

STOREY COUNTY, NEVADA
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JUNE 30, 2005

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of County Commissioners
Storey County, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Storey County, Nevada, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Storey County, Nevada management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Storey County, Nevada, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2005, on our consideration of the Storey County, Nevada internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 44 through 62, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Storey County, Nevada. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pringle & Pollard, LLC
November 14, 2005

COUNTY OF STOREY, STATE OF NEVADA
MANAGEMENT DISCUSSION AND ANALYSIS

As management of Storey County, State of Nevada, we offer readers of Storey County's financial statements this overview and analysis of the financial activities of Storey County for the fiscal year ended June 30, 2005. We ask readers to consider the information presented, together with additional information in our letter of transmittal, which can be found within this document.

FINANCIAL HIGHLIGHTS

- The assets of Storey County exceeded its liabilities as June 30, 2005 by \$15,397,144.
- At June 30, 2005, the unreserved fund balance for the general fund was \$1,397,021.
- Storey County's bonded debt at June 30, 2005 was \$853,109 which was all revenue bonds of the enterprise fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Storey County's basic financial statements. These basic financial statements include (1) government-wide financial statements (2) fund financial statements, and (3) notes to the financial statements. Other supplementary information is also available in this report.

Government-Wide Financial Statements. The government-wide statements are designed to provide readers with a broad overview of Storey County's finances in a manner similar to private-sector business.

The statement of net assets is information on all of Storey County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases in net assets may serve as an indicator to show if the financial position of Storey County is improving or declining.

The statement of activities notes information as to how the government's net assets changed during the last fiscal year. All changes in net assets are reported as soon as the event causing the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported for some items that result in cash flows in future periods, (e.g. earned, unused vacation)

The government-wide financial statements distinguish functions of Storey County that are mainly supported by taxes and intergovernmental revenues (government activities) from other functions that recover their costs through user fees and charges. The governmental activities of Storey County included general government, public safety, roads and streets, judicial and, culture and recreation. The business activities (enterprise funds) are the Water and Sewer.

The Government-wide financial statements can be found in this report on pages 8 through 10.

Fund Financial Statements. Funds are groupings of related accounts and is used to maintain control over resources segregated for specific activities or purpose. Storey County uses fund accounting to ensure compliance with state finance related requirements. The funds of Storey County are as follows: governmental, enterprise and fiduciary.

Governmental Funds. Governmental funds are used to account for the functions reported as governmental activities, in the government-wide financial statements. Unlike the Government-wide financial statements, governmental fund statements focus on near term inflows of expendable resources and on balances of expendable resources at the end of the fiscal year. This information helps with decisions as to near term financing needs.

The focus of Governmental funds is narrower than the government-wide financial statements. It is useful to compare the information for governmental funds with similar information for governmental activities in government-wide financial statements. Readers will better understand the long-term impact of governments near-term financing decisions. The governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances allow this comparison between governmental funds and activities.

Storey County has nineteen governmental funds. Financial information is stated separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances, for the general fund and three other funds considered major funds. Data from the other sixteen governmental funds are combined. Individual fund data for non-major governmental funds are reported in combining statements in this report.

Storey County adopts an annual budget for all the above funds. A budgetary comparison statement has been provided for all funds to show compliance with the budget.

The governmental fund financial statements can be found in this report on pages 11 through 22 .

Enterprise funds. Storey County operates two Enterprise funds, water and sewer, and are reported as business type activities, reported in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for other entities. Fiduciary funds are not reported in the government-wide financial statement as the resources do not support Storey County's needs. The accounting used for fiduciary funds is similar to that used for enterprise funds.

Fiduciary fund financial statements can be found in this report on page 26.

Notes to the financial statements. The notes in this report provide additional information necessary for a full understanding of the information provided in the government-wide and fund financial statements. The notes can be found on pages 27 through 37.

Other information. The combining and individual fund statements and schedules for major governmental funds can be found on page 11 of this report. This same information for non-major governmental funds can be found on pages 38 of this report.

STOREY COUNTY NEVADA
NET ASSETS

	Governmental Activities	Business Type Activities	Total
	June 30, 2005	June 30, 2005	June 30, 2005
Current and other Assets	\$ 4,498,618	\$ 1,519,384	\$ 6,018,002
Capital Assets	<u>6,966,328</u>	<u>4,980,958</u>	<u>11,947,286</u>
Total Assets	<u>\$ 11,464,946</u>	<u>\$ 6,500,342</u>	<u>\$ 17,965,288</u>
Long Term Liabilities			
Outstanding	\$ 930,827	\$ 829,091	\$ 1,759,918
Other Liabilities	<u>728,757</u>	<u>79,469</u>	<u>808,226</u>
Total Liabilities	<u>\$ 1,659,584</u>	<u>\$ 908,560</u>	<u>\$ 2,568,144</u>
 NET ASSETS			
Invested in Capital			
Assets, Net of Related Debt	\$ 6,095,652	\$ 4,124,849	\$ 10,220,501
Unrestricted	<u>3,709,710</u>	<u>1,466,933</u>	<u>5,176,643</u>
Total Net Assets	<u>\$ 9,805,362</u>	<u>\$ 5,591,782</u>	<u>\$ 15,397,144</u>

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STOREY COUNTY NEVADA
CHANGES IN NET ASSETS

	Governmental Activities	Business Type Activities	Total
	June 30, 2005	June 30, 2005	June 30, 2005
REVENUES:			
Program Revenues:			
Charges For Services	\$ 2,234,775	\$ 513,603	\$ 2,748,378
Operating Grants and Contributions	143,899		143,899
Capital Grants and Contributions	501,644		501,644
General Revenues:			
Taxes	4,379,833		4,379,833
Intergovernmental	2,592,263		2,592,263
Other	322,966	27,556	350,522
Capital Grants and Contributions	<u> </u>	<u>406,231</u>	<u>406,231</u>
 Total Revenues	 <u>10,175,380</u>	 <u>947,390</u>	 <u>11,122,770</u>
 EXPENSES:			
General Government	2,180,443		2,180,443
Public Safety	4,761,761		4,761,761
Judicial	510,811		510,811
Health and Welfare	146,334		146,334
Culture and Recreation	758,649		758,649
Community Support	96,482		96,482
Highways and Streets	128,133		128,133
Water and Sewer	<u> </u>		<u>513,336</u>
 Total Expenses	 <u>8,582,613</u>	 <u>513,336</u>	 <u>9,095,949</u>
 Changes In Net Assets	 1,592,767	 434,054	 2,026,821
 Net Assets July 1, 2004	 <u>8,212,595</u>	 <u>5,157,728</u>	 <u>13,370,323</u>
 Net Assets June 30, 2005	 <u>\$ 9,805,362</u>	 <u>\$ 5,591,782</u>	 <u>\$15,397,144</u>

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COUNTY OF STOREY, STATE OF NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

Revenues in the General Fund were \$6,404,988, which was \$226,086 more than the amount budgeted. Actual expenditures were \$4,882,967 which was \$592,842 less than appropriations for the year. Overall, the total ending fund balance was \$1,522,021 which is \$818,928 more than budgeted. Of the \$1,522,021 ending fund balance \$125,000 was reserved as an opening fund balance on July 1, 2006.

Margaret Lowther
Recorder and Auditor

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STOREY COUNTY, NEVADA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash	\$ 4,056,482	\$ 1,447,498	\$ 5,503,980
Accounts receivables	406,325	71,886	478,211
Taxes receivable	35,811		35,811
Capital assets - net of accumulated depreciation			
Land	134,443		134,443
Buildings and improvements	4,605,234		4,605,234
Improvements other than buildings	497,077		497,077
Utility system		4,820,823	4,820,823
Machinery and equipment	1,729,574	160,135	1,889,709
Total Assets	\$ 11,464,946	\$ 6,500,342	\$ 17,965,288
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable and other current liabilities	\$ 728,757	\$ 55,451	\$ 784,208
Non-current liabilities			
Bonds payable - due within one year		24,018	24,018
- due in more than one year		829,091	829,091
Compensated absences - due in more than one year	60,151		60,151
Other non-current liabilities	870,676		870,676
Total Liabilities	\$ 1,659,584	\$ 908,560	\$ 2,568,144
<u>NET ASSETS</u>			
Invested in capital assets - net of related debt	6,095,652	4,124,849	10,220,501
Unrestricted	3,709,710	1,466,933	5,176,643
Total Net Assets	\$ 9,805,362	\$ 5,591,782	\$ 15,397,144

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

STOREY COUNTY, NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
General government	\$ 2,180,443	\$ 1,842,194	\$ 13,812	
Public safety	4,761,761	308,978	93,452	\$ 362,790
Judicial	510,811	6,478		
Health	2,016			
Welfare	144,318			
Culture and recreation	758,649	41,133	31,635	138,854
Community support	96,482			
Highways and streets	128,133	35,992	5,000	
Total Governmental Activities	8,582,613	2,234,775	143,899	501,644
Business type activities:				
Water	377,434	370,530		
Sewer	135,902	143,073		
Total Business-Type Activities	513,336	513,603		
Total Primary Government	\$ 9,095,949	\$ 2,748,378	\$ 143,899	\$ 501,644

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

STOREY COUNTY, NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

<u>FUNCTIONS/PROGRAMS</u>	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	GOVERNMENTAL	BUSINESS TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	TOTAL
Primary government:			
Governmental activities:			
General government	\$ (324,437)		\$ (324,437)
Public safety	(3,996,541)		(3,996,541)
Judicial	(504,333)		(504,333)
Health	(2,016)		(2,016)
Welfare	(144,318)		(144,318)
Culture and recreation	(547,027)		(547,027)
Community support	(96,482)		(96,482)
Highways and streets	(87,141)		(87,141)
	(5,702,295)		(5,702,295)
Total Governmental Activities			
Business type activities:			
Water		\$ (6,904)	(6,904)
Sewer		7,171	7,171
		267	267
Total Business-Type Activities			
		267	267
Total Primary Government	(5,702,295)	267	(5,702,028)
General revenues:			
Property taxes	4,379,833		4,379,833
Various State Collected Pass-Through Revenues	2,592,263		2,592,263
Interest Earnings	69,575	23,956	93,531
Miscellaneous Revenue	253,391	3,600	256,991
Capital Contributions and Grants		406,231	406,231
Total General Revenues	7,295,062	433,787	7,728,849
Change in Net Assets	1,592,767	434,054	2,026,821
Net Assets - July 1, 2004	8,212,595	5,157,728	13,370,323
Net Assets - June 30, 2005	\$ 9,805,362	\$ 5,591,782	\$ 15,397,144

