

TOWN OF TONOPAH, NEVADA
REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL
YEAR ENDED JUNE 30, 2010

**TOWN OF TONOPAH, NEVADA
 REPORT ON FINANCIAL STATEMENTS
 AND SUPPLEMENTAL MATERIAL
 FOR THE YEAR ENDED JUNE 30, 2010
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TOWN OF TONOPAH, NEVADA

ORGANIZATION

TOWN OFFICERS at June 30, 2010

Chairman	Terry Rivero
Vice Chairman	Glenn Hatch
Town Clerk	Jon Zane
Board Member	Horace Carlyle
Board Member	Carl Newberry

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Town Board
Tonopah, Nevada

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tonopah, Nevada (the Town), as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tonopah, Nevada, as of June 30, 2010, and the respective changes in financial position and where applicable cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 18, 2011, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis on pages 7 through 13 and schedule of funding progress on page 44 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tonopah, Nevada's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in black ink, appearing to read "Donald R. Anderson". The signature is fluid and cursive, with a large initial "D" and "A".

Las Vegas, Nevada
January 18, 2011

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2010

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

Financial Highlights

The Town's primary revenue sources for governmental activities were room taxes of \$298,263, ad valorem taxes (property taxes) of \$216,230, and consolidated taxes (sales taxes) of \$264,673. These revenue sources comprised 31.53%, 22.85%, and 27.98% respectively, or 82.36% of total governmental activities revenues.

The Town's total expenses were \$2,038,961. The greatest expenses were \$287,917 in general government and \$351,444 in the culture and recreation function. The business-type activities contributed \$1,174,951 to the Town's total expenses

At the end of the fiscal year, the fund balance for the General Fund was \$1,475,176. This was an increase of \$103,178 from the prior year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2010

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

The Town maintains one type of proprietary fund.

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

Notes to Financial Statements

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

Other Information

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

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

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

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2010

Government-wide Financial Analysis

Net assets of the Town as of June 30, 2010, are summarized and analyzed below:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets:						
Current and other assets	\$1,995,506	\$1,865,498	\$ 1,690,865	\$ 1,260,983	\$ 3,686,371	\$ 3,126,481
Net capital assets	<u>3,038,049</u>	<u>3,004,540</u>	<u>11,954,156</u>	<u>12,272,028</u>	<u>14,992,205</u>	<u>15,276,568</u>
Total Assets	<u>5,033,555</u>	<u>4,870,038</u>	<u>13,645,021</u>	<u>13,533,011</u>	<u>18,678,576</u>	<u>18,403,049</u>
Liabilities:						
Current liabilities	119,198	79,889	86,214	85,330	205,412	165,219
Long-term liabilities	<u>69,259</u>	<u>27,140</u>	<u>1,125,163</u>	<u>1,096,065</u>	<u>1,194,422</u>	<u>1,123,205</u>
Total Liabilities	<u>188,457</u>	<u>107,029</u>	<u>1,211,377</u>	<u>1,181,395</u>	<u>1,399,834</u>	<u>1,288,424</u>
Net Assets:						
Invested in capital assets						
net of related debt	3,038,049	3,004,540	10,911,478	11,216,608	13,949,527	14,221,148
Restricted	261,507	292,762	287,941	263,190	549,448	555,952
Unrestricted	<u>1,545,542</u>	<u>1,465,707</u>	<u>1,234,225</u>	<u>871,818</u>	<u>2,779,767</u>	<u>2,337,525</u>
Total Net Assets	<u>\$4,845,098</u>	<u>\$4,763,009</u>	<u>\$12,433,644</u>	<u>\$12,351,616</u>	<u>\$17,278,742</u>	<u>\$17,114,625</u>

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. Assets exceeded liabilities by \$17,278,742 as of June 30, 2010.

The largest portion of the Town's net assets, 80.73%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.), net of any related debt outstanding used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

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

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

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2010

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

	Governmental Activities		Business Type Activities		Total Primary Governmental	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 81,663	\$ 83,297	\$ 1,198,782	\$ 870,753	\$ 1,280,445	\$ 954,050
Operating grant	6,038	8,746	-	-	6,038	8,746
Capital grant	-	61,211	-	24,118	-	85,329
General revenues:						
Ad valorem taxes	216,230	132,182	-	-	216,230	132,182
Room tax	298,263	305,634	-	-	298,263	305,634
Consolidated tax	264,673	289,848	-	-	264,673	289,848
Fuel taxes	5,414	5,390	-	-	5,414	5,390
Interest	62,412	63,621	43,967	37,667	106,379	101,288
Miscellaneous	11,406	1,395	14,230	8,446	25,636	9,841
Total revenues	<u>946,099</u>	<u>951,324</u>	<u>1,256,979</u>	<u>940,984</u>	<u>2,203,078</u>	<u>1,892,308</u>
Expenses:						
General government	287,917	268,638	-	-	287,917	268,638
Public safety	61,257	60,314	-	-	61,257	60,314
Public works	163,392	150,751	-	-	163,392	150,751
Culture and recreation	351,444	314,293	-	-	351,444	314,293
Utility operations	-	-	1,174,951	1,201,324	1,174,951	1,201,324
Total expenses	<u>864,010</u>	<u>793,996</u>	<u>1,174,951</u>	<u>1,201,324</u>	<u>2,038,961</u>	<u>1,995,320</u>
Change in net assets	82,089	157,328	82,028	(260,340)	164,117	(103,012)
Net assets - beginning	<u>4,763,009</u>	<u>4,605,681</u>	<u>12,351,616</u>	<u>12,611,956</u>	<u>17,114,625</u>	<u>17,217,637</u>
Net assets - ending	<u>\$4,845,098</u>	<u>\$4,763,009</u>	<u>\$12,433,644</u>	<u>\$12,351,616</u>	<u>\$17,278,742</u>	<u>\$17,114,625</u>

Program revenues include charges for services including fines and forfeitures, certain licenses and permits, and both operating and capital grants and contributions.

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

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2010

Financial Analysis of the Town's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,862,678. Approximately 23.27% of fund balances or \$433,453 constitutes unreserved, undesignated fund balance. The remainder of the fund balance is designated to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Fund was \$423,941. The total fund balance was \$1,475,176.

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

Revenues decreased by \$4,375 or .50%. Tax revenues increased by \$74,922 or 19.70%, due to an increase in property tax rates. Intergovernmental revenues decreased by \$83,577, or 22.44%, due to an 8.69% reduction in consolidated tax revenues and no grant monies being received in the current year.

Expenditures decreased by \$15,702, or 2.00%, primarily due to a decrease of capital expenditure made in the prior year with grant revenues and an increase in salaries, benefits and service and supplies in the current year.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in governmental type capital assets, net of accumulated depreciation at June 30, 2010, was \$3,038,049. Business type capital assets were \$11,954,156. Detail by type of activity and asset is summarized in the following table.

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2010

Governmental Activities

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital asset not being depreciated:				
Land	\$ 2,215,563	\$ 0	\$ 0	\$ 2,215,563
Construction in progress	<u>0</u>	<u>71,047</u>	<u>0</u>	<u>71,047</u>
Total capital assets not being depreciated	<u>2,215,563</u>	<u>71,047</u>	<u>0</u>	<u>2,286,610</u>
Capital assets being depreciated:				
Building	1,014,388	9,925	0	1,024,313
Equipment	<u>1,056,359</u>	<u>3,818</u>	<u>122,515</u>	<u>937,662</u>
Total capital assets being depreciated	<u>2,070,747</u>	<u>13,743</u>	<u>122,515</u>	<u>1,961,975</u>
Less accumulated depreciation for:				
Building	471,714	20,486	0	492,200
Equipment	<u>810,056</u>	<u>30,795</u>	<u>122,515</u>	<u>718,336</u>
Total accumulated depreciation	<u>1,281,770</u>	<u>51,281</u>	<u>122,515</u>	<u>1,210,536</u>
Total capital assets being depreciated, net	<u>788,977</u>	<u>(37,538)</u>	<u>0</u>	<u>751,439</u>
Governmental activities assets, net	<u>\$ 3,004,540</u>	<u>\$ 33,509</u>	<u>\$ 0</u>	<u>\$ 3,038,049</u>

Business-type Activities:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Construction in progress	<u>15,488</u>	<u>118,098</u>	<u>0</u>	<u>133,586</u>
Total capital assets not being depreciated	<u>70,488</u>	<u>118,098</u>	<u>0</u>	<u>188,586</u>
Capital assets being depreciated:				
Equipment	19,965,698	34,215	3,819	19,996,094
Less accumulated depreciation for:				
Equipment	<u>7,764,158</u>	<u>470,185</u>	<u>3,819</u>	<u>8,230,524</u>
Total capital assets being depreciated, net	<u>12,201,540</u>	<u>(435,970)</u>	<u>0</u>	<u>11,765,570</u>
Business-type Activities assets, net	<u>\$ 12,272,028</u>	<u>\$ (317,872)</u>	<u>\$ 0</u>	<u>\$ 11,954,156</u>

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

Debt Administration

Governmental Type Activities:

	Balance at July 1, 2009	Additions	Reductions	Balance at June 30, 2010
Compensated absences	<u>\$ 27,140</u>	<u>\$ 3,935</u>	<u>\$ 0</u>	<u>\$ 31,075</u>

Business Type Activities:

	Balance at July 1, 2009	Additions	Reductions	Balance at June 30, 2010
Compensated absences	\$ 40,645	\$ 10,095	\$ 0	\$ 50,740
Bonds payable	<u>1,055,420</u>	<u>0</u>	<u>12,742</u>	<u>1,042,678</u>
Total	<u>\$1,096,065</u>	<u>\$ 10,095</u>	<u>\$ 12,742</u>	<u>\$ 1,093,418</u>

**Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2010**

REQUESTS FOR INFORMATION

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

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

TOWN OF TONOPAH, NEVADA
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities 2010	Business-type Activities 2010	Total Primary Government 2010
Assets:			
Cash and cash equivalents	\$ 1,895,228	\$ 1,173,127	\$ 3,068,355
Interest receivable	9,396	7,069	16,465
Taxes receivable	14,927	-	14,927
Room tax receivable	29,446	-	29,446
Prepaid expenses	67	-	67
Due from other governments	46,442	-	46,442
Accounts receivable net of allowance for uncollectibles	-	128,180	128,180
Inventory	-	73,700	73,700
Restricted assets - cash	-	308,789	308,789
Capital assets (net of accumulated depreciation)	<u>3,038,049</u>	<u>11,954,156</u>	<u>14,992,205</u>
Total assets	<u>5,033,555</u>	<u>13,645,021</u>	<u>18,678,576</u>
Liabilities:			
Accounts payable	77,310	43,946	121,256
Accrued payroll and benefits	41,888	25,659	67,547
Payable from restricted assets			
Customer deposits	-	16,609	16,609
Long term liabilities:			
Portion due or payable within one year:			
Accrued compensated absences	26,074	13,580	39,654
Bonds payable	-	13,129	13,129
Portion due or payable after one year:			
OPEB obligation payable	38,184	31,745	69,929
Accrued compensated absences	5,001	37,160	42,161
Bonds payable	<u>-</u>	<u>1,029,549</u>	<u>1,029,549</u>
Total liabilities	<u>188,457</u>	<u>1,211,377</u>	<u>1,399,834</u>
Net assets:			
Invested in capital assets, net of related debt	3,038,049	10,911,478	13,949,527
Restricted for:			
Debt	-	34,420	34,420
Capital replacement	-	252,913	252,913
Capital projects	261,507	608	262,115
Unrestricted	<u>1,545,542</u>	<u>1,234,225</u>	<u>2,779,767</u>
Total net assets	<u>\$ 4,845,098</u>	<u>\$ 12,433,644</u>	<u>\$ 17,278,742</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, 2010

Functions/Programs	Expenses	Program Revenues		Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Primary governments:						
General government	\$ (287,917)	\$ 56,288	\$ -	\$ (231,629)	\$ -	\$ (231,629)
Public safety	(61,257)	1,223	-	(60,034)	-	(60,034)
Public works	(163,392)	-	-	(163,392)	-	(163,392)
Culture and recreation	(351,444)	24,152	6,038	(321,254)	-	(321,254)
Total governmental activities	(864,010)	81,663	6,038	(776,309)	-	(776,309)
Business-type activities:						
Water	(681,472)	552,383	-	-	(129,089)	(129,089)
Sewer	(493,479)	430,140	-	-	(63,339)	(63,339)
Total business-type activities	(1,174,951)	982,523	-	-	(192,428)	(192,428)
Total primary governments	<u>\$(2,038,961)</u>	<u>\$1,064,186</u>	<u>\$ 6,038</u>	<u>(776,309)</u>	<u>(192,428)</u>	<u>(968,737)</u>
General Revenues:						
Property taxes				216,230	-	216,230
Room tax				298,263	-	298,263
Fuel tax				5,414	-	5,414
Consolidated taxes				264,673	-	264,673
Investment income				62,412	43,967	106,379
Capital projects fees				-	12,075	12,075
Debt surcharge				-	31,026	31,026
Contract services				-	98,147	98,147
Surcharge				-	75,011	75,011
Miscellaneous				11,406	14,230	25,636
Total general revenues				858,398	274,456	1,132,854
Change in net assets				82,089	82,028	164,117
Net assets - beginning of year				4,763,009	12,351,616	17,114,625
Net assets - end of year				<u>\$ 4,845,098</u>	<u>\$ 12,433,644</u>	<u>\$ 17,278,742</u>

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

TOWN OF TONOPAH, NEVADA
BALANCE SHEET- GOVERNMENTAL FUNDS

June 30, 2010

	Major Fund - General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 1,464,367	\$ 430,861	\$ 1,895,228
Interest receivable	7,182	2,214	9,396
Taxes receivable	14,927	-	14,927
Room tax receivable	27,312	2,134	29,446
Prepaid expenses	67	-	67
Due from other governments	<u>46,442</u>	<u>-</u>	<u>46,442</u>
Total assets	<u>\$ 1,560,297</u>	<u>\$ 435,209</u>	<u>\$ 1,995,506</u>
Liabilities:			
Accounts payable	\$ 29,603	\$ 47,707	\$ 77,310
Accrued payroll	41,888	-	41,888
Deferred taxes	<u>13,630</u>	<u>-</u>	<u>13,630</u>
Total liabilities	<u>85,121</u>	<u>47,707</u>	<u>132,828</u>
Fund Equity:			
Fund balance - unreserved:			
Designated for subsequent year	1,051,235	377,990	1,429,225
Undesignated	<u>423,941</u>	<u>9,512</u>	<u>433,453</u>
Total fund equity	<u>1,475,176</u>	<u>387,502</u>	<u>1,862,678</u>
Total liabilities and fund equity	<u>\$ 1,560,297</u>	<u>\$ 435,209</u>	<u>\$ 1,995,506</u>

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

TOWN OF TONOPAH, NEVADA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2010

Total fund balance - governmental funds **\$ 1,862,678**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets net of the related depreciation are not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the Statement of Net Assets 3,038,049

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 13,630

Certain liabilities such as compensated absences, are not reported in the governmental funds financial statements because they are not due and payable, but they are presented as liabilities in the Statement of Net Assets (69,259)

Total net assets - governmental activities **\$ 4,845,098**

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, 2010

	Major Fund- General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 455,215	\$ 22,141	\$ 477,356
Licenses and permits	16,741	-	16,741
Intergovernmental	288,790	31,831	320,621
Charges for services	24,397	978	25,375
Fines and forfeitures	20,844	-	20,844
Other	<u>64,823</u>	<u>15,033</u>	<u>79,856</u>
Total revenues	<u>870,810</u>	<u>69,983</u>	<u>940,793</u>
Expenditures:			
Current:			
General government	265,375	-	265,375
Public safety	53,155	-	53,155
Public works	154,832	-	154,832
Culture and recreation	294,270	12,843	307,113
Capital projects	<u>-</u>	<u>74,925</u>	<u>74,925</u>
Total expenditures	<u>767,632</u>	<u>87,768</u>	<u>855,400</u>
Excess (deficiency) of revenues over expenditures	103,178	(17,785)	85,393
Fund balance:			
Beginning of year	<u>1,371,998</u>	<u>405,287</u>	<u>1,777,285</u>
End of year	<u>\$ 1,475,176</u>	<u>\$ 387,502</u>	<u>\$ 1,862,678</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, 2010

Net change in fund balance - governmental funds **\$ 85,393**

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities. The is the amount by which depreciation exceeds capital outlay in the current period. 33,509

Property taxes that are collected in the time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that related to prior periods that first become available in the current period should not be reported as revenue in the Statement of Activities. 5,306

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. (42,119)

Change in net assets of governmental activities **\$ 82,089**

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

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For the year ended June 30, 2010

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 138,772	\$ 138,772	\$ 179,093	\$ 40,321
Room taxes	<u>220,000</u>	<u>220,000</u>	<u>276,122</u>	<u>56,122</u>
Total taxes	<u>358,772</u>	<u>358,772</u>	<u>455,215</u>	<u>96,443</u>
Licenses and permits	<u>16,000</u>	<u>16,000</u>	<u>16,741</u>	<u>741</u>
Intergovernmental:				
County liquor license	1,800	1,800	1,760	(40)
County gaming license	17,000	17,000	16,943	(57)
Consolidated tax	260,000	260,000	264,673	4,673
Grants	23,715	23,715	-	(23,715)
Gas tax \$1.75	<u>5,517</u>	<u>5,517</u>	<u>5,414</u>	<u>(103)</u>
Total intergovernmental	<u>308,032</u>	<u>308,032</u>	<u>288,790</u>	<u>(19,242)</u>
Charges for services:				
Rescue runs	600	600	245	(355)
Swimming pool fees	8,000	8,000	6,914	(1,086)
Convention Center rental	10,000	10,000	14,569	4,569
Baseball complex fees	600	600	2,489	1,889
Fairgrounds rental	<u>450</u>	<u>450</u>	<u>180</u>	<u>(270)</u>
Total charges for services	<u>19,650</u>	<u>19,650</u>	<u>24,397</u>	<u>4,747</u>
Fines and forfeitures	<u>29,500</u>	<u>29,500</u>	<u>20,844</u>	<u>(8,656)</u>
Other:				
Investment income	12,000	12,000	47,379	35,379
Mining park donations	3,500	3,500	6,038	2,538
Miscellaneous	<u>2,219</u>	<u>2,219</u>	<u>11,406</u>	<u>9,187</u>
Total other	<u>17,719</u>	<u>17,719</u>	<u>64,823</u>	<u>47,104</u>
Total revenues	<u>749,673</u>	<u>749,673</u>	<u>870,810</u>	<u>121,137</u>

