

TOWN OF ROUND MOUNTAIN, NEVADA
REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL
YEAR ENDED JUNE 30, 2008

TOWN OF ROUND MOUNTAIN, NEVADA
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**TOWN OF ROUND MOUNTAIN, NEVADA
ELECTED TOWN OFFICIALS
JUNE 30, 2008**

CHAIRPERSON

Johnny Archuleta

TOWN COUNCIL

Leo Vath Jr.

Clerk

Lisa Schwarz

Vice-chairperson

Marlene Lucero

Member

Casey Kellman

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, 2008, 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, 2008, 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.



Las Vegas, Nevada
November 20, 2008

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For the year ended June 30, 2008

Town of Round Mountain, Nevada
Management's Discussion and Analysis
June 30, 2008

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 \$760,164 and consolidated taxes of \$251,102. These revenue sources comprised 60.47%, and 19.98% respectively, or 80.69% of total governmental activities revenues.

The Town's total expenses were \$1,092,525. The greatest expenses were in the General Government (\$283,394) and Culture and Recreation (\$272,147) functions. Business-type activities contributed (\$278,305) to total expenses.

At the end of the fiscal year, the fund balance for the General Fund was \$2,275,549. This was an increase of \$509,635 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, 2008

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, 2008**

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.

It also includes a schedule of budgetary comparisons for both the original and final budgets of the General 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, 2008**

Government-Wide Financial Analysis

Net assets of the Town as of June 30, 2008, are summarized and analyzed below:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets:						
Current and other assets	\$ 2,544,337	\$ 2,026,285	\$ 347,513	\$ 357,933	\$2,891,850	\$ 2,384,218
Net capital assets	<u>2,409,838</u>	<u>2,489,256</u>	<u>563,119</u>	<u>614,084</u>	<u>2,972,957</u>	<u>3,103,340</u>
Total Assets	<u>4,954,175</u>	<u>4,515,541</u>	<u>910,632</u>	<u>972,017</u>	<u>5,864,807</u>	<u>5,487,558</u>
Liabilities:						
Current liabilities	34,731	46,619	16,173	20,623	50,904	67,242
Long-term liabilities	<u>54,502</u>	<u>46,793</u>	<u>727</u>	<u>677</u>	<u>55,229</u>	<u>47,470</u>
Total Liabilities	<u>89,233</u>	<u>93,412</u>	<u>16,900</u>	<u>21,300</u>	<u>106,133</u>	<u>114,712</u>
Net Assets:						
Invested in capital assets, net of related debt	2,409,838	2,489,256	563,119	614,084	2,972,957	3,103,340
Restricted	206,937	213,124	0	0	206,937	213,124
Unrestricted	<u>2,248,167</u>	<u>1,719,749</u>	<u>330,613</u>	<u>336,633</u>	<u>2,578,780</u>	<u>2,056,382</u>
Total Net Assets	<u>\$ 4,864,942</u>	<u>\$ 4,422,129</u>	<u>\$ 893,732</u>	<u>\$ 950,717</u>	<u>\$5,758,674</u>	<u>\$ 5,372,846</u>

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. Assets exceeded liabilities by \$5,758,674 as of June 30, 2008. Total net assets increased by \$385,828 or 7.18%.

The largest portion of the Town's net assets, 51.63%, 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, 2008 and 2007.

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, 2008

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

	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 33,470	\$ 31,103	\$ 211,250	\$ 210,739	\$ 244,720	\$ 241,842
Capital grant	-	29,921	-	-	-	29,921
General revenues:						
Ad valorem taxes	760,164	739,633	-	-	760,164	739,633
Consolidated tax	251,102	277,745	-	-	251,102	277,745
Fuel taxes	25,020	39,663	-	-	25,020	39,663
Interest	74,747	75,388	10,070	12,210	84,817	87,598
Other-Nye Regional	110,985				110,985	
Other	1,545	1,084	-	-	1,545	1,084
Total revenues	<u>1,257,033</u>	<u>1,194,537</u>	<u>221,320</u>	<u>222,949</u>	<u>1,478,353</u>	<u>1,417,486</u>
Expenses:						
General government	283,394	295,443	-	-	283,394	295,443
Public safety	168,354	165,343	-	-	168,354	165,343
Public works	90,325	58,507	-	-	90,325	58,507
Culture and recreation	272,147	242,330	-	-	272,147	242,330
Utility operations	-	-	278,305	290,017	278,305	290,017
Total expenses	<u>814,220</u>	<u>761,623</u>	<u>278,305</u>	<u>290,017</u>	<u>1,092,525</u>	<u>1,051,640</u>
Change in net assets	442,813	432,914	(56,985)	(67,068)	385,828	365,846
Net assets - beginning	<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>
Net assets - ending	<u>\$ 4,864,942</u>	<u>\$ 4,422,129</u>	<u>\$ 893,732</u>	<u>\$ 950,717</u>	<u>\$ 5,758,674</u>	<u>\$ 5,372,846</u>

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.

**Town of Round Mountain, Nevada
Management's Discussion and Analysis
June 30, 2008**

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 \$2,509,218. Approximately 23.96% of fund balances \$601,172 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 \$589,972. The total fund balance was \$2,275,549.

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

Revenues increased by \$74,590, or 6.63%. Tax revenues increased by \$18,106, or 2.52%. Intergovernmental revenues increased by \$54,421, or 17.69%, mainly revenue for the excess tax collections from Nye Regional while consolidated taxes declined.

