

TOWN OF ROUND MOUNTAIN, NEVADA

**REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2016

**ROUND MOUNTAIN TOWN
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
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**TOWN OF ROUND MOUNTAIN, NEVADA
ELECTED TOWN OFFICIALS
JUNE 30, 2016**

CHAIRPERSON

James Swigart

TOWN COUNCIL

Lisa Davila

Vice-chairperson

Wesley Hubred

Clerk

Roger Morones

Member

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Round Mountain, Nevada (the Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, Schedule of the County's Contributions to the Public Employees Retirement System of the State of Nevada on page 44, and Schedule of the County's Proportionate Share of the Net Pension Liability Public Employees Retirement System of the State of Nevada on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Prior Year Comparative Information

I also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Town's basic financial statements for the year ended June 30, 2015, which are not presented with the accompanying financial statements and I expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The combining and individual fund financial statements and schedules for the year ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2015 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 29, 2016 on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "James M. Adams". The signature is written in a cursive, flowing style.

Las Vegas, Nevada
November 29, 2016

**TOWN OF ROUND MOUNTAIN, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the Town of Round Mountain, Nevada ("Town") and is designed to give the reader an easy-to-understand overview of the Town's financial position and results of operations for the year.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the 2016 fiscal year by \$7,372,115 (net position). Total net position represents approximately \$5,000,119 in capital assets, net of related debt, \$181,882 in assets restricted for capital projects, \$114,128 in assets restricted for public safety, and \$336,038 in assets restricted for public works. The remaining \$1,739,948 represents unrestricted net position which may be used to meet the Town's ongoing obligations to its citizens and creditors.

The government-wide net position of the Town increased during the fiscal year 2016 from \$7,105,850 to \$7,372,115.

The Town's primary revenue sources for governmental activities were ad valorem taxes (property taxes) of \$626,512 and consolidated taxes (sales taxes) of \$279,703. These revenue sources comprised 55.74% and 24.88%, respectively, or 80.62%, of total governmental activities revenues.

The Town's total expenses were \$1,145,093. The greatest governmental activities expenses were \$474,213 in general government and \$207,197 in the culture and recreation function. The business-type activities contributed \$232,774 to the Town's total expenses.

At the end of fiscal year 2016, the Town's governmental funds reported combined fund balances of \$3,256,637, a decrease of \$682,180 when compared to the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements which consist of government-wide financial statements, fund financial statements, and accompanying notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the Town's financial position in a manner similar to a private-sector business.

The Statement of Net Position combines and consolidates all of the Town's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This includes combining current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting. Net position is separated into three components: invested in capital assets, net of related debt; restricted; and unrestricted net position. Net position is an indicator of the overall financial position of the Town and the change in net position from year to year is an indicator of the financial position improving or deteriorating.

**TOWN OF ROUND MOUNTAIN, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Government-Wide Financial Statements (Continued)

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The government-wide financial statements report two types of activities: governmental activities and business-type activities. The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, and culture and recreation. The business-type activities include water and sewer utility operations.

Fund Financial Statements

A fund is a grouping of accounts that is used to maintain control over revenues that are designated for a specific purpose within the government. The Town uses fund financial statements to provide detailed information about its most significant funds. The Town of Round Mountain funds are classified into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements described above. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting, which focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. To provide a better understanding of the relationship between the fund financial statements and government-wide financial statements, a reconciliation is provided.

The Town maintains individual governmental funds. Information is presented separately in the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Road Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single column for presentation. Individual fund information for each of these nonmajor governmental funds is provided in the combining and individual fund statements and schedules.

The Town adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement is provided for each of the Town's governmental funds to demonstrate compliance with the budget.

Proprietary Funds – The Town maintains one type of proprietary fund: the Enterprise Fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the Enterprise Fund to account for its water and sewer utility activities.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The combining statements and individual fund schedules are presented immediately following the notes to the financial statements.

**TOWN OF ROUND MOUNTAIN, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements are structured to report financial information on the Town as a whole. Condensed financial information with comparative amounts from the prior year is presented along with the accompanying analysis.

Net position of the Town as of June 30, 2016, is summarized and analyzed below:

	Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 3,349,931	\$ 3,977,199	\$ 1,267,973	\$ 403,600	\$ 4,617,904	\$ 4,380,799
Net capital assets	3,357,472	3,533,742	1,642,647	355,842	5,000,119	3,889,584
Total assets	<u>6,707,403</u>	<u>7,510,941</u>	<u>2,910,620</u>	<u>759,442</u>	<u>9,618,023</u>	<u>8,270,383</u>
Deferred outflows of resources:						
Deferred pension charge	90,079	111,575	17,161	13,962	107,240	125,537
Liabilities:						
Current liabilities	92,680	37,870	1,153,019	50,471	1,245,699	88,341
Long-term liabilities	871,093	872,346	104,193	102,253	975,286	974,599
Total liabilities	<u>963,773</u>	<u>910,216</u>	<u>1,257,212</u>	<u>152,724</u>	<u>2,220,985</u>	<u>1,062,940</u>
Deferred inflows of resources:						
Deferred pension charge	110,849	201,175	21,314	25,955	132,163	227,130
Net Position:						
Invested in capital assets, net of related debt	3,357,472	3,533,742	1,642,647	355,842	5,000,119	3,889,584
Restricted	632,048	520,164	-	-	632,048	520,164
Unrestricted	1,733,340	2,457,219	6,608	238,883	1,739,948	2,696,102
Total net position	<u>\$ 5,722,860</u>	<u>\$ 6,511,125</u>	<u>\$ 1,649,255</u>	<u>\$ 594,725</u>	<u>\$ 7,372,115</u>	<u>\$ 7,105,850</u>

The Town's assets exceeded liabilities by \$7,372,115 at the close of the current fiscal year and total net position increased by \$266,265, or 3.75%.

The largest portion of the Town's net position, \$5,000,119, or 67.82%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.), net of any related debt outstanding used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the Town had no debt related to capital assets for the years ended June 30, 2016 and 2015.

The Town's total net position of \$7,372,115 includes unrestricted net position totaling \$1,739,948. This is used to meet the ongoing obligations of the Town. Portions of net position are subject to external restrictions on how they may be used. In the current fiscal year, there were restricted assets of \$632,048.

The remaining portions of the Town's net position are unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

**TOWN OF ROUND MOUNTAIN, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Changes in net position of the Town are summarized as follows:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 46,771	\$ 41,788	\$ 281,545	\$ 287,336	\$ 328,316	\$ 329,124
General revenues:						
Ad valorem taxes	626,512	1,044,514	-	-	626,512	1,044,514
Consolidated taxes	279,703	258,482	-	-	279,703	258,482
Public safety sales taxes	48,976	63,695	-	-	48,976	63,695
Fuel taxes	55,527	58,414	-	-	55,527	58,414
Investment income	66,499	20,748	5,759	1,882	72,258	22,630
Miscellaneous	66	-	-	35	66	35
Total revenues	1,124,054	1,487,641	287,304	289,253	1,411,358	1,776,894
Expenses:						
General government	474,213	442,436	-	-	474,213	442,436
Public safety	182,345	303,507	-	-	182,345	303,507
Public works	48,564	51,428	-	-	48,564	51,428
Culture and recreation	207,197	266,872	-	-	207,197	266,872
Utility operations	-	-	232,774	278,582	232,774	278,582
Total expenses	912,319	1,064,243	232,774	278,582	1,145,093	1,342,825
Increase in net position before transfers	211,735	423,398	54,530	10,671	266,265	434,069
Transfers	(1,000,000)	-	1,000,000	-	-	-
Change in net position	(788,265)	423,398	1,054,530	10,671	266,265	434,069
Net position - beginning	6,511,125	6,087,727	594,725	584,054	7,105,850	6,671,781
Net position - ending	\$ 5,722,860	\$ 6,511,125	\$ 1,649,255	\$ 594,725	\$ 7,372,115	\$ 7,105,850

Program revenues include charges for services, fines and forfeitures, and certain licenses and permits.

General revenues consist of taxes and interest. For governmental activities, the largest of these revenues was ad valorem taxes. The second largest revenue was consolidated taxes (mainly sales tax). The business-type general revenue came from charges for services related to water and sewer utility.

**TOWN OF ROUND MOUNTAIN, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,256,637. This is a decrease over the prior year of \$682,180, or 17.32%. Fund balance components have been classified as restricted, assigned, and/or unassigned based on the extent to which the Town is to observe constraints on the use of the funds. Restricted fund balance is \$632,048, or 19.41%, of the total. Spending of these funds is constrained by externally imposed (statutory, bond covenant, or grantors) limitations on their use. The restricted fund balances include \$336,038 for public works, \$114,128 for public safety, and \$181,882 for capital projects.

Major Funds

General Fund: The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the fund balance of the General Fund was \$2,624,589, a decrease of \$794,064, or 23.23%, over the prior year.

Factors in the change in the fund balance of the General Fund are as follows:

Revenues decreased by \$355,077, or 26.46%. Tax revenue decreased by \$419,853, or 41.04%, mainly due to a decrease in net proceeds of mines revenue. Intergovernmental revenues increased by \$21,221, or 8.21%, due to an increase in consolidated tax revenue.

Expenditures decreased by \$128,188, or 14.10%. General government expenditures increased by \$51,061, or 12.48%, from the prior year due to an increase in salaries and wages in the administration and buildings and grounds departments. Culture and recreation expenditures decreased by \$102,254, or 46.67%, due to a decrease in the wages, benefits, and supplies. Public safety expenditures decreased by \$52,307, or 22.25%, mainly due to decreases in salaries and benefits. Public works expenditures decreased by \$24,688, or 53.85%, due to a decrease in capital outlay.

Road Fund: The Road Fund is used to account for fuel tax revenues collected from the State. At the end of the current fiscal year, the fund balance of the Road Fund was \$336,038, an increase of \$35,910, or 11.96%, over the prior year. Revenues increased \$1,003, or 1.67%, and expenditures increased by \$8,625, or 52.42%, due to an increase in service and supplies used for the Town roads.

Proprietary Funds – Major Enterprise Fund

The Town's water and sewer utility enterprise fund financial statement provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise fund totaled \$6,608. Total net position of the enterprise fund increased \$1,054,530, or 177.31%, due to a transfer from the General Fund of \$1,000,000 for the new sewer system.

