

COUNTY OF INYO

AUDIT REPORT

JUNE 30, 2009

COUNTY OF INYO

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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, 2009, 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, 2009, 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 April 5, 2010, 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.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
April 5, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2009

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, 2009. 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:

- Assets of the County exceed liabilities by \$97,828,575 (total net assets on page 13). Of this \$21,027,869 (unrestricted net assets) can be used to meet the County's ongoing services and obligations to citizens and creditors \$8,150,931 is restricted and must be used for specific purposes and \$68,649,775 is invested in capital assets, net of related debt.
- The County's total net assets increased by \$2,078,430. This increase is mainly attributable to a net increase in net assets of the business-type activities of \$686,299, and a net increase in net assets of \$1,392,131 in the governmental activities.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$22,150,868. For a detailed, general discussion of Fund Balance, see page 11.

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.

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).

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2009

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 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.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2009

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.

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.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2009

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 \$97,828,575 at June 30, 2009.

Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2009	2008	2009	2008	2009	2008	
Assets:							
Current and other assets	\$ 41,864,646	\$ 34,308,279	\$ 2,039,940	\$ 1,939,800	\$ 43,904,586	\$ 36,248,079	21.12%
Capital assets	62,690,551	66,014,563	6,979,560	6,381,970	69,670,111	72,396,533	-3.77%
	<u>104,555,197</u>	<u>100,322,842</u>	<u>9,019,500</u>	<u>8,321,770</u>	<u>113,574,697</u>	<u>108,644,612</u>	4.54%
Liabilities:							
Current and other liabilities	10,588,843	9,865,855	276,236	342,657	10,865,079	10,208,512	6.43%
Long-term liabilities	3,523,699	1,406,463	1,357,344	1,279,492	4,881,043	2,685,955	81.72%
	<u>14,112,542</u>	<u>11,272,318</u>	<u>1,633,580</u>	<u>1,622,149</u>	<u>15,746,122</u>	<u>12,894,467</u>	22.12%
Net Assets:							
Invested in capital assets, net of related debt	61,670,215	64,374,733	6,979,560	6,381,970	68,649,775	70,756,703	-2.98%
Restricted	8,150,931	13,620,259	--	--	8,150,931	14,522,427	-43.87%
Unrestricted	20,621,509	11,055,532	406,360	317,651	21,027,869	10,471,015	100.82%
	<u>\$ 90,442,655</u>	<u>\$ 89,050,524</u>	<u>\$ 7,385,920</u>	<u>\$ 6,699,621</u>	<u>\$ 97,828,575</u>	<u>\$ 95,750,145</u>	2.17%

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, 2009

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.

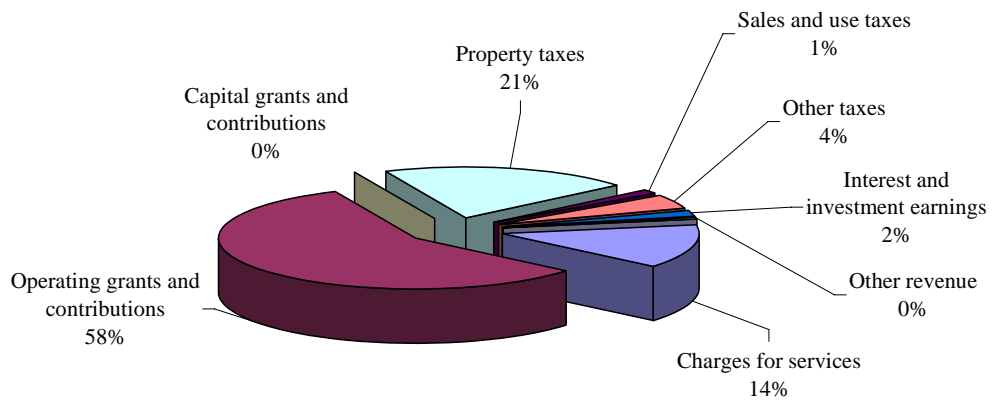
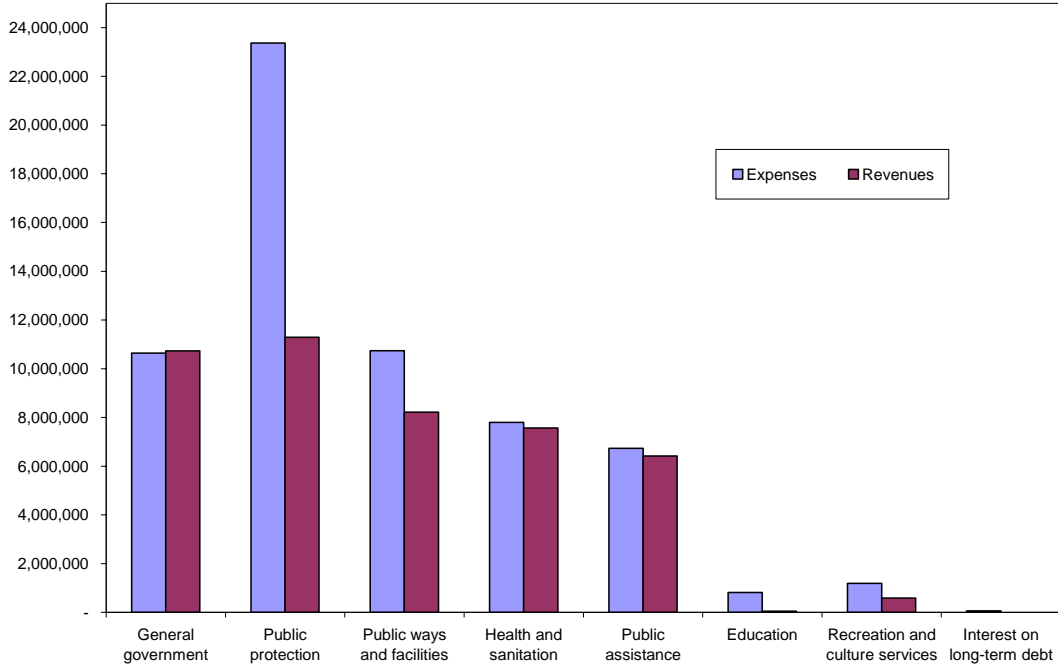
Condensed Statement of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total		Total % Change
	2009	2008	2009	2008	2009	2008	
Revenues:							
Program revenues:							
Charges for services	\$ 8,824,068	\$ 8,264,709	\$ 2,671,418	\$ 3,041,993	\$ 11,495,486	\$ 11,306,702	1.67%
Operating grants and contributions	36,032,610	34,461,290	923,087	399,454	36,955,697	34,860,744	6.01%
Capital grants and contributions	--	--	2,485	286,370	2,485	286,370	-99.13%
General revenues:							
Property taxes	12,993,613	10,915,608	--	--	12,993,613	10,915,608	19.04%
Sales and use taxes	900,787	805,891	--	--	900,787	805,891	11.78%
Other taxes	2,756,819	2,693,398	1,312,052	1,247,953	4,068,871	3,941,351	3.24%
Interest and investment earnings	1,355,933	2,191,571	98,103	75,763	1,454,036	2,267,334	-35.87%
Other revenue	303,935	362,318	--	--	303,935	362,318	-16.11%
Total revenues	63,167,765	59,694,785	5,007,145	5,051,533	68,174,910	64,746,318	5.30%
Expenses:							
General government	10,636,626	9,884,418	--	--	10,636,626	9,884,418	7.61%
Public protection	23,366,844	21,878,700	--	--	23,366,844	21,878,700	6.80%
Public ways and facilities	10,742,582	10,796,639	--	--	10,742,582	10,796,639	-0.50%
Health and sanitation	7,800,414	7,225,101	--	--	7,800,414	7,225,101	7.96%
Public assistance	6,731,354	6,627,721	--	--	6,731,354	6,627,721	1.56%
Education	812,724	751,436	--	--	812,724	751,436	8.16%
Recreation and culture services	1,188,709	1,151,737	--	--	1,188,709	1,151,737	3.21%
Interest on long-term debt	65,788	80,754	--	--	65,788	80,754	-18.53%
Airport	--	--	1,452,252	1,734,728	1,452,252	1,734,728	-16.28%
Solid Waste	--	--	2,332,997	3,064,493	2,332,997	3,064,493	-23.87%
CSA# 2	--	--	470,534	483,592	470,534	483,592	-2.70%
Water System	--	--	26,615	36,655	26,615	36,655	-27.39%
Inyo Mono Transit	--	--	--	474,411	--	474,411	-100.00%
Mosquito Abatement	--	--	469,041	422,271	469,041	422,271	11.08%
Total Expenses	61,345,041	58,396,506	4,751,439	6,216,150	66,096,480	64,612,656	2.30%
Change in net assets before transfers	1,822,724	1,298,279	255,706	(1,164,617)	2,078,430	133,662	1454.99%
Transfers	(430,593)	(248,222)	430,593	248,222	--	--	
Change in net assets	1,392,131	1,050,057	686,299	(916,395)	2,078,430	133,662	1454.99%
Net assets, beginning	89,050,524	88,000,467	6,699,621	7,616,016	95,750,145	95,616,483	0.14%
Net assets, ending	\$ 90,442,655	\$ 89,050,524	\$ 7,385,920	\$ 6,699,621	\$ 97,828,575	\$ 95,750,145	2.17%

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2009

Governmental activities experienced an increase in net change in assets of \$5,587,680 primarily from higher revenues in the current year.



COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2009

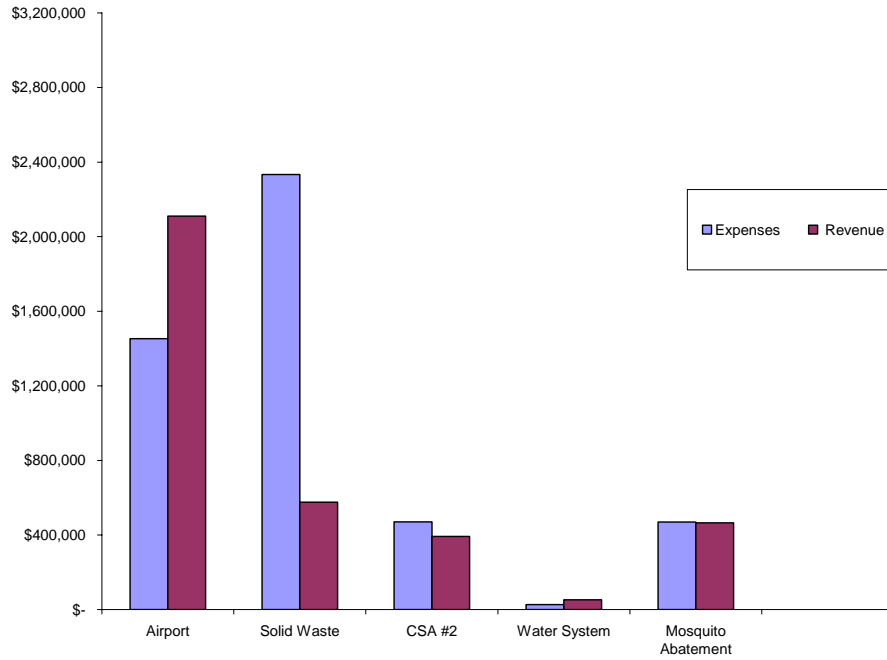
Some of the more relevant sections of the chart are highlighted below.