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

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Expenditures:				
General government:				
Salaries and wages	\$ 262,187	\$ 261,187	\$ 140,717	\$ 120,470
Employee benefits	129,444	130,444	57,363	73,081
Services and supplies	124,225	124,225	66,253	57,972
Capital outlay	-	-	1,042	(1,042)
Total general government	<u>515,856</u>	<u>515,856</u>	<u>265,375</u>	<u>250,481</u>
Public safety:				
Fire:				
Salaries and wages	12,000	12,000	15,800	(3,800)
Employee benefits	13,644	13,644	9,136	4,508
Services and supplies	62,375	62,375	22,172	40,203
Capital outlay	-	-	6,047	(6,047)
Total public safety	<u>88,019</u>	<u>88,019</u>	<u>53,155</u>	<u>34,864</u>
Public works:				
Highways and streets:				
Salaries and wages	70,273	73,273	69,124	4,149
Employee benefits	52,051	52,151	32,437	19,714
Services and supplies	106,516	103,416	53,271	50,145
Total public works	<u>228,840</u>	<u>228,840</u>	<u>154,832</u>	<u>74,008</u>
Culture and recreation:				
Parks:				
Services and supplies	37,320	37,320	29,241	8,079
Mining parks:				
Salaries and wages	66,420	66,420	62,955	3,465
Employee benefits	46,424	46,524	30,476	16,048
Services and supplies	28,750	28,650	13,874	14,776
Total mining parks	<u>141,594</u>	<u>141,594</u>	<u>107,305</u>	<u>34,289</u>
Swimming pool:				
Salaries and wages	20,000	20,000	16,149	3,851
Employee benefits	7,303	7,303	5,244	2,059
Services and supplies	28,500	28,500	9,228	19,272
Total swimming pool	<u>55,803</u>	<u>55,803</u>	<u>30,621</u>	<u>25,182</u>

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

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Culture and recreation (continued):				
Fair grounds:				
Services and supplies	\$ 4,765	\$ 4,765	\$ 1,589	\$ 3,176
Ball fields:				
Services and supplies	31,260	31,260	22,824	8,436
Convention Center:				
Salaries and wages	45,042	40,042	33,984	6,058
Employee benefits	26,291	26,991	21,441	5,550
Services and supplies	54,425	58,725	44,489	14,236
Capital outlay	-	-	2,776	(2,776)
Total Convention Center	125,758	125,758	102,690	23,068
Total culture and recreation	396,500	396,500	294,270	102,230
Contingency	15,000	15,000	-	15,000
Total expenditures	1,244,215	1,244,215	767,632	476,583
Excess (deficiency) of revenues over expenditures	(494,542)	(494,542)	103,178	597,720
Fund balance:				
Beginning of year	801,968	801,968	1,371,998	570,030
End of year	\$ 307,426	\$ 307,426	\$ 1,475,176	\$ 1,167,750

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

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For the year ended June 30, 2010

TOWN OF TONOPAH, NEVADA
PROPRIETARY FUND
STATEMENT OF NET ASSETS
June 30, 2010

	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
<u>ASSETS:</u>			
Current assets:			
Pooled cash and investments	\$ 568,050	\$ 605,077	\$ 1,173,127
Interest receivable	4,110	2,959	7,069
Accounts receivable, net of allowance for doubtful accounts	69,548	58,632	128,180
Inventory	69,980	3,720	73,700
Restricted assets - cash	<u>290,625</u>	<u>18,164</u>	<u>308,789</u>
Total current assets	1,002,313	688,552	1,690,865
Property, plant and equipment, net of accumulated depreciation	<u>5,604,301</u>	<u>6,349,855</u>	<u>11,954,156</u>
Total assets	<u>6,606,614</u>	<u>7,038,407</u>	<u>13,645,021</u>
<u>LIABILITIES:</u>			
Current liabilities, payable from unrestricted assets:			
Accounts payable	38,334	5,612	43,946
Accrued payroll	12,408	13,251	25,659
Accrued compensated absences	6,790	6,790	13,580
Current portion of bonds payable	<u>6,498</u>	<u>6,631</u>	<u>13,129</u>
Total current liabilities-unrestricted	64,030	32,284	96,314
Current liabilities, payable from restricted assets:			
Customer deposits	<u>16,609</u>	<u>-</u>	<u>16,609</u>
Total current liabilities	<u>80,639</u>	<u>32,284</u>	<u>112,923</u>
Non-current liabilities			
OPEB obligation payable	17,206	14,539	31,745
Accrued compensated absences	18,580	18,580	37,160
Bonds payable	<u>453,959</u>	<u>575,590</u>	<u>1,029,549</u>
Total non-current liabilities	<u>489,745</u>	<u>608,709</u>	<u>1,098,454</u>
Total liabilities	<u>570,384</u>	<u>640,993</u>	<u>1,211,377</u>
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	5,143,844	5,767,634	10,911,478
Restricted for debt	16,864	17,556	34,420
Restricted for capital replacement	252,913	-	252,913
Restricted for construction	-	608	608
Unrestricted	<u>622,609</u>	<u>611,616</u>	<u>1,234,225</u>
Total net assets	<u>\$ 6,036,230</u>	<u>\$ 6,397,414</u>	<u>\$ 12,433,644</u>

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

TOWN OF TONOPAH, NEVADA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
For the Year Ended June 30, 2010

	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
Operating revenues:			
Charges for services:			
Water fees	\$ 552,383	\$ -	\$ 552,383
Sewer fees	-	430,140	430,140
Total operating revenues	<u>552,383</u>	<u>430,140</u>	<u>982,523</u>
Operating expenses:			
Water Department:			
Administration	46,622	-	46,622
General operations	209,558	-	209,558
Water operations	150,592	-	150,592
Depreciation	<u>254,245</u>	-	<u>254,245</u>
Total water department	<u>661,017</u>	-	<u>661,017</u>
Sewer Department:			
Administration	-	109,401	109,401
General operations	-	122,975	122,975
Sewer operations	-	21,164	21,164
Depreciation	-	<u>215,940</u>	<u>215,940</u>
Total sewer department	-	<u>469,480</u>	<u>469,480</u>
Total operating expenses	<u>661,017</u>	<u>469,480</u>	<u>1,130,497</u>
Operating (loss)	<u>(108,634)</u>	<u>(39,340)</u>	<u>(147,974)</u>
Nonoperating revenue (expense):			
Investment income	25,578	18,389	43,967
Miscellaneous	14,230	-	14,230
Interest	(20,455)	(23,999)	(44,454)
Capital projects fees	-	12,075	12,075
Debt surcharge	-	31,026	31,026
Contract services	98,147	-	98,147
Surcharge	<u>75,011</u>	-	<u>75,011</u>
Total nonoperating revenue	<u>192,511</u>	<u>37,491</u>	<u>230,002</u>
Net income (loss)	83,877	(1,849)	82,028
Net Assets:			
Beginning of year	<u>5,952,353</u>	<u>6,399,263</u>	<u>12,351,616</u>
End of year	<u>\$ 6,036,230</u>	<u>\$ 6,397,414</u>	<u>\$ 12,433,644</u>

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

TOWN OF TONOPAH, NEVADA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2010

	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 549,696	\$ 411,251	\$ 960,947
Cash paid for salaries, wages, and employee benefits	(201,989)	(178,805)	(380,794)
Cash paid for services and supplies	<u>(189,991)</u>	<u>(50,386)</u>	<u>(240,377)</u>
Net cash provided by operating activities	<u>157,716</u>	<u>182,060</u>	<u>339,776</u>
Cash flows from noncapital financing activities:			
Miscellaneous revenue	14,230	-	14,230
Contract services	98,147	-	98,147
Capital projects fees	-	12,075	12,075
Debt surcharge	-	31,026	31,026
Surcharges	<u>75,011</u>	<u>-</u>	<u>75,011</u>
Net cash provided by noncapital financing activities	<u>187,388</u>	<u>43,101</u>	<u>230,489</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(150,838)	(1,475)	(152,313)
Principal paid	(6,376)	(6,366)	(12,742)
Interest paid	<u>(20,455)</u>	<u>(23,999)</u>	<u>(44,454)</u>
Net cash (used) by capital and related financing activities	<u>(177,669)</u>	<u>(31,840)</u>	<u>(209,509)</u>
Cash flows from investing activities:			
Investment income	<u>26,667</u>	<u>18,636</u>	<u>45,303</u>
Net increase in cash	194,102	211,957	406,059
Cash:			
Beginning of year	<u>664,573</u>	<u>411,284</u>	<u>1,075,857</u>
End of year	<u>\$ 858,675</u>	<u>\$ 623,241</u>	<u>\$ 1,481,916</u>
Reconciliation of operating (loss) to net cash provided by operating activities:			
Operating (loss)	<u>\$ (108,634)</u>	<u>\$ (39,340)</u>	<u>\$ (147,974)</u>
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation	254,245	215,940	470,185
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	43	(18,889)	(18,846)
(Increase) decrease in inventory	(6,333)	20	(6,313)
Increase (decrease) in accounts payable	(35)	1,907	1,872
Increase (decrease) in accrued payroll	21,160	22,422	43,582
Increase (decrease) in customer deposits	<u>(2,730)</u>	<u>-</u>	<u>(2,730)</u>
Total adjustments	<u>266,350</u>	<u>221,400</u>	<u>487,750</u>
Net cash provided by operating activities	<u>\$ 157,716</u>	<u>\$ 182,060</u>	<u>\$ 339,776</u>

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The Town is governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present the Town's funds for which the Town is considered to be financially accountable. There were no component units of the Town at June 30, 2010. The Town is not included in any other governmental reporting entity as a component unit as defined by Governmental Accounting Standards Board pronouncements.

