

COUNTY OF INYO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2013

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF INYO

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1-3
Management's Discussion and Analysis (M D & A)	5-14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16-17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	19
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances.....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	22
Proprietary Funds:	
Statement of Net Position	23
Statement of Revenues, Expenses and Changes in Net Position.....	24
Statement of Cash Flows.....	25-26
Fiduciary Funds:	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to Financial Statements.....	29-55
Required Supplementary Information:	
Schedule of Funding Progress	57
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	58
Road Fund	59
Grant Programs Fund	60
Note to Required Supplementary Information:	
Budgetary Basis of Accounting.....	61

COUNTY OF INYO

Table of Contents

	<u>Page</u>
Supplementary Information:	
Combining and Individual Fund Statements:	
Nonmajor Special Revenue Funds:	
Definition	63
Combining Balance Sheet	65-66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	67-68
Combining Balance Sheet – Special Districts Under the Board	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Districts Under the Board	70
Nonmajor Enterprise Funds:	
Definition	71
Combining Statement of Net Position	73
Combining Statement of Revenues, Expenses and Changes in Net Position	74
Statement of Cash Flows	75
Internal Service Funds:	
Definition	77
Combining Statement of Net Position	79-80
Combining Statement of Revenues, Expenses and Changes in Net Position	81-82
Statement of Cash Flows	83-84
Fiduciary Funds:	
Definition	85
Combining Statement of Fiduciary Net Position – Investment Trust Funds	87
Combining Statement of Changes in Fiduciary Net Position – Investment Trust Funds	88



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Inyo (County), California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit First 5 Inyo County which represents 100 percent of the assets, liabilities, and revenues of the discretely presented component unit. These financial statements were audited by other auditors, whose report thereon has been furnished to us. Our opinion as it relates to the amounts included for the First 5 Inyo County is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit First 5 Inyo County which represents 100 percent of the assets, liabilities, and revenues of the discretely presented component unit. These financial statements were audited by other auditors, whose report thereon has been furnished to us. Our opinion as it relates to the amounts included for the First 5 Inyo County is based solely on the report of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Board of Supervisors and the Grand Jury
County of Inyo

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of a Matter

As disclosed in Note 1P to the financial statements, the County of Inyo implemented Governmental Accounting Standards Board (GASB) Statement No. 61, 62, 63 and implemented GASB Statement No. 65 in advance during the fiscal year 2013. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements (supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Board of Supervisors and the Grand Jury
County of Inyo

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Roseville, California
March 28, 2014

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2013

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, 2013. We encourage readers to consider the information presented here along with the information presented in the County's basic financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

Government-wide financial analysis

The assets of the County exceeded its liabilities at the end of the fiscal year by \$75,897,440 (net position). Of this amount, \$12,609,259 (unrestricted net position) can be used to meet the County's ongoing services and obligations to citizens and creditors \$8,241,416 is restricted and must be used for specific purposes and \$55,046,765 is invested in capital assets, net of related debt.

Fund financial analysis

Total fund balances for the County's governmental funds amounted to \$32,768,009 as of June 30, 2013, a decrease of \$1,284,186 from the prior fiscal year.

Spendable fund balance in the General Fund, at year end was \$24.8 million, or 49.8% of its total expenditures for the year.

Capital asset and long-term liabilities

The County's investment in capital assets has decreased by \$537,229, from \$56,092,072 to \$55,554,843. These balances consisted of \$48,868,130 for the governmental activities and \$6,686,713 for the business-type activities.

The County's outstanding long term liabilities have increased by \$2,529,920 due to an increase of \$2 million in additional other post-employee benefit (OPEB) liability along with the new debt for the property tax software program.

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 Position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2013

giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned, but unused vacation leave, long-term debt and grant funds expended but not received as of fiscal year end).

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

The government-wide financial statements can be found on pages 15-17 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 63-88.

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

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

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2013

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 23-26 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 27-28 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 29-55 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 57-61 of this report.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A)
June 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position 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 \$75,897,440 at June 30, 2013.

Condensed Statement of Net Assets							
	Governmental Activities		Business-type Activities		Total		Total % Change
	2013	2012	2013	2012	2013	2012	
Assets:							
Current and other assets	\$ 47,483,875	\$ 45,149,272	\$ 3,330,314	\$ 2,659,201	\$ 50,814,189	\$ 47,808,473	6.29%
Capital assets	48,868,130	49,604,032	6,686,713	6,488,040	55,554,843	56,092,072	-0.96%
Total assets	96,352,005	94,753,304	10,017,027	9,147,241	106,369,032	103,900,545	2.38%
Liabilities:							
Current and other liabilities	13,678,807	10,439,013	723,738	344,631	14,402,545	10,783,644	33.56%
Long-term liabilities	10,935,871	8,523,873	5,133,176	5,015,254	16,069,047	13,539,127	18.69%
Total liabilities	24,614,678	18,962,886	5,856,914	5,359,885	30,471,592	24,322,771	25.28%
Net Position:							
Net investment in capital assets	48,432,198	49,604,032	6,614,567	6,394,693	55,046,765	55,998,725	-1.70%
Restricted	8,241,416	8,434,156	--	--	8,241,416	8,434,156	-2.29%
Unrestricted	15,063,713	17,752,230	(2,454,454)	(2,607,337)	12,609,259	15,144,893	-16.74%
Total net position	\$ 71,737,327	\$ 75,790,418	\$ 4,160,113	\$ 3,787,356	\$ 75,897,440	\$ 79,577,774	-4.62%

By far the largest portion of the County's net position 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, 2013

Analysis of Net Position

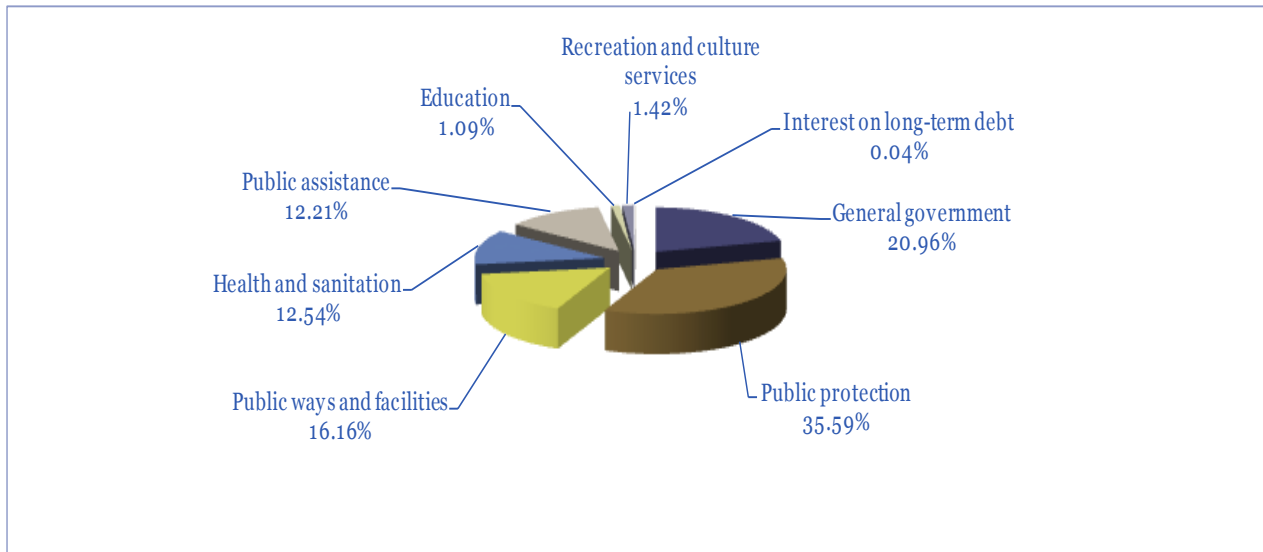
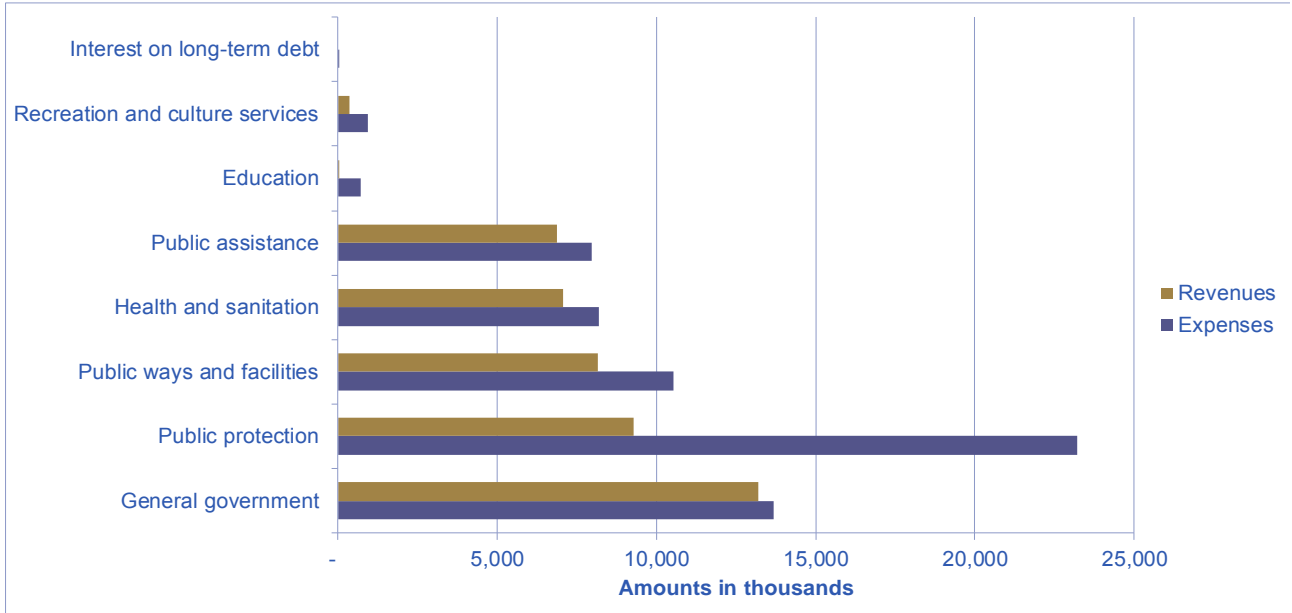
At the end of the fiscal year, the County is able to report positive balances in total net position of both governmental-type and business-type net position. The following table indicates the changes in net position for governmental and business-type activities.

Condensed Statement of Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		Total % Change
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program revenues:							
Charges for services	\$ 9,235,876	\$ 10,864,976	\$ 2,922,001	\$ 2,993,009	\$ 12,157,877	\$ 13,857,985	-12.27%
Operating grants and contributions	35,515,879	33,146,633	889,474	301,700	36,405,353	33,448,333	8.84%
Capital grants and contributions	186,898	234,486	--	--	186,898	234,486	--
General revenues:							
Property taxes	10,456,509	11,928,166	--	--	10,456,509	11,928,166	-12.34%
Sales and use taxes	2,250,902	937,220	1,292,957	1,234,332	3,543,859	2,171,552	63.19%
Other taxes	3,281,412	3,225,656	--	--	3,281,412	3,225,656	1.73%
Interest and investment earnings	567,233	438,864	252,685	256,812	819,918	695,676	17.86%
Other revenue	14,531	521,653	1,783	1,227	16,314	522,880	-96.88%
Total revenues	61,509,240	61,297,654	5,358,900	4,787,080	66,868,140	66,084,734	1.19%
Expenses:							
General government	13,676,397	14,069,247	--	--	13,676,397	14,069,247	-2.79%
Public protection	23,223,011	26,053,593	--	--	23,223,011	26,053,593	-10.86%
Public ways and facilities	10,542,135	9,732,010	--	--	10,542,135	9,732,010	8.32%
Health and sanitation	8,179,079	7,955,465	--	--	8,179,079	7,955,465	2.81%
Public assistance	7,966,491	7,321,525	--	--	7,966,491	7,321,525	8.81%
Education	709,437	779,573	--	--	709,437	779,573	-9.00%
Recreation and culture services	925,373	961,731	--	--	925,373	961,731	-3.78%
Interest on long-term debt	24,096	--	--	--	24,096	--	--
Airport	--	--	1,752,631	1,535,542	1,752,631	1,535,542	14.14%
Solid Waste	--	--	2,474,344	3,735,860	2,474,344	3,735,860	-33.77%
Water System	--	--	462,526	451,646	462,526	451,646	2.41%
CSA #2	--	--	82,649	37,010	82,649	37,010	123.32%
Mosquito Abatement	--	--	530,305	447,643	530,305	447,643	18.47%
Total Expenses	65,246,019	66,873,144	5,302,455	6,207,701	70,548,474	73,080,845	-3.47%
Change in net position before transfers	(3,736,779)	(5,575,490)	56,445	(1,420,621)	(3,680,334)	(6,996,111)	-47.39%
Transfers	(316,312)	(269,442)	316,312	269,442	--	--	
Change in net position	(4,053,091)	(5,844,932)	372,757	(1,151,179)	(3,680,334)	(6,996,111)	-47.39%
Net position, beginning	75,790,418	81,635,350	3,787,356	4,938,535	79,577,774	86,573,885	-8.08%
Net position, ending	\$ 71,737,327	\$ 75,790,418	\$ 4,160,113	\$ 3,787,356	\$ 75,897,440	\$ 79,577,774	-4.62%

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2013

Governmental activities experienced a decrease in net change in position of nearly \$4 million in part due to reduction in fees, fines, and charges for services revenue of \$1.6 million.



