

Audit Report

***STOREY COUNTY, NEVADA***

June 30, 2010

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, 2010, 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.

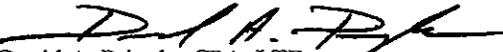
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2010, 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 October 22, 2010, 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 45 through 66, 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 inquiries 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.

  
David A. Pringle, CPA, LTD  
October 22, 2010

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COUNTY OF STOREY, STATE OF NEVADA  
MANAGEMENT DISCUSSION AND ANALYSIS

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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, 2010. 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 \$26,829,141.
- The County's unrestricted net assets increased \$ 997,986.
- At June 30, 2010, the unreserved fund balance for the general fund was \$3,541,096.
- Storey County's bonded debt at June 30, 2010 was \$1,094,160 which was \$722,732 in revenue bonds of the County's Enterprise Funds and a Medium term (7 yr.) General obligation bond of \$371,428.

#### 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-two 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 nineteen 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 38.

**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 39 through 62 of this report.

STOREY COUNTY, NEVADA  
NET ASSETS

	Governmental Activities June 30, 2010	Business Type Activities June 30, 2010	Total June 30, 2010
Current and other Assets	\$16,493,388	\$ 1,386,506	\$ 17,879,894
Capital Assets	<u>8,549,660</u>	<u>5,649,546</u>	<u>14,199,206</u>
Total Assets	<u>\$ 25,043,048</u>	<u>\$ 7,036,052</u>	<u>\$ 32,079,100</u>
Long Term Liabilities			
Outstanding	\$ 758,191	\$ 693,125	\$ 1,451,316
Current Liabilities	<u>3,721,603</u>	<u>77,040</u>	<u>3,798,643</u>
Total Liabilities	<u>\$ 4,479,794</u>	<u>\$ 770,165</u>	<u>\$ 5,249,959</u>
 NET ASSETS			
Invested in Capital			
Assets, Net of Related Debt	\$ 8,171,001	\$ 4,926,814	\$ 13,097,815
Unrestricted	<u>12,392,253</u>	<u>1,339,073</u>	<u>13,731,326</u>
Total Net Assets	<u>\$ 20,563,254</u>	<u>\$ 6,265,887</u>	<u>\$ 26,829,141</u>

STOREY COUNTY, NEVADA  
CHANGES IN NET ASSETS

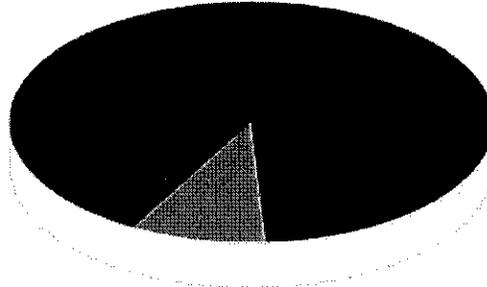
	Governmental Activities June 30, 2010	Business Type Activities June 30, 2010	Total June 30, 2010
<b>REVENUES:</b>			
Program Revenues:			
Charges For Services	\$ 1,995,660	\$ 485,257	\$ 2,480,917
Operating Grants and Contributions	1,082,301		1,082,301
Capital Grants and Contributions		12,963	12,963
General Revenues:			
Taxes	12,697,577		12,696,577
Intergovernmental	2,853,013		2,853,013
Other	<u>574,243</u>	<u>15,021</u>	<u>589,264</u>
<b>Total Revenues</b>	<u>19,202,794</u>	<u>513,241</u>	<u>19,716,035</u>
<b>EXPENSES:</b>			
General Government	4,943,721		4,943,721
Public Safety	9,364,344		9,364,344
Judicial	1,040,400		1,040,400
Health and Welfare	266,784		266,784
Culture and Recreation	955,750		955,750
Community Support	607,475		607,475
Highways and Streets	918,082		918,082
Water and Sewer		<u>621,493</u>	<u>621,493</u>
<b>Total Expenses</b>	<u>18,096,556</u>	<u>621,493</u>	<u>18,718,049</u>
Changes In Net Assets	1,106,238	(108,252)	997,986
Net Assets July 1, 2009	<u>19,457,016</u>	<u>6,374,139</u>	<u>25,831,155</u>
Net Assets June 30, 2010	<u>\$20,563,254</u>	<u>\$ 6,265,887</u>	<u>\$26,829,141</u>

COUNTY OF STOREY, STATE OF NEVADA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2010

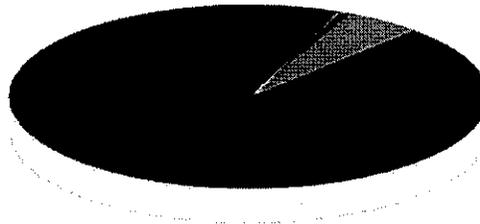
Revenues in the General Fund were \$11,736,992 which was \$121,768 less than the amount budgeted. Actual revenue exceeded budgeted amounts in all budget categories except taxes; Intergovernmental and miscellaneous. Actual expenditures were \$11,336,316 which was \$2,076,406 less than appropriations for the year. Overall, the total ending fund balance was \$3,541,096 which is \$2,377,520 more than budgeted. Of the \$3,541,096 ending fund balances \$ 0 was designated as an opening fund balance on July 1, 2010 and \$0 was reserved on July 1, 2010

PERCENT TOTALS - ALL FUNDS

- 65 % ■ Taxes
- 2 % ■ Grant & Contributions
- 3 % ■ Charges for Services
- 4 % ■ Interest and Other
- 20 % ■ Intergovernmental



- 3 % ■ Utility Service
- 5 % ■ Judicial
- 5 % ■ Highways & Streets
- 5 % ■ Culture & Recreation
- 1 % ■ Health & Welfare
- 3 % ■ Community Support
- 51 % ■ Public Safety
- 27 % ■ General Government



COUNTY OF STOREY, STATE OF NEVADA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

**Business Type Activities.** Business-type activities decreased Storey County's net assets by \$108,252. Depreciation expense for the current fiscal year was \$148,791.

**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, 2010.** The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2010. 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 were less than expectations by \$(121,768), leaving a fund balance of \$3,541,096.

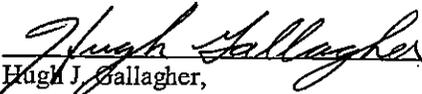
General Fund budget information can be found on pages 15 through 19.

**Capital Assets.** Storey County's investment in capital assets for its governmental and business type activities as of June 30, 2010 amounts to \$14,199,206 (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, 2010

	Governmental Activities June 30, 2010	Business Type Activities June 30, 2010	Total June 30, 2010
Land	\$ 280,259		\$ 280,259
Construction in Process	597,109		597,109
Buildings and Improvements	5,339,281		5,339,281
Improvements other than Buildings	542,454		542,454
Machinery and Equipment	1,790,557	\$ 208,099	1,998,656
Sewer and Water systems	<u>                    </u>	<u>5,441,447</u>	<u>5,441,447</u>
 Total	 <u>\$ 8,549,660</u>	 <u>\$ 5,649,546</u>	 <u>\$ 14,199,206</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 Comptroller, P.O. Box 493, Virginia City, Nevada 89440, telephone number (775)847-1006, e-mail HGallagher@StoreyCounty.org

  
\_\_\_\_\_  
Hugh J. Gallagher,  
Comptroller

STOREY COUNTY, NEVADA  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>			
Cash	\$ 15,647,726	\$ 1,336,023	\$ 16,983,749
Accounts receivables	528,331	50,147	578,478
Taxes receivable	315,422		315,422
Interest receivable	1,909	336	2,245
Capital assets - net of accumulated depreciation			
Land	280,259		280,259
Construction in Progress	597,109		597,109
Buildings and improvements	5,339,281		5,339,281
Improvements other than buildings	542,454		542,454
Utility system		5,441,447	5,441,447
Machinery and equipment	1,790,557	208,099	1,998,656
Total Assets	<u>\$ 25,043,048</u>	<u>\$ 7,036,052</u>	<u>\$ 32,079,100</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Accounts payable and other current liabilities	\$ 3,647,318	\$ 47,433	\$ 3,694,751
Non-current liabilities			
Bonds payable - due within one year	74,286	29,607	103,893
- due in more than one year	297,142	693,125	990,267
Compensated absences - due in more than one year	82,390		82,390
Other non-current liabilities	378,659		378,659
Total Liabilities	<u>\$ 4,479,795</u>	<u>\$ 770,165</u>	<u>\$ 5,249,960</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets - net of related debt	\$ 8,171,001	\$ 4,926,814	\$ 13,097,815
Unrestricted	12,392,252	1,339,073	13,731,325
Total Net Assets	<u>\$ 20,563,253</u>	<u>\$ 6,265,887</u>	<u>\$ 26,829,140</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, 2010

<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	\$ 4,943,722	\$ 1,488,164	\$ 3,054	
Public safety	9,364,344	406,906	1,079,247	
Judicial	1,040,400	7,393		
Health and Welfare	266,784			
Culture and recreation	955,750			
Community support	607,475			
Highways and streets	918,082	93,197		
Total Governmental Activities	<u>18,096,557</u>	<u>1,995,660</u>	<u>1,082,301</u>	<u>\$ -0-</u>
Business type activities:				
Water	412,943	343,635		
Sewer	208,550	141,622		
Total Business-Type Activities	<u>621,493</u>	<u>485,257</u>		
Total Primary Government	<u>\$ 18,718,050</u>	<u>\$ 2,480,917</u>	<u>\$ 1,082,301</u>	<u>\$ -0-</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, 2010

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	GOVERNMENTAL	BUSINESS TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
Primary government:			
Governmental activities:			
General government	\$ (3,452,504)		\$ (3,452,504)
Public safety	(7,878,191)		(7,878,191)
Judicial	(1,033,007)		(1,033,007)
Health and Welfare	(266,784)		(266,784)
Culture and recreation	(955,750)		(955,750)
Community support	(607,475)		(607,475)
Highways and streets	(824,885)		(824,885)
<b>Total Governmental Activities</b>	<b>(15,018,596)</b>		<b>(15,018,596)</b>
Business type activities:			
Water		\$ (69,308)	(69,308)
Sewer		(66,928)	(66,928)
<b>Total Business-Type Activities</b>		<b>(136,236)</b>	<b>(136,236)</b>
<b>Total Primary Government</b>	<b>(15,018,596)</b>	<b>(136,236)</b>	<b>(15,154,832)</b>
General revenues:			
Property taxes	12,697,577		12,697,577
Various State Collected Pass-Through Revenues	2,853,013		2,853,013
Interest Earnings	26,307	3,021	29,328
Miscellaneous Revenue	547,936	12,000	559,936
Capital Contributions and Grants	0	12,963	12,963
<b>Total General Revenues</b>	<b>16,124,833</b>	<b>27,984</b>	<b>16,152,817</b>
Change in Net Assets	1,106,237	(108,252)	997,985
Net Assets - July 1, 2009	19,457,016	6,374,139	25,831,155
Net Assets - June 30, 2010	<b>\$ 20,563,253</b>	<b>\$ 6,265,887</b>	<b>\$ 26,829,140</b>