Expenditures decreased by \$18,126, or 2.56%.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation at June 30, 2008, was \$2,409,838 governmental activities and \$563,119 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, 2008**

A summary of changes in capital assets for the year ended June 30, 2008 follows:

Governmental Activities:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Capital asset not being depreciated:				
Land	\$ 481,416	\$ 0	\$ 0	\$ 481,416
Capital assets, being depreciated:				
Building	1,988,251	9,429	0	1,997,680
Equipment	<u>1,204,607</u>	<u>14,144</u>	<u>0</u>	<u>1,218,751</u>
Total capital assets being depreciated	<u>3,192,858</u>	<u>23,573</u>	<u>0</u>	<u>3,216,431</u>
Less accumulated depreciation for:				
Building	369,776	40,079	0	409,855
Equipment	<u>815,242</u>	<u>62,912</u>	<u>0</u>	<u>878,154</u>
Total accumulated depreciation	<u>1,185,018</u>	<u>102,991</u>	<u>0</u>	<u>1,288,009</u>
Total capital assets being depreciated, net	<u>2,007,840</u>	<u>(79,418)</u>	<u>0</u>	<u>1,928,422</u>
Governmental activities assets, net	<u>\$ 2,489,256</u>	<u>\$ (79,418)</u>	<u>\$ 0</u>	<u>\$ 2,409,838</u>

Business Activities:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Capital asset being depreciated:				
Equipment	\$ 1,045,567	\$ 3,335	\$ 0	\$ 1,048,902
Less accumulated depreciation for:				
Equipment	<u>431,483</u>	<u>54,300</u>	<u>0</u>	<u>485,783</u>
Total capital assets being depreciated, net	<u>\$ 614,084</u>	<u>\$ (50,965)</u>	<u>\$ 0</u>	<u>\$ 563,119</u>

Long -Term Debt

During the year ended June 30, 2008, the following changes occurred in long-term debt:

Governmental Activities:

	<u>Balance July 1, 2007</u>	<u>Net Additions (Reductions)</u>	<u>Balance June 30, 2008</u>
Accrued compensated absences	\$ 46,793	\$ 7,709	\$ 54,502

Business Type Activities:

	<u>Balance July 1, 2007</u>	<u>Net Additions (Reductions)</u>	<u>Balance June 30, 2008</u>
Accrued compensated absences	\$ 677	\$ 50	\$ 727

**Town of Round Mountain, Nevada
Management's Discussion and Analysis
June 30, 2008**

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, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 2,473,749	\$ 278,214	\$ 2,751,963
Taxes receivable	534	-	534
Interest receivable	17,772	2,359	20,131
Due from other governments	52,282	-	52,282
Accounts receivable (net)	-	26,169	26,169
Inventory	-	40,771	40,771
Capital assets, net of accumulated depreciation	<u>2,409,838</u>	<u>563,119</u>	<u>2,972,957</u>
 Total assets	 <u>4,954,175</u>	 <u>910,632</u>	 <u>5,864,807</u>
Liabilities:			
Accounts payable	10,053	6,518	16,571
Accrued payroll and benefits	24,678	5,405	30,083
Accrued compensated absences	54,502	727	55,229
Customer deposits	<u>-</u>	<u>4,250</u>	<u>4,250</u>
 Total liabilities	 <u>89,233</u>	 <u>16,900</u>	 <u>106,133</u>
Net assets:			
Invested in capital assets, net of related debt	2,409,838	563,119	2,972,957
Restricted for:			
Capital projects	93,448	-	93,448
Roads	140,221	-	140,221
Unrestricted	<u>2,221,435</u>	<u>330,613</u>	<u>2,552,048</u>
Total net assets	<u>\$ 4,864,942</u>	<u>\$ 893,732</u>	<u>\$ 5,758,674</u>

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

TOWN OF ROUND MOUNTAIN, NEVADA
STATEMENT OF ACTIVITIES
JUNE 30, 2008

Functions/Programs	Program Revenues			Changes in Net Assets		
	Expenses	Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary governments:						
General government	\$ (283,394)	\$ 5,978	\$ -	\$ (277,416)	\$ -	\$ (277,416)
Public safety	(168,354)	-	-	(168,354)	-	(168,354)
Public works	(90,325)	4,297	-	(86,028)	-	(86,028)
Culture and recreation	(272,147)	23,195	-	(248,952)	-	(248,952)
Total governmental activities	(814,220)	33,470	-	(780,750)	-	(780,750)
Business-type activities:						
Water	(278,305)	211,250	-	-	(67,055)	(67,055)
Total primary governments	\$ (1,092,525)	\$ 244,720	\$ -	(780,750)	(67,055)	(847,805)
General Revenues:						
Property taxes				760,164	-	760,164
Fuel tax				25,020	-	25,020
Consolidated taxes				251,102	-	251,102
Interest				74,747	10,070	84,817
Other - Nye Regional				110,985	-	110,985
Miscellaneous				1,545	-	1,545
Total general revenues				1,223,563	10,070	1,233,633
Change in net assets				442,813	(56,985)	385,828
Net assets - beginning of year				4,422,129	950,717	5,372,846
Net assets - end of year				<u>\$ 4,864,942</u>	<u>\$ 893,732</u>	<u>\$ 5,758,674</u>

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

TOWN OF ROUND MOUNTAIN, NEVADA
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>Major Fund</u>	Other	Total
	General	Governmental	Governmental
		Funds	Funds
<u>Assets</u>			
Pooled cash and investments	\$ 2,246,028	\$ 227,721	\$ 2,473,749
Delinquent property taxes receivable	534	-	534
Interest receivable	15,925	1,847	17,772
Due from other governments	<u>46,196</u>	<u>6,086</u>	<u>52,282</u>
 Total assets	 <u>\$ 2,308,683</u>	 <u>\$ 235,654</u>	 <u>\$ 2,544,337</u>
<u>Liabilities</u>			
Accounts payable	\$ 8,068	\$ 1,985	\$ 10,053
Accrued payroll	24,678	-	24,678
Deferred taxes	<u>388</u>	<u>-</u>	<u>388</u>
 Total liabilities	 <u>33,134</u>	 <u>1,985</u>	 <u>35,119</u>
<u>Fund Equity</u>			
Fund balance:			
Unreserved:			
Designated for subsequent year	1,685,577	222,469	1,908,046
Undesignated	<u>589,972</u>	<u>11,200</u>	<u>601,172</u>
 Subtotal	 <u>2,275,549</u>	 <u>233,669</u>	 <u>2,509,218</u>
 Total liabilities and fund equity	 <u>\$ 2,308,683</u>	 <u>\$ 235,654</u>	 <u>\$ 2,544,337</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, 2008**

