

TOWN OF ROUND MOUNTAIN, NEVADA
REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL
YEAR ENDED JUNE 30, 1997



TOWN OF ROUND MOUNTAIN, NEVADA

REPORT ON FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1997

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TOWN OF ROUND MOUNTAIN, NEVADA

ELECTED TOWN OFFICIALS
June 30, 1997

CHAIRPERSON

Joni Eastley

TOWN COUNCIL

Stephen "Pete" Summerbell

L.C. "Bud" Hansen

Johnny Archuleta

Marianne Firebaugh

1. Introduction

2. Methodology

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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 Auditors' 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 June 30, 1997, and for the year then ended, 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 generally accepted auditing standards and Government Auditing Standards issued by the comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the 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 as of June 30, 1997 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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
October 17, 1997



ADVERSE RELATIONSHIP STATEMENT

STATE OF NEW YORK

OFFICE OF THE ATTORNEY GENERAL
120 NASSAU ST., 15TH FLOOR
NEW YORK, N.Y. 10038

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TOWN OF ROUND MOUNTAIN, NEVADA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1997

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets</u>			
Pooled cash and investments	\$ 548 006	\$ 38 370	\$ 24 614
Interest receivable	2 959	-	-
Delinquent property tax	14	-	-
Due from other governments	27 431	3 757	-
Equipment	-	-	-
Land and buildings	-	-	-
Construction in process	-	-	-
<u>Other Debits</u>			
Amount to be provided for retirement of capital leases/ compensated absences	-	-	-
Total assets and other debits	<u>\$ 578 410</u>	<u>\$ 42 127</u>	<u>\$ 24 614</u>
<u>Liabilities</u>			
Accounts payable	\$ 28 526	\$ 862	\$ -
Accrued payroll	1 172	-	-
Deferred taxes	-	-	-
Accrued compensated absences	-	-	-
Capital lease payable	-	-	-
Total liabilities	<u>29 698</u>	<u>862</u>	<u>-</u>
<u>Fund equity and other credits</u>			
Investment in fixed assets	-	-	-
Fund balance	<u>548 712</u>	<u>41 265</u>	<u>24 614</u>
Total Liabilities and Fund Equity & other credits	<u>\$ 578 410</u>	<u>\$ 42 127</u>	<u>\$ 24 614</u>

Account Groups			
Fixed Assets	General Long-Term Debt	Totals (Memorandum Only)	
		1997	1996
\$ -	\$ -	\$ 610 990	\$ 793 123
-	-	2 959	-
-	-	14	347
-	-	31 188	20 824
896 649	-	896 649	852 229
1 379 697	-	1 379 697	1 001 328
-	-	-	447 380
-	47 057	47 057	47 709
<u>\$ 2 276 346</u>	<u>\$ 47 057</u>	<u>\$ 2 968 554</u>	<u>\$ 3 162 940</u>
\$ -	\$ -	\$ 29 388	\$ 239 404
-	-	1 172	-
-	-	-	181
-	39 143	39 143	36 465
-	7 914	7 914	11 244
-	47 057	77 617	287 294
2 276 346	-	2 276 346	2 300 937
-	-	614 591	574 709
<u>\$ 2 276 346</u>	<u>\$ 47 057</u>	<u>\$ 2 968 554</u>	<u>\$ 3 162 940</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, 1997

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes	\$ 569 129	\$ -	\$ -
Fines and forfeitures	2 312	-	-
Licenses & permits	3 268	-	-
Intergovernmental	152 157	41 256	47 230
Charges for services	9 607	-	-
Other	<u>32 814</u>	<u>-</u>	<u>-</u>
Total revenues	<u>769 287</u>	<u>41 256</u>	<u>47 230</u>
Expenditures:			
Current:			
General Government	326 583	-	-
Public safety	113 427	-	-
Public works	13 644	48 206	-
Culture & recreation	142 348	-	-
Capital projects	-	-	168 922
Debt service:			
Principal	3 330	-	-
Interest	<u>1 431</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>600 763</u>	<u>48 206</u>	<u>168 922</u>
Excess (deficiency) of revenues over expenditures	<u>168 524</u>	<u>(6 950)</u>	<u>(121 692)</u>
Other financing sources (uses):			
Operating transfer in	-	-	315 162
Operating transfer out	<u>(315 162)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(315 162)</u>	<u>-</u>	<u>315 162</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(146 638)	(6 950)	193 470
Fund balance:			
Beginning of year	<u>695 350</u>	<u>48 215</u>	<u>(168 856)</u>
End of year	<u>\$ 548 712</u>	<u>\$ 41 265</u>	<u>\$ 24 614</u>

<u>Total</u> <u>(Memorandum Only)</u>	
<u>1997</u>	<u>1996</u>
\$ 569 129	\$ 468 094
2 312	1 770
3 268	2 258
240 643	548 853
9 607	15 370
<u>32 814</u>	<u>45 435</u>
<u>857 773</u>	<u>1 081 780</u>
326 583	404 189
113 427	139 623
61 850	77 448
142 348	111 185
168 922	616 080
3 330	-
<u>1 431</u>	<u>-</u>
<u>817 891</u>	<u>1 348 525</u>
<u>39 882</u>	<u>(266 745)</u>
315 162	92 430
<u>(315 162)</u>	<u>(92 430)</u>
-	-
39 882	(266 745)
<u>574 709</u>	<u>841 454</u>
<u>\$ 614 591</u>	<u>\$ 574 709</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, 1997
Page 1 of 2

General Fund			
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$ 278 156	\$ 569 129	\$ 290 973
Fines and forfeitures	1 500	2 312	812
Licenses & permits	3 700	3 268	(432)
Intergovernmental	147 551	152 157	4 606
Charges for services	13 500	9 607	(3 893)
Other	<u>21 700</u>	<u>32 814</u>	<u>11 114</u>
Total revenues	<u>466 107</u>	<u>769 287</u>	<u>303 180</u>
Expenditures:			
Current:			
General government	438 099	326 583	111 516
Public safety	131 419	113 427	17 992
Public works	21 500	13 644	7 856
Culture & recreation	188 306	142 348	45 958
Contingency	1 835	-	1 835
Capital projects	-	-	-
Debt service:			
Principal	3 833	3 330	503
Interest	<u>928</u>	<u>1 431</u>	<u>(503)</u>
Total expenditures	<u>785 920</u>	<u>600 763</u>	<u>185 157</u>
Excess (deficiency) of revenues over expenditures	<u>(319 813)</u>	<u>168 524</u>	<u>488 337</u>
Other financing sources (uses):			
Operating transfer in	-	-	-
Operating transfer out	<u>(315 162)</u>	<u>(315 162)</u>	<u>-</u>
Total other financing sources (uses)	<u>(315 162)</u>	<u>(315 162)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(634 975)</u>	<u>(146 638)</u>	<u>488 337</u>
Fund balance:			
Beginning of year	<u>634 975</u>	<u>695 350</u>	<u>60 375</u>
End of year	<u>\$ -</u>	<u>\$ 548 712</u>	<u>\$ 548 712</u>