Operating revenues decreased by \$5,791, or 2.02%. Operating expenses decreased by \$45,808, or 16.44%, due to a decrease in services and supplies.

GENERAL FUND BUDGETARY HIGHLIGHTS

Nevada Statutes require that the Town legally adopt budgets for all funds. Budgets are prepared in accordance with generally accepted accounting principles. The final appropriated budget is prepared by fund, function, and object. All appropriations lapse at year-end.

The actual General Fund balance of \$2,624,589 was \$297,350 lower than anticipated to begin the 2016-2017 year.

**TOWN OF ROUND MOUNTAIN, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

The most significant differences between estimated revenues and actual revenues were net proceeds of mining tax of \$320,254 and consolidated taxes of \$279,703. Overall revenues were \$621,391 higher than budgeted.

Total expenditures in the General Fund were \$1,330,339 lower than budgeted. The General Government function expenditures were \$596,453 lower than anticipated. The Public Safety function expenditures were \$313,641 lower than budgeted. The Culture and Recreation function expenditures were \$366,402 lower than planned.

CAPITAL ASSETS

At June 30, 2016, the Town's governmental type activity had \$3,357,472 (net) invested in capital assets, including land, building, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of \$176,270 from the previous year.

At June 30, 2016, the Town's business-type activity had \$1,642,647 (net) invested in capital assets. This amount represents a net increase (including additions, disposals, and depreciation) of \$1,2586,805 from the previous year.

Capital assets, net of related debt, reflect 67.82% of net position of the Town. The Town uses capital assets to provide services to the citizens of the Town of Round Mountain and consequently these assets are not available for future spending.

The Town has no significant commitments for the purchase or construction of capital assets.

This table reflects additions and disposals to capital assets for the governmental type activities:

<u>Governmental Activities:</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets not being depreciated:					
Land	\$ 481,416	\$ 0	\$ 0	\$ 0	\$ 481,416
Capital assets being depreciated					
Building	3,495,164	0	0	0	3,495,164
Equipment	1,870,092	5,939	0	0	1,876,031
Total capital assets being depreciated	<u>5,365,256</u>	<u>5,939</u>	<u>0</u>	<u>0</u>	<u>5,371,195</u>
Less accumulated depreciation for:					
Building	848,210	97,513	0	0	945,723
Equipment	1,464,720	84,696	0	0	1,549,416
Total accumulated depreciation	<u>2,312,930</u>	<u>182,209</u>	<u>0</u>	<u>0</u>	<u>2,495,139</u>
Total capital assets depreciated, net	<u>3,052,326</u>	<u>(176,270)</u>	<u>0</u>	<u>0</u>	<u>2,876,056</u>
Governmental activities assets, net	<u>\$ 3,533,742</u>	<u>\$ (176,270)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,357,472</u>

**TOWN OF ROUND MOUNTAIN, NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

CAPITAL ASSETS (Continued)

This table reflects additions and disposals to capital assets for the business-type activities:

<u>Business-Type Activities:</u>	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Construction in progress	\$ 0	\$ 1,326,375	\$ 0	\$ 0	\$ 1,326,375
Capital assets being depreciated:					
Distribution system	1,206,372	0	0	0	1,206,372
Less accumulated depreciation for:					
Distribution system	850,530	39,570	0	0	890,100
Total capital assets depreciated, net	<u>355,842</u>	<u>(39,570)</u>	<u>0</u>	<u>0</u>	<u>316,272</u>
Business-type activities assets, net	<u>\$ 355,842</u>	<u>\$ 1,286,805</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,642,647</u>

Construction in progress includes work on the sewer system project. Equipment additions include various items.

Capitalization limits on capital assets was \$500 for the year ended June 30, 2016.

DEBT ADMINISTRATION

Changes in Long-term Debt: During the year ended June 30, 2016, the following changes occurred in long-term debt:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year
Governmental Activities:					
Compensated Absences	\$ 92,285	\$ 0	\$ 74,996	\$ 17,289	\$ 11,464
Net Pension Liability	780,061	73,743	0	853,804	0
Total Governmental Activities	<u>\$ 872,346</u>	<u>\$ 73,743</u>	<u>\$ 74,996</u>	<u>\$ 871,093</u>	<u>\$ 11,464</u>
Business-Type Activities:					
Compensated Absences	\$ 1,611	\$ 42	\$ 0	\$ 1,653	\$ 1,653
Net Pension Liability	100,642	1,898	0	102,540	0
Total Business-Type Activities	<u>\$ 102,253</u>	<u>\$ 1,940</u>	<u>\$ 0</u>	<u>\$ 104,193</u>	<u>\$ 1,653</u>

REQUESTS FOR INFORMATION

This financial report is designed to provide its users with a general overview of the Town of Round Mountain, Nevada's finances and to demonstrate the Town's accountability for the revenues it receives. Any comments, further questions, or requests for additional information should be addressed to:

Town Administration
Town of Round Mountain, Nevada
PO Box 1369
Round Mountain, Nevada 89045

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For the year ended June 30, 2016

BASIC FINANCIAL STATEMENTS

TOWN OF ROUND MOUNTAIN, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Pooled cash and investments	\$ 3,277,177	\$ 253,254	\$ 3,530,431
Interest receivable	3,045	1,093	4,138
Taxes receivable	672	-	672
Due from other governments	69,037	-	69,037
Accounts receivable (net)	-	25,497	25,497
Inventory	-	56,044	56,044
Restricted cash	-	932,085	932,085
Capital assets, net of accumulated depreciation	3,357,472	1,642,647	5,000,119
Total assets	6,707,403	2,910,620	9,618,023
Deferred outflows of resources:			
Deferred pension charge	90,079	17,161	107,240
Liabilities:			
Accounts payable	52,616	1,127,244	1,179,860
Accrued payroll and benefits	40,064	12,213	52,277
Customer deposits	-	13,562	13,562
Current portion of long term liabilities:			
Accrued compensated absences	11,464	1,653	13,117
Long term liabilities:			
Accrued compensated absences	5,825	-	5,825
Net pension liability	853,804	102,540	956,344
Total liabilities	963,773	1,257,212	2,220,985
Deferred inflows of resources:			
Deferred pension charge	110,849	21,314	132,163
Net position:			
Invested in capital assets, net of related debt	3,357,472	1,642,647	5,000,119
Restricted for:			
Capital projects	181,882	-	181,882
Public safety	114,128	-	114,128
Public works	336,038	-	336,038
Unrestricted	1,733,340	6,608	1,739,948
Total net position	\$ 5,722,860	\$ 1,649,255	\$ 7,372,115

The notes to the financial statements are an integral part of this statement.

TOWN OF ROUND MOUNTAIN, NEVADA
STATEMENT OF ACTIVITIES
JUNE 30, 2016

Functions/Programs	Program Revenues		Changes in Net Position		
	Expenses	Charges for Service	Governmental Activities	Business-type Activities	Total
Primary governments:					
General government	\$ (474,213)	\$ 4,225	\$ (469,988)	\$ -	\$ (469,988)
Public safety	(182,345)	-	(182,345)	-	(182,345)
Public works	(48,564)	4,270	(44,294)	-	(44,294)
Culture and recreation	(207,197)	38,276	(168,921)	-	(168,921)
Total governmental activities	(912,319)	46,771	(865,548)	-	(865,548)
Business-type activities:					
Water and sewer	(232,774)	281,545	-	48,771	48,771
Total primary governments	\$ (1,145,093)	\$ 328,316	(865,548)	48,771	(816,777)
General Revenues:					
Ad valorem taxes			626,512	-	626,512
Consolidated taxes			279,703	-	279,703
Public safety sales taxes			48,976	-	48,976
Fuel taxes			55,527	-	55,527
Investment income			66,499	5,759	72,258
Miscellaneous			66	-	66
Transfers			(1,000,000)	1,000,000	-
Total general revenues			77,283	1,005,759	1,083,042
Change in net position			(788,265)	1,054,530	266,265
Net position - beginning of year			6,511,125	594,725	7,105,850
Net position - end of year			\$ 5,722,860	\$ 1,649,255	\$ 7,372,115

The notes to the financial statements are an integral part of this statement

TOWN OF ROUND MOUNTAIN, NEVADA
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2016

	Major Fund		Other Governmental Funds	Total Governmental Funds
	General	Road		
<u>Assets</u>				
Pooled cash and investments	\$ 2,663,404	\$ 326,767	\$ 287,006	\$ 3,277,177
Interest receivable	2,495	310	240	3,045
Taxes receivable	672	-	-	672
Due from other governments	50,731	9,542	8,764	69,037
Total assets	<u>\$ 2,717,302</u>	<u>\$ 336,619</u>	<u>\$ 296,010</u>	<u>\$ 3,349,931</u>
<u>Liabilities</u>				
Accounts payable	\$ 52,035	\$ 581	\$ -	\$ 52,616
Accrued payroll	40,064	-	-	40,064
Total liabilities	<u>92,099</u>	<u>581</u>	<u>-</u>	<u>92,680</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue-property taxes	614	-	-	614
<u>Fund Balance</u>				
Restricted for:				
Capital projects	-	-	181,882	181,882
Public safety	-	-	114,128	114,128
Public works	-	336,038	-	336,038
Assigned for subsequent year	2,624,589	-	-	2,624,589
Total fund balance	<u>2,624,589</u>	<u>336,038</u>	<u>296,010</u>	<u>3,256,637</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,717,302</u>	<u>\$ 336,619</u>	<u>\$ 296,010</u>	<u>\$ 3,349,931</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF ROUND MOUNTAIN, NEVADA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total fund balance - governmental funds **\$ 3,256,637**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of the related depreciation are not reported in the governmental funds financial statement because they are not current financial resources, but they are reported in the Statement of Net Position. 3,357,472

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 614

Certain liabilities, such as compensated absences are not reported in the governmental funds financial statement because they are not due and payable, but they are presented as liabilities in the Statement of Net Position. (17,289)

The Town's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred outflows from pension activity.	90,079
Net pension liability.	(853,804)
Deferred inflows from pension activity.	(110,849)
	(110,849)

Total net position - governmental activities **\$ 5,722,860**

The notes to the financial statements are an integral part of this statement.