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

STOREY COUNTY, NEVADA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	GENERAL	ROAD FUND	FIRE FUND	TRI-PAYBACK FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash	\$ 6,003,405	\$ 541,431	\$ 315,530	\$ 2,400,000	\$ 6,387,360	\$ 15,647,726
Accounts receivable	244,524	88,103	174,619		21,085	528,331
Taxes receivable	222,435		57,626		35,361	315,422
Interest receivable	1,516	135			258	1,909
<b>Total Assets</b>	<b>\$ 6,471,880</b>	<b>\$ 629,669</b>	<b>\$ 547,775</b>	<b>\$ 2,400,000</b>	<b>\$ 6,444,064</b>	<b>\$ 16,493,388</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 257,501	\$ 16,749	\$ 83,281		\$ 323,410	\$ 680,941
Accrued expenses	455,791	35,821	178,827			670,439
Deferred revenue	2,217,492		40,057		38,389	2,295,938
<b>Total Liabilities</b>	<b>2,930,784</b>	<b>52,570</b>	<b>302,165</b>		<b>361,799</b>	<b>3,647,318</b>
<b>FUND BALANCES</b>						
<b>Unreserved reported in:</b>						
General fund	3,541,096					3,541,096
Capital projects funds					2,052,659	2,052,659
Special revenue funds		577,099	245,610	\$ 2,400,000	4,029,606	7,252,315
<b>Total Fund Balances</b>	<b>3,541,096</b>	<b>577,099</b>	<b>245,610</b>	<b>2,400,000</b>	<b>6,082,265</b>	<b>12,846,070</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,471,880</b>	<b>\$ 629,669</b>	<b>\$ 547,775</b>	<b>\$ 2,400,000</b>	<b>\$ 6,444,064</b>	<b>\$ 16,493,388</b>

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, 2010

Total Fund Balance - government funds - page 11	\$12,846,070
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	8,549,660
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(832,477)</u>
Total Net Assets - governmental activities - page 8	<u>\$20,563,253</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, 2010

	GENERAL	ROAD FUND	FIRE FUND	TRI-PAYBACK FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Taxes	\$ 8,914,184		\$ 2,302,823		\$ 1,480,570	\$ 12,697,577
Licenses and permits	663,194		18,721		67,145	749,060
Intergovernmental	1,331,187	\$ 515,776	870,082		1,215,214	3,932,259
Charges for services	683,154	93,197	388,185		75,302	1,239,838
Fines and forfeitures	8,580				99,464	108,044
Miscellaneous	136,693	25,803	50,145		263,375	476,016
<b>Total Revenues</b>	<b>11,736,992</b>	<b>634,776</b>	<b>3,629,956</b>	<b>0</b>	<b>3,201,070</b>	<b>19,202,794</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	4,875,387				265,226	5,140,613
Public safety	4,574,065		3,787,183		1,266,899	9,628,147
Judicial	1,031,763				8,637	1,040,400
Health and welfare	2,016				264,768	266,784
Culture and recreation	245,610				693,991	939,601
Community support	607,475					607,475
Highways and streets		904,222				904,222
<b>Total Expenditures</b>	<b>11,336,316</b>	<b>904,222</b>	<b>3,787,183</b>	<b>0</b>	<b>2,499,521</b>	<b>18,527,242</b>
Excess (deficiency) of revenues over expenditures	400,676	(269,446)	(157,227)	0	701,549	675,552
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	25,000	300,000	9,000	2,400,000	166,000	2,900,000
Transfers out	(2,900,000)					(2,900,000)
Short term loan (payments) proceeds					(146,640)	(146,640)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,875,000)</b>	<b>300,000</b>	<b>9,000</b>	<b>2,400,000</b>	<b>19,360</b>	<b>(146,640)</b>
Net change in fund balance	(2,474,324)	30,554	(148,227)	2,400,000	720,909	528,912
Fund balance - beginning	6,015,420	546,545	393,837	0	5,361,356	12,317,158
Fund balance - ending	<b>\$ 3,541,096</b>	<b>\$ 577,099</b>	<b>\$ 245,610</b>	<b>\$ 2,400,000</b>	<b>\$ 6,082,265</b>	<b>\$ 12,846,070</b>

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, 2010

Net change in fund balances - governmental funds, page 13 \$ 528,912

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 net capital outlays exceeded depreciation in the current period. 329,714

Net short and medium term loan receipts and payments reported in governmental funds as net revenue 220,923

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 26,685

Change in net assets of governmental activities, page 10 \$1,106,237

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, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes:				
Property	\$ 8,929,998	\$ 8,929,998	\$ 8,890,490	\$ (39,508)
Youth Services	24,171	24,171	23,694	(477)
Total Taxes	<u>8,954,169</u>	<u>8,954,169</u>	<u>8,914,184</u>	<u>(39,985)</u>
Licenses and permits:				
Merchandise licenses	55,000	55,000	64,917	9,917
Prostitution licenses	150,000	150,000	151,150	1,150
Liquor licenses	0	0	1,500	1,500
Utility licenses	150,000	150,000	182,638	32,638
Franchise tax	45,000	45,000	55,307	10,307
Building permits	200,000	200,000	193,421	(6,579)
Special use permits	10,000	10,000	14,111	4,111
Other licenses	7,000	7,000	150	(6,850)
Total Licenses and Permits	<u>617,000</u>	<u>617,000</u>	<u>663,194</u>	<u>46,194</u>
Intergovernmental:				
Federal and state grants	0	0	3,054	3,054
Payment in lieu of taxes	20,000	20,000	34,790	14,790
State shared revenues:				
Cigarette tax	22,781	22,781	19,543	(3,238)
Liquor tax	5,221	5,221	5,092	(129)
Gaming licenses	140,000	140,000	148,422	8,422
Basic CCRT	406,287	406,287	224,111	(182,176)
Supplemental CCRT	563,319	563,319	563,319	0
Motor Vehicle Priviledge Tax	301,188	301,188	288,294	(12,894)
Real Property Transfer Tax	118,795	118,795	44,562	(74,233)
Total Intergovernmental	<u>1,577,591</u>	<u>1,577,591</u>	<u>1,331,187</u>	<u>(246,404)</u>
Charges for Services:				
Clerk Fees	10,000	10,000	16,795	6,795
Recorder fees	20,000	20,000	36,755	16,755
Assessor fees/commissions	150,000	150,000	198,697	48,697
Building department fees	4,500	4,500	6,328	1,828
District Court fees	3,000	3,000	3,130	130
Justice court fees	4,000	4,000	8,067	4,067
JOP Court Facility fee	10,000	10,000	6,190	(3,810)
Sheriffs fees	15,000	15,000	39,431	24,431
Dog control	0	0	1,994	1,994
Swimming pool admissions/lessons	14,000	14,000	17,738	3,738
Park facilities fees	500	500	700	200
Import tonnage fees	325,000	325,000	342,304	17,304
Swim pool - concessions	0	0	5,025	5,025
Total Charges for Services	<u>556,000</u>	<u>556,000</u>	<u>683,154</u>	<u>127,154</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, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
<b>REVENUES (cont'd.)</b>				
Fines and Forfeits:				
District fine	0	0	3,218	3,218
Juvenile fines/assessments	1,500	1,500	1,484	(16)
Chemical analysis fees	2,000	2,000	3,878	1,878
Total Fines and Forfeits	3,500	3,500	8,580	5,080
Miscellaneous:				
Rents	25,000	25,000	32,932	7,932
Penalties - current year	10,000	10,000	49,938	39,938
Penalties - prior years	12,500	12,500	17,197	4,697
Interest	100,000	100,000	22,881	(77,119)
Other	3,000	3,000	13,745	10,745
Total Miscellaneous	150,500	150,500	136,693	(13,807)
Total Revenues	11,858,760	11,858,760	11,736,992	(121,768)
<b>EXPENDITURES</b>				
General Government				
Commissioners:				
Salaries and wages	388,371	388,371	388,307	64
Employee benefits	207,426	207,426	160,729	46,697
Services and supplies	36,000	36,000	24,975	11,025
	631,797	631,797	574,011	57,786
Clerk Treasurer:				
Salaries and wages	188,916	188,916	192,750	(3,834)
Employee benefits	119,838	119,838	106,919	12,919
Services and supplies	76,800	76,800	41,345	35,455
Capital outlay	3,000	3,000	3,000	0
	388,554	388,554	344,014	44,540
Recorder:				
Salaries and wages	204,713	204,713	160,192	44,521
Employee benefits	104,004	104,004	70,682	33,322
Services and supplies	61,000	61,000	47,184	13,816
Capital outlay	5,000	5,000	0	5,000
	374,717	374,717	278,058	96,659
Assessor:				
Salaries and wages	289,763	289,763	289,109	654
Employee benefits	170,223	170,223	184,031	(13,808)
Services and supplies	27,000	27,000	21,886	5,114
Capital outlay	3,500	3,500	0	3,500
	490,486	490,486	495,026	(4,540)
Administrative:				
Employee benefits	175,000	175,000	145,168	29,832
Services and supplies	1,862,571	1,862,571	1,411,397	451,174
Capital outlay	10,000	10,000	4,000	6,000
	2,047,571	2,047,571	1,560,565	487,006