- 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.
- 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 \$61,345,041, with public protection expenses of \$23,366,844 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, \$10,742,582, 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.

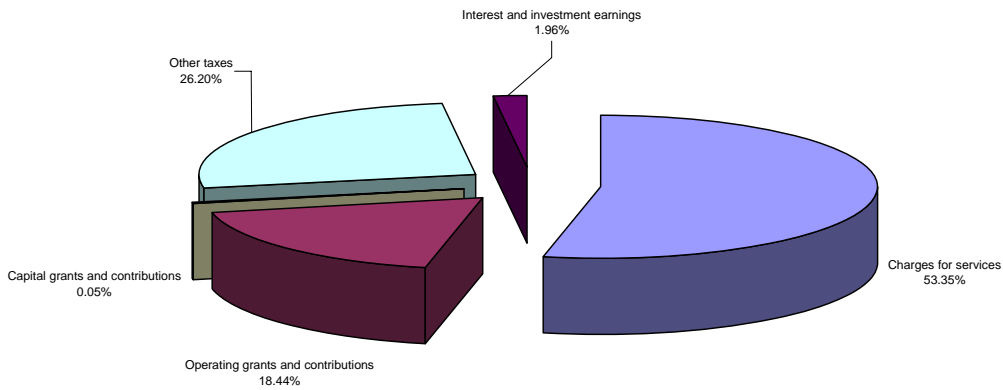
COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2009

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



Total program revenue for business-type activities was \$3,296,990 and charges for services accounted for \$2,671,418 of the total.



COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2009

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 County'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, 2009, the County's governmental funds reported combined ending fund balances of \$30,796,614. 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 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, 2009. The Statement of Revenues, Expenses and Changes in Fund Net Assets for Proprietary Funds can be found on page 20 of this report.

General Fund Budgetary Highlights

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.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A)
June 30, 2009

Capital Asset and Debt Administration

Capital Assets: The County's investment in capital assets for its governmental and business type activities as of June 30, 2009, amount to \$69,670,111 (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.

Debt Administration: At the end of the current fiscal year, the County had total long-term obligations outstanding of \$2,502,857 including \$440,336 in capital leases, \$1,482,521 in compensated absences and \$580,000 in bonds payable for the 1999 Refunding of 1990 Certificates of Participation that were used to construct a new Jail, Juvenile Hall and an addition to the Eastern California Museum. Additional information on long-term liabilities can be found in Note 5 on pages 44-47.

Economic Factors and Next Year's Budget

- A global recession and a State Budget suffering from the effects of the economic meltdown have combined to create yet another challenging budget year for the County. However, property tax windfalls from the sale of some highly valued properties served to help the County avoid the more severe fiscal impacts that other counties are suffering.
- Current economic trends are expected to continue with escalating costs of maintaining current programs and services exceeding revenue growth. Without additional information regarding the State budget, it is anticipated that there will be sufficient fund balance to maintain current programs in the 2009/2010 fiscal year.
- Once again, the County will rely on fund balance and salary savings from vacant staff positions to balance the budget.
- The County's deferred maintenance program has identified over \$2.3 million in critical projects at public buildings, but once again, only token funding will be available for the most critical deferred maintenance needs.

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
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and investments	\$ 33,074,183	\$ 893,950	\$ 33,968,133
Imprest cash	3,705	875	4,580
Cash with fiscal agent	413,547	--	413,547
Restricted cash	--	969,012	969,012
Internal balances	9,500	(9,500)	--
Due from external parties	1,808,958	--	1,808,958
Accounts receivable	1,889,616	160,697	2,050,313
Interest receivable	229,164	10,681	239,845
Prepaid expenses	142,640	500	143,140
Deposits with others	41,700	--	41,700
Notes receivable	780,000	--	780,000
Inventories	269,764	13,725	283,489
Due from other governmental agencies	3,201,869	--	3,201,869
Capital assets:			
Nondepreciable	11,566,543	1,813,899	13,380,442
Depreciable, net	51,124,008	5,165,661	56,289,669
Total assets	<u>\$ 104,555,197</u>	<u>\$ 9,019,500</u>	<u>\$ 113,574,697</u>
Liabilities			
Accounts payable	\$ 2,906,983	\$ 168,392	\$ 3,075,375
Interest payable	13,077	--	13,077
Deferred revenue	5,533,119	31,042	5,564,161
Closure/post closure liability	--	1,357,344	1,357,344
Long-term liabilities			
Portion due or payable within one year:			
Compensated absences	1,400,000	76,802	1,476,802
Claims liability	100,000	--	100,000
Capital leases	350,664	--	350,664
Certificates of participation	285,000	--	285,000
Portion due or payable after one year:			
Compensated absences	5,716	--	5,716
Claims liability	269,000	--	269,000
Capital leases	89,672	--	89,672
Certificates of participation	295,000	--	295,000
Other post-employment benefit liability	2,864,311	--	2,864,311
Total liabilities	<u>14,112,542</u>	<u>1,633,580</u>	<u>15,746,122</u>
Net Assets			
Invested in capital assets, net of related debt	61,670,215	6,979,560	68,649,775
Restricted for public ways programs	3,430,818	--	3,430,818
Restricted for capital projects	159,684	--	159,684
Restricted for debt service	319,127	--	319,127
Restricted for other purposes	4,241,302	--	4,241,302
Unrestricted	20,621,509	406,360	21,027,869
Total Net Assets	<u>90,442,655</u>	<u>7,385,920</u>	<u>97,828,575</u>
Total liabilities and net assets	<u>\$ 104,555,197</u>	<u>\$ 9,019,500</u>	<u>\$ 113,574,697</u>

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

COUNTY OF INYO

Statement of Activities
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 10,636,626	\$ 3,215,457	\$ 7,517,870	\$ --
Public protection	23,366,482	3,288,038	8,005,794	--
Public ways and facilities	10,742,582	414,301	7,797,914	--
Health and sanitation	7,800,776	1,595,230	5,974,172	--
Public assistance	6,731,354	46,065	6,371,402	--
Education	812,724	3,051	43,447	--
Recreation and culture	1,188,709	261,926	322,011	--
Interest on long-term debt	65,788	--	--	--
Total governmental activities	<u>61,345,041</u>	<u>8,824,068</u>	<u>36,032,610</u>	<u>--</u>
Business-Type Activities:				
Airport	1,452,252	1,184,955	923,087	2,485
Solid Waste	2,332,997	575,676	--	--
Water System	470,534	392,548	--	--
CSA #2	26,615	52,686	--	--
Mosquito Abatement	469,041	465,553	--	--
Total business-type activities	<u>4,751,439</u>	<u>2,671,418</u>	<u>923,087</u>	<u>2,485</u>
Total primary government	<u>\$ 66,096,480</u>	<u>\$ 11,495,486</u>	<u>\$ 36,955,697</u>	<u>\$ 2,485</u>

General Revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Other

Miscellaneous

Unrestricted interest and investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

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
\$ 96,701	\$ --	\$ 96,701
(12,072,650)	--	(12,072,650)
(2,530,367)	--	(2,530,367)
(231,374)	--	(231,374)
(313,887)	--	(313,887)
(766,226)	--	(766,226)
(604,772)	--	(604,772)
(65,788)	--	(65,788)
<u>(16,488,363)</u>	<u>--</u>	<u>(16,488,363)</u>
--	658,275	658,275
--	(1,757,321)	(1,757,321)
--	(77,986)	(77,986)
--	26,071	26,071
--	(3,488)	(3,488)
<u>--</u>	<u>(1,154,449)</u>	<u>(1,154,449)</u>
<u>(16,488,363)</u>	<u>(1,154,449)</u>	<u>(17,642,812)</u>
12,993,613	--	12,993,613
900,787	--	900,787
2,756,819	1,312,052	4,068,871
303,935	--	303,935
1,355,933	98,103	1,454,036
(430,593)	430,593	--
<u>17,880,494</u>	<u>1,840,748</u>	<u>19,721,242</u>
1,392,131	686,299	2,078,430
<u>89,050,524</u>	<u>6,699,621</u>	<u>95,750,145</u>
<u>\$ 90,442,655</u>	<u>\$ 7,385,920</u>	<u>\$ 97,828,575</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF INYO

Balance Sheet Governmental Funds June 30, 2009

	General	Road	Grant Programs	Other Governmental	Total
Assets					
Cash and investments	\$ 23,285,896	\$ 3,775,089	\$ 1,636,080	\$ 2,652,539	\$ 31,349,604
Restricted Assets:					
Cash with fiscal agent	413,547	--	--	--	413,547
Imprest cash	3,530	--	25	150	3,705
Interest receivable	189,471	15,667	5,382	11,173	221,693
Accounts receivable	1,836,272	4,337	44,703	1,657	1,886,969
Due from other governments	1,065,326	1,399,318	701,968	35,257	3,201,869
Special assessments	210	--	--	--	210
Loans receivable	--	--	780,000	--	780,000
Due from other funds	2,444,719	--	--	--	2,444,719
Inventory	--	265,147	--	--	265,147
Deposits with others	41,700	--	--	--	41,700
Advances to other funds	137,000	--	--	--	137,000
Prepaid expenses	131,264	326	8,936	1,758	142,284
Total assets	\$ 29,548,935	\$ 5,459,884	\$ 3,177,094	\$ 2,702,534	\$ 40,888,447
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,569,899	\$ 970,874	\$ 231,861	\$ 59,668	\$ 2,832,302
Due to other funds	--	--	638,261	--	638,261
Deferred revenue	5,014,226	1,058,192	548,852	--	6,621,270
Total liabilities	6,584,125	2,029,066	1,418,974	59,668	10,091,833
Fund balances:					
Reserved for:					
Inventory	--	265,147	--	--	265,147
Encumbrances	542,148	387,356	121,385	15,200	1,066,089
Imprest cash	3,530	--	25	150	3,705
Prepaid expenses	131,264	326	8,936	1,758	142,284
Advances	137,000	--	--	--	137,000
Long-term receivables	--	--	780,000	--	780,000
Unreserved	22,150,868	2,777,989	847,774	2,625,758	28,402,389
Total fund balances	22,964,810	3,430,818	1,758,120	2,642,866	30,796,614
Total liabilities and fund balances	\$ 29,548,935	\$ 5,459,884	\$ 3,177,094	\$ 2,702,534	\$ 40,888,447

