

TOWN OF ROUND MOUNTAIN, NEVADA

REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL

YEAR ENDED JUNE 30, 1998



TOWN OF ROUND MOUNTAIN, NEVADA
 REPORT ON FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 1998

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TOWN OF ROUND MOUNTAIN, NEVADA
ELECTED TOWN OFFICIALS
June 30, 1998

CHAIRPERSON

L.C. "Bud" Hansen

TOWN COUNCIL

Stephen "Pete" Summerbell

Joni Eastley

Johnny Archuleta

Marianne Firebaugh



DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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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, 1998, 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, 1998 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
November 18, 1998

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TOWN OF ROUND MOUNTAIN, NEVADA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1998

	<u>Governmental Fund Types</u>		
	General	Special Revenue	Capital Projects
<u>Assets</u>			
Pooled cash and investments	\$ 577 530	\$ 34 676	\$ 35 748
Interest receivable	9 033	-	-
Delinquent property tax	11	-	-
Due from other governments	28 305	5 337	-
Equipment	-	-	-
Land and buildings	-	-	-
<u>Other Debits</u>			
Amount to be provided for retirement of capital leases/ compensated absences	-	-	-
Total assets and other debits	<u>\$ 614 879</u>	<u>\$ 40 013</u>	<u>\$ 35 748</u>
<u>Liabilities</u>			
Accounts payable	\$ 20 800	\$ 545	\$ 20 500
Accrued payroll	20 644	-	-
Deferred taxes	11	-	-
Accrued compensated absences	-	-	-
Capital lease payable	-	-	-
Total liabilities	<u>41 455</u>	<u>545</u>	<u>20 500</u>
<u>Fund equity and other credits</u>			
Investment in fixed assets	-	-	-
Fund balance	<u>573 424</u>	<u>39 468</u>	<u>15 248</u>
Total liabilities and fund equity & other credits	<u>\$ 614 879</u>	<u>\$ 40 013</u>	<u>\$ 35 748</u>

Account Groups			
Fixed Assets	General Long-Term Debt	Totals (Memorandum Only)	
		1998	1997
\$ -	\$ -	\$ 647 954	\$ 610 990
-	-	9 033	2 959
-	-	11	14
-	-	33 642	31 188
917 293	-	917 293	896 649
1 379 697	-	1 379 697	1 379 697
-	37 683	37 683	47 057
<u>\$2 296 990</u>	<u>\$ 37 683</u>	<u>\$3 025 313</u>	<u>\$ 2 968 554</u>
\$ -	\$ -	\$ 41 845	\$ 29 388
-	-	20 644	1 172
-	-	11	-
-	33 622	33 622	39 143
-	4 061	4 061	7 914
-	37 683	100 183	77 617
2 296 990	-	2 296 990	2 276 346
-	-	628 140	614 591
<u>\$2 296 990</u>	<u>\$ 37 683</u>	<u>\$3 025 313</u>	<u>\$ 2 968 554</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, 1998

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes	\$ 303 983	\$ -	\$ -
Fines and forfeitures	2 660	-	-
Licenses & permits	4 360	-	-
Intergovernmental	259 213	34 065	11 134
Charges for services	7 451	-	-
Other	<u>41 877</u>	<u>-</u>	<u>-</u>
Total revenues	<u>619 544</u>	<u>34 065</u>	<u>11 134</u>
Expenditures:			
Current:			
General Government	248 340	-	-
Public safety	132 751	-	-
Public works	24 991	35 862	-
Culture & recreation	183 989	-	-
Capital projects	-	-	20 500
Debt service:			
Principal	3 853	-	-
Interest	<u>908</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>594 832</u>	<u>35 862</u>	<u>20 500</u>
Excess (deficiency) of revenues over expenditures	<u>24 712</u>	<u>(1 797)</u>	<u>(9 366)</u>
Other financing sources (uses):			
Operating transfer in	-	-	-
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	24 712	(1 797)	(9 366)
Fund balance:			
Beginning of year	<u>548 712</u>	<u>41 265</u>	<u>24 614</u>
End of year	<u>\$ 573 424</u>	<u>\$ 39 468</u>	<u>\$ 15 248</u>

Total (Memorandum Only)	
1998	1997
\$ 303 983	\$ 569 129
2 660	2 312
4 360	3 268
304 412	240 643
7 451	9 607
<u>41 877</u>	<u>32 814</u>
<u>664 743</u>	<u>857 773</u>
248 340	326 583
132 751	113 427
60 853	61 850
183 989	142 348
20 500	168 922
3 853	3 330
<u>908</u>	<u>1 431</u>
<u>651 194</u>	<u>817 891</u>
<u>13 549</u>	<u>39 882</u>
-	315 162
-	<u>(315 162)</u>
-	-
13 549	39 882
<u>614 591</u>	<u>574 709</u>
<u>\$ 628 140</u>	<u>\$ 614 591</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, 1998
 Page 1 of 2