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, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>EXPENDITURES</b>				
General Government (contd.)				
Building and Grounds:				
Salaries and wages	177,778	177,778	180,711	(2,933)
Employee benefits	116,334	116,334	102,808	13,526
Services and supplies	106,815	106,815	103,181	3,634
Capital outlay	266,000	266,000	123,787	142,213
	<u>666,927</u>	<u>666,927</u>	<u>510,487</u>	<u>156,440</u>
Planning Commission:				
Salaries and wages	225,403	225,403	221,111	4,292
Employee benefits	89,406	89,406	80,859	8,547
Services and supplies	60,200	60,200	46,685	13,515
Capital outlay	1,000	1,000	174	826
	<u>376,009</u>	<u>376,009</u>	<u>348,829</u>	<u>27,180</u>
Service:				
Salaries and wages	106,252	106,252	114,158	(7,906)
Employee benefits	60,577	60,577	54,036	6,541
Services and supplies	55,839	55,839	42,883	12,956
Capital outlay	22,500	22,500	4,085	18,415
	<u>245,168</u>	<u>245,168</u>	<u>215,162</u>	<u>30,006</u>
Comptroller:				
Salaries and wages	193,142	193,142	182,347	10,795
Employee benefits	73,956	73,956	71,026	2,930
Services and supplies	11,500	11,500	4,621	6,879
Capital outlay	8,000	8,000	0	8,000
	<u>286,598</u>	<u>286,598</u>	<u>257,994</u>	<u>28,604</u>
IT:				
Salaries and wages	116,904	116,904	116,563	341
Employees benefits	58,856	58,856	50,463	8,393
Services and supplies	60,200	60,200	36,552	23,648
Capital outlay	90,000	90,000	87,663	2,337
	<u>325,960</u>	<u>325,960</u>	<u>291,241</u>	<u>34,719</u>
Total General Government	<u>5,833,787</u>	<u>5,833,787</u>	<u>4,875,387</u>	<u>958,400</u>
Judicial:				
District Attorney:				
Salaries and wages	347,428	347,428	368,788	(21,360)
Employee benefits	160,942	160,942	135,054	25,888
Services and supplies	40,400	40,400	27,223	13,177
	<u>548,770</u>	<u>548,770</u>	<u>531,065</u>	<u>17,705</u>
District Court:				
Salaries and wages	45,000	45,000	35,000	10,000
Services and supplies	110,500	110,500	76,743	33,757
	<u>155,500</u>	<u>155,500</u>	<u>111,743</u>	<u>43,757</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, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
<b>EXPENDITURES</b>				
<b>General Government (contd.)</b>				
<b>Justice of the Peace:</b>				
Salaries and wages	262,736	262,736	216,165	46,571
Employee benefits	154,446	154,446	144,400	10,046
Services and supplies	71,100	71,100	28,390	42,710
	<u>488,282</u>	<u>488,282</u>	<u>388,955</u>	<u>99,327</u>
<b>Total Judicial</b>	<u>1,192,552</u>	<u>1,192,552</u>	<u>1,031,763</u>	<u>160,789</u>
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and wages	2,007,740	2,007,740	1,827,909	179,831
Employee benefits	1,241,761	1,241,761	1,127,699	114,062
Services and supplies	523,149	523,149	262,488	260,661
Capital outlay	6,500	6,500	4,863	1,637
	<u>3,779,150</u>	<u>3,779,150</u>	<u>3,222,959</u>	<u>556,191</u>
<b>Building Department:</b>				
Salaries and wages	349,861	349,861	303,898	45,963
Employee benefits	195,269	195,269	143,883	51,386
Services and supplies	48,600	48,600	36,524	12,076
Capital outlay	12,000	12,000	3,906	8,094
	<u>605,730</u>	<u>605,730</u>	<u>488,211</u>	<u>117,519</u>
<b>Emergency Management:</b>				
Salaries and wages	21,678	21,678	23,736	(2,058)
Employee benefits	20,868	20,868	18,926	1,942
Services and supplies	58,600	58,600	11,148	47,452
Capital outlay	15,000	15,000	0	15,000
	<u>116,146</u>	<u>116,146</u>	<u>53,810</u>	<u>62,336</u>
<b>Communications</b>				
Salaries and wages	493,105	493,105	519,189	(26,084)
Employee benefits	261,502	261,502	194,015	67,487
Services and supplies	119,000	119,000	88,195	30,805
Capital outlay	15,000	15,000	7,686	7,314
	<u>888,607</u>	<u>888,607</u>	<u>809,085</u>	<u>79,522</u>
<b>Total Public Safety</b>	<u>5,389,633</u>	<u>5,389,633</u>	<u>4,574,065</u>	<u>815,568</u>
<b>Health:</b>				
<b>Home Health:</b>				
Services and supplies	2,016	2,016	2,016	0
<b>Culture and Recreation:</b>				
<b>Swimming Pools &amp; Parks</b>				
Salaries and wages	79,430	79,430	68,260	11,170
Employee benefits	23,071	23,071	16,526	6,545
Services and supplies	118,350	118,350	36,831	81,519
Capital outlay	15,000	15,000	0	15,000
	<u>235,851</u>	<u>235,851</u>	<u>121,617</u>	<u>114,234</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, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
Library:				
Salaries and wages	71,010	71,010	75,252	(4,242)
Employee benefits	28,146	28,146	24,934	3,212
Services and supplies	28,900	28,900	17,663	11,237
	<u>128,056</u>	<u>128,056</u>	<u>117,849</u>	<u>10,207</u>
Regional Transportation Commission:				
Salaries and wages	960	960	400	560
Employee benefits	151	151	45	106
Services and supplies	18,500	18,500	5,699	12,801
	<u>19,611</u>	<u>19,611</u>	<u>6,144</u>	<u>13,467</u>
Total Culture and Recreation	<u>383,518</u>	<u>383,518</u>	<u>245,610</u>	<u>137,908</u>
Community Support:				
Aging Services:				
Salaries and wages	20,592	20,592	21,078	(486)
Employee benefits	3,244	3,244	1,878	1,366
Services and supplies	587,380	587,380	584,519	2,861
Total Community Support	<u>611,216</u>	<u>611,216</u>	<u>607,475</u>	<u>3,741</u>
Total Expenditures	<u>13,412,722</u>	<u>13,412,722</u>	<u>11,336,316</u>	<u>2,076,406</u>
Excess (Deficiency) of Revenue over Expenditure	<u>(1,553,962)</u>	<u>(1,553,962)</u>	<u>400,676</u>	<u>1,954,638</u>
Other Financing Sources (Uses)				
Intergovernmental	207,000	207,000	0	(207,000)
Transfers in	25,000	25,000	25,000	0
Transfers out	(1,527,500)	(3,127,500)	(2,900,000)	227,500
Contingency	(402,382)	(402,382)	0	402,382
Total Other Financing Sources (Uses)	<u>(1,697,882)</u>	<u>(3,297,882)</u>	<u>(2,875,000)</u>	<u>422,882</u>
Net Change in Fund Balance	<u>(3,251,844)</u>	<u>(4,851,844)</u>	<u>(2,474,324)</u>	<u>2,377,520</u>
Fund balance - beginning	<u>4,171,567</u>	<u>6,015,420</u>	<u>6,015,420</u>	<u>0</u>
Fund balance - ending	<u>\$ 919,723</u>	<u>\$ 1,163,576</u>	<u>\$ 3,541,096</u>	<u>\$ 2,377,520</u>

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

STOREY COUNTY, NEVADA  
ROADS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30,2010

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>				
Intergovernmental				
Gasoline tax	\$ 142,540	\$ 142,540	\$ 151,305	\$ 8,765
Supplemental CCRT	334,471	334,471	334,471	0
Intergovernmental agreement	30,000	30,000	30,000	0
Charges for services				
Import tonnage fees	100,000	100,000	93,197	(6,803)
Other revenue				
Interest	15,000	15,000	857	(14,143)
Miscellaneous	12,500	12,500	24,946	12,446
Total Revenue	<u>634,511</u>	<u>634,511</u>	<u>634,776</u>	<u>265</u>
<u>EXPENDITURES</u>				
Highways and streets				
Salaries and wages	323,547	323,547	293,560	29,987
Salary costs	147,840	147,840	98,064	49,776
Services and supplies	135,715	135,715	359,337	(223,622)
Capital outlay	648,575	648,575	59,300	589,275
Debt service				
Principle	74,286	74,286	74,286	0
Interest	20,096	20,096	19,675	421
Total Expenditures	<u>1,350,059</u>	<u>1,350,059</u>	<u>904,222</u>	<u>445,837</u>
Excess (deficiency) of revenues over expenditures	(715,548)	(715,548)	(269,446)	446,102
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(415,548)	(415,548)	30,554	446,102
Fund balance - beginning	<u>702,079</u>	<u>702,079</u>	<u>546,545</u>	<u>(155,534)</u>
Fund balance - ending	<u>\$ 286,531</u>	<u>\$ 286,531</u>	<u>\$ 577,099</u>	<u>\$ 290,568</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, 2010

	ORIGINAL AND BUDGETED FINAL AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes			
Property	\$ 2,307,667	\$ 2,302,823	\$ (4,844)
Intergovernmental revenues			
Supplemental CCRT	862,582	862,582	0
Intergovernmental agreement	30,000	7,500	(22,500)
Licenses and permits			
Ambulance program & license fees	7,500	18,721	11,221
Charges for services			
Fire/ambulance fees	180,000	329,329	149,329
Inspection fees	25,000	58,856	33,856
Other revenue			
Miscellaneous - other	0	50,145	50,145
Total Revenues	<u>3,412,749</u>	<u>3,629,956</u>	<u>217,207</u>
<u>EXPENDITURES</u>			
Public Safety			
Salaries and wages	2,092,669	2,053,027	39,642
Salary costs	1,299,492	1,221,296	78,196
Services and supplies	308,045	474,674	(166,629)
Capital outlay	0	38,186	(38,186)
Total Expenditures	<u>3,700,206</u>	<u>3,787,183</u>	<u>(86,977)</u>
Excess (deficiency) of revenue over expenditures	(287,457)	(157,227)	130,230
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In	236,500	9,000	(227,500)
Excess (deficiency) of revenue and other financing sources (uses) over expenditures	(50,957)	(148,227)	(97,270)
Fund balance - beginning	444,924	393,837	(51,087)
Fund balance - ending	<u>\$ 393,967</u>	<u>\$ 245,610</u>	<u>\$ (148,357)</u>

