

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**REPORT ON FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL MATERIAL**  
**YEAR ENDED JUNE 30, 2002**



**TOWN OF ROUND MOUNTAIN, NEVADA  
 REPORT ON FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2002  
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**TOWN OF ROUND MOUNTAIN, NEVADA  
ELECTED TOWN OFFICIALS  
JUNE 30, 2002**

**CHAIRPERSON**

Gina Myers

**TOWN COUNCIL**

Louis Purdy

Marianne Firebaugh

Michael T. Stone



DANIEL C. McARTHUR, LTD.

*Certified Public Accountant*

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### 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, 2002 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.

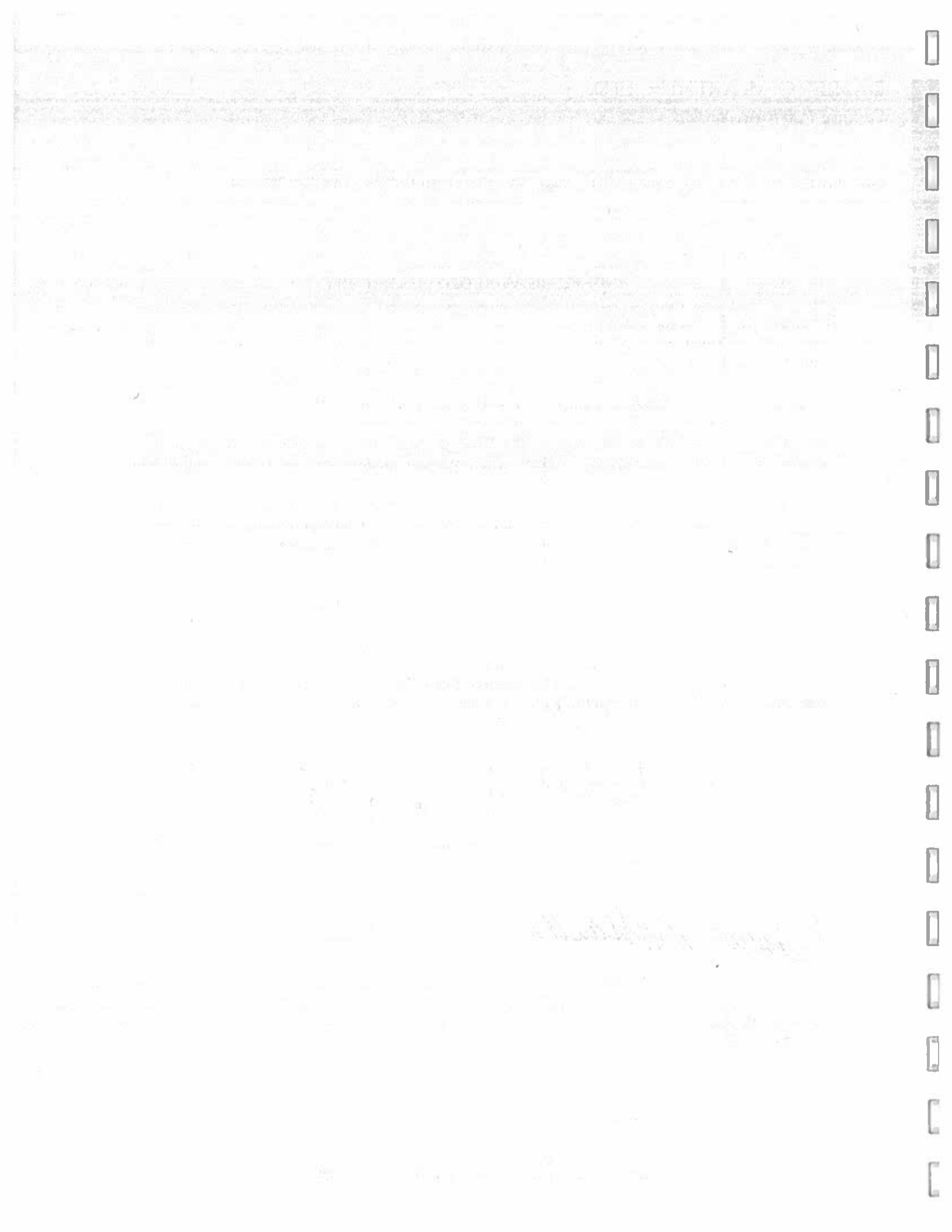
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes 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, 2002 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.



Las Vegas, Nevada  
November 7, 2002





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**TOWN OF ROUND MOUNTAIN, NEVADA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2002  
 (With Comparative Totals for June 30, 2001)**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b><u>Assets</u></b>			
Pooled cash and investments	\$ 249,886	\$ 102,230	\$ 118,710
Interest receivable	221	120	124
Delinquent property taxes receivable	1,304	0	0
Due from other governments	33,364	10,307	0
Accounts receivable (net)	0	0	0
Inventory	0	0	0
Fixed assets (net)	0	0	0
<b><u>Other Debits</u></b>			
Amount to be provided for retirement of compensated absences	<u>0</u>	<u>0</u>	<u>0</u>
Total assets and other debits	<u>\$ 284,775</u>	<u>\$ 112,657</u>	<u>\$ 118,834</u>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 12,650	\$ 708	\$ 0
Accrued payroll	15,125	0	0
Customer deposits	0	0	0
Deferred taxes	1,275	0	0
Accrued compensated absences	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>29,050</u>	<u>708</u>	<u>0</u>
<b><u>Equity and Other Credits</u></b>			
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	200,436	101,347	112,744
Undesignated	<u>55,289</u>	<u>10,602</u>	<u>6,090</u>
Total equity and other credits	<u>255,725</u>	<u>111,949</u>	<u>118,834</u>
Total liabilities, equity, and other credits	<u>\$ 284,775</u>	<u>\$ 112,657</u>	<u>\$ 118,834</u>

Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	2002	2001
	Enterprise			
\$ 184,891	\$ 0	\$ 0	\$ 655,717	\$ 611,725
197	0	0	662	2,268
0	0	0	1,304	682
0	0	0	43,671	41,089
23,609	0	0	23,609	28,038
29,796	0	0	29,796	33,573
840,366	2,370,661	0	3,211,027	3,265,568
<u>0</u>	<u>0</u>	<u>28,929</u>	<u>28,929</u>	<u>26,880</u>
<u>\$ 1,078,859</u>	<u>\$ 2,370,661</u>	<u>\$ 28,929</u>	<u>\$ 3,994,715</u>	<u>\$ 4,009,823</u>
\$ 12,200	\$ 0	\$ 0	\$ 25,558	\$ 62,710
1,408	0	0	16,533	7,727
3,000	0	0	3,000	2,450
0	0	0	1,275	535
<u>663</u>	<u>0</u>	<u>28,929</u>	<u>29,592</u>	<u>27,705</u>
<u>17,271</u>	<u>0</u>	<u>28,929</u>	<u>75,958</u>	<u>101,127</u>
811,818	0	0	811,818	859,732
0	2,370,661	0	2,370,661	2,385,582
249,770	0	0	249,770	206,486
0	0	0	414,527	447,478
<u>0</u>	<u>0</u>	<u>0</u>	<u>71,981</u>	<u>9,418</u>
<u>1,061,588</u>	<u>2,370,661</u>	<u>0</u>	<u>3,918,757</u>	<u>3,908,696</u>
<u>\$ 1,078,859</u>	<u>\$ 2,370,661</u>	<u>\$ 28,929</u>	<u>\$ 3,994,715</u>	<u>\$ 4,009,823</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, 2002**  
**(With Comparative Totals for Year Ended June 30, 2001)**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>Revenues:</b>			
Taxes	\$ 365,762	\$ 0	\$ 0
Fines and forfeitures	4,165	0	0
Licenses and permits	3,540	0	0
Intergovernmental	211,497	37,004	14,563
Charges for services	10,672	0	0
Other	19,925	3,085	3,526
<b>Total revenues</b>	<u>615,561</u>	<u>40,089</u>	<u>18,089</u>
<b>Expenditures:</b>			
Current:			
General government	304,138	0	0
Public safety	131,711	0	0
Public works	28,307	15,800	0
Culture and recreation	164,171	0	0
Capital projects	0	0	0
<b>Total expenditures</b>	<u>628,327</u>	<u>15,800</u>	<u>0</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(12,766)	24,289	18,089
<b>Fund balance:</b>			
Beginning of year	<u>268,491</u>	<u>87,660</u>	<u>100,745</u>
End of year	<u>\$ 255,725</u>	<u>\$ 111,949</u>	<u>\$ 118,834</u>

Total	
(Memorandum Only)	
2002	2001
\$ 365,762	\$ 289,974
4,165	4,865
3,540	4,693
263,064	249,834
10,672	12,978
26,536	40,822
<u>673,739</u>	<u>603,166</u>
304,138	288,504
131,711	132,180
44,107	48,423
164,171	177,319
0	11,331
<u>644,127</u>	<u>657,757</u>
29,612	(54,591)
<u>456,896</u>	<u>511,487</u>
<u>\$ 486,508</u>	<u>\$ 456,896</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, 2002**

Page 1 of 2

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 300,354	\$ 365,762	\$ 65,408
Fines and forfeitures	2,500	4,165	1,665
Licenses and permits	4,200	3,540	(660)
Intergovernmental	208,591	211,497	2,906
Charges for services	9,700	10,672	972
Other	<u>24,500</u>	<u>19,925</u>	<u>(4,575)</u>
 Total revenues	 <u>549,845</u>	 <u>615,561</u>	 <u>65,716</u>
<b>Expenditures:</b>			
Current:			
General government	394,246	304,138	90,108
Public safety	151,238	131,711	19,527
Public works	41,050	28,307	12,743
Culture and recreation	209,176	164,171	45,005
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
 Total expenditures	 <u>795,710</u>	 <u>628,327</u>	 <u>167,383</u>
 Excess (deficiency) of revenues over expenditures	  (245,865)	  (12,766)	  233,099
<b>Fund balance:</b>			
Beginning of year	<u>267,588</u>	<u>268,491</u>	<u>903</u>
 End of year	 <u>\$ 21,723</u>	 <u>\$ 255,725</u>	 <u>\$ 234,002</u>

<u>Special Revenue Fund</u>		
Budget	Actual	Variance - Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
30,000	37,004	7,004
0	0	0
<u>3,500</u>	<u>3,085</u>	<u>(415)</u>
<u>33,500</u>	<u>40,089</u>	<u>6,589</u>
0	0	0
0	0	0
107,321	15,800	91,521
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>107,321</u>	<u>15,800</u>	<u>91,521</u>
(73,821)	24,289	98,110
<u>80,821</u>	<u>87,660</u>	<u>6,839</u>
<u>\$ 7,000</u>	<u>\$ 111,949</u>	<u>\$ 104,949</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, 2002**

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	10,000	14,563	4,563
Charges for services	0	0	0
Other	5,000	3,526	(1,474)
<b>Total revenues</b>	<u>15,000</u>	<u>18,089</u>	<u>3,089</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 projects	15,000	0	15,000
<b>Total expenditures</b>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>0</u>	<u>18,089</u>	<u>18,089</u>
<b>Fund balance:</b>			
Beginning of year	<u>99,067</u>	<u>100,745</u>	<u>1,678</u>
End of year	<u>\$ 99,067</u>	<u>\$ 118,834</u>	<u>\$ 19,767</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, 2002**  
**(With Comparative Actual Amounts for Year Ended June 30, 2001)**

	2002	2001
<b>Operating Revenues:</b>		
Charges for services	\$ 198,452	\$ 219,035
<b>Operating Expenses:</b>		
Utility operations:		
Salaries and wages	28,924	18,497
Employee benefits	10,785	5,379
Services and supplies	117,716	104,174
Depreciation	50,590	49,447
Total operating expenses	208,015	177,497
<b>Operating income (loss)</b>	(9,563)	41,538
<b>Non-operating revenues (expenses):</b>		
Bad debt expense	0	(521)
Interest income	4,933	5,684
Total non-operating revenues (expenses)	4,933	5,163
Net income (loss)	(4,630)	46,701
Add back depreciation-contributed assets	47,914	47,914
<b>Retained earnings:</b>		
Beginning of year	206,486	111,871
End of year	\$ 249,770	\$ 206,486

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, 2002  
 (With Comparative Actual Amounts for Year Ended June 30, 2001)**

