

Audit Report

STOREY COUNTY, NEVADA

June 30, 2012

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, 2012, 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's 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, 2012, 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 September 18, 2012, on our consideration of the Storey County, Nevada's 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 47 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Storey County, Nevada's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund, financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



David A. Pringle, CPA, LTD
Carson City, NV
September 18, 2012

COUNTY OF STOREY, STATE OF NEVADA
MANAGEMENT DISCUSSION AND ANALYSIS

As management of Storey County, State of Nevada, we offer readers of Storey County's financial statements this overview and analysis of Storey County for the fiscal year ended June 30, 2012. 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 \$28,575,891.
- The County's unrestricted net assets increased \$ 1,203,047.
- At June 30, 2012, the unreserved fund balance for the general fund was \$6,170,946.
- Storey County's bonded debt at June 30, 2012 was \$2,565,923 which was \$646,855 in revenue bonds of the County's Enterprise Funds a Medium term (7 yr.) General obligation bond of \$239,068, and Virginia City Rail Bonds of \$1,680,000.

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 9 through 14.

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-four 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 twenty 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 17 through 24.

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 25 through 27.

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 28.

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 29 through 40.

Other information. The combining and individual fund statements and schedules for major governmental funds can be found on page 17 of this report. This same information for non-major governmental funds can be found on pages 41 through 66 of this report.

STOREY COUNTY, NEVADA
NET ASSETS

	Governmental Activities June 30, 2012	Business Type Activities June 30, 2012	Total June 30, 2012
Current and other Assets	\$ 17,369,105	\$ 1,212,740	\$ 18,581,845
Capital Assets	<u>52,890,597</u>	<u>5,683,689</u>	<u>58,574,286</u>
Total Assets	<u>\$ 70,259,702</u>	<u>\$ 6,896,429</u>	<u>\$ 77,156,131</u>
Long Term Liabilities			
Outstanding	\$ 46,599,323	\$ 641,568	\$ 42,740,891
Current Liabilities	<u>1,286,546</u>	<u>52,803</u>	<u>1,339,349</u>
Total Liabilities	<u>\$ 47,885,869</u>	<u>\$ 694,371</u>	<u>\$ 44,080,240</u>
 NET ASSETS			
Invested in Capital			
Assets, Net of Related Debt	\$ 8,200,968	\$ 5,036,834	\$ 13,237,802
Unrestricted	<u>14,172,865</u>	<u>1,165,224</u>	<u>15,338,089</u>
Total Net Assets	<u>\$ 22,373,833</u>	<u>\$ 6,202,058</u>	<u>\$ 28,575,891</u>

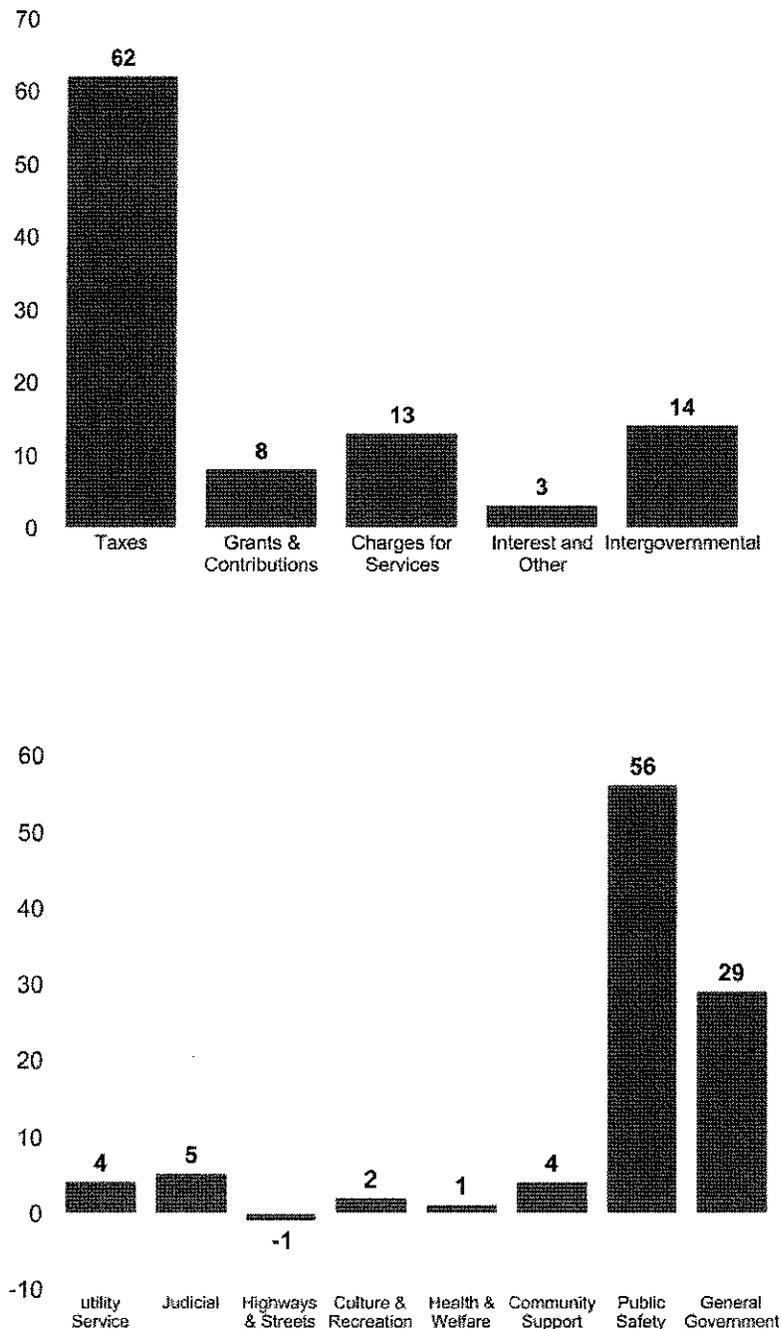
STOREY COUNTY, NEVADA
CHANGES IN NET ASSETS

	Governmental Activities <u>June 30, 2012</u>	Business Type Activities <u>June 30, 2012</u>	Total <u>June 30, 2012</u>
REVENUES:			
Program Revenues:			
Charges For Services	\$ 2,387,939	\$ 565,556	\$ 2,953,495
Operating Grants and Contributions	277,384		277,384
Capital Grants and Contributions	1,151,276	68,271	1,219,547
General Revenues:			
Taxes	11,525,170		11,525,170
Intergovernmental	2,644,244		2,644,244
Other	<u>629,162</u>	<u>15,146</u>	<u>644,308</u>
Total Revenues	<u>18,615,175</u>	<u>648,973</u>	<u>19,264,148</u>
EXPENSES:			
General Government	5,226,524		5,226,524
Public Safety	9,959,178		9,959,178
Judicial	851,571		851,571
Health and Welfare	223,103		223,103
Culture and Recreation	377,929		377,929
Community Support	699,945		699,945
Highways & Streets	(74,707)		(74,707)
Water and Sewer	<u> </u>	<u>638,309</u>	<u>638,309</u>
Total Expenses	<u>17,263,543</u>	<u>638,309</u>	<u>17,901,852</u>
Changes In Net Assets	1,351,632	10,664	1,362,296
Net Assets July 1, 2011	<u>21,022,201</u>	<u>6,191,394</u>	<u>27,213,595</u>
Net Assets June 30, 2012	<u><u>\$22,373,833</u></u>	<u><u>\$ 6,202,058</u></u>	<u><u>\$28,575,891</u></u>

COUNTY OF STOREY, STATE OF NEVADA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2012

Revenues in the General Fund were \$11,136,774 which was \$188,544 more than the amount budgeted. Actual revenue exceeded budgeted amounts in all budget categories. Actual expenditures were \$9,200,000 which was \$486,000 less than appropriations for the year. Overall, the total ending fund balance was \$6,171,000 which is \$2,707,290 more than budgeted. Of the \$6,171,000 ending fund balances \$0 was designated as an opening fund balance on July 1, 2012 and \$0 was reserved on July 1, 2012

PERCENT TOTALS - ALL FUNDS



COUNTY OF STOREY, STATE OF NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Business Type Activities. Business-type activities increased Storey County's net assets by \$10,664. Depreciation expense for the current fiscal year was \$148,368.

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, 2012. The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2012. 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 more than expectations by \$188,500, leaving a fund balance of \$6,171,000.

General Fund budget information can be found on pages 17 through 21.

Capital Assets. Storey County's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$58,574,286 (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, 2012

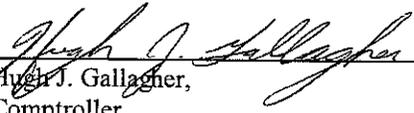
	Governmental Activities <u>June 30, 2012</u>	Business Type Activities <u>June 30, 2012</u>	Total <u>June 30, 2012</u>
Land	\$ 280,259		\$ 280,259
Construction in Process	2,229,317		2,229,317
Buildings and Improvements	6,954,240		6,954,240
Improvements other than Buildings	779,058		779,058
Machinery and Equipment	1,469,692	\$ 169,169	1,638,861
Sewer and Water systems Infrastructure	<u>41,178,031</u>	<u>5,514,520</u>	<u>41,178,031</u>
Total	<u>\$ 52,890,597</u>	<u>\$ 5,683,689</u>	<u>\$ 58,574,286</u>

Other Highlights-Fiscal Year June 30, 2012. On August 3, 2011, Storey County issued \$2,000,000 worth of General Obligation Bonds for the purpose of completing the Virginia and Truckee Railroad Tunnel #6 for the purpose of extending the railroad line to the old Freight Depot. Funds were received on December 28, 2011 with a payback period ending June 1, 2028. As of this date no construction has commenced due to construction bids which were deemed too expensive. However, minor bonds proceeds have been used for design and engineering costs. Attempts to solicit additional bids are in the process.

In December of 2000 Storey County entered into a Public-Private partnership with Tahoe Regional Industrial Center for the development of an industrial park. In April of 2011 Storey County agreed to accept expenses for infrastructure in the amount of \$46,850,563. In addition, a payment of \$2,400,000 was paid in accordance with the Developer Agreement.

COUNTY OF STOREY, STATE OF NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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 432, 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, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash	\$ 16,430,105	\$ 1,149,195	\$ 17,579,300
Accounts receivables (net allowance)	695,573	63,425	758,998
Taxes receivable	242,571	0	242,571
Interest receivable	856	120	976
Capital assets - net of accumulated depreciation			
Land	280,259		280,259
Construction in Progress	2,229,317		2,229,317
Buildings and improvements	6,954,240		6,954,240
Improvements other than buildings	779,058		779,058
Utility system		5,514,520	5,514,520
Machinery and equipment	1,469,692	169,169	1,638,861
Infrastructure	41,178,031		41,178,031
 Total Assets	 <u>\$ 70,259,702</u>	 <u>\$ 6,896,429</u>	 <u>\$ 77,156,131</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable and other current liabilities	\$ 1,286,546	\$ 47,516	\$ 1,334,062
Non-current liabilities			
Bonds payable - due within one year	155,290	5,287	160,577
- due in more than one year	1,763,775	641,568	2,405,343
Compensated absences - due in more than one year	124,453		124,453
Other non-current liabilities	105,241		105,241
Infrastructure loan	44,450,564		44,450,564
 Total Liabilities	 <u>\$ 47,885,869</u>	 <u>\$ 694,371</u>	 <u>\$ 48,580,240</u>
<u>NET ASSETS</u>			
Invested in capital assets - net of related debt	\$ 8,200,968	\$ 5,036,834	\$ 13,237,802
Unrestricted	14,172,865	1,165,224	15,338,089
 Total Net Assets	 <u>\$ 22,373,833</u>	 <u>\$ 6,202,058</u>	 <u>\$ 28,575,891</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, 2012

<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	\$ 5,226,524	\$ 1,400,939	\$ 45,542	\$ 29,996
Public safety	9,959,178	888,884	127,878	460,924
Judicial	851,571			4,619
Health and Welfare	223,103			
Culture and recreation	377,929	1,500		110,734
Community support	699,945		103,964	
Highways and streets	(74,707)	96,616		545,003
Total Governmental Activities	<u>17,263,543</u>	<u>2,387,939</u>	<u>277,384</u>	<u>1,151,276</u>
Business type activities:				
Water	408,503	391,979		
Sewer	229,806	173,577		
Total Business-Type Activities	<u>638,309</u>	<u>565,556</u>		
Total Primary Government	<u>\$ 17,901,852</u>	<u>\$ 2,953,495</u>	<u>\$ 277,384</u>	<u>\$ 1,151,276</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, 2012