Special Revenue Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
28 000	41 256	13 256
-	-	-
<u>28 000</u>	<u>41 256</u>	<u>13 256</u>
-	-	-
-	-	-
65 064	48 206	16 858
-	-	-
-	-	-
-	-	-
<u>65 064</u>	<u>48 206</u>	<u>16 858</u>
-	-	-
<u>(37 064)</u>	<u>(6 950)</u>	<u>30 114</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(37 064)	(6 950)	30 114
<u>37 064</u>	<u>48 215</u>	<u>11 151</u>
<u>\$ -</u>	<u>\$ 41 265</u>	<u>\$ 41 265</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, 1997
 Page 2 of 2

	Capital Projects Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Licenses & permits	-	-	-
Intergovernmental	11 029	47 230	36 201
Charges for services	-	-	-
Other	-	-	-
Total revenues	<u>11 029</u>	<u>47 230</u>	<u>36 201</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Contingency	-	-	-
Capital projects	354 095	168 922	185 173
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>354 095</u>	<u>168 922</u>	<u>185 173</u>
Excess (deficiency) of revenues over expenditures	<u>(343 066)</u>	<u>(121 692)</u>	<u>221 374</u>
Other financing sources (uses):			
Operating transfer in	315 162	315 162	-
Operating transfer out	-	-	-
Total other financing sources (uses)	<u>315 162</u>	<u>315 162</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(27 904)</u>	<u>193 470</u>	<u>221 374</u>
Fund balance:			
Beginning of year	<u>27 904</u>	<u>(168 856)</u>	<u>(196 760)</u>
End of year	<u>\$ -</u>	<u>\$ 24 614</u>	<u>\$ 24 614</u>

See accompanying notes to financial statements

TOWN OF ROUND MOUNTAIN, NEVADA
Notes to the Financial Statements
June 30, 1997

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 and its component units, entities for which the town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations and so data from these units are combined with data of the Town. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the town. There were no blended or discreet component units of the town at June 30, 1997.

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

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

The Town has the following fund types and account groups:

Governmental funds are used to account for the town's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. 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.

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).

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1997

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

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. State statutes authorize the the Town to invest in the following:

1. Obligation of the U.S. Treasury and U.S. agencies in which the maturity dates do not extend more than ten years from the date purchase.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$100,000 must be fully collateralized).
3. Negotiable notes or short-term negotiable bonds issued by local governments with in Nevada.
4. Eligible bankers' acceptance 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 240 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.

Investments are stated at cost which approximate market. See note C1.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1997

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Assets, Liabilities and Equity (Continued)

b. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the 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.

Taxes on real property are levied in July of each year and are due in July. They can be paid in quarterly installments in July, 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. See note C2.

The Nevada Legislature enacted provisions whereby, the combined overlapping tax rate was limited to 3.64 per \$100 of assessed valuation.

c. *Inventories and Prepaid Items*

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Payments to vendors benefiting accounting periods beyond June 30, 1997 are recorded as expenditures.

d. *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 assets' lives are not included in the general fixed assets account group. See note C3.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1997

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Assets, Liabilities and Equity (Continued)

e. Compensated Absences

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated 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.

Town policy allows employees to accumulate annual leave to a maximum of 240 hours. Employees can accumulate up to 720 hours of sick leave. If an employee has five years of service, upon termination he/she will be paid 25% of his sick leave. At ten years of service upon termination, he/she will be paid 50% of accumulated sick leave. After ten years of service upon termination he/she will be paid 2.5% for every year up to a maximum of 75%. See note C6.

f. 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.

g. 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.

h. 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.

i. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1997

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, and capital projects 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 statement:

- a. Prior to April 15, the Town submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The budget, as submitted, contains the proposed expenditures and means of financing them.
- b. The Nevada State Department of Taxation notifies the Town of its acceptance of the budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all changes have been noted and hearings closed, the Town
- 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. The general fund budget was augmented (increased).

2. Encumbrance Accounting

Encumbrance accounting is not utilized in the governmental funds.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1997

C. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

1. Deposits and Investments

The Town's cash and investment are held under the custody of the County Treasurer of Nye County. This is required by Nevada Revised Statutes. Detailed information concerning collateral to cover deposits is contained in the annual financial report of Nye County.

Investments made by the Nye County Treasurer from funds of the Town are a part of a pooled investment funds. Monthly interest is apportioned to the Town based on the average balance invested. Risk categories for invested funds is contained in the annual financial report of Nye County.

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

Cash on hand	\$	2 031
Carrying amount of cash and investments		<u>608 959</u>
 Total		 <u>\$ 610 990</u>
 Cash and cash equivalents		 <u>\$ 610 990</u>

2. Receivables

Receivables as of year end, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Interest	\$ 2 959	\$ -	\$ 2 959
Delinquent Taxes	14	-	14
Due from other governments	<u>27 431</u>	<u>3 757</u>	<u>31 188</u>
 Total receivables	 <u>\$ 30 404</u>	 <u>\$ 3 757</u>	 <u>\$ 34 161</u>

3. Fixed Assets

Activity in the general fixed assets account group for the town for the year ended June 30, 1997 was as follows:

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance July 30, 1997</u>
Buildings	\$1 001 328	\$ 622 819	\$ 244 450	\$1 379 697
Machinery and equipment	852 229	44 420	-	896 649
Work in process	<u>447 380</u>	<u>-</u>	<u>447 380</u>	<u>-</u>
 Total general fixed assets	 <u>\$2 300 937</u>	 <u>\$ 667 239</u>	 <u>\$ 691 830</u>	 <u>\$2 276 346</u>

Beginning balance for fixed assets have been restated. The beginning balance for buildings has been reduced \$900,000 due to the fact the swimming pool facility is not owned by the Town. Machinery and equipment has been increased for equipment not included previously in the amount of \$22,772.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1997

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

4. INTERFUND TRANSACTIONS

Interfund operating transfers are made from one fund to another fund to support expenditures in accordance with the authority established for the individual funds. Transfers between fund types during the year ended June 30, 1997 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
		<u>General</u>
		<u>Fund</u>
Capital Project	\$ 315 162	\$ 315 162

5. LEASES

Capital Lease. The Town has entered into a lease agreement as lessee for financing the acquisition of equipment. This lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments.