Total fund balance - governmental funds **\$ 2,509,218**

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 2,409,838

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 388

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 (54,502)

Total net assets - governmental activities **\$ 4,864,942**

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, 2008

	<u>Major Fund</u>		
	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 736,290	\$ 25,020	\$ 761,310
Licenses and permits	3,820	-	3,820
Intergovernmental	362,087	24,114	386,201
Charges for services	25,773	-	25,773
Fines and forfeitures	2,158	-	2,158
Other	<u>70,223</u>	<u>7,788</u>	<u>78,011</u>
 Total revenues	 <u>1,200,351</u>	 <u>56,922</u>	 <u>1,257,273</u>
Expenditures:			
General government	280,502	-	280,502
Public safety	151,182	-	151,182
Public works	24,736	36,377	61,113
Culture and recreation	<u>234,296</u>	<u>-</u>	<u>234,296</u>
 Total expenditures	 <u>690,716</u>	 <u>36,377</u>	 <u>727,093</u>
 Excess (deficiency) of revenues over expenditures	 509,635	 20,545	 530,180
Fund balance:			
Beginning of year	<u>1,765,914</u>	<u>213,124</u>	<u>1,979,038</u>
 End of year	 <u>\$ 2,275,549</u>	 <u>\$ 233,669</u>	 <u>\$ 2,509,218</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, 2008

Net change in fund balance - governmental funds	\$	530,180
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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</p>		(79,418)
<p>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</p>		(240)
<p>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.</p>		<u>(7,709)</u>
Change in net assets of governmental activities	\$	<u>442,813</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, 2008

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 207,013	\$ 207,013	\$ 209,568	\$ 2,555
Net proceeds	-	-	526,722	526,722
Total taxes	<u>207,013</u>	<u>207,013</u>	<u>736,290</u>	<u>529,277</u>
Licenses and permits:				
Gaming licenses	2,000	2,000	2,700	700
Liquor licenses	1,000	1,000	1,120	120
Total licenses and permits	<u>3,000</u>	<u>3,000</u>	<u>3,820</u>	<u>820</u>
Intergovernmental:				
Consolidated tax	297,208	297,208	251,102	(46,106)
Other - Nye Regional	-	-	110,985	110,985
	<u>297,208</u>	<u>297,208</u>	<u>362,087</u>	<u>64,879</u>
Charges for services:				
Swimming pool	5,000	5,000	6,400	1,400
Arcade/Vending	-	-	196	196
Weight room fees	11,500	11,500	14,880	3,380
Water charges	4,000	4,000	4,297	297
Total charges for services	<u>20,500</u>	<u>20,500</u>	<u>25,773</u>	<u>5,273</u>
Fines and forfeitures	<u>2,000</u>	<u>2,000</u>	<u>2,158</u>	<u>158</u>
Other:				
Rent	1,000	1,000	1,719	719
Interest	10,000	10,000	66,959	56,959
Miscellaneous	2,000	2,000	1,545	(455)
Total other	<u>13,000</u>	<u>13,000</u>	<u>70,223</u>	<u>57,223</u>
Total revenues	<u>542,721</u>	<u>542,721</u>	<u>1,200,351</u>	<u>657,630</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, 2008

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Administration:				
Salaries and wages	\$ 65,764	\$ 65,764	\$ 52,883	\$ 12,881
Employee benefits	25,582	25,582	18,115	7,467
Services and supplies	92,200	92,200	67,906	24,294
Capital outlay	10,000	10,000	7,173	2,827
Total administration	<u>193,546</u>	<u>193,546</u>	<u>146,077</u>	<u>47,469</u>
Building and Grounds:				
Salaries and wages	70,062	70,062	68,235	1,827
Employee benefits	32,425	32,425	27,061	5,364
Services and supplies	81,000	81,000	39,129	41,871
Capital outlay	56,600	56,600	-	56,600
Total building and grounds	<u>240,087</u>	<u>240,087</u>	<u>134,425</u>	<u>105,662</u>
Total general government	<u>433,633</u>	<u>433,633</u>	<u>280,502</u>	<u>153,131</u>
Public Safety:				
Hadley Station:				
Salaries and wages	100,641	100,641	87,440	13,201
Employee benefits	57,629	57,629	42,640	14,989
Services and supplies	25,460	25,460	21,102	4,358
Total public safety	<u>183,730</u>	<u>183,730</u>	<u>151,182</u>	<u>32,548</u>
Public Works:				
Highways and Streets:				
Services and supplies	20,000	20,000	12,200	7,800
Round Mountain Water:				
Services and supplies	17,403	17,403	12,536	4,867
Total public works	<u>37,403</u>	<u>37,403</u>	<u>24,736</u>	<u>12,667</u>

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

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For the year ended June 30, 2008