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	GOVERNMENTAL	BUSINESS	TOTAL
	ACTIVITIES	TYPE ACTIVITIES	
Primary government:			
Governmental activities:			
General government	\$ (3,750,047)		\$ (3,750,047)
Public safety	(8,481,492)		(8,481,492)
Judicial	(846,952)		(846,952)
Health and Welfare	(223,103)		(223,103)
Culture and recreation	(265,695)		(265,695)
Community support	(595,981)		(595,981)
Highways and streets	716,326		716,326
Total Governmental Activities	(13,446,944)		(13,446,944)
Business type activities:			
Water		\$ (16,524)	(16,524)
Sewer		(56,229)	(56,229)
Total Business-Type Activities		(72,753)	(72,753)
Total Primary Government	(13,446,944)	(72,753)	(13,519,697)
General revenues:			
Property taxes	11,525,170		11,525,170
Various State Collected Pass-Through Revenues	2,644,244		2,644,244
Interest Earnings	175,689	3,146	178,835
Miscellaneous Revenue	453,473	12,000	465,473
Capital Contributions and Grants	0	68,271	68,271
Total General Revenues	14,798,576	83,417	14,881,993
Change in Net Assets	1,351,632	10,664	1,362,296
Net Assets - July 1, 2011	21,022,201	6,191,394	27,213,595
Net Assets - June 30, 2012	\$ 22,373,833	\$ 6,202,058	\$ 28,575,891

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

STOREY COUNTY, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	GENERAL	ROAD FUND	FIRE FUND	TRI-PAYBACK FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash	\$ 6,839,032	\$ 980,423	\$ 20,069	\$ 1,811,378	\$ 6,779,203	\$ 16,430,105
Accounts receivable (net allowance)	217,168	77,169	368,366		32,870	695,573
Taxes receivable	178,345		41,184		23,042	242,571
Interest receivable	715	102			39	856
Total Assets	\$ 7,235,260	\$ 1,057,694	\$ 429,619	\$ 1,811,378	\$ 6,835,154	\$ 17,369,105
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 480,538	\$ 31,167	\$ 74,222	\$ 0	\$ 66,615	\$ 652,542
Accrued expenses	345,477	44,272	177,908			567,657
Deferred revenue	238,299		35,050		32,066	305,415
Total Liabilities	1,064,314	75,439	287,180	0	98,681	1,525,614
FUND BALANCES						
Unassigned reported in:						
General fund	6,170,946					6,170,946
Capital projects funds					3,613,731	3,613,731
Special revenue funds		982,255	142,439	1,811,378	3,122,742	6,058,814
Total Fund Balances	6,170,946	982,255	142,439	1,811,378	6,736,473	15,843,491
Total Liabilities and Fund Balances	\$ 7,235,260	\$ 1,057,694	\$ 429,619	\$ 1,811,378	\$ 6,835,154	\$ 17,369,105

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, 2012

Total Fund Balance - government funds - page 12 \$15,843,494

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

52,890,597

Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.

(46,360,258)

Total Net Assets - governmental activities - page 9

\$22,373,833

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, 2012

<u>REVENUES</u>	GENERAL	ROAD FUND	FIRE FUND	TRI-PAYBACK FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Taxes	\$ 8,183,708		\$ 2,086,909	\$ 8,280	\$ 1,246,273	\$ 11,525,170
Licenses and permits	612,136		12,875		51,158	676,169
Intergovernmental	1,331,318	\$ 456,178	709,573		1,575,835	4,072,904
Charges for services	671,073	96,616	876,009		68,072	1,711,770
Fines and forfeitures	5,713				74,335	80,048
Miscellaneous	332,826	27,987	65,285		123,016	549,114
Total Revenues	11,136,774	580,781	3,750,651	8,280	3,138,689	18,615,175
 <u>EXPENDITURES</u>						
Current:						
General government	3,625,837			0	169,241	3,795,078
Public safety	4,015,009		3,822,903		1,793,667	9,631,579
Judicial	846,155				383	846,538
Health and welfare	2,016				221,087	223,103
Culture and recreation	97,937				99,345	197,282
Community support	627,714				0	627,714
Highways and streets		705,071			619,877	1,324,948
Intergovernmental					153,985	153,985
Debt Service	16,743	86,878			329,806	433,427
Total Expenditures	9,231,411	791,949	3,822,903	0	3,387,391	17,233,654
Excess (deficiency) of revenues over expenditures	1,905,363	(211,168)	(72,252)	8,280	(248,702)	1,381,521

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, 2012

	GENERAL	ROAD FUND	FIRE FUND	TRI-PAYBACK FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	30,173					1,601,312
Transfers out	(1,091,234)	386,896	6,231 (202,460)	1,102,443	75,569 (273,509)	(1,567,203)
Short term loan (payments) proceeds						0
Bond proceeds					31,392	31,392
Bond interest					0	0
Other	(244,067)					(244,067)
	<u>(1,305,128)</u>	<u>386,896</u>	<u>(196,229)</u>	<u>1,102,443</u>	<u>(166,548)</u>	<u>(178,566)</u>
Total Other Financing Sources (Uses)						
Net change in fund balance	600,235	175,728	(268,481)	1,110,723	(415,250)	1,202,955
Fund balance - beginning	5,570,711	806,527	410,920	700,655	7,151,723	14,640,536
Fund balance - ending	<u>\$ 6,170,946</u>	<u>\$ 982,255</u>	<u>\$ 142,439</u>	<u>\$ 1,811,378</u>	<u>\$ 6,736,473</u>	<u>\$ 15,843,491</u>

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, 2012

Net change in fund balances - governmental funds, page 14 \$ 1,381,521

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. (32,541)

Net short and medium term loan receipts and payments reported in governmental funds as net revenue 17,120

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 19,641

Transfer out from Enterprise Fund to Governmental Fund (34,109)

Change in net assets of governmental activities, page 11 \$ 1,351,632

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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Property	\$ 8,589,922	\$ 8,589,922	\$ 8,162,004	\$ (427,918)
Youth Services	22,773	22,773	21,704	(1,069)
Total Taxes	<u>8,612,695</u>	<u>8,612,695</u>	<u>8,183,708</u>	<u>(428,987)</u>
Licenses and permits:				
Merchandise licenses	70,000	70,000	119,112	49,112
Prostitution licenses	150,000	150,000	106,290	(43,710)
Liquor licenses	2,000	2,000	1,902	(98)
Utility licenses	200,000	200,000	159,213	(40,787)
Franchise tax	30,000	30,000	59,231	29,231
Building permits	175,000	175,000	144,679	(30,321)
Special use permits	0	0	0	0
Other licenses	13,800	13,800	21,709	7,909
Total Licenses and Permits	<u>640,800</u>	<u>640,800</u>	<u>612,136</u>	<u>(28,664)</u>
Intergovernmental:				
Federal and state grants	0	0	25,523	25,523
Payment in lieu of taxes	0	0	36,029	36,029
State shared revenues:				
Cigarette tax	18,088	18,088	18,004	(84)
Liquor tax	5,047	5,047	5,331	284
Gaming licenses	126,030	126,030	167,944	41,914
Basic CCRT	253,671	253,671	338,462	84,791
Supplemental CCRT	426,305	426,305	426,305	0
Motor Vehicle Privilege Tax	270,561	270,561	257,872	(12,689)
Real Property Transfer Tax	40,133	40,133	55,848	15,715
Total Intergovernmental	<u>1,139,835</u>	<u>1,139,835</u>	<u>1,331,318</u>	<u>191,483</u>
Charges for Services:				
Clerk Fees	9,000	9,000	5,867	(3,133)
Recorder fees	30,000	30,000	29,654	(346)
Assessor fees/commissions	150,000	150,000	177,452	27,452
Building department fees	7,000	7,000	5,320	(1,680)
District Court fees	10,000	10,000	11,329	1,329
Justice court fees	9,000	9,000	9,744	744
JOP Court Facility fee	4,400	4,400	8,255	3,855
Sheriffs fees	24,000	24,000	31,617	7,617
Dog control	2,000	2,000	1,067	(933)
Swimming pool admissions/lessons	17,000	12,000	17,791	5,791
Park facilities fees	500	500	1,100	600
Import tonnage fees	235,000	235,000	360,007	125,007
Swim pool - concessions	0	5,000	4,220	(780)
Event fees	2,500	2,500	7,650	5,150
Total Charges for Services	<u>500,400</u>	<u>500,400</u>	<u>671,073</u>	<u>170,673</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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES (cont'd.)				
Fines and Forfeits:				
District fine	1,500	1,500	444	(1,056)
Juvenile fines/assessments	1,500	1,500	2,467	967
Chemical analysis fees	2,500	2,500	1,433	(1,067)
Business license penalty	1,000	1,000	1,369	369
Total Fines and Forfeits	6,500	6,500	5,713	(787)
Miscellaneous:				
Rents	35,000	35,000	30,763	(4,237)
Penalties - current year	0	0	39,113	39,113
Penalties - prior years	0	0	73,040	73,040
Interest	10,000	10,000	17,732	7,732
Other	3,000	3,000	172,178	169,178
Total Miscellaneous	48,000	48,000	332,826	284,826
Total Revenues	10,948,230	10,948,230	11,136,774	188,544
EXPENDITURES				
General Government				
Commissioners:				
Salaries and wages	334,404	449,977	351,740	98,237
Employee benefits	154,203	146,065	156,427	(10,362)
Services and supplies	30,975	30,975	26,427	4,548
	519,582	627,017	534,594	92,423
Clerk Treasurer:				
Salaries and wages	155,163	155,169	148,768	6,401
Employee benefits	97,945	91,323	77,601	13,722
Services and supplies	54,888	54,888	31,632	23,256
Capital outlay	1,500	1,500	1,945	(445)
	309,496	302,880	259,946	42,934
Recorder:				
Salaries and wages	130,647	140,933	127,795	13,138
Employee benefits	78,350	68,178	61,644	6,534
Services and supplies	58,840	58,840	57,304	1,536
	267,837	267,951	246,743	21,208
Assessor:				
Salaries and wages	184,742	184,505	185,176	(671)
Employee benefits	91,864	85,652	78,854	6,798
Services and supplies	39,150	39,150	38,678	472
	315,756	309,307	302,708	6,599
Administrative:				
Salaries and wages	85,920	85,250	89,134	(3,884)
Employee benefits	149,500	146,954	140,158	6,796
Services and supplies	917,809	962,904	759,807	203,097
Capital outlay	5,000	35,000	4,595	30,405
	1,158,229	1,230,108	993,694	236,414

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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
EXPENDITURES				
General Government (contd.)				
Building and Grounds:				
Salaries and wages	142,705	141,598	113,384	28,214
Employee benefits	81,452	75,463	66,738	8,725
Services and supplies	174,335	174,335	106,387	67,948
	<u>398,492</u>	<u>391,396</u>	<u>286,509</u>	<u>104,887</u>
Planning Commission:				
Salaries and wages	168,473	167,658	140,681	26,977
Employee benefits	71,630	67,748	47,646	20,102
Services and supplies	57,570	57,570	24,821	32,749
	<u>297,673</u>	<u>292,976</u>	<u>213,148</u>	<u>79,828</u>
Service:				
Salaries and wages	136,565	135,506	129,256	6,250
Employee benefits	65,375	60,988	61,592	(604)
Services and supplies	43,810	43,810	41,200	2,610
	<u>245,750</u>	<u>240,304</u>	<u>232,048</u>	<u>8,256</u>
Comptroller:				
Salaries and wages	168,221	167,438	163,938	3,500
Employee benefits	62,330	64,595	59,981	4,614
Services and supplies	52,100	52,100	44,118	7,982
Capital outlay	2,000	2,000	0	2,000
	<u>284,651</u>	<u>286,133</u>	<u>268,037</u>	<u>18,096</u>
Information technology:				
Salaries and wages	121,946	172,300	166,824	5,476
Employees benefits	56,753	52,892	64,466	(11,574)
Services and supplies	38,350	38,350	26,328	12,022
Capital outlay	40,000	40,000	30,792	9,208
	<u>257,049</u>	<u>303,542</u>	<u>288,410</u>	<u>15,132</u>
Total General Government	<u>4,054,515</u>	<u>4,251,614</u>	<u>3,625,837</u>	<u>625,777</u>
Judicial:				
District Attorney:				
Salaries and wages	240,398	241,140	232,014	9,126
Employee benefits	128,131	120,728	115,765	4,963
Services and supplies	83,077	83,077	78,241	4,836
Capital outlay	6,000	6,000	1,879	4,121
	<u>457,606</u>	<u>450,945</u>	<u>427,899</u>	<u>23,046</u>
District Court:				
Services and supplies	130,100	130,100	108,498	21,602
	<u>130,100</u>	<u>130,100</u>	<u>108,498</u>	<u>21,602</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, 2012