This lease contains a non-appropriations funding clause. In accordance with Nevada Revised Statutes, if the Town does not appropriate funds for this lease, for a future budget year the lease will be terminated and the equipment will be returned to the lessor.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 1997 are as follows:

<u>Year Ended June 30,</u>	<u>General Long- Term Debt</u>
1998	\$ 4 761
1999	4 364
Total minimum lease payments	9 125
Less amount representing interest	(1 211)
Present value of minimum lease payments	\$ 7 914

6. Long-Term Debt

Changes in General Long-Term liabilities. During the year ended June 30, 1997, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u>	<u>Net</u>	<u>Balance</u>
	<u>July 31, 1996</u>	<u>Additions</u>	<u>June 30, 1997</u>
		<u>(Reductions)</u>	
Accrued Compensated absences	\$ 36 465	\$ 2 678	\$ 39 143
Capital lease	11 244	3 330	7 914
Totals	\$ 47 709	\$ 6 008	\$ 47 057

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1997

D. OTHER INFORMATION

1. Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

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 employee's wages.

The Town is self insured for unemployment claims.

The Town participate in the Nye County, Nevada self-funded health care program. The Town has stop-loss insurance coverage. After eligible plan charges reach \$75,000 per person in any benefit year, the specific stop-loss reinsurance will begin at 100% of covered charges. The insurance company pays the lifetime maximum payable for each insured family member of \$1,000,000. The Nye County, Nevada self-funded Health Care plan is accounted for in the Internal Service Funds. Actuarially determined premium costs are charged to the Town. These costs are paid monthly to the Nye County Internal Service Fund. The Internal Service Fund is presented in the Nye County, Nevada annual financial statement.

2. Contingent Liabilities

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor 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.

3. Retirement Plan

Town of Round Mountain is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a multiple-employer cost sharing program. All full-time employees are covered under the system. In addition, those part-time employees working at least twenty hours per week and more than 120 days are covered except for those employees who participate in PERS with an employer other than the Town. The Town has no liability for unfunded obligations of the system as provided by NRS 286.110. The payroll for employees covered by the system for the year ended June 30, 1997 was \$245,063; the Town's total payroll was \$282,304.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1997

D. OTHER INFORMATION (Continued)

3. Retirement Plan (continued)

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

Monthly benefit allowances for members are computed at 2.5% of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service or at any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of service at age 55 with 10 years of accredited police and fire service or at age 50 with 20 years of accredited police and fire service. A member who retired on or after July 1, 1977 or is an active member whose effective date of membership is before July 1, 1985 and who has 36 years of service is entitled to a benefit of up to 90% of his/her average compensation. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of average compensation. Regular members and members of the Police and Firemen Fund become fully vested as to benefits upon completion of 5 years of service.

The Town is required to contribute all amounts due under the plan. The contribution rate for regular employees was 18.75% for the 1996-97 year. The contribution rate for police and firemen was 27%. The contribution requirement for the year ended June 30, 1997 was \$50,436. These contributions reflected 20.6% of covered payroll.

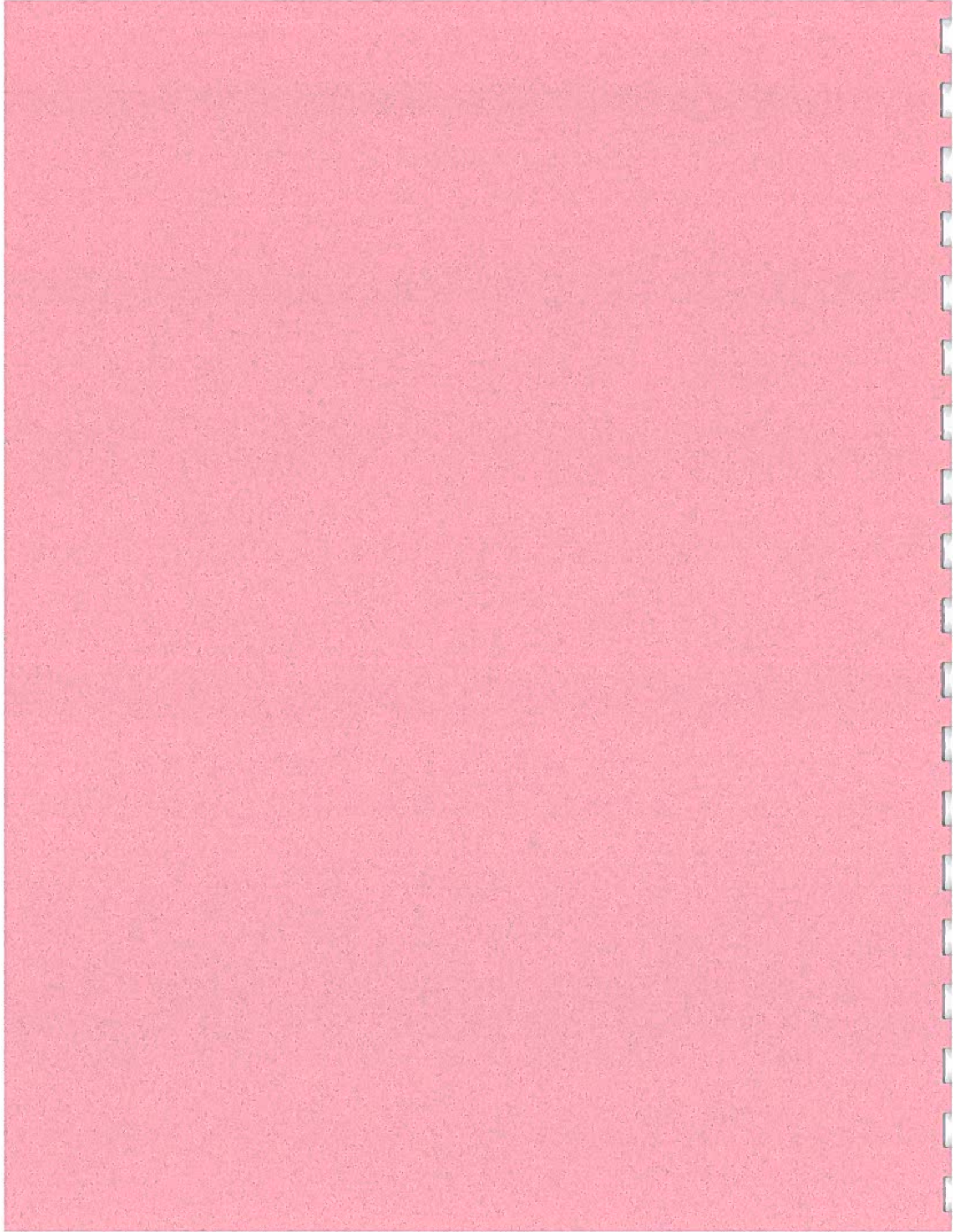
The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and the pension benefit obligation for individual employers. The most recent pension benefit obligation information is as of June 30, 1996. The pension benefit obligation at June 30, 1996 for the System as a whole, determined through an actuarial valuation performed as of that date, was \$8,608.8 million. The System's net assets available for benefits on that date (valued at market) were \$7,712.6 million, leaving an unfunded pension benefit obligation of \$896.2 million. The Town's 1996 contribution represented 0.011 percent of total contributions required of all participating entities.

