

COUNTY OF INYO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2010

COUNTY OF INYO

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GALLINA^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors and the Grand Jury
County of Inyo
Independence, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Inyo, California, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Inyo, California. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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 opinion.

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, each major fund, and the aggregate remaining fund information of the County of Inyo, California, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated March 1, 2011, on our consideration of the County of Inyo's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Board of Supervisors and the Grand Jury
County of Inyo

The Management's Discussion and Analysis (MD & A) on pages 3 through 12 and the required supplementary information on pages 55 through 59, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Inyo's financial statements. The accompanying information identified in the table of contents as combining and individual nonmajor fund statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gallina LLP

Roseville, California
March 1, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

COUNTY OF INYO

Management's Discussion and Analysis (MD & A)
June 30, 2010

As management of the County of Inyo we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here along with the information presented in the County's basic financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

Government-wide financial analysis

The assets of the County exceeded its liabilities at the end of the fiscal year by \$92,845,742 (net assets). Of this amount, \$20,370,914 (unrestricted net assets) can be used to meet the County's ongoing services and obligations to citizens and creditors \$8,147,459 is restricted and must be used for specific purposes and \$64,327,369 is invested in capital assets, net of related debt.

Fund financial analysis

Total fund balances for the County's governmental funds amounted to \$32,843,848 as of June 30, 2010, an increase of \$2 million from the prior fiscal year. Approximately \$29.5 million is available to meet the County's current and future needs.

Available fund balance in the General Fund, at year end was nearly \$24 million, or 55% of its total expenditures for the year.

Capital asset and long-term liabilities

The County's investment in capital assets has decreased by \$5 million, from \$69.7 million to \$64.7 million. This balances consisted of \$58 million for the governmental activities and \$6.7 million for the business-type activities.

The County's outstanding long term liabilities have increased by \$856,467 due to an increase of \$1.7 million in additional closure post closure liability less the scheduled retirement of outstanding certificates of participation and capital leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements include the following three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

This report also contains other supplementary information in addition to the basic financial statements.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A)
June 30, 2010

Government-wide Financial Statements

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned, but unused vacation leave, long-term debt and grant funds expended but not received as of fiscal year end).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County include the Airports, Solid Waste, County Service Area #2, Water Systems, and Mosquito Abatement.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements.

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements.

Because the focus of governmental funds is narrower than the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2010

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Road Fund and Grant Programs, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregate presentation under the Other Governmental heading. Individual data for the other governmental funds can be found in Other Supplementary Information on pages 61-70.

The County adopts annual appropriated budgets for all of its governmental funds. Therefore, budgetary comparison schedules have been provided for each fund presented in this report. These statements demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 15-24 of this report.

Proprietary funds: The County maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Airports, Solid Waste, County Service Area #2, Water Systems, and Mosquito Abatement.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for Motor Pool, Purchasing Revolving, Workers Compensation, County Liability, and Medical Malpractice Insurance. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airports and Solid Waste and combine all other enterprise funds under the Non-major Enterprise heading. Conversely, all internal service funds are combined into a single aggregate presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 19-22 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 23-24 of this report.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2010

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-54 of this report.

Other information In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparison schedules for the General Fund and all major special revenue funds as well as the schedules of funding progress for the retirement programs. Required supplementary information can be found on pages 55-59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. In the case of the County of Inyo, assets exceeded liabilities by \$92,845,742 at June 30, 2010.

| Condensed Statement of Net Assets | | | | | | | |
|---|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|-------------------|
| | Governmental Activities | | Business-type Activities | | Total | | Total % Change |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | |
| Assets: | | | | | | | |
| Current and other assets | \$ 43,388,921 | \$ 41,864,646 | \$ 1,943,424 | \$ 2,039,940 | \$ 45,332,345 | \$ 43,904,586 | 3.25% |
| Capital assets | 57,994,142 | 62,690,551 | 6,717,920 | 6,979,560 | 64,712,062 | 69,670,111 | -7.12% |
| Total assets | 101,383,063 | 104,555,197 | 8,661,344 | 9,019,500 | 110,044,407 | 113,574,697 | -3.11% |
| Liabilities: | | | | | | | |
| Current and other liabilities | 9,470,190 | 10,588,843 | 246,178 | 276,236 | 9,716,368 | 10,865,079 | -10.57% |
| Long-term liabilities | 4,455,975 | 3,523,699 | 3,026,322 | 1,357,344 | 7,482,297 | 4,881,043 | 53.29% |
| Total liabilities | 13,926,165 | 14,112,542 | 3,272,500 | 1,633,580 | 17,198,665 | 15,746,122 | 9.22% |
| Net Assets: | | | | | | | |
| Invested in capital assets, net of related debt | 57,609,449 | 61,670,215 | 6,717,920 | 6,979,560 | 64,327,369 | 68,649,775 | -6.30% |
| Restricted | 8,147,459 | 8,150,931 | -- | -- | 8,147,459 | 8,150,931 | -0.04% |
| Unrestricted | 21,699,990 | 20,621,509 | (1,329,076) | 406,360 | 20,370,914 | 21,027,869 | -3.12% |
| Total net assets | \$ 87,456,898 | \$ 90,442,655 | \$ 5,388,844 | \$ 7,385,920 | \$ 92,845,742 | \$ 97,828,575 | -5.09% |

By far the largest portion of the County's net assets is its investment in capital assets (e.g., land, buildings, machinery, equipment, roads and other related infrastructure), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens and residents; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2010

Analysis of Net Assets

At the end of the fiscal year, the County is able to report positive balances in total net assets of both governmental-type and business-type net assets. However, at year-end unrestricted net assets for business-type activities reported a deficit balance due to the liability for post closure costs. The following table indicates the changes in net assets for governmental and business-type activities.

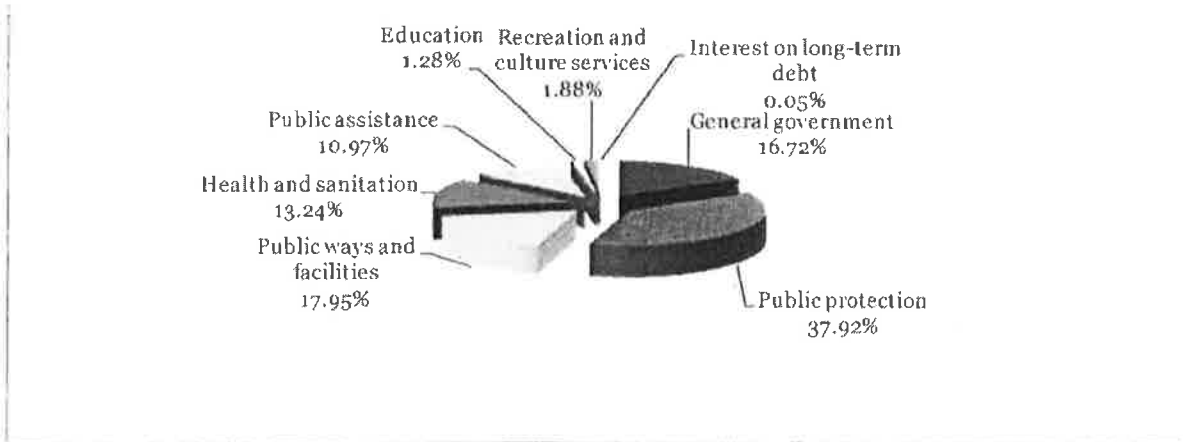
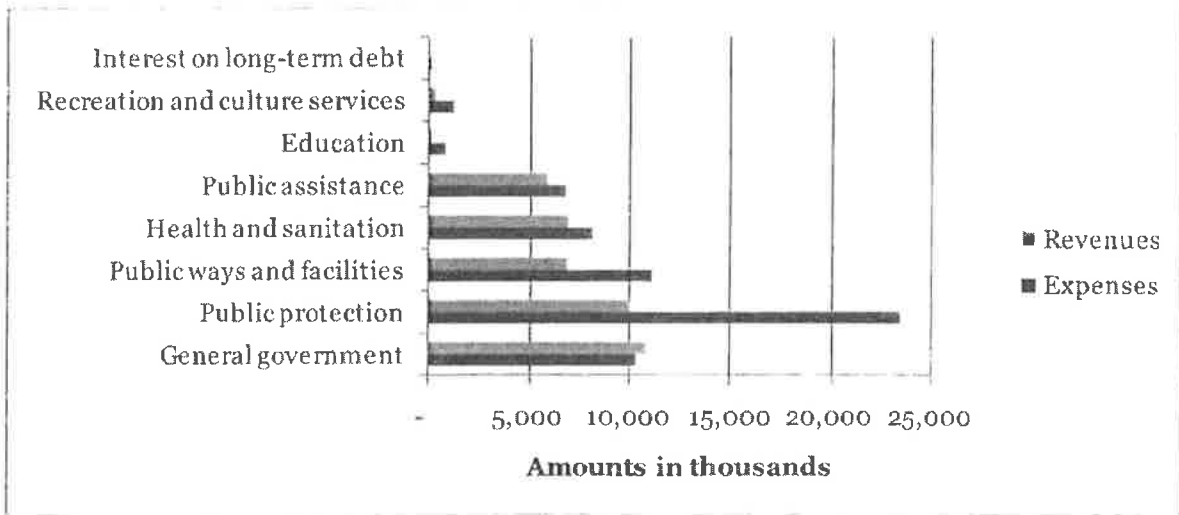
| Condensed Statement of Changes in Net Assets | | | | | | | |
|--|-------------------------|-------------------|--------------------------|------------------|--------------------|-------------------|-------------------|
| | Governmental Activities | | Business-type Activities | | Total | | Total % Change |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 7,512,395 | \$ 8,824,068 | \$ 2,223,877 | \$ 2,671,418 | \$ 9,736,272 | \$ 11,495,486 | -15.30% |
| Operating grants and contributions | 33,440,813 | 36,032,610 | 272,383 | 923,087 | 33,713,196 | 36,955,697 | -8.77% |
| Capital grants and contributions | -- | -- | 37,500 | 2,485 | 37,500 | 2,485 | 1409.05% |
| General revenues: | | | | | | | |
| Property taxes | 13,205,595 | 12,993,613 | -- | -- | 13,205,595 | 12,993,613 | 1.63% |
| Sales and use taxes | 924,085 | 900,787 | -- | -- | 924,085 | 900,787 | 2.59% |
| Other taxes | 2,984,433 | 2,756,819 | 1,285,853 | 1,312,052 | 4,270,286 | 4,068,871 | 4.95% |
| Interest and investment earnings | 889,884 | 1,355,933 | 11,484 | 98,103 | 901,368 | 1,454,036 | -38.01% |
| Other revenue | 301,179 | 303,935 | 81,953 | -- | 383,132 | 303,935 | 26.06% |
| Total revenues | 59,258,384 | 63,167,765 | 3,913,050 | 5,007,145 | 63,171,434 | 68,174,910 | -7.34% |
| Expenses: | | | | | | | |
| General government | 10,346,807 | 10,636,626 | -- | -- | 10,346,807 | 10,636,626 | -2.72% |
| Public protection | 23,468,167 | 23,366,844 | -- | -- | 23,468,167 | 23,366,844 | 0.43% |
| Public ways and facilities | 11,108,904 | 10,742,582 | -- | -- | 11,108,904 | 10,742,582 | 3.41% |
| Health and sanitation | 8,197,151 | 7,800,414 | -- | -- | 8,197,151 | 7,800,414 | 5.09% |
| Public assistance | 6,787,006 | 6,731,354 | -- | -- | 6,787,006 | 6,731,354 | 0.83% |
| Education | 790,793 | 812,724 | -- | -- | 790,793 | 812,724 | -2.70% |
| Recreation and culture services | 1,161,294 | 1,188,709 | -- | -- | 1,161,294 | 1,188,709 | -2.31% |
| Interest on long-term debt | 33,162 | 65,788 | -- | -- | 33,162 | 65,788 | -49.59% |
| Airport | -- | -- | 1,194,870 | 1,452,252 | 1,194,870 | 1,452,252 | -17.72% |
| Solid Waste | -- | -- | 4,096,012 | 2,332,997 | 4,096,012 | 2,332,997 | 75.57% |
| Water System | -- | -- | 456,988 | 470,534 | 456,988 | 470,534 | -2.88% |
| CSA #2 | -- | -- | 34,209 | 26,615 | 34,209 | 26,615 | 28.53% |
| Mosquito Abatement | -- | -- | 478,904 | 469,041 | 478,904 | 469,041 | 2.10% |
| Total Expenses | 61,893,284 | 61,345,041 | 6,260,983 | 4,751,439 | 68,154,267 | 66,096,480 | 3.11% |
| Change in net assets before transfers | (2,634,900) | 1,822,724 | (2,347,933) | 255,706 | (4,982,833) | 2,078,430 | -339.74% |
| Transfers | (350,857) | (430,593) | 350,857 | 430,593 | -- | -- | |
| Change in net assets | (2,985,757) | 1,392,131 | (1,997,076) | 686,299 | (4,982,833) | 2,078,430 | -339.74% |
| Net assets, beginning | 90,442,655 | 89,050,524 | 7,385,920 | 6,699,621 | 97,828,575 | 95,750,145 | 2.17% |
| Net assets, ending | \$ 87,456,898 | \$ 90,442,655 | \$ 5,388,844 | \$ 7,385,920 | \$ 92,845,742 | \$ 97,828,575 | -5.09% |

COUNTY OF INYO

Management's Discussion and Analysis (MD & A)
June 30, 2010

Analysis of Changes in Net Assets

Governmental activities experienced a decrease in net change in assets of nearly \$3 million in part due to additional other post employment benefits expense of \$1.5 million.



Some of the more relevant sections of the chart are highlighted below.

- Operating Grants and Contributions comprise the largest portion of the County's revenue, which indicates a high reliance on state and federal funding to maintain many core programs.

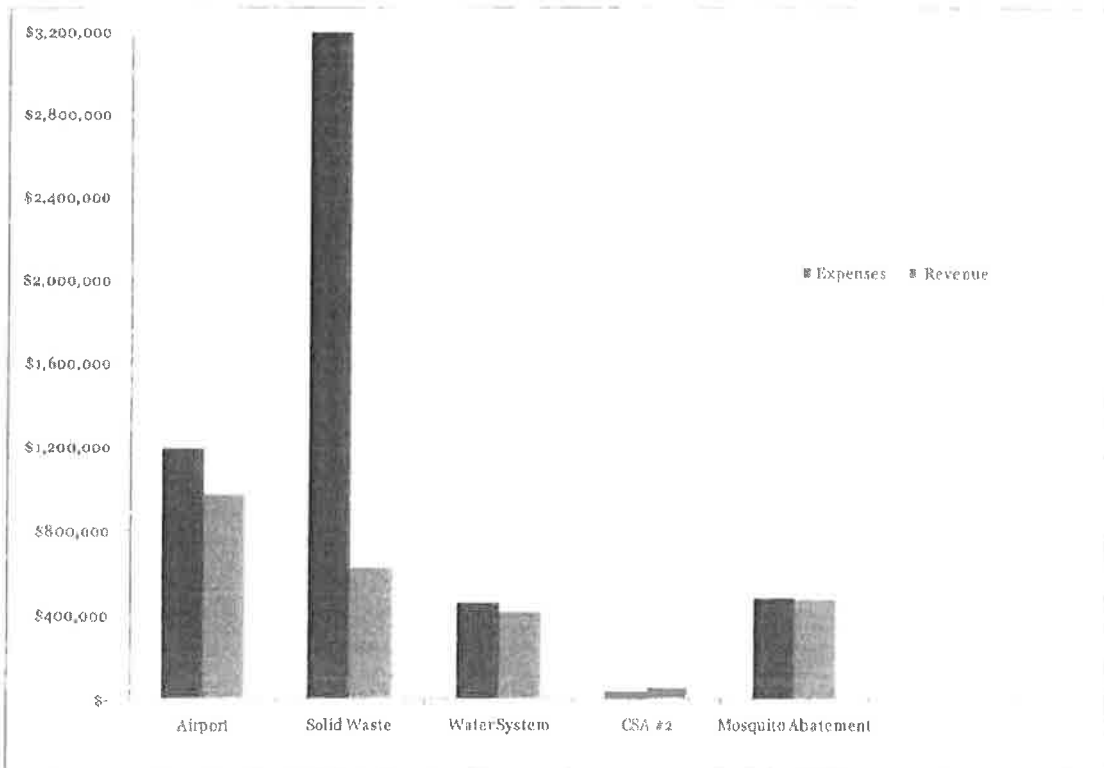
COUNTY OF INYO

Management's Discussion and Analysis (MD & A)

June 30, 2010

- Charges for services are also a fairly large component of the County's budget and can be used as indicator to see how well the County is recovering many of its program costs that are not mandated.
- Combined taxes continue to generate a large portion of the County's discretionary revenues that are used to fund critical programs.
- Governmental activities expenses total \$61,893,284, with public protection expenses of \$23,468,167 being the largest component. This is an indication of the County's operating philosophy that the safety and welfare of the County's citizens and residents is very important.
- The next largest category is public ways and facilities, \$11,108,904, which is consistent with the fact that geographically, Inyo is the second largest county in the state. With a little over 10,000 square miles, it has a lot of infrastructure to maintain.
- The minimal debt service interest expense incurred by the County reflects the conservative nature of the County and the philosophy to whenever possible, pay as you go.

