ 270,585	\$ 2,095,265

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, 2012**

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<b>Net change in fund balance - governmental funds</b>	<b>\$ 121,891</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 their 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.	136,605
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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.	(63)
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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>(33,431)</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ 225,002</u></b>
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The notes to the financial statements are an integral part of this statement.

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***For the year ended June 30, 2012***



**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2012**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 132,243	\$ 132,243	\$ 160,430	\$ 28,187
Room taxes	220,000	220,000	409,870	189,870
Total taxes	352,243	352,243	570,300	218,057
 <b>Licenses and permits</b>	 16,000	 16,000	 20,811	 4,811
 <b>Intergovernmental:</b>				
County liquor license	1,800	1,800	2,360	560
County gaming license	17,000	17,000	17,775	775
Consolidated tax	210,000	210,000	300,267	90,267
Gas tax \$1.75	8,308	8,308	9,002	694
Total intergovernmental	237,108	237,108	329,404	92,296
 <b>Charges for services:</b>				
Rescue runs	400	400	195	(205)
Swimming pool fees	7,000	7,000	8,780	1,780
Convention Center rental	5,000	5,000	12,225	7,225
Sports complex fees	1,300	1,300	2,000	700
Mining park entrance	3,500	3,500	6,997	3,497
Fairgrounds rental	450	450	140	(310)
Total charges for services	17,650	17,650	30,337	12,687
 <b>Fines and forfeitures</b>	 20,000	 20,000	 34,356	 14,356
 <b>Miscellaneous:</b>				
Investment income	12,000	12,000	8,035	(3,965)
Other	2,000	2,000	14,041	12,041
Total miscellaneous	14,000	14,000	22,076	8,076
 <b>Total revenues</b>	 657,001	 657,001	 1,007,284	 350,283

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

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2012**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
<b>General government:</b>				
Salaries and wages	\$ 154,828	\$ 139,828	\$ 130,480	\$ 9,348
Employee benefits	96,937	94,437	57,011	37,426
Services and supplies	112,295	129,795	111,833	17,962
Total general government	364,060	364,060	299,324	64,736
<b>Public safety:</b>				
<b>Fire:</b>				
Salaries and wages	15,000	15,000	15,000	-
Employee benefits	30,744	25,119	6,288	18,831
Services and supplies	40,895	46,520	31,995	14,525
Total public safety	86,639	86,639	53,283	33,356
<b>Public works:</b>				
Salaries and wages	56,752	53,752	47,527	6,225
Employee benefits	37,942	37,342	22,415	14,927
Services and supplies	85,988	89,588	64,479	25,109
Total public works	180,682	180,682	134,421	46,261
<b>Culture and recreation:</b>				
<b>Parks:</b>				
Services and supplies	37,345	37,345	31,922	5,423
<b>Mining parks:</b>				
Salaries and wages	45,093	34,093	27,821	6,272
Employee benefits	19,815	18,815	13,249	5,566
Services and supplies	20,088	32,088	28,192	3,896
Total mining parks	84,996	84,996	69,262	15,734
<b>Swimming pool:</b>				
Salaries and wages	17,000	13,660	13,657	3
Employee benefits	3,876	1,606	1,632	(26)
Services and supplies	17,800	23,410	23,437	(27)
Total swimming pool	38,676	38,676	38,726	(50)

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

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2012**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Culture and recreation (continued):</b>				
<b>Fair grounds:</b>				
Services and supplies	\$ 4,800	\$ 4,800	\$ 1,507	\$ 3,293
<b>Ball fields:</b>				
Services and supplies	31,295	31,295	25,443	5,852
<b>Convention Center:</b>				
Salaries and wages	34,705	35,205	34,712	493
Employee benefits	27,264	26,764	21,634	5,130
Services and supplies	58,555	58,555	49,045	9,510
Total Convention Center	120,524	120,524	105,391	15,133
Total culture and recreation	317,636	317,636	272,251	45,385
<b>Contingency</b>	15,000	15,000	-	15,000
Total expenditures	964,017	964,017	759,279	204,738
Excess (deficiency) of revenues over expenditures	(307,016)	(307,016)	248,005	555,021
<b>Other financing sources (uses):</b>				
Operating transfers out	(725,000)	(725,000)	(98,300)	626,700
Net change in fund balance	(1,032,016)	(1,032,016)	149,705	1,181,721
<b>Fund balance:</b>				
Beginning of year	1,288,058	1,288,058	1,587,921	299,863
End of year	\$ 256,042	\$ 256,042	\$ 1,737,626	\$ 1,481,584

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

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***For the year ended June 30, 2012***

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2012**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Intergovernmental:</b>	\$ 35,000	\$ 35,000	\$ 28,338	\$ (6,662)
<b>Miscellaneous:</b>				
Investment income	<u>-</u>	<u>-</u>	<u>617</u>	<u>617</u>
Total revenues	35,000	35,000	28,955	(6,045)
<b>Expenditures:</b>				
Capital projects	<u>249,093</u>	<u>249,093</u>	<u>166,259</u>	<u>82,834</u>
Excess (deficiency) of revenues over expenditures	(214,093)	(214,093)	(137,304)	76,789
<b>Fund balance:</b>				
Beginning of year	<u>214,093</u>	<u>214,093</u>	<u>224,358</u>	<u>10,265</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,054</u>	<u>\$ 87,054</u>

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

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***For the year ended June 30, 2012***

**TOWN OF TONOPAH, NEVADA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2012**

	<b>MAJOR FUNDS</b>		
	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
<b><u>ASSETS:</u></b>			
Current assets:			
Pooled cash and investments	\$ 696,768	\$ 969,071	\$ 1,665,839
Interest receivable	3,267	3,037	6,304
Due from other governments	-	2,000	2,000
Accounts receivable, net of allowance for doubtful accounts	93,183	49,979	143,162
Inventory	71,065	7,031	78,096
Restricted assets - cash	486,108	28,117	514,225
Total current assets	1,350,391	1,059,235	2,409,626
Property, plant and equipment, net of accumulated depreciation	6,070,831	5,956,755	12,027,586
Total assets	7,421,222	7,015,990	14,437,212
<b><u>LIABILITIES:</u></b>			
Current liabilities, payable from unrestricted assets:			
Accounts payable	225,913	33,159	259,072
Accrued payroll	8,545	4,249	12,794
Accrued compensated absences	11,888	11,888	23,776
Current portion of bonds payable	7,073	7,218	14,291
Notes payable	420,104	-	420,104
Total current liabilities-unrestricted	673,523	56,514	730,037
Current liabilities, payable from restricted assets:			
Customer deposits	20,900	-	20,900
Total current liabilities	694,423	56,514	750,937
Non-current liabilities			
OPEB obligation payable	42,100	36,586	78,686
Accrued compensated absences	14,098	14,098	28,196
Bonds payable	440,107	561,453	1,001,560
Total non-current liabilities	496,305	612,137	1,108,442
Total liabilities	1,190,728	668,651	1,859,379
<b><u>NET ASSETS:</u></b>			
Invested in capital assets, net of related debt	5,203,547	5,388,084	10,591,631
Restricted for debt	44,199	26,518	70,717
Restricted for capital replacement	320,690	-	320,690
Restricted for construction	-	634	634
Unrestricted	662,058	932,103	1,594,161
Total net assets	\$ 6,230,494	\$ 6,347,339	\$ 12,577,833