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

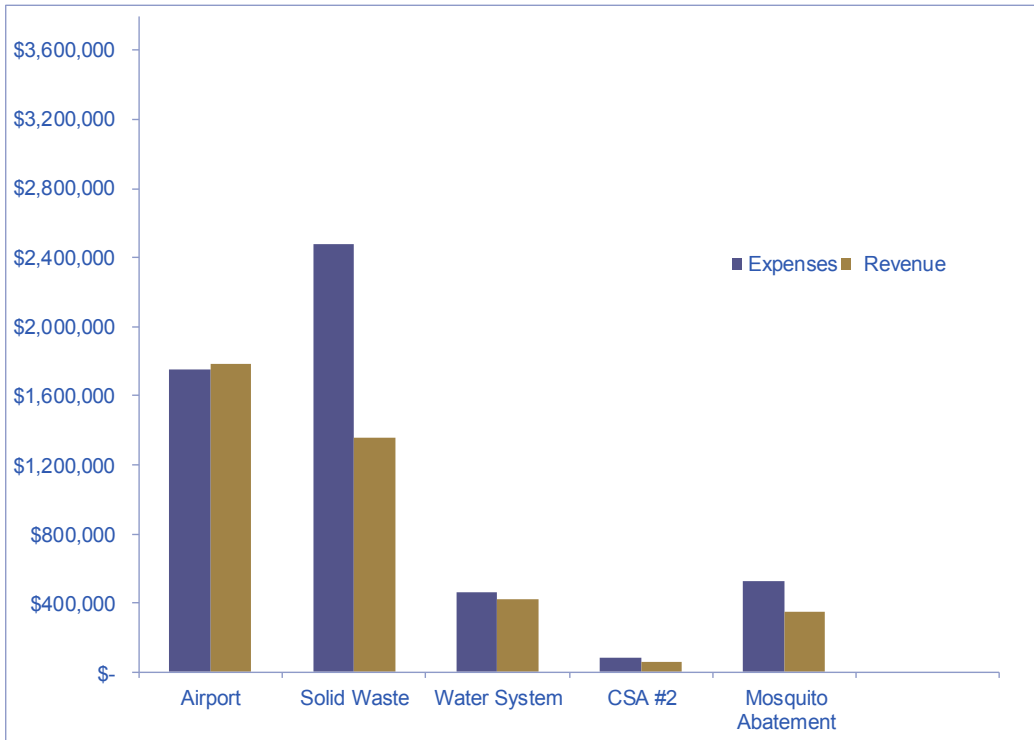
- Operating Grants and Contributions comprise the largest portion of the County's revenue, which indicates a high reliance on state and federal funding to maintain many core programs.
- Charges for services are also a fairly large component of the County's budget and can be used as indicator to see how well the County is recovering many of its program costs that are not mandated.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2013

- 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 \$65,246,019, with public protection expenses of \$23,223,011 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.
- Public ways and facilities is the third largest function, \$10,542,135 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.
- This year the County took on new debt of \$489,924 to fund a property tax system program that will replace the very old legacy system. Property taxes account for one the largest source of discretionary funds and this investment will provide stability and security to that process. The County still supports a conservative nature when adding debt and the philosophy to whenever possible, pay as you go.

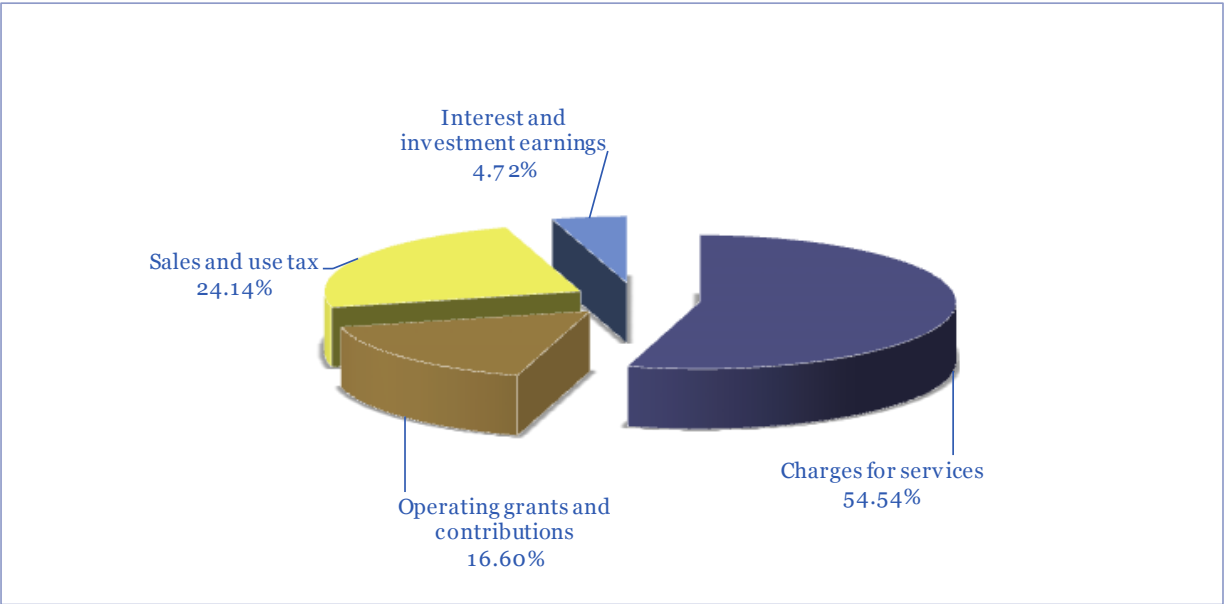
Business-type activities expenses and program revenue are shown on the following charts.



Total program revenue for business-type activities was \$3,811,475 and charges for services accounted for \$2,922,001 of the total.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2013



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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds: The Governmental Funds are accounted for in the General Fund, Road Fund, Grant Programs and Other Governmental funds. The functional areas encompassed by these funds are identified in pages 29-30 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, 2013, the County's governmental funds reported combined ending fund balances of \$32,768,009. 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, except Solid Waste, had positive net asset balances on June 30, 2013. The Statement of Revenues, Expenses and Changes in Fund Net Position for Proprietary Funds can be found on page 24 of this report.

COUNTY OF INYO

Management’s Discussion and Analysis (MD & A)
June 30, 2013

BUDGETARY HIGHLIGHTS FOR GENERAL FUND

Differences between the original budget and the final amended budget can be attributed to an increase in fixed costs, as well as departments recognizing new revenues and appropriating associated expenditures.

CAPITAL ASSETS

Capital Assets: The County’s investment in capital assets for its governmental and business type activities as of June 30, 2013, amount to \$55,554,843 (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 45-46 of this report.

LONG-TERM LIABILITIES

The following table depicts the County’s long-term obligations for the governmental activities and business-type activities for the past two years. Additional information on long-term liabilities can be found in Notes 6-8 on pages 46-49, and Note 10-12 on pages 50-54.

Long term Liabilities						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital leases payable	\$ --	\$ --	\$ 72,146	\$ 93,347	\$ 72,146	\$ 93,347
Loans payable	435,932	--	--	--	435,932	--
Compensated absences	1,392,406	1,411,023	64,311	67,046	1,456,717	1,478,069
Claims liability	303,000	303,000	--	--	303,000	303,000
Closure-post closure liability	--	--	5,111,112	4,943,108	5,111,112	4,943,108
Other post employment benefits	10,343,507	8,320,873	--	--	10,343,507	8,320,873
Total	\$ 12,474,845	\$ 10,034,896	\$ 5,247,569	\$ 5,103,501	\$ 17,722,414	\$ 15,138,397

Economic Factors and Next Year’s Budget

- ❑ Although the State budget uncertainties have subsided, the County has launched into a budget redesign process to prepare for upcoming cost increases. The County continues to take a proactive approach to control cost and increase revenues and to maintain stability. It maintains core County programs and services, retains critical but discretionary programs and services, provides funding to sustain Grants-In-Support programs and Advertising County Services programs (including Community Project Sponsorship Grants program) and moves forward with several capital initiatives.
- ❑ The County anticipates continuing to make a modest contribution to the OPEB trust in an effort to pre-fund the retiree health benefits and reduce the County’s liability.
- ❑ The County plans to continue funding critical technology infrastructure needs including replacing the obsolete property tax software system and implementation of the Tech Refresh program that insures the County stays on top of computer and software replacement and upgrade needs.

COUNTY OF INYO

Management's Discussion and Analysis (MD & A) June 30, 2013

- While the County is moving forward on some deferred maintenance projects, because of County budget constraints, several deferred maintenance projects will be postponed indefinitely, some vacant positions will be eliminated, personnel actions will be delayed, and many departments will continue to be underfunded.

Of course, as economic factors continue to change the County will remain vigilant and conservative.

Requests for Information

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF INYO

Statement of Net Position
June 30, 2013

	Primary Government			Component Unit First 5
	Governmental Activities	Business-Type Activities	Totals	
Assets				
Cash and investments	\$ 39,968,090	\$ 2,816,922	\$ 42,785,012	\$ 760,645
Imprest cash	3,420	1,165	4,585	--
Cash with fiscal agent	58,383	--	58,383	--
Internal balances	45,000	(45,000)	--	--
Due from external parties	2,362,610	--	2,362,610	--
Accounts receivable	1,973,484	311,701	2,285,185	--
Interest receivable	42,294	1,889	44,183	635
Prepaid expenses	96,208	--	96,208	476
Deposits with others	41,700	--	41,700	--
Notes receivable	780,000	--	780,000	--
Inventories	342,223	25,938	368,161	--
Due from other governmental agencies	1,770,463	217,699	1,988,162	24,698
Capital assets:				
Nondepreciable	16,592,585	2,134,556	18,727,141	--
Depreciable, net	32,275,545	4,552,157	36,827,702	--
Total assets	<u>96,352,005</u>	<u>10,017,027</u>	<u>106,369,032</u>	<u>786,454</u>
Liabilities				
Accounts payable	4,317,324	511,699	4,829,023	65,724
Accrued salaries and benefits	825,504	37,072	862,576	4,049
Benefits payable	758,940	--	758,940	--
Deferred revenue	6,112,565	57,958	6,170,523	--
Due to other governments	125,000	2,200	127,200	--
Interest payable	--	416	416	--
Deposits from others	500	--	500	--
Long-term liabilities:				
Portion due or payable within one year:				
Compensated absences	1,392,406	64,311	1,456,717	2,325
Claims liability	100,000	--	100,000	--
Loan payable	46,568	50,082	96,650	--
Portion due or payable after one year:				
Compensated absences	--	--	--	2,325
Claims liability	203,000	--	203,000	--
Loan payable	389,364	22,064	411,428	--
Closure/post closure liability	--	5,111,112	5,111,112	--
Other post-employment benefit liability	10,343,507	--	10,343,507	--
Total liabilities	<u>24,614,678</u>	<u>5,856,914</u>	<u>30,471,592</u>	<u>74,423</u>
Net Position				
Net investment in capital assets	48,432,198	6,614,567	55,046,765	--
Restricted for public ways programs	3,380,583	--	3,380,583	--
Restricted for other purposes	4,841,909	--	4,841,909	712,031
Unrestricted	15,082,637	(2,454,454)	12,628,183	--
Total net position	<u>\$ 71,737,327</u>	<u>\$ 4,160,113</u>	<u>\$ 75,897,440</u>	<u>\$ 712,031</u>