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, 2008

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued):				
Culture and Recreation:				
Swimming Pool:				
Salaries and wages	\$ 28,320	\$ 28,320	\$ 10,275	\$ 18,045
Employee benefits	3,535	3,535	1,189	2,346
Services and supplies	28,620	28,620	28,883	(263)
Total swimming pool	<u>60,475</u>	<u>60,475</u>	<u>40,347</u>	<u>20,128</u>
Parks and recreation:				
Salaries and wages	81,533	81,533	74,520	7,013
Employee benefits	33,364	33,364	29,063	4,301
Services and supplies	86,810	86,810	77,890	8,920
Capital outlay	117,500	117,500	12,476	105,024
Total parks and recreation	<u>319,207</u>	<u>319,207</u>	<u>193,949</u>	<u>125,258</u>
Total culture and recreation	<u>379,682</u>	<u>379,682</u>	<u>234,296</u>	<u>145,386</u>
Contingency	<u>31,033</u>	<u>31,033</u>	-	<u>31,033</u>
Total expenditures	<u>1,065,481</u>	<u>1,065,481</u>	<u>690,716</u>	<u>374,765</u>
Excess (deficiency) of revenues over expenditures	(522,760)	(522,760)	509,635	1,032,395
Fund balance:				
Beginning of year	<u>1,373,742</u>	<u>1,373,742</u>	<u>1,765,914</u>	<u>392,172</u>
End of year	<u>\$ 850,982</u>	<u>\$ 850,982</u>	<u>\$ 2,275,549</u>	<u>\$ 1,424,567</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, 2008

	2008
<u>ASSETS</u>	
Current assets:	
Pooled cash and investments	\$ 278,214
Accounts receivable (net)	26,169
Interest receivable	2,359
Inventory	40,771
Total current assets	347,513
Capital assets:	
Equipment	1,048,902
Less accumulated depreciation	(485,783)
Capital assets (net of accumulated depreciation)	563,119
 Total assets	 910,632
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	6,518
Accrued payroll	5,405
Customer deposits	4,250
Accrued compensated absences	727
 Total liabilities	 16,900
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	563,119
Unrestricted	330,613
 Total net assets	 \$ 893,732

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, 2008

2008

Operating Revenues:

Charges for services \$ 211,250

Operating Expenses:

Utility operations:

Salaries and wages 72,656

Employee benefits 26,414

Services and supplies 124,935

Depreciation 54,300

Total operating expenses 278,305

Operating income (loss) (67,055)

Non-operating revenues (expenses):

Interest income 10,070

Net income (loss) (56,985)

Net assets:

Beginning of year 950,717

End of year \$ 893,732

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

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For the year ended June 30, 2008

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, 2008

	2008
Cash flows from operating activities:	
Cash received from customers	\$ 204,452
Cash paid for services and supplies	(127,013)
Cash paid for salaries and employee benefits	<u>(98,661)</u>
Cash provided by operating activities	(21,222)
Cash flows from capital and related financing activities:	
Purchase of fixed assets	(3,335)
Cash flows from investing activities:	
Interest income	<u>10,097</u>
Net increase in cash	(14,460)
Cash:	
Beginning of year	<u>292,674</u>
End of year	<u>\$ 278,214</u>
Reconciliation of operating income (loss) to cash	
provided by operating activities:	
Operating income (loss)	\$ <u>(67,055)</u>
Adjustments to reconcile operating income (loss)	
to cash provided by operating activities:	
Depreciation	54,300
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(6,355)
(Increase) decrease in prepaid expenses	-
(Increase) decrease in inventory	2,288
Increase (decrease) in accounts payable	(4,366)
Increase (decrease) in accrued payroll	359
Increase (decrease) in compensated absences	50
Increase (decrease) in customer deposits	<u>(443)</u>
Total adjustments	<u>45,833</u>
Cash provided by operating activities	<u>\$ (21,222)</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, 2008

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, 2008. 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'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, 2008

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, 2008

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, 2008

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, 2008

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, 2008

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, 2008 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, 2008**

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, 2008

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, 2008

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, 2008

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	\$	23,573
Depreciation expense		(102,991)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities		\$ (79,418)

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	\$	(7,709)
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TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

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, 2008.
- 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, 2008

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, 2008.

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	\$ 4,501	\$ 21,582	\$ 26,083
Carrying amount of cash and investments	<u>2,469,248</u>	<u>256,632</u>	<u>2,725,880</u>
Total	<u>\$ 2,473,749</u>	<u>\$ 278,214</u>	<u>\$ 2,751,963</u>
Cash and cash equivalents	<u>\$ 2,473,749</u>	<u>\$ 278,214</u>	<u>\$ 2,751,963</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

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

2. Receivables

Receivables as of June 30, 2008 are as follows:

	General	Other	Enterprise	Total
Receivables:	<u>Fund</u>	<u>Governmental Funds</u>	<u>Fund</u>	<u>Total</u>
Delinquent taxes	\$ 534	\$ 0	\$ 0	\$ 534
Due from other govts	46,196	6,086	0	52,282
Interest	15,925	1,847	2,359	20,131
Accounts receivable (net)	<u>0</u>	<u>0</u>	<u>26,169</u>	<u>26,169</u>
Total receivables	<u>\$ 62,655</u>	<u>\$ 7,933</u>	<u>\$ 28,528</u>	<u>\$ 99,116</u>

3. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2008 follows:

Governmental Activities:

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2008</u>
Capital assets not being depreciated:				
Land	\$ 481,416	\$ 0	\$ 0	\$ 481,416
Capital assets being depreciated:				
Building	1,988,251	9,429	0	1,997,680
Equipment	<u>1,204,607</u>	<u>14,144</u>	<u>0</u>	<u>1,218,751</u>
Total capital assets being depreciated	<u>3,192,858</u>	<u>23,573</u>	<u>0</u>	<u>3,216,431</u>
Less accumulated depreciation for:				
Building	369,776	40,079	0	409,855
Equipment	<u>815,242</u>	<u>62,912</u>	<u>0</u>	<u>878,154</u>
Total accumulated depreciation	<u>1,185,018</u>	<u>102,991</u>	<u>0</u>	<u>1,288,009</u>
Total capital assets being depreciated, net	<u>2,007,840</u>	<u>(79,418)</u>	<u>0</u>	<u>1,928,422</u>
Governmental activities assets, net	<u>\$ 2,489,256</u>	<u>\$ (79,418)</u>	<u>\$ 0</u>	<u>\$ 2,409,838</u>