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

**TOWN OF TONOPAH, NEVADA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2012**

	<b>MAJOR FUNDS</b>		
	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
<b>Operating revenues:</b>			
Charges for services:			
Water fees	\$ 611,242	\$ -	\$ 611,242
Sewer fees	-	418,926	418,926
Total operating revenues	611,242	418,926	1,030,168
<b>Operating expenses:</b>			
<b>Water Department:</b>			
Administration	55,515	-	55,515
General operations	216,691	-	216,691
Water operations	134,148	-	134,148
Depreciation	229,829	-	229,829
Total water department	636,183	-	636,183
<b>Sewer Department:</b>			
Administration	-	129,921	129,921
General operations	-	127,267	127,267
Sewer operations	-	15,809	15,809
Depreciation	-	221,920	221,920
Total sewer department	-	494,917	494,917
Total operating expenses	636,183	494,917	1,131,100
Operating (loss)	(24,941)	(75,991)	(100,932)
<b>Nonoperating revenue (expense):</b>			
Investment income	3,947	4,534	8,481
Miscellaneous	27,098	-	27,098
Grants	-	2,000	2,000
Interest expense	(19,169)	(24,329)	(43,498)
Capital projects fees	-	14,475	14,475
Debt service	-	33,801	33,801
Surcharge	147,327	-	147,327
Total nonoperating revenue	159,203	30,481	189,684
Net income (loss)	134,262	(45,510)	88,752
<b>Net Assets:</b>			
Beginning of year	6,096,232	6,392,849	12,489,081
End of year	\$ 6,230,494	\$ 6,347,339	\$ 12,577,833

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



**TOWN OF TONOPAH, NEVADA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2012**

	<b>MAJOR FUNDS</b>		
	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 589,581	\$ 428,008	\$ 1,017,589
Cash paid for salaries, wages, and employee benefits	(186,936)	(176,516)	(363,452)
Cash paid for services and supplies	(208,962)	(73,738)	(282,700)
Net cash provided by operating activities	<u>193,683</u>	<u>177,754</u>	<u>371,437</u>
<b>Cash flows from noncapital financing activities:</b>			
Miscellaneous revenue	27,098	-	27,098
Capital projects fees	-	14,475	14,475
Debt service	-	33,801	33,801
Surcharges	<u>147,327</u>	<u>-</u>	<u>147,327</u>
Net cash provided by noncapital financing activities	<u>174,425</u>	<u>48,276</u>	<u>222,701</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(438,913)	(5,148)	(444,061)
Principal paid	(6,779)	(6,919)	(13,698)
Interest paid	(19,169)	(24,329)	(43,498)
Bond proceeds	<u>420,104</u>	<u>-</u>	<u>420,104</u>
Net cash (used) by capital and related financing activities	<u>(44,757)</u>	<u>(36,396)</u>	<u>(81,153)</u>
<b>Cash flows from investing activities:</b>			
Investment income	<u>4,100</u>	<u>4,457</u>	<u>8,557</u>
Net increase in cash	327,451	194,091	521,542
<b>Cash:</b>			
Beginning of year	<u>855,425</u>	<u>803,097</u>	<u>1,658,522</u>
End of year	<u>\$ 1,182,876</u>	<u>\$ 997,188</u>	<u>\$ 2,180,064</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>			
Operating (loss)	<u>\$ (24,941)</u>	<u>\$ (75,991)</u>	<u>\$ (100,932)</u>
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>			
Depreciation	229,829	221,920	451,749
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(20,674)	9,082	(11,592)
(Increase) decrease in prepaid expenses	1,398	5,788	7,186
(Increase) decrease in inventory	(990)	390	(600)
Increase (decrease) in accounts payable	(12,987)	749	(12,238)
Increase (decrease) in accrued payroll	23,035	15,816	38,851
Increase (decrease) in customer deposits	(987)	-	(987)
Total adjustments	<u>218,624</u>	<u>253,745</u>	<u>472,369</u>
<b>Net cash provided by operating activities</b>	<u>\$ 193,683</u>	<u>\$ 177,754</u>	<u>\$ 371,437</u>

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

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**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, 2012. 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, 2012**

**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 balance, 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.

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

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, 2012**

**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 \$250,000 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, 2012**

**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, 2012**

**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, 2012**

**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, 2012**

**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.

**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, 2012**

**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 compensated absences are not reported in the governmental funds financial statements because they are not due and payable..." The detail of this difference is as follows:

OPEB obligation payable	\$ ( 95,705)
Compensated absences	<u>( 28,706)</u>
	<u>\$ (124,411)</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	\$ 184,755
Depreciation expense	<u>(48,150)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 136,605</u>

Another element of that reconciliation states that, "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." The details of this difference are as follows:

Compensated absences	\$ 14,204
Other Post Employment Benefits	<u>(47,635)</u>
	<u>\$ ( 33,431)</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2012**

**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.
- h. The Capital Projects Fund budget was augmented during the year.
- i. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

**2. Financial Statement Audit**

Nevada Revised Statutes Chapter 354.624 requires local governments to provide audited financial statements to the Nevada Department of Taxation no later than six months after the close of the fiscal year. The Nevada Department of Taxation granted an extended filing date to the Town to file the Town's audit report for the year ending June 30, 2012 of March 15, 2013. The extension date was not met. The Town's accounting records are maintained by Nye County, Nevada. Due to County bookkeeping problems, that were not within the control of the Town, the audit could not be completed and filed by the extended due date. This is an apparent violation of NRS 354.624.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2012**

**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, 2012.

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	\$ 95,483	\$ 113,568	\$ 209,051
Carrying amount of deposits with County Treasurer	<u>1,945,132</u>	<u>2,066,496</u>	<u>4,011,628</u>
Total	<u>\$ 2,040,615</u>	<u>\$ 2,180,064</u>	<u>\$ 4,220,679</u>
Cash and cash equivalents	\$ 2,040,615	\$ 1,665,839	\$ 3,706,454
Restricted assets – cash	<u>0</u>	<u>514,225</u>	<u>514,225</u>
Total	<u>\$ 2,040,615</u>	<u>\$ 2,180,064</u>	<u>\$ 4,220,679</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2012**