	2002	2001
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 203,431	\$ 217,948
Cash paid for services and supplies	(117,148)	(100,585)
Cash paid for salaries and employee benefits	<u>(38,981)</u>	<u>(22,641)</u>
Cash provided by operating activities	47,302	94,722
<b>Cash flows from capital and related financing activities:</b>		
Purchase of fixed assets	(10,970)	(1,719)
<b>Cash flows from investing activities:</b>		
Interest income	<u>5,203</u>	<u>5,343</u>
Net increase in cash	41,535	98,346
<b>Cash:</b>		
Beginning of year	<u>143,356</u>	<u>45,010</u>
End of year	<u>\$ 184,891</u>	<u>\$ 143,356</u>
<b>Reconciliation of operating income (loss) to cash provided by operating activities:</b>		
Operating income	<u>\$ (9,563)</u>	<u>\$ 41,538</u>
<b>Adjustments to reconcile operating income (loss) to cash provided by operating activities:</b>		
Depreciation	50,590	49,447
Bad debts	0	(521)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	4,429	(466)
(Increase) decrease in inventory	3,777	(4,790)
Increase (decrease) in accounts payable	(3,209)	8,379
Increase (decrease) in accrued payroll	728	1,235
Increase (decrease) in customer deposits	<u>550</u>	<u>(100)</u>
Total adjustments	<u>56,865</u>	<u>53,184</u>
<b>Cash provided by operating activities</b>	<u>\$ 47,302</u>	<u>\$ 94,722</u>

See accompanying notes to financial statements

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

**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, 2002. 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, 2002**

**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, 2002**

**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, 2002**

**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, 2002 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, 2002**

**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, 2002**

**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, 2002**

**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, 2002.

**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, 2002**

**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, 2002.

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

Cash on hand	\$ 16,698
Carrying amount of cash and investments	<u>639,019</u>
Total	<u>\$ 655,717</u>
Cash and cash equivalents	<u>\$ 655,717</u>

**2. Receivables**

Receivables as of year end are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:					
Interest	\$ 221	\$ 120	\$ 124	\$ 197	\$ 662
Delinquent taxes	1,304	0	0	0	1,304
Due from other governments	33,364	10,307	0	0	43,671
Accounts receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,609</u>	<u>23,609</u>
Total receivables	<u>\$34,889</u>	<u>\$ 10,427</u>	<u>\$ 124</u>	<u>\$ 23,806</u>	<u>\$69,246</u>

**3. Fixed Assets**

Activity in the general fixed assets account group for the year ended June 30, 2002 was as follows:

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2002</u>
Buildings	\$1,379,697	\$ 0	\$ 0	\$1,379,697
Machinery & equipment	<u>1,005,885</u>	<u>48,984</u>	<u>63,905</u>	<u>990,964</u>
Total general fixed assets	<u>\$2,385,582</u>	<u>\$ 48,984</u>	<u>\$ 63,905</u>	<u>\$2,370,661</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2002**

**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, 2002:

	Enterprise Fund
Water and sewer system	\$1,009,464
Less: Accumulated depreciation	<u>(169,098)</u>
Total	<u>\$ 840,366</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 \$1,275.

**5. Long -Term Debt**

During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance <u>July 1, 2001</u>	Net Additions (Reductions)	Balance <u>June 30, 2002</u>
Accrued compensated absences	<u>\$ 26,880</u>	<u>\$ 2,049</u>	<u>\$ 28,929</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, 2001	\$ 859,732
Contributions	0
Amortization	<u>(47,914)</u>
Balance at June 30, 2002	<u>\$ 811,818</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2002**

**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, 2002**

**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:

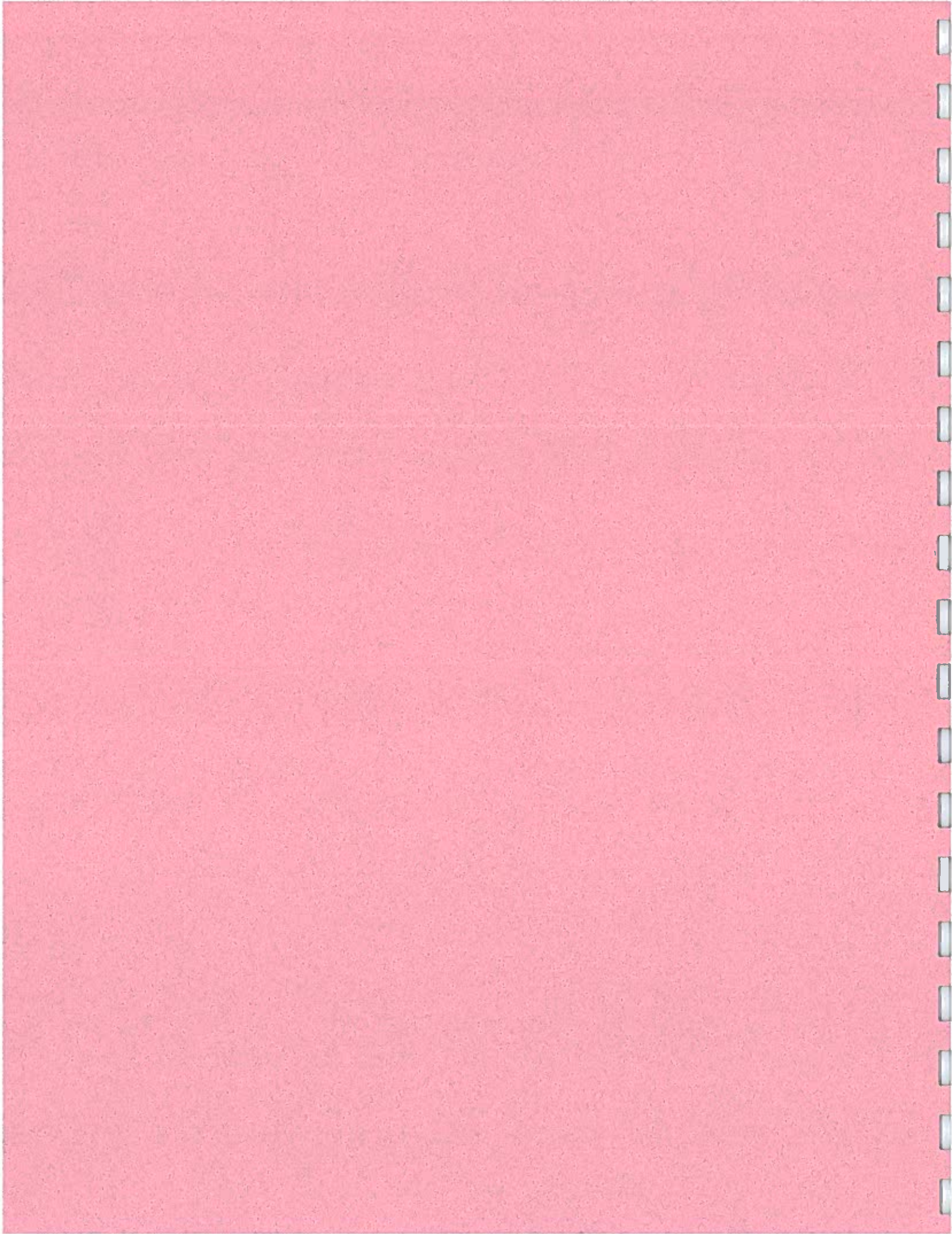
Public Employees' Retirement System of Nevada  
693 W. Nye Lane  
Carson City, NV 89703-1599