Historical trend information is presented in the System's June 30, 1997 annual financial report.

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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.



TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND

COMPARATIVE BALANCE SHEET

June 30, 1997 and 1996

	1997	1996
<u>ASSETS</u>		
Pooled cash and investments	\$ 548 006	\$ 715 492
Interest receivable	2 959	-
Delinquent property taxes receivable	14	347
Due from other governments	<u>27 431</u>	<u>17 967</u>
Total assets	<u>\$ 578 410</u>	<u>\$ 733 806</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 28 526	\$ 38 275
Payroll accrual	1 172	-
Deferred taxes	<u>-</u>	<u>181</u>
Total liabilities	29 698	38 456
<u>FUND BALANCE</u>		
Fund balance	<u>548 712</u>	<u>695 350</u>
Total liabilities and fund balance	<u>\$ 578 410</u>	<u>\$ 733 806</u>

TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 1997
With Comparative Actual Amounts for Year Ended June 30, 1996

	1997		Variance Favorable (Unfavorable)	1996
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 278 156	\$ 569 129	\$ 290 973	\$ 468 094
Fines and forfeitures	1 500	2 312	812	1 770
Licenses & Permits	3 700	3 268	(432)	2 258
Intergovernmental	147 551	152 157	4 606	254 506
Charges for services	13 500	9 607	(3 893)	15 370
Other	<u>21 700</u>	<u>32 814</u>	<u>11 114</u>	<u>45 435</u>
Total Revenue	<u>466 107</u>	<u>769 287</u>	<u>303 180</u>	<u>787 433</u>
Expenditures:				
General government	438 099	326 583	111 516	404 189
Public Safety	131 419	113 427	17 992	139 623
Public Works	21 500	13 644	7 856	25 362
Culture and recreation	188 306	142 348	45 958	111 185
Contingency	1 835	-	1 835	-
Debt service:				
Principal	3 833	3 330	503	-
Interest	<u>928</u>	<u>1 431</u>	<u>(503)</u>	<u>-</u>
Total Expenditures	<u>785 920</u>	<u>600 763</u>	<u>185 157</u>	<u>680 359</u>
Excess (deficiency) of revenues over expenditures	<u>(319 813)</u>	<u>168 524</u>	<u>488 337</u>	<u>107 074</u>
Other financing (uses:) Operating transfers out	<u>(315 162)</u>	<u>(315 162)</u>	<u>-</u>	<u>(92 430)</u>
Excess (deficiency) of revenues over expenditures and other uses	(634 975)	(146 638)	488 337	14 644
Fund balance:				
Beginning of year	<u>634 975</u>	<u>695 350</u>	<u>60 375</u>	<u>680 706</u>
End of year	<u>\$ -</u>	<u>\$ 548 712</u>	<u>\$ 548 712</u>	<u>\$ 695 350</u>

TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND
STATEMENT OF REVENUES COMPARED TO BUDGET
Year Ended June 30, 1997

With Comparative Actual Amounts for Year Ended June 30, 1996

	1997		Variance Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 278 156	\$ 303 192	\$ 25 036	\$ 256 515
Net proceeds	-	265 937	265 937	211 579
Total taxes	278 156	569 129	290 973	468 094
Fines and forfeitures	1 500	2 312	812	1 770
Licenses and permits:				
Gaming licenses	2 500	2 228	(272)	1 418
Liquor licenses	1 200	1 040	(160)	840
Total licenses	3 700	3 268	(432)	2 258
Intergovernmental:				
Motor vehicle privilege tax	36 594	41 182	4 588	33 687
Supplemental County relief tax	88 527	88 527	-	88 324
LGTA	-	18	18	7
Grants	2 430	2 430	-	-
County grant - Forest service	-	-	-	42 488
County grant - PETT	-	-	-	50 000
County grant for fire truck	20 000	20 000	-	40 000
Total intergovernmental	147 551	152 157	4 606	254 506
Charges for services:				
Swimming pool	5 000	3 507	(1 493)	5 132
Arcade/Vending	4 000	2 325	(1 675)	4 700
Water charges	4 500	3 775	(725)	5 538
Total charges for services	13 500	9 607	(3 893)	15 370
Other:				
Rent	1 200	1 652	452	1 849
Interest	20 000	30 276	10 276	41 480
Miscellaneous	500	886	386	2 106
Total other	21 700	32 814	11 114	45 435
Total revenues	\$ 466 107	\$ 769 287	\$ 303 180	\$ 787 433

TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET
Year Ended June 30, 1997
With Comparative Actual Amounts for Year Ended June 30, 1996