TOWN OF ROUND MOUNTAIN, NEVADA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Fund		Other Governmental Funds	Total Governmental Funds
	General	Road		
Revenues:				
Taxes	\$ 603,215	\$ -	\$ -	\$ 603,215
Licenses and permits	3,270	-	-	3,270
Intergovernmental	279,703	55,527	72,171	407,401
Charges for services	37,666	-	-	37,666
Fines and forfeitures	955	-	-	955
Miscellaneous	62,179	5,463	3,803	71,445
Total revenues	986,988	60,990	75,974	1,123,952
Expenditures:				
Current:				
General government	460,267	-	-	460,267
Public safety	182,763	-	-	182,763
Public works	21,157	25,080	-	46,237
Culture and recreation	116,865	-	-	116,865
Total expenditures	781,052	25,080	-	806,132
Excess (deficiency) of revenues over expenditures	205,936	35,910	75,974	317,820
Other financing sources (uses):				
Operating transfers out	(1,000,000)	-	-	(1,000,000)
Net change in fund balance	(794,064)	35,910	75,974	(682,180)
Fund balance:				
Beginning of year	3,418,653	300,128	220,036	3,938,817
End of year	\$ 2,624,589	\$ 336,038	\$ 296,010	\$ 3,256,637

The notes to the financial statements are an integral part of this statement.

TOWN OF ROUND MOUNTAIN, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net change in fund balance - governmental funds **\$ (682,180)**

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities. (176,270)

Property taxes that are collected in the time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that relate to prior periods that first become available in the current period should not be reported as revenue in the Statement of Activities. 102

Generally, expenditures recognized in fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the Statement of Activities when incurred. 74,996

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the Statement of Activities:

Pension contributions made after measurement date (2016 contributions). 81,049

Net pension expense. (85,962)

Change in net position of governmental activities **\$ (788,265)**

The notes to the financial statements are an integral part of this statement.

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For the year ended June 30, 2016

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 333,597	\$ 333,597	\$ 282,961	\$ (50,636)
Net proceeds	-	-	320,254	320,254
Total taxes	<u>333,597</u>	<u>333,597</u>	<u>603,215</u>	<u>269,618</u>
Licenses and permits:				
Gaming licenses	2,000	2,000	2,430	430
Liquor licenses	<u>1,000</u>	<u>1,000</u>	<u>840</u>	<u>(160)</u>
Total licenses and permits	<u>3,000</u>	<u>3,000</u>	<u>3,270</u>	<u>270</u>
Intergovernmental:				
Consolidated tax	<u>-</u>	<u>-</u>	<u>279,703</u>	<u>279,703</u>
Charges for services:				
Swimming pool	4,000	4,000	981	(3,019)
Arcade/Vending	-	-	305	305
Weight room fees	15,000	15,000	32,110	17,110
Water charges	<u>5,000</u>	<u>5,000</u>	<u>4,270</u>	<u>(730)</u>
Total charges for services	<u>24,000</u>	<u>24,000</u>	<u>37,666</u>	<u>13,666</u>
Fines and forfeitures	<u>1,000</u>	<u>1,000</u>	<u>955</u>	<u>(45)</u>
Miscellaneous:				
Rent	4,000	4,000	4,880	880
Investment income	-	-	57,233	57,233
Other	<u>-</u>	<u>-</u>	<u>66</u>	<u>66</u>
Total miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>62,179</u>	<u>58,179</u>
Total revenues	<u>365,597</u>	<u>365,597</u>	<u>986,988</u>	<u>621,391</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Administration:				
Salaries and wages	\$ 370,970	\$ 370,970	\$ 88,929	\$ 282,041
Employee benefits	38,054	38,054	45,378	(7,324)
Services and supplies	163,000	163,000	74,513	88,487
Capital outlay	57,000	57,000	2,494	54,506
Total administration	<u>629,024</u>	<u>629,024</u>	<u>211,314</u>	<u>417,710</u>
Building and Grounds:				
Salaries and wages	146,086	146,086	126,448	19,638
Employee benefits	77,610	77,610	67,035	10,575
Services and supplies	123,000	123,000	55,470	67,530
Capital outlay	81,000	81,000	-	81,000
Total building and grounds	<u>427,696</u>	<u>427,696</u>	<u>248,953</u>	<u>178,743</u>
Total general government	<u>1,056,720</u>	<u>1,056,720</u>	<u>460,267</u>	<u>596,453</u>
Public Safety:				
Hadley Station:				
Salaries and wages	183,149	183,149	97,433	85,716
Employee benefits	141,055	141,055	27,805	113,250
Services and supplies	147,200	147,200	57,525	89,675
Capital outlay	25,000	25,000	-	25,000
Total public safety	<u>496,404</u>	<u>496,404</u>	<u>182,763</u>	<u>313,641</u>
Public Works:				
Highways and Streets:				
Services and supplies	20,000	20,000	14,395	5,605
Capital outlay	30,000	30,000	-	30,000
Round Mountain Water:				
Services and supplies	25,000	25,000	6,762	18,238
Total public works	<u>75,000</u>	<u>75,000</u>	<u>21,157</u>	<u>53,843</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued):				
Culture and Recreation:				
Swimming Pool:				
Salaries and wages	\$ 86,791	\$ 86,791	\$ 9,214	\$ 77,577
Employee benefits	22,048	22,048	1,702	20,346
Services and supplies	44,200	44,200	12,364	31,836
Capital outlay	55,000	55,000	-	55,000
Total swimming pool	<u>208,039</u>	<u>208,039</u>	<u>23,280</u>	<u>184,759</u>
Parks and recreation:				
Salaries and wages	71,054	71,054	22,932	48,122
Employee benefits	45,674	45,674	15,298	30,376
Services and supplies	123,000	123,000	49,416	73,584
Capital outlay	35,500	35,500	5,939	29,561
Total parks and recreation	<u>275,228</u>	<u>275,228</u>	<u>93,585</u>	<u>181,643</u>
Total culture and recreation	<u>483,267</u>	<u>483,267</u>	<u>116,865</u>	<u>366,402</u>
Total expenditures	<u>2,111,391</u>	<u>2,111,391</u>	<u>781,052</u>	<u>1,330,339</u>
Excess (deficiency) of revenues over expenditures	(1,745,794)	(1,745,794)	205,936	1,951,730
Other financing sources (uses):				
Operating transfers out	-	-	(1,000,000)	(1,000,000)
Net change in fund balance	(1,745,794)	(1,745,794)	(794,064)	951,730
Fund balance:				
Beginning of year	<u>2,513,470</u>	<u>2,513,470</u>	<u>3,418,653</u>	<u>905,183</u>
End of year	<u>\$ 767,676</u>	<u>\$ 767,676</u>	<u>\$ 2,624,589</u>	<u>\$ 1,856,913</u>

The notes to the financial statements are an integral part of this statement.

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For the year ended June 30, 2016

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - ROAD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	Budget Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Gas tax \$1.75	\$ 25,000	\$ 25,000	\$ 55,527	\$ 30,527
Miscellaneous:				
Investment income	-	-	5,463	5,463
 Total revenues	 <u>25,000</u>	 <u>25,000</u>	 <u>60,990</u>	 <u>35,990</u>
 Expenditures:				
Public works:				
Services and supplies	90,000	90,000	25,080	64,920
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
 Total expenditures	 <u>120,000</u>	 <u>120,000</u>	 <u>25,080</u>	 <u>94,920</u>
 Excess (deficiency) of revenues over expenditures	 (95,000)	 (95,000)	 35,910	 130,910
 Fund balance:				
Beginning of year	<u>276,139</u>	<u>276,139</u>	<u>300,128</u>	<u>23,989</u>
 End of year	 <u>\$ 181,139</u>	 <u>\$ 181,139</u>	 <u>\$ 336,038</u>	 <u>\$ 154,899</u>

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For the year ended June 30, 2016

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

	2016
<u>ASSETS</u>	
Current assets:	
Pooled cash and investments	\$ 253,254
Interest receivable	1,093
Accounts receivable (net)	25,497
Inventory	56,044
Restricted cash - sewer	932,085
Total current assets	1,267,973
Capital assets:	
Construction in progress	1,326,375
Equipment	1,206,372
Less accumulated depreciation	(890,100)
Capital assets (net of accumulated depreciation)	1,642,647
Total assets	2,910,620
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred pension charge	17,161
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	1,127,244
Accrued payroll	12,213
Customer deposits	13,562
Accrued compensated absences	1,653
Total current liabilities	1,154,672
Long term liabilities:	
Net pension liability	102,540
Total liabilities	1,257,212
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred pension charge	21,314
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	1,642,647
Unrestricted	6,608
Total net position	\$ 1,649,255

The notes to the financial statements are an integral part of this statements

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	2016
Operating Revenues:	
Charges for services	\$ <u>281,545</u>
Operating Expenses:	
Utility operations:	
Salaries and wages	55,878
Employee benefits	25,701
Services and supplies	111,625
Depreciation	<u>39,570</u>
Total operating expenses	<u>232,774</u>
Operating income (loss)	<u>48,771</u>
Non-operating revenues (expenses):	
Investment income	5,759
Operating transfer in	<u>1,000,000</u>
Total non-operating revenues (expenses):	<u>1,005,759</u>
Net income (loss)	1,054,530
Net Position:	
Beginning of year	<u>594,725</u>
End of year	<u>\$ 1,649,255</u>

The notes to the financial statements are an integral part of this statements

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	2016
Cash flows from operating activities:	
Cash received from customers	\$ 285,062
Cash paid for salaries, wages, and employee benefits	(80,133)
Cash paid for services and supplies	<u>(32,459)</u>
Cash provided by operating activities	172,470
Cash flows from non-capital financing activities:	
Transfers	1,000,000
Cash flows from capital and related financing activities:	
Purchase of capital assets	(310,339)
Cash flows from investing activities:	
Investment income	<u>5,256</u>
Net increase in cash	867,387
Cash:	
Beginning of year	<u>317,952</u>
End of year	<u>\$ 1,185,339</u>
Reconciliation of operating income (loss) to cash provided by operating activities:	
Operating income (loss)	<u>\$ 48,771</u>
Adjustments to reconcile operating income (loss) to cash provided by operating activities:	
Depreciation	39,570
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	3,517
Increase (decrease) in accounts payable	79,166
Increase (decrease) in accrued payroll	7,346
Increase (decrease) in compensated absences	42
Increase (decrease) in net pension liability	(7,840)
Increase (decrease) in pension expenses	<u>1,898</u>
Total adjustments	<u>123,699</u>
Cash provided by operating activities	<u>\$ 172,470</u>

The notes to the financial statements are an integral part of this statements

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

1. Reporting Entity

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Town of Round Mountain ("Town"). The Town is governed by an elected five member board. The Board is legally separate and fiscally independent from other governing bodies; therefore, the Town is a primary government and the Town is not reported as a component unit by any other governmental unit.

