

TOWN OF TONOPAH, NEVADA
REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL
YEAR ENDED JUNE 30, 2008

**TOWN OF TONOPAH, NEVADA
 REPORT ON FINANCIAL STATEMENTS
 AND SUPPLEMENTAL MATERIAL
 FOR THE YEAR ENDED JUNE 30, 2008
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TOWN OF TONOPA, NEVADA

ORGANIZATION

TOWN OFFICERS at June 30, 2008

Chairman	Cindy Kaminski
Vice Chairman	Paul Campos
Town Clerk	Terry Rivero
Board Member	Thomas Hawkins
Board Member	Glenn Hatch

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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 20, 2008, on my consideration of the Town of Tonopah, Nevada'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 14 is not a required part of the basic financial statements but is 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 and combining and individual fund 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 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.

Las Vegas, Nevada
November 20, 2008

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2008

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 \$330,951, ad valorem taxes (property taxes) of \$123,158, consolidated taxes (sales taxes) of \$315,504, and revenue from Nye County for property taxes levied from Nye Hospital in 2007 of \$187,915. These revenue sources comprised 28.42%, 10.58%, 27.09% and 16.14% respectively, or 82.23% of total governmental activities revenues.

The Town's total expenses were \$1,869,271. The greatest expenses were \$246,623 in general government and \$285,731 in the culture and recreation function. The business-type activities contributed \$1,144,469 to the Town's total expenses

At the end of the fiscal year, the fund balance for the General Fund was \$1,280,147. This was an increase of \$401,633 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).

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2008

Government-wide Financial Statements (Continued)

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.

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.

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2008

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, 2008**

Government-wide Financial Analysis

Net assets of the Town as of June 30, 2008, are summarized and analyzed below:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets:						
Current and other assets	\$1,696,580	\$ 1,263,364	\$ 1,395,734	\$ 1,561,077	\$ 3,092,314	\$ 2,824,441
Net capital assets	<u>2,971,655</u>	<u>2,987,690</u>	<u>12,674,204</u>	<u>11,276,303</u>	<u>15,645,859</u>	<u>14,263,993</u>
Total Assets	<u>4,668,235</u>	<u>4,251,054</u>	<u>14,069,938</u>	<u>12,837,380</u>	<u>18,738,173</u>	<u>17,088,434</u>
Liabilities:						
Current liabilities	40,117	69,268	328,308	409,594	368,425	478,862
Long-term liabilities	<u>22,437</u>	<u>15,907</u>	<u>1,129,674</u>	<u>1,374,285</u>	<u>1,152,111</u>	<u>1,390,192</u>
Total Liabilities	<u>62,554</u>	<u>85,175</u>	<u>1,457,982</u>	<u>1,783,879</u>	<u>1,520,536</u>	<u>1,869,054</u>
Net Assets:						
Invested in capital assets						
net of related debt	2,971,655	2,987,690	11,606,723	9,987,779	14,578,378	12,975,469
Restricted	279,175	246,661	208,722	561,371	487,897	808,032
Unrestricted	<u>1,354,851</u>	<u>931,528</u>	<u>796,511</u>	<u>504,351</u>	<u>2,151,362</u>	<u>1,435,879</u>
Total Net Assets	<u>\$4,605,681</u>	<u>\$ 4,165,879</u>	<u>\$ 12,611,956</u>	<u>\$11,053,501</u>	<u>\$ 17,217,637</u>	<u>\$15,219,380</u>

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. Assets exceeded liabilities by \$17,217,637 as of June 30, 2008.

The largest portion of the Town's net assets, 84.67%, 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, 2008

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

	Governmental Activities		Business Type Activities		Total Primary Governmental	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 95,902	\$ 100,157	\$ 796,713	\$ 805,825	\$ 892,615	\$ 905,982
Operating grant	28,269	10,805	-	-	28,269	10,805
Capital grant	25,015	122,903	1,864,031	1,955,568	1,889,046	2,078,471
General revenues:						
Ad valorem taxes	123,158	113,800	-	-	123,158	113,800
Room tax	330,951	313,184	-	-	330,951	313,184
Consolidated tax	315,504	351,563	-	-	315,504	351,563
Fuel taxes	5,703	7,722	-	-	5,703	7,722
Interest	49,794	48,292	34,720	38,638	84,514	86,930
Other - Nye Regional	187,915	-	-	-	187,915	-
Miscellaneous	2,393	530	7,460	10,211	9,853	10,741
Total revenues	<u>1,164,604</u>	<u>1,068,956</u>	<u>2,702,924</u>	<u>2,810,242</u>	<u>3,867,528</u>	<u>3,879,198</u>
Expenses:						
General government	246,623	190,998	-	-	246,623	190,998
Public safety	55,909	57,793	-	-	55,909	57,793
Public works	136,539	121,141	-	-	136,539	121,141
Culture and recreation	285,731	271,447	-	-	285,731	271,447
Utility operations	-	-	1,144,469	1,040,529	1,144,469	1,040,529
Total expenses	<u>724,802</u>	<u>641,379</u>	<u>1,144,469</u>	<u>1,040,529</u>	<u>1,869,271</u>	<u>1,681,908</u>
Change in net assets	439,802	427,577	1,558,455	1,769,713	1,998,257	2,197,290
Net assets - beginning	<u>4,165,879</u>	<u>3,738,302</u>	<u>11,053,501</u>	<u>9,283,788</u>	<u>15,219,380</u>	<u>13,022,090</u>
Net assets - ending	<u>\$ 4,605,681</u>	<u>\$ 4,165,879</u>	<u>\$ 12,611,956</u>	<u>\$ 11,053,501</u>	<u>\$ 17,217,637</u>	<u>\$ 15,219,380</u>

Program revenues include charges for services, 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 general revenue came from charges for services related to the Water and Sewer Utility.

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2008

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 \$1,650,376. Approximately 32.37% of fund balances or \$534,265 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 \$455,263. The total fund balance was \$1,280,147.

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

Revenues increased by \$185,452 or 21.15%. Tax revenues increased by \$25,219 or 6.68%, due to an increase in room taxes. Intergovernmental revenues increased by \$164,782, or 43.30%, due to money from Nye County for the collection of property taxes from Nye Hospital.

Expenditures increased by \$62,991, or 10.54%, primarily due to a grant for the rehabilitation assessment of the old fire station building and an extra employee working in highways and streets.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in governmental type capital assets, net of accumulated depreciation at June 30, 2008, was \$2,971,655. Business type capital assets were \$12,674,204. Detail by type of activity and asset is summarized in the following table.

**Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2008**

Governmental Activities

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2008</u>
Capital asset not being depreciated:				
Land	\$ 2,215,563	\$ 0	\$ 0	\$ 2,215,563
Capital assets being depreciated:				
Building	953,177	0	0	953,177
Equipment	999,166	32,980	0	1,032,146
Total capital assets being depreciated	<u>1,952,343</u>	<u>32,980</u>	<u>0</u>	<u>1,985,323</u>
Less accumulated depreciation for:				
Building	432,362	19,064	0	451,426
Equipment	747,854	29,951	0	777,805
Total accumulated depreciation	<u>1,180,216</u>	<u>49,015</u>	<u>0</u>	<u>1,229,231</u>
Total capital assets being depreciated, net	<u>772,127</u>	<u>(16,035)</u>	<u>0</u>	<u>756,092</u>
Governmental activities assets, net	<u>\$ 2,987,690</u>	<u>\$ (16,035)</u>	<u>\$ 0</u>	<u>\$ 2,971,655</u>

Business-type Activities:

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2008</u>
Capital assets not being depreciated:				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Capital assets being depreciated:				
Equipment	18,051,280	1,859,667	0	19,910,947
Less accumulated depreciation for:				
Equipment	6,829,977	461,766	0	7,291,743
Total capital assets being depreciated, net	<u>11,221,303</u>	<u>1,397,901</u>	<u>0</u>	<u>12,619,204</u>
Business-type Activities assets, net	<u>\$ 11,276,303</u>	<u>\$1,397,901</u>	<u>\$ 0</u>	<u>\$12,674,204</u>

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

Debt Administration

Governmental Type Activities:

	Balance at <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>June 30, 2008</u>
Compensated absences	\$ 15,907	\$ 6,530	\$ 0	\$ 22,437