2. Basic Financial Statements

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

3. Government-wide Financial Statements

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

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

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Fund Financial Statements

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The Town reports the following major governmental fund:

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

Additionally the Town reports the following major proprietary funds:

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

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS(Continued)
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Tonopah Public Utility are customer charges. Expenses are those required to provide the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

6. Assets, Liabilities, and Equity

a. Pooled Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

Nevada Revised Statutes authorize the Town to invest in:

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assets, Liabilities, and Equity (Continued)

a. Pooled Cash and Investments (Continued)

Nevada Revised Statutes authorize the Town to invest in:

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

b. Receivables and Payables

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

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

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

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assets, Liabilities, and Equity (Continued)

c. Inventories and Prepaid Items

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

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

d. Restricted Assets

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

e. Capital Assets

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

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

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

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assets, Liabilities, and Equity (Continued)

f. Compensated Absences

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

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

g. Long-term Obligations

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

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

h. Fund Equity

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assets, Liabilities, and Equity (Continued)

i. Net Assets

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

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

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

(ii) Restricted Assets

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

(iii) Unrestricted

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

It is the Town's policy to expend restricted resources first and use unrestricted resources when the restricted resources have been depleted.

j. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order 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.

k. Use of Estimates

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

OPEB obligation payable	\$ (38,184)
Compensated absences	<u>(31,075)</u>
	<u>\$ (69,259)</u>

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

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

Capital outlay	\$ 84,790
Depreciation expense	<u>(51,281)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 33,509</u>

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

Deferred Taxes	<u>\$ 5,306</u>
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TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary Information

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

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

- a. Prior to April 15, the Town submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The budget, as submitted, contains the proposed expenditures and means of financing them.
- b. The Nevada State Department of Taxation notifies the Town of its acceptance of the budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all changes have been noted and hearings closed, the Town Board adopts the budget on or before June 1.
- e. Whenever such an action does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions, the Town may transfer appropriations within any function or program or between functions or programs within a fund, if:
 1. The governing body is advised of the action at the next regular meeting, and;
 2. The action is recorded in the official minutes of the meeting.
- f. Increases to a fund's budget (augmentations) other than by transfer must be approved by the Town Board.
- g. Statutory regulations require budget control to be exercised at the function level within the General Fund or at the fund level for other funds.
- h. The General Fund Water Fund and Sewer Fund budgets were augmented during the year.
- i. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

D. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

1. Deposits and Investments

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

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

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

The fair value of the Town's investment in the Nye County Treasurer's Investment Pool was determined by multiplying the pool's fair value per share factor times the Town's pool balance as of June 30, 2010.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Cash in the hands of officers	\$ 18,100	\$ 93,012	\$ 111,112
Carrying amount of deposits with County Treasurer	<u>1,877,128</u>	<u>1,388,904</u>	<u>3,266,032</u>
Total	<u>\$ 1,895,228</u>	<u>\$ 1,481,916</u>	<u>\$ 3,377,144</u>
Cash and cash equivalents	\$ 1,895,228	\$ 1,173,127	\$ 3,068,355
Restricted assets – cash	<u>0</u>	<u>308,789</u>	<u>308,789</u>
Total	<u>\$ 1,895,228</u>	<u>\$ 1,481,916</u>	<u>\$ 3,377,144</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

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

2. Receivables

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

	<u>General</u>	<u>Other Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 14,927	\$ 0	\$ 0	\$ 14,927
Interest receivable	7,182	2,214	7,069	16,465
Net accounts receivable	0	0	128,180	128,180
Due from other governments	46,442	0	0	46,442
Room tax receivable	<u>27,312</u>	<u>2,134</u>	<u>0</u>	<u>29,446</u>
Net total receivables	<u>\$ 95,863</u>	<u>\$ 4,348</u>	<u>\$ 135,249</u>	<u>\$ 235,460</u>

3. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2010 follows:

Governmental Activities	<u>June 30, 2009</u>	<u>Balance Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital asset not being depreciated:				
Land	\$ 2,215,563	\$ 0	\$ 0	\$ 2,215,563
Construction in progress	<u>0</u>	<u>71,047</u>	<u>0</u>	<u>71,047</u>
Total capital assets not being depreciated	<u>2,215,563</u>	<u>71,047</u>	<u>0</u>	<u>2,286,610</u>
Capital assets being depreciated:				
Building	1,014,388	9,925	0	1,024,313
Equipment	<u>1,056,359</u>	<u>3,818</u>	<u>122,515</u>	<u>937,662</u>
Total capital assets being depreciated	<u>2,070,747</u>	<u>13,743</u>	<u>122,515</u>	<u>1,961,975</u>
Less accumulated depreciation for:				
Building	471,714	20,486	0	492,200
Equipment	<u>810,056</u>	<u>30,795</u>	<u>122,515</u>	<u>718,336</u>
Total accumulated depreciation	<u>1,281,770</u>	<u>51,281</u>	<u>122,515</u>	<u>1,210,536</u>
Total capital assets being depreciated, net	<u>788,977</u>	<u>(37,538)</u>	<u>0</u>	<u>751,439</u>
Governmental activities assets, net	<u>\$ 3,004,540</u>	<u>\$ 33,509</u>	<u>\$ 0</u>	<u>\$ 3,038,049</u>
 Business-type Activities:	 <u>Balance June 30, 2009</u>	 <u>Additions</u>	 <u>Deletions</u>	 <u>Balance June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Construction in progress	<u>15,488</u>	<u>118,098</u>	<u>0</u>	<u>133,586</u>
Total capital assets not being depreciated	<u>70,488</u>	<u>118,098</u>	<u>0</u>	<u>188,586</u>
Capital assets being depreciated:				
Equipment	19,965,698	34,215	3,819	19,996,094
Less accumulated depreciation for:				
Equipment	<u>7,764,158</u>	<u>470,185</u>	<u>3,819</u>	<u>8,230,524</u>
Total capital assets being depreciated, net	<u>12,201,540</u>	<u>(435,970)</u>	<u>0</u>	<u>11,765,570</u>
Business-type Activities assets, net	<u>\$ 12,272,028</u>	<u>\$ (317,872)</u>	<u>\$ 0</u>	<u>\$ 11,954,156</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

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

3. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 2,066
Public safety	14,149
Public works	1,960
Culture and recreation	<u>33,106</u>
	<u>\$ 51,281</u>

Business activities:

Water and sewer	<u>\$ 470,185</u>
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4. Deferred Revenue

Delinquent taxes receivable not collected within sixty days after year end are recorded as deferred revenue as they are not available to pay liabilities of the current period. Deferred taxes in the General Fund were \$13,630.

5. Restricted Assets Accounts

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

Cash - Customer deposits	\$ 10,665
Cash - Water/sewer privilege	513
Cash - Capital replacement	252,913
Cash - Sewer construction	608
Cash - Sewer debt service	4,170
Cash - Sewer debt reserve	13,386
Cash - Water revenue bond reserve	20,625
Cash - Water surcharge	<u>5,909</u>
Total restricted assets	<u>\$ 308,789</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

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

6. Long-term Debt

a. Revenue Bonds Payable

1. The Town issued bonds that were funded by the United State Department of Agriculture (USDA) in 2009 for \$600,000. The bonds were for the construction of a new sewer system for the Town of Tonopah. The bonds are being repaid over 40 years requiring monthly payments of \$2,604 including interest at 4.25%. The outstanding balance at June 30, 2010 was \$582,221. The bond agreement requires the Town to establish a Sewer Revenue Bond Reserve Fund in which the Town must deposit on a monthly basis an amount equal to one hundred twentieth of the average annual loan installment until the average annual loan installment has been accumulated. The monthly deposit is \$260 and the average annual loan installment is \$31,248. The required reserve at June 30, 2010 was \$9,100. The balance in reserve account at June 30, 2010 was \$13,386.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 6,631	\$ 24,617
2012	6,919	24,329
2013	7,219	24,029
2014	7,531	23,717
2015	7,858	23,390
2016-2020	44,702	111,538
2021-2025	55,265	100,975
2026-2030	68,325	87,915
2031-2035	84,470	71,770
2036-2040	104,430	51,810
2041-2045	129,107	27,133
2046-2047	59,764	2,679
	<u>\$ 582,221</u>	<u>\$ 573,902</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

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

6. Long-term Debt (Continued)

a. Revenue Bonds Payable (Continued)

2. The Town issued bonds that were funded by the Farmer's Home Administration (FMHA) in 2004. The bonds were for the construction of a new water system for the Town of Tonopah. The bonds are being repaid over 40 years requiring monthly payments of \$2,162 including interest at 4.25%. The outstanding balance at June 30, 2010 was \$460,457. The bond agreement requires the Town to establish a Water Revenue Bond Reserve Fund in which the Town must deposit on a monthly basis an amount equal to one hundred twentieth of the average annual loan installment until the average annual loan installment has been accumulated. The monthly deposit is \$216 and the average annual loan installment is \$25,948. The required reserve at June 30, 2010 was \$17,726. The balance in reserve account at June 30, 2010 was \$20,625.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 6,498	\$ 19,450
2012	6,779	19,169
2013	7,073	18,875
2014	7,380	18,568
2015	7,700	18,248
2016-2020	43,802	85,938
2021-2025	54,153	75,587
2026-2030	66,949	62,791
2031-2035	82,769	46,971
2036-2040	102,328	27,412
2041-2044	75,026	5,191
	<u>\$ 460,457</u>	<u>\$ 398,200</u>

Changes in general long-term liabilities.

During the year ended June 30, 2010, the following changes occurred:

Governmental Type Activities:

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2010</u>
Compensated absences	\$ 27,140	\$ 3,935	\$ 0	\$ 31,075

Business Type Activities:

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2010</u>
Compensated absences	\$ 40,645	\$ 10,095	\$ 0	\$ 50,740
Bonds payable	1,055,420	0	12,742	1,042,678
Total	<u>\$1,096,065</u>	<u>\$ 10,095</u>	<u>\$ 12,742</u>	<u>\$ 1,093,418</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

E. OTHER INFORMATION

1. Risk Management

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

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

The Town is self insured for unemployment claims.

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

2. Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Litigation

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

3. Pension Plan

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

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

E. OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

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

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

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

Funding Policy: Contribution rates are established by NRS 286.410. The Town's contributions are based on the actuarially determined statutory rate. The Town is obligated to contribute all amounts due under the Plan. The contribution rate for regular employees was 21.50% for the 2009-2010 year. The contribution rate for police and firemen was 37.00%. The contribution requirement for the year ended June 30, 2010 was \$115,563. The contributions were equal to the required contributions for the year. The Town's contributions to PERS for the years ended June 30, 2009 and 2008 were \$110,316 and \$107,216 respectively, equal to the required contribution each year at the determined rate.