**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	\$ 9,415	\$ 0	\$ 0	\$ 9,415
Interest receivable	5,649	642	6,304	12,595
Net accounts receivable	0	0	143,162	143,162
Due from other governments	56,683	0	119,338	176,021
Room tax receivable	<u>49,723</u>	<u>3,885</u>	<u>0</u>	<u>53,608</u>
Net total receivables	<u>\$121,470</u>	<u>\$ 4,527</u>	<u>\$ 268,804</u>	<u>\$ 394,801</u>

**3. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2012, follows:

**Governmental Activities**

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<b>Capital asset not being depreciated:</b>				
Land	\$ 2,215,563	\$ 0	\$ 0	\$ 2,215,563
Construction in progress	<u>145,987</u>	<u>166,288</u>	<u>34,571</u>	<u>277,704</u>
<b>Total capital assets not being depreciated</b>	<u>2,361,550</u>	<u>166,288</u>	<u>34,571</u>	<u>2,493,267</u>
<b>Capital assets being depreciated:</b>				
Building	1,033,285	34,571	0	1,067,856
Equipment	<u>941,602</u>	<u>18,467</u>	<u>0</u>	<u>960,069</u>
<b>Total capital assets being depreciated</b>	<u>1,974,887</u>	<u>53,038</u>	<u>0</u>	<u>2,027,925</u>
<b>Less accumulated depreciation for:</b>				
Building	512,866	20,666	0	533,532
Equipment	<u>747,701</u>	<u>27,484</u>	<u>0</u>	<u>775,185</u>
<b>Total accumulated depreciation</b>	<u>1,260,567</u>	<u>48,150</u>	<u>0</u>	<u>1,308,717</u>
<b>Total capital assets being depreciated, net</b>	<u>714,320</u>	<u>4,888</u>	<u>0</u>	<u>719,208</u>
<b>Governmental activities assets, net</b>	<u>\$ 3,075,870</u>	<u>\$ 171,176</u>	<u>\$ 34,571</u>	<u>\$ 3,212,475</u>

**Business-type Activities:**

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Construction in progress	<u>435,547</u>	<u>570,723</u>	<u>133,586</u>	<u>872,684</u>
<b>Total capital assets not being depreciated</b>	<u>490,547</u>	<u>570,723</u>	<u>133,586</u>	<u>927,684</u>
<b>Capital assets being depreciated:</b>				
Equipment	20,016,148	241,926	0	20,258,074
<b>Less accumulated depreciation for:</b>				
Equipment	<u>8,706,423</u>	<u>453,961</u>	<u>2,212</u>	<u>9,158,172</u>
<b>Total capital assets being depreciated, net</b>	<u>11,309,725</u>	<u>(212,035)</u>	<u>2,212</u>	<u>11,099,902</u>
<b>Business-type Activities assets, net</b>	<u>\$ 11,800,272</u>	<u>\$ 358,688</u>	<u>\$ 131,374</u>	<u>\$ 12,027,586</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2012**

**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	12,435
Public works	980
Culture and recreation	<u>32,884</u>
	<u>\$ 48,150</u>

**Business activities:**

Water and sewer	<u>\$ 451,749</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 \$8,420.

**5. Restricted Assets Accounts**

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

21515	Cash – Water customer deposits	\$ 20,900
21516	Cash – Water/sewer privilege	524
21517	Cash – Water surcharge	7,579
21562	Cash – Water revenue bond reserve	26,450
21552	Cash – Water debt service	17,749
21555	Cash – Water capital replacement	237,694
21542	Cash – Water capital projects	74,893
21502	Cash – Water general	10,007
21532	Cash – Water construction arsenic	823
21551	Cash – Water arsenic debt service	<u>89,489</u>
	Total restricted assets	<u>\$ 486,108</u>
21563	Cash – Sewer debt reserve	16,166
21553	Cash – Sewer debt service	10,352
21533	Cash – Sewer construction reuse	965
21543	Cash – Sewer construction	<u>634</u>
	Total restricted assets	<u>\$ 28,117</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2012**

**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, 2012, was \$568,671. 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, 2012, was \$15,364. The balance in reserve account at June 30, 2012, was \$16,166.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 7,219	\$ 24,029
2014	7,531	23,717
2015	7,858	23,390
2016	8,198	23,050
2017	8,554	22,694
2018-2022	48,661	107,579
2023-2027	60,159	96,081
2028-2032	74,375	81,865
2033-2037	91,950	64,290
2038-2042	113,678	42,562
2043-2047	140,488	15,700
	<u>\$ 568,671</u>	<u>\$ 524,957</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2012**

**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, 2012, was \$447,180. 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, 2012, was \$22,917. The balance in the reserve account at June 30, 2012, was \$26,450.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 7,073	\$ 18,875
2014	7,380	18,568
2015	7,700	18,248
2016	8,033	17,915
2017	8,381	17,566
2018-2022	47,681	82,059
2023-2027	58,948	70,792
2028-2032	72,878	56,862
2033-2037	90,099	39,641
2038-2042	111,389	18,351
2043-2044	<u>27,618</u>	<u>702</u>
	<u>\$ 447,180</u>	<u>\$ 359,579</u>

**Note Payable.** The Tonopah Utility Water fund entered into a drinking water state revolving loan. The authorized amount of the loan is \$1,060,780. The balance as of June 30, 2012, is \$420,104. The Town meets the definition of a disadvantaged community and is eligible to receive an additional subsidy as spelled out in Nevada's Intended Use Plan. Since the Town is eligible for this additional subsidy, all principal may be forgiven upon completion of the contract.

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

During the year ended June 30, 2012, the following changes occurred:

**Governmental Type Activities:**

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2012</u>
Compensated absences	\$ 42,910	\$ 0	\$ 14,204	\$ 28,706
OPEB obligations payable	48,070	47,635	0	95,705
Total	<u>\$ 90,980</u>	<u>\$ 47,635</u>	<u>\$ 14,204</u>	<u>\$ 124,411</u>

**Business Type Activities:**

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2012</u>
Compensated absences	\$ 51,850	\$ 122	\$ 0	\$ 51,972
OPEB obligations payable	40,511	38,175	0	78,686
Bonds payable	1,029,549	0	13,698	1,015,851
Notes payable	<u>0</u>	<u>420,104</u>	<u>0</u>	<u>420,104</u>
Total	<u>\$ 1,121,910</u>	<u>\$ 458,401</u>	<u>\$ 13,698</u>	<u>\$ 1,566,613</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2012**

**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 contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. NRS Chapter 286 establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.



