

**TOWN OF TONOPAH, NEVADA**  
**REPORT ON FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL MATERIAL**  
**YEAR ENDED JUNE 30, 2003**

**TOWN OF TONOPAH, NEVADA  
REPORT ON FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003**

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REPORT ON FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003**

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**TOWN OF TONOPAH, NEVADA**

**ORGANIZATION**

**TOWN OFFICERS** at June 30, 2003

Chairman	Michael Truesdell
Vice Chairman	Cindy Kaminski
Town Clerk	Paul Campos
Board Members	Terry Rivero
	Tony Philips

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Members of the Town Board  
Town of Tonopah  
Tonopah, Nevada

I have audited the accompanying general purpose financial statements of the Town of Tonopah, Nevada as of and for the year ended June 30, 2003 as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Tonopah's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 general purpose 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 opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Tonopah, Nevada as of June 30, 2003 and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Tonopah, Nevada. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Las Vegas, Nevada  
January 29, 2004

**TOWN OF TONOPAH, NEVADA**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**June 30, 2003**  
**(With Comparative Totals for June 30, 2002)**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>Assets:</b>			
Pooled cash and investments	\$ 223,854	\$ 19,066	\$ 132,186
Accounts receivable (net of allowance for uncollectibles)	0	0	0
Interest receivable	0	0	0
Delinquent property taxes	5,776	0	0
Due from other governments	67,251	0	0
Room tax receivable	25,057	2,176	0
Inventory	0	0	0
Restricted assets-cash	0	0	0
Fixed assets (net, where applicable, of accumulated depreciation)	0	0	0
<b>Other debits:</b>			
Amount to be provided for compensated absences	0	0	0
Total assets and other debits	<u>\$ 321,938</u>	<u>\$ 21,242</u>	<u>\$ 132,186</u>
<b>Liabilities:</b>			
Accounts payable	\$ 15,825	\$ 700	\$ 0
Accrued payroll	37,169	0	0
Customer deposits	0	0	0
Liabilities payable from restricted assets	0	0	0
Deferred taxes	5,352	0	0
Note payable	0	0	0
Accrued compensated absences	0	0	0
Total liabilities	<u>58,346</u>	<u>700</u>	<u>0</u>
<b>Equity and Other Credits:</b>			
Investment in general fixed assets	0	0	0
Contributed capital	0	0	0
Retained earnings-unreserved	0	0	0
Fund balance - unreserved:			
Designated for subsequent year	229,815	20,542	65,412
Undesignated	33,777	0	66,774
Total equity and other credits	<u>263,592</u>	<u>20,542</u>	<u>132,186</u>
Total liabilities, equity, and other credits	<u>\$ 321,938</u>	<u>\$ 21,242</u>	<u>\$ 132,186</u>

Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-term Debt	2003	2002
Enterprise				
\$ 169,297	\$ 0	\$ 0	\$ 544,403	\$ 346,286
97,799	0	0	97,799	98,052
0	0	0	0	1,401
0	0	0	5,776	15,368
384,819	0	0	452,070	40,810
0	0	0	27,233	18,489
68,316	0	0	68,316	58,085
396,827	0	0	396,827	358,796
8,711,996	3,895,378	0	12,607,374	9,290,884
0	0	50,843	50,843	45,756
<u>\$ 9,829,054</u>	<u>\$ 3,895,378</u>	<u>\$ 50,843</u>	<u>\$ 14,250,641</u>	<u>\$ 10,273,927</u>
\$ 200,318	\$ 0	\$ 0	\$ 216,843	\$ 122,615
29,922	0	0	67,091	11,751
0	0	0	0	0
19,937	0	0	19,937	21,947
0	0	0	5,352	15,120
1,100,000	0	0	1,100,000	0
69,426	0	50,843	120,269	98,730
<u>1,419,603</u>	<u>0</u>	<u>50,843</u>	<u>1,529,492</u>	<u>270,163</u>
0	3,895,378	0	3,895,378	3,868,871
5,992,530	0	0	5,992,530	3,412,343
2,416,921	0	0	2,416,921	2,419,449
0	0	0	315,769	269,445
0	0	0	100,551	33,656
<u>8,409,451</u>	<u>3,895,378</u>	<u>0</u>	<u>12,721,149</u>	<u>10,003,764</u>
<u>\$ 9,829,054</u>	<u>\$ 3,895,378</u>	<u>\$ 50,843</u>	<u>\$ 14,250,641</u>	<u>\$ 10,273,927</u>

See accompanying notes to financial statements



**TOWN OF TONOPAH, NEVADA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2003**  
**(With Comparative Totals for Year Ended June 30, 2002)**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>Revenues:</b>			
Taxes	\$ 314,635	\$ 16,833	\$ 0
Fines and forfeitures	29,308	0	0
Licenses and permits	16,027	0	0
Intergovernmental	307,907	0	67,744
Charges for services	10,362	0	4,251
Other	<u>15,896</u>	<u>769</u>	<u>2,339</u>
Total revenues	<u>694,135</u>	<u>17,602</u>	<u>74,334</u>
<b>Expenditures:</b>			
Current:			
General government	68,239	0	0
Public safety	156,294	0	0
Public works	119,135	0	0
Culture and recreation	287,086	12,975	0
Capital outlay/projects	<u>0</u>	<u>0</u>	<u>29,123</u>
Total expenditures	<u>630,754</u>	<u>12,975</u>	<u>29,123</u>
Excess (deficiency) of revenues over expenditures	<u>63,381</u>	<u>4,627</u>	<u>45,211</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	1,293	0	0
Operating transfers out	<u>0</u>	<u>(769)</u>	<u>(524)</u>
Total other financing sources (uses)	<u>1,293</u>	<u>(769)</u>	<u>(524)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	64,674	3,858	44,687
<b>Fund balance:</b>			
Beginning of year	178,323	37,279	87,499
Residual equity transfer	<u>20,595</u>	<u>(20,595)</u>	<u>0</u>
End of year	<u>\$ 263,592</u>	<u>\$ 20,542</u>	<u>\$ 132,186</u>