Business Type Activities:

	Balance at <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>June 30, 2008</u>
Compensated absences	\$ 59,653	\$ 2,540	\$ 0	\$ 62,193
Interim debenture	810,001	0	810,001	0
Bonds payable	478,523	600,000	11,042	1,067,481
Total	<u>\$1,348,177</u>	<u>\$ 602,540</u>	<u>\$ 821,043</u>	<u>\$ 1,129,674</u>

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2008

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, 2008

	Governmental Activities 2008	Business-type Activities 2008	Total Primary Government 2008
Assets:			
Cash and cash equivalents	\$ 1,612,596	\$ 705,276	\$ 2,317,872
Interest receivable	12,052	8,461	20,513
Taxes receivable	7,320	-	7,320
Room tax receivable	36,141	-	36,141
Prepaid expenses	-	11,032	11,032
Due from other governments	28,471	208,134	236,605
Accounts receivable net of allowance for uncollectibles	-	89,785	89,785
Inventory	-	80,410	80,410
Restricted assets - cash	-	292,636	292,636
Capital assets (net of accumulated depreciation)	<u>2,971,655</u>	<u>12,674,204</u>	<u>15,645,859</u>
Total assets	<u>4,668,235</u>	<u>14,069,938</u>	<u>18,738,173</u>
Liabilities:			
Accounts payable	14,992	228,387	243,379
Accrued payroll and benefits	25,125	20,967	46,092
Payable from restricted assets			
Accounts payable		63,465	63,465
Customer deposits	-	15,489	15,489
Noncurrent liabilities			
Accrued compensated absences	22,437	62,193	84,630
Current portion of bonds payable	-	12,061	12,061
Bonds payable	<u>-</u>	<u>1,055,420</u>	<u>1,055,420</u>
Total liabilities	<u>62,554</u>	<u>1,457,982</u>	<u>1,520,536</u>
Net assets:			
Invested in capital assets, net of related debt	2,971,655	11,606,723	14,578,378
Restricted for:			
Debt	-	17,841	17,841
Capital replacement	-	190,291	190,291
Capital projects	279,175	590	279,765
Unrestricted	<u>1,354,851</u>	<u>796,511</u>	<u>2,151,362</u>
Total net assets	<u>\$ 4,605,681</u>	<u>\$ 12,611,956</u>	<u>\$ 17,217,637</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, 2008**

Functions/Programs	Expenses	Program Revenues		Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary governments:							
General government	\$ (246,623)	\$ 69,878	\$ -	\$ -	\$ (176,745)	\$ -	\$ (176,745)
Public safety	(55,909)	2,763	15,000	-	(38,146)	-	(38,146)
Public works	(136,539)	-	-	-	(136,539)	-	(136,539)
Culture and recreation	(285,731)	23,261	13,269	25,015	(224,186)	-	(224,186)
Total governmental activities	(724,802)	95,902	28,269	25,015	(575,616)	-	(575,616)
Business-type activities:							
Water	(699,582)	418,727	-	-	-	(280,855)	(280,855)
Sewer	(444,887)	268,565	-	1,864,031	-	1,687,709	1,687,709
Total business-type activities	(1,144,469)	687,292	-	1,864,031	-	1,406,854	1,406,854
Total primary governments	<u>\$(1,869,271)</u>	<u>\$ 783,194</u>	<u>\$ 28,269</u>	<u>\$ 1,889,046</u>	<u>(575,616)</u>	<u>1,406,854</u>	<u>831,238</u>
General Revenues:							
Property taxes					123,158	-	123,158
Room tax					330,951	-	330,951
Fuel tax					5,703	-	5,703
Consolidated taxes					315,504	-	315,504
Interest					49,794	34,720	84,514
Debt service					-	30,441	30,441
Surcharge					-	78,980	78,980
Other - Nye Regional					187,915	-	187,915
Miscellaneous					2,393	7,460	9,853
Total general revenues					<u>1,015,418</u>	<u>151,601</u>	<u>1,167,019</u>
Change in net assets					439,802	1,558,455	1,998,257
Net assets - beginning of year					<u>4,165,879</u>	<u>11,053,501</u>	<u>15,219,380</u>
Net assets - end of year					<u>\$ 4,605,681</u>	<u>\$ 12,611,956</u>	<u>\$ 17,217,637</u>

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

TOWN OF TONOPAH, NEVADA
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2008

	Major Fund - General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 1,247,980	\$ 364,616	\$ 1,612,596
Interest receivable	9,036	3,016	12,052
Taxes receivable	7,320	-	7,320
Room tax receivable	33,544	2,597	36,141
Due from other governments	<u>28,471</u>	<u>-</u>	<u>28,471</u>
Total assets	<u>\$ 1,326,351</u>	<u>\$ 370,229</u>	<u>\$ 1,696,580</u>
Liabilities:			
Accounts payable	\$ 14,992	\$ -	\$ 14,992
Accrued payroll	25,125	-	25,125
Deferred taxes	<u>6,087</u>	<u>-</u>	<u>6,087</u>
Total liabilities	<u>46,204</u>	<u>-</u>	<u>46,204</u>
Fund Equity:			
Fund balance - unreserved:			
Designated for subsequent year	824,884	291,227	1,116,111
Undesignated	<u>455,263</u>	<u>79,002</u>	<u>534,265</u>
Total fund equity	<u>1,280,147</u>	<u>370,229</u>	<u>1,650,376</u>
Total liabilities and fund equity	<u>\$ 1,326,351</u>	<u>\$ 370,229</u>	<u>\$ 1,696,580</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, 2008

Total fund balance - governmental funds **\$ 1,650,376**

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 2,971,655

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 6,087

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 (22,437)

Total net assets - governmental activities **\$ 4,605,681**

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, 2008

	Major Fund- General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 402,612	\$ 24,382	\$ 426,994
Licenses and permits	16,674	-	16,674
Intergovernmental	545,357	28,606	573,963
Charges for services	23,814	2,210	26,024
Fines and forfeitures	31,969	-	31,969
Other	<u>41,973</u>	<u>23,483</u>	<u>65,456</u>
 Total revenues	 <u>1,062,399</u>	 <u>78,681</u>	 <u>1,141,080</u>
Expenditures:			
Current:			
General government	239,318	-	239,318
Public safety	40,381	-	40,381
Public works	132,383	-	132,383
Culture and recreation	248,684	9,618	258,302
Capital projects	<u>-</u>	<u>6,838</u>	<u>6,838</u>
 Total expenditures	 <u>660,766</u>	 <u>16,456</u>	 <u>677,222</u>
 Excess (deficiency) of revenues over expenditures	 401,633	 62,225	 463,858
Fund balance:			
Beginning of year	<u>878,514</u>	<u>308,004</u>	<u>1,186,518</u>
 End of year	 <u>\$ 1,280,147</u>	 <u>\$ 370,229</u>	 <u>\$ 1,650,376</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, 2008

Net change in fund balance - governmental funds	\$ 463,858
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.	(41,050)
The effect of donated capital assets is to increase net assets.	25,015
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.	(1,491)
Generally, expenditures recognized in fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the Statement of Activities when incurred.	<u>(6,530)</u>
Change in net assets of governmental activities	<u>\$ 439,802</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, 2008

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 92,263	\$ 92,263	\$ 96,043	\$ 3,780
Room taxes	220,000	220,000	306,569	86,569
Total taxes	<u>312,263</u>	<u>312,263</u>	<u>402,612</u>	<u>90,349</u>
Licenses and permits	<u>16,000</u>	<u>16,000</u>	<u>16,674</u>	<u>674</u>
Intergovernmental:				
County liquor license	1,800	1,800	1,840	40
County gaming license	17,000	17,000	19,395	2,395
Consolidated tax	374,943	374,943	315,504	(59,439)
Grants	-	15,000	15,000	-
Gas tax \$1.75	6,243	6,243	5,703	(540)
Other-Nye Regional	-	-	187,915	187,915
Total intergovernmental	<u>399,986</u>	<u>414,986</u>	<u>545,357</u>	<u>130,371</u>
Charges for services:				
Rescue runs	600	600	553	(47)
Swimming pool fees	7,700	7,700	7,951	251
Convention Center rental	10,000	10,000	13,110	3,110
Baseball complex fees	600	600	2,015	1,415
Fairgrounds rental	450	450	185	(265)
Total charges for services	<u>19,350</u>	<u>19,350</u>	<u>23,814</u>	<u>4,464</u>
Fines and forfeitures	<u>28,000</u>	<u>28,000</u>	<u>31,969</u>	<u>3,969</u>
Other:				
Investment income	7,000	7,000	34,711	27,711
Mining park donations	3,000	3,000	4,869	1,869
Mining park curator fees	3,000	3,000	-	(3,000)
Ore cart fee	500	500	-	(500)
Gift shop fees	24,000	24,000	-	(24,000)
Miscellaneous	2,000	2,000	2,393	393
Total other	<u>39,500</u>	<u>39,500</u>	<u>41,973</u>	<u>2,473</u>
Total revenues	<u>815,099</u>	<u>830,099</u>	<u>1,062,399</u>	<u>232,300</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, 2008

