

**TOWN OF ROUND MOUNTAIN, NEVADA**

**REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTAL MATERIAL**

**YEAR ENDED JUNE 30, 2007**

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INTRODUCTORY SECTION:</b>	
Title page	1
Table of contents	2-3
Organization	4
 <b>FINANCIAL SECTION:</b>	
Independent auditor's report	5-6
Management's Discussion and Analysis	7-14
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-wide financial statements:</b>	
Statement of Net Assets	15
Statement of Activities	16
 <b>Fund financial statements:</b>	
<b>Governmental Funds:</b>	
Balance sheet	17
Reconciliation of the balance sheet of the governmental funds to the statement of net assets	18
Statement of revenues, expenditures and changes in fund balances	19
Reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to the statement of activities	20
Statement of revenues, expenditures and changes in fund balance - budget and actual: General Fund	21-23
 <b>Proprietary Funds:</b>	
Statement of net assets	24
Statement of revenues, expenses and changes in fund net assets	25
Statement of cash flows	26
Notes to financial statements	27-43
<b>Supplementary Information:</b>	
<b>Combining and Individual Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
<b>Major Funds:</b>	
<b>General Fund:</b>	
Comparative balance sheets	44
Schedule of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	45
Schedule of revenues compared to budget	46
Schedule of expenditures compared to budget	47-48

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**TABLE OF CONTENTS**

**Supplementary Information:**

**Combining and Individual Fund Financial Statements:**

**Major Funds (continued):**

**Round Mountain Public Utilities Enterprise Fund:**

Comparative statements of net assets	49
Schedule of revenues, expenditures, and changes in retained earnings - budget (GAAP basis) and actual	50
Statement of cash flows	51

**Nonmajor Governmental Funds:**

Combining balance sheet	52
Combining schedule of revenues, expenditures and changes in fund balance	53

**Road Special Revenue Fund:**

Comparative balance sheets	54
Schedule of revenues, expenditures, and changes in fund balance - Budget (GAAP basis) and Actual	55

**Nonmajor Capital Projects Funds:**

Combining balance sheet	56
Combining statement of revenues, expenditures and changes in fund balance	57

**Capital Projects Fund:**

Comparative balance sheets	58
Schedule of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	59

**Special Ad Valorem Fund**

Comparative balance sheets	60
Schedule of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	61

**Comments of the Independent Auditor:**

Independent Auditor's Report on Nevada Revised Statutes	62
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Appendix A	63
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Appendix B	64
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**TOWN OF ROUND MOUNTAIN, NEVADA  
ELECTED TOWN OFFICIALS  
JUNE 30, 2007**

**CHAIRPERSON**

Johnny Archuleta

**TOWN COUNCIL**

Leo Vath Jr.

Clerk

Lisa Schwarz

Vice-chairperson

Marlene Lucero

Member

**DANIEL C. McARTHUR, LTD.**  
*Certified Public Accountant*

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

**INDEPENDENT AUDITOR'S REPORT**

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

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, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my 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 of Round Mountain, Nevada as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 7 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Round Mountain, Nevada's basic financial statements. The introductory section and combining and individual fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in black ink, appearing to read "Daniel M. Quinn". The signature is written in a cursive style with a large initial "D".

Las Vegas, Nevada  
January 11, 2008

**Town of Round Mountain, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2007**

The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the Town of Round Mountain, Nevada. The MD&A 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 Town's primary revenue sources for governmental activities were ad valorem taxes of \$739,633 and consolidated taxes of \$277,745. These revenue sources comprised 61.92%, and 23.25% respectively, or 85.17% of total governmental activities revenues.

The Town's total expenses were \$1,051,640. The greatest expenses were in the General Government (\$295,443) and Culture and Recreation (\$242,330) functions. Business-type activities contributed (\$290,017) to total expenses.

At the end of the fiscal year, the fund balance for the General Fund was \$1,765,914. This was an increase of \$416,919 from the prior 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 are composed of government-wide financial statements, fund financial statements, and accompanying notes. This report also contains required supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

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

The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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).

**Town of Round Mountain, Nevada**  
**Management's Discussion and Analysis**  
**June 30, 2007**

**Government-Wide Financial Statements (Continued)**

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.

**Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus 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. Such information may be useful in evaluating the Town's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are 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.



**Town of Round Mountain, Nevada  
Management's Discussion and Analysis  
June 30, 2007**

**Proprietary Funds**

The Town maintains one type of proprietary 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 utility activities.

**Notes to Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including historical information on tax rates for the Town's overlapping taxing districts.

It also includes a schedule of budgetary comparisons for both the original and final budgets of the General Fund and the Road Fund.

The combining statements and individual fund schedules are presented immediately following the required supplementary information.

**Town of Round Mountain, Nevada  
Management's Discussion and Analysis  
June 30, 2007**

**Government-Wide Financial Analysis**

Net assets of the Town as of June 30, 2007, are summarized and analyzed below:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Assets:</b>						
Current and other assets	\$ 2,026,285	\$ 1,544,918	\$ 357,933	\$ 381,023	\$2,384,218	\$ 1,925,941
Net capital assets	<u>2,489,256</u>	<u>2,513,590</u>	<u>614,084</u>	<u>654,413</u>	<u>3,103,340</u>	<u>3,168,003</u>
Total Assets	<u>4,515,541</u>	<u>4,058,508</u>	<u>972,017</u>	<u>1,035,436</u>	<u>5,487,558</u>	<u>5,093,944</u>
<b>Liabilities:</b>						
Current liabilities	46,619	34,030	20,623	17,006	67,242	51,036
Long-term liabilities	<u>46,793</u>	<u>35,263</u>	<u>677</u>	<u>645</u>	<u>47,470</u>	<u>35,908</u>
Total Liabilities	<u>93,412</u>	<u>69,293</u>	<u>21,300</u>	<u>17,651</u>	<u>114,712</u>	<u>86,944</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	2,489,256	2,513,590	614,084	654,413	3,103,340	3,168,003
Restricted	213,124	161,267	0	0	213,124	161,267
Unrestricted	<u>1,719,749</u>	<u>1,314,358</u>	<u>336,633</u>	<u>363,372</u>	<u>2,056,382</u>	<u>1,677,730</u>
Total Net Assets	<u>\$ 4,422,129</u>	<u>\$ 3,989,215</u>	<u>\$ 950,717</u>	<u>\$ 1,017,785</u>	<u>\$5,372,846</u>	<u>\$ 5,007,000</u>

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. Assets exceeded liabilities by \$5,372,846 as of June 30, 2007. Total net assets increased by \$365,846 or 7.31%.

The largest portion of the Town's net assets, 57.72%, 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 year ended June 30, 2007 and 2006.

The Town's restricted net assets represent resources that are subject to external restrictions on how they may be used.

The remaining portions of the Town's net assets 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**  
**June 30, 2007**

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

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 31,103	\$ 33,607	\$ 210,739	\$ 208,738	\$ 241,842	\$ 242,345
Capital grant	29,921	-	-	-	29,921	-
<b>General revenues:</b>						
Ad valorem taxes	739,633	667,920	-	-	739,633	667,920
Consolidated tax	277,745	264,913	-	-	277,745	264,913
Fuel taxes	39,663	49,640	-	-	39,663	49,640
Interest	75,388	41,281	12,210	7,720	87,598	49,001
Other	1,084	2,715	-	-	1,084	2,715
<b>Total revenues</b>	<b>1,194,537</b>	<b>1,060,076</b>	<b>222,949</b>	<b>216,458</b>	<b>1,417,486</b>	<b>1,276,534</b>
<b>Expenses:</b>						
General government	295,443	295,849	-	-	295,443	295,849
Public safety	165,343	154,827	-	-	165,343	154,827
Public works	58,507	65,521	-	-	58,507	65,521
Culture and recreation	242,330	235,363	-	-	242,330	235,363
Utility operations	-	1,457	290,017	253,756	290,017	255,213
<b>Total expenses</b>	<b>761,623</b>	<b>753,017</b>	<b>290,017</b>	<b>253,756</b>	<b>1,051,640</b>	<b>1,006,773</b>
<b>Change in net assets</b>	<b>432,914</b>	<b>307,059</b>	<b>(67,068)</b>	<b>(37,298)</b>	<b>365,846</b>	<b>269,761</b>
<b>Net assets - beginning</b>	<b>3,989,215</b>	<b>3,682,156</b>	<b>1,017,785</b>	<b>1,055,083</b>	<b>5,007,000</b>	<b>4,737,239</b>
<b>Net assets - ending</b>	<b>\$ 4,422,129</b>	<b>\$ 3,989,215</b>	<b>\$ 950,717</b>	<b>\$ 1,017,785</b>	<b>\$ 5,372,846</b>	<b>\$ 5,007,000</b>

Program revenues include charges for services, fines and forfeitures, certain licenses and permits, and both operating and capital grants and contributions.

