

TOWN OF ROUND MOUNTAIN, NEVADA

**REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL**

YEAR ENDED JUNE 30, 2003



**TOWN OF ROUND MOUNTAIN, NEVADA
 REPORT ON FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2003
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**TOWN OF ROUND MOUNTAIN, NEVADA
ELECTED TOWN OFFICIALS
JUNE 30, 2003**

CHAIRPERSON

Gina Myers

TOWN COUNCIL

Michael T. Stone

Clerk

Yvonne Mentzel

Vice - Chairperson

Leo Vath Jr.

Member

Johnny Archuleta

Member



DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Town Board
Town of Round Mountain
Round Mountain, Nevada

I have audited the accompanying general purpose financial statements of the Town of Round Mountain, 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 Round Mountain, Nevada'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 general purpose 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 general purpose 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 Round Mountain, 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 Round Mountain, 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.



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**TOWN OF ROUND MOUNTAIN, 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
Assets			
Pooled cash and investments	\$ 149,395	\$ 138,294	\$ 139,219
Interest receivable	0	0	0
Delinquent property taxes receivable	1,711	0	0
Due from other governments	297,319	11,024	0
Accounts receivable (net)	0	0	0
Inventory	0	0	0
Fixed assets	0	0	0
Accumulated depreciation	0	0	0
Other Debits			
Amount to be provided for retirement of compensated absences	0	0	0
Total assets and other debits	<u>\$ 448,425</u>	<u>\$ 149,318</u>	<u>\$ 139,219</u>
Liabilities			
Accounts payable	\$ 21,606	\$ 56,982	\$ 0
Accrued payroll	10,105	0	0
Customer deposits	0	0	0
Deferred taxes	1,677	0	0
Accrued compensated absences	0	0	0
Total liabilities	<u>33,388</u>	<u>56,982</u>	<u>0</u>
Equity and Other Credits			
Contributed capital	0	0	0
Investment in fixed assets	0	0	0
Retained earnings - unreserved	0	0	0
Fund balance:			
Unreserved:			
Designated for subsequent year	259,488	44,449	133,334
Undesignated	155,549	47,887	5,885
Total equity and other credits	<u>415,037</u>	<u>92,336</u>	<u>139,219</u>
Total liabilities, equity, and other credits	<u>\$ 448,425</u>	<u>\$ 149,318</u>	<u>\$ 139,219</u>

Proprietary Fund Type	Account Groups		Totals	
	General	General	(Memorandum Only)	
	Fixed Assets	Long-Term Debt	2003	2002
Enterprise				
\$ 228,045	\$ 0	\$ 0	\$ 654,953	\$ 655,717
0	0	0	0	662
0	0	0	1,711	1,304
0	0	0	308,343	43,671
21,118	0	0	21,118	23,609
79,800	0	0	79,800	29,796
1,011,615	2,391,169	0	3,402,784	3,380,125
(220,265)	0	0	(220,265)	(169,098)
<u>0</u>	<u>0</u>	<u>29,471</u>	<u>29,471</u>	<u>28,929</u>
<u>\$ 1,120,313</u>	<u>\$ 2,391,169</u>	<u>\$ 29,471</u>	<u>\$ 4,277,915</u>	<u>\$ 3,994,715</u>
\$ 11,599	\$ 0	\$ 0	\$ 90,187	\$ 25,558
1,223	0	0	11,328	16,533
2,750	0	0	2,750	3,900
0	0	0	1,677	1,275
<u>579</u>	<u>0</u>	<u>29,471</u>	<u>30,050</u>	<u>29,592</u>
<u>16,151</u>	<u>0</u>	<u>29,471</u>	<u>135,992</u>	<u>75,958</u>
764,703	0	0	764,703	811,818
0	2,391,169	0	2,391,169	2,370,661
339,459	0	0	339,459	249,770
0	0	0	437,271	414,527
<u>0</u>	<u>0</u>	<u>0</u>	<u>209,321</u>	<u>71,981</u>
<u>1,104,162</u>	<u>2,391,169</u>	<u>0</u>	<u>4,141,923</u>	<u>3,918,757</u>
<u>\$ 1,120,313</u>	<u>\$ 2,391,169</u>	<u>\$ 29,471</u>	<u>\$ 4,277,915</u>	<u>\$ 3,994,715</u>

See accompanying notes to financial statements

TOWN OF ROUND MOUNTAIN, 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
Revenues:			
Taxes	\$ 474,264	\$ 0	\$ 0
Fines and forfeitures	3,438	0	0
Licenses and permits	4,310	0	0
Intergovernmental	214,227	42,443	16,222
Charges for services	20,428	0	0
Other	68,618	4,579	4,163
Total revenues	<u>785,285</u>	<u>47,022</u>	<u>20,385</u>
Expenditures:			
Current:			
General government	273,820	0	0
Public safety	130,776	0	0
Public works	27,743	66,635	0
Culture and recreation	193,634	0	0
Total expenditures	<u>625,973</u>	<u>66,635</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	159,312	(19,613)	20,385
Fund balance:			
Beginning of year	<u>255,725</u>	<u>111,949</u>	<u>118,834</u>
End of year	<u>\$ 415,037</u>	<u>\$ 92,336</u>	<u>\$ 139,219</u>

Total	
(Memorandum Only)	
2003	2002
\$ 474,264	\$ 365,762
3,438	4,165
4,310	3,540
272,892	263,064
20,428	10,672
<u>77,360</u>	<u>26,536</u>
<u>852,692</u>	<u>673,739</u>
273,820	304,138
130,776	131,711
94,378	44,107
<u>193,634</u>	<u>164,171</u>
<u>692,608</u>	<u>644,127</u>
160,084	29,612
<u>486,508</u>	<u>456,896</u>
<u>\$ 646,592</u>	<u>\$ 486,508</u>

See accompanying notes to financial statements

**TOWN OF ROUND MOUNTAIN, NEVADA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL -
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 2003**

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	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 314,731	\$ 474,264	\$ 159,533
Fines and forfeitures	4,000	3,438	(562)
Licenses and permits	4,780	4,310	(470)
Intergovernmental	210,606	214,227	3,621
Charges for services	21,400	20,428	(972)
Other	45,443	68,618	23,175
Total revenues	<u>600,960</u>	<u>785,285</u>	<u>184,325</u>
Expenditures:			
Current:			
General government	377,422	273,820	103,602
Public safety	153,220	130,776	22,444
Public works	32,050	27,743	4,307
Culture and recreation	214,006	193,634	20,372
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>776,698</u>	<u>625,973</u>	<u>150,725</u>
Excess (deficiency) of revenues over expenditures	(175,738)	159,312	335,050
Fund balance:			
Beginning of year	<u>200,436</u>	<u>255,725</u>	<u>55,289</u>
End of year	<u>\$ 24,698</u>	<u>\$ 415,037</u>	<u>\$ 390,339</u>