2. Basic Financial Statements

The Town's basic financial statements consist of government-wide statements and the fund financial statements. The government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities. These statements include the aggregated financial information of the Town as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The fund financial statements include financial information for the two fund types: governmental and proprietary. Reconciliations between the fund statements, the Statement of Net Position, and the Statement of Activities are also included along with statements of revenues, expenditures and changes in fund balances that show an original to final budget comparison for the Town's General Fund.

3. Basis of Presentation - Government-wide Financial Statements

The government-wide financial statements are made up of the statement of net position and the statement of activities. These statements include the aggregated financial information of the Town as a whole. Governmental activities are reported separately from business-type activities. As a general rule, the effect of interfund activity has been removed from these statements. While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

The Statement of Net Position presents the consolidated financial position of the Town at year-end, in separate columns, for both governmental and business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are specifically associated with a program or service and are, therefore, clearly identifiable to a particular function. Program revenues include charges for services, operating grants and contributions and investment earnings legally restricted to support a specific program. Taxes and other revenues properly not included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue of specific programs and functions within the Town. Those functions with a net cost are generally dependent on general-purpose tax revenues, such as property tax, to remain operational.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Presentation - Fund Financial Statements

The financial accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, deferred outflows and inflows, fund balance, revenues, and expenditures or expenses, as appropriate. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all resources and cost of operations traditionally associated with governments which are not required to be accounted for in other funds.

Road Fund – The Road Fund is used to account for gas tax revenues allocated for the construction, repair and maintenance of Town roads.

Additionally the Town reports the following fund types:

Proprietary Fund

Enterprise Funds – Enterprise Funds are used to account for the goods or services to the public for a fee that makes the entity self-supporting. Currently, there is one Enterprise Fund.

Round Mountain Utility Enterprise Fund - The Round Mountain Utility Fund is used to account for the revenue and expenses associated with providing the delivery of water and sewer services.

5. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus and Basis of Accounting (Continued)

The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered "measurable" when in the hands of intermediary collecting governments and are then recognized as revenue. The government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable and the payment seems certain. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences and claims and judgments, are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The major revenue sources of the Town include consolidated taxes (generally sales taxes), ad valorem taxes (property taxes), and net proceeds tax (tax on net proceeds of mines).

Property taxes, consolidated taxes, net proceeds tax, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

6. Budgetary Information

Nevada Revised Statutes and Town policies and regulations require that local governments legally adopt budgets for all funds. The budgets are filed as a matter of public record with the County Clerk and the State Department of Taxation. The Town staff uses the following procedures to establish, modify, and control the budgetary data reflected in the financial statements:

1. The statutes provide for the following timetable in adoption of budgets:
 - a) Before April 15, the Town submits to the Nevada State Department of Taxation a tentative budget for the upcoming year. The tentative budget includes proposed expenditures and the means to finance them.
 - b) Before the public hearing conducted on the third Thursday in May, a minimum of seven days' notice of the public hearing on the final budget must be published in a local newspaper.
 - c) On or Before June 1, the Town Board must adopt a final budget.
2. NRS 354.598005(1) provides that the Town Board may augment the budget at any time by a majority vote of the Board providing the Board publishes notice of its intention to act in a newspaper of general circulation within its county at least three days before the date set for adoption of the resolution.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Budgetary Information (Continued)

3. Nevada Revised Statute 354.598005(5) allows appropriations to be transferred between functions, funds or contingency accounts if such a transfer 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 within a fund. They may also transfer appropriations between functions within a fund, if the Town Board is advised of the action at the next regular meeting, and the action is recorded in the official minutes of the meeting. The Town Board may authorize the transfer of appropriations between funds or from the contingency account if the Town Board announces the transfer of appropriations at a regularly scheduled meeting sets forth the exact amounts to be transferred and the accounts, functions, programs and funds affected. The Town Board must also set forth reasons for the transfer, and the action must be recorded in the official minutes of the meeting.
4. Statutory regulations require budget control to be exercised at the function level within the funds.
5. Generally, budgets for all funds are adopted in accordance with generally accepted accounting principles.
6. There were no budgets augmented during the year.
7. All appropriations lapse at the end of the fiscal year.

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

a. Pooled Cash and Investments

Cash includes cash in the hands of Town officers, cash in the custody of the Nye County Treasurer and cash deposited in interest-bearing accounts at banks by the Nye County Treasurer. The majority of cash and investment transactions of the Town are handled by the Nye County Treasurer's office. Cash balances are combined and invested as permitted by law in combination with County funds. Investments consist of investment in the Nye County Treasurer's Investment Pool. Investments are stated at fair value on the balance sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of Town investments are part of investment income that is included in revenue from other sources on the Statement of Activities. (See Note D1)

The Town's cash and cash equivalents in both governmental and proprietary fund types are considered to be cash on hand, cash in custody of the Nye County Treasurer, demand deposits, non-negotiable certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

The majority of the Town's cash and cash equivalents are in the custody of the Nye County Treasurer as required by Nevada Revised Statutes.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

a. Pooled Cash and Investments (Continued)

Nevada Revised Statutes authorize the Town to invest in:

1. Obligations of the U.S. Treasury and U.S. Agencies in which the maturity dates do not exceed more than 10 years from the date of purchase.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$250,000 must be fully collateralized).
3. Negotiable notes or short-term negotiable bonds issued by local governments within Nevada.
4. Eligible bankers' acceptances that do not exceed 180 days maturity and do not exceed 20 percent of the portfolio.
5. Commercial paper with a rating of A-1 or P-1 that does not exceed 270 days maturity and does not exceed 20 percent of the portfolio.
6. The State of Nevada's Local Government Investment Pool.
7. Repurchase agreements that are collateralized at 102 percent of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
8. Money market mutual funds which are rated as "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities.

The Town has not established an investment policy further limiting its investments.

b. Property Taxes

Taxes on real property are levied in July of each year and are due in July. They can be paid in quarterly installments in August, October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10 percent per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

Article X, Section 2 of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any County (i.e., the County, the County School District, the State, and any other City, Town, or special District) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed. The Nevada Legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation. (See Note D2 and D4)

**TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

c. Net Proceeds

Taxes for the net proceeds of mines are paid on an annual and quarterly basis. Payments for net proceeds received on estimated business from January 1, 2016, through December 31, 2016, are reflected in the financial statements. In addition, the financial statements reflect quarterly payments related to actual production in excess of the original projections for the period of January 1, 2015, through December 31, 2015. Additional amounts due, based on actual business for the period ending December 31, 2016, are determined subsequent to December 31, 2016. Credits for overpayments of estimated tax received for the production year ending December 31, 2016, are applied to future tax payments in accordance with NRS 362.130. The impact to the Town of future additional amounts due or future credits is not determinable at June 30, 2016, and is not reflected in the financial statement.

d. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. The proprietary type funds reports inventory expense when consumed rather than when purchased.

Payments to vendors that will benefit periods beyond June 30, 2016, are recorded as expenditures in the fund financial statements. They are recorded as prepaid expenses in the government-wide financial statements.

e. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of \$500 or more and an estimated useful life in excess of one year. If purchased or constructed, capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Town is required to capitalize and report its major general infrastructure assets acquired in fiscal years ending after June 30, 1980. In addition, infrastructure assets acquired before June 30, 1980, that received significant reconstruction must be capitalized. Round Mountain Town has no infrastructure assets that were acquired or constructed that must be capitalized.

Land and construction in progress are not depreciated. The other property, plant and equipment of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Buildings and Improvements	25-50
Vehicles	8
Various Other Equipment	5-20
Infrastructure	25-50

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows include the Town's pension related contributions subsequent to the measurement date but before the end of the fiscal year and changes in proportion of the Town's contributions to the Town's proportionate contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one item of this type, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The difference between projected and actual experience and investment earnings are related to the deferred inflows of pensions and the calculation of net pension liability reported on the statement of net position.

g. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

h. Compensated Absences

Vacation leave and sick leave included in accrued salaries and benefits and recorded as expenditures in governmental fund types is the amount normally liquidated from "available spendable resources" (See Note D5).

In governmental funds, the current portion is recorded as payroll expenditure. The estimated long-term liability for compensated absences is accounted for in the government-wide financial statements. In proprietary funds, compensated absences are recorded when the liabilities are incurred.

i. Accrued Salaries and Benefits

Town salaries earned but not paid by June 30, 2016, have been accrued as liabilities and shown as expenditures for the year ending June 30, 2016.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

j. Interfund Activity

During the course of operations, the Town may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, balances between the funds included in the governmental activities are eliminated. The town has one enterprise fund; therefore there is no interfund activity between business-type funds.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as operating transfers in or out. While reported in fund financial statements, transfers between the funds included in governmental activities are eliminated in the governmental activities column.

k. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts as well as deferred losses and gains, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures during the current period. Deferred charges related to the refunding of debt are reported as a deferred outflow of resources. They are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an "other financing source." Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

l. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- (1) **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact, such as inventories and prepaids.
- (2) **Restricted** –Amounts that can be spent only for a specific purpose because of state or federal laws, or externally imposed conditions by grantors or creditors.
- (3) **Committed** – These amounts can only be used for specific purposes as set forth by the Town Board. The Board must take formal action (vote approval by majority) in order to establish an ending fund balance commitment for any specific purpose. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- (4) **Assigned** –Assignments are neither restrictions nor commitments and represent the Town's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the Town's ending fund balance. Intent can be expressed by the Town Board or Town Manager.
- (5) **Unassigned** – All amounts not included in other spendable classifications for the General Fund.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

m. Fund Balance Flow Assumptions

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

n. Net Position Policies

In the government-wide statements, net position on the Statement of Net Position includes the following:

(1) Invested in Capital Assets, Net of Related Debt

This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

(2) Restricted Assets

This is the component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation.