General Fund			
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$ 180 666	\$ 303 983	\$ 123 317
Fines and forfeitures	1 700	2 660	960
Licenses & permits	2 100	4 360	2 260
Intergovernmental	232 071	259 213	27 142
Charges for services	10 500	7 451	(3 049)
Other	<u>46 800</u>	<u>41 877</u>	<u>(4 923)</u>
Total revenues	<u>473 837</u>	<u>619 544</u>	<u>145 707</u>
Expenditures:			
Current:			
General government	390 384	248 340	142 044
Public safety	153 647	132 751	20 896
Public works	33 500	24 991	8 509
Culture & recreation	245 199	183 989	61 210
Capital projects	-	-	-
Debt service:			
Principal	3 833	3 853	(20)
Interest	<u>928</u>	<u>908</u>	<u>20</u>
Total expenditures	<u>827 491</u>	<u>594 832</u>	<u>232 659</u>
Excess (deficiency) of revenues over expenditures	<u>(353 654)</u>	<u>24 712</u>	<u>378 366</u>
Fund balance:			
Beginning of year	<u>353 700</u>	<u>548 712</u>	<u>195 012</u>
End of year	<u>\$ 46</u>	<u>\$ 573 424</u>	<u>\$ 573 378</u>

Special Revenue Fund		
Budget	Actual	Variance- Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
30 000	34 065	4 065
-	-	-
<u>30 000</u>	<u>34 065</u>	<u>4 065</u>
-	-	-
-	-	-
60 515	35 862	24 653
-	-	-
-	-	-
<u>60 515</u>	<u>35 862</u>	<u>24 653</u>
(30 515)	(1 797)	28 718
<u>30 515</u>	<u>41 265</u>	<u>10 750</u>
<u>\$ -</u>	<u>\$ 39 468</u>	<u>\$ 39 468</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, 1998
 Page 2 of 2

	Capital Projects Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Licenses & permits	-	-	-
Intergovernmental	11 122	11 134	12
Charges for services	-	-	-
Other	-	-	-
Total revenues	<u>11 122</u>	<u>11 134</u>	<u>12</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Contingency	-	-	-
Capital projects	33 084	20 500	12 584
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>33 084</u>	<u>20 500</u>	<u>12 584</u>
Excess (deficiency) of revenues over expenditures	<u>(21 962)</u>	<u>(9 366)</u>	<u>12 596</u>
Other financing sources (uses):			
Operating transfer in	-	-	-
Operating transfer out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(21 962)</u>	<u>(9 366)</u>	<u>12 596</u>
Fund balance:			
Beginning of year	<u>55 326</u>	<u>24 614</u>	<u>(30 712)</u>
End of year	<u>\$ 33 364</u>	<u>\$ 15 248</u>	<u>\$ (18 116)</u>

See accompanying notes to financial statements

TOWN OF ROUND MOUNTAIN, NEVADA
Notes to the Financial Statements
June 30, 1998

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, 1998. The Town is not included in any other governmental reporting entity as a component unit as defined by Governmental Accounting Standards Board pronouncements.

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

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

The Town has the following fund types and account groups:

Governmental funds are used to account for the town's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. 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 incurrance of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the amount of the deferred revenue is removed from the combined balance sheet and revenue is recognized.

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.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1998

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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.

Effective for periods beginning after June 5, 1997 GASB Statement 31 requires governmental entities to report investments at fair value on the balance sheet. Fair value is the amount as which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. All investments of the Town are reported at fair value as of June 30, 1998. Changes in the fair value of Town investments are part of investment income which is included in revenue from local sources on the combined statements of revenues, expenditures, and changes in fund balance. (See Note C 1)

Nevada Statutes authorize the Town to invest in:

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.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1998

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. 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

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, 1998 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, 1998

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 C5)

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.

Accounting changes adopted to conform with GASB Statement 31 for changes in the fair value of investments are not material to beginning fund balance. (See Note A3 and C1)

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1998

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 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. 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, 1998

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.

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 A 3a)

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, 1998.

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

Cash on hand	\$ 2 058
Carrying amount of cash and investments	<u>645 896</u>
Total	<u>\$ 647 954</u>
Cash and cash equivalents	<u>\$ 647 954</u>

2. Receivables

Receivables as of year end, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Interest	\$ 9 033	\$ -	\$ 9 033
Delinquent Taxes	11	-	11
Due from other governments	<u>28 305</u>	<u>5 337</u>	<u>33 642</u>
Total receivables	<u>\$ 37 349</u>	<u>\$ 5 337</u>	<u>\$ 42 686</u>

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1998

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

3. Fixed Assets

Activity in the general fixed assets account group for the town for the year ended June 30, 1998 was as follows:

	Balance July 1, 1997	Additions	Retirements	Balance July 30, 1998
Buildings	\$1 379 697	\$ -	\$ -	\$1 379 697
Machinery and equipment	896 649	20 644	-	917 293
Total general fixed assets	<u>\$2 276 346</u>	<u>\$ 20 644</u>	<u>\$ -</u>	<u>\$2 296 990</u>

4. Leases

Operating Lease. The Town leases a copy machine. The current lease is \$316 per month plus .0022 cents per copies from 1 to 25,000 and .0110 cents for copies over 25,000 per month.