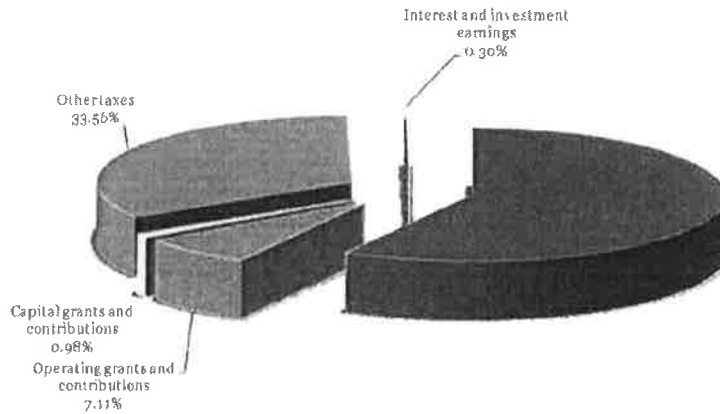
Business-type activities expenses and program revenue are shown on the following charts.



Total program revenue for business-type activities was \$2,533,760 and charges for services accounted for \$2,223,877 of the total.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2010



Operating grants and contributions, other taxes and charges for services provide the largest direct revenue sources for the business-type activities. Operating grants represent State and Federal funding for the airports and transit projects. Other taxes reflect the ½% Transaction Use Tax (approved by the voters in October of 1988) that is used to fund the solid waste program.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The Governmental Funds are accounted for in the General Fund, Road Fund, Grant Programs and Other Governmental funds. The functional areas encompassed by these funds are identified in pages 28-29 of the report. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

- **Fund Balance:** At June 30, 2010, the County's governmental funds reported combined ending fund balances of \$32,843,848. Fund balance by definition is simply the difference between the assets and liabilities of a governmental fund. Because governmental funds report only *financial* assets and certain *near-term* liabilities, it may be tempting to view total fund balance as a measure of expendable available financial resources. However, not all of the financial resources of the fund may be available to liquidate liabilities of the

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2010

current period. A long-term receivable, for instance, cannot be used to liquidate a liability that is currently due and payable. Consequently, fund balance in total is not a good measure of expendable available financial resources in a governmental fund.

Proprietary funds: The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. All proprietary funds had positive net asset balances on June 30, 2010. The Statement of Revenues, Expenses and Changes in Fund Net Assets for Proprietary Funds can be found on page 20 of this report.

BUDGETARY HIGHLIGHTS FOR GENERAL FUND

Differences between the original budget and the final amended budget can be attributed to two specific function areas, general government and public protection. The increase in general government and public assistance was primarily due to an increase in fixed costs, as well as departments recognizing new revenues and appropriating associated expenditures.

CAPITAL ASSETS

Capital Assets: The County's investment in capital assets for its governmental and business type activities as of June 30, 2010, amount to \$64,712,062 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, park facilities, roads, highways, and bridges. Additional information on the County's capital assets can be found in Note 4 on pages 42-43 of this report.

LONG-TERM LIABILITIES

The following table depicts the County's long-term obligations for the governmental activities and business-type activities for the past two years. Additional information on long-term liabilities can be found in Note 5 on pages 44-47.

| Long term Liabilities | | | | | | |
|--------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Bonds payable | \$ 295,000 | \$ 580,000 | \$ -- | \$ -- | \$ 295,000 | \$ 580,000 |
| Capital leases payable | 89,693 | 440,336 | -- | -- | 89,693 | 440,336 |
| Compensated absences | 1,371,095 | 1,406,716 | 85,558 | 76,803 | 1,456,653 | 1,020,336 |
| Claims liability | 218,000 | 369,000 | -- | -- | 218,000 | 1,460,672 |
| Closure-post closure liability | -- | -- | 3,026,322 | 1,357,344 | 3,026,322 | 1,357,344 |
| Other post employment benefits | 4,337,974 | 2,864,311 | -- | 406,360 | 4,337,974 | 3,270,671 |
| Total | \$ 6,311,762 | \$ 5,660,363 | \$ 3,111,880 | \$ 1,840,507 | \$ 9,423,642 | \$ 8,129,359 |

COUNTY OF INYO

Management's Discussion and Analysis (MD & A)
June 30, 2010

Economic Factors and Next Year's Budget

As the State budget crisis continues and economic woes persist, the tone at the County is one of gratitude as we move into another year of maintaining core services at historic levels.

- ❑ All staff positions are being retained, although many vacancies are not being filled.
- ❑ The county will be debt free next year.
- ❑ Money continues to be set aside to move forward with replacing antiquated telephone and property tax software systems.
- ❑ The County is moving forward with replacing inadequate electrical systems at several facilities, including the Historical Courthouse, using funds previously set aside and preserved.
- ❑ The County will transfer a modest amount into the OPEB trust to pre-fund the retiree health liability.
- ❑ Tax revenues, while down, have not decreased nearly as much as they have in other jurisdictions.

Of course, as the State struggles to balance its budget, all of this could change quickly, so we remain vigilant and conservative.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Inyo County Auditor-Controller, at P.O. Drawer R, Independence, CA 93526 or the Inyo County Administrator, at P.O. Drawer N, Independence, CA 93526.

**BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

COUNTY OF INYO

Statement of Net Assets
Wednesday, June 30, 2010

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Totals |
| Assets | | | |
| Cash and investments | \$ 34,655,514 | \$ 711,850 | \$ 35,367,364 |
| Imprest cash | 3,805 | 875 | 4,680 |
| Cash with fiscal agent | 383,134 | -- | 383,134 |
| Restricted cash | -- | 1,019,630 | 1,019,630 |
| Internal balances | 45,877 | (45,877) | -- |
| Due from external parties | 1,720,146 | -- | 1,720,146 |
| Accounts receivable | 972,366 | 204,651 | 1,177,017 |
| Interest receivable | 249,277 | 4,122 | 253,399 |
| Prepaid expenses | 167,872 | -- | 167,872 |
| Deposits with others | 41,700 | -- | 41,700 |
| Notes receivable | 780,000 | -- | 780,000 |
| Inventories | 609,581 | 23,686 | 633,267 |
| Due from other governmental agencies | 3,759,649 | 24,487 | 3,784,136 |
| Capital assets: | | | |
| Nondepreciable | 9,562,089 | 1,851,399 | 11,413,488 |
| Depreciable, net | 48,432,053 | 4,866,521 | 53,298,574 |
| Total assets | <u>\$ 101,383,063</u> | <u>\$ 8,661,344</u> | <u>\$ 110,044,407</u> |
| Liabilities | | | |
| Accounts payable | \$ 2,567,794 | \$ 130,255 | \$ 2,698,049 |
| Interest payable | 6,371 | -- | 6,371 |
| Deferred revenue | 5,040,237 | 30,365 | 5,070,602 |
| Closure/post closure liability | -- | 3,026,322 | 3,026,322 |
| Long-term liabilities | | | |
| Portion due or payable within one year: | | | |
| Compensated absences | 1,371,095 | 85,558 | 1,456,653 |
| Claims liability | 100,000 | -- | 100,000 |
| Capital leases | 89,693 | -- | 89,693 |
| Certificates of participation | 295,000 | -- | 295,000 |
| Portion due or payable after one year: | | | |
| Claims liability | 118,000 | -- | 118,000 |
| Other post-employment benefit liability | 4,337,975 | -- | 4,337,975 |
| Total liabilities | <u>13,926,165</u> | <u>3,272,500</u> | <u>17,198,665</u> |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 57,609,449 | 6,717,920 | 64,327,369 |
| Restricted for public ways programs | 3,037,719 | -- | 3,037,719 |
| Restricted for capital projects | 146,951 | -- | 146,951 |
| Restricted for debt service | 376,763 | -- | 376,763 |
| Restricted for other purposes | 4,586,026 | -- | 4,586,026 |
| Unrestricted | 21,699,990 | (1,329,076) | 20,370,914 |
| Total Net Assets | <u>87,456,898</u> | <u>5,388,844</u> | <u>92,845,742</u> |
| Total liabilities and net assets | <u>\$ 101,383,063</u> | <u>\$ 8,661,344</u> | <u>\$ 110,044,407</u> |

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Assets

| Primary Government | | |
|----------------------------|-----------------------------|----------------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ 487,922 | \$ -- | \$ 487,922 |
| (13,555,022) | -- | (13,555,022) |
| (4,271,903) | -- | (4,271,903) |
| (1,180,138) | -- | (1,180,138) |
| (910,242) | -- | (910,242) |
| (744,281) | -- | (744,281) |
| (733,250) | -- | (733,250) |
| (33,162) | -- | (33,162) |
| <u>(20,940,076)</u> | <u>--</u> | <u>(20,940,076)</u> |
| -- | (225,610) | (225,610) |
| -- | (3,473,575) | (3,473,575) |
| -- | (43,000) | (43,000) |
| -- | 18,980 | 18,980 |
| -- | (4,018) | (4,018) |
| <u>--</u> | <u>(3,727,223)</u> | <u>(3,727,223)</u> |
| <u>(20,940,076)</u> | <u>(3,727,223)</u> | <u>(24,667,299)</u> |
| 13,205,595 | -- | 13,205,595 |
| 924,085 | -- | 924,085 |
| 2,984,433 | 1,285,853 | 4,270,286 |
| 301,179 | 11,484 | 312,663 |
| 889,884 | 81,953 | 971,837 |
| (350,857) | 350,857 | -- |
| <u>17,954,319</u> | <u>1,730,147</u> | <u>19,684,466</u> |
| (2,985,757) | (1,997,076) | (4,982,833) |
| <u>90,442,655</u> | <u>7,385,920</u> | <u>97,828,575</u> |
| <u>\$ 87,456,898</u> | <u>\$ 5,388,844</u> | <u>\$ 92,845,742</u> |

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF INYO

Balance Sheet
Governmental Funds
Wednesday, June 30, 2010

| | General | Road | Grant Programs | Other Governmental | Total |
|--------------------------------------|----------------------|---------------------|---------------------|-----------------------|----------------------|
| Assets | | | | | |
| Cash and investments | \$ 25,965,886 | \$ 2,941,821 | \$ 1,693,827 | \$ 2,532,474 | \$ 33,134,008 |
| Restricted Assets: | | | | | |
| Cash with fiscal agent | 383,134 | -- | -- | -- | 383,134 |
| Imprest cash | 3,630 | -- | 25 | 150 | 3,805 |
| Interest receivable | 230,702 | 6,415 | 4,414 | 5,134 | 246,665 |
| Accounts receivable | 908,176 | 6,754 | 29,703 | 22,922 | 967,555 |
| Due from other funds | 2,409,779 | -- | 5,582 | -- | 2,415,361 |
| Due from other governments | 1,583,960 | 1,466,796 | 655,786 | 53,107 | 3,759,649 |
| Loans receivable | -- | -- | 780,000 | -- | 780,000 |
| Inventory | -- | 605,780 | -- | -- | 605,780 |
| Deposits with others | 41,700 | -- | -- | -- | 41,700 |
| Advances to other funds | 137,000 | -- | -- | -- | 137,000 |
| Prepaid expenses | 148,553 | -- | 15,867 | 3,452 | 167,872 |
| Total assets | <u>\$ 31,812,520</u> | <u>\$ 5,027,566</u> | <u>\$ 3,185,204</u> | <u>\$ 2,617,239</u> | <u>\$ 42,642,529</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 1,657,048 | \$ 689,909 | \$ 113,415 | \$ 27,152 | \$ 2,487,524 |
| Due to other funds | -- | -- | 661,338 | -- | 661,338 |
| Deferred revenue | 5,082,320 | 1,299,938 | 247,821 | 19,740 | 6,649,819 |
| Total liabilities | <u>6,739,368</u> | <u>1,989,847</u> | <u>1,022,574</u> | <u>46,892</u> | <u>9,798,681</u> |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Inventory | -- | 605,780 | -- | -- | 605,780 |
| Encumbrances | 785,091 | 217,959 | 676,513 | 21,750 | 1,701,313 |
| Imprest cash | 3,630 | -- | 25 | 150 | 3,805 |
| Prepaid expenses | 148,553 | -- | 15,867 | 3,452 | 167,872 |
| Advances | 137,000 | -- | -- | -- | 137,000 |
| Long-term receivables | -- | -- | 780,000 | -- | 780,000 |
| Unreserved | 23,998,878 | 2,213,980 | 690,225 | 2,544,995 | 29,448,078 |
| Total fund balances | <u>25,073,152</u> | <u>3,037,719</u> | <u>2,162,630</u> | <u>2,570,347</u> | <u>32,843,848</u> |
| Total liabilities and fund balances | <u>\$ 31,812,520</u> | <u>\$ 5,027,566</u> | <u>\$ 3,185,204</u> | <u>\$ 2,617,239</u> | <u>\$ 42,642,529</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF INYO

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
Wednesday, June 30, 2010

| | |
|---|----------------------|
| Fund Balance - total governmental funds | \$ 32,843,848 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 56,761,618 |
| Internal service funds are used by the County to charge the cost of unemployment insurance, dental insurance, and fleet services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: | 2,365,218 |
| Deferred revenues represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds. | 1,609,582 |
| Interest payable and other long-term payables do not require the use of current financial resources and, therefore, are not accrued as a liability in the governmental funds. | (33,078) |
| Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds. | |
| Certificates of Participation | (295,000) |
| Capital leases | (89,693) |
| Other post employment benefits liability | (4,337,975) |
| Compensated absences | <u>(1,367,622)</u> |
| Net assets of governmental activities | <u>\$ 87,456,898</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF INYO