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
30,000	42,443	12,443
0	0	0
<u>2,500</u>	<u>4,579</u>	<u>2,079</u>
<u>32,500</u>	<u>47,022</u>	<u>14,522</u>
0	0	0
0	0	0
133,847	66,635	67,212
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>133,847</u>	<u>66,635</u>	<u>67,212</u>
(101,347)	(19,613)	81,734
<u>101,347</u>	<u>111,949</u>	<u>10,602</u>
<u>\$ 0</u>	<u>\$ 92,336</u>	<u>\$ 92,336</u>

See accompanying notes to financial statements

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**TOWN OF ROUND MOUNTAIN, 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)
Revenues:			
Taxes	\$ 0	\$ 0	\$ 0
Fines and forfeitures	0	0	0
Licenses and permits	0	0	0
Intergovernmental	12,000	16,222	4,222
Charges for services	0	0	0
Other	<u>2,500</u>	<u>4,163</u>	<u>1,663</u>
 Total revenues	 <u>14,500</u>	 <u>20,385</u>	 <u>5,885</u>
Expenditures:			
Current:			
General government	0	0	0
Public safety	0	0	0
Public works	0	0	0
Culture and recreation	0	0	0
Capital projects	<u>127,244</u>	<u>0</u>	<u>127,244</u>
 Total expenditures	 <u>127,244</u>	 <u>0</u>	 <u>127,244</u>
 Excess (deficiency) of revenues over expenditures	 (112,744)	 20,385	 133,129
Fund balance:			
Beginning of year	<u>112,744</u>	<u>118,834</u>	<u>6,090</u>
End of year	<u>\$ 0</u>	<u>\$ 139,219</u>	<u>\$ 139,219</u>

See accompanying notes to financial statements

TOWN OF ROUND MOUNTAIN, NEVADA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE - ENTERPRISE FUND
YEAR ENDED JUNE 30, 2003
(With Comparative Actual Amounts for Year Ended June 30, 2002)

	2003	2002
Operating Revenues:		
Charges for services	\$ 205,842	\$ 198,452
Operating Expenses:		
Utility operations:		
Salaries and wages	32,678	28,924
Employee benefits	14,259	10,785
Services and supplies	120,875	117,716
Depreciation	51,167	50,590
Bad debts	1,812	0
Total operating expenses	220,791	208,015
Operating income (loss)	(14,949)	(9,563)
Non-operating revenues (expenses):		
Interest income	7,473	4,933
Donations	50,050	0
Total non-operating revenues (expenses)	57,523	4,933
Net income (loss)	42,574	(4,630)
Add back depreciation-contributed assets	47,115	47,914
Retained earnings:		
Beginning of year	249,770	206,486
End of year	\$ 339,459	\$ 249,770

See accompanying notes to financial statements

**TOWN OF ROUND MOUNTAIN, NEVADA
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 YEAR ENDED JUNE 30, 2003
 (With Comparative Actual Amounts for Year Ended June 30, 2002)**

	2003	2002
Cash flows from operating activities:		
Cash received from customers	\$ 206,271	\$ 203,431
Cash paid for services and supplies	(121,430)	(117,148)
Cash paid for salaries and employee benefits	(47,206)	(38,981)
Cash provided by operating activities	<u>37,635</u>	<u>47,302</u>
Cash flows from capital and related financing activities:		
Purchase of fixed assets	(2,151)	(10,970)
Cash flows from investing activities:		
Interest income	<u>7,670</u>	<u>5,203</u>
Net increase in cash	43,154	41,535
Cash:		
Beginning of year	<u>184,891</u>	<u>143,356</u>
End of year	<u>\$ 228,045</u>	<u>\$ 184,891</u>
Reconciliation of operating income (loss) to cash provided by operating activities:		
Operating income (loss)	<u>\$ (14,949)</u>	<u>\$ (9,563)</u>
Adjustments to reconcile operating income (loss) to cash provided by operating activities:		
Depreciation	51,167	50,590
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,491	4,429
(Increase) decrease in inventory	46	3,777
Increase (decrease) in accounts payable	(601)	(3,209)
Increase (decrease) in accrued payroll	(269)	728
Increase (decrease) in customer deposits	(250)	550
Total adjustments	<u>52,584</u>	<u>56,865</u>
Cash provided by operating activities	<u>\$ 37,635</u>	<u>\$ 47,302</u>

See accompanying notes to financial statements

TOWN OF ROUND MOUNTAIN, 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 council. 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 resource 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments 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 incurrence 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 the deferred revenue is removed from the combined balance sheet and revenue is recognized.

TOWN OF ROUND MOUNTAIN, 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 general 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 resource measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the 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.

Account Groups. The *general fixed assets* account group is used to account for fixed assets not accounted for in proprietary or trust funds. The *general long-term debt* account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

3. Assets, Liabilities, and Equity

a. Deposits 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 local sources on the combined statement of revenues, expenditures, and changes in fund balance. (See Note C1).

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2003

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Assets, Liabilities, and Equity (Continued)

a. Deposits and Investments (Continued)

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 extend more than ten years from the date purchased.
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 receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current 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.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2003

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Assets, Liabilities, and Equity (Continued)

b. Receivables and Payables (Continued)

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)

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 benefitting accounting 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.

e. Fixed Assets

Fixed assets used in governmental fund types of the Town are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

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. (See Note C3)

TOWN OF ROUND MOUNTAIN, 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)

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.

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

<u>Assets</u>	<u>Years</u>
System infrastructure	15-25

f. Compensated Absences

Vacation and sick leave is accrued when incurred in proprietary funds and reported as a fund liability.

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 sick leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. (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.

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 the 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 ROUND MOUNTAIN, 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. 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 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.

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 annual 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 ROUND MOUNTAIN, 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 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 transfers 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. There were no budget augmentations (increases) for the year ended June 30, 2003.

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 to cover deposits is contained in the annual financial report of Nye County, Nevada.

