

Audit Report

*STOREY COUNTY,
NEVADA*

June 30, 2007

STOREY COUNTY, NEVADA
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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, 2007, 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, 2007, 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, 2007, 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 60, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Storey County, Nevada, basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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.

A handwritten signature in black ink, appearing to read "D. A. Pringle", with a long horizontal flourish extending to the right.

David A. Pringle, CPA, LTD
November 14, 2007

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 Storey County for the fiscal year ended June 30, 2007. 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 by \$21,228,861.
- The County's unrestricted net assets increased \$ 1,840,214.
- At June 30, 2007, the unreserved fund balance for the general fund was \$4,996,885.
- Storey County's bonded debt at June 30, 2007 was \$804,028 which was all revenue bonds of the County's Enterprise Funds.

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 and federal finance related requirements. The fund types 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 twenty 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 funds financial statements can be found in this report on pages 11 through 22 .

Enterprise funds. Storey County operates two enterprise funds, Water and Sewer. These funds are reported as business type activities, reported in the government-wide financial statements.

Enterprise funds are presented on pages 23 through 25.

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 cash basis of accounting is used for fiduciary 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 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 through 59 of this report.

STOREY COUNTY NEVADA
NET ASSETS

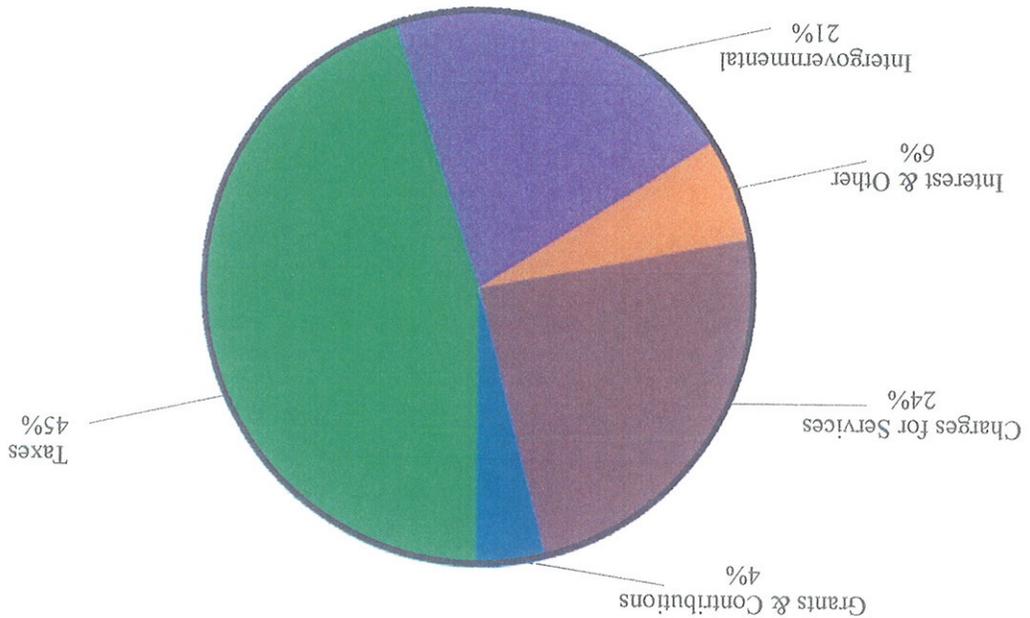
	Governmental Activities June 30, 2007	Business Type Activities June 30, 2007	Total June 30, 2007
Current and other Assets	\$12,033,859	\$ 1,552,939	\$ 13,586,798
Capital Assets	<u>6,820,134</u>	<u>5,574,716</u>	<u>12,394,850</u>
Total Assets	<u>\$ 18,853,993</u>	<u>\$ 7,127,655</u>	<u>\$ 25,981,648</u>
Long Term Liabilities			
Outstanding	\$ 752,862	\$ 777,548	\$ 1,530,410
Other Liabilities	<u>3,051,383</u>	<u>170,994</u>	<u>3,222,377</u>
Total Liabilities	<u>\$ 3,804,245</u>	<u>\$ 948,542</u>	<u>\$ 4,752,787</u>
 NET ASSETS			
Invested in Capital			
Assets, Net of Related Debt	\$ 6,143,990	\$ 4,878,199	\$ 11,022,189
Unrestricted	<u>8,905,758</u>	<u>1,300,914</u>	<u>10,206,672</u>
Total Net Assets	<u>\$ 15,049,748</u>	<u>\$ 6,179,113</u>	<u>\$ 21,228,861</u>

STOREY COUNTY NEVADA
CHANGES IN NET ASSETS

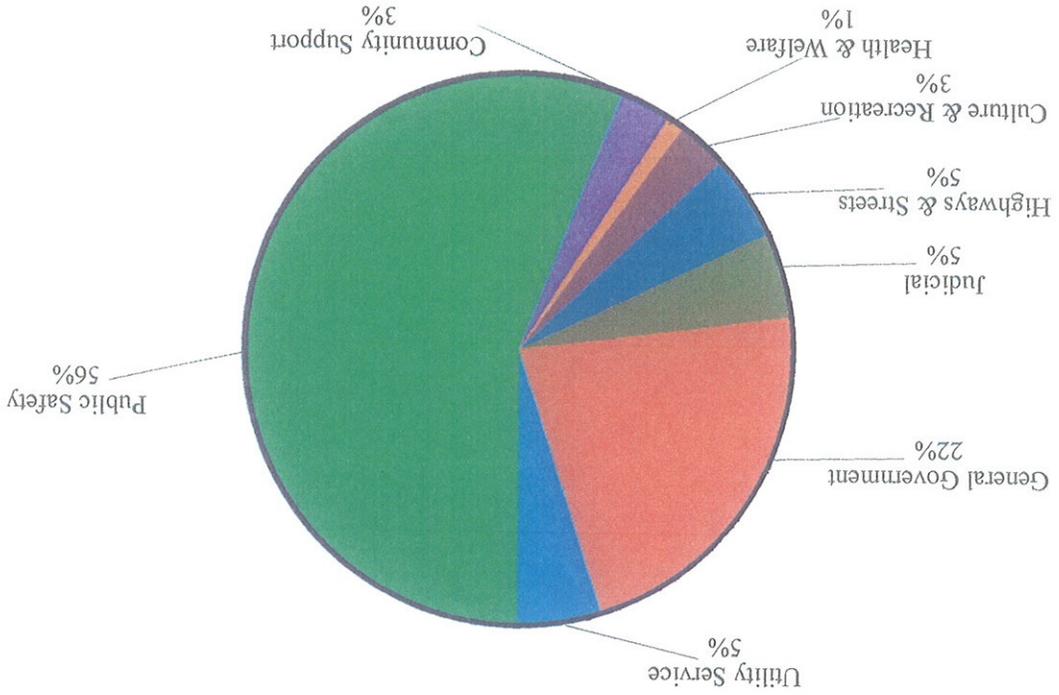
	Governmental Activities June 30, 2007	Business Type Activities June 30, 2007	Total June 30, 2007
REVENUES:			
Program Revenues:			
Charges For Services	\$ 3,352,371	\$ 514,478	\$ 3,866,849
Operating Grants and Contributions	94,476		94,476
Capital Grants and Contributions	38,530	472,042	510,572
General Revenues:			
Taxes	7,318,567		7,318,567
Intergovernmental	3,522,137		3,522,137
Other	<u>882,093</u>	<u>85,042</u>	<u>967,135</u>
Total Revenues	<u>15,208,174</u>	<u>1,071,562</u>	<u>16,279,736</u>
EXPENSES:			
General Government	3,008,567		3,008,567
Public Safety	7,533,715		7,533,715
Judicial	654,228		654,228
Health and Welfare	167,606		167,606
Culture and Recreation	422,903		422,903
Community Support	673,535		673,535
Highways and Streets			673,535
Water and Sewer		<u>640,308</u>	<u>640,308</u>
Total Expenses	<u>12,889,224</u>	<u>640,308</u>	<u>13,529,532</u>
Changes In Net Assets	2,318,950	431,254	2,750,204
Net Assets July 1, 2006	<u>12,730,798</u>	<u>5,747,859</u>	<u>18,478,657</u>
Net Assets June 30, 2007	<u>\$15,049,748</u>	<u>\$ 6,179,113</u>	<u>\$21,228,861</u>

Revenues in the General Fund were \$9,858,727, which was \$951,320 more than the amount budgeted. Actual revenue exceeded budgeted amounts in all budget categories. Actual expenditures were \$7,490,618, which was \$718,232 less than appropriations for the year. Overall, the total ending fund balance was \$4,996,885 which is \$3,646,984 more than budgeted. Of the \$4,996,885 ending fund balance \$3,160,036 was designated as an opening fund balance on July 1, 2007 and \$-0- was reserved on July 1, 2007.

Storey County, Nevada
 Revenues by Function - All Funds
 June 30, 2007



Storey County, Nevada
 Expenditures by Function - All Funds
 June 30, 2007



COUNTY OF STOREY, STATE OF NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Business Type Activities. Business-type activities increased Storey County's net assets by \$431,254. Depreciation expense for the current fiscal year was \$116,778.

Financial Analysis of the Government's Funds. As noted earlier, Storey County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

Budgetary Highlights-Fiscal Year June 30, 2007. The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2007. The budget statements were prepared from the final budget as filed with the Nevada Department of Taxation. Budget revenues and expenditures were adjusted for grants received in excess of original amounts budgeted. Augmentations and line item transfers were made during the year as approved by the Storey County Commissioners.

The General Fund revenues exceeded expectations by \$951,320, leaving a fund balance of \$4,996,885.

Fund budget information can be found on pages 15 through 19.

Capital Assets. Storey County's investment in capital assets for its governmental and business type activities as of June 30, 2007 amounts to \$12,394,850 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and system, improvements, machinery and equipment, park facilities, roads, and bridges.