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. The business-type general revenue came from charges for services related to Water Utility. Interest earnings increased due to increased interest rates.

**Town of Round Mountain, Nevada  
Management's Discussion and Analysis  
June 30, 2007**

**Financial Analysis of the Town's Funds**

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,979,038. Approximately 22.66% of fund balances \$448,415 constitute unreserved undesignated fund balance. The remainder of the fund balance is unreserved - designated to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved undesignated fund balance of the General Fund was \$392,172. The total fund balance was \$1,765,914.

Key factors in the change in fund balance in the General Fund are as follows:

Revenues increased by \$140,269, or 14.23%. Tax revenues increased by \$70,820, or 10.94%. Intergovernmental revenues increased by \$42,753, or 16.14%, mainly due to a grant from Nye County to construct the skate park.

Expenditures increased by \$27,360, or 4.01%.

**Capital Assets and Debt Administration**

**Capital Assets**

The Town's investment in capital assets, net of accumulated depreciation at June 30, 2007, was \$2,489,256 governmental activities and \$614,084 business type activities. Detail by type of activity and asset is summarized in the table below.

**Town of Round Mountain, Nevada  
Management's Discussion and Analysis  
June 30, 2007**

A summary of changes in capital assets for the year ended June 30, 2007 follows:

**Governmental Activities:**

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
<b>Capital asset not being depreciated:</b>				
Land	\$ 481,416	\$ 0	\$ 0	\$ 481,416
<b>Capital assets, being depreciated:</b>				
Building	1,988,251	0	0	1,988,251
Equipment	<u>1,122,930</u>	<u>81,677</u>	<u>0</u>	<u>1,204,607</u>
<b>Total capital assets being depreciated</b>	<u>3,111,181</u>	<u>81,677</u>	<u>0</u>	<u>3,192,858</u>
<b>Less accumulated depreciation for:</b>				
Building	330,011	39,765	0	369,776
Equipment	<u>748,996</u>	<u>66,246</u>	<u>0</u>	<u>815,242</u>
<b>Total accumulated depreciation</b>	<u>1,079,007</u>	<u>106,011</u>	<u>0</u>	<u>1,185,018</u>
<b>Total capital assets being depreciated, net</b>	<u>2,032,174</u>	<u>(24,344)</u>	<u>0</u>	<u>2,007,840</u>
<b>Governmental activities assets, net</b>	<u>\$ 2,513,590</u>	<u>\$ (24,344)</u>	<u>\$ 0</u>	<u>\$ 2,489,256</u>

**Business Activities:**

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
<b>Capital asset being depreciated:</b>				
Equipment	\$ 1,031,940	\$ 13,627	\$ 0	\$ 1,045,567
<b>Less accumulated depreciation for:</b>				
Equipment	<u>377,527</u>	<u>53,956</u>	<u>0</u>	<u>431,483</u>
<b>Total capital assets being depreciated, net</b>	<u>\$ 654,413</u>	<u>\$ (40,329)</u>	<u>\$ 0</u>	<u>\$ 614,084</u>

**Long -Term Debt**

During the year ended June 30, 2007, the following changes occurred in long-term debt:

**Governmental Activities:**

	Balance July 1, 2006	Net Additions (Reductions)	Balance June 30, 2007
Accrued compensated absences	<u>\$ 35,263</u>	<u>\$ 11,530</u>	<u>\$ 46,793</u>

**Business Type Activities:**

	Balance July 1, 2006	Net Additions (Reductions)	Balance June 30, 2007
Accrued compensated absences	<u>\$ 645</u>	<u>\$ 32</u>	<u>\$ 677</u>



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**For the year ended June 30, 2007**

**Town of Round Mountain, Nevada  
Management's Discussion and Analysis  
June 30, 2007**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide its users with a general overview of 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

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,928,952	\$ 292,674	\$ 2,221,626
Taxes receivable	3,837	-	3,837
Interest receivable	15,352	2,386	17,738
Due from other governments	78,144	-	78,144
Accounts receivable (net)	-	19,814	19,814
Inventory	-	43,059	43,059
Capital assets, net of accumulated depreciation	<u>2,489,256</u>	<u>614,084</u>	<u>3,103,340</u>
 Total assets	 <u>4,515,541</u>	 <u>972,017</u>	 <u>5,487,558</u>
<b>Liabilities:</b>			
Accounts payable	23,970	10,884	34,854
Accrued payroll and benefits	22,649	5,046	27,695
Accrued compensated absences	46,793	677	47,470
Customer deposits	<u>-</u>	<u>4,693</u>	<u>4,693</u>
 Total liabilities	 <u>93,412</u>	 <u>21,300</u>	 <u>114,712</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	2,489,256	614,084	3,103,340
Restricted for:			
Capital projects	66,716	-	66,716
Roads	146,408	-	146,408
Unrestricted	<u>1,719,749</u>	<u>336,633</u>	<u>2,056,382</u>
Total net assets	<u>\$ 4,422,129</u>	<u>\$ 950,717</u>	<u>\$ 5,372,846</u>

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

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2007**

Functions/Programs	Program Revenues			Changes in Net Assets		
	Expenses	Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary governments:</b>						
General government	\$ (295,443)	\$ 6,619	\$ -	\$ (288,824)	\$ -	\$ (288,824)
Public safety	(165,343)	-	-	(165,343)	-	(165,343)
Public works	(58,507)	4,224	-	(54,283)	-	(54,283)
Culture and recreation	(242,330)	20,260	29,921	(192,149)	-	(192,149)
<b>Total governmental activities</b>	<b>(761,623)</b>	<b>31,103</b>	<b>29,921</b>	<b>(700,599)</b>	<b>-</b>	<b>(700,599)</b>
<b>Business-type activities:</b>						
Water	(290,017)	210,739	-	-	(79,278)	(79,278)
<b>Total primary governments</b>	<b>\$ (1,051,640)</b>	<b>\$ 241,842</b>	<b>\$ 29,921</b>	<b>(700,599)</b>	<b>(79,278)</b>	<b>(779,877)</b>
<b>General Revenues:</b>						
Property taxes				739,633	-	739,633
Fuel tax				39,663	-	39,663
Consolidated taxes				277,745	-	277,745
Interest				75,388	12,210	87,598
Miscellaneous				1,084	-	1,084
<b>Total general revenues</b>				<b>1,133,513</b>	<b>12,210</b>	<b>1,145,723</b>
Change in net assets				432,914	(67,068)	365,846
Net assets - beginning of year				3,989,215	1,017,785	5,007,000
Net assets - end of year				<b>\$ 4,422,129</b>	<b>\$ 950,717</b>	<b>\$ 5,372,846</b>