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
June 30, 2009

Fund Balance - total governmental funds	\$ 30,796,614
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.	61,587,964
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:	2,273,919
Deferred revenues represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	1,088,151
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.	(19,617)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of Participation	(580,000)
Capital leases	(440,336)
Other post employment benefits liability	(2,864,311)
Compensated absences	<u>(1,399,729)</u>
Net assets of governmental activities	<u>\$ 90,442,655</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, 2009

	General	Road	Grant Programs	Other Governmental	Total
Revenues					
Taxes	\$ 16,590,270	\$ --	\$ --	\$ 60,949	\$ 16,651,219
Licenses and permits	403,506	11,501	--	--	415,007
Fines, forfeitures and penalties	1,853,699	--	--	2,651,871	4,505,570
Use of money and property	780,646	52,353	23,114	5,984	862,097
Intergovernmental	21,458,383	7,500,601	3,333,604	471,912	32,764,500
Charges for services	5,823,436	402,800	16,216	233,628	6,476,080
Other revenues	226,148	70,839	545	1,197	298,729
Total revenues	<u>47,136,088</u>	<u>8,038,094</u>	<u>3,373,479</u>	<u>3,425,541</u>	<u>61,973,202</u>
Expenditures					
Current:					
General government	9,409,404	--	1,206	389,744	9,800,354
Public protection	17,436,282	--	2,069,390	1,906,768	21,412,440
Public ways and facilities	--	4,209,647	--	26,008	4,235,655
Health and sanitation	5,844,905	--	711,017	796,415	7,352,337
Public assistance	6,405,065	--	65,565	--	6,470,630
Education	757,698	--	--	--	757,698
Recreation and culture	912,982	--	136,134	--	1,049,116
Debt Service:					
Principal	607,994	--	11,500	--	619,494
Interest	65,206	--	581	--	65,787
Capital outlay	913,193	2,707,898	543,272	35,536	4,199,899
Total expenditures	<u>42,352,729</u>	<u>6,917,545</u>	<u>3,538,665</u>	<u>3,154,471</u>	<u>55,963,410</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,783,359</u>	<u>1,120,549</u>	<u>(165,186)</u>	<u>271,070</u>	<u>6,009,792</u>
Other Financing Sources (Uses)					
Sale of capital assets	1,139	--	433	--	1,572
Transfers in	175,145	--	120,114	487,878	783,137
Transfers out	(634,240)	--	(59,352)	(513,229)	(1,206,821)
Total other financing sources (uses)	<u>(457,956)</u>	<u>--</u>	<u>61,195</u>	<u>(25,351)</u>	<u>(422,112)</u>
Net change in fund balances	4,325,403	1,120,549	(103,991)	245,719	5,587,680
Fund balances, beginning of year	<u>18,639,407</u>	<u>2,310,269</u>	<u>1,862,111</u>	<u>2,397,147</u>	<u>25,208,934</u>
Fund balances, end 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>

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, 2009

Net change to fund balance - total governmental funds		\$ 5,587,680
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 4,039,133	
Less: current year depreciation	<u>(7,316,837)</u>	(3,277,704)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
		1,088,151
<p>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.</p>		
<p>Principal repayments:</p>		
Certificates of participation	270,000	
Loan payable	11,500	
Capital leases	<u>337,994</u>	619,494
<p>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.</p>		
Change in other post employment benefits	(2,864,311)	
Change in accrued interest	6,370	
Change in compensated absences	<u>135,398</u>	(2,722,543)
<p>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.</p>		
		<u>97,053</u>
Change in net assets of governmental activities (page 14)		<u>\$ 1,392,131</u>
<p>The accompanying notes are an integral part of these financial statements.</p>		

COUNTY OF INYO

Statement of Fund Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental
	Airport	Solid Waste	Water System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$ 131,631	\$ 134,336	\$ 179,836	\$ 448,147	\$ 893,950	\$ 1,724,579
Imprest cash	265	610	--	--	875	--
Accounts receivable	26,383	54,305	80,009	--	160,697	2,437
Interest receivable	756	6,146	1,104	2,675	10,681	7,471
Inventory	13,725	--	--	--	13,725	4,617
Prepaid expenses	500	--	--	--	500	356
Noncurrent assets:						
Restricted cash	--	969,012	--	--	969,012	--
Capital assets:						
Nondepreciable	1,813,899	--	--	--	1,813,899	6,979
Depreciable, net	2,679,970	419,321	2,025,204	41,166	5,165,661	1,095,608
Total assets	<u>\$ 4,667,129</u>	<u>\$ 1,583,730</u>	<u>\$ 2,286,153</u>	<u>\$ 491,988</u>	<u>\$ 9,029,000</u>	<u>\$ 2,842,047</u>
Liabilities						
Current liabilities:						
Accounts payable	\$ 7,159	\$ 122,991	\$ 31,959	\$ 6,283	\$ 168,392	\$ 68,141
Due to other funds	9,500	--	--	--	9,500	--
Compensated absences	10,140	52,401	--	14,261	76,802	5,987
Advances from other funds	--	--	--	--	--	125,000
Unearned revenue	31,042	--	--	--	31,042	--
Liability for self-insurance	--	--	--	--	--	100,000
Noncurrent liabilities:						
Liability for self-insurance	--	--	--	--	--	269,000
Estimated liability for landfill closure/ postclosure costs	--	1,357,344	--	--	1,357,344	--
Total liabilities	<u>57,841</u>	<u>1,532,736</u>	<u>31,959</u>	<u>20,544</u>	<u>1,643,080</u>	<u>568,128</u>
Net Assets						
Invested in capital assets, net of related debt	4,493,869	419,321	2,025,204	41,166	6,979,560	1,102,587
Unrestricted	115,419	(368,327)	228,990	430,278	406,360	1,171,332
Total net assets	<u>4,609,288</u>	<u>50,994</u>	<u>2,254,194</u>	<u>471,444</u>	<u>7,385,920</u>	<u>2,273,919</u>
Total liabilities and net assets	<u>\$ 4,667,129</u>	<u>\$ 1,583,730</u>	<u>\$ 2,286,153</u>	<u>\$ 491,988</u>	<u>\$ 9,029,000</u>	<u>\$ 2,842,047</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, 2009

	Business-type Activities - Enterprise Funds				Total	Governmental
	Airport	Solid Waste	Water System	Nonmajor Enterprise Funds		Internal Service Funds
Operating Revenues:						
Charges for services	\$ 1,180,893	\$ 389,349	\$ 392,548	\$ 518,239	\$ 2,481,029	\$ 2,473,970
Other income	4,062	186,327	--	--	190,389	--
Total operating revenues	<u>1,184,955</u>	<u>575,676</u>	<u>392,548</u>	<u>518,239</u>	<u>2,671,418</u>	<u>2,473,970</u>
Operating Expenses:						
Salaries and benefits	268,516	1,021,197	27,011	277,119	1,593,843	114,479
Services and supplies	1,094,617	1,145,593	387,451	206,696	2,834,357	2,077,695
Depreciation	77,038	166,207	56,072	11,841	311,158	354,585
Other operating expense	12,081	--	--	--	12,081	--
Total operating expenses	<u>1,452,252</u>	<u>2,332,997</u>	<u>470,534</u>	<u>495,656</u>	<u>4,751,439</u>	<u>2,546,759</u>
Operating income (loss)	<u>(267,297)</u>	<u>(1,757,321)</u>	<u>(77,986)</u>	<u>22,583</u>	<u>(2,080,021)</u>	<u>(72,789)</u>
Nonoperating Revenues (Expenses):						
Tax revenue	--	1,312,052	--	--	1,312,052	--
Reimbursements and miscellaneous revenues	--	--	--	--	--	3,634
Intergovernmental revenues	923,087	--	--	--	923,087	509
Interest revenue	56,854	27,645	4,281	9,323	98,103	27,908
Total nonoperating revenues (expenses)	<u>979,941</u>	<u>1,339,697</u>	<u>4,281</u>	<u>9,323</u>	<u>2,333,242</u>	<u>32,051</u>
Income (Loss) Before Capital Contributions and Transfers	712,644	(417,624)	(73,705)	31,906	253,221	(40,738)
Capital contributions	2,485	--	--	--	2,485	144,700
Transfers in	94,173	294,926	34,585	6,909	430,593	--
Transfers out	--	--	--	--	--	(6,909)
Change in net assets	809,302	(122,698)	(39,120)	38,815	686,299	97,053
Net assets, beginning of year	<u>3,799,986</u>	<u>173,692</u>	<u>2,293,314</u>	<u>432,629</u>	<u>6,699,621</u>	<u>2,176,866</u>
Net assets, end of year	<u>\$ 4,609,288</u>	<u>\$ 50,994</u>	<u>\$ 2,254,194</u>	<u>\$ 471,444</u>	<u>\$ 7,385,920</u>	<u>\$ 2,273,919</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, 2009**

	Business-Type Activities - Enterprise Funds				Governmental
	Airport	Solid Waste	Water System	Nonmajor Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 1,208,198	\$ 593,675	\$ 397,038	\$ 518,239	\$ 2,717,150
Cash receipts from interfund services provided	--	--	--	--	2,473,804
Cash paid to suppliers for goods and services	(1,079,836)	(1,111,496)	(404,422)	(208,105)	(2,133,208)
Cash paid to employees for salaries and benefits	(268,370)	(1,023,978)	(27,011)	(271,880)	(96,587)
Net cash provided (used) by operating activities	(140,008)	(1,541,799)	(34,395)	38,254	244,009
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Repayment to other funds	(53,884)	(148,000)	--	--	(201,884)
Intergovernmental revenues	923,087	--	--	--	923,087
Other revenue	--	--	--	--	3,634
Transfers in	94,173	294,926	34,585	6,909	430,593
Transfers out	--	--	--	--	(6,909)
Tax revenue	--	1,312,052	--	--	1,312,052
Net cash provided (used) by noncapital financing activities	963,376	1,458,978	34,585	6,909	2,463,848
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants received	--	--	--	--	144,700
Payments related to the acquisition of capital assets	(841,261)	(58,113)	--	(6,889)	(906,263)
Net cash provided (used) by capital and related financing activities	(841,261)	(58,113)	--	(6,889)	(906,263)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	56,248	30,769	4,852	9,756	101,625
Net cash provided (used) by investing activities	56,248	30,769	4,852	9,756	101,625
Net Increase (Decrease) in Cash and Cash Equivalents	38,355	(110,165)	5,042	48,030	(18,738)
Cash and cash equivalents, beginning of year	93,541	1,214,123	174,794	400,117	1,882,575
Cash and cash equivalents, end of year	\$ 131,896	\$ 1,103,958	\$ 179,836	\$ 448,147	\$ 1,863,837
Reconciliation of cash and cash equivalents to the statement of fund net assets					
Cash and investments	131,631	134,336	179,836	448,147	893,950
Imprest cash	265	610	--	--	875
Restricted cash	--	969,012	--	--	969,012
	\$ 131,896	\$ 1,103,958	\$ 179,836	\$ 448,147	\$ 1,863,837