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

STOREY COUNTY, NEVADA  
 TRI PAYBACK FUND  
 SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>EXPENDITURES</u>			
General government			
Tri Payback capital outlay	\$ 800,000	\$ 0	\$ 800,000
Total General Government	800,000	0	800,000
Total Expenditures	800,000	0	800,000
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	800,000	2,400,000	1,600,000
Excess (deficiency) of other financing sources over expenditures	0	2,400,000	2,400,000
Fund balance - beginning	0	0	0
Fund balance - ending	\$ 0	\$ 2,400,000	\$ 2,400,000

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

STOREY COUNTY, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2010

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTAL
<u>ASSETS</u>			
Current Assets			
Cash	\$ 843,572	\$ 492,451	\$ 1,336,023
Accounts receivable	36,830	13,317	50,147
Interest receivable	212	124	336
Total Current Assets	<u>880,614</u>	<u>505,892</u>	<u>1,386,506</u>
Noncurrent Assets			
Capital assets - net of accumulated depreciation	<u>5,293,717</u>	<u>355,829</u>	<u>5,649,546</u>
Total Assets	<u>6,174,331</u>	<u>861,721</u>	<u>7,036,052</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	19,149	3,815	22,964
Refundable deposits	11,765	0	11,765
Bonds payable - current portion	24,822	4,785	29,607
Accrued expenses	5,850	5,054	10,904
Accrued interest	1,800	0	1,800
Total Current Liabilities	<u>63,386</u>	<u>13,654</u>	<u>77,040</u>
Long Term Liabilities			
Bonds payable - net of current portion	<u>630,704</u>	<u>62,421</u>	<u>693,125</u>
<u>NET ASSETS</u>			
Invested in capital assets - net of related debt	4,638,191	288,623	4,926,814
Unrestricted	<u>842,050</u>	<u>497,023</u>	<u>1,339,073</u>
Total Net Assets	<u>\$ 5,480,241</u>	<u>\$ 785,646</u>	<u>\$ 6,265,887</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, 2010

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTAL
<u>OPERATING REVENUES</u>			
Charges for services	\$ 343,635	\$ 141,622	\$ 485,257
<u>OPERATING EXPENSES</u>			
Salaries and wages	62,466	55,581	118,047
Salary costs	42,994	38,890	81,884
Services and supplies	181,473	71,025	252,498
Depreciation	108,828	39,963	148,791
Total Operating Expense	395,761	205,459	601,220
Operating Income (Loss)	(52,126)	(63,837)	(115,963)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Rent and miscellaneous	12,000	0	12,000
Interest income	1,850	1,171	3,021
Interest expense	(17,182)	(3,091)	(20,273)
Capital contributions and grants	8,288	4,675	12,963
Total Nonoperating Revenues (Expenses)	4,956	2,755	7,711
Change in net assets	(47,170)	(61,082)	(108,252)
Net assets - beginning	5,527,411	846,728	6,374,139
Net assets - ending	\$ 5,480,241	\$ 785,646	\$ 6,265,887

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, 2010

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTALS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Inflows			
Sales of water/sewer fees	\$ 342,487	\$ 141,504	\$ 483,991
Cash Outflows			
Salaries and wages	(59,486)	(52,125)	(111,611)
Salary costs	(42,253)	(39,105)	(81,358)
Services and supplies	(208,994)	(84,715)	(293,709)
Net Cash Provided (Used) by Operating Activities	<u>31,754</u>	<u>(34,441)</u>	<u>(2,687)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Cash Inflows			
Rent	12,000	0	12,000
Customer deposits	2,885	0	2,885
Net Cash Provided by Non-Capital Financing Activities	<u>14,885</u>	<u>0</u>	<u>14,885</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Cash Inflows			
Capital contributions	8,288	4,675	12,963
Cash Outflows			
Debt service	(23,313)	(4,311)	(27,624)
Interest expense	(17,182)	(3,091)	(20,273)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(32,207)</u>	<u>(2,727)</u>	<u>(34,934)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Cash Inflows			
Interest earnings	1,970	1,259	3,229
Net Increase (Decrease) in Cash	16,402	(35,909)	(19,507)
Cash - beginning	<u>827,170</u>	<u>528,360</u>	<u>1,355,530</u>
Cash - ending	<u>\$ 843,572</u>	<u>\$ 492,451</u>	<u>\$ 1,336,023</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, 2010

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$        105,585</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$        105,585</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, 2010

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 *Tri Payback Fund* accounts for monies which shall be required to be paid back to the developers of the Tahoe-Reno Industrial Center as detailed in Note XVII.

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. (Elected to be reported as major fund.)

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 charges 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, 2010.

### 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 960 hours (except for fire department - no maximum) shall be paid at retirement or termination of service, other than involuntary termination as follows:

<u>Years of Continuous Service</u>	<u>Other Employees</u> <u>Rate of Pay</u>	<u>Fire Department</u> <u>Rate of Pay</u>
5 years but less than 10 years	12.5¢ on the Dollar	20.0¢ on the Dollar
10 years but less than 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 \$5,000 for all 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 hours, 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, 2010.

## 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 \$7,717,783 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 - \$8,549,660. Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. (\$832,477)
- 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 \$589,447 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 net capital outlays exceeded depreciation in the current period - \$329,714. Some revenues and 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 - \$38,807. Some short and medium term loans and payments are reported in the governmental funds - \$220,926.

## 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. (3<sup>rd</sup> 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, 2010.
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, 2010, expenditures exceeded appropriations as follows:

	<u>Expenditures</u>	<u>Appropriations</u>
Fire Special Revenue Fund	\$ 3,787,183	\$ 3,700,206
Indigent Accident Special Revenue Fund	\$ 120,561	\$ 80,145

**C. DEFICIT FUND EQUITY**

No funds incurred a deficit fund equity at June 30, 2010.

**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 \$0 reserved in all funds.

#### IV. CASH

At year end, the carrying amount of the bank balances was \$17,089,334. Of the bank balances \$750,100 was covered by federal depository insurance. Additionally \$12,232,169 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	\$ 750,100
2. Collateralized with securities held by The Nevada State Treasurer	12,232,169
3. Uncollateralized with the financial institution	4,103,326
4. Uncollateralized - cash on hand	<u>3,739</u>
	<u>\$ 17,089,334</u>

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

Major governmental funds	\$ 9,260,366
Non-major governmental funds	6,387,360
Business-type funds	<u>1,336,023</u>
	16,983,749
Fiduciary funds	<u>105,585</u>
Total	<u>\$17,089,334</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>Non-Major Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 222,435		\$ 57,626	\$ 35,361		\$ 315,422
Accounts	244,524	\$ 88,103	208,921	21,085	\$ 50,934	613,567
Interest	<u>1,516</u>	<u>135</u>		<u>258</u>	<u>336</u>	<u>2,245</u>
Gross Receivables	468,475	88,238	266,547	56,704	51,270	931,234
Less: Allowance for uncollectibles			<u>34,302</u>		<u>787</u>	<u>35,089</u>
Net Total						
Receivables	<u>\$ 468,475</u>	<u>\$ 88,238</u>	<u>\$ 232,245</u>	<u>\$ 56,704</u>	<u>\$ 50,483</u>	<u>\$ 599,145</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	\$ 227,190
Fire fund	40,057
Non-major funds	38,388
Deferred revenue - District Court	<u>1,990,302</u>
Total	<u>\$2,295,937</u>

## VI. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 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	\$ 249,292	\$ 30,967		\$ 280,259
Construction in progress		<u>597,109</u>		<u>597,109</u>
Total Capital assets not being depreciated	<u>249,292</u>	<u>628,076</u>	<u>0</u>	<u>877,368</u>
Capital assets being depreciated				
Buildings	7,030,077			7,030,077
Improvements other than buildings	671,490	19,863		691,353
Machinery and equipment	5,332,003	398,233		5,730,236
Infrastructure	0	0	0	0
Total capital assets being depreciated	<u>13,033,570</u>	<u>418,096</u>	<u>0</u>	<u>13,451,666</u>
Less accumulated depreciation for:				
Buildings	1,564,339	126,457		1,690,796
Improvements other than buildings	122,183	26,716		148,899
Machinery and equipment	3,376,394	563,285	0	3,939,679
Infrastructure	0	0	0	0
Total accumulated depreciation	<u>5,062,916</u>	<u>716,458</u>	<u>0</u>	<u>5,779,374</u>
Governmental activities capital assets - net	<u>\$ 8,219,946</u>	<u>\$ 329,714</u>	<u>\$ 0</u>	<u>\$ 8,549,660</u>
Business type activities:				
Capital assets being depreciated				
Water and sewer system	\$ 7,155,464			\$ 7,155,464
Machinery and equipment	<u>546,048</u>			<u>546,048</u>
Total Capital assets being depreciated	<u>7,701,512</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>7,701,512</u>
Less accumulated depreciation for				
Water and sewer systems	1,603,938	108,828		1,712,766
Machinery and equipment	<u>299,237</u>	<u>39,963</u>	0	<u>339,200</u>
Total accumulated depreciation	<u>1,903,175</u>	<u>148,791</u>	<u>0</u>	<u>2,051,966</u>
Business type activities capital assets - net	<u>\$ 5,798,337</u>	<u>\$ (148,791)</u>	<u>\$ 0</u>	<u>\$ 5,649,543</u>

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

Governmental activities:	
General government	\$ 188,101
Public safety	414,605
Highways and streets, including depreciation of general infrastructure assets	91,818
Culture and recreation	<u>21,934</u>
Total depreciation expense - Governmental activities	<u>\$ 716,458</u>
Business type activities:	
Water	\$ 108,828
Sewer	<u>39,963</u>
Total depreciation expense - business type activities	<u>\$ 148,791</u>

VII. INTERFUND ASSETS/LIABILITIES

There were no interfund balances as of June 30, 2010.

Interfund transfers:

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Tri Payback Fund	\$ 2,400,000
General Fund	Capital Projects Fund	200,000
General Fund	Road Fund	300,000
First District Fund	General Fund	25,000
Fire District Fund	Fire Fund	9,000
		<u>\$ 2,934,000</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, 2010.

Fiscal Year Ending <u>June 30,</u>	
2011	149,175
2012	149,175
2013	<u>109,451</u>
	\$ 407,801
Less amounts representing interest	<u>29,142</u>
Present value of future minimum Lease payments	<u>\$ 378,659</u>

IX. MEDIUM TERM AND LONG TERM DEBT

Special Assessment Bonds - The County has no special assessment bonds outstanding at June 30, 2010.