Year ending June 30,	
1999	<u>\$ 3 792</u>

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, 1998 are as follows:

<u>Year Ended June 30,</u>	<u>General Long- Term Debt</u>
1999	<u>\$ 4 364</u>
Total minimum lease payments	<u>4 364</u>
Less amount representing interest	<u>303</u>
Present value of minimum lease payments	<u>\$ 4 061</u>

5. Long-Term Debt

Changes in General Long-Term liabilities. During the year ended June 30, 1998, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance July 31, 1997	Net Additions (Reductions)	Balance June 30, 1998
Accrued Compensated absences	\$ 39 143	\$ (5 521)	\$ 33 622
Capital lease	7 914	(3 853)	4 061
Totals	<u>\$ 47 057</u>	<u>\$ (9 374)</u>	<u>\$ 37 683</u>

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1998

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 employee's wages.

The Town is self insured for unemployment claims.

The Town participated in the Nye County, Nevada self-funded health care program until February 1, 1998. At which time the County terminated its self-fund plan and purchased commercial insurance coverage. The Town purchases commercial insurance coverage for the health care through Nye County.

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.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1998

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 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 included 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 the age 65 with 5 years of service or age 60 with 10 years of service or any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police and fire service or age 55 with 10 years of service or at age 50 with 20 years of accredited police and fire service.

Funding Policy. Contribution rates are established by NRS 286.410. The statutes, which is tied to the increase in taxable sales within the State each year, provides for yearly increases of up to 1 percent until such time as the actuarially determined unfunded liability of the Plan is reduced to zero. The District is obligated to contribute all amounts due under the Plan. The contribution rate during 1997-98 was 18.75 percent of payroll. The contribution requirement for the year ended June 30, 1998 was \$51,525. The contributions were equal to the required contributions for the year.

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

Financial statements for the Plan are available by calling (702)687-4200 or writing to:

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

4. Year 2000 Compliance

The year 2000 issue is the result of shortcomings on many electronic data processing systems and other equipment that make operations beyond the year 1999 troublesome. For many years, programmers eliminated the first two digits from a year when writing programs. Unfortunately, many programs (if not corrected) will not be able to distinguish between the year 2000 and the year 1900. This may cause the programs to process data inaccurately or to stop processing the data altogether. Another factor that may cause problems in programs is the leap year calculation. Some programs are unable to detect the year 2000 as leap year.

TOWN OF ROUND MOUNTAIN
Notes to Financial Statements (Continued)
June 30, 1998

D. OTHER INFORMATION (Continued)

4. Year 2000 Compliance (Continued)

Problems affecting a wide range of governmental activities will likely result if computers and other electronic equipment that are dependent upon date-sensitive coding are not corrected. These problems have the potential for causing a disruption of governmental service. The following stages have been identified as necessary to implement a year 2000 compliant system.

Awareness Stage - Encompasses a budget and project plan for dealing with the year 2000 issue.

Assessment Stage - When the organization begins the actual process of identifying all of its systems (preparing an inventory) and individual components of the systems. An organization may decide to review all system components for year 2000 compliance or, through a risk analysis, identify only mission-critical systems to check for compliance.

Remediation Stage - When the organization actually makes changes to systems. This stage deals primarily with the technical issues of converting existing systems, or switching to compliant systems. During this stage, decisions are made on how to make the systems or processes year 2000 compliant, and the required system changes are made.

