

**TOWN OF TONOPAH, NEVADA**  
**REPORT ON FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2016**

**TOWN OF TONOPAH, NEVADA  
REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTAL MATERIAL  
FOR THE YEAR ENDED JUNE 30, 2016  
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# **TOWN OF TONOPAH, NEVADA**

## **ORGANIZATION**

### **TOWN OFFICERS** at June 30, 2016

Chairman	Duane Downing
Vice Chairman	Tom Seley
Clerk	Janet Hatch
Board Member	Don Kaminski
Board Member	Doug Farinholt

# 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 Board Members  
Town of Tonopah, Nevada  
Tonopah, Nevada

### Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### *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, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 4 through 12, Schedule of Funding Progress on page 50, Schedule of Pension Contributions on page 51 and Schedule of the Town's Proportionate Share of the Net Pension Liability on page 52 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.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### *Prior Year Comparative Information*

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, 2015, which are not presented with the accompanying financial statements and I expressed unmodified opinions on the respective financial statements of the governmental activities, the 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 basic financial statements as a whole. The combining and individual fund financial statements and schedules for the year ended June 30, 2015, are presented for purposes of additional analysis and are not a required part of the basic 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 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2015 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 29, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Las Vegas, Nevada  
November 29, 2016

**TOWN OF TONOPAH, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the Town of Tonopah, Nevada ("Town") and 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 assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the 2016 fiscal year by \$23,981,930 (net position). Total net position represents approximately \$20,128,199 in capital assets, net of related debt, \$78,649 in assets restricted for debt services, \$533,277 in assets restricted for capital projects, \$125,372 in assets restricted for culture and recreation, and \$150,510 in assets restricted for public safety. The remaining \$2,965,923 represents unrestricted net position, which may be used to meet the Town's ongoing obligations to its citizens and creditors.

The government-wide net position of the Town increased during the fiscal year 2016, from \$23,713,308 to \$23,981,930.

The Town's primary revenue sources for governmental activities were room taxes of \$523,685, ad valorem taxes (property taxes) of \$142,555, public safety sales taxes of \$149,242, and consolidated taxes (sales taxes) of \$350,201. These revenue sources comprised 38.77%, 10.55%, 11.05%, and 25.93%, respectively, or 86.30% of total governmental activities revenues.

The Town's total expenses were \$2,688,823. The greatest governmental activities expenses were \$494,771 in culture and recreation and \$232,392 in the general government function. The business-type activities contributed \$1,558,700 to the Town's total expenses.

At the end of fiscal year 2016, the Town's governmental funds reported combined fund balances of \$2,578,657, an increase of \$33,452 when compared to the previous year. Approximately 30.25% of this amount, \$780,079, is available for spending at the government's discretion (unassigned fund balance).

**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 to the financial statements. 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 an overview of the Town's financial position in a manner similar to a private-sector business.

The Statement of Net Position combines and consolidates all of the Town's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This includes combining current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting. Net position is segregated into three components: invested in capital assets, net of related debt; restricted; and unrestricted net position. Net position is an indicator of the overall financial position of the Town and the change in net position from year to year is an indicator of the financial position improving or deteriorating.



**TOWN OF TONOPAH, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Government-Wide Financial Statements (Continued)**

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported when 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 report two types of activities: governmental activities and business-type activities. 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. The business-type activities include operations of its utilities.

**Fund Financial Statements**

A fund is a grouping of accounts that is used to maintain control over resources that are designated for a specific purpose within the government. The Town uses fund financial statements to provide detailed information about its most significant funds. All of the Town of Tonopah funds are classified into three categories:

***Governmental Funds*** – Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements described above. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting, which focuses 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. To provide a better understanding of the relationship between the fund financial statements and government-wide financial statements, a reconciliation is provided for a more comprehensive picture of the Town's financial position.

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 balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining and individual fund statements and schedules.

**TOWN OF TONOPAH, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Fund Financial Statements (Continued)**

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. 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.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility funds.

***Fiduciary Funds*** - Fiduciary funds are used to account for the resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town has one type of fiduciary fund: the Agency Fund. The Agency Fund reports resources held by the Town in a custodial capacity for individuals, private organizations, and other governments.

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential for 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 concerning the Town's progress in funding its obligation to provide other post-employment benefits to its employees.

The combining statements and individual fund schedules are presented immediately following the required supplementary information on other post-employment benefits.

**TOWN OF TONOPAH, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The government-wide financial statements are structured to report financial information on the Town as a whole. Condensed financial information with comparative amounts from the prior year is presented along with the accompanying analysis.

The following table illustrates the changes in net position for the fiscal years ending June 30, 2016 and 2015.

**Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Assets:</b>						
Current and other assets	\$ 2,713,315	\$ 2,618,768	\$ 2,682,679	\$ 2,728,743	\$ 5,395,994	\$ 5,347,511
Net capital assets	3,911,367	3,754,966	21,682,737	21,721,701	25,594,104	25,476,667
Total assets	6,624,682	6,373,734	24,365,416	24,450,444	30,990,098	30,824,178
<b>Deferred Outflows of Resources:</b>						
Deferred charge on pension	69,931	70,243	95,626	75,529	165,557	145,772
<b>Liabilities:</b>						
Current liabilities	128,075	63,747	72,184	71,553	200,259	135,300
Long-term liabilities	637,534	652,309	6,131,225	6,241,310	6,768,759	6,893,619
Total liabilities	765,609	716,056	6,203,409	6,312,863	6,969,018	7,028,919
<b>Deferred Inflows of Resources:</b>						
Deferred charge on pension	85,942	105,834	118,765	121,889	204,707	227,723
<b>Net position:</b>						
Invested in capital assets, net of related debt	3,911,367	3,754,966	16,216,832	16,157,290	20,128,199	19,912,256
Restricted	432,067	617,620	455,741	513,705	887,808	1,131,325
Unrestricted	1,499,628	1,249,501	1,466,295	1,420,226	2,965,923	2,669,727
Total net position	\$ 5,843,062	\$ 5,622,087	\$ 18,138,868	\$ 18,091,221	\$ 23,981,930	\$ 23,713,308

The Town's assets exceeded liabilities by \$23,981,930 at the close of the current fiscal year and total net position increased \$268,622 resulting in a 1.13% increase in net position.

The largest portion of the Town's net position, 83.93%, reflects its investment in capital assets less any related debt outstanding used to acquire those assets. The Town uses 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 total net position of \$23,981,930 includes unrestricted net position totaling \$2,965,923. This is used to meet the ongoing obligations of the Town. Portions of total net position are subject to external restrictions as to how they may be used. In the current fiscal year, there were restricted assets of \$887,808.

**Net Position**

Governmental activities increased the Town's net position by \$220,975. Business-type activities increased the Town's net position by \$47,647. This is a total increase in net position of \$268,622.

**TOWN OF TONOPAH, NEVADA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Governmental</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 124,349	\$ 135,480	\$ 1,051,437	\$ 1,005,766	\$ 1,175,786	\$ 1,141,246
Capital grant	6,007	-	226,094	250,085	232,101	250,085
General revenues:						
Ad valorem taxes	142,555	190,614	-	-	142,555	190,614
Room tax	523,685	497,497	-	-	523,685	497,497
Fuel taxes	8,898	9,040	-	-	8,898	9,040
Consolidated tax	350,201	323,690	-	-	350,201	323,690
Public safety tax	149,242	145,020	-	-	149,242	145,020
Investment income	45,861	13,603	41,016	15,759	86,877	29,362
Miscellaneous	-	1,977	287,800	265,253	287,800	267,230
Total revenues	<u>1,350,798</u>	<u>1,316,921</u>	<u>1,606,347</u>	<u>1,536,863</u>	<u>2,957,145</u>	<u>2,853,784</u>
<b>Expenses:</b>						
General government	232,392	347,953	-	-	232,392	347,953
Public safety	104,889	68,568	-	-	104,889	68,568
Public works	217,301	195,518	-	-	217,301	195,518
Culture and recreation	494,771	393,951	-	-	494,771	393,951
Intergovernmental	80,470	85,007	-	-	80,470	85,007
Utility operations	-	-	1,558,700	1,490,948	1,558,700	1,490,948
Total expenses	<u>1,129,823</u>	<u>1,090,997</u>	<u>1,558,700</u>	<u>1,490,948</u>	<u>2,688,523</u>	<u>2,581,945</u>
Change in net position	220,975	225,924	47,647	45,915	268,622	271,839
Net position - beginning	<u>5,622,087</u>	<u>5,396,163</u>	<u>18,091,221</u>	<u>18,045,306</u>	<u>23,713,308</u>	<u>23,441,469</u>
Net position - ending	<u>\$5,843,062</u>	<u>\$5,622,087</u>	<u>\$18,138,868</u>	<u>\$18,091,221</u>	<u>\$23,981,930</u>	<u>\$ 23,713,308</u>

Program revenues include charges for services including fines and forfeitures, certain licenses and permits, and water and sewer utility services. Capital grants are for work on the new arsenic project.

General revenues consist of taxes, interest, and miscellaneous revenues. For governmental activities, the largest of these revenues was room tax. The second largest revenue was consolidated tax. The business-type general revenue came from miscellaneous revenue related to the water and sewer utility.

**TOWN OF TONOPAH, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

**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, unassigned 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 \$2,578,657. This is an increase over the prior year of \$33,452, or 1.31%. Fund balance components have been classified as restricted, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed on the use of the resources of the funds. Restricted fund balance is \$432,067, or 16.75%, of the total. Spending of these resources is constrained by externally imposed (statutory, bond covenant, or grantors) limitations on their use. The restricted fund balances include \$156,185 for capital projects, \$150,510 for public safety, and \$125,372 for culture and recreation.

**Major Funds**

**General Fund:** 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 \$2,146,590, an increase of \$219,005, or 11.36%, over the prior year. The primary reason for the increase was due to spending less than the revenues received.

Revenues increased by \$18,115, or 1.64%. Tax revenues decreased by \$19,774, or 3.17%, primarily due to a decrease in ad valorem taxes. Intergovernmental revenues increased by \$22,182, or 6.18%, primarily due to consolidated taxes. Miscellaneous revenues increased by \$22,772, or 184.75%, primarily due to an increase in return on investments.

Expenditures increased by \$46,072, or 5.38%. Culture and recreation expenditures increased \$59,872, or 20.39%, primarily due to increased salaries and benefit expenditures for the Mining Parks and services and supplies for the Ballfields.

**Capital Projects Fund:** The Capital Projects Fund had a fund balance at the end of the year of \$52,091, a decrease of \$249,962 over the prior year. Revenues included rescue runs of \$606 and investment income of \$4,720. Expenditures for the year were \$255,288 for pool and parks improvements and equipment.

**Major Enterprise Funds**

**Enterprise Funds:** The Town's water and sewer utility enterprise fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds totaled \$1,466,295. Total net position in the enterprise funds increased \$47,647.

**Tonopah Public Utility Water:** Operating revenues increased by \$28,606, or 5.50%. Operating expenditures increased by \$9,281, or 1.18%. Nonoperating revenues/(expenses) were \$8,978, or 2.51%, more than the prior year.

**Tonopah Public Utility Sewer:** Operating revenues increased by \$17,065, or 3.52%. Operating expenditures increased by \$60,627, or 10.27%, from the prior year. This increase is attributed mostly to increased general operational costs. Nonoperating revenues/(expenses) were \$16,991, or 30.17%, more than the prior year. This increase results from an increase in investment income due to higher interest rates and an increase in fees due to higher customer usage.

**TOWN OF TONOPAH, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Nevada Revised Statutes require that the Town legally adopts budgets for all funds. Budgets are prepared in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year. The final appropriated budget is prepared by fund, function, and object. All appropriations lapse at year-end and encumbrances are re-appropriated in the ensuing fiscal year.

The actual General Fund balance of \$2,146,590 was \$780,079 higher than anticipated to begin the 2016-2017 year. This is reflected in the General Fund as unassigned fund balance.

**Final budget compared to actual results.** The most significant differences between estimated revenues and expenses and actual revenues and expenses in the General Fund were as follows:

Overall, the revenues received were higher than budgeted by 28.37%, or \$247,984. Significant revenues in excess of budgeted amounts were \$255,475 for taxes, primarily due to room taxes, and \$17,272 received for fines and forfeitures.

A review of actual expenditures compared to the appropriations in the final budget shows that expenditures were \$727,095 lower than budgeted, or 44.61%. Expenditures were under budget for all functions of the General Fund as follows: general government by \$339,566, public safety by \$213,823, public works by \$57,561, and culture and recreation by \$101,145.

**CAPITAL ASSETS**

At June 30, 2016, the Town's governmental type activities had \$3,911,367 (net) invested in land, construction in progress, building and improvements, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of \$156,401 from the previous year.

At June 30, 2016, the Town's business-type activities had \$21,682,737 (net) invested in land, utility distributions systems, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of \$38,964 from the previous year.

Capital assets, net of related debt, reflect 83.97% of net position of the Town. The Town uses capital assets to provide services to the citizens of the Town of Tonopah and consequently these assets are not available for future spending.

**TOWN OF TONOPAH, NEVADA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

The following tables reflect additions and dispositions of capital assets for the Town's governmental activities and business-type activities.