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

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**JUNE 30, 2007**

	<u>Major Fund</u>	Other	Total
	General	Governmental	Governmental
		Funds	Funds
<b><u>Assets</u></b>			
Pooled cash and investments	\$ 1,723,817	\$ 205,135	\$ 1,928,952
Delinquent property taxes receivable	3,837	-	3,837
Interest receivable	13,807	1,545	15,352
Due from other governments	<u>71,109</u>	<u>7,035</u>	<u>78,144</u>
 Total assets	 <u>\$ 1,812,570</u>	 <u>\$ 213,715</u>	 <u>\$ 2,026,285</u>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 23,379	\$ 591	\$ 23,970
Accrued payroll	22,649	-	22,649
Deferred taxes	<u>628</u>	<u>-</u>	<u>628</u>
 Total liabilities	 <u>46,656</u>	 <u>591</u>	 <u>47,247</u>
<b><u>Fund Equity</u></b>			
Fund balance:			
Unreserved:			
Designated for subsequent year	1,373,742	156,881	1,530,623
Undesignated	<u>392,172</u>	<u>56,243</u>	<u>448,415</u>
 Subtotal	 <u>1,765,914</u>	 <u>213,124</u>	 <u>1,979,038</u>
 Total liabilities and fund equity	 <u>\$ 1,812,570</u>	 <u>\$ 213,715</u>	 <u>\$ 2,026,285</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 ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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<b>Total fund balance - governmental funds</b>	<b>\$ 1,979,038</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets net of the related depreciation are not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the Statement of Net Assets	2,489,256
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	628
Certain liabilities, such as compensated absences, are not reported in the governmental funds financial statements because they are not due and payable, but they are presented as liabilities in the Statement of Net Assets	<u>(46,793)</u>
<b>Total net assets - governmental activities</b>	<b><u>\$ 4,422,129</u></b>

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, 2007**

	<u>Major Fund</u>		Total Governmental Funds
	General	Other Governmental Funds	
<b>Revenues:</b>			
Taxes	\$ 718,184	\$ 39,663	\$ 757,847
Licenses and permits	4,055	-	4,055
Intergovernmental	307,666	21,447	329,113
Charges for services	23,429	-	23,429
Fines and forfeitures	2,564	-	2,564
Other	<u>69,863</u>	<u>7,664</u>	<u>77,527</u>
 Total revenues	 <u>1,125,761</u>	 <u>68,774</u>	 <u>1,194,535</u>
<b>Expenditures:</b>			
General government	278,504	-	278,504
Public safety	144,961	-	144,961
Public works	19,816	16,917	36,733
Culture and recreation	<u>265,561</u>	<u>-</u>	<u>265,561</u>
 Total expenditures	 <u>708,842</u>	 <u>16,917</u>	 <u>725,759</u>
 Excess (deficiency) of revenues over expenditures	 416,919	 51,857	 468,776
<b>Fund balance:</b>			
Beginning of year	<u>1,348,995</u>	<u>161,267</u>	<u>1,510,262</u>
 End of year	 <u>\$ 1,765,914</u>	 <u>\$ 213,124</u>	 <u>\$ 1,979,038</u>

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, 2007**

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**Net change in fund balance - governmental funds** **\$ 468,776**

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 Assets and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities (24,334)

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 related to prior periods that first become available in the current period should not be reported as revenues in the Statement of Activities 2

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. (11,530)

**Change in net assets of governmental activities** **\$ 432,914**

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, 2007**

	Budget Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 217,737	\$ 217,737	\$ 211,116	\$ (6,621)
Net proceeds	<u>226,220</u>	<u>226,220</u>	<u>507,068</u>	<u>280,848</u>
Total taxes	<u>443,957</u>	<u>443,957</u>	<u>718,184</u>	<u>274,227</u>
<b>Licenses and permits:</b>				
Gaming licenses	2,000	2,000	2,775	775
Liquor licenses	<u>1,000</u>	<u>1,000</u>	<u>1,280</u>	<u>280</u>
Total licenses and permits	<u>3,000</u>	<u>3,000</u>	<u>4,055</u>	<u>1,055</u>
<b>Intergovernmental:</b>				
Consolidated tax	300,265	300,265	277,745	(22,520)
Grants	<u>-</u>	<u>29,921</u>	<u>29,921</u>	<u>-</u>
	<u>300,265</u>	<u>330,186</u>	<u>307,666</u>	<u>(22,520)</u>
<b>Charges for services:</b>				
Swimming pool	5,000	5,000	5,360	360
Arcade/Vending	-	-	55	55
Weight room fees	11,500	11,500	13,790	2,290
Water charges	<u>4,000</u>	<u>4,000</u>	<u>4,224</u>	<u>224</u>
Total charges for services	<u>20,500</u>	<u>20,500</u>	<u>23,429</u>	<u>2,929</u>
<b>Fines and forfeitures</b>	<u>2,000</u>	<u>2,000</u>	<u>2,564</u>	<u>564</u>
<b>Other:</b>				
Rent	5,000	5,000	1,110	(3,890)
Interest	10,000	10,000	67,724	57,724
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>1,029</u>	<u>(971)</u>
Total other	<u>17,000</u>	<u>17,000</u>	<u>69,863</u>	<u>52,863</u>
Total revenues	<u>786,722</u>	<u>816,643</u>	<u>1,125,761</u>	<u>309,118</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, 2007**

	Budget Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
<b>General government:</b>				
<b>Administration:</b>				
Salaries and wages	\$ 62,053	\$ 62,053	\$ 49,368	\$ 12,685
Employee benefits	22,762	22,762	19,868	2,894
Services and supplies	83,325	83,325	63,081	20,244
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>4,400</u>	<u>5,600</u>
Total administration	<u>178,140</u>	<u>178,140</u>	<u>136,717</u>	<u>41,423</u>
<b>Building and Grounds:</b>				
Salaries and wages	65,411	65,411	63,100	2,311
Employee benefits	27,572	27,572	26,095	1,477
Services and supplies	78,000	78,000	50,597	27,403
Capital outlay	<u>28,000</u>	<u>28,000</u>	<u>1,995</u>	<u>26,005</u>
Total building and grounds	<u>198,983</u>	<u>198,983</u>	<u>141,787</u>	<u>57,196</u>
Total general government	<u>377,123</u>	<u>377,123</u>	<u>278,504</u>	<u>98,619</u>
<b>Public Safety:</b>				
<b>Hadley Station:</b>				
Salaries and wages	94,583	94,583	91,258	3,325
Employee benefits	51,190	51,190	40,958	10,232
Services and supplies	25,460	25,460	11,805	13,655
Capital outlay	<u>-</u>	<u>-</u>	<u>940</u>	<u>(940)</u>
Total public safety	<u>171,233</u>	<u>171,233</u>	<u>144,961</u>	<u>26,272</u>
<b>Public Works:</b>				
<b>Highways and Streets:</b>				
Services and supplies	20,000	20,000	13,355	6,645
<b>Round Mountain Water:</b>				
Services and supplies	<u>17,403</u>	<u>17,403</u>	<u>6,461</u>	<u>10,942</u>
Total public works	<u>37,403</u>	<u>37,403</u>	<u>19,816</u>	<u>17,587</u>

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



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**For the year ended June 30, 2007**