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

4. Postemployment Health Care Plan

Plan Description The Town subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment healthcare plan administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. Town employees who meet the eligibility requirement for retirement within the Nevada Public Employee Retirement System have the option upon retirement to enroll in coverage under the PEBP and the subsidy provided by the Town is determined by their number of years of service. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV, 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

E. OTHER INFORMATION (Continued)

4. Postemployment Health Care Plan (Continued)

Funding Policy NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired Town employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. Retirees qualify for a subsidy of \$102.62 at five years of service \$564.41 at 20 years of service with incremental increases for each year of service in between. The contribution requirements of plan members and the Town are established and amended by the PEBP board of trustees. As a participating employer, the Town is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal year 2010, the Town contributed \$38,087 to the plan for current premiums. The Town did not prefund any future benefits.

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

For fiscal year 2010 the District's annual OPEB cost (expense) of \$108,016 for the PEBP was equal to the ARC. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (Unit Credit Cost Method)</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 108,016	35%	\$ 69,929

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

Annual Required Contribution	\$ 108,016
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>108,016</u>
Contributions made	<u>38,087</u>
Increase in net OPEB obligation	69,929
Net OPEB obligation - beginning of the year	-
Net OPEB obligation - end of year	<u>\$ 69,929</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010

E. OTHER INFORMATION (Continued)

4. Postemployment Health Care Plan (Continued)

This is the District's first year implementing GASB Statement Number 45 requiring the above mentioned information and as such there is no comparative data for past years.

Funded Status and Funding Progress The District's most recent actuarial valuation was as of July 1, 2008 and as of the end of the fiscal year the District has not prefunded any portion of the plan. The actuarial accrued liability (AAL) for benefits was \$574,254 and having not funded the obligation the District currently has no associated assets to offset this liability. Because of this the unfunded actuarial accrued liability (URAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was \$593,810 and the ratio of the UAAL to the covered payroll was 96.71%.

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

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

In the July 1, 2008 actuarial valuation, the unit credit cost actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return which is the target rate of return for the Nevada Public Employee Retirement System. This rate is used since state law allows trusts to be created within the retirement system for investing assets associated with other post employment benefits. If the District ultimately chooses to fund the plan they would fund it through a trust with the assets invested by PERS. An annual healthcare cost trend rate of 8 percent is used initially, reduced by decrements to an ultimate rate of 5 percent after seven years. A standard 3.5 percent inflation rate was used throughout.

Changes in state law have significantly impacted the assumptions in the current year. As of September 1, 2008 the plan will no longer be available to those actively employed past this date. This increased the assumption for potential retirees in the current year and significantly reduced the present value of benefits and thus the actuarial liability.

The URAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 is 28 years.

TOWN OF TONOPAH, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2010

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

MAJOR GENERAL FUND

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

**TOWN OF TONOPAH, NEVADA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009**

	2010	2009
<u>ASSETS</u>		
Pooled cash and investments	\$ 1,464,367	\$ 1,340,850
Interest receivable	7,182	10,766
Taxes receivable	14,927	8,920
Room tax receivable	27,312	26,808
Prepaid expenses	67	-
Due from other governments	<u>46,442</u>	<u>48,556</u>
 Total assets	 <u>\$ 1,560,297</u>	 <u>\$ 1,435,900</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 29,603	\$ 21,344
Accrued payroll	41,888	34,234
Deferred taxes	<u>13,630</u>	<u>8,324</u>
 Total liabilities	 <u>85,121</u>	 <u>63,902</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	1,051,235	801,968
Undesignated	<u>423,941</u>	<u>570,030</u>
 Total fund balance	 <u>1,475,176</u>	 <u>1,371,998</u>
 Total liabilities and fund balance	 <u>\$ 1,560,297</u>	 <u>\$ 1,435,900</u>

TOWN OF TONOPAH, NEVADA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Variance-	2009
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes	\$ 358,772	\$ 455,215	\$ 96,443	\$ 380,293
Licenses and permits	16,000	16,741	741	17,392
Intergovernmental	308,032	288,790	(19,242)	372,367
Charges for services	19,650	24,397	4,747	23,753
Fines and forfeitures	29,500	20,844	(8,656)	25,222
Other	17,719	64,823	47,104	56,158
Total revenues	<u>749,673</u>	<u>870,810</u>	<u>121,137</u>	<u>875,185</u>
Expenditures:				
General government	515,856	265,375	250,481	269,598
Public safety	88,019	53,155	34,864	44,915
Public works	228,840	154,832	74,008	147,653
Culture and recreation	396,500	294,270	102,230	321,168
Contingency	15,000	-	15,000	-
Total expenditures	<u>1,244,215</u>	<u>767,632</u>	<u>476,583</u>	<u>783,334</u>
Excess (deficiency) of revenues over expenditures	(494,542)	103,178	597,720	91,851
Fund balance:				
Beginning of year	<u>801,968</u>	<u>1,371,998</u>	<u>570,030</u>	<u>1,280,147</u>
End of year	<u>\$ 307,426</u>	<u>\$ 1,475,176</u>	<u>\$ 1,167,750</u>	<u>\$ 1,371,998</u>

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
For the Year Ended June 30, 2010

(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 138,772	\$ 179,093	\$ 40,321	\$ 97,970
Room taxes	<u>220,000</u>	<u>276,122</u>	<u>56,122</u>	<u>282,323</u>
Total taxes	<u>358,772</u>	<u>455,215</u>	<u>96,443</u>	<u>380,293</u>
Licenses and permits	<u>16,000</u>	<u>16,741</u>	<u>741</u>	<u>17,392</u>
Intergovernmental:				
County liquor license	1,800	1,760	(40)	2,080
County gaming license	17,000	16,943	(57)	13,838
Consolidated tax	260,000	264,673	4,673	289,848
Grants	23,715	-	(23,715)	61,211
Gas tax \$1.75	<u>5,517</u>	<u>5,414</u>	<u>(103)</u>	<u>5,390</u>
Total intergovernmental	<u>308,032</u>	<u>288,790</u>	<u>(19,242)</u>	<u>372,367</u>
Charges for services:				
Rescue runs	600	245	(355)	253
Swimming pool fees	8,000	6,914	(1,086)	7,795
Convention Center rental	10,000	14,569	4,569	13,306
Baseball complex fees	600	2,489	1,889	2,180
Fairgrounds rental	<u>450</u>	<u>180</u>	<u>(270)</u>	<u>219</u>
Total charges for services	<u>19,650</u>	<u>24,397</u>	<u>4,747</u>	<u>23,753</u>
Fines and forfeitures	<u>29,500</u>	<u>20,844</u>	<u>(8,656)</u>	<u>25,222</u>
Other:				
Investment income	12,000	47,379	35,379	48,817
Mining park donations	3,500	6,038	2,538	5,946
Miscellaneous	<u>2,219</u>	<u>11,406</u>	<u>9,187</u>	<u>1,395</u>
Total other	<u>17,719</u>	<u>64,823</u>	<u>47,104</u>	<u>56,158</u>
Total revenues	<u>\$ 749,673</u>	<u>\$ 870,810</u>	<u>\$ 121,137</u>	<u>\$ 875,185</u>

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
For the Year Ended June 30, 2010

(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actual
	Budget	Actual		
Expenditures:				
General government:				
Salaries and wages	\$ 261,187	\$ 140,717	\$ 120,470	\$ 136,602
Employee benefits	130,444	57,363	73,081	56,979
Services and supplies	124,225	66,253	57,972	70,987
Capital outlay	-	1,042	(1,042)	5,030
Total general government	<u>515,856</u>	<u>265,375</u>	<u>250,481</u>	<u>269,598</u>
Public safety:				
Fire:				
Salaries and wages	12,000	15,800	(3,800)	15,000
Employee benefits	13,644	9,136	4,508	12,374
Services and supplies	62,375	22,172	40,203	17,541
Capital outlay	-	6,047	(6,047)	-
Total public safety	<u>88,019</u>	<u>53,155</u>	<u>34,864</u>	<u>44,915</u>
Public works:				
Highways and streets:				
Salaries and wages	73,273	69,124	4,149	63,031
Employee benefits	52,151	32,437	19,714	32,166
Services and supplies	103,416	53,271	50,145	52,456
Total public works	<u>228,840</u>	<u>154,832</u>	<u>74,008</u>	<u>147,653</u>
Culture and recreation:				
Parks:				
Services and supplies	<u>37,320</u>	<u>29,241</u>	<u>8,079</u>	<u>30,188</u>
Mining parks:				
Salaries and wages	66,420	62,955	3,465	55,660
Employee benefits	46,524	30,476	16,048	25,600
Services and supplies	28,650	13,874	14,776	10,108
Capital outlay	-	-	-	-
Total mining parks	<u>141,594</u>	<u>107,305</u>	<u>34,289</u>	<u>91,368</u>
Swimming pool:				
Salaries and wages	20,000	16,149	3,851	14,749
Employee benefits	7,303	5,244	2,059	1,886
Services and supplies	28,500	9,228	19,272	15,675
Capital outlay	-	-	-	61,211
Total swimming pool	<u>55,803</u>	<u>30,621</u>	<u>25,182</u>	<u>93,521</u>