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

STOREY COUNTY, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>GENERAL</u>	<u>ROAD FUND</u>	<u>FIRE FUND</u>	<u>INDIGENT MEDICAL FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>						
Cash	\$ 1,674,166	\$ 451,998	\$ 326,827	\$ 471,464	\$ 1,132,027	\$ 4,056,482
Accounts receivable	179,512	65,473	134,438		26,902	406,325
Taxes receivable	31,987			1,305	2,519	35,811
Due from other funds	127,000					127,000
Total Assets	<u>\$ 2,012,665</u>	<u>\$ 517,471</u>	<u>\$ 461,265</u>	<u>\$ 472,769</u>	<u>\$ 1,161,448</u>	<u>\$ 4,625,618</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 237,955	\$ 21,319	\$ 96,093	\$ 4,359	\$ 59,648	\$ 419,374
Accrued expenses	138,209	13,706	57,476		3,878	213,269
Deferred revenue	86,176		7,427	862	1,649	96,114
Due to other funds					127,000	127,000
Total Liabilities	<u>462,340</u>	<u>35,025</u>	<u>160,996</u>	<u>5,221</u>	<u>192,175</u>	<u>855,757</u>
<u>FUND BALANCES</u>						
Unreserved reported in:						
General fund	1,550,325					1,550,325
Capital projects funds					431,897	431,897
Special revenue funds		482,446	300,269	467,548	537,376	1,787,639
Total Fund Balances	<u>1,550,325</u>	<u>482,446</u>	<u>300,269</u>	<u>467,548</u>	<u>969,273</u>	<u>3,769,861</u>
Total Liabilities and Fund Balances	<u>\$ 2,012,665</u>	<u>\$ 517,471</u>	<u>\$ 461,265</u>	<u>\$ 472,769</u>	<u>\$ 1,161,448</u>	<u>\$ 4,625,618</u>

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

STOREY COUNTY, NEVADA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total Fund Balance - government funds - page 11	\$ 3,769,861
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of 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	6,966,328
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(930,827)</u>
Total Net Assets - governmental activities - page 8	<u>\$ 9,805,362</u>

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

STOREY COUNTY, NEVADA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>GENERAL</u>	<u>ROAD FUND</u>	<u>FIRE FUND</u>	<u>INDIGENT MEDICAL FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>						
Taxes	\$ 3,057,598		\$ 775,029	\$ 107,922	\$ 439,284	\$ 4,379,833
Licenses and permits	1,177,937				66,686	1,244,623
Intergovernmental	1,391,719	\$ 365,113	741,121		769,853	3,267,806
Changes for services	605,274	35,992	262,677		56,209	960,152
Fines and forfeitures	6,879				50,942	57,821
Miscellaneous	165,581	7,587	66,769		25,208	265,145
Total Revenues	<u>6,404,988</u>	<u>408,692</u>	<u>1,845,596</u>	<u>107,922</u>	<u>1,408,182</u>	<u>10,175,380</u>
<u>EXPENDITURES</u>						
Current:						
General government	2,011,993				69,537	2,081,530
Public safety	2,098,688		1,780,024		454,253	4,332,965
Judicial	509,302				9	509,311
Health and welfare	2,016			114,016	30,302	146,334
Culture and recreation	164,486				578,097	742,583
Community support	96,482					96,482
Highways and streets		254,189				254,189
Total Expenditures	<u>4,882,967</u>	<u>254,189</u>	<u>1,780,024</u>	<u>114,016</u>	<u>1,132,198</u>	<u>8,163,394</u>
Excess (deficiency) of revenues over expenditures	<u>1,522,021</u>	<u>154,503</u>	<u>65,572</u>	<u>(6,094)</u>	<u>275,984</u>	<u>2,011,986</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in					323,800	323,800
Transfers out	(323,800)				(201,962)	(323,800)
Short term loan payments						(201,962)
Total Other Financing Sources (Uses)	<u>(323,800)</u>				<u>121,838</u>	<u>(201,962)</u>
Net change in fund balance	1,198,221	154,503	65,572	(6,094)	397,822	1,810,024
Fund balance - beginning	352,104	327,943	234,697	473,642	571,451	1,959,837
Fund balance - ending	<u>\$ 1,550,325</u>	<u>\$ 482,446</u>	<u>\$ 300,269</u>	<u>\$ 467,548</u>	<u>\$ 969,273</u>	<u>\$ 3,769,861</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Net change in fund balances - governmental funds, page 13 \$ 1,810,024

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

Capital outlays to purchase capital assets are reported in
governmental funds as expenditures. However, those costs
are shown in the statement of net assets and allocated over
their estimated useful lives as depreciation expense in the
statement of activities. This is the amount by which de-
preciation exceeded net capital outlays in the current period. (368,415)

Short term loan payments reported in governmental
funds as an expenditure 201,962

Some expenses in the statement of activities do not require
the use of current financial resources and therefore, are not
reported as expenditures in governmental funds (50,804)

Change in net assets of governmental activities, page 10 \$1,592,767

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

STOREY COUNTY, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Property	\$ 2,945,705	\$ 2,945,705	\$ 2,973,942	\$ 28,237
Youth Services	82,803	82,803	83,517	714
Net proceeds of mines			139	139
Total Taxes	<u>3,028,508</u>	<u>3,028,508</u>	<u>3,057,598</u>	<u>29,090</u>
Licenses and permits:				
Merchandise licenses	35,000	58,823	62,892	4,069
Prostitution licenses	150,000	168,750	168,750	0
Liquor licenses	700	700	2,080	1,380
Utility licenses	100,000	108,813	108,814	1
Franchise tax	15,000	24,644	33,789	9,145
Building permits	140,000	720,625	781,647	61,022
Special use permits	7,000	13,805	19,965	6,160
Total Licenses and Permits	<u>447,700</u>	<u>1,096,160</u>	<u>1,177,937</u>	<u>81,777</u>
Intergovernmental:				
Federal grants		71,966	1,281	(70,685)
Payment in lieu of taxes	30,000	30,000	20,692	(9,308)
State shared revenues:				
Cigarette tax	26,118	26,118	22,176	(3,942)
Liquor tax	4,375	4,375	4,285	(90)
Gaming licenses	160,000	160,000	153,266	(6,734)
Basic CCRT	201,362	201,362	287,834	86,472
Supplemental CCRT	483,998	483,998	484,289	291
Motor Vehicle Priviledge Tax	246,446	246,446	278,530	32,084
Virginia City Intergovernment Agreement	30,000	30,000	30,000	0
Real Property Transfer Tax	59,706	91,097	109,366	18,269
Total Intergovernmental	<u>1,242,005</u>	<u>1,345,362</u>	<u>1,391,719</u>	<u>46,357</u>
Charges for Services:				
Clerk Fees	9,000	9,000	9,395	395
Recorder fees	60,000	80,045	96,493	16,448
Assessor fees/commissions	35,000	35,000	44,733	9,733
District Court fees	5,500	5,500	2,891	(2,609)
Justice court fees			3,338	3,338
District Court fees - other			249	249
Sheriffs fees	30,000	30,000	44,886	14,886
Dog control	2,500	2,500	1,415	(1,085)
Facility fees	6,000	6,000	5,110	(890)
Swimming pool admissions	9,200	9,200	12,288	3,088
Park facilities fees	1,000	1,000	800	(200)
Import tonnage fees	350,000	350,000	360,741	10,741
Swim pool - concessions	3,500	3,500	3,685	185
V.C. park fees	2,000	2,000	5,000	3,000
V.C. Highlands park fees	4,000	4,000	6,250	2,250
Mark Twain park fees	1,500	1,500	2,250	750
Lockwood park fees	5,000	5,000	5,750	750
Total Charges for Services	<u>524,200</u>	<u>544,245</u>	<u>605,274</u>	<u>61,029</u>

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

STOREY COUNTY, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUES</u>				
Fines and Forfeits:				
District fine			2,224	2,224
Juvenile fines/assessments	3,000	3,000	1,766	(1,234)
Chemical analysis fees	1,000	1,000	1,140	140
Other fines			1,749	1,749
Total Fines and Forfeits	<u>4,000</u>	<u>4,000</u>	<u>6,879</u>	<u>2,879</u>
Miscellaneous:				
Miscellaneous/other	45,000	45,000	5,104	(39,896)
Penalties - current year	20,000	20,000	31,726	11,726
Penalties - prior years	12,000	12,000	18,431	6,431
Interest	20,000	20,000	58,658	38,658
Other	30,000	63,627	51,662	(11,965)
Total Miscellaneous	<u>127,000</u>	<u>160,627</u>	<u>165,581</u>	<u>4,954</u>
Total Revenues	<u>5,373,413</u>	<u>6,178,902</u>	<u>6,404,988</u>	<u>226,086</u>
<u>EXPENDITURES</u>				
General Government				
Commissions:				
Salaries and wages	175,582	175,582	181,600	(6,018)
Employee benefits	84,075	84,075	99,120	(15,045)
Services and supplies	5,800	30,800	3,810	26,990
	<u>265,457</u>	<u>290,457</u>	<u>284,530</u>	<u>5,927</u>
Clerk Treasurer:				
Salaries and wages	153,372	153,372	141,709	11,663
Employee benefits	63,460	63,460	62,859	601
Services and supplies	36,100	44,400	48,503	(4,103)
	<u>252,932</u>	<u>261,232</u>	<u>253,071</u>	<u>8,161</u>
Recorder Auditor:				
Salaries and wages	172,380	172,380	158,882	13,498
Employee benefits	57,228	57,228	58,842	(1,614)
Services and supplies	5,750	5,750	12,595	(6,845)
	<u>235,358</u>	<u>235,358</u>	<u>230,319</u>	<u>5,039</u>
Assessor:				
Salaries and wages	168,140	168,140	130,364	37,776
Employee benefits	72,820	72,820	64,246	8,574
Services and supplies	14,500	14,500	16,755	(2,255)
	<u>255,460</u>	<u>255,460</u>	<u>211,365</u>	<u>44,095</u>
Administrative:				
Employee benefits	9,500	9,500	7,399	2,101
Services and supplies	594,350	1,186,839	823,812	363,027
Capital outlay	9,500	9,500	20,158	(10,658)
	<u>613,350</u>	<u>1,205,839</u>	<u>851,369</u>	<u>354,470</u>

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

STOREY COUNTY, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES				
General Government (cont'd.)				
Building and Grounds:				
Salaries and wages	59,700	59,700	52,140	7,560
Employee benefits	26,636	26,636	26,101	535
Services and supplies	41,780	41,780	32,006	9,774
Capital outlay	12,500	12,500		12,500
	<u>140,616</u>	<u>140,616</u>	<u>110,247</u>	<u>30,369</u>
Planning Commission:				
Salaries and wages	38,074	38,074	50,851	(12,777)
Employee benefits	12,394	12,394	16,274	(3,880)
Services and supplies	5,700	19,700	3,967	15,733
Capital outlay	1,000	1,000		1,000
	<u>57,168</u>	<u>71,168</u>	<u>71,092</u>	<u>76</u>
Total General Government	<u>1,820,341</u>	<u>2,460,130</u>	<u>2,011,993</u>	<u>448,137</u>
Judicial:				
District Attorney:				
Salaries and wages	154,241	154,241	156,322	(2,081)
Employee benefits	61,349	61,349	64,653	(3,304)
Services and supplies	23,900	33,900	9,879	24,021
	<u>239,490</u>	<u>249,490</u>	<u>230,854</u>	<u>18,636</u>
District Court:				
Salaries and wages	40,000	40,000	30,000	10,000
Services and supplies	84,000	84,000	53,032	30,968
Capital outlay	1,000	1,000		1,000
	<u>125,000</u>	<u>125,000</u>	<u>83,032</u>	<u>41,968</u>
Justice of the Peace:				
Salaries and wages	116,428	116,428	116,077	351
Employee benefits	59,075	59,075	64,767	(5,692)
Services and supplies	22,300	22,300	14,572	7,728
Capital outlay	2,000	2,000		2,000
	<u>199,803</u>	<u>199,803</u>	<u>195,416</u>	<u>4,387</u>
Total Judicial	<u>564,293</u>	<u>574,293</u>	<u>509,302</u>	<u>64,991</u>
Public Safety:				
Sheriff:				
Salaries and wages	970,990	970,990	1,075,281	(104,291)
Employee benefits	551,412	572,837	580,464	(7,627)
Services and supplies	57,700	192,200	77,423	114,777
Capital outlay	32,000	7,500	8,856	(1,356)
	<u>1,612,102</u>	<u>1,743,527</u>	<u>1,742,024</u>	<u>1,503</u>