**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 2001-2002 was 18.75 percent of payroll. The contribution requirement for the year ended June 30, 2002 was \$61,150. The contributions were equal to the required contributions for the year. Contributions for the years ended June 30, 2001 and 2000 were \$57,745 and \$58,428, 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, 2002 AND 2001**

	2002	2001
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 249,886	\$ 284,943
Interest receivable	221	1,088
Delinquent property taxes receivable	1,304	682
Due from other governments	<u>33,364</u>	<u>31,327</u>
Total assets	<u>\$ 284,775</u>	<u>\$ 318,040</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 12,650	\$ 41,804
Accrued payroll	15,125	7,210
Deferred taxes	<u>1,275</u>	<u>535</u>
Total liabilities	<u>29,050</u>	<u>49,549</u>
<b><u>FUND BALANCE</u></b>		
Unreserved:		
Designated for subsequent year	200,436	267,588
Undesignated	<u>55,289</u>	<u>903</u>
Total fund balance	<u>255,725</u>	<u>268,491</u>
Total liabilities and fund balance	<u>\$ 284,775</u>	<u>\$ 318,040</u>

**TOWN OF ROUND MOUNTAIN, NEVADA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2002  
(With Comparative Actual Amounts for Year Ended June 30, 2001)**

	2002 Budget	Actual	Variance - Favorable (Unfavorable)	2001 Actual
<b>Revenues:</b>				
Taxes	\$ 300,354	\$ 365,762	\$ 65,408	\$ 289,974
Fines and forfeitures	2,500	4,165	1,665	4,865
Licenses and permits	4,200	3,540	(660)	4,693
Intergovernmental	208,591	211,497	2,906	201,841
Charges for services	9,700	10,672	972	12,978
Other	<u>24,500</u>	<u>19,925</u>	<u>(4,575)</u>	<u>31,569</u>
<b>Total revenues</b>	<u>549,845</u>	<u>615,561</u>	<u>65,716</u>	<u>545,920</u>
<b>Expenditures:</b>				
General government	394,246	304,138	90,108	288,504
Public safety	151,238	131,711	19,527	132,180
Public works	41,050	28,307	12,743	19,404
Culture and recreation	<u>209,176</u>	<u>164,171</u>	<u>45,005</u>	<u>177,319</u>
<b>Total expenditures</b>	<u>795,710</u>	<u>628,327</u>	<u>167,383</u>	<u>617,407</u>
Excess (deficiency) of revenues over expenditures	(245,865)	(12,766)	233,099	(71,487)
<b>Fund balance:</b>				
Beginning of year	<u>267,588</u>	<u>268,491</u>	<u>903</u>	<u>339,978</u>
End of year	<u>\$ 21,723</u>	<u>\$ 255,725</u>	<u>\$ 234,002</u>	<u>\$ 268,491</u>

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**TOWN OF ROUND MOUNTAIN, NEVADA  
GENERAL FUND  
STATEMENT OF REVENUES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2002**

(With Comparative Actual Amounts for Year Ended June 30, 2001)

	2002		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2001 Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 203,697	\$ 212,786	\$ 9,089	\$ 212,000
Net proceeds	<u>96,657</u>	<u>152,976</u>	<u>56,319</u>	<u>77,974</u>
Total taxes	<u>300,354</u>	<u>365,762</u>	<u>65,408</u>	<u>289,974</u>
<b>Fines and forfeitures</b>	<u>2,500</u>	<u>4,165</u>	<u>1,665</u>	<u>4,865</u>
<b>Licenses and permits:</b>				
Gaming licenses	3,200	2,700	(500)	3,413
Liquor licenses	<u>1,000</u>	<u>840</u>	<u>(160)</u>	<u>1,280</u>
Total licenses and permits	<u>4,200</u>	<u>3,540</u>	<u>(660)</u>	<u>4,693</u>
<b>Intergovernmental:</b>				
Consolidated tax	188,591	191,497	2,906	181,841
Grant	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total intergovernmental	<u>208,591</u>	<u>211,497</u>	<u>2,906</u>	<u>201,841</u>
<b>Charges for services:</b>				
Swimming pool	4,000	4,472	472	6,175
Arcade/Vending	1,200	374	(826)	1,254
Water charges	<u>4,500</u>	<u>5,826</u>	<u>1,326</u>	<u>5,549</u>
Total charges for services	<u>9,700</u>	<u>10,672</u>	<u>972</u>	<u>12,978</u>
<b>Other:</b>				
Rent	9,000	5,960	(3,040)	10,336
Interest	15,000	6,762	(8,238)	18,149
Miscellaneous	<u>500</u>	<u>7,203</u>	<u>6,703</u>	<u>3,084</u>
Total other	<u>24,500</u>	<u>19,925</u>	<u>(4,575)</u>	<u>31,569</u>
Total revenues	<u>\$ 549,845</u>	<u>\$ 615,561</u>	<u>\$ 65,716</u>	<u>\$ 545,920</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
**YEAR ENDED JUNE 30, 2002**  
**(With Comparative Actual Amounts for Year Ended June 30, 2001)**