Investments made by the Nye County Treasurer from funds of the Town are a part of a pooled investment fund. Monthly interest is apportioned to the Town based on the average balance invested. Risk categories for invested funds are 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 a 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 ROUND MOUNTAIN, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2003

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

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 on hand	\$ 39,596
Carrying amount of cash and investments	<u>615,357</u>
Total	<u>\$ 654,953</u>
Cash and cash equivalents	<u>\$ 654,953</u>

2. Receivables

Receivables as of June 30, 2003 are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:				
Delinquent taxes	\$ 1,711	\$ 0	\$ 0	\$ 1,711
Due from other governments	297,319	11,024	0	308,343
Accounts receivable	<u>0</u>	<u>0</u>	<u>21,118</u>	<u>21,118</u>
Total receivables	<u>\$ 299,030</u>	<u>\$ 11,024</u>	<u>\$ 21,118</u>	<u>\$ 331,172</u>

3. Fixed Assets

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

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2003</u>
Buildings	\$1,379,697	\$ 0	\$ 0	\$1,379,697
Machinery & equipment	<u>990,964</u>	<u>78,565</u>	<u>58,057</u>	<u>1,011,472</u>
Total general fixed assets	<u>\$ 2,370,661</u>	<u>\$ 78,565</u>	<u>\$ 58,057</u>	<u>\$ 2,391,169</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2003

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

3. Fixed Assets (Continued)

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

	Enterprise Fund
Water and sewer system	\$1,011,615
Less: Accumulated depreciation	<u>(220,265)</u>
Total	<u>\$ 791,350</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 \$1,677.

5. Long -Term Debt

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

	Balance July 1, 2002	Net Additions (Reductions)	Balance June 30, 2003
Accrued compensated absences	<u>\$ 28,929</u>	<u>\$ 542</u>	<u>\$ 29,471</u>

6. Contributed Capital

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

	Enterprise Fund
Balance at July 1, 2002	\$ 811,818
Contributions	0
Amortization	<u>(47,115)</u>
Balance at June 30, 2003	<u>\$ 764,703</u>

TOWN OF ROUND MOUNTAIN, 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 from a commercial insurance carrier.

2. Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. 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 is no pending or threatened litigation against the Town.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2003

D. OTHER INFORMATION (Continued)

3. Pension Plan

Plan Description. The Town of Round Mountain 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.

Benefits, as required by Nevada Revised Statutes, 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, disability, 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, allows 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 five years of service, 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 five 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:

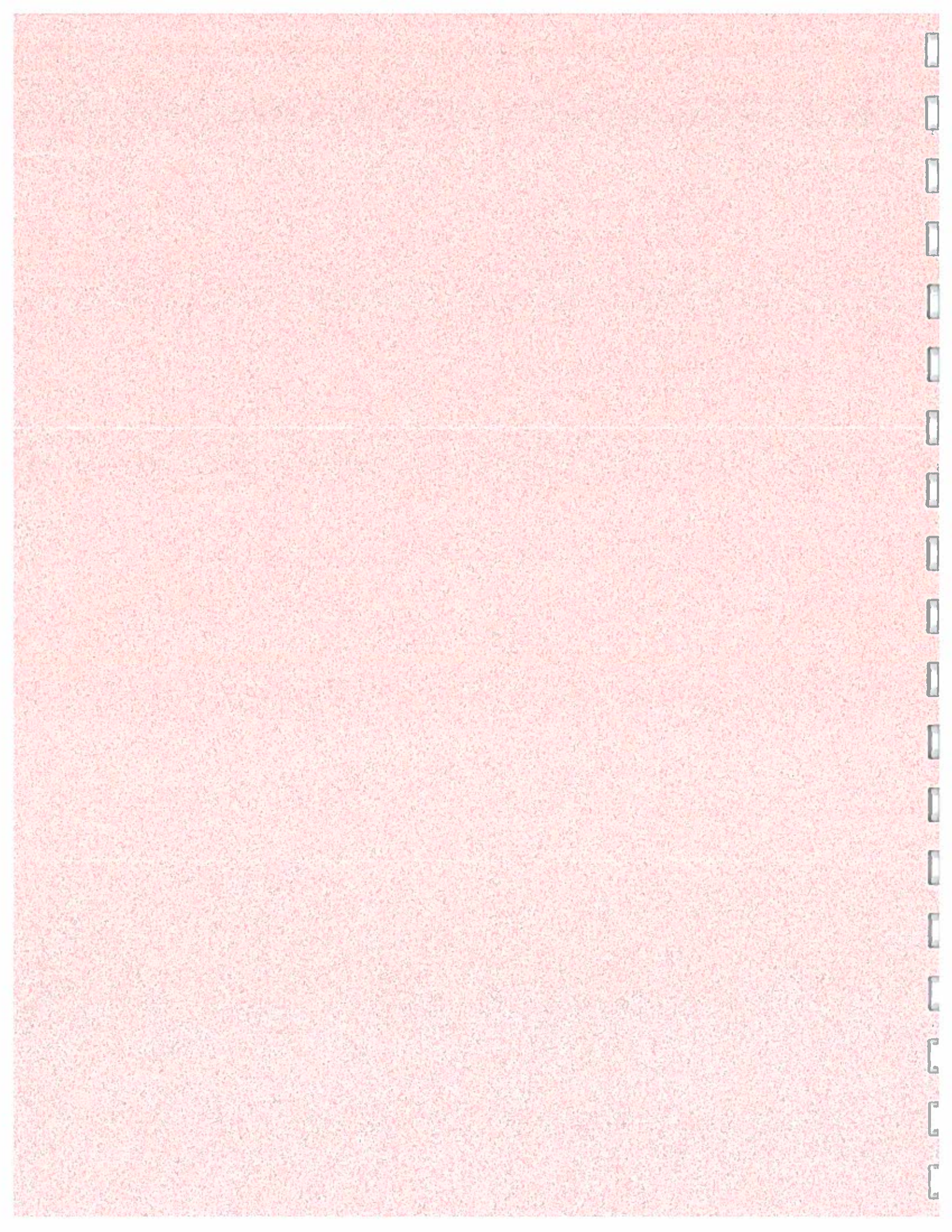
Public Employees' Retirement System of Nevada
693 W. Nye Lane
Carson City, NV 89703-1599

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 one percent 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 during 2002-2003 was 18.75 percent of payroll for regular employees and 28.5% for police and fireman. The contribution requirement for the year ended June 30, 2003 was \$61,104. The contributions were equal to the required contributions for the year. Contributions for the years ended June 30, 2002 and 2001 were \$61,150 and \$57,745, respectively, which equaled the determined contribution requirement.