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, 2009

	Business-type Activities - Enterprise Funds				Governmental	
	Airport	Solid Waste	Water System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (267,297)	\$ (1,757,321)	\$ (77,986)	\$ 22,583	\$ (2,080,021)	\$ (72,789)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:						
Depreciation	77,038	166,207	56,072	11,841	311,158	354,585
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	23,243	17,389	4,490	--	45,122	(166)
Inventory	28,358	--	--	--	28,358	2,857
Prepaid expenses	--	--	--	--	--	171
Deposits	--	610	--	--	610	--
Increase (decrease) in:						
Accounts payable	145	(43,755)	(16,971)	(1,409)	(61,990)	(58,541)
Liability for compensated absences	146	(2,781)	--	5,239	2,604	(108)
Liability for self-insurance	--	--	--	--	--	18,000
Deferred revenues	(1,641)	--	--	--	(1,641)	--
Closure/postclosure liability	--	77,852	--	--	77,852	--
Net Cash Provided (Used) by Operating Activities	<u>\$ (140,008)</u>	<u>\$ (1,541,799)</u>	<u>\$ (34,395)</u>	<u>\$ 38,254</u>	<u>\$ (1,677,948)</u>	<u>\$ 244,009</u>
Non-cash activities						
Contributions of capital assets	\$ 2,485	\$ --	\$ --	\$ --	2,485	\$ 73,319

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

COUNTY OF INYO

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Investment Trust	Agency Funds
Assets		
Cash and investments	\$ 34,536,186	\$ 14,101,813
Imprest cash	3,444	60
Accounts receivable	130,430	373,820
Interest receivable	208,258	56,374
Taxes receivable	--	1,733,163
Due from other funds	5,945	164,808
	<u>\$ 34,884,263</u>	<u>\$ 16,430,038</u>
Liabilities		
Due to other funds	\$ 14,045	\$ 1,953,666
Advances from other funds	--	12,000
Accounts payable	274,735	--
Agency obligations	--	14,464,372
	<u>288,780</u>	<u>16,430,038</u>
Net Assets		
Net assets held in trust for investment pool participants	34,595,483	--
	<u>34,595,483</u>	<u>--</u>
Total net assets	<u>34,595,483</u>	<u>--</u>
Total liabilities and net assets	<u>\$ 34,884,263</u>	<u>\$ 16,430,038</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, 2009

	<u>Investment Trust</u>
Additions:	
Contributions to investment pool	\$ 32,612,677
Interest and investment income	<u>829,962</u>
Total Additions	<u>33,442,639</u>
Deductions:	
Distributions from investment pool	<u>(30,399,225)</u>
Total Deductions	<u>(30,399,225)</u>
Change in net assets	3,043,414
Net assets, beginning of year	<u>31,552,069</u>
Net assets, end of year	<u><u>\$ 34,595,483</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, 2009

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, 2009

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 Leasing Corporation	Independence Light District 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, 2009

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, 2009

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, 2009

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, 2009

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, 2009

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, 2009

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, 2009

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 23.6 percent of the total treasury investment pool which includes County operational funds. Special districts and various trust funds approximate 16.6 percent of the investment pool and the extent of involuntary participation cannot be determined at this time. County operational funds comprise the remaining 59.8 percent of the investment pool.

At June 30, 2009, total County cash and investments were as follows:

Cash on hand	\$ 11,024
Deposits	608,620
Investments	<u>83,377,131</u>
Total Cash and Investments	<u><u>\$ 83,996,775</u></u>

Total cash and investments at June 30, 2009 were presented on the County's financial statements as follows:

Primary government	\$ 35,355,272
Investment trust fund	34,539,630
Agency funds	<u>14,101,873</u>
Total Cash and Investments	<u><u>\$ 83,996,775</u></u>

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

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, 2009, the County had the following investments:

	Interest Rates	Maturities	Par Value	Cost	Fair Value	WAM (Years)
Pooled Investments						
Local Agency Investment Fund	Variable	On Demand	\$ 16,050,000	\$ 16,050,000	\$ 16,050,000	--
UBS Money Market	Variable	On Demand	3,000,000	3,000,000	3,000,000	--
AIM Money Market	Variable	On Demand	1,700,000	1,700,000	1,700,000	0.00
Commercial paper	0.00%	7/6/09 - 11/12/09	10,000,000	9,928,513	9,982,570	0.23
FFCredit		7/28/10-7/15-11	4,000,000	4,000,000	4,022,200	0.13
FHLB		7/24/09-3/15/12	12,275,000	12,454,384	12,500,730	0.19
FNMAN		12/28/09-4/29/11	3,000,000	3,023,670	3,020,000	0.08
FNMADISC		7/2/09-3/26/10	9,000,000	8,924,742	8,982,300	0.10
Other DISC		3/29/10-6/2/10	6,000,000	5,944,319	5,983,800	0.07
FHLMC		12/23/09-12/30/11	3,000,000	3,016,520	3,083,000	0.05
BONDS		12/23/09-12/30/11	6,000,000	6,014,840	6,037,820	0.23
FLNMC Notes		12/30/10-5/11/12	8,840,000	8,906,596	8,854,499	0.38
Total Pooled Investments			<u>\$ 82,865,000</u>	82,963,584	83,216,919	0.81
Non-Pooled Investments						
Cash with fiscal agent	Variable	On Demand	N/A	413,547	413,547	
Total Investments				<u>\$ 83,377,131</u>	<u>\$ 83,630,466</u>	

COUNTY OF INYO

Notes to Financial Statements June 30, 2009

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

At June 30, 2009, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in corporate bonds or medium term notes of a single organization; however, the County did exceed the 5% limitation in commercial paper. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations. Money market investments represented 5.7% of the County's pooled investments.

COUNTY OF INYO

Notes to Financial Statements June 30, 2009

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, 2009.

	S&P	Moody's	% of Portfolio
Local Agency Investment Fund	Unrated	Unrated	19.29%
UBS Money Market	N/A	N/A	3.61%
AIM Money Market	N/A	N/A	2.04%
Commercial paper	N/A	N/A	12.00%
Federal Farm Credit	AAA	AAA	4.83%
Federal Home Loan Bank	AAA	AAA	15.01%
Federal National Mortgage	AAA	AAA	3.63%
Federal National Mortgage Disc	N/A	N/A	12.00%
Other Discount	N/A	N/A	5.99%
Federal Home Loan Mortgage	AAA	AAA	3.70%
BONDS	AAA	AAA	7.26%
FLNMnotes	AAA	AAA	10.64%
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, 2009

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

A. **Cash Management** (continued)

At June 30, 2009, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$16,050,000, 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 \$50,743,268,381. Of that amount, 14.71% was invested in structured notes and asset-backed securities with the remaining 85.29% 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, 2009:

Statement of Net Assets

Assets:

Investments	\$ 83,377,131
Other deposits	619,644
Total Assets	<u>\$ 83,996,775</u>

Net Assets:

Equity of internal pool participants	\$ 49,457,145
Equity of external pool participants	34,539,630
Total Net Assets	<u>\$ 83,996,775</u>

Statement of Changes in Net Assets

Net assests at July 1, 2008	\$ 71,001,994
Investment earnings	1,938,975
Investment expenses	(250,947)
Net additions from pool participants	11,306,753
Net assests at June 30, 2009	<u>\$ 83,996,775</u>

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

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, 2009

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 100.31 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, 2009 are 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	\$ 535,080	Cash flow reimbursement grants
	Agency funds	1,900,139	Provide short term cash flow
	Enterprise Funds	9,500	Cash flow reimbursement grants
		<u>2,444,719</u>	
Agency Funds	Grant Program Fund	<u>103,180</u>	Cash flow water projects grants
		<u>\$ 2,547,899</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 expected to be repaid within one year.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

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	Airport	\$ 94,172	To augment ongoing operations
	Solid Waste	294,926	To augment ongoing operations
	Water System	34,585	To augment ongoing operations
		<u>423,683</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	\$ 90,442	To augment ongoing operations
	Grants	91,555	To augment ongoing operations
	Grants	28,560	Close out grants
		<u>210,557</u>	
Nonmajor Governmental Funds	General Fund	225,402	To augment ongoing operations
	General Fund	287,827	Capital expenditures
		<u>513,229</u>	
Grants Fund	General Fund	56,391	Close out grants
	Nonmajor		
	Governmental Funds	2,961	Close out grants
		<u>59,352</u>	
Internal Service Fund - Motor Pool	Mosquito Abatement	6,909	Fixed asset transfer
	Total	<u>\$ 1,213,730</u>	