EXPENDITURES	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
Judicial (contd.)				
Justice of the Peace:				
Salaries and wages	214,439	214,089	180,108	33,981
Employee benefits	108,492	102,189	81,590	20,599
Services and supplies	62,056	62,056	48,060	13,996
Capital outlay	0	0	0	0
	384,987	378,334	309,758	68,576
 Total Judicial	 972,693	 959,379	 846,155	 113,224
 Public Safety:				
Sheriff:				
Salaries and wages	1,233,001	1,235,869	1,282,095	(46,226)
Employee benefits	853,341	831,398	750,499	80,899
Services and supplies	301,800	353,100	348,239	4,861
Capital outlay	49,000	117,083	468,180	(351,097)
	2,437,142	2,537,450	2,849,013	(311,563)
 Building Department:				
Salaries and wages	231,469	229,665	223,536	6,129
Employee benefits	135,932	127,797	101,876	25,921
Services and supplies	33,766	33,766	30,084	3,682
Capital outlay	0	0	0	0
	401,167	391,228	355,496	35,732
 Emergency Management:				
Salaries and wages	77,213	76,780	73,402	3,378
Employee benefits	42,712	38,877	36,385	2,492
Services and supplies	6,820	6,820	6,258	562
	126,745	122,477	116,045	6,432
 Communications				
Salaries and wages	413,997	411,265	448,933	(37,668)
Employee benefits	211,606	221,576	192,131	29,445
Services and supplies	65,620	65,620	53,391	12,229
Capital outlay	0	0	0	0
	691,223	698,461	694,455	4,006
 Total Public Safety	 3,656,277	 3,749,616	 4,015,009	 (265,393)
 Health:				
Home Health:				
Services and supplies	2,016	2,016	2,016	0
 Culture and Recreation:				
Swimming Pools & Parks				
Salaries and wages	51,447	51,332	54,298	(2,966)
Employee benefits	15,755	15,326	11,627	3,699
Services and supplies	30,850	30,850	32,012	(1,162)
	98,052	97,508	97,937	(429)

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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
Total Culture and Recreation	98,052	97,508	97,937	(429)
Community Support:				
Aging Services:				
Salaries and wages	154,355	186,673	155,509	31,164
Employee benefits	68,497	64,628	84,585	(19,957)
Services and supplies	375,475	389,073	387,620	1,453
Total Community Support	598,327	640,374	627,714	12,660
Debt Service:				
Principle	14,831	14,831	13,880	951
Interest	1,912	1,912	2,863	(951)
Total Debt Service	16,743	16,743	16,743	0
 Total Expenditures	 9,398,623	 9,717,250	 9,231,411	 485,839
Excess (Deficiency) of Revenue over Expenditu	1,549,607	1,230,980	1,905,363	674,383
Other Financing Sources (Uses)				
Transfers in	25,000	25,000	30,173	5,173
Transfers out	(1,090,740)	(1,090,740)	(1,091,234)	(494)
Contingency	(281,959)	(279,643)	0	279,643
Prior period adjustment	0	0	(244,067)	(244,067)
Total Other Financing Sources (Uses)	(1,347,699)	(1,345,383)	(1,305,128)	40,255
Net Change in Fund Balance	201,908	(114,403)	600,235	714,638
Fund balance - beginning	3,578,059	3,578,059	5,570,711	1,992,652
Fund balance - ending	<u>\$ 3,779,967</u>	<u>\$ 3,463,656</u>	<u>\$ 6,170,946</u>	<u>\$ 2,707,290</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 30,2012

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>				
Intergovernmental				
Gasoline tax	\$ 113,197	\$ 113,197	\$ 159,737	\$ 46,540
Supplemental CCRT	266,441	266,441	266,441	0
Intergovernmental agreement	30,000	30,000	30,000	0
Charges for services				
Import tonnage fees	96,300	96,300	96,616	316
Other revenue				
Interest	1,500	1,500	2,118	618
Miscellaneous	8,500	8,500	25,869	17,369
Total Revenue	<u>515,938</u>	<u>515,938</u>	<u>580,781</u>	<u>64,843</u>
<u>EXPENDITURES</u>				
Highways and streets				
Salaries and wages	295,084	293,307	278,837	14,470
Employee benefits	123,522	116,524	102,847	13,677
Services and supplies	86,970	86,970	94,628	(7,658)
Capital outlay	484,800	484,800	228,759	256,041
Debt service				
Principal	74,286	74,286	74,286	0
Interest	12,610	12,610	12,592	18
Total Expenditures	<u>1,077,272</u>	<u>1,068,497</u>	<u>791,949</u>	<u>276,548</u>
Excess (deficiency) of revenues over expenditures	(561,334)	(552,559)	(211,168)	341,391
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>386,896</u>	<u>386,896</u>	<u>386,896</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(174,438)	(165,663)	175,728	341,391
Fund balance - beginning	<u>456,173</u>	<u>456,173</u>	<u>806,527</u>	<u>350,354</u>
Fund balance - ending	<u>\$ 281,735</u>	<u>\$ 290,510</u>	<u>\$ 982,255</u>	<u>\$ 691,745</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, 2012

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>				
Taxes				
Property	\$ 2,199,352	\$ 2,212,109	\$ 2,086,909	\$ (125,200)
Intergovernmental revenues				
Supplemental CCRT	709,573	709,573	709,573	0
Licenses and permits				
Ambulance program & license fees	28,000	28,000	12,875	(15,125)
Charges for services				
Fire/ambulance fees	316,000	629,950	736,928	106,978
Inspection fees	60,000	60,000	57,831	(2,169)
Consortium	0	0	68,075	68,075
Special events	8,000	8,000	13,175	5,175
Other revenue				
Miscellaneous - other	35,500	52,495	65,285	12,790
Total Revenues	<u>3,356,425</u>	<u>3,700,127</u>	<u>3,750,651</u>	<u>50,524</u>
<u>EXPENDITURES</u>				
Public Safety				
Salaries and wages	1,761,023	1,826,208	1,957,435	(131,227)
Employee benefits	1,180,847	1,164,194	1,107,540	56,654
Services and supplies	303,110	550,510	648,627	(98,117)
Capital outlay	0	25,000	109,301	(84,301)
Total Expenditures	<u>3,244,980</u>	<u>3,565,912</u>	<u>3,822,903</u>	<u>(256,991)</u>
Excess (deficiency) of revenue over expenditures	111,445	134,215	(72,252)	(206,467)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	6,000	6,000	6,231	231
Transfer Out	(202,460)	(202,460)	(202,460)	0
Excess (deficiency) of revenue and other financing sources (uses) over expenditures	(85,015)	(62,245)	(268,481)	(206,236)
Fund balance - beginning	<u>125,503</u>	<u>125,503</u>	<u>410,920</u>	<u>285,417</u>
Fund balance - ending	<u>\$ 40,488</u>	<u>\$ 63,258</u>	<u>\$ 142,439</u>	<u>\$ 79,181</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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes			
Property	\$ 0	\$ 8,280	\$ 8,280
Licenses and Permits			
Merchandise Licenses	23,000	0	(23,000)
Building Permits	13,000	0	(13,000)
Charges for services			
Recorder fees	1,000	0	(1,000)
Total Revenue	<u>37,000</u>	<u>8,280</u>	<u>(28,720)</u>
<u>EXPENDITURES</u>			
General government			
Tri Payback capital outlay	1,939,443	0	1,939,443
Total Expenditures	<u>1,939,443</u>	<u>0</u>	<u>1,939,443</u>
Excess (deficiency) of revenue over expenditures	(1,902,443)	8,280	1,910,723
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	1,102,443	1,102,443	0
Excess (deficiency) of revenue and other financing sources (uses) over expenditure	(800,000)	1,110,723	1,910,723
Fund balance - beginning	800,000	700,655	(99,345)
Fund balance - ending	<u>\$ 0</u>	<u>\$ 1,811,378</u>	<u>\$ 1,811,378</u>

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

STOREY COUNTY, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTAL
ASSETS			
Current Assets			
Cash	\$ 900,422	\$ 248,773	\$ 1,149,195
Accounts receivable (net allowance)	44,201	19,224	63,425
Interest receivable	94	26	120
Total Current Assets	<u>944,717</u>	<u>268,023</u>	<u>1,212,740</u>
Noncurrent Assets			
Capital assets - net of accumulated depreciation	<u>5,188,611</u>	<u>495,078</u>	<u>5,683,689</u>
Total Assets	<u>\$ 6,133,328</u>	<u>\$ 763,101</u>	<u>\$ 6,896,429</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 15,797	\$ 5,201	\$ 20,998
Refundable deposits	14,465	0	14,465
Bonds payable - current portion	0	5,287	5,287
Accrued expenses	5,846	5,482	11,328
Accrued interest	725	0	725
Total Current Liabilities	<u>36,833</u>	<u>15,970</u>	<u>52,803</u>
Long Term Liabilities			
Bonds payable - net of current portion	<u>589,466</u>	<u>52,102</u>	<u>641,568</u>
NET ASSETS			
Invested in capital assets - net of related debt	4,599,145	437,689	5,036,834
Unassigned	<u>907,884</u>	<u>257,340</u>	<u>1,165,224</u>
Total Net Assets	<u>\$ 5,507,029</u>	<u>\$ 695,029</u>	<u>\$ 6,202,058</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, 2012

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTAL
<u>OPERATING REVENUES</u>			
Charges for services	\$ 391,979	\$ 173,577	\$ 565,556
<u>OPERATING EXPENSES</u>			
Salaries and wages	75,601	69,315	144,916
Benefits	31,935	28,489	60,424
Services and supplies	167,976	53,199	221,175
Depreciation	106,718	41,650	148,368
Total Operating Expense	382,230	192,653	574,883
Operating Income (Loss)	9,749	(19,076)	(9,327)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Rent and miscellaneous	12,000	0	12,000
Interest income	2,324	822	3,146
Interest expense	(26,273)	(3,044)	(29,317)
Capital contributions and grants	55,068	13,203	68,271
Transfer out	0	(34,109)	(34,109)
Total Nonoperating Revenues (Expenses)	43,119	(23,128)	19,991
Change in net assets	52,868	(42,204)	10,664
Net assets - beginning	5,454,161	737,233	6,191,394
Net assets - ending	\$ 5,507,029	\$ 695,029	\$ 6,202,058

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, 2012

	BUSINESS-TYPE ENTERPRISE FUNDS		
	WATER SYSTEM	VIRGINIA DIVIDE SEWER	TOTALS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Inflows			
Sales of water/sewer fees	\$ 386,973	\$ 170,369	\$ 557,342
Cash Outflows			
Salaries and wages	(75,935)	(69,622)	(145,557)
Salary costs	(32,340)	(28,274)	(60,614)
Services and supplies	(165,630)	(76,212)	(241,842)
Net Cash Provided (Used) by Operating Activities	113,068	(3,739)	109,329
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Cash Inflows			
Rent	12,000	0	12,000
Customer deposits	5,585	0	5,585
Net Cash Provided by Non-Capital Financing Activities	17,585	0	17,585
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Cash Inflows			
Capital contributions	55,067	13,203	68,270
Cash Outflows			
System upgrade	(109,203)	(126,209)	(235,412)
Debt service	(41,238)	(5,032)	(46,270)
Interest expense	(26,623)	(3,044)	(29,667)
Transfer out	0	(34,109)	(34,109)
Net Cash Provided (Used) by Capital and Related Financing Activities	(121,997)	(155,191)	(277,188)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Cash Inflows			
Interest earnings	2,302	829	3,131
Net Increase (Decrease) in Cash	10,958	(158,101)	(147,143)
Cash - beginning	889,464	406,874	1,296,338
Cash - ending	\$ 900,422	\$ 248,773	\$ 1,149,195

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

STOREY COUNTY, NEVADA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 385,825</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 385,825</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, 2012

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, 2012.