Totals (Memorandum Only)	
2003	2002
\$ 331,468	\$ 302,557
29,308	30,066
16,027	16,453
375,651	319,046
14,613	20,165
<u>19,004</u>	<u>22,311</u>
<u>786,071</u>	<u>710,598</u>
68,239	97,801
156,294	225,447
119,135	90,141
300,061	295,475
<u>29,123</u>	<u>37,532</u>
<u>672,852</u>	<u>746,396</u>
<u>113,219</u>	<u>(35,798)</u>
1,293	1,662
<u>(1,293)</u>	<u>(1,662)</u>
<u>0</u>	<u>0</u>
113,219	(35,798)
303,101	338,899
<u>0</u>	<u>0</u>
<u>\$ 416,320</u>	<u>\$ 303,101</u>

See accompanying notes to financial statements

**TOWN OF TONOPAH, NEVADA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES**  
**Year Ended June 30, 2003**  
**Page 1 of 2**

	General Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 283,031	\$ 314,635	\$ 31,604
Fines and forfeitures	25,000	29,308	4,308
Licenses and permits	16,000	16,027	27
Intergovernmental	297,601	307,907	10,306
Charges for services	9,250	10,362	1,112
Other	<u>15,200</u>	<u>15,896</u>	<u>696</u>
 Total revenues	 <u>646,082</u>	 <u>694,135</u>	 <u>48,053</u>
<b>Expenditures:</b>			
Current:			
General government	124,542	68,239	56,303
Public safety	231,546	156,294	75,252
Public works	137,184	119,135	18,049
Culture and recreation	288,944	287,086	1,858
Capital outlay/projects	<u>0</u>	<u>0</u>	<u>0</u>
 Total expenditures	 <u>782,216</u>	 <u>630,754</u>	 <u>151,462</u>
 Excess (deficiency) of revenues over expenditures	 <u>(136,134)</u>	 <u>63,381</u>	 <u>199,515</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	0	1,293	1,293
Operating transfers out	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>1,293</u>	<u>1,293</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 <u>(136,134)</u>	 <u>64,674</u>	 <u>200,808</u>
<b>Fund balance:</b>			
Beginning of year	173,140	178,323	5,183
Residual equity transfer	<u>0</u>	<u>20,595</u>	<u>20,595</u>
 End of year	 <u>\$ 37,006</u>	 <u>\$ 263,592</u>	 <u>\$ 226,586</u>

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ 17,000	\$ 16,833	\$ (167)
0	0	0
0	0	0
0		0
0	0	0
<u>0</u>	<u>769</u>	<u>769</u>
 17,000	 17,602	 602
 0	 0	 0
0	0	0
0	0	0
25,806	12,975	12,831
<u>0</u>	<u>0</u>	<u>0</u>
 25,806	 12,975	 12,831
 (8,806)	 4,627	 13,433
 0	 0	 0
<u>0</u>	<u>(769)</u>	<u>(769)</u>
<u>0</u>	<u>(769)</u>	<u>(769)</u>
 (8,806)	 3,858	 12,664
 8,806	 16,684	 7,878
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 20,542</u>	<u>\$ 20,542</u>

See accompanying notes to financial statements

**TOWN OF TONOPAH, NEVADA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES**  
**Year Ended June 30, 2003**  
**Page 2 of 2**

	Capital Projects Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 0	\$ 0	\$ 0
Fines and forfeitures	0	0	0
Licenses and permits	0	0	0
Intergovernmental	60,500	67,744	7,244
Charges for services	4,000	4,251	251
Other	<u>0</u>	<u>2,339</u>	<u>2,339</u>
Total revenues	<u>64,500</u>	<u>74,334</u>	<u>9,834</u>
<b>Expenditures:</b>			
Current:			
General government	0	0	0
Public safety	0	0	0
Public works	0	0	0
Culture and recreation	0	0	0
Capital outlay/projects	<u>161,881</u>	<u>29,123</u>	<u>132,758</u>
Total expenditures	<u>161,881</u>	<u>29,123</u>	<u>132,758</u>
Excess (deficiency) of revenues over expenditures	<u>(97,381)</u>	<u>45,211</u>	<u>142,592</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	0	0	0
Operating transfers out	<u>0</u>	<u>(524)</u>	<u>(524)</u>
Total other financing sources (uses)	<u>0</u>	<u>(524)</u>	<u>(524)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(97,381)	44,687	142,068
<b>Fund balance:</b>			
Beginning of year	97,381	87,499	(9,882)
Residual equity transfer	<u>0</u>	<u>0</u>	<u>0</u>
End of year	<u>\$ 0</u>	<u>\$ 132,186</u>	<u>\$ 132,186</u>

See accompanying notes to financial statements

**TOWN OF TONOPAH, NEVADA**  
**COMBINED STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN RETAINED EARNINGS**  
**PROPRIETARY FUND TYPE**  
**Year Ended June 30, 2003**

	<u>Enterprise Fund</u>
<b>Operating revenues:</b>	
Charges for services:	
Water fees	\$ 414,184
Sewer fees	<u>246,069</u>
Total operating revenues	<u>660,253</u>
<b>Operating expenses:</b>	
<b>Water Department</b>	
Administration	78,724
General operations	231,753
Water operations	172,093
Depreciation	<u>139,226</u>
Total water department	<u>621,796</u>
<b>Sewer Department</b>	
Administration	79,012
General operations	148,833
Water operations	32,524
Depreciation	<u>111,046</u>
Total water department	<u>371,415</u>
Total operating expenses	<u>993,211</u>
Operating (loss)	<u>(332,958)</u>
<b>Nonoperating revenue:</b>	
Interest	11,139
Work orders-miscellaneous	34,577
Water privilege fee	1,800
Sewer privilege fee	600
Grants	35,000
Capital projects	30,438
Surcharge	<u>77,088</u>
Total nonoperating revenue	<u>190,642</u>
Net income (loss)	(142,316)
Add back depreciation on contributed assets	139,788
<b>Retained earnings:</b>	
Beginning of year	<u>2,419,449</u>
End of year	<u>\$ 2,416,921</u>