Contracts Payable - The County has no contracts payable at June 30, 2010.

Medium Term Loan - On December 21, 2008, Storey County entered into a medium term bond with Bank of America for \$520,000 bearing interest at a rate of 4.85% per annum. Repayment terms are interest only payable on June 21, with principal and interest payable on December 21 annually. The following schedule represents the debt service requirements:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 21, 2010	74,286	9,007	83,293
June 21, 2011		7,206	7,206
December 21, 2011	74,286	7,206	81,492
June 21, 2012		5,404	5,404
December 21, 2012	74,286	5,404	79,690
June 21, 2013		3,603	3,603
December 21, 2013	74,285	3,603	77,888
June 21, 2014		1,801	1,801
December 21, 2014	<u>74,285</u>	<u>1,801</u>	<u>76,086</u>
	<u>\$ 371,428</u>	<u>\$ 45,035</u>	<u>\$ 416,463</u>

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, 2010 are as follows:

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

BALANCE		BALANCE
<u>6/30/09</u>	<u>RETIRED</u>	<u>6/30/10</u>
<u>\$ 610,839</u>	<u>\$11,313</u>	<u>\$ 599,526</u>

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

BALANCE		BALANCE
<u>6/30/09</u>	<u>RETIRED</u>	<u>6/30/10</u>
<u>\$ 68,000</u>	<u>\$12,000</u>	<u>\$ 56,000</u>

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

BALANCE		BALANCE
<u>6/30/09</u>	<u>RETIRED</u>	<u>6/30/10</u>
<u>\$71,517</u>	<u>\$ 4,311</u>	<u>\$ 67,206</u>

Revenue bond debt service requirements to maturity including interest of \$476,468 are as follows:

YEAR ENDING		ANNUAL	TOTAL
<u>JUNE 30.</u>			
2011 to 2014		\$62,300 to \$62,600	\$ 250,700
2015 to 2021		46,900 to 44,900	327,700
2022 to 2037		38,800	620,800
			<u>\$1,199,200</u>

Changes In Long-Term Liabilities - During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the general long term debt group:

	BALANCE			BALANCE
	<u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>JUNE 30, 2010</u>
Compensated absences	\$ 126,839	\$ 0	\$ 44,449	\$ 82,390
Capital leases	<u>507,534</u>	<u>0</u>	<u>128,876</u>	<u>378,658</u>
	<u>\$ 634,373</u>	<u>\$ 0</u>	<u>\$ 173,325</u>	<u>\$ 461,4048</u>

X. SEGMENT INFORMATION - PROPRIETARY FUNDS

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

	<u>Water Fund</u>	<u>Virginia Divide Sewer Fund</u>
<b>CONDENSED STATEMENT OF NET ASSETS</b>		
<b>ASSETS</b>		
Current assets	\$ 880,614	\$ 505,892
Capital assets	<u>5,293,717</u>	<u>355,829</u>
Total Assets	<u>6,174,331</u>	<u>861,721</u>
<b>LIABILITIES</b>		
Current liabilities	63,386	13,654
Non-current liabilities	<u>630,704</u>	<u>62,421</u>
Total Liabilities	<u>694,090</u>	<u>76,075</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	4,638,191	288,623
Unrestricted	<u>842,050</u>	<u>497,023</u>
Total Net Assets	<u>\$5,480,241</u>	<u>\$ 785,646</u>
<b>CONDENSED STATEMENT OF REVENUES AND EXPENSES</b>		
Operating revenue	\$ 343,635	\$ 141,622
Depreciation	(108,828)	(39,963)
Other operating expenses	<u>(286,933)</u>	<u>(165,496)</u>
Operating income (loss)	(52,126)	(63,837)
<b>Nonoperating revenues (expenses)</b>		
Rent income	12,000	
Interest income	1,850	1,171
Interest expense	(17,182)	(3,091)
Capital contributions and grants	<u>8,288</u>	<u>4,675</u>
Change in net assets	<u>\$ (47,170)</u>	<u>\$ (61,082)</u>

CONDENSED STATEMENTS OF CASH FLOWS

Net cash provided (used) by		
Operating activities	\$ 31,754	\$ (34,441)
Noncapital financing activities	14,885	0
Capital and related financing activities	(32,207)	(2,727)
Investing activities	<u>1,970</u>	<u>1,259</u>
Net increase (decrease) in cash	<u>16,402</u>	<u>(35,909)</u>
Cash - beginning	<u>827,170</u>	<u>528,360</u>
Cash - ending	<u>\$ 843,572</u>	<u>\$ 492,451</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, 2010 have not been finalized. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is currently a defendant in no lawsuits, with no other unasserted possible claims which are probable of assertion

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 2009/2010 assessed valuation is \$612,039,000 which would allow the bonding up to \$61,203,000. On June 30, 2010, the County had \$371,400 outstanding general obligation bonded debt, exclusive of revenue and school district bonds.

The town of Virginia City general obligation debt limit based on the 2009/2010 assessed valuation was \$9,750,000 (NRS 269.425). The town of Virginia City has at June 30, 2010 no general obligation bonds outstanding.

The town of Gold Hill general obligation debt limit based on the 2009/2010 assessed valuation was \$2,626,000 (NRS 269.425). The town of Gold Hill has at June 30, 2010, 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 1<sup>st</sup> after the Nevada Tax Commission has certified the combined tax rate for the county on May 25<sup>th</sup>.

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, 2010 was \$6,813,000. The County's total payroll was \$7,575,098. Storey County's contribution to the plan for the year ended June 30, 2010 was \$1,966,000. All costs to the County were paid or accrued at June 30, 2010. The County's contribution represented less than 1% of total contributions to the retirement system.

Currently 124 employees are covered under the retirement plan out of a total of 127 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. Estimated costs for closure are \$2,707,050 and the cost for post closure maintenance is \$9,307,268 for a total of \$12,014,318. 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 insured through Liberty Mutual Insurance Company.

#### 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.

#### XVII. TAHOE-RENO INDUSTRIAL CENTER (TRI)

On February 2, 2000, Storey County Nevada, entered into a development agreement with Tahoe-Reno Industrial Center LLC along with DP Operating Partnership, LP for the purposes of completing structures, including grading, infrastructure, and all public facilities related to the property owned by TRI which consists of approximately 102,000 acres, of which approximately 9,000 acres is zoned for industrial usage within Storey County. The development agreement represents the commitment between Storey County and TRI to fund the capital infrastructure costs and local community services required by the project.

According to the agreements, TRI is responsible for the construction of the project public infrastructure, which shall be dedicated to and maintained by Storey County. Such infrastructure includes streets, sidewalks and streetlights, flood control, drainage channels, storm drains, basins and other related facilities; and County building complexes including fire stations, police stations, public works maintenance yards and administrative offices. The County is not responsible for the construction, operation, and maintenance of the project private infrastructure such as community water and sewer facilities, railroad track and related facilities, landscaping of common areas, or private trails and parks and other property not dedicated to the County. The County is responsible for separately recording certain revenue and expenses directly attributable to the TRI project, approving reimbursable costs, and determining the net annual revenue reimbursement to TRI.

The agreements establish a revenue threshold that represents the annual fiscal year in which the TRI net revenue exceeds \$5,000,000. The revenue threshold must be met before any reimbursements are made to TRI for project related infrastructure costs. Once the revenue threshold is met, the County is responsible for reimbursing TRI for approved project vouchers up to 35% of annual net revenue. Such reimbursements are also limited to 5% of the project assessed valuation at the end of each year. The revenue threshold was reported to be met in fiscal years ending June 30, 2007 and 2008, however, additional audit adjustments are still being discussed by the comptroller and the TRI partnership. No vouchers have been approved at June 30, 2010, therefore no reimbursements can be made. The County Controller estimates a potential liability to the County of approximately \$2 million and that the audit of the vouchers will commence in the fiscal year ending June 30, 2011.

The term of this agreement shall commence upon the effective date and shall expire Fifty (50) years after the effective date, unless extended by written amendment executed by the County and Developer. A special revenue fund was established as of July 1, 2009, to provide payment to our TRI partners. A lump sum payment of \$2,400,000 was made by the general fund to the TRI Payback Fund during the fiscal year.

Future allocations into the TRI Payback Fund will be a percentage of revenues directly attributed to TRI to include property taxes, business licence, permits, inspection fees, and real property transfer taxes.



STOREY COUNTY, NEVADA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	SPECIAL REVENUE					
	JAIL BUILDING	EMERGENCY MITIGATION	INDIGENT ACCIDENT	TECHNOLOGY	TOWN OF VIRGINIA CITY	TOWN OF GOLD HILL
<b>ASSETS</b>						
Cash	\$ 708,093	\$ 100,000	\$ 46,916	\$ 157,137	\$ 160,059	\$ 32,053
Receivables						
Taxes - property	9,873					
Accounts					5	4
Interest	178			40		
Total Assets	<u>\$ 718,144</u>	<u>\$ 100,000</u>	<u>\$ 46,916</u>	<u>\$ 157,177</u>	<u>\$ 160,064</u>	<u>\$ 32,057</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 166,730		\$ 5,342	\$ 100	\$ 1,852	\$ 167
Deferred taxes	6,861				12,986	1,139
Total Liabilities	<u>173,591</u>	<u>0</u>	<u>5,342</u>	<u>100</u>	<u>14,838</u>	<u>1,306</u>
<b>FUND BALANCE</b>						
Designated for future year's operations	221,468			\$ 124,500		\$ 17,600
Undesignated	323,085	\$ 100,000	41,574	32,577	\$ 145,226	13,151
Total Fund Balance	<u>544,553</u>	<u>100,000</u>	<u>41,574</u>	<u>157,077</u>	<u>145,226</u>	<u>30,751</u>
Total Liabilities and Fund Balance	<u>\$ 718,144</u>	<u>\$ 100,000</u>	<u>\$ 46,916</u>	<u>\$ 157,177</u>	<u>\$ 160,064</u>	<u>\$ 32,057</u>