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	
15 years but less than 20 years	40.0¢ on the Dollar	35.0¢ 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 except law enforcement and firemen.

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

Firemen: 1,333 hrs. maximum for line employees

952 hrs. maximum for 8 hr. employees

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, 2012.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$6,530,339 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 - \$52,890,597. Long term liabilities are not due and payable in the current period and therefore are not reported in the funds, (\$46,360,258).
- 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 \$1,351,632 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 - \$(32,541). 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 - \$19,641. Some short and medium and long term loans and payments are reported in the governmental funds - \$17,120. There were transfers from an Enterprise Fund to a Governmental Fund in the amount of \$(34,109).

- C. The \$74,707 negative expense in the Highways and Streets classification, results from the adjustment of depreciation and net equipment decreases exceeding the amounts of equipment acquired and other expenses for the fiscal year.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

1. Prior to April 15, the County budget officer submits to the County Commissioners the tentative operating budgets (4) for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and the means of financing them.
2. The tentative budgets are filed with the State Department of Taxation by April 15.
3. A public hearing is conducted at the County Court House to obtain taxpayers comments. (3rd Monday in May)
4. The final budgets are adopted and filed with the State Department of Taxation. Final budgets must be certified by a majority of all members of the governing body. The final budgets must be adopted on or before June 1.
5. Budget amounts may be transferred within funds if the governing body is advised and the action is recorded in the official minutes of the next meeting. Revisions that alter the total expenditures of any fund must be approved by the County Commissioners. Budget revisions must also be filed with the State Department of Taxation.
6. Budgets for the General, Special Revenues, Debt Service, Proprietary, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles. (GAAP)
7. Budget augmentations were prepared for the general fund and various special revenue funds during the fiscal year ended June 30, 2012.
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, 2012, expenditures exceeded appropriations as follows:

	<u>Expenditures</u>	<u>Appropriations</u>
Fire Special Revenue Fund	\$ 3,822,903	\$ 3,565,912
Equipment Acquisition Special Revenue Fund	214,398	149,175
Sheriff Jail Special Revenue Fund	665,700	657,565

C. DEFICIT FUND EQUITY

No funds incurred a deficit fund equity at June 30, 2012.

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 \$10,700,103. Of the bank balances \$500,000 was covered by federal depository insurance. Additionally \$7,261,183 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	\$ 500,000
2. Collateralized with securities held by The Nevada State Treasurer	7,261,183
3. Uncollateralized with the financial institution	10,200,103
4. Uncollateralized - cash on hand	<u>3,839</u>
	<u>\$ 17,965,125</u>

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

Major governmental funds	\$ 9,650,902
Non-major governmental funds	6,779,203
Business-type funds	<u>1,149,195</u>
	17,579,300
Fiduciary funds	<u>385,825</u>
Total	<u>\$17,965,125</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	\$ 178,345		\$ 41,184	\$ 23,042		\$ 242,571
Accounts	217,168	\$ 77,169	402,668	32,870	\$ 64,212	794,087
Interest	<u>715</u>	<u>102</u>		<u>39</u>	<u>120</u>	<u>976</u>
Gross Receivables	396,228	77,271	443,852	55,951	64,332	1,037,634
Less: Allowance for uncollectibles			<u>34,302</u>		<u>787</u>	<u>35,089</u>
Net Total						
Receivables	<u>\$ 396,228</u>	<u>\$ 77,271</u>	<u>\$ 409,550</u>	<u>\$ 55,951</u>	<u>\$ 63,545</u>	<u>\$1,002,545</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	\$ 211,278
Fire fund	35,050
Non-major funds	32,066
Deferred revenue - District Court	<u>27,021</u>
Total	<u>\$ 305,415</u>

VI. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 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	\$ 280,259			\$ 280,259
Construction in progress	<u>877,967</u>	<u>\$1,351,350</u>		<u>2,229,317</u>
Total Capital assets not being depreciated	<u>1,158,226</u>	<u>1,351,350</u>	<u>\$ 0</u>	<u>2,509,576</u>
Capital assets being depreciated				
Buildings	8,675,289	312,350		8,987,639
Improvements other than buildings	987,208			987,208
Machinery and equipment	5,974,781	775,469	(308,759)	6,441,491
Infrastructure	<u>43,256,707</u>			<u>43,256,707</u>
Total capital assets being depreciated	<u>58,893,985</u>	<u>1,087,819</u>	<u>(308,759)</u>	<u>59,673,045</u>
Less accumulated depreciation for:				
Buildings	1,881,809	151,590		2,033,399
Improvements other than buildings	180,399	27,751		208,150
Machinery and equipment	4,503,811	467,988		4,971,799
Infrastructure	<u>563,054</u>	<u>1,515,622</u>		<u>2,078,676</u>
Total accumulated depreciation	<u>7,129,073</u>	<u>2,162,951</u>	<u>0</u>	<u>9,292,024</u>
Governmental activities capital assets - net	<u>\$52,923,138</u>	<u>\$ 276,218</u>	<u>\$ (308,759)</u>	<u>\$52,890,597</u>
Business type activities:				
Capital assets being depreciated				
Water and sewer system	\$ 7,247,548	\$ 200,882		\$ 7,448,430
Machinery and equipment	<u>546,048</u>	<u>34,530</u>		<u>580,578</u>
Total Capital assets being depreciated	<u>7,793,596</u>	<u>235,412</u>	<u>\$ 0</u>	<u>8,029,008</u>
Less accumulated depreciation for:				
Water and sewer systems	1,821,664	112,246		1,933,910
Machinery and equipment	<u>375,287</u>	<u>36,122</u>		<u>411,409</u>
Total accumulated depreciation	<u>2,196,951</u>	<u>148,368</u>	<u>0</u>	<u>2,345,319</u>
Business type activities capital assets - net	<u>\$ 5,596,645</u>	<u>\$ 87,044</u>	<u>\$ 0</u>	<u>\$ 5,683,689</u>

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

Governmental activities:	
General government	\$ 202,946
Public safety	311,208
Highways and streets, including depreciation of general infrastructure assets	1,627,316
Culture and recreation	<u>21,481</u>
Total depreciation expense - Governmental activities	<u>\$ 2,162,951</u>
Business type activities:	
Water	\$ 106,718
Sewer	<u>41,650</u>
Total depreciation expense - business type activities	<u>\$ 148,368</u>

VII. INTERFUND ASSETS/LIABILITIES

There were no interfund balances as of June 30, 2012.

Interfund transfers:

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>
Fire District	General Fund	\$ 25,000
General	Tri Payback	790,740
Equipment Acquisition	Tri Payback	23,293
Fire District	Tri Payback	51,244
Fire Fund	Tri Payback	202,460
Jail Building	Tri Payback	34,706
Fire District	Fire Fund	6,000
Fire District	Road Fund	86,896
Infrastructure	V. C. Railroad	25,000
Federal/State Grants	General Fund	5,173
General Fund	Federal/State Grants	495
General Fund	Road Fund	300,000
Federal/State Grants	Fire Fund	231
Federal/State Grants	Capital Projects	14,463
Town of Gold Hill	Federal/State Grants	1,500
Virginia Divide Sewer	Federal/State Grants	34,109
Federal/State Grants	Park Tax Fund	<u>2</u>
		<u>\$1,601,312</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, 2012.

<u>Fiscal Year Ending</u>	
<u>June 30,</u>	
2013	\$ 109,451
Less amounts representing interest	<u>4,210</u>
Present value of future minimum Lease payments	<u>\$ 105,241</u>

IX. MEDIUM TERM AND LONG TERM DEBT

Special Assessment Bonds - The County has no special assessment bonds outstanding at June 30, 2012

Contracts Payable - The County has no contracts payable at June 30, 2012

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, 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>\$ 222,856</u>	<u>\$ 16,212</u>	<u>\$ 239,068</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, 2012 are as follows:

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

<u>BALANCE</u>	<u>RETIRED</u>	<u>BALANCE</u>
<u>6/30/11</u>		<u>6/30/12</u>
<u>\$ 587,704</u>	<u>\$27,238</u>	\$ 560,466

\$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>6/30/11</u>	<u>RETIRED</u>	<u>6/30/12</u>
<u>\$ 43,000</u>	<u>\$14,000</u>	<u>\$ 29,000</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>6/30/11</u>	<u>RETIRED</u>	<u>6/30/12</u>
<u>\$62,421</u>	<u>\$ 5,032</u>	<u>\$ 57,389</u>

\$890,000 Virginia City Rail Bond - Series 2010A due in annual installments of \$36,000 to \$73,000 through December 1, 2027.

BALANCE		BALANCE
<u>06/30/11</u>	<u>RETIRED</u>	<u>6/30/12</u>
<u>\$ 890,000</u>	<u>\$36,000</u>	<u>\$854,000</u>

\$859,000 Virginia City Rail Bond - Series 2010B due in annual installments of \$33,000 to \$73,000 through December 1, 2027.

BALANCE		BALANCE
<u>06/30/11</u>	<u>RETIRED</u>	<u>6/30/12</u>
<u>\$ 859,000</u>	<u>\$33,000</u>	<u>\$826,000</u>

Revenue bond debt service requirements to maturity including interest of are as follows:

YEAR ENDING		
<u>JUNE 30,</u>	<u>ANNUAL</u>	<u>TOTAL</u>
2013 to 2014	\$175,327 to \$205,172	\$ 380,499
2015 to 2021	212,876 to 223,197	1,529,108
2022 to 2028	167,060 to 203,201	1,353,856
2029 to 2037	38,801	349,209
		<u>\$3,612,672</u>

Changes In Long-Term Liabilities- During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the general long term debt group:

	BALANCE			BALANCE
	<u>JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>JUNE 30, 2012</u>
Compensated absences	\$ 104,812	\$ 19,641	\$ 0	\$ 124,453
Capital leases	244,630	0	39,389	105,241
Tri-Construction repayment	<u>44,450,564</u>	<u>0</u>	<u>0</u>	<u>44,450,564</u>
	<u>\$ 44,800,006</u>	<u>\$ 19,641</u>	<u>\$ 139,389</u>	<u>\$ 44,680,258</u>

X. SEGMENT INFORMATION - PROPRIETARY FUNDS

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

	<u>Water Fund</u>	<u>Virginia Divide Sewer Fund</u>
CONDENSED STATEMENT OF NET ASSETS		
ASSETS		
Current assets	\$ 944,717	\$ 268,023
Capital assets (net accumulated depreciation)	<u>5,188,611</u>	<u>495,078</u>
Total Assets	<u>6,133,328</u>	<u>763,101</u>

LIABILITIES		
Current liabilities	36,833	15,970
Non-current liabilities	<u>589,466</u>	<u>52,102</u>
Total Liabilities	<u>626,299</u>	<u>68,072</u>
NET ASSETS		
Invested in capital assets, net of related debt	4,599,145	437,689
Unrestricted	<u>907,884</u>	<u>257,340</u>
Total Net Assets	<u>\$5,507,029</u>	<u>\$ 695,029</u>

CONDENSED STATEMENT OF REVENUES AND EXPENSES

Operating revenue	\$ 391,979	\$ 173,577
Depreciation	(106,718)	(41,650)
Other operating expenses	<u>(275,512)</u>	<u>(151,003)</u>
Operating income (loss)	9,749	(19,076)
Nonoperating revenues (expenses)		
Rent income	12,000	0
Interest income	2,324	822
Interest expense	(26,273)	(3,044)
Capital contributions and grants	55,068	13,203
Transfer out	<u>0</u>	<u>(34,109)</u>
Change in net assets	<u>\$ 52,868</u>	<u>\$ (42,204)</u>

CONDENSED STATEMENTS OF CASH FLOWS

Net cash provided (used) by		
Operating activities	\$ 113,068	\$ (3,739)
Noncapital financing activities	17,585	0
Capital and related financing activities	(121,997)	(155,191)
Investing activities	<u>2,302</u>	<u>829</u>
Net increase (decrease) in cash	10,958	(158,101)
Cash - beginning	<u>889,464</u>	<u>406,874</u>
Cash - ending	<u>\$ 900,422</u>	<u>\$ 248,773</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, 2012 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 2011/2012 assessed valuation is \$547,000,000 which would allow the bonding up to \$54,700,000. On June 30, 2012, the County had \$222,856 outstanding general obligation bonded debt, exclusive of revenue and school district bonds.