Business Type Activities:

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2008</u>
Equipment	\$ 1,045,567	\$ 3,335	\$ 0	\$ 1,048,902
Less accumulated depreciation for:				
Equipment	<u>431,483</u>	<u>54,300</u>	<u>0</u>	<u>485,783</u>
Business Type Activities assets, net	<u>\$ 614,084</u>	<u>\$ (50,965)</u>	<u>\$ 0</u>	<u>\$ 563,119</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

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	\$ 8,367
Public safety	13,276
Public works	32,950
Culture and recreation	<u>48,398</u>
	<u>\$ 102,991</u>

Business activities:

Water and sewer	\$ <u>54,300</u>
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Construction commitments:

The Town has no active projects as of June 30, 2008.

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 \$388.

5. Long -Term Debt

During the year ended June 30, 2008, the following changes occurred in long-term debt:

	Balance	Net Additions (Reductions)	Balance
	<u>July 1, 2007</u>	<u>(Reductions)</u>	<u>June 30, 2008</u>
Governmental Activities:			
Accrued compensated absences	<u>\$ 46,793</u>	<u>\$ 7,709</u>	<u>\$ 54,502</u>

	Balance	Net Additions (Reductions)	Balance
	<u>July 1, 2007</u>	<u>(Reductions)</u>	<u>June 30, 2008</u>
Business Type Activities:			
Accrued compensated absences	<u>\$ 677</u>	<u>\$ 50</u>	<u>\$ 727</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

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, 2008

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 benefits, disability benefits and death benefits.

Monthly benefit allowances for members are computed at 2.5% for each accredited year of service prior to July 1, 2001 and 2.67% thereafter, to a maximum of 30 years, times 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. Members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service, or any age with 30 years of service. Benefits fully vest with 5 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police and fire service or age 55 with 10 years of service or at age 50 with 20 years of accredited police and fire service.

PERS issues a publicly available financial statement. That report may be obtained from PERS 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, 2008

E. OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

Funding Policy. Contribution rates are established by NRS 286.410. The Town's contributions are based on the actuarially determined statutory rate. The Town is obligated to contribute all amounts due under the Plan. The contribution rate for 2008 is 20.50% and for 2007 and 2006 was 19.75% of payroll for regular employees. The rate for police and fireman is 33.5% in 2008 and 32% for 2007 and 2006. The contribution requirement for the year ended June 30, 2008 was \$82,468. These contributions were equal to the required contributions for the year. Contributions for the years ended June 30, 2007 and 2006 were \$74,577 and \$70,718, 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.

4. Other Post-employment Benefits

In addition to the pension benefits described in Note 3, the Town provides a subsidy for postretirement health care benefits, in accordance with NRS 287.023, to all retired employees who enroll with the Nevada Public Employees' Benefits Program. As of June 30, 2008, there were no retirees belonging to this program. Enrolled retirees pay monthly premiums for health insurance benefits directly to the program, while the Town is required to subsidize the partial or total cost of the premium based incrementally on a retiree's number of years of service with the Town. Fiscal year 2008 represents the third year of mandated compliance with NRS 287.023. Expenditures for postretirement health care benefits are recognized on a monthly basis and total \$0 for the 2007-08 fiscal year.

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, 2008 AND 2007**

	2008	2007
<u>ASSETS</u>		
Pooled cash and investments	\$ 2,246,028	\$ 1,723,817
Delinquent property taxes receivable	534	3,837
Interest receivable	15,925	13,807
Due from other governments	<u>46,196</u>	<u>71,109</u>
 Total assets	 <u>\$ 2,308,683</u>	 <u>\$ 1,812,570</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 8,068	\$ 23,379
Accrued payroll	24,678	22,649
Deferred taxes	<u>388</u>	<u>628</u>
 Total liabilities	 <u>33,134</u>	 <u>46,656</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	1,685,577	1,373,742
Undesignated	<u>589,972</u>	<u>392,172</u>
 Total fund balance	 <u>2,275,549</u>	 <u>1,765,914</u>
 Total liabilities and fund balance	 <u>\$ 2,308,683</u>	 <u>\$ 1,812,570</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008	2008	Variance -	2007
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Taxes	\$ 207,013	\$ 736,290	\$ 529,277	\$ 718,184
Licenses and permits	3,000	3,820	820	4,055
Intergovernmental	297,208	362,087	64,879	307,666
Charges for services	20,500	25,773	5,273	23,429
Fines and forfeitures	2,000	2,158	158	2,564
Other	13,000	70,223	57,223	69,863
Total revenues	<u>542,721</u>	<u>1,200,351</u>	<u>657,630</u>	<u>1,125,761</u>
Expenditures:				
General government	433,633	280,502	153,131	278,504
Public safety	183,730	151,182	32,548	144,961
Public works	37,403	24,736	12,667	19,816
Culture and recreation	379,682	234,296	145,386	265,561
Contingency	31,033	-	31,033	-
Total expenditures	<u>1,065,481</u>	<u>690,716</u>	<u>374,765</u>	<u>708,842</u>
Excess (deficiency) of revenues over expenditures	(522,760)	509,635	1,032,395	416,919
Fund balance:				
Beginning of year	<u>1,373,742</u>	<u>1,765,914</u>	<u>392,172</u>	<u>1,348,995</u>
End of year	<u>\$ 850,982</u>	<u>\$ 2,275,549</u>	<u>\$ 1,424,567</u>	<u>\$ 1,765,914</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, 2008