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Salaries and wages	\$ 231,739	\$ 194,489	\$ 121,017	\$ 73,472
Employee benefits	86,341	86,341	41,850	44,491
Services and supplies	<u>82,409</u>	<u>100,409</u>	<u>76,451</u>	<u>23,958</u>
Total general government	<u>400,489</u>	<u>381,239</u>	<u>239,318</u>	<u>141,921</u>
Public safety:				
Fire:				
Salaries and wages	27,000	9,500	15,000	(5,500)
Employee benefits	13,144	13,644	5,699	7,945
Services and supplies	<u>31,200</u>	<u>48,200</u>	<u>19,682</u>	<u>28,518</u>
Total public safety	<u>71,344</u>	<u>71,344</u>	<u>40,381</u>	<u>30,963</u>
Public works:				
Highways and streets:				
Salaries and wages	53,200	58,700	57,292	1,408
Employee benefits	23,975	28,725	26,041	2,684
Services and supplies	<u>85,180</u>	<u>89,180</u>	<u>49,050</u>	<u>40,130</u>
Total public works	<u>162,355</u>	<u>176,605</u>	<u>132,383</u>	<u>44,222</u>
Culture and recreation:				
Parks:				
Services and supplies	<u>34,275</u>	<u>37,775</u>	<u>28,879</u>	<u>8,896</u>
Mining parks:				
Salaries and wages	62,228	62,228	54,799	7,429
Employee benefits	29,352	30,852	22,777	8,075
Services and supplies	42,390	46,390	13,755	32,635
Capital outlay	<u>-</u>	<u>-</u>	<u>1,127</u>	<u>(1,127)</u>
Total mining parks	<u>133,970</u>	<u>139,470</u>	<u>92,458</u>	<u>47,012</u>
Swimming pool:				
Salaries and wages	20,000	20,000	10,147	9,853
Employee benefits	3,124	3,124	1,199	1,925
Services and supplies	<u>26,670</u>	<u>28,170</u>	<u>12,959</u>	<u>15,211</u>
Total swimming pool	<u>49,794</u>	<u>51,294</u>	<u>24,305</u>	<u>26,989</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, 2008**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Culture and recreation (continued):				
Fair grounds:				
Services and supplies	\$ 3,840	\$ 3,840	\$ 1,166	\$ 2,674
Ball fields:				
Services and supplies	26,943	26,943	13,885	13,058
Convention Center:				
Salaries and wages	30,372	33,372	31,656	1,716
Employee benefits	20,692	20,692	18,496	2,196
Services and supplies	44,100	50,600	37,839	12,761
Total Convention Center	95,164	104,664	87,991	16,673
Total culture and recreation	343,986	363,986	248,684	115,302
Contingency	15,000	15,000	-	15,000
Total expenditures	993,174	1,008,174	660,766	347,408
Excess (deficiency) of revenues over expenditures	(178,075)	(178,075)	401,633	579,708
Fund balance:				
Beginning of year	650,222	650,222	878,514	228,292
End of year	\$ 472,147	\$ 472,147	\$ 1,280,147	\$ 808,000

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

TOWN OF TONOPAH, NEVADA
PROPRIETARY FUND
STATEMENT OF NET ASSETS
June 30, 2008

	Business Type Activities - Enterprise Funds		
	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
<u>ASSETS:</u>			
Current assets:			
Pooled cash and investments	\$ 368,963	\$ 336,313	\$ 705,276
Interest receivable	5,290	3,171	8,461
Due from other governments	-	208,134	208,134
Accounts receivable, net of allowance for doubtful accounts	55,344	34,441	89,785
Inventory	76,857	3,553	80,410
Prepaid expense	5,391	5,641	11,032
Restricted assets - cash	<u>223,282</u>	<u>69,354</u>	<u>292,636</u>
Total current assets	735,127	660,607	1,395,734
Property, plant and equipment, net of accumulated depreciation	<u>5,890,888</u>	<u>6,783,316</u>	<u>12,674,204</u>
Total assets	<u>6,626,015</u>	<u>7,443,923</u>	<u>14,069,938</u>
<u>LIABILITIES:</u>			
Current liabilities, payable from unrestricted assets:			
Accounts payable	18,714	209,673	228,387
Accrued payroll	11,473	9,494	20,967
Accrued compensated absences	31,096	31,097	62,193
Current portion of bonds payable	<u>5,969</u>	<u>6,092</u>	<u>12,061</u>
Total current liabilities-unrestricted	67,252	256,356	323,608
Current liabilities, payable from restricted assets:			
Accounts payable	-	63,465	63,465
Customer deposits	<u>15,489</u>	<u>-</u>	<u>15,489</u>
Total current liabilities-restricted	<u>15,489</u>	<u>63,465</u>	<u>78,954</u>
Total current liabilities	82,741	319,821	402,562
Non-current liabilities			
Bonds payable	<u>466,833</u>	<u>588,587</u>	<u>1,055,420</u>
Total liabilities	<u>549,574</u>	<u>908,408</u>	<u>1,457,982</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	5,418,086	6,188,637	11,606,723
Restricted for debt	12,542	5,299	17,841
Restricted for capital replacement	190,291	-	190,291
Restricted for construction	-	590	590
Unrestricted	<u>455,522</u>	<u>340,989</u>	<u>796,511</u>
Total net assets	<u>\$ 6,076,441</u>	<u>\$ 6,535,515</u>	<u>\$ 12,611,956</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, 2008

	Business Type Activities -		
	Enterprise Funds		
	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
Operating revenues:			
Charges for services:			
Water fees	\$ 418,727	\$ -	\$ 418,727
Sewer fees	-	268,565	268,565
Total operating revenues	<u>418,727</u>	<u>268,565</u>	<u>687,292</u>
Operating expenses:			
Water Department:			
Administration	39,926	-	39,926
General operations	207,594	-	207,594
Water operations	135,513	-	135,513
Depreciation	296,322	-	296,322
Total water department	<u>679,355</u>	<u>-</u>	<u>679,355</u>
Sewer Department:			
Administration	-	96,292	96,292
General operations	-	150,810	150,810
Sewer operations	-	9,018	9,018
Depreciation	-	165,444	165,444
Total sewer department	<u>-</u>	<u>421,564</u>	<u>421,564</u>
Total operating expenses	<u>679,355</u>	<u>421,564</u>	<u>1,100,919</u>
Operating (loss)	<u>(260,628)</u>	<u>(152,999)</u>	<u>(413,627)</u>
Nonoperating revenue (expense):			
Investment income	18,404	16,316	34,720
Miscellaneous	7,460	-	7,460
Grants	-	1,864,031	1,864,031
Interest	(20,227)	(23,323)	(43,550)
Debt service	-	30,441	30,441
Surcharge	78,980	-	78,980
Total nonoperating revenue	<u>84,617</u>	<u>1,887,465</u>	<u>1,972,082</u>
Net income (loss)	(176,011)	1,734,466	1,558,455
Net Assets:			
Beginning of year	<u>6,252,452</u>	<u>4,801,049</u>	<u>11,053,501</u>
End of year	<u>\$ 6,076,441</u>	<u>\$ 6,535,515</u>	<u>\$ 12,611,956</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, 2008