**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, 2007**

	Budget Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
<b>Expenditures (Continued):</b>				
<b>Culture and Recreation:</b>				
<b>Swimming Pool:</b>				
Salaries and wages	\$ 25,200	\$ 25,200	\$ 7,355	\$ 17,845
Employee benefits	2,796	2,796	710	2,086
Services and supplies	28,620	28,620	25,387	3,233
Capital outlay	36,000	36,000	36,000	-
Total swimming pool	<u>92,616</u>	<u>92,616</u>	<u>69,452</u>	<u>23,164</u>
<b>Parks and recreation:</b>				
Salaries and wages	78,105	78,105	68,329	9,776
Employee benefits	30,702	30,702	26,731	3,971
Services and supplies	86,810	86,810	62,707	24,103
Capital outlay	10,700	40,621	38,342	2,279
Total parks and recreation	<u>206,317</u>	<u>236,238</u>	<u>196,109</u>	<u>40,129</u>
Total culture and recreation	<u>298,933</u>	<u>328,854</u>	<u>265,561</u>	<u>63,293</u>
<b>Contingency</b>	<u>26,541</u>	<u>26,541</u>	<u>-</u>	<u>26,541</u>
Total expenditures	<u>911,233</u>	<u>941,154</u>	<u>708,842</u>	<u>232,312</u>
Excess (deficiency) of revenues over expenditures	(124,511)	(124,511)	416,919	541,430
<b>Fund balance:</b>				
Beginning of year	<u>1,049,669</u>	<u>1,049,669</u>	<u>1,348,995</u>	<u>299,326</u>
End of year	<u>\$ 925,158</u>	<u>\$ 925,158</u>	<u>\$ 1,765,914</u>	<u>\$ 840,756</u>

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

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**MAJOR FUND - ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	2007
<b><u>ASSETS</u></b>	
Current assets:	
Pooled cash and investments	\$ 292,674
Accounts receivable (net)	19,814
Interest receivable	2,386
Inventory	43,059
Total current assets	357,933
Fixed assets:	
Equipment	1,045,567
Less accumulated depreciation	(431,483)
Fixed assets (net of accumulated depreciation)	614,084
 Total assets	 972,017
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	10,884
Accrued payroll	5,046
Customer deposits	4,693
Accrued compensated absences	677
 Total liabilities	 21,300
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	614,084
Unrestricted	336,633
 Total net assets	 \$ 950,717

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 ASSETS - PROPRIETARY FUND - ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	2007
<b>Operating Revenues:</b>	
Charges for services	\$ <u>210,739</u>
<b>Operating Expenses:</b>	
Utility operations:	
Salaries and wages	67,772
Employee benefits	22,861
Services and supplies	141,981
Depreciation	53,956
Bad debts	<u>3,447</u>
Total operating expenses	<u>290,017</u>
<b>Operating income (loss)</b>	<b>(79,278)</b>
<b>Non-operating revenues (expenses):</b>	
Interest income	<u>12,210</u>
Net income (loss)	<b>(67,068)</b>
<b>Net assets:</b>	
Beginning of year	<u>1,017,785</u>
End of year	<u>\$ 950,717</u>

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

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**For the year ended June 30, 2007**



**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, 2007**

	2007
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 210,408
Cash paid for services and supplies	(90,117)
Cash paid for salaries and employee benefits	(90,315)
Cash provided by operating activities	<u>29,976</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchase of fixed assets	(13,627)
<b>Cash flows from investing activities:</b>	
Interest income	<u>11,400</u>
Net increase in cash	27,749
<b>Cash:</b>	
Beginning of year	<u>264,925</u>
End of year	<u>\$ 292,674</u>
<b>Reconciliation of operating income (loss) to cash provided by operating activities:</b>	
Operating income (loss)	<u>\$ (79,278)</u>
<b>Adjustments to reconcile operating income (loss) to cash provided by operating activities:</b>	
Depreciation	53,956
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	2,825
(Increase) decrease in prepaid expenses	682
(Increase) decrease in inventory	48,142
Increase (decrease) in accounts payable	3,040
Increase (decrease) in accrued payroll	286
Increase (decrease) in compensated absences	32
Increase (decrease) in customer deposits	<u>291</u>
Total adjustments	<u>109,254</u>
<b>Cash provided by operating activities</b>	<u><b>\$ 29,976</b></u>

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

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

**1. Reporting Entity**

The Town is governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present the Town's funds and account groups for which the Town is considered to be financially accountable. There were no component units of the Town at June 30, 2007. The Town is not included in any other governmental reporting entity as a component unit as defined by Governmental Accounting Standards Board pronouncements.

**2. Basic Financial Statements**

The Town's basic financial statements consist of government-wide statements and the fund financial statements. The government-wide statements include a Statement of Net Assets and a Statement of Activities, and the fund financial statements include financial information for the two fund types: governmental and proprietary. Reconciliations between the fund statements, the Statement of Net Assets, and the Statement of Activities are also included along with Statements of Revenues, Expenditures and Changes in Fund Balances for the Town's General Fund.

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Government-wide Financial Statements**

The government-wide financial statements are made up of the Statement of Net Assets 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. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Assets 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 are 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 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.

**4. 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, fund equity, revenues, and expenditures or expenses, as appropriate. Separate financial statements are provided for governmental funds and proprietary funds.

The presentation emphasis in the fund financial statements is on major funds for governmental funds. Major individual governmental funds are required to be reported in separate columns on the fund financial statements. Major funds are determined based on minimum criteria set forth in GASB Statement Number 34. The Town may also display other funds as major funds if it believes the presentation will provide useful information to the users of the financial statements.

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial 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.

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. Gross receipts and sales taxes 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.

The major revenue sources of the Town include consolidated taxes (sales tax, etc.) and ad valorem taxes (property taxes).

The Town reports the following major governmental fund:

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.

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Additionally the Town reports the following major fund types:

Proprietary Fund:

Enterprise Fund - The Round Mountain Utility Fund accounts for the delivery of water services.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow this subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Round Mountain Utility Fund are customer charges. Expenses are those required to provide the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**6. Assets, Liabilities, and Equity**

**a. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value on the balance sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of Town investments are part of investment income which is included in revenue from local sources on the Statement of Revenues, Expenditures, and Changes in Fund Balance. (See Note D1).

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**a. Deposits and Investments (Continued)**

Nevada Revised Statutes authorize the Town to invest in:

1. Obligations of the U.S. Treasury and U.S. Agencies in which the maturity dates do not extend more than ten years from the date purchased.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$100,000 must be fully collateralized).
3. Negotiable notes or short-term negotiable bonds issued by local governments within Nevada.
4. Eligible bankers' acceptances that do not exceed 180 days maturity and do not exceed 20 percent of the portfolio.
5. Commercial paper with a rating of A-1 or P-1 that does not exceed 270 days maturity and does not exceed 20 percent of the portfolio.
6. The State of Nevada's Local Government Investment Pool.
7. Repurchase agreements that are collateralized at 102 percent of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
8. Money market mutual funds which are rated as "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities.

**b. Receivables and Payables**

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

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**b. Receivables and Payables (Continued)**

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

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

**c. Inventories and Prepaid Items**

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

There were no material inventories reported in the government-wide financial statements.

Payments to vendors that will benefit periods beyond June 30, 2007 are recorded as prepaid expenses in the fund financial statements. They are recorded as prepaid expenses in the government-wide financial statements.

There were no material prepaids reported in the government-wide financial statements.

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**d. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 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.

Capital assets are being 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

GASB No. 34 requires the Town to report and depreciate new infrastructure assets. 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 retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2007. 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 reconstructed that must be capitalized.



**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**e. Compensated Absences**

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements. (See Note D5) Vacation leave and sick leave included in accrued liabilities and recorded as expenditures in governmental fund types is the amount normally liquidated from "available spendable resources".

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

**f. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt. Deferred losses related to the refundings of debt are reported as a deferred charge component of bonds payable and 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 other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**g. Fund Equity**

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**h. Net Assets**

In the government-wide statements, net assets on the Statement of Net Assets includes the following:

(i) Invested in Capital Assets, net of Related Debt

This is the component of net assets 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.

(ii) Restricted Assets

This is the component of net assets that reports the constraints placed on the use of assets by either external parties and/or enabling legislation. Designations of fund balance represent tentative management plans that are subject to change.

