

TOWN OF TONOPAH, NEVADA
REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL
YEAR ENDED JUNE 30, 2007

**TENTATIVE AND
PRELIMINARY DRAFT**
For Review and Discussion
Subject to Change
As of 2-1-08

**TOWN OF TONOPAH, NEVADA
REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL
FOR THE YEAR ENDED JUNE 30, 2007
TABLE OF CONTENTS**

INTRODUCTORY SECTION:	<u>PAGE</u>
Title page	1
Table of contents	2-3
Organization	4
FINANCIAL SECTION:	
Independent auditor's report	5-6
Management's Discussion and Analysis	7-14
BASIC FINANCIAL STATEMENTS:	
Government-wide financial statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund financial statements:	
Governmental Funds:	
Balance sheet	17
Reconciliation of the balance sheet of the governmental funds to the Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of governmental funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	21-23
Proprietary Funds:	
Statement of Net Assets	24
Statement of Revenues, Expenses and Changes in Net Assets	25
Statement of Cash Flows	26
Notes to financial statements	27-42
Supplementary Information:	
Combining and Individual Fund Financial Statements Governmental Funds:	
Major Funds:	
General Fund:	
Comparative balance sheets	43
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP basis) and Actual	44
Schedule of Revenues Compared to Budget	45
Schedule of Expenditures Compared to Budget	46-47
Tonopah Public Utilities Enterprise Fund:	
Comparative Statements of Net Assets	48
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget (GAAP Basis) and Actual	49
Schedule of Cash Flows	50

**TOWN OF TONOPAH, NEVADA
 REPORT ON FINANCIAL STATEMENTS
 AND SUPPLEMENTAL MATERIAL
 FOR THE YEAR ENDED JUNE 30, 2007
TABLE OF CONTENTS**

Supplementary Information:

Combining and Individual Fund Financial Statements:

Governmental Funds (continued)

Nonmajor Governmental Funds:

Combining Balance Sheet	51
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	52

Nonmajor Special Revenue Funds:

Combining Balance Sheet	53
Combining Schedule of Revenues, Expenditures, and Changes in fund Balance	54

Nonmajor Fund - State Room Tax Special Revenue Fund:

Comparative Balance Sheets	55
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	56

Nonmajor Fund - Mural Special Revenue Fund:

Balance Sheet	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	58

Nonmajor Capital Projects Funds:

Comparative Balance Sheets	59
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	60

Nonmajor Fund - Capital Projects Fund:

Comparative Balance Sheets	61
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	62

Nonmajor Fund -Special Ad Valorem Capital Projects Fund:

Comparative Balance Sheets	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	64

Nonmajor Fund -Mining Capital Projects Fund:

Comparative Balance Sheets	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	66

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67-68
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TOWN OF TONOPAH, NEVADA

ORGANIZATION

TOWN OFFICERS at June 30, 2007

Chairman	Cindy Kaminski
Vice Chairman	Paul Campos
Town Clerk	Terry Rivero
Board Members	Raymond Gallagher Thomas Hawkins

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, 2007, 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, 2007, 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 December 29, 2007, 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
December 29, 2007

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2007

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 \$313,184, ad valorem taxes (property taxes) of \$113,800, and consolidated taxes (sales taxes) of \$351,563. These revenue sources comprised 29.30%, 10.65%, and 32.89% respectively, or 72.83% of total governmental activities revenues.

The Town's total expenses were \$1,681,908. The greatest expenses were \$190,998 in general government and \$271,447 in the culture and recreation function. The business-type activities contributed \$1,040,529 to the Town's total expenses

At the end of the fiscal year, the fund balance for the General Fund was \$878,514. This was an increase of \$279,172 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, 2007

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, 2007

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, 2007**

Government-wide Financial Analysis

Net assets of the Town as of June 30, 2007, are summarized and analyzed below:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets:						
Current and other assets	\$1,263,364	\$ 923,139	\$ 1,561,077	\$ 1,101,654	\$ 2,824,441	\$ 2,024,793
Net capital assets	<u>2,987,690</u>	<u>2,892,832</u>	<u>11,276,303</u>	<u>8,806,748</u>	<u>14,263,993</u>	<u>11,699,580</u>
Total Assets	<u>4,251,054</u>	<u>3,815,971</u>	<u>12,837,380</u>	<u>9,908,402</u>	<u>17,088,434</u>	<u>13,724,373</u>
Liabilities:						
Current liabilities	69,268	51,098	419,594	146,091	488,862	197,189
Long-term liabilities	<u>15,907</u>	<u>26,571</u>	<u>1,374,285</u>	<u>478,523</u>	<u>1,390,192</u>	<u>505,094</u>
Total Liabilities	<u>85,175</u>	<u>77,669</u>	<u>1,793,879</u>	<u>624,614</u>	<u>1,899,054</u>	<u>702,283</u>
Net Assets:						
Invested in capital assets						
net of related debt	2,987,690	2,892,832	9,987,779	8,322,741	12,975,469	11,215,573
Restricted	246,661	225,519	556,130	245,451	802,791	470,970
Unrestricted	<u>931,528</u>	<u>619,951</u>	<u>509,592</u>	<u>715,596</u>	<u>1,441,120</u>	<u>1,335,547</u>
Total Net Assets	<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>

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. Assets exceeded liabilities by \$15,219,380 as of June 30, 2007.

The largest portion of the Town's net assets, 85.26%, 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, 2007

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

	Governmental Activities		Business Type Activities		Total Primary Governmental	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 100,157	\$ 96,560	\$ 788,403	\$ 743,858	\$ 888,560	\$ 840,418
Operating grant	10,805	4,044	-	-	10,805	4,044
Capital grant	122,903	-	1,955,568	336,622	2,078,471	336,622
General revenues:						
Ad valorem taxes	113,800	112,899	-	-	113,800	112,899
Room tax	313,184	289,485	-	-	313,184	289,485
Consolidated tax	351,563	331,715	-	-	351,563	331,715
Fuel taxes	7,722	8,867	-	-	7,722	8,867
Interest	48,292	22,755	56,060	21,740	104,352	44,495
Other	530	1,339	10,211	25,464	10,741	26,803
Total revenues	<u>1,068,956</u>	<u>867,664</u>	<u>2,810,242</u>	<u>1,127,684</u>	<u>3,879,198</u>	<u>1,995,348</u>
Expenses:						
General government	190,998	201,900	-	-	190,998	201,900
Public safety	57,793	59,656	-	-	57,793	59,656
Public works	121,141	102,231	-	-	121,141	102,231
Culture and recreation	271,447	245,135	-	-	271,447	245,135
Utility operations	-	-	1,040,529	1,033,580	1,040,529	1,033,580
Total expenses	<u>641,379</u>	<u>608,922</u>	<u>1,040,529</u>	<u>1,033,580</u>	<u>1,681,908</u>	<u>1,642,502</u>
Change in net assets	427,577	258,742	1,769,713	94,104	2,197,290	352,846
Net assets - beginning	<u>3,738,302</u>	<u>3,479,560</u>	<u>9,283,788</u>	<u>9,189,684</u>	<u>13,022,090</u>	<u>12,669,244</u>
Net assets - ending	<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>

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 consolidated taxes. The second largest revenue was room tax. The business-type general revenue came from charges for services related to the Water Utility. Investment income increased due to increased interest rates.

Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2007

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 \$1,186,518. Approximately 21.87% of fund balances or \$259,508 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 \$228,292. The total fund balance was \$878,514.

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

Revenues increased by \$69,361 or 8.59%. Tax revenues increased by \$23,306 or 6.58%, due to an increase in room taxes. Intergovernmental revenues increased by \$18,023, or 4.97%, due to increased consolidated taxes (sales tax). Charges for services increased by \$983 or 4.29%.

Expenditures increased by \$33,820, or 6.00%, primarily due to an increase in ball fields and parks departmental costs.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in governmental type capital assets, net of accumulated depreciation at June 30, 2007, was \$2,987,690. Business type capital assets were \$11,276,303. Detail by type of activity and asset is summarized in the following table.

**Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2007**

Governmental Activities

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital asset not being depreciated:				
Land	\$ 2,174,383	\$ 41,180	\$ 0	\$ 2,215,563
Capital assets being depreciated:				
Building	953,177	0	0	953,177
Equipment	<u>899,545</u>	<u>99,621</u>	<u>0</u>	<u>999,166</u>
Total capital assets being depreciated	<u>1,852,722</u>	<u>99,621</u>	<u>0</u>	<u>1,952,343</u>
Less accumulated depreciation for:				
Building	413,298	19,064	0	432,362
Equipment	<u>720,975</u>	<u>26,879</u>	<u>0</u>	<u>747,854</u>
Total accumulated depreciation	<u>1,134,273</u>	<u>45,943</u>	<u>0</u>	<u>1,180,216</u>
Total capital assets being depreciated, net	<u>718,449</u>	<u>53,678</u>	<u>0</u>	<u>772,127</u>
Governmental activities assets, net	<u>\$ 2,892,832</u>	<u>\$ 94,858</u>	<u>\$ 0</u>	<u>\$ 2,987,690</u>

Business-type Activities:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Capital assets being depreciated:				
Equipment	15,181,127	2,870,153	0	18,051,280
Less accumulated depreciation for:				
Equipment	<u>6,429,379</u>	<u>400,598</u>	<u>0</u>	<u>6,829,977</u>
Total capital assets being depreciated, net	<u>8,751,748</u>	<u>2,469,555</u>	<u>0</u>	<u>11,221,303</u>
Business-type Activities assets, net	<u>\$ 8,806,748</u>	<u>\$2,469,555</u>	<u>\$ 0</u>	<u>\$11,276,303</u>

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

Debt Administration

Governmental Type Activities:

	Balance at July 1, 2006	Net Additions/ (Reductions)	Balance at June 30, 2007
Compensated absences	\$ 26,571	\$ (10,664)	\$ 15,907

Business Type Activities:

Compensated absences	\$ 71,966	\$ (12,313)	\$ 59,653
Bonds payable	<u>484,007</u>	<u>804,517</u>	<u>1,288,524</u>
Total	<u>\$ 555,973</u>	<u>\$ 792,204</u>	<u>\$ 1,348,177</u>

**Town of Tonopah, Nevada
Management's Discussion and Analysis
June 30, 2007**

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, 2007

	Governmental Activities 2007	Business-type Activities 2007	Total Primary Government 2007
Assets:			
Cash and cash equivalents	\$ 1,110,085	\$ 807,543	\$ 1,917,628
Interest receivable	9,820	8,663	18,483
Taxes receivable	8,089	-	8,089
Room tax receivable	29,334	-	29,334
Prepaid expenses	14,600	9,734	24,334
Due from other governments	91,436	-	91,436
Accounts receivable net of allowance for uncollectibles	-	89,613	89,613
Inventory	-	76,751	76,751
Restricted assets - cash	-	568,773	568,773
Capital assets, net of accumulated depreciation	<u>2,987,690</u>	<u>11,276,303</u>	<u>14,263,993</u>
 Total assets	 <u>4,251,054</u>	 <u>12,837,380</u>	 <u>17,088,434</u>
Liabilities:			
Accounts payable	51,654	389,564	441,218
Accrued payroll and benefits	17,614	20,030	37,644
Accrued compensated absences	15,907	59,653	75,560
Accrued interest	-	10,469	10,469
Current portion of bonds payable	-	815,722	815,722
Bonds payable	-	472,802	472,802
Customer deposits	<u>-</u>	<u>15,639</u>	<u>15,639</u>
 Total liabilities	 <u>85,175</u>	 <u>1,783,879</u>	 <u>1,869,054</u>
Net assets:			
Invested in capital assets, net of related debt	2,987,690	9,987,779	12,975,469
Restricted for:			
Capital projects	246,661	533,561	780,222
Debt	-	27,810	27,810
Unrestricted	<u>931,528</u>	<u>504,351</u>	<u>1,435,879</u>
Total net assets	<u>\$ 4,165,879</u>	<u>\$ 11,053,501</u>	<u>\$ 15,219,380</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, 2007

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	\$ (190,998)	\$ 73,712	\$ -	\$ -	\$ (117,286)	\$ -	\$ (117,286)
Public safety	(57,793)	3,209	-	-	(54,584)	-	(54,584)
Public works	(121,141)	-	-	-	(121,141)	-	(121,141)
Culture and recreation	(271,447)	23,236	10,805	122,903	(114,503)	-	(114,503)
Total governmental activities	(641,379)	100,157	10,805	122,903	(407,514)	-	(407,514)
Business-type activities:							
Water	(662,183)	533,303	-	-	-	(128,880)	(128,880)
Sewer	(378,346)	255,100	-	1,955,568	-	1,832,322	1,832,322
Total business-type activities	(1,040,529)	788,403	-	1,955,568	-	1,703,442	1,703,442
Total primary governments	\$(1,681,908)	\$ 888,560	\$ 10,805	\$ 2,078,471	(407,514)	1,703,442	1,295,928
General Revenues:							
Property taxes					113,800	-	113,800
Room tax					313,184	-	313,184
Fuel tax					7,722	-	7,722
Consolidated taxes					351,563	-	351,563
Interest					48,292	56,060	104,352
Miscellaneous					530	10,211	10,741
Total general revenues					835,091	66,271	901,362
Change in net assets					427,577	1,769,713	2,197,290
Net assets - beginning of year					3,738,302	9,283,788	13,022,090
Net assets - end of year					\$ 4,165,879	\$ 11,053,501	\$ 15,219,380

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

TOWN OF TONOPAH, NEVADA
BALANCE SHEET- GOVERNMENTAL FUNDS

June 30, 2007

	Major Fund - General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 791,997	\$ 318,088	\$ 1,110,085
Interest receivable	9,820	-	9,820
Taxes receivable	8,089	-	8,089
Room tax receivable	27,208	2,126	29,334
Prepaid expenses	14,600	-	14,600
Due from other governments	<u>91,436</u>	<u>-</u>	<u>91,436</u>
 Total assets	 <u>\$ 943,150</u>	 <u>\$ 320,214</u>	 <u>\$ 1,263,364</u>
 Liabilities:			
Accounts payable	\$ 39,444	\$ 12,210	\$ 51,654
Accrued payroll	17,614	-	17,614
Deferred taxes	<u>7,578</u>	<u>-</u>	<u>7,578</u>
 Total liabilities	 <u>64,636</u>	 <u>12,210</u>	 <u>76,846</u>
 Fund Equity:			
Fund balance - unreserved:			
Designated for subsequent year	650,222	276,788	927,010
Undesignated	<u>228,292</u>	<u>31,216</u>	<u>259,508</u>
Total fund equity	<u>878,514</u>	<u>308,004</u>	<u>1,186,518</u>
 Total liabilities and fund equity	 <u>\$ 943,150</u>	 <u>\$ 320,214</u>	 <u>\$ 1,263,364</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, 2007