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

STOREY COUNTY, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>EXPENDITURES</u>				
Public Safety: (cont'd.)				
Building Department:				
Salaries and wages	176,920	176,920	191,212	(14,292)
Employee benefits	74,980	74,980	82,921	(7,941)
Services and supplies	20,260	20,260	25,815	(5,555)
Capital outlay	2,500	52,500	24,141	28,359
	<u>274,660</u>	<u>324,660</u>	<u>324,089</u>	<u>571</u>
Emergency Management:				
Salaries and wages	14,600	14,600	14,600	
Employee benefits	1,855	1,855	10,992	(9,137)
Services and supplies	13,535	13,535	6,983	6,552
Capital outlay	10,000	10,000		10,000
	<u>39,990</u>	<u>39,990</u>	<u>32,575</u>	<u>7,415</u>
Total Public Safety	<u>1,926,752</u>	<u>2,108,177</u>	<u>2,098,688</u>	<u>9,489</u>
Health:				
Home Health:				
Services and supplies	2,016	2,016	2,016	0
Culture and Recreation:				
Regional Transportation Commission				
Services and supplies	5,100	5,100	2,029	3,071
Swimming Pools				
Salaries and wages	53,098	53,098	50,195	2,903
Employee benefits	11,409	11,409	10,352	1,057
Services and supplies	22,450	22,450	23,208	(758)
Capital outlay	23,100	23,100		23,100
	<u>110,057</u>	<u>110,057</u>	<u>83,755</u>	<u>26,302</u>
Library:				
Salaries and wages	48,984	48,984	43,993	4,991
Employee benefits	16,934	16,934	16,323	611
Services and supplies	32,250	32,250	18,386	13,864
Capital outlay	1,000	1,000		1,000
	<u>99,168</u>	<u>99,168</u>	<u>78,702</u>	<u>20,466</u>
Total Culture and Recreation	<u>214,325</u>	<u>214,325</u>	<u>164,486</u>	<u>49,839</u>
Community Support:				
Ageing Services:				
Salaries and wages	12,000	12,000	9,628	2,372
Employee benefits	1,368	1,368	1,085	283
Services and supplies	103,500	103,500	85,769	17,731
Total Community Support	<u>116,868</u>	<u>116,868</u>	<u>96,482</u>	<u>20,386</u>
Total Expenditures	<u>4,644,595</u>	<u>5,475,809</u>	<u>4,882,967</u>	<u>592,842</u>
Excess of Revenue over Expenditures	<u>728,818</u>	<u>703,093</u>	<u>1,522,021</u>	<u>818,928</u>

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

STOREY COUNTY, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Other Financing Sources (Uses)				
Contingency	(139,335)	(113,610)		113,610
Transfers in	150,000	150,000		(150,000)
Transfers out	(381,800)	(381,800)	(323,800)	58,000
Total Other Financing Sources (Uses)	<u>(371,135)</u>	<u>(345,410)</u>	<u>(323,800)</u>	<u>21,610</u>
Net Change in Fund Balance	357,683	357,683	1,198,221	840,538
Fund balance - beginning	<u>10,290</u>	<u>10,290</u>	<u>352,104</u>	<u>341,814</u>
Fund balance - ending	<u>\$ 367,973</u>	<u>\$ 367,973</u>	<u>\$ 1,550,325</u>	<u>\$ 1,182,352</u>

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

STOREY COUNTY, NEVADA
ROADS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Intergovernmental			
Gasoline tax	\$ 101,813	\$ 102,989	\$ 1,176
Supplemental CCRT	257,124	257,124	0
Intergovernmental agreement	30,000		(30,000)
Grants		5,000	5,000
Charges for services			
Import tonnage fees	35,000	35,992	992
Other revenue			
Interest	2,000	6,878	4,878
Contributions/Donations		80	80
Miscellaneous	5,000	629	(4,371)
Total Revenue	<u>430,937</u>	<u>408,692</u>	<u>(22,245)</u>
<u>EXPENDITURES</u>			
Highways and streets			
Salaries and wages	124,611	129,864	(5,253)
Salary costs	50,956	53,444	(2,488)
Services and supplies	45,800	44,628	1,172
Capital outlay	56,000	4,949	51,051
Road improvements	258,000	21,304	236,696
Total Expenditures	<u>535,367</u>	<u>254,189</u>	<u>281,178</u>
Excess (deficiency) of revenues over expenditures	(104,430)	154,503	258,933
Fund balance - beginning	<u>119,417</u>	<u>327,943</u>	<u>208,526</u>
Fund balance - ending	<u>\$ 14,987</u>	<u>\$ 482,446</u>	<u>\$ 467,459</u>

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

STOREY COUNTY, NEVADA
FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
<u>REVENUE</u>				
Taxes				
Property	\$ 757,607	\$ 757,607	\$ 774,993	\$ 17,386
Net proceeds of mines			36	36
Intergovernmental revenues				
Supplemental CCRT	741,122	741,122	741,121	(1)
Charges for services				
Fire/ambulance fees	25,000	48,428	52,903	4,475
Ambulance program	250	3,250	6,490	3,240
Inspection fees		198,756	203,284	4,528
Other revenue				
Miscellaneous - other		66,768	66,769	1
Total Revenues	<u>1,523,979</u>	<u>1,815,931</u>	<u>1,845,596</u>	<u>29,665</u>
<u>EXPENDITURES</u>				
Public Safety				
Salaries and wages	890,018	890,018	959,091	(69,073)
Salary costs	427,397	427,397	487,356	(59,959)
Services and supplies	165,700	457,652	319,616	138,036
Capital outlay			13,961	(13,961)
Total Expenditures	<u>1,483,115</u>	<u>1,775,067</u>	<u>1,780,024</u>	<u>(4,957)</u>
Excess (deficiency) of revenue over expenditures	40,864	40,864	65,572	24,708
Fund balance - beginning	<u>23,893</u>	<u>23,893</u>	<u>234,697</u>	<u>210,804</u>
Fund balance - ending	<u>\$ 64,757</u>	<u>\$ 64,757</u>	<u>\$ 300,269</u>	<u>\$ 235,512</u>

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

STOREY COUNTY, NEVADA
INDIGENT MEDICAL SPECIAL REVENUE FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Property taxes	\$ 104,593	\$ 107,917	\$ 3,324
Net proceeds of mines		5	5
Total Revenue	<u>104,593</u>	<u>107,922</u>	<u>3,329</u>
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	<u>125,000</u>	<u>114,016</u>	<u>10,984</u>
Excess (deficiency) of revenue over expenditures	(20,407)	(6,094)	14,313
Fund balance - beginning	<u>338,788</u>	<u>473,642</u>	<u>134,854</u>
Fund balance - ending	<u>\$ 318,381</u>	<u>\$ 467,548</u>	<u>\$ 149,167</u>

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

STOREY COUNTY, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2005

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTAL
ASSETS			
Current Assets			
Cash	\$ 933,305	\$ 514,193	\$ 1,447,498
Accounts receivable	54,975	16,911	71,886
Total Current Assets	988,280	531,104	1,519,384
Noncurrent Assets			
Capital assets - net of accumulated depreciation	4,568,089	412,869	4,980,958
Total Assets	5,556,369	943,973	6,500,342
LIABILITIES			
Current Liabilities			
Accounts payable	19,242	6,394	25,636
Refundable deposits	11,705		11,705
Bonds payable - current portion	20,466	3,552	24,018
Accrued expenses	10,838	4,147	14,985
Accrued interest	3,125		3,125
Total Current Liabilities	65,376	14,093	79,469
Long Term Liabilities			
Bonds payable - net of current portion	744,960	84,131	829,091
NET ASSETS			
Invested in capital assets - net of related debt	3,799,663	325,186	4,124,849
Unrestricted	946,370	520,563	1,466,933
Total Net Assets	\$ 4,746,033	\$ 845,749	\$ 5,591,782

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

STOREY COUNTY, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES AND EXPENSES
 AND CHANGE IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUSINESS-TYPE ENTERPRISE FUNDS</u>		
	<u>WATER SYSTEM</u>	<u>VIRGINIA DIVIDE SEWER</u>	<u>TOTAL</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 370,530	\$ 143,073	\$ 513,603
<u>OPERATING EXPENSES</u>			
Salaries and wages	115,070	48,336	163,406
Salary costs	45,398	20,062	65,460
Services and supplies	103,252	32,340	135,592
Depreciation	77,945	30,650	108,595
Total Operating Expense	<u>341,665</u>	<u>131,388</u>	<u>473,053</u>
Operating Income	<u>28,865</u>	<u>11,685</u>	<u>40,550</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Rent and miscellaneous	3,600		3,600
Interest income	16,084	7,872	23,956
Interest expense	(35,769)	(4,514)	(40,283)
Capital contributions and grants	246,231	160,000	406,231
Total Nonoperating Revenues (Expenses)	<u>230,146</u>	<u>163,358</u>	<u>393,504</u>
Change in net assets	259,011	175,043	434,054
Net assets - beginning	<u>4,487,022</u>	<u>670,706</u>	<u>5,157,728</u>
Net assets - ending	<u>\$ 4,746,033</u>	<u>\$ 845,749</u>	<u>\$ 5,591,782</u>

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

STOREY COUNTY, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2005

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTALS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Inflows			
Sales of water/sewer fees	\$ 357,052	\$ 140,446	\$ 497,498
Cash Outflows			
Salaries and wages	(119,870)	(49,058)	(168,928)
Salary costs	(45,398)	(20,062)	(65,460)
Services and supplies	(99,675)	(30,756)	(130,431)
Net Cash Provided by Operating Activities	<u>92,109</u>	<u>40,570</u>	<u>132,679</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Cash Inflows			
Grants	60,220		60,220
Rent	3,600		3,600
Customer deposits	2,133		2,133
Net Cash Provided by Non-Capital Financing Activities	<u>65,953</u>		<u>65,953</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Cash Inflows			
Capital contributions	186,011	160,000	346,011
Cash Outflows			
Capital outlay	(244,477)	(11,666)	(256,143)
Debt service	(20,078)	(3,562)	(23,640)
Interest expense	(35,769)	(4,514)	(40,283)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(114,313)</u>	<u>140,258</u>	<u>25,945</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Cash Inflows			
Interest earnings	16,084	7,872	23,956
Net Increase in Cash	59,833	188,700	248,533
Cash - beginning	<u>873,472</u>	<u>325,493</u>	<u>1,198,965</u>
Cash - ending	<u>\$ 933,305</u>	<u>\$ 514,193</u>	<u>\$ 1,447,498</u>

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

STOREY COUNTY, NEVADA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 199,318</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 199,318</u>
Net Assets	<u>\$ 0</u>

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

STOREY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Storey County, Nevada, a local government created under the provisions of Nevada Revised Statutes 243.110 is governed by an elected three-member board of commissioners. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government.