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

COUNTY OF INYO

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 13,676,397	\$ 5,326,769	\$ 7,735,684	\$ 118,311
Public protection	23,223,011	1,850,404	7,363,596	68,587
Public ways and facilities	10,542,135	484,895	7,666,397	--
Health and sanitation	8,179,079	1,241,692	5,823,964	--
Public assistance	7,966,491	140,625	6,730,156	--
Education	709,437	1,205	37,758	--
Recreation and culture	925,373	190,286	158,324	--
Interest on long-term debt	24,096	--	--	--
Total governmental activities	65,246,019	9,235,876	35,515,879	186,898
Business-type Activities:				
Airport	1,752,631	1,118,749	503,671	--
Solid Waste	2,474,344	972,098	385,803	--
Water System	462,526	424,739	--	--
CSA #2	82,649	55,688	--	--
Mosquito Abatement	530,305	350,727	--	--
Total business-type activities	5,302,455	2,922,001	889,474	--
Total primary government	\$ 70,548,474	\$ 12,157,877	\$ 36,405,353	\$ 186,898
Component Unit				
First Five Inyo	\$ 378,989	\$ --	\$ 322,531	\$ --

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 position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	First Five Inyo
\$ (495,633)	\$ --	\$ (495,633)	\$ --
(13,940,424)	--	(13,940,424)	--
(2,390,843)	--	(2,390,843)	--
(1,113,423)	--	(1,113,423)	--
(1,095,710)	--	(1,095,710)	--
(670,474)	--	(670,474)	--
(576,763)	--	(576,763)	--
(24,096)	--	(24,096)	--
<u>(20,307,366)</u>	<u>--</u>	<u>(20,307,366)</u>	<u>--</u>
--	(130,211)	(130,211)	--
--	(1,116,443)	(1,116,443)	--
--	(37,787)	(37,787)	--
--	(26,961)	(26,961)	--
--	(179,578)	(179,578)	--
<u>--</u>	<u>(1,490,980)</u>	<u>(1,490,980)</u>	<u>--</u>
<u>\$ (20,307,366)</u>	<u>\$ (1,490,980)</u>	<u>\$ (21,798,346)</u>	<u>\$ --</u>
			\$ (56,458)
\$ 10,456,509	\$ --	\$ 10,456,509	--
2,250,902	1,292,957	3,543,859	--
3,281,412	--	3,281,412	--
14,531	1,783	16,314	--
567,233	252,685	819,918	1,752
(316,312)	316,312	--	--
<u>16,254,275</u>	<u>1,863,737</u>	<u>18,118,012</u>	<u>1,752</u>
(4,053,091)	372,757	(3,680,334)	(54,706)
<u>75,790,418</u>	<u>3,787,356</u>	<u>79,577,774</u>	<u>766,737</u>
<u>\$ 71,737,327</u>	<u>\$ 4,160,113</u>	<u>\$ 75,897,440</u>	<u>\$ 712,031</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF INYO

Balance Sheet
Governmental Funds
June 30, 2013

	General	Road	Grant Programs	Other Governmental	Total
Assets					
Cash and investments	\$30,577,532	\$3,772,141	\$2,022,239	\$ 1,734,859	\$38,106,771
Restricted Assets:					
Cash with fiscal agent	58,383	--	--	--	58,383
Imprest cash	3,080	--	300	40	3,420
Interest receivable	35,733	2,804	1,191	1,488	41,216
Accounts receivable	1,508,150	344,670	120,018	646	1,973,484
Due from other funds	2,885,412	--	--	--	2,885,412
Due from other governments	893,857	707,725	168,881	--	1,770,463
Loans receivable	--	--	780,000	--	780,000
Inventory	--	338,354	--	--	338,354
Deposits with others	41,700	--	--	--	41,700
Advances to other funds	137,000	--	--	--	137,000
Prepaid expenses	77,284	--	18,924	--	96,208
Total Assets	<u>\$36,218,131</u>	<u>\$5,165,694</u>	<u>\$3,111,553</u>	<u>\$ 1,737,033</u>	<u>\$46,232,411</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	3,070,437	1,042,319	48,426	55,910	4,217,092
Accrued salaries and benefits	706,598	60,512	30,364	26,330	823,804
Benefits payable	758,940	--	--	--	758,940
Due to other funds	--	--	554,802	--	554,802
Unearned Revenue	6,105,065	--	7,500	--	6,112,565
Deposits from others	500	--	--	--	500
Total liabilities	<u>10,641,540</u>	<u>1,102,831</u>	<u>641,092</u>	<u>82,240</u>	<u>12,467,703</u>
Deferred Inflows of Resources:					
Unavailable revenue	<u>535,997</u>	<u>343,926</u>	<u>116,776</u>	--	<u>996,699</u>
Fund balances:					
Nonspendable	214,284	338,354	18,924	--	571,562
Restricted	1,333,739	3,380,583	2,334,761	1,003,532	8,052,615
Assigned	3,196,182	--	--	651,261	3,847,443
Unassigned	20,296,389	--	--	--	20,296,389
Total fund balances	<u>25,040,594</u>	<u>3,718,937</u>	<u>2,353,685</u>	<u>1,654,793</u>	<u>32,768,009</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$36,218,131</u>	<u>\$5,165,694</u>	<u>\$3,111,553</u>	<u>\$ 1,737,033</u>	<u>\$46,232,411</u>

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

COUNTY OF INYO

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position - Governmental Activities
June 30, 2013

Fund Balance - total governmental funds	\$ 32,768,009
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	47,719,293
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 position. Internal service fund net position are:	2,420,290
Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	996,699
Certain liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Loans payable	(435,932)
Other post employment benefits liability	(10,343,507)
Compensated absences	<u>(1,387,525)</u>
Net position of governmental activities	<u>\$ 71,737,327</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, 2013

	<u>General</u>	<u>Road</u>	<u>Grant Programs</u>	<u>Other Governmental</u>	<u>Total</u>
Revenues					
Taxes	\$ 15,892,598	\$ --	\$ 37,145	\$ 59,080	\$ 15,988,823
Licenses and permits	465,138	15,526	--	--	480,664
Fines, forfeitures and penalties	1,345,624	--	--	--	1,345,624
Use of money and property	546,392	7,843	5,206	4,814	564,255
Intergovernmental	23,949,442	7,466,194	2,683,127	1,362,962	35,461,725
Charges for services	6,432,530	304,880	145,493	165,225	7,048,128
Other revenues	197,971	163,782	14,110	436	376,299
Total revenues	<u>48,829,695</u>	<u>7,958,225</u>	<u>2,885,081</u>	<u>1,592,517</u>	<u>61,265,518</u>
Expenditures					
Current:					
General government	12,667,150	--	--	2,768	12,669,918
Public protection	20,255,709	--	1,158,430	1,016,159	22,430,298
Public ways and facilities	--	5,315,303	--	42,339	5,357,642
Health and sanitation	6,238,686	--	745,219	730,632	7,714,537
Public assistance	6,720,793	--	1,052,229	--	7,773,022
Education	639,708	--	--	--	639,708
Recreation and culture	794,177	--	--	--	794,177
Capital outlay	2,447,062	2,781,817	40,944	--	5,269,823
Debt Service:					
Principal	45,992	--	--	--	45,992
Interest	24,096	--	--	--	24,096
Total expenditures	<u>49,833,373</u>	<u>8,097,120</u>	<u>2,996,822</u>	<u>1,791,898</u>	<u>62,719,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,003,678)</u>	<u>(138,895)</u>	<u>(111,741)</u>	<u>(199,381)</u>	<u>(1,453,695)</u>
Other Financing Sources (Uses)					
Proceeds from loan issuance	481,924	--	--	--	481,924
Sale of fixed assets	225	3,672	--	--	3,897
Transfers in	507	--	121,551	79,531	201,589
Transfers out	(517,394)	--	(507)	--	(517,901)
Total other financing sources (uses)	<u>(34,738)</u>	<u>3,672</u>	<u>121,044</u>	<u>79,531</u>	<u>169,509</u>
Net change in fund balances	(1,038,416)	(135,223)	9,303	(119,850)	(1,284,186)
Fund balances, beginning of year	<u>26,079,010</u>	<u>3,854,160</u>	<u>2,344,382</u>	<u>1,774,643</u>	<u>34,052,195</u>
Fund balances, end of year	<u>\$ 25,040,594</u>	<u>\$ 3,718,937</u>	<u>\$ 2,353,685</u>	<u>\$ 1,654,793</u>	<u>\$ 32,768,009</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, 2013

Net change to fund balance - total governmental funds \$ (1,284,186)

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

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 5,228,374	
Less: current year depreciation	<u>(5,843,106)</u>	(614,732)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		173,106
---	--	---------

Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		(481,924)
---	--	-----------

Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		45,992
--	--	--------

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

Change in other post employment benefits	(2,022,634)	
Other payables	74,165	
Change in compensated absences	<u>13,706</u>	(1,934,763)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities.		<u>43,416</u>
--	--	---------------

Change in net position of governmental activities (page 16)		<u><u>\$ (4,053,091)</u></u>
---	--	------------------------------

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

COUNTY OF INYO

Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental
	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 367,326	\$ 516,779	\$ 594,476	\$ 1,478,581	\$ 1,861,319
Imprest cash	265	900	--	1,165	--
Accounts receivable	46,684	152,000	113,017	311,701	--
Due from other governments	217,699	--	--	217,699	--
Interest receivable	174	1,186	529	1,889	1,078
Inventory	25,938	--	--	25,938	3,869
Noncurrent assets:					
Restricted cash	--	1,338,341	--	1,338,341	--
Capital assets:					
Nondepreciable	2,134,556	--	--	2,134,556	6,979
Depreciable, net	2,235,375	470,282	1,846,500	4,552,157	1,141,858
Total assets	<u>5,028,017</u>	<u>2,479,488</u>	<u>2,554,522</u>	<u>10,062,027</u>	<u>3,015,103</u>
Liabilities					
Current liabilities:					
Accounts payable	303,451	167,292	40,956	511,699	100,232
Accrued salaries and benefits	5,951	22,749	8,372	37,072	1,700
Due to other funds	35,000	--	10,000	45,000	60,000
Compensated absences	13,888	36,984	13,439	64,311	4,881
Advances from other funds	--	--	--	--	125,000
Interest payable	--	416	--	416	--
Unearned revenue	35,460	22,498	--	57,958	--
Due to other governments	2,200	--	--	2,200	--
Liability for self-insurance	--	--	--	--	303,000
Capital leases payable	--	50,082	--	50,082	--
Noncurrent liabilities:					
Capital leases payable	--	22,064	--	22,064	--
Estimated liability for landfill closure/ postclosure costs	--	5,111,112	--	5,111,112	--
Total liabilities	<u>395,950</u>	<u>5,433,197</u>	<u>72,767</u>	<u>5,901,914</u>	<u>594,813</u>
Net Position					
Net investment in capital assets	4,369,931	398,136	1,846,500	6,614,567	1,148,837
Unrestricted	262,136	(3,351,845)	635,255	(2,454,454)	1,271,453
Total net position	<u>\$ 4,632,067</u>	<u>\$ (2,953,709)</u>	<u>\$ 2,481,755</u>	<u>\$ 4,160,113</u>	<u>\$ 2,420,290</u>