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

Note 4: **Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2009
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 8,888,063	\$ --	\$ --	\$ --	\$ 8,888,063
Construction in progress	3,815,363	1,767,929	--	(2,904,812)	2,678,480
Total capital assets, not being depreciated	<u>12,703,426</u>	<u>1,767,929</u>	<u>--</u>	<u>(2,904,812)</u>	<u>11,566,543</u>
Capital assets, being depreciated:					
Infrastructure	192,067,613	1,537,289	--	872,797	194,477,699
Land improvements	2,627,560	324,078	--	494,243	3,445,881
Structures and improvements	10,650,943	--	(121,500)	25,000	10,554,443
Equipment	12,294,445	794,020	(195,179)	1,450,206	14,343,492
Total capital assets, being depreciated	<u>217,640,561</u>	<u>2,655,387</u>	<u>(316,679)</u>	<u>2,842,246</u>	<u>222,821,515</u>
Less accumulated depreciation for:					
Infrastructure	(149,857,995)	(6,196,138)	--	--	(156,054,133)
Land improvements	(947,412)	(92,448)	--	--	(1,039,860)
Structures and improvements	(4,252,327)	(350,985)	121,500	(25,000)	(4,506,812)
Equipment	(9,271,690)	(1,031,851)	184,041	22,798	(10,096,702)
Total accumulated depreciation	<u>(164,329,424)</u>	<u>(7,671,422)</u>	<u>305,541</u>	<u>(2,202)</u>	<u>(171,697,507)</u>
Total capital assets, being depreciated, net	<u>53,311,137</u>	<u>(5,016,035)</u>	<u>(11,138)</u>	<u>2,840,044</u>	<u>51,124,008</u>
Governmental activities capital assets, net	<u>\$ 66,014,563</u>	<u>\$ (3,248,106)</u>	<u>\$ (11,138)</u>	<u>\$ (64,768)</u>	<u>\$ 62,690,551</u>
	Balance June 30, 2008	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2009
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,813,899	\$ --	\$ --	\$ --	\$ 1,813,899
Total capital assets, not being depreciated	<u>1,813,899</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,813,899</u>
Capital assets, being depreciated:					
Infrastructure	18,564,805	--	--	--	18,564,805
Land improvements	1,867,087	841,260	--	--	2,708,347
Structures and improvements	2,700,103	--	--	--	2,700,103
Equipment	2,065,310	58,113	--	(16,058)	2,107,365
Total capital assets, being depreciated	<u>25,197,305</u>	<u>899,373</u>	<u>--</u>	<u>(16,058)</u>	<u>26,080,620</u>
Less accumulated depreciation for:					
Infrastructure	(15,982,293)	(63,709)	--	--	(16,046,002)
Land improvements	(1,844,844)	(7,752)	--	--	(1,852,596)
Structures and improvements	(1,312,880)	(57,843)	--	--	(1,370,723)
Equipment	(1,489,217)	(181,854)	--	25,433	(1,645,638)
Total accumulated depreciation	<u>(20,629,234)</u>	<u>(311,158)</u>	<u>--</u>	<u>25,433</u>	<u>(20,914,959)</u>
Total capital assets, being depreciated, net	<u>4,568,071</u>	<u>588,215</u>	<u>--</u>	<u>9,375</u>	<u>5,165,661</u>
Business-type activities capital assets, net	<u>\$ 6,381,970</u>	<u>\$ 588,215</u>	<u>\$ --</u>	<u>\$ 9,375</u>	<u>\$ 6,979,560</u>

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

Note 4: **Capital Assets** (continued)

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$	199,379
Public protection		751,295
Public ways		6,261,601
Health and sanitation		4,440
Public assistance		11,654
Recreation and culture		88,468

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

		<u>354,585</u>
Total depreciation expenses - governmental activities	\$	<u><u>7,671,422</u></u>

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

Airport Fund	\$	77,038
Solid Waste Fund		166,207
Water System Fund		56,072
Non-Major Enterprise Funds		<u>11,841</u>
Total depreciation expense - business-type activities	\$	<u><u>311,158</u></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, 2009. 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, 2009

Note 6: **Long-Term Obligations**

A. Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Amounts Due Within One Year
Governmental Activities					
Bonds Payable	\$ 850,000	\$ --	\$ 270,000	\$ 580,000	\$ 285,000
Capital leases payable	778,330	--	337,994	440,336	350,664
Compensated absences	1,541,222	1,343,171	1,478,675	1,405,718	1,400,000
Claims liability	351,000	18,000	--	369,000	100,000
Loan payable	11,500	--	11,500	--	--
Total Governmental Activities	<u>\$ 3,532,052</u>	<u>\$ 1,361,171</u>	<u>\$ 2,098,169</u>	<u>\$ 2,795,054</u>	<u>\$ 2,135,664</u>
Business-Type Activities					
Compensated absences	\$ 74,198	\$ 82,265	\$ 79,660	\$ 76,803	\$ 75,000
Closure/post closure liability	1,279,492	77,852	--	1,357,344	37,537
Total Business-Type Activities	<u>\$ 1,353,690</u>	<u>\$ 160,117</u>	<u>\$ 79,660</u>	<u>\$ 1,434,147</u>	<u>\$ 112,537</u>

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, 2009, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities			
	Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2010	\$ 285,000	\$ 28,430	\$ 350,644	\$ 11,437
2011	295,000	14,750	89,692	828
	<u>\$ 580,000</u>	<u>\$ 43,180</u>	<u>\$ 440,336</u>	<u>\$ 12,265</u>

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

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

A. **Long-Term Liabilities** (continued)

Long-term liabilities at June 30, 2009 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, 2009</u>
<u>Capital Lease Obligations (various equipment)</u>						
Banc of America - Computer system	2005	2010	3.69%	\$301,316 - \$358,768	\$ 1,646,260	\$ 440,336
<u>Bonds Payable</u>						
1999 Refunding of 1990 Certificates of Participation	1999	2011	3.50% - 5.0%	\$220,000 - \$295,000	2,940,000	580,000
Total Governmental Activities					<u>\$ 4,586,260</u>	<u>\$ 1,020,336</u>

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 \$1,357,344 as of the fiscal year end, which is based on the estimated percentage usage (filled), ranging from 1.58% to 86.59%, of each landfill site. It is estimated that an additional \$5,443,045 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 \$1,357,344 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 California Waste Associates (CWA) of El Dorado Hills, California.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

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, 2009, a total of \$969,013 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, 2009:

	Percent Filled	Total Closure/ Postclosure Cost Estimates	Liability 6/30/2009
Bishop Sunland	3.30%	\$ 3,657,044	\$ 120,819
Independence	63.51%	1,116,906	709,312
Lone Pine	1.58%	1,358,236	21,514
Shoshone	86.59%	251,456	217,730
Tecopa	69.10%	416,747	287,968
		<u>\$ 6,800,389</u>	<u>\$ 1,357,343</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, 2009

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	\$ 3,770,699	\$ 962,354	\$ 4,733,053
Less accumulated depreciation	<u>(1,477,883)</u>	<u>(813,418)</u>	<u>(2,291,301)</u>
Net capital assets	<u>\$ 2,292,816</u>	<u>\$ 148,936</u>	<u>\$ 2,441,752</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 were as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2010	\$ 362,080
2011	<u>90,520</u>
Total requirements	452,600
Less interest	<u>(12,265)</u>
Present value of remaining payments	<u>\$ 440,335</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, 2009

Note 8: **Leases** (continued)

Operating Leases (continued)

Future minimum operating lease commitments are as follows:

Year Ended <u>June 30</u>	
2010	\$ 101,664
2011	101,664
2012	101,664
2013	101,664
2014	59,304
Total	<u>\$ 465,960</u>

Total rents and lease expenditures were \$42,360 for the year ended June 30, 2009.

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, 2009

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

As of June 30, 2009, 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 2008/2009 was 11.755% for the miscellaneous plan employees and 27.144% for the safety plan employees.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

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 2008/2009, the County of Inyo's annual pension cost was \$5,265,874 and the County actually contributed \$5,265,874. The required contribution for fiscal year 2008/2009 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.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 2,853,375	100%	\$ --
6/30/08	3,083,441	100%	--
6/30/09	5,265,874	100%	--

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: **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, 2009, 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.

COUNTY OF INYO

Notes to Financial Statements June 30, 2009

Note 11: **Contingencies** (continued)

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, 2009, would not materially affect the financial statements of the County.

Note 12: **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.

The County maintains a self-insured retention (SIR) of \$100,000 per an 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 an 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

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

Note 12: **Risk Management** (continued)

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, 2009 was \$369,000.

Changes in the County’s claims liability for the fiscal years ended June 30, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning of year	\$ 351,000	\$ 292,000
Plus estimated claims incurred	36,997	68,008
Less claims payments	<u>(18,997)</u>	<u>(9,008)</u>
Unpaid claims, end of year	<u>\$ 369,000</u>	<u>\$ 351,000</u>

Note 13: **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.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2009

Note 13: **Other Post Retirement Benefits (OPEB)** (continued)

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. For fiscal year 2008-09, the County contributed \$448,757, or 13.5%, 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:

Annual required contribution	\$ 3,313,068
Annual OPEB cost (expense)	3,313,068
Contributions made	(448,757)
Increase in net OPEB obligation	2,864,311
Net OPEB obligation - beginning of year	--
Net OPEB obligation - end of year	\$ 2,864,311

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 fiscal year 2008-09 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 3,313,068	13.5%	\$ 2,864,311

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.

COUNTY OF INYO

Notes to Financial Statements June 30, 2009

Note 13: Other Post Retirement Benefits (OPEB) (continued)

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)	\$ 25,092,710
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	<u>\$ 25,092,710</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active Plan members)	\$ 24,224,174
UAAL as a percentage of covered payroll	103.6%

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.

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, 2007 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 5 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, 2009, was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF INYO

Required Supplementary Information
For the Fiscal Year Ended June 30, 2008

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
6/30/2005	\$ 81,988,743	\$ 79,668,719	\$ 2,320,024	97.2%	\$ 16,639,828	13.9%
6/30/2006	91,080,802	88,088,101	2,992,701	96.7%	18,872,941	15.9%
6/30/2007	100,207,965	104,674,747	(4,466,782)	104.5%	20,559,165	-21.7%

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.