See accompanying notes to financial statements

**TOWN OF TONOPAH, NEVADA**  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE**  
**Year Ended June 30, 2003**

	<u>Enterprise Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 652,198
Cash paid for salaries, wages, and employee benefits	(444,215)
Cash paid for services and supplies	<u>(146,664)</u>
Net cash provided by operating activities	<u>61,319</u>
<b>Cash flows from noncapital financing activities:</b>	
Work orders - miscellaneous	34,577
Grants	2,370,156
Privilege fees	2,400
Capital projects	30,438
Surcharges	<u>77,088</u>
Net cash provided by noncapital financing activities	<u>2,514,659</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchase of fixed assets	(3,540,255)
Issuance of interim debentures	<u>1,100,000</u>
Net cash used from capital and related financing activities	<u>(2,440,255)</u>
<b>Cash flows from investing activities:</b>	
Interest income	<u>12,256</u>
Net increase in cash	147,979
<b>Cash:</b>	
Beginning of year	<u>418,145</u>
End of year	<u><u>\$ 566,124</u></u>
<b>Reconciliation of operating (loss) to net cash (used) by operating activities:</b>	
Operating (loss)	<u>\$ (332,958)</u>
<b>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</b>	
Depreciation	250,272
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	253
(Increase) decrease in inventory	(10,231)
Increase (decrease) in accounts payable	113,726
Increase (decrease) in accrued payroll	42,267
Increase (decrease) in customer deposits	<u>(2,010)</u>
Total adjustments	<u>394,277</u>
<b>Net cash (used) by operating activities</b>	<u><u>\$ 61,319</u></u>

See accompanying notes to financial statements

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2003**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 and account groups for which the Town is considered to be financially accountable. There were no component units of the Town at June 30, 2003. The Town is not included in any other governmental reporting entity as a component unit as defined by Governmental Accounting Standards Board pronouncements.

**2. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the Town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Town has the following fund types and account groups:

**Governmental funds** are used to account for the Town's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest of general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Taxes, licenses, and interest are susceptible to accrual. Taxes collected and held by the State at year end on behalf of the Town are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has a legal claim to them as when grant monies are received prior to its incurrance of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the amount of deferred revenue is removed from the combined balance sheet and revenue is recognized.



**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2003**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Governmental funds include the following fund types:

The **general fund** is the Town's primary operating fund. It accounts for all financial resources of the Town government, except those required to be accounted for in another fund.

The **special revenue funds** account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The **capital projects funds** account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

**Proprietary funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by generally accepted accounting principles, the Town has elected to apply only applicable Financial Accounting Standards Board statements and interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations. Proprietary funds include the following fund type:

The **enterprise fund** is used to account for those operations that are financed and operated in a manner similar to private business where the board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

**3. 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 balance sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of Town investments are part of investment income which is included in revenue from other sources on the combined statement of revenues, expenditures, and changes in fund balance. **(See Note C1)**

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.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2003**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Assets, Liabilities, and Equity (Continued)**

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

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.

**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 receivable/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 C2)

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2003**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Assets, Liabilities, and Equity (Continued)**

**c. Inventories and Prepaid Items**

Inventories are valued at cost using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

Payments to vendors that benefit periods beyond June 30, 2003 are recorded as expenditures in governmental funds.

**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 C7)

**e. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated cost where no historical records are available. Donated fixed assets are valued at their estimated fair market value on the date received. Interest incurred during construction is not capitalized on general fixed assets. (See Note C3)

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the Town) are not capitalized.

The cost 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 included in the general fixed assets account group or capitalized in the proprietary funds.

Property, plant, and equipment in the proprietary funds of the Town are recorded at cost. Property, plant, and equipment donated to these proprietary fund type operations are recorded at their estimated fair market value at the date of donation. (See Note C3)

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
June 30, 2003

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Assets, Liabilities, and Equity (Continued)**

**e. Fixed Assets (Continued)**

Property, plant and equipment are depreciated in the proprietary funds of the Town using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20
System infrastructure	10-50
Vehicles	5-10
Furniture and equipment	5-20
Computer equipment	5
Land improvements	5-40

**f. Compensated Absences**

Vacation and sick leave pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation and sick pay 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 not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditures are reported for these amounts.

Town policy allows employees to accumulate annual leave to a maximum of 240 hours. Employees can accumulate up to 720 hours of sick leave. If an employee has five years of service, upon termination he/she will be paid 25% of his sick leave. At ten years of service, upon termination he/she will be paid 50% of accumulated sick leave. After ten years of service, upon termination he/she will be paid 2.5% for every year up to a maximum of 75%. **(See Note C5)**

**g. Long-term Obligations**

The Town reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2003**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Assets, Liabilities, and Equity (Continued)**

**h. Fund Equity**

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

**i. Memorandum Only--Total Columns**

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

**j. Comparative Data/Reclassification**

Comparative total data for the prior year have 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.

**B. 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.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2003**

**B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**1. Budgetary Information (Continued)**

- 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 Manager 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, capital projects, and Mining capital projects fund budgets were augmented during the year due to grants received.

**2. Encumbrance Accounting**

Encumbrance accounting is not utilized in the governmental funds.

**C. 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 A3a)

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
June 30, 2003

**C. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**1. Deposits and Investments (Continued)**

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, 2003.

A reconciliation of cash and investments as shown on the Combined Balance Sheet for the Town follows:

Cash in the hands of officers	\$ 95,419	
Carrying amount of deposits with County Treasurer		<u>845,811</u>
Total		<u>\$ 941,230</u>
Cash and cash equivalents	\$ 544,403	
Restricted assets - cash		<u>396,827</u>
Total		<u>\$ 941,230</u>

Investment income earned from pooled investments of funds that is assigned to another fund was as follows:

TO	FROM	AMOUNT
General Fund	State Room Tax Special Revenue Fund	\$ 769
	Capital Projects Fund	<u>524</u>
		<u>\$ 1,293</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2003**

**C. 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>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:					
Property taxes	5,776	0	0	0	5,776
Accounts receivable (net)	0	0	0	97,799	97,799
Due from other governments	67,251	0	0	384,819	452,070
Room tax receivable	<u>25,057</u>	<u>2,176</u>	<u>0</u>	<u>0</u>	<u>27,233</u>
Net total receivables	<u>\$98,084</u>	<u>\$ 2,176</u>	<u>\$ 0</u>	<u>\$ 482,618</u>	<u>\$ 582,878</u>