	Business Type Activities -		
	Enterprise Funds		
	Tonopah Public Utility Water Fund	Tonopah Public Utility Sewer Fund	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 424,825	\$ 262,145	\$ 686,970
Cash paid for salaries, wages, and employee benefits	(203,610)	(215,597)	(419,207)
Cash paid for services and supplies	(170,257)	(59,405)	(229,662)
Net cash provided by operating activities	<u>50,958</u>	<u>(12,857)</u>	<u>38,101</u>
Cash flows from noncapital financing activities:			
Miscellaneous revenue	7,460	-	7,460
Grants	-	1,655,897	1,655,897
Debt service	-	30,441	30,441
Surcharges	78,980	-	78,980
Net cash provided by noncapital financing activities	<u>86,440</u>	<u>1,686,338</u>	<u>1,772,778</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(44,210)	(1,904,933)	(1,949,143)
Principal paid	(5,721)	(815,322)	(821,043)
Interest paid	(20,227)	(33,792)	(54,019)
Bond proceeds	-	600,000	600,000
Net cash (used) by capital and related financing activities	<u>(70,158)</u>	<u>(2,154,047)</u>	<u>(2,224,205)</u>
Cash flows from investing activities:			
Interest income	21,777	13,145	34,922
Net increase in cash	89,017	(467,421)	(378,404)
Cash:			
Beginning of year	<u>503,228</u>	<u>873,088</u>	<u>1,376,316</u>
End of year	<u>\$ 592,245</u>	<u>\$ 405,667</u>	<u>\$ 997,912</u>
Reconciliation of operating (loss) to net cash provided by operating activities:			
Operating (loss)	\$ (260,628)	\$ (152,999)	\$ (413,627)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation	296,322	165,444	461,766
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	6,248	(6,420)	(172)
(Increase) decrease in prepaid expenses	(524)	(774)	(1,298)
(Increase) decrease in inventory	(4,043)	384	(3,659)
Increase (decrease) in accounts payable	9,078	(17,314)	(8,236)
Increase (decrease) in accrued payroll	4,655	(1,178)	3,477
Increase (decrease) in customer deposits	(150)	-	(150)
Total adjustments	<u>311,586</u>	<u>140,142</u>	<u>451,728</u>
Net cash provided by operating activities	<u>\$ 50,958</u>	<u>\$ (12,857)</u>	<u>\$ 38,101</u>

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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, 2008. 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.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 funds:

Proprietary Fund:

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.

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.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
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.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assets, Liabilities, and Equity (Continued)

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, 2008

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 2007. 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, 2008

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.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assets, Liabilities, and Equity (Continued)

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.

i. Net Assets

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

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

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

(ii) Restricted Assets

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

(iii) Unrestricted

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

j. 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, 2008

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:

Compensated absences	\$ <u>(22,437)</u>
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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	\$ 7,965
Depreciation expense	<u>(49,015)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (41,050)</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>(1,491)</u>
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TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

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's budget was augmented during the year.
- i. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

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, 2008.

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	\$ 38,939	\$ 75,130	\$ 114,069
Carrying amount of deposits with County Treasurer	<u>1,573,657</u>	<u>922,782</u>	<u>2,496,439</u>
Total	<u>\$1,612,596</u>	<u>\$ 997,912</u>	<u>\$ 2,610,508</u>
Cash and cash equivalents	\$1,612,596	\$ 705,276	\$ 2,317,872
Restricted assets - cash	<u>0</u>	<u>292,636</u>	<u>292,636</u>
Total	<u>\$ 1,612,596</u>	<u>\$ 997,912</u>	<u>\$ 2,610,508</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

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	\$ 7,320	\$ 0	\$ 0	\$ 7,320
Interest receivable	9,036	3,016	8,461	20,513
Net accounts receivable	0	0	89,785	89,785
Due from other governments	28,471	0	208,134	236,605
Room tax receivable	<u>33,544</u>	<u>2,597</u>	<u>0</u>	<u>36,141</u>
Net total receivables	<u>\$ 78,371</u>	<u>\$ 5,613</u>	<u>\$ 306,380</u>	<u>\$ 390,364</u>

3. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2008 follows:

Governmental Activities	<u>June 30, 2007</u>	<u>Balance Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Capital asset not being depreciated:				
Land	\$ 2,215,563	\$ 0	\$ 0	\$ 2,215,563
Capital assets being depreciated:				
Building	953,177	0	0	953,177
Equipment	<u>999,166</u>	<u>32,980</u>	<u>0</u>	<u>1,032,146</u>
Total capital assets being depreciated	<u>1,952,343</u>	<u>32,980</u>	<u>0</u>	<u>1,985,323</u>
Less accumulated depreciation for:				
Building	432,362	19,064	0	451,426
Equipment	<u>747,854</u>	<u>29,951</u>	<u>0</u>	<u>777,805</u>
Total accumulated depreciation	<u>1,180,216</u>	<u>49,015</u>	<u>0</u>	<u>1,229,231</u>
Total capital assets being depreciated, net	<u>772,127</u>	<u>(16,035)</u>	<u>0</u>	<u>756,092</u>
Governmental activities assets, net	<u>\$ 2,987,690</u>	<u>\$ (16,035)</u>	<u>\$ 0</u>	<u>\$ 2,971,655</u>
 Business-type Activities:	 <u>Balance June 30, 2007</u>	 <u>Additions</u>	 <u>Deletions</u>	 <u>Balance June 30, 2008</u>
Capital assets not being depreciated:				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Capital assets being depreciated:				
Equipment	18,051,280	1,859,667	0	19,910,947
Less accumulated depreciation for:				
Equipment	<u>6,829,977</u>	<u>461,766</u>	<u>0</u>	<u>7,291,743</u>
Total capital assets being depreciated, net	<u>11,221,303</u>	<u>1,397,901</u>	<u>0</u>	<u>12,619,204</u>
Business-type Activities assets, net	<u>\$ 11,276,303</u>	<u>\$ 1,397,901</u>	<u>\$ 0</u>	<u>\$ 12,674,204</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

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	\$ 925
Public safety	15,528
Public works	1,960
Culture and recreation	<u>30,602</u>
	<u>\$ 49,015</u>

Business activities:

Water and sewer	<u>\$ 461,766</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 \$6,087

5. Restricted Assets Accounts

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

Cash - Customer deposits	\$ 12,225
Cash - Water/sewer privilege	479
Cash - Capital replacement	190,291
Cash - Sewer construction	64,055
Cash - Sewer debt service	2,299
Cash - Sewer debt reserve	3,000
Cash - Water revenue bond reserve	13,733
Cash - Water surcharge	<u>6,554</u>
Total restricted assets	<u>\$ 292,636</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

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

6. Long-term Debt

a. Interim Debenture Bond

The City borrowed \$810,001 to fund the construction of the Tonopah Utility Sewer project. The amount was fully repaid in the current year including interest of \$10,468. The Town issued long-term debt and obtained grant funding to repay the short-term note.

b. Revenue Bonds Payable

1. The Town issued bonds that were funded by the United State Department of Agriculture (USDA) in 2008 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, 2008 was \$594,679. 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, 2008 was \$2,860. The balance in reserve account at June 30, 2008 was \$3,000.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	6,092	25,156
2010	6,356	24,892
2011	6,631	24,617
2012	6,919	24,329
2013	7,219	24,029
2014-2018	41,066	115,174
2019-2023	50,770	105,470
2024-2028	62,766	93,474
2029-2033	77,598	78,642
2034-2038	95,935	60,305
2039-2043	118,605	37,635
2044-2047	114,722	10,227
	<u>\$ 594,679</u>	<u>\$ 623,950</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

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

6. Long-term Debt (Continued)

c. 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, 2008 was \$472,802. 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, 2008 was \$12,542. The balance in reserve account at June 30, 2008 was \$13,733.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	5,969	19,979
2010	6,228	19,720
2011	6,498	19,450
2012	6,779	19,169
2013	7,073	18,875
2014-2018	40,239	89,501
2019-2023	49,747	79,993
2024-2028	61,503	68,237
2029-2033	76,036	53,704
2034-2038	94,003	35,737
2039-2043	116,217	13,523
2044	2,510	357
	<u>\$ 472,802</u>	<u>\$ 438,245</u>

Changes in general long-term liabilities.