	2002		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2001 Actual
<b>Expenditures:</b>				
<b>General government:</b>				
Administration:				
Salaries and wages	\$ 67,674	\$ 64,571	\$ 3,103	\$ 62,317
Employee benefits	39,459	23,427	16,032	22,414
Services and supplies	83,800	47,035	36,765	51,964
Capital outlay	<u>19,800</u>	<u>19,502</u>	<u>298</u>	<u>3,495</u>
Total administration	<u>210,733</u>	<u>154,535</u>	<u>56,198</u>	<u>140,190</u>
Building and Grounds:				
Salaries and wages	83,195	72,307	10,888	74,994
Employee benefits	31,818	28,686	3,132	27,903
Services and supplies	68,500	48,610	19,890	44,567
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>850</u>
Total building and grounds	<u>183,513</u>	<u>149,603</u>	<u>33,910</u>	<u>148,314</u>
Total general government	<u>394,246</u>	<u>304,138</u>	<u>90,108</u>	<u>288,504</u>
<b>Public Safety:</b>				
Hadley Station:				
Salaries and wages	74,965	72,557	2,408	70,385
Employee benefits	32,173	29,052	3,121	26,959
Services and supplies	44,100	21,561	22,539	26,654
Capital outlay	<u>0</u>	<u>8,541</u>	<u>(8,541)</u>	<u>8,182</u>
Total public safety	<u>151,238</u>	<u>131,711</u>	<u>19,527</u>	<u>132,180</u>
<b>Public Works:</b>				
Highways and Streets:				
Services and supplies	16,000	14,055	1,945	13,388
Round Mountain Water:				
Services and supplies	17,050	6,252	10,798	6,016
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>0</u>	<u>0</u>
Total public works	<u>41,050</u>	<u>28,307</u>	<u>12,743</u>	<u>19,404</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES COMPARED TO BUDGET (Continued)**  
**YEAR ENDED JUNE 30, 2002**  
**(With Comparative Actual Amounts for Year Ended June 30, 2001)**

	2002		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2001 Actual
<b>Expenditures (Continued):</b>				
<b>Culture and Recreation:</b>				
Swimming Pool:				
Salaries and wages	\$ 18,720	\$ 8,276	\$ 10,444	\$ 8,577
Employee benefits	1,833	707	1,126	853
Services and supplies	<u>20,850</u>	<u>20,567</u>	<u>283</u>	<u>15,198</u>
Total swimming pool	<u>41,403</u>	<u>29,550</u>	<u>11,853</u>	<u>24,628</u>
Parks and recreation:				
Salaries and wages	64,043	59,890	4,153	62,750
Employee benefits	23,130	21,094	2,036	20,714
Services and supplies	74,600	50,358	24,242	66,028
Capital outlay	<u>6,000</u>	<u>3,279</u>	<u>2,721</u>	<u>3,199</u>
Total parks and recreation	<u>167,773</u>	<u>134,621</u>	<u>33,152</u>	<u>152,691</u>
Total culture and recreation	<u>209,176</u>	<u>164,171</u>	<u>45,005</u>	<u>177,319</u>
Total expenditures	<u>\$ 795,710</u>	<u>\$ 628,327</u>	<u>\$ 167,383</u>	<u>\$ 617,407</u>

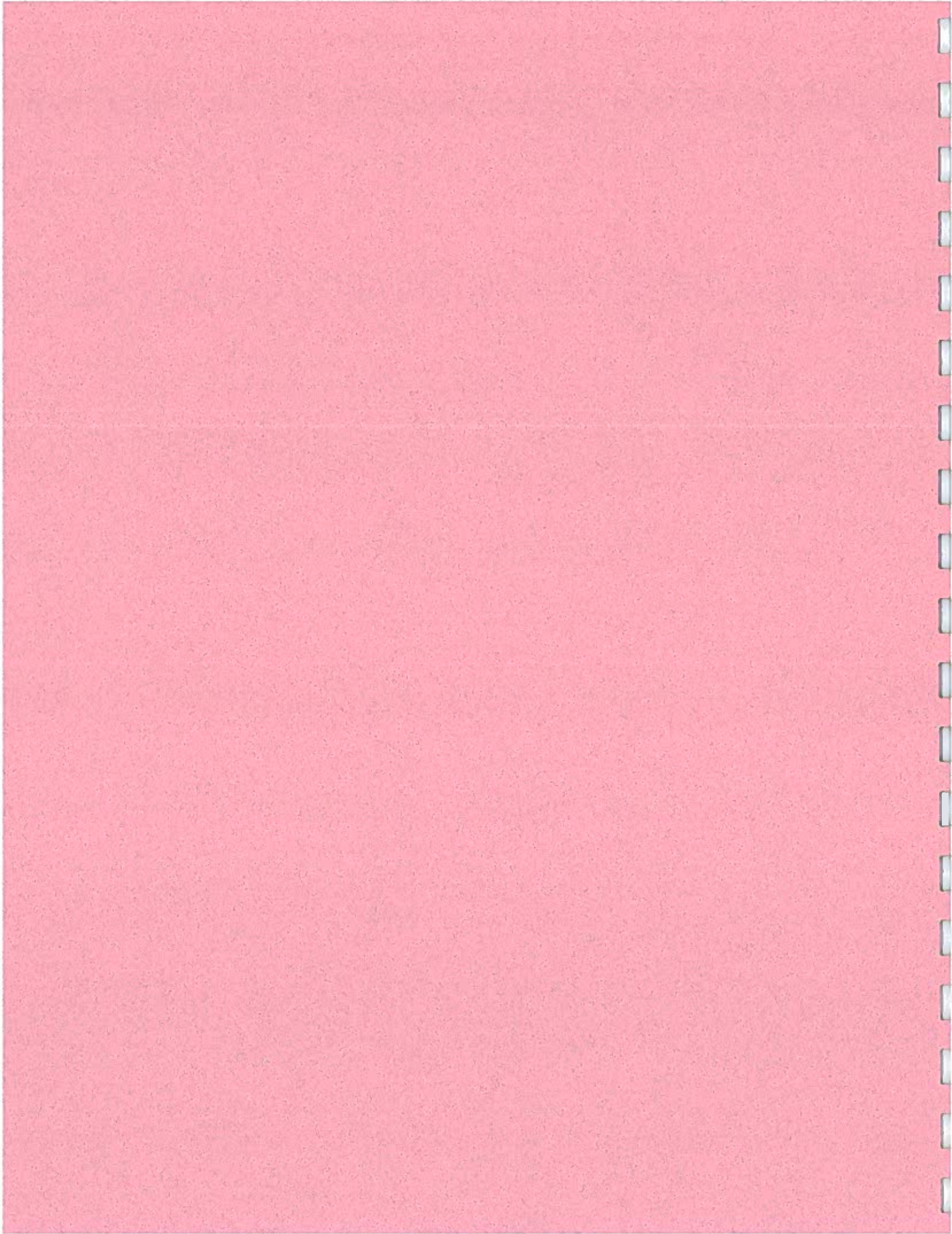
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## **SPECIAL REVENUE FUNDS**