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)
For the Year Ended June 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actual
	Budget	Actual		
Culture and recreation (continued):				
Fair:				
Services and supplies	\$ 4,765	\$ 1,589	\$ 3,176	\$ 1,201
Ball fields:				
Services and supplies	31,260	22,824	8,436	16,191
Convention Center:				
Salaries and wages	40,042	33,984	6,058	33,292
Employee benefits	26,991	21,441	5,550	20,860
Services and supplies	58,725	44,489	14,236	34,547
Capital outlay	-	2,776	(2,776)	-
Total Convention Center	<u>125,758</u>	<u>102,690</u>	<u>23,068</u>	<u>88,699</u>
Total culture and recreation	<u>396,500</u>	<u>294,270</u>	<u>102,230</u>	<u>321,168</u>
Contingency	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Total expenditures	<u>\$ 1,244,215</u>	<u>\$ 767,632</u>	<u>\$ 476,583</u>	<u>\$ 783,334</u>

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For the year ended June 30, 2010

MAJOR ENTERPRISE FUNDS

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

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

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

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES WATER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2010
(with Comparative Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actuals
	Budget	Actual		
Operating revenues:				
Charges for services:				
Water fees	\$ 548,400	\$ 627,394	\$ 78,994	\$ 463,944
Operating expenses:				
Water department:				
Administration	49,982	46,622	3,360	37,052
General operations	267,912	209,558	58,354	265,569
Water operations	198,800	150,592	48,208	151,575
Depreciation	280,000	254,245	25,755	249,274
 Total operating expenses	 796,694	 661,017	 135,677	 703,470
 Operating (loss)	 (248,294)	 (33,623)	 214,671	 (239,526)
Nonoperating revenue (expense):				
Investment income	23,000	25,578	2,578	23,456
Miscellaneous	10,000	14,230	4,230	8,446
Grant	-	-	-	24,118
Interest expense	(19,698)	(20,455)	(757)	(19,979)
Water surcharge	77,000	98,147	21,147	79,397
 Total nonoperating revenue	 90,302	 117,500	 27,198	 115,438
 Net income (loss)	 \$ (157,992)	 83,877	 \$ 241,869	 (124,088)
Net Assets:				
Beginning of year		5,952,353		6,076,441
 End of year		 \$ 6,036,230		 \$ 5,952,353

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES WATER FUND
SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2010
(With comparative Amounts for the Year Ended June 30, 2009)

	2010	2009
Cash flows from operating activities:		
Cash received from customers	\$ 624,707	\$ 453,547
Cash paid for salaries, wages and employee benefits	(201,989)	(233,439)
Cash paid for services and supplies	(189,991)	(191,246)
Net cash provided by operating activities	<u>232,727</u>	<u>28,862</u>
Cash flows from noncapital financing activities:		
Miscellaneous revenue	14,230	8,446
Grants	-	24,118
Surcharges	98,147	79,397
Net cash provided by noncapital financing activities	<u>112,377</u>	<u>111,961</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(150,838)	(66,094)
Principal paid	(6,376)	(5,969)
Interest paid	(20,455)	(19,979)
Net cash (used) by capital and related financing activities	<u>(177,669)</u>	<u>(92,042)</u>
Cash flows from investing activities:		
Investment income	26,667	23,547
Net increase in cash	194,102	72,328
Cash:		
Beginning of year	664,573	592,245
End of year	<u>\$ 858,675</u>	<u>\$ 664,573</u>
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	<u>\$ (33,623)</u>	<u>\$ (239,526)</u>
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	254,245	249,274
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	43	(14,247)
(Increase) decrease in prepaid expenses	-	5,391
(Increase) decrease in inventory	(6,333)	13,210
Increase (decrease) in accounts payable	(35)	19,655
Increase (decrease) in accrued payroll	21,160	(8,745)
Increase (decrease) in customer deposits	(2,730)	3,850
Total adjustments	<u>266,350</u>	<u>268,388</u>
Net cash provided by operating activities	<u>\$ 232,727</u>	<u>\$ 28,862</u>

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES WATER FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
<u>ASSETS:</u>		
Current assets:		
Pooled cash and investments	\$ 568,050	\$ 399,598
Interest receivable	4,110	5,199
Accounts receivable, net of allowance for doubtful accounts	69,548	69,591
Inventory	69,980	63,647
Restricted assets - cash		
Deposits	10,665	13,012
Capital replacement	252,913	227,392
Water/Sewer privilege fee	513	498
Water surcharge	5,909	7,209
Water revenue bond	20,625	16,864
Total Restricted assets - cash	<u>290,625</u>	<u>264,975</u>
Total current assets	1,002,313	803,010
Property, plant and equipment, net of accumulated depreciation	<u>5,604,301</u>	<u>5,707,708</u>
Total assets	<u>6,606,614</u>	<u>6,510,718</u>
<u>LIABILITIES:</u>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	38,334	38,369
Accrued payroll	12,408	13,502
Accrued compensated absences	6,790	5,438
Current portion of bonds payable	6,498	6,228
Total current liabilities-unrestricted	<u>64,030</u>	<u>63,537</u>
Current liabilities, payable from restricted assets:		
Customer deposits	<u>16,609</u>	<u>19,339</u>
Total current liabilities	<u>80,639</u>	<u>82,876</u>
Non-current liabilities:		
OPEB obligation payable	17,206	-
Accrued compensated absences	18,580	14,884
Bonds payable	<u>453,959</u>	<u>460,605</u>
Total non-current liabilities	<u>489,745</u>	<u>475,489</u>
Total liabilities	<u>570,384</u>	<u>558,365</u>
<u>NET ASSETS:</u>		
Invested in capital assets, net of related debt	5,143,844	5,240,875
Restricted for debt	16,864	16,864
Restricted for capital replacement	252,913	227,392
Unrestricted	<u>622,609</u>	<u>467,222</u>
Total net assets	<u>\$ 6,036,230</u>	<u>\$ 5,952,353</u>

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES WATER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2010
(with Comparative Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actuals
	Budget	Actual		
Operating revenues:				
Charges for services:				
Water fees	\$ 548,400	\$ 552,383	\$ 3,983	\$ 463,944
Operating expenses:				
Water department:				
Administration	49,982	46,622	3,360	37,052
General operations	267,912	209,558	58,354	265,569
Water operations	198,800	150,592	48,208	151,575
Depreciation	280,000	254,245	25,755	249,274
Total operating expenses	796,694	661,017	135,677	703,470
Operating (loss)	(248,294)	(108,634)	139,660	(239,526)
Nonoperating revenue (expense):				
Investment income	23,000	25,578	2,578	23,456
Miscellaneous	10,000	14,230	4,230	8,446
Grant	-	-	-	24,118
Interest expense	(19,698)	(20,455)	(757)	(19,979)
Contract services	-	98,147	98,147	-
Water surcharge	77,000	75,011	(1,989)	79,397
Total nonoperating revenue	90,302	192,511	102,209	115,438
Net income (loss)	\$ (157,992)	83,877	\$ 241,869	(124,088)
Net Assets:				
Beginning of year		5,952,353		6,076,441
End of year		\$ 6,036,230		\$ 5,952,353

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES WATER FUND
SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2010
(With comparative Amounts for the Year Ended June 30, 2009)

	2010	2009
Cash flows from operating activities:		
Cash received from customers	\$ 549,696	\$ 453,547
Cash paid for salaries, wages and employee benefits	(201,989)	(233,439)
Cash paid for services and supplies	(189,991)	(191,246)
Net cash provided by operating activities	<u>157,716</u>	<u>28,862</u>
Cash flows from noncapital financing activities:		
Miscellaneous revenue	14,230	8,446
Grants	-	24,118
Contract services	98,147	-
Surcharges	75,011	79,397
Net cash provided by noncapital financing activities	<u>187,388</u>	<u>111,961</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(150,838)	(66,094)
Principal paid	(6,376)	(5,969)
Interest paid	(20,455)	(19,979)
Net cash (used) by capital and related financing activities	<u>(177,669)</u>	<u>(92,042)</u>
Cash flows from investing activities:		
Investment income	26,667	23,547
Net increase in cash	194,102	72,328
Cash:		
Beginning of year	664,573	592,245
End of year	<u>\$ 858,675</u>	<u>\$ 664,573</u>
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (108,634)	\$ (239,526)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	254,245	249,274
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	43	(14,247)
(Increase) decrease in prepaid expenses	-	5,391
(Increase) decrease in inventory	(6,333)	13,210
Increase (decrease) in accounts payable	(35)	19,655
Increase (decrease) in accrued payroll	21,160	(8,745)
Increase (decrease) in customer deposits	(2,730)	3,850
Total adjustments	<u>266,350</u>	<u>268,388</u>
Net cash provided by operating activities	<u>\$ 157,716</u>	<u>\$ 28,862</u>

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For the year ended June 30, 2010

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES SEWER FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
<u>ASSETS:</u>		
Current assets:		
Pooled cash and investments	\$ 605,077	\$ 392,350
Interest receivable	2,959	3,206
Accounts receivable, net of allowance for doubtful accounts	58,632	39,743
Inventory	3,720	3,740
Restricted assets - cash		
Sewer construction	608	590
Sewer debt service	4,170	8,465
Sewer debt reserve	13,386	9,879
Total Restricted assets - cash	<u>18,164</u>	<u>18,934</u>
Total current assets	688,552	457,973
Property, plant and equipment, net of accumulated depreciation	<u>6,349,855</u>	<u>6,564,320</u>
Total assets	<u>7,038,407</u>	<u>7,022,293</u>
<u>LIABILITIES:</u>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	5,612	3,705
Accrued payroll	13,251	10,415
Accrued compensated absences	6,790	5,438
Current portion of bonds payable	6,631	6,356
Total current liabilities	<u>32,284</u>	<u>25,914</u>
Non-current liabilities:		
OPEB obligation payable	14,539	-
Accrued compensated absences	18,580	14,885
Bonds payable	575,590	582,231
Total non-current liabilities	<u>608,709</u>	<u>597,116</u>
Total liabilities	<u>640,993</u>	<u>623,030</u>
<u>NET ASSETS:</u>		
Invested in capital assets, net of related debt	5,767,634	5,975,733
Restricted for debt	17,556	18,344
Restricted for construction	608	590
Unrestricted	611,616	404,596
Total net assets	<u>\$ 6,397,414</u>	<u>\$ 6,399,263</u>