Valuation Date	Entry Age Normal Accrued 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%

COUNTY OF INYO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 General Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 13,837,000	\$ 15,536,500	\$ 16,590,270	\$ 1,053,770
Licenses and permits	420,183	357,824	403,506	45,682
Fines, forfeitures and penalties	1,231,432	1,231,432	1,853,699	622,267
Use of money and property	1,031,547	1,031,547	780,646	(250,901)
Intergovernmental	20,855,577	21,520,625	21,458,383	(62,242)
Charges for services	6,954,249	7,058,149	5,823,436	(1,234,713)
Other revenues	850,054	931,887	226,148	(705,739)
Total revenues	<u>45,180,042</u>	<u>47,667,964</u>	<u>47,136,088</u>	<u>(531,876)</u>
Expenditures:				
Current:				
General government	12,484,211	12,787,141	9,409,404	3,377,737
Public protection	18,461,928	18,827,734	17,436,282	1,391,452
Health and sanitation	6,216,266	6,374,772	5,844,905	529,867
Public assistance	7,085,882	7,110,719	6,405,065	705,654
Education	869,486	913,878	757,698	156,180
Recreation and culture	982,286	984,938	912,982	71,956
Reserves	163,187	220,378	--	--
Capital Outlay	1,202,464	1,778,973	913,193	865,780
Debt Service				
Principal	701,342	701,342	607,994	93,348
Interest	71,858	71,858	65,206	6,652
Total expenditures	<u>48,238,910</u>	<u>49,771,733</u>	<u>42,352,729</u>	<u>7,198,626</u>
Excess (deficiency) of revenues over expenditures	<u>(3,058,868)</u>	<u>(2,103,769)</u>	<u>4,783,359</u>	<u>6,666,750</u>
Other Financing Sources (Uses):				
Sale of capital assets	250	250	1,139	889
Transfers in	2,217,888	4,453,539	175,145	(4,278,394)
Transfers out	<u>(2,631,616)</u>	<u>(5,263,711)</u>	<u>(634,240)</u>	<u>4,629,471</u>
Total other financing sources (uses)	<u>(413,478)</u>	<u>(809,922)</u>	<u>(457,956)</u>	<u>351,966</u>
Net change in fund balances	(3,472,346)	(2,913,691)	4,325,403	7,018,716
Fund balances, beginning of year	<u>18,639,407</u>	<u>18,639,407</u>	<u>18,639,407</u>	<u>--</u>
Fund balances, end of year	<u>\$ 15,167,061</u>	<u>\$ 15,725,716</u>	<u>\$ 22,964,810</u>	<u>\$ 7,018,716</u>

COUNTY OF INYO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ 25,000	\$ 15,000	\$ 11,501	\$ (3,499)
Use of money and property	48,000	40,000	52,353	12,353
Intergovernmental	7,834,316	9,634,118	7,500,601	(2,133,517)
Charges for services	1,083,000	987,819	402,800	(585,019)
Other revenues	9	9	70,839	70,830
Total Revenues	<u>8,990,325</u>	<u>10,676,946</u>	<u>8,038,094</u>	<u>(2,638,852)</u>
Expenditures:				
Current:				
Public ways and facilities	6,373,615	6,317,920	4,209,647	2,108,273
Capital outlay	3,786,494	5,277,996	2,707,898	2,570,098
Total Expenditures	<u>10,160,109</u>	<u>11,595,916</u>	<u>6,917,545</u>	<u>4,678,371</u>
Excess (deficiency) of revenues over expenditures	<u>(1,169,784)</u>	<u>(918,970)</u>	<u>1,120,549</u>	<u>2,039,519</u>
Fund balances, beginning of year	<u>2,310,269</u>	<u>2,310,269</u>	<u>2,310,269</u>	<u>--</u>
Fund balances, end of year	<u>\$ 1,140,485</u>	<u>\$ 1,391,299</u>	<u>\$ 3,430,818</u>	<u>\$ 2,039,519</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Use of money and property	29,750	20,883	23,114	2,231
Intergovernmental	5,227,707	5,328,806	3,333,604	(1,995,202)
Charges for services	23,914	17,157	16,216	(941)
Other revenues	150,000	5,092	545	(4,547)
Total revenues	<u>5,431,371</u>	<u>5,371,938</u>	<u>3,373,479</u>	<u>(1,998,459)</u>
Expenditures:				
Current:				
General government	--	--	1,206	(1,206)
Public protection	2,589,149	3,242,575	2,069,390	1,173,185
Health and sanitation	826,276	816,864	711,017	105,847
Public assistance	172,190	182,966	65,565	117,401
Recreation and culture	324,861	326,540	136,134	190,406
Capital outlay	1,456,550	1,509,968	543,272	966,696
Debt Service				
Principal	11,500	11,500	11,500	--
Interest	584	584	581	3
Total expenditures	<u>5,381,110</u>	<u>6,090,997</u>	<u>3,538,665</u>	<u>2,552,332</u>
Excess (deficiency) of revenues over expenditures	<u>50,261</u>	<u>(719,059)</u>	<u>(165,186)</u>	<u>553,873</u>
Other Financing Sources (Uses):				
Sale of capital assets	--	433	433	--
Transfers in	17,011	168,219	120,114	(48,105)
Transfers out	--	(139,538)	(59,352)	80,186
Total other financing sources (uses)	<u>17,011</u>	<u>29,114</u>	<u>61,195</u>	<u>32,081</u>
Net change in fund balances	67,272	(689,945)	(103,991)	585,954
Fund balances, beginning of year	<u>1,862,111</u>	<u>1,862,111</u>	<u>1,862,111</u>	<u>--</u>
Fund balances, end of year	<u>\$ 1,929,383</u>	<u>\$ 1,172,166</u>	<u>\$ 1,758,120</u>	<u>\$ 585,954</u>

COUNTY OF INYO

Note to Required Supplementary Information For the Fiscal Year Ended June 30, 2008

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may legally not exceed appropriations. The Auditor-Controller approves any budget amendments transferring appropriation within object categories such as salaries and benefits or services and supplies. The County Administrator approves budget amendments transferring appropriation between object categories. The Board of Supervisors approves budget amendments transferring appropriation between budget units, departments, or funds. The Board of Supervisors also approves appropriations from unappropriated reserves and unanticipated revenues received during the year. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year.

The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

Accounting principles applied for purposes of developing data on a budgetary basis are materially the same as those used to present financial statements in conformity with GAAP, except that transfers in are regarded as inflows of resources for budgetary purposes and not revenues for GAAP financial statement presentation and transfers out are considered outflows of resources for budgetary purposes but not expenditures for GAAP financial statement presentation.

**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, 2009

	Accumulative Capital Outlay	Fish and Game	Lease/ Rental	ACO Museum
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and investments	\$ 162,039	\$ 20,201	\$ 17,081	\$ 12,752
Imprest cash	--	--	--	--
Accounts receivable	--	--	--	--
Due from other governments	--	--	--	--
Interest receivable	1,048	--	--	73
Prepaid expenses	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 163,087</u>	<u>\$ 20,201</u>	<u>\$ 17,081</u>	<u>\$ 12,825</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 3,403	\$ --	\$ --	\$ --
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,403</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Reserved:				
Imprest cash	--	--	--	--
Encumbrances	10,200	--	--	--
Prepays	--	--	--	--
Unreserved:				
Undesignated	149,484	20,201	17,081	12,825
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>159,684</u>	<u>20,201</u>	<u>17,081</u>	<u>12,825</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 163,087</u>	<u>\$ 20,201</u>	<u>\$ 17,081</u>	<u>\$ 12,825</u>

continued

COUNTY OF INYO

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2009

	Recorder's System Update	Geothermal	Recorder's Micro- graphics	Range Improv.
Assets				
Cash and investments	\$ 103,999	\$ 661,895	\$ 169,487	\$ 21,493
Imprest cash	--	--	--	--
Accounts receivable	--	503	1,154	--
Due from other governments	--	--	--	--
Interest receivable	595	--	975	--
Prepaid expenses	--	--	--	--
	<u>\$ 104,594</u>	<u>\$ 662,398</u>	<u>\$ 171,616</u>	<u>\$ 21,493</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 2,151	\$ --
Total liabilities	--	--	2,151	--
Fund Balances:				
Reserved:				
Imprest cash	--	--	--	--
Encumbrances	--	--	--	--
Prepays	--	--	--	--
Unreserved:				
Undesignated	104,594	662,398	169,465	21,493
Total fund balances	<u>104,594</u>	<u>662,398</u>	<u>169,465</u>	<u>21,493</u>
Total liabilities and fund balances	<u>\$ 104,594</u>	<u>\$ 662,398</u>	<u>\$ 171,616</u>	<u>\$ 21,493</u>

continued

COUNTY OF INYO

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2009

	<u>Off- Highway Vehicles</u>	<u>Alcohol</u>	<u>Water</u>	<u>Deferred Maint.</u>
Assets				
Cash and investments	\$ 1,022	\$ 177,840	\$ 492,285	\$ 175,442
Imprest cash	--	--	150	--
Accounts receivable	--	--	--	--
Due from other governments	463	34,794	--	--
Interest receivable	6	968	3,696	--
Prepaid expenses	--	570	118	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,491</u>	<u>\$ 214,172</u>	<u>\$ 496,249</u>	<u>\$ 175,442</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	<u>\$ --</u>	<u>\$ 6,809</u>	<u>\$ 12,520</u>	<u>\$ 33,749</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>--</u>	<u>6,809</u>	<u>12,520</u>	<u>33,749</u>
Fund Balances:				
Reserved:				
Imprest cash	--	--	150	--
Encumbrances	--	3,000	--	2,000
Prepays	--	570	118	--
Unreserved:				
Undesignated	<u>1,491</u>	<u>203,793</u>	<u>483,461</u>	<u>139,693</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,491</u>	<u>207,363</u>	<u>483,729</u>	<u>141,693</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,491</u>	<u>\$ 214,172</u>	<u>\$ 496,249</u>	<u>\$ 175,442</u>

continued

COUNTY OF INYO

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2009

	Child Support Services	Special Districts Under the Board	Economic Development	Total
Assets				
Cash and investments	\$ 64,950	\$ 570,942	\$ 1,111	\$ 2,652,539
Imprest cash	--	--	--	150
Accounts receivable	--	--	--	1,657
Due from other governments	--	--	--	35,257
Interest receivable	575	3,231	6	11,173
Prepaid expenses	1,070	--	--	1,758
	<u>1,070</u>	<u>--</u>	<u>--</u>	<u>1,758</u>
 Total assets	 <u>\$ 66,595</u>	 <u>\$ 574,173</u>	 <u>\$ 1,117</u>	 <u>\$ 2,702,534</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,036	\$ --	\$ --	\$ 59,668
	<u>1,036</u>	<u>--</u>	<u>--</u>	<u>59,668</u>
 Total liabilities	 <u>1,036</u>	 <u>--</u>	 <u>--</u>	 <u>59,668</u>
 Fund Balances:				
Reserved:				
Imprest cash	--	--	--	150
Encumbrances	--	--	--	15,200
Prepays	1,070	--	--	1,758
Unreserved:				
Undesignated	64,489	574,173	1,117	2,625,758
	<u>64,489</u>	<u>574,173</u>	<u>1,117</u>	<u>2,625,758</u>
 Total fund balances	 <u>65,559</u>	 <u>574,173</u>	 <u>1,117</u>	 <u>2,642,866</u>
 Total liabilities and fund balances	 <u>\$ 66,595</u>	 <u>\$ 574,173</u>	 <u>\$ 1,117</u>	 <u>\$ 2,702,534</u>