**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, 2002 AND 2001**

	2002	2001
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 102,230	\$ 83,073
Interest receivable	120	322
Due from other governments	<u>10,307</u>	<u>9,762</u>
Total assets	<u>\$ 112,657</u>	<u>\$ 93,157</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	<u>\$ 708</u>	<u>\$ 5,497</u>
<b><u>FUND BALANCE</u></b>		
Unreserved:		
Designated for subsequent year	101,347	80,822
Undesignated	<u>10,602</u>	<u>6,838</u>
Total fund balance	<u>111,949</u>	<u>87,660</u>
Total liabilities and fund balance	<u>\$ 112,657</u>	<u>\$ 93,157</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, 2002**  
**(With Comparative Actual Amounts for Year Ended June 30, 2001)**

	2002		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2001 Actual
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Gas tax \$1.75	\$ 30,000	\$ 37,004	\$ 7,004	\$ 35,816
<b>Other:</b>				
Interest	<u>3,500</u>	<u>3,085</u>	<u>(415)</u>	<u>4,672</u>
Total revenues	<u>33,500</u>	<u>40,089</u>	<u>6,589</u>	<u>40,488</u>
<b>Expenditures:</b>				
<b>Public works:</b>				
Highways and streets:				
Services and supplies	97,321	13,318	84,003	24,079
Capital outlay	<u>10,000</u>	<u>2,482</u>	<u>7,518</u>	<u>4,940</u>
Total expenditures	<u>107,321</u>	<u>15,800</u>	<u>91,521</u>	<u>29,019</u>
Excess (deficiency) of revenues over expenditures	(73,821)	24,289	98,110	11,469
<b>Fund balance:</b>				
Beginning of year	<u>80,821</u>	<u>87,660</u>	<u>6,839</u>	<u>76,191</u>
End of year	<u>\$ 7,000</u>	<u>\$ 111,949</u>	<u>\$ 104,949</u>	<u>\$ 87,660</u>

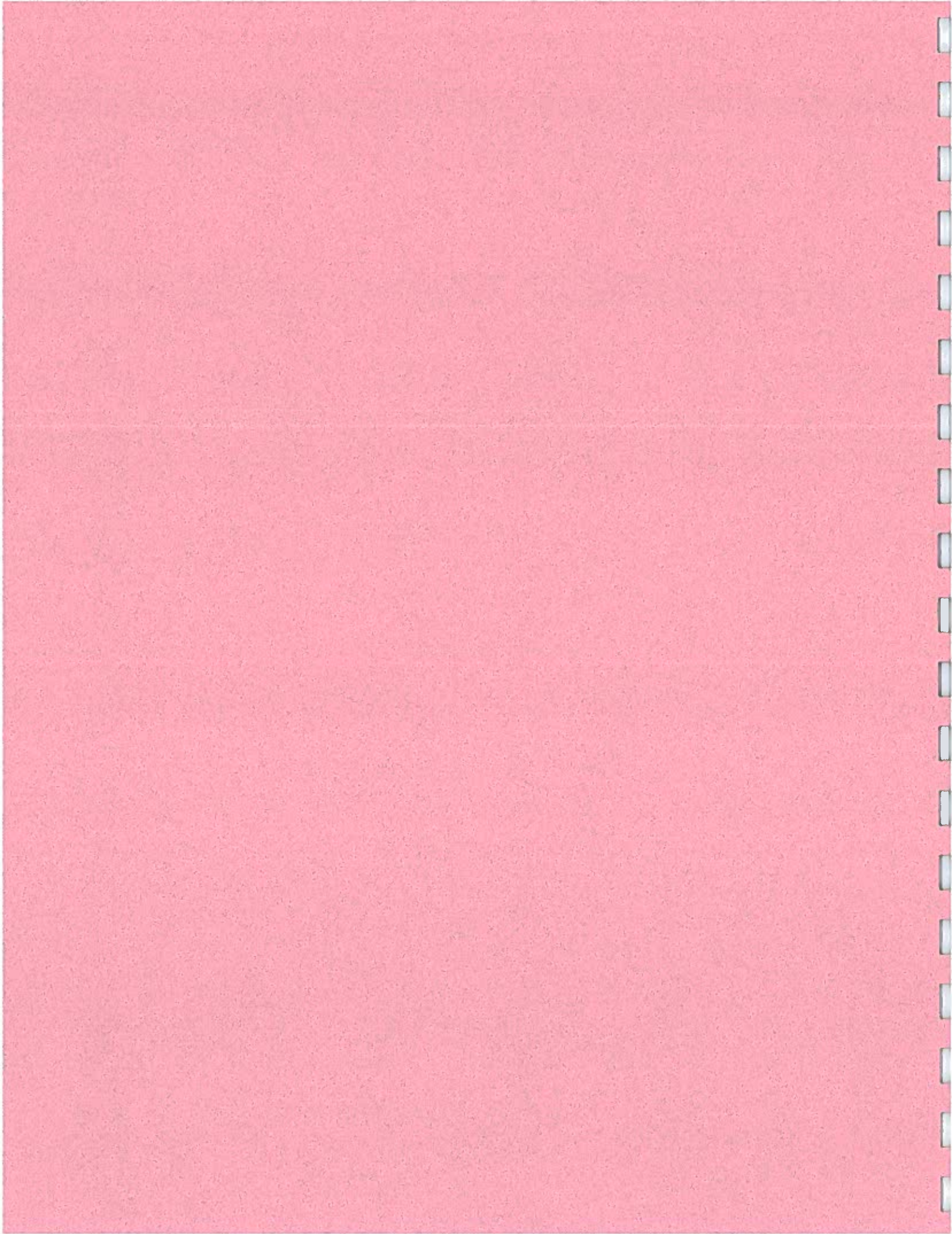
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## **CAPITAL PROJECTS**

**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, 2002  
(With Comparative Totals for June 30, 2001)**

	Capital Projects	Special Ad Valorem Capital Projects	Totals	
			2002	2001
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ 81,125	\$ 37,585	\$ 118,710	\$ 100,353
Interest receivable	<u>96</u>	<u>28</u>	<u>124</u>	<u>392</u>
Total assets	<u>\$ 81,221</u>	<u>\$ 37,613</u>	<u>\$ 118,834</u>	<u>\$ 100,745</u>
<b><u>FUND BALANCE</u></b>				
Unreserved:				
Designated for subsequent year	\$ 80,490	\$ 32,254	\$ 112,744	\$ 99,068
Undesignated	<u>731</u>	<u>5,359</u>	<u>6,090</u>	<u>1,677</u>
Total fund balance	<u>\$ 81,221</u>	<u>\$ 37,613</u>	<u>\$ 118,834</u>	<u>\$ 100,745</u>