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

| | General | Road | Grant Programs | Other Governmental | Total |
|--|----------------------|---------------------|---------------------|-----------------------|----------------------|
| Revenues | | | | | |
| Taxes | \$ 17,046,983 | \$ -- | \$ -- | \$ 67,130 | \$ 17,114,113 |
| Licenses and permits | 436,554 | 18,893 | 60 | -- | 455,507 |
| Fines, forfeitures and penalties | 1,636,214 | -- | -- | 3,467 | 1,639,681 |
| Use of money and property | 646,099 | 28,257 | 15,738 | 171,362 | 861,456 |
| Intergovernmental | 20,404,083 | 5,679,467 | 4,043,366 | 2,704,003 | 32,830,919 |
| Charges for services | 4,861,796 | 419,461 | 20,587 | 129,477 | 5,431,321 |
| Other revenues | 262,764 | 23,659 | 913 | 226 | 287,562 |
| Total revenues | <u>45,294,493</u> | <u>6,169,737</u> | <u>4,080,664</u> | <u>3,075,665</u> | <u>58,620,559</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 11,616,575 | -- | -- | 134,483 | 11,751,058 |
| Public protection | 16,855,677 | -- | 2,509,901 | 2,021,803 | 21,387,381 |
| Public ways and facilities | -- | 4,345,762 | -- | 24,753 | 4,370,515 |
| Health and sanitation | 5,913,784 | -- | 721,191 | 713,951 | 7,348,926 |
| Public assistance | 6,243,222 | -- | 161,974 | -- | 6,405,196 |
| Education | 670,606 | -- | -- | -- | 670,606 |
| Recreation and culture | 874,856 | -- | 96,588 | -- | 971,444 |
| Debt Service: | | | | | |
| Principal | 635,644 | -- | -- | -- | 635,644 |
| Interest | 39,867 | -- | -- | -- | 39,867 |
| Capital outlay | 269,551 | 2,217,074 | 67,171 | -- | 2,553,796 |
| Total expenditures | <u>43,119,782</u> | <u>6,562,836</u> | <u>3,556,825</u> | <u>2,894,990</u> | <u>56,134,433</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,174,711</u> | <u>(393,099)</u> | <u>523,839</u> | <u>180,675</u> | <u>2,486,126</u> |
| Other Financing Sources (Uses) | | | | | |
| Sale of capital assets | 223 | -- | -- | -- | 223 |
| Transfers in | 363,687 | -- | -- | 151,659 | 515,346 |
| Transfers out | (430,279) | -- | (119,329) | (404,853) | (954,461) |
| Total other financing sources (uses) | <u>(66,369)</u> | <u>--</u> | <u>(119,329)</u> | <u>(253,194)</u> | <u>(438,892)</u> |
| Net change in fund balances | 2,108,342 | (393,099) | 404,510 | (72,519) | 2,047,234 |
| Fund balances, beginning of year | <u>22,964,810</u> | <u>3,430,818</u> | <u>1,758,120</u> | <u>2,642,866</u> | <u>30,796,614</u> |
| Fund balances, end of year | <u>\$ 25,073,152</u> | <u>\$ 3,037,719</u> | <u>\$ 2,162,630</u> | <u>\$ 2,570,347</u> | <u>\$ 32,843,848</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF INYO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2010

Net change to fund balance - total governmental funds \$ 2,047,234

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

Governmental funds report capital outlay 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.

| | | |
|---|--------------------|-------------|
| Expenditures for general capital assets, infrastructure, and other related capital assets adjustments | \$ 2,523,126 | |
| Less: current year depreciation | <u>(7,530,808)</u> | (5,007,682) |

| | |
|---|---------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. | |
| | 709,308 |

Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

| | | |
|-------------------------------|----------------|---------|
| Principal repayments: | | |
| Certificates of participation | 285,000 | |
| Capital leases | <u>350,643</u> | 635,643 |

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

| | | |
|--|---------------|-------------|
| Change in other post employment benefits | (1,473,664) | |
| Other payables | (26,708) | |
| Change in accrued interest | 6,706 | |
| Change in compensated absences | <u>32,107</u> | (1,461,559) |

| | |
|--|---------------|
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities. | |
| | <u>91,299</u> |

| | |
|---|-----------------------|
| Change in net assets of governmental activities (page 14) | <u>\$ (2,985,757)</u> |
|---|-----------------------|

The accompanying notes are an integral part of these financial statements.

COUNTY OF INYO

**Statement of Fund Net Assets
Proprietary Funds
June 30, 2010**

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|--|---|---------------------|---------------------------|---------------------|------------------------|
| | Airport | Solid Waste | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 83,498 | \$ 18,790 | \$ 609,562 | \$ 711,850 | \$ 1,521,506 |
| Imprest cash | 265 | 610 | -- | 875 | -- |
| Accounts receivable | 25,811 | 65,881 | 112,959 | 204,651 | 4,811 |
| Due from other governments | 9,296 | -- | 15,191 | 24,487 | -- |
| Interest receivable | 165 | 2,431 | 1,526 | 4,122 | 2,612 |
| Inventory | 23,686 | -- | -- | 23,686 | 3,801 |
| Noncurrent assets: | | | | | |
| Restricted cash | -- | 1,019,630 | -- | 1,019,630 | -- |
| Capital assets: | | | | | |
| Nondepreciable | 1,851,399 | -- | -- | 1,851,399 | 6,979 |
| Depreciable, net | 2,590,484 | 257,975 | 2,018,062 | 4,866,521 | 1,225,545 |
| Total assets | <u>\$ 4,584,604</u> | <u>\$ 1,365,317</u> | <u>\$ 2,757,300</u> | <u>\$ 8,707,221</u> | <u>\$ 2,765,254</u> |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 19,632 | \$ 78,534 | \$ 32,089 | \$ 130,255 | \$ 53,563 |
| Due to other funds | 45,608 | -- | 269 | 45,877 | -- |
| Compensated absences | 13,175 | 56,142 | 16,241 | 85,558 | 3,473 |
| Advances from other funds | -- | -- | -- | -- | 125,000 |
| Unearned revenue | 30,365 | -- | -- | 30,365 | -- |
| Liability for self-insurance | -- | -- | -- | -- | 100,000 |
| Noncurrent liabilities: | | | | | |
| Liability for self-insurance | -- | -- | -- | -- | 118,000 |
| Estimated liability for landfill closure/ postclosure costs | -- | 3,026,322 | -- | 3,026,322 | -- |
| Total liabilities | <u>108,780</u> | <u>3,160,998</u> | <u>48,599</u> | <u>3,318,377</u> | <u>400,036</u> |
| Net Assets | | | | | |
| Invested in capital assets, net of related debt | 4,441,883 | 257,975 | 2,018,062 | 6,717,920 | 1,232,524 |
| Unrestricted | 33,941 | (2,053,656) | 690,639 | (1,329,076) | 1,132,694 |
| Total net assets | <u>4,475,824</u> | <u>(1,795,681)</u> | <u>2,708,701</u> | <u>5,388,844</u> | <u>2,365,218</u> |
| Total liabilities and net assets | <u>\$ 4,584,604</u> | <u>\$ 1,365,317</u> | <u>\$ 2,757,300</u> | <u>\$ 8,707,221</u> | <u>\$ 2,765,254</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF INYO

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

| | Business-type Activities - Enterprise Funds | | | Governmental |
|--|---|-----------------------|---------------------------|------------------------|
| | Airport | Solid Waste | Nonmajor Enterprise Funds | Internal Service Funds |
| | | | Total | |
| Operating Revenues: | | | | |
| Charges for services | \$ 835,529 | \$ 444,671 | \$ 834,850 | \$ 2,115,050 |
| Other income | 3,890 | 104,937 | -- | 108,827 |
| Total operating revenues | <u>839,419</u> | <u>549,608</u> | <u>834,850</u> | <u>2,223,877</u> |
| Operating Expenses: | | | | |
| Salaries and benefits | 278,567 | 1,052,873 | 322,140 | 1,653,580 |
| Services and supplies | 797,967 | 2,861,477 | 578,341 | 4,237,785 |
| Depreciation | 118,336 | 181,662 | 69,620 | 369,618 |
| Total operating expenses | <u>1,194,870</u> | <u>4,096,012</u> | <u>970,101</u> | <u>6,260,983</u> |
| Operating income (loss) | <u>(355,451)</u> | <u>(3,546,404)</u> | <u>(135,251)</u> | <u>(4,037,106)</u> |
| Nonoperating Revenues (Expenses): | | | | |
| Tax revenue | -- | 1,285,853 | -- | 1,285,853 |
| Reimbursements and miscellaneous revenues | -- | -- | -- | 3,537 |
| Intergovernmental revenues | 92,341 | 72,829 | 107,213 | 272,383 |
| Interest revenue | 60,587 | 15,286 | 6,080 | 81,953 |
| Gain on sale on fixed assets | -- | 11,182 | 302 | 11,484 |
| Total nonoperating revenues (expenses) | <u>152,928</u> | <u>1,385,150</u> | <u>113,595</u> | <u>1,651,673</u> |
| Income (Loss) Before Capital Contributions and Transfers | <u>(202,523)</u> | <u>(2,161,254)</u> | <u>(21,656)</u> | <u>(2,385,433)</u> |
| Capital contributions | 37,500 | -- | -- | 37,500 |
| Transfers in | 31,559 | 314,579 | 4,719 | 350,857 |
| Change in net assets | <u>(133,464)</u> | <u>(1,846,675)</u> | <u>(16,937)</u> | <u>(1,997,076)</u> |
| Net assets, beginning of year | <u>4,609,288</u> | <u>50,994</u> | <u>2,725,638</u> | <u>7,385,920</u> |
| Net assets, end of year | <u>\$ 4,475,824</u> | <u>\$ (1,795,681)</u> | <u>\$ 2,708,701</u> | <u>\$ 5,388,844</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF INYO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010**

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|--|---|---------------------|---------------------------|---------------------|------------------------|
| | Airport | Solid Waste | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash receipts from customers | \$ 839,991 | \$ 538,032 | \$ 801,900 | \$ 2,179,923 | \$ -- |
| Cash receipts from interfund services provided | -- | -- | -- | -- | 2,098,643 |
| Cash paid to suppliers for goods and services | (795,632) | (1,236,956) | (584,494) | (2,617,082) | (1,645,293) |
| Cash paid to employees for salaries and benefits | (275,532) | (1,049,132) | (320,160) | (1,644,824) | (250,183) |
| Net cash provided (used) by operating activities | (231,173) | (1,748,056) | (102,754) | (2,081,983) | 203,167 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Temporary financing from other funds | -- | -- | 269 | 269 | -- |
| Repayment to other funds | 36,108 | -- | -- | 36,108 | -- |
| Intergovernmental revenues | 83,045 | 72,829 | 92,023 | 247,897 | -- |
| Other revenue | -- | -- | -- | -- | 3,537 |
| Transfers in | 31,539 | 314,579 | 4,719 | 350,857 | -- |
| Tax revenue | -- | 1,285,853 | -- | 1,285,853 | -- |
| Net cash provided (used) by noncapital financing activities | 150,712 | 1,673,261 | 97,011 | 1,920,984 | 3,537 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from sale of capital assets | -- | 30,341 | 302 | 30,643 | 19,586 |
| Payments related to the acquisition of capital assets | (28,850) | (39,475) | (21,313) | (89,638) | (534,588) |
| Transfers in | -- | -- | -- | -- | 88,258 |
| Net cash provided (used) by capital and related financing activities | (28,850) | (9,134) | (21,011) | (58,995) | (426,744) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest received | 61,178 | 19,001 | 8,333 | 88,512 | 16,967 |
| Net cash provided (used) by investing activities | 61,178 | 19,001 | 8,333 | 88,512 | 16,967 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (48,133) | (64,928) | (18,421) | (131,482) | (203,073) |
| Cash and cash equivalents, beginning of year | 131,896 | 1,103,958 | 627,983 | 1,863,837 | 1,724,579 |
| Cash and cash equivalents, end of year | \$ 83,763 | \$ 1,039,030 | \$ 609,562 | \$ 1,732,355 | \$ 1,521,506 |
| Reconciliation of cash and cash equivalents to the statement of fund net assets | | | | | |
| Cash and investments | 83,498 | 18,790 | 609,562 | 711,850 | 1,521,506 |
| Imprest cash | 265 | 610 | -- | 875 | -- |
| Restricted cash | -- | 1,019,630 | -- | 1,019,630 | -- |
| \$ 83,763 | \$ 1,039,030 | \$ 609,562 | \$ 1,732,355 | \$ 1,521,506 | |

continued

The accompanying notes are an integral part of these financial statements.

COUNTY OF INYO

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2010

| | Business-type Activities - Enterprise Funds | | | Governmental |
|--|---|-----------------------|---------------------------|------------------------|
| | Airport | Solid Waste | Nonmajor Enterprise Funds | Internal Service Funds |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ (355,451) | \$ (3,546,404) | \$ (135,251) | \$ (4,037,106) |
| Adjustments to reconcile operating income (loss) to cash flows from operating activities: | | | | |
| Depreciation | 118,336 | 181,662 | 69,620 | 369,618 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in: | | | | |
| Accounts receivable | 572 | (11,576) | (32,950) | (43,954) |
| Inventory | (9,961) | -- | -- | (9,961) |
| Prepaid expenses | 500 | -- | -- | 500 |
| Increase (decrease) in: | | | | |
| Accounts payable | 12,473 | (44,457) | (6,153) | (38,137) |
| Liability for compensated absences | 3,035 | 3,741 | 1,980 | 8,756 |
| Liability for self-insurance | -- | -- | -- | (151,000) |
| Deferred revenues | (677) | -- | -- | (677) |
| Closure/postclosure liability | -- | 1,668,978 | -- | 1,668,978 |
| Net Cash Provided (Used) by Operating Activities | \$ (231,173) | \$ (1,748,056) | \$ (102,754) | \$ (2,081,983) |
| Non-cash activities | | | | |
| Contributions of capital assets | \$ 37,500 | \$ -- | \$ -- | \$ 37,500 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF INYO

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

| | Investment Trust | Agency Funds |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash and investments | \$ 37,705,010 | \$ 15,175,033 |
| Imprest cash | 3,744 | 60 |
| Accounts receivable | 53,248 | 230,359 |
| Due from other governments | 306,407 | 131,024 |
| Interest receivable | 89,120 | 66,924 |
| Taxes receivable | -- | 4,055,074 |
| Due from other funds | -- | 117,648 |
| | <u> </u> | <u> </u> |
| Total assets | <u>\$ 38,157,529</u> | <u>\$ 19,776,122</u> |
| Liabilities | | |
| Due to other funds | \$ -- | \$ 1,825,794 |
| Advances from other funds | -- | 12,000 |
| Accounts payable | 201,251 | 396,121 |
| Agency obligations | -- | 17,542,207 |
| | <u> </u> | <u> </u> |
| Total liabilities | <u>201,251</u> | <u>19,776,122</u> |
| Net Assets | | |
| Net assets held in trust for investment pool participants | <u>37,956,278</u> | <u>--</u> |
| Total net assets | <u>37,956,278</u> | <u>--</u> |
| Total liabilities and net assets | <u>\$ 38,157,529</u> | <u>\$ 19,776,122</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF INYO

Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2010

| | <u>Investment Trust</u> |
|------------------------------------|-----------------------------|
| Additions: | |
| Contributions to investment pool | \$ 32,696,332 |
| Interest and investment income | <u>396,030</u> |
| Total Additions | <u>33,092,362</u> |
| Deductions: | |
| Distributions from investment pool | <u>(29,731,567)</u> |
| Total Deductions | <u>(29,731,567)</u> |
| Change in net assets | 3,360,795 |
| Net assets, beginning of year | <u>34,595,483</u> |
| Net assets, end of year | <u><u>\$ 37,956,278</u></u> |

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The notes provided in the Financial Section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a Summary of Significant Accounting Policies for the County, and other necessary disclosures of pertinent matter relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The County of Inyo (County), the primary government, is a political subdivision of the State of California. It is governed by an elected board of five County Supervisors. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14 and amended by GASB Statement No. 39.