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

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.



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**TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2003 AND 2002**

	2003	2002
<u>ASSETS</u>		
Pooled cash and investments	\$ 149,395	\$ 249,886
Interest receivable	0	221
Delinquent property taxes receivable	1,711	1,304
Due from other governments	<u>297,319</u>	<u>33,364</u>
Total assets	<u>\$ 448,425</u>	<u>\$ 284,775</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 21,606	\$ 12,650
Accrued payroll	10,105	15,125
Deferred taxes	<u>1,677</u>	<u>1,275</u>
Total liabilities	<u>33,388</u>	<u>29,050</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	259,488	200,436
Undesignated	<u>155,549</u>	<u>55,289</u>
Total fund balance	<u>415,037</u>	<u>255,725</u>
Total liabilities and fund balance	<u>\$ 448,425</u>	<u>\$ 284,775</u>

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TOWN OF ROUND MOUNTAIN, 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		
Revenues:				
Taxes	\$ 314,731	\$ 474,264	\$ 159,533	\$ 365,762
Fines and forfeitures	4,000	3,438	(562)	4,165
Licenses and permits	4,780	4,310	(470)	3,540
Intergovernmental	210,606	214,227	3,621	211,497
Charges for services	21,400	20,428	(972)	10,672
Other	45,443	68,618	23,175	19,925
Total revenues	<u>600,960</u>	<u>785,285</u>	<u>184,325</u>	<u>615,561</u>
Expenditures:				
General government	377,422	273,820	103,602	304,138
Public safety	153,220	130,776	22,444	131,711
Public works	32,050	27,743	4,307	28,307
Culture and recreation	214,006	193,634	20,372	164,171
Total expenditures	<u>776,698</u>	<u>625,973</u>	<u>150,725</u>	<u>628,327</u>
Excess (deficiency) of revenues over expenditures	(175,738)	159,312	335,050	(12,766)
Fund balance:				
Beginning of year	<u>200,436</u>	<u>255,725</u>	<u>55,289</u>	<u>268,491</u>
End of year	<u>\$ 24,698</u>	<u>\$ 415,037</u>	<u>\$ 390,339</u>	<u>\$ 255,725</u>

**TOWN OF ROUND MOUNTAIN, 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
Revenues:				
Taxes:				
Property taxes	\$ 219,039	\$ 226,852	\$ 7,813	\$ 212,786
Net proceeds	<u>95,692</u>	<u>247,412</u>	<u>151,720</u>	<u>152,976</u>
Total taxes	<u>314,731</u>	<u>474,264</u>	<u>159,533</u>	<u>365,762</u>
Fines and forfeitures	<u>4,000</u>	<u>3,438</u>	<u>(562)</u>	<u>4,165</u>
Licenses and permits:				
Gaming licenses	3,620	3,150	(470)	2,700
Liquor licenses	<u>1,160</u>	<u>1,160</u>	<u>0</u>	<u>840</u>
Total licenses and permits	<u>4,780</u>	<u>4,310</u>	<u>(470)</u>	<u>3,540</u>
Intergovernmental:				
Consolidated tax	190,606	194,221	3,615	191,497
LGTA tax	0	6	6	0
Grant	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total intergovernmental	<u>210,606</u>	<u>214,227</u>	<u>3,621</u>	<u>211,497</u>
Charges for services:				
Swimming pool	5,400	4,124	(1,276)	4,472
Arcade/Vending	1,000	253	(747)	374
Weight room fees	10,000	9,690	(310)	0
Water charges	<u>5,000</u>	<u>6,361</u>	<u>1,361</u>	<u>5,826</u>
Total charges for services	<u>21,400</u>	<u>20,428</u>	<u>(972)</u>	<u>10,672</u>
Other:				
Rent	6,000	5,490	(510)	5,960
Interest	6,000	7,097	1,097	6,762
Donations	0	22,818	22,818	0
Miscellaneous	2,000	3,460	1,460	7,203
RMU salary reimbursement	<u>31,443</u>	<u>29,753</u>	<u>(1,690)</u>	<u>0</u>
Total other	<u>45,443</u>	<u>68,618</u>	<u>23,175</u>	<u>19,925</u>
Total revenues	<u>\$ 600,960</u>	<u>\$ 785,285</u>	<u>\$ 184,325</u>	<u>\$ 615,561</u>

TOWN OF ROUND MOUNTAIN, 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 -	
	Budget	Actual	Favorable	2002
			(Unfavorable)	Actual
Expenditures:				
General government:				
Administration:				
Salaries and wages	\$ 79,691	\$ 66,188	\$ 13,503	\$ 64,571
Employee benefits	27,100	25,070	2,030	23,427
Services and supplies	82,000	46,644	35,356	47,035
Capital outlay	8,000	1,215	6,785	19,502
Total administration	<u>196,791</u>	<u>139,117</u>	<u>57,674</u>	<u>154,535</u>
Building and Grounds:				
Salaries and wages	84,971	62,006	22,965	72,307
Employee benefits	34,660	27,920	6,740	28,686
Services and supplies	61,000	44,777	16,223	48,610
Total building and grounds	<u>180,631</u>	<u>134,703</u>	<u>45,928</u>	<u>149,603</u>
Total general government	<u>377,422</u>	<u>273,820</u>	<u>103,602</u>	<u>304,138</u>
Public Safety:				
Hadley Station:				
Salaries and wages	76,996	74,213	2,783	72,557
Employee benefits	34,924	31,223	3,701	29,052
Services and supplies	41,300	25,340	15,960	21,561
Capital outlay	0	0	0	8,541
Total public safety	<u>153,220</u>	<u>130,776</u>	<u>22,444</u>	<u>131,711</u>
Public Works:				
Highways and Streets:				
Services and supplies	15,000	12,662	2,338	14,055
Round Mountain Water:				
Services and supplies	17,050	15,081	1,969	6,252
Capital outlay	0	0	0	8,000
Total public works	<u>32,050</u>	<u>27,743</u>	<u>4,307</u>	<u>28,307</u>