(iii) Unrestricted

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

**i. Comparative Data/Reclassifications**

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

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Assets, Liabilities, and Equity (Continued)**

**j. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of certain differences between the governmental fund 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 a reconciliation between net changes in fund balances - total governmental funds and changes in net assets 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 Assets and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. The details of this difference is as follows:

Capital outlay	\$	81,677
Depreciation expense		<u>(106,011)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities		<u>\$ (24,344)</u>

Another element of that reconciliation states that "Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the Statement of Activities when incurred." The details of this difference are as follows:

Compensated absences	\$	<u>(11,530)</u>
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**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**1. Budgetary Information**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital projects, and enterprise funds. All annual appropriations lapse at fiscal year end.

The Town uses the following procedures to establish, modify, and control the budgetary data presented in the financial statements:

- a. Prior to April 15, the Town submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The budget, as submitted, contains the proposed expenditures and means of financing them.
- b. The Nevada State Department of Taxation notifies the Town of its acceptance of the budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all changes have been noted and hearings closed, the Town adopts the budget on or before June 1.
- e. Whenever such an action does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions, the Town may transfer appropriations within any function or program or between functions or programs within a fund, if:
  1. The governing body is advised of the action at the next regular meeting; and
  2. The action is recorded in the official minutes of the meeting.
- f. Increases to a fund's budget (augmentations) other than by transfers must be approved by the Town Board.
- g. Statutory regulations require budget control to be exercised at the function level within the General Fund or at the fund level for other funds.
- h. There were no budget augmentations (increases) for the year ended June 30, 2007.
- i. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**2. Excess of expenditures over appropriations**

For the year ended June 30, 2007 expenditures exceeded appropriations in the following fund:

Round Mountain Public Utility Enterprise Fund      \$ 18,615

**D. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**1. Deposits and Investments**

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

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

Pursuant to policy established by the Nye County Treasurer in accordance with Nevada Revised Statutes Chapter 355.168, the Town has elected to be a part of the Nye County Treasurer's Investment Pool. Any local government within Nye County whose money is held under the custody of the Nye County Treasurer may invest its money with the investment pool. The County Treasurer may invest the money of the investment pool in investments which have been authorized as investments by Nevada Revised Statutes. (See Note A3a)

Interest is apportioned to the Town monthly based on the average balance invested for the month.

The fair value of the Town's investment in the Nye County Treasurer's Investment Pool was determined by multiplying the pool's fair value per share factor times the Town's pool balance as of June 30, 2007.

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

	Governmental Funds	Enterprise Fund	Total
Cash in the hands of officers	\$ 4,424	\$ 23,069	\$ 27,493
Carrying amount of cash and investments	<u>1,924,528</u>	<u>269,608</u>	<u>2,194,136</u>
Total	<u>\$ 1,928,952</u>	<u>\$ 292,674</u>	<u>\$ 2,221,626</u>
Cash and cash equivalents	<u>\$ 1,928,952</u>	<u>\$ 292,674</u>	<u>\$ 2,221,626</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

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

**2. Receivables**

Receivables as of June 30, 2007 are as follows:

Receivables:	General	Other	Enterprise	Total
	Fund	Governmental Funds	Fund	
Delinquent taxes	\$ 3,837	\$ 0	\$ 0	\$ 3,837
Due from other govts	71,109	7,035	0	78,144
Interest	13,807	1,545	2,386	17,738
Accounts receivable (net)	<u>0</u>	<u>0</u>	<u>19,814</u>	<u>19,814</u>
Total receivables	<u>\$ 88,753</u>	<u>\$ 8,580</u>	<u>\$ 22,200</u>	<u>\$ 119,533</u>

**3. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2007 follows:

**Governmental Activities:**

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land	<u>\$ 481,416</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 481,416</u>
Capital assets being depreciated:				
Building	1,988,251	0	0	1,988,251
Equipment	<u>1,122,930</u>	<u>81,677</u>	<u>0</u>	<u>1,204,607</u>
Total capital assets being depreciated	<u>3,111,181</u>	<u>81,677</u>	<u>0</u>	<u>3,192,858</u>
Less accumulated depreciation for:				
Building	330,011	39,765	0	369,776
Equipment	<u>748,996</u>	<u>66,246</u>	<u>0</u>	<u>815,242</u>
Total accumulated depreciation	<u>1,079,007</u>	<u>106,011</u>	<u>0</u>	<u>1,185,018</u>
Total capital assets being depreciated, net	<u>2,032,174</u>	<u>( 24,334)</u>	<u>0</u>	<u>2,007,840</u>
Governmental activities assets, net	<u>\$ 2,513,590</u>	<u>\$ ( 24,334)</u>	<u>\$ 0</u>	<u>\$ 2,489,256</u>

**Business Type Activities:**

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Equipment	\$ 1,031,940	\$ 13,627	\$ 0	\$ 1,045,567
Less accumulated depreciation for:				
Equipment	<u>377,527</u>	<u>53,956</u>	<u>0</u>	<u>431,483</u>
Business Type Activities assets, net	<u>\$ 654,413</u>	<u>\$ (40,329)</u>	<u>\$ 0</u>	<u>\$ 614,084</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

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

**3. Capital Assets (Continued)**

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

Governmental activities:

General government	\$ 21,428
Public safety	14,454
Public works	21,774
Culture and recreation	<u>48,355</u>
	<u>\$ 106,011</u>

Business activities:

Water and sewer	<u>\$ 53,956</u>
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**Construction commitments:**

The Town has no active projects as of June 30, 2007.

**4. Deferred Revenue**

Delinquent taxes receivable not collected within sixty days after year end are recorded as deferred revenue as they are not available to pay liabilities of the current period. Deferred taxes in the General Fund were \$628.

**5. Long -Term Debt**

During the year ended June 30, 2007, the following changes occurred in long-term debt:

	Balance July 1, 2006	Net Additions (Reductions)	Balance June 30, 2007
<b>Governmental Activities:</b>			
Accrued compensated absences	<u>\$ 35,263</u>	<u>\$ 11,530</u>	<u>\$ 46,793</u>
	Balance July 1, 2006	Net Additions (Reductions)	Balance June 30, 2007
<b>Business Type Activities:</b>			
Accrued compensated absences	<u>\$ 645</u>	<u>\$ 32</u>	<u>\$ 677</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**E. OTHER INFORMATION**

**1. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined together with other local governments in the Nevada Public Agency Insurance Pool (NPAIP), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Town pays an annual premium to NPAIP for its property, casualty, crimes, and machinery insurance coverage. NPAIP is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$200,000 property/crime/equipment breakdown; casualty \$500,000 each and every insured event. As a participatory member, the maintenance deductible is \$500 for each insured event.

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

The Town is self-insured for unemployment claims.

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

**2. Contingent Liabilities**

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Litigation

Counsel for the Town has indicated there is no pending or threatened litigation against the Town.



**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**E. OTHER INFORMATION (Continued)**

**3. Pension Plan**

*Plan Description.* The Town of Round Mountain is a public employer contributing to the Public Employee Retirement System of the State of Nevada (PERS), a cost sharing multi-employer defined benefit pension plan. The Plan is administered by the State of Nevada Retirement System.

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

Monthly benefit allowances for members are computed at 2.5% of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with five years of service, age 60 with 10 years of service, or any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with five years of accredited police and fire service or age 55 with 10 years of service or at age 50 with 20 years of accredited police and fire service.

Financial statements for the Plan are available by calling (775) 687-4200 or writing to:

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

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2007**

**E. OTHER INFORMATION (Continued)**

**3. Pension Plan (Continued)**

*Funding Policy.* Contribution rates are established by NRS 286.410. The statute, which is tied to the increase in taxable sales within the State each year, provides for yearly increases of up to one percent until such time as the actuarially determined unfunded liability of the Plan is reduced to zero. The Town is obligated to contribute all amounts due under the Plan. The contribution rate for 2007 and 2006 was 19.75 percent and the rate during 2005 was 20.25 percent of payroll for regular employees. The rate for police and fireman is 32% in 2007 and 2006 and was 28.5% in 2005. The contribution requirement for the year ended June 30, 2007 was \$74,577. The contributions were equal to the required contributions for the year. Contributions for the years ended June 30, 2006 and 2005 were \$70,718 and \$62,200, respectively, which equaled the determined contribution requirement.