STOREY COUNTY NEVADA
CAPITAL ASSETS
JUNE 30, 2007

	Governmental Activities June 30, 2007	Business Type Activities June 30, 2007	Total June 30, 2007
Land	\$ 134,443		\$ 134,443
Buildings and Improvements	4,954,020		4,954,020
Improvements other than Buildings	507,053		507,053
Machinery and Equipment	1,224,618	\$ 226,047	1,450,665
Sewer and Water systems	<u> </u>	<u>5,348,669</u>	<u>5,348,669</u>
Total	<u>\$ 6,820,134</u>	<u>\$ 5,574,716</u>	<u>\$ 12,394,850</u>

This financial report is designed to provide a general overview of Storey County, Nevada's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Storey County Auditor/Recorder, P.O. Box 493, Virginia City, Nevada 89440, telephone number (775)847-0967, e-mail Recorder@StoreyCounty.org

Sarah S. Jensen
Recorder and Auditor

STOREY COUNTY, NEVADA
STATEMENT OF NET ASSETS
JUNE 30, 2007

<u>ASSETS</u>	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash	\$ 11,304,099	\$ 1,484,729	\$ 12,788,828
Accounts receivables	624,360	62,694	687,054
Taxes receivable	65,511		65,511
Interest receivable	39,889	5,516	45,405
Capital assets - net of accumulated depreciation			
Land	134,443		134,443
Buildings and improvements	4,954,020		4,954,020
Improvements other than buildings	507,053		507,053
Utility system		5,348,668	5,348,668
Machinery and equipment	1,224,618	226,048	1,450,666
Total Assets	<u>\$ 18,853,993</u>	<u>\$ 7,127,655</u>	<u>\$ 25,981,648</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable and other current liabilities	\$ 3,051,383	\$ 144,514	\$ 3,195,897
Non-current liabilities			
Bonds payable - due within one year		26,480	26,480
- due in more than one year		777,548	777,548
Compensated absences - due in more than one year	76,718		76,718
Other non-current liabilities	676,144		676,144
Total Liabilities	<u>\$ 3,804,245</u>	<u>\$ 948,542</u>	<u>\$ 4,752,787</u>
 <u>NET ASSETS</u>			
Invested in capital assets - net of related debt	\$ 6,143,990	\$ 4,878,199	\$ 11,022,189
Unrestricted	8,905,758	1,300,914	10,206,672
Total Net Assets	<u>\$ 15,049,748</u>	<u>\$ 6,179,113</u>	<u>\$ 21,228,861</u>

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

STOREY COUNTY, NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
Primary government:				
Governmental activities:				
General government	\$ 3,008,567	\$ 1,408,893	\$ 16,861	
Public safety	7,533,715	1,801,181	76,720	\$ 21,590
Judicial	654,228	24,852		
Health and Welfare	167,606		895	
Culture and recreation	422,903	39,412		16,940
Community support	428,670			
Highways and streets	673,535	78,033		
Total Governmental Activities	<u>12,889,224</u>	<u>3,352,371</u>	<u>94,476</u>	<u>38,530</u>
Business type activities:				
Water	427,384	369,005		
Sewer	212,924	145,473		
Total Business-Type Activities	<u>640,308</u>	<u>514,478</u>		
Total Primary Government	<u>\$ 13,529,532</u>	<u>\$ 3,866,849</u>	<u>\$ 94,476</u>	<u>\$ 38,530</u>

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

STOREY COUNTY, NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
Primary government:			
Governmental activities:			
General government	\$ (1,582,813)		\$ (1,582,813)
Public safety	(5,634,224)		(5,634,224)
Judicial	(629,376)		(629,376)
Health and Welfare	(166,711)		(166,711)
Culture and recreation	(366,551)		(366,551)
Community support	(428,670)		(428,670)
Highways and streets	(595,502)		(595,502)
Total Governmental Activities	<u>(9,403,847)</u>		<u>(9,403,847)</u>
Business type activities:			
Water		\$ (58,379)	(58,379)
Sewer		(67,451)	(67,451)
Total Business-Type Activities		<u>(125,830)</u>	<u>(125,830)</u>
Total Primary Government	<u>(9,403,847)</u>	<u>(125,830)</u>	<u>(9,529,677)</u>
General revenues:			
Property taxes	7,318,567		7,318,567
Various State Collected Pass-Through Revenues	3,522,137		3,522,137
Interest Earnings	483,098	79,042	562,140
Miscellaneous Revenue	398,995	6,000	404,995
Capital Contributions and Grants		472,042	472,042
Total General Revenues	<u>11,722,797</u>	<u>557,084</u>	<u>12,279,881</u>
Change in Net Assets	2,318,950	431,254	2,750,204
Net Assets - July 1, 2006	12,730,798	5,747,859	18,478,657
Net Assets - June 30, 2007	<u>\$ 15,049,748</u>	<u>\$ 6,179,113</u>	<u>\$ 21,228,861</u>

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

STOREY COUNTY, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>GENERAL</u>	<u>ROAD FUND</u>	<u>FIRE FUND</u>	<u>INFRASTRUCTURE CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>						
Cash	\$ 7,053,655	\$ 516,842	\$ 317,910	\$ 1,166,942	\$ 2,248,750	\$ 11,304,099
Accounts receivable	282,771	73,115	186,288	71,225	10,961	624,360
Taxes receivable	45,673		14,825		5,013	65,511
Interest receivable	35,970	2,231			1,688	39,889
Total Assets	<u>\$ 7,418,069</u>	<u>\$ 592,188</u>	<u>\$ 519,023</u>	<u>\$ 1,238,167</u>	<u>\$ 2,266,412</u>	<u>\$ 12,033,859</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 240,399	\$ 212,571	\$ 119,583		\$ 174,702	\$ 747,255
Accrued expenses	194,211	4,858	98,331			297,400
Deferred revenue	1,986,574		15,115		5,039	2,006,728
Total Liabilities	<u>2,421,184</u>	<u>217,429</u>	<u>233,029</u>	<u>0</u>	<u>179,741</u>	<u>3,051,383</u>
<u>FUND BALANCES</u>						
Unreserved reported in:						
General fund	4,996,885					4,996,885
Capital projects funds				1,238,167	35,620	1,273,787
Special revenue funds		374,759	285,994		2,051,051	2,711,804
Total Fund Balances	<u>4,996,885</u>	<u>374,759</u>	<u>285,994</u>	<u>1,238,167</u>	<u>2,086,671</u>	<u>8,982,476</u>
Total Liabilities and Fund Balances	<u>\$ 7,418,069</u>	<u>\$ 592,188</u>	<u>\$ 519,023</u>	<u>\$ 1,238,167</u>	<u>\$ 2,266,412</u>	<u>\$ 12,033,859</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, 2007

Total Fund Balance - government funds - page 11	\$ 8,982,476
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	6,820,134
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(752,862)</u>
Total Net Assets - governmental activities - page 8	<u>\$15,049,748</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, 2007

	GENERAL	ROAD FUND	FIRE FUND	INFRASTRUCTURE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>						
Taxes	\$ 5,071,388		\$ 1,311,921		\$ 935,258	\$ 7,318,567
Licenses and permits	1,788,451				48,064	1,836,515
Intergovernmental	1,681,617	\$ 426,972	878,193	\$ 565,569	162,792	3,715,143
Charges for services	758,361	48,033	406,653		125,312	1,338,359
Fines and forfeitures	17,298				100,199	117,497
Miscellaneous	541,612	69,357	158,102		113,022	882,093
Total Revenues	9,858,727	544,362	2,754,869	565,569	1,484,647	15,208,174
<u>EXPENDITURES</u>						
Current:						
General government	2,555,258				443,589	2,998,847
Public safety	3,609,050		3,328,966		680,198	7,618,214
Judicial	648,753				5,475	654,228
Health and welfare	2,016				165,590	167,606
Culture and recreation	246,871				175,865	422,736
Community support	428,670					428,670
Highways and streets		672,202				672,202
Total Expenditures	7,490,618	672,202	3,328,966	0	1,470,717	12,962,503
Excess (deficiency) of revenues over expenditures	2,368,109	(127,840)	(574,097)	565,569	13,930	2,245,671
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	42,297					
Transfers out	(1,035,000)		353,626		700,000	1,095,923
Short term loan payments					(60,923)	(1,095,923)
Total Other Financing Sources (Uses)	(992,703)		353,626		492,182	(146,895)
Net change in fund balance	1,375,406	(127,840)	(220,471)	565,569	506,112	2,098,776
Fund balance - beginning	3,621,479	502,599	506,465	672,598	1,580,559	6,883,700
Fund balance - ending	\$ 4,996,885	\$ 374,759	\$ 285,994	\$ 1,238,167	\$ 2,086,671	\$ 8,982,476

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

STOREY COUNTY, NEVADA
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, 2007

Net change in fund balances - governmental funds, page 13 \$ 2,098,776

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. 104,381

Short term loan payments reported in governmental
funds as an expenditure 146,895

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 (31,102)