**3. Fixed Assets**

Activity in the general fixed assets account group for the year ended June 30, 2003 was as follows:

	<u>Balance at July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2003</u>
Land	\$ 2,086,183	\$ 0	\$ 0	\$ 2,086,183
Building	924,139	18,500	0	942,639
Equipment	<u>858,549</u>	<u>8,173</u>	<u>166</u>	<u>866,556</u>
Total general fixed assets	<u>\$ 3,868,871</u>	<u>\$ 26,673</u>	<u>\$ 166</u>	<u>\$ 3,895,378</u>

The following is a summary of proprietary fund type fixed assets for the Town at June 30, 2003:

	<u>Enterprise Fund</u>
Land	\$ 55,000
Machinery and equipment	482,128
Water and sewer system	9,723,972
Construction in process	<u>3,794,995</u>
	14,056,095
Less accumulated depreciation	<u>5,344,099</u>
Totals	<u>\$ 8,711,996</u>

**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 \$5,352..



**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2003**

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

**5. Long-term Debt**

**Changes in general long-term liabilities.** During the year ended June 30, 2003, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance at July 1, 2002</u>	<u>Net Additions/ (Reductions)</u>	<u>Balance at June 30, 2003</u>
Compensated absences	\$ <u>45,756</u>	\$ <u>5,087</u>	\$ <u>50,843</u>

**6. Contributed Capital**

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

	<u>Enterprise Fund</u>
Beginning balance	\$ 3,412,343
Contributions	2,719,975
Amortization	<u>(139,788)</u>
Ending balance	<u>\$ 5,992,530</u>

**7. Restricted Assets Accounts**

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

Cash - customer deposits	\$ 21,573
Cash - Construction	238,349
Cash - Water/sewer privilege	12,670
Cash - Water surcharge	<u>124,235</u>
Total restricted assets	<u>\$ 396,827</u>

**8. Interfund Transactions**

Interfund operating transfers are made from one fund to another fund to support expenditures in accordance with the authority established for the individual funds. Transfers between fund types during the year ended June 30, 2003 were:

	<u>Total Transfers In</u>	<u>Transfers Out</u>	
		<u>Special Revenue</u>	<u>Capital Projects</u>
General fund	<u>\$ 1,293</u>	<u>\$ 769</u>	<u>\$ 524</u>

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2003**

**D. 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**

The Town is involved in a lawsuit. The outcome of this lawsuit is presently undeterminable.

**TOWN OF TONOPAH, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2003**

**D. OTHER INFORMATION (Continued)**

**3. Pension Plan**

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

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

Monthly benefit allowances for members are computed at 2.5 % 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 fireman 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 18.75% for the 2001-2002 year. The contribution rate for police and firemen was 28.5%. The contribution requirement for the year ended June 30, 2003 was \$101,399. The contributions were equal to the required contributions for the year. The Town's contributions to PERS for the years ended June 30, 2002 and 2001 were \$109,176 and \$132,436, respectively, equal to the required contribution each year at the determined rate of 18.75% and 28.5%.

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, 2003 and 2002**

	2003	2002
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 223,854	\$ 175,242
Room tax receivable	25,057	0
Interest receivable	0	284
Delinquent property taxes	5,776	15,368
Due from other governments	<u>67,251</u>	<u>40,810</u>
 Total assets	 <u>\$ 321,938</u>	 <u>\$ 231,704</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 15,825	\$ 31,557
Accrued payroll	37,169	6,704
Deferred taxes	<u>5,352</u>	<u>15,120</u>
 Total liabilities	 <u>58,346</u>	 <u>53,381</u>
<b><u>FUND BALANCE</u></b>		
Unreserved:		
Designated for subsequent year	229,815	173,140
Undesignated	<u>33,777</u>	<u>5,183</u>
 Total fund balance	 <u>263,592</u>	 <u>178,323</u>
 Total liabilities and fund balance	 <u>\$ 321,938</u>	 <u>\$ 231,704</u>

**TOWN OF TONOPAH, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2003**  
**(With Comparative Actual Amounts for Year Ended June 30, 2002)**

	2003		Variance- Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
<b>Revenues:</b>				
Taxes	\$ 283,031	\$ 314,635	\$ 31,604	\$ 146,809
Fines and forfeitures	25,000	29,308	4,308	30,066
Licenses and permits	16,000	16,027	27	16,453
Intergovernmental	297,601	307,907	10,306	284,987
Charges for services	9,250	10,362	1,112	10,758
Other	<u>15,200</u>	<u>15,896</u>	<u>696</u>	<u>10,581</u>
 Total revenues	 <u>646,082</u>	 <u>694,135</u>	 <u>48,053</u>	 <u>499,654</u>
<b>Expenditures:</b>				
General government	124,542	68,239	56,303	97,801
Public safety	231,546	156,294	75,252	225,447
Public works	137,184	119,135	18,049	90,141
Culture and recreation	<u>288,944</u>	<u>287,086</u>	<u>1,858</u>	<u>110,620</u>
 Total expenditures	 <u>782,216</u>	 <u>630,754</u>	 <u>151,462</u>	 <u>524,009</u>
 Excess (deficiency) of revenues over expenditures	 (136,134)	 63,381	 199,515	 (24,355)
<b>Other financing sources (uses):</b>				
Operating transfers in	<u>0</u>	<u>1,293</u>	<u>1,293</u>	<u>1,662</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 (136,134)	 64,674	 200,808	 (22,693)
<b>Fund balance:</b>				
Beginning of year	173,140	178,323	5,183	201,016
Residual equity transfer	<u>0</u>	<u>20,595</u>	<u>20,595</u>	<u>0</u>
 End of year	 <u>\$ 37,006</u>	 <u>\$ 263,592</u>	 <u>\$ 226,586</u>	 <u>\$ 178,323</u>

**TOWN OF TONOPAH, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES COMPARED TO BUDGET**  
**Year Ended June 30, 2003**  
**(With Comparative Actual Amounts for Year Ended June 30, 2002)**