**TOWN OF ROUND MOUNTAIN, 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)**

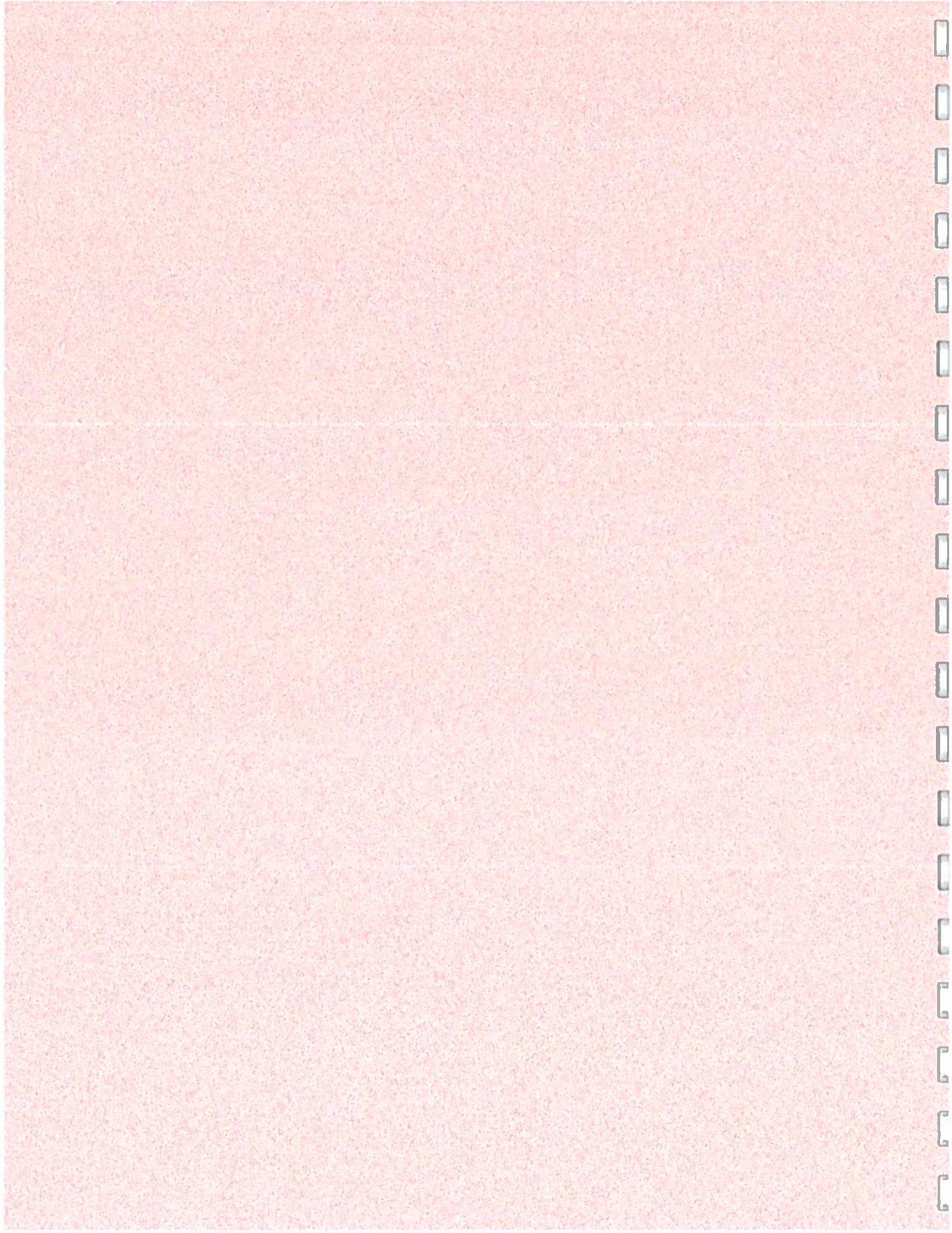
	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Expenditures (Continued):				
Culture and Recreation:				
Swimming Pool:				
Salaries and wages	\$ 18,720	\$ 14,006	\$ 4,714	\$ 8,276
Employee benefits	1,868	1,462	406	707
Services and supplies	<u>23,350</u>	<u>26,667</u>	<u>(3,317)</u>	<u>20,567</u>
 Total swimming pool	 <u>43,938</u>	 <u>42,135</u>	 <u>1,803</u>	 <u>29,550</u>
 Parks and recreation:				
Salaries and wages	65,963	63,882	2,081	59,890
Employee benefits	25,205	24,556	649	21,094
Services and supplies	75,400	59,561	15,839	50,358
Capital outlay	<u>3,500</u>	<u>3,500</u>	<u>0</u>	<u>3,279</u>
 Total parks and recreation	 <u>170,068</u>	 <u>151,499</u>	 <u>18,569</u>	 <u>134,621</u>
 Total culture and recreation	 <u>214,006</u>	 <u>193,634</u>	 <u>20,372</u>	 <u>164,171</u>
 Total expenditures	 <u>\$ 776,698</u>	 <u>\$ 625,973</u>	 <u>\$ 150,725</u>	 <u>\$ 628,327</u>

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue that are legally restricted to expenditures for particular purposes.

Road Fund is used to account for gas tax money received and expenditures for maintenance of Town roads.



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**TOWN OF ROUND MOUNTAIN, NEVADA
ROAD SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2003 AND 2002**

	2003	2002
<u>ASSETS</u>		
Pooled cash and investments	\$ 138,294	\$ 102,230
Interest receivable	0	120
Due from other governments	<u>11,024</u>	<u>10,307</u>
Total assets	<u>\$ 149,318</u>	<u>\$ 112,657</u>
<u>LIABILITIES</u>		
Accounts payable	<u>\$ 56,982</u>	<u>\$ 708</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	44,449	101,347
Undesignated	<u>47,887</u>	<u>10,602</u>
Total fund balance	<u>92,336</u>	<u>111,949</u>
Total liabilities and fund balance	<u>\$ 149,318</u>	<u>\$ 112,657</u>

TOWN OF ROUND MOUNTAIN, NEVADA
ROAD 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 -	
	Budget	Actual	Favorable (Unfavorable)	2002 Actual
Revenues:				
Intergovernmental:				
Gas tax \$1.75	\$ 30,000	\$ 42,443	\$ 12,443	\$ 37,004
Other:				
Interest	<u>2,500</u>	<u>4,579</u>	<u>2,079</u>	<u>3,085</u>
Total revenues	<u>32,500</u>	<u>47,022</u>	<u>14,522</u>	<u>40,089</u>
Expenditures:				
Public works:				
Highways and streets:				
Services and supplies	43,847	11,135	32,712	13,318
Capital outlay	<u>90,000</u>	<u>55,500</u>	<u>34,500</u>	<u>2,482</u>
Total expenditures	<u>133,847</u>	<u>66,635</u>	<u>67,212</u>	<u>15,800</u>
Excess (deficiency) of revenues over expenditures	(101,347)	(19,613)	81,734	24,289
Fund balance:				
Beginning of year	<u>101,347</u>	<u>111,949</u>	<u>10,602</u>	<u>87,660</u>
End of year	<u>\$ 0</u>	<u>\$ 92,336</u>	<u>\$ 92,336</u>	<u>\$ 111,949</u>