Change in net assets of governmental activities, page 10 \$ 2,318,950

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, 2007

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Taxes:				
Property	\$ 4,718,957	\$ 4,718,957	\$ 5,058,415	\$ 339,458
Youth Services	5,476	5,476	12,973	7,497
Total Taxes	<u>4,724,433</u>	<u>4,724,433</u>	<u>5,071,388</u>	<u>346,955</u>
Licenses and permits:				
Merchandise licenses	50,000	50,000	84,693	34,693
Prostitution licenses	225,000	225,000	225,000	0
Liquor licenses	2,000	2,000	2,410	410
Utility licenses	95,000	95,000	190,922	95,922
Franchise tax	20,000	20,000	58,287	38,287
Building permits	300,000	800,000	1,193,001	393,001
Special use permits	10,000	27,963	33,117	5,154
Other licenses			1,021	1,021
Total Licenses and Permits	<u>702,000</u>	<u>1,219,963</u>	<u>1,788,451</u>	<u>568,488</u>
Intergovernmental:				
Federal and state grants			5,953	5,953
Payment in lieu of taxes	20,000	20,000	20,933	933
State shared revenues:				
Cigarette tax	25,161	25,161	27,046	1,885
Liquor tax	4,732	4,732	5,429	697
Gaming licenses	160,000	160,000	168,453	8,453
Basic CCRT	681,544	681,544	427,119	(254,425)
Supplemental CCRT	553,922	553,922	553,922	0
Motor Vehicle Priviledge Tax	369,652	369,652	366,725	(2,927)
Virginia City Intergovernment Agreement	30,000	30,000		(30,000)
Real Property Transfer Tax	190,000	190,000	106,037	(83,963)
Total Intergovernmental	<u>2,035,011</u>	<u>2,035,011</u>	<u>1,681,617</u>	<u>(353,394)</u>
Charges for Services:				
Clerk Fees	9,000	9,000	12,194	3,194
Recorder fees	85,000	85,000	82,849	(2,151)
Assessor fees/commissions	40,000	140,000	158,645	18,645
Building department fees			8,560	8,560
District Court fees	3,000	3,000	3,318	318
Justice court fees	3,000	3,000	5,800	2,800
District Court fees - other			109	109
Sheriffs fees	35,000	35,000	27,467	(7,533)
Dog control			511	511
Facility fees	6,000	6,000	9,856	3,856
Swimming pool admissions/lessons	10,000	10,000	16,537	6,537
Park facilities fees	500	500	1,200	700
Import tonnage fees	350,000	350,000	419,496	69,496
Swim pool - concessions	3,000	3,000	5,069	2,069
V.C. park fees	2,500	2,500	1,500	(1,000)
V.C. Highlands park fees	6,500	6,500	5,000	(1,500)
Mark Twain park fees	1,500	1,500	250	(1,250)
Lockwood park fees	2,000	2,000		(2,000)
Total Charges for Services	<u>557,000</u>	<u>657,000</u>	<u>758,361</u>	<u>101,361</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, 2007

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUES (cont'd.)</u>				
Fines and Forfeits:				
District fine	2,000	2,000	255	(1,745)
Juvenile fines/assessments	1,000	1,000	2,385	1,385
Chemical analysis fees	1,000	1,000	2,352	1,352
Other fines			12,306	12,306
Total Fines and Forfeits	4,000	4,000	17,298	13,298
Miscellaneous:				
Miscellaneous/other	15,000	15,000	2,770	(12,230)
Penalties - current year	10,000	10,000	38,723	28,723
Penalties - prior years	20,000	20,000	14,502	(5,498)
Interest	35,000	210,000	435,214	225,214
Other	12,000	12,000	50,403	38,403
Total Miscellaneous	92,000	267,000	541,612	274,612
Total Revenues	8,114,444	8,907,407	9,858,727	951,320
<u>EXPENDITURES</u>				
General Government				
Commissioners:				
Salaries and wages	275,260	275,260	275,033	227
Employee benefits	142,042	142,042	136,542	5,500
Services and supplies	10,650	18,650	10,572	8,078
Capital outlay	3,000	3,000		3,000
	430,952	438,952	422,147	16,805
Clerk Treasurer:				
Salaries and wages	209,164	209,164	176,397	32,767
Employee benefits	89,983	89,983	71,709	18,274
Services and supplies	55,800	75,300	65,100	10,200
Capital outlay	5,000	5,000	2,162	2,838
	359,947	379,447	315,368	64,079
Recorder Auditor:				
Salaries and wages	226,762	226,762	231,654	(4,892)
Employee benefits	86,448	86,448	84,790	1,658
Services and supplies	11,000	28,000	19,559	8,441
Capital outlay	6,000	6,000		6,000
	330,210	347,210	336,003	11,207
Assessor:				
Salaries and wages	169,412	169,412	184,565	(15,153)
Employee benefits	95,594	95,594	93,875	1,719
Services and supplies	22,400	25,900	20,184	5,716
Capital outlay	3,000	3,000		3,000
	290,406	293,906	298,624	(4,718)
Administrative:				
Employee benefits	47,100	56,100	55,773	327
Services and supplies	605,150	765,650	741,185	24,465
Capital outlay	57,500	87,500	57,834	29,666
Contingency	224,065	224,065		224,065
	933,815	1,133,315	854,792	278,523

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, 2007

<u>EXPENDITURES</u>	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
General Government (contd.)				
Building and Grounds:				
Salaries and wages	83,673	113,673	107,937	5,736
Employee benefits	31,190	51,190	46,399	4,791
Services and supplies	49,300	66,300	61,898	4,402
Capital outlay	15,000	16,000		16,000
	179,163	247,163	216,234	30,929
Planning Commission:				
Salaries and wages	62,028	64,528	71,097	(6,569)
Employee benefits	20,454	20,454	21,232	(778)
Services and supplies	5,700	28,163	19,761	8,402
Capital outlay	1,000	1,000		1,000
	89,182	114,145	112,090	2,055
Total General Government	2,613,675	2,954,138	2,555,258	398,880
Judicial:				
District Attorney:				
Salaries and wages	177,722	177,722	180,975	(3,253)
Employee benefits	81,167	81,167	82,987	(1,820)
Services and supplies	28,100	42,100	29,093	13,007
Capital outlay	2,000	4,500	947	3,553
	288,989	305,489	294,002	11,487
District Court:				
Salaries and wages	40,000	40,000	30,000	10,000
Services and supplies	63,500	78,500	53,767	24,733
Capital outlay	3,000	8,000	6,422	1,578
	106,500	126,500	90,189	36,311
Justice of the Peace:				
Salaries and wages	131,903	131,903	152,266	(20,363)
Employee benefits	74,459	74,459	82,498	(8,039)
Services and supplies	35,000	50,500	29,798	20,702
Capital outlay	3,000	3,000		3,000
	244,362	259,862	264,562	(4,700)
Total Judicial	639,851	691,851	648,753	43,098
Public Safety:				
Sheriff:				
Salaries and wages	1,409,609	1,534,609	1,569,106	(34,497)
Employee benefits	774,033	803,033	799,872	3,161
Services and supplies	258,548	317,048	263,928	53,120
Capital outlay	155,000	155,000	158,862	(3,862)
	2,597,190	2,809,690	2,791,768	17,922

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, 2007

EXPENDITURES	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Public Safety: (contd.)				
Building Department:				
Salaries and wages	301,896	301,896	297,860	4,036
Employee benefits	135,177	135,177	115,109	20,068
Services and supplies	88,275	121,775	93,358	28,417
Capital outlay	42,500	27,500	17,465	10,035
	<u>567,848</u>	<u>586,348</u>	<u>523,792</u>	<u>62,556</u>
Emergency Management:				
Salaries and wages	27,328	27,328	27,692	(364)
Employee benefits	19,469	19,469	21,897	(2,428)
Services and supplies	20,413	74,413	13,428	60,985
Capital outlay	11,000	21,000	15,697	5,303
	<u>78,210</u>	<u>142,210</u>	<u>78,714</u>	<u>63,496</u>
Communications				
Salaries and wages	119,255	119,255	124,455	(5,200)
Employee benefits	70,715	70,715	46,412	24,303
Services and supplies	5,000	5,000	5,832	(832)
Capital outlay	3,500	53,500	38,077	15,423
	<u>198,470</u>	<u>248,470</u>	<u>214,776</u>	<u>33,694</u>
Total Public Safety	<u>3,441,718</u>	<u>3,786,718</u>	<u>3,609,050</u>	<u>177,668</u>
Health:				
Home Health:				
Services and supplies	2,016	2,016	2,016	0
Culture and Recreation:				
Swimming Pools & Parks				
Salaries and wages	79,215	79,215	63,575	15,640
Employee benefits	19,653	19,653	14,667	4,986
Services and supplies	99,450	99,450	43,291	56,159
Capital outlay	2,000	12,000	21,135	(9,135)
	<u>200,318</u>	<u>210,318</u>	<u>142,668</u>	<u>67,650</u>
Library:				
Salaries and wages	53,885	53,855	58,449	(4,594)
Employee benefits	17,224	17,224	19,814	(2,590)
Services and supplies	26,600	33,130	24,090	9,040
Capital outlay	2,000	2,000	1,850	150
	<u>99,709</u>	<u>106,209</u>	<u>104,203</u>	<u>2,006</u>
Total Culture and Recreation	<u>300,027</u>	<u>316,527</u>	<u>246,871</u>	<u>69,656</u>
Community Support:				
Ageing Services:				
Salaries and wages	12,000	18,000	17,710	290
Employee benefits	1,600	4,600	2,127	2,473
Services and supplies	405,000	435,000	408,833	26,167
Total Community Support	<u>418,600</u>	<u>457,600</u>	<u>428,670</u>	<u>28,930</u>
Total Expenditures	<u>7,415,887</u>	<u>8,208,850</u>	<u>7,490,618</u>	<u>718,232</u>
Excess of Revenue over Expenditures	<u>698,557</u>	<u>698,557</u>	<u>2,368,109</u>	<u>1,669,552</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, 2007

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Other Financing Sources (Uses)				
Transfers in			42,297	42,297
Transfers out	(785,000)	(1,035,000)	(1,035,000)	0
Total Other Financing Sources (Uses)	(785,000)	(1,035,000)	(992,703)	42,297
Net Change in Fund Balance	(86,443)	(336,443)	1,375,406	1,711,849
Fund balance - beginning	1,686,344	1,686,344	3,621,479	1,935,135
Fund balance - ending	\$ 1,599,901	\$ 1,349,901	\$ 4,996,885	\$ 3,646,984