COUNTY OF INYO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009

	Accumulative Capital Outlay	Fish and Game	Lease/ Rental	ACO Museum
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	1,432	--
Fines, forfeitures and penalties	--	5,984	--	--
Use of money and property	5,299	--	--	306
Charges for services	--	--	--	--
Miscellaneous	--	--	--	--
Total revenues	5,299	5,984	1,432	306
Expenditures:				
General government	81,073	--	--	--
Public protection	--	3,726	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Capital outlay	--	--	--	--
Total expenditures	81,073	3,726	--	--
Excess (deficiency) of revenues over (under) expenditures	(75,774)	2,258	1,432	306
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total other financing sources (uses)	--	--	--	--
Net change in fund balances	(75,774)	2,258	1,432	306
Fund balances, Beginning of Year	235,458	17,943	15,649	12,519
Fund balances, End of Year	<u>\$ 159,684</u>	<u>\$ 20,201</u>	<u>\$ 17,081</u>	<u>\$ 12,825</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, 2009

	Recorder's System Update	Geothermal	Recorder's Micro- graphics	Range Improv.
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	732
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	2,493	417,481	4,280	--
Charges for services	--	--	36,665	--
Miscellaneous	--	--	--	--
	<u>2,493</u>	<u>417,481</u>	<u>40,945</u>	<u>732</u>
Total revenues	<u>2,493</u>	<u>417,481</u>	<u>40,945</u>	<u>732</u>
Expenditures:				
General government	--	--	--	--
Public protection	--	--	39,410	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Capital outlay	--	--	17,949	--
	<u>--</u>	<u>--</u>	<u>57,359</u>	<u>--</u>
Total expenditures	<u>--</u>	<u>--</u>	<u>57,359</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,493</u>	<u>417,481</u>	<u>(16,414)</u>	<u>732</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	(512,819)	--	--
Total other financing sources (uses)	<u>--</u>	<u>(512,819)</u>	<u>--</u>	<u>--</u>
Net change in fund balances	2,493	(95,338)	(16,414)	732
Fund balances, Beginning of Year	<u>102,101</u>	<u>757,736</u>	<u>185,879</u>	<u>20,761</u>
Fund balances, End of Year	<u>\$ 104,594</u>	<u>\$ 662,398</u>	<u>\$ 169,465</u>	<u>\$ 21,493</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, 2009

	Off- Highway Vehicles	Alcohol	Water	Deferred Maint.
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	1,257	513,119	1,376,797	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	24	4,864	22,288	--
Charges for services	--	115,713	81,250	--
Miscellaneous	--	992	163	--
	<u>1,281</u>	<u>634,688</u>	<u>1,480,498</u>	<u>--</u>
Expenditures:				
General government	--	--	--	308,671
Public protection	--	--	1,134,246	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	796,415	--	--
Capital outlay	--	17,587	--	--
	<u>--</u>	<u>814,002</u>	<u>1,134,246</u>	<u>308,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,281</u>	<u>(179,314)</u>	<u>346,252</u>	<u>(308,671)</u>
Other Financing Sources (Uses):				
Transfers in	--	90,442	2,961	394,475
Transfers out	(410)	--	--	--
Total other financing sources (uses)	<u>(410)</u>	<u>90,442</u>	<u>2,961</u>	<u>394,475</u>
Net change in fund balances	871	(88,872)	349,213	85,804
Fund balances, Beginning of Year	<u>620</u>	<u>296,235</u>	<u>134,516</u>	<u>55,889</u>
Fund balances, End of Year	<u>\$ 1,491</u>	<u>\$ 207,363</u>	<u>\$ 483,729</u>	<u>\$ 141,693</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, 2009

	Child Support Services	Special Districts Under the Board	Economic Development	Total
Revenues:				
Taxes	\$ --	\$ 60,949	\$ --	\$ 60,949
Intergovernmental	758,140	394	--	2,651,871
Fines, forfeitures and penalties	--	--	--	5,984
Use of money and property	1,685	13,166	26	471,912
Charges for services	--	--	--	233,628
Miscellaneous	42	--	--	1,197
	<u>759,867</u>	<u>74,509</u>	<u>26</u>	<u>3,425,541</u>
Expenditures:				
General government	--	--	--	389,744
Public protection	729,386	--	--	1,906,768
Public ways and facilities	--	26,008	--	26,008
Health and sanitation	--	--	--	796,415
Capital outlay	--	--	--	35,536
	<u>729,386</u>	<u>26,008</u>	<u>--</u>	<u>3,154,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,481</u>	<u>48,501</u>	<u>26</u>	<u>271,070</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	487,878
Transfers out	--	--	--	(513,229)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(25,351)</u>
Net change in fund balances	30,481	48,501	26	245,719
Fund balances, Beginning of Year	<u>35,078</u>	<u>525,672</u>	<u>1,091</u>	<u>2,397,147</u>
Fund balances, End of Year	<u>\$ 65,559</u>	<u>\$ 574,173</u>	<u>\$ 1,117</u>	<u>\$ 2,642,866</u>

COUNTY OF INYO

Combining Balance Sheet
Special Districts Under the Board
June 30, 2009

	<u>Big Pine Lighting</u>	<u>Independence Lighting</u>	<u>Lone Pine Lighting</u>	<u>Total</u>
Assets				
Cash and investments	\$ 201,400	\$ 232,311	\$ 137,231	\$ 570,942
Interest receivable	<u>1,140</u>	<u>1,316</u>	<u>775</u>	<u>3,231</u>
Total assets	<u>\$ 202,540</u>	<u>\$ 233,627</u>	<u>\$ 138,006</u>	<u>\$ 574,173</u>
Fund Balances				
Fund Balances				
Unreserved:				
Undesignated	<u>\$ 202,540</u>	<u>\$ 233,627</u>	<u>\$ 138,006</u>	<u>\$ 574,173</u>
Total fund balances	<u>\$ 202,540</u>	<u>\$ 233,627</u>	<u>\$ 138,006</u>	<u>\$ 574,173</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, 2009

	Big Pine Lighting	Independence Lighting	Lone Pine Lighting	Totals
Revenues:				
Taxes	\$ 20,287	\$ 21,761	\$ 18,901	\$ 60,949
Intergovernmental	132	141	121	394
Use of money and property	4,638	5,370	3,158	13,166
Total revenues	<u>25,057</u>	<u>27,272</u>	<u>22,180</u>	<u>74,509</u>
Expenditures:				
Public ways and facilities	<u>7,249</u>	<u>8,154</u>	<u>10,605</u>	<u>26,008</u>
Total expenditures	<u>7,249</u>	<u>8,154</u>	<u>10,605</u>	<u>26,008</u>
Excess (deficiency) of revenues over (under) expenditures	17,808	19,118	11,575	48,501
Fund balances, beginning of year	<u>184,732</u>	<u>214,509</u>	<u>126,431</u>	<u>525,672</u>
Fund balances, end of year	<u><u>\$ 202,540</u></u>	<u><u>\$ 233,627</u></u>	<u><u>\$ 138,006</u></u>	<u><u>\$ 574,173</u></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, 2009

	<u>CSA #2</u>	<u>Mosquito Abatement</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 264,511	\$ 183,636	\$ 448,147
Interest receivable	1,479	1,196	2,675
	<hr/>	<hr/>	<hr/>
Total current assets	265,990	184,832	450,822
Noncurrent Assets:			
Capital Assets:			
Depreciable, net	--	41,166	41,166
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 265,990</u>	<u>\$ 225,998</u>	<u>\$ 491,988</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ --	\$ 6,283	\$ 6,283
Current portion of compensated absences	--	14,261	14,261
	<hr/>	<hr/>	<hr/>
Total liabilities	--	20,544	20,544
Net Assets			
Invested in capital assets, net of related debt	--	41,166	41,166
Unrestricted	265,990	164,288	430,278
	<hr/>	<hr/>	<hr/>
Total net assets	265,990	205,454	471,444
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 265,990</u>	<u>\$ 225,998</u>	<u>\$ 491,988</u>

COUNTY OF INYO

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

	CSA #2	Mosquito Abatement	Total
Operating Revenues:			
Charges for services	\$ 52,686	\$ 465,553	\$ 518,239
Total operating revenues	52,686	465,553	518,239
Operating Expenses:			
Salaries and benefits	3,308	273,811	277,119
Services and supplies	23,307	183,389	206,696
Depreciation	--	11,841	11,841
Total operating expenses	26,615	469,041	495,656
Operating income (loss)	26,071	(3,488)	22,583
Nonoperating Revenues (Expenses):			
Interest revenue	5,848	3,475	9,323
Total nonoperating revenues (expenses)	5,848	3,475	9,323
Income before transfers	31,919	(13)	31,906
Transfer in	--	6,909	6,909
Change in net assets	31,919	6,896	38,815
Net assets - beginning of year	234,071	198,558	432,629
Net assets - end of year	\$ 265,990	\$ 205,454	\$ 471,444

COUNTY OF INYO

Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

	CSA #2	Mosquito Abatement	Total
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 52,686	\$ 465,553	\$ 518,239
Cash paid to suppliers for goods and services	(23,307)	(184,798)	(208,105)
Cash paid to employees for salaries and benefits	(3,308)	(268,572)	(271,880)
	<u>26,071</u>	<u>12,183</u>	<u>38,254</u>
Cash Flows from Noncapital Financing Activities			
Transfers in	--	6,909	6,909
	<u>--</u>	<u>6,909</u>	<u>6,909</u>
Net cash provided (used) by noncapital financing activities	--	6,909	6,909
	<u>--</u>	<u>6,909</u>	<u>6,909</u>
Cash Flows from Capital and Related Financing Activities			
Payments related to the acquisition of capital assets	--	(6,889)	(6,889)
	<u>--</u>	<u>(6,889)</u>	<u>(6,889)</u>
Net cash provided (used) by capital and related activities	--	(6,889)	(6,889)
	<u>--</u>	<u>(6,889)</u>	<u>(6,889)</u>
Cash Flows from Investing Activities			
Interest received	6,391	3,365	9,756
	<u>6,391</u>	<u>3,365</u>	<u>9,756</u>
Net cash provided (used) by investing activities	6,391	3,365	9,756
	<u>6,391</u>	<u>3,365</u>	<u>9,756</u>
Net increase (decrease) in cash and cash equivalents	32,462	15,568	48,030
Cash and cash equivalents, beginning of year	232,049	168,068	400,117
	<u>232,049</u>	<u>168,068</u>	<u>400,117</u>
Cash and cash equivalents, end of year	<u>\$ 264,511</u>	<u>\$ 183,636</u>	<u>\$ 448,147</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 26,071	\$ (3,488)	\$ 22,583
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	--	11,841	11,841
Changes in assets and liabilities:			
Increase (decrease) in:			
Accounts payable	--	(1,409)	(1,409)
Liability for compensated absences	--	5,239	5,239
	<u>--</u>	<u>5,239</u>	<u>5,239</u>
Net cash provided (used) by operating activities	<u>\$ 26,071</u>	<u>\$ 12,183</u>	<u>\$ 38,254</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, 2009