(3) Unrestricted

This is the component of net position that is the difference between the assets and liabilities not reported as Invested in Capital Assets, Net of Related Debt; and Restricted Assets.

o. Net Position Flow Assumption

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

p. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements 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.

q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Revenues and Expenditures/Expenses

a. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

b. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities." The detail of this difference is as follows:

Capital outlay	\$	5,939
Depreciation expense		<u>(182,209)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u>\$ (176,270)</u>

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance and Accountability

The Town conformed to significant statutory requirements regarding financial administration during the year. NRS 354.626 requires that the Town report expenditures that exceed budgeted appropriations at the function level for the general fund, special revenue funds, and capital projects funds. For the year ended June 30, 2016, no expenditures were over appropriations.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE D – DETAILED NOTES ON ALL FUNDS

1. Pooled Cash and Investments

Through the Nye County Treasurer, the Town maintains a cash and investment pool that is available for use by all funds. The majority of all cash and investments of the Town are included in the cash and investment pool of the Nye County Treasurer. At June 30, 2016, this pool is displayed by the statement of net position and on the governmental funds balance sheet as “Pooled Cash and Investments.”

A reconciliation of cash and investments as shown on the Statement of Net Position for the Town follows:

	Governmental Activities	Business-Type Activities	Totals
Cash in the hands of officers	\$ 6,491	\$ 32,202	\$ 38,693
Pooled cash and investments – Nye County Treasurer	3,270,686	1,153,137	4,423,823
Total	<u>\$ 3,277,177</u>	<u>\$ 1,185,339</u>	<u>\$ 4,462,516</u>

Pursuant to policy established by the Nye County Treasurer in accordance with Nevada Revised Statutes Chapter 355.168, the Town has elected to be part of the Nye County Treasurer’s Investment Pool. Any local government within Nye County whose money is held under the custody of the Nye County Treasurer may invest its money with the investment pool. The County Treasurer may invest the money of the investment pool in investments which have been authorized as investments by Nevada Revised Statutes (See Note A7a). As noted, Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. Detailed information concerning the investment pool is in the annual financial report of Nye County, Nevada.

Investment gain or loss is apportioned to the Town funds 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 portion of pool balance as of June 30, 2016.

Interest Rate Risk: Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. To limit exposure to interest rate risk, the Nevada Revised Statutes limits bankers’ acceptances to 180 days of maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. The approximate weighted average maturity of investments in the Nye County Treasurer’s investment pool was 2.54 years.

As of June 30, 2016, Town investments held in the Nye County Treasurer’s investment pool are categorized as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	> 10
U.S. Agencies	32.36%	14.22%	85.44%	0.34%	0.00%
Corporate Obligations	3.07%	53.15%	46.85%	0.00%	0.00%
Money Market Mutual Funds	13.95%	100.00%	0.00%	0.00%	0.00%
Negotiable Certificates of Deposit	48.43%	1.23%	97.54%	1.23%	0.00%
NV Local Government Investment Pool	0.90%	100.00%	0.00%	0.00%	0.00%
Asset Backed Securities	1.29%	6.45%	67.16%	0.00%	26.39%
	<u>100.00%</u>				

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. The Nye County Treasurer investment pool includes instruments which have been authorized by Nevada Revised Statutes. (See Note A7a) At June 30, 2016, the Nye County Treasurer's investment pool ratings were as follows:

Investment Type	Quality Ratings by Moody's							
	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	N/A
U.S. Agencies	100%	0%	0%	0%	0%	0%	0%	0%
Corporate Obligations	5%	6%	12%	5%	27%	30%	15%	0%
Money Market Mutual Funds	100%	0%	0%	0%	0%	0%	0%	0%
Negotiable Certificates of Deposit	0%	0%	0%	0%	0%	0%	0%	100%
NV Local Government Investment Pool	0%	0%	0%	0%	0%	0%	0%	100%
Asset Backed Securities	13%	6%	0%	0%	0%	0%	0%	81% *

* Securities rated AAA by Standard & Poor's

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank or brokerage failure, the Town's deposits may not be returned. The Town's bank deposits are covered by FDIC insurance. Deposits in excess of FDIC insurance coverage in the Nye County Treasurer cash and investment pool are collateralized by securities held by the Office of the State Treasurer/Nevada Collateral Pool.

Credit Concentration Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments with a single issuer within the Nye County Treasurer Investment pool that represent five percent or more of total investments as of June 30, 2016, are as follows:

Federal Home Loan Banks (FHLB)	6.31%
Federal Home Loan Mortgage Corporation (FHLMC)	11.32%
Federal National Mortgage Association (FNMA)	11.03%

The District implemented GASB Statement No. 72, Fair Value Measurement and Application, in 2016 to categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

The District has the following recurring fair value measurements as of June 30, 2016:

	Fair Value	Level 1	Level 2	Level 3	N/A
U.S. Agencies	32.36%	100.00%	0.00%	0.00%	0.00%
Corporate Obligations	3.07%	0.00%	100.00%	0.00%	0.00%
Money Market Mutual Funds	13.95%	0.00%	0.00%	0.00%	100.00%
Negotiable Certificates of Deposit	48.43%	0.00%	0.00%	0.00%	100.00%
NV Local Government Investment Pool	0.90%	27.24%	72.76%	0.00%	0.00%
Asset Backed Securities	1.29%	0.00%	100.00%	0.00%	0.00%
	<u>100.00%</u>				

2. Receivables

Below is the detail of receivables for each major fund and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	Road	Other Governmental	Enterprise	Total
Receivables:					
Interest receivable	\$ 2,495	\$ 310	\$ 240	\$ 1,093	\$ 4,138
Property taxes	672	0	0	0	672
Due from other governments:					
Consolidated taxes	50,731	0	0	0	50,731
Fuel taxes	0	9,542	0	0	9,542
Public safety sales taxes	0	0	8,764	0	8,764
Net accounts receivable-utility	0	0	0	25,497	25,497
Net total receivables	<u>\$ 53,898</u>	<u>\$ 9,852</u>	<u>\$ 9,004</u>	<u>\$ 26,590</u>	<u>\$ 99,344</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

<u>Governmental Activities:</u>	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Land	\$ 481,416	\$ 0	\$ 0	\$ 0	\$ 481,416
Capital assets being depreciated					
Building	3,495,164	0	0	0	3,495,164
Equipment	1,870,092	5,939	0	0	1,876,031
Total capital assets being depreciated	<u>5,365,256</u>	<u>5,939</u>	<u>0</u>	<u>0</u>	<u>5,371,195</u>
Less accumulated depreciation for:					
Building	848,210	97,513	0	0	945,723
Equipment	1,464,720	84,696	0	0	1,549,416
Total accumulated depreciation	<u>2,312,930</u>	<u>182,209</u>	<u>0</u>	<u>0</u>	<u>2,495,139</u>
Total capital assets depreciated, net	<u>3,052,326</u>	<u>(176,270)</u>	<u>0</u>	<u>0</u>	<u>2,876,056</u>
Governmental activities assets, net	<u>\$ 3,533,742</u>	<u>\$ (176,270)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,357,472</u>
 <u>Business-Type Activities:</u>	 Balance				 Balance
	June 30, 2015	Additions	Deletions	Transfers	June 30, 2016
Capital assets not being depreciated:					
Construction in progress	\$ 0	\$ 1,326,375	\$ 0	\$ 0	\$ 1,326,375
Capital assets being depreciated:					
Distribution system	1,206,372	0	0	0	1,206,372
Less accumulated depreciation for:					
Distribution system	850,530	39,570	0	0	890,100
Total capital assets depreciated, net	<u>355,842</u>	<u>(39,570)</u>	<u>0</u>	<u>0</u>	<u>316,272</u>
Business-type activities assets, net	<u>\$ 355,842</u>	<u>\$ 1,286,805</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,642,647</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 46,611
Public safety	41,166
Public works	2,327
Culture and recreation	92,105
	<u>\$ 182,209</u>
Business activities:	
Water and sewer	<u>\$ 39,570</u>

Construction commitments:

Construction commitments. The Town has an active construction project as of June 30, 2016. At year-end, the Town's commitment is as follows:

	Business-Type Activities	
Project	Spent-to-Date	Commitment
Sewer System Project	<u>\$ 1,061,707</u>	<u>\$ 1,509,549</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

4. Unavailable Revenue

Delinquent taxes receivable not collected within sixty days after year-end are recorded as deferred inflows of resources as they are not available to pay liabilities of the current period. Unavailable tax revenue in the General Fund was \$614 as of June 30, 2016.

5. Long-Term Debt

Changes in General Long-Term Liabilities

During the year ended June 30, 2016, the following changes occurred:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year
Governmental Activities:					
Compensated Absences	\$ 92,285	\$ 0	\$ 74,996	\$ 17,289	\$ 11,464
Net Pension Liability	780,061	73,743	0	853,804	0
Total Governmental Activities	<u>\$ 872,346</u>	<u>\$ 73,743</u>	<u>\$ 74,996</u>	<u>\$ 871,093</u>	<u>\$ 11,464</u>
Business-Type Activities:					
Compensated Absences	\$ 1,611	\$ 42	\$ 0	\$ 1,653	\$ 1,653
Net Pension Liability	100,642	1,898	0	102,540	0
Total Business-Type Activities	<u>\$ 102,253</u>	<u>\$ 1,940</u>	<u>\$ 0</u>	<u>\$ 104,193</u>	<u>\$ 1,653</u>

Governmental type liabilities will be liquidated primarily by the General Fund.

6. Interfund Transfers

Interfund transfers are made from one fund to another fund to support expenditures in accordance with authority established for the individual funds. In the fund financial statements, interfund transfers are shown as other financing sources or uses. During the year ended June 30, 2016, the General Fund transferred \$1,000,000 out to the Round Mountain Utility Enterprise Fund. This transfer was to help cover the costs of the sewer system improvements.