The decision to include a component unit in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14 and amended by GASB Statement No. 39. The basic criteria used in the determination of component units is financial responsibility of the County for the component unit. Financial accountability is determined by the following:

- The County appoints a voting majority of a component unit's governing body.
- Ability of the County to impose its will on the component unit, including the ability to affect its day-to-day operations, to remove appointed members of the governing body at will, to modify or approve its budget, to modify its rates or fee charges, to veto, overrule, or modify the decisions of its governing body.
- There is a potential for the component unit to provide specific financial benefits to or impose specific financial burden on the County.
- Fiscal dependency of the component unit on the County, including the inability of the component unit to determine its own budget, levy taxes, set rates or charges, or issue bonded debt without the approval of the County.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each component unit has a June 30th year end.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies (continued)

A. Description of the Reporting Entity (continued)

Blended Component Units – Based on the foregoing criteria, the following entities have been classified as blended component units of the County:

| | |
|------------------------------|-----------------------------|
| Big Pine Lighting District | County Service Area No. 2 |
| County of Inyo Capital Asset | Independence Light District |
| Leasing Corporation | Lone Pine Lighting District |

The above component units are legally separate entities which are governed by the County's Board of Supervisors; therefore, their financial data has been combined with the County's financial data and presented as blended component units.

Additional detailed information and/or separately issued financial statements for each of these entities can be obtained from the County of Inyo Auditor-Controller's Office located at 168 North Edwards Street, Independence, CA 93526.

Discretely Presented Component Units – There are no component units of the County which meet the criteria for discrete presentation.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. 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 charged to external parties.

The statement of activities demonstrates the degree to which program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

The County first utilizes restricted resources to finance qualified activities, then unrestricted resources as needed.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Road Fund* is used to account for money derived from the Highway Users Tax Fund, a portion of Federal Forest Reserve (under Government Code Section 29484) and any other sources of revenue that the Board of Supervisors designates for deposit into the Road Fund. Money deposited into the Road Fund is restricted to expenditures made in accordance with Article XIX of the State Constitution and Streets and Highways Code Sections 2101 and 2150.
- The *Grant Programs Fund* is used to account for programs that receive resources from other governmental units and are required to follow special legal, contractual, accounting or reporting requirements.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

The County reports the following major enterprise funds:

- The *Airport Fund* was established to account for the operation of the Eastern Sierra Regional Airport, Lone Pine Airport, Independence Airport, and the Shoshone Airport.
- The *Solid Waste Fund* was established to account for operations of the solid waste handling activity.
- The *Water System Fund* was established to account for the activities of water systems in Independence, Lone Pine and Laws.

The County reports the following additional fund types:

- The *Internal Service Funds* are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments on a cost-reimbursement basis. The County uses internal service funds to account for its motor pool, purchasing revolving and self-insurance activities.
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

C. **Basis of Accounting**

The government-wide, proprietary and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

COUNTY OF INYO

Notes to Financial Statements

June 30, 2010

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Accounting** (continued)

Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America for governmental units. The County has elected not to follow subsequent private-sector guidance of the Financial Accounting Standards Board after November 30, 1989.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). Property and sales taxes, interest, state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. 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. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies (continued)

D. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the general purpose financial statements and the reported amount of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

E. Deposits and Investments

The County follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents. Interest income earned on pooled cash and investments is allocated quarterly to the various funds, based on the average daily balances.

The County pool is not registered with the Securities and Exchange Commission as an investment company and does not issue separate investment reports. The County has not provided or obtained any legally binding guarantees to support the value of the shares. County Ordinance #970 requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements.

Certain special districts and all public school districts are required by legal provisions to deposit their funds with the County Treasurer. Participants may withdraw up to the total of their respective shares as displayed on the combined balance sheet.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows – Proprietary Funds, the County considers all short-term highly liquid investments, including restricted cash and investments, to be cash and cash equivalents. Amounts held in the County's investment pool are available on demand; thus, they are considered highly liquid and cash equivalents for purposes of the Statement of Cash Flows – Proprietary Funds.

G. Restricted Cash

The County reports as restricted cash those funds which have been set aside for future costs associated with the closure and postclosure liability of various landfills in the County.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 1: **Summary of Significant Accounting Policies** (continued)

H. Inventories and Prepaid Items

Inventory consists of expendable supplies held for consumption. In governmental funds, inventories are valued at cost. In proprietary funds, they are valued at lower of cost or market. Cost is determined by using either the weighted average or the first-in, first-out method. The consumption method of accounting of inventory is used for the governmental fund types and the proprietary fund types. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reserved.

I. Receivables

The County only accrues revenues at fiscal year-end and accrues only those revenues it deems collectible; as such the County has no allowance for doubtful accounts in its governmental funds.

J. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) in the balance sheet of governmental funds and statement of net assets for proprietary funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the government funds balance sheet, are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation of the government-wide presentation.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies (continued)

K. Property Tax Revenue

Property taxes attach as an enforceable lien on January 1. Taxes are levied on July 1 and payable in two installments, December 10 and April 10. All general property taxes are then allocated by the County Auditor-Controller's Office to the various taxing entities per the legislation implementing Proposition 13. The method of allocation used by the County is subject to review by the State of California. County property tax revenues are recognized when levied, under the alternative method for tax allocation (Teeter Plan), to the extent that they are measurable and available.

L. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, lighting systems, and drainage systems. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

| | |
|---|----------------|
| Infrastructure (except for the maintained pavement subsystem) | 15 to 50 years |
| Structures and improvements | 50 years |
| Equipment | 3 to 20 years |

The County has three networks of infrastructure assets – roads, lighting and drainage.

M. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30 or rolled into the next year.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 2: Cash in Treasury

A. **Cash Management**

As provided for by the California Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The investment pool is not registered within the Securities and Exchange Commission (SEC) and as suggested by the California Government Code, a treasury oversight committee provides oversight to the management of the pool. The respective funds' shares of the total pool are included in the accompanying combined balance sheet under the caption "Cash and Investments". Interest earned on these investments is allocated quarterly to certain participating funds based on their daily cash in county treasury balances.

The County Treasurer determines the fair value of investments annually, at fiscal year-end, for the purpose of financial reporting. Participants may withdraw their investment from the pool on a dollar per dollar basis. School districts are considered involuntary participants in the investment pool and comprise 24 percent of the total treasury investment pool which includes County operational funds. Special districts and various trust funds approximate 18 percent of the investment pool and the extent of involuntary participation cannot be determined at this time. County operational funds comprise the remaining 58 percent of the investment pool.

At June 30, 2010, total County cash and investments were as follows:

| | | |
|----------------------------|----|-------------------|
| Cash on hand | \$ | 10,236 |
| Deposits | | 681,615 |
| Investments | | 88,966,804 |
| Total Cash and Investments | \$ | <u>89,658,655</u> |

Total cash and investments at June 30, 2010 were presented on the County's financial statements as follows:

| | | |
|----------------------------|----|-------------------|
| Primary government | \$ | 36,774,808 |
| Investment trust fund | | 37,677,152 |
| Agency funds | | 15,206,695 |
| Total Cash and Investments | \$ | <u>89,658,655</u> |

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 2: **Cash in Treasury** (continued)

A. Cash Management (continued)

Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|--|---------------------|---------------------------------------|--|
| U.S. Treasury Obligations | 5 years | 100% | None |
| U.S. Government Agencies and Instrumentalities | 5 years | 100% | None |
| Banker's Acceptances | 180 days | 40% | 30% |
| Negotiable Certificates of Deposit | 5 years | 30% | None |
| Repurchase Agreements | 1 year | 25% | None |
| Reverse Repurchase Agreements | 92 days | 25% | None |
| Local agencies indebtedness | 5 years | 25% | None |
| State of California indebtedness | 5 years | 15% | 5% |
| Financial Institutions indebtedness | 5 years | 30% | None |
| Commercial Paper | 270 days | 15% | 10% |
| Money Market Mutual Funds | N/A | 20% | 10% |
| Local Government Investment Pool | N/A | 75% | N/A |

At June 30, 2010, the County had the following investments:

| | Interest Rates | Maturities | Par Value | Cost | Fair Value | WAM (Years) |
|---------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|----------------|
| Pooled Investments | | | | | | |
| Federal Agency Obligations | .550% - 6.470% | 7/30/10 - 6/28/13 | \$ 39,810,000 | \$ 39,946,565 | \$ 39,913,614 | 1.77 |
| Commercial paper | .530% - .900% | 9/20/10 - 3/18/11 | 14,000,000 | 13,937,105 | 13,934,610 | 0.56 |
| Local Agency Investment Fund | Variable | On Demand | 25,950,000 | 25,950,000 | 25,950,000 | -- |
| UBS Money Market | Variable | On Demand | 4,750,000 | 4,750,000 | 4,750,000 | -- |
| AIM Money Market | Variable | On Demand | 4,000,000 | 4,000,000 | 4,000,000 | -- |
| Total Pooled Investments | | | <u>\$ 88,510,000</u> | 88,583,670 | 88,548,224 | 0.89 |
| Non-Pooled Investments | | | | | | |
| Cash with fiscal agent | Variable | On Demand | N/A | 383,134 | 383,134 | |
| Total Investments | | | | <u>\$ 88,966,804</u> | <u>\$ 88,931,358</u> | |

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 2: Cash in Treasury (continued)

A. Cash Management (continued)

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total County investments are as follows:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Amounted Reported</u> |
|---------------------------------|----------------------------|------------------------------|
| Federal Farm Credit Bank | Federal Agency Obligations | \$ 8,022,520 |
| Federal Home Loan Bank | Federal Agency Obligations | 15,480,104 |
| Federal Home Loan Mortgage | Federal Agency Obligations | 11,529,705 |
| Federal National Mortgage Assn. | Federal Agency Obligations | 4,881,285 |
| General Electric Corp. | Commercial Paper | 7,967,850 |
| UBS Finance | Commercial Paper | 5,966,760 |

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 2: **Cash in Treasury** (continued)

A. **Cash Management** (continued)

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's value at June 30, 2010.

| | S&P | Moody's | % of Portfolio |
|------------------------------|---------|---------|-------------------|
| Federal Agency Obligations | AAA | AAA | 45.07% |
| Local Agency Investment Fund | Unrated | Unrated | 29.31% |
| UBS Money Market | N/A | N/A | 5.36% |
| AIM Money Market | N/A | N/A | 4.52% |
| Commercial paper | N/A | N/A | 15.74% |
| Total | | | 100.00% |

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. At year end, the County's investment pool and specific investments had no securities exposed to custodial credit risk.

Local Agency Investment Fund

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 2: **Cash in Treasury** (continued)

A. **Cash Management** (continued)

At June 30, 2010, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$25,950,000, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$69.3 billion. Of that amount, 5.42% was invested in structured notes and asset-backed securities with the remaining 94.5% invested in other non-derivative financial products.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2010:

Statement of Net Assets

Assets:

| | |
|----------------|----------------------|
| Investments | \$ 88,966,804 |
| Other deposits | 691,851 |
| Total Assets | <u>\$ 89,658,655</u> |

Net Assets:

| | |
|--------------------------------------|----------------------|
| Equity of internal pool participants | \$ 51,949,901 |
| Equity of external pool participants | 37,708,754 |
| Total Net Assets | <u>\$ 89,658,655</u> |

Statement of Changes in Net Assets

| | |
|--------------------------------------|----------------------|
| Net assets at July 1, 2009 | \$ 71,001,994 |
| Investment earnings | 932,751 |
| Investment expenses | (248,936) |
| Net additions from pool participants | 17,972,846 |
| Net assets at June 30, 2010 | <u>\$ 89,658,655</u> |

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 2: **Cash in Treasury** (continued)

B. **Allocations of Interest Income Among Funds**

Interest income from pooled investments is allocated first to those funds, which are required by law or administrative action to receive interest, and then to the Proprietary Funds. Interest is allocated on a quarterly basis based on the aggregate daily cash balance in each fund.

Cash and investments held separately from the pool are managed by a trustee or fiscal agent. Investments are stated at fair value.

C. **Authorized Investments**

State statutes and adopted investment policy authorize the County to invest in bonds issued by the County of Inyo, obligations of the U.S. Treasury, its agencies and instrumentality's, registered warrants and bonds of the State of California, registered warrants and bonds of any local agency in the State of California, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record's, certificates of deposit, bankers' acceptances from banks with 'A' rating or better by a nationally recognized rating service, medium term corporate notes issued by companies rated 'A' or better by a nationally recognized rating service, mortgage pass-through securities and collateralized mortgage obligations having a rating of 'AA' or higher by a nationally recognized rating agency, repurchase agreements and the State Treasurer's investment pool. The County is also authorized to enter in reverse repurchase agreements. Investments for bond proceeds and funds held by bond fiscal agent or trustees are governed and restricted by the bond documents. The permitted investment language in each bond transaction is usually unique to each transaction and at times can either be more permissive or less permissive than the County's investment policy over other investments.

D. **Fair Value of Investments**

Accounting pronouncement GASB Statement No. 31 generally applies to investments in external investment pools (State of California LAIF and other government sponsored investment pools), investments purchased with maturities greater than one year, mutual funds, and certain investment agreements. Generally, governmental entities need to report the "fair value" changes for these investments at year-end and record these gains or losses on their income statement.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 2: **Cash in Treasury** (continued)

E. Methods and Assumptions Used to Estimate Fair Value

The County's investment custodian provides market values on each investment instrument on a monthly basis. The investments held by the County are widely traded and trading values are readily available from numerous published sources.

The County has determined that cost to fair values are not materially different (fair value is 99.96 percent of cost) so that no adjustment has been reported on these financial statements.

Note 3: **Interfund Transactions**

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2010 is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|------------------------|---------------------|---------------------|---------------------------------|
| General fund | Grant Programs Fund | \$ 563,426 | Cash flow reimbursement grants |
| | Business Type Funds | 45,877 | Provide short term cash flow |
| | Agency Funds | 1,800,476 | Provide short term cash flow |
| | | <u>2,409,779</u> | |
| Grants | Grants | 5,582 | Provide short term cash flow |
| Agency funds | Agency funds | 25,318 | Provide short term cash flow |
| | Grant Programs Fund | 92,330 | Cash flow water projects grants |
| | | <u>117,648</u> | |
| | | <u>\$ 2,533,009</u> | |

Advances to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------|-------------------|
| General fund | Internal service funds | \$ 125,000 |
| | Agency funds | 12,000 |
| | | <u>\$ 137,000</u> |

The above interfund advances are loans that are not expected to be repaid within one year.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 3: **Interfund Transactions** (continued)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

Between Governmental and Business-Type Activities:

| <u>Transfer from</u> | <u>Transfer to</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------------------|--------------------|----------------|-------------------------------|
| General Fund | Solid Waste | 314,579 | To augment ongoing operations |
| | Water System | 4,719 | To augment ongoing operations |
| | | <u>319,298</u> | |
| Nonmajor Governmental | Airports | 28,851 | To purchase capital asset |
| | Airports | 2,708 | To augment ongoing operations |
| | | <u>31,559</u> | |

Between Funds Within the Governmental or Business-Type Activities:

| <u>Transfer from</u> | <u>Transfer to</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------------------------|--------------------------------|-------------------|---------------------------------|
| General Fund | Nonmajor Governmental Funds | \$ 109,659 | To augment ongoing operations |
| Nonmajor Governmental Funds | General Fund | 249,564 | To augment ongoing operations |
| | Nonmajor Governmental Funds | 42,000 | To augment ongoing operations |
| | General Fund | 81,729 | Capital expenditures |
| | | <u>373,293</u> | |
| Grants | General Fund | <u>31,070</u> | Close out grants |
| Grants Fund | Internal Service/Enterprise | <u>88,259</u> | Transfer Book Value of Vehicles |
| General Fund | General Fund | <u>1,322</u> | General Fund |
| | | <u>603,603</u> | |
| | Total | <u>\$ 954,460</u> | |