Blended Component Units - The Virginia Divide Sewer Improvement District is under the direct oversight of the Storey County Board of Commissioners. The rates for users charges and bond issuance authorizations are approved by the County Commissioners, and the legal liability for the Virginia Divide Sewer District's debt remains with Storey County. The District is reported as an enterprise fund.

The governing body for the towns of Virginia City and Gold Hill is the board of County Commissioners of Storey County. The county personnel provide essentially all services for both Virginia City and Gold Hill. These towns are reported as special revenue funds.

Excluded from the reporting entity:

Storey County Schools, Storey County Senior Center, Virginia City Convention and Tourism authority, and Canyon General Improvement District.

These potential component units have separate elected or appointed boards and provide services to residents, generally within the geographic boundaries of the government. These potential component units are excluded from the reporting entity because the government does not have the ability to exercise influence over their daily operations, approve budgets, or provide funding.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported, separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degrees to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers on applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

governments. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they

are collected within 60 days after 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. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The government reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for money received primarily from intergovernmental sources. Expenditures are for County fire protection including the purchase of machinery and equipment to provide such services.

The government reports the following non-major governmental fund as a major fund:

The *Road Special Revenue Fund* accounts for money received primarily from gasoline taxes and other intergovernmental sources. Expenditures are for the construction and maintenance of County roads and bridges, and other road related infrastructure and the purchase of machinery and equipment required to do such work.

The *Indigent Medical Special Revenue Fund* accounts for a portion of property tax revenues. Expenditures are for services relating to medical services provided to indigent residents of the County.

The government reports the following major proprietary funds:

The *Water System Fund* accounts for the activities of the Virginia City/Gold Hill water distribution system.

The *Virginia Divide Sewer System Fund* accounts for the operations of the sewage treatment plant, pumping stations and collection systems.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the governments water and sewer functions. Eliminations of these changes would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *Program Revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *General Revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Revenue and expense not meeting this definition are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. DEPOSITS AND INVESTMENT

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, short term investments with original maturities of three months or less from the date of acquisition, and the State Treasurer's investment pool. Investments are reported at fair value.

2. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

All trade receivables are shown net of an allowance for uncollectibles. No allowance is recorded for property tax receivables. Property taxes are levied as of July 1 on property values assessed on the same date. The tax levy may be paid in four installments by the third Monday in August, and the first Monday in October, January and March. There is a ten day grace period allowed for each installment. Penalties and interest are assessed on all delinquent collections. Liens are filed on the property at one year's delinquency.

3. INVENTORIES AND PREPAID ITEMS

No inventories are maintained by the government for either operating or office supplies. These items are recorded as expenditures when purchased, rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. RESTRICTED ASSETS

The County has no restricted assets as June 30, 2005.

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure (i.e., roads, bridges, sidewalks, storm drains, and similar items), 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 \$3000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are depreciated in the proprietary funds using the straight line method over the following useful lives:

<u>ASSETS</u>		<u>YEARS</u>
Public and System Infrastructure	20-100	
Vehicles		5-10
Office Equipment		5-10
Equipment	10-20	
Buildings		75-100
Building Improvements		35-50
Computer Equipment		5
Furniture and Fixtures	7-10	

6. COMPENSATED ABSENCES

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported as long term debt. No expenditure is reported for these amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However a liability is recognized for that portion of accumulated sick leave benefits that is required to be paid upon termination. All employees with a minimum accrued sick leave of 360 hours to a maximum of 1,000 hours shall be paid at retirement or termination of service, other than involuntary termination as follows:

<u>Years of Continuous Service</u>	<u>Other Employees</u> <u>Rate of Pay</u>	<u>Fire Department</u> <u>Rate of Pay</u>
5 years but less than 10 years	12.5¢ on the Dollar	20.0¢ on the Dollar
10 years but less than 20 years	25.0¢ on the Dollar	35.0¢ on the Dollar
20 years or more	50.0¢ on the Dollar	50.0¢ on the Dollar

7. 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 governmental activities, business-type activities, or proprietary fund type statement of net assets.

The County currently has no long term bonds payable in the governmental funds. The revenue bonds reported in the proprietary fund-types incurred no bond premiums or discounts and therefore have no deferred charges or amortization.

8. FUND EQUITY

In the fund financial statements, governmental funds report designations of fund balances for amounts which represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds “. The details of this \$6,035,501 difference are as follows: Capital assets net of 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 - \$6,966,328. Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. - \$(930,827).
- B. 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 “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$217,257 difference are as follows: Capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, those costs are shown in the statement of net assets and allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the amount by which depreciation exceeded net capital outlays in the current period - \$(368,415). Short term loan payments reported in governmental funds as an expenditure - \$201,962. Some expenses in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds - \$(50,804).

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The County follows these procedures in establishing the budgetary date reflected in the financial statements:

1. Prior to April 15, the County budget officer submits to the County Commissioners the tentative operating budgets (4) for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and the means of financing them.
2. The tentative budgets are filed with the State Department of Taxation by April 15.
3. A public hearing is conducted at the County Court House to obtain taxpayers comments. (3rd Monday in May)
4. The final budgets are adopted and filed with the State Department of Taxation. Final budgets must be certified by a majority of all members of the governing body. The final budgets must be adopted on or before June 1.

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5. Budget amounts may be transferred within funds if the governing body is advised and the action is recorded in the official minutes of the next meeting. Revisions that alter the total expenditures of any fund must be approved by the County Commissioners. Budget revisions must also be filed with the State Department of Taxation.
6. Budgets for the General, Special Revenues, Debt Service, Proprietary, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles. (GAAP)
7. Budget augmentations were prepared for the general fund and various special revenue funds during the fiscal year ended June 30, 2005.
8. All budget appropriations lapse at the end of each fiscal year.

In accordance with State statute, actual expenditures may not exceed budgetary appropriations of the various governmental programs of the General Fund or total appropriations of the Special Revenue and Capital Projects Funds, except as expressly authorized by law.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2005, expenditures exceeded appropriations as follows:

	<u>Expenditures</u>	<u>Appropriations</u>
Fire Special Revenue Fund	\$ 1,780,024	\$ 1,775,067
Indigent Accident Special Revenue Fund	\$ 30,302	\$ 26,000
Water System Enterprise Fund	\$ 341,665	\$ 337,442

C. DEFICIT FUND EQUITY

The following funds incurred a deficit fund equity at June 30, 2005 as follows:

Federal Grants Special Revenue Fund \$ 67,585

D. COMPLIANCE - NRS 354.624

Storey County has two enterprise funds: the Water System Enterprise Fund and the Virginia-Divide Sewer Improvement District Enterprise Fund. Storey County also maintains agency funds as follows: State of Nevada Fund Storey County School District Fund, Storey County School District Debt Service Fund and the Virginia City Convention and Tourism Authority Fund. The County maintains

no internal service funds, self insurance funds or funds whose balance is required by law to be used for a specific purpose other than the payment of compensation to a bargaining unit, as defined in NRS 288.028 or carried forward to the succeeding fiscal year in any designated amount.

All enterprise and agency funds maintained by Storey County:

- a) are being used in accordance with NRS 354.624
- b) are being administered in accordance with generally accepted accounting procedures
- c) all reserves in the funds are reasonable and necessary to carry out the purposes of the funds
- d) reflect the sources of revenues available for the fund during the fiscal year - including transfers from other funds
- e) are following the statutory and regulatory requirements applicable to the funds
- f) reflect the balance and retained earning of the funds

Storey County has no reserves in any of the above fund balances.

IV. CASH

At year end, the carrying amount of the bank balances was \$5,703,298. Of the bank balances \$203,407 was covered by federal depository insurance. Additionally \$4,833,146 cash was on deposit with the Nevada State Treasurer. The fair value of all cash and investments equaled 100% of book value.

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Credit risk classification of the County's cash is as follows:

1. Insured by Federal Deposit Insurance	\$ 203,407
2. Collateralized with securities held by The Nevada State Treasurer	4,833,146
3. Uncollateralized with the financial institution	666,106
4. Uncollateralized - cash on hand	<u>639</u>
	<u>\$ 5,703,298</u>

Cash held by the County is allocated to the various funds as follows:

Major governmental funds	\$ 2,924,455
Non-major governmental funds	1,132,027
Business-type funds	<u>1,447,498</u>
	5,503,980
Fiduciary funds	<u>199,318</u>
Total	<u>\$ 5,703,298</u>

V. RECEIVABLES

Receivables as of year end for the governments individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Roads</u>	<u>Fire</u>	<u>Indigent Medical</u>	<u>Non-Major Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Receivables:							
Taxes	\$ 31,987			\$ 1,305	\$ 2,519		\$ 35,811
Accounts	<u>179,512</u>	<u>\$65,473</u>	<u>\$134,438</u>	<u>26,902</u>	<u>\$ 72,673</u>		<u>478,998</u>
Gross Receivables	211,499	65,473	134,438	1,305	29,421	72,673	514,809
Less: Allowance for uncollectibles	_____	_____	_____	_____	_____	<u>787</u>	<u>787</u>
Net Total							
Receivables	<u>\$211,499</u>	<u>\$65,473</u>	<u>\$134,438</u>	<u>\$ 1,305</u>	<u>\$29,421</u>	<u>\$ 71,886</u>	<u>\$514,022</u>

The delinquent taxes receivable account represents the past three years of uncollected tax levies. No allowance for uncollectibles has been recorded by the County. Taxes received after 60 days of the year end are recorded as deferred revenue.

Accounts receivable include intergovernmental receivables. All accounts receivable, with the exception of the enterprise fund, were collected within a 60 day period, therefore no allowance for uncollectibles was recorded in those funds.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year the various components of *deferred revenue* reported in the governmental funds were as follows:

Delinquent property taxes receivable:	
General fund	\$ 21,009
Fire fund	7,427
Indigent Medical fund	862
Non-major funds	1,649
Deferred revenue - property sales	26,762
Deferred revenue - District Court	<u>38,405</u>
Total	<u>\$ 96,114</u>

VI. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 134,443	0	0	\$ 134,443
Capital assets being depreciated				
Buildings	5,589,673	13,961	0	5,603,634

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VI. CAPITAL ASSETS (cont'd.)