**Governmental Activities:**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>Capital assets not being depreciated:</b>				
Land	\$ 2,215,563	\$ -	\$ -	\$ 2,215,563
Construction in progress	574,838	-	-	574,838
<b>Total capital assets not being depreciated</b>	<u>2,790,401</u>	<u>-</u>	<u>-</u>	<u>2,790,401</u>
<b>Capital assets being depreciated:</b>				
Building and improvements	1,422,581	-	-	1,422,581
Equipment	1,016,331	236,625	-	1,252,956
<b>Total capital assets being depreciated</b>	<u>2,438,912</u>	<u>236,625</u>	<u>-</u>	<u>2,675,537</u>
<b>Less accumulated depreciation for:</b>				
Building and improvements	610,749	34,846	-	645,595
Equipment	863,598	45,378	-	908,976
<b>Total accumulated depreciation</b>	<u>1,474,347</u>	<u>80,224</u>	<u>-</u>	<u>1,554,571</u>
<b>Total capital assets being depreciated, net</b>	<u>964,565</u>	<u>156,401</u>	<u>-</u>	<u>1,120,966</u>
<b>Governmental activities assets, net</b>	<u>\$ 3,754,966</u>	<u>\$ 156,401</u>	<u>\$ -</u>	<u>\$ 3,911,367</u>

Equipment additions were for the pool, playground equipment, HVAC system, and vehicles.

**Business-type Activities:**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>Capital assets not being depreciated:</b>				
Land	\$ 55,000	\$ -	\$ -	\$ 55,000
<b>Capital assets being depreciated:</b>				
Systems and equipment	32,456,305	575,864	-	33,032,169
<b>Less accumulated depreciation for:</b>				
Systems and equipment	10,789,604	614,828	-	11,404,432
<b>Total capital assets being depreciated, net</b>	<u>21,666,701</u>	<u>(38,964)</u>	<u>-</u>	<u>21,627,737</u>
<b>Business-type activities assets, net</b>	<u>\$ 21,721,701</u>	<u>\$ (38,964)</u>	<u>\$ -</u>	<u>\$ 21,682,737</u>

System improvements included sewer lining and a well generator.

**TOWN OF TONOPAH, NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**DEBT ADMINISTRATION**

**Changes in Long-term Debt:** During the year ended June 30, 2016, the following changes occurred in long-term debt:

**Governmental activities:**

	Balance June 30, 2015	Net Additions	Net Deletions	Balance June 30, 2016	Due within One Year
Compensated absences	\$ 63,418	\$ -	\$ 40,806	\$ 22,612	\$ 17,342
Net pension obligation (restated)	410,422	7,116	-	417,538	-
OPEB obligation payable	178,469	18,915	-	197,384	-
Total	<u>\$ 652,309</u>	<u>\$ 26,031</u>	<u>\$ 40,806</u>	<u>\$ 637,534</u>	<u>\$ 17,342</u>

**Business-type activities:**

	Balance June 30, 2015	Net Additions	Net Deletions	Balance June 30, 2016	Due within One Year
Compensated absences	\$ 49,642	\$ -	\$ 18,852	\$ 30,790	\$ 18,368
Net pension obligation (restated)	472,627	-	11,376	461,251	-
OPEB obligation payable	154,630	18,649	-	173,279	-
Bond payable	5,564,411	-	98,506	5,465,905	99,941
Total	<u>\$ 6,241,310</u>	<u>\$ 18,649</u>	<u>\$ 128,734</u>	<u>\$ 6,131,225</u>	<u>\$ 118,309</u>

The Town's debt decreased by \$14,775 for governmental activities during the current fiscal year. The decrease was due to a reduction in compensated absences.

The Town's debt decreased by \$110,085 for business-type activities during the current fiscal year. The decrease was due to compensated absences, net pension obligations, and principal payments on bonds.

**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 POSITION**  
**June 30, 2016**

	Governmental Activities 2016	Business-type Activities 2016	Total Primary Government 2016
<b><u>ASSETS:</u></b>			
Cash and cash equivalents	\$ 2,546,929	\$ 1,966,334	\$ 4,513,263
Interest receivable	2,477	2,247	4,724
Property taxes receivable	7,643	-	7,643
Room tax receivable	63,608	-	63,608
Due from other governments	92,658	-	92,658
Accounts receivable net of allowance for uncollectibles	-	167,753	167,753
Inventory	-	65,601	65,601
Restricted assets - cash	-	480,744	480,744
Capital assets (net of accumulated depreciation)	<u>3,911,367</u>	<u>21,682,737</u>	<u>25,594,104</u>
 Total assets	 <u>6,624,682</u>	 <u>24,365,416</u>	 <u>30,990,098</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred charge on pension	<u>69,931</u>	<u>95,626</u>	<u>165,557</u>
<b><u>LIABILITIES:</u></b>			
Accounts payable	99,749	15,782	115,531
Accrued payroll and benefits	28,326	24,152	52,478
Accrued interest payable	-	2,730	2,730
Accrued compensated absences	17,342	18,368	35,710
Bonds payable	-	99,941	99,941
Payable from restricted assets			
Customer deposits	-	29,520	29,520
Noncurrent liabilities:			
OPEB obligation payable	197,384	173,279	370,663
Net pension obligation payable	417,538	461,251	878,789
Accrued compensated absences	5,270	12,422	17,692
Bonds payable	<u>-</u>	<u>5,365,964</u>	<u>5,365,964</u>
 Total liabilities	 <u>765,609</u>	 <u>6,203,409</u>	 <u>6,969,018</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred charge on pension	<u>85,942</u>	<u>118,765</u>	<u>204,707</u>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	3,911,367	16,216,832	20,128,199
Restricted for:			
Debt	-	78,649	78,649
Capital projects	156,185	377,092	533,277
Culture and recreation	125,372	-	125,372
Public safety	150,510	-	150,510
Unrestricted	<u>1,499,628</u>	<u>1,466,295</u>	<u>2,965,923</u>
Total net position	<u>\$ 5,843,062</u>	<u>\$ 18,138,868</u>	<u>\$ 23,981,930</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, 2016**

Functions/Programs	Expenses	Program Revenues		Changes in Net Position		Total
		Charges for	Capital	Governmental	Business-type	
		Services	Contributions	Activities	Activities	
Primary governments:						
General government	\$ (232,392)	\$ 80,625	\$ -	\$ (151,767)	\$ -	\$ (151,767)
Public safety	(104,889)	758	-	(104,131)	-	(104,131)
Public works	(217,301)	-	-	(217,301)	-	(217,301)
Culture and recreation	(494,771)	42,966	6,007	(445,798)	-	(445,798)
Intergovernmental	(80,470)	-	-	(80,470)	-	(80,470)
Total governmental activities	(1,129,823)	124,349	6,007	(999,467)	-	(999,467)
Business-type activities:						
Water	(907,726)	548,924	226,094	-	(132,708)	(132,708)
Sewer	(650,974)	502,513	-	-	(148,461)	(148,461)
Total business-type activities	(1,558,700)	1,051,437	226,094	-	(281,169)	(281,169)
Total primary governments	<u>\$ (2,688,523)</u>	<u>\$ 1,175,786</u>	<u>\$ 232,101</u>	<u>(999,467)</u>	<u>(281,169)</u>	<u>(1,280,636)</u>
General Revenues:						
Ad valorem tax				142,555	-	142,555
Room tax				523,685	-	523,685
Fuel tax				8,898	-	8,898
Consolidated tax				350,201	-	350,201
Public safety tax				149,242	-	149,242
Capital projects fees				-	60,620	60,620
Surcharge				-	194,590	194,590
Investment income				45,861	41,016	86,877
Miscellaneous				-	32,590	32,590
Total general revenues				<u>1,220,442</u>	<u>328,816</u>	<u>1,549,258</u>
Change in net position				220,975	47,647	268,622
Net position - beginning of year restated				<u>5,622,087</u>	<u>18,091,221</u>	<u>23,713,308</u>
Net position - end of year				<u>\$ 5,843,062</u>	<u>\$ 18,138,868</u>	<u>\$ 23,981,930</u>

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

**TOWN OF TONOPAH, NEVADA**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<u>Major Funds</u>		Other	Total
	General Fund	Capital Projects	Governmental Funds	Governmental Funds
<b><u>ASSETS:</u></b>				
Pooled cash and investments	\$ 2,108,847	\$ 71,681	\$ 366,401	\$ 2,546,929
Interest receivable	2,045	66	366	2,477
Property taxes receivable	7,643	-	-	7,643
Room tax receivable	47,288	-	16,320	63,608
Due from other governments	<u>65,032</u>	<u>-</u>	<u>27,626</u>	<u>92,658</u>
 Total assets	 <u>\$ 2,230,855</u>	 <u>\$ 71,747</u>	 <u>\$ 410,713</u>	 <u>\$ 2,713,315</u>
 <b><u>LIABILITIES:</u></b>				
Accounts payable	\$ 49,356	\$ 19,656	\$ 30,737	\$ 99,749
Accrued payroll	<u>28,326</u>	<u>-</u>	<u>-</u>	<u>28,326</u>
 Total liabilities	 <u>77,682</u>	 <u>19,656</u>	 <u>30,737</u>	 <u>128,075</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>				
Unavailable revenue - property taxes	<u>6,583</u>	<u>-</u>	<u>-</u>	<u>6,583</u>
 <b><u>FUND BALANCE:</u></b>				
Restricted for:				
Capital projects	-	52,091	104,094	156,185
Public safety	-	-	150,510	150,510
Culture and recreation	-	-	125,372	125,372
Assigned for subsequent year	1,366,511	-	-	1,366,511
Unassigned	<u>780,079</u>	<u>-</u>	<u>-</u>	<u>780,079</u>
Total fund balance	<u>2,146,590</u>	<u>52,091</u>	<u>379,976</u>	<u>2,578,657</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 2,230,855</u>	 <u>\$ 71,747</u>	 <u>\$ 410,713</u>	 <u>\$ 2,713,315</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 POSITION**  
**June 30, 2016**

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<b>Total fund balance - governmental funds</b>	<b>\$ 2,578,657</b>
Amounts reported for governmental activities in the Statement of Net Position 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 Position.	3,911,367
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	6,583
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 Position.	(219,996)
The Town's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:	
Deferred outflows from pension activity.	69,931
Net pension liability	(417,538)
Deferred inflows from pension activity.	<u>(85,942)</u>
<b>Total net position - governmental activities</b>	<b><u>\$ 5,843,062</u></b>

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, 2016**

	Major Funds		Other	Total
	General Fund	Capital Projects	Governmental Funds	Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 604,010	\$ -	\$ 37,948	\$ 641,958
Licenses and permits	21,363	-	-	21,363
Intergovernmental	381,089	-	176,757	557,846
Charges for services	43,118	606	-	43,724
Fines and forfeitures	37,272	-	-	37,272
Miscellaneous	<u>35,098</u>	<u>4,720</u>	<u>12,050</u>	<u>51,868</u>
 Total revenues	 <u>1,121,950</u>	 <u>5,326</u>	 <u>226,755</u>	 <u>1,354,031</u>
<b>Expenditures:</b>				
Current:				
General government	267,326	-	-	267,326
Public safety	69,535	-	27,546	97,081
Public works	212,592	-	-	212,592
Culture and recreation	353,492	-	65,661	419,153
Intergovernmental	-	-	69,139	69,139
Capital projects	<u>-</u>	<u>255,288</u>	<u>-</u>	<u>255,288</u>
 Total expenditures	 <u>902,945</u>	 <u>255,288</u>	 <u>162,346</u>	 <u>1,320,579</u>
 Excess (deficiency) of revenues over expenditures	 219,005	 (249,962)	 64,409	 33,452
<b>Fund balance:</b>				
Beginning of year	<u>1,927,585</u>	<u>302,053</u>	<u>315,567</u>	<u>2,545,205</u>
 End of year	 <u>\$ 2,146,590</u>	 <u>\$ 52,091</u>	 <u>\$ 379,976</u>	 <u>\$ 2,578,657</u>

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

**TOWN OF TONOPAH, NEVADA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

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<b>Net change in fund balance - governmental funds</b>	<b>\$ 33,452</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 Position 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. 156,401

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. (3,233)

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. 21,891

Net difference between pension system contributions recognized in the fund statements of revenues, expenditures, and changes in fund balances and the statement of activities. 12,464

<b>Change in net position of governmental activities</b>	<b><u>\$ 220,975</u></b>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 88,535	\$ 88,535	\$ 118,273	\$ 29,738
Room taxes	260,000	260,000	485,737	225,737
Total taxes	348,535	348,535	604,010	255,475
<b>Licenses and permits</b>	16,500	16,500	21,363	4,863
<b>Intergovernmental:</b>				
County liquor license	1,800	1,800	2,460	660
County gaming license	16,000	16,000	19,530	3,530
Consolidated tax	280,000	280,000	350,201	70,201
Gas tax \$1.75	7,921	7,921	8,898	977
Sales Tax 0.0025 Public Safety	144,000	144,000	-	(144,000)
Total intergovernmental	449,721	449,721	381,089	(68,632)
<b>Charges for services:</b>				
Rescue runs	200	200	152	(48)
Swimming pool fees	6,000	6,000	11,411	5,411
Old fire house rental	7,560	7,560	7,560	-
Convention Center rental	10,000	10,000	12,285	2,285
Sports complex fees	2,000	2,000	2,400	400
Mining park entrance	5,000	5,000	8,559	3,559
Fairgrounds rental	450	450	751	301
Total charges for services	31,210	31,210	43,118	11,908
<b>Fines and forfeitures</b>	20,000	20,000	37,272	17,272
<b>Miscellaneous:</b>				
Investment income	6,000	6,000	35,098	29,098
Other	2,000	2,000	-	(2,000)
Total miscellaneous	8,000	8,000	35,098	27,098
<b>Total revenues</b>	873,966	873,966	1,121,950	247,984