**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2012**

**E. OTHER INFORMATION (Continued)**

**3. Pension Plan (Continued)**

**Funding Policy.** Contribution rates are established by NRS 286.410. The Town contributions are based on the actuarially determined statutory rate. Contributions to the plan are made by the Town. The Town's contribution rates and amounts contributed, which equaled required contributions, for the last three years are as follows:

Fiscal Year	Contribution Rates		Total Contribution
	Regular Members	Police and Firemen	
2011-2012	23.75%	39.75%	104,092
2010-2011	21.50%	37.00%	105,625
2009-2010	21.50%	37.00%	115,563

**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, 2012**

**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 2012, the Town contributed \$31,970 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 2012, the Town's annual OPEB cost (expense) was \$117,780. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (Pay as You Go)</u>	<u>% of Annual OPEB Contributions</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 117,780	27%	\$ 174,391
6/30/2011	\$ 54,791	66%	\$ 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 past three years, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Annual Required Contribution	\$ 87,500	\$ 87,500	\$ 108,016
Interest on net OPEB obligation	6,277	6,278	0
Adjustment to annual required contribution	24,003	(38,987)	0
Annual OPEB cost (expense)	117,780	54,791	108,016
Contributions made	31,970	36,139	38,087
Increase in net OPEB obligation	85,810	18,652	69,929
Net OPEB obligation - beginning of the year	88,581	69,929	0
Net OPEB obligation - end of year	<u>\$ 174,391</u>	<u>\$ 88,581</u>	<u>\$ 69,929</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2012**

**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, (UAAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was \$309,209 and the ratio of the UAAL to the covered payroll was 383.22%.

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 UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, is 26 years.

**TOWN OF TONOPAH, NEVADA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**June 30, 2012**

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%

**TOWN OF TONOPAH, NEVADA  
MAJOR FUND - GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011**

	2012	2011
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 1,687,381	\$ 1,551,241
Interest receivable	5,649	6,074
Taxes receivable	9,415	9,676
Room tax receivable	49,723	45,181
Due from other governments	<u>56,683</u>	<u>50,946</u>
 Total assets	 <u>\$ 1,808,851</u>	 <u>\$ 1,663,118</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 45,093	\$ 40,574
Accrued payroll	17,712	26,140
Deferred taxes	<u>8,420</u>	<u>8,483</u>
 Total liabilities	 71,225	 75,197
<b><u>FUND BALANCE</u></b>		
Unassigned	<u>1,737,626</u>	<u>1,587,921</u>
 Total liabilities and fund balance	 <u>\$ 1,808,851</u>	 <u>\$ 1,663,118</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND (GAAP BASIS)**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2012**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
Taxes	\$ 352,243	\$ 570,300	\$ 218,057	\$ 460,874
Licenses and permits	16,000	20,811	4,811	17,774
Intergovernmental	237,108	329,404	92,296	322,098
Charges for services	17,650	30,337	12,687	26,252
Fines and forfeitures	20,000	34,356	14,356	30,087
Miscellaneous	<u>14,000</u>	<u>22,076</u>	<u>8,076</u>	<u>30,315</u>
Total revenues	<u>657,001</u>	<u>1,007,284</u>	<u>350,283</u>	<u>887,400</u>
<b>Expenditures:</b>				
General government	364,060	299,324	64,736	300,729
Public safety	86,639	53,283	33,356	57,135
Public works	180,682	134,421	46,261	93,444
Culture and recreation	317,636	272,251	45,385	279,529
Contingency	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Total expenditures	<u>964,017</u>	<u>759,279</u>	<u>204,738</u>	<u>730,837</u>
Excess (deficiency) of revenues over expenditures	(307,016)	248,005	555,021	156,563
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>(725,000)</u>	<u>(98,300)</u>	<u>626,700</u>	<u>-</u>
Net change in fund balance	(1,032,016)	149,705	1,181,721	156,563
<b>Fund balance:</b>				
Beginning of year	<u>1,288,058</u>	<u>1,587,921</u>	<u>299,863</u>	<u>1,431,358</u>
End of year	<u>\$ 256,042</u>	<u>\$ 1,737,626</u>	<u>\$ 1,481,584</u>	<u>\$ 1,587,921</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND (GAAP BASIS)**  
**SCHEDULE OF REVENUES COMPARED TO BUDGET**  
**For the Year Ended June 30, 2012**

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 132,243	\$ 160,430	\$ 28,187	\$ 132,642
Room taxes	220,000	409,870	189,870	328,232
Total taxes	352,243	570,300	218,057	460,874
<b>Licenses and permits</b>	16,000	20,811	4,811	17,774
<b>Intergovernmental:</b>				
County liquor license	1,800	2,360	560	1,560
County gaming license	17,000	17,775	775	16,268
Consolidated tax	210,000	300,267	90,267	298,085
Gas tax \$1.75	8,308	9,002	694	6,185
Total intergovernmental	237,108	329,404	92,296	322,098
<b>Charges for services:</b>				
Rescue runs	400	195	(205)	100
Swimming pool fees	7,000	8,780	1,780	5,918
Convention Center rental	5,000	12,225	7,225	10,706
Sports complex fees	1,300	2,000	700	2,072
Mining park entrance	3,500	6,997	3,497	6,619
Fairgrounds rental	450	140	(310)	837
Total charges for services	17,650	30,337	12,687	26,252
<b>Fines and forfeitures</b>	20,000	34,356	14,356	30,087
<b>Miscellaneous:</b>				
Investment income	12,000	8,035	(3,965)	16,898
Other	2,000	14,041	12,041	13,417
Total miscellaneous	14,000	22,076	8,076	30,315
<b>Total revenues</b>	<b>\$ 657,001</b>	<b>\$ 1,007,284</b>	<b>\$ 350,283</b>	<b>\$ 887,400</b>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND (GAAP BASIS)**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET**  
**For the Year Ended June 30, 2012**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actual
<b>Expenditures:</b>				
<b>General government:</b>				
Salaries and wages	\$ 139,828	\$ 130,480	\$ 9,348	\$ 152,987
Employee benefits	94,437	57,011	37,426	61,921
Services and supplies	129,795	111,833	17,962	62,071
Capital outlay	-	-	-	23,750
Total general government	364,060	299,324	64,736	300,729
<b>Public safety:</b>				
<b>Fire:</b>				
Salaries and wages	15,000	15,000	-	15,000
Employee benefits	25,119	6,288	18,831	7,131
Services and supplies	46,520	31,995	14,525	28,733
Capital outlay	-	-	-	6,271
Total public safety	86,639	53,283	33,356	57,135
<b>Public works:</b>				
Salaries and wages	53,752	47,527	6,225	26,154
Employee benefits	37,342	22,415	14,927	14,477
Services and supplies	89,588	64,479	25,109	48,841
Capital outlay	-	-	-	3,972
Total public works	180,682	134,421	46,261	93,444
<b>Culture and recreation:</b>				
<b>Parks:</b>				
Services and supplies	37,345	31,922	5,423	28,736
<b>Mining parks:</b>				
Salaries and wages	34,093	27,821	6,272	63,856
Employee benefits	18,815	13,249	5,566	27,474
Services and supplies	32,088	28,192	3,896	14,283
Total mining parks	84,996	69,262	15,734	105,613
<b>Swimming pool:</b>				
Salaries and wages	13,660	13,657	3	10,971
Employee benefits	1,606	1,632	(26)	1,693
Services and supplies	23,410	23,437	(27)	13,363
Capital outlay	-	-	-	3,940
Total swimming pool	38,676	38,726	(50)	29,967