	<u>Purchasing Revolving</u>	<u>Motor Pool</u>	<u>Workers' Compensation</u>
Assets			
Current Assets:			
Pooled cash and investments	\$ 125,066	\$ 717,342	\$ 116,629
Accounts receivable	512	1,925	--
Interest receivable	--	3,189	--
Inventory	4,617	--	--
Prepaid expenses	--	356	--
	<hr/>	<hr/>	<hr/>
Total current assets	130,195	722,812	116,629
Noncurrent Assets:			
Nondepreciable	--	6,979	--
Depreciable, net	--	1,095,608	--
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 130,195</u>	<u>\$ 1,825,399</u>	<u>\$ 116,629</u>
Liabilities			
Accounts payable	\$ 2,816	\$ 44,500	\$ 178
Advances from other funds	125,000	--	--
Liability for compensated absences	--	5,987	--
Liability for self-insurance	--	--	--
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>127,816</u>	<u>50,487</u>	<u>178</u>
Net Assets			
Invested in capital assets, net of related debt	--	1,102,587	--
Unrestricted	2,379	672,325	116,451
	<hr/>	<hr/>	<hr/>
Total net assets	<u>2,379</u>	<u>1,774,912</u>	<u>116,451</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 130,195</u>	<u>\$ 1,825,399</u>	<u>\$ 116,629</u>

continued

COUNTY OF INYO

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
June 30, 2009

	<u>County Liability</u>	<u>Medical Malpractice</u>	<u>Total</u>
Assets			
Current Assets:			
Pooled cash and investments	\$ 722,984	\$ 42,558	\$ 1,724,579
Accounts receivable	--	--	2,437
Interest receivable	4,049	233	7,471
Inventory	--	--	4,617
Prepaid expenses	--	--	356
	<hr/>	<hr/>	<hr/>
Total current assets	727,033	42,791	1,739,460
Noncurrent Assets:			
Nondepreciable	--	--	6,979
Depreciable, net	--	--	1,095,608
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 727,033</u>	<u>\$ 42,791</u>	<u>\$ 2,842,047</u>
Liabilities			
Accounts payable	\$ 20,647	\$ --	\$ 68,141
Advances from other funds	--	--	125,000
Liability for compensated absences	--	--	5,987
Liability for self-insurance	369,000	--	369,000
	<hr/>	<hr/>	<hr/>
Total liabilities	389,647	--	568,128
Net Assets			
Invested in capital assets, net of related debt	--	--	1,102,587
Unrestricted	337,386	42,791	1,171,332
	<hr/>	<hr/>	<hr/>
Total net assets	337,386	42,791	2,273,919
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 727,033</u>	<u>\$ 42,791</u>	<u>\$ 2,842,047</u>

COUNTY OF INYO

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	<u>Purchasing Revolving</u>	<u>Motor Pool</u>	<u>Workers' Compensation</u>
Operating Revenues:			
Charges for services	\$ 116,643	\$ 1,152,156	\$ 780,886
 Total operating revenues	 <u>116,643</u>	 <u>1,152,156</u>	 <u>780,886</u>
Operating Expenses:			
Salaries and benefits	--	114,479	--
Services and supplies	110,052	671,949	760,524
Insurance	--	--	--
Depreciation	--	354,585	--
 Total operating expenses	 <u>110,052</u>	 <u>1,141,013</u>	 <u>760,524</u>
 Operating income (loss)	 <u>6,591</u>	 <u>11,143</u>	 <u>20,362</u>
Non-Operating Revenue:			
Interest revenue	--	12,131	--
Aid from other governmental agency		509	
Miscellaneous revenue	1,594	2,040	--
 Total nonoperating revenue	 <u>1,594</u>	 <u>14,680</u>	 <u>--</u>
 Income before capital contributions and transfers	 8,185	 25,823	 20,362
Capital contributions	--	144,700	--
Transfers out		(6,909)	--
 Total contributions and transfers	 <u>--</u>	 <u>137,791</u>	 <u>--</u>
 Change in net assets	 8,185	 163,614	 20,362
Net assets, beginning of year	<u>(5,806)</u>	<u>1,611,298</u>	<u>96,089</u>
Net assets, end of year	<u>\$ 2,379</u>	<u>\$ 1,774,912</u>	<u>\$ 116,451</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, 2009

	County Liability	Medical Malpractice	Total
Operating Revenues:			
Charges for services	\$ 386,984	\$ 37,301	\$ 2,473,970
Total operating revenues	386,984	37,301	2,473,970
Operating Expenses:			
Salaries and benefits	--	--	114,479
Services and supplies	185,999	29,369	1,757,893
Insurance	311,150	8,652	319,802
Depreciation	--	--	354,585
Total operating expenses	497,149	38,021	2,546,759
Operating income (loss)	(110,165)	(720)	(72,789)
Non-Operating Revenue:			
Interest revenue	14,847	930	27,908
Aid from other governmental agency	--	--	509
Miscellaneous revenue	--	--	3,634
Total nonoperating revenue	14,847	930	32,051
Income before capital contributions and transfers	(95,318)	210	(40,738)
Capital contributions	--	--	144,700
Transfers out	--	--	(6,909)
Total contributions and transfers	--	--	137,791
Change in net assets	(95,318)	210	97,053
Net assets, beginning of year	432,704	42,581	2,176,866
Net assets, end of year	\$ 337,386	\$ 42,791	\$ 2,273,919

COUNTY OF INYO

Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	<u>Purchasing Revolving</u>	<u>Motor Pool</u>	<u>Workers' Compensation</u>	<u>County Liability</u>	<u>Medical Malpractice</u>	<u>Total</u>
Cash Flows from Operating Activities						
Cash receipts from customers	\$ 116,487	\$ 1,152,146	\$ 780,886	\$ 386,984	\$ 37,301	\$ 2,473,804
Cash paid to suppliers for goods and services	(115,672)	(731,500)	(760,484)	(487,531)	(38,021)	(2,133,208)
Cash paid to employees for salaries and benefits	--	(114,587)	--	18,000	--	(96,587)
Net cash provided (used) by operating activities	<u>815</u>	<u>306,059</u>	<u>20,402</u>	<u>(82,547)</u>	<u>(720)</u>	<u>244,009</u>
Cash Flows from Non Capital Financing Activities						
Intergovernmental revenues	--	509	--	--	--	509
Miscellaneous revenue	1,594	2,040	--	--	--	3,634
Transfers out	--	(6,909)	--	--	--	(6,909)
Net cash provided (used) by non capital financing activities	<u>1,594</u>	<u>(4,360)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(2,766)</u>
Cash Flows from Capital and Related Financing Activities						
Capital grants received	--	144,700	--	--	--	144,700
Payments related to the acquisition of capital assets	--	(301,737)	--	--	--	(301,737)
Net cash provided (used) by capital and related financing activities	<u>--</u>	<u>(157,037)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(157,037)</u>
Cash Flows from Investing Activities						
Interest received	--	13,617	--	16,701	1,047	31,365
Net cash provided (used) by investing activities	<u>--</u>	<u>13,617</u>	<u>--</u>	<u>16,701</u>	<u>1,047</u>	<u>31,365</u>
Net increase (decrease) in cash and cash equivalents	2,409	158,279	20,402	(65,846)	327	115,571
Cash and cash equivalents, beginning of year	<u>122,657</u>	<u>559,063</u>	<u>96,227</u>	<u>788,830</u>	<u>42,231</u>	<u>1,609,008</u>
Cash and cash equivalents, end of year	<u>\$ 125,066</u>	<u>\$ 717,342</u>	<u>\$ 116,629</u>	<u>\$ 722,984</u>	<u>\$ 42,558</u>	<u>\$ 1,724,579</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 6,591	\$ 11,143	\$ 20,362	\$ (110,165)	\$ (720)	\$ (72,789)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:						
Depreciation	--	354,585	--	--	--	354,585
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(156)	(10)	--	--	--	(166)
Inventory	2,857	--	--	--	--	2,857
Prepaid expenses	--	171	--	--	--	171
Increase (decrease) in:						
Accounts payable	(8,477)	(59,722)	40	9,618	--	(58,541)
Liability for compensated absences	--	(108)	--	--	--	(108)
Liability for self-insurance	--	--	--	18,000	--	18,000
Net cash provided (used) by operating activities	<u>\$ 815</u>	<u>\$ 306,059</u>	<u>\$ 20,402</u>	<u>\$ (82,547)</u>	<u>\$ (720)</u>	<u>\$ 244,009</u>
Non-cash activities						
Contributions of capital assets	--	78,319	--	--	--	78,319

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, 2009

	Special Districts Governed by Local Boards	School Districts	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments	\$ 14,816,464	\$ 19,719,722	\$ 34,536,186
Interest receivable	84,751	123,507	208,258
Imprest cash	3,444	--	3,444
Accounts receivable	106,134	24,296	130,430
Due from other funds	5,945	--	5,945
Total assets	<u>\$ 15,016,738</u>	<u>\$ 19,867,525</u>	<u>\$ 34,884,263</u>
Liabilities			
Due to other funds	\$ 8,100	\$ 5,945	\$ 14,045
Accounts payable	274,735	--	274,735
Total liabilities	<u>282,835</u>	<u>5,945</u>	<u>288,780</u>
Net Assets			
Net assets held in trust for investment pool participants	<u>14,733,903</u>	<u>19,861,580</u>	<u>34,595,483</u>
Total net assets	<u>14,733,903</u>	<u>19,861,580</u>	<u>34,595,483</u>
 Total liabilities and net assets	 <u>\$ 15,016,738</u>	 <u>\$ 19,867,525</u>	 <u>\$ 34,884,263</u>

COUNTY OF INYO

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Fund
For the Year Ended June 30, 2009

	<u>Special Districts Governed by Local Boards</u>	<u>School Districts</u>	<u>Total</u>
Additions:			
Contributions	\$ 7,878,051	\$ 24,734,626	\$ 32,612,677
Revenue from use of money and property	<u>378,706</u>	<u>451,256</u>	<u>829,962</u>
Total Additions	8,256,757	25,185,882	33,442,639
Deductions:			
Distributions from pooled investment	<u>(11,142,082)</u>	<u>(19,257,143)</u>	<u>(30,399,225)</u>
Net increase (decrease) in net assets	(2,885,325)	5,928,739	3,043,414
Beginning net assets held in trust for pool participants	<u>17,619,228</u>	<u>13,932,841</u>	<u>31,552,069</u>
Ending net assets held in trust for pool participants	<u>\$ 14,733,903</u>	<u>\$ 19,861,580</u>	<u>\$ 34,595,483</u>