Total fund balance - governmental funds **\$ 1,186,518**

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 2,987,690

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 7,578

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 (15,907)

Total net assets - governmental activities **\$ 4,165,879**

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, 2007

	Major Fund- General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 377,393	\$ 23,054	\$ 400,447
Licenses and permits	15,897	-	15,897
Intergovernmental	380,575	25,442	406,017
Charges for services	23,878	2,567	26,445
Fines and forfeitures	36,525	-	36,525
Other	<u>42,679</u>	<u>16,948</u>	<u>59,627</u>
 Total revenues	 <u>876,947</u>	 <u>68,011</u>	 <u>944,958</u>
Expenditures:			
Current:			
General government	195,570	-	195,570
Public safety	42,136	-	42,136
Public works	118,989	-	118,989
Culture and recreation	241,080	9,850	250,930
Capital projects	<u>-</u>	<u>16,373</u>	<u>16,373</u>
 Total expenditures	 <u>597,775</u>	 <u>26,223</u>	 <u>623,998</u>
 Excess (deficiency) of revenues over expenditures	 279,172	 41,788	 320,960
Fund balance:			
Beginning of year	<u>599,342</u>	<u>266,216</u>	<u>865,558</u>
 End of year	 <u>\$ 878,514</u>	 <u>\$ 308,004</u>	 <u>\$ 1,186,518</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, 2007

Net change in fund balance - governmental funds **\$ 320,960**

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. (28,045)

The effect of donated capital assets is to increase net assets. 122,903

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. 1,095

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. 10,664

Change in net assets of governmental activities **\$ 427,577**

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, 2007

	Budget Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 92,653	\$ 92,653	\$ 87,263	\$ (5,390)
Room taxes	216,000	216,000	290,130	74,130
Total taxes	<u>308,653</u>	<u>308,653</u>	<u>377,393</u>	<u>68,740</u>
Licenses and permits	<u>16,000</u>	<u>16,000</u>	<u>15,897</u>	<u>(103)</u>
Intergovernmental:				
County liquor license	1,740	1,740	1,640	(100)
County gaming license	15,000	15,000	19,650	4,650
Consolidated tax	380,922	380,922	351,563	(29,359)
Gas tax \$1.75	8,361	8,361	7,722	(639)
Total intergovernmental	<u>406,023</u>	<u>406,023</u>	<u>380,575</u>	<u>(25,448)</u>
Charges for services:				
Rescue runs	600	600	642	42
Swimming pool fees	7,700	7,700	8,303	603
Convention Center rental	7,000	7,000	13,843	6,843
Baseball complex fees	600	600	550	(50)
Fairgrounds rental	400	400	540	140
Total charges for services	<u>16,300</u>	<u>16,300</u>	<u>23,878</u>	<u>7,578</u>
Fines and forfeitures	<u>27,300</u>	<u>27,300</u>	<u>36,525</u>	<u>9,225</u>
Other:				
Investment income	7,000	7,000	36,594	29,594
Donations	2,200	2,200	5,555	3,355
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	2,400	2,400	530	(1,870)
Total other	<u>39,100</u>	<u>39,100</u>	<u>42,679</u>	<u>3,579</u>
Total revenues	<u>813,376</u>	<u>813,376</u>	<u>876,947</u>	<u>63,571</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, 2007

	Budget Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Salaries and wages	\$ 119,546	\$ 119,546	\$ 118,338	\$ 1,208
Employee benefits	51,631	51,631	36,199	15,432
Services and supplies	<u>52,000</u>	<u>53,050</u>	<u>41,033</u>	<u>12,017</u>
Total general government	<u>223,177</u>	<u>224,227</u>	<u>195,570</u>	<u>28,657</u>
Public safety:				
Fire:				
Salaries and wages	27,000	27,000	15,000	12,000
Employee benefits	13,787	13,802	5,511	8,291
Services and supplies	<u>30,000</u>	<u>30,475</u>	<u>21,625</u>	<u>8,850</u>
Total public safety	<u>70,787</u>	<u>71,277</u>	<u>42,136</u>	<u>29,141</u>
Public works:				
Highways and streets:				
Salaries and wages	49,933	49,933	34,195	15,738
Employee benefits	21,169	21,169	18,305	2,864
Services and supplies	<u>80,584</u>	<u>70,244</u>	<u>66,489</u>	<u>3,755</u>
Total public works	<u>151,686</u>	<u>141,346</u>	<u>118,989</u>	<u>22,357</u>
Culture and recreation:				
Parks:				
Services and supplies	<u>30,875</u>	<u>30,875</u>	<u>25,489</u>	<u>5,386</u>
Mining parks:				
Salaries and wages	65,845	65,845	56,466	9,379
Employee benefits	26,820	26,820	22,898	3,922
Services and supplies	<u>40,665</u>	<u>41,490</u>	<u>10,310</u>	<u>31,180</u>
Total mining parks	<u>133,330</u>	<u>134,155</u>	<u>89,674</u>	<u>44,481</u>
Swimming pool:				
Salaries and wages	20,000	20,000	10,296	9,704
Employee benefits	3,124	3,124	1,422	1,702
Services and supplies	<u>22,520</u>	<u>23,020</u>	<u>10,083</u>	<u>12,937</u>
Total swimming pool	<u>45,644</u>	<u>46,144</u>	<u>21,801</u>	<u>24,343</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, 2007

	Budget Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Culture and recreation (continued):				
Fair grounds:				
Services and supplies	\$ 2,340	\$ 3,040	\$ 2,579	\$ 461
Ball fields:				
Services and supplies	23,643	25,018	20,776	4,242
Convention Center:				
Salaries and wages	26,878	27,378	27,324	54
Employee benefits	17,866	17,866	16,605	1,261
Services and supplies	43,500	48,400	35,307	13,093
Capital outlay	-	-	1,525	(1,525)
Total Convention Center	88,244	93,644	80,761	12,883
Total culture and recreation	324,076	332,876	241,080	91,796
Contingency	15,000	15,000	-	15,000
Total expenditures	784,726	784,726	597,775	186,951
Excess (deficiency) of revenues over expenditures	28,650	28,650	279,172	250,522
Fund balance:				
Beginning of year	440,143	440,143	599,342	159,199
End of year	\$ 468,793	\$ 468,793	\$ 878,514	\$ 409,721

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, 2007

	Tonopah Public Utility Enterprise Fund
<u>ASSETS:</u>	
Current assets:	
Pooled cash and investments	\$ 807,543
Interest receivable	8,663
Accounts receivable, net of allowance for doubtful accounts	89,613
Inventory	76,751
Prepaid expense	9,734
Restricted assets - cash	<u>568,773</u>
Total current assets	1,561,077
Property, plant and equipment, net of accumulated depreciation	<u>11,276,303</u>
 Total assets	 <u>12,837,380</u>
<u>LIABILITIES:</u>	
Current liabilities, payable from unrestricted assets:	
Accounts payable	389,564
Accrued payroll	20,030
Accrued interest	10,469
Accrued compensated absences	59,653
Current portion of bonds payable	<u>815,722</u>
Total current liabilities-unrestricted	1,295,438
Current liabilities, payable from restricted assets:	
Customer deposits	<u>15,639</u>
 Total current liabilities	 1,311,077
Non-current liabilities	
Revenue bonds payable	<u>472,802</u>
 Total liabilities	 <u>1,783,879</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	9,987,779
Restricted for debt	27,810
Restricted for construction	533,561
Unrestricted	<u>504,351</u>
Total net assets	<u>\$ 11,053,501</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, 2007