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, 2007

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>				
Intergovernmental				
Gasoline tax	\$ 99,292	\$ 99,292	\$ 102,701	\$ 3,409
Supplemental CCRT	294,271	294,271	294,271	0
Intergovernmental agreement	30,000	30,000	30,000	0
Charges for services				
Import tonnage fees	40,000	43,469	48,033	4,564
Other revenue				
Interest	4,000	21,914	26,517	4,603
Miscellaneous	2,500	45,331	42,840	(2,491)
Total Revenue	<u>470,063</u>	<u>534,277</u>	<u>544,362</u>	<u>10,085</u>
<u>EXPENDITURES</u>				
Highways and streets				
Salaries and wages	174,673	174,673	174,303	370
Salary costs	78,500	78,500	73,020	5,480
Services and supplies	62,000	61,500	65,462	(3,962)
Capital outlay	323,500	388,214	359,417	28,797
Total Expenditures	<u>638,673</u>	<u>702,887</u>	<u>672,202</u>	<u>30,685</u>
Excess (deficiency) of revenues over expenditures	(168,610)	(168,610)	(127,840)	40,770
Fund balance - beginning	<u>358,365</u>	<u>358,365</u>	<u>502,599</u>	<u>144,234</u>
Fund balance - ending	<u>\$ 189,755</u>	<u>\$ 189,755</u>	<u>\$ 374,759</u>	<u>\$ 185,004</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, 2007

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUE</u>				
Taxes				
Property	\$ 1,211,441	\$ 1,211,441	\$ 1,311,921	\$ 100,480
Intergovernmental revenues				
Supplemental CCRT	848,193	848,193	848,193	0
Intergovernmental agreement	30,000	30,000	30,000	0
Charges for services				
Fire/ambulance fees	85,000	123,383	139,906	16,523
Ambulance program	2,500	3,140	5,165	2,025
Inspection fees	65,000	243,608	261,582	17,974
Other revenue				
Miscellaneous - other			158,102	158,102
Total Revenues	<u>2,242,134</u>	<u>2,459,765</u>	<u>2,754,869</u>	<u>295,104</u>
<u>EXPENDITURES</u>				
Public Safety				
Salaries and wages	1,368,704	1,368,704	1,478,361	(109,657)
Salary costs	754,179	754,179	766,637	(12,458)
Services and supplies	428,900	578,900	566,455	12,445
Capital outlay		548,328	517,513	30,815
Total Expenditures	<u>2,551,783</u>	<u>3,250,111</u>	<u>3,328,966</u>	<u>(78,855)</u>
Excess (deficiency) of revenue over expenditures	(309,649)	(790,346)	(574,097)	216,249
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	<u>85,000</u>	<u>353,626</u>	<u>353,626</u>	<u>0</u>
Excess (deficiency) of revenue and other financing sources (uses) over expenditures	(224,649)	(436,720)	(220,471)	216,249
Fund balance - beginning	<u>294,394</u>	<u>506,465</u>	<u>506,465</u>	<u>0</u>
Fund balance - ending	<u>\$ 69,745</u>	<u>\$ 69,745</u>	<u>\$ 285,994</u>	<u>\$ 216,249</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, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Intergovernmental			
¼% Optional sales tax	\$ 200,000	\$ 565,569	\$ 365,569
<u>EXPENDITURES</u>			
General government			
Services and supplies	300,000	0	300,000
Excess (deficiency) of revenues over expenditures	(100,000)	565,569	665,569
Fund balance - beginning	303,573	672,598	369,025
Fund balance - ending	\$ 203,573	\$ 1,238,167	\$ 1,034,594

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

STOREY COUNTY, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTAL
<u>ASSETS</u>			
Current Assets			
Cash	\$ 884,370	\$ 600,359	\$ 1,484,729
Accounts receivable	47,298	15,396	62,694
Interest receivable	3,496	2,020	5,516
Total Current Assets	<u>935,164</u>	<u>617,775</u>	<u>1,552,939</u>
Noncurrent Assets			
Capital assets - net of accumulated depreciation	<u>5,201,266</u>	<u>373,450</u>	<u>5,574,716</u>
Total Assets	<u>6,136,430</u>	<u>991,225</u>	<u>7,127,655</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	111,908	10,702	122,610
Refundable deposits	7,507		7,507
Bonds payable - current portion	22,360	4,120	26,480
Accrued expenses	10,409	1,688	12,097
Accrued interest	2,300		2,300
Total Current Liabilities	<u>154,484</u>	<u>16,510</u>	<u>170,994</u>
Long Term Liabilities			
Bonds payable - net of current portion	<u>701,665</u>	<u>75,883</u>	<u>777,548</u>
<u>NET ASSETS</u>			
Invested in capital assets - net of related debt	4,584,752	293,447	4,878,199
Unrestricted	<u>695,529</u>	<u>605,385</u>	<u>1,300,914</u>
Total Net Assets	<u>\$ 5,280,281</u>	<u>\$ 898,832</u>	<u>\$ 6,179,113</u>

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, 2007

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTAL
<u>OPERATING REVENUES</u>			
Charges for services	\$ 369,005	\$ 145,473	\$ 514,478
<u>OPERATING EXPENSES</u>			
Salaries and wages	142,988	51,262	194,250
Salary costs	62,294	29,762	92,056
Services and supplies	101,965	97,579	199,544
Depreciation	86,597	30,181	116,778
Total Operating Expense	393,844	208,784	602,628
Operating Income	(24,839)	(63,311)	(88,150)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Rent and miscellaneous	6,000		6,000
Interest income	52,676	26,366	79,042
Interest expense	(33,540)	(4,140)	(37,680)
Capital contributions and grants	420,542	51,500	472,042
Total Nonoperating Revenues (Expenses)	445,678	73,726	519,404
Change in net assets	420,839	10,415	431,254
Net assets - beginning	4,859,442	888,417	5,747,859
Net assets - ending	\$ 5,280,281	\$ 898,832	\$ 6,179,113

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, 2007

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTALS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Inflows			
Sales of water/sewer fees	\$ 365,017	\$ 144,815	\$ 509,832
Cash Outflows			
Salaries and wages	(141,818)	(51,383)	(193,201)
Salary costs	(62,294)	(29,762)	(92,056)
Services and supplies	(96,760)	(93,395)	(190,155)
Net Cash Provided by Operating Activities	<u>64,145</u>	<u>(29,725)</u>	<u>34,420</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Cash Inflows			
Grants	378,842		378,842
Rent	6,000		6,000
Customer deposits	(1,523)		(1,523)
Net Cash Provided by Non-Capital Financing Activities	<u>383,319</u>		<u>383,319</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Cash Inflows			
Capital contributions	41,700	51,500	93,200
Cash Outflows			
Capital outlay	(585,870)	(21,649)	(607,519)
Debt service	(20,914)	(3,936)	(24,850)
Interest expense	(33,814)	(4,140)	(37,954)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(598,898)</u>	<u>21,775</u>	<u>(577,123)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Cash Inflows			
Interest earnings	49,180	24,346	73,526
Net Increase (Decreased) in Cash	(102,254)	16,396	(85,858)
Cash - beginning	<u>986,624</u>	<u>583,963</u>	<u>1,570,587</u>
Cash - ending	<u>\$ 884,370</u>	<u>\$ 600,359</u>	<u>\$ 1,484,729</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, 2007

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 301,896</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 301,896</u>
Net Assets	<u>\$ 0</u>

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

STOREY COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 or 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 *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 *Infrastructure Capital Projects* accounts for a special ¼% optional sales tax revenues used for capital projects in infrastructure.

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, 2007.

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 Rate of Pay</u>	<u>Fire Department 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 15 years	25.0¢ on the Dollar	
10 years but less than 20 years		35.0¢ on the Dollar
15 years but less than 20 years	40.0¢ on the Dollar	
20 years or more	50.0¢ on the Dollar	50.0¢ on the Dollar

The maximum sick leave paid upon termination shall be \$4,000 for department heads and \$5,000 for other employees.

Law Enforcement personnel:

Less than 10 years of service shall be paid at a rate of 20% of their base rate of pay for each hour, not to exceed \$1,500

10 to 20 years of service shall be paid at a rate of 40% of their base rate of pay for each hour, not to exceed \$2,500

More than 20 years of service shall be paid at a rate of 60% of their base rate of pay for each hour, not to exceed \$4,000

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. The County has reserved \$ 0 of the general fund balance at July 1, 2007.

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 \$6,067,272 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 - \$6,820,134. Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. - \$752,862.
- 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 \$220,174 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 - \$104,381. Short term loan payments reported in governmental funds as an expenditure - \$146,895. 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 - \$31,102.

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.
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, 2007.
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, 2007, expenditures exceeded appropriations as follows:

	<u>Expenditures</u>	<u>Appropriations</u>
Water System Enterprise Fund	\$ 426,417	\$ 409,811
Virginia-Divide Sewer Improvement District	\$ 212,294	\$ 171,382
Federal Grants Fund	\$ 250,000	\$ 327,899
Indigent Assistance	\$ -0-	\$ 460
Equipment Acquisition	\$ 249,175	\$ 256,008

C. DEFICIT FUND EQUITY

The Indigent Assistance special revenues fund incurred a deficit fund equity of \$31 at June 30, 2007.

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 \$1,886,979. Of the bank balances \$405,525 was covered by federal depositary insurance. Additionally \$11,200,106 cash was on deposit with the Nevada State Treasurer. The fair value of all cash and investments equaled 100% of book value.