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES SEWER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2010
(with Comparative Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actuals
	Budget	Actual		
Operating revenues:				
Charges for services:				
Sewer fees	\$ 436,440	\$ 430,140	\$ (6,300)	\$ 284,841
Operating expenses:				
Sewer department:				
Administration	135,643	109,401	26,242	107,375
General operations	192,866	122,975	69,891	104,312
Sewer operations	63,000	21,164	41,836	17,891
Depreciation	160,000	215,940	(55,940)	223,141
Total operating expenses	551,509	469,480	82,029	452,719
Operating (loss)	(115,069)	(39,340)	75,729	(167,878)
Nonoperating revenue (expense):				
Investment income	10,000	18,389	8,389	14,211
Interest expense	(24,892)	(23,999)	893	(25,156)
Capital projects fees	-	12,075	12,075	5,190
Debt surcharge	34,500	31,026	(3,474)	37,381
Total nonoperating revenue	19,608	37,491	17,883	31,626
Net income (loss)	\$ (95,461)	(1,849)	\$ 93,612	(136,252)
Net Assets:				
Beginning of year		6,399,263		6,535,515
End of year		\$ 6,397,414		\$ 6,399,263

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES SEWER FUND
SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2010
(With comparative Amounts for the Year Ended June 30, 2009)

	2010	2009
Cash flows from operating activities:		
Cash received from customers	\$ 411,251	\$ 279,539
Cash paid for salaries, wages and employee benefits	(178,805)	(181,263)
Cash paid for services and supplies	<u>(50,386)</u>	<u>(50,548)</u>
Net cash provided by operating activities	<u>182,060</u>	<u>47,728</u>
Cash flows from noncapital financing activities:		
Grants	-	208,134
Capital projects fees	12,075	5,190
Debt surcharge	<u>31,026</u>	<u>37,381</u>
Net cash provided by noncapital financing activities	<u>43,101</u>	<u>250,705</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,475)	(275,744)
Principal paid	(6,366)	(6,092)
Interest paid	<u>(23,999)</u>	<u>(25,156)</u>
Net cash (used) by capital and related financing activities	<u>(31,840)</u>	<u>(306,992)</u>
Cash flows from investing activities:		
Investment income	<u>18,636</u>	<u>14,176</u>
Net increase in cash	211,957	5,617
Cash:		
Beginning of year	<u>411,284</u>	<u>405,667</u>
End of year	<u>\$ 623,241</u>	<u>\$ 411,284</u>
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	<u>\$ (39,340)</u>	<u>\$ (167,878)</u>
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	215,940	223,141
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(18,889)	(5,302)
(Increase) decrease in prepaid expenses	-	5,641
(Increase) decrease in inventory	20	(187)
Increase (decrease) in accounts payable	1,907	2,166
Increase (decrease) in accrued payroll	<u>22,422</u>	<u>(9,853)</u>
Total adjustments	<u>221,400</u>	<u>215,606</u>
Net cash provided by operating activities	<u>\$ 182,060</u>	<u>\$ 47,728</u>

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For the year ended June 30, 2010

NONMAJOR GOVERNMENTAL FUNDS

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

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For the year ended June 30, 2010

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

June 30, 2010

(With Comparative Totals for June 30, 2009)

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2010 Totals	2009 Totals
Assets:				
Pooled cash and investments	\$ 123,236	\$ 307,625	\$ 430,861	\$ 424,266
Interest receivable	625	1,589	2,214	3,237
Room tax receivable	<u>2,134</u>	<u>-</u>	<u>2,134</u>	<u>2,095</u>
 Total assets	 <u>\$ 125,995</u>	 <u>\$ 309,214</u>	 <u>\$ 435,209</u>	 <u>\$ 429,598</u>
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 47,707</u>	<u>\$ 47,707</u>	<u>\$ 24,311</u>
Fund Balance:				
Fund balance - unreserved:				
Designated for subsequent year	118,025	259,965	377,990	366,438
Undesignated	<u>7,970</u>	<u>1,542</u>	<u>9,512</u>	<u>38,849</u>
 Total fund balance	 <u>125,995</u>	 <u>261,507</u>	 <u>387,502</u>	 <u>405,287</u>
 Total liabilities and fund balance	 <u>\$ 125,995</u>	 <u>\$ 309,214</u>	 <u>\$ 435,209</u>	 <u>\$ 429,598</u>

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

For the Year Ended June 30, 2010

(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2010 Totals	2009 Totals
Revenues:				
Taxes	\$ 22,141	\$ -	\$ 22,141	\$ 23,311
Intergovernmental	-	31,831	31,831	31,975
Charges for services	-	978	978	1,012
Other	<u>4,172</u>	<u>10,861</u>	<u>15,033</u>	<u>17,604</u>
 Total revenues	 <u>26,313</u>	 <u>43,670</u>	 <u>69,983</u>	 <u>73,902</u>
Expenditures:				
Current:				
Culture and recreation	12,843	-	12,843	19,662
Capital projects	<u>-</u>	<u>74,925</u>	<u>74,925</u>	<u>19,182</u>
 Total expenditures	 <u>12,843</u>	 <u>74,925</u>	 <u>87,768</u>	 <u>38,844</u>
 Excess (deficiency) of revenues over expenditures	 13,470	 (31,255)	 (17,785)	 35,058
Fund balance:				
Beginning of year	<u>112,525</u>	<u>292,762</u>	<u>405,287</u>	<u>370,229</u>
End of year	<u>\$ 125,995</u>	<u>\$ 261,507</u>	<u>\$ 387,502</u>	<u>\$ 405,287</u>

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For the year ended June 30, 2010

NONMAJOR SPECIAL REVENUE FUND

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

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

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

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For the year ended June 30, 2010

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2010
(With Comparative Totals for June 30, 2009)

	State Room Tax	Mural Fund	Totals 2010	2009
<u>ASSETS:</u>				
Pooled cash and investments	\$ 105,106	\$ 18,130	\$ 123,236	\$ 111,946
Interest receivable	532	93	625	898
Room tax receivable	<u>2,134</u>	<u>-</u>	<u>2,134</u>	<u>2,095</u>
 Total assets	 <u>\$ 107,772</u>	 <u>\$ 18,223</u>	 <u>\$ 125,995</u>	 <u>\$ 114,939</u>
 <u>LIABILITIES:</u>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,414</u>
 <u>FUND BALANCE:</u>				
Unreserved:				
Designated for subsequent year	99,923	18,102	118,025	94,438
Undesignated	<u>7,849</u>	<u>121</u>	<u>7,970</u>	<u>18,087</u>
 Total fund balance	 <u>107,772</u>	 <u>18,223</u>	 <u>125,995</u>	 <u>112,525</u>
 Total liabilities and fund balance	 <u>\$ 107,772</u>	 <u>\$ 18,223</u>	 <u>\$ 125,995</u>	 <u>\$ 114,939</u>

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

For the Year Ended June 30, 2010

(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	State Room Tax	Mural Fund	Totals 2010	2009
Revenues:				
Taxes	\$ 22,141	\$ -	\$ 22,141	\$ 23,311
Other	<u>3,551</u>	<u>621</u>	<u>4,172</u>	<u>6,669</u>
 Total revenues	 25,692	 621	 26,313	 29,980
Expenditures:				
Culture and recreation	<u>12,843</u>	<u>-</u>	<u>12,843</u>	<u>8,509</u>
 Excess (deficiency) of revenues over expenditures	 12,849	 621	 13,470	 21,471
Fund balance:				
Beginning of year	<u>94,923</u>	<u>17,602</u>	<u>112,525</u>	<u>91,054</u>
End of year	<u>\$ 107,772</u>	<u>\$ 18,223</u>	<u>\$ 125,995</u>	<u>\$ 112,525</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-STATE ROOM TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
<u>ASSETS:</u>		
Pooled cash and investments	\$ 105,106	\$ 94,487
Interest receivable	532	755
Room tax receivable	<u>2,134</u>	<u>2,095</u>
 Total assets	 <u>\$ 107,772</u>	 <u>\$ 97,337</u>
 <u>LIABILITIES:</u>		
Accounts payable	\$ <u>-</u>	\$ <u>2,414</u>
 <u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	99,923	76,836
Undesignated	<u>7,849</u>	<u>18,087</u>
 Total fund balance	 <u>107,772</u>	 <u>94,923</u>
 Total liabilities and fund balance	 <u>\$ 107,772</u>	 <u>\$ 97,337</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Room tax	\$ 20,000	\$ 22,141	\$ 2,141	\$ 23,311
Other:				
Investment income	<u>-</u>	<u>3,551</u>	<u>3,551</u>	<u>3,285</u>
Total revenues	20,000	25,692	5,692	26,596
Expenditures:				
Culture and recreation:				
Services and supplies	<u>96,836</u>	<u>12,843</u>	<u>83,993</u>	<u>8,509</u>
Excess (deficiency) of revenues over expenditures	(76,836)	12,849	89,685	18,087
Fund balance:				
Beginning of year	<u>76,836</u>	<u>94,923</u>	<u>18,087</u>	<u>76,836</u>
End of year	<u>\$ -</u>	<u>\$ 107,772</u>	<u>\$ 107,772</u>	<u>\$ 94,923</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-MURAL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
<u>ASSETS:</u>		
Pooled cash and investments	\$ 18,130	\$ 17,459
Interest receivable	<u>93</u>	<u>143</u>
Total assets	<u>\$ 18,223</u>	<u>\$ 17,602</u>
<u>LIABILITIES:</u>		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	18,102	17,602
Undesignated	<u>121</u>	<u>-</u>
Total fund balance	<u>18,223</u>	<u>17,602</u>
Total liabilities and fund balance	<u>\$ 18,223</u>	<u>\$ 17,602</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Other:				
Investment income	\$ -	\$ 621	\$ 621	\$ 584
Donations	<u>2,400</u>	<u>-</u>	<u>(2,400)</u>	<u>2,800</u>
Total revenues	2,400	621	(1,779)	3,384
Expenditures:				
Culture and recreation:				
Capital outlay	<u>20,618</u>	<u>-</u>	<u>20,618</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(18,218)	621	18,839	3,384
Fund balance:				
Beginning of year	<u>18,218</u>	<u>17,602</u>	<u>(616)</u>	<u>14,218</u>
End of year	<u>\$ -</u>	<u>\$ 18,223</u>	<u>\$ 18,223</u>	<u>\$ 17,602</u>