7. 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 has joined together with other local governments throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for members. The Town pays an annual premium to NPAIP for its property, casualty, crimes, and machinery insurance coverage. NPAIP is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 annual aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown and money and securities. As a participatory member the maintenance deductible is \$500 for each insured event.

The Town participates in the Public Agency Compensation Trust (PACT). The PACT covers workers' compensation claims. Premiums are paid on a quarterly basis based on a percentage of the employees' wages.

The Town is self-insured for unemployment claims.

The Town purchases health care benefits for its employees through a commercial carrier.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

8. Contingent Liabilities

Litigation

Counsel and Management for the Town has indicated there are no pending actions against the Town.

9. Defined Benefit Pension Plan

Plan Description. Half time and greater Town employees are provided pension benefits through the Public Employees' Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer, defined benefit plan administered by the Public Employees' Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. NRS Chapter 286 establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees' Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS that can be obtained at www.nvpers.org under Quick Links — Publications.

Benefits Provided. Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months. Vested members are entitled to a life-time monthly retirement benefit equal to the service time multiplier (STM) percentages listed below times the member's years of service to a maximum of 30 years. The schedule of Eligibility for Monthly Unreduced Retirement Benefits for regular members and police/fire members are as follows:

Eligibility for Regular Members:

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 12/31/09-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	65	2.50%	65	2.67%	65	2.50%	65	2.25%
10 years	60	2.50%	60	2.67%	62	2.50%	62	2.25%
30 years	Any	2.50%	Any	2.67%	Any	2.50%	55	2.25%
33 1/3 years							Any	2.25%

Eligibility for Police and Fire Members:

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 12/31/09-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	66	2.50%	66	2.67%	65	2.50%	65	2.50%
10 years	55	2.50%	55	2.67%	60	2.50%	60	2.50%
20 years	50	2.50%	50	2.67%	50	2.50%	50	2.50%
25 years	Any	2.50%	Any	2.67%				
30 years					Any	2.50%		

* Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. The System 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 or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

9. Defined Benefit Pension Plan (Continued)

Contributions: Benefits for plan members are funded under the employer pay contribution plan. The Town is required to contribute all amounts due under the plan. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The Town's required contribution rate for the year ending June 30, 2016, was 28.00% for regular members and 40.50% for police and firemen. The Town has fully funded the amount due for the year ending June 30, 2016, of \$96,474.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Town reported a liability of \$956,344 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2015. At June 30, 2015, the Town's proportion was 0.00835% percent.

For the year ended June 30, 2016, the Town recognized pension expense of \$95,445. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 0	\$ 53,865
Net difference between projected and actual earnings on pension plan investments	0	38,790
Changes in proportion and differences between Town contributions and proportionate share of contributions	10,766	39,508
Town Contributions subsequent to measurement date	96,474	0
Total	\$ 107,240	\$ 132,163

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

9. Defined Benefit Pension Plan (Continued)

The Town reported \$96,474 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 36,805
2018	36,805
2019	36,805
2020	(9,441)
2021	13,745
2022	6,678
	\$ 121,397

Actuarial Assumptions: The System's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	8.00%
Productivity pay increase	0.75%
Projected Salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%

Mortality rates were based on the RP-2000 Combined Healthy Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of the experience review completed in 2013. The System's policies which determine the investment portfolio target asset allocation are established by the Public Employees' Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Board-adopted policy target asset allocation as of June 30, 2015:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed	30%	0.25%
Private Markets	10%	6.80%

*As of June 30, 2015, PERS' long-term inflation assumption was 3.5%

**TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

9. Defined Benefit Pension Plan (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2015, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

Sensitivity of the Town's proportionate share of the net pension liability to change in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent higher or lower than the current rate.

	1.0% Decrease (7.0%)	Discount Rate (8.0%)	1.0% Increase (9.0%)
Town's proportionate share of the net pension liability	\$ 1,457,268	\$ 956,344	\$ 539,780

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Pension contributions payable. At June 30, 2016, the Town reported payables to the defined benefit pension plan of \$8,441 for legally required employer contributions which had not yet been remitted to PERS.

10. Post-Employment Health Care Plan

The Town administers a single-employer defined benefit healthcare plan. The plan provides medical, dental, prescription, and life insurance benefits to eligible retired Town employees. The plan provides healthcare insurance for eligible retirees through the Town's group health insurance plan, which covers both active and retired members. Retirees may choose to stay on the Town's health insurance plan upon retirement. The retiree is required to pay the full amount of their coverage. The Town does not contribute to the cost of coverage. As of June 30, 2016, there were no retirees using the plan.

With no participating retired employees, at June 30, 2016, the Town's annual other postemployment benefit costs (expense) and net obligation is deemed to be zero.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF ROUND MOUNTAIN, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
JUNE 30, 2016**

June 30,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 96,474	\$ 117,615	\$ 127,797	\$ 127,055
Contributions in relation to the contractually required contribution	<u>96,474</u>	<u>117,615</u>	<u>127,797</u>	<u>127,055</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 323,296	\$ 381,663	\$ 441,946	\$ 457,098
Contributions as a percentage of covered-employee payroll	29.84%	30.82%	28.92%	27.80%

Information prior to 2013 is not available.

**TOWN OF ROUND MOUNTAIN, NEVADA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
 JUNE 30, 2016**

Reporting Year Ended June 30:	2016	2015
Measurement Date June 30:	2015	2014
Town's proportion of the net pension liability	0.00835%	0.00845%
Town's proportionate share of the net pension liability	956,344	880,703
Town's covered-employee payroll	381,663	441,946
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	250.57%	199.28%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	76.31%

Information prior to 2014 is not available.

SUPPLEMENTARY INFORMATION

MAJOR FUNDS

GENERAL FUND

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

ROAD FUND

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

**TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2016 AND 2015**

	2016	2015
<u>ASSETS</u>		
Pooled cash and investments	\$ 2,663,404	\$ 3,398,373
Interest receivable	2,495	5,874
Taxes receivable	672	522
Due from other governments	<u>50,731</u>	<u>52,072</u>
Total assets	<u>\$ 2,717,302</u>	<u>\$ 3,456,841</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 52,035	\$ 8,677
Accrued payroll	<u>40,064</u>	<u>28,999</u>
Total liabilities	<u>92,099</u>	<u>37,676</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue-property taxes	<u>614</u>	<u>512</u>
<u>FUND BALANCE</u>		
Assigned for subsequent year	2,624,589	3,147,946
Unassigned	<u>-</u>	<u>270,707</u>
Total fund balance	<u>2,624,589</u>	<u>3,418,653</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,717,302</u>	<u>\$ 3,456,841</u>

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance - Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 333,597	\$ 603,215	\$ 269,618	\$ 1,023,068
Licenses and permits	3,000	3,270	270	3,233
Intergovernmental	-	279,703	279,703	258,482
Charges for services	24,000	37,666	13,666	33,372
Fines and forfeitures	1,000	955	(45)	850
Miscellaneous	4,000	62,179	58,179	23,060
Total revenues	<u>365,597</u>	<u>986,988</u>	<u>621,391</u>	<u>1,342,065</u>
Expenditures:				
General government	1,056,720	460,267	596,453	409,206
Public safety	496,404	182,763	313,641	235,070
Public works	75,000	21,157	53,843	45,845
Culture and recreation	483,267	116,865	366,402	219,119
Total expenditures	<u>2,111,391</u>	<u>781,052</u>	<u>1,330,339</u>	<u>909,240</u>
Excess (deficiency) of revenues over expenditures	(1,745,794)	205,936	1,951,730	432,825
Other financing sources (uses):				
Operating transfers out	-	(1,000,000)	-	-
Net change in fund balance	(1,745,794)	(794,064)	951,730	432,825
Fund balance:				
Beginning of year	<u>2,513,470</u>	<u>3,418,653</u>	<u>905,183</u>	<u>2,985,828</u>
End of year	<u>\$ 767,676</u>	<u>\$ 2,624,589</u>	<u>\$ 1,856,913</u>	<u>\$ 3,418,653</u>

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For the year ended June 30, 2016

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance -	
	Budget	Actual	Positive (Negative)	2015 Actual
Revenues:				
Taxes:				
Property taxes	\$ 333,597	\$ 282,961	\$ (50,636)	\$ 332,898
Net proceeds	-	320,254	320,254	690,170
Total taxes	<u>333,597</u>	<u>603,215</u>	<u>269,618</u>	<u>1,023,068</u>
Licenses and permits:				
Gaming licenses	2,000	2,430	430	2,273
Liquor licenses	<u>1,000</u>	<u>840</u>	<u>(160)</u>	<u>960</u>
Total licenses and permits	<u>3,000</u>	<u>3,270</u>	<u>270</u>	<u>3,233</u>
Intergovernmental:				
Consolidated tax	<u>-</u>	<u>279,703</u>	<u>279,703</u>	<u>258,482</u>
Charges for services:				
Swimming pool	4,000	981	(3,019)	3,266
Arcade/vending	-	305	305	-
Weight room fees	15,000	32,110	17,110	24,043
Water charges	<u>5,000</u>	<u>4,270</u>	<u>(730)</u>	<u>6,063</u>
Total charges for services	<u>24,000</u>	<u>37,666</u>	<u>13,666</u>	<u>33,372</u>
Fines and forfeitures	<u>1,000</u>	<u>955</u>	<u>(45)</u>	<u>850</u>
Miscellaneous:				
Rent	4,000	4,880	880	3,350
Investment income	-	57,233	57,233	18,727
Other	<u>-</u>	<u>66</u>	<u>66</u>	<u>983</u>
Total miscellaneous	<u>4,000</u>	<u>62,179</u>	<u>58,179</u>	<u>23,060</u>
Total revenues	<u>\$ 365,597</u>	<u>\$ 986,988</u>	<u>\$ 621,391</u>	<u>\$ 1,342,065</u>