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



## **MAJOR FUNDS**

### **GENERAL FUND**

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



**TOWN OF ROUND MOUNTAIN, NEVADA  
MAJOR FUND - GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2007 AND 2006**

	2007	2006
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 1,723,817	\$ 1,325,949
Prepaid expenses	-	2,638
Delinquent property taxes receivable	3,837	704
Interest receivable	13,807	7,633
Due from other governments	<u>71,109</u>	<u>46,727</u>
 Total assets	 <u>\$ 1,812,570</u>	 <u>\$ 1,383,651</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 23,379	\$ 12,439
Accrued payroll	22,649	21,591
Deferred taxes	<u>628</u>	<u>626</u>
 Total liabilities	 <u>46,656</u>	 <u>34,656</u>
<b><u>FUND BALANCE</u></b>		
Unreserved:		
Designated for subsequent year	1,373,742	1,049,669
Undesignated	<u>392,172</u>	<u>299,326</u>
 Total fund balance	 <u>1,765,914</u>	 <u>1,348,995</u>
 Total liabilities and fund balance	 <u>\$ 1,812,570</u>	 <u>\$ 1,383,651</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, 2007**

(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance -	2006
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
Taxes	\$ 443,957	\$ 718,184	\$ 274,227	\$ 647,364
Licenses and permits	3,000	4,055	1,055	3,265
Intergovernmental	330,186	307,666	(22,520)	264,913
Charges for services	20,500	23,429	2,929	26,041
Fines and forfeitures	2,000	2,564	564	2,176
Other	17,000	69,863	52,863	41,733
<b>Total revenues</b>	<u>816,643</u>	<u>1,125,761</u>	<u>309,118</u>	<u>985,492</u>
<b>Expenditures:</b>				
General government	377,123	278,504	98,619	322,824
Public safety	171,233	144,961	26,272	137,410
Public works	37,403	19,816	17,587	23,197
Culture and recreation	328,854	265,561	63,293	198,051
Contingency	26,541	-	26,541	-
<b>Total expenditures</b>	<u>941,154</u>	<u>708,842</u>	<u>232,312</u>	<u>681,482</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(124,511)</b>	<b>416,919</b>	<b>541,430</b>	<b>304,010</b>
<b>Fund balance:</b>				
Beginning of year	<u>1,049,669</u>	<u>1,348,995</u>	<u>299,326</u>	<u>1,044,985</u>
End of year	<u>\$ 925,158</u>	<u>\$ 1,765,914</u>	<u>\$ 840,756</u>	<u>\$ 1,348,995</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, 2007**

(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance -	
	Budget	Actual	Positive (Negative)	2006 Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 217,737	\$ 211,116	\$ (6,621)	\$ 207,655
Net proceeds	226,220	507,068	280,848	439,709
Total taxes	<u>443,957</u>	<u>718,184</u>	<u>274,227</u>	<u>647,364</u>
<b>Licenses and permits:</b>				
Gaming licenses	2,000	2,775	775	2,025
Liquor licenses	1,000	1,280	280	1,240
Total licenses and permits	<u>3,000</u>	<u>4,055</u>	<u>1,055</u>	<u>3,265</u>
<b>Intergovernmental:</b>				
Consolidated tax	300,265	277,745	(22,520)	264,913
Grant	29,921	29,921	-	-
Total intergovernmental	<u>330,186</u>	<u>307,666</u>	<u>(22,520)</u>	<u>264,913</u>
<b>Charges for services:</b>				
Swimming pool	5,000	5,360	360	6,133
Arcade/Vending	-	55	55	37
Weight room fees	11,500	13,790	2,290	13,970
Water charges	4,000	4,224	224	5,901
Total charges for services	<u>20,500</u>	<u>23,429</u>	<u>2,929</u>	<u>26,041</u>
<b>Fines and forfeitures</b>	<u>2,000</u>	<u>2,564</u>	<u>564</u>	<u>2,176</u>
<b>Other:</b>				
Rent	5,000	1,110	(3,890)	2,125
Interest	10,000	67,724	57,724	36,893
Miscellaneous	2,000	1,029	(971)	2,715
Total other	<u>17,000</u>	<u>69,863</u>	<u>52,863</u>	<u>41,733</u>
Total revenues	<u>\$ 816,643</u>	<u>\$ 1,125,761</u>	<u>\$ 309,118</u>	<u>\$ 985,492</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, 2007**

(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance -	2006
	Budget	Actual	Positive (Negative)	Actual
<b>Expenditures:</b>				
<b>General government:</b>				
<b>Administration:</b>				
Salaries and wages	\$ 62,053	\$ 49,368	\$ 12,685	\$ 46,553
Employee benefits	22,762	19,868	2,894	18,912
Services and supplies	83,325	63,081	20,244	58,361
Capital outlay	<u>10,000</u>	<u>4,400</u>	<u>5,600</u>	<u>8,866</u>
Total administration	<u>178,140</u>	<u>136,717</u>	<u>41,423</u>	<u>132,692</u>
<b>Building and Grounds:</b>				
Salaries and wages	65,411	63,100	2,311	59,544
Employee benefits	27,572	26,095	1,477	25,347
Services and supplies	78,000	50,597	27,403	64,053
Capital outlay	<u>28,000</u>	<u>1,995</u>	<u>26,005</u>	<u>41,188</u>
Total building and grounds	<u>198,983</u>	<u>141,787</u>	<u>57,196</u>	<u>190,132</u>
Total general government	<u>377,123</u>	<u>278,504</u>	<u>98,619</u>	<u>322,824</u>
<b>Public Safety:</b>				
<b>Hadley Station:</b>				
Salaries and wages	94,583	91,258	3,325	86,416
Employee benefits	51,190	40,958	10,232	38,590
Services and supplies	25,460	11,805	13,655	12,404
Capital outlay	<u>-</u>	<u>940</u>	<u>(940)</u>	<u>-</u>
Total public safety	<u>171,233</u>	<u>144,961</u>	<u>26,272</u>	<u>137,410</u>
<b>Public Works:</b>				
<b>Highways and Streets:</b>				
Services and supplies	20,000	13,355	6,645	13,174
<b>Round Mountain Water:</b>				
Services and supplies	<u>17,403</u>	<u>6,461</u>	<u>10,942</u>	<u>10,023</u>
Total public works	<u>37,403</u>	<u>19,816</u>	<u>17,587</u>	<u>23,197</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, 2007**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2006)**

	2007		Variance -	2006
	Budget	Actual	Positive (Negative)	Actual
<b>Expenditures (Continued):</b>				
<b>Culture and Recreation:</b>				
<b>Swimming Pool:</b>				
Salaries and wages	\$ 25,200	\$ 7,355	\$ 17,845	\$ 7,596
Employee benefits	2,796	710	2,086	730
Services and supplies	28,620	25,387	3,233	20,227
Capital outlay	36,000	36,000	-	-
<b>Total swimming pool</b>	<u>92,616</u>	<u>69,452</u>	<u>23,164</u>	<u>28,553</u>
<b>Parks and recreation:</b>				
Salaries and wages	78,105	68,329	9,776	67,428
Employee benefits	30,702	26,731	3,971	26,373
Services and supplies	86,810	62,707	24,103	67,723
Capital outlay	40,621	38,342	2,279	7,974
<b>Total parks and recreation</b>	<u>236,238</u>	<u>196,109</u>	<u>40,129</u>	<u>169,498</u>
<b>Total culture and recreation</b>	<u>328,854</u>	<u>265,561</u>	<u>63,293</u>	<u>198,051</u>
<b>Contingency</b>	<u>26,541</u>	<u>-</u>	<u>26,541</u>	<u>-</u>
<b>Total expenditures</b>	<u>941,154</u>	<u>708,842</u>	<u>232,312</u>	<u>681,482</u>
Excess (deficiency) of revenues over expenditures	(124,511)	416,919	541,430	304,010
<b>Fund balance:</b>				
Beginning of year	<u>1,049,669</u>	<u>1,348,995</u>	<u>299,326</u>	<u>1,044,985</u>
End of year	<u>\$ 925,158</u>	<u>\$ 1,765,914</u>	<u>\$ 840,756</u>	<u>\$ 1,348,995</u>