	Tonopah Public Utility Enterprise Fund
Operating revenues:	
Charges for services:	
Water fees	\$ 420,067
Sewer fees	<u>255,100</u>
Total operating revenues	<u>675,167</u>
Operating expenses:	
Water Department:	
Administration	31,411
General operations	173,142
Water operations	144,258
Depreciation	<u>287,680</u>
Total water department	<u>636,491</u>
Sewer Department:	
Administration	109,421
General operations	135,667
Sewer operations	20,340
Depreciation	<u>112,918</u>
Total sewer department	<u>378,346</u>
Total operating expenses	<u>1,014,837</u>
Operating (loss)	<u>(339,670)</u>
Nonoperating revenue (expense):	
Investment income	56,060
Miscellaneous	10,211
Grants	1,955,568
Interest	(25,692)
Capital projects	30,942
Surcharge	<u>82,294</u>
Total nonoperating revenue	<u>2,109,383</u>
Net income (loss)	1,769,713
Net Assets:	
Beginning of year	<u>9,283,788</u>
End of year	<u>\$ 11,053,501</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, 2007**

	Tonopah Public Utility Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 672,706
Cash paid for salaries, wages, and employee benefits	(391,649)
Cash paid for services and supplies	134,912
Net cash provided by operating activities	415,969
Cash flows from noncapital financing activities:	
Miscellaneous revenue	10,211
Grants	1,955,568
Capital projects	30,942
Surcharges	82,294
Net cash provided by noncapital financing activities	2,079,015
Cash flows from capital and related financing activities:	
Purchase of fixed assets	(2,870,153)
Principal paid	(5,484)
Interest paid	(30,933)
Note proceeds	820,470
Net cash (used) by capital and related financing activities	(2,086,100)
Cash flows from investing activities:	
Interest income	51,895
Net increase in cash	460,779
Cash:	
Beginning of year	915,537
End of year	\$ 1,376,316
Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (339,670)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	400,598
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(2,358)
(Increase) decrease in prepaid expenses	7,601
(Increase) decrease in inventory	278
Increase (decrease) in accounts payable	368,136
Increase (decrease) in accrued payroll	(18,513)
Increase (decrease) in customer deposits	(103)
Total adjustments	755,639
Net cash provided by operating activities	\$ 415,969

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

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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, 2007. 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, 2007

B. 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, 2007

C. 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 fund:

Proprietary Fund:

Enterprise Fund - The Tonopah Public Utility Enterprise Fund accounts for the Town’s delivery of water and 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, 2007

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, 2007

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, 2007

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, 2007

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, 2007

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, 2007

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> (15,907)</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	\$ 17,898
Depreciation expense	<u> (45,943)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u> (28,045)</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> 1,095</u>
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TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

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 and Utility Fund budgets were augmented during the year.

2. Encumbrance Accounting

Encumbrance accounting is not utilized in the governmental funds.

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

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, 2007.

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	\$ 10,134	\$ 73,081	\$ 83,215
Carrying amount of deposits with County Treasurer	<u>1,099,951</u>	<u>1,303,235</u>	<u>2,403,186</u>
Total	<u>\$1,110,085</u>	<u>\$ 1,376,316</u>	<u>\$ 2,486,401</u>
Cash and cash equivalents	\$1,110,085	\$ 807,543	\$ 1,917,628
Restricted assets - cash	<u>0</u>	<u>568,773</u>	<u>568,773</u>
Total	<u>\$ 1,110,085</u>	<u>\$ 1,376,316</u>	<u>\$ 2,486,401</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

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> ⁴
Receivables:				
Property taxes	\$ 8,089	\$ 0	\$ 0	\$ 8,089
Interest receivable	9,820	0	8,663	18,483
Accounts receivable	0	0	95,559	95,559
Less: allowance for uncollectibles	0	0	(5,946)	(5,946)
Due from other governments	91,436	0	0	91,436
Room tax receivable	<u>27,208</u>	<u>2,126</u>	<u>0</u>	<u>29,334</u>
Net total receivables	<u>\$136,553</u>	<u>\$ 2,126</u>	<u>\$ 98,276</u>	<u>\$ 236,955</u>

3. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2007 follows:

Governmental Activities	<u>June 30, 2006</u>	<u>Balance Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Capital asset not being depreciated:				
Land	\$ 2,174,383	\$ 41,180	\$ 0	\$ 2,215,563
Capital assets being depreciated:				
Building	953,177	0	0	953,177
Equipment	<u>899,545</u>	<u>99,621</u>	<u>0</u>	<u>999,166</u>
Total capital assets being depreciated	<u>1,852,722</u>	<u>99,621</u>	<u>0</u>	<u>1,952,343</u>
Less accumulated depreciation for:				
Building	413,298	19,064	0	432,362
Equipment	<u>720,975</u>	<u>26,879</u>	<u>0</u>	<u>747,854</u>
Total accumulated depreciation	<u>1,134,273</u>	<u>45,943</u>	<u>0</u>	<u>1,180,216</u>
Total capital assets being depreciated, net	<u>718,449</u>	<u>53,678</u>	<u>0</u>	<u>772,127</u>
Governmental activities assets, net	<u>\$ 2,892,832</u>	<u>\$ 94,858</u>	<u>\$ 0</u>	<u>\$ 2,987,690</u>
Business-type Activities:	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Capital assets not being depreciated:				
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Capital assets being depreciated:				
Equipment	15,181,127	2,870,153	0	18,051,280
Less accumulated depreciation for:				
Equipment	<u>6,429,379</u>	<u>400,598</u>	<u>0</u>	<u>6,829,977</u>
Total capital assets being depreciated, net	<u>8,751,748</u>	<u>2,469,555</u>	<u>0</u>	<u>11,221,303</u>
Business-type Activities assets, net	<u>\$ 8,806,748</u>	<u>\$2,469,555</u>	<u>\$ 0</u>	<u>\$ 11,276,303</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

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	\$ 923
Public safety	15,657
Public works	1,960
Culture and recreation	<u>27,403</u>
	<u>\$ 45,943</u>

Business activities:

Water and sewer	<u>\$ 400,598</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 \$7,578

5. Restricted Assets Accounts

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

Cash - Customer deposits	\$ 15,155
Cash - Water/sewer privilege	460
Cash - Sewer Construction	533,561
Cash - Water revenue bond	13,264
Cash - Water surcharge	<u>6,333</u>
Total restricted assets	<u>\$ 568,773</u>

6. Long-term Debt

A. Interim Debenture

In November 2006 the Town began drawing against an interim debenture not to exceed \$810,001 at 4.25%, for the construction of a new sewer system. As of June 30, 2007 the amount the District had drawn down was \$810,001. This amount including interest was paid in full in July 2007 with a new 40 year loan from USDA. (See note D3. Subsequent Events)

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

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

6. Long-term Debt (Continued)

B. Revenue Bonds Payable

The Town issued bonds that were funded by the Farmer's Home Administration (FMHA). 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, 2007 was \$478,523. 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, 2007 was \$9,936. The balance in reserve account at June 30, 2007 was \$13,264.