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 4: **Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

| | Balance June 30, 2009 | Additions | Retirements | Transfers & Adjustments | Balance June 30, 2010 |
|--|--------------------------|-----------------------|--------------------|----------------------------|--------------------------|
| Governmental Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 8,888,063 | \$ -- | \$ -- | \$ 11,108 | \$ 8,899,171 |
| Construction in progress | 2,678,480 | 402,185 | | (2,417,747) | 662,918 |
| Total capital assets, not being depreciated | <u>11,566,543</u> | <u>402,185</u> | <u>--</u> | <u>(2,406,639)</u> | <u>9,562,089</u> |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 194,477,699 | 1,929,491 | -- | 1,241,780 | 197,648,970 |
| Land improvements | 3,445,881 | 20,842 | -- | 1,133,740 | 4,600,463 |
| Structures and improvements | 10,554,443 | 59,998 | -- | 204,000 | 10,818,441 |
| Equipment | 14,343,492 | 735,866 | (600,196) | 19,182 | 14,498,344 |
| Total capital assets, being depreciated | <u>222,821,515</u> | <u>2,746,197</u> | <u>(600,196)</u> | <u>2,598,702</u> | <u>227,566,218</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (156,054,133) | (6,278,179) | -- | -- | (162,332,312) |
| Land improvements | (1,039,860) | (144,902) | -- | -- | (1,184,762) |
| Structures and improvements | (4,506,812) | (239,378) | -- | (124,441) | (4,870,631) |
| Equipment | (10,096,702) | (1,263,270) | 590,466 | 23,046 | (10,746,460) |
| Total accumulated depreciation | <u>(171,697,507)</u> | <u>(7,925,729)</u> | <u>590,466</u> | <u>(101,395)</u> | <u>(179,134,165)</u> |
| Total capital assets, being depreciated, net | <u>51,124,008</u> | <u>(5,179,532)</u> | <u>(9,730)</u> | <u>2,497,307</u> | <u>48,432,053</u> |
| Governmental activities capital assets, net | <u>\$ 62,690,551</u> | <u>\$ (4,777,347)</u> | <u>\$ (9,730)</u> | <u>\$ 90,668</u> | <u>\$ 57,994,142</u> |
| Business-type Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 1,813,899 | \$ 37,500 | \$ -- | \$ -- | \$ 1,851,399 |
| Total capital assets, not being depreciated | <u>1,813,899</u> | <u>37,500</u> | <u>--</u> | <u>--</u> | <u>1,851,399</u> |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 18,564,805 | -- | -- | -- | 18,564,805 |
| Land improvements | 2,708,347 | -- | -- | -- | 2,708,347 |
| Structures and improvements | 2,700,103 | -- | -- | -- | 2,700,103 |
| Equipment | 2,107,365 | 89,639 | (169,855) | 120,527 | 2,147,676 |
| Total capital assets, being depreciated | <u>26,080,620</u> | <u>89,639</u> | <u>(169,855)</u> | <u>120,527</u> | <u>26,120,931</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (16,046,002) | (64,615) | -- | -- | (16,110,617) |
| Land improvements | (1,852,596) | (42,805) | -- | -- | (1,895,401) |
| Structures and improvements | (1,370,723) | (58,868) | -- | -- | (1,429,591) |
| Equipment | (1,645,638) | (203,332) | 150,696 | (120,527) | (1,818,801) |
| Total accumulated depreciation | <u>(20,914,959)</u> | <u>(369,620)</u> | <u>150,696</u> | <u>(120,527)</u> | <u>(21,254,410)</u> |
| Total capital assets, being depreciated, net | <u>5,165,661</u> | <u>(279,981)</u> | <u>(19,159)</u> | <u>--</u> | <u>4,866,521</u> |
| Business-type activities capital assets, net | <u>\$ 6,979,560</u> | <u>\$ (242,481)</u> | <u>\$ (19,159)</u> | <u>\$ --</u> | <u>\$ 6,717,920</u> |

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 4: Capital Assets (continued)

Depreciation

Depreciation expense was charged to governmental activities as follows:

| | |
|------------------------|-----------|
| General government | 480,378 |
| Public protection | 618,674 |
| Public ways | 6,321,901 |
| Health and sanitation | 6,096 |
| Public assistance | 13,869 |
| Recreation and culture | 89,889 |

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

| | |
|---|---------------------|
| | <u>394,922</u> |
| Total depreciation expenses - governmental activities | <u>\$ 7,925,729</u> |

Depreciation expense was charged to the business-type activities as follows:

| | |
|---|-------------------|
| Airport Fund | 118,336 |
| Solid Waste Fund | 185,098 |
| Water System Fund | 54,756 |
| Non-Major Enterprise Funds | <u>11,429</u> |
| Total depreciation expense - business-type activities | <u>\$ 369,619</u> |

Note 5: Loans Receivable

The County issued four loans to first time home buyers totaling \$780,000 during the fiscal year ending June 30, 2008. The loans are deferred for a period of 30 years and are due in the event that the property acquired with the proceeds is sold before the deferral period ends.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 6: **Long-Term Liabilities**

The following is a summary of long-term liabilities transactions for the year ended June 30, 2010:

| | Balance <u>July 1, 2009</u> | Additions | Deletions | Balance <u>June 30, 2010</u> | Amounts Due Within One Year |
|---------------------------------------|--------------------------------|---------------------|---------------------|---------------------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds Payable | \$ 580,000 | \$ -- | \$ 285,000 | \$ 295,000 | \$ 295,000 |
| Capital leases payable | 440,336 | -- | 350,643 | 89,693 | 89,693 |
| Compensated absences | 1,405,716 | 1,126,153 | 1,160,774 | 1,371,095 | 1,371,095 |
| Claims liability | 369,000 | (126,577) | 24,423 | 218,000 | 100,000 |
| Total Governmental Activities | \$ 2,795,052 | \$ 999,576 | \$ 1,820,840 | \$ 1,973,788 | \$ 1,855,788 |
| Business-type Activities | | | | | |
| Compensated absences | \$ 76,803 | \$ 92,888 | \$ 84,133 | \$ 85,558 | \$ 85,558 |
| Closure/post closure liability | 1,357,344 | 1,668,978 | -- | 3,026,322 | -- |
| Total Business-type Activities | \$ 1,434,147 | \$ 1,761,866 | \$ 84,133 | \$ 3,111,880 | \$ 85,558 |

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

The General Fund pays for the capital lease obligations attributable to the governmental activities and the Grants fund pays for the loan payable obligation attributable to the governmental activities.

As of June 30, 2010, annual debt service requirements of governmental activities to maturity are as follows:

| Year Ending <u>June 30:</u> | Governmental Activities | | | |
|--------------------------------|-------------------------|------------------|------------------|-----------------|
| | Bonds Payable | | Capital Leases | |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2011 | 295,000 | 14,750 | 89,692 | 828 |
| | <u>\$ 295,000</u> | <u>\$ 14,750</u> | <u>\$ 89,692</u> | <u>\$ 828</u> |

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 6: **Long-Term Liabilities** (continued)

Long-term liabilities at June 30, 2010 consisted of the following:

| <u>Governmental Activities</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Interest Rates</u> | <u>Annual Principal Installments</u> | <u>Original Issue Amount</u> | <u>Outstanding at June 30, 2010</u> |
|--|----------------------|-------------------------|-----------------------|--------------------------------------|------------------------------|-------------------------------------|
| <u>Capital Lease Obligations (various equipment)</u> | | | | | | |
| Banc of America - Computer system | 2005 | 2010 | 3.69% | \$301,316 - \$358,768 | \$ 1,646,260 | \$ 89,693 |
| <u>Bonds Payable</u> | | | | | | |
| 1999 Refunding of 1990 Certificates of Participation | 1999 | 2011 | 3.50% - 5.0% | \$220,000 - \$295,000 | 2,940,000 | 295,000 |
| Total Governmental Activities | | | | | \$ 4,586,260 | \$ 384,693 |

Note 7: **Estimated Liability for Solid Waste Landfill Closure and Postclosure Maintenance Costs**

The County currently owns and maintains five landfill sites. State and federal laws and regulations require that the County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. In addition to operating expenditures related to current activities of the landfill, an estimated liability is being recognized based on the future closure and postclosure maintenance costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the estimated liability for closure and postclosure maintenance costs is based on the amount of the landfill used through the end of the fiscal year.

The estimated liability of all County landfill sites for closure and postclosure maintenance costs was \$3,026,322 as of the fiscal year end, which is based on the estimated percentage usage (filled), ranging from 30.08% to 64.87%, of each landfill site. It is estimated that an additional \$4,441,102 liability will be recognized as closure and postclosure maintenance costs between the date of the balance sheet and the date the landfills are expected to be filled to capacity.

The estimated total current cost of the landfill closure and postclosure maintenance costs of \$7,467,424 is based on the amounts that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of the balance sheet date. However, the costs for landfill closure and postclosure maintenance costs are based on yearly estimates, reviewed by the California Integrated Waste Management Board, as prepared by the Vector Engineering, Inc. of Grass Valley, California.

COUNTY OF INYO

Notes to Financial Statements June 30, 2010

Note 7: **Estimated Liability for Solid Waste Landfill Closure and Postclosure Maintenance Costs** (continued)

These cost estimates are subject to change based on such factors as inflation or deflation, changes in technology, or changes in federal or state landfill laws and regulations.

The County is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure maintenance costs. The County makes deposits into various accounts based on the annual liability amounts calculated by CWA. As of June 30, 2010, a total of \$1,019,630 was deposited into these accounts for the purpose of funding landfill closure costs. This amount is reported as restricted cash in the Solid Waste Fund. A Pledge of Revenue agreement with the California Integrated Waste Management Board has been established as a funding mechanism for the County's landfill postclosure costs.

The following is the information for each landfill as of June 30, 2010:

| | Percent Filled | Total Closure/ Postclosure Cost Estimates | Liability 6/30/2010 |
|----------------|----------------|---|------------------------|
| Bishop Sunland | 30.08% | 3,940,356 | 1,185,229 |
| Independence | 64.87% | 1,022,806 | 663,518 |
| Lone Pine | 36.82% | 1,561,040 | 574,746 |
| Shoshone | 63.99% | 421,655 | 269,832 |
| Tecopa | 63.85% | 521,567 | 332,997 |
| | | <u>\$ 7,467,424</u> | <u>\$ 3,026,322</u> |

Note 8: **Leases**

Capital Leases

The County has entered into long-term capital lease agreements under which the related vehicles and equipment will become the property of the County when all terms of the lease agreement are met.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 8: Leases (continued)

Capital Leases (continued)

Cost and accumulated depreciation for capital assets purchased under capital leases were as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|-------------------------------|------------------------------------|-------------------------------------|---------------------|
| Equipment | \$ 1,877,286 | \$ -- | \$ 1,877,286 |
| Less accumulated depreciation | (420,347) | -- | (420,347) |
| Net capital assets | <u>\$ 1,456,939</u> | <u>\$ --</u> | <u>\$ 1,456,939</u> |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

| <u>Year Ended June 30</u> | <u>Governmental Activities</u> |
|-------------------------------------|------------------------------------|
| 2011 | 90,520 |
| Less interest | (827) |
| Present value of remaining payments | <u>\$ 89,693</u> |

Operating Leases

The County is committed under a noncancelable operating lease with Xerox for photocopy machines and various cancelable operating leases.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 8: **Leases** (continued)

Operating Leases (continued)

Future minimum operating lease commitments are as follows:

| <u>Year Ended</u> <u>June 30</u> | |
|-------------------------------------|-------------------|
| 2011 | \$ 101,664 |
| 2012 | 101,664 |
| 2013 | 101,664 |
| 2014 | 59,304 |
| Total | <u>\$ 364,296</u> |

Total rents and lease expenditures were \$106,495 for the year ended June 30, 2010.

Note 9: **Net Assets/Fund Balances**

The government-wide and business-wide activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

COUNTY OF INYO

Notes to Financial Statements

June 30, 2010

Note 9: **Net Assets/Fund Balances** (continued)

As of June 30, 2010, reservations of fund balance are described below:

- Reserve for Imprest Cash was created to represent the portion of the fund balance that is not available for expenditure because the County maintains various levels of revolving funds for daily operations.
- Reserve for Inventory was created to represent the portion of fund balance that is not available for expenditure because the County expects to use these resources within the next budgetary period.
- Reserve for Encumbrances was created to represent encumbrances outstanding at the end of the fiscal year, based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.
- Reserve for Advances was created to represent long-term interfund loans not available to finance current year expenditures.
- Reserve for Prepaid Expenses was created to represent expenses paid in the financial statement year for services not yet performed.

Note 10: **County Employees Retirement Plan (Defined Benefit Pension Plan)**

A. Plan Description

The County of Inyo contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions and other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street, Sacramento, CA 95814.

B. Funding Policy

The County makes the contributions required of County employees on their behalf and for their account. Active plan members are required to contribute 7% or 9% of their annual salary depending on their classification. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2009/2010 was 12.367% for the miscellaneous plan employees and 28.030% for the safety plan employees.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 10: County Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

B. **Funding Policy** (continued)

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2009/2010, the County of Inyo's annual pension cost was \$5,307,855 and the County actually contributed \$5,307,855. The required contribution for fiscal year 2009/2010 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|---------------------------------|-------------------------------------|------------------------------|
| 6/30/2008 | 3,083,441 | 100.00% | -- |
| 6/30/2009 | 5,265,874 | 100.00% | -- |
| 6/30/2010 | 5,307,855 | 100.00% | -- |

The County participates in the CalPERS risk pool program for its safety plan members. The risk pool program is the consolidation of public agencies with plan membership of less than one hundred employees. County information regarding the funded status of the pension plan is no longer available.

Note 11: Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County has risk management funds (Internal Service Funds) to account for the County's General Liability and Medical Malpractice insurance programs that are self-insured. Beginning with the fiscal year ended June 30, 2003, the County's Workers' Compensation liability is no longer self-insured. Risk of insurance has been assumed by a third-party insurer. Fund revenues are primarily premium charges to other funds and are planned to equal estimated payments resulting from self-insurance programs, liability insurance coverage in excess of the self-insured amounts, and operating expenses.

COUNTY OF INYO

Notes to Financial Statements June 30, 2010

Note 11: **Risk Management** (continued)

The County maintains a self-insured retention (SIR) of \$100,000 per occurrence for its general liability program. Losses which exceed the SIR are covered by excess insurance policy up to \$15,000,000 per occurrence.

The County maintains a self-insured retention (SIR) of \$10,000 per occurrence for its medical malpractice coverage. Losses which exceed the SIR are covered by excess insurance policy up to \$10,000,000 per occurrence.

Airport coverage consists of primary insurance with no self-insured retention and a coverage limit of \$10,000,000.

Claim settlements have not exceeded insurance coverage in each of the past three years. Also, non-incremental claims adjustments have been included as part of the liability for unpaid claims.

It is the County's policy to charge to the expense of the Internal Service Fund the estimated liability for outstanding claims, as determined with the assistance of independent actuaries. The liability for self-insurance coverage reported in the internal service funds is based on the requirements of Governmental Accounting Standards Board Statements No. 10 and 30, which require that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability as of June 30, 2010 was \$218,000.

Changes in the County's claims liability for the fiscal years ended June 30, 2010 and 2009 were as follows:

| | <u>2010</u> | <u>2009</u> |
|----------------------------------|-------------------|-------------------|
| Unpaid claims, beginning of year | \$ 369,000 | \$ 351,000 |
| Plus estimated claims incurred | (126,577) | 36,997 |
| Less claims payments | <u>(24,423)</u> | <u>(18,997)</u> |
| Unpaid claims, end of year | <u>\$ 218,000</u> | <u>\$ 369,000</u> |

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 12: **Other Post Employment Benefits (OPEB)**

The County contributes to the miscellaneous plan of the County of Inyo and the safety plan of the County of Inyo (plans) which are part of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of California. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

The County sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (“PEMHCA”, also known as PERS Health. PEMHCA provides health insurance through a variety of HMO and PPO options. The eligibility requirements for the plan are retirement at age 50, or older, and at least 5 years of continuous services. The medical benefit coverage is the same for the safety and miscellaneous employees. The County also contributes towards the premiums of spouses and dependents.