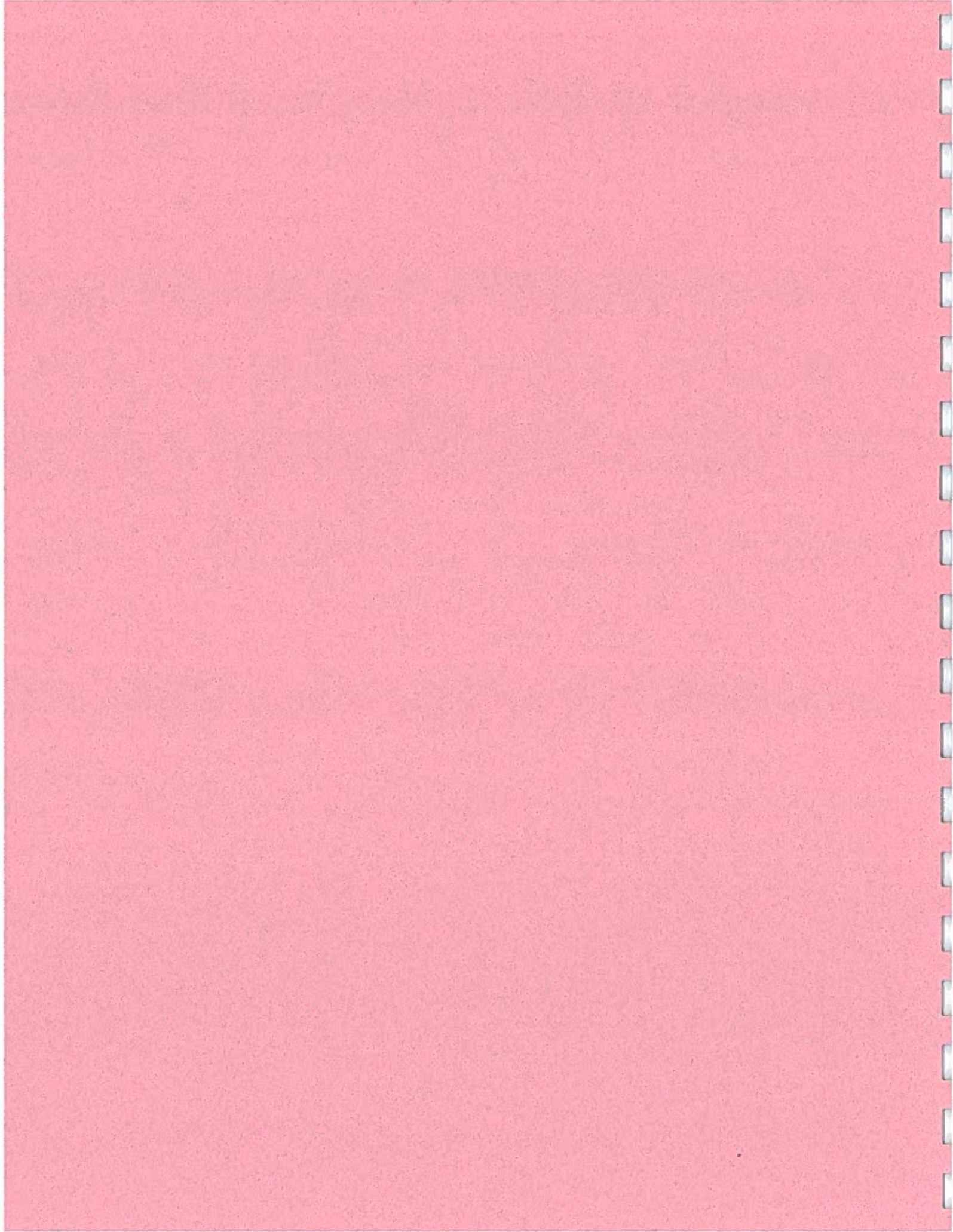
Validation/Testing Stage - When the organization determines that no errors were introduced during the conversion process. the development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and retested.

Implementation Stage - When tested year 2000 compliant system ready for use.

The Town is in the assessment stage of compliance with the Year 2000 problem.

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 SHEET

June 30, 1998 and 1997

	1998	1997
<u>ASSETS</u>		
Pooled cash and investments	\$ 577 530	\$ 548 006
Interest receivable	9 033	2 959
Delinquent property taxes receivable	11	14
Due from other governments	<u>28 305</u>	<u>27 431</u>
Total assets	<u>\$ 614 879</u>	<u>\$ 578 410</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 20 800	\$ 28 526
Payroll accrual	20 644	1 172
Deferred taxes	<u>11</u>	<u>-</u>
Total liabilities	41 455	29 698
<u>FUND BALANCE</u>		
Fund balance - unreserved-undesignated	<u>573 424</u>	<u>548 712</u>
Total liabilities and fund balance	<u>\$ 614 879</u>	<u>\$ 578 410</u>

TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 180 666	\$ 303 983	\$ 123 317	\$ 569 129
Fines and forfeitures	1 700	2 660	960	2 312
Licenses & permits	2 100	4 360	2 260	3 268
Intergovernmental	232 071	259 213	27 142	152 157
Charges for services	10 500	7 451	(3 049)	9 607
Other	<u>46 800</u>	<u>41 877</u>	<u>(4 923)</u>	<u>32 814</u>
Total revenue	<u>473 837</u>	<u>619 544</u>	<u>145 707</u>	<u>769 287</u>
Expenditures:				
General government	390 384	248 340	142 044	326 583
Public safety	153 647	132 751	20 896	113 427
Public works	33 500	24 991	8 509	13 644
Culture and recreation	245 199	183 989	61 210	142 348
Debt service:				
Principal	3 833	3 853	(20)	3 330
Interest	<u>928</u>	<u>908</u>	<u>20</u>	<u>1 431</u>
Total expenditures	<u>827 491</u>	<u>594 832</u>	<u>232 659</u>	<u>600 763</u>
Excess (deficiency) of revenues over expenditures	<u>(353 654)</u>	<u>24 712</u>	<u>378 366</u>	<u>168 524</u>
Other financing (uses):				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(315 162)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>(353 654)</u>	<u>24 712</u>	<u>378 366</u>	<u>(146 638)</u>
Fund balance:				
Beginning of year	<u>353 700</u>	<u>548 712</u>	<u>195 012</u>	<u>695 350</u>
End of year	<u>\$ 46</u>	<u>\$ 573 424</u>	<u>\$ 573 378</u>	<u>\$ 548 712</u>

TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND
STATEMENT OF REVENUES COMPARED TO BUDGET
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes:				
Property taxes	\$ 180 666	\$ 158 375	\$ (22 291)	\$ 303 192
Net proceeds	-	145 608	145 608	265 937
Total taxes	<u>180 666</u>	<u>303 983</u>	<u>123 317</u>	<u>569 129</u>
Fines and forfeitures	<u>1 700</u>	<u>2 660</u>	<u>960</u>	<u>2 312</u>
Licenses and permits:				
Gaming licenses	1 200	3 240	2 040	2 228
Liquor licenses	<u>900</u>	<u>1 120</u>	<u>220</u>	<u>1 040</u>
Total licenses	<u>2 100</u>	<u>4 360</u>	<u>2 260</u>	<u>3 268</u>
Intergovernmental:				
Motor vehicle privilege tax	34 000	49 081	15 081	41 182
Supplemental County relief tax	101 557	113 618	12 061	88 527
LGTA	-	-	-	18
Grants	-	-	-	2 430
Nye County buydown	76 514	76 514	-	-
County grant for fire truck	<u>20 000</u>	<u>20 000</u>	<u>-</u>	<u>20 000</u>
Total intergovernmental	<u>232 071</u>	<u>259 213</u>	<u>27 142</u>	<u>152 157</u>
Charges for services:				
Swimming pool	5 000	4 323	(677)	3 507
Arcade/Vending	1 000	15	(985)	2 325
Water charges	<u>4 500</u>	<u>3 113</u>	<u>(1 387)</u>	<u>3 775</u>
Total charges for services	<u>10 500</u>	<u>7 451</u>	<u>(3 049)</u>	<u>9 607</u>
Other:				
Rent	1 300	2 185	885	1 652
Interest	45 000	37 980	(7 020)	30 276
Miscellaneous	<u>500</u>	<u>1 712</u>	<u>1 212</u>	<u>886</u>
Total other	<u>46 800</u>	<u>41 877</u>	<u>(4 923)</u>	<u>32 814</u>
Total revenues	<u>\$ 473 837</u>	<u>\$ 619 544</u>	<u>\$ 145 707</u>	<u>\$ 769 287</u>

TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance	1997 Actual
	Budget	Actual	Favorable (Unfavorable)	
Expenditures:				
General government:				
Administration:				
Salaries and wages	\$ 58 043	\$ 46 829	\$ 11 214	\$ 39 511
Employee benefits	8 601	17 269	(8 668)	11 481
Service and supplies	<u>102 416</u>	<u>49 649</u>	<u>52 767</u>	<u>44 514</u>
Total administration	<u>169 060</u>	<u>113 747</u>	<u>55 313</u>	<u>95 506</u>
Building and Grounds:				
Salaries and wages	110 883	69 055	41 828	119 367
Employee benefits	42 941	25 574	17 367	38 502
Service and supplies	<u>67 500</u>	<u>39 964</u>	<u>27 536</u>	<u>73 208</u>
Total building and grounds	<u>221 324</u>	<u>134 593</u>	<u>86 731</u>	<u>231 077</u>
Total general government	<u>390 384</u>	<u>248 340</u>	<u>142 044</u>	<u>326 583</u>
Public safety:				
Fire department:				
Services and supplies	<u>2 050</u>	<u>1 609</u>	<u>441</u>	<u>1 476</u>
Fire department - Hadley Station:				
Salaries and wages	77 020	71 960	5 060	56 632
Employee benefits	28 477	25 524	2 953	22 649
Services and supplies	<u>46 100</u>	<u>33 658</u>	<u>12 442</u>	<u>32 670</u>
Total fire department - Hadley Station	<u>151 597</u>	<u>131 142</u>	<u>20 455</u>	<u>111 951</u>
Total public safety	<u>\$ 153 647</u>	<u>\$ 132 751</u>	<u>\$ 20 896</u>	<u>\$ 113 427</u>