(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance -	
	Budget	Actual	Positive (Negative)	2007 Actual
Revenues:				
Taxes:				
Property taxes	\$ 207,013	\$ 209,568	\$ 2,555	\$ 211,116
Net proceeds	-	526,722	526,722	507,068
Total taxes	<u>207,013</u>	<u>736,290</u>	<u>529,277</u>	<u>718,184</u>
Licenses and permits:				
Gaming licenses	2,000	2,700	700	2,775
Liquor licenses	1,000	1,120	120	1,280
Total licenses and permits	<u>3,000</u>	<u>3,820</u>	<u>820</u>	<u>4,055</u>
Intergovernmental:				
Consolidated tax	297,208	251,102	(46,106)	277,745
Other - Nye Regional	-	110,985	110,985	-
Grant	-	-	-	29,921
Total intergovernmental	<u>297,208</u>	<u>362,087</u>	<u>64,879</u>	<u>307,666</u>
Charges for services:				
Swimming pool	5,000	6,400	1,400	5,360
Arcade/Vending	-	196	196	55
Weight room fees	11,500	14,880	3,380	13,790
Water charges	4,000	4,297	297	4,224
Total charges for services	<u>20,500</u>	<u>25,773</u>	<u>5,273</u>	<u>23,429</u>
Fines and forfeitures	<u>2,000</u>	<u>2,158</u>	<u>158</u>	<u>2,564</u>
Other:				
Rent	1,000	1,719	719	1,110
Interest	10,000	66,959	56,959	67,724
Miscellaneous	2,000	1,545	(455)	1,029
Total other	<u>13,000</u>	<u>70,223</u>	<u>57,223</u>	<u>69,863</u>
Total revenues	<u>\$ 542,721</u>	<u>\$ 1,200,351</u>	<u>\$ 657,630</u>	<u>\$ 1,125,761</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, 2008

(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance -	
	Budget	Actual	Positive (Negative)	2007 Actual
Expenditures:				
General government:				
Administration:				
Salaries and wages	\$ 65,764	\$ 52,883	\$ 12,881	\$ 49,368
Employee benefits	25,582	18,115-21567 ?	7,467	19,868
Services and supplies	92,200	67,906	24,294	63,081
Capital outlay	10,000	7,173	2,827	4,400
Total administration	<u>193,546</u>	<u>146,077</u>	<u>47,469</u>	<u>136,717</u>
Building and Grounds:				
Salaries and wages	70,062	68,235	1,827	63,100
Employee benefits	32,425	27,061	5,364	26,095
Services and supplies	81,000	39,129-39,055 ?	41,871	50,597
Capital outlay	56,600	-	56,600	1,995
Total building and grounds	<u>240,087</u>	<u>134,425</u>	<u>105,662</u>	<u>141,787</u>
Total general government	<u>433,633</u>	<u>280,502</u>	<u>153,131</u>	<u>278,504</u>
Public Safety:				
Hadley Station:				
Salaries and wages	100,641	87,440	13,201	91,258
Employee benefits	57,629	42,640	14,989	40,958
Services and supplies	25,460	21,102	4,358	11,805
Capital outlay	-	-	-	940
Total public safety	<u>183,730</u>	<u>151,182</u>	<u>32,548</u>	<u>144,961</u>
Public Works:				
Highways and Streets:				
Services and supplies	20,000	12,200	7,800	13,355
Round Mountain Water:				
Services and supplies	<u>17,403</u>	<u>12,536</u>	<u>4,867</u>	<u>6,461</u>
Total public works	<u>37,403</u>	<u>24,736</u>	<u>12,667</u>	<u>19,816</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, 2008

(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance -	
	Budget	Actual	Positive (Negative)	2007 Actual
Expenditures (Continued):				
Culture and Recreation:				
Swimming Pool:				
Salaries and wages	\$ 28,320	\$ 10,275	\$ 18,045	\$ 7,355
Employee benefits	3,535	1,189	2,346	710
Services and supplies	28,620	28,883	(263)	25,387
Capital outlay	-	-	-	36,000
Total swimming pool	<u>60,475</u>	<u>40,347</u>	<u>20,128</u>	<u>69,452</u>
Parks and recreation:				
Salaries and wages	81,533	74,520	7,013	68,329
Employee benefits	33,364	29,063	4,301	26,731
Services and supplies	86,810	77,890-78693 ?	8,920	62,707
Capital outlay	117,500	12,476-11752 ?	105,024	38,342
Total parks and recreation	<u>319,207</u>	<u>193,949</u>	<u>125,258</u>	<u>196,109</u>
Total culture and recreation	<u>379,682</u>	<u>234,296</u>	<u>145,386</u>	<u>265,561</u>
Contingency	<u>31,033</u>	<u>-</u>	<u>31,033</u>	<u>-</u>
Total expenditures	<u>1,065,481</u>	<u>690,716</u>	<u>374,765</u>	<u>708,842</u>
Excess (deficiency) of revenues over expenditures	(522,760)	509,635	1,032,395	416,919
Fund balance:				
Beginning of year	<u>1,373,742</u>	<u>1,765,914</u>	<u>392,172</u>	<u>1,348,995</u>
End of year	<u>\$ 850,982</u>	<u>\$ 2,275,549</u>	<u>\$ 1,424,567</u>	<u>\$ 1,765,914</u>

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For the year ended June 30, 2008