**TOWN OF ROUND MOUNTAIN, NEVADA  
CAPITAL PROJECTS FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2002  
(With Comparative Actual Amounts for Year Ended June 30, 2001)**

	Capital Projects	Special Ad Valorem Capital Projects	Totals	
			2002	2001
<b>Revenues:</b>				
Intergovernmental	\$ 0	\$ 14,563	\$ 14,563	\$ 12,177
Other	<u>2,731</u>	<u>795</u>	<u>3,526</u>	<u>4,581</u>
Total revenues	2,731	15,358	18,089	16,758
<b>Expenditures:</b>				
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,331</u>
Excess (deficiency) of revenues over expenditures	2,731	15,358	18,089	5,427
<b>Fund balance:</b>				
Beginning of year	<u>78,490</u>	<u>22,255</u>	<u>100,745</u>	<u>95,318</u>
End of year	<u>\$ 81,221</u>	<u>\$ 37,613</u>	<u>\$ 118,834</u>	<u>\$ 100,745</u>

**TOWN OF ROUND MOUNTAIN, NEVADA  
 CAPITAL PROJECTS FUND  
 COMPARATIVE BALANCE SHEETS  
 JUNE 30, 2002 AND 2001**

	2002	2001
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 81,125	\$ 78,187
Interest receivable	<u>96</u>	<u>303</u>
Total assets	<u>\$ 81,221</u>	<u>\$ 78,490</u>
<b><u>FUND BALANCE</u></b>		
Unreserved:		
Designated for subsequent year	\$ 80,490	\$ 77,981
Undesignated	<u>731</u>	<u>509</u>
Total fund balance	<u>\$ 81,221</u>	<u>\$ 78,490</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, 2002**  
**(With Comparative Actual Amounts for Year Ended June 30, 2001)**

	2002		Variance -	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
<b>Other:</b>				
Interest	\$ 4,000	\$ 2,731	\$ (1,269)	\$ 4,509
<b>Expenditures:</b>				
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	4,000	2,731	(1,269)	4,509
<b>Fund balance:</b>				
Beginning of year	<u>77,981</u>	<u>78,490</u>	<u>509</u>	<u>73,981</u>
End of year	<u>\$ 81,981</u>	<u>\$ 81,221</u>	<u>\$ (760)</u>	<u>\$ 78,490</u>

**TOWN OF ROUND MOUNTAIN, NEVADA  
SPECIAL AD VALOREM CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2002 AND 2001**

	2002	2001
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 37,585	\$ 22,166
Interest receivable	28	89
Total assets	\$ 37,613	\$ 22,255
 <b><u>FUND BALANCE</u></b>		
Unreserved:		
Designated for subsequent year	\$ 32,254	\$ 21,087
Undesignated	5,359	1,168
Total fund balance	\$ 37,613	\$ 22,255

**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, 2002**

(With Comparative Actual Amounts for Year Ended June 30, 2001)

	2002 Budget	2002 Actual	Variance - Favorable (Unfavorable)	2001 Actual
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
County	\$ 10,000	\$ 14,563	\$ 4,563	\$ 12,177
<b>Other:</b>				
Interest	<u>1,000</u>	<u>795</u>	<u>(205)</u>	<u>72</u>
Total revenues	11,000	15,358	4,358	12,249
<b>Expenditures:</b>				
Capital projects	<u>15,000</u>	<u>0</u>	<u>15,000</u>	<u>11,331</u>
Excess (deficiency) of revenues over expenditures	(4,000)	15,358	19,358	918
<b>Fund balance:</b>				
Beginning of year	<u>21,086</u>	<u>22,255</u>	<u>1,169</u>	<u>21,337</u>
End of year	<u>\$ 17,086</u>	<u>\$ 37,613</u>	<u>\$ 20,527</u>	<u>\$ 22,255</u>

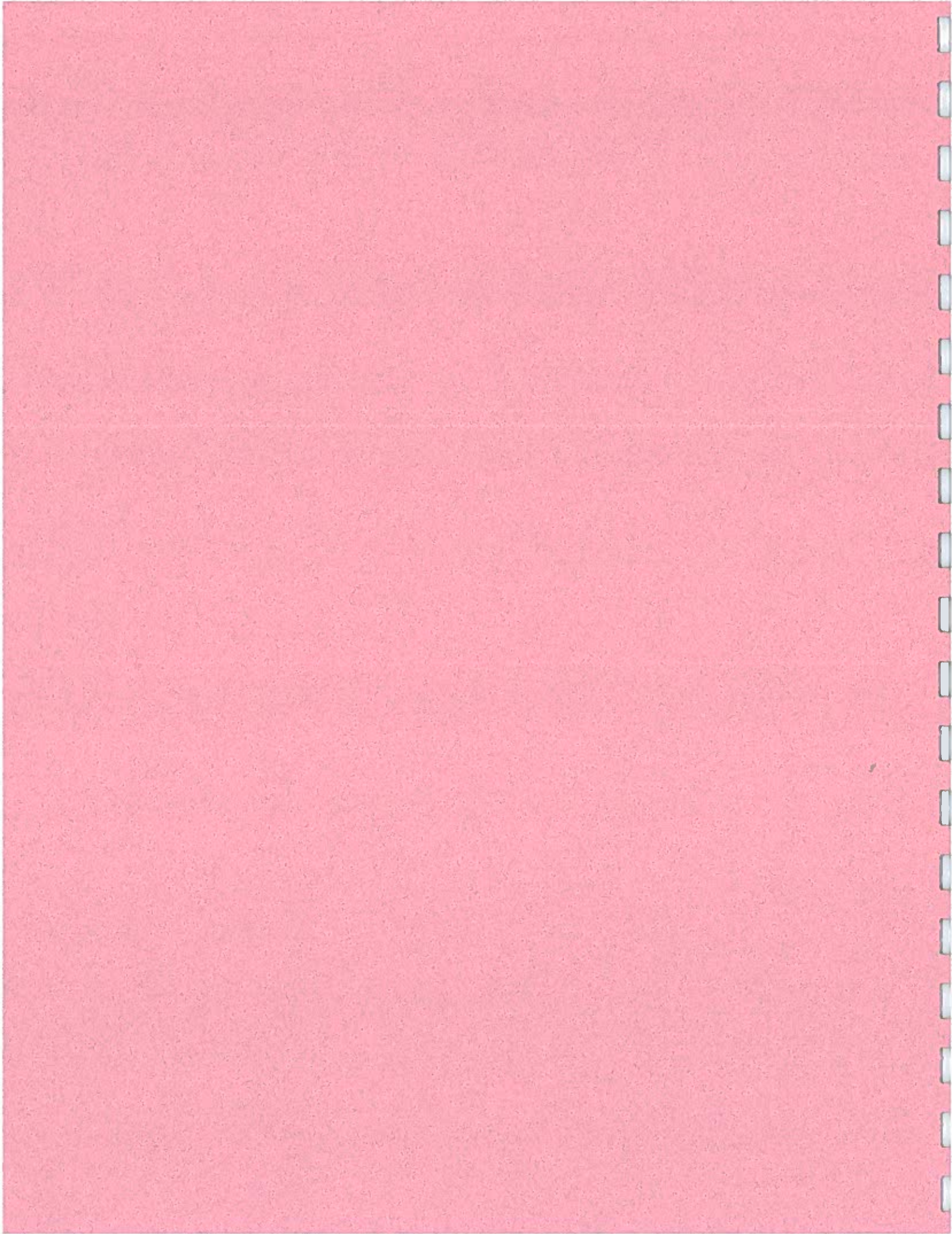
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## **ENTERPRISE FUND**