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

1. Insured by Federal Deposit Insurance	\$ 405,525
2. Collateralized with securities held by The Nevada State Treasurer	11,200,106
3. Uncollateralized with the financial institution	1,481,454
4. Uncollateralized - cash on hand	<u>3,639</u>
	<u>\$ 13,090,724</u>

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

Major governmental funds	\$ 9,055,349
Non-major governmental funds	2,248,750
Business-type funds	<u>1,484,729</u>
	12,788,828
Fiduciary funds	<u>301,896</u>
Total	<u>\$13,090,724</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>Infrastructure</u>	<u>Non-Major Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Receivables:							
Taxes	\$ 45,673		\$ 14,825		\$ 10,961		\$ 71,459
Accounts	282,771	\$ 73,115	186,288	\$ 71,225	5,013	\$ 63,481	681,893
Interest	<u>35,970</u>	<u>2,231</u>			<u>1,688</u>	<u>5,516</u>	<u>45,405</u>
Gross Receivables	364,414	75,346	201,113	71,225	17,662	68,997	798,757
Less: Allowance for uncollectibles						787	787
Net Total Receivables	<u>\$ 364,414</u>	<u>\$ 75,346</u>	<u>\$ 201,113</u>	<u>\$ 71,225</u>	<u>\$ 17,662</u>	<u>\$ 68,210</u>	<u>\$ 797,970</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	\$ 49,134
Fire fund	15,115
Non-major funds	5,039
Deferred revenue - property sales	955,026
Deferred revenue - District Court	<u>982,414</u>
Total	<u>\$2,006,728</u>

VI. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 134,443	\$ 0	\$ 0	\$ 134,443
Capital assets being depreciated				
Buildings	5,678,124	602,575	0	6,280,699
Improvements other than buildings	548,214	42,036		590,250
Machinery and equipment	4,807,822	1,291,775	(2,466,914)	3,632,683
Infrastructure	0	0	0	0
Total capital assets being depreciated	<u>11,034,160</u>	<u>1,936,386</u>	<u>(2,466,914)</u>	<u>10,503,632</u>
Less accumulated depreciation for:				
Buildings and improvements	1,110,728	215,951		1,326,679
Improvements other than buildings	66,801	16,396		83,197
Machinery and equipment	3,275,321	258,710	(1,125,966)	2,408,065
Infrastructure	0	0	0	0
Total accumulated depreciation	<u>4,452,850</u>	<u>491,057</u>	<u>(1,125,966)</u>	<u>3,817,941</u>
Governmental activities capital assets - net	<u>\$ 6,715,753</u>	<u>\$ 1,445,329</u>	<u>\$ (1,340,948)</u>	<u>\$ 6,820,134</u>
Business type activities:				
Capital assets being depreciated				
Water and sewer system	\$ 6,115,863	\$ 633,703		\$ 6,749,566
Machinery and equipment	405,719	56,886	0	462,605
Total Capital assets being depreciated	<u>6,521,582</u>	<u>690,589</u>	<u>0</u>	<u>7,212,171</u>
Less accumulated depreciation for:				
Water and sewer systems	1,308,724	92,174		1,400,898
Machinery and equipment	211,953	24,604	0	236,557
Total accumulated depreciation	<u>1,520,677</u>	<u>116,778</u>	<u>0</u>	<u>1,637,455</u>
Business type activities capital assets - net	<u>\$ 5,000,905</u>	<u>\$ 573,811</u>	<u>\$ 0</u>	<u>\$ 5,574,716</u>

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

Governmental activities:	
General government	\$ 169,285
Public safety	258,361
Highways and streets, including depreciation of general infrastructure assets	44,566
Culture and recreation	<u>18,845</u>
Total depreciation expense - Governmental activities	<u>\$ 491,057</u>
Business type activities:	
Water	\$ 86,597
Sewer	<u>30,181</u>
Total depreciation expense - business type activities	<u>\$ 116,778</u>

VII. INTERFUND ASSETS/LIABILITIES

There were no interfund balances as of June 30, 2007.

Interfund transfers:

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 335,000
General Fund	Capital Projects Fund	200,000
General Fund	Stabilization Fund	500,000
Federal Grants	Fire Fund	18,626
Tri Net Fund	General Fund	<u>42,297</u>
		<u>\$ 1,095,923</u>

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, 2007.

<u>Fiscal Year Ending</u> <u>June 30,</u>	
2008	\$ 140,000
2009	140,000
2010	140,000
2011	140,000
2012	140,000
2013	<u>100,276</u>
	\$ 800,276
Less amounts representing interest	<u>124,132</u>
Present value of future minimum Lease payments	<u>\$ 676,144</u>

IX. LONG TERM DEBT

Special Assessment Bonds - The County has no special assessment bonds outstanding at June 30, 2007.

Contracts Payable - The County has no contracts payable at June 30, 2007.

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, 2007 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.

<u>BALANCE</u> <u>6/30/06</u>	<u>RETIRED</u>	<u>BALANCE</u> <u>6/30/07</u>
<u>\$ 641,939</u>	<u>\$9,914</u>	<u>\$ 632,025</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.

<u>BALANCE</u> <u>6/30/06</u>	<u>RETIRED</u>	<u>BALANCE</u> <u>6/30/07</u>
<u>\$ 103,000</u>	<u>\$11,000</u>	<u>\$ 92,000</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.

<u>BALANCE</u> <u>6/30/06</u>	<u>RETIRED</u>	<u>BALANCE</u> <u>6/30/07</u>
<u>\$83,939</u>	<u>\$ 3,936</u>	<u>\$ 80,003</u>

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

	YEAR ENDING JUNE 30,	ANNUAL	TOTAL
2008 to 2014		\$63,577 to \$62,600	\$ 440,100
2015 to 2021		46,900 to 44,900	326,100
2022 to 2037		38,800	620,800
			<u>\$1,387,000</u>

Changes In Long-Term Liabilities - During the fiscal year ended June 30, 2007, the following changes occurred in liabilities reported in the general long term debt group:

	BALANCE JULY 1, 2006	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2007
Compensated absences	\$ 93,121	\$ 0	\$ 16,403	\$ 76,718
Capital leases	<u>775,581</u>	<u>0</u>	<u>99,437</u>	<u>676,144</u>
	<u>\$ 868,702</u>	<u>\$ 0</u>	<u>\$ 115,840</u>	<u>\$ 752,862</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:

	Water Fund	Virginia Divide Sewer Fund
CONDENSED STATEMENT OF NET ASSETS		
ASSETS		
Current assets	\$ 848,567	\$ 617,775
Capital assets	<u>5,287,863</u>	<u>373,450</u>
Total Assets	<u>6,146,430</u>	<u>991,225</u>
LIABILITIES		
Current liabilities	154,484	16,510
Non-current liabilities	<u>701,665</u>	<u>75,883</u>
Total Liabilities	<u>856,149</u>	<u>92,393</u>
NET ASSETS		
Invested in capital assets, net of related debt	4,584,752	293,447
Unrestricted	<u>695,529</u>	<u>605,385</u>
Total Net Assets	<u>\$5,280,281</u>	<u>\$ 898,832</u>
CONDENSED STATEMENT OF REVENUES AND EXPENSES		
Operating revenue	\$ 369,005	\$ 145,473
Depreciation	(86,597)	(30,181)
Other operating expenses	<u>(307,247)</u>	<u>(178,603)</u>
Operating income (loss)	(24,839)	(63,311)
Nonoperating revenues (expenses)		
Rent income	6,000	
Interest income	52,676	26,366
Interest expense	(33,540)	(4,140)
Capital contributions and grants	<u>420,542</u>	<u>51,500</u>
Change in net assets	<u>\$ 420,839</u>	<u>\$ 10,415</u>
CONDENSED STATEMENTS OF CASH FLOWS		
Net cash provided (used) by		
Operating activities	\$ 64,145	\$ (29,725)
Noncapital financing activities	383,319	0
Capital and related financing activities	(685,495)	21,775
Investing activities	<u>49,180</u>	<u>24,346</u>
Net increase (decrease) in cash	<u>(188,851)</u>	<u>16,396</u>
Cash - beginning	<u>986,624</u>	<u>583,963</u>
Cash - ending	<u>\$ 797,773</u>	<u>\$ 594,378</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, 2007 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 named as a defendant in litigation that is pending relating to the Cordevista Subdivision. The litigation relates to a petition for judicial review of the County's decision to deny the application for a master plan amendment. The County has filed a motion for partial dismissal as to the claim for damages. Legal counsel does not anticipate any adverse findings of damages however legal fees and costs are estimated in the amount of \$200,000.

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.

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 2006/2007 assessed valuation is \$320,271,000 which would allow the bonding up to \$32,027,000. On June 30, 2007, 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 2006/2007 assessed valuation was \$5,649,000 (NRS 269.425). The town of Virginia City has at June 30, 2007 no general obligation bonds outstanding.

The town of Gold Hill general obligation debt limit based on the 2006/2007 assessed valuation was \$1,392,000 (NRS 269.425). The town of Gold Hill has at June 30, 2007 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, 2007 was \$4,529,000. The County's total payroll was \$5,201,900. Storey County's contribution to the plan for the year ended June 30, 2007 was \$1,161,500. All costs to the County were paid or accrued at June 30, 2007. The County's contribution represented less than 1% of total contributions to the retirement system.

Currently 88 employees are covered under the retirement plan out of a total of 121 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 20.5% (33½% 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 \$2,516,000 and the cost for post closure maintenance be \$8,463,000 for a total of \$10,979,000. 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.