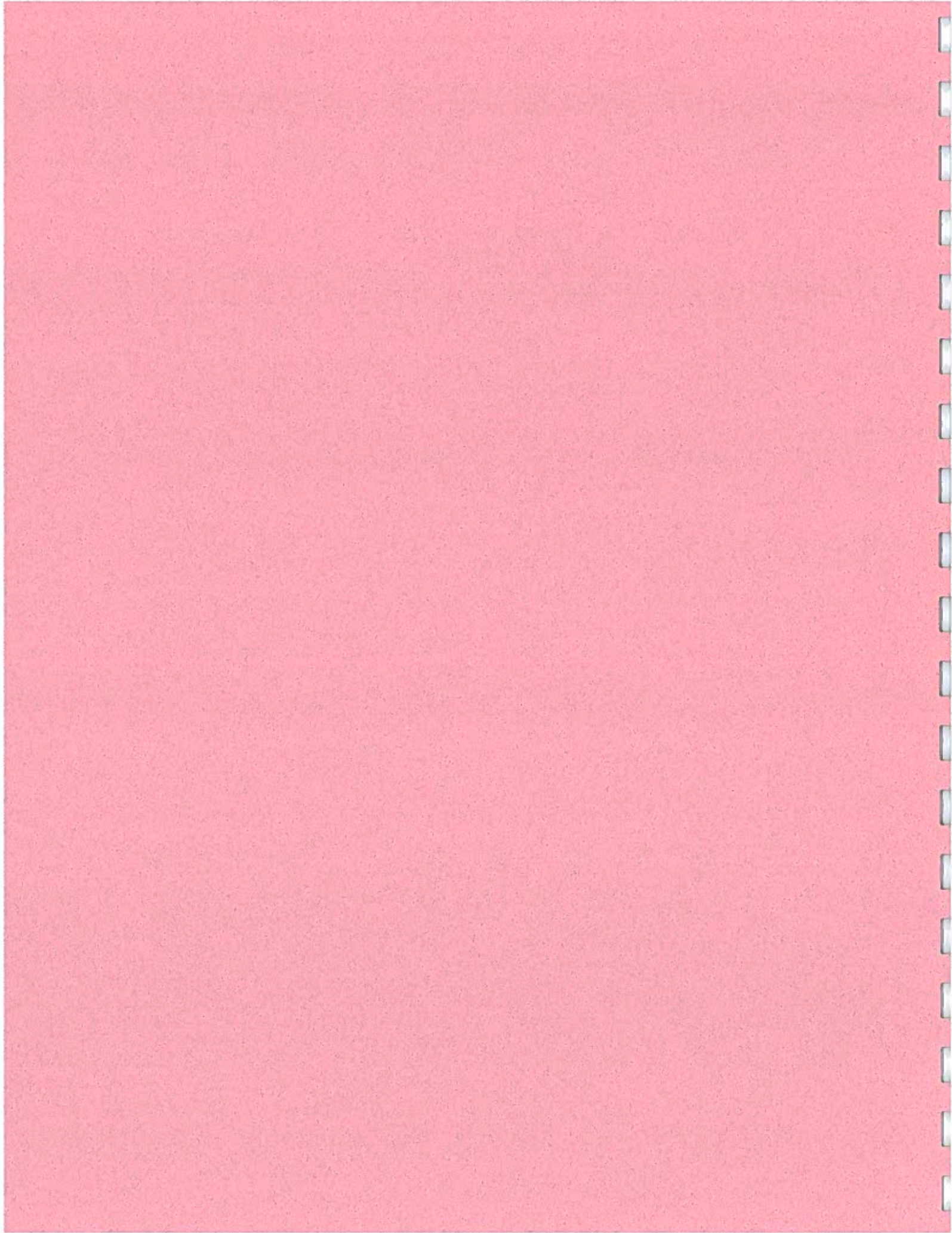
TOWN OF ROUND MOUNTAIN, NEVADA
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Public works:				
Highways and streets:				
Services and supplies	\$ 16 000	\$ 13 151	\$ 2 849	\$ 2 541
Round Mountain Water:				
Services and supplies	<u>17 500</u>	<u>11 840</u>	<u>5 660</u>	<u>11 103</u>
Total public works	<u>33 500</u>	<u>24 991</u>	<u>8 509</u>	<u>13 644</u>
Culture and recreation:				
Gym:				
Services and supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 150</u>
Swimming Pool:				
Salaries and wages	18 720	8 670	10 050	10 143
Employee benefits	1 992	1 275	717	1 068
Services and supplies	<u>21 850</u>	<u>10 879</u>	<u>10 971</u>	<u>13 517</u>
	<u>42 562</u>	<u>20 824</u>	<u>21 738</u>	<u>24 728</u>
Parks and recreation:				
Salaries and wages	99 659	86 169	13 490	56 651
Employee benefits	40 339	29 527	10 812	17 508
Services and supplies	<u>62 639</u>	<u>47 469</u>	<u>15 170</u>	<u>36 311</u>
	<u>202 637</u>	<u>163 165</u>	<u>39 472</u>	<u>110 470</u>
Total culture and recreation	<u>245 199</u>	<u>183 989</u>	<u>61 210</u>	<u>142 348</u>
Debt service:				
Principal	3 833	3 853	(20)	3 330
Interest	<u>928</u>	<u>908</u>	<u>20</u>	<u>1 431</u>
Total debt service	<u>4 761</u>	<u>4 761</u>	<u>-</u>	<u>4 761</u>
Total expenditures	<u>\$ 827 491</u>	<u>\$ 594 832</u>	<u>\$ 232 659</u>	<u>\$ 600 763</u>