**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, 2002 AND 2001**

	2002	2001
<b><u>ASSETS</u></b>		
Current assets:		
Pooled cash and investments	\$ 184,891	\$ 143,356
Interest receivable	197	467
Accounts receivable (net)	23,609	28,038
Inventory	29,796	33,573
Total current assets	<u>238,493</u>	<u>205,434</u>
Fixed assets:		
Equipment	1,009,464	998,494
Less accumulated depreciation	(169,098)	(118,508)
Fixed assets (net of accumulated depreciation)	<u>840,366</u>	<u>879,986</u>
Total assets	<u>\$ 1,078,859</u>	<u>\$ 1,085,420</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	\$ 12,200	\$ 15,410
Accrued payroll	1,408	517
Customer deposits	3,000	2,450
Accrued compensated absences	<u>663</u>	<u>825</u>
Total liabilities	<u>17,271</u>	<u>19,202</u>
<b><u>EQUITY</u></b>		
Contributed capital	811,818	859,732
Retained earnings, unreserved	<u>249,770</u>	<u>206,486</u>
Total equity	<u>1,061,588</u>	<u>1,066,218</u>
Total liabilities and equity	<u>\$ 1,078,859</u>	<u>\$ 1,085,420</u>

**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, 2002**  
**(With Comparative Actual Amounts for Year Ended June 30, 2001)**

	2002		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2001 Actual
<b>Operating revenues:</b>				
Charges for services	\$ 200,000	\$ 198,452	\$ (1,548)	\$ 219,035
<b>Operating expenses:</b>				
Utility operations:				
Salaries and wages	32,551	28,924	3,627	18,497
Employee benefits	11,683	10,785	898	5,379
Services and supplies	95,726	117,716	(21,990)	104,174
Capital outlay	10,000	0	10,000	0
Depreciation	50,040	50,590	(550)	49,447
Total operating expenses	200,000	208,015	(8,015)	177,497
<b>Operating income (loss)</b>	0	(9,563)	(9,563)	41,538
<b>Non-operating revenues (expenses):</b>				
Bad debt expense	0	0	0	(521)
Interest income	3,000	4,933	1,933	5,684
Total non-operating revenues (expenses)	3,000	4,933	1,933	5,163
Net income	3,000	(4,630)	(7,630)	46,701
<b>Add back depreciation - contributed assets</b>	0	47,914	47,914	47,914
<b>Retained earnings:</b>				
Beginning of year	0	206,486	206,486	111,871
End of year	\$ 3,000	\$ 249,770	\$ 246,770	\$ 206,486

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**TOWN OF ROUND MOUNTAIN, NEVADA  
COMPARATIVE STATEMENTS OF CASH FLOWS  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
YEARS ENDED JUNE 30, 2002 AND 2001**

	2002	2001
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 203,431	\$ 217,948
Cash paid for services and supplies	(117,148)	(100,585)
Cash paid for salaries, wages and employee benefits	(38,981)	(22,641)
Cash provided by operating activities	<u>47,302</u>	<u>94,722</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of fixed assets	(10,970)	(1,719)
<b>Cash flows from investing activities:</b>		
Interest income	<u>5,203</u>	<u>5,343</u>
Net increase in cash	41,535	98,346
<b>Cash:</b>		
Beginning of year	<u>143,356</u>	<u>45,010</u>
End of year	<u>\$ 184,891</u>	<u>\$ 143,356</u>
<b>Reconciliation of operating income (loss) to cash provided by operating activities:</b>		
Operating income (loss)	<u>\$ (9,563)</u>	<u>\$ 41,538</u>
<b>Adjustments to reconcile operating income (loss) to cash provided by operating activities:</b>		
Depreciation	50,590	49,447
Bad debts	0	(521)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	4,429	(466)
(Increase) decrease in inventory	3,777	(4,790)
Increase (decrease) in accounts payable	(3,209)	8,379
Increase (decrease) in accrued payroll	728	1,235
Increase (decrease) in customer deposits	550	(100)
Total adjustments	<u>56,865</u>	<u>53,184</u>
<b>Cash provided by operating activities</b>	<u>\$ 47,302</u>	<u>\$ 94,722</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

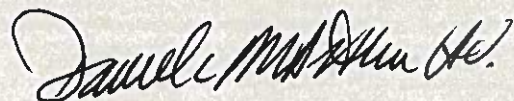
I have audited the general purpose financial statements of the Town of Round Mountain, Nevada, (the Town), as of and for the year ended June 30, 2002, and have issued my report thereon dated November 7, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United 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  
November 7, 2002



**SCHEDULE OF CAPITAL PROJECTS ACTIVITY  
JUNE 30, 2002**

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
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Special Capital Projects Fund:

Taxes	\$ 12,000
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Interest	\$ 500
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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:

Racquetball court and equipment	\$ 82,490
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Special Ad Valorem Capital Projects:

Racquetball court	\$ 44,754
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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.