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, 2007

	SPECIAL REVENUE					
	FIRE DISTRICT	EQUIPMENT ACQUISITION	INDIGENT ASSISTANCE	JUSTICE COURT FEES	DRUG COURT	INDIGENT MEDICAL
<u>ASSETS</u>						
Cash	\$ 165,836	\$ 165,887	\$ (31)	\$ 26,991	\$ 4,260	\$ 585,313
Receivables						
Taxes - property	1,359	1,359				1,627
Accounts	10,879	10,879				
Interest	670	670				
Total Assets	<u>\$ 165,836</u>	<u>\$ 178,795</u>	<u>\$ (31)</u>	<u>\$ 26,991</u>	<u>\$ 4,260</u>	<u>\$ 586,940</u>
<u>LIABILITIES</u>						
Accounts payable						\$ 921
Deferred taxes		\$ 1,403				1,547
Total Liabilities		<u>1,403</u>				<u>2,468</u>
<u>FUND BALANCE</u>						
Designated for future year's operations	\$ 45,057	55,223		\$ 15,000		\$ 20,060
Undesignated	<u>120,779</u>	<u>122,169</u>	<u>\$ (31)</u>	<u>11,991</u>	<u>\$ 4,260</u>	<u>564,412</u>
Total Fund Balance	<u>165,836</u>	<u>177,392</u>	<u>(31)</u>	<u>26,991</u>	<u>4,260</u>	<u>584,472</u>
Total Liabilities and Fund Balance	<u>\$ 165,836</u>	<u>\$ 178,795</u>	<u>\$ (31)</u>	<u>\$ 26,991</u>	<u>\$ 4,260</u>	<u>\$ 586,940</u>

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

STOREY COUNTY, NEVADA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	SPECIAL REVENUE					
	JAIL BUILDING	TRI NET	INDIGENT ACCIDENT	TECHNOLOGY	TOWN OF VIRGINIA CITY	TOWN OF GOLD HILL
ASSETS						
Cash	\$ 184,250		\$ 41,575	\$ 67,837	\$ 165,264	\$ 26,560
Receivables						
Taxes - property	2,027					
Accounts				274		36
Interest	744					
Total Assets	<u>\$ 187,021</u>	<u>\$ 0</u>	<u>\$ 41,575</u>	<u>\$ 68,111</u>	<u>\$ 165,310</u>	<u>\$ 26,596</u>
LIABILITIES						
Accounts payable	\$ 7,987			\$ 8,270	\$ 1,788	\$ 178
Deferred taxes	2,089					
Total Liabilities	<u>10,076</u>			<u>8,270</u>	<u>1,788</u>	<u>178</u>
FUND BALANCE						
Designated for future year's operations	37,551				63,700	
Undesignated	139,394		\$ 41,575	59,841	99,822	26,418
Total Fund Balance	<u>176,945</u>		<u>41,575</u>	<u>59,841</u>	<u>163,522</u>	<u>26,418</u>
Total Liabilities and Fund Balance	<u>\$ 187,021</u>	<u>\$ 0</u>	<u>\$ 41,575</u>	<u>\$ 68,111</u>	<u>\$ 165,310</u>	<u>\$ 26,596</u>

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

STOREY COUNTY, NEVADA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	SPECIAL REVENUE				
ASSETS	FEDERAL GRANTS	FIRE EMERGENCY	STABILIZATION FUND	CAPITAL PROJECTS	TOTAL
Cash	\$ 163,055	\$ 90,683	\$ 500,000	\$ 61,270	\$ 2,248,750
Receivables					5,013
Taxes - property					10,961
Accounts					1,688
Interest					
Total Assets	\$ 163,055	\$ 90,683	\$ 500,000	\$ 61,270	\$ 2,266,412
<u>LIABILITIES</u>					
Accounts payable	\$ 129,908			\$ 25,650	\$ 174,702
Deferred taxes					5,039
Total Liabilities	129,908			25,650	179,741
<u>FUND BALANCE</u>					
Designated for future year's operations			\$ 500,000		736,591
Undesignated	33,147	\$ 90,683		35,620	1,350,080
Total Fund Balance	33,147	90,683	500,000	35,620	2,086,671
Total Liabilities and Fund Balance	\$ 163,055	\$ 90,683	\$ 500,000	\$ 61,270	\$ 2,266,412

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, 2007

	SPECIAL REVENUE					
	FIRE DISTRICT	EQUIPMENT ACQUISITION	INDIGENT ASSISTANCE	JUSTICE COURT FEES	DRUG COURT	INDIGENT MEDICAL
<u>REVENUE</u>						
Taxes	\$ 332,432	\$ 150,936				\$ 181,498
Intergovernmental		34,620				
Charges for services		71,082		\$ 7,024	\$ 530	
Fine and fees						
Licenses and permits			\$ 181			
Other revenues		9,802				
Total Revenues	<u>332,432</u>	<u>266,440</u>	<u>181</u>	<u>7,024</u>	<u>530</u>	<u>181,498</u>
<u>EXPENDITURES</u>						
Current:						
General government		109,113				
Public safety	266,639			5,475		
Judicial						
Culture and recreation						121,355
Welfare			460			
Total Expenditures	<u>266,639</u>	<u>109,113</u>	<u>460</u>	<u>5,475</u>		<u>121,355</u>
Excess (deficiency) of revenues over expenditures	65,793	157,327	(279)	1,549	530	60,143
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers						
Debt service		(146,895)				
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	65,793	10,432	(279)	1,549	530	60,143
Fund balance - beginning (deficit)	100,043	166,960	248	25,442	3,730	524,329
Fund balance - ending (deficit)	<u>\$ 165,836</u>	<u>\$ 177,392</u>	<u>\$ (31)</u>	<u>\$ 26,991</u>	<u>\$ 4,260</u>	<u>\$ 584,472</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, 2007

	SPECIAL REVENUE					
	JAIL BUILDING	TRI-NET	INDIGENT ACCIDENT	TECHNOLOGY	TOWN OF VIRGINIA CITY	TOWN OF GOLD HILL
<u>REVENUE</u>						
Taxes	\$ 224,963	\$ 6	\$ 45,429			\$ 1,119
Intergovernmental				\$ 54,230		
Charges for services	92,645				\$ 46,609	1,455
Fine and fees				2,440		
Licenses and permits	9,916					
Other revenues						
Total Revenues	<u>327,524</u>	<u>6</u>	<u>45,429</u>	<u>56,670</u>	<u>46,609</u>	<u>2,574</u>
<u>EXPENDITURES</u>						
Current:						
General government				33,065	110,176	2,147
Public safety	261,525					
Judicial						
Culture and recreation			43,775			
Welfare						
Total Expenditures	<u>261,525</u>		<u>43,775</u>	<u>33,065</u>	<u>110,176</u>	<u>2,147</u>
Excess (deficiency) of revenues over expenditures	65,999	6	1,654	23,605	(63,567)	427
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers		(42,297)				
Debt service						
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	65,999	42,303	1,654	23,605	(63,567)	427
Fund balance - beginning	110,946	42,291	39,921	36,236	227,089	25,991
Fund balance - ending	<u>\$ 176,945</u>	<u>\$ 0</u>	<u>\$ 41,575</u>	<u>\$ 59,841</u>	<u>\$ 163,522</u>	<u>\$ 26,418</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, 2007

	SPECIAL REVENUES				TOTAL
	FEDERAL GRANTS	FIRE EMERGENCY	STABILIZATION FUND	CAPITAL PROJECTS	
<u>REVENUE</u>					
Taxes					\$ 935,258
Intergovernmental					162,792
Charges for services	\$ 127,047				125,312
Fine and fees					100,199
Licenses and permits		\$ 90,683			48,064
Other revenues					113,022
Total Revenues	127,047	90,683	0	0	1,484,647
<u>EXPENDITURES</u>					
Current:					
General government				\$ 189,088	443,589
Public safety	152,034				680,198
Judicial					5,475
Culture and recreation	175,865				175,865
Welfare					165,590
Total Expenditures	327,899			189,088	1,470,717
Excess (deficiency) of revenues over expenditures	(200,852)	90,683	0	(189,088)	13,930
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers	(18,626)		500,000	200,000	639,077
Debt service					(146,895)
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	(219,478)	90,683	500,000	10,912	506,112
Fund balance - beginning (deficit)	252,625			24,708	1,580,559
Fund balance - ending (deficit)	\$ 33,147	\$ 90,683	\$ 500,000	\$ 35,620	\$ 2,086,671

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, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Property taxes	\$ 306,624	\$ 332,432	\$ 25,808
<u>EXPENDITURES</u>			
Public safety			
Service and supplies	266,639	266,639	0
Excess (deficiency) of revenue over expenditures and other financial sources	39,985	65,793	25,808
Fund balance - beginning	59,743	100,043	40,300
Fund balance - ending	\$ 99,728	\$ 165,836	\$ 66,108

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, 2007

	ORIGINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes			
Property taxes	\$ 139,373	\$ 150,936	\$ 11,563
Intergovernmental			
Supplemental CCRT	34,620	34,620	0
Charges for services			
Import tonnage fees	55,000	71,082	16,082
Other revenues			
Interest	1,500	9,802	8,302
Total Revenues	<u>230,493</u>	<u>266,440</u>	<u>35,947</u>
<u>EXPENDITURES</u>			
General government	\$ 100,000	109,113	9,113
Debt service			
Principal	114,568	114,568	0
Interest	34,607	32,327	2,280
Total Expenditures	<u>249,175</u>	<u>256,008</u>	<u>(6,833)</u>
Excess (deficiency) of revenue over expenditures	(18,682)	10,432	29,114
Fund balance - beginning	<u>153,341</u>	<u>166,960</u>	<u>13,619</u>
Fund balance - ending	<u>\$ 134,659</u>	<u>\$ 177,392</u>	<u>\$ 42,733</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, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Other revenue	\$ 0	\$ 181	\$ 181
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	0	460	460
Excess (deficiency) of revenue over expenditures	0	(279)	(279)
 Fund balance - beginning	 93	 248	 155
Fund balance - ending (deficit)	\$ 93	\$ (31)	\$ (124)

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, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Fines			
Justice court fine	\$ 5,000	\$ 7,024	\$ 2,024
<u>EXPENDITURES</u>			
Judicial			
Services and supplies	10,000	5,475	4,525
Excess (deficiency) of revenues over expenditures	(5,000)	1,549	6,549
Balance - beginning	27,193	25,442	(1,751)
Balance - ending	\$ 22,193	\$ 26,991	\$ 4,798