**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND (GAAP BASIS)**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)**  
**For the Year Ended June 30, 2012**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actual
<b>Culture and recreation (continued):</b>				
<b>Fair:</b>				
Services and supplies	\$ 4,800	\$ 1,507	\$ 3,293	\$ 1,930
<b>Ball fields:</b>				
Services and supplies	31,295	25,443	5,852	16,863
<b>Convention Center:</b>				
Salaries and wages	35,205	34,712	493	34,081
Employee benefits	26,764	21,634	5,130	22,018
Services and supplies	58,555	49,045	9,510	38,655
Capital outlay	-	-	-	1,666
Total Convention Center	120,524	105,391	15,133	96,420
Total culture and recreation	317,636	272,251	45,385	279,529
<b>Contingency</b>	15,000	-	15,000	-
Total expenditures	\$ 964,017	\$ 759,279	\$ 204,738	\$ 730,837

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2012 and 2011**

	2012	2011
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 87,054	\$ 223,552
Interest receivable	<u>-</u>	<u>806</u>
Total assets	<u>\$ 87,054</u>	<u>\$ 224,358</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for capital projects	<u>87,054</u>	<u>224,358</u>
Total liabilities and fund balance	<u>\$ 87,054</u>	<u>\$ 224,358</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR 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, 2012**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	2012		Variance- Positive (Negative)	2011 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Intergovernmental:</b>	\$ 35,000	\$ 28,338	\$ (6,662)	\$ 28,782
<b>Miscellaneous:</b>				
Investment income	<u>-</u>	<u>617</u>	<u>617</u>	<u>2,483</u>
Total revenues	35,000	28,955	(6,045)	31,265
<b>Expenditures:</b>				
Capital projects	<u>249,093</u>	<u>166,259</u>	<u>82,834</u>	<u>21,000</u>
Excess (deficiency) of revenues over expenditures	(214,093)	(137,304)	76,789	10,265
<b>Fund balance:</b>				
Beginning of year	<u>214,093</u>	<u>224,358</u>	<u>10,265</u>	<u>214,093</u>
End of year	<u>\$ -</u>	<u>\$ 87,054</u>	<u>\$ 87,054</u>	<u>\$ 224,358</u>

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***For the year ended June 30, 2012***

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES WATER ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF NET ASSETS**  
**June 30, 2012 and 2011**

	2012	2011
<b><u>ASSETS:</u></b>		
Current assets:		
Pooled cash and investments	\$ 696,768	\$ 475,041
Interest receivable	3,267	3,420
Accounts receivable, net of allowance for doubtful accounts	93,183	72,509
Inventory	71,065	70,075
Prepaid expense	-	1,398
Restricted assets - cash	486,108	380,384
Total current assets	1,350,391	1,002,827
Property, plant and equipment, net of accumulated depreciation	6,070,831	5,653,860
Total assets	7,421,222	6,656,687
<b><u>LIABILITIES:</u></b>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	225,913	31,013
Accrued payroll	8,545	5,800
Accrued compensated absences	11,888	11,123
Current portion of bonds payable	7,073	6,779
Notes payable	420,104	-
Total current liabilities-unrestricted	673,523	54,715
Current liabilities, payable from restricted assets:		
Customer deposits	20,900	21,887
Total current liabilities	694,423	76,602
Non-current liabilities:		
OPEB obligation payable	42,100	21,871
Accrued compensated absences	14,098	14,802
Bonds payable	440,107	447,180
Total non-current liabilities	496,305	483,853
Total liabilities	1,190,728	560,455
<b><u>NET ASSETS:</u></b>		
Invested in capital assets, net of related debt	5,203,547	5,199,901
Restricted for debt	44,199	62,328
Restricted for capital replacement	320,690	301,904
Unrestricted	662,058	532,099
Total net assets	\$ 6,230,494	\$ 6,096,232

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES WATER ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2012**  
**(with Comparative Amounts for the Year Ended June 30, 2011)**

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actuals
<b>Operating revenues:</b>				
Charges for services:				
Water fees	\$ 500,000	\$ 611,242	\$ 111,242	\$ 572,640
<b>Operating expenses:</b>				
<b>Water department:</b>				
Administration	47,694	55,515	(7,821)	40,358
General operations	242,352	216,691	25,661	195,729
Water operations	194,680	134,148	60,532	140,055
Depreciation	220,000	229,829	(9,829)	253,909
 Total operating expenses	 704,726	 636,183	 68,543	 630,051
 Operating income (loss)	 (204,726)	 (24,941)	 179,785	 (57,411)
<b>Nonoperating revenue (expense):</b>				
Investment income	23,000	3,947	(19,053)	9,960
Miscellaneous	10,000	27,098	17,098	18,704
Interest expense	(19,169)	(19,169)	-	(19,450)
Water surcharge	140,400	147,327	6,927	108,199
 Total nonoperating revenue	 154,231	 159,203	 4,972	 117,413
 Net income (loss)	 \$ (50,495)	 134,262	 \$ 184,757	 60,002
<b>Net Assets:</b>				
Beginning of year		6,096,232		6,036,230
 End of year		\$ 6,230,494		\$ 6,096,232

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES WATER ENTERPRISE FUND**  
**COMPARATIVE SCHEDULES OF CASH FLOWS**  
**For the Year Ended June 30, 2012**  
**(With comparative Amounts for the Year Ended June 30, 2011)**