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

COUNTY OF INYO

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental
	Airport	Solid Waste	Nonmajor	Total	Activities
			Enterprise Funds		Internal Service Funds
Operating Revenues:					
Charges for services	\$ 1,283,140	\$ 686,387	\$ 831,154	\$ 2,800,681	\$ 2,552,159
Other revenues	1,714	285,711	69	287,494	--
Total operating revenues	<u>1,284,854</u>	<u>972,098</u>	<u>831,223</u>	<u>3,088,175</u>	<u>2,552,159</u>
Operating Expenses:					
Salaries and benefits	274,956	952,942	314,492	1,542,390	79,216
Services and supplies	1,362,143	1,431,853	694,921	3,488,917	2,011,313
Depreciation	115,532	86,947	66,067	268,546	484,933
Total operating expenses	<u>1,752,631</u>	<u>2,471,742</u>	<u>1,075,480</u>	<u>5,299,853</u>	<u>2,575,462</u>
Operating income (loss)	<u>(467,777)</u>	<u>(1,499,644)</u>	<u>(244,257)</u>	<u>(2,211,678)</u>	<u>(23,303)</u>
Nonoperating Revenues (Expenses):					
Tax revenue	--	1,292,957	--	1,292,957	--
Reimbursements and miscellaneous revenues	--	--	--	--	3,316
Intergovernmental revenues	503,671	385,803	--	889,474	--
Interest revenue	79,081	7,701	1,512	88,294	2,978
Interest expense	--	(3,677)	--	(3,677)	--
Gain (loss) on sale of assets	--	1,075	--	1,075	7,318
Total nonoperating revenues (expenses)	<u>582,752</u>	<u>1,683,859</u>	<u>1,512</u>	<u>2,268,123</u>	<u>13,612</u>
Income (Loss) Before Capital Contributions and Transfers	114,975	184,215	(242,745)	56,445	(9,691)
Capital contributions	--	--	--	--	53,107
Transfers in	<u>100,475</u>	<u>213,892</u>	<u>1,945</u>	<u>316,312</u>	<u>--</u>
Change in net position	215,450	398,107	(240,800)	372,757	43,416
Net position, beginning of year	<u>4,416,617</u>	<u>(3,351,816)</u>	<u>2,722,555</u>	<u>3,787,356</u>	<u>2,376,874</u>
Net position, end of year	<u>\$ 4,632,067</u>	<u>\$ (2,953,709)</u>	<u>\$ 2,481,755</u>	<u>\$ 4,160,113</u>	<u>\$ 2,420,290</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, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	Airport	Solid Waste	Nonmajor Enterprise Funds	Internal Service Funds
			Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 1,121,694	\$ 990,557	\$ 907,998	\$ 3,020,249
Cash paid to suppliers for goods and services	(1,102,852)	(1,175,017)	(710,039)	(2,987,908)
Cash paid to employees for salaries and benefits	(268,523)	(930,922)	(308,608)	(1,508,053)
Net cash provided (used) by operating activities	(249,681)	(1,115,382)	(110,649)	(1,475,712)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Repayment from (to) other funds	7,900	--	--	7,900
Intergovernmental revenues	503,671	385,803	--	889,474
Other revenue	--	--	--	3,316
Transfers in	100,475	213,892	11,945	326,312
Tax revenue	--	1,292,957	--	1,292,957
Net cash provided (used) by noncapital financing activities	612,046	1,892,652	11,945	2,516,643
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	--	1,075	--	1,075
Interest repayments related to capital purposes	--	(3,799)	--	(3,799)
Principal repayments related to capital purposes	--	(21,201)	--	(21,201)
Payments related to the acquisition of capital assets	(283,159)	(176,383)	(7,676)	(467,218)
Net cash provided (used) by capital and related financing activities	(283,159)	(200,308)	(7,676)	(491,143)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	79,250	7,785	1,759	88,794
Net cash provided (used) by investing activities	79,250	7,785	1,759	88,794
Net Increase (Decrease) in Cash and Cash Equivalents	158,456	584,747	(104,621)	638,582
Cash and cash equivalents, beginning of year	209,135	1,271,274	699,097	2,179,506
Cash and cash equivalents, end of year	<u>\$ 367,591</u>	<u>\$ 1,856,020</u>	<u>\$ 594,476</u>	<u>\$ 2,818,088</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and investments	367,326	516,779	594,476	1,478,581
Imprest cash	265	900	--	1,165
Restricted cash	--	1,338,341	--	1,338,341
	<u>\$ 367,591</u>	<u>\$ 1,856,020</u>	<u>\$ 594,476</u>	<u>\$ 2,818,087</u>

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, 2013

	Business-type Activities - Enterprise Funds				Governmental
	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (467,777)	\$ (1,499,644)	\$ (244,257)	\$ (2,211,678)	\$ (23,303)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	115,532	86,947	66,067	268,546	484,933
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(1,153)	14,801	77,033	90,681	6,306
Due from other governments	(166,312)	1,584	--	(164,728)	--
Inventory	23,115	--	--	23,115	(46)
Increase (decrease) in:					
Accounts payable	236,176	88,832	(15,376)	309,632	41,881
Accrued Salaries	5,951	22,749	8,372	37,072	1,700
Liability for compensated absences	482	(729)	(2,488)	(2,735)	968
Liability for self-insurance	--	--	--	--	--
Deferred revenues	4,305	2,074	--	6,379	--
Closure/postclosure liability	--	168,004	--	168,004	--
Net Cash Provided (Used) by Operating Activities	<u>\$ (249,681)</u>	<u>\$ (1,115,382)</u>	<u>\$ (110,649)</u>	<u>\$ (1,475,712)</u>	<u>\$ 512,439</u>
Schedule of non-cash capital and related financing activities:					
Contribution of capital assets	\$ --	\$ --	\$ --	--	\$ 53,107

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

COUNTY OF INYO

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Investment Trust	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 46,406,494	17,717,386
Imprest cash	3,444	60
Cash with fiscal agent	29,022	--
Accounts receivable	333,482	176,520
Due from other governments	387,681	190,466
Interest receivable	32,949	6,438
Taxes receivable	--	1,266,442
Due from other funds	--	140,000
	<u> </u>	<u> </u>
Total assets	<u>47,193,072</u>	<u>19,497,312</u>
Liabilities		
Due to other funds	15,000	2,350,610
Advances from other funds	--	12,000
Accounts payable	--	118,922
Agency obligations	--	17,015,780
	<u> </u>	<u> </u>
Total liabilities	<u>15,000</u>	<u>19,497,312</u>
Net Position		
Net position held in trust for investment pool participants	<u>47,178,072</u>	<u>--</u>
	<u> </u>	<u> </u>
Total net position	<u>\$ 47,178,072</u>	<u>\$ --</u>

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

COUNTY OF INYO

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	<u>Investment Trust</u>
Additions:	
Contributions to investment pool	\$ 147,191,511
Interest and investment income	<u>119,348</u>
Total Additions	<u>147,310,859</u>
Deductions:	
Distributions from investment pool	<u>(141,136,158)</u>
Total Deductions	<u>(141,136,158)</u>
Change in net position	6,174,701
Net position, beginning of year	<u>41,003,371</u>
Net position, end of year	<u><u>\$ 47,178,072</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, 2013

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.

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

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

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

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

COUNTY OF INYO

Notes to Financial Statements June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

A. **Description of the Reporting Entity** (continued)

Discretely Presented Component Units

First 5 Inyo County – First 5 was created in 1998 with the passage of Proposition 10, the California Children and Families Act. First 5's mission is to allocate funds from the California Children and Families Trust Fund and advocate for quality programs and services, supporting children prenatal to age 5, to ensure that every child is healthy and ready to learn in school. First 5 is governed by a six-member commission that includes public officials and community leaders from the fields of early childhood education, health care, and family support. The County can influence the day-to-day operations and financial decisions of First 5 as the County Board of Supervisors appoints all commission members. First 5 is reported as a discretely presented component unit because its governing body is not substantively the same as the County's governing body, and it does not provide services entirely or exclusively to the County.

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net position 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.

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

Fund Financial Statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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

Fund Financial Statements (continued)

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.

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 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.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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.

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.

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.

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.

COUNTY OF INYO

Notes to Financial Statements June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

E. Deposits and Investments (continued)

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.

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 position 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, 2013

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. Unearned Revenue

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete. Those assets, grant advances received prior to meeting all eligibility requirements, are offset by a corresponding liability for unearned revenue.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: intergovernmental revenue and charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The year-end balance consists of receivables collected after the period of availability.

COUNTY OF INYO

Notes to Financial Statements June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

N. **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.

O. **Fund Equity**

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based on the extent to which the County is bound to honor various constraints.

- Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Board of Supervisors) and which remain in place unless removed by taking the same type of action it employed to commit those amounts. The formal action that commits fund balance to a specific purpose should occur prior to the end of the reporting period.
- Assigned fund balance – amounts that are considered by the County's intent to be used for specific purposes. Intent should be expressed either by the governing body itself or a body (a budget or finance committee, for example) or official to which the governing body has delegated authority to assign amounts to be used for specific purposes. This is also the classification for residual funds in the County's special revenue funds.
- Unassigned fund balance – the residual classification for the General Fund that includes amounts not contained in the preceding classifications. In other governmental funds, the unassigned classification is used when expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution or an ordinance. This can be done through the adoption of the budget and subsequent budget amendments that occur throughout the year.

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

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. 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.

COUNTY OF INYO

Notes to Financial Statements June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

O. **Fund Equity** (continued)

- *Restricted Net Position* – 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 Position* – This category represents net position of the County, not restricted for any project or other purpose.

P. **New Accounting Pronouncements – Current Year**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements.

Governmental Accounting Standards Board Statement No. 61

Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. The objective of this statement is to improve guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements.

Governmental Accounting Standards Board Statement No. 62

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement improves financial reporting by contributing to GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

Governmental Accounting Standards Board Statement No. 63

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previously, GASB Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. GASB Statement No. 63 amends the net asset reporting requirements in GASB Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net position.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

P. **New Accounting Pronouncements – Current Year** (continued)

Governmental Accounting Standards Board Statement No. 65

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, improves the financial reporting for state and local governments by reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Q. **New Accounting Pronouncements – Future Years**

Government Accounting Standards Board Statement No. 66

GASB Statement No. 66, *Technical Corrections – 2012*, is effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by resolving conflicting guidance that resulted from the Issuance of GASB Statement Nos. 54 and 62.

Government Accounting Standards Board Statement No.67

GASB Statement No. 67, *Financial Reporting for Pension Plans*, is effective for periods beginning after June 15, 2013. It improves financial reporting for state and local governments by improving the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability.

Government Accounting Standards Board Statement No. 68

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. The principal objective of this statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees – both active employees and inactive employees – are provided with pensions. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

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.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 2: CASH IN TREASURY

A. Cash Management (continued)

The County Treasurer determines the fair value of investments annually, at fiscal year-end, for the purpose of financial reporting. Participants may withdraw their investment from the pool on a dollar per dollar basis. School districts are considered involuntary participants in the investment pool and comprise 24 percent of the total treasury investment pool which includes County operational funds. Special districts and various trust funds approximate 20 percent of the investment pool and the extent of involuntary participation cannot be determined at this time. County operational funds and agency funds comprise the remaining 56 percent of the investment pool.

At June 30, 2013, total County cash and investments were as follows:

Cash on hand	\$ 8,438
Deposits	7,309,320
Investments	100,447,273
Total Cash and Investments	<u>\$ 107,765,031</u>

Total cash and investments at June 30, 2013 were presented on the County's financial statements as follows:

Primary government	\$ 42,847,980
Investment trust fund	46,438,960
Agency funds	17,717,446
Discretely presented component unit	760,645
Total Cash and Investments	<u>\$ 107,765,031</u>

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Federal Agency Obligations	5 years	None	None
U.S. Treasury Bills	5 years	None	None
State of California Obligations	5 years	None	None
Local Agency Bonds and Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper - Select Agencies	270 days	25%	10%
Commercial Paper - Other Agencies	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Non-Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	None	None
California Asset Management Program	N/A	None	None

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 2: **CASH IN TREASURY** (CONTINUED)

A. **Cash Management** (continued)

Investments (continued)

At June 30, 2013, the County had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>WAM (Years)</u>
Pooled Investments						
Federal Agency Obligations	.0470% - 1.05%	9/13/13 - 4/30/18	\$ 35,500,000	\$ 35,497,500	\$ 35,139,140	2.85
Commercial paper	--		16,000,000	15,962,368	15,986,850	0.28
Local Agency Investment Fund	Variable	On Demand	47,900,000	47,900,000	47,900,000	--
UBS Money Market	Variable	On Demand	1,000,000	1,000,000	1,000,000	--
Total Pooled Investments			<u>\$ 100,400,000</u>	<u>\$ 100,359,868</u>	<u>\$ 100,025,990</u>	1.05
Non-Pooled Investments						
Cash with fiscal agent	Variable	On Demand		\$ 87,405	\$ 87,405	
Total Investments				<u>\$ 100,447,273</u>	<u>\$ 100,113,395</u>	

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount Reported</u>
Federal Farm Credit Bank	Federal Agency Obligations	\$ 8,997,500
Federal Home Loan Bank	Federal Agency Obligations	9,000,000
Federal National Mortgage Assn.	Federal Agency Obligations	13,500,000
HSBC Finance Corp.	Commercial Paper	8,972,787
General Electric Corp.	Commercial Paper	6,989,582

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 2: **CASH IN TREASURY** (CONTINUED)

A. **Cash Management** (continued)

Concentration of Credit Risk (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, 2013.