The town of Virginia City general obligation debt limit based on the 2011/2012 assessed valuation was \$8,280,000 (NRS 269.425). The town of Virginia City has at June 30, 2012 no general obligation bonds outstanding.

The town of Gold Hill general obligation debt limit based on the 2011/2012 assessed valuation was \$2,470,000 (NRS 269.425). The town of Gold Hill has at June 30, 2012, no general obligation bonds outstanding.

XIII. PROPERTY TAXES

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

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

XIV. PENSION PROGRAM - NEVADA STATE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Nevada Revised Statutes establish and amend benefit provisions to be administered by the Retirement Board. The Public Employees Retirement Board of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained from PERS, 693 West Nye Lane, Carson City, Nevada 89703

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

The payroll for employees covered by the system for the year ended June 30, 2012 was \$6,068,671. The County's total payroll was \$6,957,440. Storey County's contribution to the plan for the year ended June 30, 2012 was \$1,882,952. All costs to the County were paid or accrued at June 30, 2012. The County's contribution represented less than 1% of total contributions to the retirement system.

Currently 108 employees are covered under the retirement plan out of a total of 115 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 \$2,764,375 and the cost for post closure maintenance is \$9,503,634 for a total of \$12,268,009. 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 has been met.

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. No payment was made by 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.

XVIII EQUIPMENT ACQUISITION FUND

The County Comptroller has determined that funds have been expended out of the Equipment Acquisition Fund for the purpose of equipment maintenance, vehicle maintenance, supplies and rental equipment for the Fire Special Revenue Fund. The approximate total of these expenditures is \$650,000. An interfund loan will be established for the repayment of these funds. Payment will be made through each year's higher than anticipated revenues or 10% of all revenues collected, whichever is greater, until the balance is paid. No payments were made in fiscal year 2012.

XIX FEMA GRANT

On or about January 2006, warm weather and rain diminished the Sierra Nevada and Virginia Range causing a 100 plus year flood. The State of Nevada and Storey County were declared disaster areas which were backed up by the Federal Government. This Federal disaster notice gave Storey County the ability to access Federal funds for mitigation recovery which would bring the terrain to pre-disaster conditions. The total cost of restoration was \$10,400,460, of which Storey County was required to match 25%. Storey County's insurance carrier reimbursed \$244,067 to the County. A FEMA/State of Nevada audit revealed duplicate payments for the same project which were refunded to FEMA. This amount satisfied both audits and the project was closed during the fiscal year ended June 30, 2012.

STOREY COUNTY, NEVADA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	FIRE DISTRICT	SPECIAL REVENUE							PARK TAX
		EQUIPMENT ACQUISITION	INDIGENT ASSISTANCE	JUSTICE COURT FEES	DRUG COURT	INDIGENT MEDICAL			
<u>ASSETS</u>									
Cash	\$ 554,770	\$ 87,979	\$ 291	\$ 33,151	\$ 7,464	\$ 593,854	\$ 6,457		
Receivables									
Taxes - property	10,411	4,744				835			
Accounts									
Interest		6							
Total Assets	\$ 565,181	\$ 92,729	\$ 291	\$ 33,151	\$ 7,464	\$ 594,689	\$ 6,457		
<u>LIABILITIES</u>									
Accounts payable									
Deferred taxes	\$ 8,864	\$ 4,027	\$ 0	\$ 0	\$ 0	\$ 1,320	\$ 0		
						\$ 1,076			
Total Liabilities	\$ 8,864	\$ 4,027	\$ 0	\$ 0	\$ 0	\$ 2,396	\$ 0		
<u>FUND BALANCE</u>									
Designated for future year's operations	\$ 70,510		291	\$ 10,000		322,037			
Unassigned	485,807	88,702	0	23,151	7,464	270,256	6,457		
Total Fund Balance	\$ 556,317	\$ 88,702	\$ 0	\$ 33,151	\$ 7,464	\$ 592,293	\$ 6,457		
Total Liabilities and Fund Balance	\$ 565,181	\$ 92,729	\$ -	\$ 33,151	\$ 7,464	\$ 594,689	\$ 6,457		

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

STOREY COUNTY, NEVADA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE					TOWN OF GOLD HILL
	JAIL BUILDING	EMERGENCY MITIGATION	INDIGENT ACCIDENT	TECHNOLOGY	TOWN OF VIRGINIA CITY	
<u>ASSETS</u>						
Cash	\$ 155,154	\$ 100,000	\$ 5,252	\$ 161,703	\$ 143,373	\$ 15,228
Receivables	7,052					
Taxes - property						
Accounts	16			17		
Interest						
Total Assets	\$ 162,222	\$ 100,000	\$ 5,252	\$ 161,720	\$ 143,373	\$ 15,228
<u>LIABILITIES</u>						
Accounts payable	\$ 36,768	\$ 0	\$ 0	\$ 0	\$ 1,927	\$ 173
Deferred taxes	5,997				10,848	1,254
Total Liabilities	42,765	0	0	0	12,775	1,427
<u>FUND BALANCE</u>						
Designated for future year's operations	119,457			64,650	32,000	2,000
Unassigned	0	100,000	5,252	97,070	98,598	11,801
Total Fund Balance	119,457	100,000	5,252	161,720	130,598	13,801
Total Liabilities and Fund Balance	\$ 162,222	\$ 100,000	\$ 5,252	\$ 161,720	\$ 143,373	\$ 15,228

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

STOREY COUNTY, NEVADA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE				CAPITAL PROJECTS			
	FEDERAL AND STATE GRANTS	FIRE EMERGENCY	STABILIZATION FUND	GENETIC MARKER TESTING FUND	CAPITAL PROJECTS	INFRASTRUCTURE FUND	VIRGINIA CITY RAIL PROJECT	TOTAL
Cash	\$ 102,054	\$ 205,764	\$ 1,000,000	\$ 18,222	\$ 350,803	\$ 1,710,646	\$ 1,527,038	\$ 6,779,203
Receivables								
Taxes - property	7,626					25,244		23,042
Accounts								32,870
Interest								39
Total Assets	\$ 109,680	\$ 205,764	\$ 1,000,000	\$ 18,222	\$ 350,803	\$ 1,735,890	\$ 1,527,038	\$ 6,835,154
LIABILITIES								
Accounts payable	\$ 25,000	\$ 1,427	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,615
Deferred taxes								32,066
Total Liabilities	25,000	1,427	0	0	0	0	0	98,681
FUND BALANCE								
Designated for future year's operations		158,462	200,000		300,000	646,975	239,026	2,165,408
Unassigned	84,680	45,875	800,000	18,222	50,803	1,088,915	1,288,012	4,571,065
Total Fund Balance	84,680	204,337	1,000,000	18,222	350,803	1,735,890	1,527,038	6,736,473
Total Liabilities and Fund Balance	\$ 109,680	\$ 205,764	\$ 1,000,000	\$ 18,222	\$ 350,803	\$ 1,735,890	\$ 1,527,038	\$ 6,835,154

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, 2012

	SPECIAL REVENUE						
	FIRE DISTRICT	EQUIPMENT ACQUISITION	INDIGENT ASSISTANCE	JUSTICE COURT FEES	DRUG COURT	INDIGENT MEDICAL	PARK TAX
<u>REVENUE</u>							
Taxes	\$ 528,207	\$ 239,722				\$ 49,975	
Intergovernmental							
Charges for services							\$ 1,500
Fine and forfeitures				\$ 5,892	\$ 460		
Licenses and permits	96,914	245	\$ 0				
Other revenues							
Total Revenues	625,121	239,967	0	5,892	460	49,975	1,500
<u>EXPENDITURES</u>							
Current:							
General government							
Public safety	485,889	65,477		106			750
Judicial							
Culture and recreation							
Welfare							
Intergovernmental							
Highways and streets							
Total Expenditures	485,889	65,477	0	106	0	154,113	750
Excess (deficiency) of revenues over expenditures	139,232	174,490	0	5,786	460	(104,138)	750
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers							
Debt service	(82,244)	(110,189)					2
Bond proceeds		(148,921)					
Other							
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	56,988	(84,620)	0	5,786	460	(104,138)	752
Fund balance - beginning (deficit)	499,329	173,322	291	27,365	7,004	696,431	5,705
Fund balance - ending (deficit)	\$ 556,317	\$ 88,702	\$ 291	\$ 33,151	\$ 7,464	\$ 592,293	\$ 6,457

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, 2012

	SPECIAL REVENUE					
	JAIL BUILDING	EMERGENCY MITIGATION	INDIGENT ACCIDENT	TECHNOLOGY	TOWN OF VIRGINIA CITY	TOWN OF GOLD HILL
<u>REVENUE</u>						
Taxes	\$ 356,143		\$ 72,226		\$ 1,554	\$ 1,215
Intergovernmental						
Charges for services				\$ 66,572		
Fine and forfeiture	62,163				49,559	1,599
Licenses and permits		\$ 0		359	641	
Other revenues	2,957					
Total Revenues	421,263	0	72,226	66,931	51,754	2,814
<u>EXPENDITURES</u>						
Current:						
General government						
Public safety	665,700			32,067	56,402	2,067
Judicial						
Culture and recreation						
Welfare				66,974		
Intergovernmental						
Highways and streets						
Total Expenditures	665,700	0	66,974	32,067	56,402	2,067
Excess (deficiency) of revenues over expenditures	(244,437)	0	5,252	34,864	(4,648)	747
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers	(34,706)					(1,500)
Debt service						
Bond proceeds						
Other						
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures	(279,143)	0	5,252	34,864	(4,648)	(753)
Fund balance - beginning	398,600	100,000	0	126,856	135,246	14,554
Fund balance - ending	\$ 119,457	\$ 100,000	\$ 5,252	\$ 161,720	\$ 130,598	\$ 13,801

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, 2012

	SPECIAL REVENUES					CAPITAL PROJECTS			TOTAL
	FEDERAL AND STATE GRANTS	FIRE EMERGENCY	STABILIZATION FUND	GENETIC MARKER TESTING FUND	CAPITAL PROJECTS	INFRASTRUCTURE FUND	VIRGINIA CITY RAIL PROJECT		
REVENUE									
Taxes									
Intergovernmental	\$ 1,406,760					\$ 166,306			\$ 1,246,273
Charges for services				\$ 5,820					1,575,835
Fine and forfeitures									68,072
Licenses and permits									74,335
Other revenues	21,900	\$ 0	\$ 0		\$ 0		\$ 0		51,158
	<u>1,428,660</u>	<u>0</u>	<u>0</u>	<u>5,820</u>	<u>0</u>	<u>166,306</u>	<u>0</u>	<u>0</u>	<u>123,016</u>
Total Revenues									3,138,689
EXPENDITURES									
Current:									
General government			0		78,705	0			169,241
Public safety	576,601	0							1,793,667
Judicial				277					383
Culture and recreation	37,000						61,595		99,345
Welfare									221,087
Intergovernmental	153,985								153,985
Highways and streets	619,877								619,877
	<u>1,387,463</u>	<u>0</u>	<u>0</u>	<u>277</u>	<u>78,705</u>	<u>0</u>	<u>61,595</u>	<u>0</u>	<u>3,057,585</u>
Total Expenditures									81,104
Excess (deficiency) of revenues over expenditures	41,197	0	0	5,543	(78,705)	166,306	(61,595)		
OTHER FINANCING SOURCES (USES)									
Transfers	16,234	0	0	0	14,463	(25,000)	25,000		(197,940)
Debt service							(180,885)		(329,806)
Bond proceeds							31,392		31,392
Other									0
	<u>57,431</u>	<u>0</u>	<u>0</u>	<u>5,543</u>	<u>(64,242)</u>	<u>141,306</u>	<u>(186,088)</u>	<u>0</u>	<u>(415,250)</u>
Excess (deficiency) of Revenue and Other Financing Sources (Uses) over Expenditures									7,151,723
Fund balance - beginning (deficit)	27,249	204,337	1,000,000	12,679	415,045	1,594,584	1,713,126		
	<u>\$ 84,680</u>	<u>\$ 204,337</u>	<u>\$ 1,000,000</u>	<u>\$ 18,222</u>	<u>\$ 350,803</u>	<u>\$ 1,735,890</u>	<u>\$ 1,527,038</u>	<u>\$</u>	<u>\$ 6,736,473</u>