	2012	2011
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 589,581	\$ 574,957
Cash paid for salaries, wages and employee benefits	(186,936)	(200,621)
Cash paid for services and supplies	(208,962)	(185,723)
Net cash provided by operating activities	<u>193,683</u>	<u>188,613</u>
<b>Cash flows from noncapital financing activities:</b>		
Miscellaneous revenue	27,098	11,698
Contract services	-	7,006
Surcharges	147,327	108,199
Net cash provided by noncapital financing activities	<u>174,425</u>	<u>126,903</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(438,913)	(303,468)
Principal paid	(6,779)	(6,498)
Interest paid	(19,169)	(19,450)
Note proceeds	420,104	-
Net cash (used) by capital and related financing activities	<u>(44,757)</u>	<u>(329,416)</u>
<b>Cash flows from investing activities:</b>		
Investment income	4,100	10,650
Net increase in cash	327,451	(3,250)
<b>Cash:</b>		
Beginning of year	855,425	858,675
End of year	<u>\$ 1,182,876</u>	<u>\$ 855,425</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>		
Operating (loss)	\$ (24,941)	\$ (57,411)
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>		
Depreciation	229,829	253,909
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(20,674)	(2,961)
(Increase) decrease in prepaid expenses	1,398	(1,398)
(Increase) decrease in inventory	(990)	(95)
Increase (decrease) in accounts payable	(12,987)	(7,321)
Increase (decrease) in accrued payroll	23,035	(1,388)
Increase (decrease) in customer deposits	(987)	5,278
Total adjustments	<u>218,624</u>	<u>246,024</u>
<b>Net cash provided by operating activities</b>	<u>\$ 193,683</u>	<u>\$ 188,613</u>

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***For the year ended June 30, 2012***



**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF NET ASSETS**  
**June 30, 2012 and 2011**

	2012	2011
<b><u>ASSETS:</u></b>		
Current assets:		
Pooled cash and investments	\$ 969,071	\$ 778,707
Interest receivable	3,037	2,960
Due from other governments	2,000	-
Accounts receivable, net of allowance for doubtful accounts	49,979	59,061
Inventory	7,031	7,421
Prepaid expense	-	5,788
Restricted assets - cash	28,117	24,390
Total current assets	1,059,235	878,327
Property, plant and equipment, net of accumulated depreciation	5,956,755	6,146,412
 Total assets	 7,015,990	 7,024,739
<b><u>LIABILITIES:</u></b>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	33,159	5,295
Accrued payroll	4,249	6,440
Accrued compensated absences	11,888	11,123
Current portion of bonds payable	7,218	6,919
Total current liabilities - unrestricted	56,514	29,777
Non-current liabilities:		
OPEB obligation payable	36,586	18,640
Accrued compensated absences	14,098	14,802
Bonds payable	561,453	568,671
Total non-current liabilities	612,137	602,113
Total liabilities	668,651	631,890
<b><u>NET ASSETS:</u></b>		
Invested in capital assets, net of related debt	5,388,084	5,570,822
Restricted for debt	26,518	23,774
Restricted for construction	634	616
Unrestricted	932,103	797,637
Total net assets	\$ 6,347,339	\$ 6,392,849

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES SEWER ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2012**  
**(with Comparative Amounts for the Year Ended June 30, 2011)**

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actuals
<b>Operating revenues:</b>				
Charges for services:				
Sewer fees	\$ 442,090	\$ 418,926	\$ (23,164)	\$ 423,267
<b>Operating expenses:</b>				
<b>Sewer department:</b>				
Administration	158,347	129,921	28,426	111,812
General operations	193,565	127,267	66,298	107,223
Sewer operations	25,700	15,809	9,891	12,149
Depreciation	200,000	221,920	(21,920)	221,990
 Total operating expenses	 577,612	 494,917	 82,695	 453,174
 Operating income (loss)	 (135,522)	 (75,991)	 59,531	 (29,907)
<b>Nonoperating revenue (expense):</b>				
Investment income	10,000	4,534	(5,466)	7,911
Grant	-	2,000	2,000	-
Interest expense	(24,329)	(24,329)	-	(24,617)
Capital projects fees	12,000	14,475	2,475	9,928
Debt service fee	34,000	33,801	(199)	32,120
 Total nonoperating revenue	 31,671	 30,481	 (1,190)	 25,342
 Net income (loss)	 \$ (103,851)	 (45,510)	 \$ 58,341	 (4,565)
<b>Net Assets:</b>				
Beginning of year		6,392,849		6,397,414
End of year		\$ 6,347,339		\$ 6,392,849

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES SEWER ENTERPRISE FUND**  
**COMPARATIVE SCHEDULES OF CASH FLOWS**  
**For the Year Ended June 30, 2012**  
**(With comparative Amounts for the Year Ended June 30, 2011)**

	2012	2011
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 428,008	\$ 422,838
Cash paid for salaries, wages and employee benefits	(176,516)	(185,084)
Cash paid for services and supplies	(73,738)	(58,061)
Net cash provided by operating activities	<u>177,754</u>	<u>179,693</u>
<b>Cash flows from noncapital financing activities:</b>		
Capital projects fees	14,475	9,928
Debt service	33,801	32,120
Net cash provided by noncapital financing activities	<u>48,276</u>	<u>42,048</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(5,148)	(18,547)
Principal paid	(6,919)	(6,631)
Interest paid	(24,329)	(24,617)
Net cash (used) by capital and related financing activities	<u>(36,396)</u>	<u>(49,795)</u>
<b>Cash flows from investing activities:</b>		
Investment income	4,457	7,910
Net increase in cash	194,091	179,856
<b>Cash:</b>		
Beginning of year	803,097	623,241
End of year	<u>\$ 997,188</u>	<u>\$ 803,097</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>		
Operating (loss)	\$ (75,991)	\$ (29,907)
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>		
Depreciation	221,920	221,990
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	9,082	(429)
(Increase) decrease in prepaid expenses	5,788	(5,788)
(Increase) decrease in inventory	390	(3,701)
Increase (decrease) in accounts payable	749	(317)
Increase (decrease) in accrued payroll	15,816	(2,155)
Total adjustments	<u>253,745</u>	<u>209,600</u>
<b>Net cash provided by operating activities</b>	<u>\$ 177,754</u>	<u>\$ 179,693</u>

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***For the year ended June 30, 2012***

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***For the year ended June 30, 2012***