During the year ended June 30, 2008, the following changes occurred:

Governmental Type Activities:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2008</u>
Compensated absences	\$ 15,907	\$ 6,530	\$ 0	\$ 22,437

Business Type Activities:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2008</u>
Compensated absences	\$ 59,653	\$ 2,540	\$ 0	\$ 62,193
Interim debenture	810,001	0	810,001	0
Bonds payable	478,523	600,000	11,042	1,067,481
Total	<u>\$1,348,177</u>	<u>\$ 602,540</u>	<u>\$ 821,043</u>	<u>\$ 1,129,674</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

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 \$500 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.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008

E. OTHER INFORMATION (Continued)

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.

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 20.50% for the 2007-2008 year. The contribution rate for police and firemen was 33.50%. The contribution requirement for the year ended June 30, 2008 was \$107,216. The contributions were equal to the required contributions for the year. The Town's contributions to PERS for the years ended June 30, 2007 and 2006 were \$96,696 and \$102,038 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. Other Post-employment Benefits

In addition to the pension benefits described in Note 3, the Town provides a subsidy for postretirement health care benefits, in accordance with NRS 287.023, to all retired employees who enroll with the Nevada Public Employees' Benefits Program. As of June 30, 2008, there were 3 retirees belonging to this program. Enrolled retirees pay monthly premiums for health insurance benefits directly to the program, while the Town is required to subsidize the partial or total cost of the premium based incrementally on a retiree's number of years of service with the Town. Fiscal year 2008 represents the third year of mandated compliance with NRS 287.023. Expenditures for postretirement health care benefits are recognized on a monthly basis and total \$16,479 for the 2007-08 fiscal year.

**TOWN OF TONOPAH, NEVADA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007**

	2008	2007
<u>ASSETS</u>		
Pooled cash and investments	\$ 1,247,980	\$ 791,997
Interest receivable	9,036	9,820
Taxes receivable	7,320	8,089
Room tax receivable	33,544	27,208
Prepaid expenses	-	14,600
Due from other governments	<u>28,471</u>	<u>91,436</u>
 Total assets	 <u>\$ 1,326,351</u>	 <u>\$ 943,150</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 14,992	\$ 39,444
Accrued payroll	25,125	17,614
Deferred taxes	<u>6,087</u>	<u>7,578</u>
 Total liabilities	 <u>46,204</u>	 <u>64,636</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	824,884	650,222
Undesignated	<u>455,263</u>	<u>228,292</u>
 Total fund balance	 <u>1,280,147</u>	 <u>878,514</u>
 Total liabilities and fund balance	 <u>\$ 1,326,351</u>	 <u>\$ 943,150</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 312,263	\$ 402,612	\$ 90,349	\$ 377,393
Licenses and permits	16,000	16,674	674	15,897
Intergovernmental	414,986	545,357	130,371	380,575
Charges for services	19,350	23,814	4,464	23,878
Fines and forfeitures	28,000	31,969	3,969	36,525
Other	39,500	41,973	2,473	42,679
Total revenues	<u>830,099</u>	<u>1,062,399</u>	<u>232,300</u>	<u>876,947</u>
Expenditures:				
General government	381,239	239,318	141,921	195,570
Public safety	71,344	40,381	30,963	42,136
Public works	176,605	132,383	44,222	118,989
Culture and recreation	363,986	248,684	115,302	241,080
Contingency	15,000	-	15,000	-
Total expenditures	<u>1,008,174</u>	<u>660,766</u>	<u>347,408</u>	<u>597,775</u>
Excess (deficiency) of revenues over expenditures	(178,075)	401,633	579,708	279,172
Fund balance:				
Beginning of year	<u>650,222</u>	<u>878,514</u>	<u>228,292</u>	<u>599,342</u>
End of year	<u>\$ 472,147</u>	<u>\$ 1,280,147</u>	<u>\$ 808,000</u>	<u>\$ 878,514</u>

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
For the Year Ended June 30, 2008

(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 92,263	\$ 96,043	\$ 3,780	\$ 87,263
Room taxes	220,000	306,569	86,569	290,130
Total taxes	<u>312,263</u>	<u>402,612</u>	<u>90,349</u>	<u>377,393</u>
Licenses and permits	<u>16,000</u>	<u>16,674</u>	<u>674</u>	<u>15,897</u>
Intergovernmental:				
County liquor license	1,800	1,840	40	1,640
County gaming license	17,000	19,395	2,395	19,650
Consolidated tax	374,943	315,504	(59,439)	351,563
Grants	15,000	15,000	-	-
Gas tax \$1.75	6,243	5,703	(540)	7,722
Other-Nye Regional	-	187,915	187,915	-
Total intergovernmental	<u>414,986</u>	<u>545,357</u>	<u>130,371</u>	<u>380,575</u>
Charges for services:				
Rescue runs	600	553	(47)	642
Swimming pool fees	7,700	7,951	251	8,303
Convention Center Rental	10,000	13,110	3,110	13,843
Baseball complex fees	600	2,015	1,415	550
Fairgrounds rental	450	185	(265)	540
Total charges for services	<u>19,350</u>	<u>23,814</u>	<u>4,464</u>	<u>23,878</u>
Fines and forfeitures	<u>28,000</u>	<u>31,969</u>	<u>3,969</u>	<u>36,525</u>
Other:				
Investment income	7,000	34,711	27,711	36,594
Mining park donations	3,000	4,869	1,869	5,555
Mining park curator fees	3,000	-	(3,000)	-
Ore Cart Fee	500	-	(500)	-
Gift shop fees	24,000	-	(24,000)	-
Miscellaneous	2,000	2,393	393	530
Total other	<u>39,500</u>	<u>41,973</u>	<u>2,473</u>	<u>42,679</u>
Total revenues	<u>\$ 830,099</u>	<u>\$ 1,062,399</u>	<u>\$ 232,300</u>	<u>\$ 876,947</u>

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
For the Year Ended June 30, 2008

(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actual
	Budget	Actual		
Expenditures:				
General government:				
Salaries and wages	\$ 194,489	\$ 121,017	\$ 73,472	\$ 118,338
Employee benefits	86,341	41,850	44,491	36,199
Services and supplies	100,409	76,451	23,958	41,033
Total general government	<u>381,239</u>	<u>239,318</u>	<u>141,921</u>	<u>195,570</u>
Public safety:				
Fire:				
Salaries and wages	9,500	15,000	(5,500)	15,000
Employee benefits	13,644	5,699	7,945	5,511
Services and supplies	48,200	19,682	28,518	21,625
Total public safety	<u>71,344</u>	<u>40,381</u>	<u>30,963</u>	<u>42,136</u>
Public works:				
Highways and streets:				
Salaries and wages	58,700	57,292	1,408	34,195
Employee benefits	28,725	26,041	2,684	18,305
Services and supplies	89,180	49,050	40,130	66,489
Total public works	<u>176,605</u>	<u>132,383</u>	<u>44,222</u>	<u>118,989</u>
Culture and recreation:				
Parks:				
Services and supplies	37,775	28,879	8,896	25,489
Mining parks:				
Salaries and wages	62,228	54,799	7,429	56,466
Employee benefits	30,852	22,777	8,075	22,898
Services and supplies	46,390	13,755	32,635	10,310
Capital outlay	-	1,127	(1,127)	-
Total mining parks	<u>139,470</u>	<u>92,458</u>	<u>47,012</u>	<u>89,674</u>
Swimming pool:				
Salaries and wages	20,000	10,147	9,853	10,296
Employee benefits	3,124	1,199	1,925	1,422
Services and supplies	28,170	12,959	15,211	10,083
Total swimming pool	<u>51,294</u>	<u>24,305</u>	<u>26,989</u>	<u>21,801</u>

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)
For the Year Ended June 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actual
	Budget	Actual		
Culture and recreation (continued):				
Fair:				
Services and supplies	\$ 3,840	\$ 1,166	\$ 2,674	\$ 2,579
Ball fields:				
Services and supplies	26,943	13,885	13,058	20,776
Convention Center:				
Salaries and wages	33,372	31,656	1,716	27,324
Employee benefits	20,692	18,496	2,196	16,605
Services and supplies	50,600	37,839	12,761	35,307
Capital outlay	-	-	-	1,525
Total Convention Center	104,664	87,991	16,673	80,761
Total culture and recreation	363,986	248,684	115,302	241,080
Contingency	15,000	-	15,000	-
Total expenditures	\$ 1,008,174	\$ 660,766	\$ 347,408	\$ 597,775