	1997		Variance	1996
	Budget	Actual	Favorable (Unfavorable)	Actual
Expenditures:				
General government:				
Administration:				
Salaries and wages	\$ 41 963	\$ 39 511	\$ 2 452	\$ 53 064
Employee benefits	11 928	11 481	447	16 660
Service and supplies	114 091	44 514	69 577	44 160
Capital outlay	-	-	-	50 000
Total administration	<u>167 982</u>	<u>95 506</u>	<u>72 476</u>	<u>163 884</u>
Building and Grounds:				
Salaries and wages	138 868	119 367	19 501	134 639
Employee benefits	44 010	38 502	5 508	38 972
Service and supplies	87 239	73 208	14 031	66 694
Total building and grounds	<u>270 117</u>	<u>231 077</u>	<u>39 040</u>	<u>240 305</u>
Total general government	<u>438 099</u>	<u>326 583</u>	<u>111 516</u>	<u>404 189</u>
Public safety:				
Fire department:				
Services and supplies	<u>2 050</u>	<u>1 476</u>	<u>574</u>	<u>1 236</u>
Fire department - Hadley Station:				
Salaries and wages	61 176	56 632	4 544	51 952
Employee benefits	25 093	22 649	2 444	24 517
Services and supplies	43 100	32 670	10 430	41 918
Capital outlay	-	-	-	20 000
	<u>129 369</u>	<u>111 951</u>	<u>17 418</u>	<u>138 387</u>
Total public safety	<u>\$ 131 419</u>	<u>\$ 113 427</u>	<u>\$ 17 992</u>	<u>\$ 139 623</u>

TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)
Year Ended June 30, 1997
With Comparative Actual Amounts for Year Ended June 30, 1996

	1997		Variance	1996
	Budget	Actual	Favorable (Unfavorable)	Actual
Public works:				
Highways and streets:				
Services and supplies	\$ 4 000	\$ 2 541	\$ 1 459	\$ 2 639
Round Mountain Water:				
Services and supplies	<u>17 500</u>	<u>11 103</u>	<u>6 397</u>	<u>22 723</u>
Total public works	<u>21 500</u>	<u>13 644</u>	<u>7 856</u>	<u>25 362</u>
Culture and recreation:				
Gym:				
Services and supplies	<u>7 000</u>	<u>7 150</u>	<u>(150)</u>	<u>5 103</u>
Swimming Pool:				
Salaries and wages	18 360	10 143	8 217	11 704
Employee benefits	1 952	1 068	884	1 203
Services and supplies	<u>20 850</u>	<u>13 517</u>	<u>7 333</u>	<u>11 844</u>
	<u>41 162</u>	<u>24 728</u>	<u>16 434</u>	<u>24 751</u>
Parks and recreation:				
Salaries and wages	68 403	56 651	11 752	40 109
Employee benefits	23 611	17 508	6 103	10 664
Services and supplies	<u>48 130</u>	<u>36 311</u>	<u>11 819</u>	<u>30 558</u>
	<u>140 144</u>	<u>110 470</u>	<u>29 674</u>	<u>81 331</u>
Activity center:				
Services and supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total culture and recreation	<u>188 306</u>	<u>142 348</u>	<u>45 958</u>	<u>111 195</u>
Debt service:				
Principal	3 833	3 330	503	-
Interest	<u>928</u>	<u>1 431</u>	<u>(503)</u>	<u>-</u>
Total expenditures	<u>\$785 920</u>	<u>\$ 600 763</u>	<u>\$ 178 561</u>	<u>\$ 680 359</u>

TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND

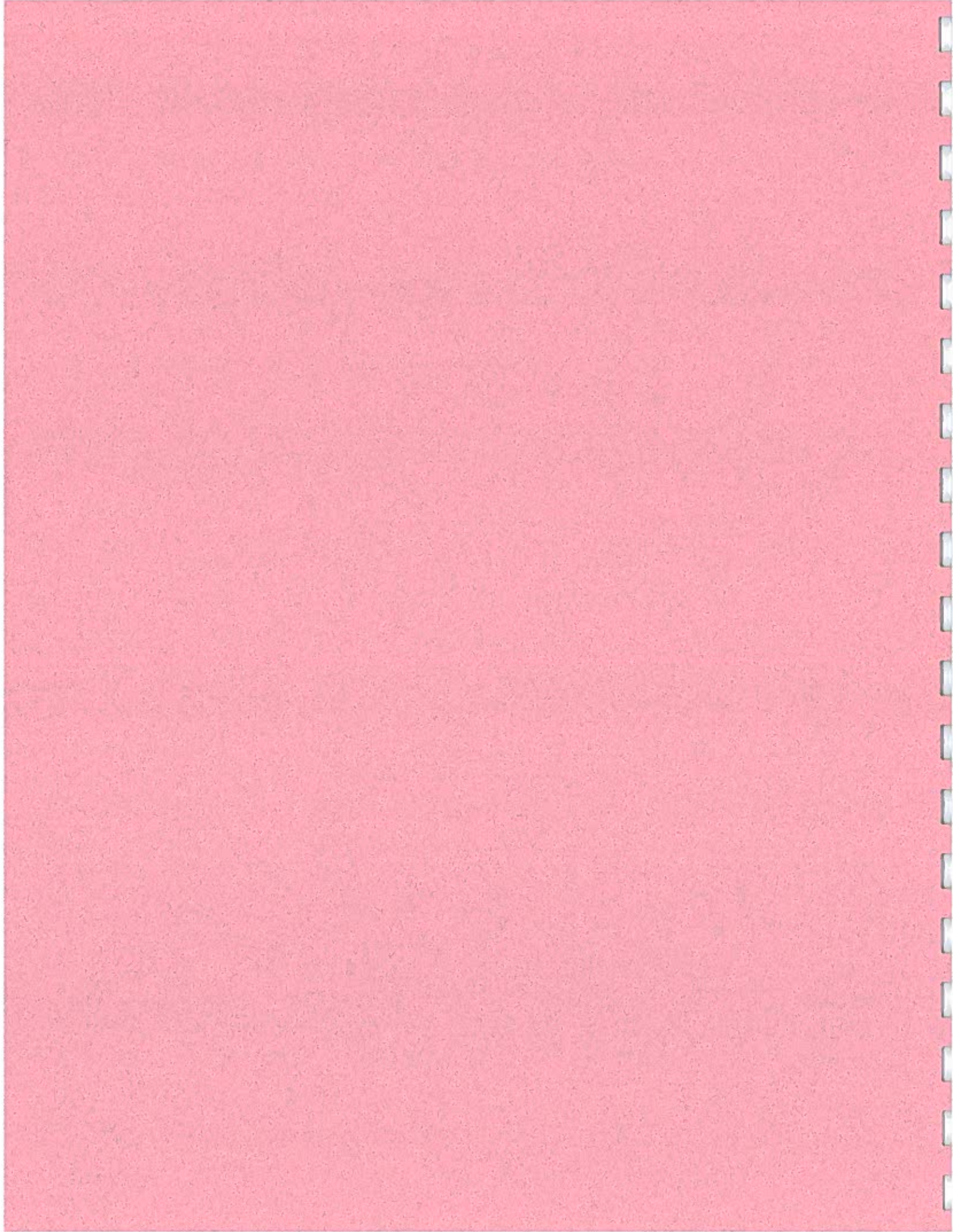
STATEMENT OF CHANGES TO ORIGINAL BUDGET
Year Ended June 30, 1997