Maturity requirements of the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	5,721	20,227
2009	5,969	19,979
2010	6,228	19,720
2011	6,498	19,450
2012	6,779	19,169
2013-2017	38,567	91,173
2018-2022	47,681	82,059
2023-2027	58,948	70,792
2028-2032	72,878	56,862
2033-2037	90,098	38,642
2038-2042	111,390	18,350
2043-2044	27,766	701
	<u>\$ 478,523</u>	<u>\$ 457,124</u>

Changes in general long-term liabilities.

During the year ended June 30, 2007, the following changes occurred:

Governmental Type Activities:

	<u>Balance at July 1, 2006</u>	<u>Net Additions/ (Reductions)</u>	<u>Balance at June 30, 2007</u>
Compensated absences	\$ 26,571	\$ (10,664)	\$ 15,907

Business Type Activities:

	<u>Balance at July 1, 2006</u>	<u>Net Additions/ (Reductions)</u>	<u>Balance at June 30, 2007</u>
Compensated absences	\$ 71,966	\$ (12,313)	\$ 59,653
Bonds payable	484,007	804,517	1,288,524
Total	<u>\$ 555,973</u>	<u>\$ 792,204</u>	<u>\$ 1,348,177</u>

TOWN OF TONOPAH, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

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

7. Contributed Capital

The changes in the Town's contributed capital accounts for its proprietary fund was as follows:

	<u>Enterprise Fund</u>
Beginning balance	\$ 5,992,530
Contributions (Deletions)	<u>0</u>
Ending balance	<u>\$ 5,992,530</u>

8. Interfund Transactions

Interfund operating transfers are made from one fund to another to support expenditures in accordance with the authority established for the individual funds. There were no transfers between fund types during the year ended June 30, 2007.

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 \$100,000 property and crime, casualty \$150,000 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, 2007

E. OTHER INFORMATION (Continued)

3. Subsequent Events

On July 26, 2007 the Town paid off their interim debenture which was used for the construction of the sewer system, in the amount of \$810,001 plus accrued interest of \$10,469. The District paid this off with a revenue bond from the USDA in the amount of \$600,000 payable over 40 years at 4.25% interest. The payments are due monthly in the amount of \$2,604 with the first payment due August 26, 2007.

4. 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 % of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75% of the 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.

Financial statements for the Plan are available 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 statute, which is tied to the increase in taxable sales within the State each year, provides for yearly increases of up to 1% until such time as the actuarially determined unfunded liability of the Plan is reduced to zero. The Town is obligated to contribute all amounts due under the Plan. The contribution rate for regular employees was 19.75% for the 2006-2007 year. The contribution rate for police and firemen was 32%. The contribution requirement for the year ended June 30, 2007 was \$96,696. The contributions were equal to the required contributions for the year. The Town's contributions to PERS for the years ended June 30, 2006 and 2005 were \$102,038 and \$118,391 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.

**TOWN OF TONOPAH, NEVADA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006**

	2007	2006
<u>ASSETS</u>		
Pooled cash and investments	\$ 791,997	\$ 544,751
Interest receivable	9,820	4,976
Taxes receivable	8,089	6,700
Room tax receivable	27,208	27,032
Prepaid expenses	14,600	15,728
Due from other governments	<u>91,436</u>	<u>59,986</u>
 Total assets	 <u>\$ 943,150</u>	 <u>\$ 659,173</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 39,444	\$ 21,994
Accrued payroll	17,614	31,354
Deferred taxes	<u>7,578</u>	<u>6,483</u>
 Total liabilities	 <u>64,636</u>	 <u>59,831</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	650,222	440,143
Undesignated	<u>228,292</u>	<u>159,199</u>
 Total fund balance	 <u>878,514</u>	 <u>599,342</u>
 Total liabilities and fund balance	 <u>\$ 943,150</u>	 <u>\$ 659,173</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, 2007
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance- Positive (Negative)	2006 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 308,653	\$ 377,393	\$ 68,740	\$ 354,087
Licenses and permits	16,000	15,897	(103)	16,887
Intergovernmental	406,023	380,575	(25,448)	362,552
Charges for services	16,300	23,878	7,578	22,895
Fines and forfeitures	27,300	36,525	9,225	30,819
Other	39,100	42,679	3,579	20,346
Total revenues	<u>813,376</u>	<u>876,947</u>	<u>63,571</u>	<u>807,586</u>
Expenditures:				
General government	224,227	195,570	28,657	195,374
Public safety	71,277	42,136	29,141	43,909
Public works	141,346	118,989	22,357	110,494
Culture and recreation	332,876	241,080	91,796	214,178
Contingency	15,000	-	15,000	-
Total expenditures	<u>784,726</u>	<u>597,775</u>	<u>186,951</u>	<u>563,955</u>
Excess (deficiency) of revenues over expenditures	28,650	279,172	250,522	243,631
Fund balance:				
Beginning of year	<u>440,143</u>	<u>599,342</u>	<u>159,199</u>	<u>355,711</u>
End of year	<u>\$ 468,793</u>	<u>\$ 878,514</u>	<u>\$ 409,721</u>	<u>\$ 599,342</u>

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
For the Year Ended June 30, 2007

(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance-	2006
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes:				
Property taxes	\$ 92,653	\$ 87,263	\$ (5,390)	\$ 87,978
Room taxes	216,000	290,130	74,130	266,109
Total taxes	<u>308,653</u>	<u>377,393</u>	<u>68,740</u>	<u>354,087</u>
Licenses and permits	<u>16,000</u>	<u>15,897</u>	<u>(103)</u>	<u>16,887</u>
Intergovernmental:				
County liquor license	1,740	1,640	(100)	2,080
County gaming license	15,000	19,650	4,650	19,890
Consolidated tax	380,922	351,563	(29,359)	331,715
Gas tax \$1.75	<u>8,361</u>	<u>7,722</u>	<u>(639)</u>	<u>8,867</u>
Total intergovernmental	<u>406,023</u>	<u>380,575</u>	<u>(25,448)</u>	<u>362,552</u>
Charges for services:				
Rescue runs	600	642	42	867
Swimming pool fees	7,700	8,303	603	9,374
Convention Center Rental	7,000	13,843	6,843	10,175
Baseball complex fees	600	550	(50)	1,944
Fairgrounds rental	<u>400</u>	<u>540</u>	<u>140</u>	<u>535</u>
Total charges for services	<u>16,300</u>	<u>23,878</u>	<u>7,578</u>	<u>22,895</u>
Fines and forfeitures	<u>27,300</u>	<u>36,525</u>	<u>9,225</u>	<u>30,819</u>
Other:				
Investment income	7,000	36,594	29,594	14,963
Donations	2,200	5,555	3,355	4,044
Mining park curator fees	3,000	-	(3,000)	-
Ore Cart Fee	500	-	(500)	-
Gift shop fees	24,000	-	(24,000)	-
Miscellaneous	<u>2,400</u>	<u>530</u>	<u>(1,870)</u>	<u>1,339</u>
Total other	<u>39,100</u>	<u>42,679</u>	<u>3,579</u>	<u>20,346</u>
Total revenues	<u>\$ 813,376</u>	<u>\$ 876,947</u>	<u>\$ 63,571</u>	<u>\$ 807,586</u>