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2012**  
**(With Comparative Totals for June 30, 2011)**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2012 Totals	2011 Totals
<b>Assets:</b>				
Pooled cash and investments	\$ 123,186	\$ 142,994	\$ 266,180	\$ 157,802
Interest receivable	396	246	642	619
Room tax receivable	<u>3,885</u>	<u>-</u>	<u>3,885</u>	<u>4,369</u>
Total assets	<u>\$ 127,467</u>	<u>\$ 143,240</u>	<u>\$ 270,707</u>	<u>\$ 162,790</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ 1,695</u>
<b>Fund Balance:</b>				
Restricted for capital projects	-	143,240	143,240	43,698
Restricted for culture & recreation	<u>127,345</u>	<u>-</u>	<u>127,345</u>	<u>117,397</u>
Total fund balance	<u>127,345</u>	<u>143,240</u>	<u>270,585</u>	<u>161,095</u>
Total liabilities and fund balance	<u>\$ 127,467</u>	<u>\$ 143,240</u>	<u>\$ 270,707</u>	<u>\$ 162,790</u>

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

**For the Year Ended June 30, 2012**

**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2012 Totals	2011 Totals
<b>Revenues:</b>				
Taxes	\$ 32,095	\$ -	\$ 32,095	\$ 26,482
Intergovernmental	-	-	-	-
Charges for services	-	968	968	759
Miscellaneous	<u>591</u>	<u>274</u>	<u>865</u>	<u>1,850</u>
 Total revenues	 <u>32,686</u>	 <u>1,242</u>	 <u>33,928</u>	 <u>29,091</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	22,738	-	22,738	36,405
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
 Total expenditures	 <u>22,738</u>	 <u>-</u>	 <u>22,738</u>	 <u>41,405</u>
 Excess (deficiency) of revenues over expenditures	 9,948	 1,242	 11,190	 (12,314)
<b>Other financing sources (uses):</b>				
Operating transfers in	<u>-</u>	<u>98,300</u>	<u>98,300</u>	<u>-</u>
 Net change in fund balance	 9,948	 99,542	 109,490	 (12,314)
<b>Fund balance:</b>				
Beginning of year	<u>117,397</u>	<u>43,698</u>	<u>161,095</u>	<u>173,409</u>
 End of year	 <u>\$ 127,345</u>	 <u>\$ 143,240</u>	 <u>\$ 270,585</u>	 <u>\$ 161,095</u>

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***For the year ended June 30, 2012***



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***For the year ended June 30, 2012***

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND-SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2012**  
**(With Comparative Totals for June 30, 2011)**

	State Room Tax	Mural Fund	Totals 2012	2011
<b><u>ASSETS:</u></b>				
Pooled cash and investments	\$ 104,724	\$ 18,462	\$ 123,186	\$ 114,280
Interest receivable	337	59	396	443
Room tax receivable	<u>3,885</u>	<u>-</u>	<u>3,885</u>	<u>4,369</u>
Total assets	<u>\$ 108,946</u>	<u>\$ 18,521</u>	<u>\$ 127,467</u>	<u>\$ 119,092</u>
<b><u>LIABILITIES:</u></b>				
Accounts payable	\$ 122	\$ -	\$ 122	\$ 1,695
<b><u>FUND BALANCE:</u></b>				
Restricted for culture and recreation	<u>108,824</u>	<u>18,521</u>	<u>127,345</u>	<u>117,397</u>
Total liabilities and fund balance	<u>\$ 108,946</u>	<u>\$ 18,521</u>	<u>\$ 127,467</u>	<u>\$ 119,092</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, 2012**

**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	State Room Tax	Mural Fund	Totals 2012	2011
<b>Revenues:</b>				
Taxes	\$ 32,095	\$ -	\$ 32,095	\$ 26,482
Miscellaneous	<u>505</u>	<u>86</u>	<u>591</u>	<u>1,325</u>
 Total revenues	 32,600	 86	 32,686	 27,807
<b>Expenditures:</b>				
Culture and recreation	<u>22,738</u>	<u>-</u>	<u>22,738</u>	<u>36,405</u>
 Excess (deficiency) of revenues over expenditures	 9,862	 86	 9,948	 (8,598)
<b>Fund balance:</b>				
Beginning of year	<u>98,962</u>	<u>18,435</u>	<u>117,397</u>	<u>125,995</u>
 End of year	 <u>\$ 108,824</u>	 <u>\$ 18,521</u>	 <u>\$ 127,345</u>	 <u>\$ 117,397</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - STATE ROOM TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2012 and 2011**

	2012	2011
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 104,724	\$ 95,919
Interest receivable	337	369
Room tax receivable	<u>3,885</u>	<u>4,369</u>
Total assets	<u>\$ 108,946</u>	<u>\$ 100,657</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 122	\$ 1,695
<b><u>FUND BALANCE:</u></b>		
Restricted for culture and recreation	<u>108,824</u>	<u>98,962</u>
Total liabilities and fund balance	<u>\$ 108,946</u>	<u>\$ 100,657</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, 2012**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Room tax	\$ 20,000	\$ 32,095	\$ 12,095	\$ 26,482
<b>Miscellaneous:</b>				
Investment income	<u>-</u>	<u>505</u>	<u>505</u>	<u>1,113</u>
Total revenues	<u>20,000</u>	<u>32,600</u>	<u>12,600</u>	<u>27,595</u>
<b>Expenditures:</b>				
<b>Culture and recreation:</b>				
Services and supplies	112,272	22,738	89,534	14,152
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,253</u>
Total expenditures	<u>112,272</u>	<u>22,738</u>	<u>89,534</u>	<u>36,405</u>
Excess (deficiency) of revenues over expenditures	(92,272)	9,862	102,134	(8,810)
<b>Fund balance:</b>				
Beginning of year	<u>92,272</u>	<u>98,962</u>	<u>6,690</u>	<u>107,772</u>
End of year	<u>\$ -</u>	<u>\$ 108,824</u>	<u>\$ 108,824</u>	<u>\$ 98,962</u>

**TOWN OF TONOPAH, NEVADA  
MURAL SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011**

	2012	2011
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 18,462	\$ 18,361
Interest receivable	<u>59</u>	<u>74</u>
Total assets	<u>\$ 18,521</u>	<u>\$ 18,435</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for culture and recreation	<u>18,521</u>	<u>18,435</u>
Total liabilities and fund balance	<u>\$ 18,521</u>	<u>\$ 18,435</u>

**TOWN OF TONOPAH, NEVADA**  
**MURAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2012**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Investment income	\$ 500	\$ 86	\$ (414)	\$ 212
<b>Expenditures:</b>				
<b>Culture and recreation:</b>				
Capital outlay	<u>19,223</u>	<u>-</u>	<u>19,223</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(18,723)	86	18,809	212
<b>Fund balance:</b>				
Beginning of year	<u>18,723</u>	<u>18,435</u>	<u>(288)</u>	<u>18,223</u>
End of year	<u>\$ -</u>	<u>\$ 18,521</u>	<u>\$ 18,521</u>	<u>\$ 18,435</u>