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**For the year ended June 30, 2007**



## **MAJOR ENTERPRISE FUND**

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

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



**TOWN OF ROUND MOUNTAIN, NEVADA**  
**MAJOR FUND - ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**JUNE 30, 2007 AND 2006**

	2007	2006
<b><u>ASSETS</u></b>		
Current assets:		
Pooled cash and investments	\$ 292,674	\$ 264,925
Accounts receivable (net)	19,814	22,639
Prepaid expenses	-	682
Interest receivable	2,386	1,576
Inventory	43,059	91,201
Total current assets	<u>357,933</u>	<u>381,023</u>
Fixed assets:		
Equipment	1,045,567	1,031,940
Less accumulated depreciation	<u>(431,483)</u>	<u>(377,527)</u>
Fixed assets (net of accumulated depreciation)	<u>614,084</u>	<u>654,413</u>
Total assets	<u>972,017</u>	<u>1,035,436</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	10,884	7,844
Accrued payroll	5,046	4,760
Customer deposits	4,693	4,402
Accrued compensated absences	<u>677</u>	<u>645</u>
Total liabilities	<u>21,300</u>	<u>17,651</u>
<b><u>NET ASSETS</u></b>		
Invested in capital assets, net of related debt	614,084	654,413
Unrestricted	<u>336,633</u>	<u>363,372</u>
Total net assets	<u>\$ 950,717</u>	<u>\$ 1,017,785</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**MAJOR FUND - ROUND MOUNTAIN PUBLIC UTILITIES ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2006)**

	2007		Variance - Positive (Negative)	2006 Actual
	Budget	Actual		
<b>Revenues:</b>				
Charges for services	\$ 190,000	\$ 210,739	\$ 20,739	\$ 208,738
<b>Expenses:</b>				
Utility operations:				
Salaries and wages	70,957	67,772	3,185	63,119
Employee benefits	28,045	22,861	5,184	24,201
Services and supplies	119,900	141,981	(22,081)	106,338
Depreciation	52,500	53,956	(1,456)	53,251
Bad debt	-	3,447	(3,447)	6,847
Total operating expenses	<u>271,402</u>	<u>290,017</u>	<u>(18,615)</u>	<u>253,756</u>
<b>Operating income (loss)</b>	<b>(81,402)</b>	<b>(79,278)</b>	<b>2,124</b>	<b>(45,018)</b>
<b>Non-operating revenues (expenses):</b>				
Interest income	<u>7,000</u>	<u>12,210</u>	<u>5,210</u>	<u>7,720</u>
Change in net assets	<u>\$ (74,402)</u>	<u>(67,068)</u>	<u>\$ 7,334</u>	<u>(37,298)</u>
<b>Net assets:</b>				
Beginning of year		<u>1,017,785</u>		<u>1,055,083</u>
End of year		<u>\$ 950,717</u>		<u>\$ 1,017,785</u>

**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, 2007 AND 2006**

	2007	2006
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 210,408	\$ 201,328
Cash paid for services and supplies	(90,117)	(120,093)
Cash paid for salaries, wages and employee benefits	(90,315)	(86,215)
Cash provided by operating activities	29,976	(4,980)
<b>Cash flows from capital and related financing activities:</b>		
Purchase of fixed assets	(13,627)	(4,822)
<b>Cash flows from investing activities:</b>		
Interest income	11,400	8,232
Net increase in cash	27,749	(1,570)
<b>Cash:</b>		
Beginning of year	264,925	266,495
End of year	\$ 292,674	\$ 264,925
<b>Reconciliation of operating income (loss) to cash provided by operating activities:</b>		
Operating income (loss)	\$ (79,278)	\$ (45,018)
<b>Adjustments to reconcile operating income (loss) to cash provided by operating activities:</b>		
Depreciation	53,956	53,251
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,825	(1,665)
(Increase) decrease in prepaid expenses	682	(682)
(Increase) decrease in inventory	48,142	1,151
Increase (decrease) in accounts payable	3,040	(14,224)
Increase (decrease) in accrued payroll	286	1,863
Increase (decrease) in compensated absences	32	(758)
Increase (decrease) in customer deposits	291	1,102
Total adjustments	109,254	40,038
<b>Cash provided by operating activities</b>	<b>\$ 29,976</b>	<b>\$ (4,980)</b>

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**For the year ended June 30, 2007**



# **NONMAJOR GOVERNMENTAL FUNDS**

**Combining statements of all nonmajor  
governmental activity.**



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**For the year ended June 30, 2007**



**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2007 Totals	2006 Totals
<b>Assets:</b>				
Pooled cash and investments	\$ 138,736	\$ 66,399	\$ 205,135	\$ 151,960
Interest receivable	1,228	317	1,545	818
Due from other governments	<u>7,035</u>	<u>-</u>	<u>7,035</u>	<u>8,489</u>
 Total assets	 <u>\$ 146,999</u>	 <u>\$ 66,716</u>	 <u>\$ 213,715</u>	 <u>\$ 161,267</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 591</u>	<u>\$ -</u>	<u>\$ 591</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Fund balance - unreserved:				
Designated for subsequent year	97,491	59,390	156,881	143,766
Undesignated	<u>48,917</u>	<u>7,326</u>	<u>56,243</u>	<u>17,501</u>
 Total fund balance	 <u>146,408</u>	 <u>66,716</u>	 <u>213,124</u>	 <u>161,267</u>
 Total liabilities and fund balance	 <u>\$ 146,999</u>	 <u>\$ 66,716</u>	 <u>\$ 213,715</u>	 <u>\$ 161,267</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2007 Totals	2006 Totals
<b>Revenues:</b>				
Taxes	\$ 39,663	\$ -	\$ 39,663	\$ 49,640
Intergovernmental	-	21,447	21,447	20,741
Other	<u>6,285</u>	<u>1,379</u>	<u>7,664</u>	<u>4,388</u>
 Total revenues	 <u>45,948</u>	 <u>22,826</u>	 <u>68,774</u>	 <u>74,769</u>
<b>Expenditures:</b>				
Current:				
Public works	16,917	-	16,917	96,127
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,093</u>
 Total expenditures	 <u>16,917</u>	 <u>-</u>	 <u>16,917</u>	 <u>257,220</u>
 Excess (deficiency) of revenues over expenditures	 29,031	 22,826	 51,857	 (182,451)
<b>Fund balance:</b>				
Beginning of year	<u>117,377</u>	<u>43,890</u>	<u>161,267</u>	<u>343,718</u>
End of year	<u>\$ 146,408</u>	<u>\$ 66,716</u>	<u>\$ 213,124</u>	<u>\$ 161,267</u>

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**For the year ended June 30, 2007**



## **NONMAJOR SPECIAL REVENUE 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  
NONMAJOR FUND - ROAD SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2007 AND 2006**

	2007	2006
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 138,736	\$ 108,213
Interest receivable	1,228	675
Due from other governments	<u>7,035</u>	<u>8,489</u>
 Total assets	 <u>\$ 146,999</u>	 <u>\$ 117,377</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	<u>\$ 591</u>	<u>\$ -</u>
<b><u>FUND BALANCE</u></b>		
Unreserved:		
Designated for subsequent year	97,491	105,933
Undesignated	<u>48,917</u>	<u>11,444</u>
 Total fund balance	 <u>146,408</u>	 <u>117,377</u>
 Total liabilities and fund balance	 <u>\$ 146,999</u>	 <u>\$ 117,377</u>