	2003		Variance-	
	Budget	Actual	Favorable (Unfavorable)	2002 Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 89,091	\$ 97,141	\$ 8,050	\$ 103,528
Room taxes	<u>193,940</u>	<u>217,494</u>	<u>23,554</u>	<u>43,281</u>
Total taxes	<u>283,031</u>	<u>314,635</u>	<u>31,604</u>	<u>146,809</u>
<b>Fines and forfeitures</b>	<u>25,000</u>	<u>29,308</u>	<u>4,308</u>	<u>30,066</u>
<b>Licenses and permits</b>	<u>16,000</u>	<u>16,027</u>	<u>27</u>	<u>16,453</u>
<b>Intergovernmental:</b>				
County liquor license	2,400	1,720	(680)	1,560
County gaming license	23,500	19,343	(4,157)	15,210
Consolidated tax	224,274	237,914	13,640	237,359
Grants	38,000	38,000	0	20,000
LGTA tax	0	5	5	0
Gas tax \$1.75	<u>9,427</u>	<u>10,925</u>	<u>1,498</u>	<u>10,858</u>
Total intergovernmental	<u>297,601</u>	<u>307,907</u>	<u>10,306</u>	<u>284,987</u>
<b>Charges for services:</b>				
Rescue runs	300	860	560	2,412
Swimming pool fees	7,500	8,696	1,196	6,546
Baseball complex fees	1,200	372	(828)	1,448
Fairgrounds rental	<u>250</u>	<u>434</u>	<u>184</u>	<u>352</u>
Total charges for services	<u>9,250</u>	<u>10,362</u>	<u>1,112</u>	<u>10,758</u>
<b>Other:</b>				
Mining park operating grant	0	1,228	1,228	0
Rent	8,700	5,019	(3,681)	0
Interest	5,500	7,328	1,828	6,244
Donations	0	0	0	2,364
Miscellaneous	<u>1,000</u>	<u>2,321</u>	<u>1,321</u>	<u>1,973</u>
Total other	<u>15,200</u>	<u>15,896</u>	<u>696</u>	<u>10,581</u>
Total revenues	<u>\$ 646,082</u>	<u>\$ 694,135</u>	<u>\$ 48,053</u>	<u>\$ 499,654</u>

**TOWN OF TONOPAH, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
**Year Ended June 30, 2003**  
**(With Comparative Actual Amounts for Year Ended June 30, 2002)**

	2003		Variance-	2002
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>Expenditures:</b>				
<b>General government:</b>				
Salaries and wages	\$ 75,876	\$ 30,877	\$ 44,999	\$ 62,247
Employee benefits	27,628	14,228	13,400	14,063
Services and supplies	21,038	23,134	(2,096)	20,916
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>575</u>
Total general government	<u>124,542</u>	<u>68,239</u>	<u>56,303</u>	<u>97,801</u>
<b>Public safety:</b>				
Fire:				
Salaries and wages	147,614	91,530	56,084	150,190
Employee benefits	58,342	44,637	13,705	54,710
Services and supplies	25,590	20,127	5,463	19,847
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>700</u>
Total public safety	<u>231,546</u>	<u>156,294</u>	<u>75,252</u>	<u>225,447</u>
<b>Public works:</b>				
Highways and streets:				
Salaries and wages	62,325	56,176	6,149	38,731
Employee benefits	19,319	17,618	1,701	12,112
Services and supplies	<u>55,540</u>	<u>45,341</u>	<u>10,199</u>	<u>39,298</u>
Total public works	<u>137,184</u>	<u>119,135</u>	<u>18,049</u>	<u>90,141</u>
<b>Culture and recreation:</b>				
Parks:				
Services and supplies	<u>13,100</u>	<u>11,957</u>	<u>1,143</u>	<u>9,325</u>
Mining parks:				
Salaries and wages	54,040	56,131	(2,091)	42,074
Employee benefits	22,120	24,929	(2,809)	17,896
Services and supplies	22,100	16,595	5,505	9,554
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,274</u>
Total mining parks	<u>98,260</u>	<u>97,655</u>	<u>605</u>	<u>70,798</u>
Swimming pool:				
Salaries and wages	18,500	16,638	1,862	11,903
Employee benefits	557	1,910	(1,353)	822
Services and supplies	<u>9,943</u>	<u>11,586</u>	<u>(1,643)</u>	<u>7,950</u>
Total swimming pool	<u>29,000</u>	<u>30,134</u>	<u>(1,134)</u>	<u>20,675</u>

**TOWN OF TONOPAH, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES COMPARED TO BUDGET (Continued)**  
**Year Ended June 30, 2003**  
**(With Comparative Actual Amounts for Year Ended June 30, 2002)**

	2003		Variance- Favorable	2002
	Budget	Actual	(Unfavorable)	Actual
<b>Culture and recreation (continued):</b>				
Fair:				
Services and supplies	\$ 2,000	\$ 1,806	\$ 194	\$ 976
Ball fields:				
Services and supplies	8,000	4,930	3,070	8,846
Convention Center:				
Salaries and wages	60,209	63,384	(3,175)	0
Employee benefits	21,830	23,625	(1,795)	0
Services and supplies	56,545	53,595	2,950	0
Total mining parks	138,584	140,604	(2,020)	0
Total culture and recreation	288,944	287,086	1,858	110,620
<b>Contingency</b>	0	0	0	0
Total expenditures	\$ 782,216	\$ 630,754	\$ 151,462	\$ 524,009



**TOWN OF TONOPAH, NEVADA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2003  
(With Comparative Totals for June 30, 2002)**

	Convention Center	State Room Tax	Totals	
			2003	2002
<b><u>ASSETS:</u></b>				
Pooled cash and investments	\$ 0	\$ 19,066	\$ 19,066	\$ 24,196
Room tax receivable	<u>0</u>	<u>2,176</u>	<u>2,176</u>	<u>18,489</u>
Total assets	<u>\$ 0</u>	<u>\$ 21,242</u>	<u>\$ 21,242</u>	<u>\$ 42,685</u>
<b><u>LIABILITIES:</u></b>				
Accounts payable	\$ 0	\$ 700	\$ 700	\$ 4,466
Accrued payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>940</u>
Total liabilities	<u>0</u>	<u>700</u>	<u>700</u>	<u>5,406</u>
<b><u>FUND BALANCE:</u></b>				
Unreserved:				
Designated for subsequent year	0	20,542	20,542	8,806
Undesignated	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,473</u>
Total fund balance	<u>0</u>	<u>20,542</u>	<u>20,542</u>	<u>37,279</u>
Total liabilities and fund balance	<u>\$ 0</u>	<u>\$ 21,242</u>	<u>\$ 21,242</u>	<u>\$ 42,685</u>