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES WATER FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
ASSETS:		
Current assets:		
Pooled cash and investments	\$ 368,963	\$ 314,225
Interest receivable	5,290	8,663
Accounts receivable, net of allowance for doubtful accounts	55,344	61,592
Inventory	76,857	72,814
Prepaid expense	5,391	4,867
Restricted assets - cash		
Deposits	12,225	15,155
Capital replacement	190,291	153,791
Water/Sewer privilege fee	479	460
Water surcharge	6,554	6,333
Water revenue bond	13,733	13,264
Total Restricted assets - cash	<u>223,282</u>	<u>189,003</u>
Total current assets	735,127	651,164
Property, plant and equipment, net of accumulated depreciation	<u>5,890,888</u>	<u>6,143,000</u>
Total assets	<u>6,626,015</u>	<u>6,794,164</u>
LIABILITIES:		
Current liabilities, payable from unrestricted assets:		
Accounts payable	18,714	9,636
Accrued payroll	11,473	8,088
Accrued compensated absences	31,096	29,826
Current portion of bonds payable	5,969	5,721
Total current liabilities-unrestricted	67,252	53,271
Current liabilities, payable from restricted assets:		
Customer deposits	<u>15,489</u>	<u>15,639</u>
Total current liabilities	82,741	68,910
Bonds payable	<u>466,833</u>	<u>472,802</u>
Total liabilities	<u>549,574</u>	<u>541,712</u>
NET ASSETS:		
Invested in capital assets, net of related debt	5,418,086	5,664,477
Restricted for debt	12,542	9,947
Restricted for capital replacement	190,291	153,791
Unrestricted	455,522	424,237
Total net assets	<u>\$ 6,076,441</u>	<u>\$ 6,252,452</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, 2008
(with Comparative Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actuals
	Budget	Actual		
Operating revenues:				
Charges for services:				
Water fees	\$ 400,000	\$ 418,727	\$ 18,727	\$ 437,489
Total operating revenues	<u>400,000</u>	<u>418,727</u>	<u>18,727</u>	<u>437,489</u>
Operating expenses:				
Water department:				
Administration	41,886	39,926	1,960	31,411
General operations	234,415	207,594	26,821	173,142
Water operations	166,015	135,513	30,502	144,258
Depreciation	295,000	296,322	(1,322)	287,680
Total water department	<u>737,316</u>	<u>679,355</u>	<u>57,961</u>	<u>636,491</u>
Total operating expenses	<u>737,316</u>	<u>679,355</u>	<u>57,961</u>	<u>636,491</u>
Operating (loss)	<u>(337,316)</u>	<u>(260,628)</u>	<u>76,688</u>	<u>(199,002)</u>
Nonoperating revenue (expense):				
Interest	10,000	18,404	8,404	22,661
Miscellaneous	23,000	7,460	(15,540)	10,211
Grant	-	-	-	2,039
Interest expense	(20,445)	(20,227)	218	(15,223)
Water surcharge	79,000	78,980	(20)	82,294
Total nonoperating revenue	<u>91,555</u>	<u>84,617</u>	<u>(6,938)</u>	<u>101,982</u>
Net income (loss)	<u>\$ (245,761)</u>	<u>(176,011)</u>	<u>\$ 69,750</u>	<u>(97,020)</u>
Net Assets:				
Beginning of year		<u>6,252,452</u>		<u>6,349,472</u>
End of year		<u>\$ 6,076,441</u>		<u>\$ 6,252,452</u>

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES WATER FUND
SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2008
(With comparative Amounts for the Year Ended June 30, 2007)

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 424,825	\$ 418,343
Cash paid for salaries, wages and employee benefits	(203,610)	(184,974)
Cash paid for services and supplies	(170,257)	(168,223)
Net cash provided by operating activities	<u>50,958</u>	<u>65,146</u>
Cash flows from noncapital financing activities:		
Miscellaneous revenue	7,460	10,211
Grants	-	2,039
Surcharges	78,980	82,294
Net cash provided by noncapital financing activities	<u>86,440</u>	<u>94,544</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(44,210)	(23,531)
Principal paid	(5,721)	(5,484)
Interest paid	(20,227)	(20,464)
Net cash (used) by capital and related financing activities	<u>(70,158)</u>	<u>(49,479)</u>
Cash flows from investing activities:		
Interest income	21,777	35,918
Net increase in cash	89,017	146,129
Cash:		
Beginning of year	503,228	357,099
End of year	<u>\$ 592,245</u>	<u>\$ 503,228</u>
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (260,628)	\$ (216,424)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	296,322	287,680
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	6,248	(1,621)
(Increase) decrease in prepaid expenses	(524)	2,588
(Increase) decrease in inventory	(4,043)	(1,044)
Increase (decrease) in accounts payable	9,078	6,152
Increase (decrease) in accrued payroll	4,655	(12,082)
Increase (decrease) in customer deposits	(150)	(103)
Total adjustments	<u>311,586</u>	<u>281,570</u>
Net cash provided by operating activities	<u>\$ 50,958</u>	<u>\$ 65,146</u>

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES SEWER FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
<u>ASSETS:</u>		
Current assets:		
Pooled cash and investments	\$ 336,313	\$ 339,527
Interest receivable	3,171	-
Due from other governments	208,134	-
Accounts receivable, net of allowance for doubtful accounts	34,441	28,021
Inventory	3,553	3,937
Prepaid expense	5,641	4,867
Restricted assets - cash		
Sewer construction	64,055	533,561
Sewer debt service	2,299	-
Sewer debt reserve	3,000	-
Total Restricted assets - cash	<u>69,354</u>	<u>533,561</u>
Total current assets	660,607	909,913
Property, plant and equipment, net of accumulated depreciation	<u>6,783,316</u>	<u>5,133,303</u>
Total assets	<u>7,443,923</u>	<u>6,043,216</u>
<u>LIABILITIES:</u>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	209,673	379,928
Accrued payroll	9,494	11,942
Accrued interest	-	10,469
Accrued compensated absences	31,097	29,827
Interim debenture	-	810,001
Current portion of bonds payable	6,092	-
Total current liabilities-unrestricted	<u>256,356</u>	<u>1,242,167</u>
Current liabilities, payable from restricted assets:		
Accounts payable	<u>63,465</u>	<u>-</u>
Total current liabilities	319,821	1,242,167
Bonds payable	<u>588,587</u>	<u>-</u>
Total liabilities	<u>908,408</u>	<u>1,242,167</u>
<u>NET ASSETS:</u>		
Invested in capital assets, net of related debt	6,188,637	4,323,302
Restricted for debt	5,299	-
Restricted for construction	590	533,561
Unrestricted	<u>340,989</u>	<u>(55,814)</u>
Total net assets	<u>\$ 6,535,515</u>	<u>\$ 4,801,049</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, 2008
(with Comparative Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actuals
	Budget	Actual		
Operating revenues:				
Charges for services:				
Sewer fees	\$ 280,000	\$ 268,565	\$ (11,435)	\$ 255,100
Total operating revenues	<u>280,000</u>	<u>268,565</u>	<u>(11,435)</u>	<u>255,100</u>
Operating expenses:				
Sewer department:				
Administration	108,940	96,292	12,648	109,421
General operations	258,622	150,810	107,812	135,667
Sewer operations	-	9,018	(9,018)	20,340
Depreciation	<u>115,000</u>	<u>165,444</u>	<u>(50,444)</u>	<u>112,918</u>
Total sewer department	<u>482,562</u>	<u>421,564</u>	<u>60,998</u>	<u>378,346</u>
Total operating expenses	<u>482,562</u>	<u>421,564</u>	<u>60,998</u>	<u>378,346</u>
Operating (loss)	<u>(202,562)</u>	<u>(152,999)</u>	<u>49,563</u>	<u>(123,246)</u>
Nonoperating revenue (expense):				
Interest	-	16,316	16,316	15,977
Grant	2,850,000	1,864,031	(985,969)	1,953,529
Interest expense	(25,000)	(23,323)	1,677	(10,469)
Capital replacements	-	-	-	30,942
Debt service	<u>-</u>	<u>30,441</u>	<u>30,441</u>	<u>-</u>
Total nonoperating revenue	<u>2,825,000</u>	<u>1,887,465</u>	<u>(937,535)</u>	<u>1,989,979</u>
Net income (loss)	<u>\$ 2,622,438</u>	1,734,466	<u>\$ (887,972)</u>	1,866,733
Net Assets:				
Beginning of year		<u>4,801,049</u>		<u>2,934,316</u>
End of year		<u>\$ 6,535,515</u>		<u>\$ 4,801,049</u>