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the County. The contribution is based on pay-as-you-go financing requirements, with an initial \$2 million contribution to PARS OPEB trust for the fiscal year ended June 30, 2010 to prefund benefits. For fiscal year 2009-2010, the County contributed \$2,528,687, or 63.2%, of the actuarially required contributions, to the Retiree Healthcare Plan.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. The County's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the retiree healthcare plan:

COUNTY OF INYO

Notes to Financial Statements
June 30, 2010

Note 12: **Other Post Employment Benefits (OPEB)** (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

| | |
|---|----------------------------|
| Annual required contribution | \$ 4,002,350 |
| Contributions made | <u>(2,528,687)</u> |
| Increase in net OPEB obligation | 1,473,663 |
| Net OPEB obligation - beginning of year | <u>2,864,311</u> |
| Net OPEB obligation - end of year | <u><u>\$ 4,337,974</u></u> |

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan (as described in the funding policy above), and the Net OPEB Obligation for the past two fiscal years is as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|------------------------|--|---------------------------|
| 6/30/2009 | \$ 3,311,068 | 13.6% | \$ 2,864,311 |
| 6/30/2010 | 4,002,350 | 63.2% | 4,337,974 |

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of June 30, 2009, the plan's most recent actuarial valuation date, was as follows:

| | |
|---|---------------|
| Actuarial accrued liability (AAL) | \$ 31,214,538 |
| Actuarial value of plan assets | <u>---</u> |
| Unfunded actuarial accrued liability (UAAL) | \$ 31,214,538 |
| Funded ratio (actuarial value of plan assets/AAL) | 0.00% |
| Covered payroll (active plan members) | \$ 23,026,193 |
| UAAL as a percentage of covered payroll | 135.6% |

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF INYO

Notes to Financial Statements June 30, 2010

Note 12: **Other Post Employment Benefits (OPEB)** (continued)

Actuarial Methods and Assumptions (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return and assumed medical inflation of 9% graded down to 5% over 3 years. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over 30 years. The remaining amortization period at June 30, 2010, was 29 years.

Note 13: **Contingencies**

A. Government Programs

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

B. Claims and Assessments

There are several pending lawsuits in which the County is involved. County Counsel believes the potential uninsured claims against the County resulting from such litigation at June 30, 2010, would not materially affect the financial statements of the County.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF INYO

Required Supplementary Information
For the Fiscal Year Ended June 30, 2010

SCHEDULE OF FUNDING PROGRESS

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Required Supplementary Information
Funded Status of Plan

Miscellaneous Plan:

| Actuarial Valuation Date | Entry Age Normal Accrual Liability | Actuarial Value of Assets | Unfunded/ (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | UAAL as a % of Payroll |
|--------------------------|------------------------------------|---------------------------|----------------------------------|--------------|------------------------|------------------------|
| 6/30/2007 | 100,207,965 | 104,674,747 | (4,466,782) | 104.5% | 20,559,165 | -21.7% |
| 6/30/2008 | 108,876,712 | 98,766,068 | 10,110,644 | 90.7% | 21,703,622 | 46.6% |
| 6/30/2009 | 118,376,982 | 74,386,577 | 43,990,405 | 62.8% | 21,578,841 | 203.9% |

Safety Plan:

Information on the individual plans with less than 100 employees is no longer available. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709.

Postemployment Health Plan:

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

In future years, three year trend information will be presented. Fiscal year 2008-09 was the first year of implementation of GASB Statement 45, and the County elected to implement prospectively; therefore prior year comparative data is not available.

| Actuarial Valuation Date | Entry Age Normal Accrual Liability | Actuarial Value of Assets | Unfunded/ (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | UAAL as a % of Payroll |
|--------------------------|------------------------------------|---------------------------|----------------------------------|--------------|------------------------|------------------------|
| 7/1/2007 | \$ 25,092,710 | \$ -- | \$ 25,092,710 | 0.0% | \$ 24,224,174 | 103.6% |
| 7/1/2009 | 31,214,538 | -- | 31,214,538 | 0.0% | 23,026,193 | 135.6% |

COUNTY OF INYO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 General Fund
 For the Year Ended June 30, 2010

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 15,509,000 | \$ 15,509,000 | \$ 17,046,983 | \$ 1,537,983 |
| Licenses and permits | 389,722 | 395,292 | 436,554 | 41,262 |
| Fines, forfeitures and penalties | 1,239,658 | 1,235,758 | 1,636,214 | 400,456 |
| Use of money and property | 684,972 | 654,972 | 646,099 | (8,873) |
| Intergovernmental | 21,768,887 | 22,400,252 | 20,404,083 | (1,996,169) |
| Charges for services | 5,696,283 | 5,475,925 | 4,861,796 | (614,129) |
| Other revenues | 139,110 | 150,437 | 262,764 | 112,327 |
| Total revenues | <u>45,427,632</u> | <u>45,821,636</u> | <u>45,294,493</u> | <u>(527,143)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 13,628,246 | 13,774,167 | 11,616,575 | 2,157,592 |
| Public protection | 17,798,941 | 18,149,648 | 16,855,677 | 1,293,971 |
| Health and sanitation | 6,271,737 | 6,672,309 | 5,913,784 | 758,525 |
| Public assistance | 6,989,017 | 7,071,094 | 6,243,222 | 827,872 |
| Education | 868,065 | 865,982 | 670,606 | 195,376 |
| Recreation and culture | 954,652 | 955,065 | 874,856 | 80,209 |
| Reserves | 13,072 | 77,033 | -- | 77,033 |
| Capital Outlay | 688,080 | 1,033,937 | 269,551 | 764,386 |
| Debt Service | | | | |
| Principal | 635,644 | 635,644 | 635,644 | -- |
| Interest | 39,867 | 39,867 | 39,867 | -- |
| Total expenditures | <u>47,887,321</u> | <u>49,274,746</u> | <u>43,119,782</u> | <u>6,154,964</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,459,689)</u> | <u>(3,453,110)</u> | <u>2,174,711</u> | <u>5,627,821</u> |
| Other Financing Sources (Uses): | | | | |
| Sale of capital assets | -- | -- | 223 | 223 |
| Transfers in | 1,034,784 | 2,707,763 | 363,687 | (2,344,076) |
| Transfers out | (2,748,812) | (3,200,664) | (430,279) | 2,770,385 |
| Total other financing sources (uses) | <u>(1,714,028)</u> | <u>(492,901)</u> | <u>(66,369)</u> | <u>426,532</u> |
| Net change in fund balances | <u>(4,173,717)</u> | <u>(3,946,011)</u> | <u>2,108,342</u> | <u>6,054,353</u> |
| Fund balances, beginning of year | <u>22,964,810</u> | <u>22,964,810</u> | <u>22,964,810</u> | <u>--</u> |
| Fund balances, end of year | <u>\$ 18,791,093</u> | <u>\$ 19,018,799</u> | <u>\$ 25,073,152</u> | <u>\$ 6,054,353</u> |

COUNTY OF INYO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Road Fund
 For the Year Ended June 30, 2010

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Licenses and permits | \$ 15,000 | \$ 10,000 | \$ 18,893 | \$ 8,893 |
| Use of money and property | 40,000 | 40,000 | 28,257 | (11,743) |
| Intergovernmental | 7,309,541 | 7,408,747 | 5,679,467 | (1,729,280) |
| Charges for services | 1,832,045 | 1,232,338 | 419,461 | (812,877) |
| Other revenues | 200,000 | 20,181 | 23,659 | 3,478 |
| Total Revenues | <u>9,396,586</u> | <u>8,711,266</u> | <u>6,169,737</u> | <u>(2,541,529)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public ways and facilities | 6,569,398 | 6,250,663 | 4,345,762 | 1,904,901 |
| Capital outlay | 2,575,752 | 3,033,930 | 2,217,074 | 816,856 |
| Total Expenditures | <u>9,145,150</u> | <u>9,284,593</u> | <u>6,562,836</u> | <u>2,721,757</u> |
| Excess (deficiency) of revenues over expenditures | <u>251,436</u> | <u>(573,327)</u> | <u>(393,099)</u> | <u>180,228</u> |
| Fund balances, beginning of year | <u>3,430,818</u> | <u>3,430,818</u> | <u>3,430,818</u> | <u>--</u> |
| Fund balances, end of year | <u>\$ 3,682,254</u> | <u>\$ 2,857,491</u> | <u>\$ 3,037,719</u> | <u>\$ 180,228</u> |

COUNTY OF INYO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Grant Programs Fund
For the Year Ended June 30, 2010

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Licenses and permits | -- | -- | 60 | 60 |
| Use of money and property | 23,750 | 15,675 | 15,738 | 63 |
| Intergovernmental | 4,535,134 | 7,067,212 | 4,043,366 | (3,023,846) |
| Charges for services | 14,723 | 224,415 | 20,587 | (203,828) |
| Other revenues | -- | -- | 913 | 913 |
| Total revenues | <u>4,573,607</u> | <u>7,307,302</u> | <u>4,080,664</u> | <u>(3,226,638)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | -- | -- | -- | -- |
| Public protection | 3,052,500 | 3,323,500 | 2,509,901 | 813,599 |
| Health and sanitation | 794,815 | 781,298 | 721,191 | 60,107 |
| Public assistance | 182,966 | 349,198 | 161,974 | 187,224 |
| Recreation and culture | 96,003 | 108,719 | 96,588 | 12,131 |
| Capital outlay | 1,307,173 | 3,369,591 | 67,171 | 3,302,420 |
| Debt Service | | | | |
| Principal | 11,500 | -- | -- | -- |
| Interest | 584 | -- | -- | -- |
| Total expenditures | <u>5,445,541</u> | <u>7,932,306</u> | <u>3,556,825</u> | <u>4,375,481</u> |
| Excess (deficiency) of revenues over expenditures | <u>(871,934)</u> | <u>(625,004)</u> | <u>523,839</u> | <u>1,148,843</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | -- | 71,232 | -- | (71,232) |
| Transfers out | -- | (102,303) | (119,329) | (17,026) |
| Total other financing sources (uses) | <u>--</u> | <u>(31,071)</u> | <u>(119,329)</u> | <u>(88,258)</u> |
| Net change in fund balances | (871,934) | (656,075) | 404,510 | 1,060,585 |
| Fund balances, beginning of year | <u>1,758,120</u> | <u>1,758,120</u> | <u>1,758,120</u> | <u>--</u> |
| Fund balances, end of year | <u>\$ 886,186</u> | <u>\$ 1,102,045</u> | <u>\$ 2,162,630</u> | <u>\$ 1,060,585</u> |

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

COUNTY OF INYO

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2010

| | Accumulative Capital Outlay | Fish and Game | Lease/ Rental | ACO Museum |
|--------------------------------------|-----------------------------------|------------------|------------------|------------------|
| Assets | | | | |
| Cash and investments | \$ 153,175 | \$ 12,941 | \$ 18,955 | \$ 12,922 |
| Imprest cash | -- | -- | -- | -- |
| Accounts receivable | -- | -- | -- | -- |
| Due from other governments | -- | -- | -- | -- |
| Interest receivable | 391 | -- | -- | 30 |
| Prepaid expenses | -- | -- | -- | -- |
| | <u>\$ 153,566</u> | <u>\$ 12,941</u> | <u>\$ 18,955</u> | <u>\$ 12,952</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 6,615 | \$ -- | \$ -- | \$ -- |
| Deferred revenue | -- | -- | -- | -- |
| | <u>6,615</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Imprest cash | -- | -- | -- | -- |
| Encumbrances | -- | -- | -- | -- |
| Prepays | -- | -- | -- | -- |
| Unreserved: | | | | |
| Undesignated | 146,951 | 12,941 | 18,955 | 12,952 |
| | <u>146,951</u> | <u>12,941</u> | <u>18,955</u> | <u>12,952</u> |
| Total fund balances | <u>146,951</u> | <u>12,941</u> | <u>18,955</u> | <u>12,952</u> |
| Total liabilities and fund balances | <u>\$ 153,566</u> | <u>\$ 12,941</u> | <u>\$ 18,955</u> | <u>\$ 12,952</u> |

continued

COUNTY OF INYO

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2010

| | <u>Recorder's System Update</u> | <u>Geothermal</u> | <u>Recorder's Micro- graphics</u> | <u>Range Improv.</u> |
|--------------------------------------|---|-------------------|---|--------------------------|
| Assets | | | | |
| Cash and investments | \$ 105,386 | \$ 404,025 | \$ 162,307 | \$ 22,167 |
| Imprest cash | -- | -- | -- | -- |
| Accounts receivable | -- | 16,319 | 366 | -- |
| Due from other governments | -- | 3,713 | -- | -- |
| Interest receivable | 243 | -- | 370 | -- |
| Prepaid expenses | -- | -- | -- | -- |
| | <u>\$ 105,629</u> | <u>\$ 424,057</u> | <u>\$ 163,043</u> | <u>\$ 22,167</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ -- | \$ -- | \$ 250 | \$ -- |
| Deferred revenue | -- | 16,319 | -- | -- |
| | <u>--</u> | <u>16,319</u> | <u>250</u> | <u>--</u> |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Imprest cash | -- | -- | -- | -- |
| Encumbrances | -- | -- | -- | -- |
| Prepays | -- | -- | -- | -- |
| Unreserved: | | | | |
| Undesignated | 105,629 | 407,738 | 162,793 | 22,167 |
| | <u>105,629</u> | <u>407,738</u> | <u>162,793</u> | <u>22,167</u> |
| Total fund balances | <u>105,629</u> | <u>407,738</u> | <u>162,793</u> | <u>22,167</u> |
| Total liabilities and fund balances | <u>\$ 105,629</u> | <u>\$ 424,057</u> | <u>\$ 163,043</u> | <u>\$ 22,167</u> |

continued

COUNTY OF INYO

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2010

| | Off- Highway Vehicles | Alcohol | Water | Deferred Maint. |
|--|-----------------------------|--------------------------|--------------------------|-------------------------|
| Assets | | | | |
| Cash and investments | \$ 1,071 | \$ 175,062 | \$ 750,447 | \$ 61,870 |
| Imprest cash | -- | -- | 150 | -- |
| Accounts receivable | -- | 40 | 383 | -- |
| Due from other governments | 416 | 43,706 | -- | -- |
| Interest receivable | 2 | 356 | 2,094 | -- |
| Prepaid expenses | -- | 3,452 | -- | -- |
| | <u>1,489</u> | <u>222,616</u> | <u>753,074</u> | <u>61,870</u> |
| Total assets | <u>\$ 1,489</u> | <u>\$ 222,616</u> | <u>\$ 753,074</u> | <u>\$ 61,870</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ -- | \$ 8,052 | \$ 9,381 | \$ 1,100 |
| Deferred revenue | -- | 3,421 | -- | -- |
| | <u>--</u> | <u>11,473</u> | <u>9,381</u> | <u>1,100</u> |
| Total liabilities | <u>--</u> | <u>11,473</u> | <u>9,381</u> | <u>1,100</u> |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Imprest cash | -- | -- | 150 | -- |
| Encumbrances | -- | -- | 21,585 | -- |
| Prepays | -- | 3,452 | -- | -- |
| Unreserved: | | | | |
| Undesignated | 1,489 | 207,691 | 721,958 | 60,770 |
| | <u>1,489</u> | <u>211,143</u> | <u>743,693</u> | <u>60,770</u> |
| Total fund balances | <u>1,489</u> | <u>211,143</u> | <u>743,693</u> | <u>60,770</u> |
| Total liabilities and fund balances | <u>\$ 1,489</u> | <u>\$ 222,616</u> | <u>\$ 753,074</u> | <u>\$ 61,870</u> |

continued

COUNTY OF INYO

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2010

| | Child Support Services | Special Districts Under the Board | Economic Development | Total |
|--|------------------------------|--|-------------------------|---------------------|
| Assets | | | | |
| Cash and investments | \$ 34,778 | \$ 616,242 | \$ 1,126 | \$ 2,532,474 |
| Imprest cash | -- | -- | -- | 150 |
| Accounts receivable | 5,814 | -- | -- | 22,922 |
| Due from other governments | -- | 5,272 | -- | 53,107 |
| Interest receivable | 232 | 1,416 | -- | 5,134 |
| Prepaid expenses | -- | -- | -- | 3,452 |
| | <u>40,824</u> | <u>622,930</u> | <u>1,126</u> | <u>2,617,239</u> |
| Total assets | \$ 40,824 | \$ 622,930 | \$ 1,126 | \$ 2,617,239 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,690 | \$ 64 | \$ -- | \$ 27,152 |
| Deferred revenue | -- | -- | -- | 19,740 |
| | <u>1,690</u> | <u>64</u> | <u>--</u> | <u>46,892</u> |
| Total liabilities | 1,690 | 64 | -- | 46,892 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Imprest cash | -- | -- | -- | 150 |
| Encumbrances | -- | 165 | -- | 21,750 |
| Prepays | -- | -- | -- | 3,452 |
| Unreserved: | | | | |
| Undesignated | 39,134 | 622,701 | 1,126 | 2,544,995 |
| | <u>39,134</u> | <u>622,866</u> | <u>1,126</u> | <u>2,570,347</u> |
| Total fund balances | 39,134 | 622,866 | 1,126 | 2,570,347 |
| Total liabilities and fund balances | \$ 40,824 | \$ 622,930 | \$ 1,126 | \$ 2,617,239 |