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
For the Year Ended June 30, 2007

(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance- Positive (Negative)	2006 Actual
	Budget	Actual		
Expenditures:				
General government:				
Salaries and wages	\$ 119,546	\$ 118,338	\$ 1,208	\$ 113,177
Employee benefits	51,631	36,199	15,432	42,258
Services and supplies	53,050	41,033	12,017	39,939
Total general government	<u>224,227</u>	<u>195,570</u>	<u>28,657</u>	<u>195,374</u>
Public safety:				
Fire:				
Salaries and wages	27,000	15,000	12,000	15,000
Employee benefits	13,802	5,511	8,291	11,126
Services and supplies	30,475	21,625	8,850	17,783
Total public safety	<u>71,277</u>	<u>42,136</u>	<u>29,141</u>	<u>43,909</u>
Public works:				
Highways and streets:				
Salaries and wages	49,933	34,195	15,738	39,506
Employee benefits	21,169	18,305	2,864	16,126
Services and supplies	70,244	66,489	3,755	54,862
Total public works	<u>141,346</u>	<u>118,989</u>	<u>22,357</u>	<u>110,494</u>
Culture and recreation:				
Parks:				
Services and supplies	<u>30,875</u>	<u>25,489</u>	<u>5,386</u>	<u>11,924</u>
Mining parks:				
Salaries and wages	65,845	56,466	9,379	59,863
Employee benefits	26,820	22,898	3,922	25,074
Services and supplies	41,490	10,310	31,180	9,986
Total mining parks	<u>134,155</u>	<u>89,674</u>	<u>44,481</u>	<u>94,923</u>
Swimming pool:				
Salaries and wages	20,000	10,296	9,704	10,810
Employee benefits	3,124	1,422	1,702	1,156
Services and supplies	23,020	10,083	12,937	12,947
Capital Outlay	-	-	-	2,050
Total swimming pool	<u>46,144</u>	<u>21,801</u>	<u>24,343</u>	<u>26,963</u>

TOWN OF TONOPAH, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)
For the Year Ended June 30, 2007
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance- Positive (Negative)	2006 Actual
	Budget	Actual		
Culture and recreation (continued):				
Fair:				
Services and supplies	\$ 3,040	\$ 2,579	\$ 461	\$ 1,373
Ball fields:				
Services and supplies	25,018	20,776	4,242	4,018
Convention Center:				
Salaries and wages	27,378	27,324	54	25,082
Employee benefits	17,866	16,605	1,261	16,981
Services and supplies	48,400	35,307	13,093	32,914
Capital outlay	-	1,525	(1,525)	-
Total Convention Center	93,644	80,761	12,883	74,977
Total culture and recreation	332,876	241,080	91,796	214,178
Contingency	15,000	-	15,000	-
Total expenditures	\$ 784,726	\$ 597,775	\$ 186,951	\$ 563,955

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2007 and 2006

	2007	2006
<u>ASSETS:</u>		
Current assets:		
Pooled cash and investments	\$ 807,543	\$ 651,108
Interest receivable	8,663	4,498
Accounts receivable, net of allowance for doubtful accounts	89,613	87,255
Inventory	76,751	77,029
Prepaid expense	9,734	17,335
Restricted assets - cash		
Sewer construction	533,561	228,710
Deposits	15,155	16,492
Water/Sewer privilege fee	460	440
Water surcharge	6,333	6,116
Water revenue bond	13,264	12,671
Total Restricted assets - cash	<u>568,773</u>	<u>264,429</u>
Total current assets	1,561,077	1,101,654
Property, plant and equipment, net of accumulated depreciation	<u>11,276,303</u>	<u>8,806,748</u>
Total assets	<u>12,837,380</u>	<u>9,908,402</u>
<u>LIABILITIES:</u>		
Current liabilities, payable from unrestricted assets:		
Accounts payable	389,564	21,428
Accrued payroll	20,030	26,230
Accrued interest	10,469	5,241
Accrued compensated absences	59,653	71,966
Current portion of bonds payable	815,722	5,484
Total current liabilities-unrestricted	1,295,438	130,349
Current liabilities, payable from restricted assets:		
Customer deposits	<u>15,639</u>	<u>15,742</u>
Total current liabilities	1,311,077	146,091
Note payable	<u>472,802</u>	<u>478,523</u>
Total liabilities	<u>1,783,879</u>	<u>624,614</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	9,987,779	8,322,741
Restricted for debt	27,810	16,741
Restricted for construction	533,561	228,710
Unrestricted	504,351	715,596
Total net assets	<u>\$ 11,053,501</u>	<u>\$ 9,283,788</u>

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2007
(with Comparative Amounts for the Year Ended June 30, 2006)

	2007		Variance- Positive (Negative)	2006 Actuals
	Budget	Actual		
Operating revenues:				
Charges for services:				
Water fees	\$ 404,000	\$ 420,067	\$ 16,067	\$ 388,850
Sewer fees	248,000	255,100	7,100	251,775
Total operating revenues	<u>652,000</u>	<u>675,167</u>	<u>23,167</u>	<u>640,625</u>
Operating expenses:				
Water department:				
Administration	34,046	31,411	2,635	33,778
General operations	234,863	173,142	61,721	213,184
Water operations	150,980	144,258	6,722	123,432
Depreciation	250,000	287,680	(37,680)	293,596
Bad debt expense	-	-	-	3,532
Total water department	<u>669,889</u>	<u>636,491</u>	<u>33,398</u>	<u>667,522</u>
Sewer department:				
Administration	106,247	109,421	(3,174)	95,714
General operations	137,581	135,667	1,914	118,561
Sewer operations	48,890	20,340	28,550	15,815
Depreciation	118,554	112,918	5,636	112,918
Bad debt expense	-	-	-	2,358
Total sewer department	<u>411,272</u>	<u>378,346</u>	<u>32,926</u>	<u>345,366</u>
Total operating expenses	<u>1,081,161</u>	<u>1,014,837</u>	<u>66,324</u>	<u>1,012,888</u>
Operating (loss)	<u>(429,161)</u>	<u>(339,670)</u>	<u>89,491</u>	<u>(372,263)</u>
Nonoperating revenue (expense):				
Interest	10,000	56,060	46,060	21,740
Miscellaneous	23,000	10,211	(12,789)	25,464
Grant	3,249,982	1,955,568	(1,294,414)	336,622
USDA rural development loan	600,000	-	(600,000)	-
Interim debenture bond	2,000,000	-	(2,000,000)	-
Interest expense	(20,484)	(25,692)	(5,208)	(20,692)
Purchase of fixed assets	(5,909,982)	-	5,909,982	-
Capital projects	30,500	30,942	442	30,654
Water surcharge	76,000	82,294	6,294	72,579
Total nonoperating revenue	<u>59,016</u>	<u>2,109,383</u>	<u>2,050,367</u>	<u>466,367</u>
Net income (loss)	<u>\$ (370,145)</u>	<u>1,769,713</u>	<u>\$ 2,139,858</u>	<u>94,104</u>
Net Assets:				
Beginning of year		<u>9,283,788</u>		<u>9,189,684</u>
End of year		<u>\$ 11,053,501</u>		<u>\$ 9,283,788</u>