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES SEWER FUND
SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2008
(With comparative Amounts for the Year Ended June 30, 2007)

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 262,145	\$ 254,363
Cash paid for salaries, wages and employee benefits	(215,597)	(206,675)
Cash paid for services and supplies	(59,405)	(57,940)
Net cash provided by operating activities	<u>(12,857)</u>	<u>(10,252)</u>
Cash flows from noncapital financing activities:		
Grants	1,655,897	1,953,529
Capital projects	-	30,942
Debt service	30,441	-
Net cash provided by noncapital financing activities	<u>1,686,338</u>	<u>1,984,471</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,904,933)	(2,485,547)
Principal paid	(815,322)	-
Interest paid	(33,792)	-
Bond proceeds	600,000	810,001
Net cash (used) by capital and related financing activities	<u>(2,154,047)</u>	<u>(1,675,546)</u>
Cash flows from investing activities:		
Interest income	13,145	15,977
Net increase in cash	(467,421)	314,650
Cash:		
Beginning of year	873,088	558,438
End of year	<u>\$ 405,667</u>	<u>\$ 873,088</u>
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (152,999)	\$ (123,246)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	165,444	112,918
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(6,420)	(737)
(Increase) decrease in prepaid expenses	(774)	5,013
(Increase) decrease in inventory	384	1,322
Increase (decrease) in accounts payable	(17,314)	909
Increase (decrease) in accrued payroll	(1,178)	(6,431)
Total adjustments	<u>140,142</u>	<u>112,994</u>
Net cash provided by operating activities	<u>\$ (12,857)</u>	<u>\$ (10,252)</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008
(With Comparative Totals for June 30, 2007)

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2008 Totals	2007 Totals
Assets:				
Pooled cash and investments	\$ 87,687	\$ 276,929	\$ 364,616	\$ 318,088
Interest receivable	770	2,246	3,016	-
Room tax receivable	<u>2,597</u>	<u>-</u>	<u>2,597</u>	<u>2,126</u>
 Total assets	 <u>\$ 91,054</u>	 <u>\$ 279,175</u>	 <u>\$ 370,229</u>	 <u>\$ 320,214</u>
 Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,210</u>
 Fund Balance:				
Fund balance - unreserved:				
Designated for subsequent year	67,843	223,384	291,227	276,788
Undesignated	<u>23,211</u>	<u>55,791</u>	<u>79,002</u>	<u>31,216</u>
 Total fund balance	 <u>91,054</u>	 <u>279,175</u>	 <u>370,229</u>	 <u>308,004</u>
 Total liabilities and fund balance	 <u>\$ 91,054</u>	 <u>\$ 279,175</u>	 <u>\$ 370,229</u>	 <u>\$ 320,214</u>

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

For the Year Ended June 30, 2008

(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2008 Totals	2007 Totals
Revenues:				
Taxes	\$ 24,382	\$ -	\$ 24,382	\$ 23,054
Intergovernmental	-	28,606	28,606	25,442
Charges for services	-	2,210	2,210	2,567
Other	<u>12,082</u>	<u>11,401</u>	<u>23,483</u>	<u>16,948</u>
 Total revenues	 <u>36,464</u>	 <u>42,217</u>	 <u>78,681</u>	 <u>68,011</u>
Expenditures:				
Current:				
Culture and recreation	6,753	2,865	9,618	9,850
Capital projects	<u>-</u>	<u>6,838</u>	<u>6,838</u>	<u>16,373</u>
 Total expenditures	 <u>6,753</u>	 <u>9,703</u>	 <u>16,456</u>	 <u>26,223</u>
 Excess (deficiency) of revenues over expenditures	 29,711	 32,514	 62,225	 41,788
Fund balance:				
Beginning of year	<u>61,343</u>	<u>246,661</u>	<u>308,004</u>	<u>266,216</u>
 End of year	 <u>\$ 91,054</u>	 <u>\$ 279,175</u>	 <u>\$ 370,229</u>	 <u>\$ 308,004</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2008
(With Comparative Totals for June 30, 2007)

	State Room Tax	Mural Fund	Totals 2008	2007
<u>ASSETS:</u>				
Pooled cash and investments	\$ 73,587	\$ 14,100	\$ 87,687	\$ 60,217
Interest receivable	652	118	770	-
Room tax receivable	<u>2,597</u>	<u>-</u>	<u>2,597</u>	<u>2,126</u>
Total assets	<u>\$ 76,836</u>	<u>\$ 14,218</u>	<u>\$ 91,054</u>	<u>\$ 62,343</u>
<u>LIABILITIES:</u>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>
<u>FUND BALANCE:</u>				
Unreserved:				
Designated for subsequent year	58,025	9,818	67,843	45,197
Undesignated	<u>18,811</u>	<u>4,400</u>	<u>23,211</u>	<u>16,146</u>
Total fund balance	<u>76,836</u>	<u>14,218</u>	<u>91,054</u>	<u>61,343</u>
Total liabilities and fund balance	<u>\$ 76,836</u>	<u>\$ 14,218</u>	<u>\$ 91,054</u>	<u>\$ 62,343</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	State Room Tax	Mural Fund	Totals 2008	2007
Revenues:				
Taxes	\$ 24,382	\$ -	\$ 24,382	\$ 23,054
Other	<u>3,182</u>	<u>8,900</u>	<u>12,082</u>	<u>7,442</u>
Total revenues	27,564	8,900	36,464	30,496
Expenditures:				
Culture and recreation	<u>6,753</u>	<u>-</u>	<u>6,753</u>	<u>9,850</u>
Excess (deficiency) of revenues over expenditures	20,811	8,900	29,711	20,646
Fund balance:				
Beginning of year	<u>56,025</u>	<u>5,318</u>	<u>61,343</u>	<u>40,697</u>
End of year	<u>\$ 76,836</u>	<u>\$ 14,218</u>	<u>\$ 91,054</u>	<u>\$ 61,343</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-STATE ROOM TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
<u>ASSETS:</u>		
Pooled cash and investments	\$ 73,587	\$ 54,899
Interest receivable	652	-
Room tax receivable	<u>2,597</u>	<u>2,126</u>
 Total assets	 <u>\$ 76,836</u>	 <u>\$ 57,025</u>
<u>LIABILITIES:</u>		
Accounts payable	\$ <u>-</u>	\$ <u>1,000</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	58,025	40,697
Undesignated	<u>18,811</u>	<u>15,328</u>
 Total fund balance	 <u>76,836</u>	 <u>56,025</u>
Total liabilities and fund balance	<u>\$ 76,836</u>	<u>\$ 57,025</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Room tax	\$ 17,000	\$ 24,382	\$ 7,382	\$ 23,054
Other:				
Interest	-	3,182	3,182	2,124
Total revenues	17,000	27,564	10,564	25,178
Expenditures:				
Culture and recreation:				
Services and supplies	20,000	6,753	13,247	9,850
Excess (deficiency) of revenues over expenditures	(3,000)	20,811	23,811	15,328
Fund balance:				
Beginning of year	40,697	56,025	15,328	40,697
End of year	\$ 37,697	\$ 76,836	\$ 39,139	\$ 56,025