	<u>S&P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Federal Agency Obligations	AAA	AAA	35.36%
Local Agency Investment Fund	Unrated	Unrated	47.73%
UBS Money Market	N/A	N/A	1.00%
Commercial paper	N/A	N/A	15.91%
Total			<u>100.00%</u>

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.

At June 30, 2013, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$47,900,000, 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 \$58.8 billion. Of that amount, 98.04% was invested in structured notes and asset-backed securities with the remaining 1.96% invested in other non-derivative financial products.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 2: **CASH IN TREASURY** (CONTINUED)

A. **Cash Management** (continued)

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2013:

Statement of Net Position

Assets:

Investments	\$ 100,359,868
Other deposits	7,317,758
Total Assets	<u>\$ 107,677,626</u>

Net Position:

Equity of internal pool participants	\$ 60,478,021
Equity of external pool participants	47,199,605
Total Net Position	<u>\$ 107,677,626</u>

Statement of Changes in Net Position

Net position at July 1, 2012	\$ 96,596,640
Net deductions from pool participants	11,080,986
Net position at June 30, 2013	<u>\$ 107,677,626</u>

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.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 2: **CASH IN TREASURY** (CONTINUED)

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.

E. Methods and Assumptions Used to Estimate Fair Value

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

The County has determined that cost to fair values are not materially different (fair value is 99.67 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, 2013 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Grant Programs	\$ 429,802	Cash flow reimbursement grants
	Airport	35,000	Provide short term cash flow
	Nonmajor Enterprise Funds	10,000	Provide short term cash flow
	Workers' Compensation Fund	60,000	Provide short term cash flow
	Agency Fund	2,350,610	Provide short term cash flow
		<u>\$ 2,885,412</u>	
Agency Funds	Grant Programs	125,000	Cash flow reimbursement grants
	Investment Trust Funds	15,000	Provide short term cash flow
		<u>140,000</u>	
		<u>\$ 3,025,412</u>	

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 3: **INTERFUND TRANSACTIONS** (CONTINUED)

Interfund Receivables/Payables (continued)

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General fund	Internal Service Funds	\$ 125,000
	Agency Funds	12,000
		<u>\$ 137,000</u>

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

The General Fund loaned the Purchasing Revolving fund \$125,000 for working capital purposes several years ago without establishing a repayment plan. The intent was that the monies would be returned to the General Fund when the purchasing revolving function would cease to exist. Currently, there are no plans for the purchasing revolving function to cease to exist.

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:

Transfer from	Transfer to	Amount	Purpose
General Fund	Solid Waste	\$ 213,892	To augment ongoing operations
	Airports	100,475	To augment ongoing operations
	Water Systems	1,945	To augment ongoing operations
		<u>\$ 316,312</u>	

Between Funds Within the Governmental or Business-Type Activities:

Transfer from	Transfer to	Amount	Purpose
General Fund	Grant Funds	\$ 121,551	To augment ongoing operations
	Nonmajor Governmental Funds	79,531	To augment ongoing operations
		<u>201,082</u>	
Grant	General Fund	507	Close out grant
		<u>\$ 201,589</u>	

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2013
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 8,899,171	\$ --	\$ --		\$ 8,899,171
Construction in progress	3,012,122	4,772,583	(91,291)		7,693,414
Total capital assets, not being depreciated	<u>11,911,293</u>	<u>4,772,583</u>	<u>(91,291)</u>	<u>--</u>	<u>16,592,585</u>
Capital assets, being depreciated:					
Infrastructure	197,648,970	--	--		197,648,970
Land improvements	4,708,199	--	--		4,708,199
Structures and improvements	11,789,139	124,840	(5,400)		11,908,579
Equipment	16,332,273	786,005	(255,567)		16,862,711
Total capital assets, being depreciated	<u>230,478,581</u>	<u>910,845</u>	<u>(260,967)</u>	<u>--</u>	<u>231,128,459</u>
Less accumulated depreciation for:					
Infrastructure	(173,248,209)	(4,729,885)	--		(177,978,094)
Land improvements	(1,424,644)	(120,554)	--		(1,545,198)
Structures and improvements	(5,370,125)	(282,705)	5,400		(5,647,430)
Equipment	(12,742,864)	(1,194,895)	255,567		(13,682,192)
Total accumulated depreciation	<u>(192,785,842)</u>	<u>(6,328,039)</u>	<u>260,967</u>	<u>--</u>	<u>(198,852,914)</u>
Total capital assets, being depreciated, net	<u>37,692,739</u>	<u>(5,417,194)</u>	<u>--</u>	<u>--</u>	<u>32,275,545</u>
Governmental activities capital assets, net	<u>\$ 49,604,032</u>	<u>\$ (644,611)</u>	<u>\$ (91,291)</u>	<u>\$ --</u>	<u>\$ 48,868,130</u>
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,851,399	\$ --	\$ --	\$ --	\$ 1,851,399
Construction in progress	--	283,157	--	--	283,157
Total capital assets, not being depreciated	<u>1,851,399</u>	<u>283,157</u>	<u>--</u>	<u>--</u>	<u>2,134,556</u>
Capital assets, being depreciated:					
Infrastructure	18,579,996	--	--	--	18,579,996
Land improvements	2,708,346	--	--	--	2,708,346
Structures and improvements	2,771,835	--	--	--	2,771,835
Equipment	2,304,206	184,060	(17,185)	--	2,471,081
Total capital assets, being depreciated	<u>26,364,383</u>	<u>184,060</u>	<u>(17,185)</u>	<u>--</u>	<u>26,531,258</u>
Less accumulated depreciation for:					
Infrastructure	(16,240,101)	(65,122)	--	--	(16,305,223)
Land improvements	(1,981,009)	(42,804)	--	--	(2,023,813)
Structures and improvements	(1,534,764)	(61,703)	--	--	(1,596,467)
Equipment	(1,971,865)	(98,918)	17,185	--	(2,053,598)
Total accumulated depreciation	<u>(21,727,739)</u>	<u>(268,547)</u>	<u>17,185</u>	<u>--</u>	<u>(21,979,101)</u>
Total capital assets, being depreciated, net	<u>4,636,644</u>	<u>(84,487)</u>	<u>--</u>	<u>--</u>	<u>4,552,157</u>
Business-type activities capital assets, net	<u>\$ 6,488,043</u>	<u>\$ 198,670</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,686,713</u>

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 859,360
Public protection	456,197
Public ways	4,843,286
Health and sanitation	66,684
Public assistance	15,006
Culture and recreation	87,506
Total depreciation expenses - governmental activities	<u>\$ 6,328,039</u>

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

Airport Fund	\$ 115,532
Solid Waste Fund	86,948
Non-Major Enterprise Funds	66,067
Total depreciation expense - business-type activities	<u>\$ 268,547</u>

NOTE 5: LOANS RECEIVABLE

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

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended June 30, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities					
Compensated absences	\$ 1,411,053	\$ 1,431,720	\$ 1,450,367	\$ 1,392,406	\$ 1,392,406
Claims liability	303,000	14,826	14,826	303,000	100,000
Loan payable	--	481,924	45,992	435,932	46,568
Total Governmental Activities	<u>\$ 1,714,053</u>	<u>\$ 1,928,470</u>	<u>\$ 1,511,185</u>	<u>\$ 2,131,338</u>	<u>\$ 1,538,974</u>
Business-type Activities					
Mercedes-Benz financial	\$ 93,347	\$ --	\$ 21,201	\$ 72,146	\$ 22,064
Compensated absences	67,046	49,792	52,527	64,311	64,311
Closure/post closure liability	4,943,109	168,003	--	5,111,112	--
Total Business-type Activities	<u>\$ 5,103,502</u>	<u>\$ 217,795</u>	<u>\$ 73,728</u>	<u>\$ 5,247,569</u>	<u>\$ 86,375</u>

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Loan Payable

During the current fiscal year, the County entered into contract with Thomson Reuters for property tax management software. As part of the contract, Thomson Reuters provided financing in the amount of \$616,258, which includes an imputed interest rate of 5%.

During fiscal year 2013, the County was in the process of implementing and incurring costs on this application project. The County is scheduled to make its last annual payment on January 30, 2022 and the outstanding principal balance as of June 30, 2013 is \$435,932.

Required payments as of June 30, 2013, are as follows:

Year Ending June 30:	Governmental Activities	
	Notes Payable	
	Principal	Interest
2014	\$ 46,568	\$ 21,797
2015	47,123	19,468
2016	47,651	17,112
2017	48,151	14,730
2018	48,584	12,322
2019-2022	197,855	24,809
	<u>\$ 435,932</u>	<u>\$ 110,238</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.

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 \$5,111,112 as of the fiscal year end, which is based on the estimated percentage usage (filled), ranging from 31.81% to 66.42%, of each landfill site. It is estimated that an additional \$7,438,654 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.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 7: ESTIMATED LIABILITY FOR SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE MAINTENANCE COSTS (CONTINUED)

The estimated total current cost of the landfill closure and postclosure maintenance costs of \$12,549,766 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 Geo-logic Associates of Claremont, California.

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, 2013, a total of \$1,338,341 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, 2013:

	Percent Filled	Total Closure/ Postclosure Cost Estimates	Liability 6/30/2013
Bishop Sunland	32.42%	\$ 7,577,236	\$ 2,456,212
Independence	67.10%	1,631,846	1,094,947
Lone Pine	39.05%	2,313,533	903,380
Shoshone	64.00%	479,625	306,949
Tecopa	63.86%	547,526	349,624
		<u>\$ 12,549,766</u>	<u>\$ 5,111,112</u>

NOTE 8: LEASES

Capital Leases

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

The following is a summary of equipment leased under capital lease agreements by the County as of June 30, 2013:

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2013
Equipment	4.07%	\$ 72,146
		<u>\$ 72,146</u>

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 8: **LEASES** (CONTINUED)

Capital Leases (continued)

The cost of equipment under capital leases is as follows:

Equipment	\$	118,347
Less: accumulated depreciation		<u>16,907</u>
	\$	<u>101,440</u>

As of June 30, 2013, future minimum lease payments under capital leases was as follows:

Year Ending June 30:		
2014	\$	25,000
2015		25,000
2016		25,000
2017		<u>3,356</u>
Total Future Minimum Lease Payments		78,356
Less: Interest		<u>(6,210)</u>
Present Value of Minimum Lease Payments	\$	<u>72,146</u>

Operating Leases

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

Future minimum operating lease commitments are as follows:

Year Ended June 30		
2014	\$	<u>59,304</u>

Total rents and lease expenditures were \$105,410 for the year ended June 30, 2013.

NOTE 9: **NET POSITION/FUND BALANCES**

Classification

In the fund financial statements, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor the constraints imposed on the use of resources reported in the funds.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 9: NET POSITION/FUND BALANCES (CONTINUED)

Classification (continued)

Fund balances for all major and nonmajor governmental funds as of June 30, 2013, were distributed as follows:

	<u>General</u>	<u>Roads</u>	<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Advances	\$ 137,000	\$ --	\$ --	\$ --	\$ 137,000
Prepaid expenses	77,284	--	18,924	--	96,208
Inventories	--	338,354	--	--	338,354
Subtotal	<u>214,284</u>	<u>338,354</u>	<u>18,924</u>	<u>--</u>	<u>571,562</u>
Restricted for:					
General government	751,079	--	441	164,373	915,893
Public protection	10,051	--	1,966,953	59,006	2,036,010
Public ways & facilities	672	3,380,583	1,598	705,831	4,088,684
Health & sanitation	571,937	--	181,374	74,322	827,633
Public assistance	--	--	174,449	--	174,449
Recreation	--	--	9,946	--	9,946
Subtotal	<u>1,333,739</u>	<u>3,380,583</u>	<u>2,334,761</u>	<u>1,003,532</u>	<u>8,052,615</u>
Assigned to:					
General government	541,854	--	--	651,261	1,193,115
Public protection	189,018	--	--	--	189,018
Health & sanitation	493,451	--	--	--	493,451
Public assistance	1,004,069	--	--	--	1,004,069
Education	566,240	--	--	--	566,240
Recreation	401,550	--	--	--	401,550
Subtotal	<u>3,196,182</u>	<u>--</u>	<u>--</u>	<u>651,261</u>	<u>3,847,443</u>
Unassigned	<u>20,296,389</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>20,296,389</u>
Total	<u>\$ 25,040,594</u>	<u>\$ 3,718,937</u>	<u>\$ 2,353,685</u>	<u>\$ 1,654,793</u>	<u>\$ 32,768,009</u>

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.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 10: **COUNTY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)** (CONTINUED)

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 2012/2013 was 14.874% for the miscellaneous plan employees and 34.325% for the safety plan employees.