Primary Government (cont'd.)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Improvements other than buildings	538,231	9,983	0	548,214
Machinery and equipment	4,395,263	234,353	68,769	4,560,847
Infrastructure	0	0	0	0
Total capital assets being depreciated	<u>10,523,167</u>	<u>258,297</u>	<u>68,769</u>	<u>10,712,695</u>
Less accumulated depreciation for:				
Buildings and improvements	886,519	111,811		998,400
Improvements other than buildings	35,473	15,664		51,137
Machinery and equipment	2,400,875	430,398		2,831,273
Infrastructure	0	0		0
Total accumulated depreciation	<u>3,322,867</u>	<u>557,943</u>	<u>0</u>	<u>3,880,810</u>
Total Capital Assets being depreciated - net	<u>7,200,300</u>	<u>(299,646)</u>	<u>(68,769)</u>	<u>6,831,885</u>
Governmental activities capital assets net	<u>\$ 7,334,743</u>	<u>\$ (299,646)</u>	<u>\$ (68,769)</u>	<u>\$ 6,966,328</u>
Business type activities:				
Capital assets being depreciated				
Water and sewer system	\$ 5,795,886	\$ 232,811		\$ 6,028,697
Machinery and equipment	<u>347,977</u>	<u>23,331</u>	<u>\$ 10,477</u>	<u>360,861</u>
Total Capital assets being depreciated	<u>6,143,863</u>	<u>256,142</u>	<u>10,447</u>	<u>6,389,558</u>
Less accumulated depreciation for:				
Water and sewer systems	1,122,922	84,952		1,207,874
Machinery and equipment	<u>187,530</u>	<u>23,643</u>	<u>10,447</u>	<u>200,726</u>
Total accumulated depreciation	<u>1,310,452</u>	<u>108,595</u>	<u>10,447</u>	<u>1,408,600</u>
Business type activities capital assets - net	<u>\$ 4,833,411</u>	<u>\$ 147,547</u>	<u>\$ 0</u>	<u>\$ 4,980,958</u>

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

Governmental activities:

General government	\$ 143,235
Public safety	338,310
Highways and streets, including depreciation of general infrastructure assets	61,665
Culture and recreation	14,733
Total depreciation expense - Governmental activities	<u>\$ 557,943</u>
Business type activities:	
Water	\$ 77,945
Sewer	30,650
Total depreciation expense - business type activities	<u>\$ 108,595</u>

VII. INTERFUND ASSETS/LIABILITIES

The composition of interfund balances as of June 30, 2005 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Federal Grants	\$ 100,000
General	Capital Projects	27,000
		<u>\$ 127,000</u>

Interfund transfers:

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>
Indigent Assistance	Fire District	\$114,000
General	4 th Ward Museums	58,000
General	Capital Projects	151,800
General	Fire	<u>\$ 323,800</u>

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VIII. CAPITAL LEASES

On January 11, 2002, Storey County entered into a lease agreement as lessee for financing the acquisition of (4) Pierce Hawk Wildlands fire apparatus. This lease qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term), and therefore was recorded at the present value of the future minimum lease payments as of the date of inception. The following schedule represents the future minimum lease payments as of June 30, 2005.

	Fiscal Year Ending
	<u>June 30,</u>
2006	\$ 140,000
2007	140,000
2008	140,000
2009	140,000
2010	140,000
2011	140,000
2012	140,000
2013	<u>100,276</u>
	\$ 1,080,276
Less amounts representing interest	<u>210,200</u>
Present value of future minimum Lease payments	<u>\$ 870,076</u>

IX. LONG TERM DEBT

Special Assessment Bonds - The County has no special assessment bonds outstanding at June 30, 2005.

Contracts Payable - The County has no contracts payable at June 30, 2005.

Note Payable - On October 29, 1998, Storey County entered into a cooperative agreement with the State of Nevada for repayment of \$568,000 project costs. The payment of \$56,800 originally due on March 1, 2004 was extended and paid in full during the fiscal year ended June 30, 2005.

Revenue Bonds - The County issued bonds, where the County pledges income derived from the acquired or constructed assets to pay debt service.

Revenues bonds outstanding at June 30, 2005 are as follows:

\$714,000 water revenue bonds with semi-annual installments of interest and annual payments of principal totaling \$38,801 per year through January 1, 2037, used for improvements to the Virginia City water system.

BALANCE	RETIRED	BALANCE
<u>6/30/04</u>	<u>6/30/05</u>	<u>6/30/05</u>
<u>\$ 660,504</u>	<u>\$9,078</u>	<u>\$ 651,426</u>

\$294,000 water revenue bonds due in annual installments of \$10,000 to \$15,000 through January 1, 2014, used for improvements to the Virginia City Water System.

BALANCE	RETIRED	BALANCE
<u>6/30/04</u>	<u>6/30/05</u>	<u>6/30/05</u>
<u>\$ 125,000</u>	<u>\$11,000</u>	<u>\$ 114,000</u>

\$138,000 sewer revenue bonds due at \$673 per month including principal and interest through June 1, 2021 and a final payment of approximately \$260 used for improvements to the Virginia-Divide Sewer System.

BALANCE	RETIRED	BALANCE
<u>6/30/04</u>	<u>6/30/05</u>	<u>6/30/05</u>
<u>\$ 91,245</u>	<u>\$ 3,562</u>	<u>\$ 87,683</u>

Revenue bond debt service requirements to maturity including interest of \$647,700 are as follows:

YEAR ENDING	ANNUAL	TOTAL
<u>JUNE 30,</u>		
2005 to 2014	\$63,577 to \$62,600	\$ 572,739
2015 to 2021	46,900 to 44,900	326,100
2022 to 2037	38,800 <u>620,800</u>	
		<u>\$1,519,639</u>

Changes In Long-Term Liabilities - During the fiscal year ended June 30, 2005, the following changes occurred in liabilities reported in the general long term debt group:

	BALANCE			BALANCE
	<u>JULY 1, 2004</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>June 30, 2005</u>
General obligation debt	\$ 56,800		\$ 56,800	\$ 0
Compensated absences	64,711		4,560	60,151
Capital leases	<u>960,475</u>		<u>90,399</u>	<u>870,076</u>
	<u>\$1,081,986</u>	<u>\$ 0</u>	<u>\$ 151,759</u>	<u>\$ 930,227</u>

X. SEGMENT INFORMATION - PROPRIETARY FUNDS

The County issued revenue bonds to finance its water department and sewage treatment facilities. Summary information for these funds is presented below:

	<u>Water Fund</u>	<u>Virginia Divide Sewer Fund</u>
CONDENSED STATEMENT OF NET ASSETS		
ASSETS		
Current assets	\$ 988,280	\$ 531,104
Capital assets	<u>4,568,089</u>	<u>430,511</u>
Total Assets	<u>5,556,369</u>	<u>961,615</u>
LIABILITIES		
Current liabilities	65,376	14,093
Non-current liabilities	<u>744,960</u>	<u>84,131</u>
Total Liabilities	<u>810,336</u>	<u>98,224</u>
NET ASSETS		
Invested in capital assets, net of related debt	3,799,663	342,828
Unrestricted	<u>946,370</u>	<u>520,564</u>
Total Net Assets	<u>\$4,746,033</u>	<u>\$ 863,392</u>

CONDENSED STATEMENT OF REVENUES AND EXPENSES

Operating revenue	\$ 370,530	\$ 143,073
Depreciation	(77,945)	(13,008)
Other operating expenses	<u>(263,720)</u>	<u>(100,738)</u>
Operating income	28,865	29,327
Nonoperating revenues (expenses)		
Rent income	3,600	
Interest income	16,084	7,872
Interest expense	<u>(35,769)</u>	<u>(4,514)</u>
Net income	<u>\$ 12,780</u>	<u>\$ 32,685</u>

CONDENSED STATEMENTS OF CASH FLOWS

Net cash provided (used) by		
Operating activities	\$ 92,109	\$ 40,570
Noncapital financing activities	65,953	0
Capital and related financing activities	(114,313)	140,258
Investing activities	<u>16,084</u>	<u>7,872</u>
Net increase	59,833	188,700
Cash - beginning	<u>873,472</u>	<u>325,493</u>
Cash - ending	<u>\$ 933,305</u>	<u>\$ 514,193</u>

XI. CONTINGENT LIABILITIES

The County participates in both Federal and State Grant Programs. The audits of these programs for or including the year ended June 30, 2005 have not been finalized. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is currently a defendant in several lawsuits, with no other unasserted possible claims which are probable of assertion. Although the outcome of these lawsuits is not presently determinable, in the opinion of the county's attorney, resolution of these matters will not have a material adverse effect on the financial condition of the County.

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XII. AVAILABLE BORROWING CAPACITY

The Nevada Revised Statutes section 244.805, limits the County's general obligation debt to 10% of the County's assessed valuation. The 2004/2005 assessed valuation is \$174,323,000 which would allow the bonding up to \$17,400,000. On June 30, 2005, the County had no outstanding general obligation bonded debt, exclusive of revenue and school district bonds.

The town of Virginia City general obligation debt limit based on the 2004/2005 assessed valuation was \$3,800,000 (NRS 269.425). The town of Virginia City has at June 30, 2005 no general obligation bonds outstanding.

The town of Gold Hill general obligation debt limit based on the 2003/2004 assessed valuation was \$827,000 (NRS 269.425). The town of Gold Hill has at June 30, 2005 no general obligation bonds outstanding.

XIII. PROPERTY TAXES

Property taxes attach as an enforceable lien as of July 1. The tax is levied for the fiscal year beginning July 1st after the Nevada Tax Commission has certified the combined tax rate for the county on May 25th.

Taxes on the property are due on the third Monday in July. Taxes may be paid in quarterly installments, due on the third Monday of July and the first Monday in October, January and March. Penalties are added if the installments are not made within ten (10) days of the due date.

XIV. PENSION PROGRAM - NEVADA STATE PUBLIC EMPLOYEES RETIREMENT SYSTEM

The County participates in the statewide government retirement system; a multiple-employer, cost sharing public employees pension plan which covers substantially all of the County's full time employees. The County has no liability for unfunded obligations of the Nevada State Public Employees Retirement System.

PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Nevada Revised Statutes establish and amend benefit provisions to be administered by the Retirement Board. The Public Employees Retirement Board of the State of Nevada issues a publicly available financial report that

includes financial statements and required supplementary information for PERS. That report may be obtained from PERS, 693 West Nye Lane, Carson City, Nevada 89703

The County pays all contributions for all employees covered under the plan. PERS basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employees working lifetime, in order to accumulate sufficient assets to pay benefits when due. Although PERS receives an actuarial valuation on an annual basis indicating the contribution rates as required to fund PERS on an actuarial reserve basis, both for funding purposes and GASB disclosure purposes, contributions actually made are in accordance with the required rates established by the Nevada State Legislature.

The payroll for employees covered by the system for the year ended June 30, 2005 was \$3,332,000. The County's total payroll was \$3,390,245. Storey County's contribution to the plan for the year ended June 30, 2005 was \$819,837. All costs to the County were paid or accrued at June 30, 2005. The County's contribution represented less than 1% of total contributions to the retirement system.

Currently 74 employees are covered under the retirement plan out of a total of 97 employees. Eligibility requirements are 40 hours per bi-weekly payroll period, no minimum wage is required for participation, nor is there any length of service requirement for participation. Contributions are made at a rate of 19.75% (32% for police and firemen) of annual compensation.

XV. SOLID WASTE LANDFILL - LOCKWOOD

In 1992 Refuse, Inc. received an amended special use permit from Storey County for the operation of a solid waste landfill, conditioned on meeting all of the requirements of federal landfill regulations (Subtitle D, 40CFR Parts 257 and 258). Under the terms of the agreement Refuse, Inc. is responsible for all closure and post closure costs. Kennedy/Jenks Consultants have estimated the costs for closure to be \$2,515,998 and the cost for post closure maintenance be \$8,463,706 for a total of \$10,979,704. There are currently no corrective action cost nor other environmental obligations. Refuse, Inc. is in complete compliance with the Financial Assurance Requirements of 40 CFR, part 258, Subpart G, as well as Nevada Administrative Code 444.685 - 444.6859. The closure and post closure costs are guaranteed by Waste Management, Inc.