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-MURAL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
<u>ASSETS:</u>		
Pooled cash and investments	\$ 14,100	\$ 5,318
Interest receivable	<u>118</u>	<u>-</u>
Total assets	<u>\$ 14,218</u>	<u>\$ 5,318</u>
<u>LIABILITIES:</u>		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	9,818	4,500
Undesignated	<u>4,400</u>	<u>818</u>
Total fund balance	<u>14,218</u>	<u>5,318</u>
Total liabilities and fund balance	<u>\$ 14,218</u>	<u>\$ 5,318</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Other:				
Interest	\$ -	\$ 500	\$ 500	\$ 68
Donations	<u>4,500</u>	<u>8,400</u>	<u>3,900</u>	<u>5,250</u>
Total revenues	4,500	8,900	4,400	5,318
Expenditures:				
Culture and recreation:				
Capital outlay	<u>4,500</u>	<u>-</u>	<u>4,500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	8,900	8,900	5,318
Fund balance:				
Beginning of year	<u>4,500</u>	<u>5,318</u>	<u>818</u>	<u>-</u>
End of year	<u>\$ 4,500</u>	<u>\$ 14,218</u>	<u>\$ 9,718</u>	<u>\$ 5,318</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2008
(With Comparative Totals for June 30, 2007)

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2008	Totals 2007
<u>ASSETS:</u>					
Pooled cash and investments	\$ 19,273	\$ 223,894	\$ 33,762	\$ 276,929	\$ 257,871
Interest receivable	<u>183</u>	<u>1,759</u>	<u>304</u>	<u>2,246</u>	<u>-</u>
Total assets	<u>\$ 19,456</u>	<u>\$ 225,653</u>	<u>\$ 34,066</u>	<u>\$ 279,175</u>	<u>\$ 257,871</u>
<u>LIABILITIES:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 11,210
<u>FUND BALANCE:</u>					
Unreserved:					
Designated for subsequent year	14,887	176,000	32,497	223,384	231,591
Undesignated	<u>4,569</u>	<u>49,653</u>	<u>1,569</u>	<u>55,791</u>	<u>15,070</u>
Total fund balance	<u>19,456</u>	<u>225,653</u>	<u>34,066</u>	<u>279,175</u>	<u>246,661</u>
Total liabilities and fund balance	<u>\$ 19,456</u>	<u>\$ 225,653</u>	<u>\$ 34,066</u>	<u>\$ 279,175</u>	<u>\$ 257,871</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2008	Totals 2007
Revenues:					
Intergovernmental	\$ -	\$ 28,606	\$ -	\$ 28,606	\$ 25,442
Charges for services	2,210	-	-	2,210	2,567
Other	<u>1,062</u>	<u>8,770</u>	<u>1,569</u>	<u>11,401</u>	<u>9,506</u>
Total revenues	3,272	37,376	1,569	42,217	37,515
Expenditures:					
Current	2,865	-	-	2,865	-
Capital projects	<u>6,838</u>	<u>-</u>	<u>-</u>	<u>6,838</u>	<u>16,373</u>
Total expenditures	<u>9,703</u>	<u>-</u>	<u>-</u>	<u>9,703</u>	<u>16,373</u>
Excess (deficiency) of revenues over expenditures	(6,431)	37,376	1,569	32,514	21,142
Fund balance:					
Beginning of year	<u>25,887</u>	<u>188,277</u>	<u>32,497</u>	<u>246,661</u>	<u>225,519</u>
End of year	<u>\$ 19,456</u>	<u>\$ 225,653</u>	<u>\$ 34,066</u>	<u>\$ 279,175</u>	<u>\$ 246,661</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
<u>ASSETS:</u>		
Pooled cash and investments	\$ 19,273	\$ 37,097
Interest receivable	<u>183</u>	<u>-</u>
Total assets	<u>\$ 19,456</u>	<u>\$ 37,097</u>
<u>LIABILITIES:</u>		
Accounts payable	<u>\$ -</u>	<u>\$ 11,210</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	14,887	25,887
Undesignated	<u>4,569</u>	<u>-</u>
Total fund balance	<u>19,456</u>	<u>25,887</u>
Total liabilities and fund balance	<u>\$ 19,456</u>	<u>\$ 37,097</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Charges for services:				
Rescue runs	\$ 4,000	\$ 2,210	\$ (1,790)	\$ 2,567
Other:				
Interest	-	1,062	1,062	1,698
Total revenues	4,000	3,272	(728)	4,265
Expenditures:				
Current	-	2,865	(2,865)	-
Capital projects	30,815	6,838	23,977	15,193
Total expenditures	30,815	9,703	21,112	15,193
Excess (deficiency) of revenues over expenditures	(26,815)	(6,431)	20,384	(10,928)
Fund balance:				
Beginning of year	26,815	25,887	(928)	36,815
End of year	\$ -	\$ 19,456	\$ 19,456	\$ 25,887

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-SPECIAL AD VALOREM CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
<u>ASSETS:</u>		
Pooled cash and investments	\$ 223,894	\$ 188,277
Interest receivable	<u>1,759</u>	<u>-</u>
 Total assets	 <u>\$ 225,653</u>	 <u>\$ 188,277</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	\$ 176,000	\$ 174,660
Undesignated	<u>49,653</u>	<u>13,617</u>
 Total fund balance	 <u>\$ 225,653</u>	 <u>\$ 188,277</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance- Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Intergovernmental	\$ 19,000	\$ 28,606	\$ 9,606	\$ 25,442
Other:				
Interest	<u>-</u>	<u>8,770</u>	<u>8,770</u>	<u>6,355</u>
Total revenues	19,000	37,376	18,376	31,797
Expenditures:				
Capital projects	<u>193,660</u>	<u>-</u>	<u>193,660</u>	<u>1,180</u>
Excess (deficiency) of revenues over expenditures	(174,660)	37,376	212,036	30,617
Fund balance:				
Beginning of year	<u>174,660</u>	<u>188,277</u>	<u>13,617</u>	<u>157,660</u>
End of year	<u>\$ -</u>	<u>\$ 225,653</u>	<u>\$ 225,653</u>	<u>\$ 188,277</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-MINING CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
<u>ASSETS:</u>		
Pooled cash and investments	\$ 33,762	\$ 32,497
Interest receivable	<u>304</u>	<u>-</u>
 Total assets	 <u>\$ 34,066</u>	 <u>\$ 32,497</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	\$ 32,497	\$ 31,044
Undesignated	<u>1,569</u>	<u>1,453</u>
 Total fund balance	 <u>\$ 34,066</u>	 <u>\$ 32,497</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, 2008
(With Comparative Amounts for the Year Ended June 30, 2007)

	2008		Variance-	
	Budget	Actual	Positive (Negative)	2007 Actual
Revenues:				
Interest	\$ -	\$ 1,569	\$ 1,569	\$ 1,453
Expenditures:				
Capital projects	<u>31,044</u>	<u>-</u>	<u>31,044</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(31,044)	1,569	32,613	1,453
Fund balance:				
Beginning of year	<u>31,044</u>	<u>32,497</u>	<u>1,453</u>	<u>31,044</u>
End of year	<u>\$ -</u>	<u>\$ 34,066</u>	<u>\$ 34,066</u>	<u>\$ 32,497</u>

**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
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, 2008, which collectively comprise the Town's basic financial statements and have issued my report thereon dated November 20, 2008. 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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the Honorable Town 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
November 20, 2008

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, 2008, which collectively comprise the Town's basic financial statements and have issued my report thereon dated November 20, 2008. 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
November 20, 2008

TOWN OF TONOPAH, NEVADA
SCHEDULE OF BUSINESS LICENSE FEES
APPENDIX A
JUNE 30, 2008

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, 2008, 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, 2008.

TOWN OF TONOPAH, NEVADA
SCHEDULE OF CAPITAL PROJECTS ACTIVITY
APPENDIX B
JUNE 30, 2008
Page 1 of 2

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:

Capital Projects Fund:

Ice machine	\$ 2,786
Electric message sign	4,052
Remove and replace concrete	<u>2,865</u>
Total	<u>\$ 9,703</u>

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

Response

Special Ad Valorem Capital Projects Fund

Taxes	\$ 24,000
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Capital Projects Fund

Rescue Runs	\$ 4,000
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TOWN OF TONOPAH, NEVADA
SCHEDULE OF CAPITAL PROJECTS ACTIVITY
APPENDIX B
JUNE 30, 2008
Page 2 of 2

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 Ad Valorem Capital Projects Fund:

Renovation of Town buildings	\$ 200,000
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Capital Projects Fund:

Repairs to Town buildings	\$ 18,887
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Mining Park Capital Projects Fund:

Underground mining displays	\$ 32,497
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4. Identify any planned accumulation of the money in the fund.

Response

Capital Projects Fund:

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