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, 2008 AND 2007

	2008	2007
<u>ASSETS</u>		
Current assets:		
Pooled cash and investments	\$ 278,214	\$ 292,674
Accounts receivable (net)	26,169	19,814
Interest receivable	2,359	2,386
Inventory	40,771	43,059
Total current assets	<u>347,513</u>	<u>357,933</u>
Capital assets:		
Equipment	1,048,902	1,045,567
Less accumulated depreciation	<u>(485,783)</u>	<u>(431,483)</u>
Capital assets (net of accumulated depreciation)	<u>563,119</u>	<u>614,084</u>
 Total assets	 <u>910,632</u>	 <u>972,017</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	6,518	10,884
Accrued payroll	5,405	5,046
Customer deposits	4,250	4,693
Accrued compensated absences	<u>727</u>	<u>677</u>
 Total liabilities	 <u>16,900</u>	 <u>21,300</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	563,119	614,084
Unrestricted	<u>330,613</u>	<u>336,633</u>
 Total net assets	 <u>\$ 893,732</u>	 <u>\$ 950,717</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance - Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Charges for services	\$ 200,000	\$ 211,250	\$ 11,250	\$ 210,739
Expenses:				
Utility operations:				
Salaries and wages	76,009	72,656	3,353	67,772
Employee benefits	31,167	26,414	4,753	22,861
Services and supplies	128,750	124,935	3,815	141,981
Depreciation	55,000	54,300	700	53,956
Bad debt	-	-	-	3,447
Total operating expenses	<u>290,926</u>	<u>278,305</u>	<u>12,621</u>	<u>290,017</u>
Operating income (loss)	(90,926)	(67,055)	23,871	(79,278)
Non-operating revenues (expenses):				
Interest income	<u>5,000</u>	<u>10,070</u>	<u>5,070</u>	<u>12,210</u>
Change in net assets	<u>\$ (85,926)</u>	<u>(56,985)</u>	<u>\$ 28,941</u>	<u>(67,068)</u>
Net assets:				
Beginning of year		<u>950,717</u>		<u>1,017,785</u>
End of year		<u>\$ 893,732</u>		<u>\$ 950,717</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, 2008 AND 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 204,452	\$ 210,408
Cash paid for services and supplies	(127,013)	(90,117)
Cash paid for salaries, wages and employee benefits	(98,661)	(90,315)
Cash provided by operating activities	(21,222)	29,976
Cash flows from capital and related financing activities:		
Purchase of fixed assets	(3,335)	(13,627)
Cash flows from investing activities:		
Interest income	10,097	11,400
Net increase in cash	(14,460)	27,749
Cash:		
Beginning of year	292,674	264,925
End of year	\$ 278,214	\$ 292,674
Reconciliation of operating income (loss) to cash provided by operating activities:		
Operating income (loss)	\$ (67,055)	\$ (79,278)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:		
Depreciation	54,300	53,956
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(6,355)	2,825
(Increase) decrease in prepaid expenses	-	682
(Increase) decrease in inventory	2,288	48,142
Increase (decrease) in accounts payable	(4,366)	3,040
Increase (decrease) in accrued payroll	359	286
Increase (decrease) in compensated absences	50	32
Increase (decrease) in customer deposits	(443)	291
Total adjustments	45,833	109,254
Cash provided by operating activities	\$ (21,222)	\$ 29,976

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For the year ended June 30, 2008

NONMAJOR GOVERNMENTAL FUNDS

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

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For the year ended June 30, 2008

**TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2008 Totals	2007 Totals
Assets:				
Pooled cash and investments	\$ 134,892	\$ 92,829	\$ 227,721	\$ 205,135
Interest receivable	1,228	619	1,847	1,545
Due from other governments	<u>6,086</u>	<u>-</u>	<u>6,086</u>	<u>7,035</u>
 Total assets	 <u>\$ 142,206</u>	 <u>\$ 93,448</u>	 <u>\$ 235,654</u>	 <u>\$ 213,715</u>
Liabilities:				
Accounts payable	<u>\$ 1,985</u>	<u>\$ -</u>	<u>\$ 1,985</u>	<u>\$ 591</u>
Fund Balance:				
Fund balance - unreserved:				
Designated for subsequent year	140,221	82,248	222,469	156,881
Undesignated	<u>-</u>	<u>11,200</u>	<u>11,200</u>	<u>56,243</u>
 Total fund balance	 <u>140,221</u>	 <u>93,448</u>	 <u>233,669</u>	 <u>213,124</u>
 Total liabilities and fund balance	 <u>\$ 142,206</u>	 <u>\$ 93,448</u>	 <u>\$ 235,654</u>	 <u>\$ 213,715</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, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	2008 Totals	2007 Totals
Revenues:				
Taxes	\$ 25,020	\$ -	\$ 25,020	\$ 39,663
Intergovernmental	-	24,114	24,114	21,447
Other	<u>5,170</u>	<u>2,618</u>	<u>7,788</u>	<u>7,664</u>
Total revenues	<u>30,190</u>	<u>26,732</u>	<u>56,922</u>	<u>68,774</u>
Expenditures:				
Current:				
Public works	36,377	-	36,377	16,917
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>36,377</u>	<u>-</u>	<u>36,377</u>	<u>16,917</u>
Excess (deficiency) of revenues over expenditures	(6,187)	26,732	20,545	51,857
Fund balance:				
Beginning of year	<u>146,408</u>	<u>66,716</u>	<u>213,124</u>	<u>161,267</u>
End of year	<u>\$ 140,221</u>	<u>\$ 93,448</u>	<u>\$ 233,669</u>	<u>\$ 213,124</u>

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For the year ended June 30, 2008

NONMAJOR SPECIAL REVENUE FUND

ROAD FUND

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

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For the year ended June 30, 2008

**TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR FUND - ROAD SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	2008	2007
<u>ASSETS</u>		
Pooled cash and investments	\$ 134,892	\$ 138,736
Interest receivable	1,228	1,228
Due from other governments	<u>6,086</u>	<u>7,035</u>
Total assets	<u>\$ 142,206</u>	<u>\$ 146,999</u>
<u>LIABILITIES</u>		
Accounts payable	<u>\$ 1,985</u>	<u>\$ 591</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	140,221	97,491
Undesignated	<u>-</u>	<u>48,917</u>
Total fund balance	<u>140,221</u>	<u>146,408</u>
Total liabilities and fund balance	<u>\$ 142,206</u>	<u>\$ 146,999</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, 2008

(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance -	2007
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental:				
Gas tax \$1.75	\$ 27,380	\$ 25,020	\$ (2,360)	\$ 39,663
Other:				
Interest	<u>500</u>	<u>5,170</u>	<u>4,670</u>	<u>6,285</u>
Total revenues	<u>27,880</u>	<u>30,190</u>	<u>2,310</u>	<u>45,948</u>
Expenditures:				
Current:				
Public works				
Services and supplies	125,371	32,450	92,921	16,917
Capital outlay	<u>-</u>	<u>3,927</u>	<u>(3,927)</u>	<u>-</u>
Total expenditures	<u>125,371</u>	<u>36,377</u>	<u>88,994</u>	<u>16,917</u>
Excess (deficiency) of revenues over expenditures	(97,491)	(6,187)	91,304	29,031
Fund balance:				
Beginning of year	<u>97,491</u>	<u>146,408</u>	<u>48,917</u>	<u>117,377</u>
End of year	<u>\$ -</u>	<u>\$ 140,221</u>	<u>\$ 140,221</u>	<u>\$ 146,408</u>

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For the year ended June 30, 2008

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, 2008

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR FUND-CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

	Capital Projects	Special Ad Valorem Capital Projects	Totals	
			2008	2007
<u>ASSETS</u>				
Pooled cash and investments	\$ 2,757	\$ 90,072	\$ 92,829	\$ 66,399
Interest receivable	<u>25</u>	<u>594</u>	<u>619</u>	<u>317</u>
Total assets	<u>\$ 2,782</u>	<u>\$ 90,666</u>	<u>\$ 93,448</u>	<u>\$ 66,716</u>
<u>FUND BALANCE</u>				
Unreserved:				
Designated for subsequent year	\$ 2,711	\$ 79,537	\$ 82,248	\$ 59,390
Undesignated	<u>71</u>	<u>11,129</u>	<u>11,200</u>	<u>7,326</u>
Total fund balance	<u>\$ 2,782</u>	<u>\$ 90,666</u>	<u>\$ 93,448</u>	<u>\$ 66,716</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, 2008**

(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	Capital Projects	Special Ad Valorem Capital Projects	Totals	
			2008	2007
Revenues:				
Intergovernmental	\$ -	\$ 24,114	\$ 24,114	\$ 21,447
Other	103	2,515	2,618	1,379
Total revenues	103	26,629	26,732	22,826
Expenditures				
Capital projects	-	-	-	-
Excess (deficiency) of revenues over expenditures	103	26,629	26,732	22,826
Fund balance:				
Beginning of year	2,679	64,037	66,716	43,890
End of year	\$ 2,782	\$ 90,666	\$ 93,448	\$ 66,716

**TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR FUND - CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	2008	2007
<u>ASSETS</u>		
Pooled cash and investments	\$ 2,757	\$ 2,654
Interest receivable	<u>25</u>	<u>25</u>
Total assets	<u>\$ 2,782</u>	<u>\$ 2,679</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	\$ 2,711	\$ 2,551
Undesignated	<u>71</u>	<u>128</u>
Total fund balance	<u>\$ 2,782</u>	<u>\$ 2,679</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance - Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Other:				
Interest	\$ -	\$ 103	\$ 103	\$ 128
Expenditures:				
Capital projects	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	103	103	128
Fund balance:				
Beginning of year	<u>2,551</u>	<u>2,679</u>	<u>128</u>	<u>2,551</u>
End of year	<u>\$ 2,551</u>	<u>\$ 2,782</u>	<u>\$ 231</u>	<u>\$ 2,679</u>

TOWN OF ROUND MOUNTAIN, NEVADA
NONMAJOR FUND - SPECIAL AD VALOREM CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

	2008	2007
<u>ASSETS</u>		
Pooled cash and investments	\$ 90,072	\$ 63,745
Interest receivable	<u>594</u>	<u>292</u>
Total assets	<u>\$ 90,666</u>	<u>\$ 64,037</u>
<u>FUND BALANCE</u>		
Unreserved:		
Designated for subsequent year	\$ 79,537	\$ 56,839
Undesignated	<u>11,129</u>	<u>7,198</u>
Total fund balance	<u>\$ 90,666</u>	<u>\$ 64,037</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, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Variance - Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Intergovernmental:				
County	\$ 15,000	\$ 24,114	\$ 9,114	\$ 21,447
Other:				
Interest	500	2,515	2,015	1,251
Total revenues	15,500	26,629	11,129	22,698
Expenditures:				
Capital projects	-	-	-	-
Excess (deficiency) of revenues over expenditures	15,500	26,629	11,129	22,698
Fund balance:				
Beginning of year	56,839	64,037	7,198	41,339
End of year	<u>\$ 72,339</u>	<u>\$ 90,666</u>	<u>\$ 18,327</u>	<u>\$ 64,037</u>

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For the year ended June 30, 2008

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, 2008, which collectively comprise the Town's basic financial statements and have issued my report thereon dated November 20, 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.

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

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
November 20, 2008

TOWN OF ROUND MOUNTAIN, NEVADA
APPENDIX A
SCHEDULE OF CAPITAL PROJECTS ACTIVITY
JUNE 30, 2008

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>
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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 plans to accumulate money in the funds for future projects.