COUNTY OF INYO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

| | Accumulative Capital Outlay | Fish and Game | Lease/ Rental | ACO Museum |
|--|-----------------------------------|------------------|------------------|---------------|
| Revenues: | | | | |
| Taxes | \$ -- | \$ -- | \$ -- | \$ -- |
| Intergovernmental | -- | -- | 1,874 | -- |
| Fines, forfeitures and penalties | -- | 3,467 | -- | -- |
| Use of money and property | 1,535 | -- | -- | 127 |
| Charges for services | -- | -- | -- | -- |
| Miscellaneous | -- | -- | -- | -- |
| Total revenues | 1,535 | 3,467 | 1,874 | 127 |
| Expenditures: | | | | |
| General government | 26,268 | -- | -- | -- |
| Public protection | -- | 10,727 | -- | -- |
| Public ways and facilities | -- | -- | -- | -- |
| Health and sanitation | -- | -- | -- | -- |
| Total expenditures | 26,268 | 10,727 | -- | -- |
| Excess (deficiency) of revenues over (under) expenditures | (24,733) | (7,260) | 1,874 | 127 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 12,000 | -- | -- | -- |
| Transfers out | -- | -- | -- | -- |
| Total other financing sources (uses) | 12,000 | -- | -- | -- |
| Net change in fund balances | (12,733) | (7,260) | 1,874 | 127 |
| Fund balances, Beginning of Year | 159,684 | 20,201 | 17,081 | 12,825 |
| Fund balances, End of Year | \$ 146,951 | \$ 12,941 | \$ 18,955 | \$ 12,952 |

continued

COUNTY OF INYO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

| | Recorder's System Update | Geothermal | Recorder's Micro- graphics | Range Improv. |
|--|--------------------------------|-------------------|----------------------------------|------------------|
| Revenues: | | | | |
| Taxes | \$ -- | \$ -- | \$ -- | \$ -- |
| Intergovernmental | -- | -- | -- | 674 |
| Fines, forfeitures and penalties | -- | -- | -- | -- |
| Use of money and property | 1,035 | 146,745 | 1,580 | -- |
| Charges for services | -- | -- | 35,970 | -- |
| Miscellaneous | -- | -- | -- | -- |
| Total revenues | <u>1,035</u> | <u>146,745</u> | <u>37,550</u> | <u>674</u> |
| Expenditures: | | | | |
| General government | -- | -- | -- | -- |
| Public protection | -- | -- | 44,222 | -- |
| Public ways and facilities | -- | -- | -- | -- |
| Health and sanitation | -- | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>--</u> | <u>44,222</u> | <u>--</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,035</u> | <u>146,745</u> | <u>(6,672)</u> | <u>674</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | -- | -- | -- | -- |
| Transfers out | -- | (401,405) | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>(401,405)</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | 1,035 | (254,660) | (6,672) | 674 |
| Fund balances, Beginning of Year | <u>104,594</u> | <u>662,398</u> | <u>169,465</u> | <u>21,493</u> |
| Fund balances, End of Year | <u>\$ 105,629</u> | <u>\$ 407,738</u> | <u>\$ 162,793</u> | <u>\$ 22,167</u> |

continued

COUNTY OF INYO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

| | Off- Highway Vehicles | Alcohol | Water | Deferred Maint. |
|--|-----------------------------|-------------------|-------------------|--------------------|
| Revenues: | | | | |
| Taxes | \$ -- | \$ -- | \$ -- | \$ -- |
| Intergovernmental | 726 | 521,542 | 1,481,590 | -- |
| Fines, forfeitures and penalties | -- | -- | -- | -- |
| Use of money and property | 12 | 1,522 | 11,904 | -- |
| Charges for services | -- | 84,782 | 8,725 | -- |
| Miscellaneous | -- | 226 | -- | -- |
| Total revenues | <u>738</u> | <u>608,072</u> | <u>1,502,219</u> | <u>--</u> |
| Expenditures: | | | | |
| General government | -- | -- | -- | 108,215 |
| Public protection | -- | -- | 1,242,255 | -- |
| Public ways and facilities | -- | -- | -- | -- |
| Health and sanitation | -- | 713,951 | -- | -- |
| Total expenditures | <u>--</u> | <u>713,951</u> | <u>1,242,255</u> | <u>108,215</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>738</u> | <u>(105,879)</u> | <u>259,964</u> | <u>(108,215)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | -- | 109,659 | -- | 30,000 |
| Transfers out | <u>(740)</u> | -- | -- | <u>(2,708)</u> |
| Total other financing sources (uses) | <u>(740)</u> | <u>109,659</u> | <u>--</u> | <u>27,292</u> |
| Net change in fund balances | (2) | 3,780 | 259,964 | (80,923) |
| Fund balances, Beginning of Year | <u>1,491</u> | <u>207,363</u> | <u>483,729</u> | <u>141,693</u> |
| Fund balances, End of Year | <u>\$ 1,489</u> | <u>\$ 211,143</u> | <u>\$ 743,693</u> | <u>\$ 60,770</u> |

continued

COUNTY OF INYO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

| | Child Support Services | Special Districts Under the Board | Economic Development | Total |
|--|------------------------------|--|-------------------------|---------------------|
| Revenues: | | | | |
| Taxes | \$ -- | \$ 67,130 | \$ -- | \$ 67,130 |
| Intergovernmental | 697,171 | 426 | -- | 2,704,003 |
| Fines, forfeitures and penalties | -- | -- | -- | 3,467 |
| Use of money and property | 1,003 | 5,890 | 9 | 171,362 |
| Charges for services | -- | -- | -- | 129,477 |
| Miscellaneous | -- | -- | -- | 226 |
| Total revenues | <u>698,174</u> | <u>73,446</u> | <u>9</u> | <u>3,075,665</u> |
| Expenditures: | | | | |
| General government | -- | -- | -- | 134,483 |
| Public protection | 724,599 | -- | -- | 2,021,803 |
| Public ways and facilities | -- | 24,753 | -- | 24,753 |
| Health and sanitation | -- | -- | -- | 713,951 |
| Total expenditures | <u>724,599</u> | <u>24,753</u> | <u>--</u> | <u>2,894,990</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(26,425)</u> | <u>48,693</u> | <u>9</u> | <u>180,675</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | -- | -- | -- | 151,659 |
| Transfers out | -- | -- | -- | (404,853) |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> | <u>(253,194)</u> |
| Net change in fund balances | <u>(26,425)</u> | <u>48,693</u> | <u>9</u> | <u>(72,519)</u> |
| Fund balances, Beginning of Year | <u>65,559</u> | <u>574,173</u> | <u>1,117</u> | <u>2,642,866</u> |
| Fund balances, End of Year | <u>\$ 39,134</u> | <u>\$ 622,866</u> | <u>\$ 1,126</u> | <u>\$ 2,570,347</u> |

COUNTY OF INYO

Combining Balance Sheet
 Special Districts Under the Board
 June 30, 2010

| | <u>Big Pine Lighting</u> | <u>Independence Lighting</u> | <u>Lone Pine Lighting</u> | <u>Total</u> |
|-------------------------------------|------------------------------|----------------------------------|-------------------------------|-------------------|
| Assets | | | | |
| Cash and investments | \$ 218,915 | \$ 248,145 | \$ 149,182 | \$ 616,242 |
| Due from other governments | 1,755 | 1,883 | 1,634 | 5,272 |
| Interest receivable | 502 | 571 | 343 | 1,416 |
| | <u>502</u> | <u>571</u> | <u>343</u> | <u>1,416</u> |
| Total assets | <u>\$ 221,172</u> | <u>\$ 250,599</u> | <u>\$ 151,159</u> | <u>\$ 622,930</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts payable | \$ -- | \$ 64 | \$ -- | \$ 64 |
| | <u>--</u> | <u>64</u> | <u>--</u> | <u>64</u> |
| Total liabilities | <u>--</u> | <u>64</u> | <u>--</u> | <u>64</u> |
| Fund Balances | | | | |
| Fund Balances | | | | |
| Reserved | | | | |
| Encumbrances | -- | 165 | -- | 165 |
| Unreserved: | | | | |
| Undesignated | 221,172 | 250,370 | 151,159 | 622,701 |
| | <u>221,172</u> | <u>250,370</u> | <u>151,159</u> | <u>622,701</u> |
| Total fund balances | <u>221,172</u> | <u>250,535</u> | <u>151,159</u> | <u>622,866</u> |
| | <u>221,172</u> | <u>250,599</u> | <u>151,159</u> | <u>622,930</u> |
| Total liabilities and fund balances | <u>\$ 221,172</u> | <u>\$ 250,599</u> | <u>\$ 151,159</u> | <u>\$ 622,930</u> |

COUNTY OF INYO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Districts Under the Board
For the Year Ended June 30, 2010

| | <u>Big Pine Lighting</u> | <u>Independence Lighting</u> | <u>Lone Pine Lighting</u> | <u>Totals</u> |
|--|------------------------------|----------------------------------|-------------------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$ 22,310 | \$ 24,004 | \$ 20,816 | \$ 67,130 |
| Intergovernmental | 142 | 153 | 131 | 426 |
| Use of money and property | 2,083 | 2,384 | 1,423 | 5,890 |
| Total revenues | <u>24,535</u> | <u>26,541</u> | <u>22,370</u> | <u>73,446</u> |
| Expenditures: | | | | |
| Public ways and facilities | <u>5,903</u> | <u>9,633</u> | <u>9,217</u> | <u>24,753</u> |
| Total expenditures | <u>5,903</u> | <u>9,633</u> | <u>9,217</u> | <u>24,753</u> |
| Excess (deficiency) of revenues over (under) expenditures | 18,632 | 16,908 | 13,153 | 48,693 |
| Fund balances, beginning of year | <u>202,540</u> | <u>233,627</u> | <u>138,006</u> | <u>574,173</u> |
| Fund balances, end of year | <u>\$ 221,172</u> | <u>\$ 250,535</u> | <u>\$ 151,159</u> | <u>\$ 622,866</u> |

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the County has decided that periodic determination of net income is appropriate for accountability purposes.

COUNTY OF INYO

Combining Statement of Fund Net Assets
 Nonmajor Enterprise Funds
 June 30, 2010

| | <u>CSA #2</u> | <u>Mosquito Abatement</u> | <u>Water System</u> | <u>Total</u> |
|---|-------------------|-------------------------------|-------------------------|---------------------|
| Assets | | | | |
| Current Assets: | | | | |
| Cash and investments | \$ 288,887 | \$ 129,985 | \$ 190,690 | \$ 609,562 |
| Accounts receivable | -- | 27,435 | 85,524 | 112,959 |
| Due from other governments | -- | 15,191 | -- | 15,191 |
| Interest receivable | 660 | 396 | 470 | 1,526 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total current assets | 289,547 | 173,007 | 276,684 | 739,238 |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Depreciable, net | -- | 47,614 | 1,970,448 | 2,018,062 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | <u>\$ 289,547</u> | <u>\$ 220,621</u> | <u>\$ 2,247,132</u> | <u>\$ 2,757,300</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts payable | \$ 1,813 | \$ 1,221 | \$ 29,055 | \$ 32,089 |
| Due to other funds | -- | -- | 269 | 269 |
| Current portion of compensated absences | -- | 16,241 | -- | 16,241 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | 1,813 | 17,462 | 29,324 | 48,599 |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | -- | 47,614 | 1,970,448 | 2,018,062 |
| Unrestricted | 287,734 | 155,545 | 247,360 | 690,639 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total net assets | 287,734 | 203,159 | 2,217,808 | 2,708,701 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities and net assets | <u>\$ 289,547</u> | <u>\$ 220,621</u> | <u>\$ 2,247,132</u> | <u>\$ 2,757,300</u> |

COUNTY OF INYO

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010

| | <u>CSA #2</u> | <u>Mosquito Abatement</u> | <u>Water System</u> | <u>Total</u> |
|---|-------------------|-------------------------------|-------------------------|---------------------|
| Operating Revenues: | | | | |
| Charges for services | \$ 53,189 | \$ 370,092 | \$ 411,569 | \$ 834,850 |
| Total operating revenues | <u>53,189</u> | <u>370,092</u> | <u>411,569</u> | <u>834,850</u> |
| Operating Expenses: | | | | |
| Salaries and benefits | -- | 293,604 | 28,536 | 322,140 |
| Services and supplies | 34,209 | 170,435 | 373,697 | 578,341 |
| Depreciation | -- | 14,865 | 54,755 | 69,620 |
| Total operating expenses | <u>34,209</u> | <u>478,904</u> | <u>456,988</u> | <u>970,101</u> |
| Operating income (loss) | <u>18,980</u> | <u>(108,812)</u> | <u>(45,419)</u> | <u>(135,251)</u> |
| Nonoperating Revenues (Expenses): | | | | |
| Intergovernmental revenues | -- | 104,794 | 2,419 | 107,213 |
| Interest revenue | 2,764 | 1,421 | 1,895 | 6,080 |
| Gain on sale of fixed assets | -- | 302 | -- | 302 |
| Total nonoperating revenues (expenses) | <u>2,764</u> | <u>106,517</u> | <u>4,314</u> | <u>113,595</u> |
| Income before transfers | 21,744 | (2,295) | (41,105) | (21,656) |
| Transfers in | -- | -- | 4,719 | 4,719 |
| Change in net assets | 21,744 | (2,295) | (36,386) | (16,937) |
| Net assets - beginning of year | <u>265,990</u> | <u>205,454</u> | <u>2,254,194</u> | <u>2,725,638</u> |
| Net assets - end of year | <u>\$ 287,734</u> | <u>\$ 203,159</u> | <u>\$2,217,808</u> | <u>\$ 2,708,701</u> |