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 2012/2013, the County of Inyo's annual pension cost was \$5,840,192 and the County actually contributed \$5,840,192. The required contribution for fiscal year 2012/2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 5,334,153	100.00%	\$ --
6/30/2012	5,845,664	100.00%	--
6/30/2013	5,840,192	100.00%	--

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

NOTE 11: **RISK MANAGEMENT**

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

The County has risk management funds (Internal Service Funds) to account for the County's General Liability and Medical Malpractice insurance programs that are self-insured. Beginning with the fiscal year ended June 30, 2003, the County's Workers' Compensation liability is no longer self-insured. Risk of insurance has been assumed by a third-party insurer.

Fund revenues are primarily premium charges to other funds and are planned to equal estimated payments resulting from self-insurance programs, liability insurance coverage in excess of the self-insured amounts, and operating expenses.

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

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 11: **RISK MANAGEMENT** (CONTINUED)

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

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

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

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

Changes in the County's claims liability for the fiscal years ended June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$ 303,000	\$ 342,000
Plus estimated claims incurred	14,826	(71,453)
Less claims payments	<u>(14,826)</u>	<u>32,453</u>
Unpaid claims, end of year	<u>\$ 303,000</u>	<u>\$ 303,000</u>

NOTE 12: **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

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

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

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the County. The contribution is based on pay-as-you-go financing requirements, with a \$1 million contribution to PARS OPEB trust for the fiscal year ended June 30, 2010 to prefund benefits. For fiscal year 2012-13, the County contributed a total of \$1,297,072, or 39.1%, of the actuarially required contributions, to the Retiree Healthcare Plan.

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 12: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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	\$ 3,424,956
Interest on net OPEB obligation	499,252
Adjustment to net OPEB obligation	<u>(604,502)</u>
Annual OPEB cost (expense)	<u>3,319,706</u>
Contributions made	<u>(1,297,072)</u>
Increase in net OPEB obligation	2,022,634
Net OPEB obligation - beginning of year	<u>8,320,873</u>
Net OPEB obligation - end of year	<u>\$ 10,343,507</u>

The County’s Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan (as described in the funding policy above), and the Net OPEB Obligation for fiscal year 2012-2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 3,979,588	45.1%	\$ 6,522,577
6/30/2012	3,342,453	46.2%	8,320,873
6/30/2013	3,319,706	39.1%	10,343,507

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of July 1, 2011, the plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 29,968,670
Actuarial value of plan assets	<u>3,329,600</u>
Unfunded actuarial accrued liability (UAAL)	\$ 26,639,070
Funded ratio (actuarial value of plan assets/AAL)	12.5%
Covered payroll (active plan members)	\$ 23,247,553
UAAL as a percentage of covered payroll	114.6%

COUNTY OF INYO

Notes to Financial Statements
June 30, 2013

NOTE 12: **OTHER POST EMPLOYMENT BENEFITS (OPEB)** (CONTINUED)

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, 2011 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, 2013, was 26 years.

NOTE 13: **DEFICIT FUND BALANCE/NET POSITION**

The following funds had deficit fund balance or net position at June 30, 2013:

Waste Management	<u>\$ 2,953,709</u>
------------------	---------------------

The Solid Waste deficit is expected to be eliminated in the future through a restructuring of service at the landfills and retirement of closure/post closure liability.

NOTE 14: **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, 2013, 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, 2013

NOTE 14: **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, 2013, would not materially affect the financial statements of the County.

NOTE 15: **SUBSEQUENT EVENT**

At its March 11, 2014 Inyo County Board meeting, the Board of Supervisors approved Resolution No. 2014-12 authorizing the execution and delivery of CalPERS refunding loan in the amount of \$4,045,000. The loan term is sixteen years with a set interest rate of 5.50% for the first ten years and a variable rate thereafter for the duration of the loan. The payment will be made quarterly and the loan matures on June 30, 2030.

At its March 12, 2013 Inyo County Board meeting, the Board of Supervisors approved a loan with the California Energy Commission for \$992,054 with a fifteen year term at a 1% annual interest rate for a photovoltaic solar project. Due to delays in the project the loan was not drawn down until October of 2013.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF INYO

Required Supplementary Information
For the Fiscal Year Ended June 30, 2013

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 Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2010	\$ 125,546,660	\$ 107,229,760	\$ 18,316,900	85.4%	\$ 22,293,876	82.2%
6/30/2011	133,832,109	112,825,400	21,006,709	84.3%	22,148,051	94.8%
6/30/2012	139,920,633	118,012,115	21,908,518	84.3%	21,756,142	100.7%

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:

Actuarial Valuation Date	Entry Age Normal Accrual Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
7/1/2007	\$ 25,092,710	\$ --	\$ 25,092,710	0.0%	\$ 24,224,174	103.6%
7/1/2009	31,214,538	--	31,214,538	0.0%	23,026,193	135.6%
7/1/2011	29,968,670	3,329,600	26,639,070	12.5%	23,247,553	114.6%

COUNTY OF INYO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 14,545,750	\$14,444,500	\$ 15,892,598	\$ 1,448,098
Licenses and permits	411,648	430,001	465,138	35,137
Fines, forfeitures and penalties	1,282,662	1,271,274	1,345,624	74,350
Use of money and property	217,171	277,972	546,392	268,420
Intergovernmental	25,954,931	24,842,731	23,949,442	(893,289)
Charges for services	6,578,181	5,876,376	6,432,530	556,154
Other revenues	135,145	98,825	197,971	99,146
Total revenues	<u>49,125,488</u>	<u>47,241,679</u>	<u>48,829,695</u>	<u>1,588,016</u>
Expenditures:				
Current:				
General government	14,121,898	13,329,207	12,667,150	662,057
Public protection	22,292,469	21,748,763	20,255,709	1,493,054
Health and sanitation	6,841,418	6,688,794	6,238,686	450,108
Public assistance	7,825,452	7,863,012	6,720,793	1,142,219
Education	776,302	764,408	639,708	124,700
Recreation and culture	879,272	875,522	794,177	81,345
Reserves	191,965	75,240	--	75,240
Debt Service	--	--	45,992	(45,992)
Capital outlay	3,701,726	1,600,442	2,447,062	(846,620)
Total expenditures	<u>56,630,502</u>	<u>52,945,388</u>	<u>49,809,277</u>	<u>3,136,111</u>
Excess (deficiency) of revenues over expenditures	<u>(7,505,014)</u>	<u>(5,703,709)</u>	<u>(979,582)</u>	<u>4,724,127</u>
Other Financing Sources (Uses):				
Proceeds from loan issuance	1,666,930	674,876	481,924	(192,952)
Sale of capital assets	--	--	225	225
Transfers in	2,035,186	1,686,690	507	(1,686,183)
Transfers out	(2,311,668)	(1,145,944)	(517,394)	628,550
Total other financing sources (uses)	<u>1,390,448</u>	<u>1,215,622</u>	<u>(34,738)</u>	<u>(1,250,360)</u>
Net change in fund balances	(6,114,566)	(4,488,087)	(1,014,320)	3,473,767
Fund balances, beginning of year	<u>27,411,735</u>	<u>27,411,735</u>	<u>26,079,010</u>	<u>(1,332,725)</u>
Fund balances, end of year	<u>\$ 21,297,169</u>	<u>\$ 22,923,648</u>	<u>\$ 25,064,690</u>	<u>\$ 2,141,042</u>

COUNTY OF INYO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 15,526	\$ 526
Use of money and property	12,500	12,500	7,843	(4,657)
Intergovernmental	10,611,060	9,780,550	7,466,194	(2,314,356)
Charges for services	190,653	246,435	304,880	58,445
Other revenues	153,471	157,288	163,782	6,494
Total Revenues	<u>10,982,684</u>	<u>10,211,773</u>	<u>7,958,225</u>	<u>(2,253,548)</u>
Expenditures:				
Current:				
Public ways and facilities	5,934,696	6,183,656	5,315,303	868,353
Reserves	207,085	--	--	--
Capital outlay	5,139,316	4,049,667	2,781,817	1,267,850
Total Expenditures	<u>11,281,097</u>	<u>10,233,323</u>	<u>8,097,120</u>	<u>2,136,203</u>
Excess (deficiency) of revenues over expenditures	<u>(298,413)</u>	<u>(21,550)</u>	<u>(138,895)</u>	<u>(4,389,751)</u>
Other Financing Sources (Uses):				
Sale of capital assets	--	--	3,672	3,672
Total other financing sources (uses)	<u>--</u>	<u>10,211,773</u>	<u>3,672</u>	<u>3,672</u>
Net change in fund balances	<u>(298,413)</u>	<u>10,190,223</u>	<u>(135,223)</u>	<u>(4,386,079)</u>
Fund balances, beginning of year	<u>2,367,817</u>	<u>2,367,817</u>	<u>3,854,160</u>	<u>1,486,343</u>
Fund balances, end of year	<u>\$ 2,069,404</u>	<u>\$ 12,558,040</u>	<u>\$ 3,718,937</u>	<u>\$ 1,486,343</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	37,145	37,145	37,145	-
Use of money and property	4,264	3,864	5,206	1,342
Intergovernmental	3,194,093	3,098,999	2,683,127	(415,872)
Charges for services	138,479	167,361	145,493	(21,868)
Other Revenues	12,000	4,000	14,110	10,110
Total revenues	<u>3,373,981</u>	<u>3,307,369</u>	<u>2,885,081</u>	<u>(436,398)</u>
Expenditures:				
Current:				
Public protection	1,599,177	1,512,374	1,158,430	353,944
Health and sanitation	1,154,207	946,671	745,219	201,452
Public assistance	1,181,655	1,186,225	1,052,229	133,996
Recreation and culture	218,838	150,000	--	150,000
Capital outlay	144,172	26,113	40,944	(14,831)
Total expenditures	<u>4,298,049</u>	<u>3,821,383</u>	<u>2,996,822</u>	<u>824,561</u>
Excess (deficiency) of revenues over expenditures	<u>(924,068)</u>	<u>(514,014)</u>	<u>(111,741)</u>	<u>388,163</u>
Other Financing Sources (Uses):				
Transfers in	121,551	121,551	121,551	--
Transfers out	(507)	--	(507)	(507)
Total other financing sources (uses)	<u>121,044</u>	<u>121,551</u>	<u>121,044</u>	<u>(507)</u>
Net change in fund balances	(803,024)	(392,463)	9,303	387,656
Fund balances, beginning of year	<u>2,344,382</u>	<u>2,344,382</u>	<u>2,344,382</u>	<u>--</u>
Fund balances, end of year	<u>\$ 1,541,358</u>	<u>\$ 1,951,919</u>	<u>\$ 2,353,685</u>	<u>\$ 387,656</u>

COUNTY OF INYO

Note to Required Supplementary Information For the Fiscal Year Ended June 30, 2013

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 encumbrance 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.

Expenditures exceeded appropriations for capital outlays in the General Fund by \$846,620 due to capital asset purchases being greater than expected.

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.