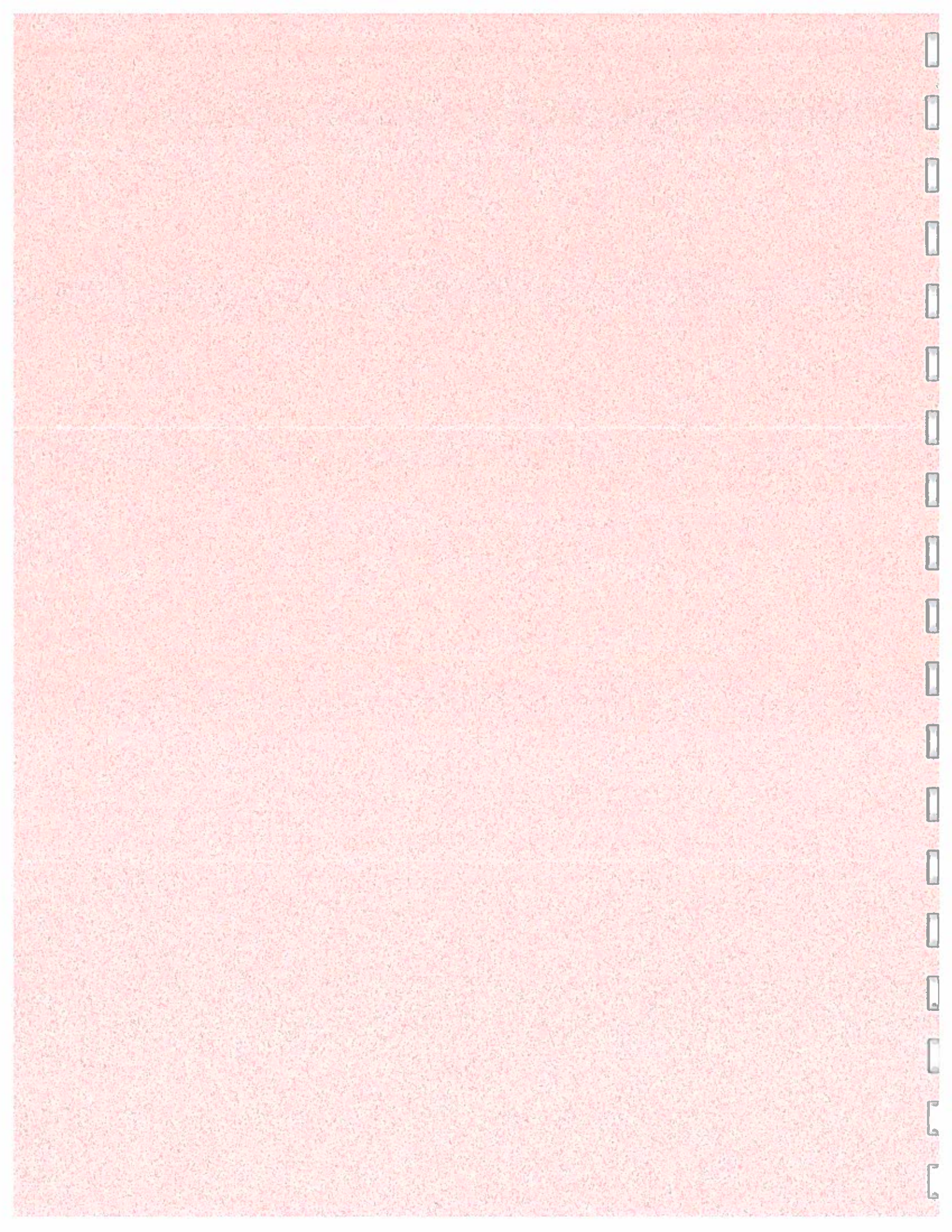
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CAPITAL PROJECTS

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

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

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



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**TOWN OF ROUND MOUNTAIN, NEVADA
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
JUNE 30, 2003
(With Comparative Totals for June 30, 2002)**

	Capital Projects	Special Ad Valorem Capital Projects	Totals	
			2003	2002
<u>ASSETS</u>				
Pooled cash and investments	\$ 84,387	\$ 54,832	\$ 139,219	\$ 118,710
Interest receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>124</u>
Total assets	<u>\$ 84,387</u>	<u>\$ 54,832</u>	<u>\$ 139,219</u>	<u>\$ 118,834</u>
<u>FUND BALANCE</u>				
Unreserved:				
Designated for subsequent year	\$ 83,221	\$ 50,113	\$ 133,334	\$ 112,744
Undesignated	<u>1,166</u>	<u>4,719</u>	<u>5,885</u>	<u>6,090</u>
Total fund balance	<u>\$ 84,387</u>	<u>\$ 54,832</u>	<u>\$ 139,219</u>	<u>\$ 118,834</u>

**TOWN OF ROUND MOUNTAIN, NEVADA
 CAPITAL PROJECTS FUND
 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 Capital Projects	Totals	
			2003	2002
Revenues:				
Intergovernmental	\$ 0	\$ 16,222	\$ 16,222	\$ 14,563
Other	3,166	997	4,163	3,526
Total revenues	3,166	17,219	20,385	18,089
Expenditures:				
Capital outlay	0	0	0	0
Excess (deficiency) of revenues over expenditures	3,166	17,219	20,385	18,089
Fund balance:				
Beginning of year	81,221	37,613	118,834	100,745
End of year	<u>\$ 84,387</u>	<u>\$ 54,832</u>	<u>\$ 139,219</u>	<u>\$ 118,834</u>

TOWN OF ROUND MOUNTAIN, NEVADA
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2003 AND 2002

	2003	2002
<u>ASSETS</u>		
Pooled cash and investments	\$ 84,387	\$ 81,125
Interest receivable	<u>0</u>	<u>96</u>
Total assets	<u>\$ 84,387</u>	<u>\$ 81,221</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	\$ 83,221	\$ 80,490
Undesignated	<u>1,166</u>	<u>731</u>
Total fund balance	<u>\$ 84,387</u>	<u>\$ 81,221</u>