	Original	Budget Transfer & Augmentation To (From)	Final
Revenues:			
Taxes	\$ 278 156	\$ -	\$ 278 156
Fines and forfeitures	1 500	-	1 500
Licenses and permits	3 700	-	3 700
Intergovernmental	125 121	22 430	147 551
Charges for services	13 500	-	13 500
Other	21 700	-	21 700
Total revenues	<u>443 677</u>	<u>22 430</u>	<u>466 107</u>
Expenditures:			
General government	438 099	-	438 099
Public safety	111 419	20 000	131 419
Public works	21 500	-	21 500
Culture and recreation	185 876	2 430	188 306
Contingency	1 835	-	1 835
Debt service:			
Principal	3 833	-	3 833
Interest	928	-	928
Total expenditures	<u>763 490</u>	<u>22 430</u>	<u>785 920</u>
Excess (deficiency) of revenues over expenditures	(319 813)	-	(319 813)
Other financing (uses):			
Operating transfers out	<u>(315 162)</u>	<u>-</u>	<u>(315 162)</u>
Excess (deficiency) of revenues over expenditures and other uses	(634 975)	-	(634 975)
Fund balance:			
Beginning of year	<u>634 975</u>	<u>-</u>	<u>634 975</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The Road Fund is used to account for gas tax revenues to be used for road maintenance.



TOWN OF ROUND MOUNTAIN, NEVADA
ROAD SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET

June 30, 1997 and 1996

	1997	1996
<u>ASSETS</u>		
Pooled cash and investments	\$ 38 370	\$ 45 425
Due from other government	<u>3 757</u>	<u>2 857</u>
Total Assets	<u>\$ 42 127</u>	<u>\$ 48 282</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 862	\$ 67
<u>FUND BALANCE</u>		
Fund Balance	<u>41 265</u>	<u>48 215</u>
Total liabilities and Funds	<u>\$ 42 127</u>	<u>\$ 48 282</u>

TOWN OF ROUND MOUNTAIN, NEVADA
ROAD SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Period Ended June 30, 1997
With Comparative Actual Amounts For Year Ended June 30, 1996

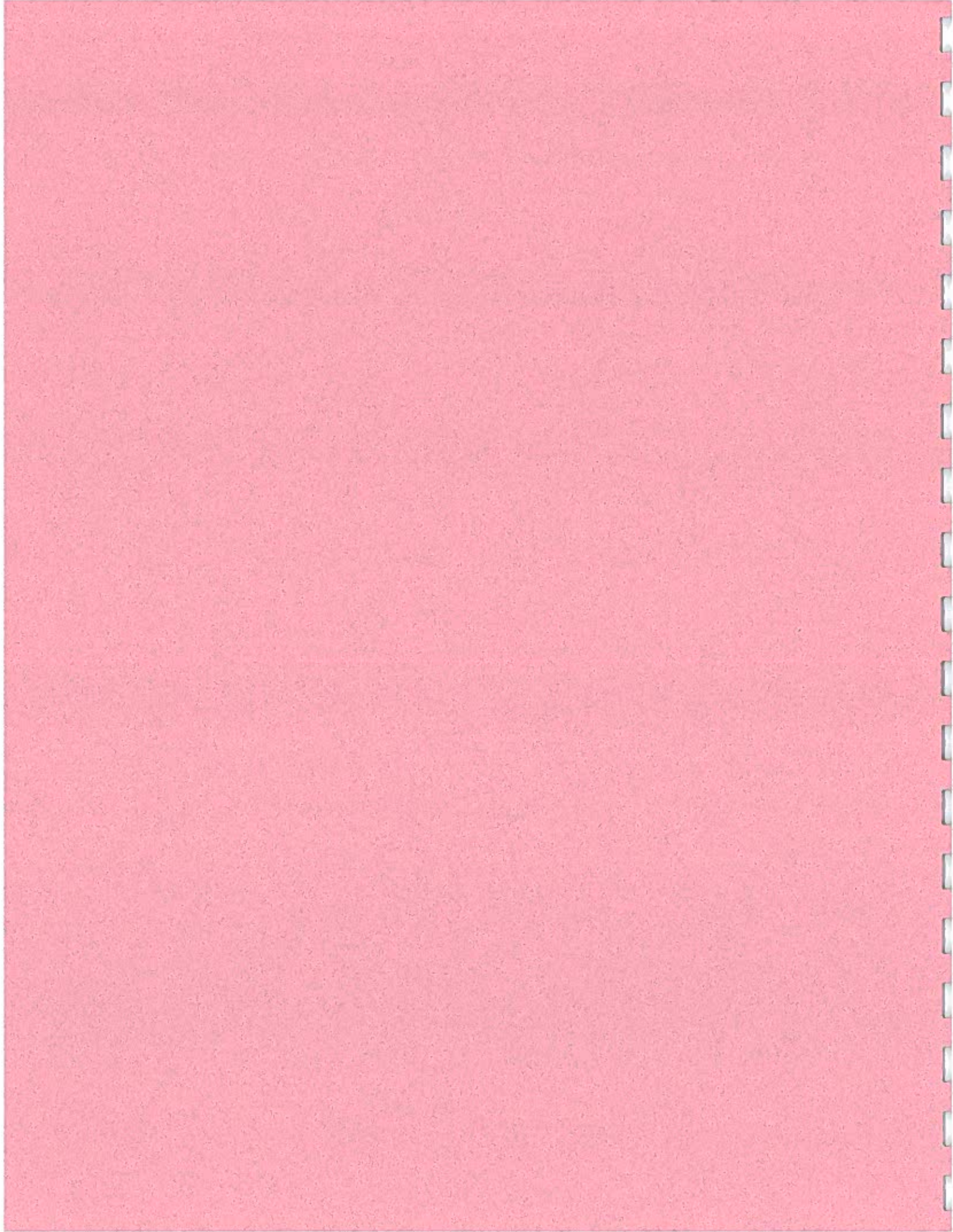
	Budget	Actual	Variance Favorable (Unfavorable)	1996
Revenue:				
Intergovernmental				
Gas Tax \$1.75	\$ 28 000	\$ 41 256	\$ 13 256	\$ 34 820
Expenditures:				
Public works				
Highways and streets				
Service and supplies	65 064	8 080	56 984	21 121
Capital outlay	-	40 126	(40 126)	30 965
Total expenditures	65 064	48 206	16 858	52 086
Excess (deficiency) of revenues over expenditures	(37 064)	(6 950)	30 114	(17 266)
Fund balance				
Beginning of year	37 064	48 215	11 151	65 481
End of year	\$ -	\$ 41 265	\$ 41 265	\$ 48 215