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, 2016**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
<b>General government:</b>				
Salaries and wages	\$ 229,268	\$ 229,268	\$ 114,142	\$ 115,126
Employee benefits	160,624	160,624	51,354	109,270
Services and supplies	<u>217,000</u>	<u>217,000</u>	<u>101,830</u>	<u>115,170</u>
Total general government	<u>606,892</u>	<u>606,892</u>	<u>267,326</u>	<u>339,566</u>
<b>Public safety:</b>				
<b>Fire:</b>				
Salaries and wages	15,000	15,000	-	15,000
Employee benefits	20,058	20,058	8,512	11,546
Services and supplies	<u>248,300</u>	<u>248,300</u>	<u>61,023</u>	<u>187,277</u>
Total public safety	<u>283,358</u>	<u>283,358</u>	<u>69,535</u>	<u>213,823</u>
<b>Public works:</b>				
<b>Highways and streets:</b>				
Salaries and wages	84,411	84,411	76,013	8,398
Employee benefits	63,911	63,911	50,169	13,742
Services and supplies	<u>121,831</u>	<u>121,831</u>	<u>86,410</u>	<u>35,421</u>
Total public works	<u>270,153</u>	<u>270,153</u>	<u>212,592</u>	<u>57,561</u>
<b>Culture and recreation:</b>				
<b>Parks:</b>				
Services and supplies	<u>49,460</u>	<u>49,460</u>	<u>39,078</u>	<u>10,382</u>
<b>Mining parks:</b>				
Salaries and wages	65,878	65,878	64,885	993
Employee benefits	41,307	41,607	38,702	2,905
Services and supplies	<u>39,686</u>	<u>39,386</u>	<u>18,105</u>	<u>21,281</u>
Total mining parks	<u>146,871</u>	<u>146,871</u>	<u>121,692</u>	<u>25,179</u>
<b>Swimming pool:</b>				
Salaries and wages	24,000	24,000	15,346	8,654
Employee benefits	4,253	4,253	2,339	1,914
Services and supplies	<u>27,315</u>	<u>27,315</u>	<u>19,596</u>	<u>7,719</u>
Total swimming pool	<u>55,568</u>	<u>55,568</u>	<u>37,281</u>	<u>18,287</u>

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, 2016**

	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	\$ 2,753	\$ 2,047
<b>Ball fields:</b>				
Services and supplies	40,475	40,475	37,534	2,941
<b>Convention center:</b>				
Salaries and wages	51,254	51,254	43,046	8,208
Employee benefits	27,639	27,639	22,939	4,700
Services and supplies	78,570	78,570	49,169	29,401
Total convention center	157,463	157,463	115,154	42,309
Total culture and recreation	454,637	454,637	353,492	101,145
<b>Contingency</b>	15,000	15,000	-	15,000
Total expenditures	1,630,040	1,630,040	902,945	727,095
Excess (deficiency) of revenues over expenditures	(756,074)	(756,074)	219,005	975,079
<b>Fund balance:</b>				
Beginning of year	931,768	931,768	1,927,585	995,817
End of year	\$ 175,694	\$ 175,694	\$ 2,146,590	\$ 1,970,896

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

**TOWN OF TONOPAH, NEVADA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	<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	\$ 1,222,959	\$ 743,375	\$ 1,966,334
Interest receivable	1,548	699	2,247
Accounts receivable, net of allowance for doubtful accounts	94,298	73,455	167,753
Inventory	58,255	7,346	65,601
Restricted assets - cash	464,698	16,046	480,744
Total current assets	1,841,758	840,921	2,682,679
Property, plant and equipment, net of accumulated depreciation	15,154,093	6,528,644	21,682,737
Total assets	16,995,851	7,369,565	24,365,416
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred charge on pension	40,793	54,833	95,626
<b><u>LIABILITIES:</u></b>			
Current liabilities, payable from unrestricted assets:			
Accounts payable	13,421	2,361	15,782
Accrued payroll	10,600	13,552	24,152
Accrued interest payable	2,730	-	2,730
Accrued compensated absences	9,184	9,184	18,368
Current portion of bonds payable	99,941	-	99,941
Total current liabilities-unrestricted	135,876	25,097	160,973
Current liabilities, payable from restricted assets:			
Customer deposits	29,520	-	29,520
Total current liabilities	165,396	25,097	190,493
Non-current liabilities			
OPEB obligation payable	88,831	84,448	173,279
Net pension obligation payable	250,369	210,882	461,251
Accrued compensated absences	6,211	6,211	12,422
Bonds payable	5,365,964	-	5,365,964
Total non-current liabilities	5,711,375	301,541	6,012,916
Total liabilities	5,876,771	326,638	6,203,409
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred charge on pension	50,662	68,103	118,765
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	9,688,188	6,528,644	16,216,832
Restricted for debt	78,649	-	78,649
Restricted for capital projects	361,046	16,046	377,092
Unrestricted	981,328	484,967	1,466,295
Total net position	\$ 11,109,211	\$ 7,029,657	\$ 18,138,868

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 POSITION**  
**For the Year Ended June 30, 2016**

	<b>MAJOR FUNDS</b>		
	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
<b>Operating revenues:</b>			
<b>Charges for services:</b>			
Water fees	\$ 548,924	\$ -	\$ 548,924
Sewer fees	-	502,513	502,513
Total operating revenues	548,924	502,513	1,051,437
<b>Operating expenses:</b>			
<b>Water Department:</b>			
Administration	85,478	-	85,478
General operations	252,079	-	252,079
Water operations	105,204	-	105,204
Depreciation	350,203	-	350,203
Total water department	792,964	-	792,964
<b>Sewer Department:</b>			
Administration	-	131,192	131,192
General operations	-	228,643	228,643
Sewer operations	-	26,514	26,514
Depreciation	-	264,625	264,625
Total sewer department	-	650,974	650,974
Total operating expenses	792,964	650,974	1,443,938
Operating (loss)	(244,040)	(148,461)	(392,501)
<b>Nonoperating revenue (expense):</b>			
Investment income	28,321	12,695	41,016
Miscellaneous	32,590	-	32,590
Grants	226,094	-	226,094
Interest expense	(114,762)	-	(114,762)
Capital projects fees	-	60,620	60,620
Surcharge	194,590	-	194,590
Total nonoperating revenue	366,833	73,315	440,148
Net income (loss)	122,793	(75,146)	47,647
<b>Net Position:</b>			
Beginning of year	10,986,418	7,104,803	18,091,221
End of year	\$ 11,109,211	\$ 7,029,657	\$ 18,138,868

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, 2016**

	<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	\$ 541,989	\$ 495,512	\$ 1,037,501
Cash paid for salaries, wages, and employee benefits	(215,031)	(312,173)	(527,204)
Cash paid for services and supplies	(227,622)	(99,087)	(326,709)
Net cash provided by operating activities	<u>99,336</u>	<u>84,252</u>	<u>183,588</u>
<b>Cash flows from noncapital financing activities:</b>			
Miscellaneous revenue	32,590	-	32,590
Grants	228,494	-	228,494
Capital projects fees	-	60,620	60,620
Surcharges	<u>194,590</u>	<u>-</u>	<u>194,590</u>
Net cash provided by noncapital financing activities	<u>455,674</u>	<u>60,620</u>	<u>516,294</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(378,571)	(197,293)	(575,864)
Principal paid	(98,506)	-	(98,506)
Interest paid	<u>(114,914)</u>	<u>-</u>	<u>(114,914)</u>
Net cash (used) by capital and related financing activities	<u>(591,991)</u>	<u>(197,293)</u>	<u>(789,284)</u>
<b>Cash flows from investing activities:</b>			
Investment income	<u>29,759</u>	<u>13,957</u>	<u>43,716</u>
Net increase in cash	<u>(7,222)</u>	<u>(38,464)</u>	<u>(45,686)</u>
<b>Cash:</b>			
Beginning of year	<u>1,694,879</u>	<u>797,885</u>	<u>2,492,764</u>
End of year	<u>\$ 1,687,657</u>	<u>\$ 759,421</u>	<u>\$ 2,447,078</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>			
Operating (loss)	<u>\$ (244,040)</u>	<u>\$ (148,461)</u>	<u>\$ (392,501)</u>
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>			
Depreciation	350,203	264,625	614,828
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(10,130)	(7,001)	(17,131)
(Increase) decrease in inventory	13,071	(662)	12,409
(Increase) decrease in deferred outflows - pension	(1,512)	(18,585)	(20,097)
Increase (decrease) in accounts payable	(2,559)	(241)	(2,800)
Increase (decrease) in accrued payroll	(778)	1,166	388
Increase (decrease) in customer deposits	3,195	-	3,195
Increase (decrease) in accrued compensated absences	(9,426)	(9,426)	(18,852)
Increase (decrease) in net pension liability	5,832	(17,208)	(11,376)
Increase (decrease) in deferred inflows - pension	(12,403)	9,279	(3,124)
Increase (decrease) in opeb obligations payable	<u>7,883</u>	<u>10,766</u>	<u>18,649</u>
Total adjustments	<u>343,376</u>	<u>232,713</u>	<u>576,089</u>
<b>Net cash provided by operating activities</b>	<u>\$ 99,336</u>	<u>\$ 84,252</u>	<u>\$ 183,588</u>

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

**TOWN OF TONOPAH, NEVADA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2016**

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Post Retirement  
Benefits Fund  
Agency  
Fund

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**Assets**

Pooled cash and investments	\$ 102,812
Interest receivable	<u>76</u>
 Total assets	 <u>\$ 102,888</u>

**Liabilities**

Amount held for others	<u>\$ 102,888</u>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 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). The more significant accounting policies are discussed below.

**1. Reporting Entity**

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Town of Tonopah ("Town"). The Town is governed by an elected five member board. The Board is legally separate and fiscally independent from other governing bodies; therefore, the Town is a primary government and the Town is not reported as a component unit by any other governmental unit.

**2. Basic Financial Statements**

The Town's basic financial statements consist of government-wide statements and the fund financial statements. The government-wide financial statements are made up of the Statement of Net Position 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. The fund financial statements include financial information for the three fund types: governmental, proprietary, and fiduciary. Reconciliations between the fund statements, the Statement of Net Position, and the Statement of Activities are also included.

**3. Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position presents the consolidated financial position of the Town at year-end, in separate columns, for both governmental and business-type activities.

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. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Basis of Presentation - Fund Financial Statements**

The financial accounts of the Town are organized on the basis of funds, each of which 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, deferred outflows and inflows, fund balance, revenues, and expenditures or expenses, as appropriate. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

**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.

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

Additionally the Town reports the following fund types:

**Proprietary Fund**

**Enterprise Funds** – Enterprise Funds are used to account for the goods or services to the public for a fee that makes the entity self-supporting. Currently, there are two Enterprise 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.

**Fiduciary Funds:**

**Agency Funds** - The Agency Funds are used to account for assets held by the Town in an agency capacity for others and cannot be used to support the Town's own operations.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered “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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of delivering services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Budgetary Information**

Nevada Revised Statutes and Town policies and regulations require that local governments legally adopt budgets for all funds. The budgets are filed as a matter of public record with the County Clerk and the State Department of Taxation. The Town staff uses the following procedures to establish, modify, and control the budgetary data reflected in the financial statements:

1. The statutes provide for the following timetable in adoption of budgets:
  - a) Before April 15, the Town submits to the Nevada State Department of Taxation a tentative budget for the upcoming year. The tentative budget includes proposed expenditures and the means to finance them.
  - b) Before the public hearing conducted on the third Thursday in May, a minimum of seven days' notice of the public hearing on the final budget must be published in a local newspaper.
  - c) On or Before June 1, the Town Board must adopt a final budget.
2. NRS 354.598005(1) provides that the Town Board may augment the budget at any time by a majority vote of the Board providing the Board publishes notice of its intention to act in a newspaper of general circulation within its county at least three days before the date set for adoption of the resolution.
3. Nevada Revised Statute 354.598005(5) allows appropriations to be transferred between functions, funds or contingency accounts if such a transfer does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions. The Finance Manager for the Town may transfer appropriations within any function within a fund. The Finance Manager may also transfer appropriations between functions within a fund, if the Town Board is advised of the action at the next regular meeting, and the action is recorded in the official minutes of the meeting. The Town Board may authorize the transfer of appropriations between funds or from the contingency account if the Town Board announces the transfer of appropriations at a regularly scheduled meeting sets forth the exact amounts to be transferred and the accounts, functions, programs and funds affected. The Town Board must also set forth reasons for the transfer, and the action must be recorded in the official minutes of the meeting.
4. Statutory regulations require budget control to be exercised at the function level within a fund.
5. Generally, budgets for all funds are adopted in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year.
6. The Tourism Special Revenue Fund was augmented during the year due to the unexpected receipt of gifts in aid revenue.
7. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**a. Pooled Cash and Investments**

Cash includes cash in the hands of Town officers, cash in the custody of the Nye County Treasurer and cash deposited in interest-bearing accounts at banks by the Nye County Treasurer. The majority of cash and investment transactions of the Town are handled by the Nye County Treasurer's office. Cash balances are combined and invested in combination with County funds. Investments consist of investment in the Nye County Treasurer's Investment Pool. Investments are stated at fair value on the balance sheet. 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. **(See Note D1)**

The Town's cash and cash equivalents in both governmental and proprietary fund types are considered to be cash on hand, cash in custody of the Nye County Treasurer, demand deposits, non-negotiable certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

The majority of the Town's cash and cash equivalents are in the custody of the Nye County Treasurer as required by Nevada Revised Statutes.