**TOWN OF ROUND MOUNTAIN, 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 -	
	Budget	Actual	Favorable (Unfavorable)	2002 Actual
Revenues:				
Other:				
Interest	\$ 2,000	\$ 3,166	\$ 1,166	\$ 2,731
Expenditures:				
Capital projects	<u>82,490</u>	<u>0</u>	<u>82,490</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	(80,490)	3,166	83,656	2,731
Fund balance:				
Beginning of year	<u>80,490</u>	<u>81,221</u>	<u>731</u>	<u>78,490</u>
End of year	<u>\$ 0</u>	<u>\$ 84,387</u>	<u>\$ 84,387</u>	<u>\$ 81,221</u>

**TOWN OF ROUND MOUNTAIN, NEVADA
SPECIAL AD VALOREM CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2003 AND 2002**

	2003	2002
<u>ASSETS</u>		
Pooled cash and investments	\$ 54,832	\$ 37,585
Interest receivable	<u>0</u>	<u>28</u>
Total assets	<u>\$ 54,832</u>	<u>\$ 37,613</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	\$ 50,113	\$ 32,254
Undesignated	<u>4,719</u>	<u>5,359</u>
Total fund balance	<u>\$ 54,832</u>	<u>\$ 37,613</u>

**TOWN OF ROUND MOUNTAIN, 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)

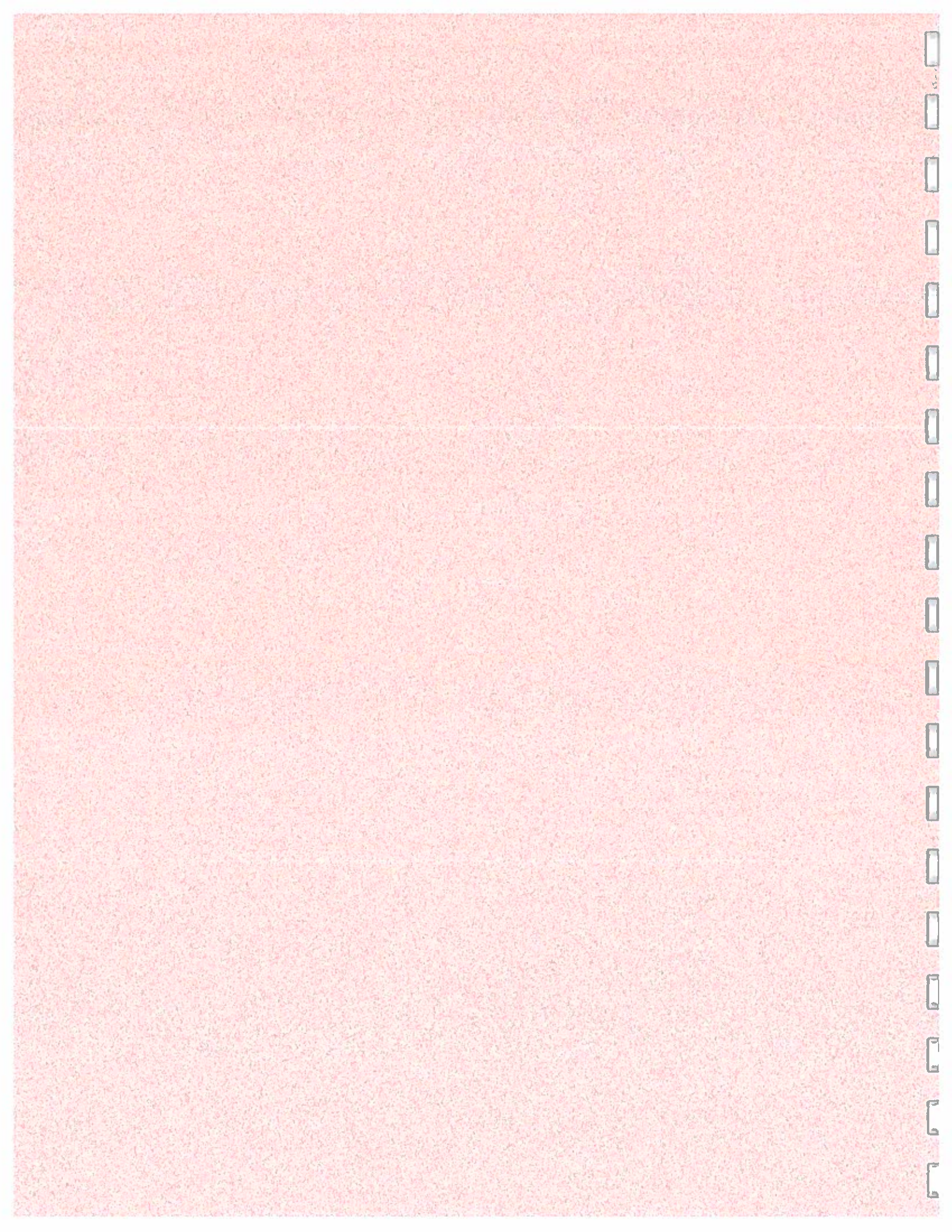
	2003 Budget	Actual	Variance - Favorable (Unfavorable)	2002 Actual
Revenues:				
Intergovernmental:				
County	\$ 12,000	\$ 16,222	\$ 4,222	\$ 14,563
Other:				
Interest	<u>500</u>	<u>997</u>	<u>497</u>	<u>795</u>
Total revenues	12,500	17,219	4,719	15,358
Expenditures:				
Capital projects	<u>44,754</u>	<u>0</u>	<u>44,754</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	(32,254)	17,219	49,473	15,358
Fund balance:				
Beginning of year	<u>32,254</u>	<u>37,613</u>	<u>5,359</u>	<u>22,255</u>
End of year	<u>\$ 0</u>	<u>\$ 54,832</u>	<u>\$ 54,832</u>	<u>\$ 37,613</u>

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ENTERPRISE FUND

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

Round Mountain Public Utility Fund is used to account for revenues and expenses of the utility services provided for residents of the unincorporated Town of Round Mountain, Nevada.