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance -	
	Budget	Actual	Positive (Negative)	2015 Actual
Expenditures:				
General government:				
Administration:				
Salaries and wages	\$ 370,970	\$ 88,929	\$ 282,041	\$ 63,887
Employee benefits	38,054	45,378	(7,324)	37,147
Services and supplies	163,000	74,513	88,487	76,768
Capital outlay	57,000	2,494	54,506	8,151
Total administration	<u>629,024</u>	<u>211,314</u>	<u>417,710</u>	<u>185,953</u>
Building and Grounds:				
Salaries and wages	146,086	126,448	19,638	93,865
Employee benefits	77,610	67,035	10,575	45,125
Services and supplies	123,000	55,470	67,530	66,510
Capital outlay	81,000	-	81,000	17,753
Total building and grounds	<u>427,696</u>	<u>248,953</u>	<u>178,743</u>	<u>223,253</u>
Total general government	<u>1,056,720</u>	<u>460,267</u>	<u>596,453</u>	<u>409,206</u>
Public Safety:				
Hadley Station:				
Salaries and wages	183,149	97,433	85,716	125,322
Employee benefits	141,055	27,805	113,250	74,816
Services and supplies	147,200	57,525	89,675	34,932
Capital outlay	25,000	-	25,000	-
Total public safety	<u>496,404</u>	<u>182,763</u>	<u>313,641</u>	<u>235,070</u>
Public Works:				
Highways and Streets:				
Services and supplies	20,000	14,395	5,605	14,923
Capital outlay	30,000	-	30,000	23,750
Round Mountain Water:				
Services and supplies	25,000	6,762	18,238	7,172
Total public works	<u>\$ 75,000</u>	<u>\$ 21,157</u>	<u>\$ 53,843</u>	<u>\$ 45,845</u>

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance -	
	Budget	Actual	Positive (Negative)	2015 Actual
Expenditures (Continued):				
Culture and Recreation:				
Swimming Pool:				
Salaries and wages	\$ 86,791	\$ 9,214	\$ 77,577	\$ 20,325
Employee benefits	22,048	1,702	20,346	3,789
Services and supplies	44,200	12,364	31,836	15,250
Capital outlay	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>4,650</u>
Total swimming pool	<u>208,039</u>	<u>23,280</u>	<u>184,759</u>	<u>44,014</u>
Parks and recreation:				
Salaries and wages	71,054	22,932	48,122	59,204
Employee benefits	45,674	15,298	30,376	14,592
Services and supplies	123,000	49,416	73,584	83,795
Capital outlay	<u>35,500</u>	<u>5,939</u>	<u>29,561</u>	<u>17,514</u>
Total parks and recreation	<u>275,228</u>	<u>93,585</u>	<u>181,643</u>	<u>175,105</u>
Total culture and recreation	<u>483,267</u>	<u>116,865</u>	<u>366,402</u>	<u>219,119</u>
Total expenditures	<u>2,111,391</u>	<u>781,052</u>	<u>1,330,339</u>	<u>909,240</u>
Excess (deficiency) of revenues over expenditures	(1,745,794)	205,936	1,951,730	432,825
Other financing sources (uses):				
Operating transfers out	<u>-</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net change in fund balance	(1,745,794)	(794,064)	951,730	432,825
Fund balance:				
Beginning of year	<u>2,513,470</u>	<u>3,418,653</u>	<u>905,183</u>	<u>2,985,828</u>
End of year	<u>\$ 767,676</u>	<u>\$ 2,624,589</u>	<u>\$ 1,856,913</u>	<u>\$ 3,418,653</u>

**TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - ROAD SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2016 and 2015**

	2016	2015
<u>ASSETS</u>		
Pooled cash and investments	\$ 326,767	\$ 289,472
Interest receivable	310	494
Due from other governments	<u>9,542</u>	<u>10,356</u>
 Total assets	 <u>\$ 336,619</u>	 <u>\$ 300,322</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 581	\$ 194
 <u>FUND BALANCE</u>		
Restricted for public works	<u>336,038</u>	<u>300,128</u>
 Total liabilities and fund balance	 <u>\$ 336,619</u>	 <u>\$ 300,322</u>

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - ROAD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance - Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Intergovernmental:				
Gas tax \$1.75	\$ 25,000	\$ 55,527	\$ 30,527	\$ 58,414
Miscellaneous:				
Investment income	-	5,463	5,463	1,573
Total revenues	<u>25,000</u>	<u>60,990</u>	<u>35,990</u>	<u>59,987</u>
Expenditures:				
Public works:				
Services and supplies	90,000	25,080	64,920	16,455
Capital outlay	<u>30,000</u>	-	<u>30,000</u>	-
Total expenditures	<u>120,000</u>	<u>25,080</u>	<u>94,920</u>	<u>16,455</u>
Excess (deficiency) of revenues over expenditures	(95,000)	35,910	130,910	43,532
Fund balance:				
Beginning of year	<u>276,139</u>	<u>300,128</u>	<u>23,989</u>	<u>256,596</u>
End of year	<u>\$ 181,139</u>	<u>\$ 336,038</u>	<u>\$ 154,899</u>	<u>\$ 300,128</u>

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For the year ended June 30, 2016

MAJOR ENTERPRISE FUND

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

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

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For the year ended June 30, 2016

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
Current assets:		
Pooled cash and investments	\$ 253,254	\$ 317,952
Interest receivable	1,093	590
Accounts receivable (net)	25,497	29,014
Inventory	56,044	56,044
Restricted cash -sewer	932,085	-
Total current assets	<u>1,267,973</u>	<u>403,600</u>
Capital assets:		
Construction in progress	1,326,375	-
Equipment	1,206,372	1,206,372
Less accumulated depreciation	<u>(890,100)</u>	<u>(850,530)</u>
Capital assets (net of accumulated depreciation)	<u>1,642,647</u>	<u>355,842</u>
Total assets	<u>2,910,620</u>	<u>759,442</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred pension charge	<u>17,161</u>	<u>13,962</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	1,127,244	32,042
Accrued payroll	12,213	4,867
Customer deposits	13,562	13,562
Accrued compensated absences	<u>1,653</u>	<u>1,611</u>
Total current liabilities	1,154,672	52,082
Long term liabilities:		
Net pension liability	<u>102,540</u>	<u>100,642</u>
Total liabilities	<u>1,257,212</u>	<u>152,724</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred pension charge	<u>21,314</u>	<u>25,955</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	1,642,647	355,842
Unrestricted	<u>6,608</u>	<u>238,883</u>
Total net position	<u>\$ 1,649,255</u>	<u>\$ 594,725</u>

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance - Positive (Negative)	2015 Actual
	Budget	Actual		
Operating revenues:				
Charges for services	\$ 260,000	\$ 281,545	\$ 21,545	\$ 287,336
Operation expenses:				
Utility operations:				
Salaries and wages	86,952	55,878	31,074	40,940
Employee benefits	48,268	25,701	22,567	28,558
Services and supplies	238,750	111,625	127,125	175,274
Depreciation	60,000	39,570	20,430	33,810
Total operating expenses	433,970	232,774	201,196	278,582
Operating income (loss)	(173,970)	48,771	222,741	8,754
Non-operating revenues (expenses):				
Grants	1,475,640	-	(1,475,640)	-
Investment income	-	5,759	5,759	1,882
Operating transfer in	-	1,000,000	1,000,000	-
Interest expense	(36,339)	-	36,339	35
Total non-operating revenues (expenses)	1,439,301	1,005,759	(433,542)	1,917
Change in net position	\$ 1,265,331	1,054,530	\$ (210,801)	10,671
Net position:				
Beginning of year		594,725		584,054
End of year		\$ 1,649,255		\$ 594,725

TOWN OF ROUND MOUNTAIN, NEVADA
MAJOR FUND - ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 285,062	\$ 288,111
Cash paid for salaries, wages, and employee benefits	(80,133)	(80,806)
Cash paid for services and supplies	(32,459)	(142,861)
Cash provided by operating activities	<u>172,470</u>	<u>64,444</u>
Cash flows from non-capital financing activities:		
Transfers in	<u>1,000,000</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(310,339)	(83,864)
Miscellaneous	-	35
Cash provided (used) by capital and related financing activities	<u>(310,339)</u>	<u>(83,829)</u>
Cash flows from investing activities:		
Cash received from investments	<u>5,256</u>	<u>1,793</u>
Net increase (decrease) in cash	867,387	(17,592)
Cash:		
Beginning of year	<u>317,952</u>	<u>335,544</u>
End of year	<u>\$ 1,185,339</u>	<u>\$ 317,952</u>
Reconciliation of operating income (loss) to cash provided by operating activities:		
Operating income (loss)	<u>\$ 48,771</u>	<u>\$ 8,754</u>
Adjustments to reconcile operating income (loss) to cash provided by operating activities:		
Depreciation	39,570	33,810
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	3,517	(328)
(Increase) decrease in prepaid expenses	-	1,914
(Increase) decrease in inventory	-	(328)
Increase (decrease) in accounts payable	79,166	30,827
Increase (decrease) in accrued payroll	7,346	(11,448)
Increase (decrease) in compensated absences	42	(115)
Increase (decrease) in customer deposits	-	1,103
Increase (decrease) in net pension liability	(7,840)	(26,342)
Increase (decrease) in pension expenses	1,898	26,597
Total adjustments	<u>123,699</u>	<u>55,690</u>
Cash provided by operating activities	<u>\$ 172,470</u>	<u>\$ 64,444</u>

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For the year ended June 30, 2016

**NONMAJOR
GOVERNMENTAL FUNDS**

Combining statements of all nonmajor governmental activity.

**TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2016
(With Comparative Totals for June 30, 2015)**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2016 Totals	2015 Totals
<u>ASSETS</u>				
Pooled cash and investments	\$ 105,270	\$ 181,736	\$ 287,006	\$ 211,689
Interest receivable	94	146	240	141
Due from other governments	<u>8,764</u>	<u>-</u>	<u>8,764</u>	<u>8,206</u>
Total assets	<u>\$ 114,128</u>	<u>\$ 181,882</u>	<u>\$ 296,010</u>	<u>\$ 220,036</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCE</u>				
Restricted for capital projects	-	181,882	181,882	156,123
Restricted for public safety	<u>114,128</u>	<u>-</u>	<u>114,128</u>	<u>63,913</u>
Total fund balance	<u>114,128</u>	<u>181,882</u>	<u>296,010</u>	<u>220,036</u>
Total liabilities and fund balance	<u>\$ 114,128</u>	<u>\$ 181,882</u>	<u>\$ 296,010</u>	<u>\$ 220,036</u>

**TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for June 30, 2015)**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2016 Totals	2015 Totals
Revenues:				
Intergovernmental	\$ 48,976	\$ 23,195	\$ 72,171	\$ 85,204
Miscellaneous	<u>1,239</u>	<u>2,564</u>	<u>3,803</u>	<u>448</u>
 Total revenues	 50,215	 25,759	 75,974	 85,652
Expenditures:				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues over expenditures	 50,215	 25,759	 75,974	 85,652
Fund balance:				
Beginning of year	<u>63,913</u>	<u>156,123</u>	<u>220,036</u>	<u>134,384</u>
End of year	<u>\$ 114,128</u>	<u>\$ 181,882</u>	<u>\$ 296,010</u>	<u>\$ 220,036</u>

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For the year ended June 30, 2016

NONMAJOR SPECIAL REVENUE FUND

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

Public Safety Sales Tax Funds are used for sales taxes collected and expensed for public safety.