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.
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.

The Town has not established an investment policy further limiting its investments.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**b. Property Taxes**

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 and D4)

**c. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. The business-type activity funds report inventory costs when consumed rather than when purchased.

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, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town 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.

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 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 constructed that must be capitalized.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**e. Capital Assets (Continued)**

Land and construction in progress are not depreciated. The other property, plant and equipment of the Town are 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

**f. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows include the Town's pension related contributions subsequent to the measurement date but before the end of the fiscal year and changes in proportion of the Town's contributions to the Town's proportionate contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The difference between projected and actual experience and investment earnings are related to the deferred inflows of pensions and the calculation of net pension liability reported on the statement of net position.

**g. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**h. 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. Estimated 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. (See Note D6).

In proprietary funds, compensated absences are recorded when the liabilities are incurred.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**i. Accrued Salaries and Benefits**

Town salaries earned but not paid by June 30, 2016, have been accrued as liabilities and shown as expenditures for the year ending June 30, 2016.

**j. Interfund Activity**

During the course of operations, the Town may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, balances between the funds included in the governmental activities are eliminated. Similarly, balances between the funds included in business-type activities (i.e. enterprise funds) are eliminated.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as operating transfers in or out. While reported in fund financial statements, transfers between the funds included in governmental activities are eliminated in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated as transfers in the business-type activities column.

**k. 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 Position. Bond premiums and discounts as well as deferred losses and gains, 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 expenditures during the current period. Deferred charges related to the refunding of debt are reported as a deferred outflow of resources. They 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 an "other financing source." Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

**l. Governmental Fund Balances**

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

- (1) 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, such as inventories and prepaids.
- (2) Restricted** – Amounts that can be spent only for a specific purpose because of state or federal laws, or externally imposed conditions by grantors or creditors.
- (3) Committed** – These amounts can only be used for specific purposes as set forth by the Town Board. The Board must take formal action (vote approval by majority) in order to establish an ending fund balance commitment for any specific purpose. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**l. Governmental Fund Balances (Continued)**

(4) **Assigned** –Assignments are neither restrictions nor commitments and represent the Town’s intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the Town’s ending fund balance. Intent can be expressed by the Town Board or Town Manager.

(5) **Unassigned** – All amounts not included in other spendable classifications for the General Fund.

**m. Fund Balance Flow Assumptions**

When fund balance resources are available for a specific purpose in more than one classification, it is the Town’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

**n. Net Position Policies**

In the government-wide statements, net position on the Statement of Net Position includes the following:

(1) **Invested in Capital Assets, Net of Related Debt**

This is the component of net position 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.

(2) **Restricted Assets**

This is the component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation.

(3) **Unrestricted**

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

**o. Net Position Flow Assumption**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**p. 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.

**q. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 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 Position**

The governmental funds Balance Sheet includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide Statement of Net Position. 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, but they are presented as liabilities in the Statement of Net Position." The details of this difference are as follows:

OPEB obligation payable	\$ (197,384)
Compensated absences	<u>( 22,612)</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position of governmental activities	<u>\$ (219,996)</u>

**2. Explanation of certain differences between the governmental funds 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 position 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 Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities." The details of this difference are as follows:

Capital outlay	\$ 236,625
Depreciation expense	<u>( 80,224)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 156,401</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	\$ 40,806
OPEB Payable	<u>( 18,915)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 21,891</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**1. Compliance and Accountability**

The Town is required to report expenditures that exceeded budgeted appropriations at the function level for the General Fund, Special Revenue Funds, and Capital Project Funds. Enterprise funds may not exceed budget appropriations at the fund level. For the year ending June 30, 2016, the following functions exceeded budget appropriations:

Fund Functions in Special Revenue Funds:

Public Safety Sales Tax Sheriff Fund	\$ 69,139
Public Safety Sales Tax Fire Fund	27,546

Nye County adopted ordinance 443 on October 28, 2013, implementing the Nye County Sales and Use Tax Act of 2007 (the Act), increasing sales and use tax by one-half of one percent. The tax is to be used for public safety. The tax became effective April 1, 2014. Questions concerning the administration of the tax were posed to the Nevada Attorney General's office by the Nye County District Attorney. The opinion from the Attorney General's office dated November 12, 2015, caused changes in how the Town and County administer the tax. Special Revenue funds for each town within Nye County were to be used to account for the tax. The tax was not to be accounted for within the Town's General Fund. The Town Board approved the expenditures for the Public Safety Tax within the General Fund. Budget adjustments were not made during the year to move the authorized expenditures from the Town General Fund to the Public Safety Sales Tax Special Revenue Funds, causing the expenditures to exceed appropriations in the funds.

**NOTE D - DETAILED NOTES ON ALL FUNDS**

**1. Pooled Cash and Investments**

The Town maintains a cash and investment pool that is available for use by all funds. The majority of cash and investments of the Town are included in the cash and investment pool of the Nye County Treasurer. At June 30, 2016, this pool is displayed on the government-wide statement of net position and on the funds financial statement balance sheet as "Pooled Cash and Investments."

Cash and investments as shown on the Statement of Net Position for the Town are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Agency</u>	<u>Totals</u>
Cash in the hands of officers	\$ 15,677	\$ 123,402	\$ 0	\$ 139,079
Carrying amount of deposits with Treasurer	<u>2,531,252</u>	<u>2,323,676</u>	<u>102,812</u>	<u>4,957,740</u>
Total	<u>\$ 2,546,929</u>	<u>\$ 2,447,078</u>	<u>\$102,812</u>	<u>\$ 5,096,819</u>
Cash and cash equivalents	\$ 2,546,929	\$ 1,966,334	\$102,812	\$ 4,616,075
Restricted assets – cash	<u>0</u>	<u>480,744</u>	<u>0</u>	<u>480,744</u>
Total	<u>\$ 2,546,929</u>	<u>\$ 2,447,078</u>	<u>\$102,812</u>	<u>\$ 5,096,819</u>

Except for financial reporting purposes, the cash balance of \$102,812 in the Agency Fund is not normally considered part of the Town's pooled cash and investments. This amount represents cash held in an agency capacity by the Town and cannot be used in the Town's normal operations.

The cash and investment pool is available for use by all funds of the Town. Cash and investments under the custody of the County Treasurer are invested as a 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 A7a) The Town has not adopted a formal investment policy that would further limit its investment choices.



**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

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

Investment gain or loss is apportioned to the Town funds 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 portion of pool balance as of June 30, 2016.

**Cash and investments in the custody of the Town and the County are subject to the following risks:**

**Interest Rate Risk:** Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. Nevada Revised Statutes limits bankers' acceptances to 180 days of maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. The approximate weighted average maturity of investments in the Nye County Treasurer's investment pool was 2.54 years. As of June 30, 2016, Town investments held in the Nye County Treasurer's cash and investment pool are categorized as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	> 10
U.S. Agencies	32.36%	14.22%	85.44%	0.34%	0.00%
Corporate Obligations	3.07%	53.15%	46.85%	0.00%	0.00%
Money Market Mutual Funds	13.95%	100.00%	0.00%	0.00%	0.00%
Negotiable Certificates of Deposit	48.43%	1.23%	97.54%	1.23%	0.00%
NV Local Government Investment Pool	0.90%	100.00%	0.00%	0.00%	0.00%
Asset Backed Securities	1.29%	6.45%	67.16%	0.00%	26.39%
	<u>100.00%</u>				

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. The Nye County Treasurer investment pool includes instruments which have been authorized by Nevada Revised Statutes. (See Note A7a) At June 30, 2016, the Nye County Treasurer's investment pool ratings were as follows:

Investment Type	Quality Ratings by Moody's							
	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	N/A
U.S. Agencies	100%	0%	0%	0%	0%	0%	0%	0%
Corporate Obligations	5%	6%	12%	5%	27%	30%	15%	0%
Money Market Mutual Funds	100%	0%	0%	0%	0%	0%	0%	0%
Negotiable Certificates of Deposit	0%	0%	0%	0%	0%	0%	0%	100%
NV Local Government Investment Pool	0%	0%	0%	0%	0%	0%	0%	100%
Asset Backed Securities	13%	6%	0%	0%	0%	0%	0%	81% *

\* Securities rated AAA by Standard & Poor's

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of a bank or brokerage failure, the Town's deposits may not be returned. The Town's bank deposits are covered by FDIC insurance. Deposits in excess of FDIC insurance coverage in the custody of the Nye County Treasurer are collateralized by securities held by the Office of the State Treasurer/Nevada Collateral Pool.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Concentrations of Credit Risk:** Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments with a single issuer within the Nye County Treasurer cash and investment pool that represent five percent or more of total investments as of June 30, 2016, are as follows:

Federal Home Loan Banks (FHLB)	6.31%
Federal Home Loan Mortgage Corporation (FHLMC)	11.32%
Federal National Mortgage Association (FNMA)	11.03%

The Town implemented GASB Statement No. 72, Fair Value Measurement and Application, in 2016 to categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2016:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>N/A</b>
U.S. Agencies	32.36%	100.00%	0.00%	0.00%	0.00%
Corporate Obligations	3.07%	0.00%	100.00%	0.00%	0.00%
Money Market Mutual Funds	13.95%	0.00%	0.00%	0.00%	100.00%
Negotiable Certificates of Deposit	48.43%	0.00%	0.00%	0.00%	100.00%
NV Local Government Investment Pool	0.90%	27.24%	72.76%	0.00%	0.00%
Asset Backed Securities	1.29%	0.00%	100.00%	0.00%	0.00%
	<u>100.00%</u>				

**2. Receivables**

Below is the detail of receivables for each major fund and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts:

	<b>General</b>	<b>Capital Projects</b>	<b>Other Governmental</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
Interest	\$ 2,045	\$ 66	\$ 366	\$ 1,548	\$ 699	\$ 4,724
Property Taxes	7,643	-	-	-	-	7,643
Room taxes	47,288	-	16,320	-	-	63,608
Due from other governments:						
Consolidated taxes	63,503	-	-	-	-	63,503
Fuel taxes	1,529	-	-	-	-	1,529
Public safety sales tax	-	-	27,626	-	-	27,626
Accounts receivable, net of allowance for uncollectible	-	-	-	94,298	73,455	167,753
Total receivables	<u>\$ 122,008</u>	<u>\$ 66</u>	<u>\$ 44,312</u>	<u>\$ 95,846</u>	<u>\$ 74,154</u>	<u>\$ 336,386</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

**3. Capital Assets**

Capital assets activity for the year ended June 30, 2016, was as follows:

**Governmental Activities:**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>Capital assets not being depreciated:</b>				
Land	\$ 2,215,563	\$ -	\$ -	\$ 2,215,563
Construction in progress	574,838	-	-	574,838
<b>Total capital assets not being depreciated</b>	<u>2,790,401</u>	<u>-</u>	<u>-</u>	<u>2,790,401</u>
<b>Capital assets being depreciated:</b>				
Building and improvements	1,422,581	-	-	1,422,581
Equipment	1,016,331	236,625	-	1,252,956
<b>Total capital assets being depreciated</b>	<u>2,438,912</u>	<u>236,625</u>	<u>-</u>	<u>2,675,537</u>
<b>Less accumulated depreciation for:</b>				
Building and improvements	610,749	34,846	-	645,595
Equipment	863,598	45,378	-	908,976
<b>Total accumulated depreciation</b>	<u>1,474,347</u>	<u>80,224</u>	<u>-</u>	<u>1,554,571</u>
<b>Total capital assets being depreciated, net</b>	<u>964,565</u>	<u>156,401</u>	<u>-</u>	<u>1,120,966</u>
<b>Governmental activities assets, net</b>	<u>\$ 3,754,966</u>	<u>\$ 156,401</u>	<u>\$ -</u>	<u>\$ 3,911,367</u>

Equipment additions were for the pool, playground equipment, HVAC system, and vehicles.

**Business-type Activities:**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>Capital assets not being depreciated:</b>				
Land	\$ 55,000	\$ -	\$ -	\$ 55,000
<b>Capital assets being depreciated:</b>				
Systems and equipment	32,456,305	575,864	-	33,032,169
<b>Less accumulated depreciation for:</b>				
Systems and equipment	10,789,604	614,828	-	11,404,432
<b>Total capital assets being depreciated, net</b>	<u>21,666,701</u>	<u>(38,964)</u>	<u>-</u>	<u>21,627,737</u>
<b>Business-type activities assets, net</b>	<u>\$ 21,721,701</u>	<u>\$ (38,964)</u>	<u>\$ -</u>	<u>\$ 21,682,737</u>

System improvements included sewer lining and a well generator.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

**3. Capital Assets (Continued)**

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

**Governmental activities:**

General government	\$ 10,556
Public safety	18,153
Public works	53
Culture and recreation	<u>51,462</u>
	<u>\$ 80,224</u>

**Business activities:**

Water	\$ 350,203
Sewer	<u>264,625</u>
	<u>\$ 614,828</u>

**4. Unavailable Revenue**

Delinquent taxes receivable not collected within sixty days after year-end are recorded as deferred inflows of resources as they are not available to pay liabilities of the current period. Unavailable tax revenue in the General Fund was \$6,583 as of June 30, 2016.