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

STOREY COUNTY, NEVADA
 FIRE DISTRICT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes			
Property taxes	\$ 556,669	\$ 528,207	\$ (28,462)
Other Revenues			
Miscellaneous	0	96,914	96,914
Total Revenues	<u>556,669</u>	<u>625,121</u>	<u>68,452</u>
<u>EXPENDITURES</u>			
Public safety			
Service and supplies	485,889	485,889	0
Capital outlay	0	0	0
Total expenditures	<u>485,889</u>	<u>485,889</u>	<u>0</u>
Excess (deficiency) of revenue over expenditures	70,780	139,232	68,452
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer out	<u>(82,244)</u>	<u>(82,244)</u>	<u>0</u>
Excess (deficiency) of revenue and other financing sources (uses) over expenditures	(11,464)	56,988	68,452
Fund balance - beginning	<u>309,637</u>	<u>499,329</u>	<u>189,692</u>
Fund balance - ending	<u>\$ 298,173</u>	<u>\$ 556,317</u>	<u>\$ 258,144</u>

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

STOREY COUNTY, NEVADA
EQUIPMENT ACQUISITION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURE, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes			
Property taxes	\$ 253,032	\$ 239,722	\$ (13,310)
Other revenues			
Interest	500	245	(255)
Total Revenues	<u>253,532</u>	<u>239,967</u>	<u>(13,565)</u>
<u>EXPENDITURES</u>			
Public Safety			
Capital outlay	0	65,477	(65,477)
Debt service			
Principal	139,389	139,389	0
Interest	9,786	9,532	254
Total Expenditures	<u>149,175</u>	<u>214,398</u>	<u>(65,223)</u>
Excess (deficiency) of revenues over expenditures	104,357	25,569	(78,788)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer out	<u>(110,189)</u>	<u>(110,189)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(5,832)	(84,620)	(78,788)
Fund balance - beginning	<u>162,196</u>	<u>173,322</u>	<u>11,126</u>
Fund balance - ending	<u>\$ 156,364</u>	<u>\$ 88,702</u>	<u>\$ (67,662)</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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Fund balance - beginning	\$ 0	\$ 291	\$ 291
Fund balance - ending	<u>\$ 0</u>	<u>\$ 291</u>	<u>\$ 291</u>

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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Fines			
Justice court fines	\$ 5,000	\$ 5,892	\$ 892
<u>EXPENDITURES</u>			
Judicial			
Services and supplies	13,405	106	13,299
Excess (deficiency) of revenues over expenditures	(8,405)	5,786	14,191
Fund Balance - beginning	8,405	27,365	18,960
Fund Balance - ending	<u>\$ 0</u>	<u>\$ 33,151</u>	<u>\$ 33,151</u>

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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u> </u>	<u> </u>	<u> </u>
<u>REVENUES</u>			
Fines and forfeits			
Drug court fees	\$ 900	\$ 460	\$ (440)
Excess of revenue over expenditures	900	460	(440)
Fund balance - beginning	<u>7,194</u>	<u>7,004</u>	<u>(190)</u>
Fund balance - ending	<u>\$ 8,094</u>	<u>\$ 7,464</u>	<u>\$ (630)</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, 2012

	<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	\$ 50,605	\$ 49,975	\$ (630)
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	<u>425,000</u>	<u>154,113</u>	<u>270,887</u>
Excess (deficiency) of revenues over expenditures	(374,395)	(104,138)	270,257
Fund balance - beginning	<u>375,317</u>	<u>696,431</u>	<u>321,114</u>
Fund balance - ending	<u>\$ 922</u>	<u>\$ 592,293</u>	<u>\$ 591,371</u>

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

STOREY COUNTY, NEVADA
 PARK TAX SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>				
Charges for services	\$ 1,500	\$ 1,500	\$ 1,500	\$ 0
<u>EXPENDITURES</u>				
Culture and recreation				
Services and supplies	0	1,000	750	250
Excess (deficiency) of revenues over expenditures	1,500	500	750	250
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	0	0	2	2
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,500	500	752	252
Fund balance - beginning	25,192	25,192	5,705	(19,487)
Fund balance - ending	\$ 26,692	\$ 25,692	\$ 6,457	\$ (19,235)

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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes			
Property taxes	\$ 377,018	\$ 356,143	\$ (20,875)
Fines			
Court fines	85,000	62,163	(22,837)
Other revenues			
Interest	2,000	789	(1,211)
Miscellaneous	2,000	2,168	168
Total Revenues	<u>466,018</u>	<u>421,263</u>	<u>(44,755)</u>
<u>EXPENDITURES</u>			
Public safety			
Salaries and wages	320,150	381,507	(61,357)
Employee benefits	220,415	218,036	2,379
Services and supplies	117,000	66,157	50,843
Capital outlay	0	0	0
Total Expenditures	<u>657,565</u>	<u>665,700</u>	<u>(8,135)</u>
Excess (deficiency) of revenues over expenditures	(191,547)	(244,437)	(52,890)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer out	(34,706)	(34,706)	0
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(226,253)	(279,143)	(52,890)
Fund balance - beginning	323,085	398,600	75,515
Fund balance - ending	<u>\$ 96,832</u>	<u>\$ 119,457</u>	<u>\$ 22,625</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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Fund balance - beginning	\$ 100,000	\$ 100,000	\$ 0
Fund balance - ending	\$ 100,000	\$ 100,000	\$ 0

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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes			
Property taxes	\$ 75,907	\$ 72,226	\$ (3,681)
<u>EXPENDITURES</u>			
Welfare			
Services and supplies	75,907	66,974	8,933
Excess (deficiency) of revenues over expenditures	0	5,252	5,252
Fund balance - beginning	2,175	0	(2,175)
Fund balance - ending	<u>\$ 2,175</u>	<u>\$ 5,252</u>	<u>\$ 3,077</u>

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

STOREY COUNTY, NEVADA
 TECHNOLOGY SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Charges for services				
Technology fees	\$ 10,000	\$ 50,000	\$ 66,572	\$ 16,572
Other revenues				
Interest income	500	500	359	(141)
Total revenues	<u>10,500</u>	<u>50,500</u>	<u>66,931</u>	<u>16,431</u>
<u>EXPENDITURES</u>				
General government				
Services and supplies	<u>22,500</u>	<u>62,500</u>	<u>32,067</u>	<u>30,433</u>
Excess (deficiency) of revenues over expenditures	(12,000)	(12,000)	34,864	46,864
Fund balance - beginning	<u>32,577</u>	<u>32,577</u>	<u>126,856</u>	<u>94,279</u>
Fund balance - ending	<u>\$ 20,577</u>	<u>\$ 20,577</u>	<u>\$ 161,720</u>	<u>\$ 141,143</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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Licenses and permits			
Business licenses	\$ 20,000	\$ 22,280	\$ 2,280
Liquor licenses	9,500	13,787	4,287
Cabaret licenses	1,500	862	(638)
County gaming licenses	20,000	12,630	(7,370)
Miscellaneous			
Penalties	500	641	141
Intergovernmental			
State gaming license	1,100	1,554	454
Total Revenues	<u>52,600</u>	<u>51,754</u>	<u>(846)</u>
<u>EXPENDITURES</u>			
General government			
Services and supplies	32,000	26,402	5,598
Intergovernmental agreement	30,000	30,000	0
Total Expenditures	<u>62,000</u>	<u>56,402</u>	<u>5,598</u>
Excess (deficiency) of revenues over expenditures	(9,400)	(4,648)	4,752
Fund balance - beginning	<u>145,326</u>	<u>135,246</u>	<u>(10,080)</u>
Fund balance - ending	<u>\$ 135,926</u>	<u>\$ 130,598</u>	<u>\$ (5,328)</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, 2012

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>				
Licenses and permits				
Business licenses	\$ 1,500	\$ 1,665	\$ 1,589	\$ (76)
Penalties	0	0	10	10
Intergovernmental				
State gaming license	870	870	1,215	345
Total Revenues	<u>2,370</u>	<u>2,535</u>	<u>2,814</u>	<u>279</u>
<u>EXPENDITURES</u>				
General government				
Services and supplies	2,000	3,568	2,067	1,501
Total Expenditures	<u>2,000</u>	<u>3,568</u>	<u>2,067</u>	<u>1,501</u>
Excess (deficiency) of revenues over expenditures	370	(1,033)	747	1,780
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	0	0	(1,500)	(1,500)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	370	(1,033)	(753)	280
Fund balance - beginning	13,151	13,151	14,554	1,403
Fund balance - ending	<u>\$ 13,521</u>	<u>\$ 12,118</u>	<u>\$ 13,801</u>	<u>\$ 1,683</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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Intergovernmental			
Federal grants	\$ 815,000	\$ 1,129,289	\$ 314,289
CDBG wastewater	49,000	49,385	385
State grants	355,199	115,353	(239,846)
Emergency management	974,000	112,733	(861,267)
Miscellaneous			
HMEP Planning	21,900	21,900	0
Total Revenues	<u>2,215,099</u>	<u>1,428,660</u>	<u>(786,439)</u>
<u>EXPENDITURES</u>			
Culture and recreation			
Services and supplies	35,999	37,000	(1,001)
Public safety			
Services and supplies (1)	21,900	527,216	(505,316)
CDBG Wastewater (1)	0	49,385	(49,385)
Intergovernmental			
Salaries and wages	20,000	0	20,000
Services and supplies (1)	1,114,200	153,985	960,215
Highways and Streets			
Services and supplies	1,023,000	619,877	403,123
Total Expenditures	<u>2,215,099</u>	<u>1,387,463</u>	<u>827,636</u>
Excess (deficiency) of revenues over expenditures	0	41,197	41,197
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	0	36,103	36,103
Transfers out	0	(19,869)	(19,869)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	0	57,431	57,431
Fund balance - beginning	550,262	27,249	(523,013)
Fund balance - ending	<u>\$ 550,262</u>	<u>\$ 84,680</u>	<u>\$ (465,582)</u>

MEMO:

- (1) The approved budget submitted to the State of Nevada included the CDBG Wastewater, USACE Wastewater and CDBG Floodplan grants under Intergovernmental services and supplies.

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, 2012

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>OTHER REVENUES</u>			
Miscellaneous	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Public Safety			
Services and supplies	37,462	0	37,462
Excess (deficiency) of revenues over expenditures	(37,462)	0	37,462
Fund balance - beginning	42,605	204,337	161,732
Fund balance - ending	<u>\$ 5,143</u>	<u>\$ 204,337</u>	<u>\$ 199,194</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, 2012

	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	\$ 200,000	\$ 0	\$ 200,000
Excess (deficit) of revenue over expenditures	(200,000)	0	200,000
Fund balance - beginning	800,000	1,000,000	200,000
Fund balance - ending	<u>\$ 600,000</u>	<u>\$ 1,000,000</u>	<u>\$ 400,000</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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Fines and forfeitures	\$ 11,500	\$ 5,820	\$ (5,680)
<u>EXPENDITURES</u>			
Judicial			
Services and supplies	6,000	277	5,723
Excess (deficiency) of revenues over expenditures	5,500	5,543	43
Fund balance - beginning	9,707	12,679	2,972
Fund balance - ending	\$ 15,207	\$ 18,222	\$ 3,015

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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
None			
<u>EXPENDITURES</u>			
General government			
Capital outlay	\$ 100,000	\$ 78,705	\$ 21,295
Excess (deficiency) of revenues over expenditures	(100,000)	(78,705)	21,295
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	0	14,463	14,463
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(100,000)	(64,242)	35,758
Fund balance - beginning (deficit)	100,000	415,045	315,045
Fund balance - ending	\$ 0	\$ 350,803	\$ 350,803