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NONMAJOR 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, 2007**

(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance - Positive (Negative)	2006 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Gas tax \$1.75	\$ 41,453	\$ 39,663	\$ (1,790)	\$ 49,640
<b>Other:</b>				
Interest	<u>4,000</u>	<u>6,285</u>	<u>2,285</u>	<u>3,567</u>
Total revenues	<u>45,453</u>	<u>45,948</u>	<u>495</u>	<u>53,207</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public works				
Services and supplies	151,386	16,917	134,469	17,882
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,245</u>
Total expenditures	<u>151,386</u>	<u>16,917</u>	<u>134,469</u>	<u>96,127</u>
Excess (deficiency) of revenues over expenditures	(105,933)	29,031	134,964	(42,920)
<b>Fund balance:</b>				
Beginning of year	<u>105,933</u>	<u>117,377</u>	<u>11,444</u>	<u>160,297</u>
End of year	<u>\$ -</u>	<u>\$ 146,408</u>	<u>\$ 146,408</u>	<u>\$ 117,377</u>

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**For the year ended June 30, 2007**



## **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.**

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

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



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**For the year ended June 30, 2007**

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**NONMAJOR FUND-CAPITAL PROJECTS FUND**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2007**  
(With Comparative Totals for June 30, 2006)

	Capital Projects	Special Ad Valorem Capital Projects	Totals	
			2007	2006
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ 2,654	\$ 63,745	\$ 66,399	\$ 43,747
Interest receivable	<u>25</u>	<u>292</u>	<u>317</u>	<u>143</u>
Total assets	<u>\$ 2,679</u>	<u>\$ 64,037</u>	<u>\$ 66,716</u>	<u>\$ 43,890</u>
<b><u>FUND BALANCE</u></b>				
Unreserved:				
Designated for subsequent year	\$ 2,551	\$ 56,839	\$ 59,390	\$ 37,833
Undesignated	<u>128</u>	<u>7,198</u>	<u>7,326</u>	<u>6,057</u>
Total fund balance	<u>\$ 2,679</u>	<u>\$ 64,037</u>	<u>\$ 66,716</u>	<u>\$ 43,890</u>

**TOWN OF ROUND MOUNTAIN, NEVADA  
NONMAJOR FUND CAPITAL PROJECTS FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)**

	Capital Projects	Special Ad Valorem Capital Projects	Totals	
			2007	2006
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 21,447	\$ 21,447	\$ 20,741
Other	128	1,251	1,379	821
Total revenues	128	22,698	22,826	21,562
<b>Expenditures</b>				
Capital projects	-	-	-	161,093
Excess (deficiency) of revenues over expenditures	128	22,698	22,826	(139,531)
<b>Fund balance:</b>				
Beginning of year	2,551	41,339	43,890	183,421
End of year	\$ 2,679	\$ 64,037	\$ 66,716	\$ 43,890

**TOWN OF ROUND MOUNTAIN, NEVADA  
NONMAJOR FUND - CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2007 AND 2006**

	2007	2006
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 2,654	\$ 2,538
Interest receivable	<u>25</u>	<u>13</u>
Total assets	<u>\$ 2,679</u>	<u>\$ 2,551</u>
<b><u>FUND BALANCE</u></b>		
Unreserved:		
Designated for subsequent year	\$ 2,551	\$ 2,551
Undesignated	<u>128</u>	<u>-</u>
Total fund balance	<u>\$ 2,679</u>	<u>\$ 2,551</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, 2007

(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		Variance - Positive (Negative)	2006 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Other:</b>				
Interest	\$ -	\$ 128	\$ 128	\$ 5
<b>Expenditures:</b>				
Capital projects	-	-	-	85,000
Excess (deficiency) of revenues over expenditures	-	128	128	(84,995)
<b>Fund balance:</b>				
Beginning of year	5,046	2,551	(2,495)	87,546
End of year	<u>\$ 5,046</u>	<u>\$ 2,679</u>	<u>\$ (2,367)</u>	<u>\$ 2,551</u>

**TOWN OF ROUND MOUNTAIN, NEVADA  
NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2007 AND 2006**

	2007	2006
<b><u>ASSETS</u></b>		
Pooled cash and investments	\$ 63,745	\$ 41,209
Interest receivable	<u>292</u>	<u>130</u>
Total assets	<u>\$ 64,037</u>	<u>\$ 41,339</u>
<b><u>FUND BALANCE</u></b>		
Unreserved:		
Designated for subsequent year	\$ 56,839	\$ 35,282
Undesignated	<u>7,198</u>	<u>6,057</u>
Total fund balance	<u>\$ 64,037</u>	<u>\$ 41,339</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, 2007**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2006)**

	2007		Variance - Positive (Negative)	2006 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
County	\$ 15,000	\$ 21,447	\$ 6,447	\$ 20,741
<b>Other:</b>				
Interest	500	1,251	751	816
Total revenues	15,500	22,698	7,198	21,557
<b>Expenditures:</b>				
Capital projects	-	-	-	76,093
Excess (deficiency) of revenues over expenditures	15,500	22,698	7,198	(54,536)
<b>Fund balance:</b>				
Beginning of year	35,282	41,339	6,057	95,875
End of year	\$ 50,782	\$ 64,037	\$ 13,255	\$ 41,339

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**For the year ended June 30, 2007**



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 NEVADA REVISED STATUTES

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

I have audited 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, 2007, which collectively comprise the Town's basic financial statements and have issued my report thereon dated January 11, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

In connection with my audit, nothing came to my attention that caused me to believe that the funds established by the Town as listed in Nevada Revised Statutes (NRS) 354.624 Sec 5 (a) (1) through (5) (II), NRS 354.6113 failed to comply with the express purposes required by NRS 354.6241 Sec 1 (a) , (b) , (c) , (d) , (e) , and (f), NRS 354.6113 Sec 4 (a) , (b) , (c), and (d) respectively. Nothing came to my attention that caused me to believe there were instances of noncompliance that are required to be reported under Nevada Revised Statutes (NRS) 354.624 Sec 4, except as reported in the attached Appendix A.

As required by NRS 354.6113 Sec 4, a schedule of capital projects activity is included in Appendix B.

This report is intended solely for the information and use of the Honorable Town Board, management, others within the Town, and the Nevada Department of Taxation. However, this report is a matter of public record and its distribution is not limited.



Las Vegas, Nevada  
January 11, 2008

**TOWN OF ROUND MOUNTAIN, NEVADA**  
**APPENDIX A**  
**SCHEDULE OF CAPITAL PROJECTS ACTIVITY**  
**JUNE 30, 2007**

1. Chapter 354.626 (1) of the Nevada Revised Statutes provides that no governing body officer or department thereof shall expend any money or incur any liability in excess of the amounts appropriated for the function or fund for any fiscal year.

Expenditures exceeded appropriations in the following funds for the year ended June 30, 2007:

<u>Fund:</u>	<u>Over-expenditure</u>
Utility Fund	\$ 18,615

**TOWN OF ROUND MOUNTAIN, NEVADA  
APPENDIX B  
SCHEDULE OF CAPITAL PROJECTS ACTIVITY  
JUNE 30, 2007**

The following are responses to requirements of NRS 354.6113.

NRS 354.6113 requires that the audit specifically identify the fund and:

1. Indicate in detail the capital projects that have been constructed with money from the fund.

Response

Capital Projects Fund	\$ <u>0</u>
Special Capital Projects Fund	\$ <u>0</u>

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

Response

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

Special Capital Projects Fund:	
Taxes	\$ 15,000
Interest	\$ 500

3. Specify any proposed capital projects that will be constructed with money from the fund during the next fiscal year.

Response

There are no expenditures planned during the next fiscal year:

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

Response

The Town does not plan to accumulate money in the fund.