**TOWN OF TONOPAH, NEVADA**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**Year Ended June 30, 2003**  
**(With Comparative Actual Amounts for June 30, 2002)**

	Convention Center and Parks	State Room Tax	Totals	
			2003	2002
<b>Revenues:</b>				
Taxes	\$ 0	\$ 16,833	\$ 16,833	\$ 155,748
Intergovernmental	0	0	0	16,783
Other	<u>0</u>	<u>769</u>	<u>769</u>	<u>8,836</u>
Total revenues	0	17,602	17,602	181,367
<b>Expenditures:</b>				
Culture and recreation	<u>0</u>	<u>12,975</u>	<u>12,975</u>	<u>184,855</u>
Excess (deficiency) of revenues over expenditures	0	4,627	4,627	(3,488)
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>0</u>	<u>(769)</u>	<u>(769)</u>	<u>(864)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	0	3,858	3,858	(4,352)
<b>Fund balance:</b>				
Beginning of year	20,595	16,684	37,279	41,631
Residual equity transfer	<u>(20,595)</u>	<u>0</u>	<u>(20,595)</u>	<u>0</u>
End of year	<u>\$ 0</u>	<u>\$ 20,542</u>	<u>\$ 20,542</u>	<u>\$ 37,279</u>

**TOWN OF TONOPAH, NEVADA  
STATE ROOM TAX SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS**

**June 30, 2003 and 2002**

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	2003	2002
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ 19,066	\$ 16,503
Room tax receivable	<u>2,176</u>	<u>1,681</u>
Total assets	<u>\$ 21,242</u>	<u>\$ 18,184</u>
 <b><u>LIABILITIES</u></b>		
Accounts payable	<u>\$ 700</u>	<u>\$ 1,500</u>
 <b><u>FUND BALANCE:</u></b>		
Unreserved:		
Designated for subsequent year	20,542	8,806
Undesignated	<u>0</u>	<u>7,878</u>
Total fund balance	<u>20,542</u>	<u>16,684</u>
Total liabilities and fund balance	<u>\$ 21,242</u>	<u>\$ 18,184</u>

**TOWN OF TONOPAH, NEVADA**  
**STATE ROOM TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2003**

**(With Comparative Actual Amounts for Year Ended June 30, 2002)**

	2003		Variance- Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
<b>Revenues:</b>				
Taxes:				
Room tax	\$ 17,000	\$ 16,833	\$ (167)	\$ 14,278
Other:				
Interest	<u>0</u>	<u>769</u>	<u>769</u>	<u>386</u>
Total revenues	17,000	17,602	602	14,664
<b>Expenditures:</b>				
Culture and recreation:				
Services and supplies	<u>25,806</u>	<u>12,975</u>	<u>12,831</u>	<u>6,400</u>
Excess (deficiency) of revenues over expenditures	(8,806)	4,627	13,433	8,264
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>0</u>	<u>(769)</u>	<u>(769)</u>	<u>(386)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(8,806)	3,858	12,664	7,878
<b>Fund balance:</b>				
Beginning of year	<u>8,806</u>	<u>16,684</u>	<u>7,878</u>	<u>8,806</u>
End of year	<u>\$ 0</u>	<u>\$ 20,542</u>	<u>\$ 20,542</u>	<u>\$ 16,684</u>

**TOWN OF TONOPAH, NEVADA  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
June 30, 2003  
(With Comparative Totals for June 30, 2002)**

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2003	Totals 2002
<b><u>ASSETS:</u></b>					
Pooled cash and investments	<u>\$ 20,813</u>	<u>\$ 81,373</u>	<u>\$ 30,000</u>	<u>\$ 132,186</u>	<u>\$ 87,499</u>
 <b><u>FUND BALANCE:</u></b>					
Unreserved:					
Designated for subsequent year	\$ 6,117	\$ 59,295	\$ 0	\$ 65,412	\$ 87,499
Undesignated	<u>14,696</u>	<u>22,078</u>	<u>30,000</u>	<u>66,774</u>	<u>0</u>
Total fund balance	<u>\$ 20,813</u>	<u>\$ 81,373</u>	<u>\$ 30,000</u>	<u>\$ 132,186</u>	<u>\$ 87,499</u>

**TOWN OF TONOPAH, NEVADA**  
**CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**Year Ended June 30, 2003**  
**(With Comparative Actual Amounts for Year Ended June 30, 2002)**

	Capital Projects	Special Ad Valorem	Mining Capital Project	Totals 2003	Totals 2002
<b>Revenues:</b>					
Intergovernmental	\$ 18,500	\$ 19,244	\$ 30,000	\$ 67,744	\$ 17,276
Charges for services	4,251	0	0	4,251	9,407
Other	<u>524</u>	<u>1,815</u>	<u>0</u>	<u>2,339</u>	<u>2,894</u>
Total revenues	23,275	21,059	30,000	74,334	29,577
<b>Expenditures:</b>					
Capital projects	<u>27,142</u>	<u>1,981</u>	<u>0</u>	<u>29,123</u>	<u>37,532</u>
Excess (deficiency) of revenues over expenditures	(3,867)	19,078	30,000	45,211	(7,955)
<b>Other financing sources (uses):</b>					
Operating transfers out	<u>(524)</u>	<u>0</u>	<u>0</u>	<u>(524)</u>	<u>(798)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,391)	19,078	30,000	44,687	(8,753)
<b>Fund balance:</b>					
Beginning of year	<u>25,204</u>	<u>62,295</u>	<u>0</u>	<u>87,499</u>	<u>96,252</u>
End of year	<u>\$ 20,813</u>	<u>\$ 81,373</u>	<u>\$ 30,000</u>	<u>\$ 132,186</u>	<u>\$ 87,499</u>