**5. Restricted Assets Accounts**

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

21515 Cash - Water customer deposits	\$ 25,008
21532 Cash – Water construction arsenic	444
21554 Cash – Water revenue bond debt service	9,485
21564 Cash – Water revenue bond debt reserve	19,946
21517 Cash – Water short lived assets	38,434
21555 Cash – Water capital replacement	322,163
21561 Cash – Water arsenic debt reserve	45,994
21551 Cash – Water arsenic debt service	<u>3,224</u>
Total restricted assets	<u>\$ 464,698</u>
 21543 Cash – Sewer short lived assets	 <u>\$ 16,046</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

**6. Long-term Debt**

**Business-Type Activities**

**a. Revenue Bonds Payable**

**1.** The Town issued bonds in the amount of \$3,907,000 that were funded by the United States Department of Agriculture (USDA) in 2013. The bonds were for the construction of an arsenic water project. The bonds are being repaid over 40 years requiring monthly payments of \$11,604 including interest at 1.875%. The outstanding balance at June 30, 2016, was \$3,653,967. The bond agreement requires the Town to establish a debt service reserve equal to 10% of the monthly payment each month over the life of the loan until one annual installment is accumulated. The required monthly deposit is \$1,160. The required reserve at June 30, 2016 is \$45,240. The balance in the reserve at June 30, 2016, was \$45,994. In addition, the Town is to fund a short lived asset replacement reserve with an annual deposit of \$10,007. The required reserve as of June 30, 2016, was \$35,523. The balance in the reserve at June 30, 2016, was \$38,434. A water projects capital replacement reserve is also to be funded \$56,000 annually. The required reserve as of June 30, 2016, was \$181,500. The balance in the water replacement reserve at June 30, 2016, was \$322,163.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 71,347	\$ 67,901
2018	72,697	66,551
2019	74,071	65,177
2020	75,472	63,776
2021	76,900	62,348
2022-2026	406,870	289,370
2027-2031	446,827	249,413
2032-2036	490,708	205,532
2037-2041	538,897	157,343
2042-2046	591,820	104,420
2047-2051	649,939	46,301
2052-2053	<u>158,419</u>	<u>1,840</u>
	<u>\$ 3,653,967</u>	<u>\$1,379,972</u>

**2.** The Town issued bonds in the amount of \$1,873,000 that were funded by the United States Department of Agriculture (USDA) in 2013. The bonds were for the construction of an arsenic water project. The bonds are being repaid over 40 years requiring monthly payments of \$6,181 including interest at 2.5%. The outstanding balance at June 30, 2016, was \$1,811,938. The bond agreement requires the Town to establish a debt service reserve equal to 10% of the monthly payment each month over the life of the loan until one annual installment is accumulated. The required monthly deposit is \$618. The required reserve at June 30, 2016, is \$16,068. The balance in the reserve at June 30, 2016, was \$19,946.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 29,200	\$ 44,972
2018	29,938	44,234
2019	30,695	43,477
2020	31,472	42,700
2021	32,268	41,904
2022-2026	173,999	196,861
2027-2031	197,141	173,719
2032-2036	223,361	147,499
2037-2041	253,068	117,792
2042-2046	286,726	84,134
2047-2051	324,861	45,999
2052-2053	<u>199,209</u>	<u>7,240</u>
	<u>\$ 1,811,938</u>	<u>\$ 990,531</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

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

**b. Changes in Long-Term Debt**

During the year ended June 30, 2016, the following changes occurred:

**Governmental activities:**

	Balance June 30, 2015	Net Additions	Net Deletions	Balance June 30, 2016	Due within One Year
Compensated absences	\$ 63,418	\$ -	\$ 40,806	\$ 22,612	\$ 17,342
Net pension obligation (restated)	410,422	7,116	-	417,538	-
OPEB obligation payable	178,469	18,915	-	197,384	-
Total	<u>\$ 652,309</u>	<u>\$ 26,031</u>	<u>\$ 40,806</u>	<u>\$ 637,534</u>	<u>\$ 17,342</u>

**Business-type activities:**

	Balance June 30, 2015	Net Additions	Net Deletions	Balance June 30, 2016	Due within One Year
Compensated absences	\$ 49,642	\$ -	\$ 18,852	\$ 30,790	\$ 18,368
Net pension obligation (restated)	472,627	-	11,376	461,251	-
OPEB obligation payable	154,630	18,649	-	173,279	-
Bond payable	5,564,411	-	98,506	5,465,905	99,941
Total	<u>\$ 6,241,310</u>	<u>\$ 18,649</u>	<u>\$ 128,734</u>	<u>\$ 6,131,225</u>	<u>\$ 118,309</u>

Governmental activity liabilities will be liquidated primarily by the General Fund.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

**7. 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 has joined together with other local governments throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for members. The Town pays an annual premium to NPAIP for its property, casualty, crimes, and machinery insurance coverage. NPAIP is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 annual aggregate per member. Property, crime, and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown, and money and securities. 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.

**8. 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.

**Construction Commitments**

There were no construction commitments as of June 30, 2016.

**9. Defined Benefit Pension Plan**

**Plan Description.** Half time and greater Town employees are provided pension benefits through 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 can be obtained at [www.nvpers.org](http://www.nvpers.org) under Quick Links — Publications.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

**9. Defined Benefit Pension Plan (Continued)**

**Benefits Provided.** Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months. Vested members are entitled to a life-time monthly retirement benefit equal to the service time multiplier (STM) percentages listed below times the member's years of service to a maximum of 30 years. The schedule of Eligibility for Monthly Unreduced Retirement Benefits for regular members and police/fire members are as follows:

**Eligibility for Regular Members:**

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 12/31/09-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	65	2.50%	65	2.67%	65	2.50%	65	2.25%
10 years	60	2.50%	60	2.67%	62	2.50%	62	2.25%
30 years	Any	2.50%	Any	2.67%	Any	2.50%	55	2.25%
33 1/3 years							Any	2.25%

**Eligibility for Police and Fire Members:**

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 12/31/09-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	66	2.50%	66	2.67%	65	2.50%	65	2.50%
10 years	55	2.50%	55	2.67%	60	2.50%	60	2.50%
20 years	50	2.50%	50	2.67%	50	2.50%	50	2.50%
25 years	Any	2.50%	Any	2.67%				
30 years					Any	2.50%		

\* Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

**Contributions:** Benefits for plan members are funded under the employer pay contribution plan. The Town is required to contribute all amounts due under the plan. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The Town's required contribution rate for the year ending June 30, 2016, was 28.00% for regular members and 40.50% for police and firemen. The Town has fully funded the amount due for the year ending June 30, 2016, of \$148,882.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.



**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

**9. Defined Benefit Pension Plan (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Town reported a liability of \$878,789 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2015. At June 30, 2015, the Town's proportion was .00767 percent.

For the year ended June 30, 2016, the Town recognized pension expense of \$101,820. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 0	\$ 83,431
Net difference between projected and actual earnings on pension plan investments	0	60,082
Changes in proportion and differences between Town contributions and proportionate share of contributions	16,675	61,194
Town Contributions subsequent to measurement date	148,882	0
Total	<u>\$ 165,557</u>	<u>\$ 204,707</u>

The Town reported \$148,882 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	50,097
2018		50,097
2019		50,097
2020		3,799
2021		21,705
2022		12,237
	<u>\$</u>	<u>188,032</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

**9. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions:** The System's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	8.00%
Productivity pay increase	0.75%
Projected Salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%

Mortality rates were based on the RP-2000 Combined Healthy Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of the experience review completed in 2013. The System's policies which determine the investment portfolio target asset allocation are established by the Public Employees' Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

**The following was the Board-adopted policy target asset allocation as of June 30, 2015:**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Geometric Expected Real Rate of Return*</b>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed	30%	0.25%
Private Markets	10%	6.80%

\*As of June 30, 2015, PERS' long-term inflation assumption was 3.5%

**Discount Rate.** The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2015, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

**9. Defined Benefit Pension Plan (Continued)**

**Sensitivity of the Town's proportionate share of the net pension liability to change in the discount rate.** The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent higher or lower than the current rate.

	<b>1.0% Decrease (7.0%)</b>	<b>Discount Rate (8.0%)</b>	<b>1.0% Increase (9.0%)</b>
Town's proportionate share of the net pension liability	\$ 1,339,091	\$ 878,789	\$ 496,007

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

**Pension contributions payable.** At June 30, 2016, the Town reported payables to the defined benefit pension plan of \$16,121 for legally required employer contributions which had not yet been remitted to PERS.

**10. 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.

**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 2016, the Town contributed \$52,845 to the plan. Employees hired before January 9, 2015, who vest in the State of Nevada Public Employees' Retirement System (PERS) by or through their employment with the Town, and who have worked not less than ten (10) continuous years for the Town immediately preceding retirement, and who, when they leave Town employment collect PERS retirement, will have the same percentage of their post-retirement health insurance premiums paid by the Town as the Town pays for its employees, of which that percentage may from time to time change. Employees hired on or after January 9, 2015, who vest in PERS by or through their employment with the Town, and who have worked not less than twenty (20) continuous years for the Town, and who, when they leave Town employment collect PERS retirement, will have fifty percent (50%) of their post-retirement health insurance premiums paid by the Town. Employees who retire from the Town who do not meet these qualifications may choose to participate in the plan and would be required to fully pay their costs of health insurance coverage.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

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

**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.

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:

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Annual Required Contribution	\$ 86,932	\$ 99,983	\$ 96,068
Interest on net OPEB obligation	3,477	4,000	3,843
Adjustment to annual required contribution	0	13	(45,681)
Annual OPEB cost (expense)	90,409	103,996	54,230
Contributions made	( 52,845)	( 50,930)	( 44,682)
Increase in net OPEB obligation	37,564	53,066	9,548
Net OPEB obligation - beginning of the year	333,099	280,033	270,485
Net OPEB obligation - end of year	<u>\$ 370,663</u>	<u>\$ 333,099</u>	<u>\$ 280,033</u>

For fiscal year 2016, the Town's annual OPEB cost (expense) was \$90,409. 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:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentages of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2016	\$ 90,409	\$ 52,845	58%	\$ 370,663
06/30/2015	\$ 103,996	\$ 50,930	49%	\$ 333,099
06/30/2014	\$ 54,230	\$ 44,682	82%	\$ 280,033

**Funded Status and Funding Progress** As of June, 30, 2016, the actuarial accrued liability (AAL) for benefits was \$1,244,370, of which \$1,141,482 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$244,317 and the ratio of the UAAL to the covered payroll was 467.21%.

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.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)**

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

**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 June 30, 2016, actuarial study, the pay as you go actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate. An annual healthcare cost trend rate of 7.5 percent is used initially, reduced by decrements to an ultimate rate of 5 percent after seven years, with the stipulation that the Town will not pay more than \$8,773 per person per year. 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, 2016, is 40 years.

The Town has begun to fund benefits for employees who are presently working. During the current year, no additional money was set aside to fund future costs. The Town is funding the costs of insurance for employees who have retired on the “pay as you go” basis.

**TOWN OF TONOPAH, NEVADA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**June 30, 2016**

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)
6/30/2016	\$ 102,888	\$ 1,244,370	\$ 1,141,482	8.27%	\$ 244,317	467.21%
6/30/2015	\$ 81,216	\$ 1,397,810	\$ 1,316,594	5.81%	\$ 301,220	437.09%
6/30/2014	\$ 60,743	\$ 1,329,433	\$ 1,268,690	4.57%	\$ 283,284	447.85%
6/30/2013	\$ 40,200	\$ 1,290,182	\$ 1,249,982	3.12%	\$ 642,401	194.58%

**TOWN OF TONOPAH, NEVADA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA**  
**JUNE 30, 2016**

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June 30,	2016	2015	2014	2013
Contractually required contribution	\$ 148,882	\$ 137,829	\$ 127,942	\$ 107,472
Contributions in relation to the contractually required contribution	<u>148,882</u>	<u>137,829</u>	<u>127,942</u>	<u>107,472</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 530,773	\$ 532,810	\$ 498,896	\$ 451,528
Contributions as a percentage of covered-employee payroll	28.05%	25.87%	25.65%	23.80%

*Information prior to 2013 is not available.*

**TOWN OF TONOPAH, NEVADA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA**  
**JUNE 30, 2016**

Reporting Year Ended June 30:	2016	2015
Measurement Date June 30:	2015	2014
Town's proportion of the net pension liability	0.00767%	0.00846%
Town's proportionate share of the net pension liability	878,789	883,049
Town's covered-employee payroll	532,810	498,896
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.93%	177.00%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	76.31%