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XVI. RISK MANAGEMENT

Storey County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employee and natural disasters. Storey County has joined together with other counties in the State to form Nevada Public Agency Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for 41 governmental entities. The county pays an annual premium to PENCO for its general insurance coverage. The Agreement for Formation of the NPAIP program provides that NPAIP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for Property and Crime and \$150,000 Casualty for each insured event.

The County continues to carry commercial insurance for all other risks or loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

STOREY COUNTY NEVADA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	FIRE DISTRICT	EQUIPMENT ACQUISITION	SPECIAL REVENUE				4TH WARD MUSEUM
			INDIGENT ASSISTANCE	JUSTICE COURT FEES	DRUG COURT		
<u>ASSETS</u>							
Cash	\$ 95,417	\$ 121,788	\$ 93	\$ 27,193	\$ 3,080		
Receivables		898					
Taxes - property		5,042					
Accounts							
Total Assets	\$ 95,417	\$ 127,728	\$ 93	\$ 27,193	\$ 3,080	\$ 0	
<u>LIABILITIES</u>							
Accounts payable	\$ 35,674						
Accrued expenses							
Deferred taxes		\$ 549					
Due from other funds							
Total Liabilities	35,674	549	0	0	0	0	
<u>FUND BALANCE</u>							
Designated for future year's operations	59,743	127,179	\$ 93	\$ 27,193	\$ 3,080	\$ 0	
Undesignated	59,743	127,179	93	27,193	3,080	0	
Total Fund Balance	\$ 95,417	\$ 127,728	\$ 93	\$ 27,193	\$ 3,080	\$ 0	
Total Liabilities and Fund Balance							

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

STOREY COUNTY, NEVADA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2005

	SPECIAL REVENUE					
	JAIL BUILDING	TRI NET	INDIGENT ACCIDENT	TECHNOLOGY	TOWN OF VIRGINIA CITY	TOWN OF GOLD HILL
<u>ASSETS</u>						
Cash	\$ 97,421	\$ 22,149	\$ 38,756	\$ 4,918	\$ 220,229	\$ 22,714
Receivables	1,621	629				
Taxes - property						
Accounts						
Total Assets	<u>\$ 99,042</u>	<u>\$ 22,778</u>	<u>\$ 38,756</u>	<u>\$ 4,918</u>	<u>\$ 220,229</u>	<u>\$ 22,714</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 8,429	\$ 4,828			\$ 2,347	\$ 182
Accrued expenses	438	3,440				
Deferred taxes	1,100					
Due from other funds						
Total Liabilities	<u>9,967</u>	<u>8,268</u>	<u>0</u>	<u>0</u>	<u>2,347</u>	<u>182</u>
<u>FUND BALANCE</u>						
Designated for future year's operations	7,915	8,025			12,000	
Undesignated	81,160	6,485	\$ 38,756	\$ 4,918	205,882	22,532
Total Fund Balance	<u>89,075</u>	<u>14,510</u>	<u>38,756</u>	<u>4,918</u>	<u>217,882</u>	<u>22,532</u>
Total Liabilities and Fund Balance	<u>\$ 99,042</u>	<u>\$ 22,778</u>	<u>\$ 38,756</u>	<u>\$ 4,918</u>	<u>\$ 220,229</u>	<u>\$ 22,714</u>

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

STOREY COUNTY, NEVADA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2005

<u>ASSETS</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>INFRASTRUCTURE</u>	<u>TOTAL</u>
Cash	\$ 19,372	\$ 45,324	\$ 413,573	\$ 1,132,027
Receivables				2,519
Taxes - property				26,902
Accounts	21,231		0	
Total Assets	\$ 40,603	\$ 45,324	\$ 413,573	\$ 1,161,448
<u>LIABILITIES</u>				
Accounts payable				\$ 59,648
Accrued expenses				3,878
Deferred taxes				1,649
Due from other funds	100,000	\$ 27,000		127,000
Total Liabilities	108,188	27,000		192,175
<u>FUND BALANCE</u>				
Designated for future year's operations			110,000	137,940
Undesignated	(67,585)	18,324	303,573	831,333
Total Fund Balance	(67,585)	18,324	413,573	969,273
Total Liabilities and Fund Balance	\$ 40,603	\$ 45,324	\$ 413,573	\$ 1,161,448

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

STOREY COUNTY, NEVADA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	FIRE DISTRICT	SPECIAL REVENUE				4TH WARD MUSEUM
		EQUIPMENT ACQUISITION	INDIGENT ASSISTANCE	COURT FINES	DRUG COURT	
REVENUE						
Taxes	\$ 190,434	\$ 89,292				
Intergovernmental		30,250				
Charges for services		56,209				
Fine and fees			\$ 3,632		\$ 3,080	
Licenses and permits		7,319	\$ 93			
Other revenues						
Total Revenues	190,434	183,070	93	3,632	3,080	0
EXPENDITURES						
Current:						
General government	181,943					58,000
Public safety				9		
Judicial						
Culture and recreation						
Welfare						
Total Expenditures	181,943	0	0	9	0	58,000
Excess (deficiency) of revenues over expenditures	8,491	183,070	93	3,623	3,080	(58,000)
OTHER FINANCING SOURCES (USES)						
Transfers	114,000					58,000
Debt service		(145,162)				
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	122,491	37,908	93	3,623	3,080	0
Fund balance - beginning (deficit)	(62,748)	89,271	0	23,570	0	0
Fund balance - ending	\$ 59,743	\$ 127,179	\$ 93	\$ 27,193	\$ 3,080	\$ 0

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

STOREY COUNTY, NEVADA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	SPECIAL REVENUE					
	JAIL BUILDING	TRI-NET	INDIGENT ACCIDENT	TECHNOLOGY	TOWN OF VIRGINIA CITY	TOWN OF GOLD HILL
REVENUE						
Taxes	\$ 132,740		\$ 26,818			\$ 1,047
Intergovernmental		\$ 38,778				
Charges for services						
Fine and fees	44,230				\$ 63,335	3,351
Licenses and permits	2,167	6,234		\$ 9,395		
Other revenues						
Total Revenues	<u>179,137</u>	<u>45,012</u>	<u>26,818</u>	<u>9,395</u>	<u>63,335</u>	<u>4,398</u>
EXPENDITURES						
Current:						
General government				8,000		2,171
Public safety	163,712	69,548				
Judicial						
Culture and recreation						
Welfare						
Total Expenditures					<u>59,366</u>	<u>2,171</u>
Excess (deficiency) of revenues over expenditures	15,425	(24,536)	(3,484)	1,395	3,969	2,227
OTHER FINANCING SOURCES (USES)						
Transfers						
Debt service						
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	15,425	(24,536)	(3,484)	1,395	3,969	2,227
Fund balance - beginning	73,650	39,046	42,240	3,523	213,913	20,305
Fund balance - ending	<u>\$ 89,075</u>	<u>\$ 14,510</u>	<u>\$ 38,756</u>	<u>\$ 4,918</u>	<u>\$ 217,882</u>	<u>\$ 22,532</u>

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

STOREY COUNTY, NEVADA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

<u>REVENUE</u>	<u>SPECIAL REVENUES FEDERAL GRANTS</u>	<u>CAPITAL PROJECTS</u>	<u>CAPITAL PROJECTS INFRASTRUCTURE</u>	<u>TOTAL</u>
Taxes	\$ 529,799		\$ 169,979	\$ 439,284
Intergovernmental				769,853
Charges for services				56,209
Fine and fees				50,942
Licenses and permits				66,686
Other revenues				25,208
Total Revenues	<u>529,799</u>	<u>0</u>	<u>169,979</u>	<u>1,408,182</u>
<u>EXPENDITURES</u>				
Current:				
General government				69,537
Public safety	39,050			454,253
Judicial				9
Culture and recreation	520,097			578,097
Welfare				30,302
Total Expenditures	<u>559,147</u>	<u>0</u>	<u>0</u>	<u>1,132,198</u>
Excess (deficiency) of revenues over expenditures	(29,348)	0	169,979	275,984
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers		151,800		323,800
Debt service		(56,800)		(201,962)
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	(29,348)	95,000	169,979	397,822
Fund balance - beginning (deficit)	<u>(38,237)</u>	<u>(76,676)</u>	<u>243,594</u>	<u>571,451</u>
Fund balance - ending (deficit)	<u>\$ (67,585)</u>	<u>\$ 18,324</u>	<u>\$ 413,573</u>	<u>\$ 969,273</u>

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

STOREY COUNTY, NEVADA
 FIRE DISTRICT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Property taxes	\$ 191,755	\$ 190,425	\$ (1,330)
Net proceeds of mines		9	9
Total Revenues	191,755	190,434	(1,321)
<u>EXPENDITURES</u>			
Public safety			
Service and supplies	182,000	181,943	57
Excess (deficiency) of revenue over expenditures	9,755	8,491	(1,264)
<u>OTHER FINANCING SOURCES</u>			
Transfers in	114,000	114,000	0
Excess (deficiency) of revenue over expenditures and other financial sources	123,755	122,491	(1,264)
Fund balance - beginning	(110,435)	(62,748)	47,687
Fund balance - ending	\$ 13,320	\$ 59,743	\$ 46,423

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

STOREY COUNTY, NEVADA
EQUIPMENT ACQUISITION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURE, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes			
Property taxes	\$ 87,161	\$ 89,288	\$ 2,127
Net proceeds of mines		4	4
Intergovernmental			
Supplemental CCRT	30,250	30,250	0
Charges for services			
Import tonnage fees	45,000	56,209	11,209
Other revenues			
Interest	500	2,319	1,819
Miscellaneous		5,000	5,000
Total Revenues	<u>162,911</u>	<u>183,070</u>	<u>20,159</u>
<u>EXPENDITURES</u>			
Debt service			
Principal	104,079	104,079	0
Interest	45,095	41,083	4,012
Total Expenditures	<u>149,174</u>	<u>145,162</u>	<u>4,012</u>
Excess (deficiency) of revenue over expenditures	13,737	37,908	24,171
Fund balance - beginning (deficit)	<u>(11,373)</u>	<u>89,271</u>	<u>100,644</u>
Fund balance - ending	<u>\$ 2,364</u>	<u>\$ 127,179</u>	<u>\$ 124,815</u>

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

STOREY COUNTY, NEVADA
INDIGENT ASSISTANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Other revenue		\$ 93	\$ 93
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	\$ 150,000		150,000
Excess (deficiency) of revenue over expenditures	(150,000)	93	150,093
Fund balance - beginning	203,143	0	(203,143)
Fund balance - ending	\$ 53,143	\$ 93	\$ (53,050)

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

STOREY COUNTY, NEVADA
 JUSTICE COURT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUE</u>			
Fines			
Justice court fine	\$ 4,500	\$ 3,632	\$ (868)
<u>EXPENDITURES</u>			
Judicial			
Services and supplies	<u>4,500</u>	<u>9</u>	<u>4,491</u>
Excess (deficiency) of revenues over expenditures	0	3,623	3,623
Balance - beginning	<u>23,889</u>	<u>23,570</u>	<u>(319)</u>
Balance - ending	<u>\$ 23,889</u>	<u>\$ 27,193</u>	<u>\$ 3,304</u>