TOWN OF TONOPAH, NEVADA
TONOPAH PUBLIC UTILITIES ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2007
(With comparative Amounts for the Year Ended June 30, 2006)

	2007	2006
Cash flows from operating activities:		
Cash received from customers	\$ 672,706	\$ 725,779
Cash paid for salaries, wages and employee benefits	(391,649)	(420,207)
Cash paid for services and supplies	134,912	(265,764)
Net cash provided by operating activities	<u>415,969</u>	<u>39,808</u>
Cash flows from noncapital financing activities:		
Miscellaneous revenue	10,211	25,464
Grants	1,955,568	336,622
Capital projects	30,942	30,654
Surcharges	82,294	72,579
Net cash provided by noncapital financing activities	<u>2,079,015</u>	<u>465,319</u>
Cash flows from capital and related financing activities:		
Purchase of fixed assets	(2,870,153)	(157,994)
Principal paid	(5,484)	(5,256)
Interest paid	(30,933)	(20,692)
Note proceeds	820,470	-
Net cash (used) by capital and related financing activities	<u>(2,086,100)</u>	<u>(183,942)</u>
Cash flows from investing activities:		
Interest income	51,895	21,740
Net increase in cash	460,779	342,925
Cash:		
Beginning of year	915,537	572,612
End of year	<u>\$ 1,376,316</u>	<u>\$ 915,537</u>
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (339,670)	\$ 89,491
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	400,598	(32,044)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,358)	106,673
(Increase) decrease in prepaid expenses	7,601	(17,335)
(Increase) decrease in inventory	278	(13,505)
Increase (decrease) in accounts payable	368,136	(74,769)
Increase (decrease) in accrued payroll	(18,513)	6,617
Increase (decrease) in customer deposits	(103)	(2,124)
Total adjustments	<u>755,639</u>	<u>(26,487)</u>
Net cash provided by operating activities	<u>\$ 415,969</u>	<u>\$ 63,004</u>

**TOWN OF TONOPAH, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2007 Totals	2006 Totals
Assets:				
Pooled cash and investments	\$ 60,217	\$ 257,871	\$ 318,088	\$ 264,087
Room tax receivable	<u>2,126</u>	<u>-</u>	<u>2,126</u>	<u>2,129</u>
Total assets	<u>\$ 62,343</u>	<u>\$ 257,871</u>	<u>\$ 320,214</u>	<u>\$ 266,216</u>
Liabilities:				
Accounts payable	<u>\$ 1,000</u>	<u>\$ 11,210</u>	<u>\$ 12,210</u>	<u>\$ -</u>
Fund Balance:				
Fund balance - unreserved:				
Designated for subsequent year	45,197	231,591	276,788	238,443
Undesignated	<u>16,146</u>	<u>15,070</u>	<u>31,216</u>	<u>27,773</u>
Total fund balance	<u>61,343</u>	<u>246,661</u>	<u>308,004</u>	<u>266,216</u>
Total liabilities and fund balance	<u>\$ 62,343</u>	<u>\$ 257,871</u>	<u>\$ 320,214</u>	<u>\$ 266,216</u>

**TOWN OF TONOPAH, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2007 Totals	2006 Totals
Revenues:				
Taxes	\$ 23,054	\$ -	\$ 23,054	\$ 23,376
Intergovernmental	-	25,442	25,442	24,605
Charges for services	-	2,567	2,567	3,989
Other	<u>7,442</u>	<u>9,506</u>	<u>16,948</u>	<u>7,792</u>
 Total revenues	 <u>30,496</u>	 <u>37,515</u>	 <u>68,011</u>	 <u>59,762</u>
Expenditures:				
Current:				
Culture and recreation	9,850	-	9,850	6,989
Capital projects	<u>-</u>	<u>16,373</u>	<u>16,373</u>	<u>-</u>
 Total expenditures	 <u>9,850</u>	 <u>16,373</u>	 <u>26,223</u>	 <u>6,989</u>
 Excess (deficiency) of revenues over expenditures	 20,646	 21,142	 41,788	 52,773
Fund balance:				
Beginning of year	<u>40,697</u>	<u>225,519</u>	<u>266,216</u>	<u>213,443</u>
 End of year	 <u>\$ 61,343</u>	 <u>\$ 246,661</u>	 <u>\$ 308,004</u>	 <u>\$ 266,216</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2007
(With Comparative Totals for June 30, 2006)

	State Room Tax	Mural Fund	Totals 2007	Totals 2006
<u>ASSETS:</u>				
Pooled cash and investments	\$ 54,899	\$ 5,318	\$ 60,217	\$ 38,568
Room tax receivable	<u>2,126</u>	<u>-</u>	<u>2,126</u>	<u>2,129</u>
Total assets	<u>\$ 57,025</u>	<u>\$ 5,318</u>	<u>\$ 62,343</u>	<u>\$ 40,697</u>
<u>LIABILITIES:</u>				
Accounts payable	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>
<u>FUND BALANCE:</u>				
Unreserved:				
Designated for subsequent year	40,697	4,500	45,197	27,212
Undesignated	<u>15,328</u>	<u>818</u>	<u>16,146</u>	<u>13,485</u>
Total fund balance	<u>56,025</u>	<u>5,318</u>	<u>61,343</u>	<u>40,697</u>
Total liabilities and fund balance	<u>\$ 57,025</u>	<u>\$ 5,318</u>	<u>\$ 62,343</u>	<u>\$ 40,697</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, 2007
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	State Room Tax	Mural Fund	Totals 2007	2006
Revenues:				
Taxes	\$ 23,054	\$ -	\$ 23,054	\$ 23,376
Other	<u>2,124</u>	<u>5,318</u>	<u>7,442</u>	<u>1,098</u>
Total revenues	25,178	5,318	30,496	- 24,474
Expenditures:				
Culture and recreation	<u>9,850</u>	<u>-</u>	<u>9,850</u>	<u>6,989</u>
Excess (deficiency) of revenues over expenditures	15,328	5,318	20,646	17,485
Fund balance:				
Beginning of year	<u>40,697</u>	<u>-</u>	<u>40,697</u>	<u>23,212</u>
End of year	<u>\$ 56,025</u>	<u>\$ 5,318</u>	<u>\$ 61,343</u>	<u>\$ 40,697</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-STATE ROOM TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006

	2007	2006
<u>ASSETS:</u>		
Pooled cash and investments	\$ 54,899	\$ 38,568
Room tax receivable	<u>2,126</u>	<u>2,129</u>
Total assets	<u>\$ 57,025</u>	<u>\$ 40,697</u>
<u>LIABILITIES</u>		
Accounts payable	\$ <u>1,000</u>	\$ <u>-</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	40,697	27,212
Undesignated	<u>15,328</u>	<u>13,485</u>
Total fund balance	<u>56,025</u>	<u>40,697</u>
Total liabilities and fund balance	<u>\$ 57,025</u>	<u>\$ 40,697</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, 2007
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance- Positive (Negative)	2006 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Room tax	\$ 17,000	\$ 23,054	\$ 6,054	\$ 23,376
Other:				
Interest	-	2,124	2,124	1,098
Total revenues	17,000	25,178	8,178	24,474
Expenditures:				
Culture and recreation:				
Services and supplies	17,000	9,850	7,150	6,989
Excess (deficiency) of revenues over expenditures	-	15,328	15,328	17,485
Fund balance:				
Beginning of year	27,212	40,697	13,485	23,212
End of year	\$ 27,212	\$ 56,025	\$ 28,813	\$ 40,697