THIS PAGE INTENTIONALLY LEFT BLANK

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

THIS PAGE INTENTIONALLY LEFT BLANK

Nonmajor Governmental Funds

Capital project funds are used to account for all financial resources that are restricted, committed or assigned to expenditure for capital outlays

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF INYO

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	<u>Capital Projects</u>	<u>Special Revenue</u>	
	<u>Accumulative Capital Outlay</u>	<u>Recorder's Micro- graphics</u>	<u>Alcohol</u>
Assets			
Cash and investments	\$ 651,732	\$ 183,011	\$ 89,892
Imprest cash	--	--	--
Accounts receivable	--	646	--
Interest receivable	519	155	102
	<u>519</u>	<u>155</u>	<u>102</u>
Total assets	<u>\$ 652,251</u>	<u>\$ 183,812</u>	<u>\$ 89,994</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 990	\$ 19,440	\$ 4,125
Accrued salaries and benefits	-	-	11,547
	<u>990</u>	<u>19,440</u>	<u>15,672</u>
Total liabilities	<u>990</u>	<u>19,440</u>	<u>15,672</u>
Fund Balances:			
Restricted	--	164,372	74,322
Assigned	651,261	--	--
	<u>651,261</u>	<u>164,372</u>	<u>74,322</u>
Total fund balances	<u>651,261</u>	<u>164,372</u>	<u>74,322</u>
Total liabilities and fund balances	<u>\$ 652,251</u>	<u>\$ 183,812</u>	<u>\$ 89,994</u>

continued

COUNTY OF INYO

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue		
	Child Support Services	Special Districts Under the Board	Total
Assets			
Cash and investments	\$ 104,805	\$ 705,419	\$ 1,734,859
Imprest cash	40	--	40
Accounts receivable	--	--	646
Interest receivable	151	561	1,488
	<u>\$ 104,996</u>	<u>\$ 705,980</u>	<u>\$ 1,737,033</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 31,305	\$ 50	\$ 55,910
Accrued salaries and benefits	14,684	99	26,330
	<u>45,989</u>	<u>149</u>	<u>82,240</u>
Fund Balances:			
Restricted	59,007	705,831	1,003,532
Assigned	--	--	651,261
	<u>59,007</u>	<u>705,831</u>	<u>1,654,793</u>
Total liabilities and fund balances	<u>\$ 104,996</u>	<u>\$ 705,980</u>	<u>\$ 1,737,033</u>

COUNTY OF INYO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	<u>Capital Projects</u>	<u>Special Revenue</u>	
	Accumulative Capital Outlay	Recorder's Micro- graphics	Alcohol
Revenues:			
Taxes	\$ --	\$ --	\$ --
Intergovernmental	--	--	443,741
Use of money and property	1,444	453	207
Charges for services	51,351	39,843	74,031
Other revenues	--	--	374
	<hr/>	<hr/>	<hr/>
Total revenues	52,795	40,296	518,353
	<hr/>	<hr/>	<hr/>
Expenditures:			
General government	2,768	--	--
Public protection	--	79,827	--
Public ways and facilities	--	--	--
Health and sanitation	--	--	730,632
	<hr/>	<hr/>	<hr/>
Total expenditures	2,768	79,827	730,632
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	50,027	(39,531)	(212,279)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers in	--	--	79,531
Total other financing sources (uses)	--	--	79,531
	<hr/>	<hr/>	<hr/>
Net change in fund balances	50,027	(39,531)	(132,748)
Fund balances, Beginning of Year	601,234	203,903	207,070
	<hr/>	<hr/>	<hr/>
Fund balances, End of Year	\$ 651,261	\$ 164,372	\$ 74,322
	<hr/>	<hr/>	<hr/>

continued

COUNTY OF INYO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue		
	Child Support Services	Special Districts Under the Board	Total
Revenues:			
Taxes	\$ --	\$ 59,080	\$ 59,080
Intergovernmental	919,014	207	1,362,962
Use of money and property	462	2,248	4,814
Charges for services	--	--	165,225
Other revenues	--	62	436
	<u>919,476</u>	<u>61,597</u>	<u>1,592,517</u>
Expenditures:			
General government	--	--	2,768
Public protection	936,332	--	1,016,159
Public ways and facilities	--	42,339	42,339
Health and sanitation	--	--	730,632
	<u>936,332</u>	<u>42,339</u>	<u>1,791,898</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,856)</u>	<u>19,258</u>	<u>(199,381)</u>
Other Financing Sources (Uses):			
Transfers in	--	--	79,531
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>79,531</u>
Net change in fund balances	(16,856)	19,258	(119,850)
Fund balances, Beginning of Year	<u>75,863</u>	<u>686,573</u>	<u>1,774,643</u>
Fund balances, End of Year	<u>\$ 59,007</u>	<u>\$ 705,831</u>	<u>\$ 1,654,793</u>

COUNTY OF INYO

Combining Balance Sheet
Special Districts Under the Board
June 30, 2013

	<u>Big Pine Lighting</u>	<u>Independence Lighting</u>	<u>Lone Pine Lighting</u>	<u>Total</u>
Assets				
Cash and investments	\$ 257,577	\$ 271,189	\$ 176,653	\$ 705,419
Interest receivable	205	216	140	561
Total assets	<u>\$ 257,782</u>	<u>\$ 271,405</u>	<u>\$ 176,793</u>	<u>\$ 705,980</u>
Liabilities				
Current Liabilities:				
Accounts payable	\$ --	\$ 50	\$ --	\$ 50
Accrued salaries and benefits	33	33	33	99
Total liabilities	<u>33</u>	<u>83</u>	<u>33</u>	<u>149</u>
Fund Balances				
Fund Balances				
Restricted	<u>257,749</u>	<u>271,322</u>	<u>176,760</u>	<u>705,831</u>
Total fund balances	<u>257,749</u>	<u>271,322</u>	<u>176,760</u>	<u>705,831</u>
Total liabilities and fund balances	<u>\$ 257,782</u>	<u>\$ 271,405</u>	<u>\$ 176,793</u>	<u>\$ 705,980</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, 2013

	<u>Big Pine Lighting</u>	<u>Independence Lighting</u>	<u>Lone Pine Lighting</u>	<u>Totals</u>
Revenues:				
Taxes	\$ 19,546	\$ 20,349	\$ 19,185	\$ 59,080
Intergovernmental	69	71	67	207
Use of money and property	706	1,029	513	2,248
Other revenues	--	62	--	62
Total revenues	<u>20,321</u>	<u>21,511</u>	<u>19,765</u>	<u>61,597</u>
Expenditures:				
Public ways and facilities	<u>13,628</u>	<u>13,265</u>	<u>15,446</u>	<u>42,339</u>
Total expenditures	<u>13,628</u>	<u>13,265</u>	<u>15,446</u>	<u>42,339</u>
Excess (deficiency) of revenues over (under) expenditures	6,693	8,246	4,319	19,258
Fund balances, beginning of year	<u>251,056</u>	<u>263,076</u>	<u>172,441</u>	<u>686,573</u>
Fund balances, end of year	<u><u>\$ 257,749</u></u>	<u><u>\$ 271,322</u></u>	<u><u>\$ 176,760</u></u>	<u><u>\$ 705,831</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.

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF INYO

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013

	<u>CSA #2</u>	<u>Mosquito Abatement</u>	<u>Water System</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and investments	\$ 302,697	\$ 34,351	\$ 257,428	\$ 594,476
Accounts receivable	--	28,988	84,029	113,017
Interest receivable	<u>270</u>	<u>53</u>	<u>206</u>	<u>529</u>
 Total current assets	 302,967	 63,392	 341,663	 708,022
Noncurrent Assets:				
Capital Assets:				
Depreciable, net	<u>--</u>	<u>25,514</u>	<u>1,820,986</u>	<u>1,846,500</u>
 Total assets	 <u>302,967</u>	 <u>88,906</u>	 <u>2,162,649</u>	 <u>2,554,522</u>
Liabilities				
Current Liabilities:				
Accounts payable	1,635	9,271	30,050	40,956
Accrued salaries and benefits	99	7,745	528	8,372
Due to other funds	--	10,000	--	10,000
Current portion of compensated absences	<u>--</u>	<u>13,439</u>	<u>--</u>	<u>13,439</u>
 Total liabilities	 <u>1,734</u>	 <u>40,455</u>	 <u>30,578</u>	 <u>72,767</u>
Net Position				
Net investment in capital assets	--	25,514	1,820,986	1,846,500
Unrestricted	<u>301,233</u>	<u>22,937</u>	<u>311,085</u>	<u>635,255</u>
 Total net position	 <u>\$ 301,233</u>	 <u>\$ 48,451</u>	 <u>\$ 2,132,071</u>	 <u>\$ 2,481,755</u>

COUNTY OF INYO

Combining Statement of Revenues, Expenses and
Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013

	<u>CSA #2</u>	<u>Mosquito Abatement</u>	<u>Water System</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 55,688	\$ 350,727	\$ 424,739	\$ 831,154
Other revenues	--	69	--	69
Total operating revenues	<u>55,688</u>	<u>350,796</u>	<u>424,739</u>	<u>831,223</u>
Operating Expenses:				
Salaries and benefits	2,376	291,346	20,770	314,492
Services and supplies	80,273	227,918	386,730	694,921
Depreciation	--	11,041	55,026	66,067
Total operating expenses	<u>82,649</u>	<u>530,305</u>	<u>462,526</u>	<u>1,075,480</u>
Operating income (loss)	<u>(26,961)</u>	<u>(179,509)</u>	<u>(37,787)</u>	<u>(244,257)</u>
Nonoperating Revenues (Expenses):				
Interest revenue	801	129	582	1,512
Total nonoperating revenues (expenses)	<u>801</u>	<u>129</u>	<u>582</u>	<u>1,512</u>
Income before transfers	(26,160)	(179,380)	(37,205)	(242,745)
Transfers in	--	--	1,945	1,945
Change in net position	(26,160)	(179,380)	(35,260)	(240,800)
Net position - beginning of year	<u>327,393</u>	<u>227,831</u>	<u>2,167,331</u>	<u>2,722,555</u>
Net position - end of year	<u>\$ 301,233</u>	<u>\$ 48,451</u>	<u>\$ 2,132,071</u>	<u>\$ 2,481,755</u>

COUNTY OF INYO

Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013

	<u>CSA #2</u>	<u>Mosquito Abatement</u>	<u>Water System</u>	<u>Total</u>
Cash Flows from Operating Activities				
Cash receipts from customers	\$ 55,688	\$ 421,831	\$ 430,479	\$ 907,998
Cash paid to suppliers for goods and services	(93,115)	(224,489)	(392,435)	(710,039)
Cash paid to employees for salaries and benefits	<u>(2,277)</u>	<u>(286,089)</u>	<u>(20,242)</u>	<u>(308,608)</u>
Net cash provided (used) by operating activities	<u>(39,704)</u>	<u>(88,747)</u>	<u>17,802</u>	<u>(110,649)</u>
Cash Flows from Noncapital Financing Activities				
Transfers in	<u>--</u>	<u>10,000</u>	<u>1,945</u>	<u>11,945</u>
Net cash provided (used) by noncapital financing activities	<u>--</u>	<u>10,000</u>	<u>1,945</u>	<u>11,945</u>
Cash Flows from Capital and Related Financing Activities				
Payments related to the acquisition of capital assets	<u>--</u>	<u>(7,676)</u>	<u>--</u>	<u>(7,676)</u>
Net cash provided (used) by capital and related financing activities	<u>--</u>	<u>(7,676)</u>	<u>--</u>	<u>(7,676)</u>
Cash Flows from Investing Activities				
Interest received	<u>888</u>	<u>239</u>	<u>632</u>	<u>1,759</u>
Net cash provided (used) by investing activities	<u>888</u>	<u>239</u>	<u>632</u>	<u>1,759</u>
Net increase (decrease) in cash and cash equivalents	(38,816)	(86,184)	20,379	(104,621)
Cash and cash equivalents, beginning of year	<u>341,513</u>	<u>120,535</u>	<u>237,049</u>	<u>699,097</u>
Cash and cash equivalents, end of year	<u><u>\$302,697</u></u>	<u><u>\$ 34,351</u></u>	<u><u>\$ 257,428</u></u>	<u><u>\$ 594,476</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (26,961)	\$ (179,509)	\$ (37,787)	\$ (244,257)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	--	11,041	55,026	66,067
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	--	71,293	5,740	77,033
Increase (decrease) in:				
Accounts payable	(12,842)	3,171	(5,705)	(15,376)
Accrued salaries	99	7,745	528	8,372
Long-term liabilities	--	--	--	--
Liability for compensated absences	--	(2,488)	--	(2,488)
Net cash provided (used) by operating activities	<u><u>\$ (39,704)</u></u>	<u><u>\$ (88,747)</u></u>	<u><u>\$ 17,802</u></u>	<u><u>\$ (110,649)</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

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.