**TOWN OF TONOPAH, NEVADA  
CAPITAL PROJECTS  
COMPARATIVE BALANCE SHEETS**

**June 30, 2003 and 2002**

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	2003	2002
<b><u>ASSETS:</u></b>		
Pooled cash and investments	\$ <u>20,813</u>	\$ <u>25,204</u>
 <b><u>FUND BALANCE:</u></b>		
Unreserved:		
Designated for subsequent year	\$ 6,117	\$ 25,204
Undesignated	<u>14,696</u>	<u>0</u>
Total fund balance	<u>\$ 20,813</u>	<u>\$ 25,204</u>

**TOWN OF TONOPAH, NEVADA**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2003**  
**(With Comparative Actual Amounts for Year Ended June 30, 2002)**

	2003		Variance- Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
<b>Revenues:</b>				
Intergovernmental:				
Grants	\$ 18,500	\$ 18,500	\$ 0	\$ 0
Charges for services:				
Rescue runs	4,000	4,251	251	9,407
Other:				
Interest	<u>0</u>	<u>524</u>	<u>524</u>	<u>798</u>
Total revenues	22,500	23,275	775	10,205
<b>Expenditures:</b>				
Capital projects	<u>53,350</u>	<u>27,142</u>	<u>26,208</u>	<u>8,924</u>
Excess (deficiency) of revenues over expenditures	(30,850)	(3,867)	26,983	1,281
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>0</u>	<u>(524)</u>	<u>(524)</u>	<u>(798)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(30,850)	(4,391)	26,459	483
<b>Fund balance:</b>				
Beginning of year	<u>30,850</u>	<u>25,204</u>	<u>(5,646)</u>	<u>24,721</u>
End of year	<u>\$ 0</u>	<u>\$ 20,813</u>	<u>\$ 20,813</u>	<u>\$ 25,204</u>



**TOWN OF TONOPAH, NEVADA  
SPECIAL AD VALOREM CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS**

**June 30, 2003 and 2002**

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	2003	2002
<b><u>ASSETS:</u></b>		
Pooled cash and investments	<u>\$ 81,373</u>	<u>\$ 62,295</u>
<b><u>FUND BALANCE:</u></b>		
Unreserved:		
Designated for subsequent year	\$ 59,295	\$ 62,295
Undesignated	<u>22,078</u>	<u>0</u>
Total fund balance	<u>\$ 81,373</u>	<u>\$ 62,295</u>

**TOWN OF TONOPAH, NEVADA**  
**SPECIAL AD VALOREM CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2003**  
**(With Comparative Actual Amounts for Year Ended June 30, 2002)**

	2003		Variance- Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
<b>Revenues:</b>				
Intergovernmental	\$ 12,000	\$ 19,244	\$ 7,244	\$ 17,276
Other:				
Interest	<u>0</u>	<u>1,815</u>	<u>1,815</u>	<u>2,096</u>
Total revenues	12,000	21,059	9,059	19,372
<b>Expenditures:</b>				
Capital projects	<u>78,531</u>	<u>1,981</u>	<u>76,550</u>	<u>28,608</u>
Excess (deficiency) of revenues over expenditures	(66,531)	19,078	85,609	(9,236)
<b>Fund balance:</b>				
Beginning of year	<u>66,531</u>	<u>62,295</u>	<u>(4,236)</u>	<u>71,531</u>
End of year	<u>\$ 0</u>	<u>\$ 81,373</u>	<u>\$ 81,373</u>	<u>\$ 62,295</u>

**TOWN OF TONOPAH, NEVADA  
MINING CAPITAL PROJECTS FUND  
BALANCE SHEET**

**June 30, 2003**

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	2003
<b><u>ASSETS:</u></b>	
Pooled cash and investments	<u>\$ 30,000</u>
<b><u>FUND BALANCE:</u></b>	
Unreserved:	
Undesignated	<u>\$ 30,000</u>

**TOWN OF TONOPAH, NEVADA**  
**MINING CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2003**

	2003		Variance- Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Grants	\$ 30,000	\$ 30,000	\$ 0
<b>Expenditures:</b>			
Capital projects	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Excess (deficiency) of revenues over expenditures	0	30,000	(30,000)
<b>Fund balance:</b>			
Beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
End of year	<u>\$ 0</u>	<u>\$ 30,000</u>	<u>\$ (30,000)</u>

**TOWN OF TONOPAH, NEVADA**  
**ENTERPRISE FUND**  
**BALANCE SHEET**  
**June 30, 2003**

	2003
<b><u>ASSETS:</u></b>	
Current assets:	
Pooled cash and investments	\$ 169,297
Due from other governments	384,819
Accounts receivable, net of allowance for doubtful accounts	97,799
Interest receivable	0
Inventory	68,316
Restricted assets - cash	<u>396,827</u>
Total current assets	1,117,058
Property, plant and equipment, net of accumulated depreciation	<u>8,711,996</u>
 Total assets	 <u><u>\$ 9,829,054</u></u>
<b><u>LIABILITIES:</u></b>	
Current liabilities, payable from unrestricted assets:	
Accounts payable	\$ 200,318
Accrued payroll	29,922
Accrued interest	6,298
Accrued compensated absences	<u>69,426</u>
Total current liabilities-unrestricted	305,964
Current liabilities, payable from restricted assets:	
Customer deposits	<u>13,639</u>
 Total current liabilities	 <u>319,603</u>
 Note payable	 <u>1,100,000</u>
 Total liabilities	 <u>1,419,603</u>
<b><u>EQUITY AND OTHER CREDITS:</u></b>	
Contributed capital:	
Housing and Urban Development	261,890
Environmental Protection Agency	430,061
Nye County	148,218
Anaconda Company	1,368,375
State AB 198	2,708,519
School district	31,476
Customers and others	<u>1,043,991</u>
Total contributed capital	5,992,530
 Retained earnings-unreserved	 <u>2,416,921</u>
Total equity and other credits	<u>8,409,451</u>
 Total liabilities, equity and other credits	 <u><u>\$ 9,829,054</u></u>