*Information prior to 2014 is not available.*



**TOWN OF TONOPAH, NEVADA  
MAJOR FUND - GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 2,108,847	\$ 1,866,090
Interest receivable	2,045	3,253
Property taxes receivable	7,643	10,571
Room tax receivable	47,288	42,760
Due from other governments	65,032	70,468
Due from other funds	<u>-</u>	<u>7,706</u>
 Total assets	 <u>\$ 2,230,855</u>	 <u>\$ 2,000,848</u>
 <b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 49,356	\$ 35,612
Accrued payroll	<u>28,326</u>	<u>27,835</u>
 Total liabilities	 <u>77,682</u>	 <u>63,447</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>		
Unavailable revenue - property taxes	<u>6,583</u>	<u>9,816</u>
 <b><u>FUND BALANCE:</u></b>		
Assigned for subsequent year	1,366,511	931,768
Unassigned	<u>780,079</u>	<u>995,817</u>
Total fund balance	<u>2,146,590</u>	<u>1,927,585</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 2,230,855</u>	 <u>\$ 2,000,848</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND (GAAP BASIS)**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
Taxes	\$ 348,535	\$ 604,010	\$ 255,475	\$ 623,784
Licenses and permits	16,500	21,363	4,863	20,173
Intergovernmental	449,721	381,089	(68,632)	358,907
Charges for services	31,210	43,118	11,908	46,133
Fines and forfeitures	20,000	37,272	17,272	42,512
Miscellaneous	<u>8,000</u>	<u>35,098</u>	<u>27,098</u>	<u>12,326</u>
Total revenues	<u>873,966</u>	<u>1,121,950</u>	<u>247,984</u>	<u>1,103,835</u>
<b>Expenditures:</b>				
General government	606,892	267,326	339,566	323,894
Public safety	283,358	69,535	213,823	49,364
Public works	270,153	212,592	57,561	189,995
Culture and recreation	454,637	353,492	101,145	293,620
Contingency	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Total expenditures	<u>1,630,040</u>	<u>902,945</u>	<u>727,095</u>	<u>856,873</u>
Excess (deficiency) of revenues over expenditures	(756,074)	219,005	975,079	246,962
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,205)</u>
Net change in fund balance	(756,074)	219,005	975,079	211,757
<b>Fund balance:</b>				
Beginning of year	<u>931,768</u>	<u>1,927,585</u>	<u>995,817</u>	<u>1,715,828</u>
End of year	<u>\$ 175,694</u>	<u>\$ 2,146,590</u>	<u>\$ 1,970,896</u>	<u>\$ 1,927,585</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND (GAAP BASIS)**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 88,535	\$ 118,273	\$ 29,738	\$ 162,337
Room taxes	260,000	485,737	225,737	461,447
Total taxes	348,535	604,010	255,475	623,784
 <b>Licenses and permits</b>	 16,500	 21,363	 4,863	 20,173
 <b>Intergovernmental:</b>				
County liquor license	1,800	2,460	660	2,440
County gaming license	16,000	19,530	3,530	23,737
Consolidated tax	280,000	350,201	70,201	323,690
Gas tax \$1.75	7,921	8,898	977	9,040
Sales Tax 0.0025 Public Safety	144,000	-	(144,000)	-
Total intergovernmental	449,721	381,089	(68,632)	358,907
 <b>Charges for services:</b>				
Rescue runs	200	152	(48)	127
Swimming pool fees	6,000	11,411	5,411	11,815
Old fire house rental	7,560	7,560	-	7,560
Convention Center rental	10,000	12,285	2,285	15,020
Sports complex fees	2,000	2,400	400	3,239
Mining park entrance	5,000	8,559	3,559	8,024
Fairgrounds rental	450	751	301	348
Total charges for services	31,210	43,118	11,908	46,133
 <b>Fines and forfeitures</b>	 20,000	 37,272	 17,272	 42,512
 <b>Miscellaneous:</b>				
Investment income	6,000	35,098	29,098	10,349
Other	2,000	-	(2,000)	1,977
Total miscellaneous	8,000	35,098	27,098	12,326
 Total revenues	 \$ 873,966	 \$ 1,121,950	 \$ 247,984	 \$ 1,103,835

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND (GAAP BASIS)**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
<b>Expenditures:</b>				
<b>General government:</b>				
Salaries and wages	\$ 229,268	\$ 114,142	\$ 115,126	\$ 115,860
Employee benefits	160,624	51,354	109,270	66,974
Services and supplies	217,000	101,830	115,170	141,060
Total general government	<u>606,892</u>	<u>267,326</u>	<u>339,566</u>	<u>323,894</u>
<b>Public safety:</b>				
<b>Fire:</b>				
Salaries and wages	15,000	-	15,000	15,000
Employee benefits	20,058	8,512	11,546	6,122
Services and supplies	<u>248,300</u>	<u>61,023</u>	<u>187,277</u>	<u>28,242</u>
Total public safety	<u>283,358</u>	<u>69,535</u>	<u>213,823</u>	<u>49,364</u>
<b>Public works:</b>				
<b>Highways and streets:</b>				
Salaries and wages	84,411	76,013	8,398	71,269
Employee benefits	63,911	50,169	13,742	47,993
Services and supplies	<u>121,831</u>	<u>86,410</u>	<u>35,421</u>	<u>70,733</u>
Total public works	<u>270,153</u>	<u>212,592</u>	<u>57,561</u>	<u>189,995</u>
<b>Culture and recreation:</b>				
<b>Parks:</b>				
Services and supplies	<u>49,460</u>	<u>39,078</u>	<u>10,382</u>	<u>33,721</u>
<b>Mining parks:</b>				
Salaries and wages	65,878	64,885	993	47,194
Employee benefits	41,607	38,702	2,905	22,511
Services and supplies	<u>39,386</u>	<u>18,105</u>	<u>21,281</u>	<u>15,346</u>
Total mining parks	<u>146,871</u>	<u>121,692</u>	<u>25,179</u>	<u>85,051</u>
<b>Swimming pool:</b>				
Salaries and wages	24,000	15,346	8,654	17,627
Employee benefits	4,253	2,339	1,914	2,175
Services and supplies	<u>27,315</u>	<u>19,596</u>	<u>7,719</u>	<u>16,432</u>
Total swimming pool	<u>55,568</u>	<u>37,281</u>	<u>18,287</u>	<u>36,234</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - GENERAL FUND (GAAP BASIS)**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
<b>Culture and recreation (continued):</b>				
<b>Fair:</b>				
Services and supplies	\$ 4,800	\$ 2,753	\$ 2,047	\$ 1,717
<b>Ball fields:</b>				
Services and supplies	40,475	37,534	2,941	25,731
<b>Convention Center:</b>				
Salaries and wages	51,254	43,046	8,208	49,934
Employee benefits	27,639	22,939	4,700	21,822
Services and supplies	78,570	49,169	29,401	39,410
Total convention center	157,463	115,154	42,309	111,166
Total culture and recreation	454,637	353,492	101,145	293,620
<b>Contingency</b>	15,000	-	15,000	-
Total expenditures	\$ 1,630,040	\$ 902,945	\$ 727,095	\$ 856,873

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 71,681	\$ 301,472
Interest receivable	<u>66</u>	<u>581</u>
Total assets	<u>\$ 71,747</u>	<u>\$ 302,053</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 19,656	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for capital projects	<u>52,091</u>	<u>302,053</u>
Total liabilities and fund balance	<u>\$ 71,747</u>	<u>\$ 302,053</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	2016		Variance- Positive (Negative)	2015 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Charges for services:</b>				
Rescue runs	\$ 1,000	\$ 606	\$ (394)	\$ 485
<b>Miscellaneous:</b>				
Investment income	<u>-</u>	<u>4,720</u>	<u>4,720</u>	<u>1,851</u>
Total revenues	1,000	5,326	4,326	2,336
<b>Expenditures:</b>				
Capital projects	<u>301,718</u>	<u>255,288</u>	<u>46,430</u>	<u>41,114</u>
Excess (deficiency) of revenues over expenditures	(300,718)	(249,962)	50,756	(38,778)
<b>Fund balance:</b>				
Beginning of year	<u>300,718</u>	<u>302,053</u>	<u>1,335</u>	<u>340,831</u>
End of year	<u>\$ -</u>	<u>\$ 52,091</u>	<u>\$ 52,091</u>	<u>\$ 302,053</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES WATER ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS:</u></b>		
Current assets:		
Pooled cash and investments	\$ 1,222,959	\$ 1,169,702
Interest receivable	1,548	2,986
Due from other governments	-	2,400
Accounts receivable, net of allowance for doubtful accounts	94,298	84,168
Inventory	58,255	71,326
Restricted assets - cash	464,698	525,177
Total current assets	1,841,758	1,855,759
Property, plant and equipment, net of accumulated depreciation	15,154,093	15,125,725
Total assets	16,995,851	16,981,484
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>		
Deferred charge on pension	40,793	39,281
<b><u>LIABILITIES:</u></b>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	13,421	15,980
Accrued payroll	10,600	11,378
Accrued interest payable	2,730	2,882
Accrued compensated absences	9,184	10,347
Current portion of bonds payable	99,941	98,503
Total current liabilities-unrestricted	135,876	139,090
Current liabilities, payable from restricted assets:		
Customer deposits	29,520	26,325
Total current liabilities	165,396	165,415
Non-current liabilities:		
OPEB obligation payable	88,831	80,948
Net pension obligation payable	250,369	244,537
Accrued compensated absences	6,211	14,474
Bonds payable	5,365,964	5,465,908
Total non-current liabilities	5,711,375	5,805,867
Total liabilities	5,876,771	5,971,282
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>		
Deferred charge on pension	50,662	63,065
<b><u>NET POSITION:</u></b>		
Invested in capital assets, net of related debt	9,688,188	9,561,314
Restricted for debt	78,649	82,645
Restricted for capital projects	361,046	415,311
Unrestricted	981,328	927,148
Total net position	\$ 11,109,211	\$ 10,986,418



**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES WATER ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**  
**(with Comparative Amounts for the Year Ended June 30, 2015)**

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actuals
<b>Operating revenues:</b>				
<b>Charges for services:</b>				
Water fees	\$ 515,200	\$ 548,924	\$ 33,724	\$ 520,318
<b>Operating expenses:</b>				
<b>Water department:</b>				
Administration	146,033	85,478	60,555	72,183
General operations	384,928	252,079	132,849	267,439
Water operations	180,900	105,204	75,696	119,194
Depreciation	220,000	350,203	(130,203)	324,867
Total water department	931,861	792,964	138,897	783,683
Operating income (loss)	(416,661)	(244,040)	172,621	(263,365)
<b>Nonoperating revenue (expense):</b>				
Investment income	6,000	28,321	22,321	9,512
Miscellaneous	23,000	32,590	9,590	21,476
Grant	-	226,094	226,094	250,085
Interest expense	(115,455)	(114,762)	693	(116,918)
Water surcharge	209,300	194,590	(14,710)	193,700
Total nonoperating revenue (expense)	122,845	366,833	243,988	357,855
Net income (loss)	\$ (293,816)	122,793	\$ 416,609	94,490
<b>Net Position:</b>				
Beginning of year		10,986,418		10,891,928
End of year		\$ 11,109,211		\$ 10,986,418

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES WATER ENTERPRISE FUND**  
**COMPARATIVE SCHEDULES OF CASH FLOWS**  
**For the Year Ended June 30, 2016**  
**(With comparative Amounts for the Year Ended June 30, 2015)**

	2016	2015
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 541,989	\$ 533,383
Cash paid for salaries, wages, and employee benefits	(215,031)	(227,478)
Cash paid for services and supplies	(227,622)	(515,213)
Net cash provided by operating activities	<u>99,336</u>	<u>(209,308)</u>
<b>Cash flows from noncapital financing activities:</b>		
Miscellaneous revenue	32,590	21,476
Grants	228,494	533,544
Surcharges	194,590	193,700
Net cash provided by noncapital financing activities	<u>455,674</u>	<u>748,720</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(378,571)	(258,940)
Principal paid	(98,506)	(126,945)
Interest paid	(114,914)	(116,999)
Net cash (used) by capital and related financing activities	<u>(591,991)</u>	<u>(502,884)</u>
<b>Cash flows from investing activities:</b>		
Investment income	29,759	9,070
Net increase in cash	(7,222)	45,598
<b>Cash:</b>		
Beginning of year	1,694,879	1,649,281
End of year	<u>\$ 1,687,657</u>	<u>\$ 1,694,879</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>		
Operating (loss)	\$ (244,040)	\$ (263,365)
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>		
Depreciation	350,203	324,867
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(10,130)	21,048
(Increase) decrease in inventory	13,071	(8,315)
(Increase) decrease in deferred outflows - pension	(1,512)	(39,281)
Increase (decrease) in accounts payable	(2,559)	(287,627)
Increase (decrease) in accrued payroll	(778)	3,430
Increase (decrease) in customer deposits	3,195	(7,983)
Increase (decrease) in accrued compensated absences	(9,426)	409
Increase (decrease) in net pension liability	5,832	(28,573)
Increase (decrease) in deferred inflows - pension	(12,403)	63,065
Increase (decrease) in opeb obligations payable	7,883	13,017
Total adjustments	<u>343,376</u>	<u>54,057</u>
<b>Net cash provided by operating activities</b>	<u>\$ 99,336</u>	<u>\$ (209,308)</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS:</u></b>		
Current assets:		
Pooled cash and investments	\$ 743,375	\$ 782,127
Interest receivable	699	1,961
Accounts receivable, net of allowance for doubtful accounts	73,455	66,454
Inventory	7,346	6,684
Restricted assets - cash	<u>16,046</u>	<u>15,758</u>
Total current assets	840,921	872,984
Property, plant and equipment, net of accumulated depreciation	<u>6,528,644</u>	<u>6,595,976</u>
 Total assets	 <u>7,369,565</u>	 <u>7,468,960</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>		
Deferred charge on pension	<u>54,833</u>	<u>36,248</u>
<b><u>LIABILITIES:</u></b>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	2,361	2,602
Accrued payroll	13,552	12,386
Accrued compensated absences	<u>9,184</u>	<u>10,347</u>
Total current liabilities - unrestricted	<u>25,097</u>	<u>25,335</u>
Non-current liabilities:		
OPEB obligation payable	84,448	73,682
Net pension obligation payable	210,882	228,090
Accrued compensated absences	<u>6,211</u>	<u>14,474</u>
Total non-current liabilities	<u>301,541</u>	<u>316,246</u>
Total liabilities	<u>326,638</u>	<u>341,581</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>		
Deferred charge on pension	<u>68,103</u>	<u>58,824</u>
<b><u>NET POSITION:</u></b>		
Invested in capital assets, net of related debt	6,528,644	6,595,976
Restricted for capital projects	16,046	15,749
Unrestricted	<u>484,967</u>	<u>493,078</u>
Total net position	<u>\$ 7,029,657</u>	<u>\$ 7,104,803</u>