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

STOREY COUNTY, NEVADA
 DRUG COURT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Fines and forfeits			
Drug court fees	\$ 0	\$ 530	\$ 530
Excess of revenue over expenditures		530	530
Fund balance - beginning	0	3,730	3,730
Fund balance - ending	\$ 0	\$ 4,260	\$ 4,260

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, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes			
Property taxes	\$ 167,247	\$ 181,498	\$ 14,251
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	160,000	121,355	38,645
Excess (deficiency) of revenue over expenditures	7,247	60,143	52,896
Fund balance - beginning	439,264	524,329	85,065
Fund balance - ending	<u>\$ 446,511</u>	<u>\$ 584,472</u>	<u>\$ 137,961</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, 2007

	ORIGINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes			
Property taxes	\$ 207,668	\$ 224,963	\$ 17,295
Fines			
Court fines	76,735	92,645	15,910
Other revenues			
Interest	5,558	9,125	3,567
Miscellaneous	616	791	175
Total Revenues	<u>290,577</u>	<u>327,524</u>	<u>36,947</u>
<u>EXPENDITURES</u>			
Public safety			
Salaries and wages	90,761	56,391	34,370
Salary costs	69,425	36,140	33,285
Services and supplies	119,493	135,944	(16,451)
Capital outlay	71,500	33,050	38,450
Total Expenditures	<u>351,179</u>	<u>261,525</u>	<u>89,654</u>
Excess (deficiency) of revenues over expenditures	(60,602)	65,999	126,601
Fund balance - beginning	<u>96,990</u>	<u>110,946</u>	<u>13,956</u>
Fund balance - ending	<u>\$ 36,388</u>	<u>\$ 176,945</u>	<u>\$ 140,557</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, 2007

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Intergovernmental			
State grants		\$ 6	\$ 6
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer out		(42,297)	(42,297)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)		(42,291)	(42,291)
Fund balance - beginning	\$ 6,845	42,291	35,446
Fund balance - ending	<u>\$ 6,845</u>	<u>\$ 0</u>	<u>\$ (6,845)</u>

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, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes			
Property taxes	\$ 41,812	\$ 45,429	\$ 3,617
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	49,000	43,775	5,225
Excess (deficiency) of revenue over expenditures	(7,188)	1,654	8,842
Fund balance - beginning	39,685	39,921	236
Fund balance - ending	\$ 32,497	\$ 41,575	\$ 9,078

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

STOREY COUNTY, NEVADA
 TECHNOLOGY CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Charges for services			
Technology fees	\$ 54,417	\$ 54,230	\$ (187)
Other revenues			
Interest income		2,440	2,440
Total revenues	<u>54,417</u>	<u>56,670</u>	<u>2,253</u>
<u>EXPENDITURES</u>			
General government			
Services and supplies	<u>64,417</u>	<u>33,065</u>	<u>31,352</u>
Excess (deficiency) of revenues over expenditures	(10,000)	23,605	33,605
Fund balance - beginning	<u>12,918</u>	<u>36,236</u>	<u>23,318</u>
Fund balance - ending	<u>\$ 2,918</u>	<u>\$ 59,841</u>	<u>\$ 56,923</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, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Licenses and permits			
Business licenses	\$ 18,000	\$ 20,050	\$ 2,050
Penalties		13	13
Licenses - liquor	11,000	7,850	(3,150)
Licenses - gaming	34,400	15,816	(18,584)
Cabaret licenses	5,000	2,880	(2,120)
Total Revenues	<u>68,400</u>	<u>46,609</u>	<u>(21,791)</u>
<u>EXPENDITURES</u>			
General government			
Services and supplies	58,800	50,176	8,624
Intergovernmental agreement	90,000	60,000	30,000
Total Expenditures	<u>148,800</u>	<u>110,176</u>	<u>38,624</u>
Excess (deficiency) of revenues over expenditures	(80,400)	(63,567)	16,833
Fund balance - beginning	<u>223,482</u>	<u>227,089</u>	<u>3,607</u>
Fund balance - ending	<u>\$ 143,082</u>	<u>\$ 163,522</u>	<u>\$ 20,440</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, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Licenses and permits			
Business licenses	\$ 3,000	\$ 805	\$ (2,195)
Liquor licenses	1,800	500	(1,300)
Cabaret licenses	300	150	(150)
County gaming licenses	350		(350)
Intergovernmental			
State gaming license	1,100	1,119	19
Total Revenues	<u>6,550</u>	<u>2,574</u>	<u>(3,976)</u>
<u>EXPENDITURES</u>			
General government			
Services and supplies	3,500	2,147	1,353
Total Expenditures	<u>3,500</u>	<u>2,147</u>	<u>1,353</u>
Excess (deficiency) of revenues over expenditures	3,050	427	(2,623)
Fund balance - beginning	26,082	25,991	(91)
Fund balance - ending	<u>\$ 29,132</u>	<u>\$ 26,418</u>	<u>\$ (2,714)</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, 2007

	<u>FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Intergovernmental			
Federal grants		\$ 31,936	\$ 31,936
State grants	\$ 250,000	84,807	(165,193)
Emergency planning		10,304	10,304
Total Revenues	<u>250,000</u>	<u>127,047</u>	<u>(122,953)</u>
<u>EXPENDITURES</u>			
Culture and recreation			
Historic district	250,000	61,826	188,174
Other		114,039	(114,039)
Public safety			
County flood		134,035	(134,035)
Emergency planning		17,999	(17,999)
Total Expenditures	<u>250,000</u>	<u>327,899</u>	<u>(77,899)</u>
Excess (deficiency) of revenues over expenditures		(200,852)	(200,852)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer out		(18,626)	(18,626)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)		(219,478)	(219,478)
Fund balance - beginning	7,415	252,625	245,210
Fund balance - ending	<u>\$ 7,415</u>	<u>\$ 33,147</u>	<u>\$ 25,732</u>

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

STOREY COUNTY, NEVADA
 FIRE EMERGENCY SPECIAL REVENUE FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OTHER REVENUES</u>			
Miscellaneous	\$ 0	\$ 90,683	\$ 90,683
Fund balance - beginning	0	0	0
Fund balance - ending	<u>\$ 0</u>	<u>\$ 90,683</u>	<u>\$ 90,683</u>

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

STOREY COUNTY, NEVADA
 STABILIZATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer	\$ 0	\$ 500,000	\$ 500,000
Fund balance - beginning	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - ending	<u>\$ 0</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The notes to financial statements are
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STOREY COUNTY, NEVADA
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
None	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
General government			
Capital outlay	200,000	189,088	10,912
Excess (deficiency) of revenues over expenditures	(200,000)	(189,088)	10,912
<u>OTHER FINANCING SOURCES</u>			
Transfers in	200,000	200,000	0
Excess (deficiency) of revenues and other financing sources	0	10,912	10,912
Fund balance - beginning (deficit)	18,324	24,708	6,384
Fund balance - ending	\$ 18,324	\$ 35,620	\$ 17,296

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, 2007

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OPERATING REVENUES</u>				
Sales of water	\$ 402,000	\$ 402,000	\$ 369,005	\$ (32,995)
<u>OPERATING EXPENSES</u>				
Salaries and wages	128,379	128,379	142,988	(14,609)
Salary costs	56,081	56,081	62,294	(6,213)
Services and supplies	148,400	181,400	100,998	80,402
Depreciation			86,597	(86,597)
Total Operating Expenses	<u>332,860</u>	<u>365,860</u>	<u>392,877</u>	<u>(27,017)</u>
Operating Income (Loss)	69,140	36,140	(23,872)	(60,012)
<u>NON-OPERATING REVENUE (EXPENSES)</u>				
Grants	870,000	870,000		(870,000)
Interest earnings	15,000	49,000	52,676	3,676
Rents	6,000	6,000	6,000	0
Interest expense	(43,951)	(43,951)	(33,540)	10,411
Net Income (Loss)	<u>\$ 916,189</u>	<u>\$ 917,189</u>	<u>\$ 1,264</u>	<u>\$ (915,925)</u>

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, 2007

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash In flows				
Sales of water	\$ 402,000	\$ 402,000	\$ 365,017	\$ (36,983)
Cash Out flows				
Salaries and wages	(128,379)	(128,379)	(141,818)	(13,439)
Salary costs	(56,081)	(56,081)	(62,294)	(6,213)
Services and supplies	(148,400)	(181,400)	(96,760)	84,640
Net Cash Provided (Used) by Operating Activities	<u>69,140</u>	<u>36,140</u>	<u>64,145</u>	<u>28,005</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Cash In flows				
Grants	870,000	870,000	378,842	(491,158)
Rent	6,000	6,000	6,000	0
Customer deposits			(1,523)	(1,523)
Net Cash Provided by Non Capital Financing Activities	<u>876,000</u>	<u>876,000</u>	<u>383,319</u>	<u>(492,681)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</u>				
Cash In flows				
Capital contributed			41,700	41,700
Cash Out flows				
Capital outlay	(84,313)	(270,127)	(585,870)	(315,743)
Debt service	(20,914)	(20,914)	(20,914)	0
Interest expense	(43,951)	(43,951)	(33,814)	10,137
Net Cash Provided (Used) by Capital Related Activities	<u>(149,178)</u>	<u>(334,992)</u>	<u>(598,898)</u>	<u>(263,906)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest earnings	15,000	49,000	49,180	180
Net Increase (Decrease) in Cash	<u>810,962</u>	<u>626,148</u>	<u>(102,254)</u>	<u>(728,402)</u>
Cash - beginning	<u>1,171,438</u>	<u>1,171,438</u>	<u>986,624</u>	<u>(184,814)</u>
Cash - ending	<u>\$ 1,982,400</u>	<u>\$ 1,797,586</u>	<u>\$ 884,370</u>	<u>\$ (913,216)</u>