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

STOREY COUNTY, NEVADA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

	<u>SPECIAL REVENUE</u>				<u>CAPITAL PROJECTS</u>		<u>TOTAL</u>
	<u>FEDERAL AND STATE GRANTS</u>	<u>FIRE EMERGENCY</u>	<u>STABILIZATION FUND</u>	<u>GENETIC MARKER TESTING FUND</u>	<u>CAPITAL PROJECTS</u>	<u>INFRASTRUCTURE FUND</u>	
<u>ASSETS</u>							
Cash	\$ 611,932	\$ 205,067	\$ 1,000,000	\$ 6,659	\$ 649,916	\$ 1,424,482	\$ 6,387,360
Receivables							
Taxes - property							35,361
Accounts	985					20,091	21,085
Interest							258
<b>Total Assets</b>	<u>\$ 612,917</u>	<u>\$ 205,067</u>	<u>\$ 1,000,000</u>	<u>\$ 6,659</u>	<u>\$ 649,916</u>	<u>\$ 1,444,573</u>	<u>\$ 6,444,064</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 62,655				\$ 41,830		\$ 323,410
Deferred taxes							38,389
<b>Total Liabilities</b>	<u>62,655</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,830</u>	<u>0</u>	<u>361,799</u>
<u>FUND BALANCE</u>							
Designated for future year's operations		\$ 162,462	\$ 200,000		408,702	\$ 536,642	2,062,892
Undesignated	550,262	42,605	800,000	6,659	199,384	907,931	4,019,373
<b>Total Fund Balance</b>	<u>550,262</u>	<u>205,067</u>	<u>1,000,000</u>	<u>6,659</u>	<u>608,086</u>	<u>1,444,573</u>	<u>6,082,265</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 612,917</u>	<u>\$ 205,067</u>	<u>\$ 1,000,000</u>	<u>\$ 6,659</u>	<u>\$ 649,916</u>	<u>\$ 1,444,573</u>	<u>\$ 6,444,064</u>

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STOREY COUNTY, NEVADA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE					
	FIRE DISTRICT	EQUIPMENT ACQUISITION	INDIGENT ASSISTANCE	JUSTICE COURT FEES	DRUG COURT	INDIGENT MEDICAL
<u>REVENUE</u>						
Taxes	\$ 582,859	\$ 264,933				\$ 159,044
Intergovernmental						
Charges for services						
Fine and fees			\$ 28	\$ 4,193	\$ 734	
Licenses and permits						
Other revenues	231,648	310				
Total Revenues	<u>814,507</u>	<u>265,243</u>	<u>28</u>	<u>4,193</u>	<u>734</u>	<u>159,044</u>
<u>EXPENDITURES</u>						
Current:						
General government		3,684				
Public safety	607,417					
Judicial				7,902		
Culture and recreation						
Welfare						144,207
Total Expenditures	<u>607,417</u>	<u>3,684</u>	<u>0</u>	<u>7,902</u>	<u>0</u>	<u>144,207</u>
Excess (deficiency) of revenues over expenditures	207,090	261,559	28	(3,709)	734	14,837
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers	(34,000)					
Debt service		(146,640)	0	0	0	0
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	173,090	114,919	28	(3,709)	734	14,837
Fund balance - beginning (deficit)	133,079	48,792	263	27,114	5,760	733,530
Fund balance - ending (deficit)	<u>\$ 306,169</u>	<u>\$ 163,711</u>	<u>\$ 291</u>	<u>\$ 23,405</u>	<u>\$ 6,494</u>	<u>\$ 748,367</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, 2010

	SPECIAL REVENUE					
	JAIL BUILDING	EMERGENCY MITIGATION	INDIGENT ACCIDENT	TECHNOLOGY	TOWN OF VIRGINIA CITY	TOWN OF GOLD HILL
<u>REVENUE</u>						
Taxes	\$ 394,756		\$ 78,978			
Intergovernmental					\$ 1,278	\$ 1,011
Charges for services				\$ 75,302		
Fine and fees	87,115					
Licenses and permits					64,639	2,506
Other revenues	3,355			457		
<b>Total Revenues</b>	<b>485,226</b>	<b>0</b>	<b>78,978</b>	<b>75,759</b>	<b>65,917</b>	<b>3,517</b>
<u>EXPENDITURES</u>						
Current:						
General government				85,823	73,076	2,027
Public safety	636,591					
Judicial						
Culture and recreation						
Welfare			120,561			
<b>Total Expenditures</b>	<b>636,591</b>	<b>0</b>	<b>120,561</b>	<b>85,823</b>	<b>73,076</b>	<b>2,027</b>
Excess (deficiency) of revenues over expenditures	(151,365)		(41,583)	(10,064)	(7,159)	1,490
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers						
Debt service						
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	(151,365)	0	(41,583)	(10,064)	(7,159)	1,490
Fund balance - beginning	695,918	100,000	83,157	167,141	152,385	29,261
Fund balance - ending	\$ 544,553	\$ 100,000	\$ 41,574	\$ 157,077	\$ 145,226	\$ 30,751

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 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, 2010

	<u>SPECIAL REVENUES</u>				<u>CAPITAL PROJECTS</u>		<u>TOTAL</u>
	<u>FEDERAL AND STATE GRANTS</u>	<u>FIRE EMERGENCY</u>	<u>STABILIZATION FUND</u>	<u>GENETIC MARKER TESTING FUND</u>	<u>CAPITAL PROJECTS</u>	<u>INFRASTRUCTURE FUND</u>	
<u>REVENUE</u>							
Taxes							\$ 1,480,570
Intergovernmental	\$ 1,079,994					\$ 132,931	1,215,214
Charges for services							75,302
Fine and fees				\$ 7,394			99,464
Licenses and permits							67,145
Other revenues		\$ 27,605					263,375
<b>Total Revenues</b>	<b>1,079,994</b>	<b>27,605</b>	<b>0</b>	<b>7,394</b>	<b>0</b>	<b>132,931</b>	<b>3,201,070</b>
<u>EXPENDITURES</u>							
Current:							
General government					100,616		265,226
Public safety	22,891						1,266,899
Judicial				735			8,637
Culture and recreation	693,991						693,991
Welfare							264,768
<b>Total Expenditures</b>	<b>716,882</b>	<b>0</b>	<b>0</b>	<b>735</b>	<b>100,616</b>	<b>0</b>	<b>2,499,521</b>
Excess (deficiency) of revenues over expenditures	363,112	27,605	0	6,659	(100,616)	132,931	701,549
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers					200,000		166,000
Debt service							(146,640)
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	363,112	27,605	0		99,384	132,931	720,909
Fund balance - beginning (deficit)	187,150	177,462	1,000,000	0	508,702	1,311,642	5,361,356
Fund balance - ending (deficit)	<u>\$ 550,262</u>	<u>\$ 205,067</u>	<u>\$ 1,000,000</u>	<u>\$ 6,659</u>	<u>\$ 608,086</u>	<u>\$ 1,444,573</u>	<u>\$ 6,082,265</u>

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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, 2010

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Taxes				
Property taxes	\$ 583,913	\$ 583,913	\$ 582,859	\$ (1,054)
Other Revenues				
Miscellaneous	0	170,726	231,648	60,922
Total Revenues	583,913	754,639	814,507	59,868
<u>EXPENDITURES</u>				
Public safety				
Service and supplies	553,828	565,820	555,332	10,488
Capital outlay	0	52,828	52,085	743
Total expenditures	553,828	618,648	607,417	11,231
Excess (deficiency) of revenue over expenditures	30,085	135,991	207,090	71,099
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer out	(34,000)	(34,000)	(34,000)	0
Excess (deficiency) of revenue and other financing sources (uses) over expenditures	(3,915)	101,991	173,090	71,099
Fund balance - beginning	147,557	147,557	133,079	(14,478)
Fund balance - ending	\$ 143,642	\$ 249,548	\$ 306,169	\$ 56,621

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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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes			
Property taxes	\$ 265,878	\$ 264,933	\$ (945)
Other revenues			
Interest	5,000	310	(4,690)
Total Revenues	<u>270,878</u>	<u>265,243</u>	<u>(5,635)</u>
<u>EXPENDITURES</u>			
General government			
Services and supplies	\$ 0	2,236	(2,236)
Capital outlay	82,941	1,448	81,493
Debt service			
Principal	128,873	128,873	0
Interest	20,301	17,767	2,534
Total Expenditures	<u>232,115</u>	<u>150,324</u>	<u>81,791</u>
Excess (deficiency) of revenue over expenditures	38,763	114,919	76,156
Fund balance - beginning	<u>213,475</u>	<u>48,792</u>	<u>(164,683)</u>
Fund balance - ending	<u>\$ 252,238</u>	<u>\$ 163,711</u>	<u>\$ (88,527)</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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Fines and Forfeitures	\$ 0	\$ 28	\$ 28
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	0	0	0
Excess (deficiency) of revenue over expenditures	0	28	28
Fund balance - beginning	263	263	0
Fund balance - ending	\$ 263	\$ 291	\$ 28

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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Fines			
Justice court fine	\$ 10,000	\$ 4,193	\$ (5,807)
<u>EXPENDITURES</u>			
Judicial			
Services and supplies	20,000	7,902	12,098
Excess (deficiency) of revenues over expenditures	(10,000)	(3,709)	6,291
Balance - beginning	14,884	27,114	12,230
Balance - ending	\$ 4,884	\$ 23,405	\$ 18,521

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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Fines and forfeits			
Drug court fees	\$ 0	\$ 734	\$ 734
Excess of revenue over expenditures		734	734
Fund balance - beginning	0	5,760	5,760
Fund balance - ending	<u>\$ 0</u>	<u>\$ 6,494</u>	<u>\$ 6,494</u>

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

STOREY COUNTY, NEVADA  
INDIGENT MEDICAL SPECIAL REVENUE FUND  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Property taxes	\$ 159,018	\$ 159,044	\$ 26
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	<u>505,000</u>	<u>144,207</u>	<u>360,793</u>
Excess (deficiency) of revenue over expenditures	(345,982)	14,837	360,819
Fund balance - beginning	<u>594,073</u>	<u>733,530</u>	<u>139,457</u>
Fund balance - ending	<u>\$ 248,091</u>	<u>\$ 748,367</u>	<u>\$ 500,276</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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes			
Property taxes	\$ 395,636	\$ 394,756	\$ (880)
Fines			
Court fines	100,000	87,115	(12,885)
Other revenues			
Interest	8,000	1,842	(6,158)
Miscellaneous	2,500	1,513	(987)
Total Revenues	<u>506,136</u>	<u>485,226</u>	<u>(20,910)</u>
<u>EXPENDITURES</u>			
Public safety			
Services and supplies	212,900	121,711	91,189
Capital outlay	539,000	514,880	24,120
Total Expenditures	<u>751,900</u>	<u>636,591</u>	<u>115,309</u>
Excess (deficiency) of revenues over expenditures	(245,764)	(151,365)	94,399
Fund balance - beginning	<u>553,538</u>	<u>695,918</u>	<u>142,380</u>
Fund balance - ending	<u>\$ 307,774</u>	<u>\$ 544,553</u>	<u>\$ 236,779</u>