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, 2012

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Intergovernmental			
¼% Optional sales tax	\$ 110,000	\$ 166,306	\$ 56,306
<u>EXPENDITURES</u>			
General government			
Services and supplies	<u>991,931</u>	<u>0</u>	<u>991,931</u>
Excess (deficiency) of revenues over expenditures	(881,931)	166,306	1,048,237
<u>OTHER FINANCING SOURCES (USES)</u>			
Virginia City Rail Project - transfer	<u>(25,000)</u>	<u>(25,000)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(906,931)	141,306	1,048,237
Fund balance - beginning	<u>907,931</u>	<u>1,594,584</u>	<u>686,653</u>
Fund balance - ending	<u>\$ 1,000</u>	<u>\$ 1,735,890</u>	<u>\$ 1,734,890</u>

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

STOREY COUNTY, NEVADA
 VIRGINIA CITY RAIL PROJECT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Miscellaneous			
Other	\$ 130,000	\$ 0	\$ (130,000)
 <u>EXPENDITURES</u>			
Culture and Recreation			
Capital Outlay	1,491,620	61,595	1,430,025
Excess (deficiency) of revenues over expenditures	(1,361,620)	(61,595)	1,300,025
 <u>OTHER FINANCING SOURCES (USES)</u>			
Bond Proceeds	31,392	31,392	0
Debt Service	(180,885)	(180,885)	0
Transfers	25,000	25,000	0
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(1,486,113)	(186,088)	1,300,025
Fund balance - beginning	1,486,113	1,713,126	227,013
Fund balance - ending	\$ 0	\$ 1,527,038	\$ 1,527,038

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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OPERATING REVENUES</u>			
Sales of water	\$ 426,500	\$ 391,979	\$ (34,521)
<u>OPERATING EXPENSES</u>			
Salaries and wages	77,875	75,601	2,274
Benefits	36,243	31,935	4,308
Services and supplies	185,674	167,976	17,698
System upgrade	7,908	0	7,908
Depreciation	127,885	106,718	21,167
Total Operating Expenses	<u>435,585</u>	<u>382,230</u>	<u>53,355</u>
Operating Income (Loss)	(9,085)	9,749	18,834
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Capital contributions	0	0	0
Interest earnings	2,000	2,324	324
Rents	12,000	12,000	0
Interest expense	(28,597)	(26,273)	2,324
Net Income (Loss)	<u>\$ (23,682)</u>	<u>\$ (2,200)</u>	<u>\$ 21,482</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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash In flows			
Sales of water	\$ 426,500	\$ 386,973	\$ (39,527)
Cash Out flows			
Salaries and wages	(77,875)	(75,935)	1,940
Benefits	(36,243)	(32,340)	3,903
Services and supplies	(185,674)	(165,630)	20,044
Net Cash Provided (Used) by Operating Activities	<u>126,708</u>	<u>113,068</u>	<u>(13,640)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Cash In flows			
Customer Hook-ups	0	0	0
Rent	12,000	12,000	0
Customer deposits	0	5,585	5,585
Net Cash Provided by Non Capital Financing Activities	<u>12,000</u>	<u>17,585</u>	<u>5,585</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</u>			
Cash In flows			
Capital contributed	0	55,067	55,067
Cash Out flows			
System upgrade	(7,908)	(109,203)	(101,295)
Capital outlay	(68,000)	0	68,000
Debt service	(26,354)	(41,238)	(14,884)
Interest expense	(28,597)	(26,623)	1,974
Net Cash Provided (Used) by Capital Related Activities	<u>(130,859)</u>	<u>(121,997)</u>	<u>8,862</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest earnings	2,000	2,302	302
Net Increase (Decrease) in Cash	<u>9,849</u>	<u>10,958</u>	<u>1,109</u>
Cash - beginning	<u>715,385</u>	<u>889,464</u>	<u>174,079</u>
Cash - ending	<u>\$ 725,234</u>	<u>\$ 900,422</u>	<u>\$ 175,188</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, 2012

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>OPERATING REVENUES</u>			
Service use fees	\$ 179,000	\$ 173,577	\$ (5,423)
<u>OPERATING EXPENSES</u>			
Salaries and wages	73,145	69,315	3,830
Benefits	32,855	28,489	4,366
Services and supplies	76,610	53,199	23,411
Depreciation	40,000	41,650	(1,650)
Total Operating Expenses	222,610	192,653	29,957
Operating Income (Loss)	(43,610)	(19,076)	24,534
<u>NON OPERATING REVENUES (EXPENSE)</u>			
Interest income	1,000	822	(178)
Interest expense	(3,046)	(3,044)	2
Transfer out	0	(34,109)	(34,109)
Net income (Loss)	\$ (45,656)	\$ (55,407)	\$ (9,751)

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, 2012

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash In Flows				
Sewer Fees	\$ 179,000	\$ 179,000	\$ 170,369	\$ (8,631)
Cash Out Flows				
Salaries and wages	(73,823)	(73,145)	(69,622)	3,523
Benefits	(34,736)	(32,855)	(28,274)	4,581
Service and supplies	(76,610)	(76,610)	(76,212)	398
Net cash provided (used) by operating activities	(6,169)	(3,610)	(3,739)	(129)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
None	0	0	0	0
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Cash In Flows				
Capital contributed by customers	10,000	0	13,203	13,203
Cash Out Flows				
Interest expense	(3,046)	(3,046)	(3,044)	2
Debt Service	(5,030)	(5,030)	(5,032)	(2)
Capital outlay	(25,000)	(25,000)	0	25,000
Grant match	(124,000)	(124,000)	0	124,000
System upgrade	0	0	(126,209)	(126,209)
Transfer out	0	0	(34,109)	(34,109)
Net cash provided (used) by capital related financing activities	(147,076)	(157,076)	(155,191)	1,885
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest income	1,000	1,000	829	(171)
Net increase (decrease) in cash	(152,245)	(159,686)	(158,101)	1,585
Cash - beginning	221,164	221,164	406,874	185,710
Cash - ending	\$ 68,919	\$ 61,478	\$ 248,773	\$ 187,295

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, 2012

	BALANCE JULY 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2012
<u>STATE OF NEVADA FUND</u>				
Assets				
Cash	\$ 137,130	\$ 1,159,883	\$ 1,154,188	\$ 142,825
Liabilities				
Due Other Governments	\$ 137,130	\$ 1,159,883	\$ 1,154,188	\$ 142,825
<u>STOREY COUNTY SCHOOL DISTRICT</u>				
Assets				
Cash	\$ 7,998	\$ 4,279,789	\$ 4,096,375	\$ 191,412
Liabilities				
Due Other Governments	\$ 7,998	\$ 4,279,789	\$ 4,096,375	\$ 191,412
<u>STOREY COUNTY SCHOOL DISTRICT DEBT SERVICE</u>				
Assets				
Cash	\$ 1,543	\$ 1,348,441	\$ 1,313,053	\$ 36,931
Liabilities				
Due Other Governments	\$ 1,543	\$ 1,348,441	\$ 1,313,053	\$ 36,931
<u>VIRGINIA CITY CONVENTION AND TOURISM AUTHORITY</u>				
Assets				
Cash	\$ 31,250	\$ 326,331	\$ 342,924	\$ 14,657
Liabilities				
Due Other Governments	\$ 31,250	\$ 326,331	\$ 342,924	\$ 14,657
<u>DISTRICT ATTORNEY RESTITUTION FUND</u>				
Assets				
Cash	\$ 0	\$ 801	\$ 801	\$ 0
Liabilities				
Due Other Governments	\$ 0	\$ 801	\$ 801	\$ 0
<u>TOTAL - ALL FUNDS</u>				
Assets				
Cash	\$ 177,921	\$ 7,115,245	\$ 6,907,341	\$ 385,825
Liabilities				
Due Other Governments	\$ 177,921	\$ 7,115,245	\$ 6,907,341	\$ 385,825

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, 2012 AND 2011

	JUNE 30,	
	2012	2011
<u>GENERAL FIXED ASSETS</u>		
Land	\$ 280,259	\$ 280,259
Infrastructure	43,256,707	43,256,707
Construction in progress	2,229,317	877,967
Building and improvements	9,303,357	8,991,007
Machinery and equipment	6,441,491	5,974,781
Park Improvements	671,490	671,490
Total General Fixed Assets	<u>\$ 62,182,621</u>	<u>\$ 60,052,211</u>
 <u>INVESTMENTS IN GENERAL FIXED ASSETS</u>		
<u>BY SOURCE:</u>		
General Fund	\$ 11,059,641	\$ 9,196,908
Road Fund	45,582,152	45,628,254
Fire Fund	6,309	6,309
Fire District Fund	2,492,532	2,178,753
Fourth Ward Trustee	1,579,368	1,579,368
Sheriff's Jail	1,462,619	1,462,619
Total Investment in General Fixed Assets	<u>\$ 62,182,621</u>	<u>\$ 60,052,211</u>

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, 2012

FUNCTION AND ACTIVITY	LAND	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	BUILDING AND IMPROVEMENTS	PARK IMPROVEMENTS	MACHINERY AND EQUIPMENT	TOTAL
GENERAL GOVERNMENT							
Commissioners	\$ 114,849		\$ 17,161			\$ 46,435	\$ 178,445
Clerk - Treasurers				4,897		29,417	29,417
Recorder - Auditor						80,627	80,627
Assessor						42,132	42,132
Building - Grounds				166,155		217,746	383,901
Tri Payback	165,410			1,468,644			1,468,644
Other - Administrative			\$ 1,443,914	2,028,246		446,657	4,084,227
Total General Government	280,259	\$ 0	1,443,914	3,685,103	\$ 0	863,014	6,272,290
JUDICIAL							
Justice Court						4,090	4,090
District Attorney						71,916	71,916
Total Judicial	0	0	0	0	0	76,006	76,006
PUBLIC SAFETY							
Sheriff			490,693	1,921,234		1,079,916	3,491,843
Fire				6,309			6,309
Fire District				180,914		2,311,618	2,492,532
Emergency Management						439,119	439,119
Building Department						91,820	91,820
Total Public Safety	0	0	490,693	2,108,457	0	3,922,473	6,521,623
HIGHWAY AND STREETS							
	0	\$ 43,256,707	0	773,056	0	1,552,389	45,582,152
CULTURE AND RECREATION							
	0	0	294,710	2,736,741	671,490	27,609	3,730,550
Total General Fixed Assets	\$ 280,259	\$ 43,256,707	\$ 2,229,317	\$ 9,303,357	\$ 671,490	\$ 6,441,491	\$ 62,182,621

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, 2012

FUNCTION AND ACTIVITY GENERAL GOVERNMENT	GENERAL FIXED ASSETS			GENERAL FIXED ASSETS		
	July 1, 2011	ADDITIONS	DELETIONS	TRANSFERS	June 30, 2012	
Commissioners	\$ 300,437			\$ (121,992)	\$ 178,445	
Clerk Treasurer	29,417				29,417	
Recorder - Auditor	69,134	\$ 11,493		4,897	85,524	
Assessor	24,463			17,669	42,132	
Building - Grounds	354,822	27,520	\$ (19,976)	21,535	383,901	
Tri Payback	0			1,468,644	1,468,644	
Other - Administrative	4,596,752	1,361,861	(61,032)	(1,813,354)	4,084,227	
Total General Government	5,375,025	1,400,874	(81,008)	(422,601)	6,272,290	
JUDICIAL						
District Attorney	38,963	0		32,953	71,916	
District Court	4,090				4,090	
Total Judicial	43,053	0	0	32,953	76,006	
PUBLIC SAFETY						
Sheriff	3,067,508	496,389	(113,845)	41,791	3,491,843	
Fire	6,307			2	6,309	
Fire District	2,252,642	313,109	(53,600)	(19,619)	2,492,532	
Emergency Management	413,333	29,393		(3,607)	439,119	
Building Department	96,001			(4,181)	91,820	
Total Public Safety	5,835,791	838,891	(167,445)	14,386	6,521,623	
HIGHWAY AND STREETS						
	45,613,329	186,269	(60,306)	(157,140)	45,582,152	
CULTURE AND RECREATION						
	3,185,013	13,135	0	532,402	3,730,550	
Total General Fixed Assets	\$ 60,052,211	\$ 2,439,169	\$ (308,759)	\$ 0	\$ 62,182,621	