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
June 30, 2016

	Public Safety Sales Tax Sheriff	Public Safety Sales Tax Fire	2016 Totals	2015 Totals
<u>ASSETS</u>				
Pooled cash and investments	\$ 52,635	\$ 52,635	\$ 105,270	\$ 55,639
Interest receivable	47	47	94	68
Due from other governments	<u>4,382</u>	<u>4,382</u>	<u>8,764</u>	<u>8,206</u>
Total assets	<u>\$ 57,064</u>	<u>\$ 57,064</u>	<u>\$ 114,128</u>	<u>\$ 63,913</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<u>FUND BALANCE</u>				
Restricted for public safety	<u>57,064</u>	<u>57,064</u>	<u>114,128</u>	<u>63,913</u>
Total liabilities and fund balance	<u>\$ 57,064</u>	<u>\$ 57,064</u>	<u>\$ 114,128</u>	<u>\$ 63,913</u>

**TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016**

	Public Safety Sales Tax Sheriff	Public Safety Sales Tax Fire	2016 Totals	2015 Totals
Revenues:				
Intergovernmental	\$ 24,488	\$ 24,488	\$ 48,976	\$ 63,695
Miscellaneous	<u>620</u>	<u>619</u>	<u>1,239</u>	<u>218</u>
Total revenues	25,108	25,107	50,215	63,913
Expenditures:				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	25,108	25,107	50,215	63,913
Fund balance:				
Beginning of year	<u>31,956</u>	<u>31,957</u>	<u>63,913</u>	<u>-</u>
End of year	<u>\$ 57,064</u>	<u>\$ 57,064</u>	<u>\$ 114,128</u>	<u>\$ 63,913</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR - PUBLIC SAFETY SALES TAX SHERIFF SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Pooled cash and investments	\$ 52,635	\$ 27,819
Interest receivable	47	34
Due from other governments	<u>4,382</u>	<u>4,103</u>
 Total assets	 <u>\$ 57,064</u>	 <u>\$ 31,956</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for public safety	<u>57,064</u>	<u>31,956</u>
 Total liabilities and fund balance	 <u>\$ 57,064</u>	 <u>\$ 31,956</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR - PUBLIC SAFETY SALES TAX SHERIFF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance - Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Intergovernmental:				
Public safety tax - Nye County	\$ -	\$ 24,488	\$ 24,488	\$ 31,847
Miscellaneous:				
Investment income	-	620	620	109
Total revenues	-	25,108	25,108	31,956
Expenditures:				
Intergovernmental:				
Nye County	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	25,108	25,108	31,956
Fund balance:				
Beginning of year	-	31,956	31,956	-
End of year	\$ -	\$ 57,064	\$ 57,064	\$ 31,956

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR - PUBLIC SAFETY SALES TAX FIRE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2015 and 2016

	2016	2015
<u>ASSETS</u>		
Pooled cash and investments	\$ 52,635	\$ 27,820
Interest receivable	47	34
Due from other governments	<u>4,382</u>	<u>4,103</u>
 Total assets	 <u>\$ 57,064</u>	 <u>\$ 31,957</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for public safety	<u>57,064</u>	<u>31,957</u>
 Total liabilities and fund balance	 <u>\$ 57,064</u>	 <u>\$ 31,957</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR - PUBLIC SAFETY SALES TAX FIRE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance - Variance - Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Intergovernmental:				
Public safety tax - Nye County	\$ -	\$ 24,488	\$ 24,488	\$ 31,848
Miscellaneous:				
Investment income	-	619	619	109
Total revenues	-	25,107	25,107	31,957
Expenditures:				
Public safety:				
Capital outlay	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	25,107	25,107	31,957
Fund balance:				
Beginning of year	-	31,957	31,957	-
End of year	\$ -	\$ 57,064	\$ 57,064	\$ 31,957

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For the year ended June 30, 2016

NONMAJOR CAPITAL PROJECTS

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

The Capital Projects Fund is used to account for general acquisitions of the Town as well as purchases of public safety equipment.

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

**TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS**

June 30, 2016

	Capital Projects Fund	Special Ad Valorem Capital Projects Fund	2016 Totals	2015 Totals
<u>ASSETS</u>				
Pooled cash and investments	\$ 81,439	\$ 100,297	\$ 181,736	\$ 156,050
Interest receivable	<u>75</u>	<u>71</u>	<u>146</u>	<u>73</u>
Total assets	<u>\$ 81,514</u>	<u>\$ 100,368</u>	<u>\$ 181,882</u>	<u>\$ 156,123</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<u>FUND BALANCE</u>				
Restricted for capital projects	<u>81,514</u>	<u>100,368</u>	<u>181,882</u>	<u>156,123</u>
Total liabilities and fund balance	<u>\$ 81,514</u>	<u>\$ 100,368</u>	<u>\$ 181,882</u>	<u>\$ 156,123</u>

**TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016**

	Capital Projects Fund	Special Ad Valorem Capital Projects Fund	2016 Totals	2015 Totals
Revenues:				
Intergovernmental	\$ -	\$ 23,195	\$ 23,195	\$ 21,509
Miscellaneous	<u>1,467</u>	<u>1,097</u>	<u>2,564</u>	<u>230</u>
Total revenues	1,467	24,292	25,759	21,739
Expenditures:				
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,467	24,292	25,759	21,739
Fund balance:				
Beginning of year	<u>80,047</u>	<u>76,076</u>	<u>156,123</u>	<u>134,384</u>
End of year	<u>\$ 81,514</u>	<u>\$ 100,368</u>	<u>\$ 181,882</u>	<u>\$ 156,123</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR FUND - CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
Pooled cash and investments	\$ 81,439	\$ 80,047
Interest receivable	<u>75</u>	<u>-</u>
Total assets	<u>\$ 81,514</u>	<u>\$ 80,047</u>
 <u>FUND BALANCE</u>		
Restricted for capital projects	<u>\$ 81,514</u>	<u>\$ 80,047</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR FUND - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance - Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Miscellaneous:				
Investment income	\$ -	\$ 1,467	\$ 1,467	\$ -
Expenditures:				
Capital projects	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	1,467	1,467	-
Fund balance:				
Beginning of year	<u>54,337</u>	<u>80,047</u>	<u>25,710</u>	<u>80,047</u>
End of year	<u>\$ 54,337</u>	<u>\$ 81,514</u>	<u>\$ 27,177</u>	<u>\$ 80,047</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
Pooled cash and investments	\$ 100,297	\$ 76,003
Interest receivable	<u>71</u>	<u>73</u>
Total assets	<u>\$ 100,368</u>	<u>\$ 76,076</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
<u>FUND BALANCE</u>		
Restricted for capital projects	<u>100,368</u>	<u>76,076</u>
Total liabilities and fund balance	<u>\$ 100,368</u>	<u>\$ 76,076</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Variance - Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Intergovernmental:				
County	\$ 20,000	\$ 23,195	\$ 3,195	\$ 21,509
Miscellaneous:				
Investment income	-	1,097	1,097	230
Total revenues	20,000	24,292	4,292	21,739
Expenditures:				
Capital projects	-	-	-	-
Excess (deficiency) of revenues over expenditures	20,000	24,292	4,292	21,739
Fund balance:				
Beginning of year	80,124	76,076	(4,048)	54,337
End of year	\$ 100,124	\$ 100,368	\$ 244	\$ 76,076

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For the year ended June 30, 2016

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 OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Round Mountain, Nevada (the Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated November 29, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "D. L. [unclear]", positioned above the date and location.

Las Vegas, Nevada
November 29, 2016

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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AUDITOR'S COMMENTS

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

In connection with my audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Round Mountain, Nevada (the Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements, nothing came to my attention that caused me to believe that the Town failed to comply with the specific requirements of Nevada Revised Statutes referenced below in so far as they relate to accounting matters. However, my audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had I performed additional procedures, other matters may have come to my attention regarding the Town's noncompliance with the requirements of Nevada Revised Statutes noted below, in so far as they relate to accounting matters.

CURRENT YEAR STATUTE COMPLIANCE

The Town did not have compliance findings in the current year.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

Public Safety Tax

Resolutions creating the public safety sales tax special revenue funds were approved by the Town Board.

Resolutions for budget augmentations/authorizations for the public safety sales tax special revenue funds were not approved by the Town Board during the year; however there were no expenditures for the year. The budget approved for the year ending June 30, 2017, includes budgets for the required special revenue funds.

CURRENT YEAR RECOMMENDATIONS

I noted no material weakness and no significant deficiency in internal controls.

PRIOR YEAR RECOMMENDATIONS

I noted no material weakness and no significant deficiency in internal controls.

NEVADA REVISED STATUTE 354.59815 – SPECIAL AD VALOREM CAPITAL PROJECTS FUND

Special Ad Valorem Capital Projects Fund

The Town established the Special Ad Valorem Capital Projects Fund in accordance with Nevada Revised Statutes 354.59815. There were no projects funded during the year. The Town plans to accumulate money in the fund.

NEVADA REVISED STATUTE 354.6113-CAPITAL PROJECTS

Capital Projects Fund

The County established the Capital Projects Fund in accordance with Nevada Revised Statutes 354.6113. There were no projects funded during the year. Planned sources of revenue for the following year are fund balance carryover. There are no planned expenditures, the Town plans to accumulate fund balance.



Las Vegas, Nevada
November 29, 2016