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 SHEET

June 30, 1998 and 1997

	1998	1997
<u>ASSETS</u>		
Pooled cash and investments	\$ 34 676	\$ 38 370
Due from other government	<u>5 337</u>	<u>3 757</u>
Total Assets	<u>\$ 40 013</u>	<u>\$ 42 127</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 545	\$ 862
<u>FUND BALANCE</u>		
Fund balance unreserved-undesignated	<u>39 468</u>	<u>41 265</u>
Total liabilities and fund balance	<u>\$ 40 013</u>	<u>\$ 42 127</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, 1998
With Comparative Actual Amounts For Year Ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)	1997
Revenue:				
Intergovernmental				
Gas Tax \$1.75	\$ 30 000	\$ 34 065	\$ 4 065	\$ 41 256
Expenditures:				
Public works				
Highways and streets				
Service and supplies	40 515	15 862	24 653	8 080
Capital outlay	20 000	20 000	-	40 126
Total expenditures	60 515	35 862	24 653	48 206
Excess (deficiency) of revenues over expenditures	(30 515)	(1 797)	28 718	(6 950)
Fund balance				
Beginning of year	30 515	41 265	10 750	48 215
End of year	\$ -	\$ 39 468	\$ 39 468	\$ 41 265

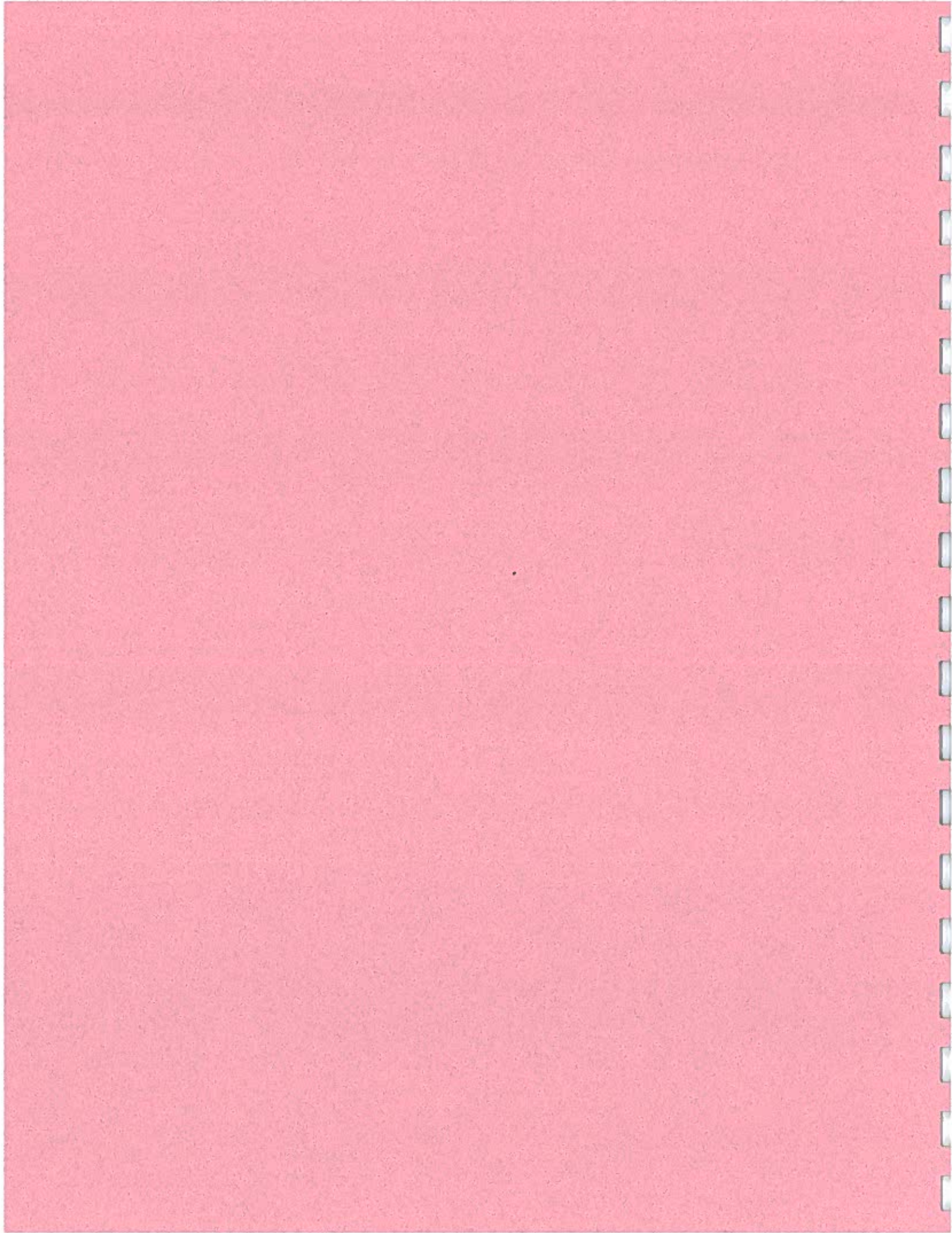
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C A P I T A L P R O J E C T S

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, 1998
 With Comparative Totals for June 30, 1997