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

STOREY COUNTY, NEVADA
 DRUG COURT SPECIAL REVENUE FUND
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUE</u>			
Fines and forfeits			
Drug court fees	\$ 0	\$ 3,080	\$ 3,080
Excess of revenue over expenditures	0	3,080	3,080
Fund balances - beginning	0	0	0
Fund balances - ending	<u>\$ 0</u>	<u>\$ 3,080</u>	<u>\$ 3,080</u>

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

STOREY COUNTY, NEVADA
4th WARD MUSEUM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUE</u>			
None	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Culture and recreations			
Services and supplies	<u>58,000</u>	<u>58,000</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	(58,000)	(58,000)	0
<u>OTHER FINANCING SOURCES</u>			
Transfers in	<u>116,000</u>	<u>58,000</u>	<u>(58,000)</u>
Excess (deficiency) of revenues over expenditures and other financial sources	58,000	0	(58,000)
Fund balance - beginning (deficit)	<u>(57,750)</u>	<u>0</u>	<u>57,750</u>
Fund balance - ending	<u>\$ 250</u>	<u>\$ 0</u>	<u>\$ (250)</u>

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

STOREY COUNTY, NEVADA
SHERIFF JAIL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes			
Property taxes	\$ 129,871	\$ 132,734	\$ 2,863
Net proceeds of mines		6	6
Fines			
Court fines	50,000	44,230	(5,770)
Other revenues			
Interest	2,000	1,680	(320)
Miscellaneous		487	487
Total Revenues	<u>181,871</u>	<u>179,137</u>	<u>(2,734)</u>
<u>EXPENDITURES</u>			
Public safety			
Salaries and wages	72,739	58,740	13,999
Salary costs	45,971	32,434	13,537
Services and supplies	71,000	72,538	(1,538)
Jail expenses			
Capital outlay			
Total Expenditures	<u>189,710</u>	<u>163,712</u>	<u>25,998</u>
Excess (deficiency) of revenues over expenditures	(7,839)	15,425	23,264
Fund balance - beginning	<u>39,234</u>	<u>73,650</u>	<u>34,416</u>
Fund balance - ending	<u>\$ 31,395</u>	<u>\$ 89,075</u>	<u>\$ 57,680</u>

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

STOREY COUNTY, NEVADA
 TRI NET SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Intergovernmental			
State grants	\$ 76,930	\$ 38,778	\$ (38,152)
Other revenue		6,234	6,234
Total Revenue	76,930	45,012	(31,918)
<u>EXPENDITURES</u>			
Public safety			
Salaries and wages	45,363	30,123	15,240
Salary costs	26,655	15,798	10,857
Services and supplies	13,855	14,164	(309)
Capital outlay	16,700	9,463	7,237
Total Expenditures	102,573	69,548	33,025
Excess (deficiency) of revenues over expenditures	(25,643)	(24,536)	1,107
Fund balance - beginning	35,233	39,046	3,813
Fund balance - ending	\$ 9,590	\$ 14,510	\$ 4,920

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

STOREY COUNTY, NEVADA
INDIGENT ACCIDENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Property taxes	\$ 26,148	\$ 26,818	\$ 670
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	<u>26,000</u>	<u>30,302</u>	<u>(4,302)</u>
Excess (deficiency) of revenue over expenditures	148	(3,484)	(3,632)
Fund balance - beginning	<u>11,657</u>	<u>42,240</u>	<u>30,583</u>
Fund balance - ending	<u>\$ 11,805</u>	<u>\$ 38,756</u>	<u>\$ 26,951</u>

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

STOREY COUNTY, NEVADA
 TECHNOLOGY SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Other revenue	\$ 8,000	\$ 9,355	\$ 1,355
Interest income		40	40
Total Revenue	<u>8,000</u>	<u>9,395</u>	<u>1,395</u>
<u>EXPENDITURES</u>			
Services and supplies	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	1,395	1,395
Balance - beginning	<u>2,610</u>	<u>3,523</u>	<u>913</u>
Balance - ending	<u>\$ 2,610</u>	<u>\$ 4,918</u>	<u>\$ 2,308</u>

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

STOREY COUNTY, NEVADA
TOWN OF VIRGINIA CITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Licenses and permits			
Business licenses	\$ 20,000	\$ 15,846	\$ (4,154)
Penalties		324	324
Licenses - liquor	8,500	10,150	1,650
Licenses - gaming	36,300	35,140	(1,160)
Cabaret licenses	15,000	1,875	(13,125)
Total Revenues	<u>79,800</u>	<u>63,335</u>	<u>(16,465)</u>
<u>EXPENDITURES</u>			
General government			
Services and supplies	31,500	29,366	2,134
Intergovernmental agreement	60,000	30,000	30,000
Total Expenditures	<u>91,500</u>	<u>59,366</u>	<u>32,134</u>
Excess (deficiency) of revenues over expenditures	(11,700)	3,969	15,669
Fund balance - beginning	<u>73,610</u>	<u>213,913</u>	<u>140,303</u>
Fund balance - ending	<u>\$ 61,910</u>	<u>\$ 217,882</u>	<u>\$ 155,972</u>

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

STOREY COUNTY, NEVADA
TOWN OF GOLD HILL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUE</u>			
Licenses and permits			
Business licenses	\$ 3,000	\$ 1,701	\$ (1,299)
Liquor licenses	2,000	1,500	(500)
Cabaret licenses	350	150	(200)
County gaming licenses	350		(350)
Intergovernmental			
State gaming license	1,200	1,047	(153)
Total Revenues	<u>6,900</u>	<u>4,398</u>	<u>(2,502)</u>
<u>EXPENDITURES</u>			
General government			
Services and supplies	3,000	2,171	829
Total Expenditures	<u>3,000</u>	<u>2,171</u>	<u>829</u>
Excess (deficiency) of revenues over expenditures	3,900	2,227	(1,673)
Fund balance - beginning	0	20,305	20,305
Fund balance - ending	<u>\$ 3,900</u>	<u>\$ 22,532</u>	<u>\$ 18,632</u>

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

STOREY COUNTY, NEVADA
 FEDERAL GRANTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURE, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUES</u>				
Intergovernmental				
Federal grants		\$ 12,531	\$ 12,531	\$ 0
State grants	\$ 225,000	627,216	469,964	(157,252)
Historical commission		31,680	31,680	0
Emergency planning		13,730	15,624	1,894
Total Revenues	<u>225,000</u>	<u>685,157</u>	<u>529,799</u>	<u>(155,358)</u>
<u>EXPENDITURES</u>				
Culture and recreation				
Historic district		181,680	228,465	(46,785)
Other		379,581	291,632	87,949
Public safety				
Emergency planning		23,896	39,050	(15,154)
Capital outlay	125,000			
Total Expenditures	<u>125,000</u>	<u>585,157</u>	<u>559,147</u>	<u>26,010</u>
Excess (deficiency) of revenues over expenditures	100,000	100,000	(29,348)	(129,348)
Fund balance - beginning (deficit)	<u>(46,679)</u>	<u>(46,679)</u>	<u>(38,237)</u>	<u>8,442</u>
Fund balance - ending	<u>\$ 53,321</u>	<u>\$ 53,321</u>	<u>\$ (67,585)</u>	<u>\$ (120,906)</u>

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

STOREY COUNTY, NEVADA
 SERVICE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Fund balance - beginning	\$ 2,138	\$ 0	\$ (2,138)
Fund balance - ending	\$ 2,138	\$ 0	\$ (2,138)

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

STOREY COUNTY, NEVADA
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
None	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt service			
Principle	56,800	56,800	0
Excess (deficiency) of revenues over expenditures	(56,800)	(56,800)	0
<u>OTHER FINANCING SOURCES</u>			
Transfers in	151,800	151,800	0
Excess (deficiency) of revenues and other financing sources	95,000	95,000	0
Fund balance - beginning (deficit)	(94,476)	(76,676)	17,800
Fund balance - ending	<u>\$ 524</u>	<u>\$ 18,324</u>	<u>\$ 17,800</u>

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

STOREY COUNTY, NEVADA
 INFRASTRUCTURE CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Intergovernmental			
¼% Optional sales tax	\$ 90,000	\$ 169,979	\$ 79,979
<u>EXPENDITURES</u>			
General government			
Services and supplies	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Excess (deficiency) of revenues over expenditures	(110,000)	169,979	279,979
Fund balance - beginning (deficit)	<u>284,203</u>	<u>243,594</u>	<u>(40,609)</u>
Fund balance - ending	<u>\$ 174,203</u>	<u>\$ 413,573</u>	<u>\$ 239,370</u>

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

STOREY COUNTY, NEVADA
WATER SYSTEM ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>OPERATING REVENUES</u>			
Sales of water	\$ 353,000	\$ 370,530	\$ 17,530
<u>OPERATING EXPENSES</u>			
Salaries and wage	118,027	115,070	2,957
Salary costs	49,615	45,398	4,217
Services and supplies	119,800	103,252	16,548
Depreciation	50,000	77,945	(27,945)
Total Operating Expenses	337,442	341,665	(4,223)
Operating Income (Loss)	15,558	28,865	13,307
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Grants		60,220	60,220
Interest earnings	5,000	16,084	11,084
Rents	4,400	3,600	(800)
Grant expenditures			
Interest expense	(35,973)	(35,769)	204
Net Income (Loss)	\$ (11,015)	\$ 73,000	\$ 84,015

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

STOREY COUNTY, NEVADA
WATER SYSTEM ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash In flows			
Sales of water	\$ 353,000	\$ 357,052	\$ 4,052
Cash Out flows			
Salaries and wages	(118,027)	(119,870)	(1,843)
Salary costs	(49,615)	(45,398)	4,217
Services and supplies	(119,800)	(99,675)	20,125
Depreciation	(50,000)		50,000
Net Cash provided (used) by Operating Activities	15,558	92,109	76,551
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Cash In flows			
Grants		60,220	60,220
Rent	4,400	3,600	(800)
Customer deposits		2,133	2,133
Net Cash Provided by Non Capital Financing Activities	4,400	65,953	61,553
<u>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</u>			
Cash In flows			
Capital contributed		186,011	186,011
Cash Out flows			
Capital outlay		(244,477)	(244,477)
Debt service	(20,078)	(20,078)	0
Interest expense	(35,973)	(35,769)	204
Net Cash Provided (Used) by Capital Related Activities	(56,051)	(114,313)	(58,262)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest earnings	5,000	16,084	11,084
Net Increase (Decrease) in Cash	(31,093)	59,833	90,926
Cash - beginning	503,219	873,472	370,253
Cash - ending	\$ 472,126	\$ 933,305	\$ 461,179

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

STOREY COUNTY, NEVADA
 VIRGINIA DIVIDE SEWER IMPROVEMENT DISTRICT ENTERPRISE FUND
 SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OPERATING REVENUES</u>			
Service use fees	\$ 148,500	\$ 143,073	\$ (5,427)
 <u>OPERATING EXPENSES</u>			
Salaries and wages	50,042	48,336	1,706
Salary costs	20,211	20,062	149
Services and supplies	49,300	32,340	16,960
Depreciation	30,000	30,650	(650)
Total Operating Expenses	149,553	131,388	18,165
Operating Income (Loss)	(1,053)	11,685	12,738
 <u>NON OPERATING REVENUES (EXPENSE)</u>			
Interest income	3,000	7,872	4,872
Interest expense	(4,528)	(4,514)	14
Net income (Loss)	\$ (2,581)	\$ 15,043	\$ 17,624