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

STOREY COUNTY, NEVADA  
 EMERGENCY MITIGATION SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Capital Outlay	100,000	0	100,000
Fund balance - beginning	100,000	100,000	0
Fund balance - ending	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 100,000</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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes			
Property taxes	\$ 80,145	\$ 78,978	\$ (1,167)
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	80,145	120,561	(40,416)
Excess (deficiency) of revenue over expenditures	0	(41,583)	(41,583)
Fund balance - beginning	56,348	83,157	26,809
Fund balance - ending	\$ 56,348	\$ 41,574	\$ (14,774)

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

STOREY COUNTY, NEVADA  
 TECHNOLOGY SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Charges for services				
Technology fees	\$ 65,000	\$ 65,000	\$ 75,302	\$ 10,302
Other revenues				
Interest income	2,500	2,500	457	(2,043)
Total revenues	<u>67,500</u>	<u>67,500</u>	<u>75,759</u>	<u>8,259</u>
<u>EXPENDITURES</u>				
General government				
Services and supplies	<u>65,000</u>	<u>91,500</u>	<u>85,823</u>	<u>5,677</u>
Excess (deficiency) of revenues over expenditures	2,500	(24,000)	(10,064)	13,936
Fund balance - beginning	<u>115,742</u>	<u>167,141</u>	<u>167,141</u>	<u>0</u>
Fund balance - ending	<u>\$ 118,242</u>	<u>\$ 143,141</u>	<u>\$ 157,077</u>	<u>\$ 13,936</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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUE</b>			
Licenses and permits			
Business licenses	\$ 18,000	\$ 16,620	\$ (1,380)
Liquor licenses	11,000	16,700	5,700
Cabaret licenses	3,000	2,588	(412)
County gaming licenses	30,000	28,110	(1,890)
Penalties		621	621
Intergovernmental			
State gaming license	1,400	1,278	(122)
Total Revenues	<u>63,400</u>	<u>65,917</u>	<u>2,517</u>
<b>EXPENDITURES</b>			
General government			
Services and supplies	43,000	35,576	7,424
Intergovernmental agreement	60,000	37,500	22,500
Total Expenditures	<u>103,000</u>	<u>73,076</u>	<u>29,924</u>
Excess (deficiency) of revenues over expenditures	(39,600)	(7,159)	32,441
Fund balance - beginning	<u>126,280</u>	<u>152,385</u>	<u>26,105</u>
Fund balance - ending	<u>\$ 86,680</u>	<u>\$ 145,226</u>	<u>\$ 58,546</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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Licenses and permits			
Business licenses	\$ 3,000	\$ 1,846	\$ (1,154)
Penalties		10	10
Licenses - liquor	1,000	500	(500)
Cabaret licenses		150	150
Intergovernmental			
State gaming licenses	1,100	1,011	(89)
Total Revenues	<u>5,100</u>	<u>3,517</u>	<u>(1,583)</u>
<u>EXPENDITURES</u>			
General government			
Services and supplies	3,500	2,027	1,473
Total Expenditures	<u>3,500</u>	<u>2,027</u>	<u>1,473</u>
Excess (deficiency) of revenues over expenditures	1,600	1,490	(110)
Fund balance - beginning	<u>28,507</u>	<u>29,261</u>	<u>754</u>
Fund balance - ending	<u>\$ 30,107</u>	<u>\$ 30,751</u>	<u>\$ (644)</u>

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

STOREY COUNTY, NEVADA  
 FEDERAL/STATE GRANTS SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURE, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>FINAL BUDGETED</u> <u>AMOUNTS</u>	<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<b><u>REVENUES</u></b>			
Intergovernmental			
Federal and State grants	\$ 1,173,000	\$ 1,079,994	\$ (93,006)
Total Revenues	<u>1,173,000</u>	<u>1,079,994</u>	<u>(93,006)</u>
<b><u>EXPENDITURES</u></b>			
Culture and recreation			
Services and supplies	1,173,000	693,991	479,009
Public safety			
County flood	350,000	22,891	327,109
Total Expenditures	<u>1,523,000</u>	<u>716,882</u>	<u>806,118</u>
Excess (deficiency) of revenues over expenditures	(350,000)	363,112	713,112
Fund balance - beginning	447,270	187,150	(260,120)
Fund balance - ending	<u>\$ 97,270</u>	<u>\$ 550,262</u>	<u>\$ 452,992</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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OTHER REVENUES</u>			
Miscellaneous	\$ 35,000	\$ 27,605	\$ (7,395)
<u>EXPENDITURES</u>			
Public Safety			
Capital outlay	50,000	0	50,000
Excess (deficiency) of revenues over expenditures	(15,000)	27,605	42,605
Fund balance - beginning	91,776	177,462	85,686
Fund balance - ending	<u>\$ 76,776</u>	<u>\$ 205,067</u>	<u>\$ 128,291</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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Capital outlay	1,000,000	0	1,000,000
Excess (deficit) of revenue over expenditures	(1,000,000)	0	1,000,000
Fund balance - beginning	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Fund balance - ending	<u>\$ 0</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

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

STOREY COUNTY, NEVADA  
GENETIC MARKER TESTING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>ORIGINAL AND BUDGETED FINAL AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUE</u>			
Fines			
Court fines and fees	\$ 0	\$ 7,394	\$ 7,394
<u>EXPENDITURES</u>			
Services and supplies	0	735	(735)
Excess (deficiency) of revenue over expenditures	0	6,659	6,659
Fund balance - beginning	0	0	0
Fund balance - ending	<u>\$ 0</u>	<u>\$ 6,659</u>	<u>\$ 6,659</u>

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

STOREY COUNTY, NEVADA  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	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	100,616	99,384
Excess (deficiency) of revenues over expenditures	(200,000)	(100,616)	99,384
<u>OTHER FINANCING SOURCES</u>			
Transfers in	200,000	200,000	0
Excess (deficiency) of revenues and other financing sources	0	99,384	99,384
Fund balance - beginning (deficit)	338,047	508,702	170,655
Fund balance - ending	<u>\$ 338,047</u>	<u>\$ 608,086</u>	<u>\$ 270,039</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 30,2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Intergovernmental			
¼% Optional sales tax	\$ 125,000	\$ 132,931	\$ 7,931
<u>EXPENDITURES</u>			
General government			
Services and supplies	900,000	0	900,000
Excess (deficiency) of revenues over expenditures	(775,000)	132,931	907,931
 Fund balance - beginning	 804,259	 1,311,642	 507,383
Fund balance - ending	\$ 29,259	\$ 1,444,573	\$ 1,415,314

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, 2010

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>OPERATING REVENUES</u>			
Sales of water	\$ 400,000	\$ 343,635	\$ (56,365)
<u>OPERATING EXPENSES</u>			
Salaries and wages	131,947	62,466	69,481
Salary costs	64,631	42,994	21,637
Services and supplies	211,353	181,473	29,880
Depreciation	65,000	108,828	(43,828)
Total Operating Expenses	<u>472,931</u>	<u>395,761</u>	<u>77,170</u>
Operating Income (Loss)	(72,931)	(52,126)	20,805
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Capital contributions	0	8,288	8,288
Services and supplies	(7,908)	0	7,908
Interest earnings	15,000	1,850	(13,150)
Rents	12,000	12,000	0
Interest expense	<u>(31,448)</u>	<u>(17,182)</u>	<u>14,266</u>
Net Income (Loss)	<u>\$ (85,287)</u>	<u>\$ (47,170)</u>	<u>\$ 38,117</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 30,2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Cash In flows			
Sales of water	\$ 400,000	\$ 342,487	\$ (57,513)
Cash Out flows			
Salaries and wages	(131,947)	(59,486)	72,461
Salary costs	(64,631)	(42,253)	22,378
Services and supplies	(211,353)	(208,994)	2,359
Net Cash Provided (Used) by Operating Activities	<u>(7,931)</u>	<u>31,754</u>	<u>39,685</u>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>			
Cash In flows			
Customer Hook-ups	12,000	0	(12,000)
Rent	0	12,000	12,000
Customer deposits	0	2,885	2,885
Net Cash Provided by Non Capital Financing Activities	<u>12,000</u>	<u>14,885</u>	<u>2,885</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</u></b>			
Cash In flows			
Capital contributed	0	8,288	8,288
Cash Out flows			
Services and supplies	(7,908)	0	7,908
Capital outlay	(103,000)	0	103,000
Debt service	(23,314)	(23,313)	1
Interest expense	(31,448)	(17,182)	14,266
Net Cash Provided (Used) by Capital Related Activities	<u>(165,670)</u>	<u>(32,207)</u>	<u>133,463</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest earnings	15,000	1,970	(13,030)
Net Increase (Decrease) in Cash	<u>(146,601)</u>	<u>16,402</u>	<u>163,003</u>
Cash - beginning	<u>570,657</u>	<u>827,170</u>	<u>256,513</u>
Cash - ending	<u>\$ 424,056</u>	<u>\$ 843,572</u>	<u>\$ 419,516</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, 2010

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OPERATING REVENUES</u>			
Service use fees	\$ 201,000	\$ 141,622	\$ (59,378)
 <u>OPERATING EXPENSES</u>			
Salaries and wages	70,791	55,581	15,210
Salary costs	36,606	38,890	(2,284)
Services and supplies	94,050	71,025	23,025
Depreciation	30,000	39,963	(9,963)
 Total Operating Expenses	 231,447	 205,459	 25,988
 Operating Income (Loss)	 (30,447)	 (63,837)	 (33,390)
 <u>NON OPERATING REVENUES (EXPENSE)</u>			
Interest income	15,000	1,171	(13,829)
Interest expense	(3,524)	(3,091)	433
 Net income (Loss)	 (18,971)	 (65,757)	 (46,786)