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TOWN OF ROUND MOUNTAIN, NEVADA
ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2003 AND 2002

	2003	2002
<u>ASSETS</u>		
Current assets:		
Pooled cash and investments	\$ 228,045	\$ 184,891
Interest receivable	0	197
Accounts receivable (net)	21,118	23,609
Inventory	79,800	29,796
Total current assets	<u>328,963</u>	<u>238,493</u>
Fixed assets:		
Equipment	1,011,615	1,009,464
Less accumulated depreciation	<u>(220,265)</u>	<u>(169,098)</u>
Fixed assets (net of accumulated depreciation)	<u>791,350</u>	<u>840,366</u>
Total assets	<u>\$ 1,120,313</u>	<u>\$ 1,078,859</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 11,599	\$ 12,200
Accrued payroll	1,223	1,408
Customer deposits	2,750	3,000
Accrued compensated absences	<u>579</u>	<u>663</u>
Total liabilities	<u>16,151</u>	<u>17,271</u>
<u>EQUITY</u>		
Contributed capital	764,703	811,818
Retained earnings, unreserved	<u>339,459</u>	<u>249,770</u>
Total equity	<u>1,104,162</u>	<u>1,061,588</u>
Total liabilities and equity	<u>\$ 1,120,313</u>	<u>\$ 1,078,859</u>

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TOWN OF ROUND MOUNTAIN, NEVADA
ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003
(With Comparative Actual Amounts for Year Ended June 30, 2002)

	2003		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2002 Actual
Operating revenues:				
Charges for services	\$ 222,810	\$ 205,842	\$ (16,968)	\$ 198,452
Operating expenses:				
Utility operations:				
Salaries and wages	34,418	32,678	1,740	28,924
Employee benefits	12,926	14,259	(1,333)	10,785
Services and supplies	126,019	120,875	5,144	117,716
Depreciation	49,447	51,167	(1,720)	50,590
Bad debt	0	1,812	(1,812)	0
Total operating expenses	<u>222,810</u>	<u>220,791</u>	<u>2,019</u>	<u>208,015</u>
Operating income (loss)	<u>0</u>	<u>(14,949)</u>	<u>(14,949)</u>	<u>(9,563)</u>
Non-operating revenues (expenses):				
Donations	0	50,050	50,050	0
Interest income	<u>3,000</u>	<u>7,473</u>	<u>4,473</u>	<u>4,933</u>
Total non-operating revenues (expenses)	<u>3,000</u>	<u>57,523</u>	<u>54,523</u>	<u>4,933</u>
Net income (loss)	3,000	42,574	39,574	(4,630)
Add back depreciation - contributed assets	0	47,115	47,115	47,914
Retained earnings:				
Beginning of year	<u>0</u>	<u>249,770</u>	<u>249,770</u>	<u>206,486</u>
End of year	<u>\$ 3,000</u>	<u>\$ 339,459</u>	<u>\$ 336,459</u>	<u>\$ 249,770</u>

**TOWN OF ROUND MOUNTAIN, NEVADA
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
Cash flows from operating activities:		
Cash received from customers	\$ 206,271	\$ 203,431
Cash paid for services and supplies	(121,430)	(117,148)
Cash paid for salaries, wages and employee benefits	(47,206)	(38,981)
Cash provided by operating activities	<u>37,635</u>	<u>47,302</u>
Cash flows from capital and related financing activities:		
Purchase of fixed assets	(2,151)	(10,970)
Cash flows from investing activities:		
Interest income	<u>7,670</u>	<u>5,203</u>
Net increase in cash	43,154	41,535
Cash:		
Beginning of year	<u>184,891</u>	<u>143,356</u>
End of year	<u>\$ 228,045</u>	<u>\$ 184,891</u>
Reconciliation of operating income (loss) to cash provided by operating activities:		
Operating income (loss)	<u>\$ (14,949)</u>	<u>\$ (9,563)</u>
Adjustments to reconcile operating income (loss) to cash provided by operating activities:		
Depreciation	51,167	50,590
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,491	4,429
(Increase) decrease in inventory	46	3,777
Increase (decrease) in accounts payable	(601)	(3,209)
Increase (decrease) in accrued payroll	(269)	728
Increase (decrease) in customer deposits	(250)	550
Total adjustments	<u>52,584</u>	<u>56,865</u>
Cash provided by operating activities	<u>\$ 37,635</u>	<u>\$ 47,302</u>

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DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Honorable Members of the Town Board
Town of Round Mountain
Round Mountain, Nevada

I have audited the general purpose financial statements of the Town of Round Mountain, Nevada, (the Town), as of and for the year ended June 30, 2003, and have issued my report thereon dated January 22, 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 misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance 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 non-compliance that are required to be reported under Nevada Revised Statutes (NRS) 354.624 Section 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 Section 5 (a) (1) through (5) (II) and NRS 354.6113 failed to comply with the express purposes required by NRS 354.6241 Section 1 (a), (b), (c), (d), (e), and (f) and NRS 354.6113 Section 4 (a), (b), (c), and (d), respectively.

As required by Nevada Revised Statutes (NRS) 354.6113 Section 4, a schedule of capital projects activity is included in the attached Appendix A.

This report is intended for the information of the Honorable Board of Trustees, 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 22, 2004

DATE: 11/17/2011

TO: Mr. [Name] - [Address]

FROM: [Name] - [Address]

RE: [Subject]

Dear Mr. [Name]:

I am writing to you regarding [Subject].

[Detailed description of the subject matter follows in several lines of text.]

[Additional details and information.]

[Further information and context.]

[Continuation of the letter's content.]

[Additional text in the body of the letter.]

[Further details and information.]

[Continuation of the letter's content.]

[Additional text in the body of the letter.]

[Further details and information.]

[Continuation of the letter's content.]

[Additional text in the body of the letter.]

[Further details and information.]

[Continuation of the letter's content.]

[Additional text in the body of the letter.]

[Further details and information.]

[Continuation of the letter's content.]

[Additional text in the body of the letter.]

[Further details and information.]

[Continuation of the letter's content.]

[Final text in the body of the letter.]

**SCHEDULE OF CAPITAL PROJECTS ACTIVITY
JUNE 30, 2003**

The following are responses to requirements of NRS 354.6113.

NRS 354.6113 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

None

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

Response

The following sources are planned to be deposited into the funds:

Capital Projects Fund:

Interest	\$ 2,000
----------	----------

Special Capital Projects Fund:

Taxes	\$ 12,000
Interest	\$ 500

3. Specify any 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:

Capital Projects Fund:

	\$ 0
--	------

Special Ad Valorem Capital Projects:

	\$ 0
--	------

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

Response

The Town plans to accumulate money in the fund for an ambulance bay and for park pavillon.