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES SEWER ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**  
**(with Comparative Amounts for the Year Ended June 30, 2015)**

	2016		Variance- Positive (Negative)	2015 Actuals
	Budget	Actual		
<b>Operating revenues:</b>				
<b>Charges for services:</b>				
Sewer fees	\$ 458,324	\$ 502,513	\$ 44,189	\$ 485,448
<b>Operating expenses:</b>				
<b>Sewer department:</b>				
Administration	219,366	131,192	88,174	128,262
General operations	581,195	228,643	352,552	183,346
Sewer operations	39,000	26,514	12,486	18,076
Depreciation	200,000	264,625	(64,625)	260,663
Total operating expenses	1,039,561	650,974	388,587	590,347
Operating income (loss)	(581,237)	(148,461)	432,776	(104,899)
<b>Nonoperating revenue (expense):</b>				
Investment income	6,000	12,695	6,695	6,247
Capital projects fees	46,000	60,620	14,620	50,077
Total nonoperating revenue (expense)	52,000	73,315	21,315	56,324
Net income (loss)	\$ (529,237)	(75,146)	\$ 454,091	(48,575)
<b>Net Position:</b>				
Beginning of year		7,104,803		7,408,119
End of year		\$ 7,029,657		\$ 7,104,803

**TOWN OF TONOPAH, NEVADA**  
**MAJOR FUND - TONOPAH PUBLIC UTILITIES SEWER ENTERPRISE FUND**  
**COMPARATIVE SCHEDULES OF CASH FLOWS**  
**For the Year Ended June 30, 2016**  
**(With comparative Amounts for the Year Ended June 30, 2015)**

	2016	2015
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 495,512	\$ 485,612
Cash paid for salaries, wages and employee benefits	(312,173)	(238,071)
Cash paid for services and supplies	<u>(99,087)</u>	<u>(109,931)</u>
Net cash provided by operating activities	84,252	137,610
<b>Cash flows from noncapital financing activities:</b>		
Capital projects fees	60,620	50,077
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(197,293)	(5,787)
<b>Cash flows from investing activities:</b>		
Investment income/(loss)	<u>13,957</u>	<u>6,077</u>
Net increase/(decrease) in cash	(38,464)	187,977
<b>Cash:</b>		
Beginning of year	<u>797,885</u>	<u>609,908</u>
End of year	<u><u>\$ 759,421</u></u>	<u><u>\$ 797,885</u></u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>		
Operating (loss)	<u>\$ (148,461)</u>	<u>\$ (104,899)</u>
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>		
Depreciation	264,625	260,663
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(7,001)	164
(Increase) decrease in inventory	(662)	(197)
(Increase) decrease in deferred outflows - pension	(18,585)	(36,248)
Increase (decrease) in accounts payable	(241)	(31,044)
Increase (decrease) in accrued payroll	1,166	3,971
Increase (decrease) in accrued compensated absences	(9,426)	409
Increase (decrease) in net pension liability	(17,208)	(26,651)
Increase (decrease) in deferred inflows - pension	9,279	58,824
Increase (decrease) in opeb obligations payable	<u>10,766</u>	<u>12,618</u>
Total adjustments	<u>232,713</u>	<u>242,509</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 84,252</u></u>	<u><u>\$ 137,610</u></u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2016**  
**(With Comparative Totals for June 30, 2015)**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2016 Totals	2015 Totals
<b><u>ASSETS:</u></b>				
Pooled cash and investments	\$ 262,378	\$ 104,023	\$ 366,401	\$ 293,932
Interest receivable	295	71	366	434
Room tax receivable	16,320	-	16,320	3,341
Due from other governments	<u>27,626</u>	<u>-</u>	<u>27,626</u>	<u>25,866</u>
Total assets	<u>\$ 306,619</u>	<u>\$ 104,094</u>	<u>\$ 410,713</u>	<u>\$ 323,573</u>
<b><u>LIABILITIES:</u></b>				
Accounts payable	\$ 30,737	\$ -	\$ 30,737	\$ 300
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,706</u>
Total liabilities	<u>30,737</u>	<u>-</u>	<u>30,737</u>	<u>8,006</u>
<b><u>FUND BALANCE:</u></b>				
Restricted for capital projects	-	104,094	104,094	75,535
Restricted for public safety	150,510	-	150,510	95,574
Restricted for culture & recreation	<u>125,372</u>	<u>-</u>	<u>125,372</u>	<u>144,458</u>
Total fund balance	<u>275,882</u>	<u>104,094</u>	<u>379,976</u>	<u>315,567</u>
Total liabilities and fund balance	<u>\$ 306,619</u>	<u>\$ 104,094</u>	<u>\$ 410,713</u>	<u>\$ 323,573</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2016 Totals	2015 Totals
<b>Revenues:</b>				
Taxes	\$ 37,948	\$ -	\$ 37,948	\$ 36,050
Intergovernmental	149,242	27,515	176,757	170,536
Miscellaneous	<u>11,006</u>	<u>1,044</u>	<u>12,050</u>	<u>1,403</u>
Total revenues	<u>198,196</u>	<u>28,559</u>	<u>226,755</u>	<u>207,989</u>
<b>Expenditures:</b>				
Current:				
Public safety	27,546	-	27,546	-
Culture and recreation	65,661	-	65,661	54,342
Intergovernmental	<u>69,139</u>	<u>-</u>	<u>69,139</u>	<u>85,007</u>
Total expenditures	<u>162,346</u>	<u>-</u>	<u>162,346</u>	<u>139,349</u>
Excess (deficiency) of revenues over expenditures	35,850	28,559	64,409	68,640
<b>Other financing sources (uses):</b>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,205</u>
Net change in fund balance	35,850	28,559	64,409	103,845
<b>Fund balance:</b>				
Beginning of year	<u>240,032</u>	<u>75,535</u>	<u>315,567</u>	<u>211,722</u>
End of year	<u>\$ 275,882</u>	<u>\$ 104,094</u>	<u>\$ 379,976</u>	<u>\$ 315,567</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2016**  
**(With Comparative Totals for June 30, 2015)**

	State Room Tax	Tourism	Mural Fund	Public Safety Sales Tax Sheriff	Public Safety Sales Tax Fire	Totals	
						2016	2015
<b><u>ASSETS:</u></b>							
Pooled cash and investments	\$ 88,528	\$ 885	\$ 20,190	\$ -	\$ 152,775	\$ 262,378	\$ 218,457
Interest receivable	97	-	19	42	137	295	374
Room tax receivable	16,320	-	-	-	-	16,320	3,341
Due from other governments	-	-	-	13,813	13,813	27,626	25,866
Total assets	<u>\$ 104,945</u>	<u>\$ 885</u>	<u>\$ 20,209</u>	<u>\$ 13,855</u>	<u>\$ 166,725</u>	<u>\$ 306,619</u>	<u>\$ 248,038</u>
<b><u>LIABILITIES:</u></b>							
Accounts payable	\$ 625	\$ 42	\$ -	\$ 2,524	\$ 27,546	\$ 30,737	\$ 300
Due to other funds	-	-	-	-	-	-	7,706
Total liabilities	<u>625</u>	<u>42</u>	<u>-</u>	<u>2,524</u>	<u>27,546</u>	<u>30,737</u>	<u>8,006</u>
<b><u>FUND BALANCE:</u></b>							
Restricted for public safety	-	-	-	11,331	139,179	150,510	95,574
Restricted for culture and recreation	<u>104,320</u>	<u>843</u>	<u>20,209</u>	<u>-</u>	<u>-</u>	<u>125,372</u>	<u>144,458</u>
Total fund balance	<u>104,320</u>	<u>843</u>	<u>20,209</u>	<u>11,331</u>	<u>139,179</u>	<u>275,882</u>	<u>240,032</u>
Total liabilities and fund balance	<u>\$ 104,945</u>	<u>\$ 885</u>	<u>\$ 20,209</u>	<u>\$ 13,855</u>	<u>\$ 166,725</u>	<u>\$ 306,619</u>	<u>\$ 248,038</u>



**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	State Room Tax	Tourism	Mural Fund	Public Safety Sales Tax Sheriff	Public Safety Sales Tax Fire	Totals	
						2016	2015
<b>Revenues:</b>							
Taxes	\$ 37,948	\$ -	\$ -	\$ -	\$ -	\$ 37,948	\$ 36,050
Intergovernmental	-	-	-	74,621	74,621	149,242	145,020
Miscellaneous	<u>2,248</u>	<u>6,029</u>	<u>350</u>	<u>566</u>	<u>1,813</u>	<u>11,006</u>	<u>1,212</u>
Total revenues	<u>40,196</u>	<u>6,029</u>	<u>350</u>	<u>75,187</u>	<u>76,434</u>	<u>198,196</u>	<u>182,282</u>
<b>Expenditures:</b>							
Public safety	-	-	-	-	27,546	27,546	-
Culture and recreation	60,475	5,186	-	-	-	65,661	29,543
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,139</u>	<u>-</u>	<u>69,139</u>	<u>85,007</u>
Total expenditures	<u>60,475</u>	<u>5,186</u>	<u>-</u>	<u>69,139</u>	<u>27,546</u>	<u>162,346</u>	<u>114,550</u>
Excess (deficiency) of revenues over expenditures	(20,279)	843	350	6,048	48,888	35,850	67,732
<b>Other financing sources (uses):</b>							
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,205</u>
Net change in fund balance	(20,279)	843	350	6,048	48,888	35,850	102,937
<b>Fund balance:</b>							
Beginning of year	<u>124,599</u>	<u>-</u>	<u>19,859</u>	<u>5,283</u>	<u>90,291</u>	<u>240,032</u>	<u>137,095</u>
End of year	<u>\$104,320</u>	<u>\$ 843</u>	<u>\$ 20,209</u>	<u>\$ 11,331</u>	<u>\$139,179</u>	<u>\$275,882</u>	<u>\$240,032</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - STATE ROOM TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 88,528	\$ 121,332
Interest receivable	97	226
Room tax receivable	<u>16,320</u>	<u>3,341</u>
Total assets	<u>\$ 104,945</u>	<u>\$ 124,899</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 625	\$ 300
<b><u>FUND BALANCE:</u></b>		
Restricted for culture and recreation	<u>104,320</u>	<u>124,599</u>
Total liabilities and fund balance	<u>\$ 104,945</u>	<u>\$ 124,899</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, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Room tax	\$ 20,000	\$ 37,948	\$ 17,948	\$ 36,050
<b>Miscellaneous:</b>				
Investment income	<u>-</u>	<u>2,248</u>	<u>2,248</u>	<u>737</u>
Total revenues	20,000	40,196	20,196	36,787
<b>Expenditures:</b>				
<b>Culture and recreation:</b>				
Services and supplies	<u>146,046</u>	<u>60,475</u>	<u>85,571</u>	<u>29,543</u>
Excess (deficiency) of revenues over expenditures	(126,046)	(20,279)	105,767	7,244
<b>Fund balance:</b>				
Beginning of year	<u>126,046</u>	<u>124,599</u>	<u>(1,447)</u>	<u>117,355</u>
End of year	<u>\$ -</u>	<u>\$ 104,320</u>	<u>\$ 104,320</u>	<u>\$ 124,599</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - TOURISM SPECIAL REVENUE FUND**  
**BALANCE SHEET**  
**June 30, 2016**

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	2016
<b><u>ASSETS:</u></b>	
Pooled cash and investments	\$ <u>885</u>
<b><u>LIABILITIES:</u></b>	
Accounts payable	\$ 42
<b><u>FUND BALANCE:</u></b>	
Restricted for culture and recreation	<u>843</u>
Total liabilities and fund balance	\$ <u>885</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - TOURISM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**

	2016		Variance-
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
<b>Miscellaneous:</b>			
Investment income	\$ -	\$ 22	\$ 22
Donations	<u>6,007</u>	<u>6,007</u>	<u>-</u>
Total revenues	6,007	6,029	22
<b>Expenditures:</b>			
<b>Culture and recreation:</b>			
Services and supplies	<u>6,007</u>	<u>5,186</u>	<u>821</u>
Excess (deficiency) of revenues over expenditures	-	843	843
<b>Fund balance:</b>			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ 843</u>	<u>\$ 843</u>