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

STOREY COUNTY, NEVADA
 VIRGINIA DIVIDE SEWER IMPROVEMENT DISTRICT ENTERPRISE FUND
 SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash In Flows			
Sewer Fees	\$ 148,500	\$ 140,446	\$ (8,054)
Cash Out Flows			
Salaries and wages	(50,042)	(49,058)	984
Salary costs	(20,211)	(20,062)	149
Service and supplies	(79,300)	(30,756)	48,544
Net cash provided (used) by Operating Activities	(1,053)	40,570	41,623
 <u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
None	0	0	0
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Cash In Flows			
Capital contributed by customers		160,000	160,000
Cash Out Flows			
Interest expense	(4,528)	(4,514)	14
Principal - revenue bonds	(3,547)	(3,562)	(15)
Acquisition and construction of capital assets	(35,000)	(11,666)	23,334
Net cash provided (used) by capital related Financing Activities	(43,075)	140,258	183,333
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest income	3,000	7,872	4,872
Net Increase (Decrease) in Cash	(41,128)	188,700	229,828
Cash - beginning	216,796	325,493	108,697
Cash - ending	\$ 175,668	\$ 514,193	\$ 338,525

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

STOREY COUNTY, NEVADA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>STATE OF NEVADA FUND</u>				
Assets				
Cash	\$ 143,182	\$ 867,797	\$ 903,635	\$ 107,344
Liabilities				
Due Other Governments	\$ 143,182	\$ 867,797	\$ 903,635	\$ 107,344
<u>STOREY COUNTY SCHOOL DISTRICT</u>				
Assets				
Cash	\$ 126,352	\$ 1,381,028	\$ 1,500,378	\$ 7,002
Liabilities				
Due Other Governments	\$ 126,352	\$ 1,381,028	\$ 1,500,378	\$ 7,002
<u>STOREY COUNTY SCHOOL DISTRICT DEBT SERVICE</u>				
Assets				
Cash	\$ 1,317	\$ 258,013	\$ 258,318	\$ 1,012
Liabilities				
Due Other Governments	\$ 1,317	\$ 258,013	\$ 258,318	\$ 1,012
<u>VIRGINIA CITY CONVENTION AND TOURISM AUTHORITY</u>				
Assets				
Cash	\$ 34,387	\$ 254,442	\$ 210,519	\$ 78,310
Liabilities				
Due Other Governments	\$ 34,387	\$ 254,442	\$ 210,519	\$ 78,310
<u>DISTRICT ATTORNEY RESTITUTION FUND</u>				
Assets				
Cash	\$ 5,112	\$ 3,721	\$ 3,183	\$ 5,650
Liabilities				
Due Other Governments	\$ 5,112	\$ 3,721	\$ 3,183	\$ 5,650
<u>TOTAL - ALL FUNDS</u>				
Assets				
Cash	\$ 310,350	\$ 2,765,001	\$ 2,876,033	\$ 199,318
Liabilities				
Due Other Governments	\$ 310,350	\$ 2,765,001	\$ 2,876,033	\$ 199,318

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

STOREY COUNTY, NEVADA
 CAPITAL ASSETS USED IN THE OPERATION OF
 GOVERNMENTAL FUNDS BY SOURCE
 JUNE 30, 2005

	JUNE 30, 2005
<u>GOVERNMENTAL FUNDS CAPITAL ASSETS:</u>	
Land	\$ 134,443
Building and improvements	5,603,634
Machinery and equipment	4,560,847
Park Improvements	548,214
Total General Fixed Assets	\$ 10,847,138

INVESTMENTS IN GOVERNMENTAL FUNDS

CAPITAL ASSETS BY SOURCE:

General Fund	4,076,171
Road Fund	1,325,325
Fire Fund	2,046,024
Fire District Fund	848,324
Fourth Ward Trustee	1,579,368
Sheriff's Jail	971,926
Total Investment in General Fixed Assets	\$ 10,847,138

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

STOREY COUNTY, NEVADA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2005

FUNCTION AND ACTIVITY	LAND	BUILDING AND IMPROVEMENTS	PARK IMPROVEMENTS	MACHINERY AND EQUIPMENT	TOTAL
GENERAL GOVERNMENT					
Commissioners				\$ 2,595	\$ 2,595
Clerk-Treasurers				0	0
Recorder-Auditor				69,134	69,134
Assessor				18,000	18,000
Building-Grounds				24,298	24,298
Other - Administrative	\$ 134,443	\$ 1,841,916	\$ 0	91,797	2,068,156
Total General Government	<u>134,443</u>	<u>1,841,916</u>	<u>0</u>	<u>205,824</u>	<u>2,182,183</u>
JUDICIAL					
Justice Court				4,090	4,090
District Attorney				35,371	35,371
District Court				0	0
Total Judicial	<u>0</u>	<u>0</u>	<u>0</u>	<u>39,461</u>	<u>39,461</u>
PUBLIC SAFETY					
Sheriff		971,926		289,904	1,261,830
Fire		6,309		2,039,715	2,046,024
Fire District		65,375		782,949	848,324
Emergency Management				272,049	272,049
Building Department				58,801	58,801
Total Public Safety	<u>0</u>	<u>1,043,610</u>	<u>0</u>	<u>3,443,418</u>	<u>4,487,028</u>
HIGHWAY AND STREET					
	<u>0</u>	<u>509,651</u>	<u>0</u>	<u>815,674</u>	<u>1,325,325</u>
CULTURE AND RECREATION					
	<u>0</u>	<u>2,208,457</u>	<u>548,214</u>	<u>56,470</u>	<u>2,813,141</u>
COMMUNITY SUPPORT					
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets	<u>\$ 134,443</u>	<u>\$ 5,603,634</u>	<u>\$ 548,214</u>	<u>\$ 4,560,847</u>	<u>\$ 10,847,138</u>

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

STOREY COUNTY, NEVADA
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
JUNE 30, 2005

<u>FUNCTION AND ACTIVITY</u>	GOVERNMENTAL FUNDS CAPITAL ASSETS				GOVERNMENTAL FUNDS CAPITAL ASSETS
	JULY 1, 2004	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2005
GENERAL GOVERNMENT					
Commissioners	\$ 2,595				\$ 2,595
Recorder-Auditor	69,134				69,134
Assessor	18,000				18,000
Building-Grounds	24,298				24,298
Other-Administrative	2,020,573	\$ 39,798			2,060,371
Total General Government	<u>2,134,600</u>	<u>39,798</u>	<u>0</u>	<u>0</u>	<u>2,174,398</u>
JUDICIAL					
District Attorney	35,371				35,371
District Court	4,090				4,090
Total Judicial	<u>39,461</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>39,461</u>
PUBLIC SAFETY					
Sheriff	1,311,116	9,500	(58,786)		1,261,830
Fire	2,046,022				2,046,022
Fire District	834,363				834,363
Emergency Management	275,656	13,961			289,617
Building Department	62,982				62,982
Total Public Safety	<u>4,530,139</u>	<u>23,461</u>	<u>(58,786)</u>	<u>0</u>	<u>4,494,814</u>
HIGHWAY AND STREETS					
	<u>1,140,270</u>	<u>185,055</u>	<u>0</u>	<u>0</u>	<u>1,325,325</u>
CULTURE AND RECREATION					
	<u>2,813,140</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,813,140</u>
Total General Fixed Assets	<u>\$ 10,657,610</u>	<u>\$ 248,314</u>	<u>\$ (58,786)</u>	<u>\$ 0</u>	<u>\$ 10,847,138</u>

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

STOREY COUNTY
SCHEDULE OF GENERAL OBLIGATIONS BONDS
AND OTHER CONTRACTUAL OBLIGATIONS FROM FUTURE REVENUES
JUNE 30, 2005

<u>COUNTY BONDS</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2004</u>	<u>PAID DURING YEAR</u>	<u>BALANCE JUNE 30, 2005</u>	<u>TERMS OF PAYMENT OF OUTSTANDING BALANCE</u>
Revenue Bonds County of Storey Water Revenues Bonds of 1974 (Due United States of American Farmer's Home Administration)	6/26/74	\$ 294,000	5%	\$ 125,000	\$ 11,000	\$ 114,000	\$ 11,000 Annually - Jan 1, 2006-2007 \$ 12,000 Annually - Jan 1, 2008-2010 \$ 13,000 Annually 1, 2011 \$ 14,000 Annually - Jan 1, 2012 - 2013 \$ 15,000 January 1, 2014
<u>WATER REVENUE BOND - SERIES 1998</u> <u>U.S.D.A. - Rural Development Loan</u>	1/28/97	\$ 714,000	4 1/2%	\$ 660,504	\$ 9,078	\$ 651,426	\$ 38,801 Fiscal Years 6/30/05-6/30/2037 with interest only paid on July 1, and interest and principal paid on January 1, of each year.
<u>VIRGINIA - DIVIDE SEWER</u> <u>IMPROVEMENTS DISTRICT</u> Sewer Revenue Bonds Series 1981 (Due General Electric Credit Corp. Master Services - acquired from United States of America Farmers Home Administration on 09/23/1987)	11/1/81	\$ 138,000	5%	\$ 91,245	\$ 3,562	\$ 87,683	\$ 673 per month

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

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

To the Honorable Board of County Commissioners
Storey County, Nevada

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Storey County, Nevada as of and for the year ended June 30, 2005, which collectively comprise Storey County, Nevada's, basic financial statements and have issued our report thereon dated November 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Storey County, Nevada's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Storey County, Nevada, in a separate letter dated November 14, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Storey County, Nevada's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Storey County, Nevada, in a separate letter dated November 14, 2005.

This report is intended solely for the information and use of the audit committee, management, Board of County Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pringle & Pollard, LLC
November 14, 2005

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AUDITORS REPORT ON PRIOR YEAR'S RECOMMENDATIONS

To The Honorable Board of County Commissioners
Storey County, Nevada

We have reviewed the status of our recommendations included in last year's audit report dated November 30, 2004. This review indicated that the budgets of the special revenue funds continue to exceed appropriations and to incur deficit balances.

Pringle & Pollard, LLC
Certified Public Accountants

November 14, 2005

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AUDITORS REPORT ON CURRENT YEAR'S RECOMMENDATIONS

To the Honorable Board of County Commissioners
Storey County, Nevada

We have audited the financial statements of Storey County, Nevada for the year ended June 30, 2005, and have issued our report thereon dated November 14, 2005. As part of our audit, we made a study and evaluation of the County's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However during our audit we became aware of certain matters that, while not involving material weaknesses in internal accounting control, are opportunities for increasing controls and operating efficiency. This letter does not affect our report dated November 14, 2005, on the financial statements of Storey County, Nevada.

Budgets

1. Expenditures exceeded appropriations in two special revenue funds and the Water System Enterprise Fund.
2. A deficit fund balance was incurred in the Federal Grants Special Revenue Fund.

Current Years Audit Recommendations

1. Both revenue and expenditures must be continually compared to budget amounts and cash balances monitored.

The status of the above recommendations must be reviewed during your next audit engagement. We have already discussed these recommendations with the County Recorder/Auditor, and will be pleased to discuss them in further detail at your convenience.

Pringle & Pollard, LLC
Certified Public Accountants

November 14, 2005