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, 2007

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OPERATING REVENUES</u>			
Service use fees	\$ 189,500	\$ 145,473	\$ (44,027)
 <u>OPERATING EXPENSES</u>			
Salaries and wages	48,850	51,262	(2,412)
Salary costs	24,975	29,762	(4,787)
Services and supplies	63,300	97,579	(34,279)
Depreciation	30,000	30,181	(181)
	Total Operating Expenses	208,784	(41,659)
	Operating Income (Loss)	(63,311)	(85,686)
 <u>NON OPERATING REVENUES (EXPENSE)</u>			
Interest income	14,000	26,366	12,366
Interest expense	(4,257)	(4,140)	117
	Net income (Loss)	\$ (41,085)	\$ (73,203)

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, 2007

	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	\$ 189,500	\$ 144,815	\$ (44,685)
Cash Out Flows			
Salaries and wages	(48,850)	(51,383)	(2,533)
Salary costs	(24,975)	(29,762)	4,787
Service and supplies	(63,300)	(93,395)	(30,095)
Net cash provided (used) by Operating Activities	<u>52,375</u>	<u>(29,725)</u>	<u>(82,100)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
None	<u>0</u>	<u>0</u>	<u>0</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Cash In Flows			
Capital contributed by customers		51,500	51,500
Cash Out Flows			
Interest expense	(4,257)	(4,140)	117
Principal - revenue bonds	(3,920)	(3,936)	(16)
Acquisition and construction of capital assets	(71,313)	(21,649)	49,664
Net cash provided (used) by capital related Financing Activities	<u>(79,490)</u>	<u>21,775</u>	<u>101,265</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest income	<u>14,000</u>	<u>24,346</u>	<u>10,346</u>
Net Increase (Decrease) in Cash	(13,115)	16,396	29,511
Cash - beginning	<u>564,557</u>	<u>583,963</u>	<u>19,406</u>
Cash - ending	<u>\$ 551,442</u>	<u>\$ 600,359</u>	<u>\$ 48,917</u>

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, 2007

	BALANCE JULY 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007
<u>STATE OF NEVADA FUND</u>				
Assets				
Cash	\$ 89,038	\$ 1,272,569	\$ 1,153,590	\$ 208,017
Liabilities				
Due Other Governments	\$ 89,038	\$ 1,272,569	\$ 1,153,590	\$ 208,017
<u>STOREY COUNTY SCHOOL DISTRICT</u>				
Assets				
Cash	\$ 7,149	\$ 2,280,666	\$ 2,255,022	\$ 32,793
Liabilities				
Due Other Governments	\$ 7,149	\$ 2,280,666	\$ 2,255,022	\$ 32,793
<u>STOREY COUNTY SCHOOL DISTRICT DEBT SERVICE</u>				
Assets				
Cash	\$ 674	\$ 438,259	\$ 432,836	\$ 6,097
Liabilities				
Due Other Governments	\$ 674	\$ 438,259	\$ 432,836	\$ 6,097
<u>VIRGINIA CITY CONVENTION AND TOURISM AUTHORITY</u>				
Assets				
Cash	\$ 92,068	\$ 594,107	\$ 636,685	\$ 49,490
Liabilities				
Due Other Governments	\$ 92,068	\$ 594,107	\$ 636,685	\$ 49,490
<u>DISTRICT ATTORNEY RESTITUTION FUND</u>				
Assets				
Cash	\$ 6,379	\$ 6,987	\$ 7,867	\$ 5,499
Liabilities				
Due Other Governments	\$ 6,379	\$ 6,987	\$ 7,867	\$ 5,499
<u>TOTAL - ALL FUNDS</u>				
Assets				
Cash	\$ 195,308	\$ 4,592,588	\$ 4,486,000	\$ 301,896
Liabilities				
Due Other Governments	\$ 195,308	\$ 4,592,588	\$ 4,486,000	\$ 301,896

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, 2006 AND 2007

	JUNE 30,	
	2006	2007
<u>GOVERNMENTAL FUNDS CAPITAL ASSETS:</u>		
Land	\$ 134,443	\$ 134,443
Building and improvements	5,678,124	6,280,699
Machinery and equipment	4,807,822	3,632,683
Park Improvements	548,214	590,250
Total General Fixed Assets	\$ 11,168,603	\$ 10,638,075
 <u>INVESTMENTS IN GOVERNMENTAL FUNDS</u>		
<u>CAPITAL ASSETS BY SOURCE:</u>		
General Fund	\$ 4,335,969	\$ 5,325,209
Road Fund	1,366,131	1,036,837
Fire Fund	2,078,885	24,589
Fire District Fund	836,324	1,700,146
Fourth Ward Trustee	1,579,368	1,579,368
Sheriff's Jail	971,926	971,926
Total Investment in General Fixed Assets	\$ 11,168,603	\$ 10,638,075

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, 2007

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				24,463	24,463
Building-Grounds				147,321	147,321
Other - Administrative	\$ 134,443	\$ 1,763,555	\$ 0	227,328	2,125,326
Total General Government	<u>134,443</u>	<u>1,763,555</u>	<u>0</u>	<u>470,841</u>	<u>2,368,839</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		1,588,873		629,440	2,218,313
Fire		6,309		18,280	24,589
Fire District		113,628		1,586,518	1,700,146
Emergency Management				276,133	276,133
Building Department				57,215	57,215
Total Public Safety	<u>0</u>	<u>1,708,810</u>	<u>0</u>	<u>2,567,586</u>	<u>4,276,396</u>
HIGHWAY AND STREET					
	<u>0</u>	<u>509,651</u>	<u>0</u>	<u>527,186</u>	<u>1,036,837</u>
CULTURE AND RECREATION					
	<u>0</u>	<u>2,298,683</u>	<u>590,250</u>	<u>27,609</u>	<u>2,916,542</u>
Total Capital Assets	<u>\$ 134,443</u>	<u>\$ 6,280,699</u>	<u>\$ 590,250</u>	<u>\$ 3,632,683</u>	<u>\$ 10,638,075</u>

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

STOREY COUNT, NEVADA
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
JUNE 30, 2007

<u>FUNCTION AND ACTIVITY</u>	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2006	ADDITIONS	DELETIONS	TRANSFERS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2007
GENERAL GOVERNMENT					
Commissioners	\$ 2,595				\$ 2,595
Recorder-Auditor	69,134				69,134
Assessor	42,463			\$ (18,000)	24,463
Building-Grounds	24,298	\$ 4,327		118,696	147,321
Other-Administrative	2,048,549	\$ 147,353			2,195,902
Total General Government	<u>2,187,039</u>	<u>151,680</u>	<u>0</u>	<u>100,696</u>	<u>2,439,415</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	1,407,286	257,871		553,156	2,218,313
Fire	2,078,883	28,415	\$ (671,682)	(1,411,029)	24,587
Fire District	836,324	908,419	(909,101)	864,504	1,700,146
Emergency Management	275,656	4,084			279,740
Building Department	78,634			(17,238)	61,396
Total Public Safety	<u>4,676,783</u>	<u>1,198,789</u>	<u>(1,580,783)</u>	<u>(10,607)</u>	<u>4,284,182</u>
HIGHWAY AND STREETS					
	<u>1,366,131</u>	<u>84,375</u>	<u>(413,669)</u>	<u>0</u>	<u>1,036,837</u>
CULTURE AND RECREATION					
	<u>2,899,189</u>	<u>29,080</u>	<u>0</u>	<u>(90,089)</u>	<u>2,838,180</u>
Total General Fixed Assets	<u>\$ 11,168,603</u>	<u>\$ 1,463,924</u>	<u>\$ (1,994,452)</u>	<u>\$ 0</u>	<u>\$ 10,638,075</u>

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

STOREY COUNTY, NEVADA
 SCHEDULE OF GENERAL OBLIGATIONS BONDS
 AND OTHER CONTRACTUAL OBLIGATIONS FROM FUTURE REVENUES
 JUNE 30, 2007

COUNTY BONDS Revenue Bonds	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATE	BALANCE JUNE 30, 2006	PAID DURING YEAR	BALANCE JUNE 30, 2007	TERMS OF PAYMENT OF OUTSTANDING BALANCE
County of Storey Water Revenues Bonds of 1974 (Due United States of American Farmer's Home Administration)	6/26/74	\$ 294,000	5%	\$ 103,000	\$ 11,000	\$ 92,000	\$ 12,000 Annually - Jan 1, 2008-2010 \$ 13,000 January 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%	\$ 641,939	\$ 9,914	\$ 632,025	\$ 38,801 Fiscal Years 6/30/08-6/30/2037 with interest only paid on July 1, and interest and principal paid on January 1, of each year.
<u>VIRGINIA - DIVIDE SEWER 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%	\$ 83,939	\$ 3,936	\$ 80,003	\$ 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, 2007, which collectively comprise Storey County, Nevada's, basic financial statements and have issued our report thereon dated November 14, 2007. 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, 2007.

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, 2007.

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.



David A. Pringle, CPA, LTD
November 14, 2007

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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 14, 2006. This review indicated that the cash flow budgets of the enterprise funds were properly recorded in the computer system, however expenditures did exceed budgeted amounts in these funds.



David A. Pringle, CPA, LTD.
Certified Public Accountant

November 14, 2007

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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, 2007, and have issued our report thereon dated November 14, 2007. 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, 2007, on the financial statements of Storey County, Nevada.

Current Years Audit Recommendations

1. Expenditures exceeded appropriations in the Water System Enterprise Fund and the Virginia Divide Sewer Enterprise Fund. Expenditures must be monitored to budget amounts.
2. With the establishment of the position of County manager, copies of all bank reconciliations should be submitted for monthly review.

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.


David A. Pringle, CPA, LTD
Certified Public Accountants

November 14, 2007