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-MURAL SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2007

2007

ASSETS:

Pooled cash and investments \$ 5,318

LIABILITIES

Accounts payable \$ -

FUND BALANCE:

Unreserved:

Designated for subsequent year 4,500

Undesignated 818

Total fund balance 5,318

Total liabilities and fund balance \$ 5,318

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, 2007

	2007		Variance- Positive (Negative)
	Budget	Actual	
Revenues:			
Other:			
Interest	\$ -	\$ 68	\$ 68
Donations	-	5,250	5,250
Total revenues	-	5,318	5,318
Expenditures:			
Culture and recreation:			
Services and supplies	-	-	-
Excess (deficiency) of revenues over expenditures	-	5,318	5,318
Fund balance:			
Beginning of year	-	-	-
End of year	\$ -	\$ 5,318	\$ 5,318

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

June 30, 2007

(With Comparative Totals for June 30, 2006)

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2007	Totals 2006
<u>ASSETS:</u>					
Pooled cash and investments	\$ 37,097	\$ 188,277	\$ 32,497	\$ 257,871	\$ 225,519
<u>LIABILITIES:</u>					
Accounts payable	\$ 11,210	\$ -	\$ -	\$ 11,210	\$ -
<u>FUND BALANCE:</u>					
Unreserved:					
Designated for subsequent year	25,887	174,660	31,044	231,591	211,231
Undesignated	-	13,617	1,453	15,070	14,288
Total fund balance	25,887	188,277	32,497	246,661	225,519
Total liabilities and fund balance	\$ 37,097	\$ 188,277	\$ 32,497	\$ 257,871	\$ 225,519

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, 2007

(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2007	Totals 2006
Revenues:					
Intergovernmental	\$ -	\$ 25,442	\$ -	\$ 25,442	\$ 24,605
Charges for services	2,567	-	-	2,567	3,989
Other	<u>1,698</u>	<u>6,355</u>	<u>1,453</u>	<u>9,506</u>	<u>6,694</u>
Total revenues	4,265	31,797	1,453	37,515	35,288
Expenditures:					
Capital projects	<u>15,193</u>	<u>1,180</u>	<u>-</u>	<u>16,373</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(10,928)	30,617	1,453	21,142	35,288
Fund balance:					
Beginning of year	<u>36,815</u>	<u>157,660</u>	<u>31,044</u>	<u>225,519</u>	<u>190,231</u>
End of year	<u>\$ 25,887</u>	<u>\$ 188,277</u>	<u>\$ 32,497</u>	<u>\$ 246,661</u>	<u>\$ 225,519</u>

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006

	2007	2006
<u>ASSETS:</u>		
Pooled cash and investments	<u>\$ 37,097</u>	<u>\$ 36,815</u>
<u>LIABILITIES:</u>		
Accounts payable	<u>\$ 11,210</u>	<u>\$ -</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	25,887	35,649
Undesignated	<u>-</u>	<u>1,166</u>
Total fund balance	<u>25,887</u>	<u>36,815</u>
Total liabilities and fund balance	<u>\$ 37,097</u>	<u>\$ 36,815</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, 2007
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance- Positive (Negative)	2006 Actual
	Budget	Actual		
Revenues:				
Charges for services:				
Rescue runs	\$ 4,000	\$ 2,567	\$ (1,433)	\$ 3,989
Other:				
Interest	-	1,698	1,698	1,177
Total revenues	4,000	4,265	265	5,166
Expenditures:				
Capital projects	25,000	15,193	9,807	-
Excess (deficiency) of revenues over expenditures	(21,000)	(10,928)	10,072	5,166
Fund balance:				
Beginning of year	35,649	36,815	1,166	31,649
End of year	\$ 14,649	\$ 25,887	\$ 11,238	\$ 36,815

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-SPECIAL AD VALOREM CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006

	2007	2006
<u>ASSETS:</u>		
Pooled cash and investments	<u>\$ 188,277</u>	<u>\$ 157,660</u>
 <u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	\$ 174,660	\$ 145,582
Undesignated	<u>13,617</u>	<u>12,078</u>
Total fund balance	<u>\$ 188,277</u>	<u>\$ 157,660</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, 2007
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance- Positive (Negative)	2006 Actual
	Budget	Actual		
Revenues:				
Intergovernmental	\$ 17,000	\$ 25,442	\$ 8,442	\$ 24,605
Other:				
Interest	-	6,355	6,355	4,473
Total revenues	17,000	31,797	14,797	29,078
Expenditures:				
Capital projects	127,000	1,180	125,820	-
Excess (deficiency) of revenues over expenditures	(110,000)	30,617	140,617	29,078
Fund balance:				
Beginning of year	145,582	157,660	12,078	128,582
End of year	\$ 35,582	\$ 188,277	\$ 152,695	\$ 157,660

TOWN OF TONOPAH, NEVADA
NONMAJOR FUND-MINING CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006

	2007	2006
<u>ASSETS:</u>		
Pooled cash and investments	<u>\$ 32,497</u>	<u>\$ 31,044</u>
<u>FUND BALANCE:</u>		
Unreserved:		
Designated for subsequent year	\$ 31,044	\$ 30,000
Undesignated	<u>1,453</u>	<u>1,044</u>
 Total fund balance	 <u>\$ 32,497</u>	 <u>\$ 31,044</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, 2007
(With Comparative Amounts for the Year Ended June 30, 2006)

	2007		Variance-	2006
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Interest	\$ -	\$ 1,453	\$ 1,453	\$ 1,044
Expenditures:				
Capital projects	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(30,000)	1,453	(28,547)	1,044
Fund balance:				
Beginning of year	<u>30,000</u>	<u>31,044</u>	<u>1,044</u>	<u>30,000</u>
End of year	<u>\$ -</u>	<u>\$ 32,497</u>	<u>\$ (27,503)</u>	<u>\$ 31,044</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, 2007, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 29, 2007. 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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 Members of the 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
December 29, 2007

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, 2007, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 29, 2007. 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) and NRS 354.6115 Sec 6, 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
December 29, 2007

TOWN OF TONOPAH, NEVADA
SCHEDULE OF BUSINESS LICENSE FEES
APPENDIX A
JUNE 30, 2007

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, 2007, 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, 2007.

TOWN OF TONOPAH, NEVADA
SCHEDULE OF CAPITAL PROJECTS ACTIVITY
APPENDIX B
JUNE 30, 2007
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:

Citizens communication system	\$ 4,062
Utility trailer	8,211
John Deere mower	<u>3,000</u>
Total	<u>\$ 15,273</u>

Special Capital Project

Main Street land	<u>\$ 1,180</u>
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2. Specify the amount of money that will be deposited in the fund for the next fiscal year.

Response

Special Ad Valorem Capital Projects Fund

Taxes	\$ 19,000
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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, 2007
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	\$ 193,660
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Capital Projects Fund:

Repairs to Town buildings	\$ 30,815
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Mining Park Capital Projects Fund:

Infrastructure	\$ 31,044
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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.