C A P I T A L P R O J E C T S F U N D

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.



TOWN OF ROUND MOUNTAIN, NEVADA
 CAPITAL PROJECTS FUND
 COMBINING BALANCE SHEET

June 30, 1997
 With Comparative Totals for June 30, 1996

	Capital Projects	Special Ad Valorem Capital Projects	Totals	
			1997	1996
<u>ASSETS</u>				
Pooled cash and investments	<u>\$ 3 074</u>	<u>\$ 21 540</u>	<u>\$ 24 614</u>	<u>\$ 32 206</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 201 062
Fund balance	<u>3 074</u>	<u>21 540</u>	<u>24 614</u>	<u>(168 856)</u>
Total liabilities and Fund balance	<u>\$ 3 074</u>	<u>\$ 21 540</u>	<u>\$ 24 614</u>	<u>\$ 32 206</u>

TOWN OF ROUND MOUNTAIN, NEVADA
 CAPITAL PROJECTS FUND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE

Year Ended June 30, 1997
 With Comparative Totals for June 30, 1996

	Capital Projects	Special Ad Valorem Capital Projects	Totals 1997	Totals 1996
Revenues:				
Intergovernmental	\$ 36 623	\$ 10 607	\$ 47 230	\$ 259 527
Expenditures:				
Capital projects	159 264	9 658	168 922	616 080
Excess (deficiency) of revenues over expenditures	(122 641)	949	(121 692)	(356 553)
Other financing sources:				
Operating transfers in	315 162	-	315 162	92 430
Excess (deficiency) of revenues and other sources over expenditures	192 521	949	193 470	(264 123)
Fund balance:				
Beginning of year	(189 447)	20 591	(168 856)	95 267
End of year	<u>\$ 3 074</u>	<u>\$ 21 540</u>	<u>\$ 24 614</u>	<u>\$ (168 856)</u>

TOWN OF ROUND MOUNTAIN, NEVADA
CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET

June 30, 1997 and 1996

	1997	1996
<hr/>		
<u>ASSETS</u>		
Pooled cash and investments	<u>\$ 3 074</u>	<u>\$ 11 615</u>
<u>LIABILITIES</u>		
Accounts payable	<u>\$ -</u>	<u>\$ 201 062</u>
<u>FUND BALANCE</u>		
Fund balance	<u>3 074</u>	<u>(189 447)</u>
Total liabilities and fund balance	<u>\$ 3 074</u>	<u>\$ 11 615</u>

TOWN OF ROUND MOUNTAIN, NEVADA
CAPITAL PROJECTS FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended June 30, 1997
With Comparative Actual Amounts for Year Ended June 30, 1996

	1997		Variance	1996
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental:				
County	\$ -	\$ 36 623	\$ 36 623	\$ 250 000
Expenditures:				
Capital projects:				
General government	-	-	-	20 000
Culture and recreation:				
Parks and recreation	-	-	-	116 048
Building and grounds	-	-	-	32 652
Recreation center	<u>324 377</u>	<u>159 264</u>	<u>165 113</u>	<u>447 380</u>
Total expenditures	<u>324 377</u>	<u>159 264</u>	<u>165 113</u>	<u>616 080</u>
Excess (deficiency) of revenues over expenditures	(324 377)	(122 641)	201 736	(366 080)
Other financing sources:				
Operating transfer in	<u>315 162</u>	<u>315 162</u>	<u>-</u>	<u>92 430</u>
Excess (deficiency) of revenue and other sources over expenditures	(9 215)	192 521	201 736	(273 650)
Fund balance:				
Beginning of year	<u>9 215</u>	<u>(189 447)</u>	<u>(198 662)</u>	<u>84 203</u>
End of year	<u>\$ -</u>	<u>\$ 3 074</u>	<u>\$ 3 074</u>	<u>\$ (189 447)</u>

TOWN OF ROUND MOUNTAIN, NEVADA
SPECIAL AD VALOREM CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET

June 30, 1997 and 1996

	1997	1996
<hr/>		
<u>ASSETS</u>		
Pooled cash and investments	<u>\$ 21 540</u>	<u>\$ 20 591</u>
<u>FUND BALANCE</u>		
Fund balance	<u>\$ 21 540</u>	<u>\$ 20 591</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, 1997
 With Comparative Actual Amounts for Year Ended June 30, 1996

	1997		Variance	1996
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental	\$ 11 029	\$ 10 607	\$ (422)	\$ 9 527
Expenditures:				
Capital projects	29 718	9 658	20 060	-
Excess (deficiency) of revenues over expenditures	(18 689)	949	19 638	9 527
Fund balance:				
Beginning of year	18 689	20 591	1 902	11 064
End of year	\$ -	\$ 21 540	\$ 21 504	\$ 20 591