**TOWN OF TONOPAH, NEVADA  
MURAL SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 20,190	\$ 19,823
Interest receivable	<u>19</u>	<u>36</u>
Total assets	<u>\$ 20,209</u>	<u>\$ 19,859</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for culture and recreation	<u>20,209</u>	<u>19,859</u>
Total liabilities and fund balance	<u>\$ 20,209</u>	<u>\$ 19,859</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - MURAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Investment income	\$ 150	\$ 350	\$ 200	\$ 119
<b>Expenditures:</b>				
<b>Culture and recreation:</b>				
Capital outlay	<u>20,040</u>	<u>-</u>	<u>20,040</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(19,890)	350	20,240	119
<b>Fund balance:</b>				
Beginning of year	<u>19,890</u>	<u>19,859</u>	<u>(31)</u>	<u>19,740</u>
End of year	<u>\$ -</u>	<u>\$ 20,209</u>	<u>\$ 20,209</u>	<u>\$ 19,859</u>

**TONOPAH TOWN, NEVADA**  
**NONMAJOR - PUBLIC SAFETY SALES TAX SHERIFF SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS</u></b>		
Interest receivable	\$ 42	\$ 56
Due from other governments	<u>13,813</u>	<u>12,933</u>
Total assets	<u>\$ 13,855</u>	<u>\$ 12,989</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 2,524	\$ -
Due to other funds	<u>-</u>	<u>7,706</u>
Total liabilities	2,524	7,706
<b><u>FUND BALANCE</u></b>		
Restricted for public safety	<u>11,331</u>	<u>5,283</u>
Total liabilities and fund balance	<u>\$ 13,855</u>	<u>\$ 12,989</u>



**TONOPAH TOWN, NEVADA**  
**NONMAJOR - PUBLIC SAFETY SALES TAX SHERIFF SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**Year Ended June 30, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	Budget	2016 Actual	Variance- Positive (Negative)	2015 Actual
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Public safety tax - Nye County	\$ -	\$ 74,621	\$ 74,621	\$ 72,509
<b>Miscellaneous:</b>				
Investment income	-	566	566	178
Total revenues	-	75,187	75,187	72,687
<b>Expenditures:</b>				
<b>Intergovernmental:</b>				
Nye County	-	69,139	(69,139)	85,007
Excess (deficiency) of revenues over expenditures	-	6,048	6,048	(12,320)
<b>Other financing sources (uses):</b>				
Operating transfers in - General Fund	-	-	-	17,603
Net change in fund balance	-	6,048	6,048	5,283
<b>Fund balance:</b>				
Beginning of year	-	5,283	5,283	-
End of year	\$ -	\$ 11,331	\$ 11,331	\$ 5,283

**TONOPAH TOWN, NEVADA**  
**NONMAJOR - PUBLIC SAFETY SALES TAX FIRE SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 152,775	\$ 77,302
Interest receivable	137	56
Due from other governments	<u>13,813</u>	<u>12,933</u>
 Total assets	 <u><u>\$ 166,725</u></u>	 <u><u>\$ 90,291</u></u>
 <b><u>LIABILITIES</u></b>		
Accounts payable	\$ 27,546	\$ -
 <b><u>FUND BALANCE</u></b>		
Restricted for public safety	<u>139,179</u>	<u>90,291</u>
 Total liabilities and fund balance	 <u><u>\$ 166,725</u></u>	 <u><u>\$ 90,291</u></u>

**TONOPAH TOWN, NEVADA**  
**NONMAJOR - PUBLIC SAFETY SALES TAX FIRE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**Year Ended June 30, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	Budget	2016 Actual	Variance- Positive (Negative)	2015 Actual
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Public safety tax - Nye County	\$ -	\$ 74,621	\$ 74,621	\$ 72,511
<b>Miscellaneous:</b>				
Investment income	-	1,813	1,813	178
Total revenues	-	76,434	76,434	72,689
<b>Expenditures:</b>				
<b>Public safety:</b>				
Services and supplies	-	27,546	(27,546)	-
Excess (deficiency) of revenues over expenditures	-	48,888	48,888	72,689
<b>Other financing sources (uses):</b>				
Operating transfers in - General Fund	-	-	-	17,602
Net change in fund balance	-	48,888	48,888	90,291
<b>Fund balance:</b>				
Beginning of year	-	90,291	90,291	-
End of year	\$ -	\$ 139,179	\$ 139,179	\$ 90,291

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2016**  
**(With Comparative Totals for June 30, 2015)**

	Special Ad Valorem	Mining	Totals 2016	2015
<b><u>ASSETS:</u></b>				
Pooled cash and investments	\$ 70,693	\$ 33,330	\$ 104,023	\$ 75,475
Interest receivable	<u>40</u>	<u>31</u>	<u>71</u>	<u>60</u>
Total assets	<u>\$ 70,733</u>	<u>\$ 33,361</u>	<u>\$ 104,094</u>	<u>\$ 75,535</u>
<b><u>LIABILITIES:</u></b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>				
Restricted for capital projects	<u>70,733</u>	<u>33,361</u>	<u>104,094</u>	<u>75,535</u>
Total liabilities and fund balance	<u>\$ 70,733</u>	<u>\$ 33,361</u>	<u>\$ 104,094</u>	<u>\$ 75,535</u>

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

**For the Year Ended June 30, 2016**

**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	Special Ad Valorem	Mining	Totals 2016	2015
<b>Revenues:</b>				
Intergovernmental	\$ 27,515	\$ -	\$ 27,515	\$ 25,516
Miscellaneous	<u>468</u>	<u>576</u>	<u>1,044</u>	<u>191</u>
Total revenues	27,983	576	28,559	25,707
<b>Expenditures:</b>				
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	27,983	576	28,559	25,707
<b>Fund balance:</b>				
Beginning of year	<u>42,750</u>	<u>32,785</u>	<u>75,535</u>	<u>49,828</u>
End of year	<u>\$ 70,733</u>	<u>\$ 33,361</u>	<u>\$ 104,094</u>	<u>\$ 75,535</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 70,693	\$ 42,750
Interest receivable	<u>40</u>	<u>-</u>
Total assets	<u>\$ 70,733</u>	<u>\$ 42,750</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for capital projects	<u>70,733</u>	<u>42,750</u>
Total liabilities and fund balance	<u>\$ 70,733</u>	<u>\$ 42,750</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2015)**

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Intergovernmental:</b>	\$ 20,000	\$ 27,515	\$ 7,515	\$ 25,516
<b>Miscellaneous:</b>				
Investment income	<u>-</u>	<u>468</u>	<u>468</u>	<u>-</u>
Total revenues	20,000	27,983	7,983	25,516
<b>Expenditures:</b>				
Capital projects	<u>62,234</u>	<u>-</u>	<u>62,234</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(42,234)	27,983	70,217	25,516
<b>Fund balance:</b>				
Beginning of year	<u>42,234</u>	<u>42,750</u>	<u>516</u>	<u>17,234</u>
End of year	<u>\$ -</u>	<u>\$ 70,733</u>	<u>\$ 70,733</u>	<u>\$ 42,750</u>

**TOWN OF TONOPAH, NEVADA**  
**NONMAJOR FUND - MINING CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 33,330	\$ 32,725
Interest receivable	<u>31</u>	<u>60</u>
Total assets	<u>\$ 33,361</u>	<u>\$ 32,785</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ -
<b><u>FUND BALANCE:</u></b>		
Restricted for capital projects	<u>33,361</u>	<u>32,785</u>
Total liabilities and fund balance	<u>\$ 33,361</u>	<u>\$ 32,785</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, 2016**  
**(With Comparative Amounts for the Year Ended June 30, 2015)**

		2016	Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Investment income	\$ 150	\$ 576	\$ 426	\$ 191
<b>Expenditures:</b>				
Capital projects	<u>32,894</u>	<u>-</u>	<u>32,894</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(32,744)	576	33,320	191
<b>Fund balance:</b>				
Beginning of year	<u>32,744</u>	<u>32,785</u>	<u>41</u>	<u>32,594</u>
End of year	<u>\$ -</u>	<u>\$ 33,361</u>	<u>\$ 33,361</u>	<u>\$ 32,785</u>

**TOWN OF TONOPAH, NEVADA**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**Year Ended June 30, 2016**

	<b>Balance</b> <b>June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>June 30, 2016</b>
<b>Post Retirement Benefits Fund</b>				
<b>ASSETS</b>				
Pooled cash and investments	\$ 81,216	\$ 21,596	\$ -	\$ 102,812
Interest receivable	<u>124</u>	<u>76</u>	<u>124</u>	<u>76</u>
Total assets	<u>\$ 81,340</u>	<u>\$ 21,672</u>	<u>\$ 124</u>	<u>\$ 102,888</u>
<b>LIABILITIES</b>				
Amount held for others	<u>\$ 81,340</u>	<u>\$ 21,672</u>	<u>\$ 124</u>	<u>\$ 102,888</u>

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 Board Members  
Town of Tonopah, Nevada  
Tonopah, Nevada

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated November 29, 2016.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

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

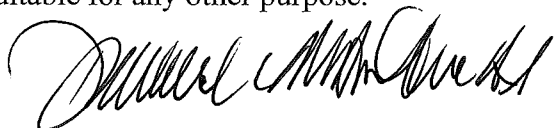
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Las Vegas, Nevada  
November 29, 2016

# DANIEL C. McARTHUR, LTD.

*Certified Public Accountant*

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## AUDITOR'S COMMENTS

Honorable Board Members  
Town of Tonopah, Nevada  
Tonopah, Nevada

In connection with my audit of the financial statements of the Town of Tonopah, Nevada, (the Town) as of and for the year ended June 30, 2016, nothing came to my attention that caused me to believe that the Town failed to comply with the requirements of the Nevada Revised Statutes except as noted below. However, my audit was not directed primarily toward obtaining knowledge of such compliance. Accordingly, had I performed additional procedures, other matters may have come to my attention regarding the Town's noncompliance with the Nevada Revised Statutes referenced below, insofar as they relate to accounting matters.

### CURRENT YEAR STATUTE COMPLIANCE

#### *Expenditures in Excess of Budget*

Chapter 354.626 of the Nevada Revised Statutes provides that no governing body or officer or department thereof shall expend or contract to expend any money or incur any liability in excess of the amounts appropriated for that function or fund for any fiscal year.

The following funds/functions were in excess of budget appropriations.

#### Fund Functions in Special Revenue Funds:

Public Safety Sales Tax Sheriff Fund	\$ 69,139
Public Safety Sales Tax Fire Fund	27,546

Nye County adopted ordinance 443 on October 28, 2013, implementing the Nye County Sales and Use Tax Act of 2007 (the Act), increasing sales and use tax by one-half of one percent. The tax is to be used for public safety. The tax became effective April 1, 2014. Questions concerning the administration of the tax were posed to the Nevada Attorney General's office by the Nye County District Attorney. The opinion from the Attorney General's office dated November 12, 2015, caused changes in how the Town and County administer the tax. Special Revenue funds for each town within Nye County were to be used to account for the tax. The tax was not to be accounted for within the Town's General Fund. The Town Board approved the expenditures for the Public Safety Tax within the General Fund. Budget adjustments were not made during the year to move the authorized expenditures from the Town General Fund to the Public Safety Sales Tax Special Revenue Funds, causing the expenditures to exceed appropriations in the funds.

The Town Board adopted, on May 25, 2016, the budget for the year ending June 30, 2017, which includes budget expenditure authorization for the Public Safety Sales Tax Sheriff and Fire Special Funds.

### *Public Safety Sales Tax Expenditure Compliance*

The governing body of the Town did not approve the spending plans for expenditure of the Public Safety Sales Tax Sheriff Special Revenue Fund. Therefore, expenditures may not have been in compliance with the Act.

## **PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE**

### *Public Safety Sales Tax*

#### *Administration*

Resolutions creating the public safety sales tax funds were approved by the Town Board.

#### *Expenditures in Excess of Budget*

Budgets for the Public Safety Sales Tax Special Revenue Funds were not approved by the Town Board for the year ending June 30, 2016, causing expenditures to exceed authorized budget. Expenditures had been approved within the General Fund. Budgets authorizing the expenditure of money from the Public Safety Sales Tax Special Revenue funds were approved on May 25, 2016, by the Town Board for the year ending June 30, 2017.

#### *Expenditure Compliance*

The governing body of the Town did not approve the spending plans for expenditure of the Public Safety Sales Tax Sheriff Special Revenue Fund. Similar findings were noted in the current year.

## **CURRENT YEAR RECOMMENDATIONS**

I noted no material weakness and no significant deficiency in internal controls.

## **PRIOR YEAR RECOMMENDATIONS**

I noted no material weakness and no significant deficiency in internal controls.

## **BUSINESS LICENSE COMPLIANCE NRS 354.624**

Nevada Revised Statutes 354.624 Sec 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, 2016, 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, 2016.

**NEVADA REVISED STATUTE 354.59815 – SPECIAL AD VALOREM CAPITAL PROJECTS FUND**

*Special Ad Valorem Capital Projects Fund*

The Town established the Special Ad Valorem Capital Projects Fund in accordance with Nevada Revised Statutes 354.59815. Activity of the fund is reported on page 83 of the financial Statements. There were no projects funded during the year. The Town does not plan to accumulate money in the fund.

A handwritten signature in black ink, appearing to read "Michael M. Hunt". The signature is fluid and cursive, with the first name "Michael" being more prominent than the last name "Hunt".

Las Vegas, Nevada  
November 29, 2016