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, 2012

<u>COUNTY BONDS</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2011</u>	<u>PAID DURING YEAR</u>	<u>BALANCE JUNE 30, 2012</u>	<u>TERMS OF PAYMENT OF OUTSTANDING BALANCE</u>
Revenue Bonds							
County of Storey							
Water Revenues Bonds of 1974	6/26/1974	\$ 294,000	5%	\$ 43,000	\$ 14,000	\$ 29,000	\$ 14,000 January 1, 2013 \$ 15,000 January 1, 2014
(Due United States of America Farmer's Home Administration)							
Virginia City Rail Bond							
Series 2010A							
Taxable Recovery Zone Economic Development Bond	12/28/2010	\$ 890,000	8%	\$ 890,000	\$ 36,000	\$ 854,000	\$ 38,000 December 1, 2012 \$ 39,000 December 1, 2013 \$ 41,000 December 1, 2014 \$ 43,000 December 1, 2015 \$ 45,000 December 1, 2016 \$ 47,000 December 1, 2017 \$ 49,000 December 1, 2018 \$ 51,000 December 1, 2019 \$ 53,000 December 1, 2020 \$ 56,000 December 1, 2021 \$ 58,000 December 1, 2022 \$ 61,000 December 1, 2023 \$ 64,000 December 1, 2024 \$ 67,000 December 1, 2025 \$ 69,000 December 1, 2026 \$ 73,000 December 1, 2027
(Due all points Capital Corp.)							with interest only paid on June 1 and principle and interest paid on December 1 of each year.
<u>VIRGINIA CITY RAIL BOND</u>							
Series 2010B (Tax Exempt)	12/28/2010	\$ 859,000	5%	\$ 859,000	\$ 33,000	\$ 826,000	\$ 34,000 December 1, 2012 \$ 37,000 December 1, 2013 \$ 38,000 December 1, 2014 \$ 40,000 December 1, 2015 \$ 42,000 December 1, 2016 \$ 44,000 December 1, 2017 \$ 47,000 December 1, 2018 \$ 49,000 December 1, 2019 \$ 52,000 December 1, 2020 \$ 54,000 December 1, 2021
(Due Capital One Public Funding, LLC)							(cont'd)

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, 2012

	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2011</u>	<u>PAID DURING YEAR</u>	<u>BALANCE JUNE 30, 2012</u>	<u>TERMS OF PAYMENT OF OUTSTANDING BALANCE</u>
<u>VIRGINIA CITY RAIL BOND (cont'd)</u> Series 2010B (Tax Exempt) (Due Capital One Public Funding, LLC)	12/28/2010	\$ 859,000	5%	\$ 859,000	\$ 33,000	\$ 826,000	\$ 57,000 December 1, 2022 \$ 60,000 December 1, 2023 \$ 63,000 December 1, 2024 \$ 66,000 December 1, 2025 \$ 70,000 December 1, 2026 \$ 73,000 December 1, 2027 with interest only paid on June 1 and principle and interest paid on December 1 of each year
<u>MEDIUM TERM BOND</u> (7 yr) Due - Bank of America	12/20/2007	\$ 520,000	4.85%	\$ 297,142	\$ 74,286	\$ 222,856	\$ 74,286 Fiscal years 6/30/13 - 6/30/15 with interest only paid on June 21 and principal and interest paid on December 21, of each year.
<u>WATER REVENUE BOND - SERIES 1998</u> U.S.D.A. - Rural Development Loan	1/28/1997	\$ 714,000	4 1/2%	\$ 587,704	\$ 27,238	\$ 560,466	\$ 38,801 Fiscal Years 6/30/13-6/30/2037 with interest only paid on July 1, and interest and principal paid on January 1.
<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)	11/1/1981	\$ 138,000	5%	\$ 62,421	\$ 5,032	\$ 57,389	\$ 673 per month

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

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

To the Honorable Board of County Commissioners
Storey County, Nevada

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Storey County, Nevada as of and for the year ended June 30, 2012, which collectively comprise Storey County, Nevada's basic financial statements and have issued our report thereon dated September 18, 2012. 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

Management of Storey County, Nevada, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Storey County, Nevada's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Storey County, Nevada's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Storey County, Nevada's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

We noted certain matters that we reported to management of Storey County, Nevada, in a separate letter dated September 18, 2012.

This report is intended solely for the information and use of the audit committee, management, Board of County Commissioners, others within the entity, 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.

A handwritten signature in black ink, appearing to read 'D. A. Pringle', with a stylized flourish at the end.

David A. Pringle, CPA, LTD
Carson City, NV

September 18, 2012

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AUDITORS REPORT ON PRIOR YEAR'S RECOMMENDATIONS

To The Honorable Board of County Commissioners
Storey County, Nevada

We have reviewed the status of our recommendations included in last year's audit report dated November 18, 2011. This review indicated:

1. Expenditures continued to exceed appropriations in three special revenue funds.
2. The assignment of account numbers and fund numbers to expenditures was slightly improved over last year.
3. Storey County Library is no longer included in the general fund operations of the County, and the County Library Board of Directors now has direct control over income and expenses.



David A. Pringle, CPA, LTD.
Carson City, Nevada

September 18, 2012

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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, 2012, and have issued our report thereon dated September 18, 2012. 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 September 18, 2012, on the financial statements of Storey County, Nevada.

Current Years Audit Recommendations

1. On May 1, 2010 a contract was signed by the Fire Chief to contract services for administering the ambulance billings. This contract as extended on August 1, 2010 to be applicable through August 1, 2012. All charges for transportation and service to patients were billed through the outside contractor. Although no discrepancies were found, it is our recommendation that the reconciliation of accounts and approval of writeoffs be authorized through a different department to ensure proper collection and write-off controls.
2. Expenditures must be monitored to prevent exceeding the amounts budgeted, as expenditures exceeded budget in three Special Revenue Funds.
3. Based upon the amount expenditures exceeded appropriations in almost every category in the Fire Special Revenue Fund, we recommend expenditures over \$10,000 be approved by the County Manager or Comptroller.
4. 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 charged 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.
5. We recommend account numbers and account names in the Federal/State Grant Fund be reviewed and adjusted to further differentiate the Federal and State grant revenues and expenditures.

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
Carson City, Nevada

September 18, 2012

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To The Honorable County Commissioners,
Storey County, Nevada

Compliance

We have audited Storey County, Nevada's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Storey County, Nevada's major federal programs for the year ended June 30, 2012. Storey County, Nevada's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Storey County, Nevada's management. Our responsibility is to express an opinion on Storey County, Nevada's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Storey County, Nevada's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Storey County, Nevada's compliance with those requirements.

In our opinion, Storey County, Nevada complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

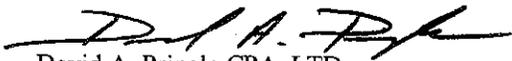
Management of Storey County, Nevada, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Storey County, Nevada's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Storey County, Nevada's internal control over compliance.

Internal Control Over Compliance (contd.)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, 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
Carson City, Nevada
September 18, 2012

STOREY COUNTY, NEVADA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANTOR/PROGRAM/GRANT DESCRIPTION</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL AWARD AMOUNT</u>	<u>CASH RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH</u>	<u>MATCH AMOUNT</u>	<u>PASS-THROUGH ENTITY/ IDENTIFYING NUMBER</u>
Office of Community Planning and Development Community Development Block Grant CDBG Water System	14.228	83,915	83,915	\$ 83,915	83,915	none	State of Nevada Commission on Economic Development/11/PF/26
Office of Community Planning and Development Community Development Block Grant CDBG Flood plan	14.228	100,000	97,800	97,800	97,800	none	State of Nevada Commission on Economic Development/10/PCB/020
Office of the Chief of Engineers ARRA - Nevada Environmental Infrastructure USACE Waste Water	12.121	150,000,000	382,143	320,400	320,400	none	none
National Highway Traffic Safety Administration State and Community Highway Safety Extrication Equipment	20.600	30,000	0	95	95	none	Nevada Department of Public Safety /210-EM-2
Pipeline and Hazardous Materials Safety Administration Interagency Hazardous Material Public Sector Training and Planning Grants HMEP Planning	20.703	21,900	21,900	21,900	21,900	none	State of Nevada Emergency Response Commission/11-HMEP-15-02
Federal Highway Administration Highway Research and Development Program Streetscape	20.205	709,963	545,003	619,877	619,877	37,367	State of Nevada Department of Transportation/PR240-09-063
Violence against Women Office Violence against Women Formula Grant STOP	16.589	10,000	487	69	69	3,333	Office of the Attorney General/2011-STOP-51
National Highway Traffic Safety Administration State and Community Highway Safety OTS	20.600	9,580	29,395	0	0	2,549	Nevada Department of Transportation 22-JF-1.23
Administration for Children and Families Community Services Block Grant Childcare	93.569	55,687	55,687	55,687	55,687	none	State of Nevada Department of Health and Human Services/959.03
Pipeline and Hazardous Materials Safety Administration Interagency Hazardous Material Public Sector Training and Planning Grants Hazard Training	20.703	2,925	2,925	2,925	2,925	none	State of Nevada Emergency Response Commission/11-HMEP-15-03

STOREY COUNTY, NEVADA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/PROGRAM/GRANT DESCRIPTION	FEDERAL CFDA NUMBER	FEDERAL AWARD AMOUNT	CASH RECEIPTS	DISBURSEMENTS	CASH	MATCH AMOUNT	PASS-THROUGH ENTITY/ IDENTIFYING NUMBER
Department of Agriculture Forest Service Cooperative Forestry Assistance USDA Mark Twain	10.664	44,740	0	37,373	none	none	Nevada Division of Forestry/ USDA/SFA/10/15
Department of Homeland Security Emergency Management Performance Grants Salaries	97.042	20,679	20,679	20,679	20,679	20,679	State of Nevada Department of Public Safety Division of Emergency Management/FY 11 EMPG
Department of Energy Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions Waste Isolation Hazmat	81.106	16,123	5,253	5,316	none	none	State of Nevada Department of Public Safety Division of Emergency Management/FFY 2012 W/PP
Administration for Children and Families Community Services Block Grants Employment	93.569	18,000	18,773	16,544	none	none	Nevada Department of Health and Human Services/1172.01
Administration for Community Living Special Programs for the Aging Title III Part C - Nutrition Service Senior Center	93.045	15,121	7,560	11,340	1,754	1,754	State of Nevada Aging and Disability Service Division/15-000-07-13-12
Administration for Community Living Special Programs for the Aging Title III Part C - Nutrition Service Senior Center	93.045	12,312	6,156	9,234	1,258	1,258	State of Nevada Aging and Disability Service Division/15-000-04-24-12
Administration for Community Living Nutrition Services Incentive Program Senior Center	93.053	3,662	0	3,662	none	none	State of Nevada Aging and Disability Service Division/15-000-57-NX-12
Department of the Interior, National Park Service Outdoor Recreation Acquisition, Development, and planning Lockwood Park	15.916	25,000	24,529	13,108	25,000	25,000	Nevada Department of Conservation and Natural Resources/32-00313
Department of the Treasury, Internal Revenue Service V&T Railroad Project Bond Series 2010 (RZEDB)	21.014 8038-CP	890,000	31,392	111,885	none	none	none

STOREY COUNTY, NEVADA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/PROGRAM/GRANT DESCRIPTION	FEDERAL CFDA NUMBER	FEDERAL AWARD AMOUNT	CASH RECEIPTS	CASH DISBURSEMENTS	MATCH AMOUNT	PASS-THROUGH ENTITY/ IDENTIFYING NUMBER
Department of Energy ARRA-Energy Efficiency and Conservation Block Grant EECBG	81.128	485,000	0	414	none	Nevada Department of Energy/ EE032710015
Total Cash Disbursements				<u>\$ 1,432,223</u>		

STOREY COUNTY, NEVADA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness identified? yes no
 Reportable condition identified
 not considered to be material weaknesses? yes none reported
 Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major program:

Material weakness identified? yes no
 Reportable condition identified
 not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance
 for major programs: unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133 Section .510(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
12.121	Nevada Environmental Infrastructure - ARRA (Type B)
20.205	Highway Planning and Construction ARRA (Type A)

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no reportable conditions, material weaknesses or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings required to be reported by Circular A-133, Section .510(a).

STOREY COUNTY, NEVADA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE A - BASIS OF PRESENTATION

The accompany schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Storey County, Nevada under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Schedule presents only a selected portion of the operations of Storey County, Nevada, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Storey County, Nevada.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such Expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, where in certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entities and identifying numbers are presented where available.

NOTE C - MATCH AMOUNTS

Amounts listed under Match Amount are on the schedule of expenditures of federal awards are either in-kind or cash.