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, 2010

	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	\$ 201,000	\$ 141,504	\$ (59,496)
Cash Out Flows			
Salaries and wages	(70,791)	(52,125)	18,666
Salary costs	(36,606)	(39,105)	(2,499)
Service and supplies	(94,050)	(84,715)	9,335
	(447)	(34,441)	(33,994)
 <u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
None	0	0	0
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Cash In Flows			
Capital contributed by customers	0	4,675	4,675
Cash Out Flows			
Interest expense	(3,524)	(3,091)	433
Principal - revenue bonds	(4,553)	(4,311)	242
Acquisition and construction of capital assets	(72,000)	0	72,000
Net cash provided (used) by capital related Financing Activities	(80,077)	(2,727)	77,350
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest income	15,000	1,259	(13,741)
Net Increase (Decrease) in Cash	(65,524)	(35,909)	29,615
Cash - beginning	441,864	528,360	86,496
Cash - ending	\$ 376,340	\$ 492,451	\$ 116,111

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, 2010

	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2010
<u>STATE OF NEVADA FUND</u>				
Assets				
Cash	\$ (18,954)	\$ 1,123,621	\$ 1,036,877	\$ 67,790
Liabilities				
Due Other Governments	\$ (18,954)	\$ 1,123,621	\$ 1,036,877	\$ 67,790
<u>STOREY COUNTY SCHOOL DISTRICT</u>				
Assets				
Cash	\$ 53,887	\$ 3,951,222	\$ 3,995,197	\$ 9,912
Liabilities				
Due Other Governments	\$ 53,887	\$ 3,951,222	\$ 3,995,197	\$ 9,912
<u>STOREY COUNTY SCHOOL DISTRICT DEBT SERVICE</u>				
Assets				
Cash	\$ 13,027	\$ 761,946	\$ 770,431	\$ 4,542
Liabilities				
Due Other Governments	\$ 13,027	\$ 761,946	\$ 770,431	\$ 4,542
<u>VIRGINIA CITY CONVENTION AND TOURISM AUTHORITY</u>				
Assets				
Cash	\$ 7,821	\$ 252,704	\$ 237,184	\$ 23,341
Liabilities				
Due Other Governments	\$ 7,821	\$ 252,704	\$ 237,184	\$ 23,341
<u>DISTRICT ATTORNEY RESTITUTION FUND</u>				
Assets				
Cash	\$ 5,955	\$ 3,969	\$ 9,924	\$ 0
Liabilities				
Due Other Governments	\$ 5,955	\$ 3,969	\$ 9,924	\$ 0
<u>TOTAL - ALL FUNDS</u>				
Assets				
Cash	\$ 61,736	\$ 6,093,462	\$ 6,049,613	\$ 105,585
Liabilities				
Due Other Governments	\$ 61,736	\$ 6,093,462	\$ 6,049,613	\$ 105,585

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

STOREY COUNTY, NEVADA  
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS  
 BY SOURCE  
 JUNE 30, 2010 AND 2009

	JUNE 30,	
	2010	2009
<b><u>GENERAL FIXED ASSETS</u></b>		
Land	\$ 280,259	\$ 249,292
Construction in progress	597,109	0
Building and improvements	7,049,940	7,030,077
Machinery and equipment	671,490	671,490
Park Improvements	5,730,236	5,332,003
Total General Fixed Assets	\$ 14,329,034	\$ 13,282,862
 <b><u>INVESTMENTS IN GENERAL FIXED ASSETS</u></b>		
<b><u>BY SOURCE:</u></b>		
General Fund	\$ 6,784,471	\$ 6,489,342
Road Fund	2,356,622	2,278,664
Fire Fund	6,309	6,309
Fire District Fund	2,139,645	1,957,253
Fourth Ward Trustee	1,579,368	1,579,368
Sheriff's Jail	1,462,619	971,926
Total Investment in General Fixed Assets	\$ 14,329,034	\$ 13,282,862

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

STOREY COUNTY, NEVADA  
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTION AND ACTIVITY	LAND	CONSTRUCTION IN PROGRESS	BUILDING AND IMPROVEMENTS	PARK IMPROVEMENTS	MACHINERY AND EQUIPMENT	TOTAL
<b>GENERAL GOVERNMENT</b>						
Commissioners	\$ 114,849		\$ 182,993		\$ 2,595	\$ 300,437
Clerk - Treasurers					3,235	3,235
Recorder - Auditor					69,134	69,134
Assessor					24,463	24,463
Building - Grounds			144,620		196,327	340,947
Other - Administrative	165,410	106,416	1,769,340		513,753	2,554,919
Total General Government	<u>280,259</u>	<u>106,416</u>	<u>2,096,953</u>	<u>0</u>	<u>809,507</u>	<u>3,293,135</u>
<b>JUDICIAL</b>						
Justice Court					4,090	4,090
District Attorney					38,963	38,963
Total Judicial	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,053</u>	<u>43,053</u>
<b>PUBLIC SAFETY</b>						
Sheriff		490,693	1,615,895		934,195	3,040,783
Fire			6,309			6,309
Fire District			126,644		2,013,001	2,139,645
Emergency Management					359,885	359,885
Building Department					91,820	91,820
Total Public Safety	<u>0</u>	<u>490,693</u>	<u>1,748,848</u>	<u>0</u>	<u>3,398,901</u>	<u>5,638,442</u>
<b>HIGHWAY AND STREETS</b>						
	<u>0</u>	<u>0</u>	<u>905,456</u>	<u>0</u>	<u>1,451,166</u>	<u>2,356,622</u>
<b>CULTURE AND RECREATION</b>						
	<u>0</u>	<u>0</u>	<u>2,298,683</u>	<u>671,490</u>	<u>27,609</u>	<u>2,997,782</u>
Total General Fixed Assets	<u>\$ 280,259</u>	<u>\$ 597,109</u>	<u>\$ 7,049,940</u>	<u>\$ 671,490</u>	<u>\$ 5,730,236</u>	<u>\$ 14,329,034</u>

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

STOREY COUNTY, NEVADA  
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTION AND ACTIVITY	GENERAL FIXED ASSETS				GENERAL FIXED ASSETS
	July 1, 2009	ADDITIONS	DELETIONS	TRANSFERS	June 30, 2010
<b>GENERAL GOVERNMENT</b>					
Commissioners	\$ 300,437				\$ 300,437
Recorder - Auditor	69,134				69,134
Assessor	24,463				24,463
Building - Grounds	326,869	14,078			340,947
Other - Administrative	2,353,002	269,943			2,622,945
Total General Government	<u>3,073,905</u>	<u>284,021</u>	<u>0</u>	<u>0</u>	<u>3,357,926</u>
<b>JUDICIAL</b>					
District Attorney	38,963	0			38,963
District Court	4,090				4,090
Total Judicial	<u>43,053</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,053</u>
<b>PUBLIC SAFETY</b>					
Sheriff	2,550,090	490,693			3,040,783
Fire	6,307				6,307
Fire District	1,957,253	182,392			2,139,645
Emergency Management	358,169	5,323			363,492
Building Department	96,001				96,001
Total Public Safety	<u>4,967,820</u>	<u>678,408</u>	<u>0</u>	<u>0</u>	<u>5,646,228</u>
<b>HIGHWAY AND STREETS</b>	<u>2,278,664</u>	<u>77,958</u>	<u>0</u>	<u>0</u>	<u>2,356,622</u>
<b>CULTURE AND RECREATION</b>	<u>2,919,420</u>	<u>5,785</u>	<u>0</u>	<u>0</u>	<u>2,925,205</u>
<b>Total General Fixed Assets</b>	<u>\$ 13,282,862</u>	<u>\$ 1,046,172</u>	<u>0</u>	<u>0</u>	<u>\$ 14,329,034</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, 2010

<u>COUNTY BONDS</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2009</u>	<u>PAID DURING YEAR</u>	<u>BALANCE JUNE 30, 2010</u>	<u>TERMS OF PAYMENT OF OUTSTANDING BALANCE</u>
Revenue Bonds County of Storey Water Revenues Bonds of 1974 (Due United States of America Farmer's Home Administration)	6/26/74	\$ 294,000	5%	\$ 68,000	\$ 12,000	\$ 56,000	\$ 13,000 Annually - Jan 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%	\$ 610,839	\$ 11,313	\$ 599,526	\$ 38,801 Fiscal Years 6/30/11-6/30/2037 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 Farmer's Home Administration on 09/23/1987)	11/1/81	\$ 138,000	5%	\$ 71,517	\$ 4,311	\$ 67,206	\$ 673 per month
<u>MEDIUM TERM BOND</u> (7 yr) Due - Bank of America	12/20/07	\$ 520,000	4.85%	\$ 445,714	\$ 74,286	\$ 371,428	\$ 74,286 Fiscal years 6/30/11 - 6/30/15 with interest only paid on June 21 and principal and interest paid on December 21, of each year.

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, 2010, which collectively comprise Storey County, Nevada's, basic financial statements and have issued our report thereon dated October 22, 2010. 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 October 22, 2010.

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 October 22, 2010.

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  
Certified Public Accountant

October 22, 2010

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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 December 2, 2009. This review indicated:

1. Expenditures continued to exceed appropriations in two special revenue funds.
2. The assignment of account numbers and fund numbers to expenditures was greatly improved.
3. The payback fund (TRI Payback) was funded and the continuous source of funding for required future payback was established.
4. The process of "netting" revenue and expenditures has been corrected.



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

October 22, 2010

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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, 2010, and have issued our report thereon dated October 22, 2010. 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 October 22, 2010, on the financial statements of Storey County, Nevada.

**Current Years Audit Recommendations**

1. Expenditures must be monitored to prevent exceeding the amounts budgeted, as expenditures exceeded budget in three Special Revenue Funds and the Virginia-Divide Sewer District Fund.
2. Continued care should be taken in the assignment of funds and account numbers prior to recording the liabilities in the accounting records. Certain expenditures appear to be more correctly changed to the special revenue funds rather than the general fund. If it is desired that the expenses are paid with the general fund monies, a transfer to the special revenue fund should be made, along with an augmentation of the budget, so that the expenses are properly reflected in the appropriate funds.

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



David A. Pringle, CPA, LTD  
Certified Public Accountants

October 22, 2010