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For the year ended June 30, 2010

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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For the year ended June 30, 2010

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2010
(With Comparative Totals for June 30, 2009)

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2010	Totals 2009
<u>ASSETS:</u>					
Pooled cash and investments	\$ 10,680	\$ 260,452	\$ 36,493	\$ 307,625	\$ 312,320
Interest receivable	<u>54</u>	<u>1,348</u>	<u>187</u>	<u>1,589</u>	<u>2,339</u>
 Total assets	 <u>\$ 10,734</u>	 <u>\$ 261,800</u>	 <u>\$ 36,680</u>	 <u>\$ 309,214</u>	 <u>\$ 314,659</u>
<u>LIABILITIES:</u>					
Accounts payable	\$ -	\$ 47,707	\$ -	\$ 47,707	\$ 21,897
 <u>FUND BALANCE:</u>					
Unreserved:					
Designated for subsequent year	10,734	213,049	36,182	259,965	272,000
Undesignated	<u>-</u>	<u>1,044</u>	<u>498</u>	<u>1,542</u>	<u>20,762</u>
 Total fund balance	 <u>10,734</u>	 <u>214,093</u>	 <u>36,680</u>	 <u>261,507</u>	 <u>292,762</u>
 Total liabilities and fund balance	 <u>\$ 10,734</u>	 <u>\$ 261,800</u>	 <u>\$ 36,680</u>	 <u>\$ 309,214</u>	 <u>\$ 314,659</u>

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

For the Year Ended June 30, 2010

(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2010	Totals 2009
Revenues:					
Intergovernmental	\$ -	\$ 31,831	\$ -	\$ 31,831	\$ 31,975
Charges for services	978	-	-	978	1,012
Other	<u>400</u>	<u>9,213</u>	<u>1,248</u>	<u>10,861</u>	<u>10,935</u>
Total revenues	<u>1,378</u>	<u>41,044</u>	<u>1,248</u>	<u>43,670</u>	<u>43,922</u>
Expenditures:					
Current	-	-	-	-	11,153
Capital projects	<u>9,925</u>	<u>65,000</u>	<u>-</u>	<u>74,925</u>	<u>19,182</u>
Total expenditures	<u>9,925</u>	<u>65,000</u>	<u>-</u>	<u>74,925</u>	<u>30,335</u>
Excess (deficiency) of revenues over expenditures	(8,547)	(23,956)	1,248	(31,255)	13,587
Fund balance:					
Beginning of year	<u>19,281</u>	<u>238,049</u>	<u>35,432</u>	<u>292,762</u>	<u>279,175</u>
End of year	<u>\$ 10,734</u>	<u>\$ 214,093</u>	<u>\$ 36,680</u>	<u>\$ 261,507</u>	<u>\$ 292,762</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
<u>ASSETS:</u>		
Pooled cash and investments	\$ 10,680	\$ 19,125
Interest receivable	<u>54</u>	<u>156</u>
Total assets	<u>\$ 10,734</u>	<u>\$ 19,281</u>
<u>LIABILITIES:</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	<u>10,734</u>	<u>19,281</u>
Total liabilities and fund balance	<u>\$ 10,734</u>	<u>\$ 19,281</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Charges for services:				
Rescue runs	\$ 4,000	\$ 978	\$ (3,022)	\$ 1,012
Other:				
Investment income	<u>-</u>	<u>400</u>	<u>400</u>	<u>811</u>
Total revenues	4,000	1,378	(2,622)	1,823
Expenditures:				
Capital projects	<u>25,456</u>	<u>9,925</u>	<u>15,531</u>	<u>1,998</u>
Excess (deficiency) of revenues over expenditures	(21,456)	(8,547)	12,909	(175)
Fund balance:				
Beginning of year	<u>21,456</u>	<u>19,281</u>	<u>(2,175)</u>	<u>19,456</u>
End of year	<u>\$ -</u>	<u>\$ 10,734</u>	<u>\$ 10,734</u>	<u>\$ 19,281</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-SPECIAL AD VALOREM CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
<u>ASSETS:</u>		
Pooled cash and investments	\$ 260,452	\$ 258,051
Interest receivable	<u>1,348</u>	<u>1,895</u>
 Total assets	 <u>\$ 261,800</u>	 <u>\$ 259,946</u>
<u>LIABILITIES:</u>		
Accounts payable	<u>\$ 47,707</u>	<u>\$ 21,897</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	213,049	218,653
Undesignated	<u>1,044</u>	<u>19,396</u>
 Total fund balance	 <u>214,093</u>	 <u>238,049</u>
 Total liabilities and fund balance	 <u>\$ 261,800</u>	 <u>\$ 259,946</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, 2010
(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Variance- Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Intergovernmental:	\$ 24,000	\$ 31,831	\$ 7,831	\$ 31,975
Other:				
Investment income	-	9,213	9,213	8,758
Total revenues	<u>24,000</u>	<u>41,044</u>	<u>17,044</u>	<u>40,733</u>
Expenditures:				
Current	-	-	-	11,153
Capital projects	<u>242,653</u>	<u>65,000</u>	<u>177,653</u>	<u>17,184</u>
Total expenditures	<u>242,653</u>	<u>65,000</u>	<u>177,653</u>	<u>28,337</u>
Excess (deficiency) of revenues over expenditures	(218,653)	(23,956)	194,697	12,396
Fund balance:				
Beginning of year	<u>218,653</u>	<u>238,049</u>	<u>19,396</u>	<u>225,653</u>
End of year	<u>\$ -</u>	<u>\$ 214,093</u>	<u>\$ 214,093</u>	<u>\$ 238,049</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-MINING CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
<u>ASSETS:</u>		
Pooled cash and investments	\$ 36,493	\$ 35,144
Interest receivable	<u>187</u>	<u>288</u>
 Total assets	 <u>\$ 36,680</u>	 <u>\$ 35,432</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	\$ 36,182	\$ 34,066
Undesignated	<u>498</u>	<u>1,366</u>
 Total fund balance	 <u>\$ 36,680</u>	 <u>\$ 35,432</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, 2010
(With Comparative Amounts for the Year Ended June 30, 2009)

	2010		Variance-	2009
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Other:				
Investment income	\$ -	\$ 1,248	\$ 1,248	\$ 1,366
Expenditures:				
Capital projects	<u>34,066</u>	<u>-</u>	<u>34,066</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(34,066)	1,248	35,314	1,366
Fund balance:				
Beginning of year	<u>34,066</u>	<u>35,432</u>	<u>1,366</u>	<u>34,066</u>
End of year	<u>\$ -</u>	<u>\$ 36,680</u>	<u>\$ 36,680</u>	<u>\$ 35,432</u>

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For the year ended June 30, 2010

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of the Town Board
Town of Tonopah, Nevada

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tonopah, Nevada (the Town) as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements and have issued my report thereon dated January 18, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their 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. I consider the deficiency described in the accompanying schedule of findings to be a material weakness. See finding 2010-01.

Compliance and Other Matters

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

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

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



Las Vegas, Nevada
January 18, 2011

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

Financial Statement Findings

2010-01 Lack of ability to independently prepare financial statements and related footnote disclosures

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

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

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

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

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

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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Honorable Members of the Town Board
Town of Tonopah, Nevada

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tonopah, Nevada (the Town) as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements and have issued my report thereon dated January 18, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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



Las Vegas, Nevada
January 18, 2011

TOWN OF TONOPAH, NEVADA
SCHEDULE OF BUSINESS LICENSE FEES
APPENDIX A
JUNE 30, 2010

Nevada Revised Statutes 354.624.4(a) requires a schedule of all fees imposed by the Town which are subject to the provisions of NRS 354.5989. The Town charges a business license fee that is subject to NRS 354.5989. During the year ended June 30, 2010, the Town did not raise fees on business licenses subject to the limitations of NRS 354.5989.

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

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

Additional points are assessed for the calculation of the license based on number of employees, hours of operation and number of locations. The points for each category have not changed during the year ended June 30, 2010.

TOWN OF TONOPAH, NEVADA
SCHEDULE OF CAPITAL PROJECTS ACTIVITY
APPENDIX B
JUNE 30, 2010

The following are responses to requirements of NRS 354.6113:

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

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

Response

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

Special Capital Projects Fund:	
Convention Center Building	\$ <u>65,000</u>
Capital Project Fund:	
Convention Center Building	\$ <u>9,925</u>

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

Response

Special Capital Projects Fund:	
Taxes	\$ 24,000
Capital Projects Fund	
Rescue Runs	\$ 4,000
Interest	\$ 700

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

Response

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

Special Capital Projects Fund:	
Renovation of Town buildings	\$ 237,049
Capital Projects Fund:	
Repairs to Town buildings	\$ 16,756
Mining Park Capital Projects Fund:	
Underground mining displays	\$ 36,182

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

Response

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