COUNTY OF INYO

Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010

| | CSA #2 | Mosquito Abatement | Water System | Total |
|--|-------------------|-----------------------|-------------------|---------------------|
| Cash Flows from Operating Activities | | | | |
| Cash receipts from customers | \$ 53,189 | \$ 342,657 | \$ 406,054 | \$ 801,900 |
| Cash paid to suppliers for goods and services | (32,396) | (175,497) | (376,601) | (584,494) |
| Cash paid to employees for salaries and benefits | -- | (291,624) | (28,536) | (320,160) |
| Net cash provided (used) by operating activities | <u>20,793</u> | <u>(124,464)</u> | <u>917</u> | <u>(102,754)</u> |
| Cash Flows from Noncapital Financing Activities | | | | |
| Temporary financing from other funds | -- | -- | 269 | 269 |
| Intergovernmental revenues | -- | 89,603 | 2,420 | 92,023 |
| Transfers in | -- | -- | 4,719 | 4,719 |
| Net cash provided (used) by noncapital financing activities | <u>--</u> | <u>89,603</u> | <u>7,408</u> | <u>97,011</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Proceeds from sale of capital assets | -- | 302 | -- | 302 |
| Payments related to the acquisition of capital assets | -- | (21,313) | -- | (21,313) |
| Net cash provided (used) by capital and related activities | <u>--</u> | <u>(21,011)</u> | <u>--</u> | <u>(21,011)</u> |
| Cash Flows from Investing Activities | | | | |
| Interest received | <u>3,583</u> | <u>2,221</u> | <u>2,529</u> | <u>8,333</u> |
| Net cash provided (used) by investing activities | <u>3,583</u> | <u>2,221</u> | <u>2,529</u> | <u>8,333</u> |
| Net increase (decrease) in cash and cash equivalents | 24,376 | (53,651) | 10,854 | (18,421) |
| Cash and cash equivalents, beginning of year | <u>264,511</u> | <u>183,636</u> | <u>179,836</u> | <u>627,983</u> |
| Cash and cash equivalents, end of year | <u>\$ 288,887</u> | <u>\$ 129,985</u> | <u>\$ 190,690</u> | <u>\$ 609,562</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 18,980 | \$ (108,812) | \$ (45,419) | \$ (135,251) |
| Adjustments to reconcile operating income (loss) to cash flows from operating activities: | | | | |
| Depreciation | -- | 14,865 | 54,755 | 69,620 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in: | | | | |
| Accounts receivable | -- | (27,435) | (5,515) | (32,950) |
| Increase (decrease) in: | | | | |
| Accounts payable | 1,813 | (5,062) | (2,904) | (6,153) |
| Liability for compensated absences | -- | 1,980 | -- | 1,980 |
| Net cash provided (used) by operating activities | <u>\$ 20,793</u> | <u>\$ (124,464)</u> | <u>\$ 917</u> | <u>\$ (102,754)</u> |

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Motor Pool Fund – This fund is used to account for the rental of motor vehicles to other departments and related costs.

Purchasing Revolving Fund – This fund is used to account for the accumulation and allocation of costs associated with office supplies.

Insurance Funds – These funds are used to account for workers' compensation, liability and medical malpractice insurance expense.

COUNTY OF INYO

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2010

| | <u>Purchasing Revolving</u> | <u>Motor Pool</u> | <u>Workers' Compensation</u> |
|---|---------------------------------|---------------------|----------------------------------|
| Assets | | | |
| Current Assets: | | | |
| Pooled cash and investments | \$ 129,075 | \$ 582,290 | \$ 76,738 |
| Accounts receivable | 634 | 4,177 | -- |
| Interest receivable | -- | 956 | -- |
| Inventory | 3,801 | -- | -- |
| | <hr/> | <hr/> | <hr/> |
| Total current assets | 133,510 | 587,423 | 76,738 |
| Noncurrent Assets: | | | |
| Nondepreciable | -- | 6,979 | -- |
| Depreciable, net | -- | 1,225,545 | -- |
| | <hr/> | <hr/> | <hr/> |
| Total assets | <u>\$ 133,510</u> | <u>\$ 1,819,947</u> | <u>\$ 76,738</u> |
| Liabilities | | | |
| Accounts payable | \$ 2,412 | \$ 48,939 | \$ 130 |
| Advances from other funds | 125,000 | -- | -- |
| Liability for compensated absences | -- | 3,473 | -- |
| Liability for self-insurance | -- | -- | -- |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 127,412 | 52,412 | 130 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | -- | 1,232,524 | -- |
| Unrestricted | 6,098 | 535,011 | 76,608 |
| | <hr/> | <hr/> | <hr/> |
| Total net assets | 6,098 | 1,767,535 | 76,608 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities and net assets | <u>\$ 133,510</u> | <u>\$ 1,819,947</u> | <u>\$ 76,738</u> |

continued

COUNTY OF INYO

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
June 30, 2010

| | <u>County Liability</u> | <u>Medical Malpractice</u> | <u>Total</u> |
|---|-----------------------------|--------------------------------|---------------------|
| Assets | | | |
| Current Assets: | | | |
| Pooled cash and investments | \$ 699,024 | \$ 34,379 | \$ 1,521,506 |
| Accounts receivable | -- | -- | 4,811 |
| Interest receivable | 1,578 | 78 | 2,612 |
| Inventory | -- | -- | 3,801 |
| | <hr/> | <hr/> | <hr/> |
| Total current assets | 700,602 | 34,457 | 1,532,730 |
| Noncurrent Assets: | | | |
| Nondepreciable | -- | -- | 6,979 |
| Depreciable, net | -- | -- | 1,225,545 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | <u>\$ 700,602</u> | <u>\$ 34,457</u> | <u>\$ 2,765,254</u> |
| Liabilities | | | |
| Accounts payable | \$ 2,082 | \$ -- | \$ 53,563 |
| Advances from other funds | -- | -- | 125,000 |
| Liability for compensated absences | -- | -- | 3,473 |
| Liability for self-insurance | 218,000 | -- | 218,000 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 220,082 | -- | 400,036 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | -- | -- | 1,232,524 |
| Unrestricted | 480,520 | 34,457 | 1,132,694 |
| | <hr/> | <hr/> | <hr/> |
| Total net assets | 480,520 | 34,457 | 2,365,218 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities and net assets | <u>\$ 700,602</u> | <u>\$ 34,457</u> | <u>\$ 2,765,254</u> |

COUNTY OF INYO

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

| | <u>Purchasing Revolving</u> | <u>Motor Pool</u> | <u>Workers' Compensation</u> |
|-------------------------------------|---------------------------------|---------------------|----------------------------------|
| Operating Revenues: | | | |
| Charges for services | <u>\$ 115,604</u> | <u>\$ 1,071,693</u> | <u>\$ 415,607</u> |
| Total operating revenues | <u>115,604</u> | <u>1,071,693</u> | <u>415,607</u> |
| Operating Expenses: | | | |
| Salaries and benefits | -- | 96,669 | -- |
| Services and supplies | 113,095 | 693,730 | 455,450 |
| Depreciation | -- | 394,922 | -- |
| Total operating expenses | <u>113,095</u> | <u>1,185,321</u> | <u>455,450</u> |
| Operating income (loss) | <u>2,509</u> | <u>(113,628)</u> | <u>(39,843)</u> |
| Non-Operating Revenue: | | | |
| Interest revenue | -- | 5,809 | -- |
| Gain (loss) on sale of fixed assets | -- | 9,857 | -- |
| Miscellaneous revenue | 1,210 | 2,327 | -- |
| Total nonoperating revenue | <u>1,210</u> | <u>17,993</u> | <u>--</u> |
| Income before transfers | 3,719 | (95,635) | (39,843) |
| Transfers in | -- | 88,258 | -- |
| Total contributions and transfers | <u>--</u> | <u>88,258</u> | <u>--</u> |
| Change in net assets | 3,719 | (7,377) | (39,843) |
| Net assets, beginning of year | <u>2,379</u> | <u>1,774,912</u> | <u>116,451</u> |
| Net assets, end of year | <u>\$ 6,098</u> | <u>\$ 1,767,535</u> | <u>\$ 76,608</u> |

COUNTY OF INYO

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets (continued)
Internal Service Funds
For the Year Ended June 30, 2010

| | <u>County Liability</u> | <u>Medical Malpractice</u> | <u>Total</u> |
|---------------------------------------|-----------------------------|--------------------------------|-------------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 466,349 | \$ 31,764 | \$ 2,101,017 |
| Total operating revenues | <u>466,349</u> | <u>31,764</u> | <u>2,101,017</u> |
| Operating Expenses: | | | |
| Salaries and benefits | -- | -- | 96,669 |
| Services and supplies | 329,170 | 40,442 | 1,631,887 |
| Depreciation | -- | -- | 394,922 |
| Total operating expenses | <u>329,170</u> | <u>40,442</u> | <u>2,123,478</u> |
| Operating income (loss) | <u>137,179</u> | <u>(8,678)</u> | <u>(22,461)</u> |
| Non-Operating Revenue: | | | |
| Interest revenue | 5,955 | 344 | 12,108 |
| Gain (loss) on sale of fixed assets | -- | -- | 9,857 |
| Miscellaneous revenue | -- | -- | 3,537 |
| Total nonoperating revenue | <u>5,955</u> | <u>344</u> | <u>25,502</u> |
| Income before capital transfers | 143,134 | (8,334) | 3,041 |
| Transfers in | -- | -- | 88,258 |
| Total contributions and transfers | <u>--</u> | <u>--</u> | <u>88,258</u> |
| Change in net assets | 143,134 | (8,334) | 91,299 |
| Net assets, beginning of year | <u>337,386</u> | <u>42,791</u> | <u>2,273,919</u> |
| Net assets, end of year | <u>\$ 480,520</u> | <u>\$ 34,457</u> | <u>\$ 2,365,218</u> |

COUNTY OF INYO

Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

| | Purchasing Revolving | Motor Pool | Workers' Compensation | County Liability | Medical Malpractice | Total |
|--|-------------------------|-------------------|--------------------------|---------------------|------------------------|---------------------|
| Cash Flows from Operating Activities | | | | | | |
| Cash receipts from customers | \$ 115,482 | \$ 1,069,441 | \$ 415,607 | \$ 466,349 | \$ 31,764 | \$ 2,098,643 |
| Cash paid to suppliers for goods and services | (112,683) | (688,935) | (455,498) | (347,735) | (40,442) | (1,645,293) |
| Cash paid to employees for salaries and benefits | -- | (99,183) | -- | (151,000) | -- | (250,183) |
| Net cash provided (used) by operating activities | <u>2,799</u> | <u>281,323</u> | <u>(39,891)</u> | <u>(32,386)</u> | <u>(8,678)</u> | <u>203,167</u> |
| Cash Flows from Non Capital Financing Activities | | | | | | |
| Miscellaneous revenue | 1,210 | 2,327 | -- | -- | -- | 3,537 |
| Net cash provided (used) by non capital financing activities | <u>1,210</u> | <u>2,327</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>3,537</u> |
| Cash Flows from Capital and Related Financing Activities | | | | | | |
| Proceeds from sale of capital assets | -- | 19,586 | -- | -- | -- | 19,586 |
| Payments related to the acquisition of capital assets | -- | (534,588) | -- | -- | -- | (534,588) |
| Transfers In | -- | 88,258 | -- | -- | -- | 88,258 |
| Net cash provided (used) by capital and related financing activities | <u>--</u> | <u>(426,744)</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>(426,744)</u> |
| Cash Flows from Investing Activities | | | | | | |
| Interest received | -- | 8,042 | -- | 8,426 | 499 | 16,967 |
| Net cash provided (used) by investing activities | <u>--</u> | <u>8,042</u> | <u>--</u> | <u>8,426</u> | <u>499</u> | <u>16,967</u> |
| Net increase (decrease) in cash and cash equivalents | 4,009 | (135,052) | (39,891) | (23,960) | (8,179) | (203,073) |
| Cash and cash equivalents, beginning of year | 125,066 | 717,342 | 116,629 | 722,984 | 42,558 | 1,724,579 |
| Cash and cash equivalents, end of year | <u>\$ 129,075</u> | <u>\$ 582,290</u> | <u>\$ 76,738</u> | <u>\$ 699,024</u> | <u>\$ 34,379</u> | <u>\$ 1,521,506</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Operating income (loss) | \$ 2,509 | \$ (113,628) | \$ (39,843) | \$ 137,179 | \$ (8,678) | \$ (22,461) |
| Adjustments to reconcile operating income (loss) to cash flows from operating activities: | | | | | | |
| Depreciation | -- | 394,922 | -- | -- | -- | 394,922 |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in: | | | | | | |
| Accounts receivable | (122) | (2,252) | -- | -- | -- | (2,374) |
| Inventory | 816 | -- | -- | -- | -- | 816 |
| Prepaid expenses | -- | 356 | -- | -- | -- | 356 |
| Increase (decrease) in: | | | | | | |
| Accounts payable | (404) | 4,439 | (48) | (18,565) | -- | (14,578) |
| Liability for compensated absences | -- | (2,514) | -- | -- | -- | (2,514) |
| Liability for self-insurance | -- | -- | -- | (151,000) | -- | (151,000) |
| Net cash provided (used) by operating activities | <u>\$ 2,799</u> | <u>\$ 281,323</u> | <u>\$ (39,891)</u> | <u>\$ (32,386)</u> | <u>\$ (8,678)</u> | <u>\$ 203,167</u> |

Fiduciary Funds

Investment trust funds are used to account for the assets of legally separate entities that deposit cash with the County Treasurer in an investment pool. These include school districts and other special districts governed by local boards.

COUNTY OF INYO

Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2010

| | Special Districts Governed by Local Boards | School Districts | Total |
|--|---|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Assets | | | |
| Cash and investments | \$ 16,145,918 | \$ 21,559,092 | \$ 37,705,010 |
| Interest receivable | 28,339 | 60,781 | 89,120 |
| Imprest cash | 3,744 | -- | 3,744 |
| Accounts receivable | 53,248 | -- | 53,248 |
| Due from other governments | 306,407 | -- | 306,407 |
| Total assets | <u>\$ 16,537,656</u> | <u>\$ 21,619,873</u> | <u>\$ 38,157,529</u> |
| Liabilities | | | |
| Accounts payable | \$ 201,251 | \$ - | \$ 201,251 |
| Total liabilities | <u>201,251</u> | <u>--</u> | <u>201,251</u> |
| Net Assets | | | |
| Net assets held in trust for investment pool participants | <u>16,336,405</u> | <u>21,619,873</u> | <u>37,956,278</u> |
| Total net assets | <u>16,336,405</u> | <u>21,619,873</u> | <u>37,956,278</u> |
| Total liabilities and net assets | <u>\$ 16,537,656</u> | <u>\$ 21,619,873</u> | <u>\$ 38,157,529</u> |

COUNTY OF INYO

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Fund
For the Year Ended June 30, 2010

| | Special Districts Governed by Local Boards | School Districts | Total |
|---|---|-----------------------------|-----------------------------|
| Additions: | | | |
| Contributions | \$ 7,878,414 | \$ 24,817,918 | \$ 32,696,332 |
| Revenue from use of money and property | <u>145,314</u> | <u>250,716</u> | <u>396,030</u> |
| Total Additions | 8,023,728 | 25,068,634 | 33,092,362 |
| Deductions: | | | |
| Distributions from pooled investment | <u>(6,421,226)</u> | <u>(23,310,341)</u> | <u>(29,731,567)</u> |
| Net increase (decrease) in net assets | 1,602,502 | 1,758,293 | 3,360,795 |
| Beginning net assets held in trust for pool participants | <u>14,733,903</u> | <u>19,861,580</u> | <u>34,595,483</u> |
| Ending net assets held in trust for pool participants | <u><u>\$ 16,336,405</u></u> | <u><u>\$ 21,619,873</u></u> | <u><u>\$ 37,956,278</u></u> |