	Capital Projects	Special Ad Valorem Capital Projects	Totals 1998	Totals 1997
<u>ASSETS</u>				
Pooled cash and investments	\$ 3 074	\$ 32 674	\$ 35 748	\$ 24 614
<u>LIABILITIES AND FUND BALANCE</u>				
Accounts payable	\$ -	\$ 20 500	\$ 20 500	\$ -
Fund balance - unreserved-undesignated	<u>3 074</u>	<u>12 174</u>	<u>15 248</u>	<u>24 614</u>
Total liabilities and fund balance	<u>\$ 3 074</u>	<u>\$ 32 674</u>	<u>\$ 35 748</u>	<u>\$ 24 614</u>

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

Year Ended June 30, 1998
 With Comparative Totals for June 30, 1997

	Capital Projects	Special Ad Valorem Capital Projects	Totals 1998	1997
Revenues:				
Intergovernmental	\$ -	\$ 11 134	\$ 11 134	\$ 47 230
Expenditures:				
Capital projects	-	20 500	20 500	168 922
Excess (deficiency) of revenues over expenditures	-	(9 366)	(9 366)	(121 692)
Other financing sources:				
Operating transfers in	-	-	-	315 162
Excess (deficiency) of revenues and other sources over expenditures	-	(9 366)	(9 366)	193 470
Fund balance:				
Beginning of year	3 074	21 540	24 614	(168 856)
End of year	<u>\$ 3 074</u>	<u>\$ 12 174</u>	<u>\$ 15 248</u>	<u>\$ 24 614</u>

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

June 30, 1998 and 1997

	1998	1997
<u>ASSETS</u>		
Pooled cash and investments	<u>\$ 3 074</u>	<u>\$ 3 074</u>
<u>FUND BALANCE</u>		
Fund balance - unreserved-undesignated	<u>\$ 3 074</u>	<u>\$ 3 074</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, 1998
 With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental:				
County	\$ -	\$ -	\$ -	\$ 36 623
Expenditures:				
Culture and recreation:				
Recreation center	-	-	-	159 264
Excess (deficiency) of revenues over expenditures	-	-	-	(122 641)
Other financing sources:				
Operating transfer in	-	-	-	315 162
Excess (deficiency) of revenue and other sources over expenditures	-	-	-	192 521
Fund balance:				
Beginning of year	33 364	3 074	(30 290)	(189 447)
End of year	<u>\$ 33 364</u>	<u>\$ 3 074</u>	<u>\$ (30 290)</u>	<u>\$ 3 074</u>

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

June 30, 1998 and 1997

	1998	1997
<hr/>		
<u>ASSETS</u>		
Pooled cash and investments	<u>\$ 32 674</u>	<u>\$ 21 540</u>
<u>LIABILITIES</u>		
Accounts payable	<u>\$ 20 500</u>	<u>\$ -</u>
<u>FUND BALANCE</u>		
Fund balance - unreserved-undesignated	<u>12 174</u>	<u>21 540</u>
Total liabilities and fund balance	<u>\$ 32 674</u>	<u>\$ 21 540</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, 1998
 With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental	\$ 11 122	\$ 11 134	\$ 12	\$ 10 607
Expenditures:				
Capital projects	33 084	20 500	12 584	9 658
Excess (deficiency) of revenues over expenditures	(21 962)	(9 366)	12 596	949
Fund balance:				
Beginning of year	21 962	21 540	(422)	20 591
End of year	<u>\$ -</u>	<u>\$ 12 174</u>	<u>\$ 12 174</u>	<u>\$ 21 540</u>

TOWN OF ROUND MOUNTAIN, NEVADA
Auditor's Comments and Recommendations
June 30, 1998

- 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.

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

Response

I have tested compliance to significant financial statutory compliance. No significant non-compliance was noted.

6. The balance and retained earnings in the fund.

Response

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

TOWN OF ROUND MOUNTAIN, NEVADA
Auditor's Comments and Recommendations
June 30, 1998

B. Nevada Revised Statutes 354.6107, 354.611, 354.6113

There were no funds created under these statutes during the year ended June 30, 1998.

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

Recreation Center

The Town operates a recreation center and charges users for use of the various amusement devices. Proceeds from the recreation center are sometimes retained and not remitted to the Nye County Treasurer. The money is used for petty cash expenditures of the recreation center.

We recommend all proceeds from the recreation center be deposited intact with the Nye County Treasurer. A petty cash fund should be established for the recreation center and existing petty cash policy should be followed to administrate the petty cash fund.

Compliance with Statutes and Regulations

Nevada Revised Statutes Chapter 332.035 indicates that a governing body in a county whose population is less than 100,000 shall advertise all contracts for which the estimated amount required to perform the contract exceeds \$10,000.

Such a governing body or its authorized representative may enter into a contract of any nature without advertising if the estimated amount required to perform the contract is \$10,000 or less.

During the year the Town entered into a contract for repair/remodel of Town Hall. Work included three projects:

1. New windows and doors;
2. Installation of a new roof and;
3. Installation of a new porch, steps and wheel chair ramp.

The aggregate amount to perform all three items was in excess of \$10,000 completed by one contractor. The individual cost per project was less than \$10,000. However, all other contractors bid the contract as a whole.

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