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF INYO

Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	<u>Purchasing Revolving</u>	<u>Motor Pool</u>	<u>Workers' Compensation</u>
Assets			
Current assets:			
Pooled cash and investments	\$ 134,201	\$ 1,111,326	\$ 140,073
Interest receivable	--	703	--
Inventory	<u>3,869</u>	<u>--</u>	<u>--</u>
Total current assets	138,070	1,112,029	140,073
Noncurrent assets:			
Nondepreciable	--	6,979	--
Depreciable, net	<u>--</u>	<u>1,141,858</u>	<u>--</u>
Total assets	<u>138,070</u>	<u>2,260,866</u>	<u>140,073</u>
Liabilities			
Current liabilities:			
Accounts payable	9,185	78,378	--
Accrued salaries and benefits	--	1,700	--
Liability for compensated absences	--	4,881	--
Liability for self-insurance funds	--	--	--
Due to other funds	--	--	60,000
Noncurrent liabilities:			
Advances from other funds	<u>125,000</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>134,185</u>	<u>84,959</u>	<u>60,000</u>
Net Position			
Net investment in capital assets	--	1,148,837	--
Unrestricted	<u>3,885</u>	<u>1,027,070</u>	<u>80,073</u>
Total net position	<u>\$ 3,885</u>	<u>\$ 2,175,907</u>	<u>\$ 80,073</u>

continued

COUNTY OF INYO

Combining Statement of Net Position (continued)
Internal Service Funds
June 30, 2013

	<u>County Liability</u>	<u>Medical Malpractice</u>	<u>Total</u>
Assets			
Current assets:			
Pooled cash and investments	\$ 457,106	\$ 18,613	\$ 1,861,319
Interest receivable	361	14	1,078
Inventory	--	--	3,869
	<hr/>	<hr/>	<hr/>
Total current assets	457,467	18,627	1,866,266
Noncurrent assets:			
Nondepreciable	--	--	6,979
Depreciable, net	--	--	1,141,858
	<hr/>	<hr/>	<hr/>
Total assets	457,467	18,627	3,015,103
Liabilities			
Current liabilities:			
Accounts payable	12,669	--	100,232
Accrued salaries and benefits	--	--	1,700
Liability for compensated absences	--	--	4,881
Liability for self-insurance funds	303,000	--	303,000
Due to other funds	--	--	60,000
Noncurrent liabilities:			
Advances from other funds	--	--	125,000
	<hr/>	<hr/>	<hr/>
Total liabilities	315,669	--	594,813
Net Position			
Net investment in capital assets	--	--	1,148,837
Unrestricted	141,798	18,627	1,271,453
	<hr/>	<hr/>	<hr/>
Total net position	<u>\$ 141,798</u>	<u>\$ 18,627</u>	<u>\$ 2,420,290</u>

COUNTY OF INYO

Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	<u>Purchasing Revolving</u>	<u>Motor Pool</u>	<u>Workers' Compensation</u>
Operating Revenues:			
Charges for services	\$ 137,533	\$ 1,497,340	\$ 636,765
Total operating revenues	<u>137,533</u>	<u>1,497,340</u>	<u>636,765</u>
Operating Expenses:			
Salaries and benefits	--	79,216	--
Services and supplies	139,367	745,002	656,105
Depreciation	--	484,933	--
Total operating expenses	<u>139,367</u>	<u>1,309,151</u>	<u>656,105</u>
Operating income (loss)	<u>(1,834)</u>	<u>188,189</u>	<u>(19,340)</u>
Non-Operating Revenue:			
Interest revenue	--	1,903	--
Miscellaneous revenue	3,316	--	--
Gain on sale of assets	--	7,318	--
Total nonoperating revenue	<u>3,316</u>	<u>9,221</u>	<u>--</u>
Income (loss) before capital contributions and transfers	1,482	197,410	(19,340)
Capital contributions	--	53,107	--
Change in net position	1,482	250,517	(19,340)
Net position, beginning of year	<u>2,403</u>	<u>1,925,390</u>	<u>99,413</u>
Net position, end of year	<u>\$ 3,885</u>	<u>\$ 2,175,907</u>	<u>\$ 80,073</u>

continued

COUNTY OF INYO

Combining Statement of Revenues, Expenses and
Changes in Net Position (continued)
Internal Service Funds
For the Year Ended June 30, 2013

	<u>County Liability</u>	<u>Medical Malpractice</u>	<u>Total</u>
Operating Revenues:			
Charges for services	<u>\$ 241,340</u>	<u>\$ 39,181</u>	<u>\$ 2,552,159</u>
Total operating revenues	<u>241,340</u>	<u>39,181</u>	<u>2,552,159</u>
Operating Expenses:			
Salaries and benefits	--	--	79,216
Services and supplies	421,486	49,353	2,011,313
Depreciation	<u>--</u>	<u>--</u>	<u>484,933</u>
Total operating expenses	<u>421,486</u>	<u>49,353</u>	<u>2,575,462</u>
Operating income (loss)	<u>(180,146)</u>	<u>(10,172)</u>	<u>(23,303)</u>
Non-Operating Revenue:			
Interest revenue	1,032	43	2,978
Miscellaneous revenue	--	--	3,316
Gain (loss) on sale of assets	--	--	7,318
Total nonoperating revenue	<u>1,032</u>	<u>43</u>	<u>13,612</u>
Income (loss) before contributions	(179,114)	(10,129)	(9,691)
Capital contributions	--	--	53,107
Change in net position	(179,114)	(10,129)	43,416
Net position, beginning of year	<u>320,912</u>	<u>28,756</u>	<u>2,376,874</u>
Net position, end of year	<u><u>\$ 141,798</u></u>	<u><u>\$ 18,627</u></u>	<u><u>\$ 2,420,290</u></u>

COUNTY OF INYO

Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	<u>Purchasing Revolving</u>	<u>Motor Pool</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 137,533	\$ 1,502,810	\$ 637,322
Cash paid to suppliers for goods and services	(132,413)	(721,662)	(656,531)
Cash paid to employees for salaries and benefits	<u>--</u>	<u>(76,548)</u>	<u>--</u>
Net cash provided (used) by operating activities	<u>5,120</u>	<u>704,600</u>	<u>(19,209)</u>
Cash Flows from Non Capital Financing Activities			
Miscellaneous revenue	3,316	--	--
Transfers in	<u>--</u>	<u>--</u>	<u>60,000</u>
Net cash provided (used) by non capital financing activities	<u>3,316</u>	<u>--</u>	<u>60,000</u>
Cash Flows from Capital and Related Financing Activities			
Proceeds from sale of capital assets	--	7,318	--
Payments related to the acquisition of capital assets	<u>--</u>	<u>(316,565)</u>	<u>--</u>
Net cash provided (used) by capital and related financing activities	<u>--</u>	<u>(309,247)</u>	<u>--</u>
Cash Flows from Investing Activities			
Interest received	<u>--</u>	<u>1,749</u>	<u>--</u>
Net cash provided (used) by investing activities	<u>--</u>	<u>1,749</u>	<u>--</u>
Net increase (decrease) in cash and cash equivalents	8,436	397,102	40,791
Cash and cash equivalents, beginning of year	<u>125,765</u>	<u>714,224</u>	<u>99,282</u>
Cash and cash equivalents, end of year	<u><u>\$ 134,201</u></u>	<u><u>\$ 1,111,326</u></u>	<u><u>\$ 140,073</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,834)	\$ 188,189	\$ (19,340)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	--	484,933	--
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	--	5,470	557
Inventory	(46)	--	--
Increase (decrease) in:			
Accounts payable	7,000	23,340	(426)
Accrued salaries	--	1,700	--
Liability for compensated absences	--	968	--
Liability for self insurance	<u>--</u>	<u>--</u>	<u>--</u>
Net cash provided (used) by operating activities	<u><u>\$ 5,120</u></u>	<u><u>\$ 704,600</u></u>	<u><u>\$ (19,209)</u></u>
Schedule of non-cash capital and related financing activities:			
Contribution of capital assets	\$ --	\$ 53,107	\$ --

continued

COUNTY OF INYO

Statement of Cash Flows
Internal Service Funds (continued)
For the Year Ended June 30, 2013

	County Liability	Medical Malpractice	Total
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 241,619	\$ 39,181	\$ 2,558,465
Cash paid to suppliers for goods and services	(409,519)	(49,353)	(1,969,478)
Cash paid to employees for salaries and benefits	--	--	(76,548)
	<u>(167,900)</u>	<u>(10,172)</u>	<u>512,439</u>
Net cash provided (used) by operating activities			
Cash Flows from Non Capital Financing Activities			
Miscellaneous revenue	--	--	3,316
Transfers out	--	--	60,000
	<u>--</u>	<u>--</u>	<u>63,316</u>
Net cash provided (used) by non capital financing activities			
Cash Flows from Capital and Related Financing Activities			
Proceeds from sale of capital assets	--	--	7,318
Payments related to the acquisition of capital assets	--	--	(316,565)
	<u>--</u>	<u>--</u>	<u>(309,247)</u>
Net cash provided (used) by capital and related financing activities			
Cash Flows from Investing Activities			
Interest received	1,324	59	3,132
	<u>1,324</u>	<u>59</u>	<u>3,132</u>
Net cash provided (used) by investing activities			
Net increase (decrease) in cash and cash equivalents	(166,576)	(10,113)	269,640
Cash and cash equivalents, beginning of year	623,682	28,726	1,591,679
Cash and cash equivalents, end of year	<u>\$ 457,106</u>	<u>\$ 18,613</u>	<u>\$ 1,861,319</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (180,146)	\$ (10,172)	\$ (23,303)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	--	--	484,933
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	279	--	6,306
Inventory	--	--	(46)
Increase (decrease) in:			
Accounts payable	11,967	--	41,881
Accrued salaries	--	--	1,700
Liability for compensated absences	--	--	968
	<u>--</u>	<u>--</u>	<u>--</u>
Net cash provided (used) by operating activities	<u>\$ (167,900)</u>	<u>\$ (10,172)</u>	<u>\$ 512,439</u>
Schedule of non-cash capital and related financing activities:			
Contribution of capital assets	\$ --	\$ --	53,107

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.

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF INYO

Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2013

	Special Districts Governed by Local Boards	School Districts	Total
Assets			
Cash and investments	\$ 20,866,231	\$ 25,540,263	\$ 46,406,494
Cash with fiscal agent	29,022	--	29,022
Interest receivable	13,489	19,460	32,949
Imprest cash	3,444	--	3,444
Accounts receivable	333,482	--	333,482
Due from other governments	387,681	--	387,681
Total assets	<u>\$ 21,633,349</u>	<u>\$ 25,559,723</u>	<u>\$ 47,193,072</u>
Liabilities			
Due to other funds	--	15,000	15,000
Total liabilities	<u>--</u>	<u>15,000</u>	<u>15,000</u>
Net Position			
Net position held in trust for investment pool participants	\$ 21,633,349	\$ 25,544,723	\$ 47,178,072
Total net position	<u>\$ 21,633,349</u>	<u>\$ 25,544,723</u>	<u>\$ 47,178,072</u>

COUNTY OF INYO

Combining Statement of Changes in Fiduciary Net Position
Investment Trust Fund
For the Year Ended June 30, 2013

	Special Districts Governed by Local Boards	School Districts	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Contributions	\$ 26,180,122	\$ 121,011,389	\$ 147,191,511
Interest and investment income	57,815	61,533	119,348
	<u> </u>	<u> </u>	<u> </u>
Total Additions	26,237,937	121,072,922	147,310,859
Deductions:			
Distributions from pooled investment	<u>(22,440,102)</u>	<u>(118,696,056)</u>	<u>(141,136,158)</u>
Net increase (decrease) in net position	3,797,835	2,376,866	6,174,701
Beginning net position held in trust for pool participants	<u>17,835,514</u>	<u>23,167,857</u>	<u>41,003,371</u>
Ending net position held in trust for pool participants	<u><u>\$ 21,633,349</u></u>	<u><u>\$ 25,544,723</u></u>	<u><u>\$ 47,178,072</u></u>