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***For the year ended June 30, 2012***



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***For the year ended June 30, 2012***

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2012**  
**(With Comparative Totals for June 30, 2011)**

	Capital Projects	Mining Capital Projects	Totals 2012	2011
<b><u>ASSETS:</u></b>				
Pooled cash and investments	\$ 110,871	\$ 32,123	\$ 142,994	\$ 43,522
Interest receivable	<u>144</u>	<u>102</u>	<u>246</u>	<u>176</u>
Total assets	<u>\$ 111,015</u>	<u>\$ 32,225</u>	<u>\$ 143,240</u>	<u>\$ 43,698</u>
<b><u>LIABILITIES:</u></b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>				
Restricted for capital projects	<u>111,015</u>	<u>32,225</u>	<u>143,240</u>	<u>43,698</u>
Total liabilities and fund balance	<u>\$ 111,015</u>	<u>\$ 32,225</u>	<u>\$ 143,240</u>	<u>\$ 43,698</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2012**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	Capital Projects	Mining Capital Project	Totals 2012	2011
<b>Revenues:</b>				
Charges for services	\$ 968	\$ -	\$ 968	\$ 759
Miscellaneous	<u>127</u>	<u>147</u>	<u>274</u>	<u>525</u>
Total revenues	1,095	147	1,242	1,284
<b>Expenditures:</b>				
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of revenues over expenditures	1,095	147	1,242	(3,716)
<b>Other financing sources (uses):</b>				
Operating transfers in	<u>98,300</u>	<u>-</u>	<u>98,300</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	99,395	147	99,542	(3,716)
<b>Fund balance:</b>				
Beginning of year	<u>11,620</u>	<u>32,078</u>	<u>43,698</u>	<u>47,414</u>
End of year	<u>\$ 111,015</u>	<u>\$ 32,225</u>	<u>\$ 143,240</u>	<u>\$ 43,698</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2012 and 2011**

	2012	2011
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 110,871	\$ 11,573
Interest receivable	<u>144</u>	<u>47</u>
Total assets	<u>\$ 111,015</u>	<u>\$ 11,620</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for capital projects	<u>111,015</u>	<u>11,620</u>
Total liabilities and fund balance	<u>\$ 111,015</u>	<u>\$ 11,620</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, 2012**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Charges for services:</b>				
Rescue runs	\$ 1,000	\$ 780	\$ (220)	\$ 759
Reader board fees	100	188	88	-
Total charges for services	1,100	968	(132)	759
<b>Miscellaneous:</b>				
Investment income	300	127	(173)	127
Total revenues	1,400	1,095	(305)	886
<b>Expenditures:</b>				
Capital projects	839,434	-	839,434	-
Excess (deficiency) of revenues over expenditures	(838,034)	1,095	839,129	886
<b>Other financing sources (uses):</b>				
Operating transfers in	823,300	98,300	(725,000)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(14,734)	99,395	114,129	886
<b>Fund balance:</b>				
Beginning of year	14,734	11,620	(3,114)	10,734
End of year	\$ -	\$ 111,015	\$ 111,015	\$ 11,620

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - MINING CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2012 and 2011**

	2012	2011
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 32,123	\$ 31,949
Interest receivable	<u>102</u>	<u>129</u>
Total assets	<u>\$ 32,225</u>	<u>\$ 32,078</u>
<b><u>FUND BALANCE:</u></b>		
Restricted for capital projects	<u>\$ 32,225</u>	<u>\$ 32,078</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, 2012**  
**(With Comparative Amounts for the Year Ended June 30, 2011)**

	2012		Variance-	2011
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Investment income	\$ 500	\$ 147	\$ (353)	\$ 398
<b>Expenditures:</b>				
Capital projects	<u>32,180</u>	<u>-</u>	<u>32,180</u>	<u>5,000</u>
Excess (deficiency) of revenues over expenditures	(31,680)	147	31,827	(4,602)
<b>Fund balance:</b>				
Beginning of year	<u>31,680</u>	<u>32,078</u>	<u>398</u>	<u>36,680</u>
End of year	<u>\$ -</u>	<u>\$ 32,225</u>	<u>\$ 32,225</u>	<u>\$ 32,078</u>

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***For the year ended June 30, 2012***



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 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, 2012, which collectively comprise the Town's basic financial statements and have issued my report thereon dated May 1, 2013. 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

Management of the Town of Tonopah, Nevada, is responsible for establishing and maintaining effective 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 2012-01.

### 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 Management, Members of the Board, 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  
May 1, 2013

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

**Financial Statement Findings**

**2012-01      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.

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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 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, 2012, which collectively comprise the Town's basic financial statements and have issued my report thereon dated May 1, 2013. 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, except as noted in Appendix C.

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  
May 1, 2013

**TOWN OF TONOPAH, NEVADA**  
**SCHEDULE OF BUSINESS LICENSE FEES**  
**APPENDIX A**  
**JUNE 30, 2012**

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, 2012, 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 per calendar quarter. 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, 2012.

**TOWN OF TONOPAH, NEVADA  
SCHEDULE OF CAPITAL PROJECTS ACTIVITY  
APPENDIX B  
JUNE 30, 2012**

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	<u>\$ 166,259</u>
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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
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## Capital Projects Fund

Rescue Runs	\$ 1,000
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Transfer in from General Fund	\$ 725,000
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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:

Building Improvements/Construction	\$ 45,265
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Capital Projects Fund:

Tonopah Convention Center	\$ 718,620
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Miscellaneous	\$ 20,000
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Mining Park Capital Projects Fund:

Building & Facility Improvements	\$ 37,078
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4. Identify any planned accumulation of the money in the fund.

### Response

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

**TOWN OF TONOPAH, NEVADA**  
**APPENDIX C**  
**COMPLIANCE WITH LAW AND REGULATION**  
**JUNE 30, 2012**

**Financial Statement Audit**

Nevada Revised Statutes Chapter 354.624 requires local governments to provide audited financial statements to the Nevada Department of Taxation no later than six months after the close of the fiscal year. The Nevada Department of Taxation granted an extended filing date to the Town to file the Town's audit report for the year ending June 30, 2012 of March 15, 2013. The extension date was not met. The Town's accounting records are maintained by Nye County, Nevada. Due to County bookkeeping problems, that were not within the control of the Town, the audit could not be completed and filed by the extended due date. This is an apparent violation of NRS 354.624.