**TOWN OF TONOPAH, NEVADA**  
**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN RETAINED EARNINGS - BUDGET AND ACTUAL**  
**Year Ended June 30, 2003**

	2003		Variance- Favorable (Unfavorable)
	Budget	Actual	
<b>Operating revenues:</b>			
Charges for services:			
Water fees	\$ 510,000	\$ 414,184	\$ (95,816)
Sewer fees	<u>223,000</u>	<u>246,069</u>	<u>23,069</u>
Total operating revenues	<u>733,000</u>	<u>660,253</u>	<u>(72,747)</u>
<b>Operating expenses:</b>			
<b>Water Department</b>			
Administration	73,229	78,724	(5,495)
General Operations	250,402	231,753	18,649
Water Operations	215,800	172,093	43,707
Depreciaton	<u>122,702</u>	<u>139,226</u>	<u>(16,524)</u>
Total Water Department	<u>662,133</u>	<u>621,796</u>	<u>40,337</u>
<b>Sewer Departments</b>			
Administration	73,299	79,012	(5,713)
General Operations	139,502	148,833	(9,331)
Sewer Operations	20,000	32,524	(12,524)
Depreciaton	<u>122,702</u>	<u>111,046</u>	<u>11,656</u>
Total Sewer Department	<u>355,503</u>	<u>371,415</u>	<u>(15,912)</u>
Total operating expenses	<u>1,017,636</u>	<u>993,211</u>	<u>24,425</u>
Operating (loss)	<u>(284,636)</u>	<u>(332,958)</u>	<u>(48,322)</u>
<b>Nonoperating revenue:</b>			
Interest	23,000	11,139	(11,861)
Work orders-miscellaneous	31,600	34,577	2,977
Water privilege fee	0	1,800	1,800
Sewer privilege fee	0	600	600
Grant	0	35,000	35,000
Capital projects	35,000	30,438	(4,562)
Surcharge	<u>89,000</u>	<u>77,088</u>	<u>(11,912)</u>
Total nonoperating revenue	<u>178,600</u>	<u>190,642</u>	<u>12,042</u>
Net income (loss)	<u>\$ (106,036)</u>	(142,316)	<u>\$ (36,280)</u>
Add back depreciation on contributed assets		139,788	
<b>Retained earnings:</b>			
Beginning of year		<u>2,419,449</u>	
End of year		<u>\$ 2,416,921</u>	

**TOWN OF TONOPAH, NEVADA**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**Year Ended June 30, 2003**

	2003
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 652,198
Cash paid for salaries, wages and employee benefits	(444,215)
Cash paid for services and supplies	<u>(146,664)</u>
Net cash provided by operating activities	<u>61,319</u>
<b>Cash flows from noncapital financing activities:</b>	
Miscellaneous revenue	34,577
Grants	2,370,156
Privilege fees	2,400
Capital projects	30,438
Surcharges	<u>77,088</u>
Net cash provided by noncapital financing activities	<u>2,514,659</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchase of fixed assets	(3,540,255)
Issuance of interim debenture bonds	<u>1,100,000</u>
Net cash used from capital and related financing activities	<u>(2,440,255)</u>
<b>Cash flows from investing activities:</b>	
Interest income	<u>12,256</u>
Net increase in cash	147,979
<b>Cash:</b>	
Beginning of year	<u>418,145</u>
End of year	<u>\$ 566,124</u>
<b>Reconciliation of operating (loss) to net cash (used) by operating activities:</b>	
Operating (loss)	<u>\$ (332,958)</u>
<b>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</b>	
Depreciation	250,272
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	253
(Increase) decrease in inventory	(10,231)
Increase (decrease) in accounts payable	113,726
Increase (decrease) in accrued payroll	42,267
Increase (decrease) in customer deposits	<u>(2,010)</u>
Total adjustments	<u>394,277</u>
<b>Net cash (used) by operating activities</b>	<u><u>\$ 61,319</u></u>

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**

Honorable Members of the Town Board  
Town of Tonopah  
Tonopah, Nevada

I have audited the general purpose financial statement of the Town of Tonopah, Nevada (the Town) as of and for the year ended June 30, 2003 and have issued my report thereon dated January 29, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

As part of obtaining reasonable assurance about whether the Town's general purpose financial statements are free of material misstatements, I performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 instance of noncompliance that is required to be reported under Nevada Revised Statutes (NRS) 354.624 Sec 4.

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) failed to comply with the express purposes required by NRS 354.6241 Sec 1(a), (b), (c), (d), (e), and (f) and NRS 354.6113 Sec 4(a), (b), (c), and (d), respectively.

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

As required by NRS 354.6113 Sec 4, a schedule of capital projects activity is included in Appendix B.

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

Las Vegas, Nevada  
January 29, 2004



**SCHEDULE OF BUSINESS LICENSE FEES  
JUNE 30, 2003**

**APPENDIX A**

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. During the year ended June 30, 2003, the Town did not raise fees on business licenses subject to the limitations of NRS 354.5989. The Town business license fee is paid quarterly as follows:

Service business	\$ 12.50
Retail business	\$ 15.00
Wholesale business	\$ 21.25
Professional business	\$ 25.00

**SCHEDULE OF CAPITAL PROJECTS ACTIVITY**  
**JUNE 30, 2003**  
**Page 1 of 2**

**APPENDIX B**

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:

Mining park Restoration	\$ 18,500
Dell computer	2,587
Miscellaneous equipment	<u>6,055</u>
Total	<u>\$ 27,142</u>

Special Ad Valorem Capital Projects Fund:

Miscellaneous equipment	<u>1,981</u>
	<u>\$ 1,981</u>

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

Response

Capital Projects Fund

Fire Rescue Squad	\$ 6,200
Transfer from General Fund	40,000

Special Ad Valorem Capital Projects Fund

Taxes	\$ 12,000
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3. Specify the proposed capital projects that will be constructed with money from the fund during the next fiscal year.

Response

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

Special Ad Valorem Capital Projects Fund:

Renovation of Town buildings	\$ 71,295
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Capital Projects Fund:

Town buildings - fixtures and furnishings	\$ 3,500
Parks, pool, ballfield improvement program	3,000
Maintenance truck	22,317

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.