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 INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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 as of and for the year ended June 30, 1997 and have issued my report thereon dated October 17, 1997.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Town of Round Mountain, Nevada, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors, or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure of future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the Town of Round Mountain, Nevada, for the year ended June 30, 1997. I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

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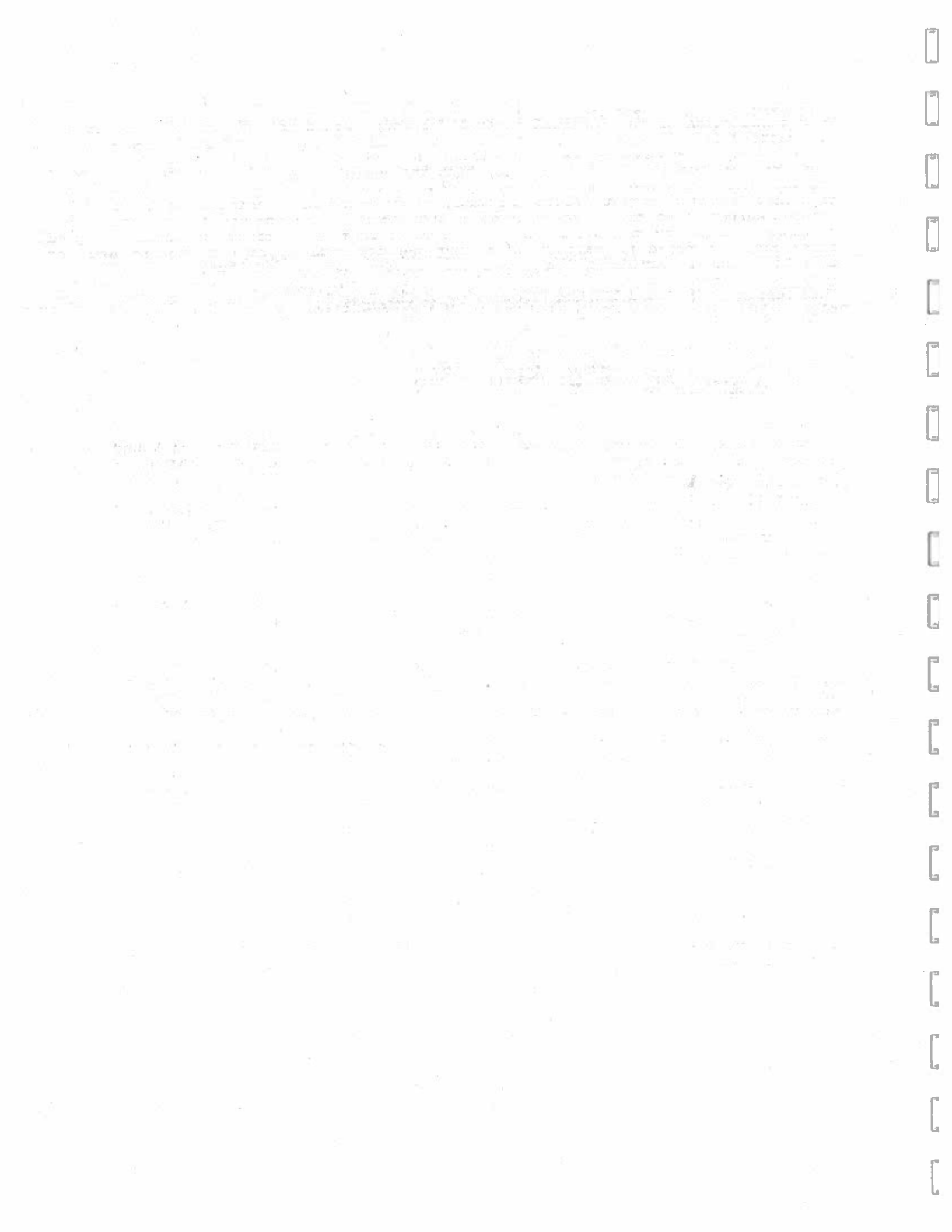


My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be a material weakness as defined above.

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

Samuel C. McArthur, CPA

Las Vegas, Nevada
October 17, 1997



DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

I have audited the general purpose financial statements of the Town of Round Mountain, Nevada, as of and for the year ended June 30, 1997, and have issued my report thereon dated October 17, 1997.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Round Mountain, Nevada is the responsibility of the Town of Round Mountain, Nevada management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Town of Round Mountain, Nevada's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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



Las Vegas, Nevada
October 17, 1997



TOWN OF ROUND MOUNTAIN AND RECOMMENDATIONS
Auditor's Comments
June 30, 1997

- A. Nevada Revised Statute 354.624.4 (c) requires that the audit report include a statement from the auditor indicating whether the funds established by the Town are being used expressly for the purposes for which they were created. Funds to which this statement applies include:

Road Fund
Special Ad Valorem

The following are responses to questions posed by NRS 354.624 (4) (C).

1. Are the funds being used in accordance with the provisions of this chapter?

Response

The Town complied to all significant financial statutory requirements during the year.

2. Are the funds being administered in accordance with generally accepted accounting procedures?

Response

The auditor opinion on page 4 indicates compliance to Generally Accepted Accounting Principles (GAAP).

3. Is the reserve in the fund limited to amount that is reasonable and necessary to carry out the purposes of the fund?

Response

There is no reserve of fund equity for the funds noted above.

4. The sources of revenue available for the fund during the fiscal year, including transfers from any other funds.

Response

The statement of Revenues, Expenses and Changes in Fund Balance present this information.

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Special Ad Valorem	34

TOWN OF ROUND MOUNTAIN
Auditor's Comments and Recommendations
June 30, 1997

5. The statutory and regulatory requirements applicable to the fund.

Response

I have tested compliance to significant financial statutory compliance. On page 37 is my responses.

6. The balance and retained earnings in the fund.

Response

The Balance Sheet presents the "Fund" balance for the funds.

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Road Fund	27
Special Ad Valorem	33

- B. Nevada Revised Statutes 354.6107, 354.611, 354.6113

There were no funds created under these statutes during the year ended June 30, 1997.

- C. In accordance with requirements of Nevada Revised Statutes chapter 354.624 (4) the following comment and recommendation are made:

Prior Year

No comment.

Current Year

No comment.

Compliance with Statutes and Regulations

No significant non-compliance was noted in the audit.